

future wealth 

 **Santander**
Private Banking

Investing in
a fast-forward
world

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“Innovation distinguishes
between a leader and a
follower.”

Steve Jobs



Investing in a fast-forward world

Seismic shifts in demographics, technology, the environment and social values and behaviors are forcing transformational changes in our societies, companies and economies. In Santander Private Banking we have launched an advisory framework in order to **identify the future trends and the next generation of market-leading companies.**

This new advisory framework, **Santander Future Wealth**, complements traditional investing strategies by seeking to capture innovative sources for growth and performance through genuine long term trends.

Incorporate innovation into your investment portfolios

Traditional investing in equities focuses on established companies that are leaders in their respective industries. Investing in these companies has traditionally been the optimal way to have access to the overall growth in the economy with the support of well-known brands and proven management and products.

But in an environment of exponential change and disruption, such as the one we are currently experiencing, there is a **growing need to complement this large cap strategy with portfolios focused on new innovative companies that are proving more successful in this dynamic marketplace.**

Megatrends are colliding, from exponential technologies to climate change to social unrest. **The dynamics of markets and society are changing rapidly.** It's time to look disruption in the eye and search for opportunities with a growth mindset and a global perspective.

Thematic investing has broadly outperformed traditional investing in the past years and this trend could continue in the future.

Santander Future Wealth is focused in discovering the **new emerging leaders that are benefiting the most from this new ecosystem**, helping our clients to profit from these opportunities with the best selection of investment solutions.

Did you know that?

25 YEARS

Average life of the top 7 global companies by market cap.

10/10

Number of Chinese and US companies in the Top 10 of social/messaging platforms.

50%

of Top 10 Global Brands in 2004 have disappeared from the list in 2020.

Source: Bloomberg, Statista and Global Brands

Impact of disruption and technological changes in different sectors

DISRUPTORS Examples of innovative companies leveraging on these future trends	Tesla	Adyen	Twitter	Mercado libre	Gilead	Expedia	Rockwell Automation	Plug Power	Slack	Garmin
	NIO	Paypal	Spotify	Ebay	Teladoc	Airbnb	Nvidia	NextEra Energy	Zoom	Beyond Meat
Disruptions and technological changes	Waymo	Square	Tik Tok	Amazon	CRISPR Tech	Instagram	Autodesk	First Solar	Baidu	Peloton
	Uber	Ant Financial	Netflix	Alibaba	Moderna	Booking.com	Intuitive	Vestas	Google	Apple
INDUSTRY LEADERS Examples of companies that dominate the industry today	Fiat	Axa	O Globo	Carrefour	CVS	Carnival	Siemens	Repsol	América Móvil	Coca Cola
	Volkswagen	HSBC	Comcast	H&M	Pfizer	American Airlines	Boeing	Petrobras	Telefónica	LVMH
	Ford	Bank of America	Disney	Sears	Roche	IAG	Airbus	Shell	AT&T	Adidas
	Toyota	Deutsche Bank	Mediaset	Target	Astrazeneca	Hilton	General Electric	Exxon	Vodafone	Nestlé
	AUTO	FINANCE	MEDIA	RETAIL	PHARMA	TRAVEL	INDUSTRIALS	ENERGY	TELECOMS	CONSUMER

The future is now. Invest in the accelerating future

Nobody can predict the future. However, one thing is clear: **the future will be very different from today.** A number of deeply-rooted forces - **megatrends** - are driving fundamental changes and opportunities for value creation within the investment universe.

We would like our customers to position themselves in this new world of opportunities because change is happening at a pace that is defying all predictions. The future is moving in fast forward motion. **Change is happening now.**

The development and adoption of new technologies, the changes in deeply-ingrained consumer behaviors, or the materialization of demographic shifts don't happen overnight. Yet certain events can prove to be either an accelerant or retardant to their adoption. By and large, **the COVID-19 pandemic has proved to be an accelerant for many long-term structural trends.** With the advisory of Santander Future Wealth, the customers of Santander Private Banking will receive updates trends, themes and investment solutions with the objective of gaining exposure to these future growth opportunities.

Did you know that?

5 YEARS

According to McKinsey, the initial wave of COVID-19 generated five years' worth of consumer and business digital behavioural change in just eight weeks.

