



WISE INVESTMENT

SUMMER NEWSLETTER



I welcome you to the latest edition of our quarterly newsletter.

In June, we said a fond farewell to two incredible women, Financial Planner, Karen Craig and Head of Financial Planning, Deborah Dunks. Karen joined us in 2016 as the only female member of our Financial Planning team. She has been a crucial member of the team and has built wonderful relationships with her clients, who I know have been saddened by the news of her retirement. Deborah joined us in 2018. She helped us weather the storm of a rapid transition to working from home during lockdown, as well as playing a crucial role in helping to oversee the upgrade of our internal IT systems and delivering our client portal.

I would like to take this opportunity to personally thank Karen and Deborah for their hard work and dedication over the years. Being a woman in our industry is not easy, and they have both been incredible role models for our team's more junior female members. I wish both Karen and Deborah a relaxing and fulfilling retirement – please come back to visit us soon!

We have also had a bit of recruitment lately, following several internal promotions. Holly Switalski and Sarah Edmunds have both joined the Client Services Team, Leeann Taylor has joined the Paraplanning team, and Joanna Campbell-Meiklejohn has joined the Financial Planning team. In addition, we have seen the internal promotions of Hannah Hewitt and Natascha Cavers from the Paraplanning and Investment Management teams into the Financial Planning team. Tom Partridge has also been promoted from his Investment Operations Specialist role into the Investment Analyst role. We are now actively recruiting for Tom's replacement.



Prior to going on Maternity leave in May, Heidi Wozniak took a role in the Financial Planning team, bringing the team to a total of nine. As a result, we are now recruiting a few more members for the Paraplanning team to bring it up to the same strength as the Financial Planning team.

Lastly, I'm incredibly proud to announce that Wise was recently shortlisted as one of three finalists for the Large Business of the Year award at the Oxfordshire Business Awards in early June. It's hard to believe that Wise, with a team of 38, now qualifies as a large business. While we were disappointed not to win, we send our heartfelt congratulations to The Oxford Health Company, the well-deserved winners of the category.

Alex



Alexandra Rae
Chief Executive Officer

INTRODUCING DAVE JONES, OUR NEW HEAD OF FINANCIAL PLANNING.

As we wave a fond farewell to Deborah, we welcome Dave Jones as our new Head of Financial Planning. Dave is a Chartered Associate of the London Foundation of Banking & Finance, holding the level 6 advanced diploma.

He joins us from Courtiers, where he was a senior Paraplanner supporting the management of Paraplanners as well as being a key part of the replacement of their Customer Relationship Management system. Dave has worked in financial services since 2007, starting in retail banking with Lloyds TSB before moving into branch management, running branches in Swindon & Hungerford. He moved into the world of Financial Planning in 2016 as an Independent Financial Adviser.

"I'm really excited to be joining the team at Wise. Deborah has been a great support over the past few months, providing me with an excellent handover to the team. She has provided the Financial Planning team with a really strong foundation on which I can continue to help build upon."



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MARKET UPDATE

Markets have broadly continued the “bull run” that started in October 2023. It was initially spurred by the hope of upcoming central bank rate cuts but is now sustained (in spite of delayed rate cuts) due to better-than-expected economic strength.

Global equities have continued to grow rapidly, driven primarily by the world’s largest market, the US. Leading this rally are US technology stocks, with Nvidia standing out in particular. Nvidia, a company specialising in GPUs (graphics processing units, which are highly advanced computer chips), was relatively unknown outside gaming and technology circles five years ago, with a market cap around \$100 billion. Recently, it has become the largest company in the world (at the time of writing), with a market cap exceeding \$3 trillion. The reason? Artificial Intelligence (AI).

When OpenAI unveiled ChatGPT in late 2022, AI came into public consciousness in a way that it hadn’t before, thanks to LLM’s (Large Language Model). AI had been around for a while, quietly optimising search algorithms, aiding cybersecurity, and trading on global markets, but in November 2022, for the first time, the wider public could now interact with and “talk” to AI directly and see its potential.

