THE INVESTMENT ASSOCIATION

ISA BAROMETER SERIES

GOING LONG, GOING LOCAL: RETAIL INVESTORS ON PRIVATE MARKETS AND UK INVESTMENT

An IA/ Opinium Study of UK investors

July 2025

ABOUT THE IA

The Investment Association is the trade body that represents the interests of UK investment managers. Our 250 full members manage in excess of £9.1 trillion of assets and the investment management industry supports 126,800 jobs across the UK.

Just under half of total assets managed in the UK are for overseas customers, making us a leading global centre for our industry.

The IA network lets our members share strategic thinking about the future of the investment management industry, especially as we embark on significant change in European and international trade. The Investment Association ensures that our industry's voice is heard at both national and international level.

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INTRODUCTION

This is the third year that the Investment Association, in partnership with Opinium, has surveyed 1,000 ISA investors as they approach the end of the tax year and make decisions about their annual ISA contributions. Each year, we examine investors' goals, motivations, and behaviours to better understand why they are investing, how much they are able to invest and how confident they feel about investing in different types of assets.

Over the last year, savers and investors have navigated significant macro-economic and geopolitical events, including elections in both the UK and US. In 2024, interest rates were cut across the UK, the EU and the US, while equity markets showed improved performance – a positive development for investors. However, markets have been more volatile in early 2025. Although this research took place before 'Liberation Day' and the introduction of tariffs, investors have experienced more volatile returns at the start of 2025. The November Trump Bump faded and the largest US stocks saw their valuations fall as the AI race opened up following the launch of DeepSeek's latest AI models.

In this paper from the ISA Barometer 2025 series, we present new insights into UK investor sentiment towards investing in their home market, compared with investing in globally diversified companies or the US. We also look at how open UK investors are to holding illiquid, private assets in their portfolios and whether they are prepared to trade the ability to deal daily on a fund in return for longer–term, non-correlated returns.

Since 2016, we have seen a steady erosion in UK investors' 'home bias'. In particular, IA data on net fund sales appears to show an increasingly low propensity to hold funds investing in UK company shares. UK equities are now 11.5% of total UK investor FUM compared with 42% of FUM invested in overseas equities. In DC pensions, the average default fund targeting retirement in 30 years holds just 7% in UK equities, compared with 76% in overseas equities. As a result, we are seeing significant political attention on the revitalisation of UK capital markets - from the Mansion House Accord, which saw several of the UK's largest pension providers commit to channelling more capital into UK private assets, to proposals from the previous government to introduce a UK ISA, which would have resulted in an additional £5,000 ISA allowance exclusively for UK shares and potentially UK corporate bonds.

A central thread is emerging: the need to mobilise more domestic capital to support UK companies and in turn to help grow the economy. In our research we have asked investors how confident they feel about investing in their home market compared with investing in global and US companies.

Alongside this, we examine investor attitudes towards illiquid assets including infrastructure, private equity and real estate. While access for retail investors remains limited, we have long-advocated to broaden access to private markets by allowing Long-Term Asset Funds (LTAFs) to be included in the tax-efficient Stocks and Shares ISA wrapper. The Chancellor's recent confirmation that this will be implemented in 2026 as part of the Leeds Reforms will allow retail investors to benefit from greater diversification and the illiquidity premium that could, over the long-term, provide significant returns to investors. In this report, we set out to test investor appetite for investing in illiquid assets—and, critically, whether investors are willing to commit capital for longer periods in exchange for the potential benefits.

EXECUTIVE SUMMARY

This report explores two main themes:

- How confident investors are in investing in UK companies versus global or companies listed on US markets.
- Investors' openness to including illiquid private assets in their portfolios.

The findings shed light on generational shifts in perspective towards investing in UK companies and the appeal of supporting the domestic economy through an individuals' investment portfolio.

It also investigates what might encourage investors to mobilise more domestic capital in support of UK businesses (both public and private) and economic growth, whilst at the same time not losing sight of delivering good risk-adjusted returns to UK investors.

SENTIMENT TOWARDS INVESTING IN UK COMPANIES

Investors are confident about investing in the UK, with younger generations driving interest: Despite significant outflows from UK equity funds, British investors still exhibit notable confidence in their home market. Over half (53%) of surveyed investors are confident that investing in UK companies will help achieve their financial goals - exceeding confidence in US companies (44%), but remaining lower than confidence in globally diversified companies (74%). This is in spite of £13.5 billion in net outflows from UK equity funds in 2024 and inflows into North American equities of £3.5 billion. In fact, 57% of all Stocks & Shares ISA holders say it's important that their ISA includes UK companies, with younger generations placing the greatest importance on backing home-grown businesses. Older generations (Gen X and Baby Boomers) by contrast, show higher conviction in globally diversified portfolios and relatively less in UK-specific or US assets.

Younger generations are also more positive about investing in their home market: A majority of Gen Z (18–27) and Millennials (28–43) express confidence in UK investments, with 70% agreeing it will help reach their investment goals. Notably, 33% of Gen Z and 27% of Millennials "strongly agree" that investing in UK companies will help them meet their financial goals compared with only 5% of Baby Boomers who strongly feel the same. This reflects a generational shift, where younger investors increasingly value the impact of domestic investing. This not only relates to potential returns but also to contributing to the UK economy by backing UK companies.

Economic patriotism and familiarity with UK companies supports positive sentiment: Underlying the home-market appeal is a sense of economic patriotism and comfort with investing in familiar companies. 71% of investors believe it's important to support the UK economy by investing in British businesses and 68% feel that channelling capital to UK companies is important for boosting those businesses. Three fifths also admit they prefer investing in the UK because they know the market better.

Demand for better UK investment opportunities in high-growth sectors: However, investor enthusiasm for UK stocks could strengthen if the market offered more growth-oriented opportunities. Over half (55%) of investors say they would invest more in UK stocks if the UK market had greater exposure to high-growth sectors (e.g. technology). This sentiment is especially pronounced amongst young investors – 73% of Gen Z and 78% of Millennials would increase UK investments if more tech or high-growth companies were listed in the UK. These findings suggest that attracting high-growth companies to list in the UK could unlock greater investment from the next generation of investors.

INVESTMENT IN PRIVATE ASSETS

Significant interest in private and illiquid assets: Our research shows that retail investors are open to investing in private assets like infrastructure, real estate, and private equity. Historically, individual investors could only access such illiquid assets indirectly through investment trusts or directly through a small set of open-ended property funds. With the recent introduction of the Long-Term Asset Fund (LTAF) – a vehicle designed for holding illiquid assets within a fund structure – there is a growing industry focus on broadening investor access to private assets. The survey found 57% of investors would consider investing in a Long-Term Asset Fund when presented with a definition of the fund vehicle. Very few investors currently have access to LTAFs – only 2% of UK adults hold an "Innovative Finance ISA,"[1] the only type of account through which LTAFs can currently be held (and even then, only after receiving financial advice). This points to significant untapped demand if access barriers are lowered.

Profile of investors open to LTAFs: Appetite is strongest amongst those with longer investing horizons. Over three-quarters (77%) of Millennials and 70% of Gen Z said they would consider investing through an LTAF, compared with only 41% of Baby Boomers. More educated and higher-net-worth individuals are also more inclined towards investing through LTAFs. For example, 82% of investors earning over £100k per year would consider an LTAF, versus only 38% of those with incomes of between £10–20k. Similarly, about 67% of investors with postgraduate degrees are open to LTAFs, compared to around 45% of those with only a high school or college education. Men and women showed nearly equal interest, with men slightly higher at 59%.