4,700%



















Zoom averaged 148.4 million monthly active users in the second quarter of 2020, up 4,700% year on year.

55%

E-commerce sales in the US were up 55% to \$66.3 billion in July 2020 compared with July 2019.

Source: McKinsey, Zoom and DigitalCommerce360

Number of years it took for each innovation to gain 50 Million users

Airlines	Automobile	Telephone	Electricity	Credit card	Television	ATMs	Computer	Cellphone
								
68 years	62 years	50 years	46 years	28 years	22 years	18 years	14 years	12 years
Debit card	Internet	Paypal	iPod	YouTube	Facebook	Twitter	Instagram	Pokémon Go
								
12 years	7 years	5 years	4 years	4 years	3 years	2 years	17 months	19 days

Source: Visual Capitalist



"The Internet is becoming
the town square for the
global village of tomorrow."

Bill Gates



Investing in the future consumer

The **spending behavior of individuals varies** in systematic ways as they proceed through life. Older households are growing in number, putting their spending power to work in areas like health and wellbeing. On the other hand, younger consumers are growing up with different spending priorities to their parents and grandparents.

By 2030, China and India together will represent 59% of middle-class consumption creating a huge growth potential for the companies that are successful with Asian consumers.

Our analysts explore opportunities to leverage investment portfolios on the **changing demographic and consumer behavior patterns**. Future Society aims to discover the companies that are going to capture the **future trends of the global consumer**.

Investing in the future consumer



Health Innovation

The spending behavior of individuals varies in systematic ways as they proceed through life. Decisions both major (attending school, raising children, investing, funding medical expenses) and minor (eating out, going on vacation, ...) all vary with age. The **different spending patterns of older generations will be magnified further as global populations continue to age.**

As economies age, healthcare is likely to become a bigger share of household and government spending. We expect firms that address age-related diseases to benefit, along with innovative companies that provide technologies and new solutions to provide better care at lower costs.

The **COVID-19** pandemic has shown us that the medical supply chain is only as strong as its weakest link, and that **there is a need to invest more in healthcare infrastructure.** This will spur increased investment in

both hi-tech and low-tech manufacturing facilities in many countries seeking, as a national security priority, to bring both low and high-tech medical equipment manufacturing on-shore.

The **COVID-19** crisis has also accelerated the adoption of **telemedicine and virtual care**, highlighting the need to develop and embrace new technologies. Furthermore, technology is key in the hunt for treatment and vaccines for Covid-19. The speed and volume of scientific research and data being generated daily is impossible for an individual to manage but artificial intelligence (AI), machine learning models and algorithms can help scientists make sense of it.

The themes that we select in this section of Future Society capitalize on the **investment opportunities open to innovators in healthcare.**

Did you know that?

14Bn\$

Investments earmarked by Europe and USA for vaccine research, development and procurement in 2020.

500
MILLION

Expected number of global wearable devices by 2023, up from 180 million in 2018.

