

THE
INVESTMENT
ASSOCIATION

INVESTMENT MANAGEMENT IN THE UK 2024-2025

The Investment Association Annual Survey

October 2025



CONTENT ENQUIRIES

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October 2025

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ABOUT THE SURVEY

THE SURVEY CAPTURES INVESTMENT MANAGEMENT UNDERTAKEN BY MEMBERS OF THE INVESTMENT ASSOCIATION (IA) ON BEHALF OF DOMESTIC AND OVERSEAS CLIENTS. UNLESS OTHERWISE SPECIFIED, ALL REFERENCES TO 'UK ASSETS UNDER MANAGEMENT' REFER TO ASSETS, WHEREVER DOMICILED, WHERE THE DAY-TO-DAY MANAGEMENT IS UNDERTAKEN BY INDIVIDUALS BASED IN THE UK. THE ASSET VALUE IS STATED AS AT DECEMBER 2024. THE FINDINGS ARE BASED ON:

- Questionnaire responses from 60 IA member firms, who between them manage £10.0 trillion in the UK (over 80% of total UK assets under management by the entire IA membership base).
- Other data provided to the IA by member firms.
- Data provided by third party organisations where specified.
- Publicly available information from external sources where relevant.
- Interviews with senior personnel from IA member firms.

THE IA WOULD LIKE TO EXPRESS ITS GRATITUDE TO MEMBER FIRMS WHO PROVIDED DETAILED QUESTIONNAIRE INFORMATION AND TO THOSE WHO TOOK PART IN THE INTERVIEWS.

THE SURVEY IS IN SIX CHAPTERS:

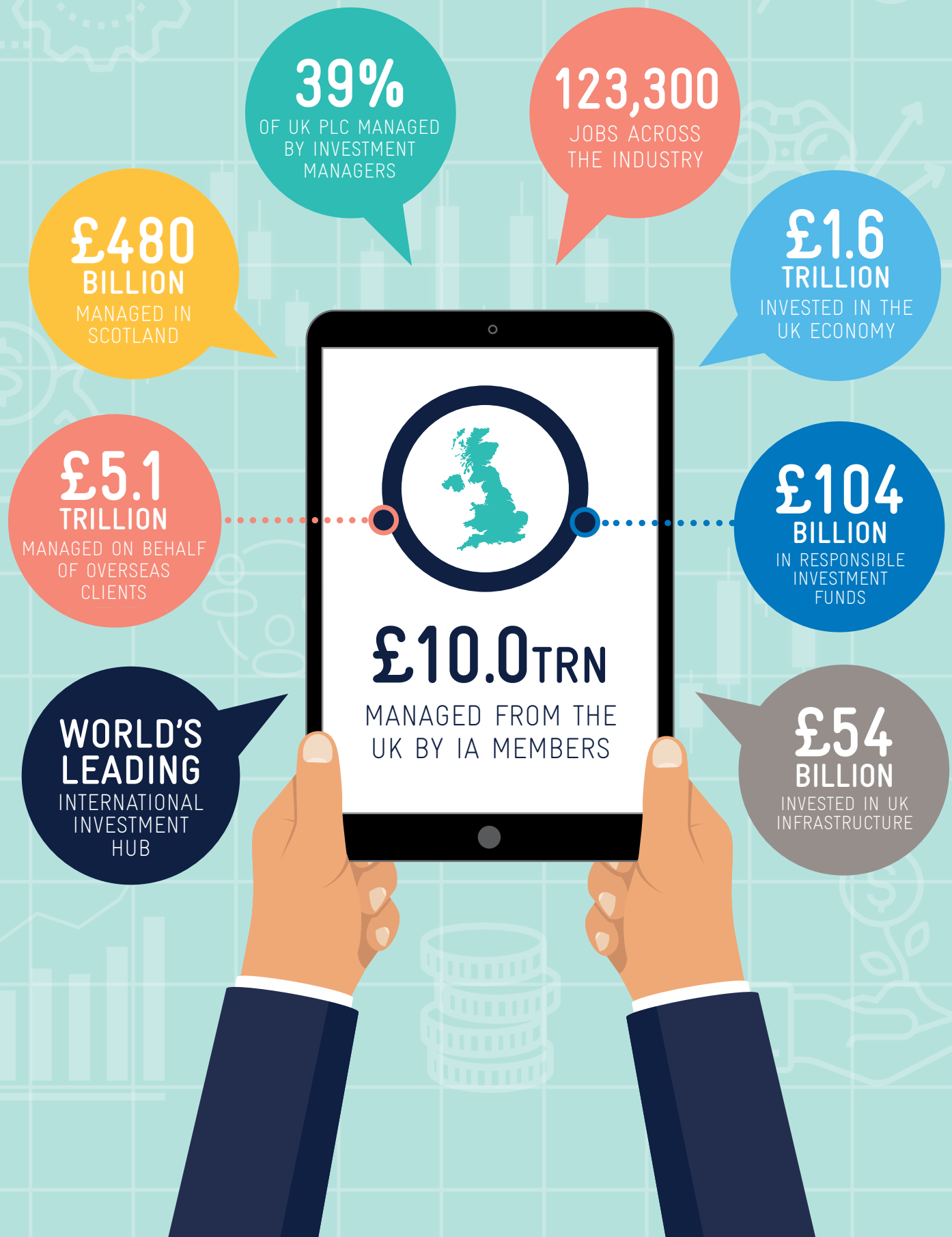
1. UK investment management industry: a global centre
2. Three key themes that will shape the UK industry
3. Trends in client assets and allocation
4. UK institutional client market
5. UK retail funds market
6. Operational and structural evolution

THERE ARE ALSO FIVE APPENDICES:

1. Summary of assets under management in the UK
2. Summary of data from the UK institutional market
3. Notable M&A deals in the UK investment management sector (2009 – June 2025)
4. Definitions
5. Survey respondents and interview participants

A NUMBER OF GENERAL POINTS SHOULD BE NOTED:

- Not all respondents were able to provide a response to all questions and therefore the response rate differs across questions.
- The Survey has been designed with comparability to previous years in mind. However, even where firms replied in both years, some may have responded to a question in one year but not in the other or vice versa. Where meaningful comparisons were possible, they have been made.
- Numbers in the charts and tables are presented in the clearest possible manner for the reader. At times this may mean that numbers do not add to 100%, or do not sum to the total presented, due to rounding



SURVEY FOREWORD



THE UK INVESTMENT MANAGEMENT INDUSTRY REACHED NEW HEIGHTS IN 2024, RECORDING AN IMPRESSIVE 10% GROWTH IN ASSETS UNDER MANAGEMENT (AUM) TO REACH A PEAK OF £10.0 TRILLION. THIS YEAR'S GROWTH IN AUM MORE THAN TRIPLES THE 3% GROWTH SEEN IN 2023, REFLECTIVE OF STRONG MARKET PERFORMANCE AS THE INDUSTRY BOUNCED BACK TO SURPASS 2021 LEVELS AND REVERSE 2022'S MARKET-DRIVEN DIP.

The sector has been boosted by stronger equity returns, better economic conditions and an increasing number of assets managed from the UK on behalf of overseas investors.

In 2023 we saw an industry and economy adjusting to a new market cycle, as interest rates rose and central banks entered a period of quantitative tightening. In May 2024, the Bank of England successfully reached its inflation target of 2% for the first time in almost three years, and interest rates stabilised in the second half of the year. Overall, the UK recorded moderate economic growth in 2024, indicating recovery and resilience.

2024 was also a year of momentous political change, with new leadership in both the UK and the US. The

Labour Government entered parliament with an ambitious growth agenda that rightly recognised financial services as one of eight key growth sectors. Significant improvements to the regulatory environment, enabling firms to introduce appropriate levels of risk and foster innovation, are already driving substantial progress.

The Investment Management Survey (IMS) is an annual, comprehensive analysis of the UK investment management industry. It offers in-depth data and insight into industry growth and how we deliver growth for the economy as allocators of capital, how our clients are evolving in the institutional and retail markets and the long-term trends in asset allocation. We also look at the major themes that will shape investment management in the UK including the impact of emerging technology on investor behaviour and industry operations and the growth in private markets.

The UK continues to be a global leader in investment management. Industry growth has been supported by our status as an international centre of excellence for portfolio management as we retain and attract an increasing number of overseas clients. In 2024, assets managed on behalf of overseas clients surpassed 50% for the first time, making up £5.1 trillion of AUM. Vital too is our role as an international bridge, connecting investors and opportunities across borders. We are pleased to have seen a return to growth in European client assets in 2024, which now account for 59% of overseas AUM.

The second chapter of the IMS provides a thematic overview of the key trends we believe will be central to our industry's evolution in the coming years. It is based in part on in-depth interviews carried out with members of the IA Board and Advisory Council, industry leaders with invaluable perspective and depth of knowledge. This year, those three trends reflect an industry adapting: accelerating technological transformation; supporting UK economic growth; and democratising investing.

The industry's confidence in driving UK growth is bolstered by a more supportive policy environment. Throughout 2024 we saw an increasingly positive view of enabling more calculated risk in the system as a necessity for growth, moving away from the 'safetyism' – an overemphasis on eliminating risk –

which dominated the UK regulatory environment in the aftermath of the Global Financial Crisis. There has been a welcome and public recognition that capital markets play a role in growth but need more freedom to innovate and a recognition that taking some risk can lead to better outcomes, particularly as we strive to help cash savers reap the benefits of long-term investing.

Whilst consumer-focused protections of course remain crucial, it is also important to enable firms to innovate within regulatory boundaries. We have seen support from policymakers for innovation through measures including the Digital Gilt pilot and continuing development of tokenisation, with the first FCA-regulated tokenised fund having launched recently. As these workstreams progress, speed and collaboration between industry, government and regulator will be critical to success.

This year, for the first time in IA data, retail investors are the largest client group at 28% of AUM. The UK investment industry is engaged in multiple initiatives to build on this momentum and help to turn more of the UK population into investors. The government has put the wheels in motion by exploring pension and ISA reform, and efforts have accelerated in 2025, most notably through the Leeds Reforms. The IA is proud to be spearheading the recently announced government-backed campaign to build awareness of the importance of investing to peoples' future financial wellbeing and long-term resilience.

We must look at how we can bridge the advice gap to ensure that more investors receive regulated advice or have access to targeted support, widen access to investment products including ETFs and LTAFs and find ways to overcome behavioural barriers for savers who could become investors.

Intrinsically linked to both the growth agenda and building a retail investment culture is pension reform. The investment management industry plays a critical role in the pensions ecosystem, investing £2 trillion directly for UK pension schemes. If we get this right, there is a significant opportunity to improve the financial futures of millions across the UK. A critical area of focus will be unlocking access to private market investments – highlighted by the government in the recent Mansion House Accord – to allow more DC members to benefit from the illiquidity premium

offered by private assets. The consolidation of both small DC schemes into larger “mega-funds” and LGPS consolidation, guided by the principles of sophisticated scale, will help to unlock sustainable returns for scheme members and drive economic growth. We can strengthen the delivery of these institutional reforms by supporting pension savers to, where feasible, increase the amount they are contributing to help secure a comfortable retirement. We must also do more to support the transition from accumulation to decumulation, developing products that better facilitate income in retirement and by offering education and training to smooth the transition

Alongside measures to boost UK capital allocation by pension schemes, further reforms to improve the attractiveness of UK capital markets for all investors will help the government to achieve its growth objectives.

This year's record growth in AUM is a testament to the resilience of the investment management industry. Firms have not only adapted to the challenges of 2022 and 2023 but have flourished, to drive assets under management to record highs of £10.0 trillion. Looking ahead, we have a momentous opportunity.

The UK government's recent efforts to boost domestic capital through the Leeds Reforms signal a powerful alignment between government, regulator, and industry. We look forward to building on this momentum to drive further growth and innovation in our industry whilst enabling more people across the UK to benefit from the long-term growth potential of investing.

We hope that you find this year's Investment Management Survey a valuable source of information. Please don't hesitate to get in touch with any feedback on how we can improve our reporting and analysis in the coming years.



Chris Cummings
CEO

EXECUTIVE SUMMARY

UK INVESTMENT MANAGEMENT INDUSTRY: A GLOBAL CENTRE

- » Total assets under management (AUM) by Investment Association (IA) members rose 10% in 2024, reaching a record £10.0 trillion, the highest level ever recorded. This compares with modest 3% growth in 2023 and follows the sharp 12% fall in 2022. The rebound was supported by an improvement in the macroeconomic environment compared with the previous two years, with inflation cooling, central banks beginning to tentatively cut interest rates and strong returns across most major equity markets.
- » The UK continues to cement its role as a leading global hub for portfolio management. More than half of all assets are now managed on behalf of overseas clients (51%), up from 40% a decade ago, surpassing UK client assets for the first time. Within this, the highest growth has come from assets managed for European clients, which rebounded strongly (up 20% to £3.0 trillion) and North America clients (growing 7% to £990 billion).
- » UK-managed investment fund assets also resumed growth in 2024, rising to £4.9 trillion from £4.1 trillion. Two-thirds (69%) of these assets are domiciled overseas, reflecting the UK's position as a hub for portfolio management. Ireland overtook the UK as the largest fund domicile for UK-managed assets, representing 35% of UK-managed fund assets compared with 31% of assets in UK domiciled funds. This growth in Irish assets was driven in large part by significant growth in Irish domiciled ETFs in 2024.
- » In Scotland, assets under management dipped slightly to £480 billion, representing 4.8% of the UK total. Edinburgh remains the UK's second-largest centre for investment management.

THREE KEY THEMES THAT WILL SHAPE THE UK INDUSTRY

- » The industry is entering 2025 with renewed momentum, shaped by three interconnected themes:
 - 1. Accelerating technological transformation**
Technology is reshaping the industry. AI is being embedded in research and operations, improving efficiency while keeping human oversight at the core. Tokenisation of funds and assets is progressing through pilots, with long-term potential to streamline operations and broaden access to illiquid markets. Firms are balancing innovation with investment in cybersecurity, data governance and regulatory alignment.
 - 2. Supporting UK economic growth**
Investment managers play a key role in the government's growth agenda. Capital is increasingly being directed towards infrastructure and other private market assets, supported by commitments from DC pension schemes who are signatories to the Mansion House Accord. While the industry is ready to play its part, firms emphasise that commitments must remain voluntary to protect clients and ensure efficient allocation of capital. Firms are also supportive of the government's focus on unlocking a pipeline of shovel ready projects through planning reform and the Industrial Strategy.
 - 3. Democratising investing: broadening retail participation in the UK**
Retail investors became the largest client group in 2024, accounting for 28% of AUM. This highlights the increasing regulatory and policy focus on retail investors. Industry leaders are working with government on a national Retail Investment Campaign to build a stronger investment culture in the UK and increase the proportion of UK adults investing. Engaging the next generation of investors and building a better-informed retail investor base will require access to more robust guidance delivered through targeted support.

TRENDS IN CLIENT ASSETS AND ALLOCATION

- » Institutional clients accounted for 71% of AUM in 2024 (falling from 73% in 2023), with retail client assets rising two percentage points to 28%, reflecting the industry's broadening asset base. This is the highest retail share recorded by the IA, and marks the first time where pension funds (27%) are not the single largest client group.
- » Asset allocation trends in 2024 reflected a very strong US equity market and a shifting client base: equities rose to 49% of total AUM, while fixed income fell slightly to 28%, reflecting the fall in pension assets who have been historically heavy allocators to bonds. Alternatives and property remain very small components of the asset base.
- » Indexing strategies remain a major force, representing 35% of AUM, an increase from 33% in 2023. ETF growth has been a key driver, particularly in Europe. Active management continues to account for nearly two-thirds of assets, underscoring its enduring role in delivering sustainable, long term risk-adjusted returns for investors.

UK INSTITUTIONAL CLIENT MARKET

- » IA members manage £3.8 trillion in UK institutional client assets. The market remains dominated by pension funds and insurance clients, but the balance is shifting. Pension fund assets declined sharply as a share of institutional AUM to about 51% in 2024 (down from 56% in 2023), continuing a multi-year fall. Conversely, insurance mandates continue to rise, reaching 28% (from 26% in 2023).
- » Defined Benefit (DB) pension assets contracted significantly in 2024 (about 12% over the year) as rising interest rates improved funding levels and many schemes transferred liabilities and associated risks to insurers. The Liability-Driven Investment (LDI) strategies that are used by DB schemes to manage liabilities continue to unwind falling once again to £860 billion, over 40% below the 2019 peak of £1.5 trillion. The last two years have seen record levels of deals in the pension transfer market (estimated to be £45–50 billion in 2024 alone) shifting DB assets onto insurers' balance sheets.
- » The overall asset allocation of institutional mandates remained broadly unchanged year-on-year. Equities continue to anchor portfolios at approximately 39% of assets (down from 41% in 2023), while fixed income allocations edged down to about 28% (from 30% in 2023). Cash holdings have risen to around 21% – a historically high level – as institutions bolster liquidity buffers. Meanwhile, exposure to private markets remains modest at 2.7% (up from 1.7% in 2022).

UK RETAIL FUNDS MARKET

- » Funds under management (FUM) for UK retail investors grew 5% in 2024, reaching £1.49 trillion. However, FUM remains below the 2021 peak of £1.59 trillion. Net retail sales were again negative, at around -£2 billion, though this was a marked improvement on 2022 and 2023 outflows of -£26.9 billion and -£24.3 billion respectively. Some of these outflows from funds have likely ended up flowing into Cash ISAs as a result of higher interest rates. Cash ISA inflows reached a record £50.6 billion in 2024 – surpassing the £47.5 billion recorded in 2023.
- » The standout theme of the year was the record £28 billion net retail inflow to index tracking funds, eclipsing the previous record of £18.4 billion in 2020 and is in stark contrast to the £29 billion outflow from active funds. Equity trackers led the way, particularly global and US equity trackers, while bond trackers also saw robust demand. This underlined the shift towards passive strategies, with trackers now a mainstream retail choice.
- » At an asset class level, much of the outflows in 2024 came from equity funds, which recorded outflows of -£6.5 billion. UK equity funds saw sustained redemptions of around -£12.5 billion, though global equity funds remained resilient recording a modest inflow of £1.8 billion in 2024. Fixed income funds, by comparison, recovered strongly in 2024 attracting net inflows of £3.9 billion.
- » Responsible investment funds held flat at £104 billion in assets (falling to 6.9% of retail FUM) in 2024.

OPERATIONAL AND STRUCTURAL EVOLUTION

- » Industry profitability remains under pressure as operating margins once again fell to a new low of 18%, down from 31% in 2019. Despite a return to revenue growth of 10% over the past year, this was outpaced by the growth in operating costs of 14%.
- » The UK investment management industry supports 123,300 jobs, including 44,900 directly in investment management firms, 2% lower than reported in 2023. Although the fall is relatively modest, this marks the second year in a row of falling headcount. Much of the fall in headcount has come from a lower number of roles in operations and fund administration, which have particularly impacted Scottish jobs. However, Scotland appears to be carving out a new niche in IT, tech and innovation roles, which now account for 20% of direct roles in Scotland.
- » Market concentration remains broadly unchanged: the top 10 firms manage 60% of industry assets, up slightly from 58% in 2023.
- » North American groups now oversee 54% of UK-managed AUM, up from 52% in 2023 and around 47% for much of the past decade—a 7 percentage point rise in four years. The UK-headquartered share has declined to 35%. The expansion of index-tracking has reinforced this trend: North American firms run roughly three-quarters of UK-managed tracker assets, and indexing's share of total UK AUM climbed to 35% in 2024.

1 UK INVESTMENT MANAGEMENT INDUSTRY: A GLOBAL CENTRE

KEY FINDINGS

UK INDUSTRY SIZE AND SCALE

- » In 2024, assets under management (AUM) by Investment Association (IA) members grew by 10% to £10.0 trillion – the highest level on record. This compares with 3% growth in 2023 and reverses the significant 12% fall in 2022. The industry has responded to a more positive macroeconomic outlook, as interest rates stabilised, inflation cooled and global equity markets rallied.
- » UK funds under management (FUM) grew by 5% in 2024, reaching £1.49 trillion. FUM remains below the 2021 peak of £1.59 trillion.
- » In the ten years leading up to 2021, AUM grew annually by roughly 9% and FUM by 11%. 2022 saw the first annual drop in both AUM and FUM since 2008 due to surging inflation, Russia's invasion of Ukraine and rising interest rates.
- » In Scotland, IA members managed £480 billion in 2024, a slight drop on the £490 billion recorded in 2023. Scotland's share of UK-managed assets is 4.8% of AUM and Edinburgh remains the second-largest centre of investment management in the UK outside London.
- » IA members account for 83% of total UK AUM. When including non-IA members, total UK AUM is estimated at £12.1 trillion.

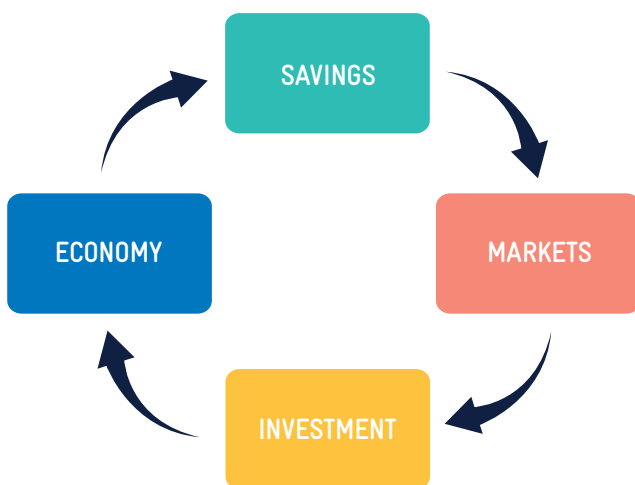
UK INDUSTRY IN A GLOBAL CONTEXT

- » Global AUM grew 12% in 2024 to a record high of \$128 trillion. European AUM reached €33.7 trillion, a 12% growth year-on-year. UK AUM represents 36% of the European market.
- » By the end of 2024, overseas clients overtook UK clients as the largest source of assets for UK investment managers. Just over half of all assets (51% of AUM) managed by IA member firms are on behalf of overseas investors, compared to £4.9 trillion (49%) for UK-based clients.
- » Most of the growth in overseas client assets in 2024 came from an increase in European client AUM, which grew 20% year-on-year. The share of North American clients has held steady at around one-fifth of overseas assets in recent years.
- » Assets managed for Latin-American clients were the fastest growing in 2024, increasing by 40% to reach £70 billion. Assets for Middle Eastern clients rose 4% in 2024, following stronger growth of 15% in 2023.
- » UK-managed investment fund assets in both UK and overseas domiciled funds resumed growth in 2024, reaching £4.9 trillion (£4.1 trillion in 2023). 69% of these assets sit in overseas domiciled funds.

ROLE OF INVESTMENT MANAGEMENT

The investment management industry plays a central role in the economy, channelling savings into investment opportunities that deliver returns for a wide range of clients including individual savers or institutions such as pension funds. Figure 1 illustrates how capital in the form of savings is deployed through markets into the economy to help drive economic growth.

FIGURE 1: THE ROLE OF INVESTMENT MANAGERS IN CHANNELLING SAVINGS TO INVESTMENTS



The primary role of investment managers is to deliver good investment outcomes for their customers, including individual savers and institutions like workplace pension schemes or insurance companies. This includes passing on the benefits of economies of scale, delivering expertise in areas such as risk management, and providing access to a wide range of investments which would normally be out of reach for individual investors. The ultimate goal is to enable investors access to a diversified portfolio of shares and bonds through public markets and increasingly other private assets, such as property, infrastructure or private equity and credit. Investments that are diversified across different asset classes can generate a good return for customers over the long term while being suitable for their willingness and ability to take risk.

Beyond facilitating the investment process, the role of the industry includes ensuring the efficient functioning of capital markets. Capital from individual savers and institutions is channelled to companies that use it to finance their operations and invest in research and development to achieve growth. Investment managers play a pivotal role in maintaining properly priced markets and effective transactions between buyers and sellers. Efficient markets allow for accurate pricing of information that helps direct the capital available for investment to the highest-valued market participants or participants with the greatest potential to increase their profitability, making them essential for the growth and stability of market economies. Investment managers contribute to sustainable economic growth by actively participating in and promoting the efficiency of capital markets, benefitting their investors and the companies they invest in but also the broader society at large.

Investment managers are not alone in their efforts to enhance capital market efficiency, as other financial institutions and individuals also play a role. However, the investment management industry has traditionally been central to the long-term allocation of capital, whether through stocks, bonds, or other assets. As long-term holders of investments, UK investment managers hold UK equities for approximately six years. The industry therefore carries a significant responsibility to engage in stewardship activities with the companies they invest in to safeguard the value of their clients' investments.

INDUSTRY SIZE AND SCALE

UK assets under management (AUM) saw a strong return to growth in 2024, rising 10% to £10.0 trillion – the highest level on record. This rebound follows two challenging years for UK investment managers. In 2022, AUM fell by a record 12% as inflation reached multi-decade highs and returns across most major equity and bond markets turned negative. This was the first annual drop in industry AUM since the 2008 financial crisis, reflecting the impact of the market shock caused by the Russia/Ukraine war and the resulting increase in energy prices in Europe, which led to extreme market volatility and economic uncertainty. By 2023, market conditions had stabilised somewhat and AUM edged up 3%, a relatively muted recovery despite improved market performance. The UK's rebound in 2023 was slower than in some other regions (such as Europe which saw AUM grow 8% that year and the US which saw AUM grow 16%), partly due to the late-2022 UK gilt market turmoil that weighed on domestic portfolios and investor confidence.

In 2024, the industry benefited from broad-based market gains and a more positive macroeconomic outlook. The Bank of England made its final rate hike in August 2023, pausing at a 5.25% base rate, which then held steady through to August 2024. As inflation steadily cooled over this period – moving down towards the 2% target and helping to restore market stability (see Box 1 for a detailed overview of equity and bond market performance in 2024) – the Bank remained cautious about cutting rates further. At the time of writing the UK base rate is 4.00%. Globally, equity markets rallied in 2024, with U.S. stocks in particular surging on optimism around the outlook for profitability as the largest technology companies pursued growth through AI. Inflation also eased in 2024 across most developed markets and bond yields remained relatively high. These conditions enabled a broad recovery in asset valuations and improved investor sentiment, which in turn buoyed UK AUM growth in 2024. By the end of the year, industry AUM had regained its pre-2022 peak.

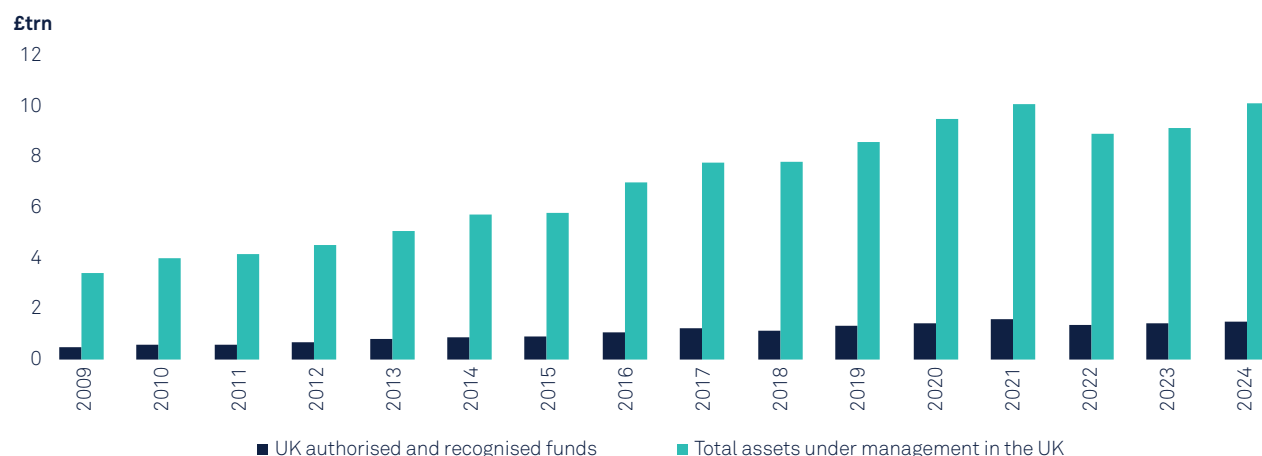
UK funds under management (FUM) – which measures UK investor assets in UK-authorized and recognised investment funds – also climbed in 2024, but growth lagged the AUM rebound. FUM increased about 5% to reach £1.49 trillion, yet it remains below the 2021 peak of £1.59 trillion. As we will discuss in Chapters 4 and 5 of this report, the assets of UK retail and institutional clients were particularly impacted by the 2022 gilt crisis, which caused gilt prices to fall sharply, and while there has since been a return to growth, there is still a noticeable hangover from that crisis. In 2024, investor

confidence was also hit by speculation around potential tax rises at the Budget including a CGT hike, which pushed 2024 to a net outflow of £2 billion. Although we saw a small net outflow in 2024, this was a significant improvement compared with 2023 and 2022 and inflows for the first half of the year in 2025 are positive at £2.9 billion although still more subdued compared with the pre-2022 trend.

Chart 1 illustrates how UK industry AUM and FUM have evolved over the past 15 years:

- **Decade to 2021:** The UK investment management sector enjoyed strong growth in the ten years leading up to 2021, with AUM rising by roughly 9% per annum and FUM by about 11% per annum on average. This expansion was fuelled by the post-Global Financial Crisis (GFC) environment of very low interest rates and quantitative easing, which boosted asset prices and supported consistent inflows.
- **2022–24 (Post-pandemic inflation era):** 2022 saw the first annual drop in both AUM and FUM since 2008 – AUM plunged 12% amid surging inflation, war-related turmoil in Europe and the rapid end of the ultra-low interest rate era as central banks hiked aggressively. The UK's recovery in 2023 was tepid compared to other markets, but 2024's strong rebound closed that gap. Improving market conditions and investor sentiment helped UK AUM reach a record high by the end of 2024.

CHART 1: TOTAL ASSETS UNDER MANAGEMENT IN THE UK AND IN UK FUNDS (2009–2024)



Sources: The Bank of England, The Investment Association, The Office for National Statistics

BOX 1: 2024 GLOBAL CAPITAL MARKETS IN REVIEW

Chart 2 shows the annual total return in sterling of major equity and bond indices for 2024. Markets performed strongly overall, with global equities rising sharply across most regions. US and Chinese equities led the way, followed by emerging markets, UK, and Japanese equities, while European equity markets posted more modest gains.

Bond markets were mixed. UK government bonds posted negative returns for the second time in three years, in contrast to modest gains in US, global, and corporate bond indices.

EQUITY MARKETS

US equities were the standout performers again in 2024, continuing the momentum of last year, returning 26%. Markets were driven by continued investor enthusiasm for AI and technology-led growth. Large-cap tech companies, particularly the so-called “Magnificent Seven,” continued to lead US indices to record highs. While inflation remained above the 2% target for much of the year, the Federal Reserve began cutting rates in Q4 after holding steady at 5.5% for most of the year. Earnings growth remained resilient, and investor optimism grew following the November US elections.

Chinese equities rebounded, gaining 22% in sterling terms following a disappointing 2023. After a weak start to the year, investor sentiment improved following a package of stimulus measures from Beijing in the second half. These included interest rate cuts and targeted support for the housing and equity markets. While long-term economic challenges remain, the response helped restore confidence and drove strong equity gains, particularly in tech and consumer sectors.

Japanese equities rose by 11%, a more moderate gain in sterling terms than in 2023 but still a solid performance. A combination of structural reforms, share buybacks, and ongoing investor interest helped boost the market. Easing by the Bank of Japan (including the end of negative rates) and a weak yen boosted Japan’s export sectors, boosting corporate earnings and share price performance.

UK equities returned 9%, lagging behind global peers. While large-cap companies benefited from the global equity rally, the lack of high-growth technology stocks meant the UK missed out on the AI-led boost seen in the US. Domestically, inflation remained relatively sticky, and the Bank of England kept interest rates at elevated levels throughout 2024, weighing on consumer-facing sectors.

Emerging market equities returned 15% in sterling terms. Strong performances in India, Taiwan, and Brazil supported the index. Indian equities benefited from continued GDP growth and strong investor inflows. Latin American and commodity-linked markets were more mixed, as currency moves and changing commodity

prices added volatility. Despite this, sentiment improved in the second half of the year, helped by China’s recovery and a broadly supportive global environment.

European equities excluding the UK returned just 3% in sterling terms. Sluggish economic growth, tight credit conditions, and limited exposure to growth sectors held back performance. The ECB began cutting rates in June, with additional reductions in September and December, bringing the deposit rate down from 3.75% to 3.00% by year-end. Despite this easing, corporate earnings growth remained subdued amid weak demand.

BOND MARKETS

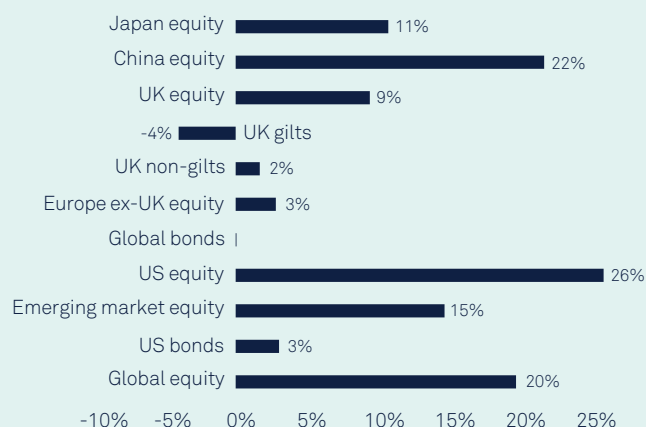
Bond returns varied significantly across markets in 2024. UK gilts posted a -4% return, underperforming most major bond markets. Investors grew concerned about the UK’s fiscal outlook and persistent inflation, which led to higher gilt yields, particularly in the second half of the year. The Bank of England held its policy rate steady at 5.25%, and UK 10-year yields rose to multi-year highs.

UK corporate bonds outperformed gilts, returning 2% over the year, supported by stable credit conditions and investor appetite for income. US and global bond markets saw small positive returns. US bonds returned 3%, helped by the Federal Reserve’s late-year pivot to rate cuts, while global bond returns were broadly flat.

Corporate bonds performed better than government bonds, as spreads tightened and default rates stayed low. Investors with shorter-duration or corporate bond exposure fared better than those heavily positioned in long-dated sovereign debt.

Looking ahead, real yields are now positive in most markets, and bonds offer income opportunities not seen in over a decade. If inflation continues to fall and rate cuts accelerate in 2025, bond markets could see a stronger recovery.

CHART 2: TOTAL RETURNS ON SELECTED INDICES (2024)



Source: Morningstar

SCOTLAND AS A MAJOR CENTRE

London's status as the centre of UK investment management remains unchanged in 2024 and Edinburgh continues to be the second-largest hub. Scotland-managed AUM has edged down marginally in 2024 to roughly £480 billion, still just under 4.8% of UK industry assets, as London-based growth continued to outpace Scotland's. By the end of 2023, approximately £490 billion in assets were managed from Scotland, representing about 5.4% of total AUM.

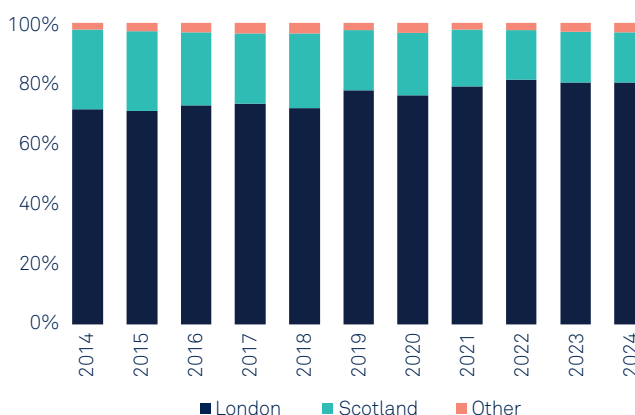
Chart 3 shows the geographic breakdown of the AUM of firms headquartered in the UK.

- From 2014 to 2024, the share of UK AUM managed by firms headquartered in London climbed from about 71% to 80%.
- Correspondingly, the proportion of assets attributed to Scottish-headquartered firms declined from roughly 26% to 17% over the decade.
- The share managed by firms based in other UK regions has remained relatively small and steady – hovering in the 2–3% range throughout the last ten years.

These proportions are stable, remaining largely unchanged over the last three years. The drop in Scotland's share is attributable to several factors: notably, industry consolidation involving Scottish investment managers, and the relatively faster growth of assets managed by London-headquartered firms during this period. Mergers and acquisitions have reshaped Scotland's asset management sector, which often results in an initial contraction in AUM and asset flows. These effects have since moderated, leaving a more concentrated but stable AUM base. However over that period, London's asset growth has outstripped that of other regions, causing its slice of the pie to expand.

It's worth noting that while Assets Under Management (AUM) is one marker of Scotland's role in investment management, it captures only the assets directly run from Scotland. This figure can be skewed by a few large firms and doesn't fully reflect Scotland's significance as a centre of administration and support functions. Increasingly, Scottish firms also run portfolio management teams in London, which is evident not just in AUM figures but also in the employment data (see Chapter 6). This means that whilst assets managed from Scotland are 4.8%, the percentage of AUM managed by Scottish-headquartered firms is far higher at 17%. Historically Scotland had carved out a strong niche in operational support: around 18% of investment management employees in Scotland work in fund operations and administration, a markedly higher proportion than in London (10%). However, our latest data for 2024 shows that this niche is waning as these types of roles have fallen across the UK. We are seeing an emerging trend in Scotland through our latest data – Scotland as a hub for IT, tech and innovation roles which now account for 20% of all Scottish jobs.

CHART 3: UK-MANAGED ASSETS BY REGIONAL HEADQUARTERS (2014-2024)



Source: The Investment Association

SCALE OF THE WIDER INDUSTRY

Using third-party data and proprietary estimates, we estimate that assets managed by IA members and the wider industry are £12.1 trillion, up from £10.9 trillion in December 2023. Some of this rise is driven by improved data reporting from the Investment Property Forum which now includes residential property investments in its dataset. Investment Association (IA) member firms manage the majority of UK AUM (83%). While the profile of IA members remains diverse, the types of firms not covered by this report can be categorised in two groups:

- **Firms specialising in alternative investments:**

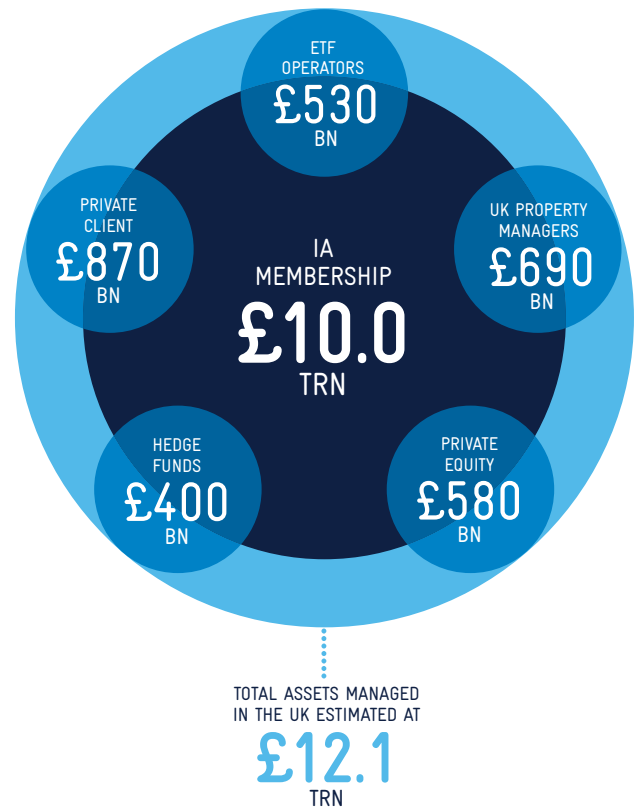
The majority of firms not captured in the report typically specialise in alternative investments, including: hedge funds, private equity funds, commercial property management and private debt management and natural resource management firms. However, more IA members are buying firms with expertise in managing alternative investments and so the proportion of alternative assets managed by IA member firms is increasing.

- **Investment management firms that sit outside the IA membership:** It is difficult to accurately size and describe the profile of firms that are not IA members due to the lack of consistent third-party data.



Figure 2 provides estimates that highlight how various sectors contribute to the total AUM in the UK. It's important to note that the data on ETF operators, UK commercial property managers, private client, hedge funds, and private equity represent assets managed not only by IA members but also by the wider industry. As such, there is overlap between the £656 billion managed by ETF providers and the £10.0 trillion managed by IA members.

FIGURE 2: WIDER UK INVESTMENT MANAGEMENT INDUSTRY IN 2024



Source: The Investment Association, Compeer, Investment Property Forum, Morningstar & Preqin.