Nvidia’s semiconductors have long been essential for advanced AI processing. Now that public interest has surged, major companies like Google, Amazon, and Microsoft, along with numerous emerging AI firms, have dramatically increased their spending on high-end GPUs, investing tens of billions of dollars to stay at the forefront of AI technology. This surge in spending has boosted Nvidia’s earnings and accelerated its growth. Coupled with investor enthusiasm for a clear AI leader, this has led to an extraordinary situation: a company once relatively unknown outside investor circles has added over a trillion dollars to its market cap in less than six months, now surpassing the total market cap of the UK’s FTSE 100.

Since the release of OpenAI’s ChatGPT, AI has become much more mainstream, prompting businesses to scramble to either develop their own AI products or incorporate AI into their processes. Both approaches require substantial investment in data centres, significantly boosting technology spending, much of which benefits Nvidia. Following a series of blockbuster earnings, Nvidia, already valued at over a trillion dollars at the beginning of the year, has now more than doubled its market cap.

This behemoth, along with others like Apple, Microsoft, Alphabet (Google), Amazon, and Meta (formerly Facebook), presents a challenge to investors.

Firstly, not owning a few key US tech stocks is now a significant active position with substantial consequences. Many, if not most, UK-based fund managers have held little to no Nvidia stock and are underweight in US tech compared to the benchmark. This means they have missed out on a significant portion of the recent gains. This cautious approach stems from understandable fears of excessive valuations and memories of the 2000s tech bubble. For example, Fundsmith, which is held in most of our model funds, owns no Nvidia and has relatively little tech exposure. While this may be prudent in the long term, it has certainly been painful in the short term. In months like May, when Nvidia alone surged 27%, not owning it created a 1% performance gap relative to the world benchmark—remarkable for a single stock in a single month!

Secondly, global indices have become increasingly concentrated as these companies continue to grow, making them significant components of passive index portfolios. While indexing is typically a cost-effective and efficient way to achieve diversified equity exposure, it is becoming increasingly reliant on the performance of a small number of tech stocks. This concentration has been beneficial so far, and it is better not to second-guess this trend. After all, there are reasonable justifications for the size and returns of these businesses, which show impressive growth, healthy profits, and dominant positions in lucrative winner-takes-most markets. However, this concentration is something we must remain cautious about, mainly if these positions appear to enter bubble territory. Even a passive, neutral index position must be managed with active consideration.

Closer to Home

The UK stock market began the year relatively flat, while Europe, the US, and Japan surged to new highs. This followed several years of sluggish returns, positioning the UK as a compelling source of potential value for investors. This view has been validated as the UK market has started a solid rebound, outperforming the global benchmark in recent months. This could be the beginning of a sustained rally, given that the UK market still appears to offer good value.

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MARKET UPDATE (CONT)

In Fixed Income

The crucial yield curves in the US, UK, and Europe have remained stubbornly flat this year after dropping towards the end of 2023. The long-anticipated US Federal Reserve rate cuts have yet to materialise, with expectations shifting from March to June and possibly into late 2024, given the strength of the US economy. In the UK, the Bank of England's delay in cutting rates seems driven more by a reluctance to move ahead of the US Federal Reserve and persistent inflation concerns rather than economic strength. The only central bank to have cut rates is the European Central Bank (ECB), reducing rates from 4% to 3.75% to ease pressures on borrowers, though it remains cautious about further cuts due to high inflation.

Due to its slight inversion, the yield curve currently rewards shorter-term fixed-interest securities with higher yields. While long-dated securities may see larger gains if and when rates do fall, we believe it is prudent to remain on the shorter end of the curve to avoid the considerable volatility of long-dated securities in an uncertain yield environment. This approach allows us to enjoy higher yields in the meantime.