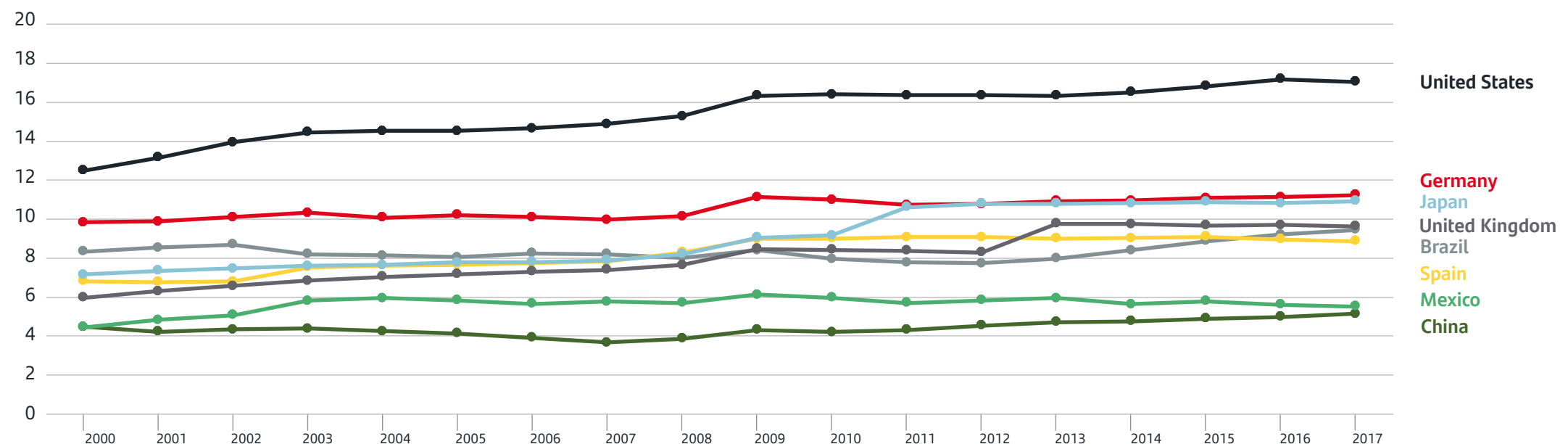
6
MILLION

Almost 20 years and six million global surgeries later, the da Vinci Robotic Surgery System has become a commonality in countless minimally invasive surgeries.

Source: CNN, IDC and Intuitive reports

Healthcare expenditure, 2000 to 2017.

Total healthcare expenditure as the share of national GDP.



Source: World Bank - WDI OurWorldInData.org/financing-healthcare/

Investing in the future consumer



New Consumers

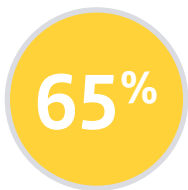
In this thematic umbrella, Santander Future Wealth seeks to position our clients towards the new business models that are exploiting the radically **different priorities of younger and older generations, and also the rising importance of the Asian consumer.**

Looking forward, gradual increases in life spans are forecasted to continue around the globe, but breakthrough medical discoveries could lead to even greater longevity gains. The **global aging** phenomenon has significant implications for the health care sector, given that the bulk of health related spending occurs in old age. This huge demographic shift is creating greater demand for certain goods and services, which presents investing opportunities for those who want to ride this megatrend. **Global aging will reshape consumer spending.**

In 2020, approximately 1.8 billion people worldwide, or 23% of the global population, can be considered as belonging to the **millennials** – a cohort that spans the births from the early 1980s to the mid-1990s. Younger consumers are growing up with **distinctly different spending priorities** versus their parents and grandparents.

Asian shoppers already play a critical role in the world economy. Wealthy consumers in China and India account for a combined 17% of consumption by the global middle class. **Future Society research will explore opportunities to enhance the exposure to this emerging demographic of consumers.**

Did you know that?



65% of Millennials would rather make less money at a job that they love.



163 million enrolled Chinese students in XuetangX, China leading online education platform.



By 2050, the share of the population aged 80 and over will more than double.

Source: Visual Capitalist, UNESCO and United Nations

Number (millions) and share of the global middle class by region

	2015		2030		Growth 2030-15	
Asia Pacific	1,380	46%	3,492	65%	2,112	89%
Europe	724	24%	733	14%	9	0%
North America	335	11%	354	7%	19	1%
South America	285	9%	335	6%	50	2%
Middle East and North Africa	192	6%	285	5%	93	4%
Sub-Saharan Africa	114	4%	212	4%	98	4%
TOTAL	3,030	100%	5,411	100%	2,381	100%
	Millions	%	Millions	%	Millions	%



89% of the growth of the world middle class will be in Asia.

By 2030, Asia could represent 2/3 of the global middle class population.

“The three most important things in retail are location, location, location. The three most important things for our consumer business are technology, technology, technology.”

Jeff Bezos



Investing in technologies of the future

New technologies and digital solutions are rapidly reshaping our world, disrupting business as usual and evolving at breakneck speed.

Future Tech explores the **new investment possibilities** that the **implementation of these disruptive technologies** bring to all the sectors of our global economy.

Investing in technologies of the future



4th Industrial Revolution

The term Fourth Industrial Revolution was coined by **Klaus Schwab**, founder of the World Economic Forum, and it integrates all the different areas of innovation that are allowing automation and robots to replace the human in production and services.

