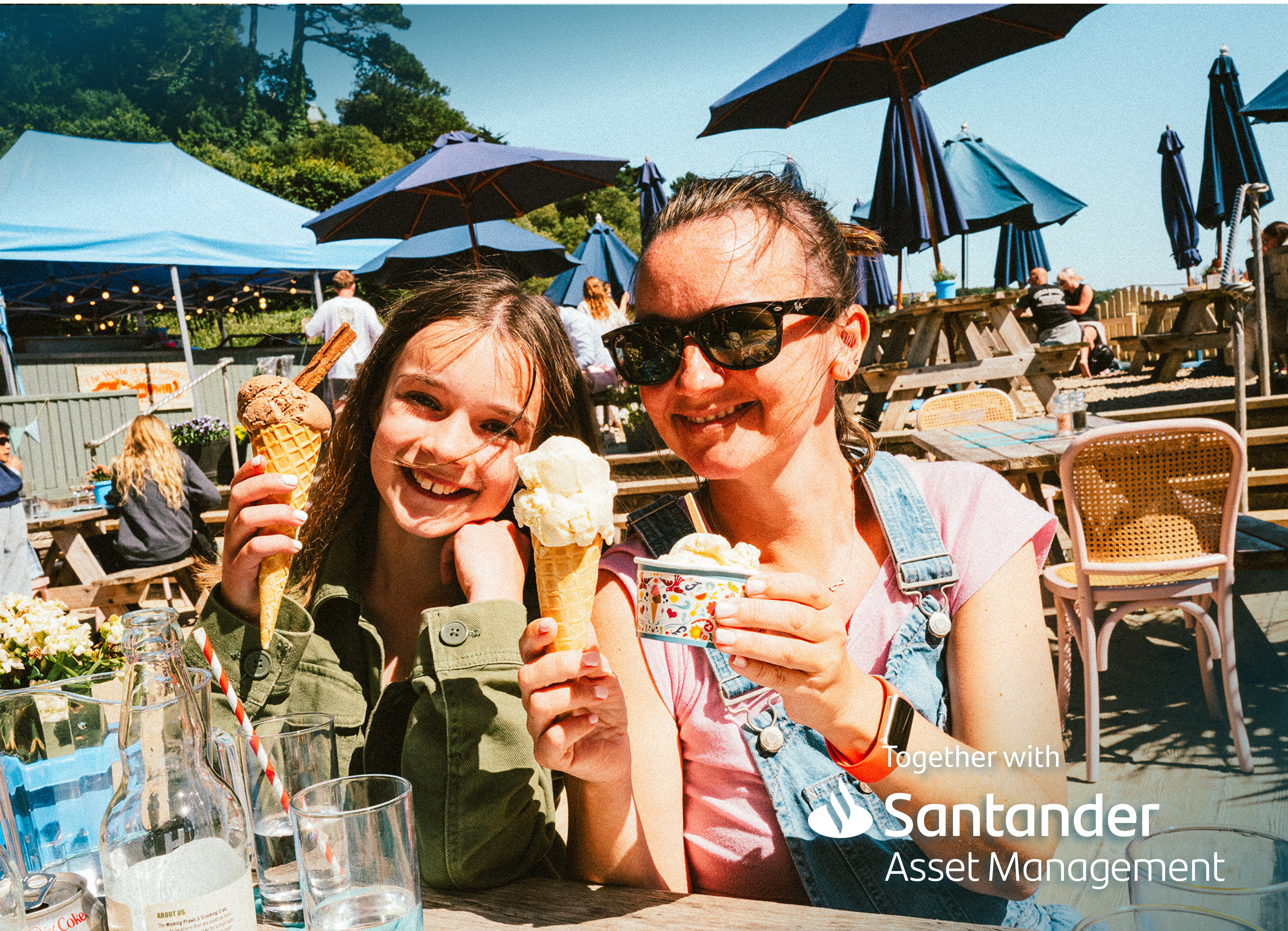
Santander

Think Investments

Summer 2025



Together with
Santander
Asset Management

Welcome

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

Summer is traditionally a time to relax and enjoy some well-earned holiday time. This mid-point of the year is also a good moment to reflect on what has been and what may lie ahead.

You might want to look towards retirement, when you may plan to have much more time to relax, be with your loved ones or set off on new adventures at home or abroad. Your pension could play a major role in making this an enjoyable reality.