William Geffen
Head of Investment Management

Disclaimer

Please note that these views represent the opinions of William Geffen as of 20th June 2024 and do not constitute investment advice. Opinions expressed are based on current market conditions, may differ from other investment professionals, and are subject to change without notice. This document is not intended as a recommendation to invest in any particular asset class, security, or strategy. The information provided is for illustrative purposes only and should not be relied upon as a recommendation to buy or sell securities.

FRAUD AND SCAMS

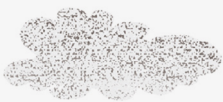
The frequency of fraud attempts has increased in recent years. As a business in the financial sector, we constantly monitor potential scams or fraudulent activity. But do you know what to look for and how to protect yourself?

Most financial firms (advisers, lenders, and banks) must be registered with the Financial Conduct Authority (FCA). You can check their register to verify a firm's legitimacy, review any sanctions, see who works for them, and check if they have reported a cloned website. You can also check Companies House to ensure the business or individual is listed.

Every firm you deal with will have slightly different procedures. Some banks may call to verify transactions, while others might state they will never call you. Only give out your bank details if you are sure of the identity of the person you are speaking with. If a company already has your details, they will only ask you to repeat them in part. It's a good idea to read the policies of every financial company you interact with. This includes banks and any company that keeps your bank details. If unsure, hang up and find a contact number online to verify the call. You can always ask for the name or extension number of the person you are speaking with so you can call them back.

Be cautious about what you disclose via email. Avoid including specific information about your financial position, such as loan amounts or where your savings are held. This could give scammers enough information to fool you later. Never put sensitive information, such as total plan numbers, values, addresses, or bank details, in an email. Many firms (including Wise) offer secure messaging services as a safer alternative.

Be wary of urgent requests. Scammers often use urgency to trick you into giving them access to your data and money. They may claim you need to immediately withdraw because your account is compromised, or the company is in financial trouble. Only act on such requests if the situation is independently verified.



FRAUD AND SCAMS (CONT)

Be aware of buying online gift cards. Scammers may claim they accidentally issued a refund or cancelled service and ask you to purchase a gift card to rectify the situation. They will use the serial number to steal the money, making the scam untraceable.

Ultimately, if someone calls you and you are not convinced they are genuine, hang up. They won't mind if you call them back on an alternative number if they are legitimate. Ensure the line is clear before placing your outgoing call, as some scammers stay on the line to block it and pretend to be the genuine company when you call back. The same caution applies to emails. If you need clarification, do not reply; instead, contact the firm using a known email address or phone number to verify the communication.

By staying vigilant and informed, you can protect yourself from fraud and scams.

Recognising Legitimate Requests

A legitimate request would very rarely ask you to:

- Withdraw money
- Make an immediate payment
- Move money to another account
- Buy a gift card
- Hand over your physical bank cards or bank details
- Give out your card's PIN
- Read out a verification code from a text message or app
- Provide your full password (some companies may ask for specific digits)
- Grant remote access to your computer
- Keep the request secret from anyone, including friends or family

You should always be suspicious of any request that:

- Sounds urgent or threatening
- It doesn't match the usual communication you receive from that company
- Uses generic greetings for specific requests (such as "Dear Client")
- Contains spelling or grammar mistakes
- It comes from email addresses or phone numbers you don't recognise
- Includes unexpected links or attachments
- It involves recorded messages asking you to press buttons
- Asks for full account numbers or passwords

OUR COMMITMENT TO SECURITY

Our long-term personal relationships with our clients help protect you, we often recognise you by voice and can detect if something seems out of character. We also have internal security measures to reduce fraudulent activity. For example, we always contact you by phone to verify the validity of an email request for a withdrawal. We rarely use temporary staff and will always notify you if your direct points of contact change. All our staff undergo criminal record checks.



