Think Investments

Summer 2024

Together with Santander Asset Management

Welcome

Think Investments helps you keep in touch with and navigate your way around the world of investments.

Investing is all about taking a long-term view. Putting money away for tomorrow instead of using it today, and making decisions for years and sometimes decades down the line.

Maintaining that long-term mentality isn't helped by headlines about the various ups and downs of the market or, as we saw earlier this year, the UK entering a technical recession.

Our articles in this issue are all about looking ahead, thinking about the future and making good, well-informed decisions about your money.

Financial scams continue to get more and more sophisticated, and it can be difficult to tell what is fake. Awareness and being able to spot a scam are your best defence and our first article shares some easy ways to protect yourself, your information and your money.

We then look at what a technical recession is, what it might mean for your investments and why it's important to keep focused on the basics when you're investing for the long term.

One of the golden rules for long-term investing is diversification, and our final article is all about multi-asset funds, which let you access a diversified portfolio in one fund.

As always, we hope you find Think Investments an interesting and helpful read.

Kitty McCormick
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Learning to spot scams might be your best investment

No-one thinks they'll fall for a financial scam, but sadly, it's incredibly common.

Criminals will make the most of any situation, especially when we have financial concerns, or the cost-of-living challenges people are facing.

According to UK Finance, the trade body for Britain's banking and finance industry, investment scam losses for the first half of 2023 were £57.2 million. This is a 2% reduction compared to 2022 but still accounting for nearly a quarter of all (APP) Authorised Push Payment losses reported. While no-one ever thinks it will happen to them, these figures show that sadly, it's still incredibly common.

The reduction in scam losses are mainly due to advances in detection and prevention which help reduce scams. Collectively the UK banking and finance industry prevented a massive £650.7 million of unauthorised fraud in the first half of 2023.[1] However, knowing how to spot scams or potential fraud and how to protect yourself is still the best defence.

Spotting investment scams and fraud

Fraud and scams are constantly evolving as criminals find new and advanced ways of reaching potential targets.

Investment scams can be very difficult to spot because they're created to look genuine. Criminals can have professional looking websites and literature. They may even steal the identities of genuine regulated firms or financial advisers.

Criminals use social media and online forums to create enticing adverts, fake news and exciting cryptocurrency or investment opportunities.

1 UK Finance – 2023 Half Year Fraud Update, October 2023

They're designed to interest you so you want to find out more. **Unsolicited or 'cold' calls about investments are illegal**, so they'll encourage you to add your details on a 'contact us' page to arrange a call back. This makes it appear less pushy or intrusive. Your personal information can then be used to contact you and steal your money or set up fake accounts.

Stay informed and keep ahead of the scammers

While there will always be a threat of scams and fraud, the good news is it doesn't take long to build up your defences against them. The more you know about the different types of fraud and scams, the better you'll be able to spot them, protect yourself and potentially warn friends and family.

For more tips on beating scams, read our guides at **santander.co.uk/personal/support/fraud-and-security/spotting-fraud-or-scams**

If you think you've been scammed, immediately contact your bank or **actionfraud.police.uk.** You should also let your bank know if something has happened that you think puts you at greater risk of being scammed. If you bank with Santander you can call us anytime on **0330 9 123 123**. We're also part of the Stop Scams UK initiative. This collaboration between banks and telephone companies gives you **159**, a safe and secure number to call if you think you're being scammed.

Take Five to keep your money and personal data safe

Santander supports Take Five, a national campaign that offers straightforward and impartial advice to help everyone protect themselves from financial fraud. This includes email deception and phone-based scams as well as online fraud – particularly where criminals pretend to be trusted organisations.

Take Five encourages you to:

- **Stop** – Take a moment to stop and think before parting with your money or information. It could keep you safe.
- **Challenge** – Could it be fake? It's ok to reject, refuse or ignore any requests. Only criminals will try to rush or panic you.
- **Protect** – Contact your bank immediately if you think you've been scammed and report to Action fraud at **actionfraud.police.uk** or on **0330 123 2040**.

