

# Welcome

**Pension scheme assets –  
how is asset allocation  
changing and why?**



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**Wednesday 04 June 2025**

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# Event Sponsors Welcome

Zoe Alexander

Director of Policy & Advocacy

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# Chair's Welcome

Chris Curry

Director

Pensions Policy Institute (PPI)

Pensions Policy Institute  
**PPI**



# Our Vision

**Better informed policies and decisions that improve later life outcomes**

**We believe that better information and understanding will lead to better policy framework and better provision of retirement for all**

# Our Mission

**To promote, evidence-based policies and decisions for financial provision in later life through INDEPENDENT research and analysis.**

**We aim to be the authoritative voice on policy on pensions and the financial and economic provision in later life**



# Event overview

The event today is the official launch of the report  
**Pension scheme assets – how is asset allocation  
changing and why?**

Sponsored by Phoenix Group and Royal London.



This report, provides an update to the 2024 PPI  
report 'Pension scheme assets – how they are  
invested and how and why they change over time'.



# Key Findings

Jackie Wells

Research Associate

Pensions Policy Institute (PPI)

An independent Research Report by the

Pensions Policy Institute

PPI

kindly sponsored by:

 Phoenix

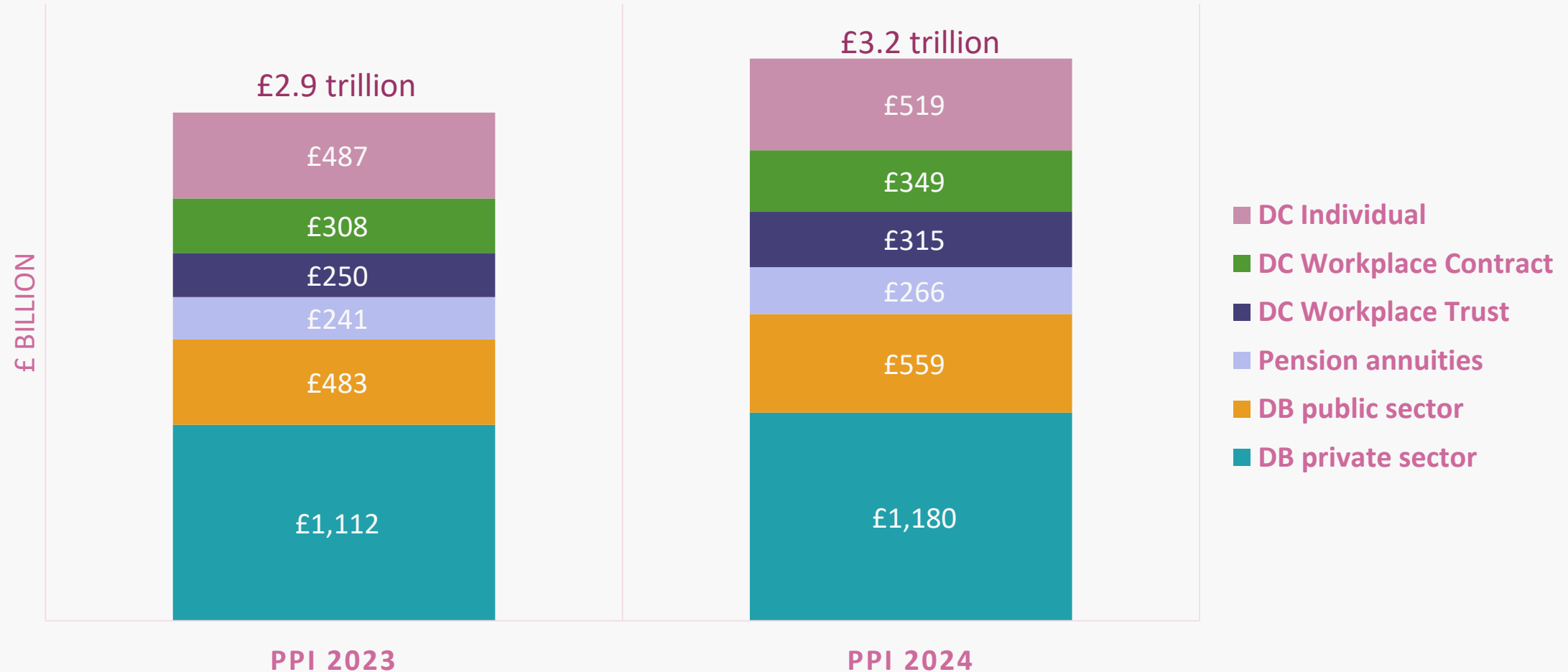
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# Pension assets increase by 11% to £3.2 trillion

