THE INVESTMENT ASSOCIATION

INVESTMENT MANAGEMENT IN THE UK 2025-2026

The Investment Association Annual Survey

October 2026

CONTENT ENQUIRIES

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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 2025. THE FINDINGS ARE BASED ON:

- Questionnaire responses from 57 IA member firms, who between them represent 80% of the £11.1 trillion of UK-managed assets under management within the IA membership.
- 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 themes that will shape the evolution of UK investment management
3. Trends in client assets and allocation
4. UK institutional 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 (2015 to June 2026)
4. Definitions
5. Survey respondents and interview participants

A NUMBER OF GENERAL POINTS SHOULD BE NOTED:

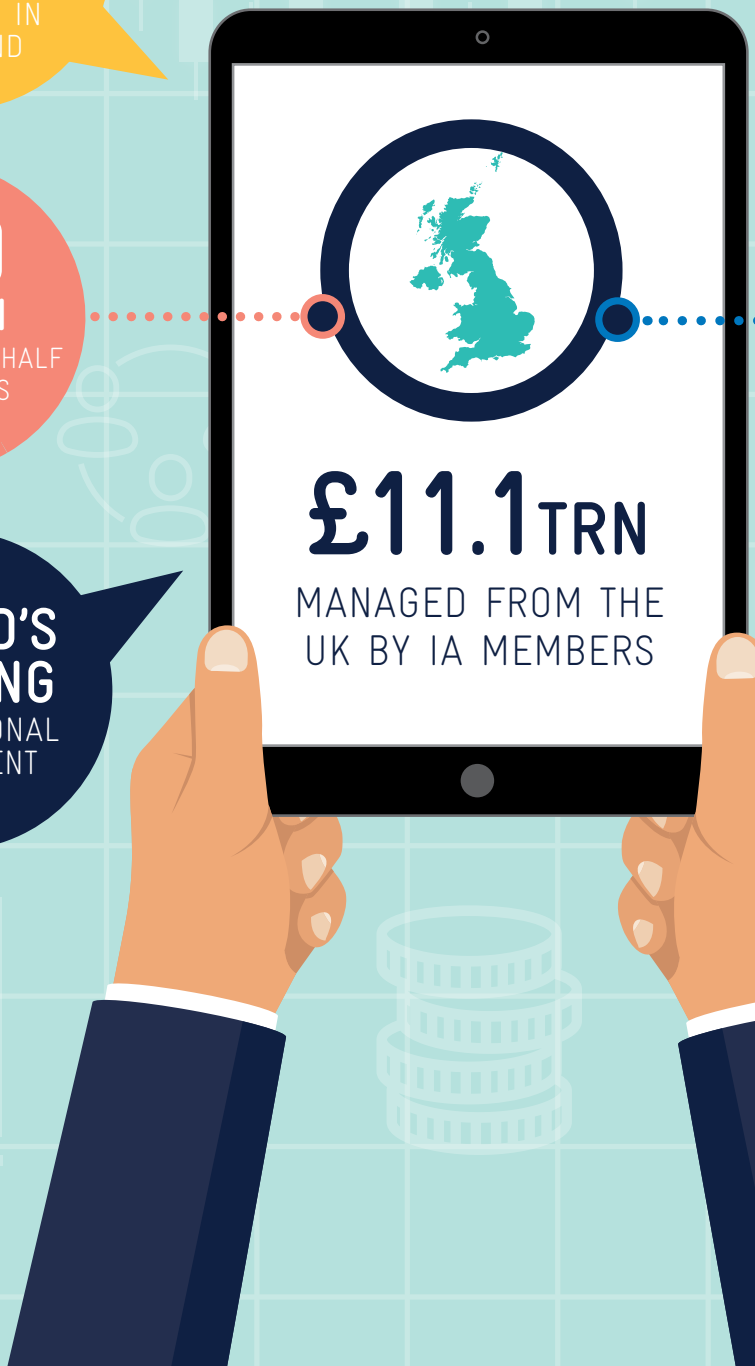
- Not all respondents were able to provide a response to all questions and therefore the response rate differs across questions.
- The Survey has been designed with comparability to previous years in mind. However, even where firms replied in both years, some may have responded to a question in one year 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.

26%
OF UK PLC MANAGED BY INVESTMENT MANAGERS

124,600
JOBS ACROSS THE INDUSTRY

£540 BILLION
MANAGED IN SCOTLAND

£1.5 TRILLION
INVESTED IN THE UK ECONOMY



£5.9 TRILLION
MANAGED ON BEHALF OF OVERSEAS CLIENTS

£106 BILLION
IN RESPONSIBLE INVESTMENT FUNDS

WORLD'S LEADING
INTERNATIONAL INVESTMENT HUB

£80 BILLION
INVESTED IN UK INFRASTRUCTURE

SURVEY FOREWORD

THE UK INVESTMENT MANAGEMENT INDUSTRY REACHED A NEW PEAK IN 2025, WITH ASSETS UNDER MANAGEMENT RISING 11% TO £11.1 TRILLION, UP FROM £10.0 TRILLION IN 2024. THIS IS A SECOND CONSECUTIVE YEAR OF DOUBLE-DIGIT GROWTH AND THE FIRST TIME UK-MANAGED ASSETS HAVE SURPASSED £11 TRILLION. COMING AFTER THE 12% FALL OF 2022 AND THE TENTATIVE 3% RECOVERY OF 2023, ENCOURAGINGLY THE PATTERN NOW POINTS TO SOMETHING MORE DURABLE THAN A REBOUND: ASSETS ARE ALMOST DOUBLE THE LEVEL OF A DECADE AGO, AND FUNDS UNDER MANAGEMENT ROSE 9% TO £1.6 TRILLION, FINALLY SURPASSING THE 2021 PEAK.

The Investment Management Survey is our flagship report, providing an annual comprehensive analysis of the evolution of investment management in the UK. It shows how the industry is growing, how our clients are evolving across the institutional and retail markets, and the long-term trends in asset allocation. It draws on our annual questionnaire, monthly fund data and in-depth interviews with members of the IA Board and Advisory Council. This year we are grateful to the 57 firms that responded, representing 80% of total assets under management.

It is worth being clear-eyed about the environment our industry is operating in. Growth was achieved against a complex macro-economic backdrop. The return of Donald Trump to the White House drove a shift towards protectionist policymaking, sweeping US tariff announcements heralded a more complex era for global trade and the global AI arms race has accelerated.

That the industry grew strongly through all of this speaks to its resilience and to the breadth of expertise here in the UK.