Investors are willing to trade liquidity for non-correlated returns with the right safeguards: A majority of investors appear willing to lock up funds for the long term in exchange for higher potential returns - but only under the right conditions. 72% of investors are comfortable having money tied up for longer periods if it could generate higher returns. This willingness is highest amongst younger adults (about 80% of Millennials agree that they are comfortable) and declines with age (65% of Baby Boomers agree). Crucially, 73% would only commit money to an illiquid fund like an LTAF if they first have a readily accessible cash or liquid savings buffer for emergencies. Most people want to be sure that their short-term financial needs are covered before investing for the long-term. Additionally, roughly two-thirds would be more likely to invest in an LTAF if they clearly understood how their money would be managed and how withdrawals work (e.g. notice periods).

Motivations for private asset investing: Investors who are open to including illiquid assets in their portfolios cite several key motivations:

- **Inflation hedging – 76%** see private assets as a way to protect against inflation eroding the value of their savings/investments.
- **Diversification – 67%** want the portfolio diversification benefits that alternative assets can provide (since the return profile of private assets is often not closely correlated with stock markets).
- **Superior long-term growth – 61%** believe that over longer horizons, private assets could deliver higher growth than public markets.

Overall, the survey findings highlight a cautious but growing optimism among UK retail investors towards both their home market and new investment frontiers. British investors value the idea of "going long and going local," provided the investment opportunities are attractive and fit their financial goals. Younger generations emerge as optimistic about UK equities and willing to embrace longer-term, less liquid investments – which bodes well for initiatives aimed at channelling capital into UK growth and infrastructure in the years ahead.

[1] Source: The Investment Association and Opinium ISA Barometer 2025, nat rep survey of 2,000 UK adults, March 2025.

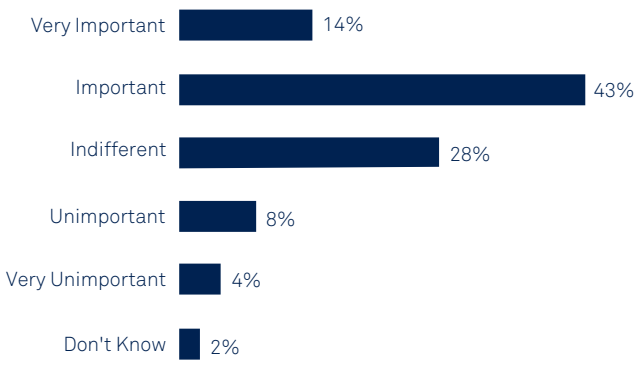
PART ONE: INVESTOR SENTIMENT TOWARDS INVESTING IN UK COMPANIES

We asked investors to tell us how they feel about investing in UK companies in 2025. We also asked how confident they are in investing in UK equities relative to a more diverse range of global companies or in the US market. These insights come at a critical time, as policymakers look to unlock more domestic capital to create a culture of investing that benefits the UK's capital markets and ultimately helps to boost long-term economic growth.

- A consistent majority of ISA investors value investing in UK companies through their Stocks & Shares ISA, and this percentage increases amongst younger investors. In 2025, 57% of investors say that it's either 'important' or 'very important' that their Stocks & Shares ISA is invested in UK companies. For 14%, this was seen as 'very important'.

- Younger investors are more likely to place a stronger emphasis on UK investments: 27% of Millennials and 20% of Gen Z say it is very important to them that their ISA is invested in UK companies. This contrasts with just 11% of Gen X and 5% of Baby Boomers, pointing to a generational divide in the perceived value of investing in the domestic market.

CHART 1: IMPORTANCE OF INVESTING IN UK COMPANIES THROUGH STOCKS & SHARES ISAs (2025)



Source: The Investment Association & Opinium, 'How important or unimportant is it that your Stocks and Shares ISA is invested in UK companies?' Base: 635

INVESTOR CONFIDENCE IN UK, GLOBAL AND US MARKETS

INVESTORS REMAIN MOST CONFIDENT IN GLOBAL COMPANIES—BUT UK CONFIDENCE HOLDS

IA data shows that the proportion of UK investor funds under management allocated to UK equities has steadily declined, from 30% in 2008 to just 11.5% in 2024. By contrast, 21% of funds under management are now invested in global equities. This trend—referred to as the erosion of home bias—has been heavily influenced by the fund selection decisions of advisers and wealth managers on behalf of their clients, particularly since the Brexit referendum in 2016. In 2024 alone, outflows from UK equity funds reached £13.5 billion.

We asked investors how confident they feel that investing in companies in the UK, US and globally would help them to meet their investment goals. The individual investor sentiment revealed by our survey tells a more nuanced story than the fund flow data would suggest. While global companies continue to inspire the highest levels of confidence, end investors still express confidence in investing in the UK and maintain a reasonable level of bias towards their home market, despite the backdrop of UK equity fund outflows and stronger US equity returns:

- 74% of investors feel confident that investing in global companies will help them to meet their investment goals.

- 54% express confidence in investing in UK companies—ahead of the 44% who say the same about US companies.

This suggests that, despite the long-term shift in flows towards global funds, and persistent outflows from funds investing in UK equities, end investors haven't abandoned confidence in the home market.

CONFIDENCE IN US COMPANIES LAGS, DESPITE STRONG MARKET PERFORMANCE:

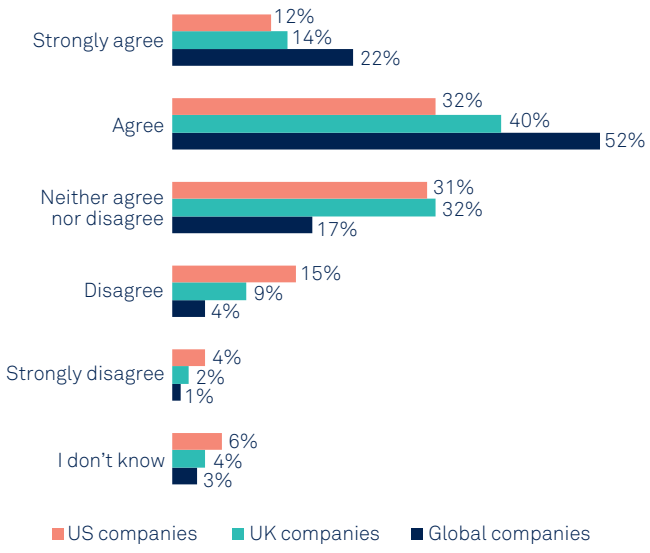
Investor confidence in US equities is lower than their confidence in investing in UK and Global equities, despite the strong performance of US indices in 2024. The US market delivered a total return of 32% in 2024, helping drive the MSCI World Index to a 27% annual return - a figure that drops to 13% when US stocks are excluded.

IA data shows North American equity funds attracted £3.5 billion in inflows in 2024, yet less than half (44%) of investors say they feel confident that investing in the US will help them to meet their financial goals. 19% of investors actively disagree that investing in the US will help them to meet their investment goals compared with 10% for UK equities and just 5% for global equities.

Whilst advisers and wealth managers have favoured allocating to North American funds, this has not translated into notably higher confidence among end investors:

- Just **36% of fully advised investors** agree that investing in the US will help them meet their goals.
- This compares with **41% of self-directed investors** and **54%** of investors who are both advised and self-directed. Investors who both take advice and make some investment decisions on their own also express higher levels of confidence in investing in the UK (65%) and in global companies (80%). These investors have enough wealth to take financial advice but also have the confidence to make their own investment decisions, which may make them more confident in investing overall.