THE UK IN A GLOBAL CONTEXT

The global investment management industry continued its strong rebound in 2024 after the difficult downturn in 2022. Worldwide assets under management (AUM) reached a record high of \$128 trillion¹, up about 12% from the previous year. In sterling terms, that equates to roughly £100 trillion. We look at data on investment funds as an indicator of the drivers of the growth across different markets.

In the United States – by far the largest asset management market – AUM increased 14% to \$55.4 trillion (£44.3 trillion), reaffirming its position as the world's largest investment market with close to half of global AUM. In the US funds market, the rise was supported by a surge in inflows and record levels of ETF issuance (net sales to open end US domiciled funds (such as mutual funds and ETFs) hit \$2.3 trillion in 2024, a significant increase from \$767 billion in 2023).

In Europe, AUM reached €33.7 trillion (£27.9 trillion), an increase of 12% year on year, again supported by robust fund flows to ETFs, bond mutual funds and Money Market Funds (MMFs).

Japan's AUM stood at ¥1,079 trillion (£5.5 trillion). While this marks an increase in local currency terms, its sterling value remains modest due to yen weakness, keeping Japan's global share of AUM in the mid-single digits.

Overall, the industry's total AUM across these key regions points to continued global growth, though at uneven rates across 2024. The United States remains the clear leader in growth, Europe shows steady gains, and Japan continues to face currency headwinds despite local market strength. Although the UK, with a 10% reported growth in AUM, still lags the growth reported in each of these regions, the gap is much narrower compared with the last two years.

TABLE 1: GLOBAL ASSETS UNDER MANAGEMENT (2024)

	AUM (local currency)	AUM (£ equivalent)
United States ²	\$55.4 trillion	£44.3 trillion
Europe ³	€33.7 trillion	£27.9 trillion
Japan ⁴	¥1,079 trillion	£5.5 trillion

Source: HM Revenue & Customs, Boston Consulting Group, EFAMA, Nomura Research Institute

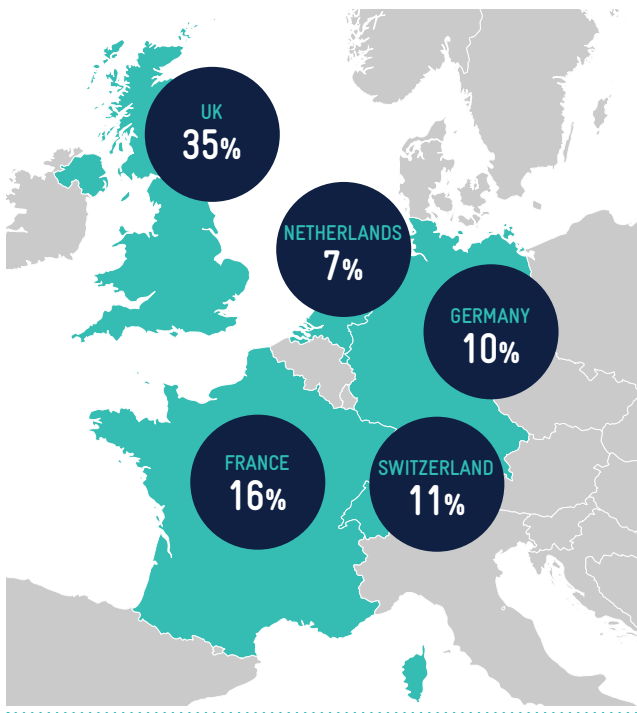
Figure 3 illustrates how assets are distributed across Europe's investment management hubs. Though the data is slightly lagged, we observe that UK growth in 2023 was lower than growth in Germany and Switzerland. However, the UK continues to dominate the market, holding 35% of total European assets under management, edging down slightly from 36% in 2022. France follows with 16%, while Switzerland (11%) and Germany (10%) remain close behind. Together, these three centres manage a volume of assets that is broadly comparable to the UK's total. Overall, the five largest markets account for almost 80% of the entire European investment management industry, underscoring the high concentration of activity in a relatively small number of countries.

¹ Boston Consulting Group, From Recovery to Reinvention: Global Asset Management 2025.

² Boston Consulting Group, From Recovery to Reinvention: Global Asset Management 2025.

³ EFAMA, Our industry in numbers (data estimated as of December 2024).

⁴ Japan's Asset Management Business 2023-24, NRI (data as of March 2023).

FIGURE 3: ASSETS UNDER MANAGEMENT IN EUROPEAN COUNTRIES (DECEMBER 2023)

Source: EFAMA Asset Management Report (2024)

MULTIPLE DIMENSIONS OF INTERNATIONAL ACTIVITY

A key driver of the scale of total AUM is the international nature of the UK investment management industry, both in terms of the customers and businesses served and the underlying assets. Figure 4 highlights four key metrics that illustrate the extent to which the UK investment management industry is highly international – and becoming more so over time:

- Assets managed on behalf of overseas clients
- Assets invested in overseas markets
- Overseas assets delegated to UK-based portfolio managers
- Assets managed by firms headquartered overseas

FIGURE 4: FOUR MEASURES OF A GLOBAL INDUSTRY IN 2024

OVERSEAS CLIENT MARKET

By the end of 2024, overseas clients overtook UK clients as the largest source of assets for UK investment managers. For the first time, just over half of all assets (£5.1 trillion or 51% of AUM) managed by IA member firms are on behalf of overseas investors, compared to £4.9 trillion (49%) for UK-based clients. Chart 4 shows the long-term story: a decade ago, overseas clients accounted for roughly 40% of assets under management, but their share has risen steadily each year (reaching 51% in 2024) and now constitutes the majority of industry AUM.

A combination of factors can explain the rising prominence of overseas client assets in 2024 and beyond:

- **Stronger net inflows from international investors** compared with UK investors (global clients may be allocating more to UK-managed portfolios, while our data indicates domestic net flows have been weaker or even negative across retail and institutional over the last few years).
- **Relative underperformance of UK investor portfolios**, most notably UK pension funds who have seen a fall in asset values for a number of reasons (as discussed in Chapter 4, the 2022 gilt crisis where gilt prices plummeted had a significant impact on pensions). This dragged down the growth of UK-managed assets relative to assets managed overseas.
- **Foreign currency fluctuations** – weaker sterling in recent years has boosted the GBP value of overseas mandates, boosting overseas AUM figures compared to domestic assets.
- **Onshoring of portfolio management activity from overseas into the UK** – the data indicates that some portfolio management previously conducted from overseas centres has been relocated to the UK.
- **Surging assets in overseas-domiciled funds managed from the UK**, especially Irish-domiciled ETFs, which saw substantial inflows in 2024. This growth in cross-border fund vehicles effectively adds to overseas client AUM managed from the UK.

While we think that these factors are important in explaining the trend revealed in 2024, our data does not allow us to definitively attribute the growth of overseas client AUM to these factors. However, we can observe clear differences in AUM growth between UK and overseas clients. Even though UK client assets did rise in 2024 (up 6% to £4.9 trillion), this was not enough to regain the ground lost in 2022 when UK client assets fell 15% from a peak of £5.4 trillion. In other words, UK client AUM in 2024 remains about 10% below its 2021 high. Overseas client assets were also hit in 2022 – falling 8% to £4.2 trillion – however, we saw these assets recover in 2023 and 2024 to reach a new high of £5.1 trillion. In fact, overseas AUM in 2024 stands roughly 13% above its pre-2022 peak, fully erasing the 2022 decline and then some. This divergence highlights that the UK has maintained its position as a global centre of excellence in international portfolio management despite a number of years of political uncertainty, allowing managers to focus on attracting flows from overseas clients even when the domestic market has been challenged.

CHART 4: CHANGE IN PROPORTION OF UK AND OVERSEAS CLIENTS (2014-2024)

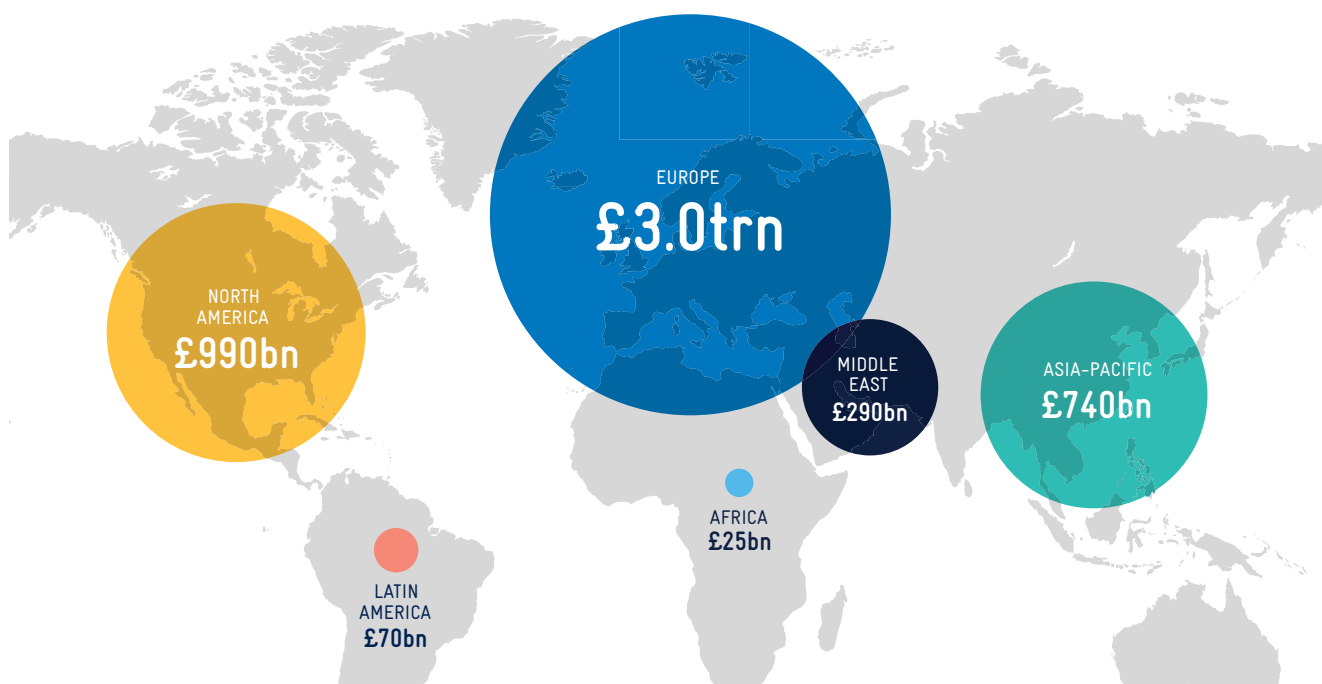


Source: The Investment Association

Figure 5 shows that the £5.1 trillion managed for overseas clients from the UK is geographically diverse. We note the following trends:

- Europe – Strong rebound:** Most of the growth in overseas client assets in 2024 came from a notable increase in European client AUM. After a sluggish 2023 where European AUM lagged growth from other international clients, assets for European investors reached £3.0 trillion in 2024, a 20% increase year-on-year. While we have seen Europe's share of overseas client AUM fall as a proportion of total overseas assets in recent years, dipping to 55% in 2023 from a peak of 60% in 2021, European clients have remained the most significant client group for UK managers and the rise in 2024 to 59% indicates that Europeans still present a significant opportunity for further growth.
- North America – Steady growth:** North American assets, the second-largest block of overseas AUM, grew solidly (approximately 7%) to £990 billion in 2024. The share of North American clients has held steady at around one-fifth of overseas assets in recent years, remaining a crucial component of UK firms' international business.
- Asia-Pacific – Moderate increase:** Asia-Pacific client assets (14% of overseas AUM) grew modestly in 2024 at 3%. This is a slight moderation compared with the growth reported in 2021 and 2022 which saw assets grow 19% each year on average. Even so, Asia-Pacific assets managed from the UK reached roughly £740 billion in 2024.
- Middle East – Picking up after flat years:** Assets for Middle Eastern clients rose 4% in 2024, following stronger growth of 15% in 2023. For many years the level of assets managed for Middle Eastern clients had remained broadly unchanged (hovering around £215-235 billion), but we have seen the volume of assets increase over the last two years. In 2024 these assets are estimated at around £290 billion, roughly 6% of overseas AUM.
- Latin America & Africa – High growth from low base:** Latin American and African client assets are very small in absolute terms but Latin American assets grew at double-digit rates in 2024 (albeit from a low base). Together these regions still represent only around 2% of overseas AUM but present opportunities for UK managers to broaden their international client base beyond the traditional markets.

FIGURE 5: ASSETS MANAGED ON BEHALF OF OVERSEAS CLIENTS IN 2024

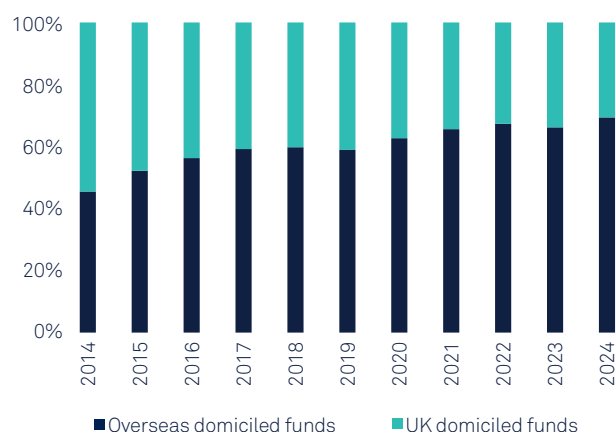


SERVICES TO OVERSEAS FUNDS

By end-2024, UK-managed investment fund assets had resumed growth, reaching £4.9 trillion after being flat in 2023 at £4.1 trillion. IA data indicate that the majority (69%) of these assets are in fund vehicles domiciled outside the UK, particularly in Europe. This continues a long-term shift: a decade ago, less than half (45%) of UK-run fund assets were overseas-domiciled but by 2024 that figure had climbed to 69%.

- Dublin is now the largest domicile, representing 35% of UK-managed fund assets and overtaking UK domiciled funds (31%) for the first time. The growth in Irish domiciled funds was the biggest driver of fund AUM growth in 2024. This is likely driven by the boom in European ETFs in 2024, which grew by €540 billion over the year, 80% of which has come through Irish domiciled ETFs (see Chapter 3 for more detail).
- Assets in Luxembourg domiciled funds have a 15% share of fund assets, remaining unchanged since 2023.
- Overall, 58% of UK-managed investment fund assets are in funds domiciled in Luxembourg, Ireland or within the European Economic Area (8%).
- The share of assets in funds domiciled outside the EEA, while smaller at 12%, has grown in 2024 (up from 10% in 2023).

CHART 5: PROPORTION OF ASSETS MANAGED IN UK AND OVERSEAS FUNDS (2014-2024)



Source: The Investment Association

IMPORTANCE TO UK SERVICE EXPORTS

Over the past decade, global demand for UK investment expertise has expanded significantly. Overseas investors are increasingly entrusting portfolio management to UK managers and there is continued growth in overseas domiciled funds delegating their management to UK-based teams. The UK remains the world's second-largest investment management centre (behind the US), but unlike the US – which mostly serves domestic clients – the UK industry's client base is highly international. Underlining the UK's status as a global financial hub, research by TheCityUK found that the UK was the world's largest net exporter of financial services in 2023, with a £78 billion trade surplus (versus a £59 billion surplus for the US).⁵

Within that, fund management has become an increasingly important component of the UK's financial services exports. The ONS data presented in Chart 6 shows UK investment managers' export earnings climbing steadily since the late 1990s – from just over £2 billion then to around £13 billion by 2023 with a particularly strong rise between 2002 and 2008 (from £2.1 billion to £8.8 billion). Since 2020, inflation-adjusted export earnings have consistently exceeded £10 billion per year. At £13 billion in 2023, these earnings accounted for about 6.2% of the UK's total net services exports, up from only around 1–2% in the late 1990s.

CHART 6: INDUSTRY EXPORT EARNINGS AND RELATION TO UK SERVICES EXPORTS (1997-2023)



Source: The Office for National Statistics

⁵ Key facts about the UK as an international financial centre 2024, TheCityUK, January 2025

2 KEY THEMES SHAPING THE UK INVESTMENT MANAGEMENT INDUSTRY (2024–2025)

KEY FINDINGS

- » Strong industry growth in AUM to record highs of £10.0 trillion in 2024 reflect a resilient industry adapting and innovating amidst a more complex regulatory and economic environment. The three themes addressed in this chapter are critical to understanding how UK investment managers are evolving and positioning themselves for long-term success.

ACCELERATING TECHNOLOGICAL TRANSFORMATION

- » Investment managers are leveraging AI for investment research and operational automation, enhancing efficiency and decision-making while maintaining human oversight. AI regulation should be developed in parallel with innovation, enabling businesses to experiment within guardrails.
- » While still in its early stages, tokenisation of funds and digital assets shows promise for improving fund operations and expanding access to illiquid assets. The introduction of common standards will be key, and opportunities to experiment through pilot projects remains an important next step.
- » Firms are prioritising data security, privacy, and accountability in AI and tokenisation initiatives, ensuring robust risk management alongside technological advancements.

SUPPORTING UK ECONOMIC GROWTH

- » The current political climate is encouraging for UK investment. The investment management industry is pivotal in driving domestic economic growth by allocating capital to infrastructure, innovation and regional development, aligning with the government's growth agenda.
- » Investment managers are expanding their capabilities in private markets, actively engaging in stewardship and consolidating pension capital to support long-term investments in UK projects.
- » While enthusiastic about supporting the UK's economic growth objectives, investment managers prioritise their fiduciary duty to clients, advocating for voluntary commitments over mandated allocations to avoid misallocation of capital.
- » Clear, proportionate and equivalent fiscal and regulatory frameworks will be critical to maintain the industry's ability to support UK growth. Priority areas include a stable tax regime and a strong pipeline of shovel ready, investible products.

DEMOCRATISING INVESTING: BROADENING RETAIL PARTICIPATION IN THE UK

- » In 2024, for the first time in IA data, retail investors are the largest client group at 28% of AUM. The UK investment industry is actively working on initiatives to increase the proportion of UK adults investing.
- » Improvements to financial education, modernising and simplifying communications and disclosure to retail investors, national campaigns to promote investing and normalising investing in everyday life were highlighted by industry leaders as critical to improving the UK's culture of retail investment.
- » There is a significant focus on addressing the gap in affordable financial advice for the mass market. The industry supports regulatory reforms to enable more accessible guidance and expanding the range of investment products and vehicles easily accessible to everyday investors, such as Exchange-Traded Funds (ETFs) and Long-Term Asset Funds (LTAFs).

Each year, UK investment management leaders share insights on the forces transforming the industry. This chapter examines three interlinked themes that emerged as the critical forces shaping the development of investment management in the UK: the role of investment managers in **supporting UK economic growth, accelerating technological transformation** and **democratising investing**. These themes reflect an industry adapting: maintaining resilience in a more complex environment remains in the spotlight but investment managers have balanced this with a focus on innovation and there is now real momentum behind technological change.

Nevertheless, the imperative to innovate comes at a time when investment managers remain under intense cost pressures and whilst investing in artificial intelligence is seen as critical to maintaining competitive advantage it is not yet making a significant dent in the cost burden. Investment managers have also navigated short term bouts of market volatility in 2025 and commitment to clear client communication, alongside delivering on investment objectives, has never been more important. This is particularly true as many firms gear up to make a significant push to grow retail investing in the wake of the Leeds Reforms. Going for growth dominates the UK political agenda but investment managers are firm that their fiduciary duty to clients remains paramount.

In previous years, our interviews have revealed frustration over the heavy regulatory burden in the UK. However, in 2025 insights from senior leaders across the spectrum of IA member firms show that investment managers are embracing the shift in the UK away from a focus on regulatory ‘safetyism’ towards more proportionate regulation that allows for calibrated risk in the system. Our conversations suggest that there is optimism that this cultural shift can lay the foundations for a more competitive market that allocates productive capital to the benefit of investors but also to the UK economy and that sows the seeds for greater participation in UK capital and private markets. Against this backdrop, this chapter’s three key themes show how investment managers are delivering amidst economic and competitive shifts, increasing political pressure to help deliver the growth agenda and evolving client needs and expectations.

ACCELERATING TECHNOLOGICAL TRANSFORMATION

The investment management sector in the UK is embracing new technology at an unprecedented pace. In the near term, transformation is focused on the benefits that Artificial Intelligence can deliver in two key areas: investment research and operational automation. Investment managers are also testing the waters around tokenisation of funds and digital assets. Whilst tokenisation is not driving significant change now, its longer-term potential to transform investment infrastructure is seen by many as incredibly powerful.

Generative AI and machine learning have quickly moved from buzzwords to practical tools embedded in daily operations. Every senior leader that we interviewed for this year’s Survey mentioned that AI is a major strategic priority. Whilst they outlined the significant developments taking place in AI, they were also keen to underscore that AI is a powerful tool to enhance, not replace, human expertise.

Most firms have started with focused applications that deliver quick wins:

- **Research & Data:** Large language models sift through vast datasets – news, financial filings, internal research notes – to spot patterns and relevant information. One firm trained an in-house AI assistant on its research library, enabling portfolio managers to query, for example, which stocks are most exposed to specific fundamentals such as high wages, and get synthesised answers drawing on collective intelligence. This speeds up analysis without supplanting the manager’s own judgement. Data-driven insights will help to manage risks and improve investment outcomes: for example, an AI agent detecting a supply-chain risk that humans missed.

- **Operational Automation:** Many managers use AI bots to draft routine reports and client commentary, which humans then refine. Natural language processing can summarise lengthy central bank minutes or earnings transcripts in seconds, saving analysts hours. Coding assistants are accelerating IT tasks as well, auto-generating standard code and troubleshooting bugs. Automating low-value tasks frees up staff for higher-value work. If used well, AI allows firms to “do more with less,” which will be critical for competitiveness. AI-driven efficiency is helping firms to cope with margin pressures.

Crucially, firms stress that human oversight remains central. AI is viewed as an augmenting tool and AI suggestions are subject to human review before any action.

“We emphasise that AI isn’t there to replace people but rather a tool to enhance their fundamental insight. We always return to the idea that humans still need to interpret outputs and apply judgement.”

Investment managers still make the final calls, applying seasoned judgment to outputs. AI cannot yet replace all human strengths: no one believed that it could forecast scenarios as effectively as expert portfolio managers, a critical differentiator in active management strategies.

“Portfolio managers now have access to internal AI tools that help them screen and analyse thousands of bonds – AI can help speed fundamental research, run through regulatory filings, and extract insights, but only if the data governance is robust.”

The firms that we spoke to are also alive to managing AI’s risks. Chief among these is maintaining data security and privacy. Several firms forbid feeding proprietary data into public AI tools. Instead, the focus has been on developing secure internal models (one firm’s chatbot “Vera” was trained on internal data only). Investment managers also remain wary of AI errors or “hallucinations,” insisting that algorithms work off vetted data and that humans double-check AI-generated content.

“We emphasise that AI is a tool to enhance their fundamental insight, not replace them.”

Another key concern is accountability. Ultimately, the firm is responsible for decisions, so completely delegating to a “black box” is off the table

“High-quality AI outputs can spark better debates, because if everyone relies on the same model, you lose cognitive diversity.”

Regulators are taking note but are so far adopting a fairly enabling stance. Industry leaders appreciate that the UK’s approach to using AI in finance has been pragmatic and principles-based, allowing experimentation within guardrails. Still, they would like more guidance on issues like the transparency of AI models and coping with AI bias. The consensus is that sensible oversight should develop in parallel with innovation: “protect consumers from harm but don’t stifle innovation.” Striking this balance will be critical if the UK is to retain its edge.

Looking ahead, AI is seen as indispensable for firms to remain competitive. It offers a way to boost productivity and client service without commensurate cost increases, which is increasingly integral to remaining competitive in a tight fee environment. Many predict that routine analytical work will be increasingly AI-driven, allowing human professionals to focus on strategy, complex client needs and creative thinking.

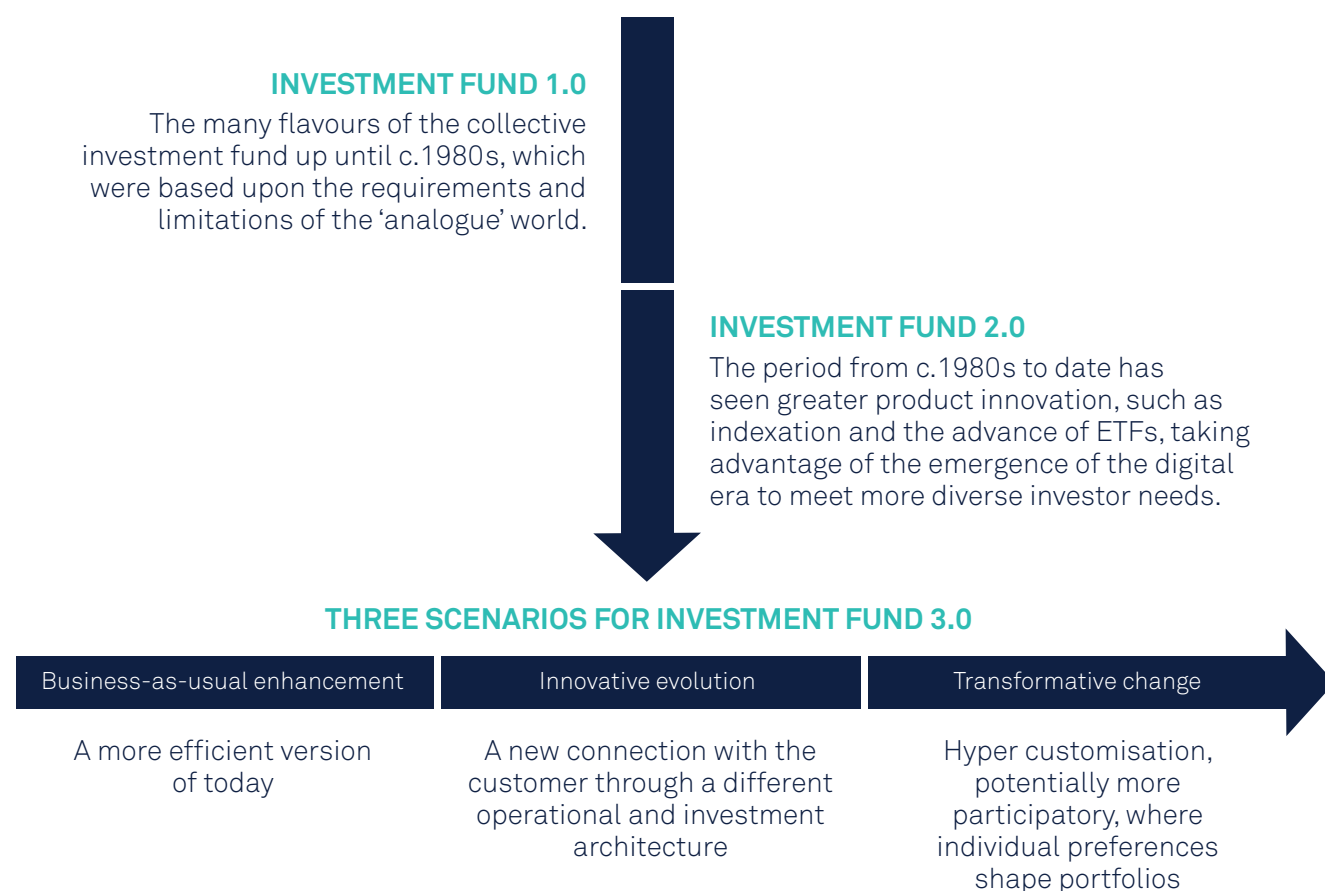
“Technology will inevitably drive down costs and increase efficiency, but we must ensure that any cost savings align with client expectations of value.”

THE ROLE OF ETFs AS TECHNOLOGY EVOLVES

The IA's "Investment Fund 3.0" agenda recognises that the funds industry needs to adapt as it embraces advances in technology but also in response to evolving investor needs and behaviours. Exchange Traded Funds (ETFs) have modern characteristics such as exchange trading, intra-day pricing and transparency and represent the second wave in fund modernisation, a development called Fund 2.0. In 2025 there is significant momentum behind the growth in ETFs and as the market develops, we will see innovation accelerate. Investors will increasingly demand real-time pricing information and access through

digital platforms. Investment platforms will start to embrace fractional trading, which could facilitate more effective portfolio re-balancing and encourage retail investors to invest small amounts more frequently. In the US, the SEC has ruled in favour of allowing ETFs as share classes to enable the seamless transfer of assets out of mutual funds into ETFs. In Europe, there is momentum behind product innovation following the launch of semi-transparent active ETFs. These developments signal that a third iteration of investment products and services is underway moving the industry closer to "Investment Fund 3.0", where tokenisation will be pivotal in leveraging technology to offer greater efficiency and connectivity with investors through personalisation of investment portfolios.

FIGURE 6: EVOLUTION OF THE INVESTMENT FUND



TOKENISATION AND DIGITAL ASSETS

Beyond AI, firms are also exploring distributed ledger technology (DLT) and the tokenisation of assets. Here, attitudes are a bit more tempered about the potential for transformation, certainly in the nearer term. The long-term possibilities are seen as significant, if they can be realised. The most important opportunities are more efficient fund operations and expanded access to illiquid assets. Generally, firms feel that the industry is in an early-stage exploratory phase and there remain some out and out sceptics:

“True tokenisation – using distributed-ledger technology to subdivide an asset like a commercial building – remains a solution in search of a problem, for now.”

Despite this, we are starting to see momentum behind tokenisation and DLT and there have been some notable pilot projects globally. In the UK, the first FCA-regulated tokenised fund (an OEIC investing in bonds using blockchain for its unit register) launched recently, proving that the technology can meet regulatory standards. Several large investment managers have run sandbox tests that, for example, simulate the tokenisation of a small portion of an existing fund. These tests are often in partnership with fintech firms, showing the value of the UK fintech ecosystem in supporting innovation. These experiments are yielding valuable early lessons but most firms have not yet moved to full-scale implementation, partly because the ecosystem is “not fully ready” for wide-reaching tokenisation.

Custodians, investment platforms and exchanges need to upgrade infrastructure to handle digital tokens alongside traditional securities. Legal and regulatory clarity is still evolving and firms want certainty that a token legally equals ownership, with robust investor protections.

When asked about the major opportunities delivered by tokenisation, industry leaders highlighted two key areas of development:

Back-Office Efficiency: There is broad agreement that DLT could streamline trading, settlement and record-keeping. A shared ledger for fund units or securities promises instant settlement and fewer reconciliation errors.

“We see the greatest potential with tokenisation coming from making contract notes, rebate payments, and so on – distributed-ledger technology could streamline those workflows.”

In trials, moving a fund’s register to blockchain has cut transfer times and operational costs. These “plumbing” improvements, while invisible to end-investors, could ultimately reduce fees and operational risks.

Investor Access and Liquidity: In theory, tokenisation can fractionalise large illiquid assets (real estate, infrastructure, private equity) into bite-sized units tradable on secondary markets. This could democratise access, for example by allowing a retail investor to buy £100 worth of a commercial property token. This has the potential to open up new sources of return for clients and new capital for the economy.

“For retail, tokenisation could democratise access to larger assets – like allowing investors to buy a fraction of a UK commercial building.”

However, in our interviews there was considerable caution that tokenising illiquid assets does not magically create liquidity: finding buyers for niche tokens could be difficult and prices might be volatile. Fractional ownership helps with initial access but does not necessarily remove the challenges and risks associated with large scale redemption events: a token of a building can still be hard to sell in a downturn.

Looking ahead, the will to embrace tokenisation is growing but caution remains. Many would like to see common standards in place and perhaps a few more success cases before committing major resources. Given these hurdles, most view tokenisation’s development timeframe as longer than AI. In the near term, they expect incremental steps. A likely path is starting with tokenising relatively liquid assets. For instance, money market funds are already being tokenised, where there is regular trading and valuation. This would test the infrastructure in a low-risk way,

perhaps enabling 24/7 trading or integration with digital wallets, without introducing liquidity mismatch. Over the longer term, as the infrastructure develops, tokenisation could extend to traditionally illiquid assets like private credit, real estate or infrastructure.

The UK's regulators are encouraging experimentation through the Digital Securities Sandbox and there is an opportunity to be a leader in regulated tokenised finance. One interviewee stressed the importance of *"building knowledge now, even if immediate payoff is small"*. Those who build internal expertise in blockchain and smart contracts today will be well-placed when client demand and infrastructure catch up. In the meantime, firms are ensuring they balance innovation with robust risk management. Cybersecurity was highlighted by all as a non-negotiable priority alongside any technology rollout, especially as more assets and processes go digital. However, whilst the industry is focused on adopting AI and strengthening cyber security, industry leaders reflected that this was adding in high implementation costs in the near term, even if in the longer-term technological advancement will help to streamline costs.

In summary, technology is transforming UK investment management step by step: AI is already delivering tangible improvements, while tokenisation and related fintech innovations are moving from concept toward practical reality. The firms that innovate thoughtfully – reaping efficiency gains and deepening data insights while controlling risks – will be best positioned to thrive.

SUPPORTING UK ECONOMIC GROWTH

A major theme in this year's discussions was the investment management industry's role in driving domestic economic growth. With the UK government placing an emphasis on boosting investment in infrastructure, innovation and regional development, investment managers are under the spotlight as key allocators of capital. Industry leaders signalled their willingness to rise to the challenge but always ensuring that it is *"consistent with our fiduciary duty to clients"*.

THE GROWTH AGENDA:

The current political climate is encouraging for UK investment. Executives described a noticeable shift in tone from policymakers, with one CEO highlighting *"better mood music"* from both regulators and government in promoting competitiveness and growth. There was a clear recognition that we are starting to see the shift away from a culture of safetyism towards an increasing rebalancing of regulation to allow more risk in the system. There is also a notable shift away from a focus on cost towards value, which is unlocking opportunities for investors in private markets.

In 2023, the Chancellor's Mansion House Compact saw pension providers aiming to invest 5% of default funds in unlisted equities by 2030 and in 2025 a broader Mansion House Accord doubled that target to 10% (with at least 5% in UK assets including private assets, not just unlisted UK equities). There has been strong industry buy-in and 17 of the major Defined Contribution providers are signatories. If achieved, this could unlock up to £50 billion for UK companies and projects by 2030. The industry views these developments positively and as a signal that the UK is serious about channelling capital into productive economic uses.

There are several ways that investment managers are supporting the growth agenda:

- **Providing Long-Term Capital:** Nearly all firms have been expanding their capabilities in private markets (private equity, venture capital, private credit, infrastructure and real estate) and this intensifying focus should help to meet the demand for UK long-term investment. New funds and mandates are being launched that focus on areas like renewable energy, social infrastructure, or small and mid-sized enterprises (SMEs).

“All the stars are aligning to increase the focus on private markets: the Mansion House Accord, pension fund pooling and wider pension review work, plus the FCA looking at retail access to private markets and the launch of targeted support allowing people to get better guidance on how to pick appropriate strategies. It’s a potentially enabling environment.”

Several cited recent examples of deploying capital into UK projects that offer solid returns and clear economic benefits, such as fibre broadband rollouts or wind farm financing.

- **Reform of UK listings & effective stewardship:**

The drive by the FCA drive to simplify the UK listing regime should reduce complexity and costs for issuers and bolster the UK market’s competitiveness as an attractive and trusted place to list and invest. At the same time, the UK must maintain key shareholder protections and facilitate effective stewardship responsibilities to preserve high standards of governance and investor protection, reflecting its broader ambition for UK capital markets that are both dynamic and dependable for companies and savers alike. Beyond deploying capital, investment managers are active stewards of UK companies. Through engagement and voting, they can encourage portfolio companies to invest in expansion, Research & Development and job creation. For instance, by encouraging UK-listed firms to take advantage of government investment incentives and to commit retained earnings to productivity improvements. This stewardship role is an important complement to direct investment and plays a role in ensuring that companies are focused on sustainable growth.

- **Investment Partnerships:** The industry is increasingly working hand-in-hand with government on blended finance vehicles. A notable development is the British Growth Partnership, aligned to the British Business Bank, and the National Wealth Fund. These entities are helping to co-invest public and private money into early-stage firms and infrastructure. The British Business Bank and the National Wealth funds invest at different stages and in different ways both playing a distinct but important role in the co-investment ecosystem.

“This is a signal of intent – the government wants to boost investment into green and high-growth industries, and we’re keen to collaborate.”

- **The Role of Consolidation:** many agreed with the UK Government that larger pools of capital are better positioned to invest in illiquid, long-term assets. UK private sector defined benefit (DB) plans have been de-risking and smaller pension schemes, whether DB or DC, may not have the governance or scale to pursue investing in illiquid assets directly. The consolidation of DC master trusts or pooling in Local Government Pension Schemes (LGPS) should help to unlock more investment in the UK because bigger schemes have scale, can bear illiquidity and have in-house expertise. Critical to effective consolidation is an emphasis on pursuing ‘*sophisticated scale*’. Size for its own sake won’t automatically improve outcomes unless schemes also adopt best-in-class governance and expertise. Sophisticated scale means achieving the benefits of scale while maintaining investment expertise including specialist knowledge in private markets, real assets and other illiquid or niche investments. Robust, accountable decision-making structures will also be critical to handling complex strategies and long-term objectives.

The emergence of Long-Term Asset Funds (LTAFs) – a new UK fund structure tailored to illiquid assets – was also highlighted as significant. Firms view LTAFs as a crucial conduit for pension money into areas like infrastructure and private equity that historically were hard to access. At Mansion House, it was announced that LTAFs can be held in Stocks & Shares ISAs from the 2025/26 tax year, opening up access to retail investors under certain conditions.

Importantly, these growth-oriented moves align with the government’s ambition to “level up” growth across UK regions. Many investments (for example building wind farms in the North Sea or funding affordable housing developments) also have inherent environmental or social benefits alongside a regional focus. This makes them attractive to asset owners with sustainable investment goals, creating a double incentive. One firm observed that “*It can be a double win – achieving positive impact and stable returns*”, citing a recent investment in a regional farming infrastructure project.

BOX 2: REVISING THE STEWARDSHIP CODE – SUPPORTING THE GROWTH OF UK MARKETS

In recent years, there has been considerable debate on the role of the UK Stewardship Code (the Code) and whether it is supporting the effectiveness and growth of UK markets. The Code continues to be viewed as the ‘gold standard’, seeking to drive-up high-quality stewardship. Asset owners and investment consultants place great importance on their managers receiving and maintaining signatory status. In practice, Stewardship Code signatory status has become a commercial imperative – many clients treat it as a basic requirement when selecting or retaining investment managers.

The Code was first published in 2010 by the FRC following recommendations from the Walker Review (2009) which called for stronger oversight of institutional investors’ responsibilities. The Code aimed to enhance the quality of engagement between institutional investors and companies and focused on the long-term growth of companies and investments. The Code operates on an “apply and explain” basis, meaning signatories both state that they apply the Code’s principles and explain how they do it, recognising that principles can be met in different ways. It is further underpinned by the FCA’s Rulebook which requires authorised firms to disclose the nature of their commitment to the Code or any alternatives.

The Code has continued to evolve since its inception in 2010 and has been subject to several Walker review processes.

- In **2012** it was revised to provide a clearer delineation of responsibilities between asset managers and owners, clearer explanations on conflict of interest and greater assurance of stewardship activities.
- In **2016**, the FRC introduced a tiering system to assess the quality of signatories’ statements, helping to distinguish between signatories who had reported well and those where improvements were needed.
- In **2020** the Code was substantially revised. The definition of stewardship was expanded to include environmental, social and governance (ESG) factors. Reporting broadened to cover a wider range of asset classes beyond listed equities. Asset owners and service providers joined asset managers as Code signatories. Annual reporting focused on stewardship activities and outcomes, with the FRC judging whether reporting was sufficient to meet the expectations under the Code and whether signatory status should be awarded.

In 2024, the FRC committed to reviewing the Code following several years of its operation. In the lead up to the review, there were calls for the FRC to consider the impact of the Code on the UK’s economic growth and international competitiveness. Companies argued that the Codes’ focus on demonstrating how signatories had achieved stewardship outcomes incentivised formulaic approaches to engagement and voting on environmental and social issues, instead of focusing on companies’ long-term success and their particular circumstances. Various stakeholders, including many signatories, felt that the commercial necessity to maintain signatory status was leading to greater volumes of reporting. This resulted in longer and less decision-useful reporting to clients, with the FRC often becoming their primary audience. Responding to these concerns, the 2024 review of the Code focused on how to support long-term value creation within investee companies; reducing the reporting burden on signatories; and supporting growth and the UK’s competitiveness.

As part of the first phase of the review, the FRC announced a series of immediate changes which would seek to reduce the reporting burden on existing signatories. It also announced that it would be focusing on five themes as part of the Code’s revision including: purpose of the Code; principles necessary for reporting; the role of proxy advisors; process to reduce the reporting burden; and positioning of the Code with other regulators.