Now is a good time to make sure you're contributing the right amount to enjoy life both now and in the future. Our first article guides you through this with some pointers to help you get started.

As we change over time, our goals, priorities and how we feel about risk can change too. It's important to make sure your investment choices are still a good fit. Our second article shares some suggestions for thinking about this. It can be easier than you imagine to make changes.

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

Gustavo Gallardo Alvarez

Head of Insurance and Retail Investing
Santander UK

Seize your pension opportunities

Today is a good day to start making the most of your pension.

If you're in your late 40s or early 50s, you may already have a solid foundation when it comes to your finances. Perhaps you've built up savings, have investments and own your home. But one crucial piece of the financial puzzle can sometimes get pushed down the priority list - pensions.

However, pensions are among the most powerful and tax-efficient ways to save for the future. If you're not already making the most of yours, now is the time to act. With a little focus, your pension can become a core part of your financial plans for retirement.

Why pensions deserve your attention

Pensions are one of the most tax-efficient ways to invest money over the longer term, helping to achieve your goals for a comfortable and enjoyable later life. Investing in a pension means 'free' money in the form of tax relief. If you're saving into a workplace pension your employer may also contribute.

Before you reach age 75, every contribution you make gets topped up by the government in the form of tax relief, which is currently 20% for basic rate taxpayers. If you are a higher or additional rate taxpayer, you can claim further tax relief through your annual Self Assessment tax return.

Plus, any investment growth within your pension is generally free of tax. Together, these tax efficiencies mean pensions are hard to beat as a method for longer term investment. Values aren't guaranteed and can go up as well as down.

A simple rule of thumb for pension contributions

How much you pay into your pension will depend on factors such as your current age, when you'd like to retire, how much income you want and for how long. Your contributions need to be affordable so you can enjoy life now as well as planning for the future.

One recommended starting point is to take your age, halve it, and use that number as a percentage of your pre-tax salary to contribute to your pension each year. So if you're 48, aiming to contribute around 24% of your salary (including any contributions from your employer) is a reasonable target.

This isn't a strict rule, but it's a helpful benchmark. It accounts for the fact that the later you start, the more you'll need to set aside to catch up. If you've been investing steadily into a pension since your 20s or 30s, you might not need to contribute as much now. But if you're just getting started or want to give your retirement funds a boost, it can be a good guide.

How much will you need in retirement?

This is an important question which can be difficult to answer precisely. Research carried out by Retirement Living Standards* shows that a moderate standard of retirement will cost £31,300 a year for an individual and £43,100 for a couple, excluding any rent or mortgage costs. Any pension income you receive needs to last for the rest of your life. It's very important to check your pension will suit your circumstances.