CHART 2: CONFIDENCE IN INVESTING IN GLOBAL, UK, AND US COMPANIES (2025)



Source: IA and Opinium ISA Barometer Survey 2025, 'To what extent do you agree or disagree with the following statements about investing?', 'I am confident that investing in UK companies will help me to meet my financial goals', 'I am confident that investing in a diverse range of global companies will help me meet my financial goals', 'I am confident that investing in US companies will help me to meet my financial goals' Base: 1000

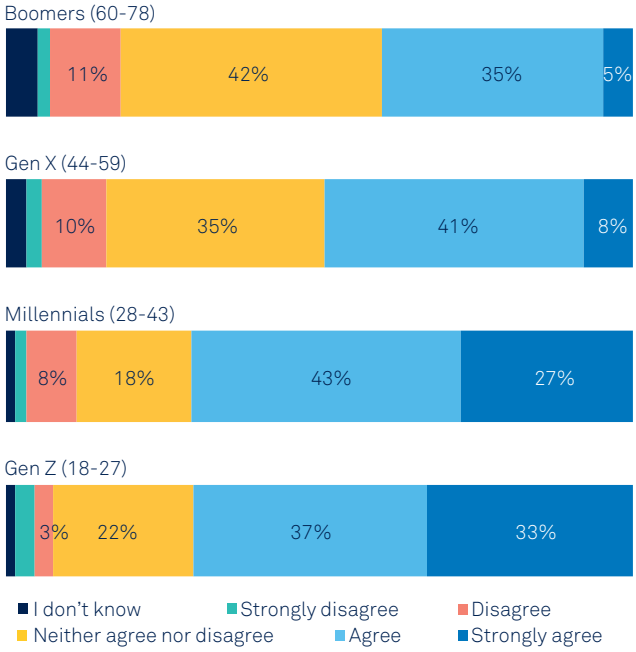
GENERATIONAL DIFFERENCES IN CONFIDENCE

There remains a generally high degree of confidence across all generations in investing in global companies, but the survey finds that Gen X and Baby Boomers express substantially higher levels of confidence in globally diversified portfolios than they do in investing in the US or indeed the UK. Gen Z investors are as confident about investing in their home market as they are confident in investing in global companies, but they are less confident about investing in US companies.

- **Younger investors are more confident in investing in UK companies than older investors:** 70% of Gen Z and 70% of Millennials agree that investing in UK companies will help them to meet their investment goals, with a third of Gen Z strongly agreeing with this statement. This confidence declines with age, falling to 49% among Gen X and just 40% of Baby Boomers.

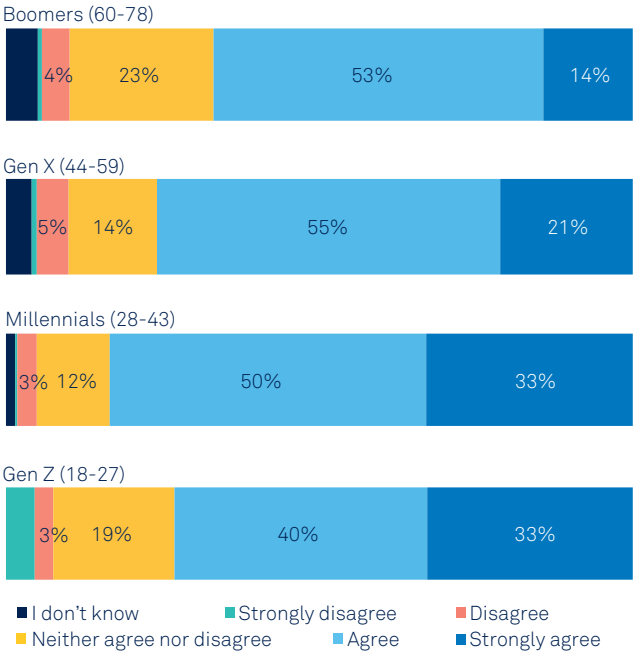
- **Older generations are less confident about investing in the US:** 69% of Millennials express confidence in investing in US equities. This is a similar percentage to those who are confident in investing in the UK. A smaller percentage of Gen Z investors are confident in investing the US (52%) and only 38% of Gen X and 30% of Baby Boomers agree with the statement that we posed on confidence in investing in US companies.

CHART 3: CONFIDENCE IN INVESTING IN UK COMPANIES SEGMENTED BY GENERATION (2025)



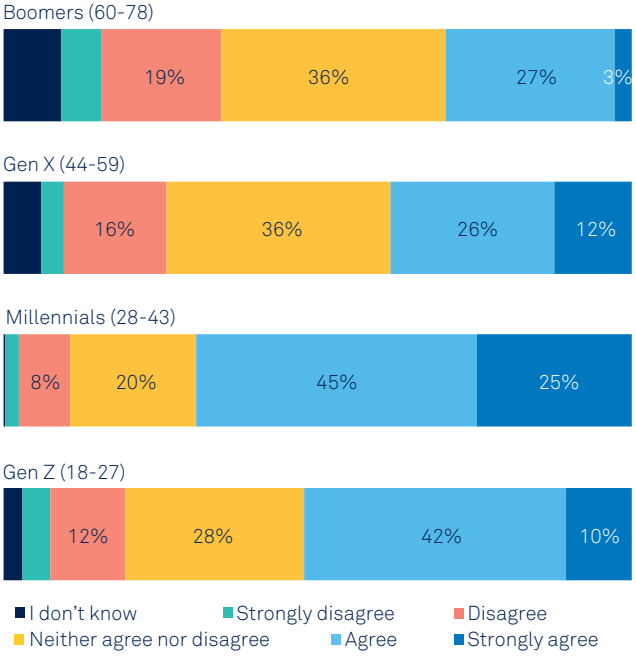
Source: The Investment Association & Opinium, 'To what extent do you agree or disagree with the following statements about investing? 'I am confident that investing in UK companies will help me to meet my financial goals' Base: 1000

CHART 4: CONFIDENCE IN INVESTING IN GLOBAL COMPANIES TO MEET FINANCIAL GOALS SEGMENTED BY GENERATION (2025)



Source: The Investment Association & Opinium, 'To what extent do you agree or disagree with the following statements about investing?', 'I am confident that investing in a diverse range of global companies will help me meet my financial goals' Base: 1000

CHART 5: CONFIDENCE IN INVESTING IN US COMPANIES TO MEET FINANCIAL GOALS SEGMENTED BY GENERATION (2025)



Source: The Investment Association & Opinium, 'To what extent do you agree or disagree with the following statements about investing? 'I am confident that investing in US companies will help me to reach my financial goals' Base: 1000

WHAT APPEALS TO INVESTORS ABOUT INVESTING IN BRITISH BUSINESSES?

To understand what drives sentiment towards the UK market, we asked investors why they might be drawn to invest in domestic companies. Our survey suggests that investors feel a degree of economic patriotism about investing in the UK, as well as a preference for investing in the UK because of their familiarity with the market. The survey also highlights that investors would be more inclined to invest in the UK stock market if it could attract more companies from higher growth sectors to list on it.