The second phase of the review led to a formal consultation in November 2024, with the final version

of the Code being released in June 2025. The following revisions were made to the Code:

- A **revised definition of stewardship** as “the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries” which emphasises delivering returns for clients while accommodating their broader investment objectives.
- A **streamlined reporting structure** with a split between a Policy and Context disclosure (to be submitted every 4 years) and an annual Activities and Outcomes Report.
- **Clarity on outcomes and flexibility** in the form of prompts and optional guidance to help signatories explain their approach to stewardship in a meaningful way.
- **Fewer, more targeted Principles**, and distinct principles for service providers including proxy advisors and investment consultants.
- Balanced approach to **identifying and responding to systemic risk** including through engaging with policy makers and industry initiatives.

The new Code takes effect from January 2026, with the FRC having designated 2026 as a “transition year,” providing a smooth adjustment period for signatories to meet new reporting expectations.

We welcome the revisions to the Code which promote flexibility and pragmatism in reporting, provide meaningful disclosures for a range of stakeholders, and support high standards of stewardship in the UK and internationally. This ensures that the Code is a strategic tool which can deliver long-term value, support innovation and strengthens the UK’s position as a trusted market for investment stewardship. By fostering trust, accountability and alignment between investors and companies, the Code underpins a market environment conducive to sustainable growth which can attract greater amounts of international capital.

BALANCING GROWTH AND FIDUCIARY DUTY:

While enthusiastic about supporting the UK’s economic growth objectives, investment managers are clear that fiduciary duty comes first. UK economic policy objectives are not more important than good client outcomes. This was most clearly expressed in the context of proposed pension reforms that would require mandated investment in UK assets.

Investment managers have voiced strong caution against forced or quota-based allocations to specific assets. A blanket rule could misallocate capital if UK markets underperform or if liquidity needs change.

“If managers deliver superior risk-adjusted returns in the UK, allocations will rise. But shifts in market conditions – such as geopolitical risks or valuations – could push mandates toward suboptimal decisions.”

Executives praised the collaborative approach of the Mansion House initiatives noting that voluntary commitments rather than mandation is preferred. Mandation is particularly challenging given that the UK faces capacity constraints over investible projects – the pipeline of shovel-ready UK projects must grow in parallel with rising allocation, otherwise a wall of pension money could drive up asset prices or sit idle.

“If you mandate too early, you risk unintended consequences – pushing up costs or reducing yields by forcing too much capital through a pipeline not built for that capacity.”

In striking the right balance, interviewees emphasised that alignment of incentives is key. The best outcome is when supporting UK growth also delivers great results for clients – a win-win. Fortunately, many pointed out that current valuations create opportunity: UK equities trade at a discount to global peers and UK infrastructure/credit offer attractive yields, so investing locally can deliver sustainable returns.

“Bringing people together – asset owners, managers, government – is crucial to debunk myths and align on UK growth.”

UK COMPETITIVENESS:

The industry's confidence in supporting UK growth is bolstered by a more supportive policy environment. The Edinburgh Reforms (aimed at post-Brexit financial regulation simplification) and the FCA's new secondary objective on competitiveness have reinforced the view that the pendulum is swinging away from 'safetyism' towards a more pro-investment stance. This follows nearly two decades of heavy focus on protecting consumers against risk in the aftermath of the Global Financial Crisis.

"The wider message from the government and FCA is that people need to take risk in order to generate returns."

There has been continued momentum behind the pro-investment agenda in 2025 as the Government announced the Leeds Reforms. The Reforms mark a further shift in UK financial regulation aimed at boosting growth by deepening capital markets and rewiring the financial system to attract inward investment to the UK, as well as paving the way for more 'working people' to invest in order to grow their savings.

That said, policymakers need to deliver on a clear set of expectations:

- **Predictable Rules & Tax Regime:** Frequent changes in tax or regulation can deter long-term investments. Interviewees urged the government to maintain consistency in areas like capital gains tax treatment and pension tax relief. Uncertainty in these areas makes it harder to commit capital for decades.

"Clear, consistent, and proportionate regulation is critical to maintaining a stable environment for us to deploy capital."

- **Investment Pipeline:** As referenced earlier, government facilitation of investible projects is crucial. Whether through public seed funding or speeding up planning approvals for infrastructure, a healthy pipeline of opportunities will ensure pension money can be put to work productively. The creation of vehicles like the National Wealth Fund and programmes under the British Business Bank are steps in this direction.

- **Access to global talent:** A subtle point repeatedly raised was that thriving as a global investment hub requires the UK to attract top professionals. One CEO argued: *"the UK has a strong value proposition for attracting talent with it being a diverse and deep global centre for talent,"* calling for visa regimes that make it easy for skilled workers to come to the UK and start work swiftly.

- **Proportionate, equivalent regulation:** Many noted a positive change in tone in the UK recently. The FCA and government have publicly recognised that capital markets play a role in growth and that not every risk can be regulated away.

"Regulators have been under pressure, but doing their best to ensure they focus on growth while maintaining consumer protection."

There was widespread agreement that the UK's regulatory regime is among the most robust and respected in the world.

"The UK is a highly regarded jurisdiction; non-UK institutions want to do business here precisely because it's FCA-regulated. That's a strength which other countries look to as a model."

The call from many leaders we spoke to is for closer UK-EU regulatory cooperation where possible. While full alignment may be politically fraught, practical steps (like mutual recognition of some disclosures or coordinated implementation timelines) could ease burdens.

Industry leaders also urged pragmatism in the development and implementation of new regulation. The sheer volume of regulatory change in recent years – MiFID II, PRIIPs, SFDR, SDR, Consumer Duty, Operational Resilience, CCI etc. – has stretched compliance teams and management bandwidth. *"The volume of change is massive."*

One example of the potential to streamline regulation was combining the new Consumer Duty (ensuring firms act to deliver good outcomes for retail clients) with the existing Assessment of Value (AoV) process for investment managers.

"Two separate processes – assessment of value and Consumer Duty – could be combined into one. I've provided that feedback to the FCA."

The FCA has set its sights on reducing the administrative burden of regulation, setting out an objective to reduce costs by 25% in its 5-year strategy in alignment with the UK Government's commitment to reduce the administrative cost of regulation by 25% over the course of this Parliament.

Taken together, these factors not only underpin UK competitiveness but also serve to support the growth of the UK economy by helping to foster a dynamic financial sector that better serves investors.

In summary, UK investment managers are ready to allocate more capital to fuel Britain's growth, as long as suitable opportunities exist and client interests are protected. They are actively engaging in the national conversation on productive finance by piloting new fund structures, contributing to consultations, and committing investment funds. The tone is optimistic yet realistic.

“The UK regulatory environment is well respected and seen as highly capable – we want to keep that reputation but also not fall behind. If we implement this growth agenda pragmatically, we can achieve both strong investor returns and a thriving, innovative economy.”

DEMOCRATISING INVESTING: BROADENING RETAIL PARTICIPATION IN THE UK

In 2024, for the first time in IA data, retail investors are the largest client group at 28% of AUM. The UK investment industry is engaged in multiple initiatives to help to turn more of the UK population into investors.

This is both a societal challenge and a significant opportunity. Efforts are underway, most notably through the Retail Investment Campaign – part of the Chancellor's 2025 Leeds Reforms – to build a stronger investment culture in the UK and increase the proportion of UK adults investing. Our interviews took place before the Leeds Reforms were announced but investment managers talked about many of the principles underpinning them. Central to our discussions were how we can bridge the advice gap to ensure that more investors receive regulated advice or have access to targeted support, widening access to investment products including ETFs and LTAFs and ways to overcome behavioural barriers for savers who could become investors.

“Financial education must be meaningful for boosting retail investor participation in illiquid markets... simplifying disclosure documents into digital, consumer-centric formats would help.”

BUILDING A NATION OF INVESTORS

One senior executive observed that Britain lacks the deep savings and investing culture seen in some other countries – “we've never had a huge savings culture in this country compared to the US”

Changing this will require a cultural shift over time. Industry leaders highlighted several critical pillars:

- **Financial Education:** Early and ongoing financial education is seen as vital.

“It starts with financial education. Many people don't understand how inflation eats cash or how compounding works – if you appreciate how money compounds, you'd likely invest earlier to build a pension or long-term nest egg.”

Many firms support initiatives in schools and workplaces to teach investing basics such as the power of long-term investing and the importance of diversification in managing risk. The consensus is that improved financial literacy would make people more comfortable with investing instead of leaving money in cash.

- **Modernise Communications and Disclosure:**

Simplifying how the industry communicates with retail customers is also a priority. Current disclosure documents are seen as dense and ineffective. There was particular frustration when it comes to risk warnings and lengthy prospectuses.

“(I received) a wedge of paper from my adviser: terms and conditions plus dozens of risk warnings. I didn't read any of it and shredded it, but this exemplifies the “safety first” culture.”

While consumers must grasp risks, excessively dire warnings can deter even prudent investing.

“It's not appealing to an end investor if the first thing they encounter is a barrage of dire warnings about losing all their capital. Instead, if those materials emphasised the importance

of long-term investing and not timing markets – I think it could encourage better outcomes.”

The industry is advocating for more balanced messaging that helps to inform investors about risks but clarifying that sensible investing can lead to growth and can be used to beat inflation.

The industry, alongside regulators, is exploring more user-friendly disclosure – like concise, digital summary documents – that still convey key risks but also clearly explain benefits. Enhanced digital platforms are being developed to make investing feel more intuitive; for example, some providers use interactive tools or short videos.

- **National Campaigns:** Executives widely supported the idea of a government-backed mass campaign to promote investing before it was announced by the Chancellor in the summer. Some invoked the “Tell Sid” adverts during 1980s privatisations: *“That whole campaign... was very powerful and people still talk about it today.”*

“A national campaign... would have a decent chance of changing behaviours, at least at the margin – hopefully more fundamentally.”

The **“Retail Investment Campaign”** will launch a multi-year effort along these lines to help to bring more UK adults into investing.

- **Normalise Investing in Everyday Life:** industry leaders emphasised the need to make investing “feel normal” for people. Auto-enrolment into pensions has helped, but outside of pensions many Britons still equate investing with buying shares and view the stock market as for the wealthy. Firms are trying to change this through engagement that frames investing as a common, responsible step for anyone planning for the future. Some invoked analogies from abroad: in the US, investing is not seen as the preserve of the well off and is talked about widely in schools, at home and in everyday conversations, the classic example being New York cabbies. The UK could move in that direction and this links to financial education and normalising money conversations from an early age. The UK could move in that direction and as referenced above good, widespread financial education is an important platform to build from.

BRIDGING THE ADVICE GAP

A recurring theme in the interviews was the gap in affordable financial advice for the mass market. Traditional independent financial advice often serves wealthier or older clients; many UK adults don’t have an adviser and may be unsure where to start with investing. The industry is supportive of regulatory reforms to enable more accessible guidance:

Targeted Support and Guidance: Firms welcome the Advice/Guidance Boundary Review being led by HM Treasury and the FCA. It is hoped that a new category of “targeted support” will help customers make investment decisions without triggering the full regulatory burden of formal advice. For example, providers might be able to suggest a suitable fund or model portfolio to a customer based on simple questions about their goals and risk comfort – today, many firms hold back from personalised suggestions due to liability fears under the current rules. “Guidance should be more permissible than it currently is.” The current rules around advice have made firms reluctant to even nudge consumers in the right direction

“We need to allow ‘GPS navigation’ for investors, not just hand them a map and say good luck.”

Some are exploring use of AI chatbots to answer customer questions about investing basics (within compliance limits). Open Banking data could also help personalise guidance with consent, for example seeing someone’s savings accounts to suggest moving a portion to higher-return investments. All these tools exist but current rules make firms cautious in deploying them beyond generic information. The hope is that within the next 1–2 years, the FCA will implement a new regime enabling “targeted support” as a defined, lower-risk activity, which will unlock a wave of innovation in this space.

“The industry must offer frictionless paths from savings to investments, using triggers, such as cash balances, to nudge clients. We need triggers otherwise money will continue to sit in cash.”

BROADEN RETAIL INVESTOR ACCESS TO A WIDER PRODUCT SET

Democratising investing also means expanding the range of investment products and vehicles easily accessible to everyday investors, including access to markets and asset classes that were once the preserve of institutions:

- **Exchange-Traded Funds (ETFs):** ETFs are low-cost funds traded on stock exchanges and they have exploded in popularity globally. In the UK, however, retail uptake has somewhat lagged the US and Europe. Historically, some UK fund platforms didn't offer ETFs or charged extra for buying and selling them, meaning that investors gravitated to mutual funds. That is changing fast. More platforms are now offering a wider range of ETFs and a new breed of 'neo- brokers) have made ETF investing easy via mobile apps. As young investors increasingly use neo-brokers to start investing, they are gravitating to ETFs for their cost effectiveness and diversification benefits compared with broader based index trackers. IA research shows that current ETF investors in the UK skew younger, male, and higher-income – indicating growth potential among older investors and women.

- **Access to Private Markets via LTAFs:** Traditionally, investments like private equity, venture capital, infrastructure, or direct property were only accessible to institutional investors (pensions, endowments,) or very wealthy individuals, due to their illiquidity and high minimum investment requirements. One of the advantages of investing in private assets is unlocking returns that are less correlated with public markets, an important diversification tool. The UK has introduced the **Long-Term Asset Fund (LTAF)** structure. LTAFs are regulated funds designed to hold illiquid assets, with appropriate notice periods for withdrawals. Initially aimed at defined-contribution pension schemes, there is a clear vision to eventually offer LTAFs (or similar vehicles) to retail investors within ISA wrappers and as part of the Leeds Reforms, LTAFs will be eligible for Stocks & Shares ISAs from the 2025/26 tax year. Even before this announcement, industry leaders were enthusiastic about the potential to broaden retail investor choice and access:

“The regulator is looking at how to enable access for more private markets into wealth channels, whether advised or direct to retail. If they can find an appropriate route, that could be really good for the UK economy.”

There is optimism that with sustained effort through education, better support and positive investment experiences, the UK can gradually grow the proportion of the public who invest.

“A national campaign to highlight the importance of investing could be beneficial – for UK assets specifically, but more broadly to encourage people to put money into savings products and investments rather than just cash ISAs.”



3 TRENDS IN CLIENT ASSETS AND ALLOCATION

KEY FINDINGS

ASSETS BY CLIENT AND MANDATE TYPE

- » In 2024, institutional client assets accounted for 70.8% of UK AUM, a modest decline from 72.7% in 2023. The downward trend is driven by a concurrent growth in retail assets and a continued fall in pension assets.
- » Retail assets rose to reach 28% of total AUM in 2024, higher than the 27% managed for pension funds for the first time in Investment Association data. We have seen sustained growth in retail assets since the Covid-19 pandemic which attracted many new retail investors.
- » Pension fund assets as a share of total AUM fell to 27%, continuing a multi-year decline in pension fund dominance from a peak of 45% in 2018. The winding down or transfer of Defined Benefit (DB) schemes to the insurance sector and the lingering impact of the 2022 gilt market crisis on valuations have contributed to the downward trend.

TRENDS IN ASSET ALLOCATION

- » Equity allocation jumped to 49% of total AUM in 2024, up from 44% in 2023. This marks their highest market share since before the Global Financial Crisis (GFC) and reflects strong equity market performance.
- » North American equities jumped from a 34% allocation in 2023 to 40% in 2024 – double the 20% share recorded a decade ago. UK equity allocations continued to decline, falling two percentage points to 21% in 2024.
- » Fixed income allocation decreased to 28% in 2024 from 30% in 2023, driven by a combination of falling asset values in recent years, as well as an increase in pension transfers (pension fund behind historically high allocators to bonds). Overseas bonds remain dominant, accounting for 64% of total fixed income assets in 2024, up from 60% in 2023.
- » Sharp falls in the value of LDI strategies have driven the fall in the 'Other' category, from 18% in 2023 to 15% of AUM in 2024.

INDEXING AND ETFs

- » Index tracking strategies returned to growth in 2024, reaching a record high of 35% of total UK AUM – up from 32% in 2023. Broad equity market gains helped market cap-weighted index funds deliver strong results.
- » Global AUM in the ETF market rose 25% in 2024 to highs of \$13.8 trillion. ETF assets have more than doubled over the last five years. Growth rates were highest in the US, with AUM increasing by 27% to \$10.6 trillion, but Europe saw high growth with AUM increasing 25% to \$2.3 trillion. Strong growth in active ETFs has continued, recording a 39% year-on-year increase in 2024.

INVESTMENT IN THE UK ECONOMY

- » In 2024, IA members invested £1.64 trillion in UK-listed equities, sterling-denominated bonds, infrastructure, and UK commercial property — a 5% increase from £1.56 trillion in 2023. Total assets in UK equities rose to over £1.0 trillion (from £900 billion in 2023), while sterling corporate bond assets declined to £370 billion (from £400 billion).
- » Investments in UK infrastructure projects grew to £54 billion in 2024, up from £45 billion in 2023 and are higher than in any of the past four years.

This chapter offers insights into how UK managed assets are allocated by investment strategy and by asset class. As in previous years, we focus on three key aspects: the nature of clients (by type and share of assets); the evolution of asset classes and geographical allocation; and trends in investment styles and management approaches. The data in this chapter reflects UK-managed assets as of December 2024.

CLIENT TYPES

IA member firms manage assets on behalf of a broad spectrum of clients, which are commonly categorised as either institutional or retail. However, distinctions between these two groups are increasingly blurred (see Box 3). Chart 7 sets out the breakdown of the £10.0 trillion of assets managed in the UK by IA members as of the end of 2024, classified by client type. We make the following observations:

- Institutional clients continue to represent the majority of assets under management**, accounting for 70.8% of the total in 2024. This represents a modest decline from 72.7% in 2023 and continues the downward trend in institutional assets observed over the past five years. The relative decrease reflects both organic growth in retail assets and the impact of rising interest rates, which have particularly impacted the size of the defined benefit (DB) pension fund market.

BOX 3: BLURRING OF CLIENT TYPES

Insurance vs. Pension

Defined Contribution (DC) pension assets that are operated via life companies wrapping funds are not included in pension fund assets but are rather reflected in assets managed on behalf of insurance companies. This includes assets managed for personal pension and Group Personal Pensions (GPPs). This blurs the line between pension and insurance assets, meaning the allocation to pension funds understates actual pension investment.

Retail vs. Institutional

DC pension schemes remain something of a hybrid between retail and institutional. Pension savers in DC schemes receive an income in retirement that is based on the value of the pension pot they have accrued during their working life. Unlike a DB scheme, where their pension is based on their salary, the value of a DC pension is determined by the contributions an individual makes to their plan and the investment return they receive. The ultimate investment risk lies with the individual. In this regard, DC pensions are more akin to retail investments than institutional, albeit they will appear in the IA's data either as pension fund or insurance assets.

CHART 7: ASSETS MANAGED IN THE UK BY CLIENT TYPE (2024)

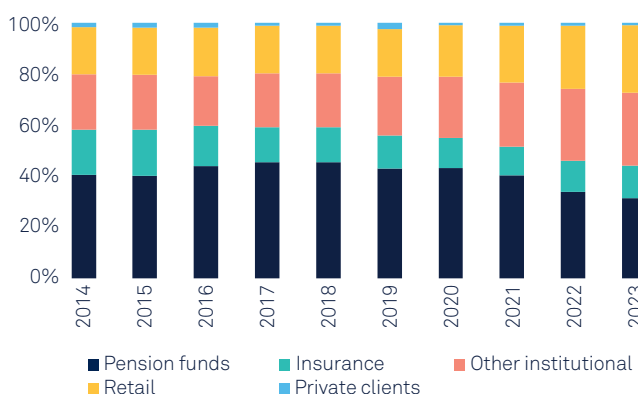


Source: The Investment Association

- **Retail investors have, for the first time, overtaken pension funds as the largest client segment.** Assets managed on behalf of retail clients increased two percentage points over the year to reach 28% of total AUM in 2024, higher than the 26% managed for pension funds. This marks a historic crossover – retail investor assets now form a bigger slice of UK-managed AUM than pension fund assets.
- **Pension fund assets have declined as a share of industry AUM.** In 2024, they accounted for 27% of all UK-managed assets and 37% of institutional assets. This is down from 31% and 43%, respectively, in 2023, continuing a multi-year trend of declining pension fund dominance in the overall asset base.
- **Insurance clients represent 13% of AUM** in 2024, similar to the previous year. Within this, assets managed for in-house insurance (insurance companies' own asset management arms) had jumped in 2023 to 7.3% of AUM but in 2024 this levelled off to 6.9%. Conversely, third-party insurance mandates (assets managed for insurance companies by external managers) ticked up to 6.1% from 5.4% the year prior. The net result is that total insurance-related AUM has remained at 13%.
- **Other institutional clients – such as corporates, public sector institutions, non-profits and sub-advised funds – have remained broadly unchanged in 2024.** However, the 'Other clients' category has increased from 8% in 2023 to 12% in 2024. Much of this growth is driven by the growth of ETFs, as members are unable to categorise the underlying investors in ETFs into retail or institutional client types.
- **Private client portfolios remain a small, stable portion of industry AUM (~1%).** These are high-net-worth and ultra-high-net-worth individual clients. Historically, the private wealth segment has fluctuated between 1% and 2% of AUM, and it has held steady at about 1% for the past few years.

Chart 8 provides a longer-term view of the distribution of client types over the ten-year period to December 2024 and shows a gradual rebalancing of the UK-managed asset base.

CHART 8: ASSETS MANAGED IN THE UK BY CLIENT TYPE (2014-2024)



Source: The Investment Association

- **Retail client assets have shown sustained growth since 2019**, rising from 19% of total AUM in 2019 to 28% in 2024, the largest increase of any client group over the past decade. The retail segment's expansion accelerated after the Covid-19 pandemic in 2020, when the combination of low interest rates, higher disposable savings and strong market performance attracted many new retail investors. Even through the volatile period of 2022–2023 – marked by rising inflation and higher interest rates – retail assets were not as impacted as parts of the institutional market and asset growth returned relatively swiftly. The IA sees significant opportunity for continued retail growth, noting that 3 in 5 UK adults with more than £10,000 in assets keep over 75% in cash.⁶ This suggests room for more individuals to move into investing, especially following the Leeds Reforms and the announcement of the Retail Investment Campaign which will highlight the benefits of long-term investing.
- **Insurance assets are increasing.** Over almost two decades, insurance assets as a proportion of total AUM had been shrinking each year from a peak of 31% in 2005 to a low of 11% in 2021. Since the turn of the interest rate cycle in 2022, the last three years have seen year on year growth in insurance assets which now stand at 13% of industry AUM. The return to higher interest rates has meant that more pension schemes have reached full funding, resulting in an increase in activity in the pension transfer market

⁶ FCA Financial Lives Survey 2024

where insurers take over scheme liabilities (and assets). (See Chapter 4 for further analysis of the pension de-risking and buy-out market).

- Pension assets have declined significantly** – The five percentage point fall in pension assets to 27% of AUM in 2024 marks the continuation of a steady downtrend from a peak of 45% in 2018. We believe some of the factors driving this decline include: an increasing number of defined benefit (DB) pension schemes have wound down or reached full funding and transferred assets to insurers, effectively moving assets out of the pension fund category. Additionally, the lingering impact of the 2022 gilt market crisis – which saw UK government bond prices plummet – has depressed pension fund asset values and slowed their recovery. Chapter 4 explores the decline in assets in Liability Driven Investment (LDI) strategies over this period, which is a substantial factor behind the fall in pension fund AUM.
- Other institutional clients make up almost a third (31%) of AUM, up from 22% in 2014.** Much of this growth has come from corporates, which now contribute 8% of the £10.0 trillion managed by IA members, up from 3% in 2014. As mentioned above the 'Other clients' category has also seen a significant rise in 2024- now accounting for 10% of industry assets.



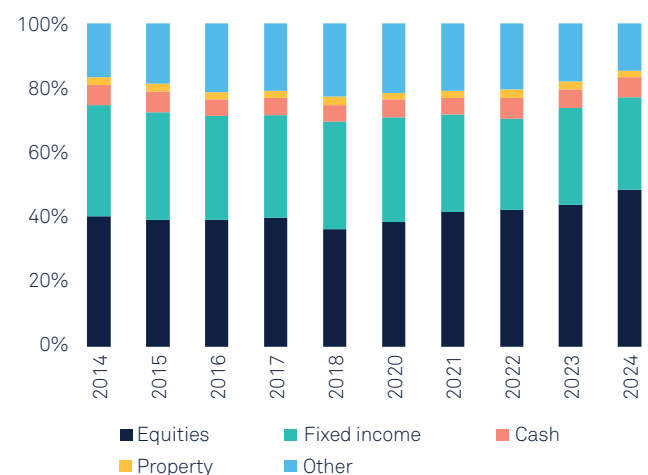
ASSET ALLOCATION TRENDS

UK-managed assets continue to be broadly diversified across geographies and asset classes, reflecting the global outlook of institutional and retail investors.

Chart 9 highlights the breakdown of UK-managed assets by asset class over the last decade (2009–2024). Year-on-year, asset allocation shifted notably in 2024 compared to 2023, after being relatively stable the prior year. We observe the following trends:

- Equities have jumped to their highest share since before the Global Financial Crisis (GFC).** In 2024, equities accounted for 49% of total AUM, up from a revised 44% in 2023. This five-percentage-point increase in a single year is notable, reflecting broad double-digit gains across major equity indices in 2023–24, following steep declines in 2022. The rebound was driven largely by easing recession fears and strong performance from US technology stocks. Historically, equity allocations have shown a steady upward trend since 2020, coinciding with the growth of retail assets and the relative decline in pension assets.

CHART 9: OVERALL ASSET ALLOCATION OF UK-MANAGED ASSETS (2014–2024)



Source: The Investment Association

- Fixed income assets, by contrast, have decreased as a share of AUM in 2024, after a temporary uptick in 2022–23.** Bond allocations fell to about 28% in 2024, down from 30% in 2023. For much of the past decade, fixed income has accounted for roughly one-third (33%) of industry AUM.

Bond prices are highly sensitive to interest rate shifts, as rates rise new bonds offer higher yields and existing bond prices fall. The Bank of England raised rates fourteen times from just 0.1% in December 2021 to 5.25% in August 2023. As a result of the successive rate rises over a relatively short period of time, bond values dropped steeply—an effect that was especially severe in the UK as a result of the compounding impact of the September 2022 gilt crisis. A combination of falling asset values and IA members now managing less money for pension funds—historically very heavy allocators to bonds—the proportion of fixed income has fallen to its lowest level since our dataset began in 2003.

- **“Other” assets saw a decline in share in 2024, after long-term growth.** In the IA’s survey, “Other” includes traditional alternatives such as private equity and private credit as well as solutions type strategies such as derivatives based approaches (e.g. LDI) and multi-asset strategies that members are unable to breakdown. This category fell to 15% of AUM in 2024, down from 18% in 2023. Over the long term, the trend in “Other” assets has been sharply upwards until 2018, before stabilising at 21% of AUM for a number of years. The last two years have seen this fall and at 15% this is the lowest level in a decade. Much of this fall reflects the sharp falls in LDI portfolios in the last few years that we discuss in more detail in Chapter 4 of this report.
- **Cash holdings remained in a normal range, ticking up slightly.** Allocations to cash were unchanged in 2024 at 6% of AUM. Over the last decade, cash holdings have typically fallen in the 5-6% range, often ticking upwards during times of market stress.
- **North America strengthened its position as the region with the highest level of equity investment, accounting for 40% of UK-managed equity portfolios in 2024.** This represents a substantial increase from around 34% in 2023 and is exactly double the 20% we reported a decade ago. The US equity market, home to over 60% of the global investable market cap, has become a core market for both active and index tracking strategies. It is heavily weighted towards high-growth sectors such as technology, which have led recent market gains and are underrepresented in UK and European indices. However, as Box 4 overleaf highlights, recent market volatility and uncertainty in US policy making has alerted investors to the potential concentration risk in portfolios resulting from high US equity allocations, and in particular the high exposure to the 'Magnificent seven' tech stocks. While many still believe in US corporates ability to drive transformation and grow profits, there may be a slight recalibration of portfolios to mitigate concentration risk in the coming years.
- **UK equity allocations continued to decline, falling to 21% of total equity holdings in 2024 from a revised 23% in 2023.** This extends a long-term downtrend from 32% a decade ago. Before the Global Financial Crisis (GFC), UK equities represented more than half of UK-managed equity portfolios, but a combination of factors has driven investors towards greater global diversification. These include a general shift to diversification as a risk management tool, the persistent underperformance of UK stocks relative to US equities, concerns about the competitiveness of UK capital markets and the UK market's higher concentration in cyclical sectors such as energy and financials. The performance of these sectors lagged other sectors during the post-GFC low-rate period but have since benefited from changing economic conditions tied to energy supply and higher interest rates.

EQUITIES BY REGION

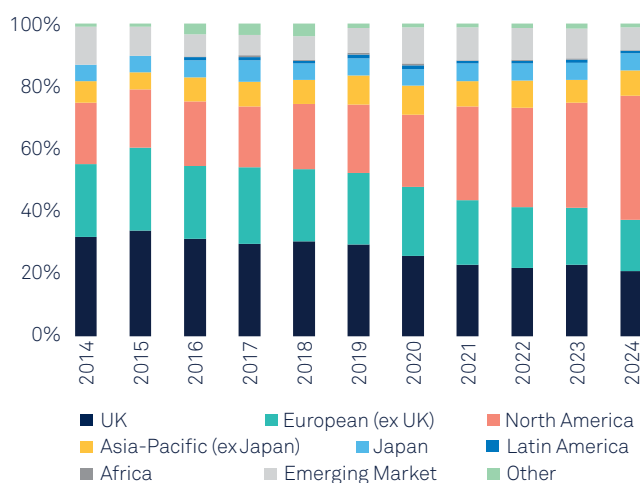
Chart 10 illustrates the regional allocation of equity assets managed by IA members. The data continues to highlight the global diversification of UK-managed equity portfolios, with a significant majority of equity holdings directed toward overseas markets. This trend has strengthened over the past decade and reflects the international orientation of both UK retail and institutional investors. It is also driven in large part by the under-performance of UK equities compared with other markets, particularly the US equity market.

UK equities performed relatively well in 2023 and 2024 compared with previous years. In 2024, IA members saw a nominal increase of almost £100 billion in assets invested in UK equities. However, this growth was outpaced by US equities, which returned 26% versus 9% for UK equities. Structurally, the UK market remains underweight in technology—the key driver of US equity growth in 2024—with tech accounting for only about 2% of total market capitalisation in the UK compared with 33% in the US. On a political level, the debate on UK equity market reforms has included proposals to change

listing rules and support more IPO activity, and also includes reforms to the UK Stewardship Code, potentially increasing inflows from both domestic and international investors. We may also start to see UK companies benefiting from investors seeking to manage the risk of concentrated exposures to US equities, but for now UK equities remain a shrinking component of investor portfolios.

- **Continental European equities fell to their lowest level since 2006, falling two percentage points to 16%.** This marks the seventh consecutive year that the percentage allocated to European equities has fallen. European equity markets posted modest gains of 3% in 2024, lagging behind the US and UK. Despite the higher concentration of tech firms listed in Europe (10%) compared with the UK, the relative underperformance likely reflects subdued earnings growth and persistent uncertainty on the outlook for growth across the eurozone. In 2025, there have been more positive signs for European equities in the first half of the year.
- **Allocations to other regions shifted modestly, and have fallen two percentage points to 23% of allocations.** Overall, these regions make up a smaller but steady part of UK-managed equity portfolios, with Asia-Pacific (ex-Japan) and Emerging Markets accounting for the majority (15%) of these assets. Asia-Pacific investments increased from 7% to 8% in 2024, while emerging markets fell from 10% to 7%.

CHART 10: UK-MANAGED EQUITIES BY REGION (2014-2024)



Source: The Investment Association

BONDS BY REGION

Global diversification of fixed income assets has continued into 2024. Overseas bonds includes non-sterling denominated bonds as well as overseas government bonds. Chart 11 highlights the evolving composition of fixed income investment over the past decade.

- **Overseas bonds remain dominant, accounting for 64% of total fixed income assets in 2024, up from 60% in 2023.** Most of this growth has come from increased investment in overseas government bonds, which rose four percentage points to 28% in 2024. This marks a ten percentage point increase over the five years that we have started collecting this data.
- **Allocation to UK government bonds (ex index-linked) and UK index-linked bonds each fell one percentage point to 10% and 8% respectively in 2024.** Towards the end of 2024, persistent inflation and rising concerns over global government debt pushed global bond yields higher, weighing on fixed income valuations. In the UK, gilt prices were further pressured by the Bank of England delivering fewer rate cuts than expected and a programme of quantitative tightening, which includes the Bank reducing its portfolio of gilts by about £100 billion a year. At the same time, the fall in UK pension fund assets under management, historically heavy allocators to gilts, has reduced the domestic investor base, accelerating the long-term downtrend in allocations.
- **In aggregate, the majority of fixed income AUM (79%) is allocated to government bonds (both UK and Overseas), a figure that has remained fairly stable over the last five years.** However as we discussed above, there has been a reweighting within government bonds, with investors favouring overseas sovereign markets over UK gilts.

BOX 4: LOOK AHEAD TO 2025 AND BEYOND: Shifting Geopolitics & Market Volatility

In early 2025, the announcement of new US tariffs on key imports, triggered sharp equity sell-offs in the US equity market and emerging markets, currency swings, leading to a short-lived period of market volatility. The move—seen by many as a re-escalation of trade tensions—prompted fears of reciprocal tariffs and broader disruption to global supply chains. However, despite the initial turbulence, firms report that clients reacted with greater composure than in past episodes of market stress.

While the market outlook remains uncertain, investment managers observed that clients are handling volatility better than before—helped by more frequent and timely communication from their advisers. Many investors have already experienced acute volatility in 2020 and 2022, which appears to have built a stronger tolerance for short-term market dislocations. Following the tariff-driven selloff in April 2025, outflows were muted, and in some cases, investors even added to their positions, reflecting a growing confidence in long-term market resilience.

“Clients are better at handling volatility... they understand losses only matter if you sell.”

This behavioural shift is particularly apparent among retail investors. Backed by IA data showing gross fund inflows of £37.5 billion from UK clients during the spring volatility, many now view a 10% market drop as a buying opportunity rather than a reason for concern—a stark contrast to investor reactions 10–15 years ago. Firms attribute this to improved investor education and proactive engagement during periods of uncertainty, including the use of extra market bulletins, ad-hoc calls, and social media updates to contextualise events in real time.

“When volatility spikes, clients gravitate towards the most liquid instruments to rebalance—we saw record ETF volumes during the tariff swings.”

Portfolio strategies in the institutional market have evolved in parallel. Many multi-asset allocations now move beyond the traditional 60/40 equity-bond split, incorporating currencies, commodities, and alternative assets. This broader diversification is increasingly seen as essential in managing risk—especially if we face further episodes like 2022, when the value of equities and bonds declined simultaneously.

Implications for US equity investments

Tariffs are not the only factor reshaping the market landscape in 2025. The accelerating pace of technological competition, particularly in AI, is creating new sources of volatility. The launch of DeepSeek’s latest model in February briefly challenged the dominance—and valuations—of the largest US tech firms, prompting investors to reflect on geographic concentration in portfolios. While most still view the US as a core market—“the cleanest dirty shirt”—firms report a subtle rebalancing underway. Although we saw the proportion of assets invested in European equities fall in 2024, marginal flows in 2025 are increasingly being directed toward European equities or private market assets, rather than further inflows into already crowded US positions.

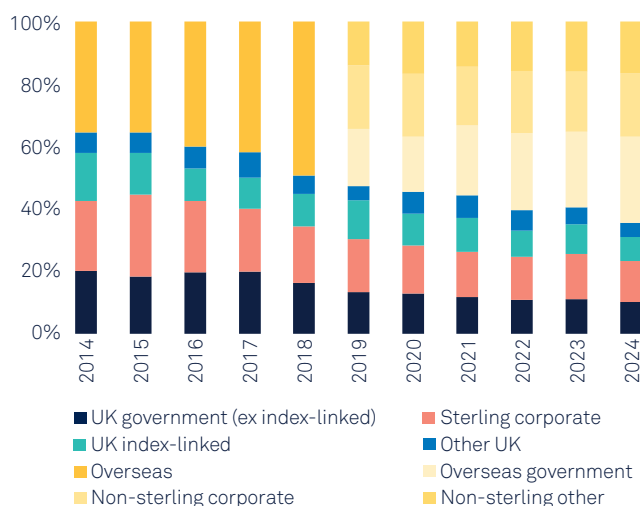
This recalibration could open the door to a renewed interest in active management. In a more volatile and dispersive environment, firms are cautiously optimistic that active strategies may be better positioned to navigate shifting conditions. However, they also acknowledge the risks: if active managers fail to deliver, investor patience may wear thin.

“Life has been turbulent in many ways these past five years; people are adapting and becoming more comfortable with the idea that markets will be bumpy.”

The general view is that volatility will persist—but with the right tools, diversification, and communication, it need not derail long-term investment plans.

- **Sterling corporate bond allocations fell to 13% in 2024, down from 15% in 2023 and below their 17% share in 2019. By contrast, non-sterling corporates have held steady at 20%.** This means that the overall corporate bond allocation has remained broadly stable over the past five years at about 34% on average. The shift has been in composition: investors are reducing exposure to sterling credit risk in favour of maintaining allocations to non-sterling corporates.

CHART 11: ALLOCATION OF UK-MANAGED FIXED INCOME BY TYPE AND REGION (2014-2024)



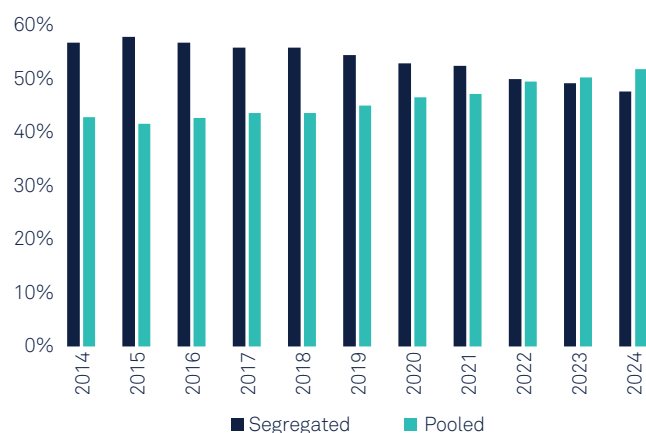
Source: The Investment Association

SEGREGATED VS. POOLED

Chart 12 shows that pooled vehicles have been growing as a proportion of the overall asset base and now account for more than half (52%) of total assets, compared with just over two-fifths (43%) a decade ago, and one percentage point higher than 2023

This steady shift reflects investors' preference for simpler, more cost-efficient ways to gain market exposure. Indexing strategies, which are typically implemented through pooled funds, have become increasingly popular. This includes the rapid growth of ETFs in the last five years which is also contributing to the rise in pooled vehicles. We see a similar trend in the UK institutional market in Chapter 4 of this report.

CHART 12: SEGREGATED VS. POOLED INVESTMENTS (2014-2024)



Source: The Investment Association

ACTIVE VS. INDEXING STRATEGIES

Chart 13 illustrates the shifting balance between active and index-tracking investment strategies in the UK market over the past decade. While index-tracking approaches have steadily gained market share, active management remains the dominant style, accounting for around two-thirds of total UK AUM in 2024.

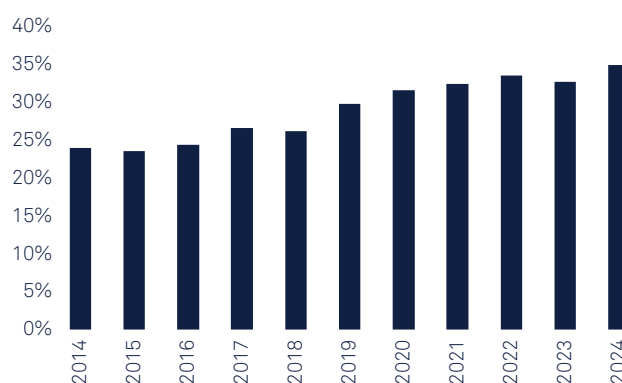
- 2014–2021: A decade of steady index-tracking growth:** Between 2014 and 2021, the share of assets in index-tracking strategies rose steadily from 24% to around 32%. This long-term shift was driven by the appeal of low-cost investing, strong performance of equity indices during a low-rate environment, and regulatory changes which emphasised low costs over value— the most notable of these policy changes was the 0.75% charge cap on default DC pension funds. As asset owners prioritised cost control and broad market exposure, allocations to index-tracking equity and bond funds increased. Over this period, the market share of index strategies grew by 8 percentage points.
- 2022–2023: A slowdown and temporary pause:** The upward momentum of index-tracking strategies slowed in 2022 and paused in 2023. Market conditions were a key driver: 2022 saw significant volatility, broad-based declines across asset classes, and an abrupt rise in interest rates. In this environment, some actively managed strategies—

particularly those avoiding rate-sensitive growth stocks—performed better. Additionally, liability-driven investment (LDI) strategies, typically classified as active, were heavily impacted by the gilt market shock in 2022, leading to a relative rise in active AUM. As a result, index-tracking's share dipped modestly from 33% to 32% in 2023, with a corresponding increase in active strategies. While this shift was modest, it reflected a momentary pause in the decade-long rise of index-tracking, as investors responded to heightened uncertainty and sought out more flexible, discretionary approaches.

