

45 CBPP

A ARTE DE INOVAR!

#previdênciaéqualidadedevida

The way to *Aquarela*

Mega trends, new Challenges and the
critical role of private savings.

Gonzalo de Cadenas Santiago, Ph.D.
Deputy General Manager
Mapfre Economics



MAPFRE Investimentos & Mapfre Economics

Contribution to the 45th Congresso Brasileiro de
Previdência Privada (CBPP)

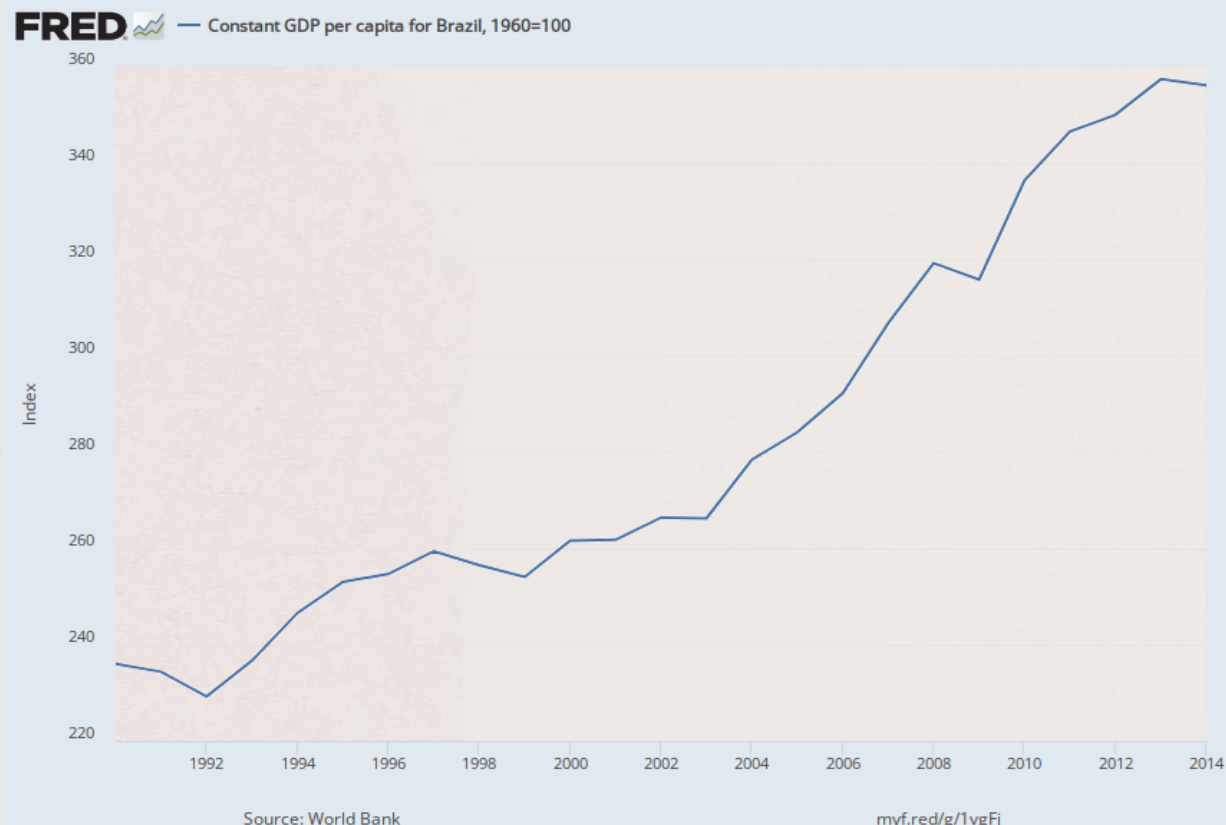
São Paulo – October 2024

The way to *Aquarela*

Mega trends, new challenges and the
critical role of private savings.

Gonzalo de Cadenas Santiago, Ph.D.
Deputy General Manager - Mapfre Economics

Twenty-five years of “Ordem e Progresso” (1988-2013)



Key milestones

- ✓ Democracy (1988)
- ✓ Economic liberalization (90s)
- ✓ Plan Real (00s)
- ✓ Demographic bonus
- ✓ China's rise and commodity boom

Results:

- Economy tripled in size
- 25 million moved into lower middle class
- 9th largest economy, Mercosur leader

45 CBPP

A ARTE
DE
INOVAR!

A Silent Decade (2014-2024) but not “a lost one”

After the Olympics, Brazil silences its achievements amidst new challenges...

- Stagnant growth
- Rising inequality, geographic divide
- Informality in the workforce

... that are the consequences of its previous success story.