THINGS WISE WILL NEVER DO

- Ask for your bank details over the phone or by email.
- Include personal details (other than your name) in emails.
- Take instructions from you by email without confirming through another channel.
- Ask you to add new money to your account, make a withdrawal, or transfer money to another account (we only do these things at your request).
- Ask for your client portal password or multi-factor authentication details.
- Request payment to our company bank account unless you are paying an invoice.
- Make automated phone calls or use a recorded message system other than our answer phone.
- Give out information to anyone who isn't the account owner or needs proper authority (such as a signed declaration or Power of Attorney).
- Be offended if you hang up on us if you aren't sure we are who we say we are.

THINGS WISE WILL DO

- Ask security questions to verify your identity before giving out personal details or taking instructions, whether you call us or we call you.
- Sometimes need your bank details on application forms or to verify payments to you. We will explain why and ask you to provide a voided cheque or debit card to prove the account is yours.
- Send letters or use the My Wise Investment portal for anything containing personal data.
- Send generic information or documents from various Wise email addresses (always @wiseinvestment.co.uk).
- Contact you by phone, post, or through the My Wise Investment portal to confirm any instructions given by email.
- Require evidence if you change your details, such as a marriage certificate for a name change or a utility bill for an address change.
- Only pay withdrawals into a bank account owned by you (the account owner) or to an executor.
- Use links to website articles if you have signed up to receive them and occasionally send attachments. If you need clarification on something, please call us to confirm.

USEFUL WEBSITES:

Companies House

<https://www.gov.uk/government/organisations/companies-house>

A government agency that keeps a record of every limited company, including naming its directors and sometimes holding records of their business accounts.

Financial Conduct Authority

<https://register.fca.org.uk>

The UK Financial Services regulator where every single business that provides financial advice (including investments, pensions, mortgages and banks) is listed. The record includes a list of all people authorised to give financial advice as well as the names of people who run the business.

Action Fraud

<https://www.actionfraud.police.uk/individual-protection>

A government agency that provides useful advice and a way to report possible fraud.

National Cyber Security Centre

<https://www.ncsc.gov.uk/section/information-for/individuals-families>

The NCSC is a government agency, and this section of their website provides useful guidance, including how to set up secure passwords for online services.



Claire Burrows,
Senior Operations Technician



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MEET THE TEAM – INTRODUCING HANNAH HEWITT

Last week, I had the pleasure of sitting down with one of the newest members of our Financial Planning team, Hannah Hewitt.

Although Hannah hasn't been with Wise for very long, she has already demonstrated an insatiable appetite for learning and career development. As she starts building her client base, I wanted to ask Hannah a bit about herself to help introduce her to everyone.

Q: So, Hannah, tell us a bit about what you do and how long you have been in the industry?

A: I've been in the industry for around four years now, doing various roles in various companies before joining Wise. As a Financial Planner, I tend to spend a lot of my time communicating with clients, whether that be in person, by phone, or email. This is the part I really enjoy, but there's also a lot of reviewing reports and research, which enables me to give the best advice to my clients.

Q: Is Financial Planning a challenging role to get into and what qualification do you need?

A: I wouldn't say it's hard to get into, no. You don't need any particular background or expertise to start doing your qualifications. I think my economics degree helped me, but we all still have to take the same set of exams to become qualified Financial Planners. There are a few different routes to becoming qualified but the most common is through the CII (Chartered Insurance Institute). There are around six exams to become diploma-qualified, and then, if you want to continue your exams, you can also work towards becoming chartered. That's what I'm aiming for.

Q: Has the world of finance always interested you and what did you think you might be as a child?

A: I don't think anyone dreams of being a financial adviser as a child, haha. I grew up by the coast, so I was convinced for many years that I wanted to be a Marine Biologist. It wasn't until later in my school years, when I started studying business studies and economics, that I thought that was something I might want to pursue further.

Q: You haven't been with Wise all that long, what did you do before?