- 2024: Index-tracking resumes its advance:** In 2024, the trend toward growth in index-tracking strategies share of AUM resumed, reaching a new record high of 35% of total UK AUM. Broad equity market gains—especially among large-cap and technology stocks—helped market cap-weighted index funds deliver strong results. Investor confidence returned and flows into index-tracking vehicles increased accordingly (see Chapter 5 for more on retail investor fund flows). Assets in the ETF market grew considerably in 2024, and remain overwhelmingly concentrated in index trackers despite the recent growth in active ETFs. The increase in the market share of trackers in 2024 suggests that the dip in the previous year was a temporary adjustment at a challenging time for equity and bond markets, and that the long-term drivers of indexing tracking growth, including cost effective alignment of returns with major markets, remain firmly in place.



CHART 13: INDEXING STRATEGIES AS A PROPORTION OF UK AUM (2014–2024)



Source: The Investment Association

BOX 5: EXCHANGE TRADED FUNDS MARKET

Exchange traded funds (ETFs) are pooled investment vehicles that provide investors with exposure to a diversified portfolio of assets such as equities, bonds or commodities through a single trade. Most ETFs are designed to replicate the performance of a specific index. However, unlike traditional open-ended funds, the shares of an ETF are listed on a stock exchange and can be bought or sold throughout the trading day. This allows investors to adjust their holdings in real time in response to market developments. As a result, ETFs combine the diversification benefits of a collective investment vehicle with the liquidity and flexibility of individual shares.

Global Growth Trends in 2024

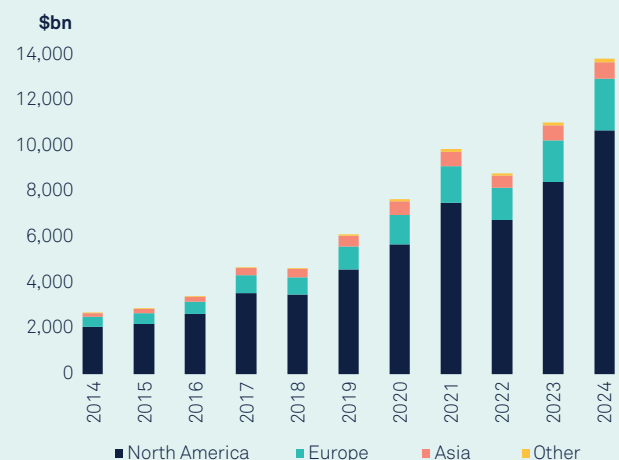
The global ETF market grew strongly in 2024, with total assets under management (AUM) rising 25% to a record \$13.8 trillion (Chart 14), far outpacing the 12% growth in the wider investment management industry (see Chapter 1). This marks a continuation of the robust expansion in ETF assets, which have more than doubled over the past five years. Over half (54%) of the growth in assets in 2024 came from net inflows (of c. \$1.5 trillion) into ETFs, rather than market movements. By comparison, in 2023 just over a third (37%) of the 25% increase in AUM came from net inflows.

The intraday liquidity of ETFs, coupled with their transparency and precision—enabling investors to pursue specific themes more effectively than broad-based indexing strategies—makes them, in one senior board member's words, “a better form factor” for investors who want immediacy and control. Institutions use them for cost-efficient, scalable market access, while individuals increasingly see them as flexible tools that bridge long-term allocation with short-term trading needs. The ability to buy or sell immediately on an exchange has made ETFs particularly attractive for investors looking for agility and liquidity in volatile conditions.

“When volatility spikes, we typically see a spike in ETF volumes as clients and market participants gravitate towards the most liquid instruments. That “flight to liquidity” is nothing new, but in the current economic cycle, it is driving growth in ETFs.”

North America remained the largest ETF domicile in 2024, with AUM increasing by 27% to \$10.6 trillion in 2024. The region accounts for 77% of global market assets. European ETFs grew by 25% to reach \$2.3 trillion, supported by the continued strength of Irish-domiciled products, and maintaining its 16% share of Global AUM. Growth in Asian domiciled ETFs was more modest at 11%, with assets rising to \$700 billion.

CHART 14: ETF ASSETS UNDER MANAGEMENT BY REGION OF DOMICILE (2014-2024)



Source: Morningstar

BOX 5: EXCHANGE TRADED FUNDS MARKET (CONTINUED)

Emerging trend: Active ETFs

A key emerging theme in the ETF market has been the growth in active ETFs, which reached 8% of global AUM in 2024 up from just 1% in 2014. Chart 15 shows that total assets in active ETFs surpassed \$1.0 trillion in 2024, a 39% year-on-year increase. The active ETF segment has grown at more than double the pace of passive ETFs over the last two years, albeit from a smaller base. The majority of active ETF AUM is concentrated in North America (primarily the US) domiciled products, which accounts for 90% of global active assets. Although a significantly smaller market, active European domiciled ETFs recorded the fastest growth in 2024, with assets rising by 72% to \$57 billion.

Chart 15 provides a breakdown of the active ETF market by asset class and shows how much of the segment's expansion has been driven by fixed income. Back in 2014, equity strategies dominated, accounting for just over half (53%) of active ETF assets compared with 37% in fixed income. That balance has since flipped: by 2024, fixed income represented 61% of active ETF AUM while equities had fallen to 33% (Chart 15). By contrast, nearly four-fifths (79%) of index-tracking ETF assets still sit in equities and only 16% in bonds.

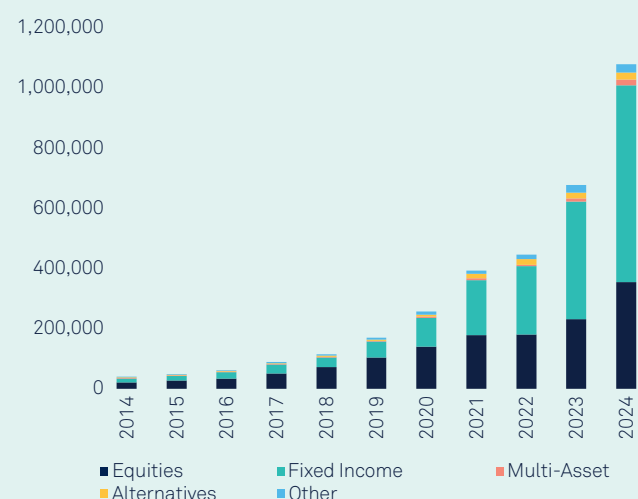
This shift reflects the distinctive nature of the bond market- it is far more complex and fragmented than equities, with millions of individual issues spread across maturities, geographies and sectors. As one IA Board Member explained,

“Fixed income, on average, beats its index over time. You can potentially leave so much return on the table by investing in a tracker.”

ETFs offer structural advantages that are especially valuable in bond markets. Because most bond trading takes place over the counter rather than on exchange, and often infrequently, quoted prices of individual securities can be stale and NAVs may fail to capture where the market is actually trading. In times of stress, ETFs continue to trade actively—often far more frequently than the underlying bonds—providing both liquidity and price discovery precisely when traditional

pricing is least reliable. This combination of scale, flexibility, transparency, tradability and the fact that fixed income remains an assets class dominated by active management has made fixed income the engine of growth in the active ETF universe.

CHART 15: ACTIVE ETF ASSETS UNDER MANAGEMENT BY ASSET CLASS (2014-2024)



Source: Morningstar

European ETF adoption

In Europe, adoption of ETFs among retail investors still lags behind the US (where 43% of ETF assets are owned by retail investors). There are some countries, such as Germany, where a combination of investor education and increased promotion from financial institutions and platforms have driven up retail investment significantly, particularly among younger investors. In the UK by comparison, ETF adoption among retail investors has been slower compared to the US and Germany and remains largely concentrated in institutional investor portfolios.

Fragmented exchanges, higher trading costs, and the absence of a consolidated tape have created execution frictions in Europe compared with the US.

In March 2025 the IA, in partnership with Opinium, surveyed 2,000 UK investors about their attitudes towards investing and their knowledge of ETFs. The research found that the barriers to investing in ETFs for UK retail clients include limited ETF choice on investment platforms, higher costs to deal exchange traded products - as well as a lack of familiarity and comfort with trading amongst some investors.

IA board members also highlight that in the UK, investment platform infrastructure and financial advice need to evolve to improve mass market access to ETFs. In Germany, where bank distribution is more common, banks have led the campaign to encourage younger investors to invest little and often using ETFs.

“In Europe, ETF distribution remains fragmented: platforms still struggle to handle ETF transactions efficiently, so many advisers and wealth managers avoid them, even though liquidity is improving.”

“ETF markets in the UK and Europe remain dominated by institutional participants. In the US, ETFs are very much an individual-investor phenomenon.”

“Platform plumbing is still challenging. More user-friendly, direct-to-consumer platforms – similar to the US “neo-brokers” would help drive participation.”

Despite some of these challenges, Europe is experiencing its own ETF boom with growth keeping pace with the US. European domiciled ETFs took in a record \$270 billion of net inflows in 2024, almost 40% higher than the previous record inflow of \$188 billion in 2021.

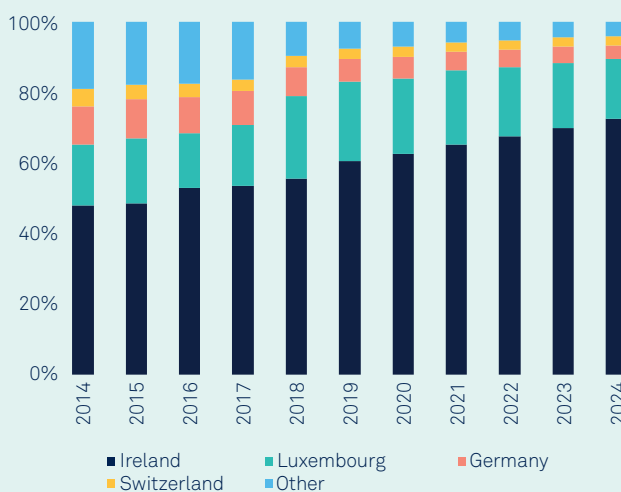
In terms of domiciliation, Chart 16 highlights the increasing dominance of Irish domiciled ETFs over the last decade, increasing from 48% of European ETF assets in 2014 to 73% in 2024. In 2024, 80% of the growth in European domiciled ETF assets came from funds domiciled in Ireland. Luxembourg, the second-largest domicile for ETF assets has fluctuated over the

years, reaching 23% of European AUM in 2018 before falling back to 17% in 2024. While many of these European domiciled ETFs will be managed from the UK, there are no ETFs domiciled domestically.

Differences in tax treatment have shaped flows in the European ETF market: Irish-domiciled ETFs benefit from the U.S.–Ireland tax treaty, which means ETFs holding US equities are subject to a 15% rather than a 30% withholding tax on dividends.

Many board members that we interviewed this year stated that ETFs present a significant opportunity for European investment managers and have forecasted a continued acceleration in growth. Investors increasingly want “intraday pricing and real-time access,” one member noted, and new direct-to-consumer platforms are helping to meet that demand. However, as the IA investor survey found, the critical piece, above all else, in driving up retail adoption of ETFs in the UK will be a co-ordinated investor education programme which address the significant knowledge gap.

CHART 16: EUROPEAN ETF ASSETS UNDER MANAGEMENT BY DOMICILE (2014-2024)



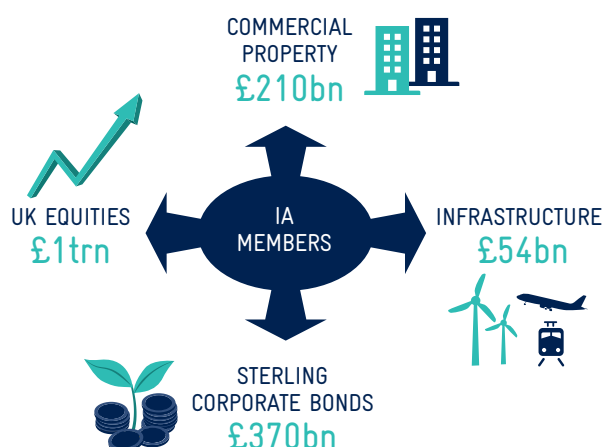
Source: Morningstar

INVESTMENT IN THE UK ECONOMY

The investment management industry plays a significant role in channelling savings to investments in the domestic economy through both public and private markets. This role became more important with the reduction in bank lending after the Global Financial Crisis, and it is set to expand further as the Labour government looks to drive economic growth and mobilise private capital to support the growth of the domestic economy and achieve policy aims including supporting the UK's transition to net zero. The Mansion House Accord and Compact — which commits pension funds to allocate more to private assets — and the Leeds Reforms are designed to ensure that long-term savings are channelled more effectively into productive UK assets in the coming years.

IA members are helping to finance the UK economy through investments in UK listed equities, sterling-denominated bonds, infrastructure and UK commercial property (see Figure 6), totalling £1.6 trillion in 2024. This represents a 5% increase from £1.56 trillion in 2023 and has now broadly recovered to 2021 levels (£1.64 trillion) following the sharp fall in 2022 when equity and bond markets both sold off.

FIGURE 7: IA MEMBER HOLDINGS IN UK ASSET CLASSES (2024)



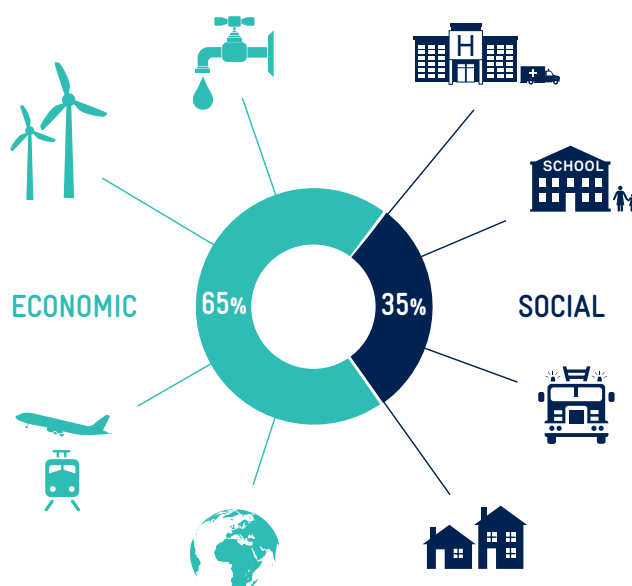
Source: The Investment Association

Total investment in UK equities rose in 2024 to over £1.0 trillion, up from £900 billion in 2023. This marks a recovery in equity valuations as UK equities returned 9% over the year and is equivalent to almost two fifths of total UK equity market capitalisation. Sterling

corporate bond assets fell to £370 billion in 2024, down from £400 billion in 2023. This continues the longer-term decline from 2021, when assets stood at £440 billion. This likely reflects the falling segment of UK DB pension fund assets (see Chapter 4) who allocate one quarter (24%) of scheme assets to corporate bonds. UK commercial property assets also edged slightly lower to £210 billion in 2024, extending the gradual decline from £220 billion in 2021. The fall reflects ongoing challenges in the commercial property sector, including the shift away from traditional commercial high street buildings, as well as changing office demand following the pandemic and the growth in remote working. While there are signs of renewed interest in high-quality, flexible office space, overall investment remains subdued. Investments in UK social and economic infrastructure projects grew to £54 billion in 2024, up from £45 billion in 2023 and now higher than in any of the past four years.

INVESTMENT IN UK INFRASTRUCTURE

FIGURE 8: INFRASTRUCTURE INVESTMENT BY IA MEMBERS (2024)



Infrastructure investments can broadly be categorised as economic, which include investments in renewable energy, utilities, transport and telecommunications, or social, which includes public health, education and

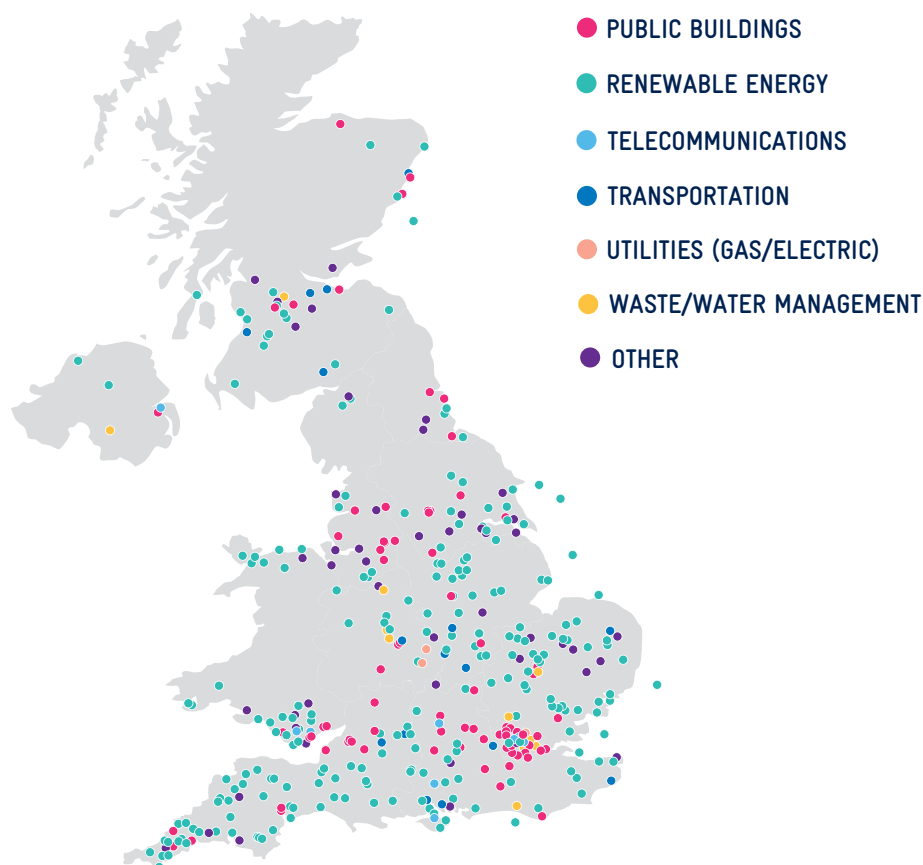
building, construction and maintenance. It is estimated that the majority (65%) of infrastructure investments are invested in economic projects and a third (35%) are in social projects. IA data suggest that there has been growth in investment by IA members in social infrastructure projects over 2023 including investment in schools in Lancashire and London and in some economic projects including financing renewable energy and the UK fibre-optic network.

Investments in UK social and economic infrastructure projects grew to £54 billion in 2024, up from £45 billion in 2023 and the highest level in recent years. Figure 8 illustrates the breadth of IA member investments across the UK. Allocations cover sectors from renewable energy to schools and healthcare, and infrastructure has proven one of the most resilient UK asset classes, offering long-duration, inflation-linked cash flows that remain attractive to institutional investors.

Policy reforms are reshaping how capital is deployed. The Mansion House Accord requires DC pension funds to allocate at least 5% of default assets to UK private markets by 2030, potentially unlocking up to £50 billion for infrastructure, growth equity and other illiquid strategies. The forthcoming eligibility of Long-Term Asset Funds (LTAFs) within ISAs will also open retail investor access to infrastructure and private assets. Together, these reforms position investment managers to play a larger role in financing the UK economy, aligning long-term savings with national priorities for growth and transition.

On the supply side, government action is essential to make it easier to develop a pipeline of investable opportunities. The Planning and Infrastructure Bill aims to accelerate approvals for major projects, the removal of barriers to onshore wind has reopened a significant market for renewables, and the creation of Great British Energy is designed to co-invest alongside private capital, helping de-risk large projects and broaden the investable pipeline.

FIGURE 9: SELECTION OF UK INFRASTRUCTURE INVESTMENT FACILITATED BY IA MEMBERS (JUNE 2025)



4 UK INSTITUTIONAL MARKET

KEY FINDINGS

MARKET OVERVIEW

- » IA members managed £3.8 trillion of UK institutional client assets globally at the end of 2024, down 3% on £3.9 trillion in 2023. This modest decline follows a stabilisation of institutional assets in 2023, after the sharp 16% fall in 2022 driven by the September 2022 gilt market crisis.
- » Despite weaker overall asset levels in 2024, estimates suggest that institutional flows were positive at approximately £60 billion, compared with outflows of around £80 billion in 2023.
- » UK institutional client assets are still concentrated in pension and insurance clients, which account for around 79% of institutional AUM. This is a 3% decline on the 82% recorded in 2023.
- » Pension fund assets fell sharply in 2024 to 51% of institutional AUM (56%, 2023), continuing the steady decline which started in 2019. Insurance assets continued their strong growth, reaching their highest share in over ten years at almost 28% of UK institutional assets.

EVOLUTION OF THE PENSIONS MARKET

- » UK pension fund assets managed by IA members dropped to just under £2.0 trillion in 2024, down from £2.2 trillion in 2023.
- » The IA estimates the size of the UK pensions market at £3.8 trillion in 2024, unchanged from 2023 but still below 2021's £4.2 trillion estimate.
- » DB pension schemes saw assets fall 12% to £1.7 trillion in 2024, compared with £1.9 trillion the previous year. As assets continue to migrate to insurers' balance sheets, we have seen DB totals shrink – it is estimated that new business volumes in the pension risk transfer market reached £45-50 billion in 2024.
- » Local Government Pension Scheme (LGPS) assets remain resilient, accounting for 7% of UK institutional assets in 2024.
- » DC pension workplace assets reached £650 billion in 2024, marking a 40% rise over the past five years. Individual and self-invested DC arrangements rose from £750 billion to £820 billion.
- » Annuity-backed assets grew by a further 14% to reach almost £420 billion in 2024. Many retirees have returned to annuities as rates have increased.

THIRD-PARTY MANDATES

- » Third-party client assets managed by IA members globally dropped slightly to £3.2 trillion in 2024, down from £3.4 trillion in 2023.
- » Pension funds now account for 57% of total third-party assets, down 13% since 2021. Third-party insurance assets have grown significantly over the same period, rising to 19% of assets.

MANDATE TYPES

- » Single-asset mandates rose 6% to reach 57% of mandates in 2024. Multi-asset mandates remained stable year-on-year at 16%.
- » Assets in LDI mandates fell by six percentage points in 2024 to 27% of total mandates, continuing the sharp contraction seen over the last three years.

This chapter takes a detailed look at the UK institutional client market. Please note that Chapter 4: UK Institutional Market differs from previous and subsequent chapters of the report in two key respects:

- It covers all assets irrespective of whether they are managed from the UK or offices overseas. We estimate that at least 90% of the assets are managed in the UK.
- The primary focus is on the nature of a mandate rather than on the underlying assets. For instance, a global equity mandate is presented as such, without further breakdown into the underlying constituent countries.

Full details of the asset allocation and investment strategy for the entire institutional market are available in Appendix 2 of this report.

MARKET OVERVIEW

IA members manage £3.8 trillion of UK institutional client assets globally as of year end 2024, down 3.3% from £3.9 trillion in 2023. This modest decline follows a period of relative stability in 2023, after the sharp 16% fall in institutional assets recorded in 2022 which saw assets fall from a peak of £4.6 trillion. Despite weaker overall asset levels in 2024, we estimate that institutional flows were positive at approximately £60 billion, compared with outflows of around £80 billion in the previous year. This indicates that while client demand recovered, asset valuations continue to impact certain parts of the market.

CLIENT BREAKDOWN

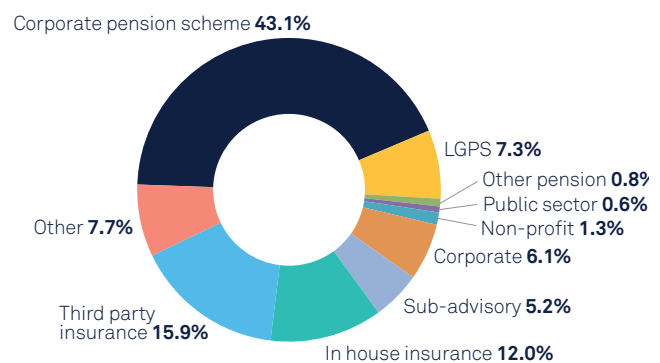
Chart 17 provides a breakdown of the £3.8 trillion of UK institutional market assets by client type. The balance between pensions and insurance clients continues to shift, with pension schemes falling further as a share of institutional assets and insurance assets expanding.

- UK institutional client assets remain concentrated in pensions and insurance, together accounting for around 79% of the market in 2024. This headline figure has fallen three percentage points from 82% in 2023.
- Pension fund assets fell sharply in 2024, down to 51.2% of institutional AUM compared with 56.1% in 2023. The decline was driven primarily by corporate pension schemes, which contracted to 43.1%, down from 47.3%. This is consistent with external

reporting of DB assets, with Pension Protection Fund (PPF) data showing an 11% fall in assets over 2024. By contrast, LGPS assets were broadly steady at 7.3%, though marginally down in nominal terms. External data suggests that there was growth in total LGPS assets in 2024.

- Insurance assets continued their strong growth, reaching their highest share in over ten years. In-house insurance mandates rose to 12.0% from 11.3%, while third-party insurance grew more strongly to 15.9%, up from 14.9% in 2023. Together, insurance clients now represent almost 28% of UK institutional assets. This likely reflects increased activity in the Pension Transfer Market (PRT) which has seen a shift of DB pension assets to the insurance sector. We discuss this in more detail later in the Chapter.
- Other client groups also gained ground. Corporate clients increased to 6.1% of institutional assets in 2024, compared with 4.4% in 2023, while sub-advisory mandates grew to 5.2%. “Other” clients accounted for 7.7%, their highest share in more than a decade. This broadening of the client base partly reflects the retreat of corporate pensions and the diversification of institutional mandates across different types of client structures.

CHART 17: UK INSTITUTIONAL MARKET BY CLIENT TYPE (2024)



Source: The Investment Association

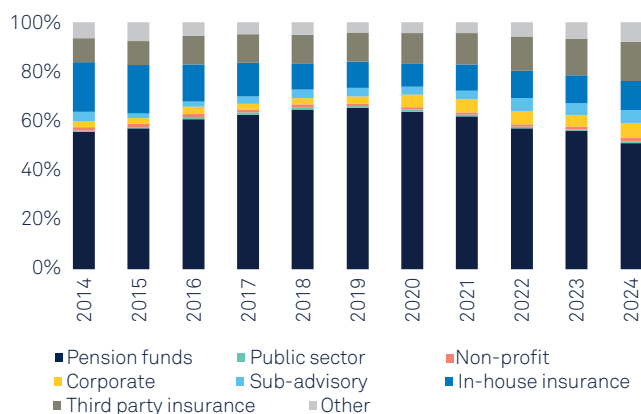
Chart 18 illustrates the distribution of UK institutional market assets by client type over the past decade. The data highlight a reconfiguration away from pension schemes as the dominant client base and towards insurance mandates.

- Pension funds have lost significant share over the

decade, falling from a peak of 65% of institutional AUM in 2019 to 51% in 2024. While pension funds continue to account for the majority of UK institutional client AUM, this decline has been steady since 2019, marking a return to levels last seen in 2011–2012. We look at the pensions market in more detail in the next section.

- Insurance has grown to fill the gap, reversing the decline seen between 2011 and 2020 when insurance mandates fell to a low of 22% of assets. Since then, insurance mandates have grown each year as a proportion of the asset base and accounted for 28% of institutional AUM in 2024, reflecting both in-house balance sheet growth and strong inflows into third-party mandates.
- Taken together the total proportion of assets managed for pension and insurance clients stands at 79%, notably lower than the 87% average for the first seven years of the last decade. While some of the fall in pension fund AUM is finding its way into the insurance segment of our data because of the rise in Pensions Risk Transfer (PRT) activity, not all of it is. Despite the six percentage point increase in the level of insurance assets since 2019, this has not completely offset the fourteen percentage point fall in pension assets.
- Other client groups have expanded their presence gradually, rising from around 15% of institutional AUM in 2014 to over 19% in 2024. Corporate clients have grown from just 2.3% in 2014 to 6.1% in 2024, while sub-advisory mandates rose from 4.0% to 5.2% over the same period.

CHART 18: UK INSTITUTIONAL MARKET BY CLIENT TYPE (2014–2024)



Source: The Investment Association

EVOLUTION OF THE UK PENSIONS MARKET

Using both proprietary IA data and third-party data, this section presents a detailed overview of the UK pensions market, looking at assets managed within both Defined Benefit (DB) and Defined Contribution (DC) schemes and where the asset manager has a direct relationship with the pension fund rather than it being distributed via a wrapped product through an insurance company.

As of December 2024, UK pension fund assets managed by IA members stood at just under £2.0 trillion, down from £2.2 trillion in 2023 and well below the £2.9 trillion peak in 2021. Despite growth in the UK's DC pensions market, the fall in overall assets has been driven by the DB sector, which is heavily exposed to the domestic bond market. This marks another year of contraction for the UK pensions sector, in contrast to the recovery in global pension assets. According to the Thinking Ahead Institute's Global Pension Assets Study 2025, worldwide pension assets reached \$58.5 trillion at end-2024, up nearly 5% on the year and regaining ground lost during the sharp market falls of 2022.

The UK stands out as one of the weakest performers in this global context. According to the study, UK pension assets declined by 0.7% in 2024 in local currency terms, extending the drag from 2022's gilt market turmoil. It was the only country in the study which reported a contraction in pension assets over 2024. As a result, the UK's relative weight in the global pensions market continues to diminish: its share of worldwide pension assets fell to around 5.4% in 2024, compared with nearly 9% a decade ago.

IA member managed pension fund assets can be categorised into the following three categories:

- **Corporate pension funds**, which can be either DB or DC schemes, account for the majority of UK pension fund assets and are estimated to stand at £1.6 trillion. Corporate Pension Funds include an estimated £125 billion managed by Occupational Pension Scheme managers.
- **The Local Government Pension Scheme (LGPS)** is a DB pension scheme with almost 6.7 million members and is responsible for almost £280 billion in assets managed by IA members – making it the largest public sector pension scheme in the UK. Using recent market value estimates for the LGPS⁷, IA members are responsible for managing approximately two thirds of LGPS assets.
- **Other pension funds** include both DB and DC assets managed for pension schemes that do not fit into either category listed above, such as pension schemes run for not-for-profit organisations. Other pension fund assets account for an estimated £30 billion (equivalent to just 1% of pension assets).

SIZING THE MARKET

Due to the complexities involved in how DC and personal pension products are distributed, it is not possible to provide a precise split of assets by pension fund type. By drawing on external data sources, however, we can outline the structure of the UK pensions market and estimate the relative scale of DB and DC assets.

For DC pensions, we distinguish between two main categories (Figure 9):

- **Accumulation phase** – This represents the period of active saving, where contributions made through workplace or retail pension schemes are invested with the objective of building a pool of assets until retirement or the start of withdrawals.
- **Decumulation phase** – This refers to the stage where retirees convert their pension savings into income to support their retirement. Income may be accessed through drawdown arrangements, or via the purchase of an annuity that provides a guaranteed stream of payments for life.

At the headline level, we estimate that total UK pension assets stood at £3.8 trillion at the end of 2024, unchanged since 2023 but still below the £4.2 trillion peak in 2021. Beneath the headline level data, there have been sharp movements within different segments of the UK pensions market.

- DB pension schemes saw assets fall 12% to £1.7 trillion in 2024, compared with £1.9 trillion the previous year. The rise in interest rates since 2022 has reduced the present value of liabilities, pushing many schemes into surplus and enabling trustees to pursue de-risking strategies. The most prominent of these has been the transfer of liabilities to insurers. New business volumes in the pension risk transfer market reached £45-50 billion,⁸ close to the record volumes recorded in 2023. As assets continue to migrate to insurers' balance sheets, we have seen DB totals shrink.

⁷ Latest data from Ministry of Housing, Communities & Local Government suggests that as of March 2024, total assets were £391 billion. Isio LGPS (England & Wales) Low-Risk Funding Index: 31 March 2025 results estimate this has reached £415 billion by the end of December 2024.

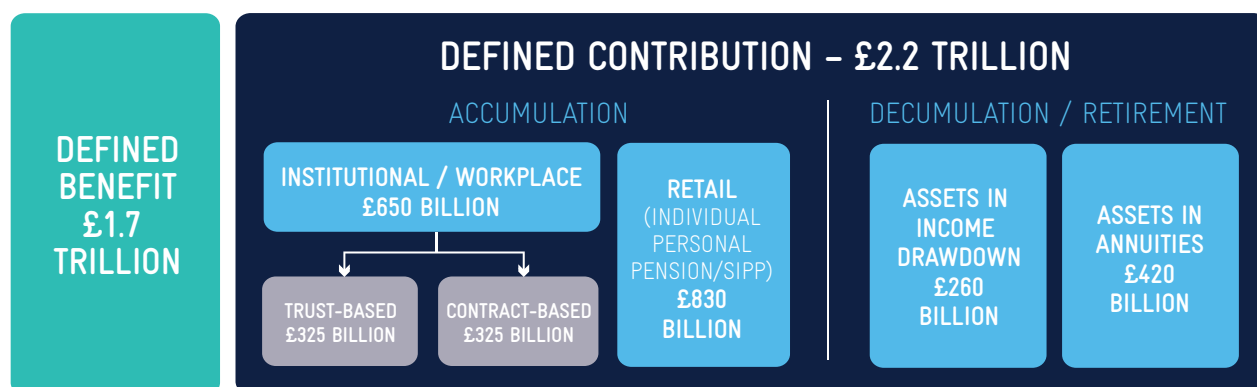
⁸ LCP pension risk transfer report – October 2024, WTW De-risking report 2025

- One area of the DB system has bucked the trend. LGPS assets, which reached £415 billion⁷ by the end of 2024, have grown from £360 billion since March 2023. Unlike corporate DB schemes, the LGPS is open to new members, meaning it benefits from ongoing employer and employee contributions. These inflows have sustained growth even as other DB schemes close and wind down. Policy has also played a role: pooling reforms have created larger investment vehicles, allowing funds to broaden allocations into infrastructure, private equity and renewables. We will explore the asset allocation patterns later in the chapter.
- On the DC side of the pensions landscape, workplace DC assets continued to rise, reaching £650 billion⁹ in 2024. This marks a 40% increase in the last five years, underscoring the structural shift underway as DC becomes the dominant form of provision. Individual and self-invested DC arrangements rose from £750 billion to £820 billion.⁹
- In 2024, the UK decumulation market experienced strong growth across both flexible and guaranteed

retirement income solutions. The drawdown market expanded markedly, with assets rising by 18% from £220 billion in 2023 to £260 billion in 2024. This growth was fuelled by rising inflows: according to FCA data,¹⁰ the number of pension plans entering drawdown for the first time increased from 278,977 in 2023/24 to 349,992 in 2024/25 — a jump of more than 25%. The sharp increase reflects both demographic momentum, with more retirees relying on DC savings, and the strong preference for flexibility that has characterised behaviour since the pension freedoms were introduced.

- At the same time, assets backing annuities also grew, rising 14% to reach almost £420 billion. While annuities still account for a relatively small share of new retirements, the FCA reported that annuity purchases rose from 82,061 in 2023/24 to 88,430 in 2024/25¹⁰ — an increase of nearly 8%. Many retirees have returned to annuities as rates have increased, as a way of locking in certainty, often using them to secure a reliable income floor while keeping the remainder of their savings in flexible drawdown.

FIGURE 10: OVERVIEW OF THE UK'S PENSION LANDSCAPE (2023)



Sources: The Bank of England, Department for Levelling Up Housing & Communities, Financial Conduct Authority, The Investment Association, MoreToSIPPs, Office for National Statistics, Pensions Policy Institute DC Future Book, Pensions Protection Fund 7800 Index

⁹ PPI DC Future Book 2024 for workplace DC estimates, IA estimates and MoretoSIPPs data for individual/self-invested DC

¹⁰ FCA Retirement income market data 2024/25

TRENDS IN THIRD-PARTY INSTITUTIONAL MARKET

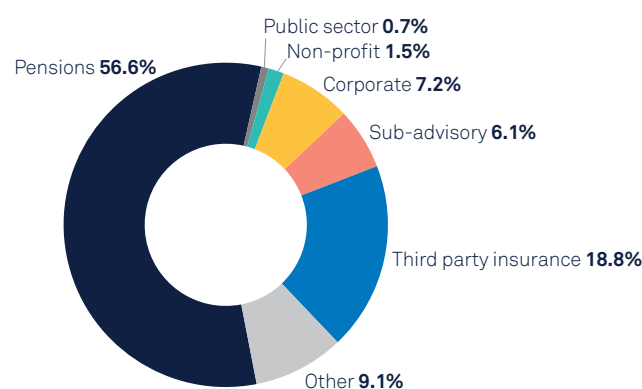
Full details of the asset allocation and investment strategy for the entire institutional market are available in Appendix 2 of this report. The remainder of this chapter uses IA data to look more closely at the institutional market that is available to third-party clients, that is, excluding mandates managed in-house for insurance parent groups and occupational pension schemes.

Excluding in-house insurance mandates, total third-party client assets managed by IA members globally stood at £3.2 trillion at the end of 2024, edging down 4% from £3.4 trillion in 2023 and still below the £4.0 trillion peak in 2021. These moves are broadly in line with what we saw when we included in-house insurance assets in our analysis at the beginning of this chapter.

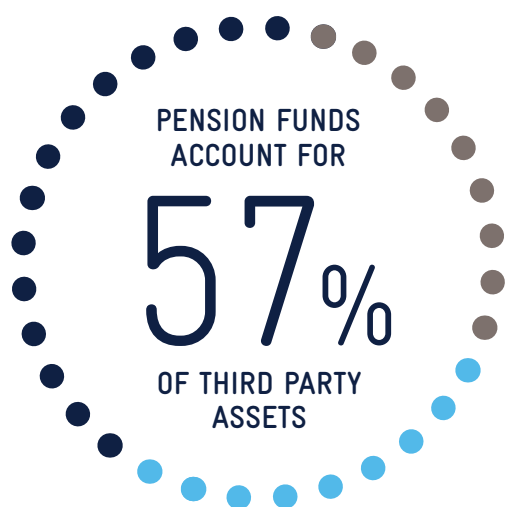
In Chart 19, pension funds continue to be the largest client group, but their dominance is clearly eroding. Like what we saw in earlier charts, pensions now account for 57 % of third-party assets, down thirteen percentage points since 2021. Much of this lost share has flowed into the third-party insurance category, which has grown five percentage points to 19% of assets over the same period.

At the same time, other client groups are gradually reshaping the institutional market. Corporate mandates, sub-advisory arrangements, and especially the “Other” category have all expanded their share since 2021, pointing to a broader institutional base beyond pensions. Even smaller segments such as non-profits have more than doubled in relative weight over the past three years. Together, these shifts suggest the UK market is undergoing a structural rebalancing—from a pension-centric system to a more diversified landscape where insurers, corporates, and other clients play an increasingly important role in driving demand for investment management.

CHART 19: THIRD-PARTY UK INSTITUTIONAL CLIENT MARKET BY CLIENT TYPE (2024)



Source: The Investment Association

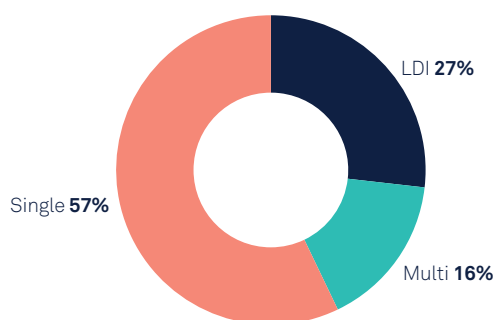


MANDATE BREAKDOWN

Chart 20 breaks the institutional market down into three categories of mandate:

- Single-asset, or 'specialist' mandates, which focus on a specific asset class or geographical region. In 2024, assets managed in single-asset strategies rose six percentage points to 57% of mandates, reversing the small decline seen in 2023.
- Multi-asset, or 'balanced' mandates, which cover several asset classes and regions. Balanced mandates were stable, accounting for 16% of assets managed by third-party clients at the end of 2024, unchanged from the previous year.
- Liability Driven Investment (LDI) mandates, which are specifically designed to help clients meet future liabilities. These mandates frequently make greater use of derivative instruments and are therefore included based on the notional value of liabilities hedged, rather than the value of physical assets held in the portfolio. Assets in LDI mandates fell by six percentage points in 2024 to 27% of total mandates, continuing the decline from the previous year. We cover LDI assets in more detail in the next section.