The defining story of the year is the deepening of the UK's strength as an international investment management centre. Assets managed in the UK for overseas clients rose 15% to £5.9 trillion and now account for 53% of the total, compared with 37% in 2016. Growth came from almost every major region. Europe remains the largest source of assets, rising from £3.0 trillion to £3.5 trillion in 2025, and North American client assets exceeded £1 trillion for the first time. The UK remains the second-largest investment management centre globally and the largest in Europe, managing 36.5% of European assets under management.

Alongside strengthening the international asset base, we continue to serve UK savers and institutions on a significant scale. Assets managed for UK clients have grown 46% over the past decade to £5.2 trillion, with a £345 billion increase in 2025 alone — the largest annual rise since 2020. The same expertise that attracts overseas mandates serves clients here at home.

The second chapter of the Survey draws on in-depth interviews with members of the IA Board and Advisory Council. Our conversations with these industry leaders identified three themes that will shape the next five to ten years: a shifting global landscape and UK competitiveness; the technology inflection point; and opening up access to investing.

On competitiveness, the message from leaders was consistent. The UK has the hallmarks of a market that can sustain its international position — a respected regulatory regime, a sophisticated professional-services ecosystem and deep pools of talent. But as globalisation gives way to a sharper political focus on the national interest, the industry must also continue to emphasise its value to the domestic economy as well as its global reach. Leaders were candid, too, about where we must focus to help UK investment management to thrive. The stability of the tax regime and access to globally mobile talent remain important issues. Policy stability, they told us, matters as much as the right policies.

Technology is the second theme. In 2026, AI moved decisively from experimentation to embedded capability, with nearly every firm now deploying it across the business. However, the deeper structural shift is tokenisation. Adoption is real but early and there is a significant opportunity for the UK to become a global leader. Securing that leadership will depend on pace and coordination between industry, regulators and infrastructure providers.

The third theme has substantial social significance. Retail investors are now our largest client group at 30% of UK-managed assets, a decisive shift from the 80/20 institutional-retail split that held firm until 2020.

Yet studies such as the FCA Financial Lives Survey still point to the millions of UK adults who hold the majority of their savings in cash. Our own research highlighted the scale of the opportunity for households and the economy, with 10.1 million savers with no investments who want to learn more.

> THE DEFINING STORY OF THE YEAR IS THE DEEPENING OF THE UK'S STRENGTH AS AN INTERNATIONAL INVESTMENT MANAGEMENT CENTRE. ASSETS MANAGED IN THE UK FOR OVERSEAS CLIENTS ROSE 15% TO £5.9 TRILLION

The Leeds Reforms marked a decisive move away from the post-Global Financial Crisis focus on risk avoidance, and the industry is responding.

Initiatives including the Invest for the Future campaign, work to better communicate risk and reward and through the new Targeted Support regime are all steps in the right direction. Our goal is to help millions more people to see that investing is an accessible route to supporting their long-term financial security.

We are moving forward from a position of real strength. On the evidence of this year's data and conversations, and of the direction of travel over the past eighteen months, there is a strong basis for confidence.

We hope you find this year's Investment Management Survey a valuable source of information, and we welcome any feedback on how we can improve our reporting and analysis in the years ahead.

John Owen
Chief Executive, The Investment Association

EXECUTIVE SUMMARY

UK INVESTMENT MANAGEMENT INDUSTRY: A GLOBAL CENTRE

- Total assets under management (AUM) by Investment Association (IA) members rose 11% in 2025 to a record £11.1 trillion. This was a second consecutive year of double-digit growth, following the 12% fall in 2022, the tentative 3% recovery in 2023 and 10% growth in 2024.
- The UK strengthened its position as a leading international centre for portfolio management, with overseas clients accounting for 53% of total AUM, up from 51% in 2024 and just over a third a decade ago. While UK client assets increased 7% in 2025, this was outpaced by 15% growth in overseas client assets.
- UK-managed investment fund assets reached £5.4 trillion, up from £4.9 trillion in 2024, with 70% held in overseas-domiciled vehicles, compared with 52% a decade ago.
- The UK remains the second-largest investment management centre globally and the largest in Europe, managing 36.5% of European AUM, while the wider UK industry is estimated to manage £13.3 trillion when firms outside IA membership are included.

THREE KEY THEMES THAT WILL SHAPE THE UK INDUSTRY

The industry is entering 2026 from a position of renewed strength, but against a more fragmented geopolitical environment, continued pressure on margins and an increasingly urgent need to broaden participation in investing. Interviews with senior industry leaders identified three interconnected themes that will shape the next phase of the UK industry's evolution.

1. **A SHIFTING GLOBAL LANDSCAPE AND UK COMPETITIVENESS**
   Geopolitical instability, trade tensions and concentrated US market returns are prompting investors to reassess diversification across regions, public markets and private assets. Leaders stressed that policy stability, access to internationally mobile talent and a credible pipeline of domestic investment opportunities remain essential.
2. **THE TECHNOLOGY INFLECTION POINT**
   Artificial intelligence moved from experimentation towards embedded capability during 2026, supporting automation, research and productivity, though firms remain cautious about its implications for employment, skills and the potential commoditisation of investment insight. Tokenisation represents the longer-term structural opportunity, with industry leaders identifying UK regulatory initiatives, such as the FCA Digital Securities Sandbox, as a potential source of competitive advantage.
3. **OPENING UP ACCESS TO INVESTING**
   The Leeds Reforms, Targeted Support and the Invest for the Future campaign create an opportunity to help more UK savers become investors. Exchange-Traded Funds are widening low-cost digital access, while Long-Term Asset Funds became eligible for Stocks & Shares ISAs in April 2026 and Money Market Funds could provide a bridge from cash. Broader access must be accompanied by clear communication of risk, liquidity and appropriate investment horizons.

TRENDS IN CLIENT ASSETS AND ALLOCATION

- Retail investors remain the largest single client group in 2025, accounting for 30% of UK-managed AUM, up from 28% in 2024 and 19% in 2019. Pension funds' share fell to 25%, from 27% in 2024 and a peak of 45% in 2018, reflecting the continued maturation of Defined Benefit (DB) schemes and the longer-term transition towards Defined Contribution provision.
- Equities rose to 50% of AUM, their highest share in almost two decades, up from a revised 49% in 2024, supported by strong returns across equity markets in 2025. North America remained 46% of equity holdings, while the UK share fell from 16% to 14% despite strong domestic market performance, as broadly stable UK holdings were outpaced by growth in overseas markets.
- Index-tracking strategies reached a record 36% of AUM, up from 35% in 2024 and 23% a decade ago, although active strategies continued to account for 64% of assets. ETF markets also continued to expand rapidly, with global ETF assets reaching a record $18.2 trillion and active ETF assets growing to $1.8 trillion.