Sept 2023- Sept 2024

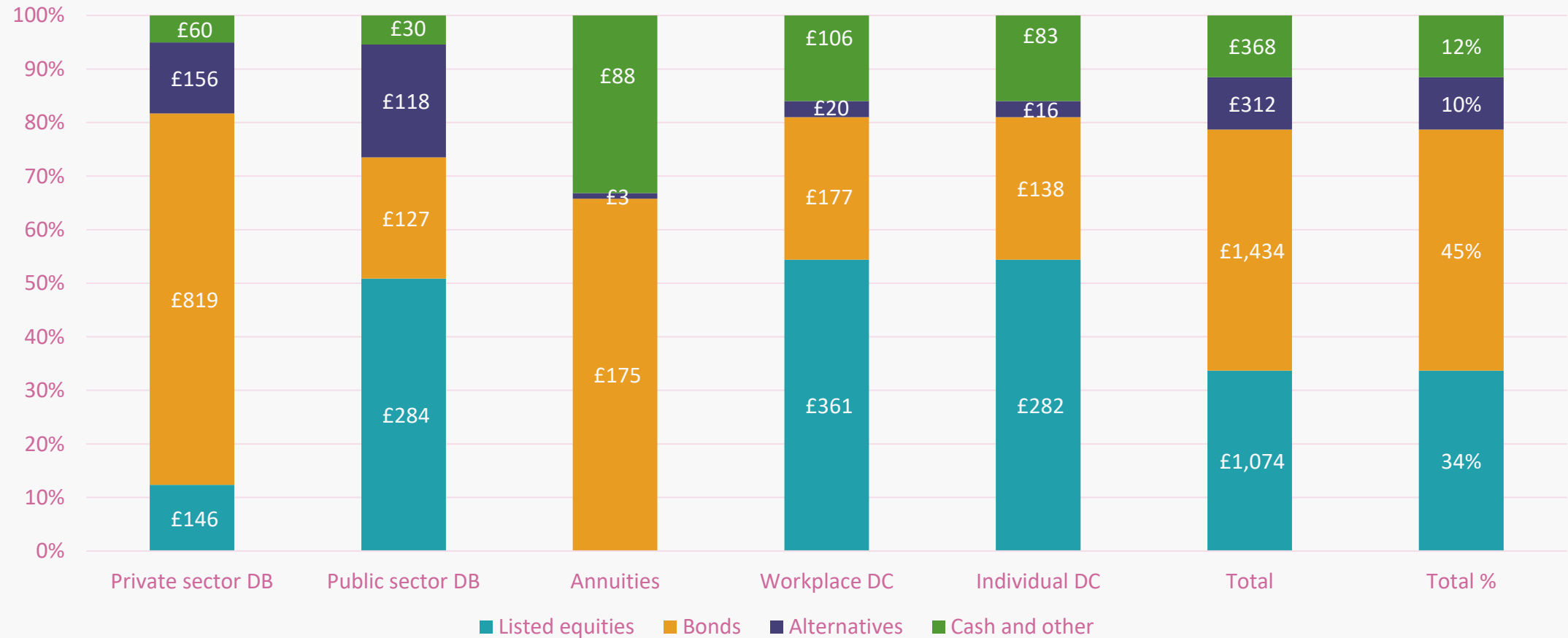
DC trust-based workplace grows the most over the year (27%) followed by DC contract-based workplace (13%) and public sector DB (13%)



PPI estimates based on ONS FSPS and ABI data supplemented with individual company results and PPI assumptions.