CHART 20: UK THIRD-PARTY INSTITUTIONAL MANDATES INCLUDING LDI IN 2024



Source: The Investment Association

LIABILITY DRIVEN INVESTMENT STRATEGIES

Over the past decade, Liability-Driven Investment (LDI) strategies expanded rapidly to become a central tool offered by investment managers to defined benefit (DB) pension funds, but the last three years have seen a sharp contraction that has unwound much of this growth. Chart 21 shows that in 2014, the total notional liabilities hedged through LDI strategies was around £650 billion. That figure more than doubled to a peak of over £1.5 trillion in 2021, reflecting widespread adoption and increased reliance on leverage to hedge interest rate and inflation risks. Since then, however, the trend has reversed dramatically, falling each year since 2021, standing at £860 billion by the end of 2024. It is these sharp falls in LDI portfolios that are driving much of the pension trends that we have seen in this chapter so far. LDI was once a dominant source of assets in the UK institutional market- accounting for as much as 40% of institutional AUM in 2019, compared with 27% in 2024.

Several factors explain both the steep growth in LDI up to 2021 and the subsequent retrenchment:

- **Low rates and liability pressure:** The prolonged low-interest-rate environment inflated the present value of pension scheme liabilities, creating strong incentives to hedge interest rate and inflation exposures.
- **The use of leverage and derivatives:** LDI's growth was amplified by the ability to use derivatives and repo financing to extend hedge coverage without fully committing scheme assets. This meant relatively small pools of collateral could support very large notional exposures, giving pension funds a very capital efficient way of both seeking growth while reducing volatility in their funding positions. TPR have estimated that by the end of 2021, 60% of private sector DB schemes were using LDI strategies to manage liabilities.¹¹
- **The 2022 gilt market shock:** The gilt crisis triggered by the September 2022 mini-budget exposed market sensitivities in LDI portfolios. As gilt yields spiked following the reaction to the budget announcement, pension schemes and LDI pooled funds faced urgent collateral calls. Some schemes and pooled funds were unable or unwilling to meet them, leading to forced gilt sales and a downward spiral in valuations. Even though the Bank of England intervened to

¹¹ Work and Pensions Committee inquiry into 'Defined benefit pensions with Liability Driven Investments'

stabilise the market, many schemes subsequently reduced their exposures and asset valuations are yet to recover to pre-September 2022 levels.

- Higher interest rates, shift towards de-risking:** Higher interest rates improved DB funding levels across the board, with the Pension Protection Fund 7800 index noting a significant rise in schemes reporting surpluses and a fall in schemes reporting deficits. This reduced the need for leveraged hedging strategies and gave trustees the opportunity to pursue de-risking more decisively. Record levels of buy-ins and buy-outs in 2023 and 2024 of c.£50 billion, and WTW's forecast of £70 billion in transactions in 2025, show that assets have been increasingly moving from LDI to the risk transfer market. At the same time, some schemes still invested in LDI are adjusting approaches: less leverage, larger collateral buffers and more conservative hedging ratios. These adjustments have significantly reduced notional exposures.
- Rising scheme maturity contributing to falling demand for LDI:** DB schemes continue to mature, with most now closed to new accrual. According to the Purple Book 2024, 74% of DB schemes are closed to future accrual. Increased maturity of schemes means there is less demand for highly leveraged strategies and there is a greater need for cashflow focused approaches. The fall in total DB assets is not unexpected against this maturing profile of schemes.

CHART 21: NOTIONAL VALUE OF LDI (2014–2024)



Source: The Investment Association

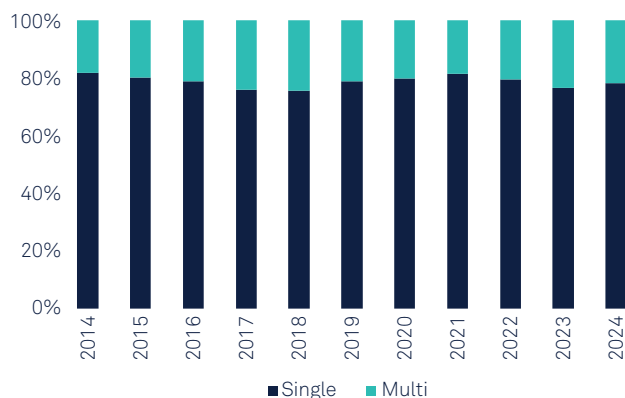
MULTI-ASSET VS. SPECIALIST MANDATES

Given that LDI strategies are used almost exclusively by DB pensions, their inclusion in the data can mask some interesting trends in the broader market. The analysis presented in this section excludes the value of LDI mandates to allow us to uncover some of these trends.

Over the past decade, multi-asset mandates steadily gained ground as institutional investors sought diversified “one-stop” solutions rather than managing asset allocation themselves. But by 2019, that growth started to plateau and then reverse: multi-asset strategies now account for roughly 22 % of third-party mandates (excluding LDI), down from 24 % in 2023, but up from 18% a decade ago. While single-asset mandates still command the lion's share with 78%, this has declined from 82% in 2014.

Policy is increasingly shaping the direction of UK institutional investment. The government's Pensions Investment Review and the Pension Schemes Bill 2025, which implement's the Review's proposals, emphasise consolidation, aiming to create larger, more scalable default funds with the capacity to invest in illiquid and “productive” assets. It remains unclear what impact this will have on the type of mandates that investment managers will deliver, however, indications in the LTAF space suggest that much of this private market investment will be in multi-asset strategies, with almost half of all LTAF launches to date structured as multi-asset private markets funds. The preference for multi-asset solutions likely reflects the fact that for many schemes this is their first foray into private markets. As they become more experienced with private markets investing and develop more in-house expertise, we might expect this to change, with growth in asset-class specific mandates. Consolidation in the DC space could have a contrasting effect. Larger schemes with stronger governance may prefer single-asset specialist mandates and retain control over allocations.

CHART 22: UK THIRD-PARTY INSTITUTIONAL CLIENT MANDATES: MULTI-ASSET VS. SPECIALIST (2014–2024)



Source: The Investment Association

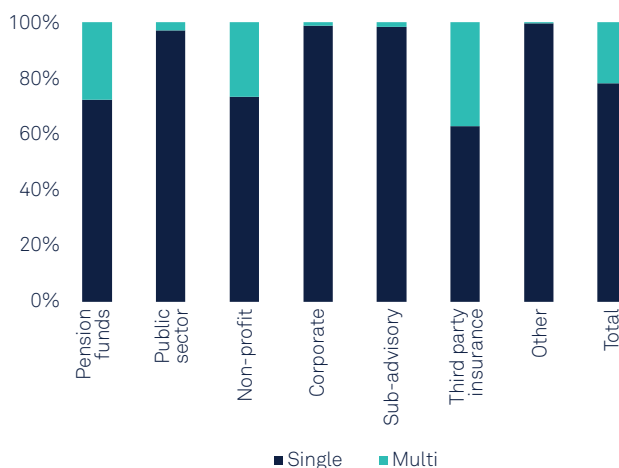
Chart 23 looks at the balance between single and multi-asset mandates across client groups, which have remained broadly in line with what we reported last year. The balance does differ depending on client types, so the trend we reported in Chart 22 above will largely be shaped by shifts in the balance of assets by client type.

- **Third-party insurers are most likely to outsource all or part of the asset allocation to investment managers**, especially given that, unlike in the pension market where consultants typically advise trustees on asset allocation, they are not obliged to seek advice from investment consultants before awarding mandates. In 2024, almost two-fifths of their assets (37%) were managed in multi-asset strategies, down slightly from 39% the previous year.

- **Over a quarter (28%) of pension fund assets are managed through multi-asset mandates**, with the remainder in single-asset strategies. This higher allocation compared with other client groups may reflect the fact that in DC schemes, 94% of members are invested in the default fund (DWP, Pension Provider Survey 2024/25), and these defaults are typically structured as multi-asset portfolios. With the policy developments outlined in the previous section, we may see this change in the coming years.

- **Non-profit organisations also stand out, with around 27% of their assets** allocated through multi-asset mandates. For these investors, the appeal likely lies in simplicity and diversification: many lack the resources to run multiple single-asset mandates, and multi-asset strategies provide a cost-efficient way to access a diversified mix of assets.
- **Public sector, Corporate, Sub-advised and ‘Other’ clients assets are almost entirely managed on a single-asset basis**, with negligible use of multi-asset strategies.

CHART 23: UK THIRD-PARTY INSTITUTIONAL CLIENT MANDATES: MULTI-ASSET VS. SPECIALIST IN 2024



Source: The Investment Association

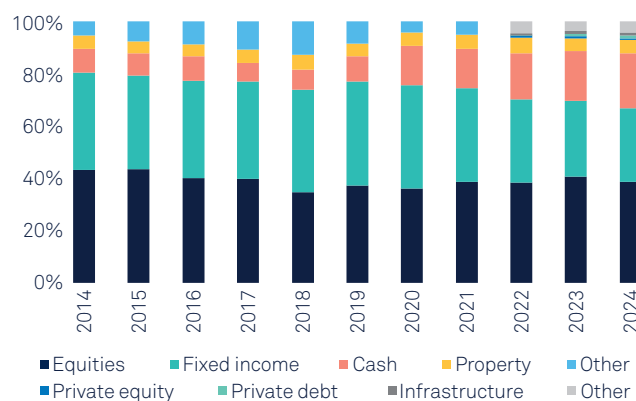
ASSET ALLOCATION TRENDS WITHIN SPECIALIST MANDATES

Chart 24 shows the breakdown of specialist (single-strategy) mandates by asset class over the past decade. Unlike what we reported in Chapter 3 of this report when looked at wider asset allocation patterns for UK and overseas retail and institutional investors, asset allocation trends in the UK institutional market have remained broadly stable but there have been some long term shifts to highlight:

- 2024 saw a one percentage point fall over the year in fixed income mandates, which now account for 28% of specialist assets — the lowest share in our data. This marks the fifth successive year in declining allocations, which have fallen sharply from the 40% peak in 2019 reflecting both the impact of higher interest rates on bond valuations and the fall in pension assets. While bond yields are now more attractive, suggesting potential scope for recovery, allocations have yet to rebound in mandate terms.
- By contrast, equities remain the main focus of specialist mandates, representing 39% of assets in 2024. Although down two percentage points from 41% in 2023, this is in line with the long term average and equity allocations continue to dominate, supported by strong performance in global markets even amid a challenging macro outlook for growth strategies.
- The long-running rise in cash mandates has accelerated, with allocations reaching 21% in 2024, the highest level recorded. This reflects heightened demand for liquidity following recent stress events. Institutional clients continue to rely on cash-like strategies, including money market funds, both for risk management and regulatory compliance.
- Allocations to private markets within specialist mandates remain small at 2.7% but have steadily increased from 1.7% in 2022. In 2024, private debt saw the biggest rise, growing from 0.7% of AUM to 1.1%. Infrastructure is the largest segment at 1.3%, while private equity remains relatively low at 0.5%. Though modest in percentage terms, over time, these strategies are likely to become a more established component of both specialist and multi-

asset mandates. The Mansion House reforms will likely shift the asset allocation landscape for UK institutional investors. The commitment from major DC providers to allocate at least 10% of default assets to productive finance, including 5% to UK assets by 2030, will channel a larger share of capital toward asset classes such as infrastructure, private equity and private credit.

CHART 24: SPECIALIST MANDATE BREAKDOWN BY ASSET CLASS (2014-2024)



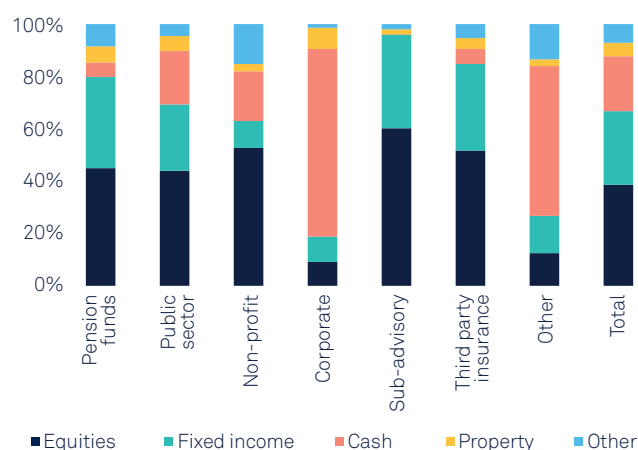
Source: The Investment Association

Asset allocation patterns differ quite substantially across different segments of the institutional market as each client segment has differing long-term investment objectives. Chart 25 highlights some distinct differences in the asset allocation profiles for each client group:

- Pension funds and third-party insurers display broadly similar allocation profiles, each combining significant exposure to growth assets with sizeable allocations to fixed income. Pension funds hold 45% in equities and 35% in fixed income, with modest allocations to private markets (4%) — 1% in private equity, 1% in private debt, and 2% in infrastructure. This balanced mix reflects their dual need to generate returns while managing liabilities.
- Third-party insurers show a comparable pattern, with 52% in equities and 33% in fixed income. Like pension funds, they have started to build exposure to private markets with a 4% allocation, primarily through private debt (3%).

- Among the other client types, the corporate segment, which is now the third largest client group at 7% of third party AUM, stands out for its exceptionally high allocation to cash (72%), reflecting a focus on liquidity management rather than long-term investment.

CHART 25: SPECIALIST MANDATE BREAKDOWN BY ASSET CLASS IN 2024



Source: The Investment Association

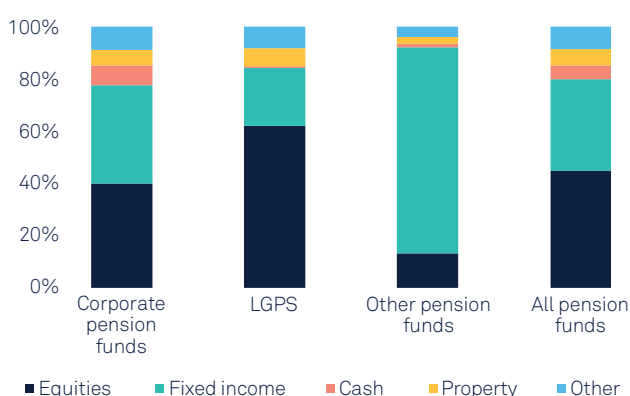
Through our survey, we can compare the asset allocation of the LGPS with the asset allocation of corporate pension funds, which represent a mix of assets managed through DB and DC schemes but where DB assets make up the largest proportion. Chart 26 presents this breakdown and we observe:

- Asset allocation patterns across the pensions universe are vastly different, and for factors that go beyond whether the scheme is defined benefit or DC. Schemes that are closed to new members, or those with no active accruals or with significantly different age profiles will have different asset class exposures to reflect that.
- LGPS are DB schemes that operate under a different regulatory framework from other workplace DB schemes and don't need to strictly match assets to liabilities. They are also open to new members and have a younger age profile with longer retirement horizons. As such, we observe vastly different asset allocation patterns compared with the DB asset allocation in the next section of this chapter. Chart 27

shows that LGPS asset allocation patterns remained broadly unchanged in 2024. Unlike what we present on DB allocations in Chart 27, LGPS portfolios are substantially more growth focused with a 62% allocation to equities and only 22% in fixed income.

- Corporate pension funds (which include both DB and DC components) by comparison, show a more balanced mix of 40% equities and 38% fixed income. Year on year, we have seen the allocation to equities increase by four percentage points from 36%, and fixed income fall by 2 percentage points. This likely reflects the fall in DB assets within this category, which we have already seen are heavily weighted towards fixed income.
- Allocations to private markets, and specifically private equity, private debt and infrastructure are marginally higher among LGPS portfolios at 5% compared with 4% of corporate pension assets. LGPS funds have historically demonstrated more appetite for alternative compared with the corporate pension segment and as a public sector scheme are also facing increased political pressure to increase private market and domestic allocations.

CHART 26: SPECIALIST MANDATE BREAKDOWN BY ASSET CLASS AMONG UK PENSION FUNDS IN 2024



Source: The Investment Association

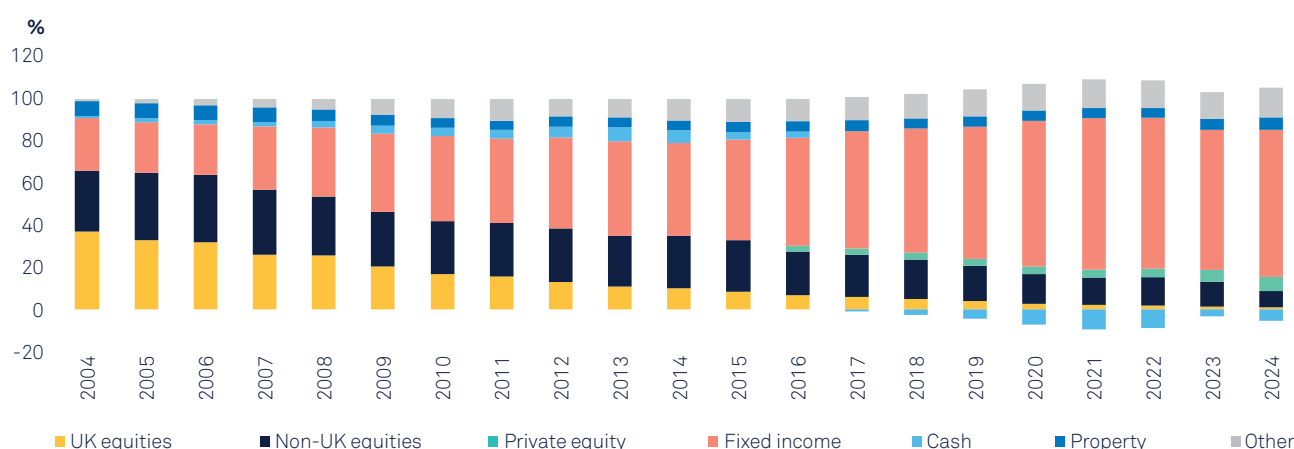
Although DC workplace pension assets are growing, DB schemes still make up the majority of UK workplace pension assets. Our data combines workplace DB and DC schemes in one category, so in the next two sections we utilise external data to provide context on the asset allocation of DB and DC schemes.

The UK defined benefit (DB) pensions landscape continues to contract, with the Purple Book 2024 reporting 4,974 schemes eligible for the Pension Protection Fund (PPF), down 89 since 2023. Membership stands at 8.8 million, but just 430,000 members are actively accruing. By comparison, there are over 30 million DC scheme members of which 11.1 million are actively accruing.¹²

Given the rising maturity of DB pension schemes, and the falling number of schemes each year, the asset allocation trends will be vastly different to DC schemes. Chart 27 shows the asset allocation trends for DB schemes over the last two decades. We make the following observations:

- Bonds increase their dominance in DB portfolios in 2024.** As of 2024, DB schemes held around 70% of assets in fixed income, compared with 67% in 2023. Within bonds, the index-linked share has risen to 46% of fixed income assets, highlighting the continued focus on inflation hedging as schemes mature and liability cashflows become more predictable. Private debt has also emerged as a meaningful sub-category at 7% of bond portfolios, reflecting a search for diversification and higher spreads beyond public markets.
- Equity allocations in DB schemes are smaller, more private and less UK focused.** Equity allocations have shrunk further to around 15% of total assets (down from 18% in 2023). Within that, the structure of equity portfolios continues to change. UK quoted equities have dwindled to just 1% of total DB assets, 37% in 2004. This is part of a wider trend of global diversification, but also reflects persistent underperformance of UK equities relative to global peers. Even though the UK market has shown signs of improvement more recently, structural factors — limited growth sectors, smaller market capitalisation, and geopolitical risk — have reinforced the retreat.
- Almost half (44%) of DB scheme equity assets are now unquoted/private equity, a significant increase from 30% just a year earlier.** This means that despite equities shrinking overall, private equity now represents 6% of total DB assets. Trustees have embraced illiquids as a way to generate return premia in a lower-return environment, even as they reduce overall equity risk.
- Combined, private equity and private debt account for 11% of DB scheme assets.** This suggests schemes are prepared to tolerate illiquidity, but only within a liability-matched framework. External research shows that schemes are focused on

CHART 27: UK DEFINED-BENEFIT FUND ASSET ALLOCATION (2004–2024)



Source: UBS Pension Fund, Pension Protection Fund – The Purple Book 2024

¹² The Pensions Regulator (TPR)- Occupational Defined Contribution Landscape 2024

“cashflow-aware illiquids” — assets that can generate stable returns without destabilising the liability hedging portfolio (WTW, 2024; Russell Investments, 2024).

- **Beyond bonds and equities, schemes hold 14% in “other” investments of which 10% are in annuities up from 7% the previous year.** This is further reflection of the ongoing wave of de-risking activity in the DB pension sector.

Defined contribution (DC) pension schemes have expanded rapidly since the introduction of automatic enrolment, bringing millions of new savers into workplace pensions. Pension participation has risen from just over 40% of private sector employees in 2012 to over 80% in 2024, according to DWP data. This structural shift has created a distinct asset allocation profile compared with defined benefit (DB) schemes, shaped by the fundamentally different demographic profile of the two systems.

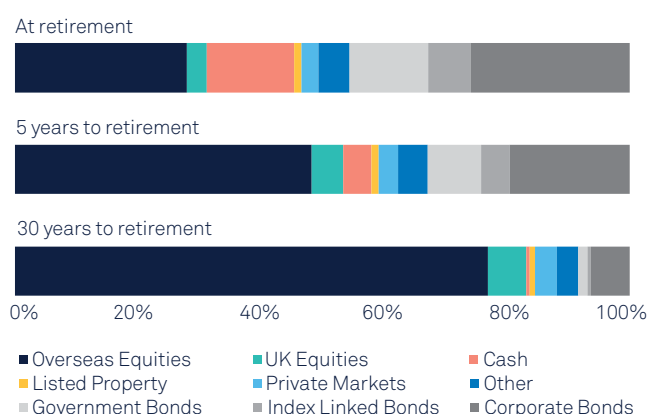
As Chart 28 shows, in DC, asset allocation varies sharply depending on how close members are to retirement. Younger savers, with 30 years to go, are overwhelmingly positioned for growth. Over four fifths (83%) of their assets are in equities, delivering global diversification and return potential. Importantly, allocations to UK equities in this group average just over 6%, a meaningful share compared to the DB sector, where UK listed equity exposure has fallen to around 1%. Although small in global terms, this is slightly higher than the weighting of UK equities in global indices, and shows that DC defaults are still providing a channel for equity capital to UK companies, especially among younger cohorts where return horizons are long.

As retirement approaches, DC defaults gradually rebalance. Five years out, equity exposure falls to half (53%) of portfolios, while fixed income rises to a third, mainly through corporate bonds. At retirement, equities still account for 31% of assets – far higher than the roughly 9% in DB schemes. The rest is split between bonds (around 45%), cash (14%, reflecting lump-sum options) and smaller allocations to property and alternatives. This positioning reflects the fact that most defaults are designed for drawdown at retirement: some equity risk is maintained to support sustainable withdrawals and reduce the risk of stable but potentially negative real returns.

By contrast, as we have seen in Chart 27 above DB funds have steadily reduced equity allocations over the past 15 years, pivoting into fixed income to match liabilities. Yet this does not mean DB capital is disengaged from the UK economy. On the contrary, exposure to UK productive assets remains significant, but the emphasis has shifted from listed equities to UK government and corporate bonds, which now dominate DB allocations. These instruments continue to finance the state and domestic companies, albeit through debt rather than equity.

Policymakers are keen to encourage greater domestic investment, with initiatives such as the Mansion House Accord and the Leeds reforms highlighting the role of pensions in supporting UK growth. The persistence of UK equity allocations in DC defaults – far higher than in DB – provides a base to build on. Coupled with DB’s strong commitment to UK bonds, both parts of the pension system remain important providers of capital to the domestic economy, even as the balance between equity and debt exposure has evolved.

CHART 28: DC ASSET ALLOCATION, 30 YEARS/ 5 YEARS PRIOR TO RETIREMENT AND AT RETIREMENT (2024)



Source: Corporate Adviser- Master Trust and GPP Defaults Report 2025

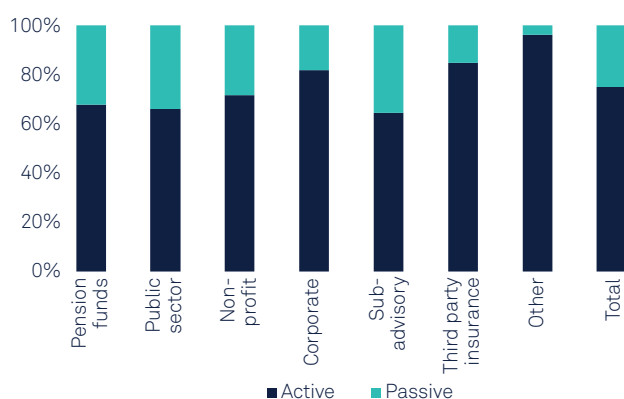
ACTIVE VS. INDEXING

In 2024, index tracking assets rose slightly to 25% of assets (from 24% in 2023). This shows UK institutions are more active-leaning than the broader client base—including retail and overseas investors—where trackers account for about 35% of AUM. In fact, the secular rise over the decade in the wider market has not borne out in the third-party institutional market- which has seen the proportion of indexing assets fluctuate between 24% and 31% in recent years.

Chart 29 provides a breakdown looking at the allocation to index tracking strategies by client type:

- Insurers and corporates have higher allocations to trackers compared with pension funds, non-profits and sub-advised clients.** The 82% active allocation for corporates likely reflects that much of their managed assets sit in cash or cash-like assets. For insurers, which are investing 85% in active strategies, the focus is primarily on investing in cashflow matching portfolios which would inherently require active design, selection, and monitoring.
- Pension funds by comparison, are much more heavy investors in index tracking strategies** increasing their use of indexing in 2024 to 32% (from 29%). Charge caps in the DC pension market has meant that there has been a regulatory driven rise in demand for low cost indexing strategies. By comparison, DB schemes which heavily use LDI are more likely to require actively managed portfolios. The fall in DB assets and rise in DC assets in our data will likely be driving the 3 percentage point increase in tracker assets for 2024.

CHART 29: ACTIVE AND INDEX THIRD-PARTY MANDATES BY CLIENT TYPE, SAMPLE-ADJUSTED (2024)



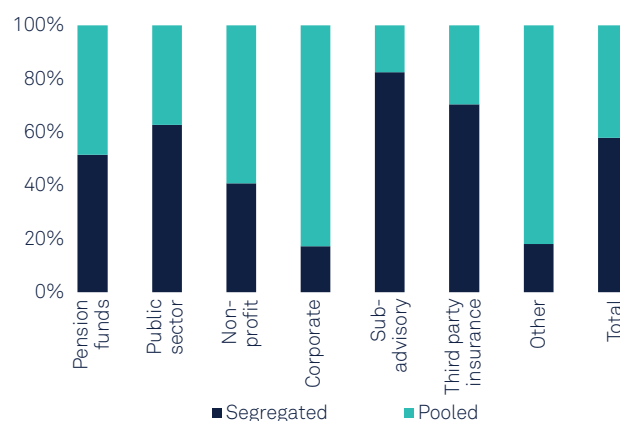
Source: The Investment Association

SEGREGATED VS. POOLED

Among UK institutional investors, the majority of assets are managed through bespoke segregated mandates as opposed to pooled vehicles. However, Chart 30 shows the share of assets in pooled vehicles edged up again in 2024 to 42% (from 41% in 2023). After the big step-up seen in 2023 (which saw an increase in pooled vehicle assets from 33% to 41%) momentum continued—more slowly—as clients blend bespoke governance with fund-vehicle efficiency.

- Pension funds are the headline mover:** pooled vehicles rose to 49% (from 44%), taking the segment close to parity. A key driver is the fall in DB assets and LDI arrangements and the growing use of “fund-of-one” structures—bespoke portfolios wrapped in authorised funds—counted in our data as pooled. They deliver customisation, simpler administration and regulatory protections. Corporate pension fund assets, which are heavily DB, are more likely to use highly customised mandates with just 35% in pooled vehicles. LGPS schemes have a higher proportion of assets in pooled vehicles (45%) by comparison.
- Insurers increased their use of segregated mandates** (70% vs 65%) consistent with liability-aware, cash-flow-matching portfolios that favour bespoke mandates. Corporate clients pushed further into pooled (83%, +4pp) reflecting the heavy investment in pooled liquidity vehicles that these clients are overwhelmingly invested in.

CHART 30: SEGREGATED AND POOLED MANDATES AMONG THIRD PARTY PENSION FUNDS (2024)



Source: The Investment Association

5 UK RETAIL MARKET

KEY FINDINGS

MARKET OVERVIEW

- » In 2024, UK investor funds under management (FUM) increased by 5%, rising to £1.49 trillion from £1.43 trillion in 2023.
- » FUM remains 6% below the 2021 peak of £1.59 trillion but has shown steady year-on-year growth. However, FUM growth falls behind the 10% growth in UK AUM and 8% growth in European FUM recorded over the same period.

ASSET ALLOCATION

- » Equity FUM has remained relatively stable year-on-year, increasing slightly from 54% in 2023 to 55% in 2024.
- » The headline figure masks a persistent shift towards overseas equities, which now account for almost half (45%) of FUM, compared to a third (33%) in 2009. UK equity allocations made up just 10% of FUM in 2024.
- » In particular, North American equities sold well in 2024 with inflows of £3.0 billion as investors viewed a Trump presidency as broadly positive news for the performance of US companies and the large US-listed technology stocks.
- » Fixed income allocations have also remained relatively stable over the long-term but dropped just below 17% for the first time to 16.7% of AUM in 2024. This was likely driven by persistent inflation and rising concerns over US debt as well as high interest rates maintained by the Bank of England.

KEY DRIVERS OF INVESTOR BEHAVIOUR IN 2024

- » Net retail outflows eased from £24.3 billion in 2023 to £2.0 billion in 2024, thanks to falling inflation, rate cuts by central banks and stronger equity market performance, particularly in the US.
- » A cautious return to optimism amongst investors was driven by falling inflation, allowing for rate cuts by central banks and stronger equity market performance.
- » However, anticipated tax changes in Labour's Autumn Budget had a significant impact on net retail sales in September and October, with investors taking out a combined total of £9.4 billion over the period.
- » Relatively high cash savings rates persisted in 2024, and Bank of England data suggest that this continues to attract capital away from investment funds. Cash ISA inflows reached record annual highs of £50.6 billion in 2024. Interest rates were held steady through the first half of 2024 and the Bank of England made their first cut in August 2024. 2024 ended with the base rate at 4.75%, with the expectation of further cuts in 2025.

INDEX TRACKERS

- » In 2024 tracker funds under management reached a record high of £383.7 billion, making up 26% of industry funds under management (excluding ETFs).
- » Tracker FUM has grown every year for the past 15 years, with an 18.5% year-on-year growth in FUM recorded between 2023 and 2024.
- » Throughout 2024, net retail outflows from active funds were £29.4 billion. Although this is an easing on the £38.1 billion of outflows recorded in 2023, it still stands in contrast to the almost £28.0 billion of inflows into tracker funds throughout the year, the highest annual net retail sales to trackers and a £9.6 billion increase on the previous record inflow in 2020.

RESPONSIBLE INVESTMENTS

- » Responsible investment funds ended 2024 with an FUM of £103.8 billion, making up 6.9% of total industry FUM. Market share declined on 2023's 7.2% with FUM increasing very slightly from £102.3 billion.
- » As responsible investment funds have turned to outflow, fund launches have slowed. The count of responsible investment funds in IA data increased by only 7 in 2024, to 433.

DISTRIBUTION TRENDS

- » UK fund platforms returned to modest inflows of £1.8 billion in 2024 after recording their first outflow of £2.4 billion in 2023.
- » The discretionary managers channel continued to see outflows through 2024 of £5.6 billion, only slightly less than the £6.4 billion in 2023 despite improved overall fund flows. The direct with fund managers channel also recorded continued outflows of £4.4 billion, reflecting the ongoing shift away from firms running direct books with investors towards investment platforms and intermediated investment.

THE UK IN THE CONTEXT OF THE EUROPEAN FUNDS MARKET

- » UK domiciled FUM was £1.32 trillion at the end of 2024, made up of £1.24 trillion on behalf of UK investors and £75.2 billion on behalf of overseas investors. Assets managed on behalf of overseas investors now account for 5.7% of UK domiciled assets.
- » UK investor FUM in overseas domiciled funds was £247.9 billion as of the end of 2024, up from £228.2 billion in 2023.
- » Funds domiciled in Luxembourg remained steady at €5.8 trillion in 2024, whilst Ireland recorded a 22% increase in assets over 2024 to reach €5.0 trillion. This is likely driven by the extensive use of Ireland as a domicile for ETFs – ETF assets grew rapidly in 2024. According to Morningstar, the European domiciled ETF market saw AUM increase 33% over the year to reach over €2.2 trillion.

Chapter 5 explores the UK funds market, examining trends in funds under management and net sales, with a particular focus on sales through retail investment channels. The data in the chapter differs from the rest of the report in that it represents UK investor funds under management in UK authorised and recognised funds that are domiciled both in the UK and overseas.¹³

The chapter uncovers how UK investors are approaching asset allocation across the major asset classes and regions over the long-term, predominantly looking at the last 15 years. This perspective enables us to better examine the impact of different market cycles and geopolitical and economic events on investor behaviour in the years following the Global Financial Crisis. Chapter 5 also includes the evolution of sales to index trackers and sustainable investment funds. The story of 2024 is one of cautious positivity and a slow return to growth for the UK funds market. Set in the context of the last 15 years, where we have seen funds under management (FUM) grow consistently in the wake of the Global Financial Crisis, 2022 and 2023 can be seen as challenging outliers. Despite navigating hurdles including Brexit, COVID-19, and Russia's invasion of Ukraine, overall, the industry has shown resilience and adaptability.

The outflows of 2022 and 2023 eased significantly in 2024, signalling a positive shift in investor sentiment. This was driven in part by interest rate cuts, falling inflation and a stronger equity market performance. Whilst cash saving levels remains high – with record inflows recorded into Cash ISAs – this did not come at the expense of funds as it did in 2022 and 2023. Instead, investors displayed a cautious optimism as we saw a slow recovery in growth in FUM boosted by more buoyant markets.

As this chapter explores in more detail, a pivotal event for UK investors in 2024 was the Labour Government's first Autumn Budget. Anticipated tax changes, particularly to Capital Gains Tax, prompted changes in investor behaviour and lead to temporary outflows. However, these outflows did not persist and inflows at year end signalled that the tide may be continuing to turn to inflows into 2025.

FUNDS UNDER MANAGEMENT

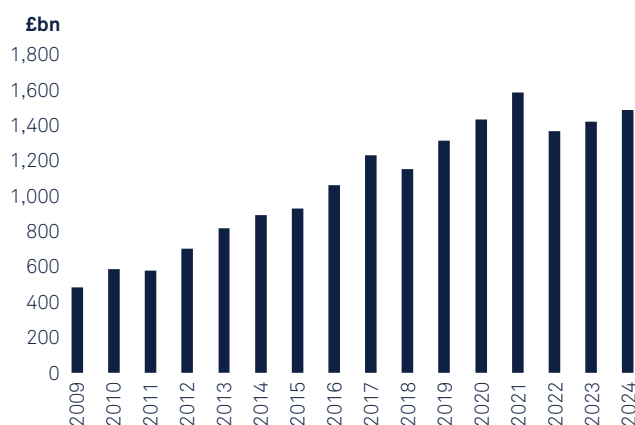
UK investor FUM has continued to recover slowly in 2024, standing at £1.49 trillion at the end of the year.¹⁴

This is a steady 5% growth on the £1.43 trillion FUM recorded at the end of 2023 – a £64 billion increase in absolute terms – but falls behind the 10% growth in UK AUM and 8% growth in European FUM recorded over the same period.¹⁵

The slower FUM recovery in the UK may have been impacted by consistent institutional outflows from UK funds, as well as the growth in popularity of ETFs across Europe, as these assets are not recorded in IA funds data.¹⁶

FUM remains 6.1% below the 2021 peak of £1.59 trillion. Over the course of 2022, FUM fell by 13.8% – in line with a 12% fall in AUM – this fall came as interest rates rose in response to inflation and asset prices fell. We saw initial recovery of 4.1% to £1.43 trillion in 2023, which has continued.

CHART 31: TOTAL INDUSTRY FUNDS UNDER MANAGEMENT (2009-2024)



Source: The Investment Association

¹³ Earlier chapters look at UK managed assets in UK and overseas domiciled funds and include data on ETFs. Chapter 5 data include index tracking mutual funds but not ETFs as the location of ETF investors cannot be confidently identified as the UK. As such, the IA does not include ETFs in its fund data.

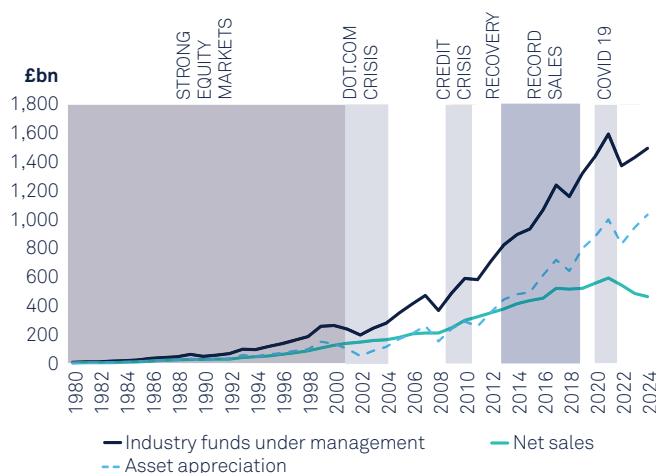
¹⁴ Investment Association Funds Under Management data includes both retail and institutional assets.

¹⁵ EFAMA Fact Book 2025, p.319.

¹⁶ In this chapter, IA data captures FUM and sales on a UK investor basis, not on a UK fund domicile basis. There are no ETFs domiciled in the UK. As ETFs are traded on exchange on a secondary market, it is difficult to determine the country of origin of investors – a unit in an ETF traded on the London Stock Exchange could easily be held by an overseas investor. This is why the IA is not able to publish comparable data on ETFs.

DRIVERS OF INDUSTRY GROWTH

CHART 32: DRIVERS OF INDUSTRY GROWTH (1980-2024)



Source: The Investment Association

Chart 32 shows the growth of the UK funds market since 1980 and highlights the impact of both net sales and asset appreciation on industry FUM. Since 2012, asset appreciation has consistently been the largest contributor to FUM growth. For this chart, net sales includes both retail and institutional flows. We observe the following trends:

- Historically, when markets perform well and drive asset appreciation, net sales also increase – we can see that the blue dotted line and green line on Chart 32 following roughly the same trajectory until 2023. For example, in 2017 when assets appreciated by 10.0%, net sales followed suit and rose 6.3%.
- However, we start to see asset appreciation and net sales trends diverge in 2023 – assets grew but sales continued to fall. 2024 has continued the disconnect between assets rising in value and net sales. Whilst asset appreciation increased by 6.1% over the year, net sales decreased by 1.6%. Negative net sales eased from their peak of £57.8 billion in 2023 to £22.4 billion in 2024, but this marked the third consecutive year of outflows, the longest sustained period of outflows recorded in our data.

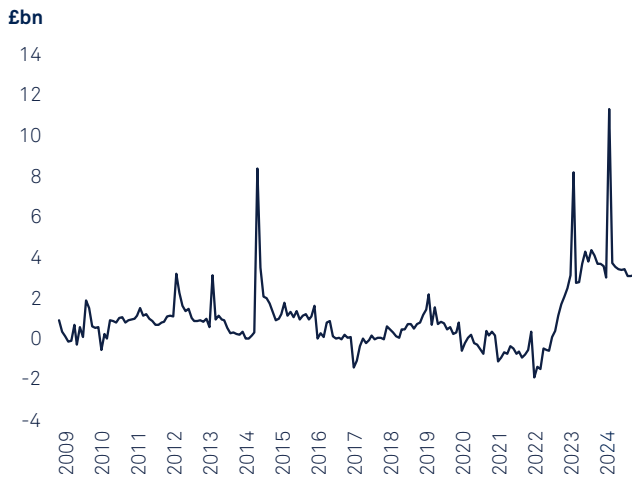
Whilst there are many factors that could affect net retail sales, higher interest rates on cash savings divert money away from funds.

Whilst interest rates were cut incrementally in 2024, they remained high in the context of the post Global Financial Crisis era. Following the 2008 Global Financial Crisis, a significant cut in central bank interest rates led to a shift away from cash savings and enabled fund sales to support FUM recovery. Between 2008 and 2010 funds under management grew by £224 billion.

In recent years we have seen the opposite to be true. In particular, the Bank of England undertook a significant interest rate raising cycle in 2022 and 2023 to help curb persistent inflation. The Bank Rate was raised from just 0.1% in December 2021 to 5.25% in August 2023 – the fourteenth consecutive increase – where it was held until August 2024. As banks and building societies often increase the interest rates they offer on savings accounts when the Bank of England raises rates, this can encourage people into cash savings.

