



WISE INVESTMENT

SPRING NEWSLETTER



Welcome to the Spring edition of our quarterly newsletter.

Being Swedish, I am well accustomed to cold Winters. And while Winter may have its charms, there is nothing quite like the moment when the world begins to wake up from its cold weather slumber.

The spring flowers have started to appear around the office garden, and I am delighted to extend warm greetings to each of you on behalf of our dedicated team at Wise.

In this edition of our newsletter, you will find insightful articles, market updates, and tips to help you make informed decisions in your financial journey. We believe that knowledge empowers, and our aim is to equip you with the information you need to make the best choices for your financial future.

Lastly, I just want to express my gratitude for the trust you have placed in us. Your confidence fuels our determination to deliver exceptional service and results. As we move forward, our team remains dedicated to fostering a strong partnership with each of you, guiding you towards your financial goals.

Alex



Alexandra Rae
Chief Executive Officer



MARKET UPDATE

Why so High?

In February it was announced that the UK had entered a technical recession at the end of 2023, following two quarters of negative GDP growth. We aren't alone. Germany's GDP also contracted over 2023 with a steep downturn in their manufacturing sector; Japan recently slipped into recession and other major economies, like France, are dealing with fairly stagnant growth. China's growth rate appears to remain high at 5.2% (over their 5% target) but their most recent quarter showed only 1% growth inciting fear that the world's second-largest economy and key driver to global growth, may be also stumbling.

American exceptionalism is, as ever... the exception, with the US economy bucking recessionary expectations with solid GDP growth of 2.5% over 2023, ending on an impressive 4.9% in the 4th quarter. However, with its major trading partners struggling and record high federal debt/gdp levels off the back of all that Covid spending, the US economic outlook is still somewhat uncertain.

Off the back of this rather bleak economic picture, one would be forgiven for thinking that the world's stock markets to be somewhat muted, if not depressed. Indeed, a quick glance at UK share prices would reinforce that view.

But in many other markets, this couldn't be further from the truth.

Defiant Markets

The Japanese stock market, in the face of a recession, recently hit new all-time highs for the first time in over 40 years. Similarly Germany's DAX 40 just hit an all time high, as has Denmark's key index (OMX Copenhagen) along with a plethora of other markets. The mighty S&P500, filled with multinational corporations reliant on the span of global economies, also continues to grind out new highs, showing no signs of stopping after a bumper 2023.

What's going on? How can markets be hitting highs while the news on the ground seems to be so grim?

[More overleaf >](#)

Spring 2024

MARKET UPDATE (CONT)

Stocks 101

First and foremost, stock markets are forward looking. The current economic picture matters to the stock market only to the extent that it affects the future profits its constituent companies will make, and what those future profits are worth now.

At risk of being too technical – fundamentally a stock (when properly valued!!) is worth the future cashflows it will accrue, discounted to the present.

Put more simply – two things matter for stocks: 1. Future cashflows (profits) and 2. The discount rate.

In terms of future profits/cashflows - 2023 is in the books, so unless the economic picture is expected to continue as is for a long time, then it doesn't really matter for stock prices. What matters is the future economic growth feeding through to growth in company profits – and in most cases this is expected to recover fairly soon.

Rates

The second component, the discount to present, is a little complex. Technically, it is the sum of the equity risk premium (a tad esoteric but suffice to say it incorporates how risky/volatile future profits are looking) and the risk-free rate (i.e interest rates).

That risk free rate is more or less approximated as the prevailing interest rate of government bonds as we assume (perhaps incorrectly...) that governments are very unlikely to collapse and to be honest, if they do – then stock prices are likely your least concern. This interest rate derives from the relevant economy's central bank, and it's predicted path has a big impact on stock prices.

Put simply – high rates → high discount → low stock prices (and vice-versa).

Again, similar to profits, for stocks it's less about the current rates (which are generally high) and more about predicted future interest rates. All this economic gloom has prompted the belief that most central banks (usually led by the US's Federal Reserve) will start cutting rates soon as post Covid inflation has eased and economies need the boost of cheaper borrowing costs.

This prediction of lowering interest rates has therefore prompted a surge in stock prices in the relevant economies.