- Middle Income trap
- Aging population
- Shift to consumption-based economy

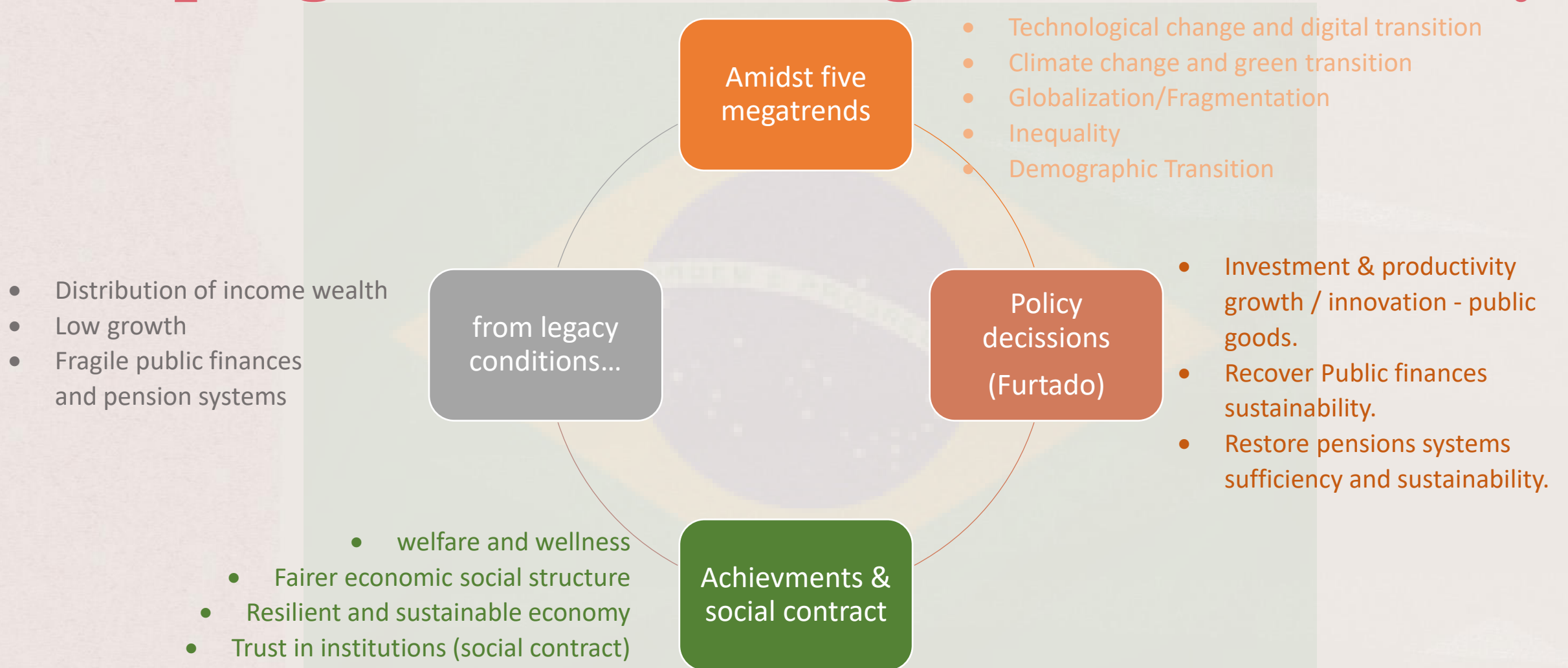
(in general: first world problems)

Same problems
require same
recipe

A kickstart to reignite growth

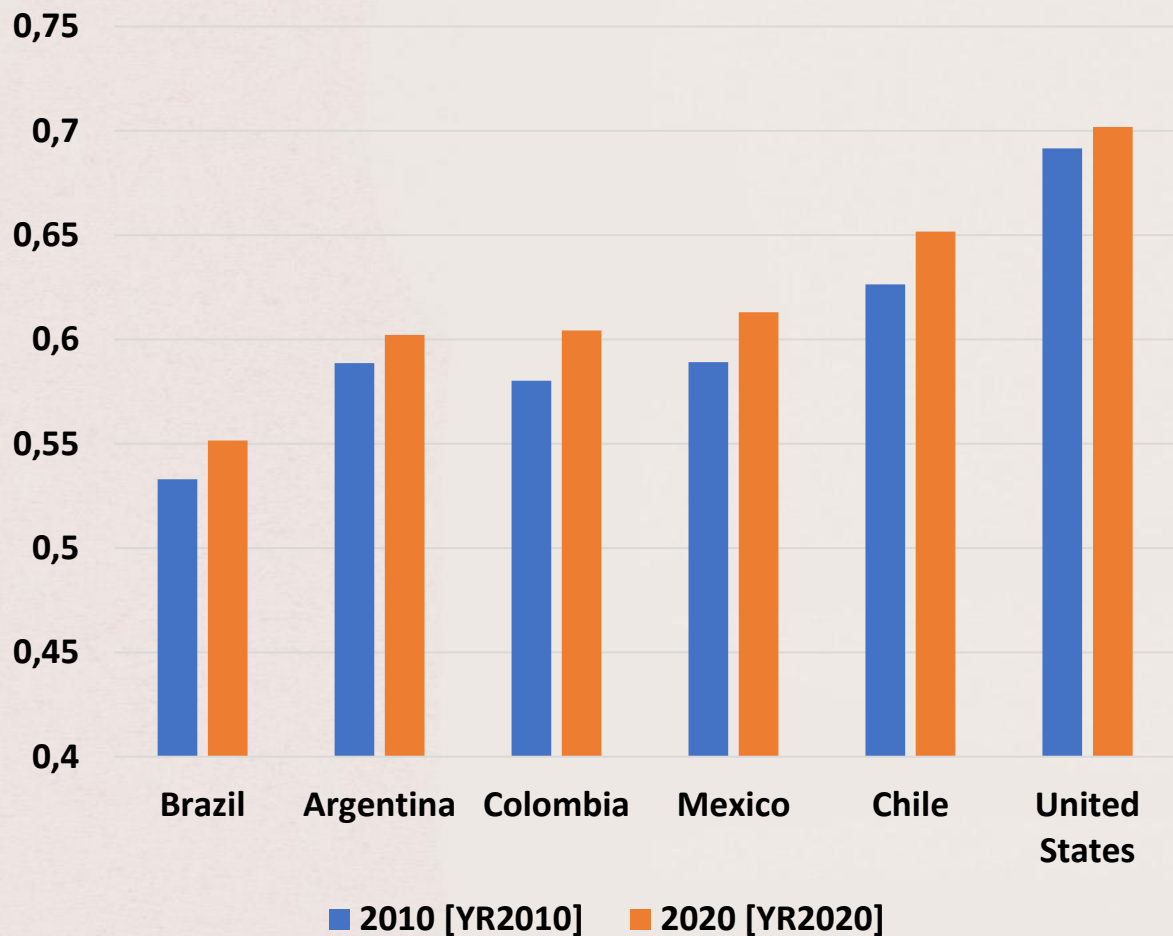
- Reduce poverty and inequality
- Strengthen the middle class
- Address vulnerabilities in social, financial, and external sectors

Snapping back to the original success story



Trend 1: Technological Change

Human Capital Index



Digitalization and automation are transforming Brazil:

- IT market growing rapidly
- Investment in infrastructure, R&D, **upskilling** needed Challenge: Mobilizing private savings and fiscal power.

