

# Think Investments

Winter 2024



Together with



**Santander**

Asset Management

# Welcome

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

We're approaching the end of another year, which is a good time to reflect on what has been and what the future might hold. It's certainly been an eventful 12 months, with elections around the world, conflicts and cost-of-living concerns for many. There have been high points too, as the world united at sporting events throughout the summer.

It's also been a good, and surprising year for the winners of our latest campaign. In our first article we hear about what investing means to them and how they might use their unexpected windfalls.

Artificial Intelligence (AI) might feel like the future has landed firmly in the here and now, but many of us make use of it every day without ever realising it. In our second article, we consider some of the many uses for AI, its role in investing, potential benefits and where we should exercise caution. If you prefer a more human approach, you can always speak with a financial adviser.

Finally, we look at 2024 through an investing lens. It might feel like a lot has happened but, in the context of long-term investing, it should make very little difference. Markets go up and down over time but trying to keep up is rarely a good idea. A diverse portfolio and a clear eye on the future will generally do a better job of helping you achieve your financial goals.

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



**Tony Longden**  
Head of Financial Planning  
and Insurance  
Santander UK



# Investing for the future

**Investing can be a good way of growing your savings and allowing you to do more of what you enjoy in life.**

By taking a long-term approach, you have more time to help build a healthy investment pot for when you need it.

Three lucky Santander customers were busy putting this idea into practice when they got an unexpected boost on their savings.

## Rewarding customers

Santander gave new and existing customers the chance to win back their investment, up to a maximum of £20,000, as part of a recent prize draw. To qualify, customers needed to invest at least £1,000 through the Santander Investment Hub between April and June 2024, with one lucky winner selected each month.

The chance to win back your investment has now ended. You can find out about any future offers at [santander.co.uk](https://www.santander.co.uk)

### Mr and Mrs Kerai's story

Mr and Mrs Kerai found out they were one of the lucky winners on a phone call from their Financial Planning Manager, Shami Peiris (below second from right). Mrs Kerai said, 'We never win anything – this is the first time. We were so surprised.'

The couple are in their 60s and live in Wembley. Mrs Kerai is a full-time carer for their disabled daughter, and Mr Kerai works in construction, managing building sites.

Their relationship with Santander is a long-standing one, having been with the bank for over 45 years. Their investments and mortgage are also with Santander.

With their investment pot now even healthier than before, Mr and Mrs Kerai's plans for the future can be made a reality.

Mr Kerai is hoping to retire next August. The couple will then split their time equally between the UK and India. In the short term, they intend to use their winnings to buy a new car.

But they plan to be generous too. £1,000 is going towards a holiday for their son, and some money will go to causes close to Mrs Kerai's heart, such as Indian-based charities, in line with the couple's heritage, and animal charities.



Mr and Mrs Kerai (centre) with the Santander Wembley branch team.

## Clare's story

When Clare Moore's Financial Planning Manager, Joe McGraw (first from left), shared the good news, she couldn't believe it.

Clare said, 'I've won things before – I got £4.40 on the lottery the other night! But never an amount of money like this.'

Clare is in her 60s and lives in Falkirk. She has been retired for several years, and previously worked in catering for the NHS. Her husband used to take care of the finances, but when he died she sought advice from Santander about what to do with the money she inherited.

With both the mortgage and her car already paid off, Clare decided to invest in the hope of growing her money for the future.

She doesn't want to rush the decision about how to spend her prize money but is thinking about buying a property abroad. There's also the potential to upgrade her 'wine cellar' (also known as the cupboard under the stairs).

Clare may put the money towards her next adventure – a tour around South America with her sister. The trip will take in Machu Picchu in Peru, Buenos Aires and Rio.



Mrs Moore (third from left) with the Santander Falkirk branch team.

## Our final winner

While our first two winners both invested through their local Santander branch, our third winner, Mrs E from Bedfordshire found that working with a Financial Planning Manager remotely, through our Wealth Direct service, suited her better. It meant she could have meetings outside of her own working hours.

Our lucky winner had a property abroad, which she viewed as part of her retirement fund. When the property was sold earlier than planned, she wanted to invest the money into a product that gives growth potential over the longer term. She also wanted to use the money to enhance her retirement for when she decides to stop working.