Every Market has its own Story

There are also a number of additional idiosyncratic reasons why various markets are hitting highs in spite of difficult economic circumstances. Denmark is a prime example with its index up 16% since the start of the year due to having over 50% weighting in a single stock – Novo Nordisk - who's breakthrough diabetes/weight loss drugs (Ozempic, Wegovy) has propelled the stock, and subsequently the index.

Japan has undergone a series of reforms meant to push companies to have stricter capital discipline i.e they've been told to stop hoarding cash and either do something with it or send it to shareholders in dividends and buybacks. This has helped change enduring sentiment around owning Japanese stocks propelling them upwards and closing its long-lived valuation discount to other markets.

Finally, enthusiasm around AI has propelled a tech rally in the US. With mega cap tech companies like Apple, Microsoft and Nvidia making up such a large portion of the market there, this has propelled the index to new highs despite most stocks lagging behind.

Buy High, Sell Higher

Other markets hitting new highs can cause investors to pause, especially when it appears so detached from the economic reality on the ground here in the UK and indeed other major economies. It's important to pause and understand why markets are hitting new highs - whether it's driven by fair expectations or ungrounded speculation - and invest accordingly. Markets are meant to keep hitting new highs driven by underlying economic growth feeding into steadily rising profits - its just too much too soon that can leave investors vulnerable.

Pockets of good value persist, and the UK's anomalously low market valuations is a good example of a compelling investment proposition in spite of our gloomy economic outlook – after all, if everyone else is hitting all-time highs, why can't we?

William

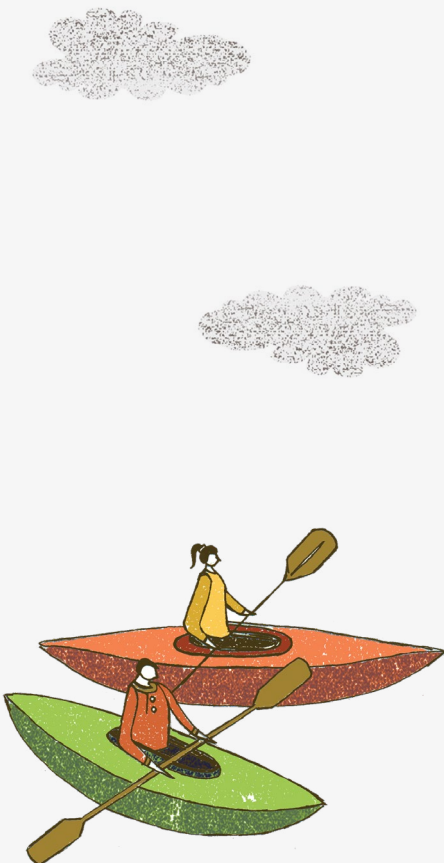


William Geffen
Head of Investment Management

*Source for market returns – Factset.

[More overleaf >](#)

Spring 2024



INTRODUCING OUR ALL NEW 'LONG-TERM GROWTH' MODEL PORTFOLIO

At the start of the year, we launched a brand-new Model Portfolio called the "Long-Term Growth" Model. The idea behind this is to provide an all-equity model that benefits fully from the long-term returns that equities (stocks) can accrue, specifically for client's able to take on the volatility that equity markets produce.

The Long-Term Growth Model will go one further than our existing 'Growth' Model. While the Growth Model can invest up to 100% in equity markets, it tends to remain around 80% in equities and also tends to have marginally lower volatility.

Our new model will be particularly beneficial for clients who have very long time investment horizons (10 years+) and no foreseeable income/drawdown needs - e.g a pension in its early/mid accumulation phase.

If you would like to know more about our new Long-Term Growth Model, or our Model Portfolio Service in general, please contact your administrator.

