



WISE INVESTMENT

WINTER NEWSLETTER



Welcome to the Winter edition of our quarterly newsletter. I do hope you all had an enjoyable festive period.

We have hit the ground running in the New Year and have already started planning for the end of the tax year in April. Various teams are involved in the planning, so meetings are being held with the Heads of Departments to ensure the smooth running of the project.

Before Christmas, we hosted our second annual Christmas Fair with 15 local traders and artists. The day was a great success, with 200 people attending the event. Thank you to those of you who came to show your support. We are already thinking ahead to Artweeks in May and look forward to hosting an open studio as in previous years.

Lastly, we are undertaking a project in 2025 with a company called Insight6. They are the largest customer experience (CX) consultancy in the UK, and one of few offering an end-to-end CX solution. The project will help us to gauge the level of customer satisfaction among both our clients and employees, highlighting any areas for improvement, and providing a bespoke strategy to create the best possible customer experience. This continued self reflection and development can only help to strengthen Wise as a company, ensuring we truly are here for the long term.



Alexandra Rae
Chief Executive Officer

insight⁶
CUSTOMER EXPERIENCE SPECIALISTS

MARKET UPDATE

2024 was all round a pretty good year for investors. Global equities delivered strong returns, primarily driven by the world's largest market – the US. The US benefitted from a steady stream of better-than-expected economic data, with falling inflation and the start of a cutting cycle in interest rates.

In particular the handful of Mega Cap stocks, or the so called "Magnificent 7" (Apple, Nvidia, Microsoft, Alphabet, Amazon, Meta and Tesla) led the pack, primarily driven by exuberance around AI and digital infrastructure spend.

Closer to home, UK stocks also had a reasonable year, at least compared to European peers who had a pretty poor year due to sticky inflation and an economy still suffering from the residual impact of covid and the continuing war in Ukraine.

Further afield, Japan had a solid year despite a big spike in volatility in early August. This has been driven by increasing foreign investor interest after a series of corporate reforms were implemented to revitalise what has been a very sluggish market over the past decade.

Emerging markets were mixed. India had a great year with its stocks surging amid rapid economic growth. Meanwhile China's economy has stalled out and its stock market continues to languish after the government stimulus package came in well below expectations.

Bonds were mixed, with investors sticking to the safety of low duration (short term) bonds benefitting from high interest rates, while those who ventured out along the yield curve suffered as central bank interest rate cuts came in fewer, smaller and later than expected. Property, which tends to do better in low interest rate environments, had a fairly poor year.

Short term predictions in markets are usually fraught, but looking at the state of play at the beginning of 2025 investors are faced with tricky choices.

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Winter 2025

MARKET UPDATE (CONT)

Global equities (stocks) are heavily US dominated, a market which in turn is dominated by a handful of Mega Cap tech stocks. Valuations in the US are high by historical standards, particularly in those Mega Cap tech stocks, which suggests a degree of fragility and lower forwards returns. That said it is also the only developed market that is showing robust economic growth and the companies with high valuations also tend to be those benefitting the most from secular growth trends like AI - seeing incredible profit growth despite their size. We also have an incoming Republican administration that is overtly pro-business growth, anti-regulation and much more tolerant of monopolistic corporate behaviour. This is topped off by the upcoming inauguration of a president who explicitly judges his success by the stock market.

Elsewhere, Europe continues to suffer from sluggish economic growth, although a resolution of the Ukraine crisis, lower energy costs, and further interest rate cuts could catalyse a turnaround. All in all, this seems to make global equities a reasonably fair deal, and still the primary long term growth driver in any portfolio.

Here in the UK, valuations remain very compelling, unfortunately sticky inflation and high government spending have pushed up the yield curve and undermine the potential for interest rate cuts. The economy is just about still growing but business outlook remains muted. Here we deem it prudent to invest in resilient businesses trading at these low valuations - diamonds among the rough.

Emerging markets look reasonably valued, and India's continuing growth along with the potential turnaround in China make for a compelling investment case. Here though, more than most markets, investors have concerns over the potential impact of tariffs. It remains to be seen if tariffs may be a genuine policy or a simple bargaining chip, but it could have a very detrimental impact on economies like Mexico and China which are heavily reliant on US exports.

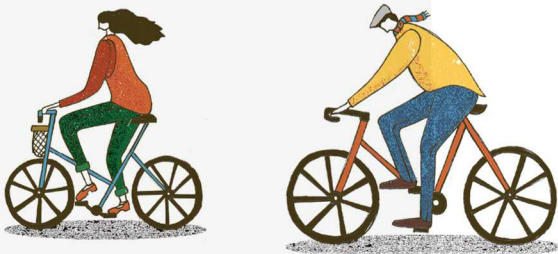
In fixed income, interest rates remain high, and well in excess of inflation. While the curve has somewhat "normalised", we still prefer shorter term bonds with good quality credit to avoid the fits of volatility investors are exposed to further along the curve. Asset backed securities in particular appear to trade at very generous yields given the safety provided by their underlying collateral.