According to Bank of England data in Chart 33 (Cash ISA inflows), Cash ISA inflows reached their highest ever level of £50.6 billion 2024 – surpassing the previous record of £47.5 billion in 2023. Cash ISA deposits have been steadily increasing since 2022 in line with rising interest rates. This has also coincided with increasingly frequent periods of market volatility, which may have prompted some savers to gravitate towards the stability of cash accounts.

CHART 33: NET CHANGES IN STERLING CASH ISA DEPOSITS, SEASONALLY ADJUSTED (2009-2024)



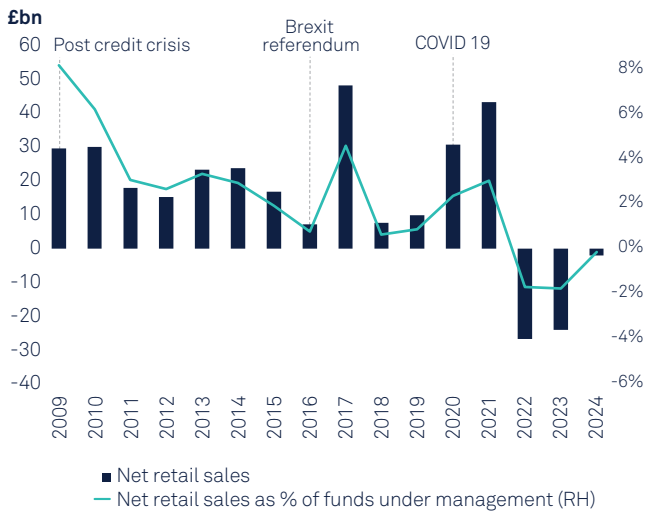
Source: The Bank of England

The IA's annual ISA Barometer for the 2024-25 tax year found that a fifth (22%) of Cash ISA savers use the product because they don't want the value of their savings to fluctuate, whilst 28% cite the importance of lower risk levels. In addition, almost a third (29%) mentioned the appeal of higher interest rates.



RETAIL FLOWS IN CONTEXT

CHART 34: TOTAL NET RETAIL SALES AND NET RETAIL SALES AS A PERCENTAGE OF FUM (2009-2024)



Source: The Investment Association

Chart 34 shows annual net retail sales over the 15 years from 2009 to 2024. We can see a marked shift into outflows in 2022, reversing 12 years of relatively healthy inflows. Whilst we have remained in outflow for the past three years, sales eased from -£24.3 billion to just -£2.0 billion in 2024.

Since 2008, funds under management have grown consistently and the industry today is significantly larger. To better compare the scale of net sales in 2009 with 2024, the line on the chart shows net sales as a percentage of industry size (FUM), tracking the right-hand axis.

This allows us to see the significant scale of inflows following the 2008 Global Financial Crisis as interest rates dropped and decreased trust in the banking industry encouraged people to invest. Recovery was strong: net retail sales in 2009 equate to 8.2% of FUM, compared to 4.6% in 2017, even though net retail sales were £18.8 billion higher in 2017.

The 2016 Brexit Referendum caused a sharp drop in net retail sales. The result sparked significant political and economic uncertainty about future trade relationships and concerns about potential divergence in financial regulation, including the 'passporting' rights

of UK financial firms. Equities experienced the majority of outflows in 2016, with UK equities accounting for over half of the -£8.1 billion outflows recorded from the asset class at year-end.

In contrast 2017 was a relatively good year, with £48.6 billion inflows boosted by the advent of pension freedoms two years earlier, as increasing numbers of retirees moved away from annuity-based options in favour of flexible investment solutions and in some cases transferred Defined Benefit Pensions across to SPPs to take advantage of pension transfer values. Whilst UK indices recovered relatively quickly after the initial referendum shock in summer 2016 – the FTSE 100 returned roughly 13% over 2017, only topped amongst major developed equity markets by the S&P 500's 17.9%¹⁷ – this didn't translate into sales for UK equity funds. UK equity funds ended the year with outflows of £2.6 billion, as investors continued to favour global diversification in the face of ongoing trade uncertainty and sluggish UK economic growth.

Inflows rose again to £43.6 billion (3.0% of FUM) in 2021 during the COVID-19 pandemic as central banks cut interest rates in the hopes of stimulating economic growth post-lockdown. Many UK working adults found that they had additional disposable income – as a result of lockdowns they could not spend money on leisure pursuits or on transport. This caused a wave of new investors testing the waters, which also boosted inflows – according to IA and Ipsos survey data, around a third of new investors started their investment journey during the pandemic.

In 2022 this trend reversed and we returned to net retail outflows of £26.9 billion, the first annual outflow in IA data and the worst on record. Retail investors faced new challenges when the impact of the Russia-Ukraine war hit energy and food prices and Central Banks raised interest rates in response to rapidly rising inflation. Annual inflation reached its highest rate in over 40 years, putting pressure on consumer spending and corporate profit margins, leading to market turbulence. In addition, rising interest rates on savings accounts made cash a more appealing option.

Outflows continued into 2023 but eased slightly to £24.3 billion. Rather than moving in step with market performance, outflows in 2023 will have been more heavily influenced by alternative draws on investor capital such as high rates on cash savings, the cost-of-living crisis and the increased costs of paying off debt.

FACTORS INFLUENCING 2024'S MODEST OUTFLOWS

Outflows have eased significantly in 2024 to just £2.0 billion (compared to £24.3 billion in 2023). There was a cautious return to optimism, helped by falling inflation, rate cuts by central banks and stronger equity market performance, particularly in the US. However, anticipated tax changes in Labour's Autumn Budget had a significant impact on net retail sales in September and October, with investors taking out a combined total of £9.4 billion over the period. With every asset class experiencing outflows, we saw widespread uncertainty about tax changes to pensions, Capital Gains Tax and Inheritance Tax all driving movements in investor portfolios.

This proved to be a short-term response to anticipated tax rises and we saw a return to inflow at the end of the year, which signalled that investor confidence remained sound.

Beyond the impact of Budget speculation on net retail sales in 2024, both bond and equity net retail sales benefited from solid market performance.

- **Stronger equity market performance:** Global equity markets delivered total shareholder returns of 18% in 2024, driven by strong returns in North America (25%).¹⁸ At the end of the year, flows to US equities were bolstered by the strong response of the US market to President Trump's election victory. funds investing in North American equities, the top selling equity region, saw inflows of £3.0 billion over the year.
- **Improved investor sentiment and bond market recovery:** Falling inflation and rate cuts by central banks in 2024 helped to restore investor confidence. In addition, fixed income funds saw £3.9 billion in inflows, up from £742 million in 2023. Corporate bond funds were especially popular, reflecting a shift from government debt.

¹⁷ Cambridge Associates, Review of Market Performance Fiscal Year 2017

¹⁸ McKinsey & Company, Review of 2024 capital market performance

BOX 6: LOOKING AHEAD: HOW IS INVESTOR SENTIMENT CHANGING?

Throughout 2024, savers and investors navigated significant macro-economic and geopolitical events. Countries accounting for half the world's GDP headed to the ballot box, interest rates were cut, and equity markets showed improved performance. The year ended with overall net retail outflows of £1.9 billion amongst UK investors, a significant improvement on the heavy outflows of £24.3 billion recorded in 2023.

In this section, we whether investor sentiment is continuing to improve in 2025 – looking at additional data from the IA's monthly fund flows and our latest ISA Barometer, which covers the 2024-25 tax year.

2025

The first half of 2025 has been marked by ongoing uncertainty for investors: the threat of tariffs, trade tensions, and volatility in US technology stocks as a result of the AI race and the launch of DeepSeek, a Chinese AI GPT challenger, have all contributed to significant market volatility.

This has polarised investor behaviour: whilst some have taken advantage by 'buying the dip' and boosting sales to North American equities in particular, others have preferred caution and diversification, opting for European equities or funds managed to volatility targets. Overall, a tough Q1 (with net retail outflows of -£2.3 billion) gave way to a much more positive Q2 with inflows of £4.5 billion. Growing interest in European assets reflects some capital shifting away from the US amidst an uncertain political environment.

Overall, however investors have shown resilience. Despite significant global market events, monthly data suggests that investors have gradually re-entered markets and adjusted their portfolios to suit their risk appetite.

WHAT CAN WE LEARN FROM STOCKS & SHARES ISA INVESTORS?

Data from the IA's latest ISA Barometer survey reveals that contribution patterns and investor sentiment for the 2024/25 tax year show a cautious shift towards an increase in investing and improved confidence. Over this period, the average Stocks & Shares ISA contribution climbed to £8,695, a 23% increase from the prior year. This outpaced the average Cash ISA contribution (£7,335), indicating renewed appetite for long-term investing despite recent market volatility.

Stocks & Shares ISA investors are motivated by achieving capital growth and inflation protection. Over half (54%) invest because they believe long-term returns will beat cash and over a third (35%) are driven by concerns that inflation erodes cash value – despite inflation stabilising throughout 2024 and into 2025.

Amongst those who did invest less into a Stocks & Shares ISA, the primary reasons were financial strains – just 9% cited 'low expected returns' as a reason to pull back, compared to 25% of respondents in the 2023-24 tax year. In an environment where the introduction of tariffs could have further inflationary effects in the UK and globally, it seems likely that the fear of inflation eroding the value of cash savings in the long term will continue to be a factor for investors.

The 2025 ISA Barometer also highlights that time in the market can improve confidence: investors with 10+ years' experience are more likely to believe investing would beat cash over 5 years, compared to those with one year's experience or less (62% vs. 38%). Younger or inexperienced investors may be less prepared to experience short-term investment volatility if they can get a decent, stable return on cash. It is critical that our industry is able to reinforce the long-term benefits of investing and the role it can play in building financial resilience throughout life.

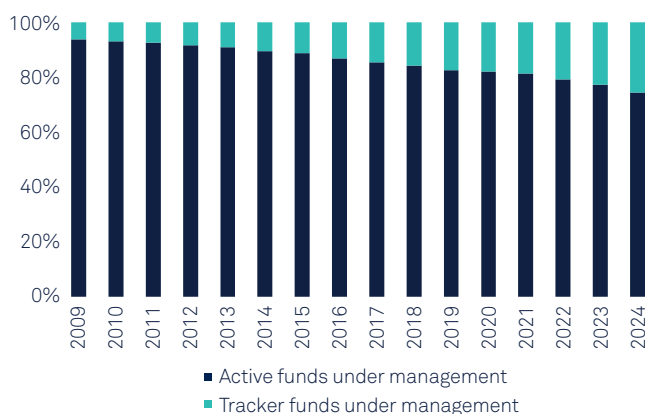
INDEX TRACKERS

As shown in Chart 35, the share of funds under management held in index tracking funds has continued to grow. In 2024 index tracker FUM reached a record high of £383.7 billion, making up 25.7% of industry funds under management. This represents 18.5% year-on-year growth, far higher than the 5% growth in FUM overall.¹⁹

The chart shows a steady increase in the market share of index tracking funds every year since 2009.

The Retail Distribution Review (2013) notably reshaped the UK's financial advice landscape and promoted greater fee transparency. Financial advisers – who currently control 39% of UK retail FUM according to data from Platform²⁰ – could no longer receive commission from fund providers, making it competitive for lower margin index tracker providers to establish themselves in the UK. Following the Review, advisers now charge clients directly, making the cost of advice and different investment products more visible to investors and lower-cost index trackers have continued to grow in popularity.

CHART 35: ACTIVE FUNDS AND TRACKER FUNDS AS A PROPORTION OF TOTAL FUNDS UNDER MANAGEMENT (2009-2024)



Source: The Investment Association

ACTIVE NET RETAIL SALES VS PASSIVE NET RETAIL SALES

Recent FCA regulation has also increased scrutiny on the cost of active and passive funds. The introduction of Consumer Duty in 2023 requires firms to deliver good outcomes for consumers, provide clear communications and ensure products are fair value – further strengthening a focus on bringing the total cost of investing to advised clients down and we have seen the impact in the data as sales to index trackers in 2024 reached £28.0 billion, the highest annual sales by £9.6 billion. This suggests that advisers and discretionary investment managers have increased allocations to index trackers following the introduction of the Consumer Duty.

In addition, the strong performance of the US and global indices in recent years has meant that investors could benefit from favourable returns as well as lower costs. By the end of 2024, the “Magnificent Seven” stocks – the seven largest companies in the S&P 500 – accounted for more than one-third of the index's returns and almost one-quarter of the MSCI World Index's performance.²¹

Chart 36 shows net retail sales to active and index tracking funds, highlighting that inflows to index trackers have continued over the past few years despite headline retail outflows.

- Throughout 2024, outflows from active funds reached £29.4 billion. Although this is lower than the £38.1 billion outflow recorded in 2023 and -£37.8 billion in 2022, it still stands in sharp contrast to the almost £28.0 billion of inflows into tracker funds throughout the year.
- 2024's £28 billion tracker inflows surpass the previous highs of 2020 (£18.4 billion) and 2021 (£18.3 billion). However, these years also saw high inflows into active funds. The data suggests that index funds are more resilient through challenging periods of market performance, at times when active funds might shift into outflows.

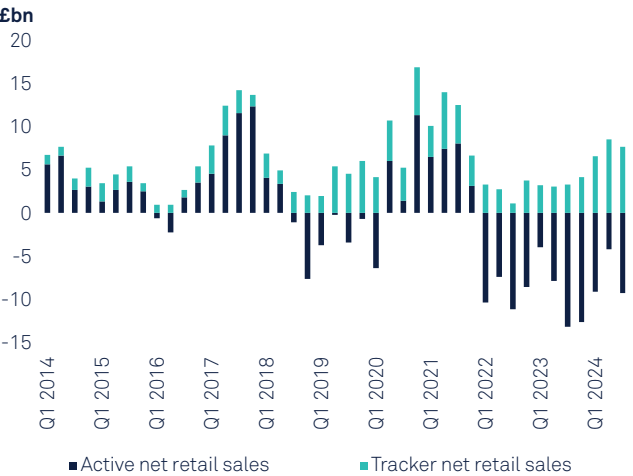
¹⁹ The data in this chapter does not include Exchange Traded Funds, which tend heavily towards index tracking. The data therefore underestimates the full usage of index trackers by UK investors.

²⁰ Platform – UK Fund Distribution: Annual Review, December 2024

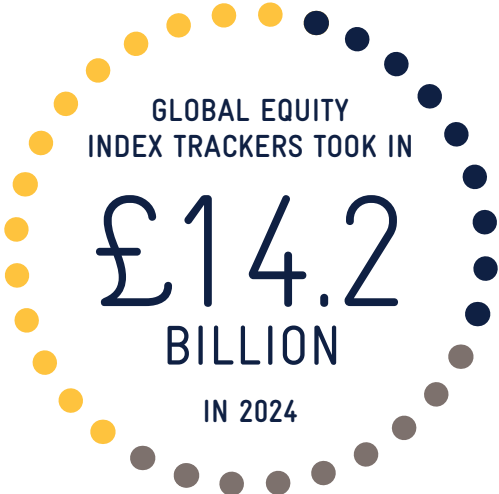
²¹ *Man Numeric*, as of 31 December 2024.

- Over the extended period from the beginning of 2014 to end of 2024, active net retail sales saw outflows of £8.1 billion, whilst tracker funds recorded inflows of £144.4 billion over the same period.

CHART 36: NET RETAIL SALES TO ACTIVE AND INDEX TRACKING FUNDS (2014-2024)



Source: The Investment Association



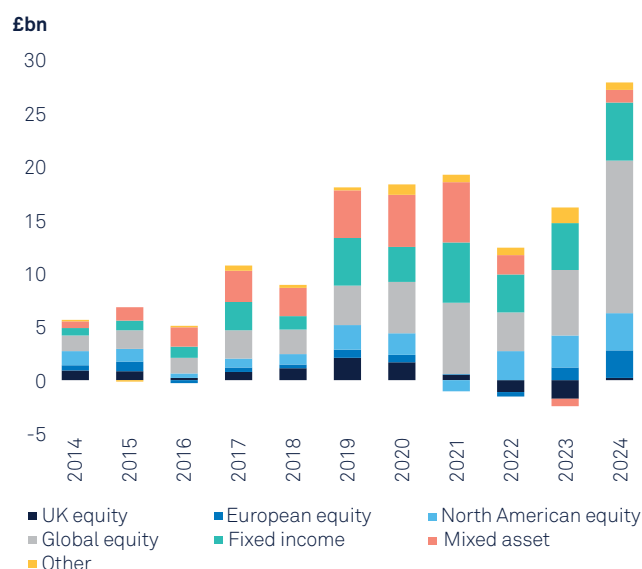
NET RETAIL SALES OF TRACKER FUNDS BY INDEX INVESTMENT TYPE

Chart 37 provides additional detail on investor preferences for different indices, with flows broken out into asset classes, and in the case of equities, by geographic region:

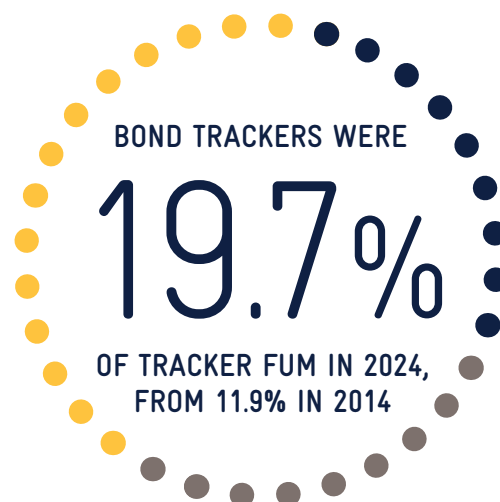
- 2024 saw the increasing dominance of Global and North American equity tracker funds, both of which continued their upward sales trajectory of the past couple of years. After a drop in 2022, sales to global equity index trackers continued their strong recovery, more than doubling from £6.1 billion inflows in 2023 to £14.3 billion in 2024.
- Global equities have remained in inflows for the past decade, with overall consistent growth reflecting investor demand for diversification as a means to spread portfolio risk at a lower cost. Our 2025 ISA Barometer research found that almost three-quarters (74%) of UK investors are confident that investing in globally diversified companies will help them to meet their financial goals.
- North American equity trackers recorded their third consecutive year of increased sales. Inflows totalled £3.5 billion in 2024, up from £3.0 billion in 2023. The demand for North American equity trackers reflects a wider, long-term demand for US equities. In recent years this has been driven by the rapid growth in the value of technology stocks, including Nvidia, Alphabet, Meta and Apple. The MSCI USA returned 25% in 2024, whilst the MSCI world returned 19%. Our ISA Barometer 2025 data also highlighted investor interest in these high-growth sectors. Over half (55%) of investors say they would invest more in UK stocks if the UK market had greater exposure to high-growth sectors such as technology, a figure which increases to roughly three-quarters of Gen Z and Millennials.

- UK equity trackers returned to modest inflows of £199 million in 2024, following outflows of £1.1 billion and £1.7 billion in 2022 and 2023 respectively. UK equity trackers make up a small part of the £20.6 billion inflows into equity trackers overall in 2024. However, these inflows stand in contrast to outflows from actively managed UK equity funds, which reached £12.7 billion in 2024. 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%).
- Inflows to fixed income trackers increased year-on-year, reaching £5.5 billion in 2024 – an increase on £4.4 billion in 2023. After Global equity, fixed income remained the second-best selling index type for index trackers. Whilst historically index tracking was more focused on the equity market, we have seen an increase in growth in FUM fixed income trackers over the past decade. Fixed income trackers accounted for almost a fifth (19.7%) of tracker FUM in 2024, compared to 11.9% in 2014.
- Mixed asset funds tracking a range of indices returned to inflows of £1.1 billion in 2024, following outflows of £704 million in 2023. After a record inflow of £5.6 billion into mixed asset trackers in 2021, rising interest rates in 2022 deflated all asset prices simultaneously – across equities and bonds – impacting mixed asset classes amidst a decline in investor confidence.

CHART 37: NET RETAIL SALES OF TRACKER FUNDS BY INDEX INVESTMENT TYPE (2014-2024)



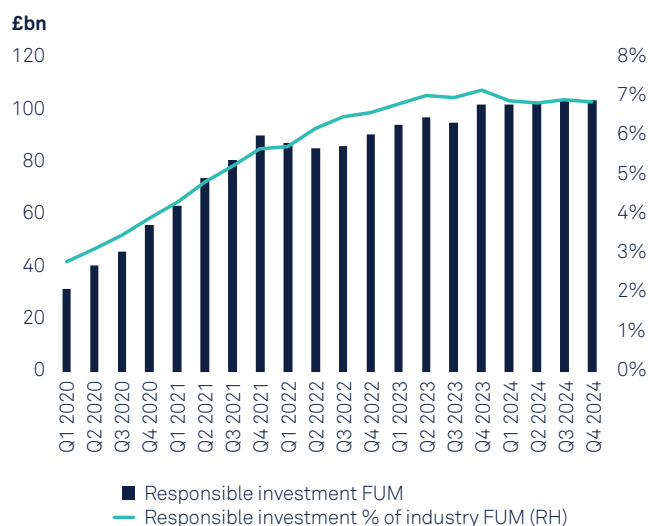
Source: The Investment Association



RESPONSIBLE INVESTMENT

Responsible investment funds ended 2024 with FUM of £104 billion, making up 6.9% of total industry FUM. As shown in chart 38, market share declined from 7.2% in 2023 with FUM increasing only very slightly from £103.8 billion. The plateauing of FUM and slight decline in market share stand in contrast to the rapid growth of responsible investment between 2020, when the IA started collecting data according to the IA's responsible investment framework (see box 7) and 2022. Over this period the data show strong sales and high levels of responsible investment product launches, which helped to boost FUM rapidly, tripling in three years. However, as responsible investment funds have turned to outflow, fund launches have slowed with the count of responsible investment funds increasing by only 7 in 2024, to 433. This compares with an increase of 77 funds in 2022.

CHART 38: RESPONSIBLE INVESTMENT FUNDS UNDER MANAGEMENT (2020 - 2024)



Source: The Investment Association

BOX 7: WHAT IS INCLUDED IN IA RESPONSIBLE INVESTMENT DATA?

The responsible investment data presented here is defined according to the IA Responsible Investment Framework as funds that have an investment policy/objective with one or more of the following components:

- Fund specific exclusions – prohibition of certain investments beyond any firm level policy, and beyond a prohibition on controversial weapons.
- Sustainability focus – An investment policy with sustainability criteria as a core part of the investment approach.
- Impact Investing – Investment made with the intention of generating a measurable positive social and/or environmental impact.

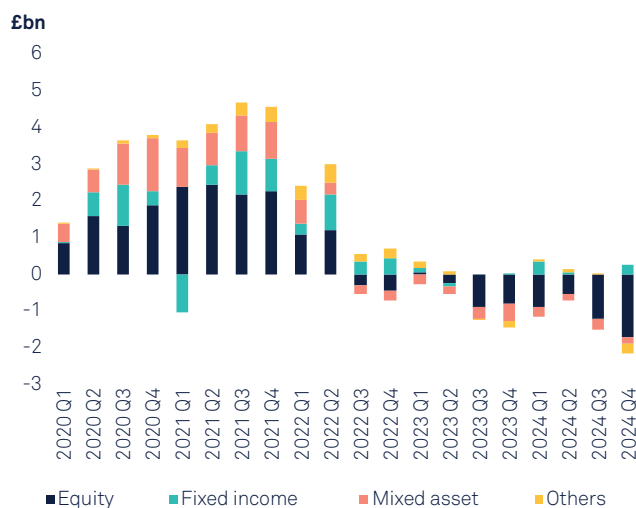
Funds employing ESG integration and/or stewardship alone without one of the components listed above are not included in IA responsible investment data. Funds included within this data are those identified by managers as meeting the above criteria, with verification conducted by the IA.

Chart 39 shows the net retail flows to responsible investment funds broken out by asset class and demonstrates how investor sentiment has shifted since 2020. Until Q2 2022, responsible investment funds enjoyed strong investor demand with a combined inflow over ten quarters of £33.1 billion. Positive sentiment towards responsible investment was boosted by a good news cycle around the net zero transition, with monthly responsible investment inflows peaking at £2.0 billion in September 2021, in the run up to COP 26, held in Glasgow in November 2021.

Responsible investment funds saw flows drop to neutral over the second half of 2022, as the funds industry more broadly saw outflows following challenging market conditions. We have seen sustained outflows to responsible investment funds from the

second half of 2023. 2023 saw more challenging performance conditions for responsible investment funds: for active equity funds, which many responsible investment funds are, rising oil and gas prices saw energy majors contribute heavily to performance. These firms are often excluded by responsible investment funds. In 2024, responsible investment outflows continued and accelerated with £4.6 billion withdrawn. This runs counter to an improvement in fund sales overall in 2024 but flows were boosted by a record sales year for index trackers, which are under represented amongst responsible investment funds. There were pockets of inflow however, most notably fixed income responsible investment funds with net inflows of £669 million. According to EFAMA data, European responsible investment fund flows have shown similar patterns, with SFDR Article 9 funds²² having turned to outflow in Q4 2023 and remaining in outflow through 2024 with a combined €22.1 billion outflow.

CHART 39: RESPONSIBLE INVESTMENT FUND NET RETAIL SALES BY ASSET CLASS (2020 - 2024)



Source: The Investment Association

ASSET ALLOCATION

FUM BY ASSET CLASS

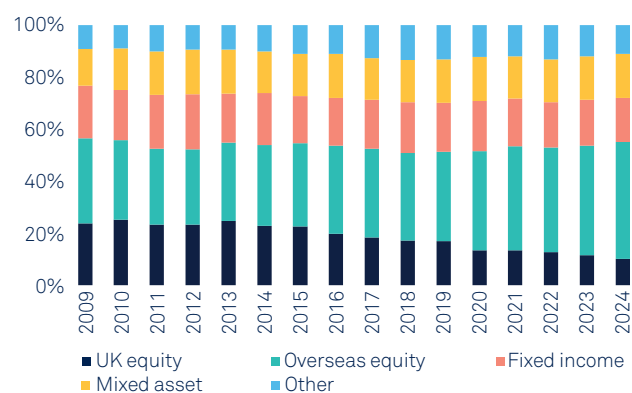
Chart 40 shows changes in asset allocation by UK investors over the last 15 years. It looks at the percentage of UK investor FUM held in the following major asset classes: UK equity, overseas equity, fixed income, mixed asset and other. By dividing the equity classes into UK and Overseas, we are able to see the long-term shift away from domestic bias towards UK equities in favour of more diversified, global equity portfolios.

- In the 15 years since 2009 there has been a notable move out of UK equities. After peaking at 25.1% of FUM in 2010, the percentage UK investors are investing in home market equities has steadily declined. The asset class made up just 10.2% of FUM in 2024.
- The drop in UK equities corresponds with growth in overseas equities as investor preference for diversification has increased. Overseas equities now account for almost half (44.9%) of FUM, compared to a third (32.8%) in 2009.
- Despite the shift in geographic preference, the overall percentage of assets allocated to equity FUM has remained relatively stable: equities made up 56.5% of FUM in 2009 and accounted for 55.1% in 2024. Year-on-year, total equity FUM has increased slightly from 53.6% in 2023 to 55.1% in 2024.
- The shift to overseas equities is in part due to the growth in appetite for global diversification as both a risk management strategy as well as a driver of good performance. Overseas equity is dominated by US funds, reflecting the outperformance of US stocks – notably technology – over the past decade.

²² Under the EU's Sustainable Finance Disclosure Regulation, a fund that is Article 9 must have sustainable investment as its objective and make investments that positively contribute to a social or environmental objective and do no significant harm to the sustainable objective.

- We can also see the impact of Brexit on the fall in UK equities as a percentage of FUM. Between 2015 and 2016, the percentage of FUM in UK equities dropped by 2.9% and we saw a further substantial drop of 3.5% between 2019 and 2020 following the passage of the withdrawal deal. This reflects a more uncertain economic and trading outlook for the UK. Achieving economic growth, central to the objectives of the current government, will be critical in reviving the fortunes of UK equities.
- Fixed income allocations have remained relatively stable but dropped below 17% for the first time to 16.7% of AUM in 2024. This follows several years of small decreases after the asset class dropped below 18% in 2022 when bond prices depreciated.
- Over the long term, mixed asset allocations have remained consistent, fluctuating between 14.2% and 17.1% of FUM over the past 15 years.
- Towards the end of 2024, persistent inflation and rising concerns over US debt caused bond yields to rise. Bond yields move inversely to prices, so this resulted in capital losses for fixed income investors. In the UK, the Bank of England cut rates only twice over the year, less than the markets had anticipated. As a result, bond markets sold off – again pushing yields higher and prices lower.

CHART 40: FUNDS UNDER MANAGEMENT PROPORTIONS BY ASSET CLASS (2009-2024)



Source: The Investment Association

NET RETAIL SALES BY ASSET CLASS

Chart 41 shows UK investors' net retail sales by asset class over the past 15 years, looking at equity, fixed income, money markets, mixed asset, property and others, which includes funds that are investing to meet volatility targets and funds that have a targeted absolute return.

SALES BUILT BACK IN 2024

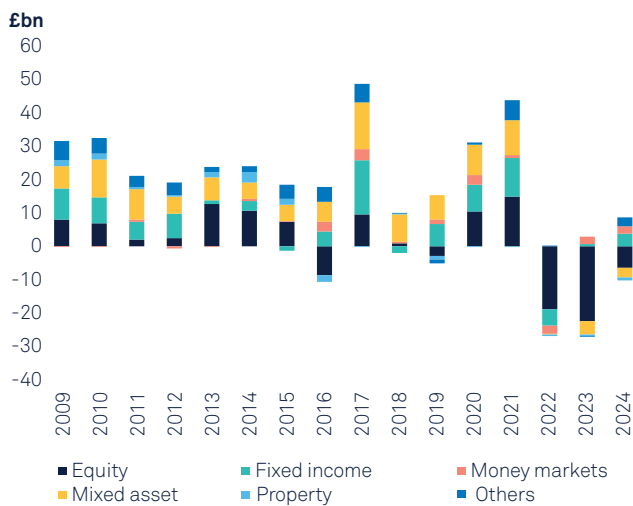
In 2024, we saw net retail inflows into three asset classes: Fixed income (£3.9 billion), money market funds (£2.0 billion) and funds in the other category (£2.8 billion). This follows two challenging years for sales – in 2022, only one asset class saw positive net retail sales (Other) of £216 million following consistent inflows to volatility managed funds. 2023 saw a return to inflows for fixed income of £742 million annually. 2024's momentum is positive but we still haven't seen an annual inflow to equity or mixed asset funds since 2021 – outflows from these asset classes were -£6.5 billion and -£2.9 billion respectively in 2024.

THE LONG-TERM PICTURE FOR NET RETAIL SALES BY ASSET CLASS

In the period following the Global Financial Crisis, interest rates were very low in response to an urgent need for Central Banks to stimulate economies in the aftermath of the Crisis. This helped to fuel a 10 year bull market for equities and boosted performance: sales between 2009 and 2021 to equity funds were £74 billion, compared with £77.0 billion to fixed income. Mixed asset funds also proved popular as investors sought out investment solutions where the expert investment manager chooses the weighting to stocks and bonds within the portfolio, helping investors to diversify and typically offering performance calibrated to investor risk tolerances. Sales to mixed asset funds between 2009 and 2021 were £104.0 billion. Over this period net retail sales to investment funds also benefited from low rates on cash savings. In 2022, the interest cycle shifted as a result of escalating inflation – the Russia/Ukraine war pushed up energy and transport costs further compounding the effects of inflation caused by economies opening up after the pandemic. In 2022, bond prices were hit by a sharp rise in interest rates and equity valuations were also

affected, meaning that equity and bond values fell at the same time. This has had a significant impact on net retail sales to the major asset classes – between 2022 and 2024 equity net retail sales are -£47.8 billion. Bond fund sales fared slightly better as prices stabilised and higher fixed interest rates helped to make bonds more attractive – sales are -£350 million over the period. Mixed asset funds have continued to see a challenging environment, investors in balanced stocks and bond strategies pulled capital out in 2022 as performance was hit by adverse market conditions. Sales to mixed asset funds have been slower to recover at -£7.1 billion between 2022 and 2024. In more volatile markets, investors have, however, been attracted to funds with an objective of managing returns within set volatility targets. Although these funds invest in a mix of equities and bonds, they have fared better with sales of £9.6 billion between 2022 and 2024.

CHART 41: NET RETAIL SALES BY ASSET CLASS (2009-2024)



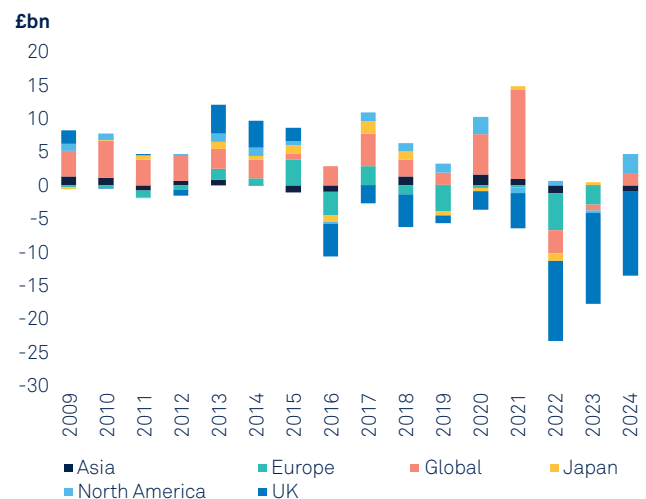
Source: The Investment Association

EQUITY NET RETAIL SALES BY REGION

Chart 42 shows the long-term sales trends to equity funds by geographic location. There has been a substantial growth in portfolio diversification over the past 15 years, with investors increasingly opting for funds that allow them to spread their risk across different countries and sectors.

Over the long term, there has been a move away from a UK home bias. The performance of the UK stock market has lagged behind the US market following the Global Financial Crisis and outflows from UK equity funds accelerated in 2016 as a result of the Brexit referendum – reaching £4.9 billion in 2016 – and have increased substantially since 2022. Outflows hit record highs of £13.6 billion in 2023, easing slightly to £12.5 billion in 2024.

CHART 42: EQUITY FUND NET RETAIL SALES BY REGION (2009-2024)



Source: The Investment Association

GLOBAL

Between 2009 and 2021, global equity funds recorded total inflows of £55.3 billion. Investor appetite for geographic and sectoral diversification increased and global funds outperformed relative to the UK and Europe. In 2022 we saw the first outflow from Global, as investors pulled £3.4 billion. After outflows eased slightly in 2023, the region has returned to inflows of £1.8 billion in 2024. In the context of a challenging environment for equity sales these outflows remain relatively modest. US companies make up a significant proportion of many global equity funds, with 'Magnificent Seven' tech stocks such as Apple and Nvidia dominating and this has boosted the performance of global equities through 2024.

ASIA

The low outflows of £73 million recorded from Asian equity funds in 2023 accelerated to £906 million in 2024. Although still modest outflows compared to other regions, this reflects investor uncertainty about the future of Asia and in particular China's more uncertain trade relationship with North America. Outflows from Asian equity funds spiked in the final quarter of 2024, with a net outflow of £756 million, likely a reflection of investor uncertainty over potential trade conflicts.

There was a bigger outflow of £1.2 billion from Asia in 2022 – reversing 2021 inflows of £990 million – following a year of poor equity market performance in China as the country was slow to open up as lockdown restrictions eased.

Overall, Asian equity funds saw annual inflows between 2018 to 2021 as economic growth in China boomed. However, in more recent years the region has been hit by sustained geopolitical tensions, the lasting impact of China's zero COVID policy, and the ongoing domestic crisis in the Chinese property sector. Despite these factors however, the MSCI China index delivered a 17.7% return in 2024, reversing its -16.2% loss throughout 2023.

In 2023, we saw investors increasingly looking to Indian equity funds amidst concerns over the outlook for Chinese equities, driving net retail inflows of £259 million. The first half of 2024 saw this trend continue and accelerate, with inflows of £530 million. However, inflows reduced to £129 million in the second half as GDP growth slowed from 9.7% year on year in 2023 to 6.2% in 2024.

EUROPE

After significant outflows of £2.8 billion recorded in 2023 and £5.5 billion in outflows recorded in 2022, European equities saw a small inflow of £27 million in 2024. This is the first inflow recorded since 2017 and reflects the improved performance of European equities over 2024 as well as a potential move from some investors to adjust some of their portfolios away from the US to avoid a high concentration in the 'Magnificent 7 Stocks', which have a large weighting in US and Global indices.

European equity funds have seen heavy annual outflows in recent years, notably in 2016 (£3.5 billion) and 2019 (£3.7 billion), likely in part driven by Brexit. The European market has underperformed against Global and American indices for much of the past decade, which may have dampened investor sentiment. For example, the MSCI World Index has outperformed the MSCI Europe ex UK index for eight out of the past ten years.

Outflows from European equity funds peaked in 2022 with a record annual outflow of £5.5 billion in the face of extreme economic pressure as a result of the Russian invasion of Ukraine and subsequent sanctions as well as rising energy prices following restricted access to Russian gas.

JAPAN

Sales to Japanese equities have fluctuated since the end of the pandemic. Japan was the only equity region to see inflows in 2023 with net sales of £466 million but Japanese equity funds returned to outflows of £52 million in 2024. However, 2024's outflows appear modest in comparison with the record outflows of £1.2 billion recorded in 2022.

Overall, Japanese equity funds have recorded inflows of £4.2 billion in the 16 years from 2009 to and 2024. The economy has struggled with deflation and sluggish domestic growth but in 2023, GDP growth reached 3.5%, contributing to improved investor demand that year. As sales turned to outflows in 2024, GDP growth stalled at 0.1%.

NORTH AMERICA

Over the past 16 years, demand for North American equity funds has been buoyant. Total inflows were £13.7 billion, only surpassed by the £52.7 billion into Global equity funds over the same period. North American

equities have consistently outperformed other markets, helped by the boom in technology stocks and consistently strong returns on equity markets in the period following the Global Financial Crisis until the end of the pandemic, when interest rates were very low and Central Banks pursued a programme of quantitative easing.

Even as the interest rate cycle turned in 2022, North America was the only region to remain in inflows bringing in £687 million despite escalating inflation and a global market downturn. The Fed responded by raising interest rates, like most other Central Banks in developed markets, but the US was sheltered from the worst of the impact of Russia's invasion on Ukraine on the energy market thanks to a robust domestic supply.

Mild outflows of £379 million from North American equities in 2023 corrected in 2024, with inflows of £3.0 billion. Investors viewed a Trump presidency as broadly positive news for the performance of US companies and the large US-listed technology stock, causing inflows to spike towards the end of the year.

UK

Since the Brexit referendum in 2016 outflows from UK equity funds have been consistent. A total of £59.7 billion has been withdrawn between 2016 and 2024. Over these eight years, the UK has experienced political volatility, with six Prime Ministers in office during this time as well as flat GDP growth, barring a post-pandemic surge. Over the longer term, the performance of the UK stock market has struggled to keep up with the US. Returns have been affected by the types of company listed on the FTSE: compared to the high-growth tech companies on US and Global indices, the percentage of technology companies listed on the FTSE All-Share is just 2%.

As a result, investors have looked for alternative sources of return outside the domestic market and this has boosted sales to Global and North American equity funds including, since 2018, to low-cost trackers as investors looking for cost effective exposure to global and US equity markets.

UK equity funds did experience a slight easing of outflows from £13.6 billion in 2023 to £12.5 billion in 2024 and this may have been helped by UK equity valuations, which many investors believe are good value with room for growth.

FIXED INCOME

CHART 43: FIXED INCOME FUND NET RETAIL SALES (2009-2024)



Source: The Investment Association

Inflows to fixed income funds continued to recover in 2024, with net retail sales of £3.9 billion, up from £742 million in 2023. Investor demand has been affected by the change in interest rates in response to escalating inflation in 2022. Bond prices are sensitive to interest rate changes, as bond yields typically correlate to interest rates and prices move inversely to yields. Consequently, rising interest rates can cause bond prices to fall, so stable interest rates reduce the risk of bonds falling in value. In 2024, investors increasingly opted for investment grade corporate bond funds with net retail sales of £5.2 billion. Sales to Gilts and other government debt remained in inflow at £1.8 billion but were down from a net £4.6 billion in 2023 when investors had opted for the lowest risk bonds.

The recovery of bond inflows follows a challenging period for the asset class in 2022 and early 2023, when central banks rapidly increased interest rates to decade highs over a short period to combat rising inflation. The Bank of England base rate rose from 0.1% in December 2021 to peak at 5.25% in August 2023. Consequently, bond prices fell and investors pulled a net £5.0 billion from bond funds over 2022.

In the aftermath of the Global Financial Crisis in 2009 – 2012, although interest rates dropped to low levels, more cautious investors who might otherwise have been in cash moved into bond funds in search of yield. During the COVID-19 pandemic, when the Bank of England base rate dropped from 0.75% to 0.1% in March 2020, inflows to fixed income remained strong at £8.0 billion in 2020 and £11.5 billion in 2021.