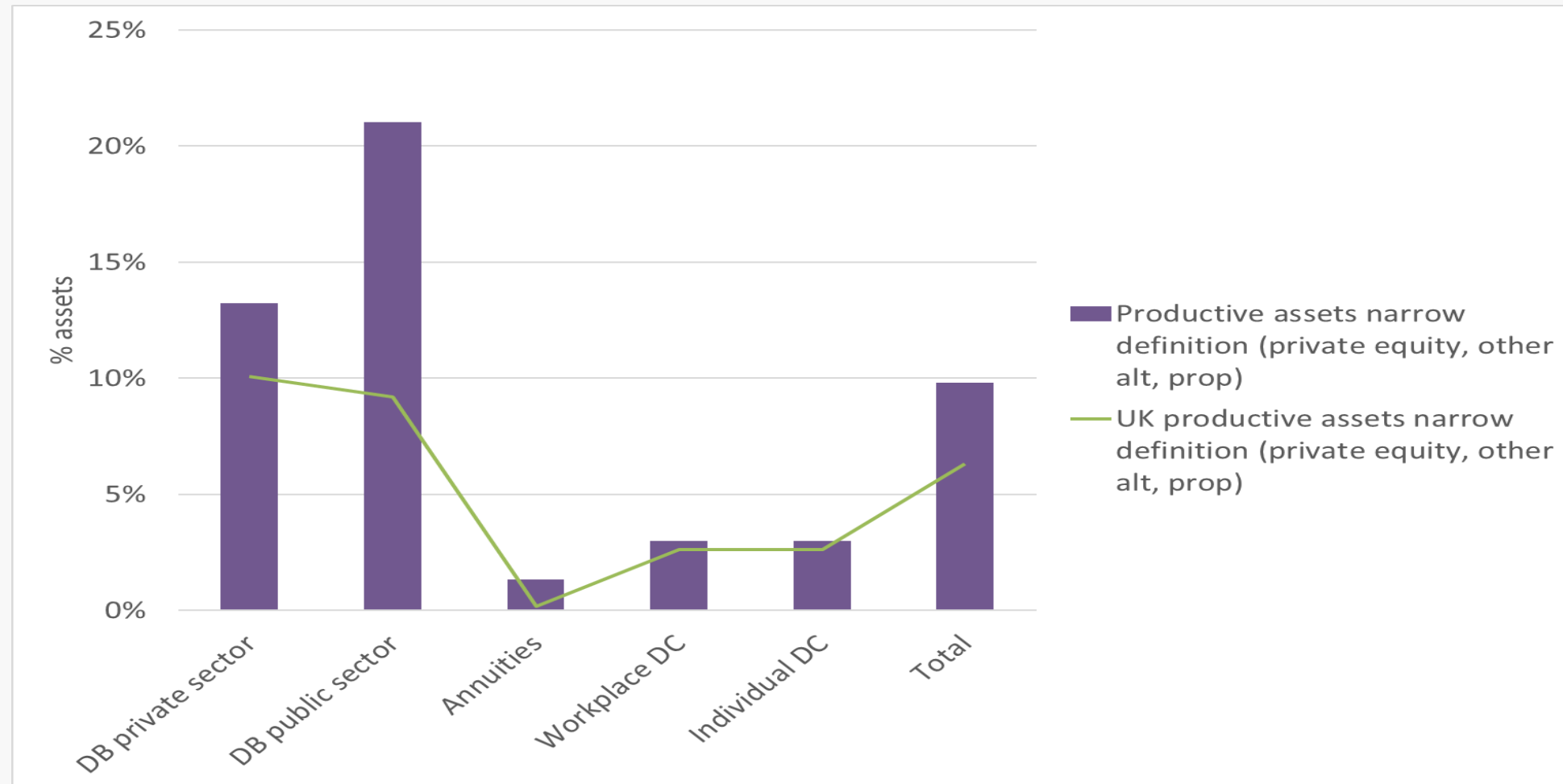
Note: Pension annuities figure for 2023 corrected to £237. Previous figure of £296 included bulk buy-ins which are also included in private sector DB. Split remains an estimate.

