



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 third Christmas Fair with local traders and artists. The day was a great success, with over 200 people attending the event. Thank you to those of you who came to show your support. We are already thinking ahead to Artweeks which runs from Saturday 9th May to Sunday 17th May and look forward to hosting an open studio as in previous years.



Alexandra Rae
CEO & Chief Elf Officer



MARKET UPDATE

Another year in the books and a decent year for investors at that, despite a tumultuous start.

06/01/26

It's quickly fading into memory, buried under a barrage of more recent headlines but it was only a few months ago when investors were forced to reckon with a world where the largest economy would impose 10% - 100% tariffs on all foreign imports. The reaction was understandably a mixture of disbelief and panic, with markets dropping harshly in the days after Trump's announcement. Disbelievers seem to have been the correct party, as the vast majority of the tariffs were first delayed then heavily reduced as trading partners came to the table and more or less folded to Trump's comparably more reasonable demands.

It seems markets underwent a similar journey, if even just today's modest tariffs had been introduced and implemented in April, markets would have likely still have had a strong negative reaction - however the journey of threatening the extreme before walking it back piece by piece seems to have lured markets into a false sense of relative safety as they made new highs only a couple of months later in June and pushed fairly steadily higher through the year. Indeed, similar to human psychology (perhaps because of it), markets are much more sensitive to degree of certainty and the direction of travel, than the absolute reality at a given time - which makes a degree of sense for a mechanism who's value comes from the collective prediction of future profits, but shows its potential vulnerability to overlook the actual present situation in its attempt to see the future.

The main lasting consequence of April's tariff shake-up is to be found in FX markets where the dollar depreciated just shy of 10% from its January 2025 peak against Sterling. This weaker dollar was also a catalyst to allow other global stock markets such as the UK, EU, Japan and Emerging Markets to outperform the US stock market in 2025.

The other major market story of 2025 is one that continues on from 2024 (and indeed 2023) - AI. The 10 largest companies in the world now make up nearly 30% of the world equity index by market cap and all bar one (Eli Lilly - one of the pioneers of GLP-1 drugs) are involved in the development and deployment of AI. When ChatGPT released in late 2022, the 4 largest AI computing companies (Alphabet, Amazon, Meta, Microsoft) spent about \$150bn on capital expenditure per year. As of 2025 that figure is now well above \$350bn and expected to be over \$500bn by 2030. That amount of capital is enormous in any economy and is from just 4 companies. And the lion's share of that spend is being pocketed by a single company, the largest company in the world - Nvidia. The scale of demand for Nvidia's GPU (graphics processing units, the heart of the processing power for training AI models) is truly astronomical, so much so that Nvidia effectively cannot meet all the demand and has ratcheted up the costs of its units to incredible levels. For example, its flagship 5090 chip, popular with computer gamers, has had its price raised from \$2,000 to \$5,000 as it shifts more manufacturing towards data centre GPUs.

[More overleaf >](#)

Winter 2026

MARKET UPDATE (CONT)

Is this sustainable? Maybe. Fundamentally at some point AI needs to make a financial return for those hyperscalers, and we're clearly a way off that, as it is effectively subsidised at nearly every level of the chain back up to those 4 companies (e.g your monthly ChatGPT requests costs a lot more to compute than the small subscription you pay). We've seen how excess enthusiasm for a nascent technology end before and it's not pretty. At this scale it could be catastrophic, especially for the US economy, for which AI buildout is now the major driver of current economic growth. However, two things are worth bearing in mind.

Firstly, this technology, even at its current state, is already having a huge impact on both businesses and consumers. Chat LLMs (large language models) alone are providing large productivity boosts and seem poised to take on a great deal of white-collar work, while other AI use cases have been steadily improving under the surface – from Instagram suggestion algorithms to code generation and optimisation. Other AI use cases, particularly physical/embodied AI, are also starting to emerge and be deployed as we're seeing automated Waymo taxis starting operations in the US and a steady improvement in robotics. AI is here and already proving to be valuable, so the more important questions are just how economically valuable it will be, and who will capture that value. Take air travel for example – the invention and commercialisation of air travel has been incredibly economically beneficial, however who actually makes money from it? Airlines are famously bad businesses, having to compete fiercely, constantly going bust, and while there are some aerospace manufacturing businesses and airport operators that make decent profits, the main beneficiaries of innovations in air travel have been consumers and businesses at large. Could the same end up being true of AI?

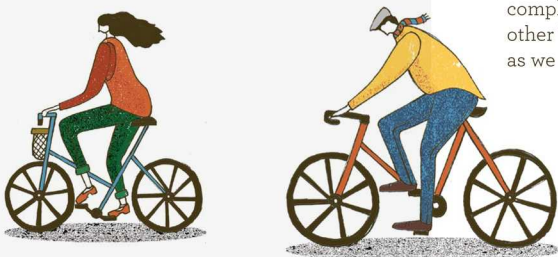


Secondly the companies investing in AI today are not the companies of 2000. The likes of Microsoft and Meta are some of the best and most profitable businesses to have ever existed and trade on comparably reasonable multiples to those profits when compared to the dot com era darlings. The issue isn't one of whether these businesses are all hype, but rather if the enormous amount of cash investments they are making can achieve comparable profits to what they already earn and expect to earn. This is a tall order, especially when other well financed players are pursuing similar objectives in what may be a winner-takes-most market, but similar investments have worked out very well before and punished non-movers. The evolution of the smartphone nearly consigned Microsoft to irrelevancy while minting fortunes for

Apple (iPhone + iOS store) and Alphabet (Android, Google Play store) and Meta (Facebook, Instagram, WhatsApp). Microsoft in fact was primarily saved by aggressively investing in cloud computing (Azure), becoming a second player in the market after Amazon (AWS), and ahead of 3rd player Alphabet (GCP). Others like Cisco and Nokia (bought by Microsoft in its smartphone era panic) have not fared well. The lesson of recent technology trends for Silicon Valley executives is clear – invest heavily to be a leading player in the next wave of innovation or be permanently left behind.