UK INSTITUTIONAL CLIENT MARKET

- IA members managed £4.4 trillion of UK institutional client assets globally at the end of 2025, up 14% from £3.8 trillion in 2024 and the highest level since the £4.6 trillion peak. Pension and insurance clients remained dominant but their combined share fell from 79% to 76%, as corporate, sub-advisory and public-sector mandates continued to broaden the institutional client base.
- The UK pensions market reached an estimated £3.6 trillion, up from a revised £3.5 trillion in 2024. DB assets stabilised at £1.6 trillion following several years of sharp decline, while Local Government Pension Scheme assets grew to just over £400 billion and workplace Defined Contribution assets held at £665 billion.
- Retirement income is emerging as a significant long-term opportunity as more savers move from accumulating pension assets to drawing an income. Decumulation assets rose from £620 billion to £700 billion, including almost £400 billion backing individual annuities (up 9% in 2025), while income drawdown grew 18% to £310 billion.
- Third-party institutional assets grew 16% to £3.7 trillion, while the share of Liability-Driven Investment (LDI) mandates fell by three percentage points to 23%. Notional LDI exposure held broadly steady at £880 billion following three years of contraction, as higher gilt yields improved scheme funding and enabled some schemes to increase hedge ratios, while single-asset mandates increased from 57% to 60% of third-party assets.

UK RETAIL FUNDS MARKET

- UK investor FUM rose 8.9% to a record £1.62 trillion in 2025, surpassing the previous peak reached in 2021. Annual net retail outflows moderated to £1.9 billion, compared with £2.2 billion in 2024, £24.2 billion in 2023 and £26.8 billion in 2022.
- Retail flows remained volatile as investors responded to US trade policy, concerns about concentrated technology-led market returns and uncertainty ahead of the UK Autumn Budget. Equity funds recorded outflows of £16.8 billion, including £4.8 billion from global equity funds, while Money Market Funds attracted a record £6.9 billion and mixed-asset funds returned to inflow for the first time since 2021, with sales of £4.8 billion.
- Tracker funds attracted £12.8 billion in 2025, including £12.1 billion into equity trackers, despite broader equity-fund outflows. Tracker FUM reached a record £408.3 billion and represented 25% of industry FUM excluding ETFs, while active FUM increased for the first time since 2010, albeit by 0.5% to £1.21 trillion.
- Responsible investment FUM remained broadly stable at £106.2 billion but declined to 6.5% of total industry assets, from a peak of 7.2% in 2023. Outflows accelerated from £4.8 billion in 2024 to £5.9 billion in 2025. Sustainability Disclosure Requirementss-labelled funds held £40.0 billion at year-end, equivalent to 2.5% of industry FUM.

OPERATIONAL AND STRUCTURAL EVOLUTION

- Net revenue was £25.1 billion in 2025, broadly unchanged from 2024, operating profit was broadly unchanged at £4.9 billion and the operating margin improved to 19.5% (from 19.1%). Despite two years of double-digit AUM growth, revenue growth has lagged behind, reflecting fee pressure and the growing adoption of lower-cost investment strategies.
- The UK investment management industry supported approximately 124,600 jobs, comprising around 44,800 roles within investment management firms and 79,800 in supporting industries. While direct employment was broadly unchanged in 2025, this masks considerable variation across firms, with reductions at many managers offset by acquisition related growth among other members.
- Ownership continued to shift towards independent and overseas groups. Independent investment managers increased their share by one percentage point to 48% of AUM in 2025, while UK-headquartered firms managed 34% of AUM, and North American groups managed 55%. Consolidation remains a significant force, particularly for firms caught between the scale advantages of the largest managers and the specialisation of boutiques, though partnerships and joint ventures are increasingly complementing outright acquisitions.

1 UK INVESTMENT MANAGEMENT INDUSTRY: A GLOBAL CENTRE

KEY FINDINGS

UK INDUSTRY SIZE AND SCALE

Total assets under management in the UK reached a record £11.1 trillion at the end of 2025, up 11% on the year and almost double the level of a decade ago. This marks back-to-back double-digit growth (10% in 2024, 11% in 2025), following 3% growth in 2023 and the 12% fall in 2022, indicating a genuine return to sustained growth.

- Funds under management rose 9% to £1.6 trillion, a third consecutive year of growth and a new peak, surpassing the 2021 high of £1.59 trillion for the first time.
- In Scotland, IA members managed £540 billion in 2025, a 12% increase on the £480 billion recorded in 2024. Scotland's share of UK-managed assets was 4.8%, and Edinburgh remains the second-largest centre of investment management in the UK after London.
- Over the ten years to 2025, AUM grew at roughly 6.8% and FUM at 5.7% a year, leaving industry assets at almost double their 2015 level.

UK INDUSTRY IN A GLOBAL CONTEXT

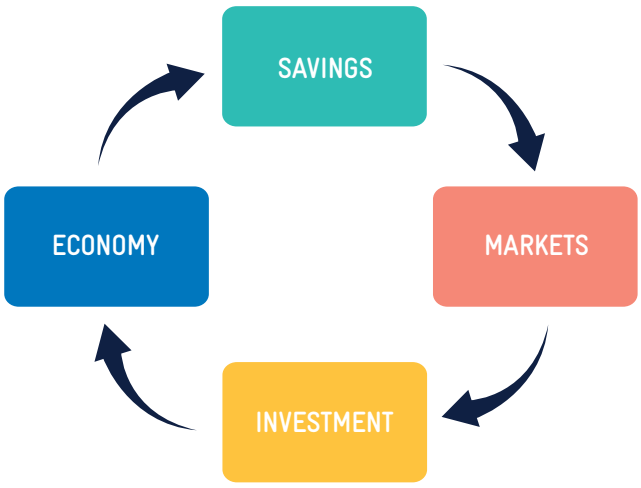
- Global assets under management reached a record $147 trillion, up 11%. The UK's 11% growth sits close to the global average and ahead of Europe.
- Overseas clients now account for £5.9 trillion, or 53% of total assets, up from 51% in 2024, with overseas assets growing more than twice as fast as domestic ones, a mark of the UK's deepening appeal as an international management centre.
- The UK remains Europe's largest centre, managing 36.5% of European assets under management.
- Asian client assets grew 19%, the fastest of any major region and a sharp acceleration on 2024.