Overall, while the setup into 2025 is tricky, there are plenty of good opportunities for discerning and patient long-term investors.



William Geffen
Head of Investment Management

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STAYING SAFE ONLINE

With the advent of Safer Internet Day on 11th February, we thought it timely to offer a gentle warning about the potential danger of internet scams.



Almost all UK financial services firms must be registered with the Financial Conduct Authority (FCA) in order to carry out or promote their services. If you deal with a firm who is unregulated, you won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme, if things go wrong.

One scenario we are hearing more often is people being persuaded to invest money (anything from a few hundred to several thousand pounds) with unauthorised companies promising high returns. A few weeks after investing, they are told their accounts are now worth multiples of what they put in, but in order to access their money, they have to pay Capital Gains Tax upfront to the company. This is extremely unscrupulous and leaving those individuals without protection from the relevant authorities.

The FCA has a page on its website dedicated to such crypto investment scams: <https://www.fca.org.uk/consumers/crypto-investment-scams>

If you are ever uncertain about what you are being asked to do, always check the FCA website to see whether the company is registered and contact your Financial Planner if still unsure before investing.

MEET THE TEAM – LEEANN TAYLOR, PARAPLANNER

Leeann joined Wise back in April 2024, and we thought it high time that we introduced her to you.

Q: Tell us a little bit about you, and what you do at Wise?

A: Well, as a Paraplanner, I work alongside our team of Financial Planners to research and recommend the most suitable plan of action for our clients. I also run comparison reports and conduct in depth research on things like fund options, as well as costs and charges.

Q: How long have you been in the industry?

A: I have worked in financial services for over 24 years, starting as a call centre handler at Zurich, looking after clients with protection enquiries.

Q: Are you currently studying towards any further qualifications?

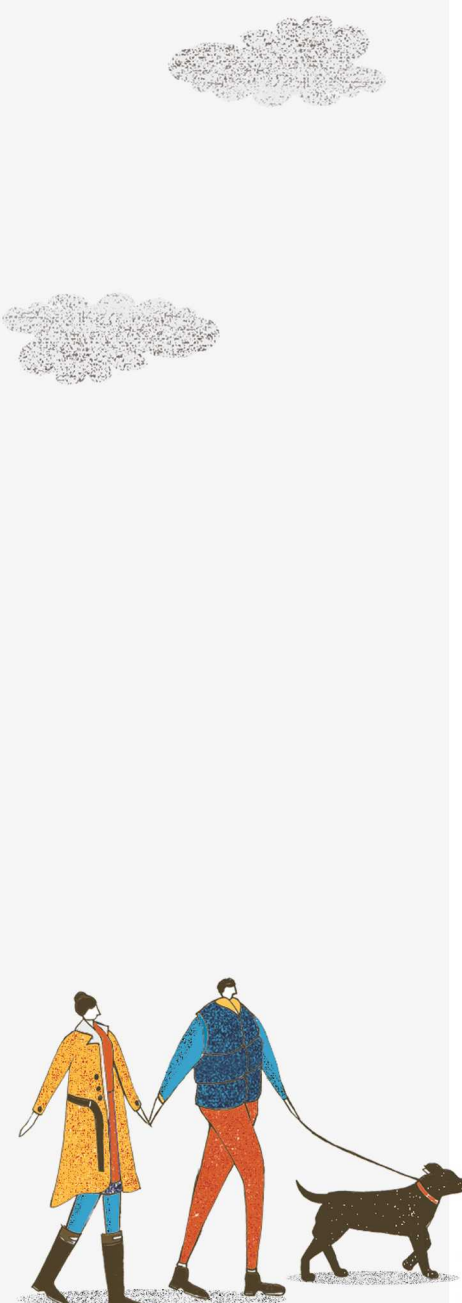
A: Not at the moment, but maybe in the future. I completed my Level 4 Diploma in Regulated Financial Planning in 2018 and hold the Mortgage & Equity Release qualification.

Q: What do you really enjoy about Paraplanning, and what is perhaps less exciting?

A: My favourite area of Paraplanning is probably tax efficient saving; researching and comparing the best use of a client's allowances to ensure they are investing as tax efficiently as possible. I wouldn't necessarily say it is less exciting, but sometimes it can be really difficult to translate a particularly complex area of planning, such as Trusts, into terminology that is a little more logical.

Q: What is something you wish more people knew about Paraplanning as a role?

A: Generally, when people ask what I do for a career, they think it's something to do with jumping out of a plane! It seems to only be people that work in the financial service industry that know what a Paraplanner is. So, in answer to the question, it would be good for it to be a more recognised role, outside of financial services.



MEET THE TEAM (CONT)

Q: Do you do anything alongside your role as a Paraplanner?

A: I recently qualified as a Mental Health First Aider. Much like a regular first aider, I am trained in how to spot the signs that someone may be struggling. I have also completed a module on what immediate support I can offer in the moment, as well as where to signpost someone to access longer term care, if needed. I think it is wonderful that Wise recognises the impact that poor mental health can have on any of us, at any time. I'm proud that my colleagues can come to me if they are struggling and know that I can help them.