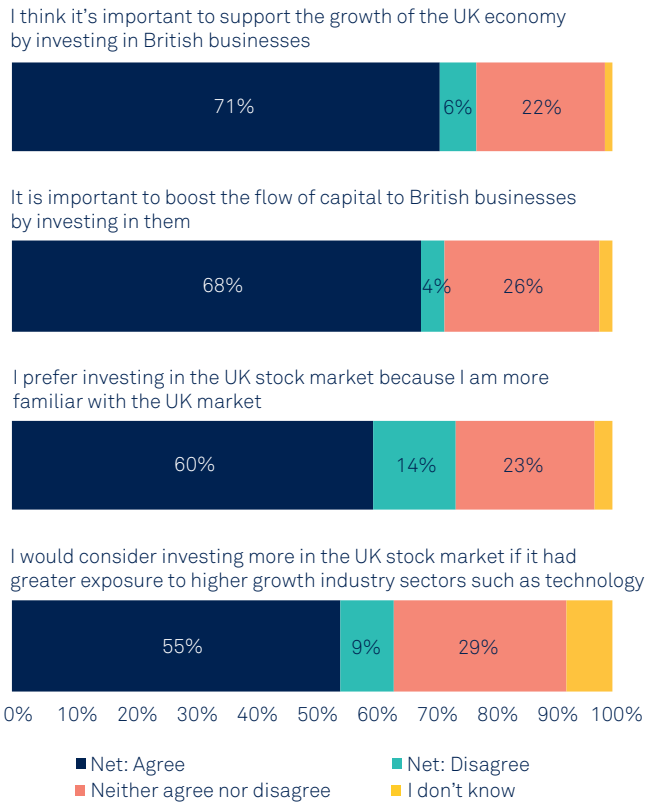
- **Supporting the UK economy matters to investors:** 71% of investors agree that it's important to support the UK economy by investing in British companies. Support for the UK economy is higher among Millennials (78%) and Gen Z (76%), compared with 68% of Gen X and 67% of Baby Boomers.

- **Channelling capital into UK businesses is a priority:** 68% agree that it is important to help boost capital flows to UK firms. Millennials lead again, with 80% in agreement, the highest of any generation, and 30% strongly agreeing.

- **Familiarity drives preference:** Nearly three-fifths of investors agree that they prefer investing in the UK market because they are more familiar with it. This indicates that a home bias remains embedded among retail investors, even if it has fallen away for advisers and wealth managers.

- **Investors would be more likely to invest in the UK if more high-growth companies were listed:** Over half (55%) of investors say they would be more inclined to invest in the UK stock market if it had greater exposure to high-growth sectors like technology. This sentiment is strongest amongst Gen Z (73%) and Millennials (78%), falling to 51% of Gen X and just 38% of Baby Boomers.

CHART 6: INVESTOR ATTITUDES TOWARD INVESTING IN THE UK ECONOMY AND STOCK MARKET (2025)



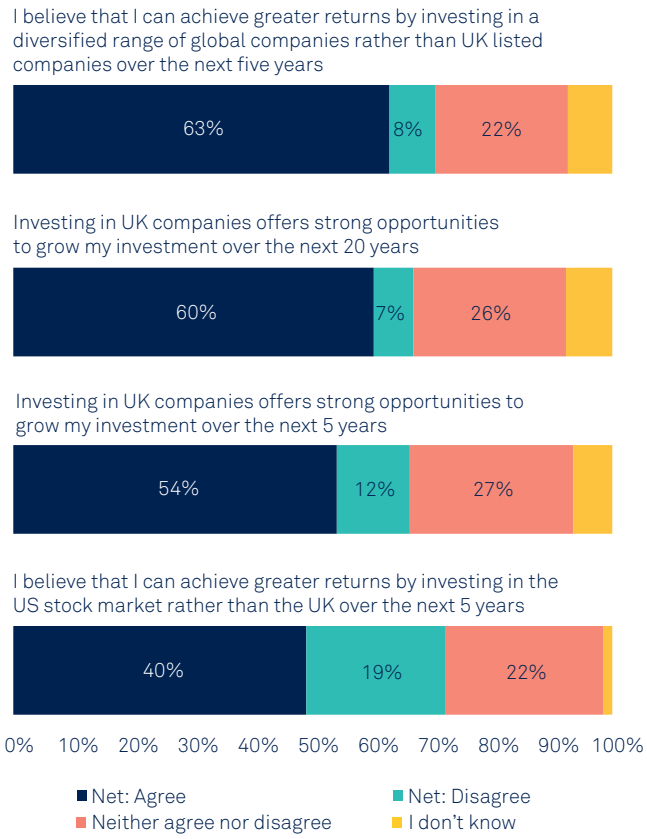
Source: The Investment Association & Opinium, 'To what extent do you agree or disagree with the following statements about investing?', 'It is important to boost the flow of capital to British businesses by investing in them', 'I think it's important to support the growth of the UK economy by investing in British businesses', 'I prefer investing in the UK stock market because I am more familiar with the UK market', 'I would consider investing more in the UK stock market if it had greater exposure to high growth industry sectors such as technology' Base: 1000

WHAT RETURN EXPECTATIONS DO INVESTORS HAVE FOR THE UK?

Finally, we asked investors their views on the outlook for UK equity returns over the next five years compared with investing in global and US companies. We also compared this with their views on the outlook for returns over 20 years. Chart 7 highlights the following:

- **Outlook towards the performance of global companies is most positive:** 63% of investors agree that investing in a diversified range of global companies will offer better returns than investing in the UK over 5 years. This is consistent with our findings around investor confidence in investing in global companies.
- **Long-term optimism in UK equity returns:** 60% agree that investing in the UK over the next 20 years offers a strong opportunity for growth. By comparison, 54% agree with this statement over a 5-year horizon, indicating more confidence in the UK as a long-term play.
- **Mixed views on US outperformance:** 40% of investors agree that investing in the US will generate better returns than investing in the UK over the next five years. However, nearly one in five (19%) actively disagree.
- **A core group of investors don't take a strong view on the outlook for markets:** Between 22% and 27% of investors neither agreed nor disagreed with the five- and twenty-year outlook statements.

CHART 7: INVESTOR PERCEPTIONS OF UK LISTED COMPANIES AND GLOBAL MARKET OPPORTUNITIES (2025)



Source: The Investment Association & Opinium, 'To what extent do you agree or disagree with the following statements about investing?' 'I believe that I can achieve greater returns by investing in a diversified range of global companies rather than UK listed companies over the next five years', 'Investing in UK companies offers strong opportunities to grow my investment over the next 20 years', 'Investing in UK companies offers strong opportunities to grow my investment over the next 5 years', 'I believe that I can achieve greater returns by investing in the US stock market rather than the UK over the next 5 years' Base: 1000

PART TWO: INVESTING IN ILLIQUID/ PRIVATE ASSETS

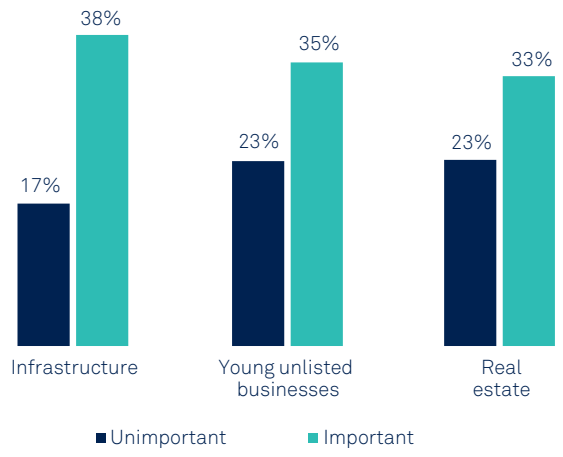
Private market assets – such as infrastructure, real estate, and private equity – are playing an increasingly prominent role in discussions around how to unlock capital to support long-term economic growth. While institutional investors have long used private assets to diversify portfolios and enhance returns, access for retail investors remains limited. The introduction of Long-Term Asset Funds (LTAFs) in 2021 signalled a shift toward expanding that access. In this year's survey, we asked investors how they view private assets in the context of their ISA investments, and whether they would be open to locking up their capital for longer periods in exchange for the potential benefits of investing in private assets.