This chapter sets out the size, shape and international reach of the UK investment management industry. 2025 was a second consecutive year of double-digit growth, with total assets under management reaching a record £11.1 trillion. Growth was driven by market performance rather than new flows, against a backdrop of tariff announcements, geopolitical tension and an easing UK interest rate environment. The defining theme of the year was the industry's deepening international character: overseas clients now account for 53% of assets and are growing faster than domestic ones, Asian client assets grew more quickly than any other major region, and the majority of UK-managed fund assets are now held in overseas-domiciled vehicles. The UK remains the world's second-largest centre for investment management and the largest in Europe.

ROLE OF INVESTMENT MANAGEMENT

The investment management industry sits at the centre of the economy, channelling the savings of individuals and institutions into investment opportunities that generate long-term returns. Its clients range from individual savers to pension funds, insurers and other institutions. Figure 1 sets out how savings are put to work through markets and into the wider economy, supporting growth.

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



The primary role of investment managers is to deliver good outcomes for their clients. That means passing on the benefits of scale, bringing expertise in areas such as risk management, and opening up investments that would otherwise be beyond the reach of individual investors. The aim is to give investors access to a diversified portfolio spanning public markets and, increasingly, private assets such as property, infrastructure, private equity and private credit, generating a good return over the long term while remaining suitable for each investor's willingness and ability to take risk.

Who those investors are is changing. A growing share of assets is now managed on behalf of retail savers, as workplace pensions continue their shift from defined benefit to defined contribution and as more individuals invest directly, widening participation in the industry's client base.

Beyond the investment process itself, the industry helps keep capital markets working efficiently. Savings are directed to companies that use them to finance operations and growth, and investment managers play a central part in keeping markets properly priced and transactions between buyers and sellers effective. This supports sustainable economic growth and benefits investors, the companies they invest in, and society more broadly.

INDUSTRY SIZE AND SCALE

Total assets under management in the UK reached £11.1 trillion at the end of December 2025, an increase of 11% on the £10.0 trillion recorded a year earlier. This second consecutive year of double-digit growth, takes the industry to a new high, and leaves assets at almost double the level of a decade ago.

Growth in 2025 was driven primarily by strong market performance across the asset classes in which UK managers invest, with asset values rather than net new flows accounting for most of the increase; the industry in fact saw modest net outflows over the year. Two years running, the industry has grown at around 11%. Coming after the 12% fall of 2022 and the tentative 3% recovery of 2023, the pattern now points to sustained growth as last year's recovery has held and built on itself.

2025 was shaped by a more complex backdrop than the headline numbers suggest. Markets contended with sweeping US tariff announcements in the spring, renewed conflict in the Middle East, and continued geopolitical uncertainty, all of which fed periods of volatility. Even so, a broad recovery in asset values, supported by an easing interest rate environment, carried the industry to a new high. The detailed market backdrop is set out in Box 1.

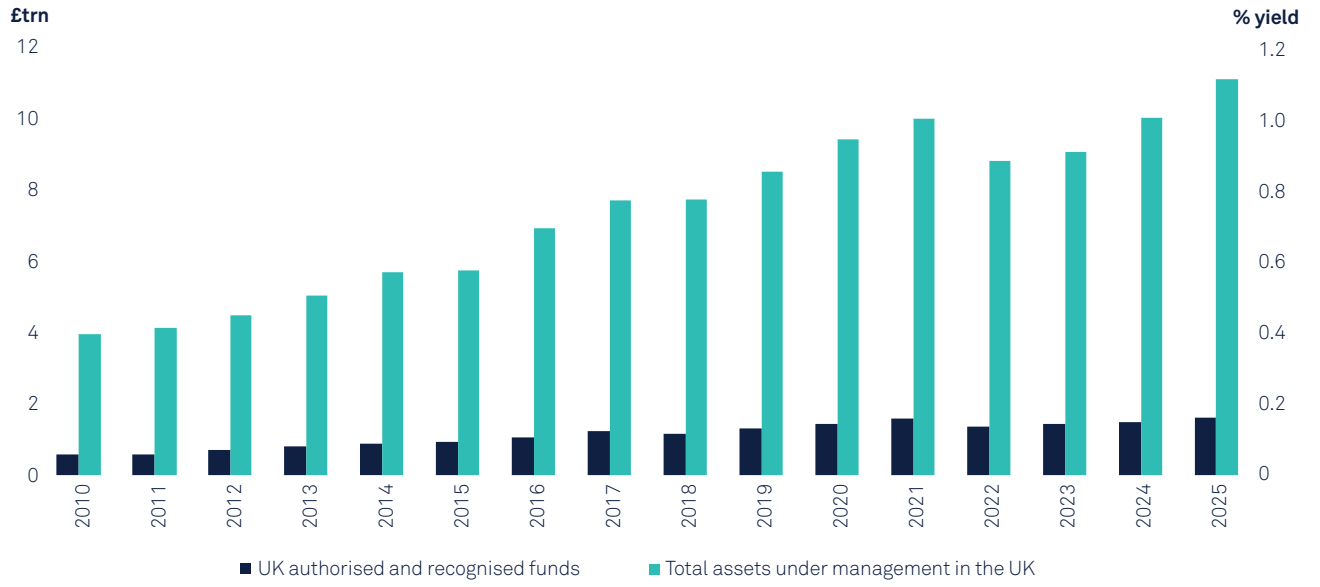
The industry benefitted from an easing monetary environment over the year. The Bank of England cut Bank Rate four times in 2025, in February, May, August and December, taking it from 4.75% to 3.75%, a full percentage point of easing. Inflation remained above the 2% target throughout, ending the year at 3.4%, which kept the Bank cautious about the pace of further cuts. At the time of writing the UK base rate is 3.75%.

Funds under management in UK authorised and recognised funds rose 9% to £1.6 trillion. FUM has now surpassed its 2021 peak of £1.59 trillion for the first time, completing a recovery that took four years. Net outflows totalled £1.9 billion in 2025, down from £2.2 billion in 2024. This marks a tentative recovery, though the pace of improvement remains slow.

"We're past the very worst floor of the downbeat view on UK competitiveness... an improving picture, albeit there's still a long way we should be going."

The longer view puts 2025 in context. In the decade to 2021, the sector grew strongly, with AUM rising by roughly 9% a year and FUM by about 11%, supported by the post-financial-crisis environment of very low interest rates and quantitative easing. 2022 then brought the first annual fall in both measures since 2008, with AUM down 12% amid surging inflation, Russia's invasion of Ukraine and the rapid end of the ultra-low-rate era. What has followed is the story worth drawing out: a muted 3% recovery in 2023, then two consecutive years of double digit growth taking AUM to a record £11.1 trillion. Across those three years AUM has grown at 8% a year, though that partly reflects the low base left by 2022.