The peak year for fixed income inflows remains 2017, with net retail sales of £16.1 billion. 2017 was also the highest year of net retail sales to the funds industry overall, with inflows of £48.6 billion.

PROPERTY FUNDS

As shown in Chart 44, property funds have seen weak investor demand over the past decade, with FUM declining from a peak of £32.0 billion in 2015 to £17.4 billion in 2024.

Consistent outflows from UK direct property funds began in 2016, following the Brexit referendum, when rising redemption requests forced suspensions in many direct property funds. With investors able to withdraw their capital daily in open ended funds, large numbers of redemption requests forced managers to suspend in order to ensure the underlying illiquid property assets could be sold at a good price.

Direct property funds were again forced to suspend during the COVID-19 pandemic and associated lockdowns, this time due to valuation uncertainty. The lack of clarity on lockdown durations, restrictions on travel for leisure and recreation, and the increased adoption of remote working made it difficult to determine a fair value for the underlying property assets.

CHART 44: PROPERTY FUNDS UNDER MANAGEMENT (2009-2024)



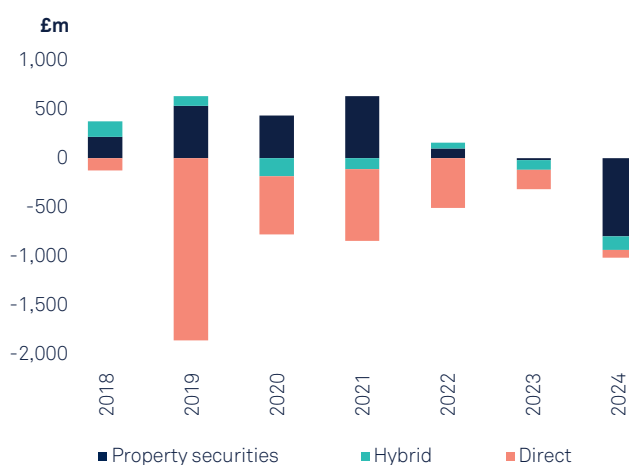
Source: The Investment Association

The repeated occurrences of fund suspensions have helped to dampen investor appetite for direct property funds and outflows have played a role in the drop of property FUM over the past decade. Additionally, many direct property funds traditionally have a focus on UK commercial property and investors may also be expressing concerns over geographic concentration and local economic factors such as the health of the UK High Street. The demand from investors for funds investing in globally diversified, listed property has been more robust.

Chart 45 splits net flows to property funds classified to an IA sector, breaking out the net retail sales into funds investing in direct property, funds investing in property securities, and funds taking a hybrid approach with a mix of direct property and securities.

As funds investing in more liquid property securities were not forced to suspend redemptions in 2016 or 2020, these funds saw continued inflows of £1.9 billion from 2018 to 2022. Appetite does remain for property exposure when liquidity concerns are less prominent. Additionally many funds investing in listed property have a broader geographical remit, investing in either global property or wider regions such as Europe or North America, offering investors geographic diversification.

CHART 45: CLASSIFIED PROPERTY FUNDS NET RETAIL SALES BY INVESTMENT APPROACH (2018-2024)



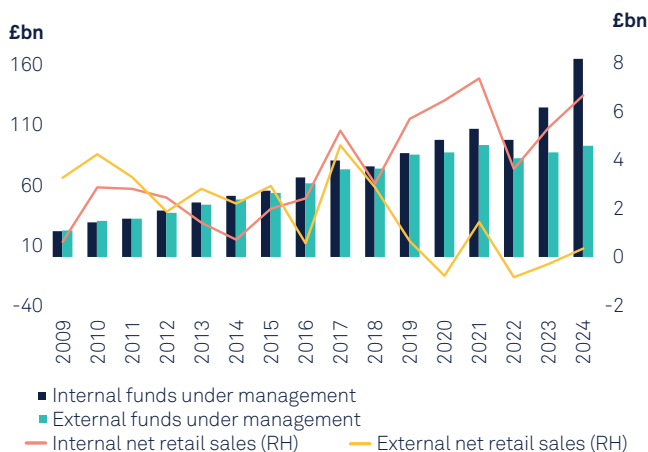
Source: The Investment Association

FUNDS OF FUNDS

Overall, the funds of funds market reached £256.2 billion in FUM in 2024, as shown in Chart 47. For the purposes of this analysis, we divide funds of funds into internal, where a fund will invest primarily in other funds run by the same manager, and external, where funds will invest in funds run by a range of other fund managers. Since 2019, investors have shown a marked preference for internally managed funds of funds, which typically have lower ongoing charges figure (OCF) and from 2019 to 2024 investors placed a combined net £35.3 billion into internally managed funds of funds, while externally managed saw only £519 million over the same period. Subsequently from making up half of funds of funds at the end of 2018, internally invested funds of funds now account for two thirds of fund of fund assets.

Funds of funds investing internally will often make use of index funds as their underlying assets, while also potentially having lower charges because they are investing in funds managed by the same fund group. This allows them to offer access to a broad range of underlying assets at lower cost and the consistent appetite among investors and advisers for lower cost investment, mirrored in the ongoing demand for index tracking funds, has seen these funds enjoy strong inflows. Sales in 2024 were £6.7 billion compared with £338 million to externally invested fund of funds.

CHART 46: FUND OF FUNDS, FUNDS UNDER MANAGEMENT AND NET RETAIL SALES (2009-2024)



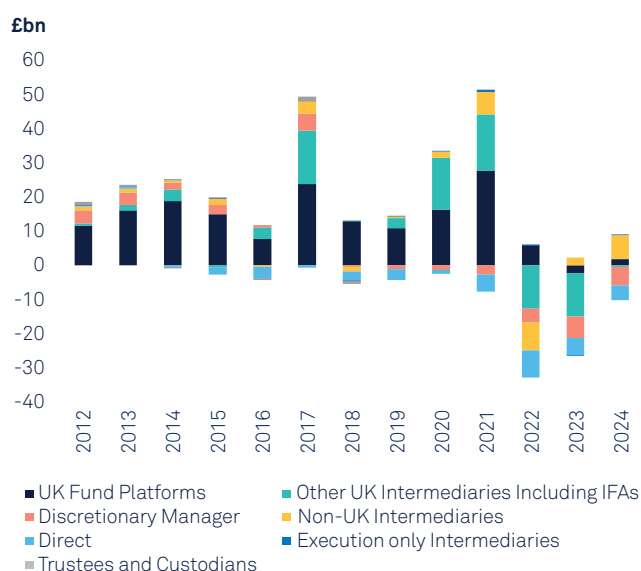
Source: The Investment Association

²³ Platform – UK Fund Distribution Annual Review December 2024

DISTRIBUTION CHANNELS

Chart 47 illustrates the net flows to UK investors through the principal retail distribution channels including UK fund platforms (which combines direct and adviser investment platforms), UK intermediaries (principally IFAs), Discretionary Wealth Managers and Direct with Fund Managers. The data looks at sales over the period since 2012 when the current categorisation was implemented.

CHART 47: NET RETAIL SALES BY DISTRIBUTION CHANNEL (2012-2024)



Source: The Investment Association

- UK Fund Platforms have dominated the fund distribution landscape over much of the past decade. In 2024, they returned to inflow with a modest £1.8 billion in net retail sales. The IA does not currently split advised platforms from direct platforms however the majority of assets held on platforms in the UK are advised. Platform data reported that just over a third of platform assets were held on direct platforms in 2024.²³

- Discretionary Managers as a channel continued to see outflows through 2024 of £5.6 billion, only slightly less than the £6.4 billion in 2023. This is in spite of improved overall fund flows. Discretionary managers as a channel for funds have seen consistent outflows since 2018, with a combined outflow of £21.9 billion. At least part of this outflow is driven by a trend towards discretionary managers making use of segregated mandates to reduce fees as strategies acquire scale. These assets continue to contribute to AUM. Additionally, flows to discretionary manager model portfolios on platforms have increased in recent years and so appear in the UK Fund Platform channel in IA data.
- The Direct channel, where investors place orders directly with fund managers, continues to see outflows with £4.4 billion withdrawn in 2024, only a slight decrease on the £4.9 billion in 2023. Continued outflows from Direct funds reflect a change in industry model - investors interacting directly with investment managers is now rare, with most investment being intermediated either by investment platforms or through financial advisers.

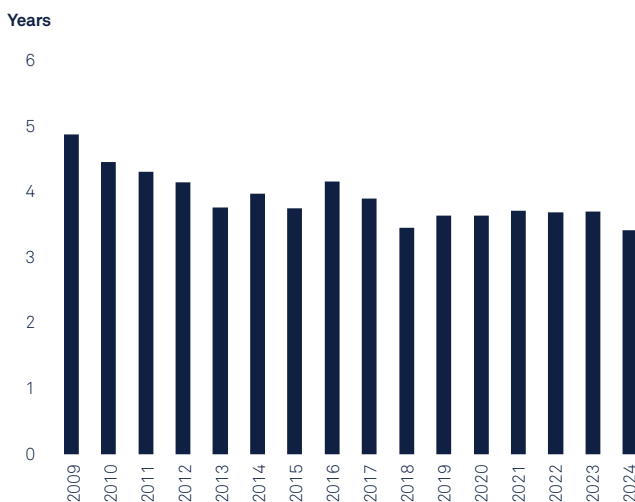


RETAIL INVESTOR HOLDING PERIODS

Implied investor holding periods for funds declined slightly year on year to 3.4 years in 2024. Holding periods were stable at 3.7 years between 2021 and 2023. As illustrated by Chart 48, implied holding periods have been fairly constant since 2018, following a period of falling holding periods over the 2010s. The increased use of fund platforms will have reduced friction on buying, selling and switching funds, reducing holding periods. Additionally, model portfolio services may have acted to bring down holding periods. Model portfolios hold a range of funds and are typically rebalanced quarterly, increasing fund turnover and therefore reducing holding periods.

The apparent stabilisation from 2018 onwards suggests that there may be a floor to investor holding periods of three years, with most funds typically sold as medium to long term investments.

CHART 48: RETAIL INVESTOR AVERAGE HOLDING PERIODS (2009–2024)



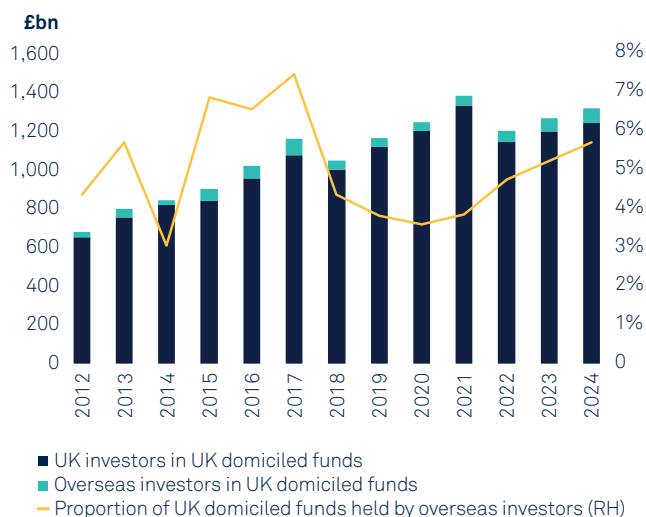
Source: The Investment Association

OVERSEAS INVESTORS IN UK DOMICILED FUNDS

UK domiciled funds under management was £1.32 trillion as of the end of 2024, of which £1.24 trillion was managed on behalf of UK investors and £75.2 billion was on behalf of overseas investors. As illustrated in Chart 49, assets managed on behalf of overseas investors now account for 5.7% of UK domiciled assets: this is a steady recovery from the recent low of 3.6% in 2020, following the implementation of the Brexit withdrawal agreement.

The overseas client percentage of FUM peaked in 2017 at 7.5%, however a number of investment managers moved European clients to overseas domiciled funds (predominantly in Luxembourg) following the Brexit referendum result. The sharpest drop was ahead of the initial withdrawal date in 2018, with further declines ahead of the eventual 2020 date.

CHART 49: UK AND OVERSEAS INVESTORS IN UK DOMICILED FUNDS (2012-2024)



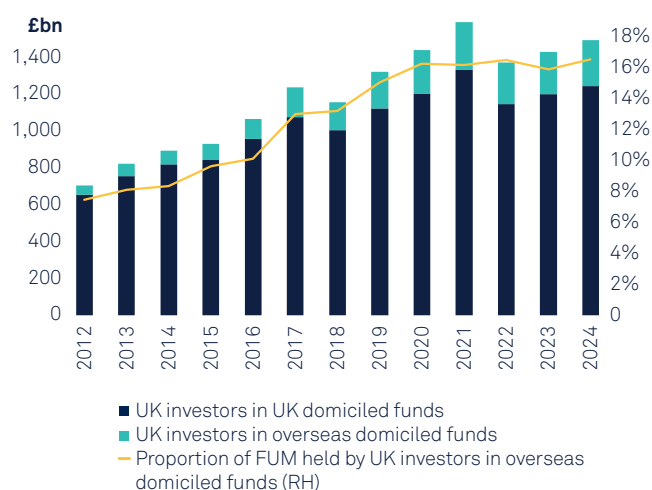
Source: The Investment Association

UK INVESTORS IN OVERSEAS DOMICILED FUNDS

UK investor FUM in overseas domiciled funds was £247.9 billion as of the end of 2024, up from £228.2 billion in 2023. The share of assets in overseas funds increased slightly year on year to 16.6%, from 16.0%. As illustrated in chart 50, assets in held in overseas funds have remained relatively stable over the past five years since 2020 at between 16% and 17%. In contrast, over the five years prior to 2020 the share of assets in overseas funds grew from 9.7% to 15.2%. The challenges in introducing new overseas funds to the UK market under the post Brexit Temporary Marketing Permissions Regime (TMPR) may have played a role in limiting further uptake of overseas funds and it remains to be seen how the trend of plateaued growth in overseas fund share will develop following the introduction of the Overseas Fund Regime (OFR).

It is worth reiterating that the data in Chart 50 does not include assets in ETFs, which are entirely domiciled overseas, mainly in Ireland. Given the growth of the ETF market it is likely that UK investor assets in overseas domiciled funds are higher than illustrated in Chart 50. We do not include ETF assets as we cannot isolate the country of origin of ETF investors to make a like-for-like comparison with mutual funds.

CHART 50: UK INVESTORS BY FUND DOMICILE (2012-2024)



Source: The Investment Association

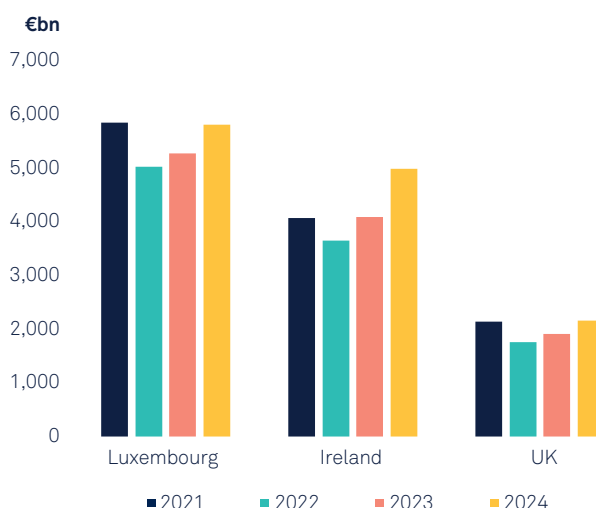
THE UK AS A FUND DOMICILE

Chart 51 considers the total assets in UK domiciled UCITS and AIFs (alternative investment funds) over the past three years, alongside the two largest European fund domiciles, Ireland and Luxembourg. Funds domiciled in the UK primarily serve the domestic market, whereas funds in Ireland and Luxembourg see much greater cross-border distribution.

All three fund domiciles have seen continued growth through 2024 with the largest fund domicile, Luxembourg, reaching €5.8 trillion in funds, just below the 2021 peak of €5.9 trillion, prior to asset price falls as interest rates rose. The UK as a fund domicile likewise recovered to the 2021 peak, reaching €2.2 trillion.

Ireland, having already recovered to 2021 levels in 2023, saw a further 22% increase in assets over 2024 to reach €5.0 trillion. The extensive use of Ireland as a domicile for ETFs, which have seen significant asset growth from 48% to 73% over the past decade, has contributed to the growth of Ireland as a fund domicile (see Chart 16 on page 47).

CHART 51: ASSETS IN UCITS AND AIFs BY DOMICILE (2021-2024)



Source: EFAMA



6 OPERATIONAL AND STRUCTURAL EVOLUTION

KEY FINDINGS

INDUSTRY PROFITABILITY

- » The industry experienced a 10% increase in net revenue to £25.0 billion in 2024, following two years of decline. However, operating costs rose by 14% to £20.6 billion, leading to a slight decrease in operating profit to £4.5 billion (£4.6 billion, 2023).
- » Operating margins dropped to 18% in 2024, continuing a five-year decline from 31% in 2019. This reflects a persistent imbalance between revenue growth and cost escalation. Operating profit margins varied widely in 2024, ranging from -34% to +78%, a broader span than 2023.

INDUSTRY EMPLOYMENT

- » The UK investment management industry supports approximately 123,300 jobs. Approximately 44,900 people are employed directly by investment management firms, with the remainder employed in industries such as custodian banks, transfer agents and wealth managers.
- » Direct employment fell for the second consecutive year, from a peak of 46,200 in 2022. The divergence between headcount and AUM growth highlights how firms are increasingly leveraging technology, outsourcing, and efficiency measures to expand capacity.
- » Of the 44,900 people employed by investment managers, 29% of employees work in investment management roles, up from 26% in 2023. 18% work in business development and client services and 13% in operations and fund administration, a decrease on 16% in 2023.
- » The highest proportion of investment management roles (30%) are in London, whilst the highest number of operations and fund administration roles are located in Scotland (18%).

INDUSTRY FIRM SIZE

- » As of June 2023, the mean AUM per firm reached £76 billion (£62 billion 2023) and the median AUM reached £15 billion (£11 billion, 2023).
- » Small firms (<£15 billion AUM) make up 50% of IA membership (57%, 2023). Medium-sized firms (£15-£50 billion AUM) account for just over a fifth of IA members, and large firms (>£50 billion AUM) account for 26% of IA member firms (22%, 2023).

INDUSTRY CONCENTRATION

- » In 2024, the top five firms managed 43% of total assets, close to the long-term average of 42%. The share of assets managed by the top ten firms rose to 60%, the highest level recorded over the past decade.
- » The UK industry remains relatively unconcentrated, but a steady rise in recent years reflects the growing scale advantages of the largest firms.

INVESTMENT MANAGER OWNERSHIP

- » Firms headquartered in the UK managed 35% of total assets in 2024, down from 37% in 2023 and continuing a long-term decline from 43% in 2014. North American groups increased their share to 54% in 2024, up from 52% in 2023.
- » The share of assets managed by independent investment managers has continued to increase to 47% of AUM in 2024. They are the only parent group to have consistently expanded their share over the last 15 years.
- » Assets managed by firms with an insurance company parent accounted for 21% of AUM in 2024, continuing a decade long decline. Retail banks continue to represent only 2% of UK AUM, unchanged since 2014.

In 2024, firms have had to navigate persistent cost pressures, ongoing regulatory change, market volatility and macroeconomic uncertainty. At the same time, technological advances such as artificial intelligence and the migration of core systems to the cloud are reshaping how firms structure their operations and manage risk, but has also significantly altered the cost base and talent requirements. These developments sit alongside long-standing trends: the growing influence of overseas parent groups and a changing workforce that is both adapting to new skills demands and dispersed more widely across the UK.

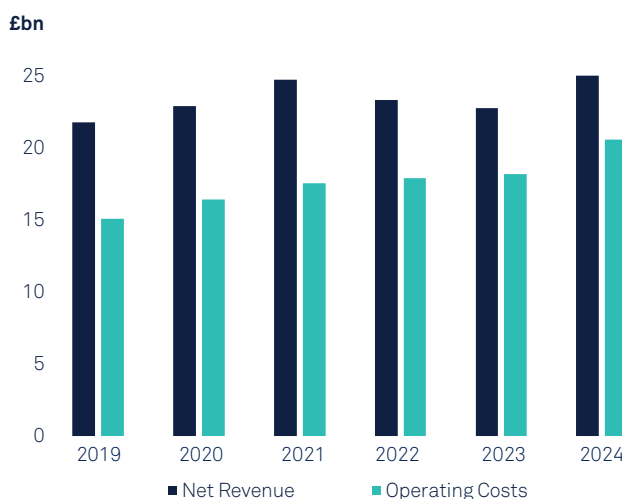
This chapter examines the key features of the industry's operational and structural landscape, including profitability and cost trends, employment and workforce distribution, the spectrum of firms by size and ownership patterns.

INDUSTRY PROFITABILITY

This section reviews the aggregate revenue and cost base of the UK investment management industry. Chart 52 shows the evolution of net revenue and operating costs since 2019. The industry saw a return to growth in net revenue following two years of decline, rising 10% to £25.0 billion in 2024. Operating costs also increased significantly, rising 14% over the year to reach £20.6 billion. The outpaced growth in costs relative to revenue meant that operating profit slipped to £4.5 billion, slightly lower than the £4.6 billion recorded in 2023.



CHART 52: INDUSTRY NET REVENUE AND OPERATING COSTS (2019–2024)



Source: The Investment Association

Chart 53 illustrates the trend in operating profit and industry margins. Operating margins measure how efficiently a company converts its revenues into profits after covering operating costs. It reflects operational efficiency – such as cost control and scale – and, by excluding financing and tax effects, provides a clearer view of the core business. Operating margins fell two percentage points to 18% in 2024, continuing a five-year decline from 31% in 2019.

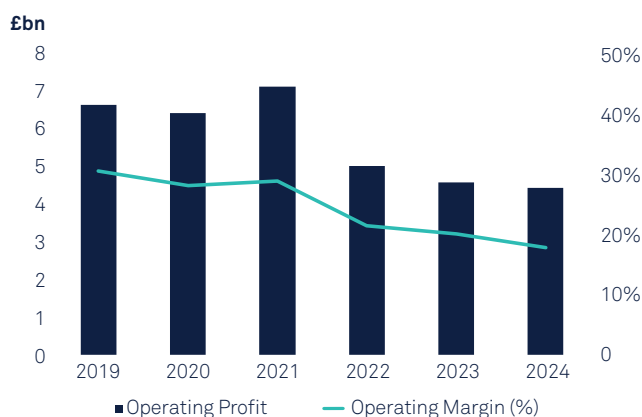
Taken together, the charts underline a persistent imbalance between revenue growth and cost escalation. Since 2019, revenues have grown by 15%, but operating costs have risen by more than one-third (36%). As a result, industry operating profit is down 33% since 2019 and is now at its lowest level in over a decade.

While record revenues reflect the return to robust growth in assets under management, sustaining profitability in the face of rising regulatory, operational and technology costs is increasingly challenging. Research by McKinsey found that tech spending by investment managers across Europe and North America has been one of the biggest drivers of rising costs in recent years, increasing at an annual rate

of nearly 9% since 2019. That hasn't yet resulted in substantial efficiency gains for the biggest investors in technology, but McKinsey forecasts that well-deployed AI could deliver efficiency gains of 25 to 40% in the coming years.²⁴ Scale and efficiency remain critical to long term competitiveness, with firms under increasing pressure to manage costs more tightly if margins are to recover. Recent employment trends suggest part of this adjustment is already underway, with headcount edging down and operational roles declining as firms streamline support functions and redeploy resources.

“Revenue pressure and margin compression are real. On costs, data-licence fees and transaction expenses stand out. We’ve invested in distributed-ledger pilots and upgraded portfolio management software, sacrificing immediate cost savings for long-term scalability and risk-mitigation.”

CHART 53: INDUSTRY OPERATING PROFIT AND MARGIN (2019–2024)

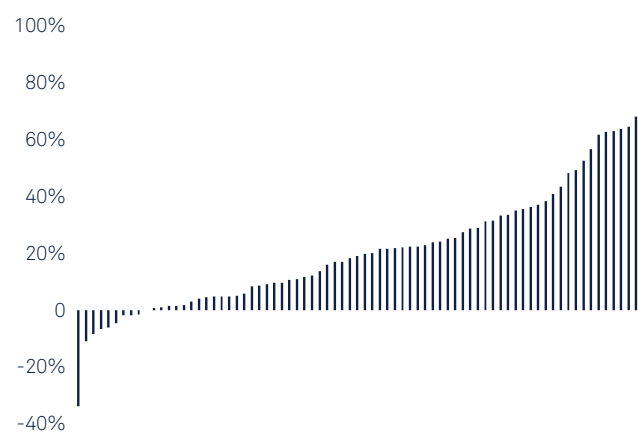


Source: The Investment Association

Chart 54 shows the spread of profitability among IA member firms, highlighting the wide variation in outcomes across the industry.

- In 2024, operating profit margins ranged from -34% to +78%, a marginally broader span than in 2023 (-33% to +70%). This underlines the diversity of experiences across the sector, with some firms delivering very high margins while others continue to face sustained losses.
- The upper quartile of firms reported operating margins of 33%, while the lower quartile was 5%. Although both quartiles are slightly higher than in 2023, the persistence of firms operating at or below break-even highlights the pressure from fee compression and rising costs, leaving some firms particularly vulnerable to consolidation or market downturns.

CHART 54: DISTRIBUTION OF INVESTMENT MANAGER PROFITABILITY (2024)



Source: The Investment Association

²⁴ McKinsey: How AI could shape the economics of the asset management industry, July 2025

EMPLOYMENT IN THE INVESTMENT MANAGEMENT INDUSTRY

For the past eighteen years, the IA has tracked employment in the UK investment management industry, reflecting the industry's role as a significant source of high-skilled jobs across the economy. In addition to those directly employed within investment management firms, the IA also reports on "indirect employment," which captures roles in supporting industries such as custodians, transfer agents, investment platforms, and professional services providers. This broader measure helps capture a more complete economic footprint of the industry as both an employer and a driver of specialist services.

As of December 2024, the number of people directly employed in the UK investment management industry stood at 44,900. The remaining 78,400 were indirect roles supporting the industry, bringing the number of jobs supported in total to 123,300.

London remains the largest centre of employment, home to both global and UK-headquartered firms.

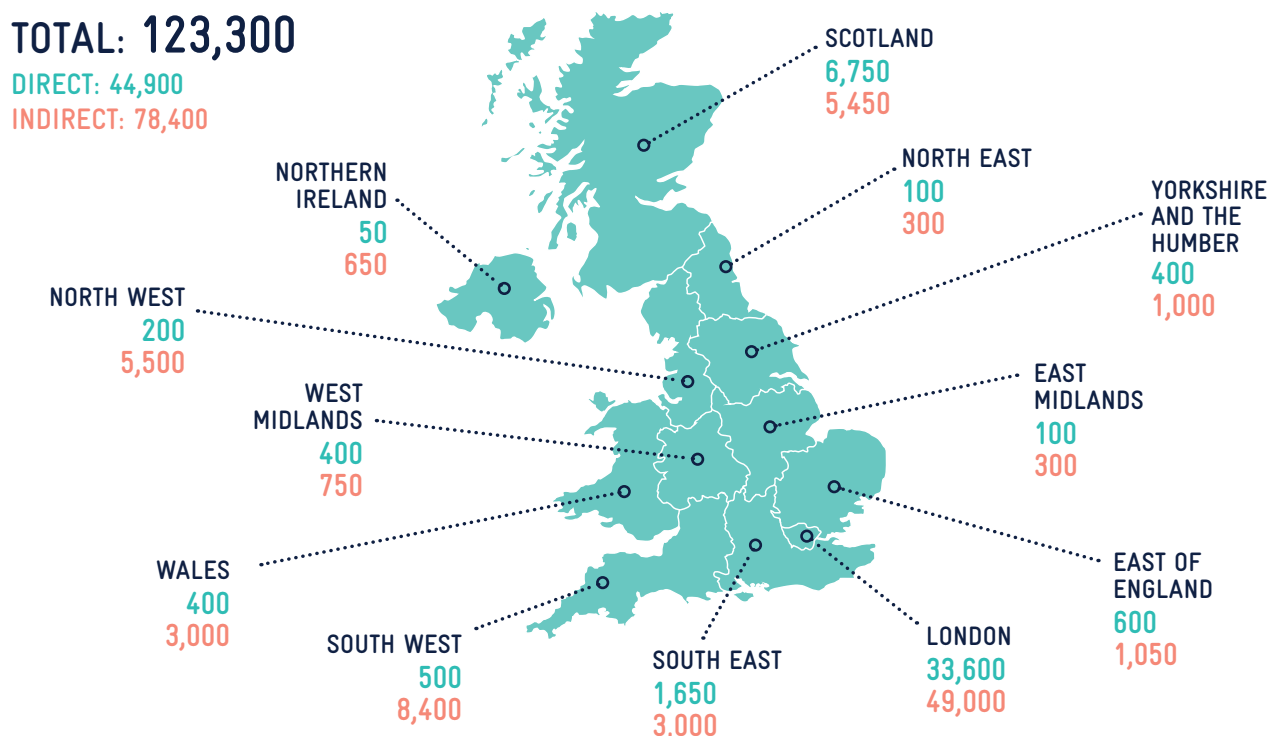
However, significant clusters also exist in other regional hubs such as Scotland and the South West. The regional spread of employment highlights the industry's contribution to supporting professional services jobs beyond the capital.

The balance between direct and indirect employment is also important. Growth in outsourced and specialist functions has meant that indirect roles account for a large share of the industry's footprint. This reflects the industry's integration into the wider financial services ecosystem, where efficiency and scale are increasingly achieved through external partnerships.

Looking ahead, employment trends are likely to be shaped by several structural drivers:

- **Technology and automation;** which are reshaping roles in operations and client reporting, but will impact other employment functions over time.
- **Global integration;** with overseas firms continuing to expand their UK presence.
- **Regulatory demands;** which are generating new roles in compliance.

FIGURE 11: MAP OF DIRECTLY AND INDIRECTLY EMPLOYED STAFF ACROSS THE UK (2024)



Sources: Investment Association estimates are from information provided directly by member firms and publicly sourced information. All regional numbers have been rounded to the nearest 50 and therefore may not add up to exact total.

DIRECT EMPLOYMENT

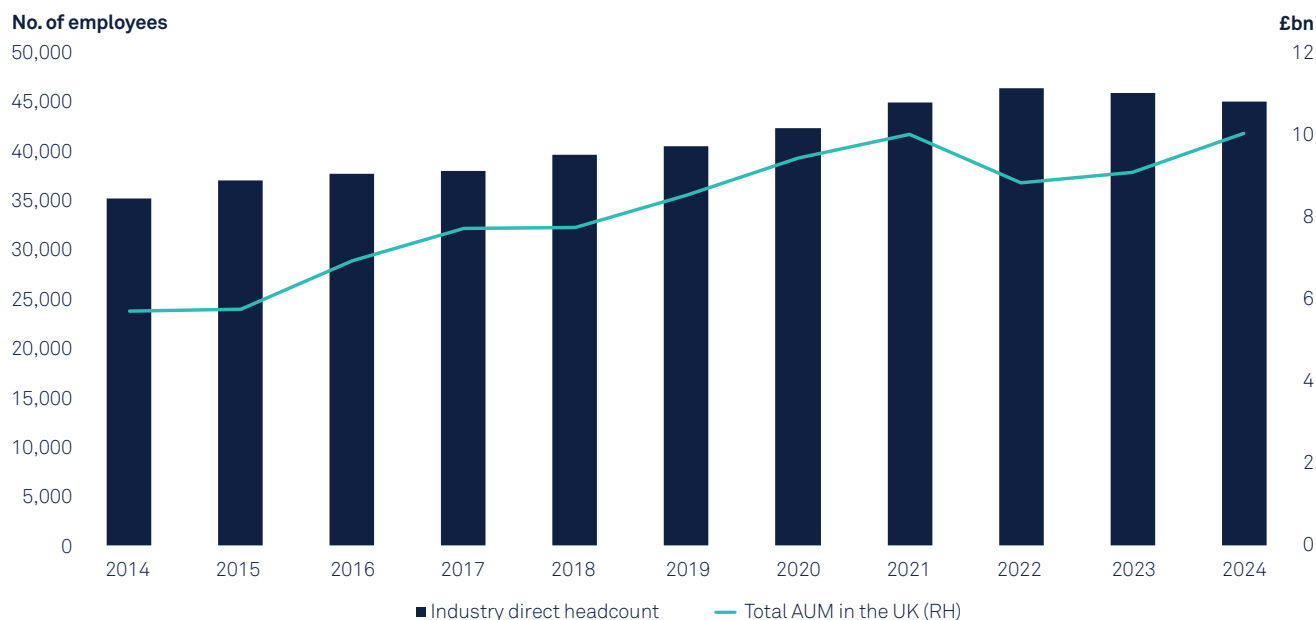
The Investment Association (IA) estimates that around 44,900 people were directly employed in the UK investment management industry in 2024. Chart 55 illustrates the relationship between industry headcount and assets under management (AUM) since 2014. We make the following observations:

- **Direct employment fell for the second consecutive year, down 2% from 45,800 in 2023 and from a peak of 46,200 in 2022.** This recent decline has taken place as we saw a return to robust growth in UK-managed assets, which rose to £10.0 trillion in 2024, the highest level on record. The divergence between headcount and AUM highlights how firms are increasingly leveraging technology, outsourcing, and efficiency measures to expand capacity without a corresponding increase in staff headcount.

- **Over the longer term, however, direct employment has grown by over 28% since 2014, when just over 35,000 people were directly employed by IA members.** The fall in headcount over the past two years likely reflects both cyclical and structural factors. Cyclical pressures include tighter margins and cost control in response to a period of weaker industry profitability. Structural drivers include advances in digital solutions, automation, and global operating models that enable firms to scale activity without equivalent increases in local employment.

“We’re focused on cost savings and operational efficiencies: reducing headcount slightly, outsourcing more, closing subscale funds – looking at every area for efficiency.”

CHART 55: INDUSTRY HEADCOUNT ESTIMATES VS. UK ASSETS UNDER MANAGEMENT (2014–2024)



Source: The Investment Association

In Table 2, we show the distribution of people directly employed in the industry by job function. Almost one-third (29%) of staff are concentrated in investment management roles, which include portfolio and fund managers, investment analysts, and dealers. Alongside this front-office activity, the majority of the workforce is employed across a broad range of functions such as operations and fund administration, distribution and client services, compliance, technology and corporate support, reflecting the diverse skills required to sustain the industry's global competitiveness.

TABLE 2: DISTRIBUTION OF STAFF BY ACTIVITY (2024)

Activity	Share of total headcount
Investment management	29%
Wealth management and advice	3%
Operations and fund administration	13%
Distribution incl. marketing, sales and client services	18%
Compliance, legal and audit	7%
Corporate finance, HR, training and corporate administration	9%
Technology and innovation	7%
IT Support	8%
Other sector	6%

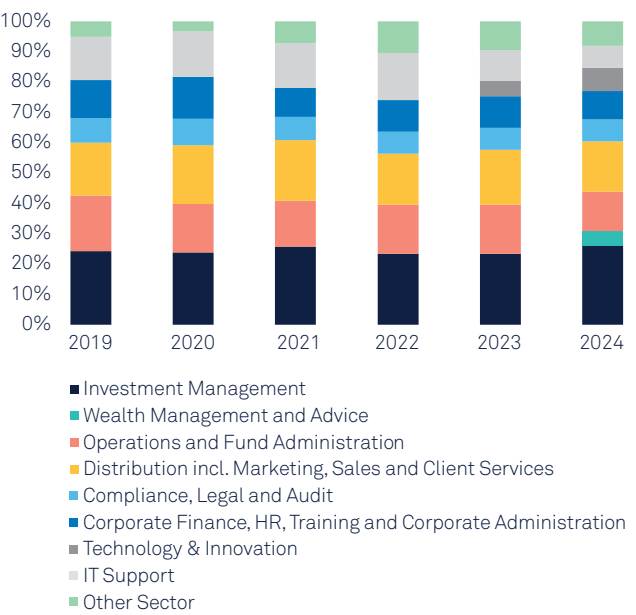
Source: The Investment Association

Chart 56 illustrates the evolution of employment by staff segment between 2019 and 2024. Over this period, investment management roles have steadily expanded while operational and administrative roles have contracted, with technology and innovation emerging as a growing area of focus:

- **Investment management** roles expanded to 29% of total headcount in 2024, up from 26% in 2023. This marks the highest share recorded in the series and reflects strong demand for portfolio managers, fund managers, and investment analysts to support client outcomes in a growing AUM environment.

- **Operations and fund administration** declined to 13% of headcount, down from 15% in 2023 and continuing a longer-term fall from 18% in 2019. This could reflect how firms are increasingly leveraging automation and outsourcing to reduce the reliance on large operations teams.
- **Technology and innovation** accounted for 7% of industry employment in both 2023 and 2024, underlining the sector's continued focus on digital capability, data analytics and AI. Over the same period, IT support fell slightly from 9% to 8%. Taken together, the share of staff in technology-related functions has remained broadly stable, but there appears to be a rebalancing within the segment with more roles dedicated to innovation and transformation rather than traditional support functions.
- **Other functions (compliance, legal, audit, and corporate roles)** have remained relatively stable, though their combined share has edged down slightly as front-office and technology-focused roles expanded.

CHART 56: DIRECT EMPLOYMENT BY STAFF SEGMENT (2019–2024)



Source: The Investment Association

The IA tracks industry employment not only by job function but also by location. London remains the largest hub for investment management in the UK, followed by Scotland and a wide range of centres elsewhere across the country. Table 3 shows the distribution of roles across London, Scotland and other regions:

- **Investment management roles are increasingly concentrated in London, accounting for around 30% of the city's industry workforce.** The growth in investment management roles in 2024 was driven by the capital, with headcount in these roles across the rest of the UK falling. This reinforces London's position as the nation's primary hub for front office roles such as portfolio management, investment research and trading activity.
- **Operations and fund administration roles are falling across the UK, but particularly in Scotland.** These roles account for 18% of jobs in Scotland and 17% elsewhere in the UK, compared with 10% in London. In Scotland, the share of operations roles has fallen sharply, down from 24% in 2023 to 18% in 2024, reflecting a shift away from the region's traditional concentration in administration. Over the same period, the proportion of distribution roles in Scotland rose three percentage points to 19%, underlining the growing importance of client-facing activity alongside core operational functions.
- **Scottish jobs are rebalancing away from operations and fund administration to increasing IT, tech and innovation roles.** Headcount across these functions has increased in 2024 and now account for 20% of all Scottish jobs, up from 18% the previous year and overtaking operations and fund administration for the first time.
- **Support and specialist roles are broadly consistent across regions.** Compliance, legal and audit account for 7% in each region, while corporate finance, HR, training and administration represent 9–12%.

TABLE 3: DISTRIBUTION OF INVESTMENT MANAGEMENT JOBS BY REGION (2024)

Activity	London	Scotland	Elsewhere in the UK
Investment management	30%	17%	25%
Wealth management and advice	2%	0%	16%
Operations and fund administration	10%	18%	17%
Distribution incl. marketing, sales and client services	19%	19%	12%
Compliance, legal and audit	7%	7%	7%
Corporate finance, HR, training and corporate administration	9%	12%	10%
Technology and innovation	8%	6%	8%
IT Support	8%	14%	4%
Other sector	7%	6%	1%

Source: The Investment Association

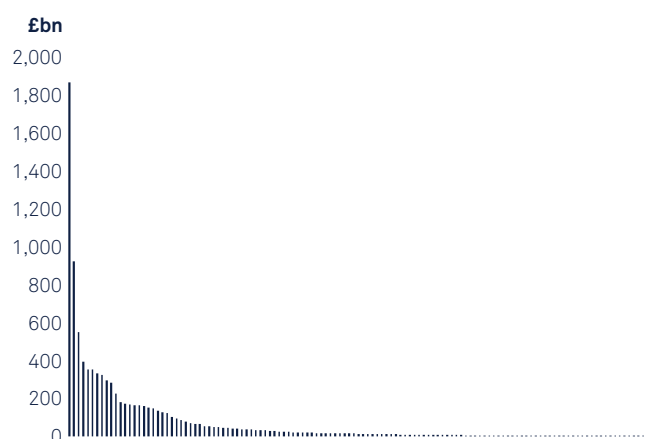
INDUSTRY FIRM SIZE

This section looks at the scale of investment managers, highlighting how firm size varies across the industry as measured by assets under management.

Chart 57 provides a ranking of IA member firms by UK assets under management. The shape of the curve highlights a sharp drop from a handful of very large firms to a long stretch of mid-sized and smaller managers, reflecting both the concentration of assets at the top and the breadth of firms operating in the market.

In June 2024, the average AUM per firm reached £76 billion, while the median AUM was £15 billion. Both measures rose compared with 2023 (mean £62 billion; median £11 billion). The higher median indicates that the typical IA member firm is now managing more assets than a year ago, though the gap between mean and median continues to underline the influence of a small number of very large managers on overall industry averages.