INVESTOR APPETITE FOR ACCESSING ILLIQUID ASSETS THROUGH ISAs

In this year's survey, we asked Stocks & Shares ISA investors to tell us how important it is to be able to access different types of illiquid assets through their Stocks and Shares ISA.

We found that almost two in five investors consider it important to invest directly in infrastructure projects (38%), a third in in physical buildings or real estate (33%) and a third in young, unlisted businesses (35%) through a Stocks and Shares ISA.

CHART 8: IMPORTANCE OF INVESTMENT IN INFRASTRUCTURE, YOUNG UNLISTED BUSINESSES, AND REAL ESTATE IN A STOCKS & SHARES ISA (2025)



Source: The Investment Association & Opinium, 'Continuing to think about LTAFs to what extent do you agree or disagree with the following statements?' 'I like the idea of investing in infrastructure through an ISA', 'I like the idea of investing in early-stage companies through an ISA', 'I like the idea of investing in real estate through an ISA' Base: 1000

For a long time, investors were only able to allocate to private assets through ISAs by investing through closed-ended investment companies and a limited number of open-ended direct property funds. These open-ended funds do facilitate daily dealing and can be held in an Stocks & Shares ISA but in 2016 and 2020 these funds were suspended. As a result, an increasing proportion are moving to a hybrid model of investing in direct and listed property to improve fund liquidity.

However, in the 2024 Autumn Budget, the rules were changed to allow investors that had received a recommendation from a financial adviser to hold LTAFs in an Innovative Finance ISA. Following the recent Leeds Reforms, retail investors will be able to hold LTAFs in Stocks & Shares ISAs from 2026.

THE ROLE OF LONG-TERM ASSET FUNDS (LTAFS)

The first LTAFs were launched in late 2021 and are designed to give long-term investors exposure to private markets—including infrastructure, private equity, private debt, and real estate—while embedding strong liquidity controls and governance standards. The investment management industry has long called for improved access to LTAFs through ISAs, arguing that LTAFs offer diversification and non-correlated long-term returns for investors with appropriate investment horizons. IA research suggests that there are now nearly 30 LTAFs available to investors in the UK, with circa £6 billion in funds under management and that there has been rapid growth in the last year.

We wanted to understand whether retail investors would consider investing their capital in illiquid assets and if they would be prepared to give up daily access to their capital in return for some of the benefits that investing in illiquid assets could provide. To test appetite for LTAFs and investing in private markets, we provided an explanation to our survey respondents about investing in private/ illiquid assets through a Long- Term Asset Fund to understand if they would consider investing in one.

FIGURE 1:

ILLIQUID ASSETS AND LONG-TERM ASSET FUND EXPLAINER

The UK investment management industry is urging policymakers to allow investments in Long-Term Asset Funds (LTAFs) through ISAs. Unlike traditional funds, LTAFs invest in illiquid assets - for example, shares in listed companies are liquid as you can buy and sell them daily on a stock market at a fair price, but commercial property, such as a shopping centre, is an illiquid asset and would take time to sell at a fair price.

LTAFs may hold assets such as infrastructure, real estate, small emerging businesses, private equity and private debt. Investors typically expect higher returns for committing to these harder-to-sell assets, which require longer investment horizons. Withdrawals are restricted; for instance, investors need to provide at least 90 days' notice to access their money.

However, one key advantage of LTAFs is diversification. These types of assets often behave differently from publicly traded stocks and bonds. For example, when bond values decline, private debt valuations may rise. By including private assets, LTAFs can help investors to achieve a more diversified portfolio and to manage their risk.

ARE RETAIL INVESTORS OPEN TO INVESTING IN LTAFs?

Given a brief overview of what an LTAF is, the types of assets it can invest in, and the illiquid nature of the holdings, over half (57%) of all surveyed investors said that they would consider investing in an LTAF. A further fifth (18%) were unsure, leaving 25% who would not consider investing in LTAFs. Younger investors are more likely to consider investing in LTAFs. Looking in more detail at the survey responses we find that:

- **Interest in the LTAF is strongest amongst Millennials**, perhaps reflecting the length of the investment horizon prior to retirement. Over three quarters (77%) stated they would consider investing, and a further 70% of Gen Z would also consider using an LTAF. Interest was weaker amongst older investors, with 41% of Baby Boomers who would consider investing in LTAFs.

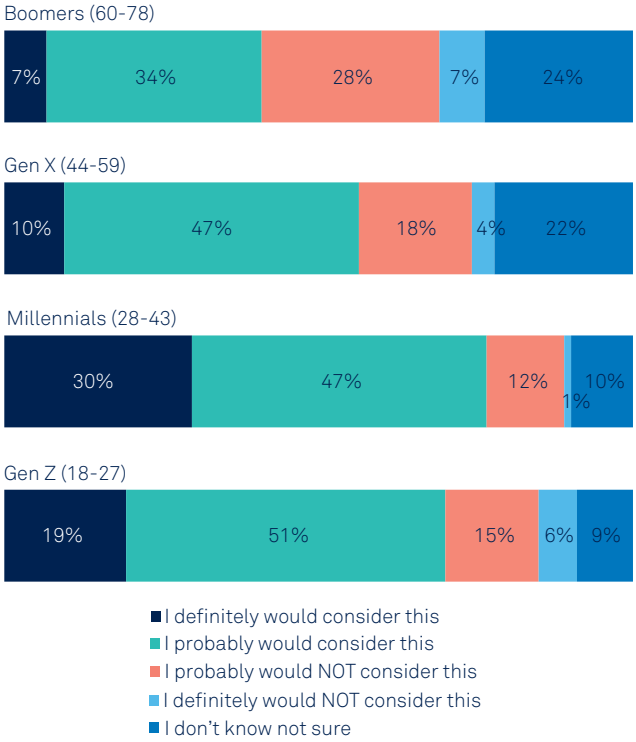
- There is little difference in the findings between men and women - 59% of male investors would consider investing through an LTAF compared with 52% of female investors.

- If we look further at our demographic data, investors with the highest levels of education are most open to investing in LTAFs: 67% of investors with a post-graduate degree would consider investing using LTAFs, compared with 58% of investors with a Bachelor's degree or equivalent and 45% of School leavers or College graduates.

- Those with an annual income of over £100,000 were more likely to consider an LTAF – 82% would consider compared with 43% of investors earning between £20,001 to £30,000 a year.

- Nearly half (48%) of investors that are fully advised or fully self-directed would consider investing in LTAFs but this percentage rises significantly to circa three quarters (73%) of investors who are a mix of self-directed and advised.