CHART 1: TOTAL ASSETS UNDER MANAGEMENT IN THE UK AND IN UK FUNDS (2010–2025)



Source: The Investment Association

BOX 1: 2025 GLOBAL CAPITAL MARKETS IN REVIEW

Chart 2 shows the annual total return in sterling of major equity and bond indices for 2025. After two years in which US equities dominated global markets, 2025 saw a significant rotation in market leadership. European and UK equities led the way, alongside strong performances from China and Japan, while US equities posted more moderate gains, weighed down by trade-policy uncertainty in the first half of the year. Bond markets were broadly flat to modestly positive.

The year fell into two distinct phases. In the first half, global markets were unsettled by the announcement of sweeping US tariffs in April, the so-called "Liberation Day" measures, which triggered a sharp but short-lived sell-off across equity and bond markets. In the second half, sentiment recovered as trade tensions eased and corporate earnings proved resilient, with non-US markets benefiting from a weaker US dollar and a rotation away from US assets.

EQUITY MARKETS

European equities were the strongest-performing major region in 2025, returning 28% in sterling terms, a sharp reversal from the modest 3% recorded in 2024. The European Central Bank continued its rate-cutting cycle, economic momentum improved, and European defence stocks re-rated significantly as NATO members committed to substantially larger defence budgets. The region drew renewed interest from investors seeking to diversify away from US assets as the dollar weakened. UK and European equities had long been regarded as cheaper than their US peers, and 2025 was the year that discount began to close.

UK equities returned 24% in sterling terms, their strongest performance in recent years. The FTSE All-Share benefitted from its value orientation and its exposure to energy, financials and industrials, sectors that outperformed as investors rotated from growth into value. The Bank of England's continued rate-cutting cycle supported domestically oriented stocks, and sentiment towards UK equities improved markedly over the year. Chinese equities returned 22%, building on the stimulus-driven recovery of late 2024. Further targeted policy support from Beijing fed through into corporate earnings, particularly in technology and consumer sectors, and the troubled property market showed signs of stabilising. Geopolitical tensions with the United States remained an ongoing risk. Japanese equities gained 20%, driven by continued corporate-governance reforms and improving domestic consumption as real wages turned positive. Japan was directly targeted in the April tariff announcements, causing a sharp short-term sell-off, but the market recovered strongly in the second half.

Emerging-market equities returned 18%, supported by strength across Asia, including India, Taiwan and South Korea, and the ongoing recovery in China.

US equities delivered a positive but more modest return of 9% in sterling terms for the Russell 3000, underperforming most other major equity regions for the first time in several years. The Liberation Day announcements weighed on sentiment in the first half and, while markets subsequently recovered, large-cap technology stocks saw more subdued gains as earnings-growth expectations moderated and valuations came under greater scrutiny.

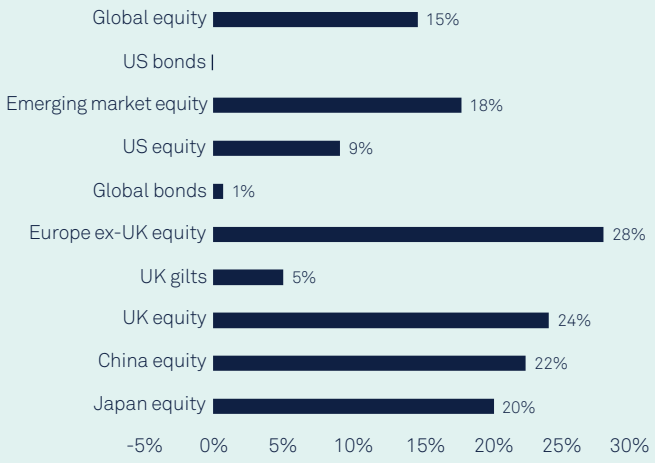
BOND MARKETS

In fixed income, UK gilts returned 5%, recovering from the 4% loss recorded in 2024. Falling inflation and a more active Bank of England rate-cutting cycle supported gilt prices, though yields remained elevated by historical standards.

Global bond returns were broadly flat, with the Bloomberg Global Aggregate returning approximately 1% in sterling terms. US bonds were essentially flat as the Federal Reserve held rates for longer than anticipated before resuming cuts later in the year, while UK corporate bonds outperformed gilts as credit spreads remained contained.

With real yields now positive across most major markets and central-bank cutting cycles ongoing, bonds offer income levels not seen in over a decade. If inflation continues to moderate, the conditions for a more sustained recovery in fixed income appear to be forming.

CHART 2: TOTAL RETURNS ON SELECTED INDICES (2025)



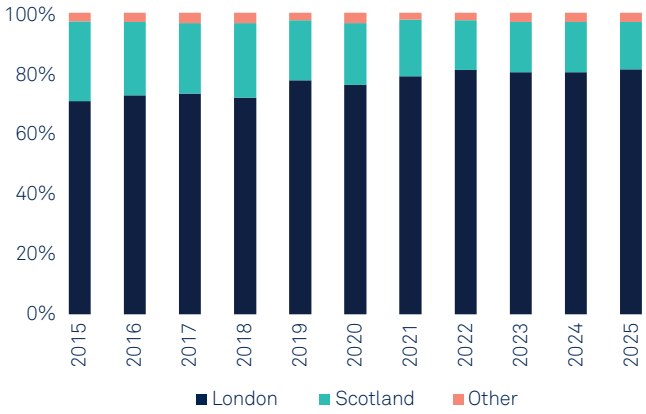
Source: Morningstar

SCOTLAND'S EVOLVING ROLE

London remains the undisputed centre of UK investment management, and Edinburgh continues to be the second-largest hub, reflecting Scotland's enduring importance to the industry. Scotland's role is best understood as an evolving one. Assets managed directly from Scotland rose in absolute terms in 2025, to £540 billion, up from £480 billion a year earlier, meaning its share of the UK total remained unchanged at 4.8%. But headline AUM captures only the assets run directly from Scotland, a figure that a handful of large firms can move, and it understates Scotland's wider significance as a centre for operations, fund administration, distribution and, increasingly, technology.

A fuller picture comes from looking at firms by headquarters rather than by where individual assets are booked. Chart 3 shows the geographic breakdown of AUM for UK-headquartered firms. On that basis, the share managed by Scottish-headquartered firms is far higher, at 15%, against London's 82%, with other UK regions accounting for a steady 2–3%. Over the decade to 2025, London's share climbed from about 71% to 82% while Scotland's eased from roughly 26% to 15%. That drift reflects consolidation among Scottish managers, which typically brings an initial contraction in AUM, together with the faster growth of London-headquartered firms. These effects have since moderated, leaving a more concentrated but stable base.