Trend 2: Climate Change

Deforestation of the Amazonas



Brazil holds key to climate solutions:

- Amazon's critical role
- Green economy opportunities: renewable energy, eco-friendly growth
Challenge: Requires significant investment in green infrastructure.

Trend 3: Global Fragmentation

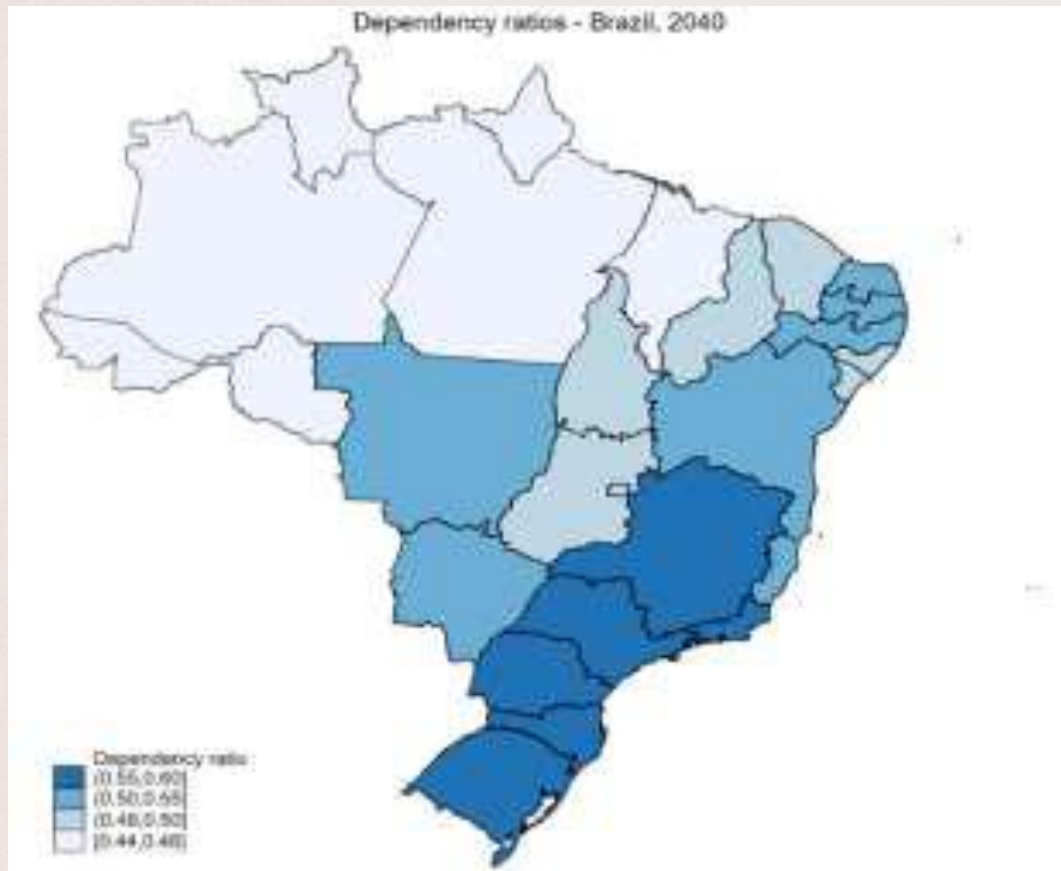


Brazil's position in the new global order:

- Key FDI destination in Latam
- Regional supply chain player
- Need for strategic autonomy and resilience.

Trend 4.1: Inequality & Exclusion

Inequality North to South



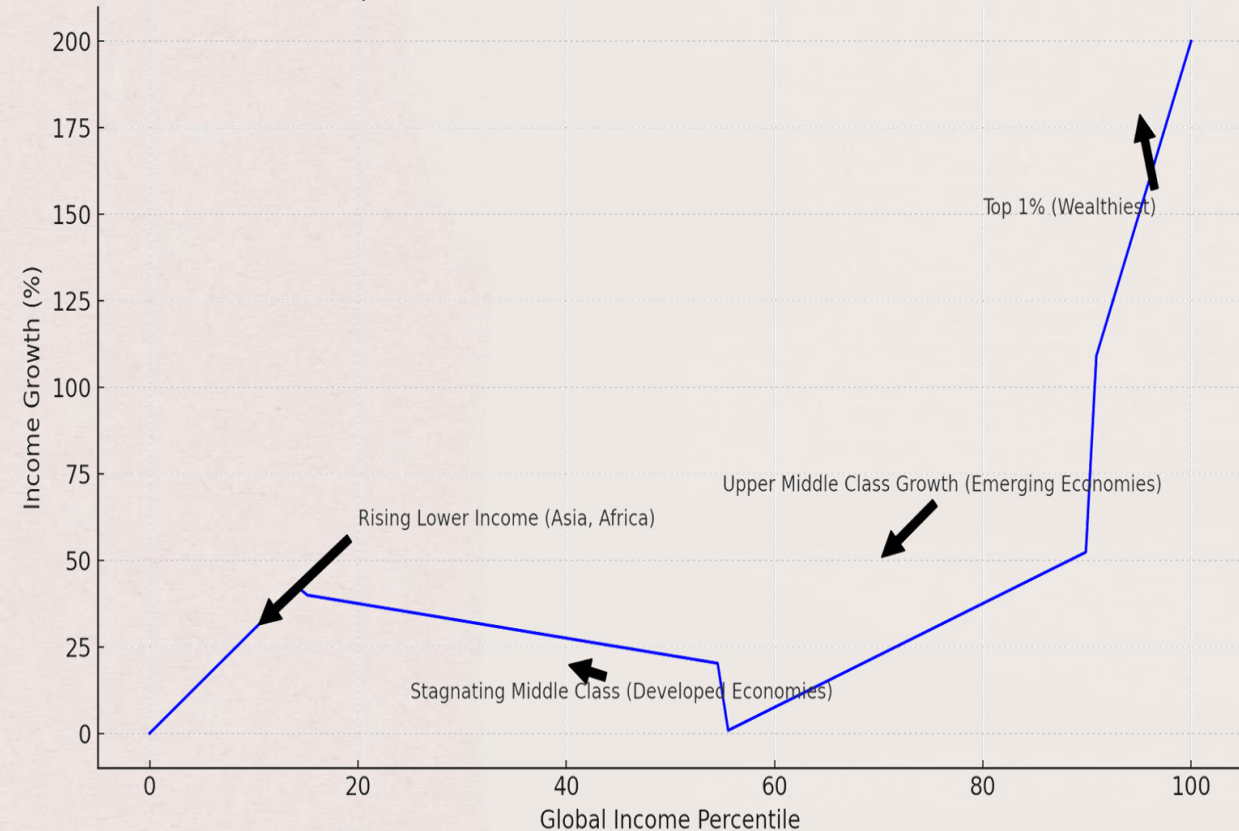
**Middle-class stagnation
threatens social cohesion:**