CHART 57: IA MEMBER FIRMS RANKED BY UK ASSETS UNDER MANAGEMENT (JUNE 2024)



Source: The Investment Association

Table 4 tracks the distribution of IA member firms by assets under management over the past six years to June 2024. The data show both continuity in the dominance of smaller firms by number, and some notable shifts across size bands:

- **Smaller firms** (<£15 billion AUM) remain the largest group, representing 50% of firms when including those under £1 billion. However, their share has fallen from 57% in 2022 to 50% in 2024, the lowest level recorded over the period. This suggests that consolidation and growth have reduced the relative weight of smaller firms in the overall industry profile.
- **Mid-sized firms** (£15–50 billion AUM) account for just over one fifth of firms in 2024, broadly consistent with previous years. Within this segment, firms managing between £15–25 billion increased their share from 9% in 2023 to 12% in 2024, indicating some upward movement of firms into higher AUM brackets.
- **Large firms** (>£50 billion AUM) have grown their presence in the industry. In particular, the proportion of firms managing more than £100 billion has risen steadily from 11% in 2019 to 18% in 2024. The £50–100 billion segment also recovered slightly in 2024 to 8%, following a dip to 6% in 2023.

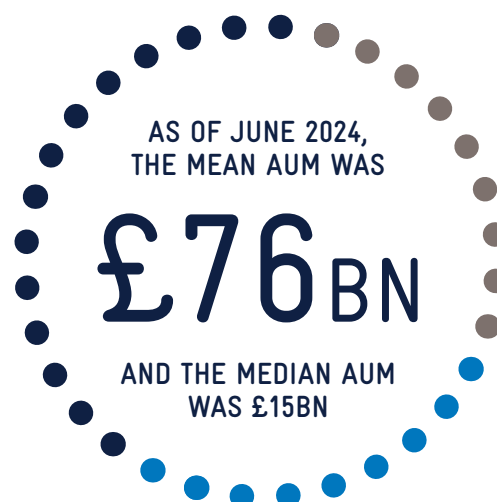


TABLE 4: ASSETS MANAGED IN THE UK BY IA MEMBERS BY FIRM SIZE (2019-2024)

AUM	% of firms (June 2019)	% of firms (June 2020)	% of firms (June 2021)	% of firms (June 2022)	% of firms (June 2023)	% of firms (June 2024)
>£100 billion	11%	12%	13%	14%	15%	18%
£50-100 billion	7%	9%	9%	9%	6%	8%
£25-50 billion	11%	9%	9%	11%	11%	11%
£15-25 billion	12%	14%	12%	9%	9%	12%
£1-15 billion	45%	48%	47%	49%	49%	42%
<£1 billion	10%	10%	10%	8%	9%	8%
Total	100%	100%	100%	100%	100%	100%

ROLE OF BOUTIQUES

Boutique firms remain a distinct segment of the UK investment management industry. For the purposes of this survey, a boutique is defined as meeting all of the following criteria:

- Independent ownership
- Managing less than £5 billion in AUM
- Providing a degree of investment specialisation
- Self-identifying as a boutique

In 2024, 9 IA members meet this definition, unchanged from last year and down from 34 in 2014. The gradual decline in boutique numbers reflects both consolidation and the rising barriers to entry for smaller firms. Increasing regulatory obligations and the resources required to comply have been cited as particular challenges for smaller firms.

Nevertheless, interviews with senior industry figures suggest that opportunities remain for boutiques with a clear focus. In particular, specialist managers in private markets and other differentiated strategies

are well positioned to benefit from growing client demand, even as the overall pipeline of new boutiques appears limited. Although many IA members meet the AUM threshold, it is often the independent ownership requirement that determines their boutique status; once acquired by larger groups, these smaller firms will fall out of this definition. In recent years, these boutique firms have become attractive acquisition targets for larger groups seeking to add specialist capabilities.

“Over the next five to ten years, the technological and structural revolution taking place in the industry will force boutiques and larger players to rethink their value proposition.”

“It’s tougher now to be a boutique manager – barriers to entry are higher: you need more capital, maybe seed money; platforms and institutional clients expect a certain level of infrastructure, which costs money. Setting up a boutique today is more challenging, but not impossible.”

BOX 8: M&A AND BROADER OPERATIONAL IMPLICATIONS

As we have seen throughout this chapter, investment managers are facing an increasing challenging operational environment. There has been some recovery in revenue and a return to solid growth in assets under management, but costs are rising, margins have become more and more compressed and firms are having to make challenging decisions regarding employment and recruitment. In our interviews with CEOs two main drivers of rising costs came up time and time again; heavier investment in technology (including AI and cybersecurity), and a more complex and divergent global regulatory environment.

“There is additional costs to having to comply with both UK and EU regimes to distribute across Europe. The cost of cyber-security and AI infrastructure is rising. Consolidation is almost inevitable because standalone firms will struggle to absorb these fixed costs.”

The industry is increasingly characterised by a barbell structure: a handful of very large managers able to spread fixed costs across much larger asset bases, and a growing set of boutiques with specialist expertise in areas such as private credit, infrastructure, or sustainable investing. Firms that sit in the “muddy middle” as one firm put it, are faced with a much more challenging operating model. For these firms mergers and acquisitions (M&A) are one of the ways to secure the economies of scale and cost management needed to compete.

“Margin compression and regulatory costs make scale essential. Mid-sized firms face high fixed costs... consolidation may be inevitable unless firms can carve out a highly differentiated niche.”

“Fixed costs associated with cyber security, AI infrastructure and compliance make it hard to sustain operations without scale – consolidation can reduce overlap and cut costs.”

Private markets remain a particular focus of acquisition activity with managers seeking exposure to higher-margin and less commoditised areas of the market. Distribution platforms and wealth managers have also attracted strong interest, reflecting the importance of client access in an increasingly intermediated market, however views were mixed among CEOs on the return to more direct distribution model. At the same time, some members suggested that consolidation in fund administration, operations, and technology providers could deliver significant efficiency gains across the value chain.

“I doubt individual managers will go direct – each would face significant regulatory obligations and operational risk. A more realistic option would be for a consortium of large managers to jointly own a platform powered by fresh technology. That could be transformative.”

While scale offers clear benefits, integration challenges from aligning investment cultures to retaining key talent remain a critical risk. Where deals succeed, they tend to do so not only by cutting costs but by broadening client offerings and strengthening distribution.

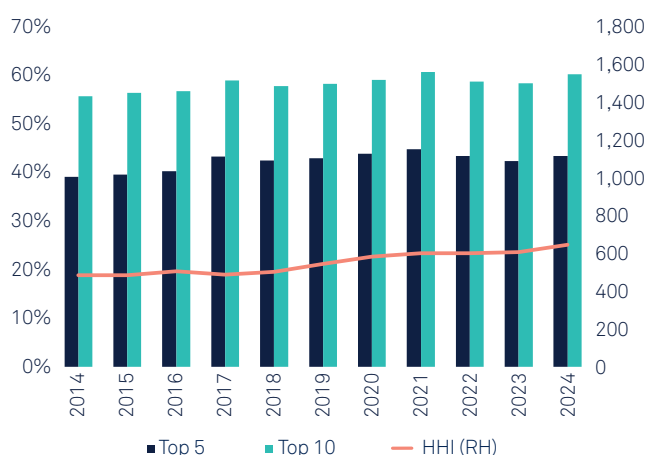
“Even though there hasn’t been a wave of successful mid-sized mergers, I do think fixed costs are so high now – with regulatory burdens and technology investment – that scale is essential.”

MARKET SHARE OF LARGER FIRMS

Chart 58 tracks the share of industry assets managed by the five and ten largest IA member firms, alongside the Herfindahl-Hirschman Index (HHI), a standard measure of market concentration.

- The top five managers oversaw 43% of UK AUM in June 2024, broadly unchanged from recent years and close to the long-term average of around 42%.
- The share of assets managed by the top ten firms rose to 60%, up two percentage points from 2023 and the highest level recorded over the past decade. In 2013, the top ten firms accounted for only half of all UK AUM.
- The industry's HHI increased to 641 in 2024, from 604 in 2023 and 598 in 2022. Looking back over the decade we observe that the index has climbed gradually by more than 160 points since 2014. However, even at a HHI of 641, the UK investment management industry remains far below the HHI threshold of 1,000 that denotes moderate concentration. Mergers and acquisitions, alongside organic asset growth, have reinforced the position of the biggest managers, particularly within the top ten, however as we have seen, the persistence of a long tail of smaller and mid-sized firms points to a market that is still open for entry and full of choice.

CHART 58: MARKET SHARE OF LARGEST FIRMS BY UK ASSETS UNDER MANAGEMENT VS. HHI (JUNE 2014-JUNE 2024)



Source: The Investment Association

INVESTMENT MANAGER OWNERSHIP

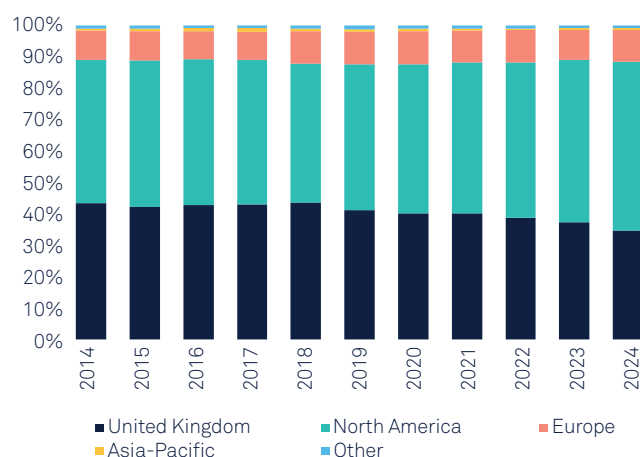
In this final section, we examine the ownership structures of IA member firms. Chart 59 presents the breakdown of UK assets under management by region of parent group headquarters, highlighting the increasingly international profile of the industry.

Firms headquartered in the UK managed 35% of total assets in 2024, down from 37% in 2023 and continuing a long-term decline from 43% in 2014. This reflects a structural shift over the past decade- industry market share is steadily transferring from UK-owned to overseas-owned groups, which now oversee almost two-thirds of UK-managed assets reflecting both the UK's role as a global hub for investment management and the increasing cross-border flow of capital. Industry feedback suggests this internationalisation brings clear advantages, notably: broader distribution, investment reach, and operational scale.

- North American groups increased their share to 54% in 2024, up from 52% in 2023. For much of the last decade, firms with headquarters in North America were responsible for 47% of UK managed assets, but this share has risen consistently in each of the last four years, and is seven percentage points higher today. The growth in index tracking strategies has reinforced the growing dominance of North American firms, which account for three quarters of UK managed tracker assets.
- European-headquartered firms have maintained a stable presence, consistently accounting for around 10% of AUM, while Asia-Pacific and other regions together remain marginal at around 1%. On a matched basis, the AUM of UK-headquartered firms fell by around 7% between 2021 and 2024. This contrasts with the steady share of European groups and the outpaced growth of North American parents and helps explain the relative decline of UK firms in the regional breakdown of parent headquarters.

“The UK is in a better place than some other markets. Valuations are attractive, government is stable, it’s a good place to do business, and regulatory structures are increasingly supportive. Talent is readily available, and many of the macro arguments in favour of the UK remain valid.”

CHART 59: BREAKDOWN OF UK ASSETS UNDER MANAGEMENT BY REGION OF PARENT GROUP HQ (2014-2024)



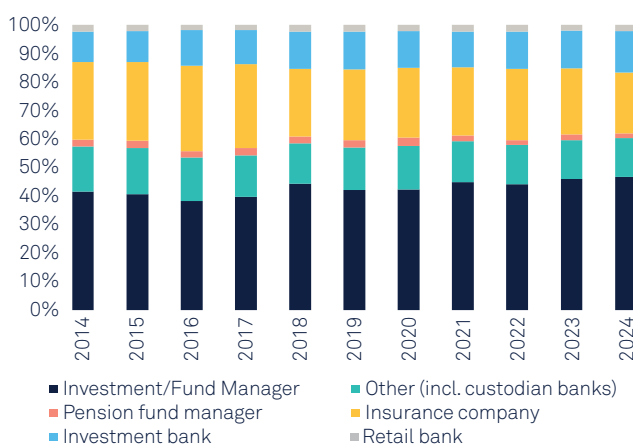
Source: The Investment Association

Chart 60 shows the distribution of UK-managed assets by parent company type, comparing independent investment managers with firms owned by wider financial services groups.

- **Investment manager-owned** firms increased their share to 47% of UK AUM in 2024, up from 46% in 2023 and 15 percentage points higher than the 32% recorded in 2009. They are the only parent type to have consistently expanded their share of AUM over the period, underlining the structural shift towards a more standalone investment management industry. This growth reflects both the success of overseas groups establishing independent operations in the UK and the spin-off of asset management businesses from insurance parents.
- **Insurance-owned managers** accounted for 21% of AUM in 2024, continuing a long decline from 27% in 2014. Demergers of investment arms from insurance groups remain the key driver of this trend, leaving a smaller but more specialised set of insurance-owned managers.

- **Investment banks** have increased their share modestly in recent years, reaching 15% in 2024, representing a two-percentage point increase over the previous year, reaching the highest level in over a decade.
- **Retail banks** continue to represent only 2% of UK AUM, unchanged since 2014. This reflects the retrenchment of banks from asset management after the Global Financial Crisis and the Retail Distribution Review, which led many to exit investment distribution.
- **Other parent types**, including custodian banks, account for a stable 14% of AUM, while pension fund managers remain marginal at 2%.

CHART 60: BREAKDOWN OF UK ASSETS UNDER MANAGEMENT BY PARENT TYPE (2014-2024)



Source: The Investment Association

APPENDICES

APPENDIX 1

SUMMARY OF ASSETS UNDER MANAGEMENT IN THE UK¹

	TOTAL
Assets under management in the UK (£m)	10,008,310
Segregated or pooled (%)	
Directly invested on a segregated basis	47.9%
Managed on a pooled basis	52.1%
Active or passive (%)	
Actively managed	65.3%
Passively managed	34.7%
Asset allocation (%)	
Equities of which:	48.6%
UK	20.8%
Europe (ex UK)	16.4%
North America	39.7%
Asia-Pacific (ex Japan)	8.1%
Japan	5.4%
Latin America	0.8%
Africa	0.2%
Emerging market	7.3%
Other	1.3%
Fixed Income² of which:	28.4%
UK government	10.2%
Sterling corporate	13.0%
UK index-Linked	7.8%
Other UK	4.4%
Overseas govt	27.6%
Non-sterling corporate	20.5%
Non-sterling other	16.5%
Cash/Money market	6.2%
Property	2.1%
Other	14.6%

¹ This includes all assets under management in this country, regardless of where clients or funds are domiciled.

INSTITUTIONAL								ALL INSTITUTIONAL	RETAIL	PRIVATE CLIENT
Pension funds	Public sector	Corporate	Non-profit	Sub- advisory	In-house insurance	Third party insurance	Other institu- tional			
2,657,771	742,049	766,377	98,887	460,866	694,906	608,549	1,059,614	7,089,018	2,818,795	100,498
26.6%	7.4%	7.7%	1.0%	4.6%	6.9%	6.1%	10.6%	70.8%	28.2%	1.0%

APPENDIX 2

SUMMARY OF DATA FROM THE UK INSTITUTIONAL MARKET²

	TOTAL
Total Institutional Market (£m)	3,810,102
Assets directly invested on a segregated basis	60.1%
Assets invested on a pooled basis	39.9%
Active or passive (%)	
Actively managed	78.7%
Passively managed	21.3%
Multi-asset, LDI or Specialist (%)	
Multi-asset	14.6%
LDI (notional)	23.6%
Single-asset / specialist of which:	61.7%
Equities	35.6%
Fixed Income	30.9%
Cash/Money Market	18.2%
Property	6.6%
Other	8.7%

² This includes UK institutional client mandates, regardless of where assets are managed.

	Pension funds			Public sector	Corporate	Non-profit	Sub-advisory	In-house insurance	Third party insurance	Other institutional
	Corporate	Local government	Other							
	1,641,186	278,455	31,233	24,137	231,230	49,956	198,205	456,253	606,705	292,741
	43.1%	7.3%	0.8%	0.6%	6.1%	1.3%	5.2%	12.0%	15.9%	7.7%
	64.6%	55.3%	34.4%	62.8%	17.3%	40.8%	82.4%	76.8%	70.4%	18.1%
	35.4%	44.7%	65.6%	37.2%	82.7%	59.2%	17.6%	23.2%	29.6%	81.9%
	69.3%	71.6%	81.8%	64.4%	91.5%	74.7%	62.2%	99.5%	84.8%	96.1%
	30.7%	28.4%	18.2%	35.6%	8.5%	25.3%	37.8%	0.5%	15.2%	3.9%
	17.1%	5.1%	5.9%	3.0%	1.3%	26.4%	1.7%	3.9%	36.1%	0.6%
	49.4%	20.2%	14.1%	3.8%	1.3%	1.4%	0.0%	0.5%	3.1%	0.7%
	33.5%	74.7%	80.0%	93.2%	97.4%	72.3%	98.3%	95.5%	60.8%	98.7%
	40.0%	62.3%	13.4%	44.0%	9.0%	52.6%	60.1%	22.1%	51.7%	12.4%
	37.7%	22.1%	78.9%	25.3%	9.7%	10.3%	36.0%	43.3%	33.0%	14.4%
	7.5%	0.6%	1.3%	20.3%	71.8%	19.1%	0.0%	5.7%	5.7%	57.2%
	6.1%	7.0%	2.4%	5.8%	8.2%	2.6%	1.9%	13.4%	4.3%	2.7%
	8.7%	8.1%	4.0%	4.6%	1.3%	15.3%	2.0%	15.5%	5.3%	13.4%

APPENDIX 3

NOTABLE M&A DEALS IN THE UK INVESTMENT MANAGEMENT SECTOR (2009-JUNE 2025)

2024-2025

ACQUIRER	TARGET
Janus Henderson Group plc	Tabula Investment Management
Impax Asset Management Group plc	Absalon Corporate Credit (fixed income business)
Redwheel (RWC Asset Management LLP)	Ecofin (from TortoiseEcofin)
Schroders	Whitley Asset Management
Brooks Macdonald	LIFT-Financial Group Ltd (incl. LIFT-Invest)
CVC/Nordic/ADIA consortium	Hargreaves Lansdown
Apax Funds (Apax Partners)	Evelyn Partners' Professional Services business
Arthur J. Gallagher & Co.	Redington Ltd.
BlackRock	Preqin Ltd.
Brooks Macdonald	LIFT-Financial Group (incl. LIFT Invest)
Brown Advisory	Marylebone Partners LLP
Harp Bidco (CVC/Nordic/ADIA consortium)	Hargreaves Lansdown plc
Janus Henderson	Tabula Investment Management
Jupiter Asset Management	Origin Asset Management (team & assets)
Quilter plc	NuWealth Ltd.
Royal London	Dalmore Capital Ltd.

2023

ACQUIRER	TARGET
Abrdn	Tekla Capital Management
Alcentra, Fairstone Group, Synova Capital, TA Associates Management	Prosperity Wealth
Alcentra, Fairstone Group, Synova Capital, TA Associates Management	Sacre Associates
Apex Group	Maitland
Asset Co	Ocean Dial AM
Barings	Gryphon Capital Partners
Barings	Rocade Capital
BlackRock	Avalog
BlackRock, Jio Financial Services	Jio BlackRock
BNP Paribas	The International Woodland Company
Candriam	Tristan Capital Partners
Carne Group, Vitruvian Partners	GAM Holding (Fund Management Services Business)
Credit Suisse	The Klein Group
Evelyn Partners	City of London boutique Dart Capital
Farner Consulting	GFD Gesellschaft für Finanzkommunikation
First Sentier Investors	AlbaCore Capital Group
Franklin Templeton	Putnam Investments
GeoWealth, JP Morgan Asset Management, Kayne Anderson Capital Advisors	First Ascent Asset Management
Janus Henderson Investors, Privacore Capital	Joint Venture (Janus Henderson / Privacore Capital)
JP Morgan Asset Management	China International Fund Management
JP Morgan Asset Management	Aumni
Lansdowne Partners	Crux Asset Management
Lazard	Truvvo Partners
LGT Wealth Management	Abrdn Capital (discretionary wealth management arm of abrdn)
MetLife Investment Management	Raven Capital Management
Momentum Global Investment Management	Crown Agents Investment Management
Phoenix	Sun Life UK
Rathbones	Investec Wealth & Investment
T Rowe Price	Retiree Income
UBS	Credit Suisse
Undisclosed Buyer	BNP Paribas
Union Bancaire Privée	Angel Japan Asset Management

2022

ACQUIRER	TARGET
Abrdn	Interactive Investor
Affiliated Managers Group	UBS Fund Advisor
Agricultural Bank Of China, BNP Paribas Asset Management	Wealth Management Venture (Agricultural Bank of China / BNP Paribas)
Agricultural Bank of China, BNP Paribas Asset Management	Wealth Management Venture (Agricultural Bank of China / BNP Paribas)
Alcentra, Fairstone Group, Synova Capital, TA Associates Management	Complete Financial Planning
Alcentra, Synova Capital, TA Associates Management	PAX Financial
AllianceBernstein	AB CarVal
Amundi	Lyxor AM
Amundi, CVC Capital Partners, TPG	Kasikorn Asset Management
Asset Co	River and Mercantile
Asset Co	SVM Asset Management
Aviva	Succession Wealth
Bank of Ireland	Davy Group
Barings	NFU Mutual
BNP Paribas	Dynamic Credit
Brookfield	Watermark Lodging Trust
Brooks Macdonald Group	Integrity Wealth Solutions
Brooks Macdonald Group	Adroit Financial Planning
Carne Group	The Asset Management Exchange
CPP Investments, Generation Investment Management, Octopus Energy	Zestec Renewable Energy
Energy Infrastructure Partners Asset Management	Credit Suisse
Evelyn Partners	Arena Wealth
Franklin Templeton	Lexington Partners
Franklin Templeton	Alcentra
iCapital Network	SIMON Markets
JP Morgan Asset Management	Great Elm Group
Kingdom Holding Company (SAU)	M&G
M&G	Continuum Financial Services
M&G	responsAbility Investments
MetLife Investment Management	Affirmative Investment Management
Raymond James	Charles Stanley
Royal Bank of Canada	Brewin Dolphin
Sanlam	Absa Alternative Asset Management
Schroders	Minority stake in Forteus
Schroders	Majority shareholding in Greencoat Capital
Schroders	River and Mercantile (solutions business)
State Street	Cf Global Trading
Stephens Financial Services	CRUX Asset Management
Tatton asset management	8AM global

2021

ACQUIRER	TARGET
abrdn	EXO investing (AI investment platform)
Affiliated Managers Group (AMG)	Parnassus (the largest pure-play ESG mutual fund company in the U.S.)
AssetCo	majority stake (63%) in Rize ETF (investment company)
AssetCo	30% of Parmenion Capital Partners
Close Brothers Asset Management	PMN Financial Management
Columbia Threadneedle	BMO's EMEA business
Federated Hermes	remaining 29.5% of Hermes Fund Managers
Goldman Sachs Asset Management	NN Investment Partners
GTCR LLC and Reverence Capital Partners, L.P	Wells Fargo Asset Management
JP Morgan Asset Management	Campbell Global LLC
Liontrust	Majedie Asset Management
Mattioli Woods	Maven Capital Partners
Momentum Global Investment Management Limited	Seneca Investment Managers Limited
Morgan Stanley	Eaton Vance
PineBridge Investments	Benson Elliot Capital Management
Polar Capital	Dalton Strategic Partnership
Schroders	River&Mercantile's solutions division
Schroders	75% of Greencoat Capital (specialist manager dedicated to renewable energy infrastructure)
Vontobel	Remaining 40% stake in TwentyFour
Waverton Investment Management Group	Cornerstone Asset Management

2020

ACQUIRER	TARGET
Aberdeen Standard Investments	Majority stake in Tritax Management
AllianceBernstein	AnchorPath
Affiliated Managers Group Inc.	Majority stake in Parnassus Investments
Amundi	Sabadell Asset Management
Apex Group Ltd	FundRock Partners Ltd
BNP Paribas Asset Management	Gambit Financial Solutions
Brooks Macdonald Group	Lloyds Bank International's Channel Islands wealth management and funds business
Brown Shipley	NW Brown & Co Limited
Close Brothers Asset Management	PMN Financial Management
Ameriprise Financial (Columbia Threadneedle)	BMO Financial Group's EMEA business
Fidelity International Ltd	Legal & General Investment Management's UK Personal Investing business Cavendish Online Investments Ltd
Franklin Resources, Inc.	Legg Mason, Inc.
J.P. Morgan Asset Management	Campbell Global, LLC
Jupiter Asset Management	Merian Global Investors Minority stake in NZS Capiak
Liontrust Asset Management	Architas UK
M&G	Ascentric
Rathbone	Personal Injury and Court of Protection business of Barclays Wealth
Schroders	Sandaire Majority stake in Pamfleet
Stonehage Fleming	Cavendish Asset Management Maitland's Private Client Services business
Sumitomo Mitsui Financial Group	TT International

2019

ACQUIRER	TARGET
AXA	Increased equity holding in Capzanine
BlackRock	eFront
Bluebay	Spins out Arcmont Asset Management
BNP Paribas	Purchase of 22.5% of Allfunds
Brewin Dolfen	Epoch Wealth Management Investec's Wealth Management Business in Ireland Mathiesen Consulting
Charles Stanley	Myddleton Croft
F&C	Thames River Capital
Franklin Templeton	Material stake in Embark Group
Goldman Sachs	S&Ps Model Portfolio business
Hargreaves Lansdown	£765m stake of retail ISA assets from JPM Chase
Invesco	RedBlack
Liontrust	Neptune Investment Management
Merian Global Investors	Kestrel Investment Partners multi-asset business
Mitsubishi UFG Trust and Banking	First State Investments
Premier Asset Management	Miton Group
Quilter	Charles Derby Lighthouse
Sanlam	Astute Wealth Management Thesis Asset Management
Schroders	Thirdock Majority stake in BlueOrchard Finance
SJP	Harvest Financial Services
Standard Life Aberdeen advice firm – 1825	Grant Thornton advice code
Sumitomo Mitsui Financial Group	TT International
Waverton Investment Management	Timothy James & Partners

2018

ACQUIRER	TARGET
AllianceBernstein	Autonomous Research
Allianz GI	Sound Harbour Partners
Amundi	Mirae Global Investments Taiwan
	Anatech
BlackRock	eFront
Brewin Dolphin	Investec's Wealth Management Business in Ireland
	Mathiesen Consulting
Candriam	Tristan Capital Partners (strategic partnership)
F&C	Thames River Capital
Federated Investors	Hermes Investment Management (majority stake)
Franklin Templeton	Benefit Street Partners
	Edinburgh Partners
FundRock	SEB Fund Services Luxembourg
Goldman Sachs	Aptitude Investment Management
	Rocaton Investment Advisors
	S&Ps Model Portfolio business
Hargreaves Lansdown	£765m stake of retail ISA assets from JPM Chase
Impax Asset Management	Pax World Management LLC
Invesco	Oppenheimer Funds
	Intelliflo
Jupiter	Merger of retail and wealth management sales teams
Lyxor ETF	Commerzbank ETF Arm
Mellon	Walter Scott & Partners
Mitsubishi UFG Trust and Banking	First State Investments
Muzinich	Springrowth SGR
Natixis	MB Credit
Nomura Asset Management	8 Securities (majority stake)
Pimco	Gurtin Municipal Bond Management
Quilter	Charles Derby
Quilter	Lighthouse
Rathbones	Spears and Jeffery
Sanlam	Thesis Asset Management
Schroders	Thirdock
Seven Investment Management	TCAM
SJP	Harvest Financial Services

2017

ACQUIRER	TARGET
Amundi Group	Pioneer Investments
Blackrock	Cachematrix Holdings
	First Reserve Energy Infrastructure Funds
	Scalable Capital (minority stake)
BNP Paribas Asset Management	Gambit Financial Solutions (majority stake)
Brewin Dolphin	Duncan Lawrie Asset Management
Canada Life Group (UK)	Retirement Advantage
Close Brothers	Adrian Smith and Partners
Crux Asset Management	Oriel global and European funds from City Financial
FundRock	Fund Partners
LGIM	Canvas
Link Group	Capita Asset Services
Lovell Minnick Partners/ Existing Management Team	BNY Mellon Investment Management (CentreSquare Investment Management Real Asset Boutique)
Natixis Global Asset Management	Investors Mutual Ltd
Nikko Asset Management	ARK Investment Management (minority stake)
Principal Global Investors	Internos Global Investors
RWC	Pensato Capital
Sandaire	Joint venture with Delancey
Schroders	Adveq Holdings AG
	Algonquin
SJP	HJP Independent Financial Advisers
Standard Life Investments	Aberdeen Asset Management (merger)
Stonehage Fleming	OmniArte
Swiss Re	LGIM with profits business
TA Associates	Old Mutual Global Investors (single strategy funds)
Thesis Asset Management	Cambridge Fund Managers

2016

ACQUIRER	TARGET
Aberdeen	Arden Asset Management, Parmenion Capital,
Aegon	Cofunds
AJ Bell	Indexx Markets Ltd, Allium Capital
Alliance Bernstein	Ramius Alternative Solutions
Allianz	Rogge Global Partners
Amundi	Kleinwort Benson Investors
Columbia Threadneedle	Emerging Global Advisors
Courtiers	JRH Asset Management
Franklin Templeton	AlphaParity
Henderson Global Investors	Janus
Legal and General Investment Management	Aegon annuity portfolio
Legg Mason	EnTrust Capital, Clarion Partners, Financial Guard
Liontrust	Alliance Trust Investment
Momentum	London and Capital adviser business
Standard Life	AXA portfolio services
State Street Global Advisors	GE Asset Management
Stonehage Fleming	FF&P Wealth Planning

2015

ACQUIRER	TARGET
Aviva	Friends Life
BNY Mellon	Cutwater Asset Management
Henderson	90 West (increased holding to 100%) Perennial Fixed Interest Partners/Perennial Growth Management
Broadstone	Blythwood
Brooks Macdonald	Levitas Investment Management Services Ltd
Legal and General Investment Management	Aerion
GAM	Singletery Mansley Asset Management
Maitland	Phoenix Fund Services
Stonehage	Fleming Family
Threadneedle	Columbia (merger)
Vontobel	TwentyFour

2014

ACQUIRER	TARGET
Aberdeen	Scottish Widows Investment Partnership
Bank of Montreal	F&C
Broadstone	Blythwood
Brooks Macdonald	Levitas Investment Management Services Ltd
Family Investments	Engage Mutual
GAM	Singleterry Mansley Asset Management
Legg Mason	Martin Currie
Octopus	MedicX
Rathbones	Jupiter Asset Management Limited's private client and charity investment management business
River and Mercantile	P-Solve (merger)
Standard Life	Ignis Asset Management
Thomas Miller	Broadstone Wealth Management

2013

ACQUIRER	TARGET
Aberdeen	Artio Global Investors Scottish Widows Investment Partnership
Aviva	Solar portfolio from Ecovision Renewable Energy
Barings	SEI Asset Korea (SEIAK)
BlackRock	Credit Suisse ETF Business
Bank of Montreal	F&C
Henderson	H3 Global Advisers Northern Pines Capital (50%) 90 West (33%)
Liontrust	North Investment Partners
Miton	PSigma
PSigma	Axa Framlington private client business
Royal London	Co-Operative (Insurance and asset management businesses)
Schroders	Cazenove Capital Management STW Fixed Income
Standard Life Wealth	Private client division of Newton

2012

ACQUIRER	TARGET
Brooks Macdonald	Spearpoint
Bridgepoint & Quilter	Quilter (MBO)
Broadstone	UBS Wealth's corporate pension arm
Franklin Templeton	K2 Advisors
Goldman Sachs	Dwight
Insight	Pareto
Legg Mason	Fouchier Partners
Liontrust	Walker Crips
Natixis	McDonnell
Punter Southall	PSigma
Rathbone	Taylor Young

2011

ACQUIRER	TARGET
BT	JO Hambro
Close	Cavanagh Wealth Management
Close	Allenbridge Group
Cyrus Finance	SVM Asset Management
Franklin Templeton	Rensburg
Henderson	Gartmore
Investec	Evolution
Liontrust	Occam
Principal	Origin
Punter Southall	Brewin Dolphin's corporate pension arm
Royal London	Royal Liver
SGBP Hambros	Barings' private client business
Threadneedle	Liverpool Victoria
Williams de Broe	BNP Paribas' private client business

2010

ACQUIRER	TARGET
Aberdeen	RBS' multimanager and alternatives business
Alpha Real Capital	Close Brothers' property fund management business
AMG	Artemis
Aviva Investors	River Road
Close	Chartwell Group
F&C	Thames River Capital
Investec	Rensburg Sheppards
Man Group	GLG Partners
Marlborough	SunLife Financial of Canada's funds
Schroders	RWC Partners (49%)
State Street	Bank of Ireland

2009

ACQUIRER	TARGET
BlackRock	BGI
BNP Paribas	Fortis
BNY Mellon	Insight
Henderson	New Star
Ignis	Axial
Invesco	Morgan Stanley's retail fund business
Marlborough	Apollo
Neuberger Berman Group	Management buyout of Lehman asset management business
Rathbone	Lloyds' RBS PMS client portfolio and two private client portfolios
Sumitomo Trust	Nikko

APPENDIX 4

DEFINITIONS

CORPORATE CLIENTS

Institutions such as banks, financial corporations, corporate treasuries, financial intermediaries and other private sector clients. Investment management services for fund products operated by financial corporations are included under 'Sub-advisory'.

ESG INTEGRATION

The systematic and explicit inclusion by investment managers of environmental social, and governance factors into traditional financial analysis.

FUND OF FUNDS

Funds whose investment objective is fulfilled by investing in other funds rather than investing directly into assets such as cash, bonds, shares or property. These may also be referred to as 'multi-manager products'.

IMPACT-DRIVEN INVESTMENT

This approach seeks to enhance value by proactively screening for businesses that are seeking to work for the benefit of all their stakeholders, not just shareholders or owners.

IN-HOUSE INSURANCE CLIENTS

Refers to assets that insurance-owned investment management firms manage for their parent company or an insurance company within the parent group.

INVESTMENT FUNDS

All pooled and listed vehicles regardless of the domicile of the client or fund (ie. unit trusts, investment companies with variable capital including ETFs, contractual funds, investment trusts, and hedge funds) but it does not include life or insurance funds.

LIABILITY DRIVEN INVESTMENT (LDI)

Defined as an approach where investment objectives and risks are calculated explicitly with respect to individual client liabilities.

MULTI-ASSET MANDATE

Also called 'balanced', these types of mandate invest across a range of asset classes and geographies without a specific focus on a particular universe.

NON-PROFIT CLIENTS

Includes charities, endowments, foundations and other not for profit organisations.

NORMS-BASED SCREENING

Screening of investments against minimum standards of business practice based on international norms.

'OTHER' CLIENTS

Assets managed on behalf of client types that cannot be classified under any other category as well as unidentifiable client types, eg. closed-ended funds or institutional pooling vehicles.

OVERSEAS BONDS

Include overseas government bonds as well as debt denominated in overseas currencies.

OVERSEAS CLIENT ASSETS

Assets managed on behalf of non-UK clients. Includes assets delegated to the firm from overseas offices and assets directly contracted in the UK.

PENSION FUND CLIENTS

Incorporates both defined benefit (DB) and defined contribution (DC) provision, where the respondent has a relationship with a pension fund, irrespective of type. Where the DC provision is operated via an intermediary platform, particularly a life company structure wrapping the funds, the assets are reflected in 'Insurance'.

PUBLIC SECTOR CLIENTS

Encompasses central banks, supranational bodies, public sector financial institutions, governmental bodies, public treasuries and sovereign wealth funds as well as the non-pension assets of local authorities and other public sector clients.

PRIVATE CLIENTS

Comprise assets managed on behalf of high-net-worth and ultra-high-net-worth individuals as well as family offices.

POOLED

Comprises investment vehicles operated by a manager for several clients whose contributions are pooled. It also includes assets in segregated portfolios that are held indirectly via pooled vehicles managed by the respondent.

RETAIL

Includes investment into unit trusts, open-ended investment companies (OEICs) and other open-ended investment funds irrespective of domicile. It incorporates assets sourced through both intermediated sales (ie. made through fund platforms, supermarkets and other third parties) and direct retail sales. It does not include life-wrapped funds, which are classified under 'Third Party Insurance'.

RESPONSIBLE INVESTMENT

An approach where the investor avoids investing in businesses that are harming people or the planet, such as oil, tobacco, or weapons production.

SEGREGATED

Assets directly invested within segregated portfolios, and managed on behalf of one client. This would also include mandates run on behalf of a single pooled vehicle (eg. a 'pooled' insurance fund run for an insurance parent company).

SINGLE-ASSET

Also called 'specialist', these types of mandate are overwhelmingly focused on one asset class, and therein usually a specific sub-type (either geographic or other; eg. a US equity mandate or an index-linked gilt mandate).

STERLING CORPORATE DEBT

Exposure to Sterling-denominated debt, irrespective of whether it is issued by UK or overseas companies.

SUB-ADVISORY

Business as part of which the respondent provides investment management services to third party fund products. It may therefore include business that is institutional to the respondent, but may ultimately be retail (eg. 'white-labelled' funds or manager of manager products).

SUSTAINABILITY-THEMED INVESTING

Investment in themes or assets specifically related to sustainability (for example clean energy, green technology, or sustainable agriculture).

THIRD PARTY INSURANCE CLIENTS

Assets sourced from third party insurance companies (ie. from outside the respondent's group), where the mandates are seen as institutional. It includes both unit-linked assets (ie. funds manufactured by the respondent and distributed with the respondent's brand through a life platform) and other third party assets.

UK ASSETS UNDER MANAGEMENT

Assets where the day-to-day management is undertaken by individuals based in the UK. This includes assets managed by the firm in the UK whether for UK or overseas clients contracted with the firm. It also includes assets delegated to the firm's UK-based asset managers by either third party asset managers or overseas offices of the company or group. With respect to fund of funds and manager of manager products, the figure only includes the size of the underlying funds managed by the firm's UK-based managers.

UK FUND MARKET

This primarily covers UK-domiciled authorised unit trusts and OEICs, which are by the far the largest part of the UK retail fund market, but also used by institutional investors. A small but growing part of the fund market is represented by funds domiciled overseas though often with portfolio management performed in the UK. There are also some UK-domiciled funds that are sold into overseas markets.

UK INSTITUTIONAL CLIENT MARKET

Covers mandates or investment in pooled funds by UK institutional clients. We analyse this market on the basis of client domicile, not domicile of funds invested in or location of asset manager. This is in contrast to the analysis of UK assets under management, which covers assets managed in the UK regardless of domicile of funds or clients for whom firms manage money.

APPENDIX 5

SURVEY AND INTERVIEW PARTICIPANTS

Aberforth Partners LLP
 abrdn plc
 AJ Bell Asset Management Limited
 AllianceBernstein Limited
 Amundi Asset Management
 Artemis Investment Management LLP
 Aviva Investors
 AXA Investment Managers
 Baillie Gifford & Co.
 BlackRock Investment Management (UK) Ltd
 Border to Coast Pensions Partnership
 CCLA Investment Management Limited
 Carmignac Gestion
 City of London Investment Management Company Limited
 Federated Hermes Limited
 FIL Investment Management Limited
 Franklin Templeton Fund Management Limited
 Goldman Sachs Asset Management
 Guinness Asset Management Ltd
 HSBC Global Asset Management (UK) Limited
 Independent Franchise Partners LLP
 Insight Investment Management (Global) Limited
 Invesco Ltd.
 Janus Henderson Investors
 J.P. Morgan Asset Management
 JO Hambro Capital Management Limited
 Jupiter Investment Management Limited
 Lazard & Co., Limited
 Legal & General Investment Management
 Liontrust Fund Partners LLP
 Lindsell Train Limited
 Lombard Odier Investment Managers
 Longview Partners (UK) Limited
 M&G Group Limited
 Man Group plc
 Margetts Fund Management Ltd
 Martin Currie Investment Management Ltd

McInroy & Wood Ltd
 Morgan Stanley Investment Management
 Natixis Investment Managers UK Limited
 Newton Investment Management Limited
 Ninety One plc
 Northern Trust Asset Management
 PIMCO Europe Ltd
 Polar Capital Holdings plc
 Premier Miton Investors
 Pyrford International Ltd
 Rathbone Unit Trust Management
 RBC BlueBay Asset Management
 Redwheel
 Royal London Asset Management
 Santander Asset Management
 Sarasin & Partners
 Schroder Investment Management Ltd
 Slater Investments Ltd
 State Street Investment Management
 Columbia Threadneedle Investments
 T. Rowe Price International Ltd
 TwentyFour Asset Management LLP
 Vanguard Asset Management Limited
 WAY Fund Managers



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October 2025

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