CHART 3: UK-MANAGED ASSETS BY REGIONAL HEADQUARTERS (2015-2025)



Source: The Investment Association

Scotland's employment profile continues to tilt towards operational and technological roles. Operations and fund administration account for 19% of Scottish investment-management jobs, well above London's 10%, confirming Scotland's long-standing niche in operational support. The clearer emerging story is technology: IT systems and technology-and-innovation roles together make up around 22% of Scottish jobs in 2025, up from 20% a year earlier, with IT systems alone (17%) far outstripping London's 6%. Portfolio-management roles remain a smaller share in Scotland (14%) than in London (28%), consistent with portfolio management concentrating in the capital. Taken together, the data points to Scotland as an evolving centre of excellence for the operational and technological backbone of the industry.

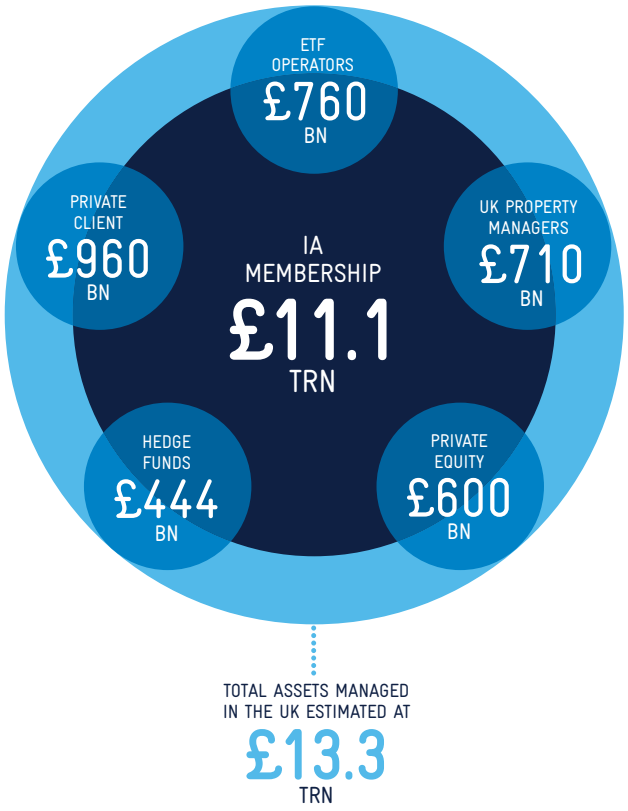
SCALE OF THE WIDER INDUSTRY

The figures below cover the assets managed by IA members. Figure 2 places these within the wider UK investment management industry, adding parts of the market that sit largely outside IA membership: alternatives such as hedge funds and private equity, commercial property, discretionary private-client management, and ETF operators.

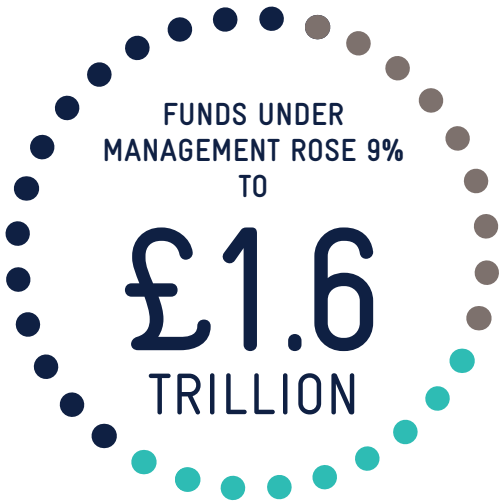
Most firms not captured elsewhere in this report specialise in alternative investments, including hedge funds, private equity, commercial property, private debt and natural-resource management. As more IA members acquire firms with expertise in these areas, the proportion of alternative assets managed within IA membership is rising. Sizing the firms that sit outside IA membership is difficult, given the lack of consistent third-party data, so the figures below are estimates.

Figure 2 shows how these sectors contribute to total UK assets under management. The data on ETF operators, commercial property managers, private clients, hedge funds and private equity covers assets managed by the wider industry, not only IA members, so there is some overlap between, for example, the £760 billion managed by ETF providers and the assets managed by IA members.

FIGURE 2: WIDER UK INVESTMENT MANAGEMENT INDUSTRY IN 2025



Source: The Investment Association, BWC Benchmarking, Investment Property Forum, Morningstar, Preqin



THE UK IN A GLOBAL CONTEXT

The global investment management industry extended its recovery in 2025, with worldwide assets under management reaching a record $147 trillion, up 11% over the year.[1]

Table 1 sets the major centres alongside one another. Because each figure is compiled by a different national or regional body on its own basis, the table is best read as a snapshot of the scale of each market rather than a strict like-for-like ranking, and the notes set out what each figure covers. On these measures North America remains by far the largest centre, at $69.0 trillion (£52.6 trillion) followed by Europe (ex UK) at £18.0 trillion. China's asset-management industry stood at RMB 81.58 trillion (£8.7 trillion) at the end of 2025, and Japan at ¥949 trillion (£4.6 trillion).

On a single-country basis, the UK remains the second-largest centre globally, behind only the United States. Within Europe it is comfortably the largest, managing 36.5% of European assets under management, as Figure 3 shows. UK assets grew 11% in 2025, close to the pace of the global industry as a whole.

TABLE 1: GLOBAL ASSETS UNDER MANAGEMENT (2025)

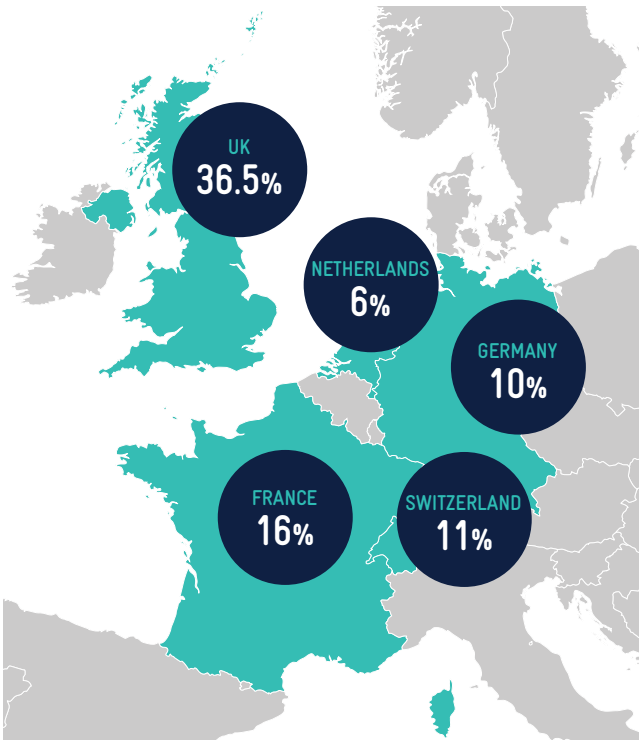
	AUM (local currency)	AUM (£ equivalent)
North America	$69.0 trillion	£52.6 trillion
Europe (ex UK)		£18.0 trillion
UK	£11.1 trillion	£11.1 trillion
France	€5.29 trillion	£4.7 trillion
China	RMB 81.58 trillion	£8.7 trillion
Japan	¥949 trillion	£4.6 trillion

Source: HM Revenue & Customs, Boston Consulting Group, EFAMA, Nomura Research Institute, Asset Management Association of China. Sterling conversions use HMRC monthly exchange rates for December 2025.