Simply put, the Fourth Industrial Revolution refers to how **technologies like artificial intelligence, autonomous vehicles and the internet of things are merging with humans' physical lives**. Think voice-activated assistants, facial ID recognition or digital health-care sensors.

The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production. Now a Fourth Industrial Revolution is building on the Third, the digital revolution that has been occurring since the middle of the last century.

Fourth Industrial Revolution explores opportunities in the way machines and humans leverage on technology and cyberspaces in order to upgrade their capabilities.

Did you know that?

4 SECONDS

Time needed to download a 2 hour movie in a 5G network (equivalent time in 4G is 6 minutes).

1GB

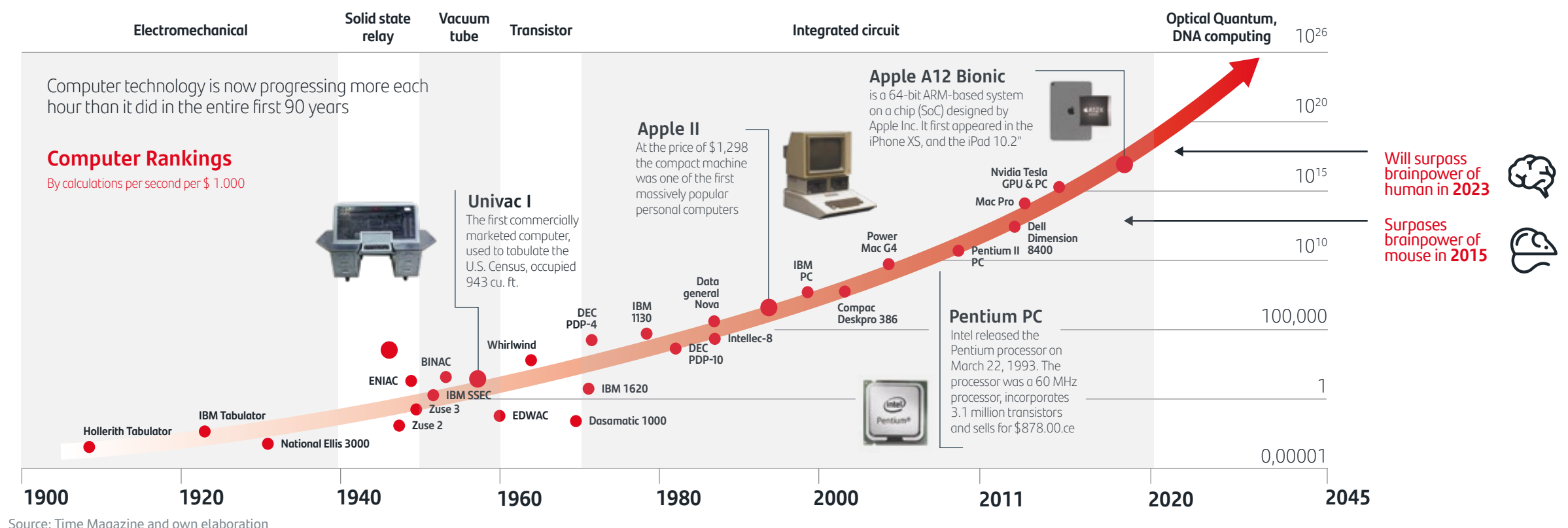
The first 1GB hard disk drive was announced in 1980 weighed 550 pounds, and had a cost of \$40,000.

100 MILLION

Number of robots working in Amazon warehouses as of June 2020.

Source: PCMag, ThinkComputers and Amazon reports.

Exponential growth in computing power



Investing in technologies of the future



Next Digital

From Nairobi to Nanjing to New York, **consumers across the globe have clearly embraced the digital world.** This expectation of 'anytime, anywhere' consumption has grown exponentially, bolstered by the rise of a mobile, social, cloud-based era of computing. The **digital revolution** is without a doubt the most significant event in information dissemination since Gutenberg's printing. In the areas of innovation that we have classified as Next Digital, we identify new ways in which individuals can leverage on digital platforms and solutions to improve their customer experience.