CHART 9: CONSIDERATION FOR INVESTING IN AN LTAF SEGMENTED BY GENERATION (2025)



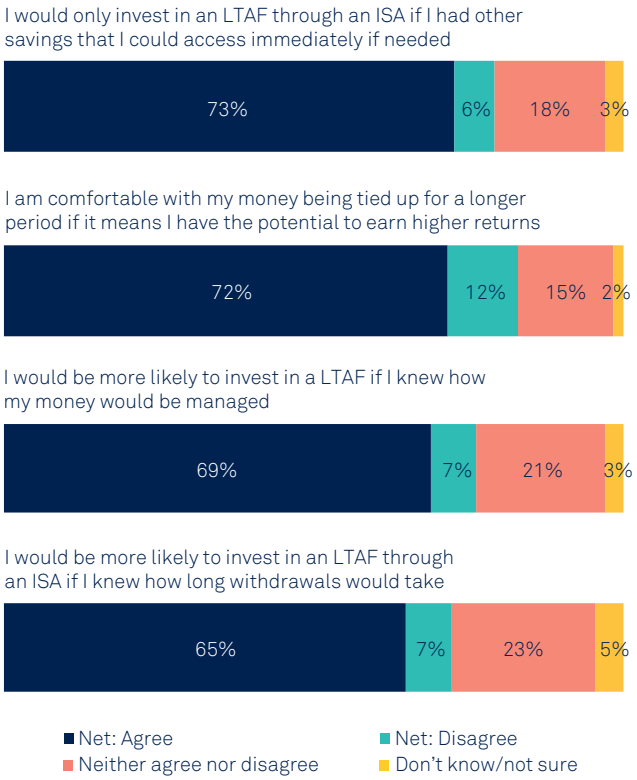
Source: The Investment Association & Opinium, 'Based on everything you just read, to what extent would you consider investing in a LTAF?' Base: 1000

We then asked all investors a series of follow up questions about investing in LTAFs irrespective of whether they would or wouldn't consider investing using an LTAF. We found that there were high levels of agreement across all four statements illustrated in Chart 10. Access to information is important: two-thirds of all investors are more likely to invest in LTAFs if they are clear on how their money will be managed (69%) and how long withdrawals from LTAFs will take (65%). The chart also highlights two critical findings: investors see building up a buffer of liquid investments or savings as an important step ahead of investing in illiquid assets, however, the majority of investors are comfortable with locking up some of their money for longer periods if it has the potential to make higher returns.

- **Access to liquid savings paves the way for LTAFs:** Chart 10 shows that nearly three quarters of investors would only invest in an LTAF if they had built up a pot of savings that they could access immediately. There is no clear generational difference in sentiment around building up a liquid savings pot – a higher percentage of Baby Boomers (75%) and Millennials (76%) agreed with this statement compared with Gen Z (63%), and Gen X (68%). Annual income does appear to have some bearing on sentiment here –investors with the highest annual income of £100,001 or more were the most likely to agree with this statement, at 87% compared with 78% of investors who earnt between £10,001 and £20,000 a year. The highest earners were also more certain– only 9% neither agreed nor disagreed with this statement compared with 18% across all investors and 15% of investors earning between £10,001 and £20,000.

- **Most investors will accept trading off instant access to capital for the potential to earn high returns:** A further 72% of investors told us they were comfortable with their money being tied up for longer periods if it had the potential to earn higher returns. Millennial investors are the most comfortable with tying money up for longer periods – 80% agree with this statement. Three quarters of Gen Z and Gen X (75% and 74% respectively) agree with this statement with the percentage only falling significantly amongst Baby Boomers: 65% of Baby Boomers agree that they are comfortable with locking up their money for longer periods if they had potential to achieve higher returns. Looking across the data, a higher percentage of higher earners agree with this statement compared with lower earners – 86% of respondents earning over £100,001 agree compared with 62% of respondents earning between £10,001 and £20,000. Men are also more likely to agree with this statement than women (74% vs. 67%) suggesting that they are a little more comfortable with locking up their capital. In addition, 22% of men strongly agreed with this statement.

CHART 10: ATTITUDES TOWARDS INVESTING IN AN LTAF THROUGH AN ISA (2025)



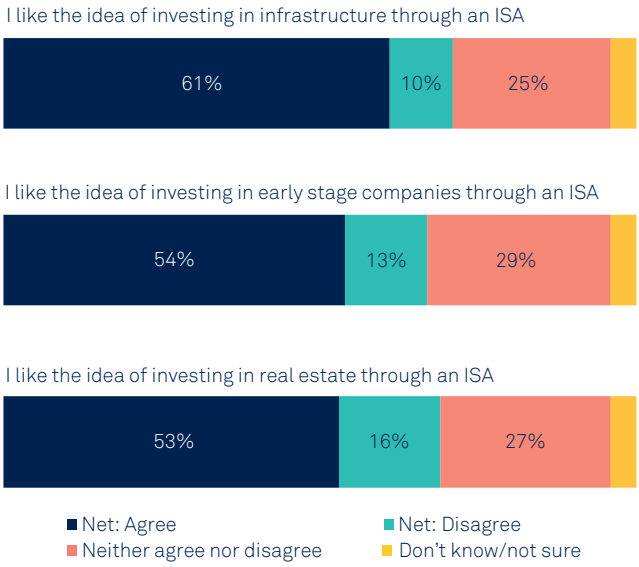
Source: The Investment Association & Opinium, 'Continuing to think about LTAFs to what extent do you agree or disagree with the following statements?' 'I would only invest in an LTAF through an ISA if I had other savings that I could access immediately if needed', 'I am comfortable with my money being tied up for a longer period if it means I have the potential to earn higher returns', 'I would be more likely to invest in a LTAF if I knew how my money would be managed', 'I would be more likely to invest in an LTAF through an ISA if I knew how long withdrawals would take' Base: 1000

WHAT TYPES OF PRIVATE ASSETS ARE ATTRACTIVE TO INVESTORS?

When we asked all investors (irrespective of whether they would consider investing in private assets) about the types of assets they like the idea of investing in, we found that just under two-thirds (61%) agree that they would like to invest in infrastructure. This compares to 54% who like the idea of investing in early stage companies and 53% who liked the concept of investing in real estate.

- Millennials are the age group most likely to like the idea of investing in private assets. There was equal enthusiasm across all three asset categories– three quarters agree that they both like the idea of investing in early-stage companies and infrastructure and the idea of investing in real estate.
- Around a third of Gen Z investors like the idea of investing across all three asset types. A slightly higher percentage of Gen Z favour infrastructure (69%) and real estate (67%) compared with 63% for early stage companies, but the differences are marginal.
- However, Gen X favour infrastructure (66%) compared with real estate (56%) and early-stage companies (53%).
- Appetite for investing in private assets is lower amongst Baby Boomers. This is not surprising given that these assets are most suitable for investors with longer investment horizons. 47% of Baby Boomers like the idea of investing in infrastructure compared with 38% for early-stage companies and 37% for real estate.

CHART 11: INVESTOR INTEREST IN INFRASTRUCTURE, EARLY-STAGE COMPANIES, AND REAL ESTATE THROUGH AN ISA (2025)



Source: The Investment Association & Opinium, 'Continuing to think about LTAFs to what extent do you agree or disagree with the following statements?' 'I like the idea of investing in infrastructure through an ISA', 'I like the idea of investing in early stage companies through an ISA', 'I like the idea of investing in real estate through an ISA' Base: 1000

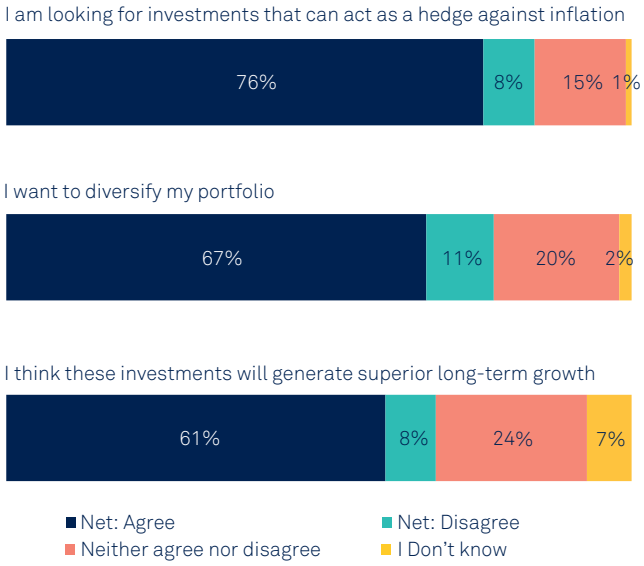
WHAT MOTIVATES INVESTORS TO CONSIDER INVESTING IN PRIVATE ASSETS?