*Retirement Living Standards – Picture your future, 12 December 2024

Getting started

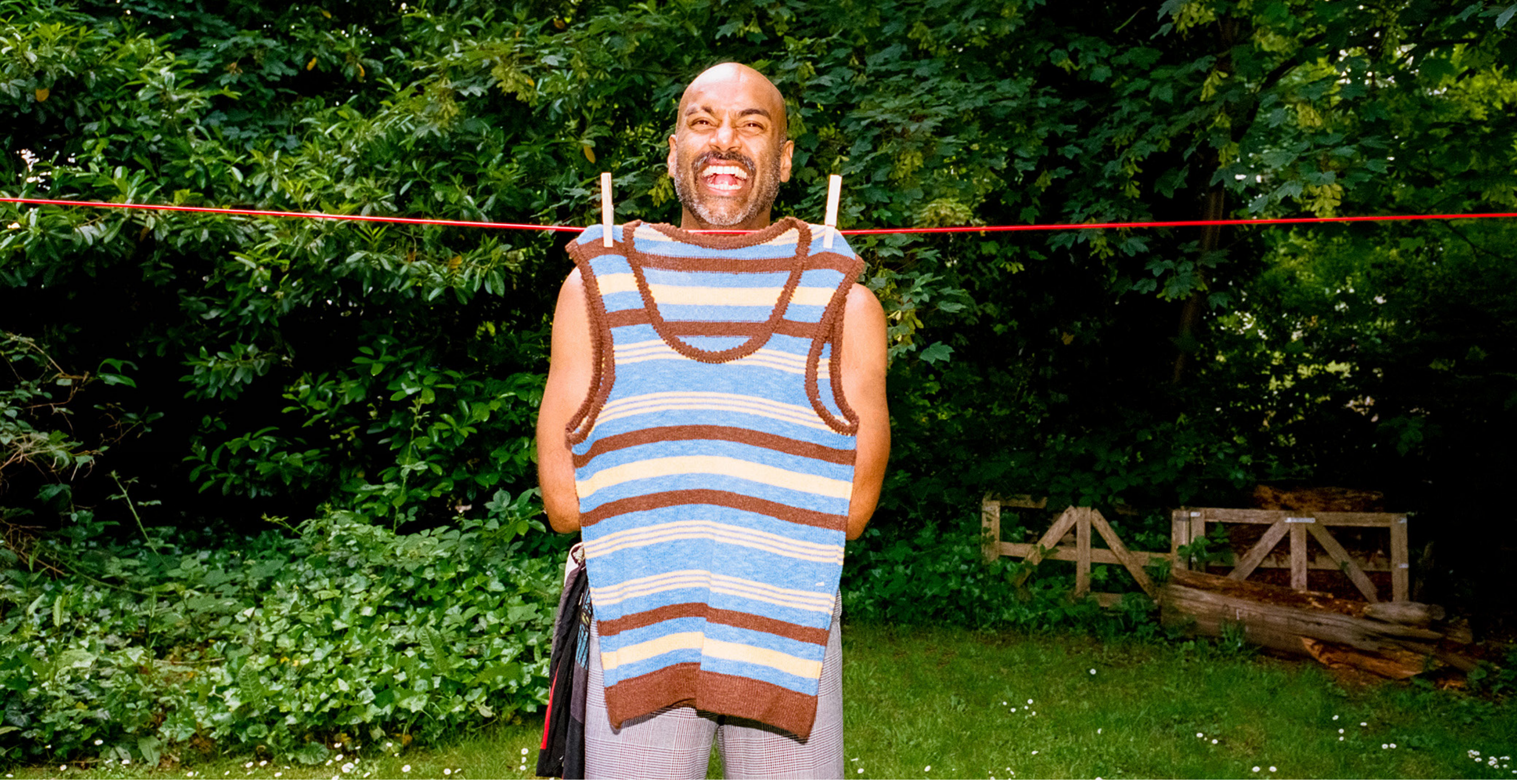
If you don't yet have a pension in place, the best time to get started is today. Most people are automatically enrolled into a workplace pension, but if you're self-employed or want to save more than your workplace plan allows, a personal pension or self-invested personal pension (SIPP) can offer flexibility and control.

For those who already have one or more pensions, now is a great time to check if they're working hard enough. Are they invested in a way that suits your goals and targeted to the age you want to retire?

Consolidating older pensions can make them easier to manage, reduce costs, and help you see the bigger picture. Just be sure to check for any valuable guarantees or exit charges before transferring. A financial planner can help you be confident you're making the best choice for you.

Make your pension SIT UP

- **Set up a Direct Debit:** for after each payday.
- **Invest regularly:** monthly payments help smooth market ups and downs.
- **Think long term:** this helps balance out the ups and downs in the market that you'll experience during the long term.
- **Use tools:** online pension calculators and guides can help show if you're on track.
- **Payment top-ups when you can:** increase with each pay rise. Even 1% helps.



Updating your investments

As your financial priorities change over time, your investments should too.

You might have a new goal to invest for, take a fresh look at how much risk you're comfortable with or want lower fund charges. Whatever the reason, reviewing your portfolio and making changes is easier than you might think.

Going back to the basics of investing

If you're invested in cash funds, inflation could erode your income over time. Investing can help your money grow over time and hopefully outpace inflation. Reminding yourself of some of the basic rules of successful investing can guide you in making the most of your money:

- **Diversification:** spreading your money across different assets (like shares, bonds and property), different parts of the world, with different investment management styles can help manage risk. If one area underperforms, others may help to balance things out.
- **A long-term view:** time in the market is what matters, not trying to time markets. Investing should be for at least five years, ideally more. This allows for the ups and downs of investing to smooth out for potential long-term growth.
- **The right level of risk:** all investments carry some risk. The level of risk you are comfortable taking with your money is a very personal decision. You might be happy riding out market swings for the chance of higher returns, or you may prefer a steadier pace. And how you feel about risk can change.