You can find out more at **www.takefive-stopfraud.org.uk**

TAKE FIVE TO STOP FRAUD

Work through your investing checklist before you act

Before you invest money or share your personal information, you should follow our tips to help eliminate scam concerns.

- **Check it out.** Check the **Financial Conduct Authority (FCA)** register. You should use their ScamSmart tool to check the investment and the company are regulated.
- **Avoid clones and fakes.** Confirm you're dealing with a genuine and registered company. Only use the contact details for a firm that are on the FCA register.
- **Stay in control.** Avoid uninvited investment offers. These could be made on social media or over the phone. Research the company first and think about getting independent financial advice. You should always check the IFA firm and people you're dealing with are genuine.
- **Take extra crypto care.** Never let anyone set up a cryptocurrency wallet or upload identification documents. Make sure you don't let anyone remotely manage an investment for you.
- **Don't assume it's real.** If a website, advert or social media post looks professional, it doesn't mean they are genuine. Well-known brands or people can be cloned to make scams look real.
- **Never download software or apps that allow someone remote access to any of your devices.** When you allow remote access, you give the person full access to see what you can.

These checks can make all the difference. Please keep in mind that you may not be able to get your money back if you invest in a fund or with a firm that isn't regulated in the UK.

Should I be worried about the UK economy?

There are several reasons why news of the UK entering a technical recession earlier this year needn't keep you awake at night.

A technical recession just means the value of the goods and services we produce as a nation has reduced for two quarters in a row. The amount it's reduced by could be tiny, 0.1% for instance, but they still count. Entering technical recession isn't unusual and doesn't necessarily mean we're in for a significant, prolonged economic downturn or that the bottom is about to fall out of UK markets.

Focus on the bigger picture

Whenever we hear negative economic news, it's important to consider all the facts. Around the same time the UK entered technical recession inflation was falling,[2] unemployment rates were lower than expected[3] and the Office of Budget Responsibility upped its growth forecasts for 2024 and 2025.[4]

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2 Office for National Statistics – Consumer price inflation, UK: February, 20/3/24
3 Reuters – UK unemployment rate much lower than thought in late 2023, 5/2/24
4 Institute for Government – Five things we learned from the spring budget 2024, 6/3/24

It's all part of the cycle

Economies tend to be cyclical, with repeating patterns of expansion, peak, recession, trough and then recovery. Whatever's happening with the economy is usually a normal part of that cycle.

Remember how investment funds work

Many investment funds, and particularly multi-asset funds, will be made up of a broad range of investments from different regions and countries across the world. They diversify your investments to help balance out market ups and downs over the longer term.

If you have UK-based companies in your investment portfolio, many of these businesses will earn much of their revenue overseas.

All of this means you may not be as exposed to UK economic downturns as you think.

Take a long-term view to avoid short-term noise

The best thing to do when you see potentially worrying news about the economy or financial markets is often nothing. Trying to predict what's going to happen next could result in you missing out on potential future gains.

Investing through the ups and downs

If you invest on a regular basis, for example every month, you'll get more or less for your money depending on whether prices are lower or higher at that point. It can be better to buy, rather than sell, when markets are down.

While past performance is not a guide to the future and no investment is guaranteed, markets have recovered from many shocks over the years.[5] Investing should be for a period of at least five to ten years, which allows time for these ups and downs to smooth out.[6]

Make sure your plan is on track

Whatever's happening with the economy and markets, the right choices for you will depend on your goals, your circumstances, how much risk you are able and willing to take, and your timescales. You can always revisit your plan and investment portfolio to make sure your goals are still relevant and you're on track.

If you have questions or concerns, you might find it helpful to speak with a financial adviser.

Advice and support

There are lots of resources and professional services available that can help if you feel concerned about your investment portfolio or financial circumstances.