# Across the whole sector, less than half in bonds, one third in equities and 10% in alternatives (2024)

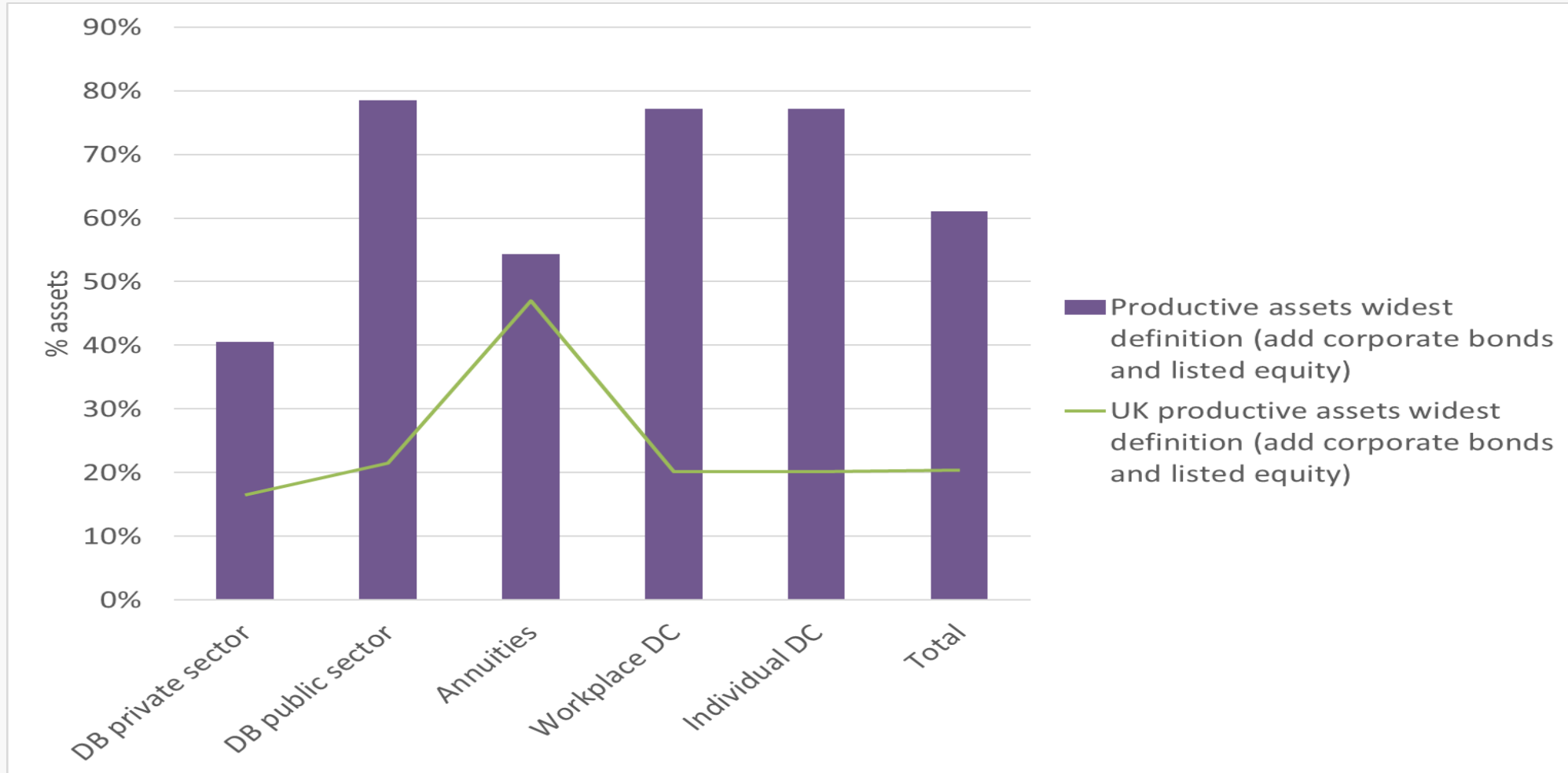




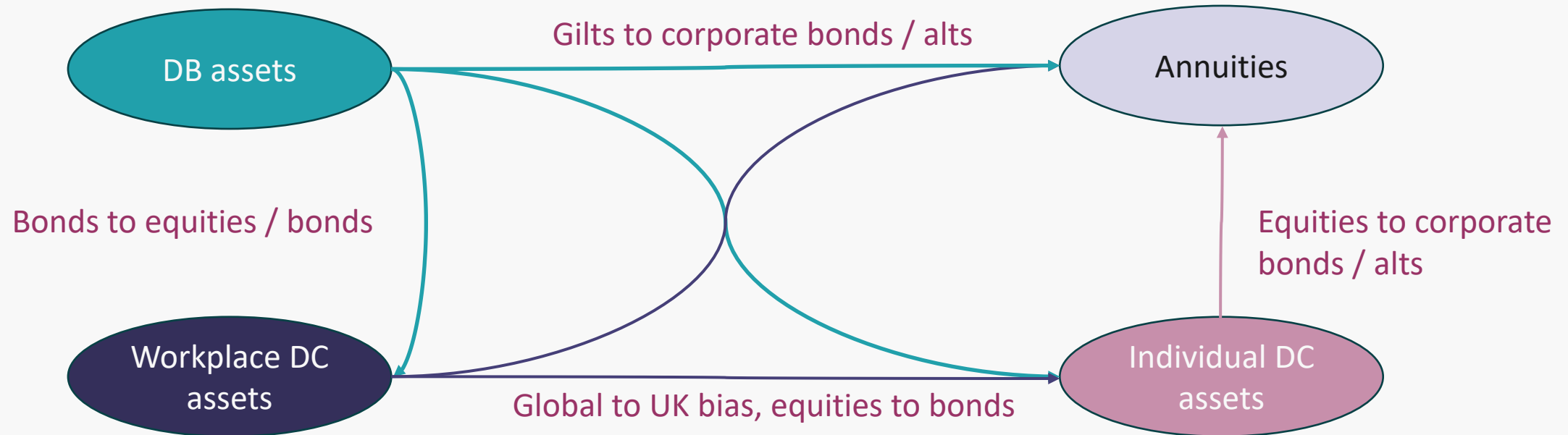
# 10% funds invested in productive assets on narrow definition, more than half UK



# On wider definition, 60% fund invested in productive assets, one-third UK



# UK pension transitions affecting overall asset allocation



# Investment themes and drivers of 2024/25

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The search for  
diversification and  
uncorrelated returns

Building scale and  
Value for Money in  
Defined Contribution



Investing for social  
impact

Geo-political  
instability



Securing the end  
game in DB

Uncertainty of  
outcome in LGPS  
reforms

# Scale, diversification and value for money a focus for open schemes

- Large, open DB schemes have long history of diversified assets and have spent many years building up expertise and governance
- Annuity providers expanding their asset base as Solvency UK helps to release funds
- DC schemes and providers building scale beginning to diversify
- Closed DB remain focused on end-game / buy-out
- Diversification can bring high and uncorrelated returns, particularly infrastructure
- Private equity has historically delivered higher returns but views on future returns mixed
- Launch of LTAFs bringing new opportunities, costs and risks to DC members
- Scale critical but VfM could drive homogeneity



# Fiduciary and consumer duty remain paramount but social impact resonates

- Securing best risk-adjusted returns remains top priority
- Non-financial impacts also part of decision making
- Open DB, particularly LGPS, have history of local and UK investments
  - Social impact projects such as care homes, social housing, build to rent combine strong returns, social responsibility and improve everyday lives
