



WISE INVESTMENT

SUMMER NEWSLETTER



Following a brief hiatus, I'm pleased to say we are re-starting our quarterly newsletters. A lot has happened since our last one was sent out. In May we celebrated 10 years of being Employee Owned.

This is such an important part of our identity and really sets us apart in our industry. Tax packs have now gone out to the clients that need them. Our portal offering 'My Wise Investment' is going from strength to strength and makes issuing documents like this so much easier and more cost efficient, as well as being kinder to the environment. We're about to enter business planning season, which sees members from all teams having input into the direction of the business over the coming 12 months.

Have you seen Tony's latest blog on our website? 'Ukraine - The Beginning of the End?' which offers a fascinating insight into the current situation in Ukraine, where the Russian's may have shot themselves in the foot, and what might happen should Mr Putin's dictatorship crumble as a result. It's really important that our readers enjoy our newsletters, so please let me know if there is anything specific you would like us to include going forward.



**Alexandra Rae**  
Chief Executive Officer

## MARKET UPDATE

**The dominant factor in investment markets this year (and our day-to-day lives for that matter) has been inflation. Years of accommodative interest rates and injections of capital into the financial system has finally had the effect that many of us had given up on as the inevitable side effect of monetary stimulus.**

Namely rapidly rising prices. Surging inflation led to a scramble by central banks to raise overnight interest rates. This is because their mandates often explicitly or implicitly require them to maintain a low, steady rate inflation. Consequently, overnight rates have moved from at or near zero at the beginning of 2022 to somewhere between 4% to just over 5% across the Eurozone, UK and the US by mid-2023.

Interest rates are a crude but effective tool. Although there is a time lag between a decision and application and the impact it has on inflation. This is partly due to the speed of transmission of higher interest rates into economic activity i.e., those with fixed rate mortgages will have their payments unaffected for the fixed period, and partly through repricing of key inflation constituents such as household energy prices. In the UK, it has taken around 9 months from the start of interest rate rises for inflation to start falling. US and European inflation appears to have responded much more quickly at around 3 months. Of course, the longer the delay between a series of rate rises and its effect, the greater the risk of rates being too high. This could mean not just tempering inflationary pressures but tipping the economy into recession.

Longer term interest rates in the UK currently suggest a peaking of overnight rates in the next 12 months with one more rate rise and then settling back below 5% (but not going back anywhere near recent emergency levels). Important points to note are that inflation excluding energy and food, which the Bank of England monitor as a more apt indicator of domestic inflation, had been continuing to climb whilst overall inflation was falling.

As such, spiralling domestic inflation would likely be met with more rates rises. Thankfully, last month, this measure also moved lower from the previous month thereby easing this concern. Also worth noting is that wage growth continues to trend upwards. Higher wages for workers also leads to inflation as more money chases the same quantity of goods. Perhaps foreshadowing this, however, is the unemployment rate which has ticked up from a recent (and almost all-time) low of 3.6% to just over 4%.

This is not least thanks to an increased participation rate i.e. those willing to work whether working or not, which had dipped during and immediately after Covid. This may be the capacity required to tame wage inflation enabling central bankers to 'cork the bottle' as far as the UK is concerned.

You may well ask what opportunities this presents? Well, for starters, we see short dated fixed interest securities as comparatively attractive, offering yields to maturity over 2 to 3 years that challenge the prospective returns from global equity markets. UK equities also appear relatively good value particularly in the Non-Cyclical Consumer space such as household goods, beverages and tobacco (although the latter has a rather tarnished reputation). Shares of companies in these sectors tend to be affected by interest rates in a similar way to fixed interest securities as they tend to have steady long term cash flows. That is, as interest rates rise they tend to underperform. Now that UK (and other central bank rates) might be in the final stages of their tightening cycle, this could provide the backdrop to a recovery in these equity sub-sectors.



**Robert Blinkhorn**  
Head of Investment Management

[More overleaf >](#)

Summer 2023

## CHARITY & COMMUNITY UPDATE



**It's been a busy summer so far on the charity & community front. In June we planted and donated a pair of beautiful wooden troughs to Katherine House Hospice.**

We're pleased to hear they have been very much enjoyed by residents and staff alike. June also saw the annual acknowledgement and celebration of all things LGBTQ+ with national Pride month. In honour of this, we decided to take a month off from spinning our 'Charity Wheel of Fortune' and instead gave our donation directly to Witney Pride. Witney Pride is a community organisation based in Witney. They were formed to provide visibility, educate and celebrate LGBTQ+ people and their allies. We were pleased to hear that our donation will go towards future Witney Pride events within the local community.