Multi-asset funds are a simple solution

A multi-asset fund does all of this in one fund, which is looked after and rebalanced by expert fund managers. It also makes it very easy for you to make changes if, for example, you would like to take more or less risk with your investments.

Multi-asset funds come in a range of risk levels, from low to high. Once you've chosen the right level for you, the experts do the rest, aiming to keep your investments aligned with your chosen level of risk.

MyWealth makes managing your investments easy

Introducing the new MyWealth range of risk-targeted funds from Santander Asset Management, designed to help deliver optimal returns. You can choose from 4 highly diversified funds which invest across a wide range of sectors and geographies with the aim to grow in line with the level of risk you are prepared to take with your money. You can invest without needing to follow the markets, knowing that experts are looking after your investment.

It's a simple, cost-effective solution and the Santander Investment Hub has an intuitive online journey designed to guide you through the process.

This is just one range of funds from Santander Asset Management. You should always speak to a Financial Adviser for advice if you're thinking of switching funds.

Risk targeting explained

Each of the four MyWealth funds is built with a different level of risk in mind, from Cautious to Progressive.

The lower risk funds may tend to be more stable day-to-day but achieving lower returns over the longer term. Higher risk funds, on the other hand, might experience more ups and downs, with bigger short-term losses but higher long-term returns.

It's about balancing potential growth with peace of mind and choosing a path that suits you.

Find out more about the MyWealth fund range at Sandanderassestmanagement.co.uk/retail-investor

Santander Market Review

17 February 2025 – 19 May 2025

Most of the world's stock markets fell over the three months to 19 May 2025. This came as the US imposed heavy tariffs on imports from other countries. The tariffs were announced on 2 April and led to sharp falls in all of the main stock markets.

On 9 April, however, Donald Trump suspended the tariffs for 90 days, except for those on Chinese goods. This helped shares to recover some of their losses. Towards the end of the period, China and the US began to pare back their tariffs once more, which helped markets to recover more ground.

Bond markets were volatile. Most were down over the period, but US Treasury bonds made small gains.

Given these moves, investment portfolios with greater weightings to shares were hurt by the falls in the stock market. Portfolios with larger weightings to bonds fared a little better.