- Rising inequality
- Social unrest and polarization Solution: Mobilize fiscal resources, keep credit accessible.

Trend 4.2: Inequality & Exclusion

Stagnating middle class (Elephants)

Elephant Curve: Global Income Growth 1988-2008

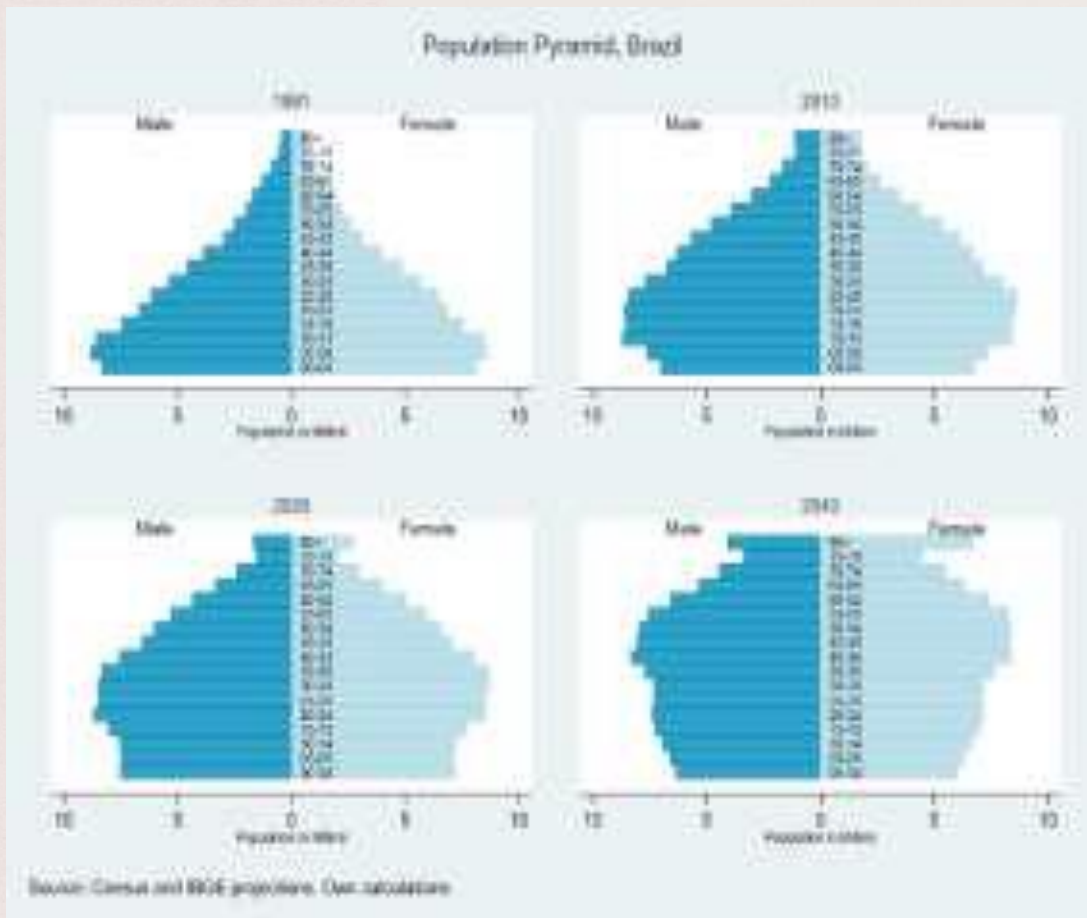


Middle-class stagnation threatens social cohesion:

- Rising inequality
- Social unrest and polarization Solution: Mobilize fiscal resources, keep credit accessible.