We wanted to understand a bit more about the motivations of the group of investors who told us that they would consider investing in infrastructure, early stage companies or real estate through an ISA. Chart 12 shows their responses to a series of follow up questions designed to probe their motivations.

Just over three quarters (76%) of investors who are open to investing in private assets through an ISA are looking for investments that can act as an inflation hedge. This was the second highest level of agreement across the statements we posed. 67% of investors want to diversify their portfolios and 61% believe that private assets will generate superior long-term growth.

Whilst the concept of investments that provide a hedge against inflation is important to all generations, the highest percentage of Baby Boomer respondents agreed with this statement (81%), compared with 76% of Gen X, 73% of Millennials and 72% of Gen Z (we have discounted the Silent Generation due to low sample size). Millennials are the generation who are most likely to want to diversify their portfolios through investing in private assets at 79% - this falls to 57% of Baby Boomers and around two thirds of Gen Z (65%) and Gen X (64%). A higher percentage of Millennials (74%) also see private assets as generating superior long-term growth compared with Gen X (55%) and Baby Boomers (50%), whereas 67% of Gen Z agree that private assets would generate superior long-term growth. This aligns with the longer investment horizons of younger investors.

CHART 12: INVESTOR MOTIVATIONS FOR ALLOCATING TO PRIVATE ASSETS (2025)



Source: The Investment Association & Opinium, 'You said you like the idea of investing in infrastructure, real estate, early-stage companies through your ISA. Thinking about why this is, to what extent do you agree or disagree with the following?' 'I am looking for investments that can act as a hedge against inflation', 'I want to diversify my portfolio', 'I think these investments will generate superior long-term growth' Base: 755

CONCLUSION

In 2024, retail outflows from UK equity funds were £13 billion. Despite nearly a decade of declining sales to funds investing in UK equities, retail investors have not written off investing in their home market. The research reveals that investors do maintain confidence in investing in UK companies and the inclination to provide capital to back British businesses is high. End investors are more positive about investing in UK companies than in the US. Over 70% of investors said they want to support UK businesses through their investment choices and want to hold UK companies in their portfolios. This is a solid foundation on which to build, and could help to increase consumer participation in UK capital markets, support a more inclusive investing culture and drive economic growth.

Younger investors in particular are interested in investing in the UK. They show the highest conviction that investing in UK equities can meet their financial goals (70%+ confidence) and they are the most willing to commit funds for the long term in pursuit of higher returns. As this cohort accumulates more wealth, their preferences will help to shape investor demand. For example, the survey suggests that investors do have concerns about the investment opportunities available domestically. Younger investors would like more exposure to high-growth sectors and innovative companies and notably, 55% of all investors (and nearly 3 in 4 young investors) would allocate more to funds investing in UK equities if more tech and high-growth companies listed in London. This is a clear signal that efforts to modernise UK listings is of critical importance in increasing retail investor participation and incentives such as stamp duty reform have a further part to play in promoting investment in the UK by removing the additional transaction tax on trading UK equities.

Another important insight from the survey is the openness of investors to allocating to private market investments as part of retail portfolios. This interest comes with conditions but it represents a new frontier for engaging investors in long-term opportunities to benefit from the illiquidity premium and to allocate to assets that are not correlated to public market returns. The majority of investors would consider tying up money in illiquid assets – 57% are open to LTAFs – provided they understand the product and have safety nets in place such as a liquid cash savings buffer. This suggests that regulators, fund managers and distributors should continue to work to open up access to these investments while ensuring the appropriate investor protections are in place.

The Chancellor's recent announcement that LTAFs will be available in Stocks and Shares ISAs as early as next year will be crucial in broadening participation in private markets. Clear communication is also vital: about two-thirds of investors said they'd be more likely to invest in an LTAF if they know exactly how their money will be managed and how and when they can withdraw. Educating investors on how vehicles like LTAFs work – including the trade-offs of liquidity vs. return – will be crucial to build trust and uptake. Education and advice remain a critical step to supporting investor understanding and promoting good outcomes.

METHODOLOGY

In 2025, the IA again partnered with Opinium to conduct a survey about saving and investing habits in the run up to the 2024/2025 ISA season. This is the third year that we have conducted the survey and each year we have built on the previous year's research to better understand the motivations and investing habits of UK investors as they think about their ISA allocations at the end of the tax year.

The survey fieldwork took place between the 28 February 2025 and the 5 March 2025. The regional breakdown of survey respondents can be found in Figure 2. London has the highest number of investors (22%) after the South East (15%), and the North West (12%).

The data presented in this paper of the ISA Barometer series is based on responses from a survey of 1,000 UK investors. Figure 2 illustrates a breakdown of the characteristics of the sample:

- A greater proportion of the investor group was male (62%) vs female (38%).
- 70% of investors hold a Bachelor's degree or higher.
- 15% of investors earn over £100,000, with 40% earning between £30,001 and £60,000.
- Investors are evenly spread across the value of their investments with 27% of investors having assets under £24,999, while 25% hold between £25,000 and £99,999, and 25% have assets in the £100,000 to £249,000 range.
- A notable proportion of the investors are either experienced (37%) or seasoned (54%).
- In investment management terms, most investors are at least partly advised (54%) whilst the remaining are self-directed in their investment decision-making (46%).

FIGURE 2: **MAP OF SURVEYED INVESTORS ACROSS THE UK (2025)**

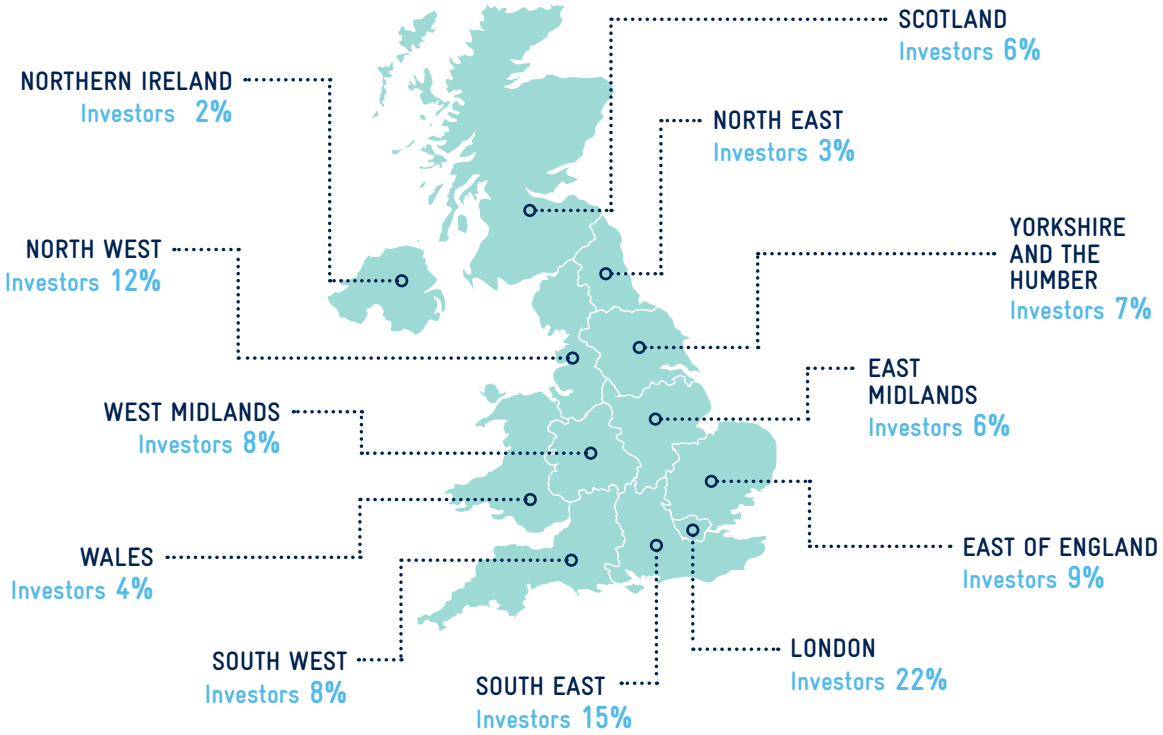
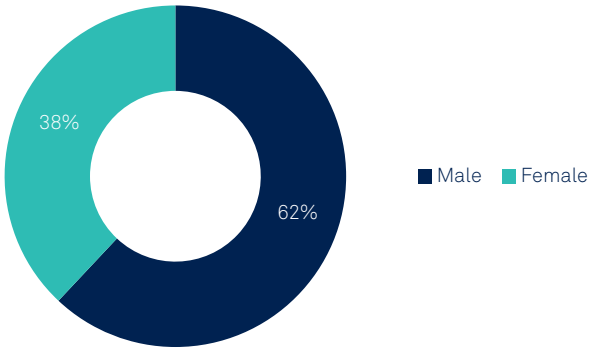
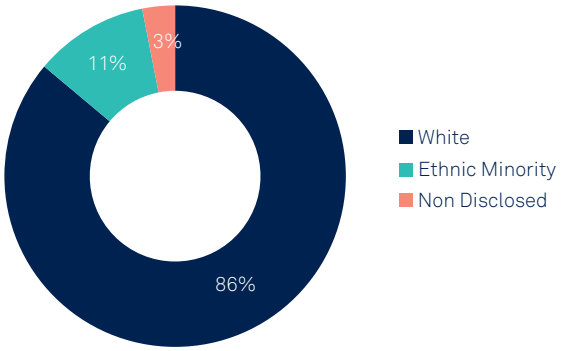


