PRESS RELEASE

EMBARGOED UNTIL 0001 UNTIL WEDNESDAY 4 JUNE 2025

PENSIONS POLICY INSTITUTE

"PPI Analysis Reveals 6% of UK Pension Assets Already in Domestic Productive Private Markets" says Pensions Policy Institute

On Wednesday 04 June 2025, **The Pensions Policy Institute (PPI)** published **Pension scheme assets – how is asset allocation changing and why?,** a follow up to our 2024 report **Pension scheme assets – how they are invested and how and why they change over time.**

This report authored by Jackie Wells, Research Associate (PPI) and kindly sponsored by Phoenix Group and Royal London explores how pension assets were invested in 2024 set against a landscape of cross-sector policy reforms, the Mansion House Accord, and considerable geo-political uncertainty. The key findings from the research were:

- Total UK pension assets have grown by 11% over the year to £3.2 trillion, with DB and annuities continuing to represent just under two-thirds of assets.
- Private sector DB has seen a significant shift towards bonds and away from equities and alternatives. Public sector DB schemes also saw a rise in bond holdings as a proportion of assets, but listed equities and alternatives continue to account for more than 70% of assets held. The gradual transfer of DB liabilities to pension annuities is also resulting in an effective transfer of UK pension assets towards corporate bonds and, to a lesser extent, alternatives such as property and infrastructure.
- The picture for workplace DC assets is dominated by listed equities, particularly in the growth phase of default funds, with alternatives representing a very small proportion.
- Overall, just under half (44%) of UK pension fund assets are held in equities and alternatives and £1.4trillion are held in UK assets with UK Government bonds making up the largest share.
- Looked at as a whole, PPI estimates that 6% of the £3.2 trillion of assets is invested in UK productive assets (private equity, property, other alternatives) with DB leading the way. Adding in UK corporate bonds and UK listed equity brings the proportion up to 20% with annuity providers leading the way.
- The report highlights six key themes currently shaping investment thinking in UK pensions, including a clear search for diversification away from public to private markets, the importance of scale, the role of social impact in decision making, securing the end game in closed DB, the uncertainty of LGPS reforms, and geo-political uncertainty.
- The 2024 data does not yet fully reveal any significant impact of Government reforms (such as the Mansion House Accord) on allocations to private assets but there are plenty of indications that this will happen in time as schemes grow and build their internal capabilities.

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Dr Suzy Morrissey FCA Deputy Director (PPI) said "It's clear that the way in which UK pensions are invested is undergoing a period of transition, with assets moving in a number of directions, but principally away from DB towards annuities and DC. This is having an important effect on asset allocation with less demand for Gilts and, gradually, more demand for diversity in the mix of assets held. While the shift to private markets is happening, particularly in public sector DB, it will take some time to see the effect clearly in workplace DC. Schemes and providers tell us that for allocations to UK private assets to take off, the pipeline of investment opportunities must be visible, and the burden of UK planning rules must be lifted. Overriding all of this are the responsibilities of fiduciary and consumer duties. 2025 and 2026 will be periods of further change for the sector with the Pension Schemes Bill, LGPS consolidation and pooling, new value for money regulations, and the implementation of the Mansion House Accord. All will have consequences for asset allocation. 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, but the recent FCA announcement that they will soon be seeking asset allocation data may prove helpful here"

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Notes for editors:

1. **We are an independent educational research Institute: The Pensions Policy Institute (PPI)** does not lobby for any particular solution, and we are not a think-tank taking politically influenced views. The PPI is an educational research charity, and have been providing non-political, independent comment and analysis on pensions policy and retirement income provision in the UK for nearly 25 years. Our aim is to improve information and understanding about pensions policy and retirement income provision through research and analysis, discussion, and publication. For news and other information about The PPI please visit **www.pensionspolicyinstitute.org.uk** or follow us on **LinkedIn**.

2. **This report is kindly sponsored by Phoenix and Royal London** Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.

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