Next Digital explores the opportunities that **Fintech** solutions are bringing to financial services, the businesses that are flourishing as a result of the explosion of **e-commerce**, the new business models that are emerging in digital media, and any other field in which **digital innovations** are allowing startups and entrepreneurs to disrupt the traditional service sectors.

Next Digital focuses on the way we, as individuals, are changing consumption patterns as we become more comfortable with digital solutions.

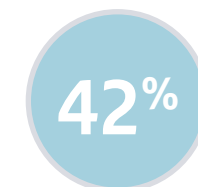
Did you know that?



Average amount of time per day spent using social media.

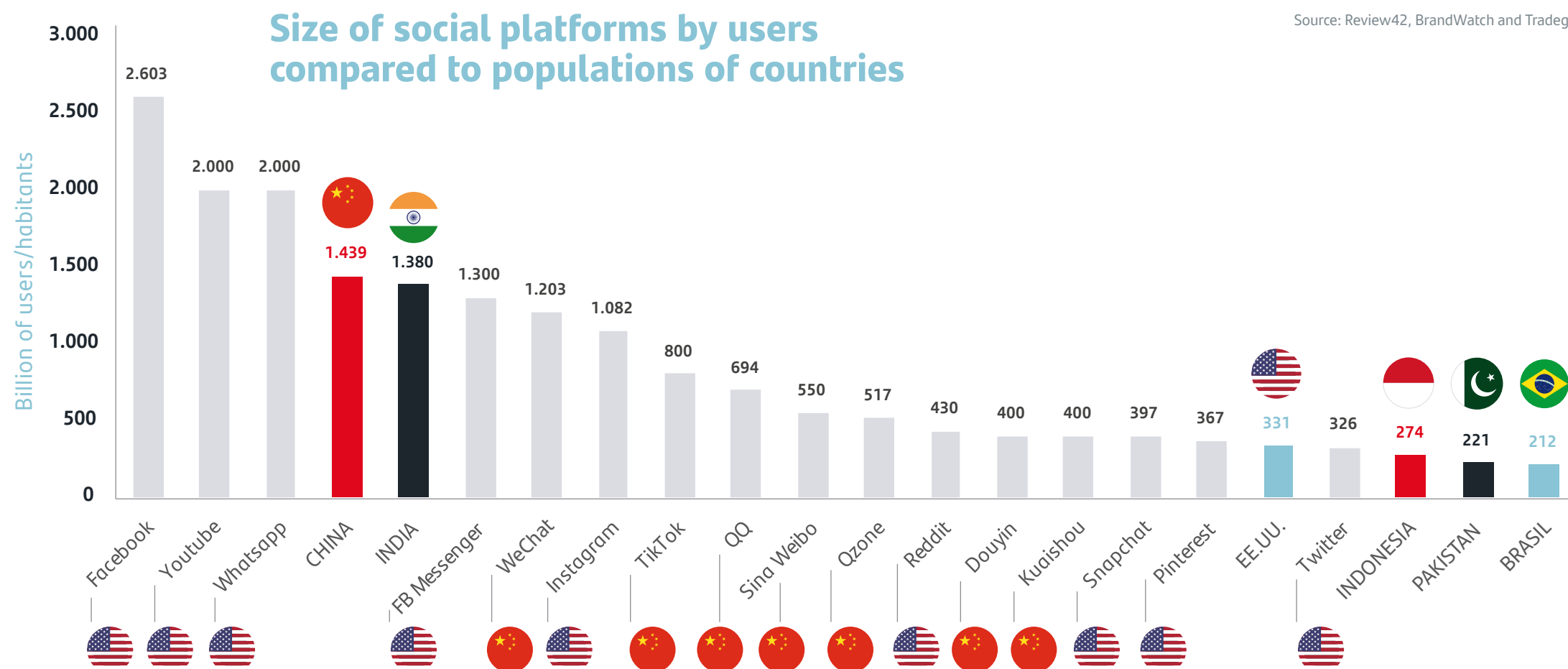


Number of tweets that are sent everyday.



China's share in global e-commerce (10 years ago it was 1%).

Source: Review42, BrandWatch and Tradegecko



Source: United Nations and Hootsuite



"We must protect and preserve our planet for future generations. Once we find the courage to change, we can create a world that our children and grandchildren can safely inhabit."