Q: Our industry is famous for jargon. "Cashflow modelling" is a phrase we are hearing more often. What does it mean?

A: Essentially, we use software to show you what your investments might look like over time. We can build in different scenarios to see how they might impact your position. Things like retirement, so stopping paid income in exchange for pension income. We can demonstrate how long your pension pot might last if you access it at various ages, or what impact taking pension income at 8% would have versus 4%. We can also build in things called "what if's". For example, 'what if' you decide you want to pay for your grandchild's university fees when they reach university age? What if, you need to pay for long term care at some point in the future? We can demonstrate what your overall financial position might look like in these scenarios. Cashflow modelling is a really useful visual tool.

Q: What do you enjoy doing outside of work?

A: I have 2 children and a dog that take up a lot of my time. I enjoy going to the gym and reading. I'm currently aiming to read one book a month (which is a tough task for a slow reader!).

Q: Any hopes/dreams for the future, either work or personal?

A: I like the idea of becoming a Financial Planner at some stage, probably when my children have finished secondary school. Travelling around Thailand & Asia is on my bucket list at some stage in the future, too.

TAX YEAR END

It is that time of year again. While 5th April may feel a distant milestone on the horizon, we are already in the process of contacting clients who have un-used ISA and/or Capital Gains Tax allowance, or those in a position to top up their pension.

We are aiming to have all paperwork out to those who need it by the beginning of March. As a brief reminder, the basic allowances for this tax year are as follows:

- ISA: £20,000
- Junior ISA: £9,000
- Capital Gains Tax: £3,000
- Pension Annual Allowance: £60,000*

You may be able to contribute more than the annual allowance, if you have not fully funded your pension in the previous three tax years.

If you have any questions about your tax allowances, please contact your usual Financial Planner to discuss them further.

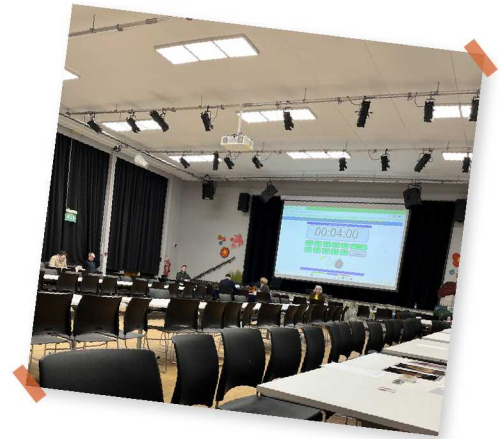
CHARITY & COMMUNITY UPDATE

In January, three of our team members, Dave Jones (Head of Financial Planning), Joanna Campbell-Meiklejohn (Financial Planner), and Jo Radcliffe (Social Media & Marketing Coordinator) took a trip back to school!

They attended a Human Library event at Chipping Norton School, where they joined 20 other professionals from various fields to give the Year 9 students a glimpse into the world of work.

The event was all about sparking curiosity and helping the students explore potential career paths. Each professional brought along a mystery item to represent their role, giving the students a fun challenge to guess what they did. Let's just say some of the guesses were wildly creative!

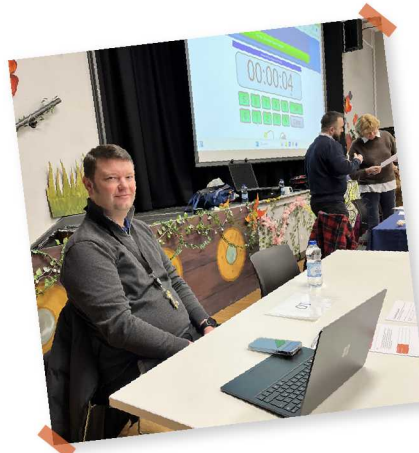
Take Jo, for example. She brought her camera and mini-microphones, which led the students to some pretty adventurous guesses: MI5 spy, news reporter, actor, journalist, and even film producer. Who knew marketing at Wise Investment could sound so glamorous? Meanwhile, Dave and Joanna also kept the students guessing with their own career clues; a laptop, and an example cashflow model.



The day was a real success. The students left with some new ideas and inspiration, and we've since heard from Mr. Simon Parker (Careers Lead and Design & Technology Teacher) that some of them are now considering careers that they learned about on the day. That's exactly why we love getting involved in opportunities like this within our local community. Broadening the horizons of the next generation doesn't just benefit the students. It strengthens our local economy and enriches our future workforce.

For our team, the highlight of the day was interacting with such bright, curious minds. It was a chance to share not just what we do at Wise, but why we love it—and to show that financial planning and marketing (yes, even marketing) can be exciting and rewarding career paths.

We had a great time, and we hope we left a lasting impression on the students. Who knows? One day, we might even welcome some of them as future colleagues at Wise Investment.



[More overleaf >](#)

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We have an active presence on our social media. Why not give us a follow to keep more up to date on what we're doing.



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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