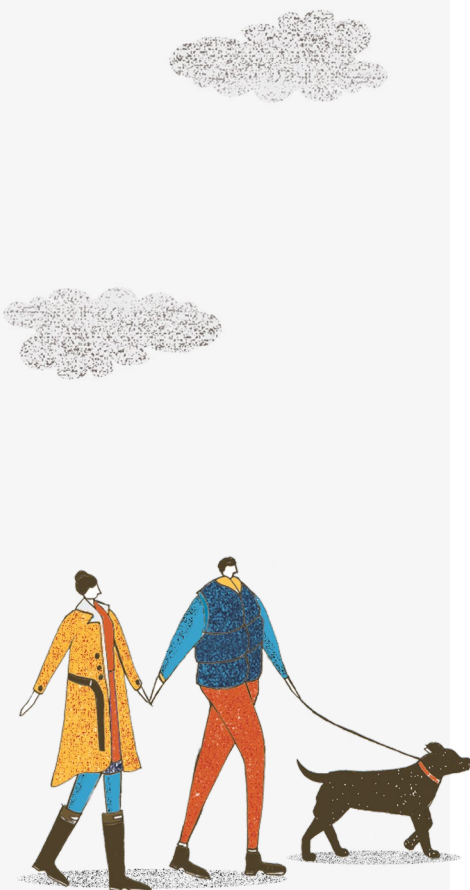
OXFORDSHIRE ARTWEEKS 4TH - 12TH MAY

We are excited to be opening our beautiful office as an exhibition space for Artweeks again this year. Oxfordshire Artweeks is the UK's oldest and biggest artist open studios & pop-up exhibition event.

The North Oxfordshire festival will take place from 4th-12th May, during which time we will host a variety of artists, makers and designers, showcasing a range of art including paintings, textiles, jewellery and ceramics. Drop-in and explore for free.

Keep an eye on our social media for the latest updates and artist introductions.

Each week of the festival is different. If you aren't able to make the North Oxfordshire event, why not pop along to the festival in Oxford City 11th-19th May or South Oxfordshire 18th-27th May.



[More overleaf >](#)

Spring 2024

SPRING BUDGET 2024

Amid much jeering and heckling from the opposition benches, the Chancellor delivered his Budget on the 6th of March. Besides measures for capital investment to support various sectors, grabbing the headlines were the 2% cut in National Insurance Contributions for all those earning above £12,570 a year from April 2024, and the reform of Child Benefit.

The NI cut means that someone earning at least £50,270 should save £750 a year on top of the cut announced in the Autumn Statement. Meanwhile the threshold income to receive full Child Benefit will increase to £60,000 from £50,000, as a temporary measure. The eventual plan is to base the policy on combined household income, rather than one person's income.

For savers and investors, there will be a new fixed rate NS&I savings bond, and the new 'British ISA' enables an additional £5,000 a year of ISA savings, provided the money is invested in UK companies. Exactly what investments will qualify is yet to be confirmed.

Other changes include the abolition of the Furnished Holiday Lettings regime (details and impact to be confirmed), and the reduction of the top rate of Capital Gains Tax on residential property to 24%. The 'Non-Dom' tax exemption is also to be scrapped and replaced.

Behind the headlines, the removal of the pension Lifetime Allowance comes into force on 6th April 2024, about which more information will follow.

Angus



Angus Aston
Director & Senior Financial Planner

NATIONAL APPRENTICESHIP WEEK - 5TH FEBRUARY

The 5th of February marked National Apprenticeship Week. This week-long celebration brought together businesses and apprentices across the country to highlight the positive impact that apprenticeships make on individuals, businesses and the wider economy.

We asked Heidi, who completed her Paraplanning apprenticeship with Wise in 2018/19, how it has helped her in her career:

"Completing the CII Paraplanning apprenticeship has put me on course for an exciting career in Financial Services. The apprenticeship gave us a structure and framework for me to start on my exam journey. With support from Wise, I was able to study alongside my role as a trainee Paraplanner, taking study days in the run-up to exams and liaising with my colleagues on case studies. Since finishing the apprenticeship, I have gone on to complete my Diploma and have become the Paraplanning Team Leader. I have recently been promoted to the Financial Planning team and I'm on track for the Advanced Diploma over the next few years!"

We also say a big congratulations to Heidi, who was awarded CII & PFS Paraplanning Apprentice of the Year at the Apprenticeship Awards in November 2023.