Al Gore



future planet >>|

Investing in the future of our planet

Future Planet represents an innovative approach to investing, at the heart of which is transformation and disruption. We see opportunity in the **evolving nature of the environment and societies**, with scope for impact on a global scale.

Future Planet investments are underpinned by a **sustainable investment** philosophy, also denominated as 'ESG', seeking long-term impact on society, environment and companies' governance, whilst also looking for positive financial returns.

Reinforced by our ESG principles, these investments are focused on innovation and disruption, which is at the core of the Santander Future Wealth advisory strategy. **Future Planet is sustainability plus innovation**, guided by the belief that these fundamental factors form the basis of achieving breakthrough returns.

Investing in the future of our planet



Climate Change

Climate change is the major environmental challenge we will face over the next several decades, and the world at large is taking action, with commitment from over 190 countries that signed the ambitious targets defined in the Paris Agreement. This will lead the transformation to a clean economy and create opportunities for investors willing to embrace the transition and therefore shape this enormous global evolution.

A new wave of investment is being funnelled into pioneering technological solutions to climate change, from improving energy efficiency to renewable storage solutions to alternative food.

At Santander Private Banking, our experts look for **cutting-edge innovations that drive positive environmental outcomes** and simultaneously lead to an enhancement of companies' profitability, by avoiding or minimizing environmental liabilities and reducing operating costs through energy efficiencies.

Climate change investing tends to be a form of positive screening. In other words, actively choosing to invest in companies which are trying to make a difference, leveraging the innovation required to generate positive change.

Did you know that?



generates enough electricity to power 1,400 homes.



is the maximum increase in global warming considered to be manageable in maintaining the natural world as we know it.

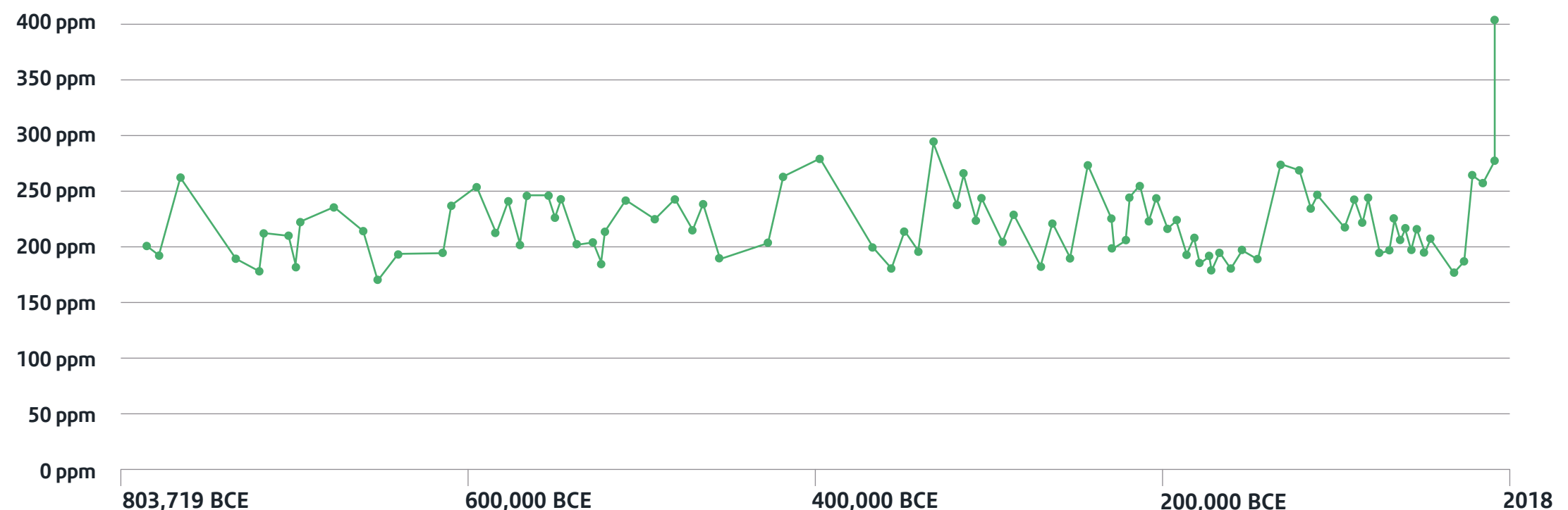


is the average forecast of global warming by the end of the century under current policies.