  - Impact of LGPS reforms expected to release more for local / regional projects
- Barriers remain for some
  - Confidence in the pipeline of opportunities
  - Working with needs of pensions / insurers
  - Local planning barriers

# Will the Government achieve its aim of greater pension support for UK growth?

- UK pensions are already big investors in the UK
- Enthusiasm for investing in UK but tempered by fiduciary and consumer duty and concerns about pipeline and planning
- 2025/26 will be periods of further change for the sector
  - Pension Schemes Bill,
  - LGPS consolidation and pooling,
  - New value for money regulations, DC consolidation
  - Implementation of the Mansion House Accord.
- All will have consequences for asset allocation and should lead to higher allocations to private markets
- However, other drivers at work including differential growth rates of asset classes, maturity of scheme memberships, geo-political uncertainty.
- Whether or not we can detect this in data will depend very much on the availability of consistent and complete data across the sector, something that remains lacking.

# Questions & Answers

Please respect The Chatham House Rule

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**PPI**



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Jamie Jenkins  
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Please state your name and organisation before asking your question

# Thank you

To the sponsors of this research report



- ❖ PLSA for hosting the event
- ❖ Jackie Wells, report author
- ❖ Chris Curry for chairing the event
- ❖ Stuart Gardner – Steering Group and Sponsor
- ❖ Connar McBain, Steering Group, Sponsor & Panel
- ❖ Jamie Jenkins, Panel
- ❖ David Bateman, Panel

Thank you for attending today