To us at Wise, it seems prudent to acknowledge the potential of AI, and indeed accept a degree of exposure to these AI businesses in client portfolios, but avoid the excess concentration into them that a pure indexing approach would involve, especially given the punchy relative market multiples and high expectations these businesses now enjoy.

Closer to home the UK stock market had a bumper year. The FTSE punched through the 10,000 mark and delivered its best return for over a decade. Why did this happen when the UK economy seems down and out? Partly because FTSE is a very international index. While the businesses may be listed in London, the large majority of their revenues come in from overseas, and indeed many (such as the mining companies like Rio Tinto) have barely any UK presence at all. The FTSE 250, the more domestically focussed mid cap index, that sees more like half of its revenue coming from the UK, underperformed its big brother benchmark for this reason. Another tailwind for the FTSE 100 was its large exposure to banks, which have benefitted from higher interest rates, and miners which have benefitted from the rising prices of industrial and precious metals. The final reason is that the UK stocks have been trading at steep discounts to their global peers for some time, and while some of this may reflect lower growth outlook or poorer business quality, a reversion to a fairer relative earnings multiple has been long overdue, and likely not yet complete. For this reason, we have been strongly allocated to the UK (admittedly along with most other UK wealth managers) however for us this is not a default position and will only last so long as we believe the UK market offers compelling value relative to other global opportunities.



[More overleaf >](#)

Winter 2026

MARKET UPDATE (CONT)

Fixed income continues to be an important component of client portfolios, especially given the relatively high yields on offer since 2022. The UK yield curve steepened significantly through the year mostly due to interest rate cuts from the BOE pulling down the near end (1-3yr) part of the curve while longer dated yields only dropped marginally due to ongoing concern over UK fiscal policy and long-term inflation. We have kept client portfolios duration exposure closer to the lower end of the curve for the past couple of years as this is where yields were most generous and volatility lowest, however with a new steeper curve, longer dated bonds are becoming relatively more attractive.

Finally, I will leave you with a few quotes from Morgan Housel, the author of three fantastic books on life and investing – *The Psychology of Money*, *Same as Ever* and *The Art of Spending Money*. This is from the chapter titled *Elation and Despair in Same as Ever*

“The trick in any field – from finance to careers to relations – is being able to survive the short-run problems so you can stick around long enough to enjoy the long-term growth.”

Save like a pessimist and invest like an optimist

Plan like a pessimist and dream like an optimist”

I wish you all a happy and prosperous 2026 – one that rewards cautious short-term planning coupled with optimising long-term investing.



William Geffen
Head of Investment Management

Please note, these views represent the opinions of William Geffen as of 6th January 2026 and do not constitute investment advice.

Where opinions are expressed, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice. This information 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.

Past performance is not a guide to future returns. The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Wise Investments Limited is authorised and regulated by the Financial Conduct Authority, No. 230553

STAYING SAFE ONLINE

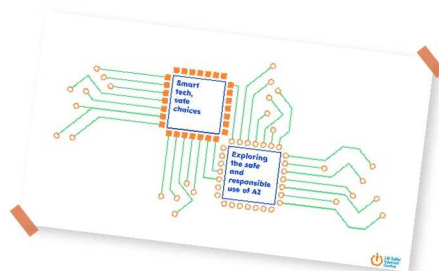
With the advent of Safer Internet Day on 10th February, we thought it timely to offer a gentle warning about the potential danger of internet scams.

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.



More overleaf >

Winter 2026

TAX YEAR END

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

Employee Ownership Conference 2025

In November, 10 of the team headed to the Telford International Centre for a two-day conference all about Employee Ownership.

We had a really interesting couple of days, sharing thoughts and ideas on the future of employee ownership and what it really means to be employee-owned.

A real highlight was hearing from former Wales and British & Irish Lions rugby star Jamie Roberts. Jamie spoke candidly about the realities of high-performance environments and how much they can mirror life in employee-owned businesses.

We all agreed, challenges will come, but working through them together builds resilience and helps teams bounce back faster. Motivation, culture, and supporting the next generation are everyone's responsibility. Knowing our individual roles, and how they fit into the bigger picture, is what keeps a team moving forward. Honest, timely feedback is essential for growth (something we're proud to champion at Wise with our monthly appraisals) and anchoring our strengths is just as important as improving our weaknesses. Above all, strong, open leadership matters.

We want to say a big thank you to the Employee Ownership Association for hosting a great event.



Oxfordshire Community Foundation

We were pleased to sponsor the Oxfordshire Community Foundations 30th Birthday Celebration on Tuesday 2nd December, in the stunning ballroom at the Randolph Hotel, Oxford. Oxfordshire Community Foundation (OCF) is a charity that builds thriving communities through effective philanthropy. In 2025 alone, they awarded £2.5 million in grants to 139 local charitable organisations. The keynote speaker for the event was Rhodri Davies a well-known thinker and commentator on philanthropy. The evening was a great success.

More overleaf >

Winter 2026

CHARITY & COMMUNITY UPDATE (CONT)



Katharine House Hospice Accumulator Challenge

The accumulator challenge has got off to a great start with our current total sitting at £4,034.78. The challenge continues until 20th February 2026. Katharine House Hospice is such an important asset to the local community, and we would like to raise as much as we can for them.

Wise Investment JustGiving Page



FOLLOW US ON SOCIAL MEDIA

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.



Wise Investment



Wise Investment



@wiseinvestmentsltd



Wise Investment

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 Ruth, at wise@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.

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