A: I've been with Wise for around two years, but before that, I worked for a multinational accounting firm with a financial advice branch. Before that, I worked for an FTSE 100 company. They both gave me a lot of invaluable experience; however, it became quite clear to me that I wanted to work for a much smaller and more bespoke firm with a more personal feel. Having found Wise at the time, it did feel a bit like fate. The amount of expertise and knowledge at Wise is really astounding and I have amazing mentors and support that I can count on.

Q: What is your favourite superhero?

A: Captain Marvel, she must be one of the most powerful superheroes of all time and the fact that she's a woman who makes no apologies for being exactly who she is, is everything I aspire to be.

Q: What's the most challenging part of your job?

A: I would definitely say the compliance aspect of the job. This industry is becoming increasingly hard to navigate, and we are constantly faced with new rules and regulations that affect how we can work with our clients. I understand its necessity, but that doesn't negate its complexity and difficulty.

Q: What makes you tick?

A: I love my job, but life outside of the office offers me the most fulfilment. When I'm not at my desk, you'll find me running, reading, or cooking.



SOCIAL MEDIA: DO YOU FOLLOW US?

We have an active presence on LinkedIn, Instagram, and Facebook, as well as our own YouTube channel. We regularly post interesting articles, short clips, and insights across these social media platforms. Follow us to stay updated and see what we're discussing!

YouTube: <https://www.youtube.com/@wiseinvestment5095>

Facebook: <https://www.facebook.com/wiseinvestmentltd/>

LinkedIn: <https://www.linkedin.com/company/wise-investmentuk>

Instagram: <https://www.instagram.com/wiseinvestmentltd>



CHARITY & COMMUNITY UPDATE

Oxfordshire Artweeks – What a success!

We transformed the office into an open studio as part of Oxfordshire Artweeks in May. Many of you came to say hello and browse the captivating art on display. We hosted art from 13 local artists, as well as a display of art from students at Chipping Norton School. The artists all said they had a great time. In all, we saw over 1,200 visitors through the doors, up from around 700 last year.

Witney Pride

June marked National Pride Month, a month-long celebration of inclusivity. To show our support, we sponsored the Witney Pride Parade on 25 May.

Charity Donations

As usual, we spun our charity wheel in May, and the winning charity was the Nutkin Ward, nominated by Kim Hobday from our Operations Team.

The Nutkin Ward is a wildlife rescue organisation based just outside Banbury, established in 2010 to meet the need for local wildlife care. Demand has grown year on year, and last year they admitted over 1,000 patients, ranging from bats to badgers. Run entirely by volunteers, they offer a 24-hour wildlife rescue service.



Employee Ownership Day

On Friday 21st June, we celebrated Employee Ownership Day by going on a fun scavenger hunt around Chipping Norton. We used places that are particularly important to us and prominent buildings in town as the clues. We had thought it might take a little over an hour for the teams to complete the hunt, but the red team ran the entire thing and finished in just 35 minutes! Their prize was a gift voucher each to spend at the Pink Salt Shed.

The final clue led the teams to the Blue Boar for a delicious lunch and well-earned refreshments. Big thanks to the staff at The Theatre Chipping Norton, St Mary's Church, The Library, The Branch Trust, Katharine House Hospice Shop and Mr Simms sweet shop for helping us to plant the clues and making the afternoon such a great success. Extra special thanks to Mr Simms for the bags of sweets or everyone!

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FOLLOW US ON SOCIAL MEDIA

Do you follow us on our social media channels? We have an active presence on LinkedIn, as well as Facebook and Instagram.



WE VALUE YOUR FEEDBACK

We want to make our newsletters as engaging and relevant as possible, and we need your input! What topics would you love to see in our upcoming issues? Your enjoyment is our priority, so let us know what interests you. Please email your suggestions to our marketing coordinator, Jo, at jo@wiseinvestment.co.uk. We look forward to hearing from you!



WISE INVESTMENT

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.

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