Many of us still turn to family or close friends, and talking about money with someone you trust, especially any worries or stress it might be causing, can help to put your mind at rest.

Free and reliable online support and resources are available from organisations like the UK Government's MoneyHelper (**moneyhelper.org.uk**) and Citizens Advice (**citizensadvice.org.uk**).

Your investment product provider may also share information and resources but will not usually be able to offer financial advice.

5 MFS – Market Declines: A History of Recoveries, February 2024
6 FCA InvestSmart – The golden rules of investing

Article provided by Santander Asset Management UK for Santander investment customers.

Making diversification simple with multi-asset funds

The markets might always be moving, but multi-asset funds can take the hard work out of making sure your investments are keeping up.

Markets have been particularly volatile in recent years in the face of political and economic uncertainties as well as high inflation. Volatility brings risks and opportunities. How best to manage those risks and maximise those opportunities is the perennial challenge.

If you're confident and know what you're doing, one way to rise to the challenge is by building your own diversified portfolio using a range of investments, which you can then monitor and update. You'll be in complete control, but it can mean a lot of time and effort. You may also have to pay charges each time you buy or sell a fund or other asset.

Another approach is to use a multi-asset fund and let the experts do the hard work for you.

How do you like your coffee?

You might prefer to source your own coffee beans, spending time researching the best regions and perhaps buying a few different types. You can then blend them at home with your own bean grinder and serve it from your own coffee machine. It'll be exactly as you like but will involve some cost and effort. Or, you could go along to your local coffee shop and have your morning brew made for you by an expert.

Multi-asset funds are a simple way to spread your investments

A multi-asset fund lets you access a diversified portfolio inside a single fund, which will have its own investment objectives, such as growth or income, and a specific level of risk ranging from lower to higher.

Choosing the right level of risk for you

How much risk you're comfortable taking with your money will depend on factors including your goals, how long you're investing for and your personal circumstances.

Too much risk could make you feel uncomfortable or uneasy about losing money you can't afford. But taking too little risk can also mean you might not achieve your investment goals. If you're investing for the long term, there's more time for short-term losses to be balanced out by potential longer-term growth.

A multi-asset fund lets you access a ready-made portfolio with the right level of risk for you.

Professional fund managers actively adjust the mix of investments in multi-asset funds over time, taking into account market conditions and circumstances as well as the fund's objectives and risk rating.

Multi-asset funds will usually be based around a mix of shares, bonds, cash and property, and may also include alternative investments such as infrastructure for even greater diversification.

This means the funds can take advantage of the potential opportunities that come with different market conditions while balancing out the risks.

If you're not sure about the best approach for you, it might help to speak with a financial adviser.

Investing is a long-term project. Making use of one or more multi-asset funds can help you feel confident you're on track towards your investment goals, regardless of the market conditions.

Up to date information about your investments, anytime you want it

You can view your balance and see how your investments are performing at any time by logging into the Investment Hub. It's quick, simple to use and means you don't have to wait for your quarterly paper statement to arrive.

All your important documents are securely stored in your Investment Hub document library for you to read or download. If you've given us your email address, we'll send you a message whenever there's something new for you to read.

You can also change your preferences to go paper-free in the 'Settings' section of the 'Preferences' drop-down list on the Investment Hub.

Everything changes, especially investment markets

No single asset, type or region will consistently perform better or worse than all the others.

For instance, in 2022, developed market equities was one of the lowest performing asset classes, but in 2023, it was the highest. Commodities, on the other hand, moved from a top position in 2022 to the bottom in 2023.[7]

Each asset class performs differently over time. Having a diversified portfolio helps to smooth that out for potential long-term growth. Please note past performance is not a guide to future performance and no investment is guaranteed.

Find out more about how to get started on the Investment Hub with our helpful videos at **santander.co.uk/personal/support/savings-and-investments/managing-your-investments-online**

7 Based on data from Santander Asset Management, year on year ranking of asset classes, February 2024

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