Source: RenewableUK, IPCC and Nature magazine.

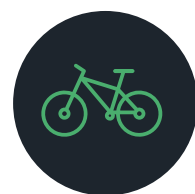
Unsustainable trend in atmospheric CO₂ concentration

Global average long-term atmospheric concentration of carbon dioxide (CO₂), measured in parts per million (ppm). Long-term trends in (CO₂) concentrations can be measured at high-resolution using preserved air samples from ice cores.



Source: Ourworldindata.org

Investing in the future of our planet



Smart Cities

Cities play a significant role in the way the world is changing. Most economic activity and consumption of resources are concentrated in the world's cities and capitals. Planned effectively, cities need to meaningfully contribute to a more sustainable planet, by reducing greenhouse gas emissions and save on land, water and metals.

A **circular economy** is an industrial system that is restorative or regenerative by intention and design. It replaces the 'end-of-life' concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse, and aims for the elimination of waste through the superior design of materials, products, systems, and, within this, business models.

Within the themes of Smart Cities, Santander Private Banking advisors look for opportunities to deliver long-term capital growth by selecting investment solutions which support new ideas and technologies that develop **more sustainable and better-connected cities of tomorrow**.

These firms are innovating in mobility and transportation, infrastructure, real estate and the circular economy, creating smart and sustainable cities.

The development of transport, the need to transition to new energies, the shift to a circular economy and to more efficient use of resources present unique opportunities for our clients and for the future of our cities.

The future of our world is decided by the quality and sustainability of its future cities.

Did you know that?

55%

In 1950, only 30 percent of the world's population lived in urban areas, a proportion that grew to 55 percent by 2018.

1 MILLION

Number of electric vehicles sold in China in 2019 (3x the amount sold in 2016).