FIGURE 3: INVESTOR SAMPLE (2025)

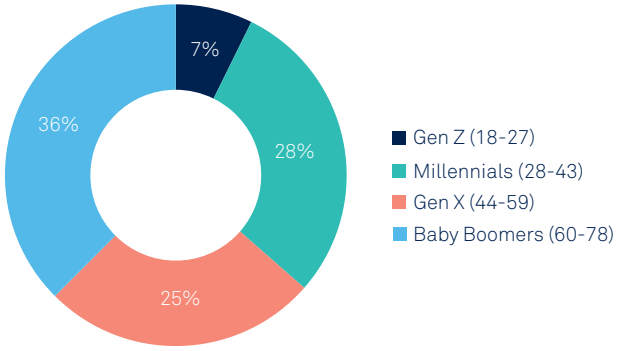
GENDER DISTRIBUTION OF INVESTORS



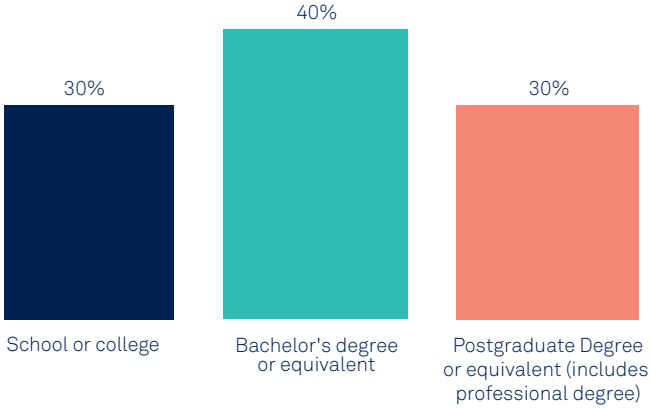
ETHNIC REPRESENTATION OF INVESTORS



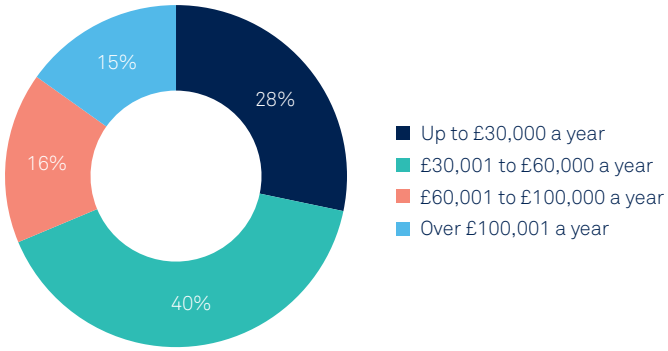
GENERATIONAL SEGMENTATION OF INVESTORS



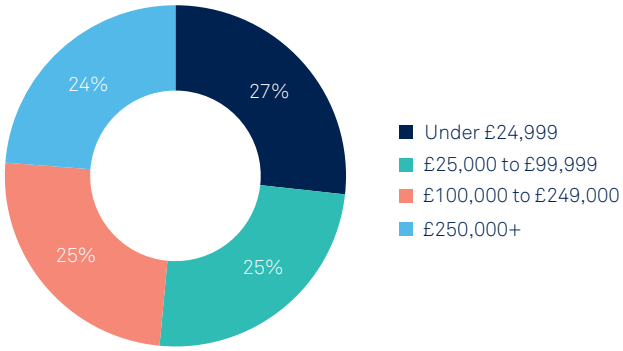
EDUCATIONAL QUALIFICATION LEVEL OF INVESTORS



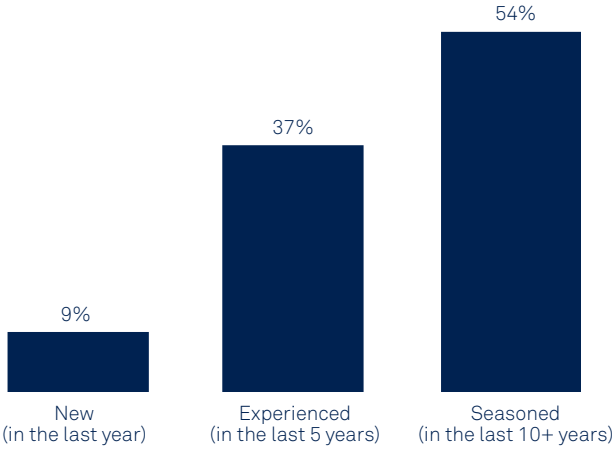
PRE-TAX INCOME OF INVESTORS



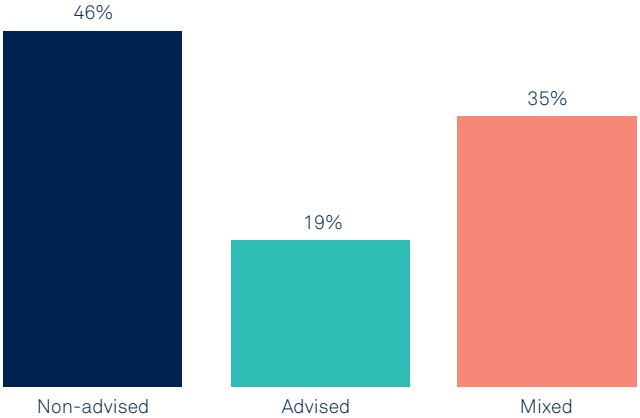
LEVEL OF INVESTIBLE ASSETS



LENGTH OF TIME INVESTING



INVESTMENT SELECTION APPROACH - ADVISED, NON-ADVISED, MIX



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