We have a team taking part in the Chippy Theatre Panto 5K Fun Run on Sunday 24th September. Fancy dress is very much encouraged, so, following a vote on social media, we can now announce that our team's fancy dress theme is... (drum roll please) WHERE'S WALLY. The fun run (or walk) is free to enter, but each participant is asked to raise a minimum of £20 towards the theatre. If you would like to help the theatre but don't fancy getting hot and sweaty in fancy dress, you can donate to our team's JustGiving page here: <https://www.justgiving.com/fundraising/wise-panto5k>

Alex is taking part in the CEO Sleepout in Oxford in aid of the charity Oxfordshire Homeless Movement on the 12th October. She is hoping to raise a minimum of £1,000 for this amazing cause.

If you would like to donate, you can do so here: [https://www.justgiving.com/fundraising/wise-investment1?utm\\_source=copyLink&utm\\_medium=fundraising&utm\\_content=wise-investment1&utm\\_campaign=pfp-share&utm\\_term=doeb3047c8f742c0b30f968c0c1c1212](https://www.justgiving.com/fundraising/wise-investment1?utm_source=copyLink&utm_medium=fundraising&utm_content=wise-investment1&utm_campaign=pfp-share&utm_term=doeb3047c8f742c0b30f968c0c1c1212)

## HOW TO SPOT A POTENTIAL SCAM

**We recently released an article on our website on the most common types of financial fraud and how to spot a potential scam. All businesses are at risk of fraudulent activity and must protect their clients and themselves as best they can.**

This is especially true of a business like ours that manage money on other people's behalf and hold the type of personal data that we do. It's always good to reiterate the things to look out for and what to do if you think you might have fallen victim of a financial scam.

### Be careful what you divulge via email

You shouldn't include anything specific about your position. For example, the amount outstanding on a loan or where your savings are held or invested. Doing so could give a scammer sufficient information to later fool you into thinking they are genuine. We would encourage you to never put information such as your whole plan numbers or values or address or bank details into an email, or attach any documents that show these details or any photo ID. It can be tempting to do so, as it is more convenient than post. Many firms (including Wise) will have a secure messaging service that can be used safely as an alternative to email and post.

### Be suspicious of urgent requests

Some scams rely on a knee jerk reaction to access your data and eventually your money. They may try and convince you that you need to make an immediate withdrawal, as the financial company you are invested with is in financial difficulty. Or that your account has been compromised and you need to move your money to a new 'safe' account immediately. Scammers utilise urgency to try and fool you into making the transaction. Often you will be told not to alert the company that you know they are in financial difficulty, or to give a false reason to them for wanting to make the withdrawal. You should never act on a request like this. Instead, contact the firm directly using a number you already know or find one yourself online. Don't take a number from the potential scammer as you will just get back through to them. If in any doubt, contact your local Police on their non-emergency number 101.



More overleaf >

Summer 2023

Gift cards are one of the most prevalent forms of financial fraud. Never be fooled into buying an online gift card – some scammers will make you think you owe them money because they have accidentally issued a refund to you or cancelled an online subscription service (such as Amazon Prime or Netflix). The scammers will often try and make you believe that they will be personally held responsible for the error, and be withheld wages as a result. They will ask you to purchase a gift card for the accidentally cancelled or refunded service to rectify the situation. They will then use the serial number from the gift card to steal the money. These types of scams are often completely untraceable. Banks struggle to refund the victims as they have willingly made the payment.

**Ultimately - If someone calls you and you aren't convinced that they are who they say they are then simply hang up.**

If they are genuine, they won't mind you calling them back on an alternative number. If you're using a landline to make and receive calls, ensure the line is clear before placing your outgoing call. Some scammers will sit on a call even if you've hung up. This blocks the line, and they will then pretend to be the genuine company when you ring back. Most companies call tell you immediately if it was them who called you, and continue the conversation from where it left off. The same goes for emails – if you aren't sure, don't reply and either use the usual firm's email address, messaging service or call them to check (especially if you think your email may have been hacked).