More overleaf >

Spring 2024

THE NEW TAX YEAR ROLLS IN

We're nearly at the final hurdle of our tax year-end project. The vast majority of paperwork has now gone to those who need it.

We have had some great feedback from clients using our portal to complete their paperwork. Having the DocuSign feature means you can easily complete and return your paperwork on the go.

In our last newsletter, we also highlighted the benefits of using our automated ISA top-up service as a way to reduce the paperwork (and potential stress) associated with the end of the tax year. If you would like to register for this service or find out more about how the Wise portal works, please contact your usual administrator.

CHARITY UPDATE - WISE SPIN THE CHARITY WHEEL OF FORTUNE

Have you heard about our monthly charity wheel spin?

The rules are very simple. Wise staff nominate a local charity to receive a donation of £250. Each month during our company meeting we spin the charity wheel to choose a winner. Previous donations have gone to Katherine House Hospice, Lawrence Home Nursing Team, Bledington Community Shop and Oxfordshire Animal Sanctuary, to name a few.

Our January winner was The Sunshine Centre in Banbury. The Sunshine Centre is a hub for a range of family and childcare support services for the community in Bretch Hill and the surrounding area. They organise classes and courses for families in the community and host a range of baby and toddler groups. They also partner with other organisations such as the NHS to provide weekly antenatal clinics.

We used our donation to purchase a number of items from The Sunshine Centre's online wish list, including toys, books, paper and colouring pencils. Here is a picture of Chris who nominated The Sunshine Centre and his daughter Lily delivering the gifts. Lily attends the nursery at The Sunshine Centre and is quite excited that some of the toys might end up in her nursery room.



In February, rather than spinning our charity wheel, we decided to make our donation to the British Heart Foundation. February marks 'Heart Month', a charity close to Claire's own heart. Claire's husband Chris will be undergoing heart surgery this year and she wanted to do something in recognition of the amazing work that the British Heart Foundation do. Claire invited us all to wear something red, and made an array of delicious treats to raise money. We felt it only right to forgo our usual local charity donation in aid of this important cause. We hope you will join us in wishing Chris a speedy recovery from his surgery.

If you would like to nominate a local charity to go onto our charity wheel, please send your nominee to jo@wiseinvestment.co.uk. All we ask is that the charity is within a 60-mile radius of our office in Chipping Norton. We will be sure to let you know if your charity wins!

More overleaf >

Spring 2024

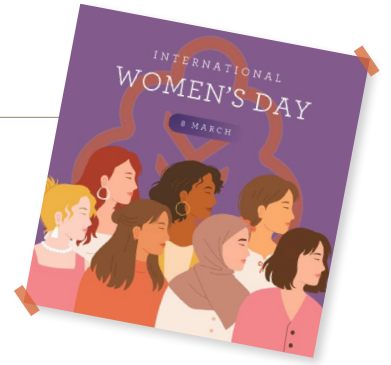
INTERNATIONAL WOMEN'S DAY

International Women's Day was celebrated across the globe on the 8th of March. Having a female CEO in a traditionally male-dominated industry, it would be remiss of us to let this occasion pass without mentioning it.

Uniquely within our industry, the majority of senior leadership within Wise is executed by women. In fact, women make up well over two-thirds of our workforce. Having so many women working at Wise not only symbolises progress, but it also signifies a crucial step towards inclusivity and diversity within our sector.

Operating in an industry historically dominated by men, we embrace our gender diversity, recognising the unique perspectives and talents it brings to the table. It also highlights the importance of making financial advice more accessible to women. In a world where financial independence is paramount, empowering women to take control of their own finances isn't just about equality—it's about unlocking untapped potential and driving economic growth.

We are proud to champion International Women's Day, knowing that our efforts today will pave the way for a more inclusive and prosperous future for all in financial services.



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.

 Wise Investment  Wise Investment  @wiseinvestmentltd  Wise Investment

WE VALUE YOUR FEEDBACK

What would you like to see in our upcoming newsletters? We'd love to include as much relevant information for our readers as possible. It's important to us that you enjoy reading them. If there are specific topics you would like us to include, please drop our marketing coordinator Jo an email on 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 **W** wiseinvestment.co.uk