Trend 5.1 Demographic Challenge

Population pyramid, 1991–2042

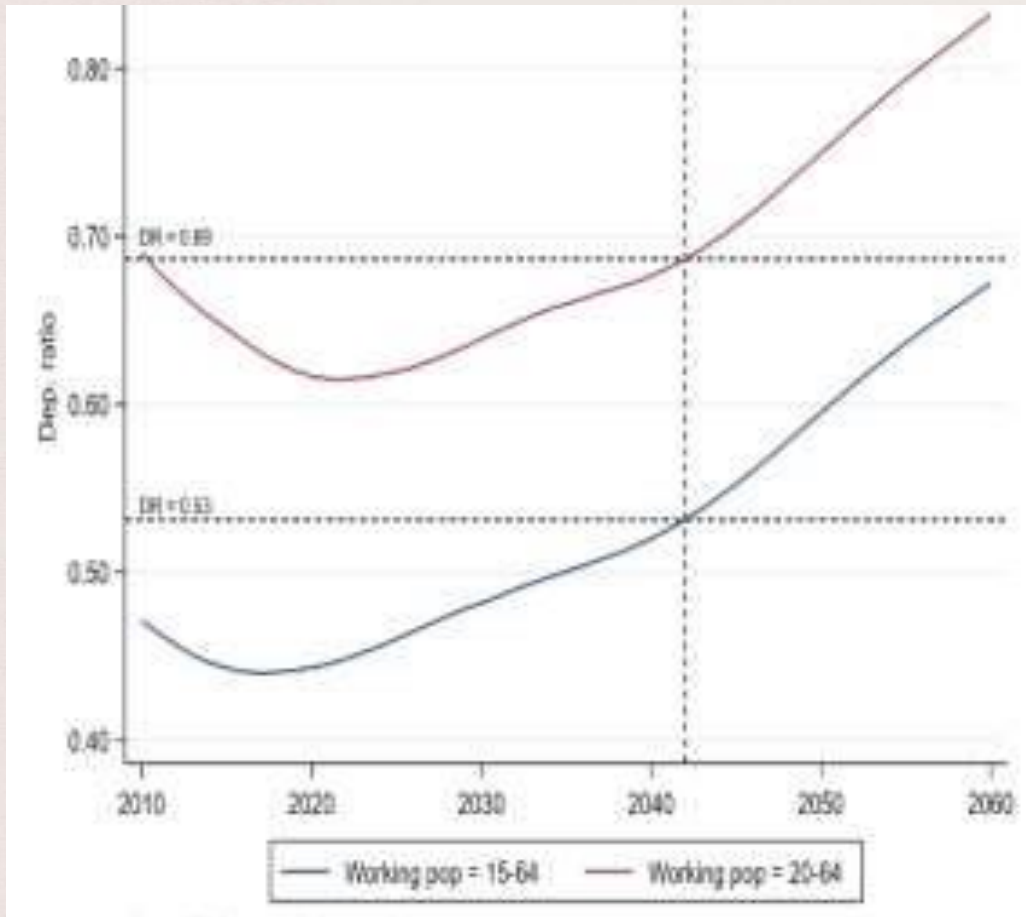


Aging population reshapes Brazil:

- Slowing population growth
- Challenges in pension system and labor productivity Opportunities: Develop silver economy, bolster private savings.

Trend 5.2 Demographic Challenge

Dependency ratio in Brazil, 2010–2060



Aging population reshapes Brazil:

- Slowing population growth
- Challenges in pension system and labor productivity Opportunities: Develop silver economy, bolster private savings.

45 CBPP

A ARTE
DE
INOVAR!

Four Scenarios for Brazil's Future

Dystopia

Low growth,
inequality, and
environmental
decline

United Stagnation

Moderate
growth, low
inclusion,
social unrest

The Great Divide

Growth
for some,
inequality
for others.

South American Powerhouse

Inclusive growth,
environmental
sustainability,
recovered social
contract.

45 CBPP
A ARTE DE INOVAR!

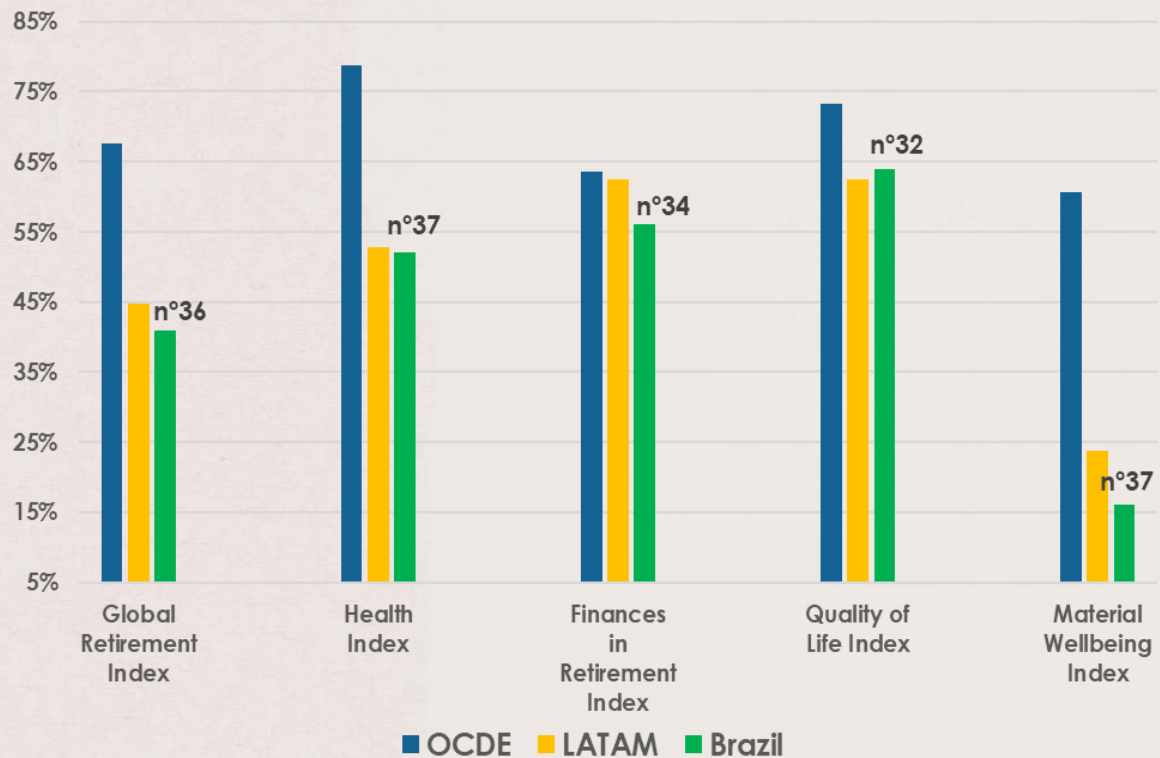
Savings, Savings, Savings

Role of the Savings Industry

Key to Brazil's future:

- Long-term investments for growth
- Cushion against shocks
- Support for public finances and pensions Savings industry essential for sustainable and inclusive progress.