## Wealth Direct

Santander's Wealth Direct team are based in Belfast and Glasgow, providing remote financial advice to customers both in pre-booked appointments and on-demand. It offers ongoing support and advice to help Santander investors achieve their goals.

## Invest your way

Santander's Investment Hub allows you to choose how to manage your money when investing. You can select from a range of Santander Asset Management's ready-made funds, or choose from a wide selection from across the market. If making your own investment decisions isn't your thing, you can get advice either from one of our qualified advisers or our Digital Investment Adviser.





# A smart guide to Artificial Intelligence

**You may not be aware of it, but you probably already use Artificial Intelligence (AI) on a daily basis.**

If you use a Sat Nav in your car, search for something on Google, or use a chat function on a website you'll have been interacting with AI.

## **Rise of the Chatbots**

AI has exploded into public awareness over the past couple of years, mostly because of the arrival of ChatGPT – a computer program that powers 'Chatbots', which can answer just about any question you might ask.

While AI is constantly developing with greater and more sophisticated functionality, it's far from a new concept. 'Thinking machines' capable of solving problems and making decisions like humans, but much faster, were first conceived in the 1950s.

## **How it works**

In essence, AI works by rapidly exploring massive amounts of information from across the internet, finding patterns that enable it to answer specific questions or instructions in seconds. Over time, it can learn from previous tasks, improving its answers without any human intervention. This is called 'machine learning' or 'generative AI', and it operates at a speed way beyond anything we can comprehend.

## Finding the right balance

The possibility of AI 'outsmarting' humans has formed the basis of more than one science fiction movie. On a more practical level, there are fears AI will eliminate many jobs such as artists, writers and musicians. AI can generate not only words but also images, videos and voices. This has also led to concerns about fraud and scams, such as 'deepfakes'.

## Helping you to spot deepfakes

A deepfake is a video, sound or image of a real person, that's been digitally manipulated through AI to convincingly misrepresent an individual or organisation. They can be extremely convincing and very hard to spot, but these tips can help keep you safe.

1. **Look for imperfections** – blurring or odd reflections in an image, for example.
2. **Consider the context** – does an offer or opportunity seem too good to be true?
3. **Know the scams** – deepfakes are commonly used in investment scams, romance and impersonation scams.

You can find out more about different types of fraud and how to spot a scam at [Spotting fraud and scams | Santander UK](#)

On the flip side, those working to incorporate AI in their business processes see it as a great help in serving customers more quickly and effectively. One major advantage is freeing employees from labour-intensive administration, allowing them to focus directly on customers' individual needs. AI may have many benefits, but it will never replace personal interactions.

AI is one of the most rapidly adopted innovations in history and can only continue to grow. There are concerns, however, that these developments are happening too fast, and no one knows what the future might bring. In response, various governments are introducing legislation to protect individuals and their data.

### Putting AI to good use

AI is already very much part of our everyday lives. If you have biometric security on your smartphone, using fingerprint or face recognition, that's AI. As are voice automated virtual assistants like Siri from Apple or Amazon's Alexa. AI is also active in manufacturing, agriculture and healthcare to speed up and improve processes.

Financial services and investment businesses are making good use of AI to help with data collection and analysis. This can mean swifter and more effective decision making about investment options or risk. It can also ease the burden of administration, automating processes such as applying for a bank account, ISA, loan or credit card. Financial advisers may use AI to capture meeting notes, for example, leaving them more time to spend with their clients.



## Santander, AI and you

At Santander, we make use of AI to help us provide you with a better, more responsive and efficient service whenever you need it:

- Our virtual assistants can quickly resolve your queries, help you make transactions and provide important information around the clock.
- With AI helping us to understand your spending habits, we can automatically issue notifications to alert you about upcoming transactions so you can avoid missing payments.
- AI also helps us challenge and halt suspicious activity in accounts or on credit cards, preventing and deterring crime.

We believe AI will have an important role in the future but needs to be used properly and understood by all. Santander's Open Academy platform offers free training, for anyone over 16 to learn the basics of AI and how to get the best out of it.