Notes:
- France: second-largest European centre after the UK. EFAMA end-2024 data, the latest country-level breakdown available
- China: included for the first time this year
- Japan: NRI's latest report excludes trust banks, life insurers and real estate funds, so the ¥949 trillion figure is not directly comparable with the ¥1,079 trillion published last year.

Figure 3 illustrates how assets are distributed across Europe's investment management hubs. Though the data is slightly lagged, UK assets grew 15% in 2024, faster than France and Switzerland (both 9%) and Germany (7%). The UK continues to dominate the market, holding 36.5% of total European assets under management, up from 35% in 2023. 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.

FIGURE 3: ASSETS UNDER MANAGEMENT IN EUROPEAN COUNTRIES (DECEMBER 2024)



Source: EFAMA Asset Management Report, Table A.1

[1] Global Asset Management Report 2026: An Imperative for Growth, Boston Consulting Group, April 2026.

FIGURE 4: FOUR MEASURES OF A GLOBAL INDUSTRY IN 2025

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 the clients and businesses it serves and in the underlying assets. Figure 4 highlights four measures that show how international the industry is, and how it is becoming more so.

OVERSEAS CLIENTS

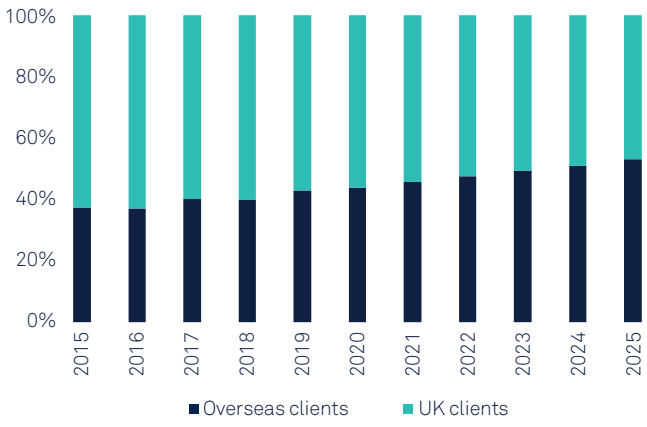
Assets managed on behalf of overseas clients reached £5.9 trillion in 2025, or 53% of total UK-managed assets, up from 51% in 2024, the year the overseas share first passed half. Chart 4 shows the longer arc: a decade ago overseas clients accounted for just over a third of assets under management, but their share has climbed over the decade to now form a clear majority.

The gap between the two client bases continued to widen, underlining the UK's growing pull as a destination for international capital. Overseas client assets grew 15% over the year, reaching £5.9 trillion, well ahead of the 7% growth in UK client assets, which reached £5.2 trillion. Overseas AUM has now grown faster than domestic AUM for three consecutive years, a reflection of the confidence international investors continue to place in UK-based managers and the depth of expertise the industry offers across global markets.

Europe remains by far the largest source of overseas assets, at 59% of the overseas total, followed by North America (19%) and Asia (15%). The fastest growth over the year came from African (+25%) and Asian (+19%) client assets, though Africa's rise was from a very small base, while Europe (+15%) contributed most of the increase in absolute terms. Assets from Latin American clients edged lower.

Notably, this growth came despite a currency headwind: sterling strengthened against the dollar over 2025, which reduced rather than flattered the sterling value of overseas mandates. The advance therefore reflects genuine market gains rather than a foreign currency effect.

CHART 4: CHANGE IN PROPORTION OF UK AND OVERSEAS CLIENTS (2015-2025)