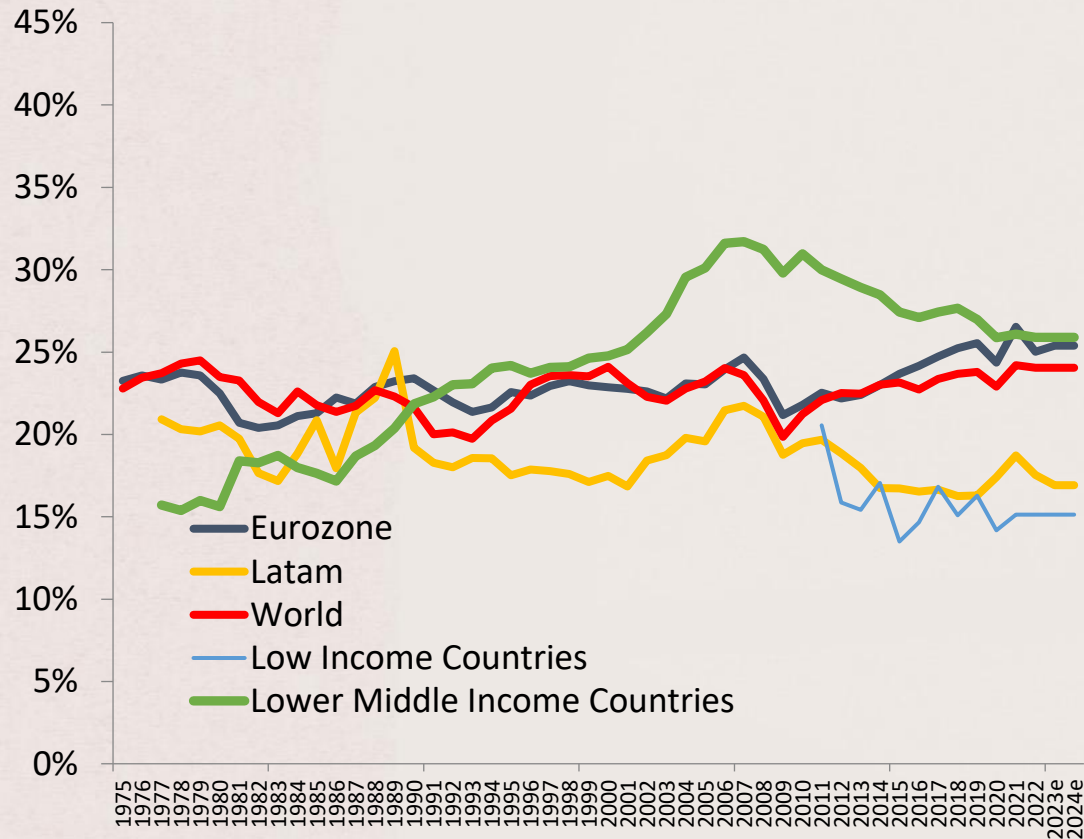
Global Retirement Index (and components)



Key to Brazil's future:

- Long-term investments for growth
- Cushion against shocks
- Support for public finances and pensions Savings industry essential for sustainable and inclusive progress.

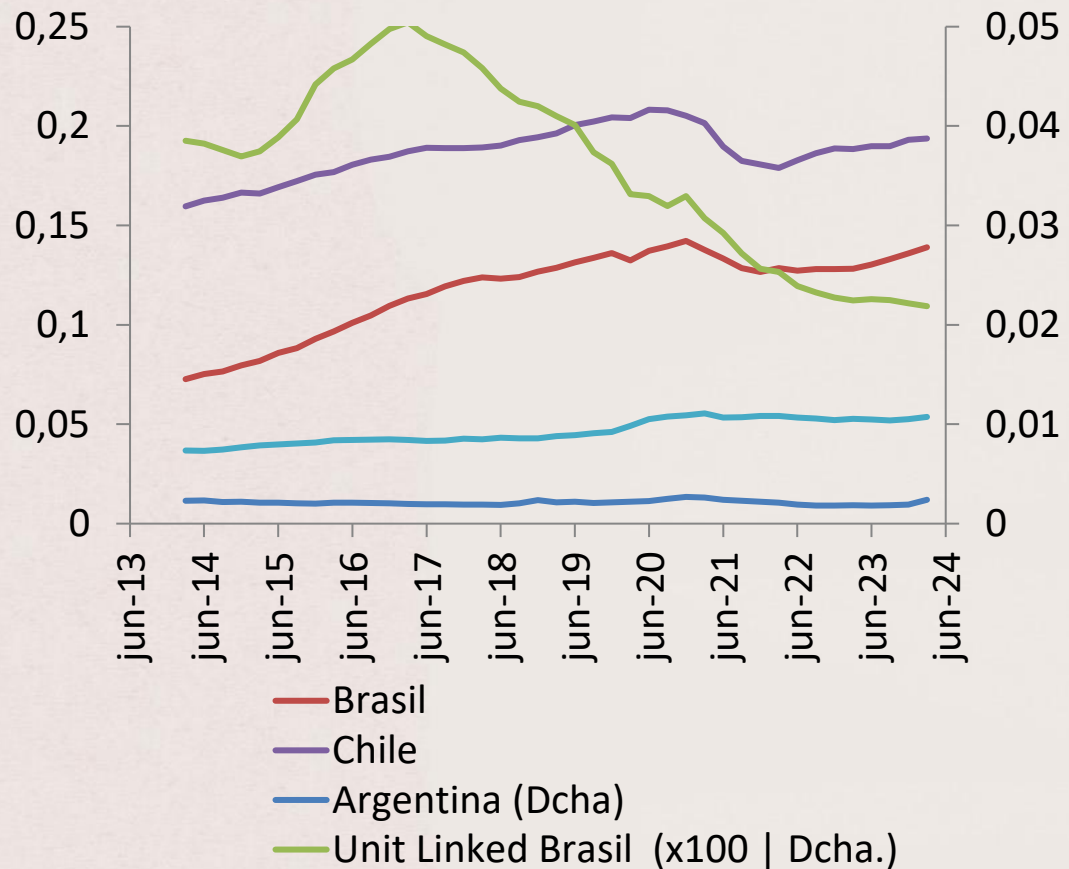
Gross savings by regions 1974 to 2024



Key to Brazil's future:

- Long-term investments for growth
- Cushion against shocks
- Support for public finances and pensions Savings industry essential for sustainable and inclusive progress.