# Taking a long-term view of investing

**Investing is a long-term project. There will be ups and downs and many think about getting out at the first sign of trouble, but the best course of action is often to do nothing at all.**

With so much happening around the world, it can be difficult to keep your eyes on the horizon. Over the course of 2024, over half the world's population has been involved in an election, some with unexpected outcomes. Wars and regional conflicts continued to cause pain and disruption. Here in the UK, energy prices contributed to a cost-of-living crisis, while inflation and interest rate movements were followed closely.

## **Investment markets will go up and down**

In August, stock markets worldwide fell briefly in response to news that the US might be heading for a recession,<sup>1</sup> because what happens there can affect many other countries.

Sometimes events we might expect to move the markets don't. When the then-Prime Minister, Rishi Sunak, called a surprise general election back in May, the FTSE 100 barely reacted with a brief dip of 0.6%.<sup>2</sup>

The EU Parliamentary elections tend not to have any real impact on financial markets, but this year was different with European indices, French stocks and the Euro all taking a hit,<sup>3</sup> although this was short-lived in each case.

## **Market growth**

Despite the headlines, there has been positive market movement.

The MSCI World Index, which tracks shares in 47 countries, increased more than 20% between September 2023 and September 2024.<sup>4</sup>

The S&P 500, a measure of the largest 500 stocks in America, was up by just over 25% over the same period.<sup>5</sup>

Closer to home, the FTSE 100 returned growth of 8% over the year to September 2024.<sup>6</sup>

## ISAs are one option for your time in the market

'Timing' the market, to buy or sell investments at exactly the right time, is incredibly difficult, and even professional fund managers don't get it right every time.

That's one reason why regular investing is a good idea. You'll buy investments at different prices – sometimes higher and sometimes lower – with it all balancing out over the longer term.

Investing money in a stocks and shares ISA is one popular option for regular, long-term and tax-efficient investing. The ISA allowance is £20,000 for the current tax year (2024/2025).

You don't pay tax on income or capital gains from investments held in the ISA.

The tax benefits of an ISA may change in the future and are subject to individual circumstances.

## Diversification is another smart move

Having a broad range of different types of investments, from different countries and sectors, that behave in different ways, is another good idea for long-term investing. If one part of your portfolio isn't performing so well, another part may be doing better, helping to manage risk.

A simple way of achieving this is with a multi-asset fund, a diversified portfolio inside a single fund with its own investment objectives – such as income or growth – and a specific level of risk ranging from lower to higher.

Like many providers, Santander offers investors access to multi-asset fund investments. You can find out more about the funds available by visiting [www.santander.co.uk](https://www.santander.co.uk) and searching 'investment funds'.

In July, and after months of speculation, the Bank of England announced its first cut to interest rates since 2020, making cash savings rates potentially less attractive.

With so much happening, and all the associated noise on the news and social media, what should investors be doing to get the most out of their investments?

### Keep calm and carry on investing

The answer in most cases is very simple – nothing at all. While the details might vary, markets go up and down over time and there will be periods of growth and times of recession. It's all part of the normal market cycle that we're continually working through as investors.

If you're investing, financial experts generally agree that this should be for a period of at least five years, but ideally more. That means there's time to work through these short-term ups and downs, with the potential for long-term growth.

No investment is guaranteed and investing always involves taking some risk with your money. But history shows that markets tend to rise over longer periods of time, regardless of recessions, elections and even pandemics.

Selling investments and moving to cash when markets are lower is often the worst course of action – you won't be able to benefit from any future growth. In fact, this can be a good time to buy investments at lower prices.

Looking at investing as a long-term project means remaining calm when there are downturns, and keeping your money invested, so that over time it has a better chance of growing. If you'd like to find out more, or have any concerns, you might find it helpful to speak with a financial adviser.

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<sup>1</sup>BBC – Is the US really heading for recession? 5 August 2024.

<sup>2</sup>Yahoo! Finance – FTSE 100 closes in red as Rishi Sunak calls 4 July UK election, 22 June 2024.

<sup>3</sup>Euronews – Markets see 'emotional reaction' to European election results and Macron's surprise move, 10 June 2024.

<sup>4</sup>CNBC – MSCI WORLD IDX, accessed 19 September 2024.

<sup>5</sup>CNBC – MSCI S&P 500 Index, accessed 19 September 2024.

<sup>6</sup>CNBC – FTSE 100, accessed 19 September 2024.

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