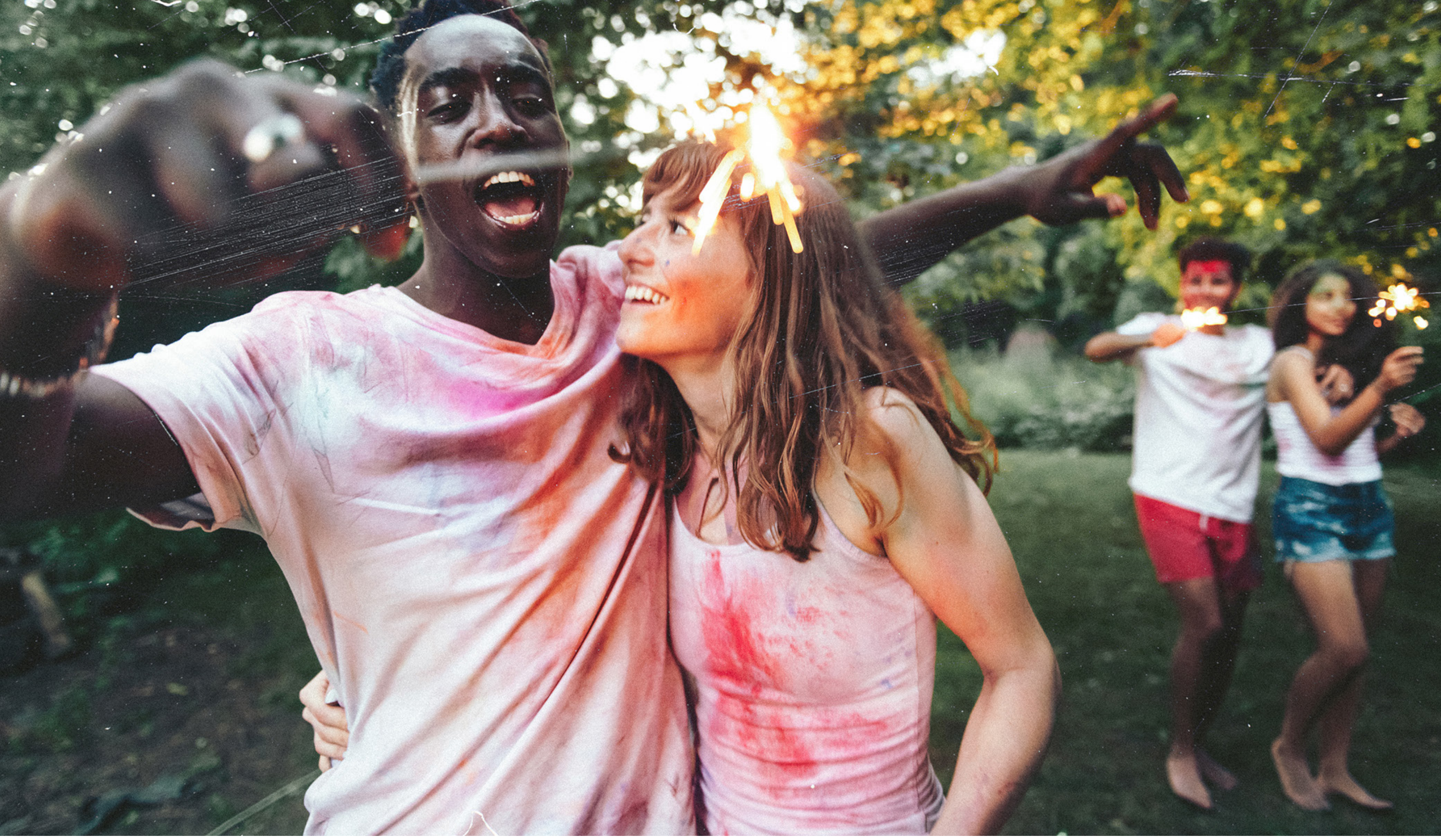
Interest Rates and Inflation

Central banks' approaches to interest rates varied over the three months. The US Federal Reserve (Fed) left rates unchanged at 4.25%–4.50% and pointed to the risk that tariffs could drive inflation back up and cause job losses. President Trump expressed his frustration at this approach but later said that he did not intend to fire Fed chair Jerome Powell. The Bank of England cut rates to 4.25% in May. The European Central Bank cut its key rate twice, taking it to 2.4% on 17 April.

Geopolitical Factors

The key event of the period came on 2 April, when Donald Trump's US administration announced a broad range of tariffs on imports from most other countries. These tariffs were much more severe than most investors had expected, and they led to sharp falls in stock markets around the world. They also prompted a tit-for-tat exchange of levies with China. This took US tariffs on Chinese goods to 145% while Chinese tariffs on some US goods reached 120%. On 9 April, however, Trump announced a 90-day pause on most tariffs, excluding those on China. This reassured investors and allowed markets to recover some of their losses. In May, China and the US began to cut back the tariffs that they had imposed on each other. Earlier, Germany passed a new law that allows it to greatly increase its spending on defence and infrastructure. European stocks in these sectors made large gains on the news.

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



Market Outlook

President Trump's policies have changed the global outlook in dramatic ways. As well as imposing tariffs, Trump has attacked the Fed on social media. As a result, investors have become less confident in US investments. Meanwhile, the cuts made by the Department of Government Efficiency could worsen the fiscal position in the US. At a time when geopolitical tensions are high, all of this is creating deep uncertainty in the world's markets.

Amid this uncertainty, we expect growth to be lower worldwide and inflation to prove stubborn in the US but to fall elsewhere. This makes us more cautious in our positioning. So, we prefer bonds and 'safe haven' investments such as gold over stocks.

Within both stocks and bonds, we favour more defensive sectors and factors. We prefer shares listed in Europe to those listed in the US. In the same way, we favour European government bonds over their US peers. We include the UK in Europe, as we think it offers similar resilience to tariffs and trade wars. We also like inflation-linked bonds.

In corporate bonds, we prefer investment grade to high yield and emerging markets. We also prefer short-dated issues to longer-term ones. In commodities, we favour gold, which is benefiting from strong demand as investors seek 'safe havens' in uncertain times.

Despite all the uncertainty, there could be positives ahead. These would include a large increase in government spending in Europe, whether led by Germany or as a collective effort, and a peace deal in Ukraine. If the tariff war between China and US continues to cool, that could support both Asian and US stock markets. Additionally, in the US, balanced fiscal spending would improve our outlook.

For now, we are trying to be agile and tactical in how we position our portfolios. We are absorbing data as we receive it and adjusting our views as the circumstances change.

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