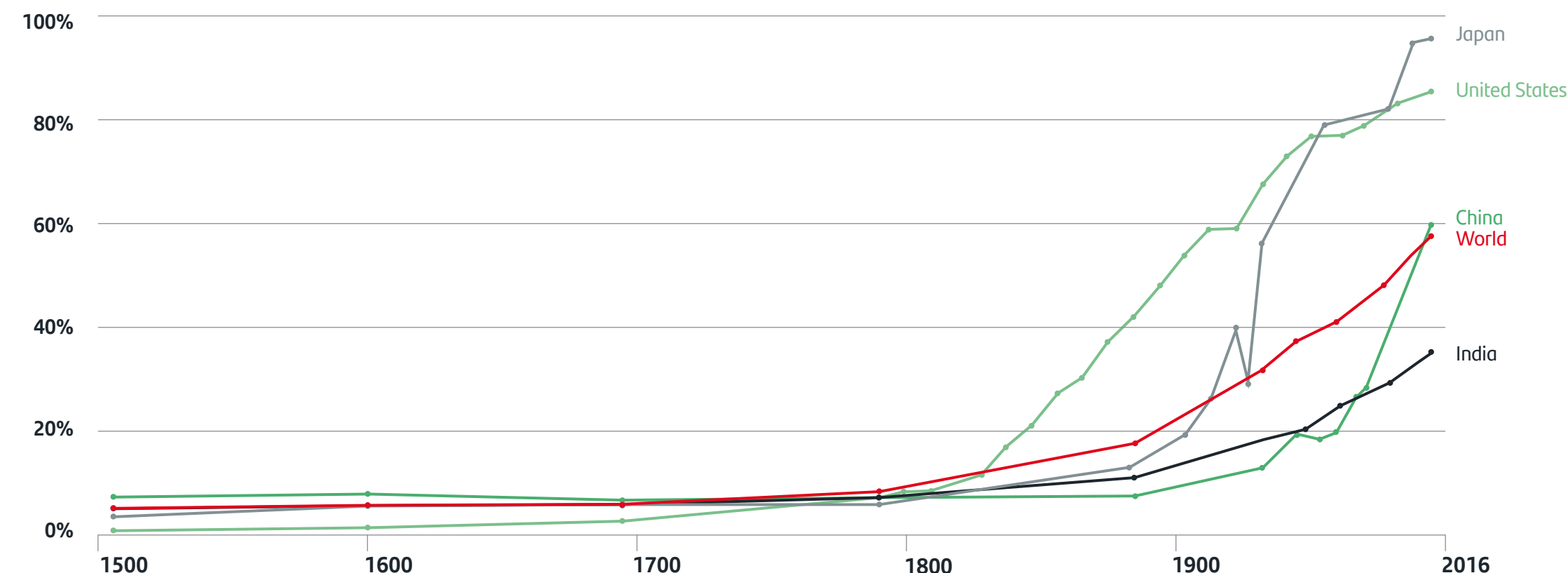
1 Bn\$

Estimated annual investment by Google in its autonomous car initiative Waymo.

Fuentes: OurWorldinData, Statista and Alphabet report.








































Urbanization over the past 500 years, 1500 to 2016

Share of the total population living in urban areas.



Source: Ourworldindata.org

Invest in the future with the best selection of thematic solutions

	future society 	future tech 	future planet 
	 Health Innovation  New Consumers	 4th Industrial Revolution  Next Digital	 Climate Change  Smart Cities
Flagship multithematic mutual funds and pension funds	 Santander Asset Management <div>future wealth </div>		
Selection of best-in-class funds	<div>        </div> <div>        </div>		
Selection of most innovative ETFs	<div>        </div> <div>        </div>		
Certificates and structured notes on specific subthemes	<div> Health Tech Wellness Life Sciences Ageing Populations Millennials Asian Consumers </div> <div> Robotics Artificial Intelligence IoT / 5G Fintech E-commerce Cybersecurity </div> <div> Scarce Resources Climate Action Energy Transition Circular Economy Future of Transport Smart Materials </div>		



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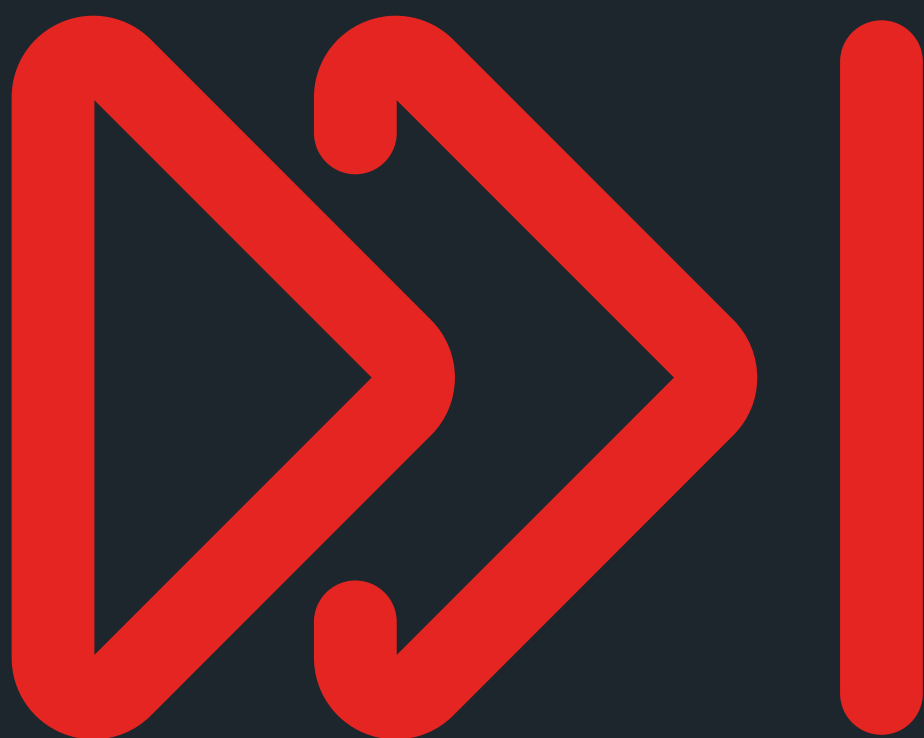
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