Technical Provisions in the Latam Life insurance

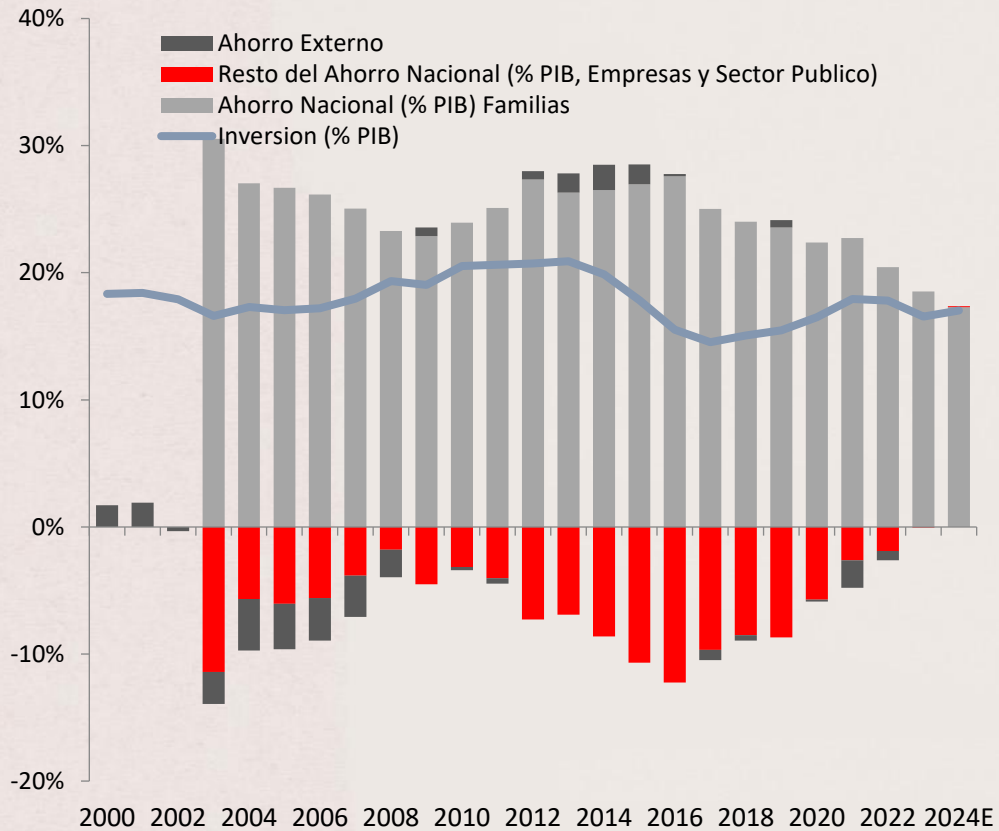


Key to Brazil's future:

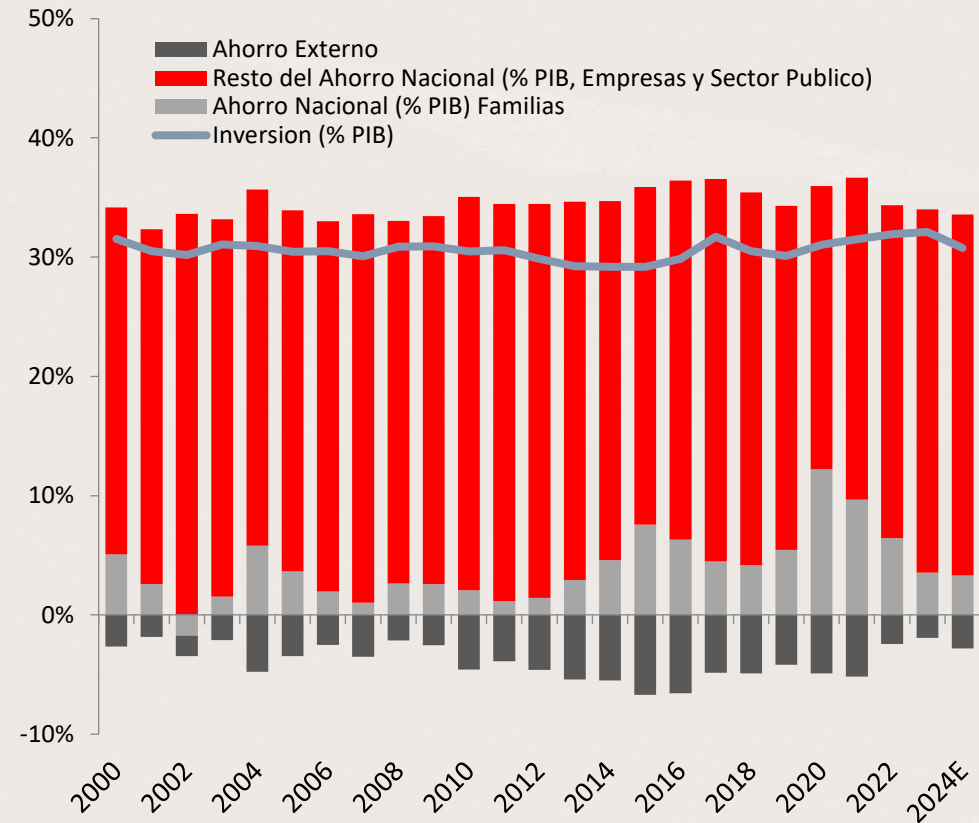
- Long-term investments for growth
- Cushion against shocks
- Support for public finances and pensions Savings industry essential for sustainable and inclusive progress.