Read our full article 'Fraud Protection' on our website under News & Views. If you're worried about a potential scam or you think you may have been contacted by a fraudster, report it to the Financial Conduct Authority on 0800 111 6768. Alternatively, visit the Action Fraud website <https://www.actionfraud.police.uk/individual-protection>

## MEET THE TEAM



**As well as the client facing roles at Wise, there are various 'behind the scenes' roles that are just as vital to the smooth running of the business.**

We would like to introduce you to Gemma, our Compliance Officer. Gemma joined Wise at the beginning of 2022. We recently took to social media to ask our followers what they would like to know about Gemma's role here at Wise. Here are some of her responses:

**So, Gemma, how long have you worked in compliance?**

My first compliance 'type' role was in 2003 at Zurich Financial Services, I joined a department that the advisers named as the 'Business Prevention Unit', it was a few months before my 21st birthday and this role had a huge impact on my career. Zurich's stance was that they required us to be as qualified as the Advisers, as we were checking their work, so I spent the first 6 months studying for three exams which were called Financial Planning Certificates 1, 2, & 3.

**Is compliance a hard role to get into - do you need qualifications?**

Interesting question! I think initially, yes, it can be difficult, my personal opinion is that it requires a certain type of personality to work in compliance. It's a job that a lot of people don't want to do, you've got to have thick skin. If you call a colleague or book a meeting with them, they generally think they've done something wrong or you have an issue. You can't take that to heart.

Experience is vital, I think being mentored by someone is probably the best way to build on experience. A lot of regulations are open to interpretation and if you've not had experience in certain areas it can be hard to understand the requirements/rules/guidance.

Qualifications are important, it shows you have studied a subject for a period of time-enough to then be able to pass an exam, and this helps with demonstrating your competency. I took my first compliance exam in December 2022, and plan to take another one at the end of this year. I do have a Diploma in Financial Planning and have started taking Chartered exams to (hopefully!) at some point, become Chartered.

**Has compliance always interested you, or did you fall into it more by chance?**

I've always found compliance to be an interesting and varied role, I know to a lot of people would roll their eyes at that...compliance and interesting in the same sentence! You can get an urgent piece of work that comes in and then everything else has to be put on hold to get it done, I like that... it's exciting!



More overleaf >

Summer 2023



### What did you do before your current compliance role?

Directly before joining Wise, I was working as a compliance consultant, I looked after 22 IFA firms across the SW of England. This role hugely took me out of my comfort zone, but as a result I learnt so much, I remember one of the directors saying to me when I joined 'this job doesn't have a learning curve, it's more a learning spike' and he was spot on. Every day I worked with a different firm, in a different location and office, I met some strong and inspiring female financial planners running their own IFA practices, which, in an industry that is male dominated was brilliant.

### What do you enjoy most about working in compliance? What makes you tick?

Work wise, I'm a bit of a geek..I like reading policy papers or trying to work out what I think we need to do on a certain topic, I love detail and getting to the bottom of a challenging query. It ranges from tax changes, reading/amending policies, individual client advice queries, through to looking at trends, analysing data, submitting quarterly and annual reports, keeping on top of new legislation changes and what is going on in the news.



### What's the most challenging aspect of working in compliance?

Saying 'NO', I hate saying no, some topics require hours of research to decide what I think we should/shouldn't do...and sometimes as a result, I have to tell people they can't do something. There is a general assumption that we are make everything difficult and longer, we're pessimistic, and non-emotional (the last one is definitely true for me!)

### What should we be looking out for with other financial firms to know they're operating appropriately?

Every firm that is regulated by the Financial Conduct Authority (the FCA) is on their register. Making sure that the firm you're dealing with has a valid FCA number is a good starting point. It is also worth googling the firm to see what you can find out about them before you make an appointment. It's also helpful to meet with a few different firms initially, to try and find one that will work best for you. What they offer in terms of their advice process, but also their personalities can vary. I think its important to find one that 'gets you' and what you want to achieve.



**Gemma Chambers**  
Compliance Officer



## WE WANT TO HEAR FROM YOU

What would you like to see in our upcoming newsletters? We'd love to include as much relevant information for our readers as possible. Its important to us that you enjoy and relate with their content.

If there are specific areas or topics you would like us to include, please drop our marketing coordinator Jo an email on [jo@wiseinvestment.co.uk](mailto:jo@wiseinvestment.co.uk)



## 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](mailto:wise@wiseinvestment.co.uk) **W** [wiseinvestment.co.uk](http://wiseinvestment.co.uk)