Investment and Savings

Brasil

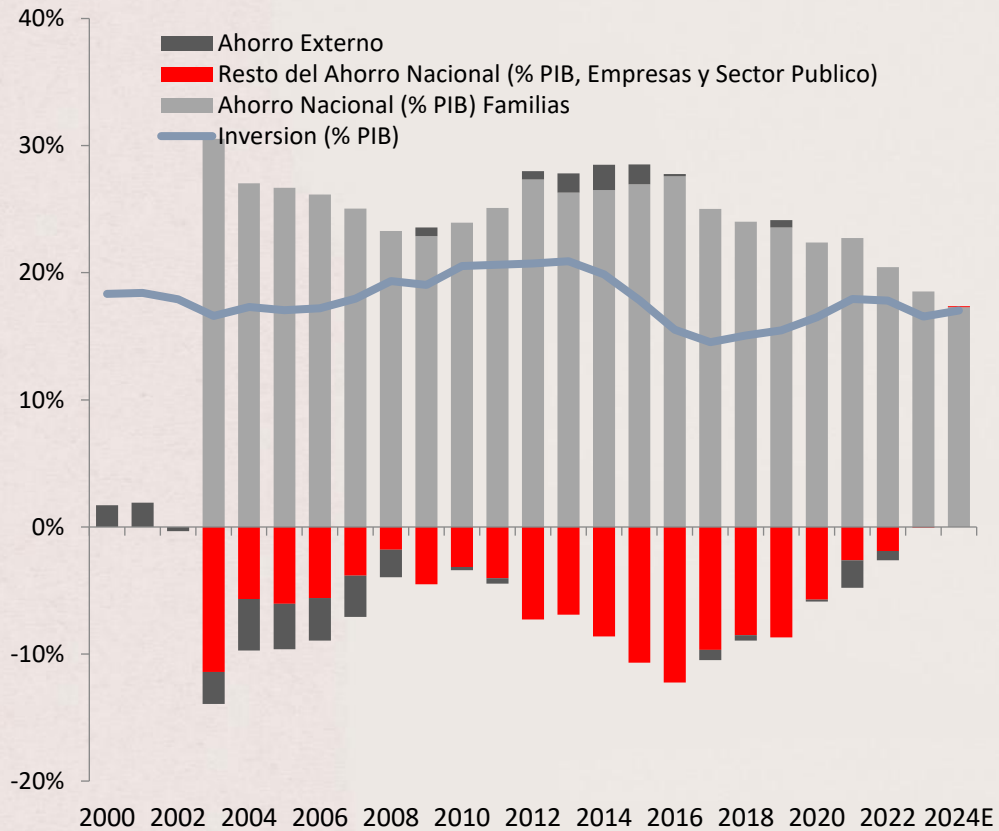


Korea

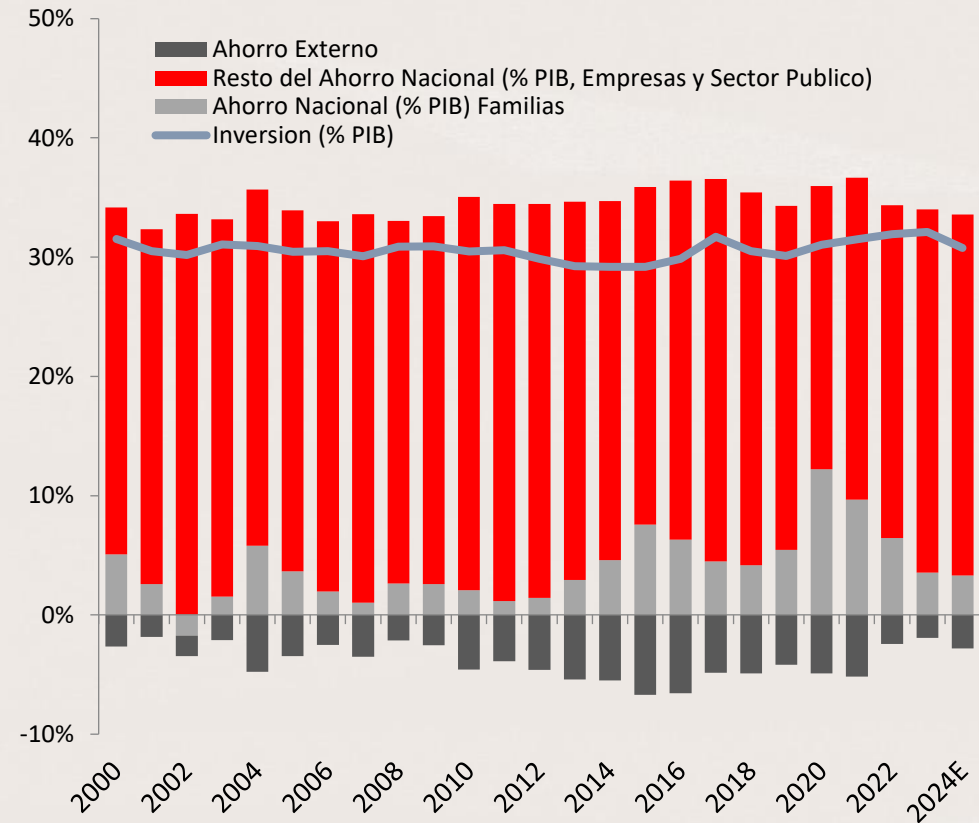


Investment and Savings

Brasil



Korea



45 CBPP
A ARTE DE INOVAR!

Recap

45 CBPP

A ARTE DE INOVAR!

#previdênciaé **qualidade de vida**

45 CBPP

A ARTE DE INOVAR!

#previdênciaéSdoESG

Obrigada(o)!