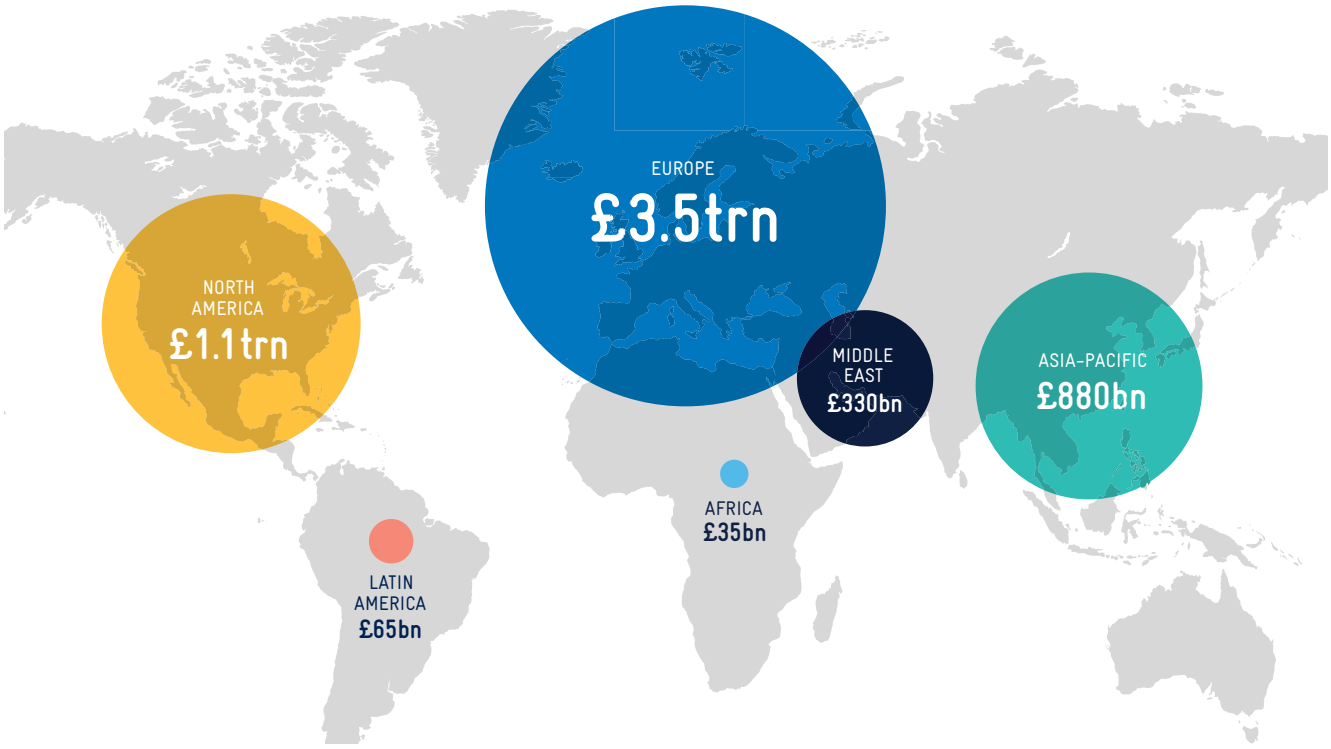
Source: The Investment Association

Our data does not let us attribute this divergence definitively to any single cause, but it is consistent with the UK holding its position as a global centre of excellence in international portfolio management. UK capital markets have strengthened over the past two years, and the underlying picture is one of a maturing, improving domestic market operating alongside a fast-growing international franchise. The two are complementary: the same expertise that attracts overseas mandates also serves UK clients.

Figure 5 shows that the £5.9 trillion managed for overseas clients is geographically diverse. We note the following trends:

- **Europe, continued growth from a large base:** European client assets reached £3.5 trillion in 2025, a 15% increase year on year, and now account for 59% of overseas AUM. After dipping to 55% in 2023, Europe's share has recovered for a second year and European clients remain by some distance the most significant overseas group for UK managers.
- **North American assets grew** by 11% to £1.1 trillion, retaining their position as the second-largest source of overseas AUM and accounting for 19% of the total.
- **Asia, the fastest-growing major region:** Asian client assets grew 19% to around £880 billion, lifting the region's share of overseas AUM to 15%. This is a marked acceleration on the 3% growth recorded in 2024.
- **Middle East, sustained growth:** Assets for Middle Eastern clients rose 14% to around £330 billion, a third consecutive year of growth after a long flat period. The region accounts for 6% of overseas AUM.
- **Latin America and Africa, small and volatile:** Latin American client assets fell by around £7 billion, to about £65 billion, reversing the strong growth of 2024, while African client assets grew to about £35 billion. Together the two regions represent under 2% of overseas AUM, and therefore year-on-year movements should be read with caution.

FIGURE 5: ASSETS MANAGED ON BEHALF OF OVERSEAS CLIENTS IN 2025



Source: The Investment Association

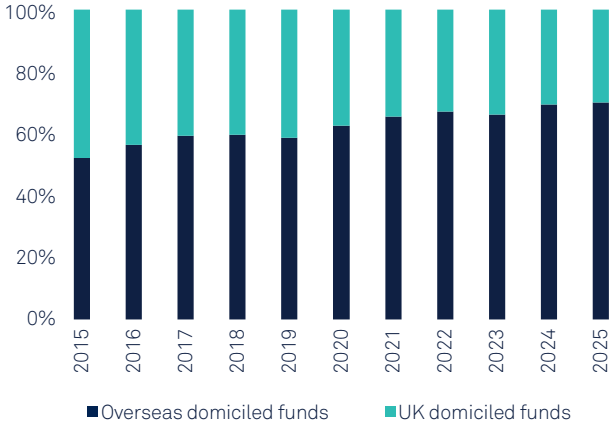
SERVICES TO OVERSEAS FUNDS

By the end of 2025, UK-managed investment fund assets reached £5.4 trillion, up from £4.9 trillion in 2024. Chart 5 shows that the majority, 70%, of these assets are in fund vehicles domiciled outside the UK, particularly in Europe. This continues a long-term shift: a decade ago 52% of UK-run fund assets were overseas-domiciled, and by 2025 that figure had climbed to 70%.

Dublin remains the largest domicile, at 35% of UK-managed fund assets, extending its lead over UK-domiciled funds (30%) for a second year.

Luxembourg-domiciled funds hold a 14% share, down from 15% in 2024. In all, 57% of UK-managed fund assets sit in funds domiciled in Ireland, Luxembourg or elsewhere in the European Economic Area (8%). The share domiciled outside the EEA, while smaller at 13%, grew again in 2025 (up from 12% in 2024).

CHART 5: PROPORTION OF ASSETS MANAGED IN UK AND OVERSEAS FUNDS (2015-2025)



Source: The Investment Association

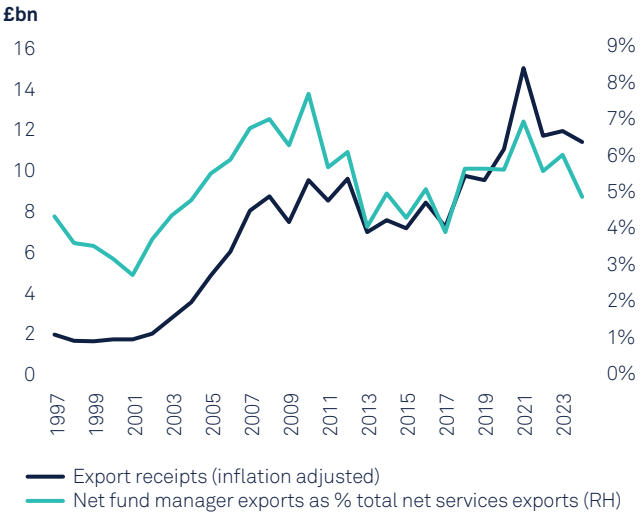
IMPORTANCE TO UK SERVICE EXPORTS

The UK remains the world's second-largest investment management centre, behind the US, but unlike the US, whose industry mostly serves domestic clients, the UK's client base is highly international. Underlining the UK's status as a global financial hub, research by TheCityUK[2] found that the UK was the world's largest net exporter of financial services in 2024, with a trade surplus of around $127 billion (roughly £100 billion at 2024 average rates), comfortably ahead of the US on $64.2 billion (about £51 billion).

Within financial services, fund management remains an important contributor to the UK's export earnings. Chart 6 shows export receipts of UK fund managers were £11.5 billion in 2024, down from £12.0 billion in 2023. Net of imported services, fund managers contributed £9.2 billion to the UK's balance of trade in services, equivalent to 4.9% of total net service exports, down from 6.1% a year earlier.

This fall in share reflects both a modest decline in fund-management export receipts, from £12.0 billion to £11.5 billion, and strong growth in the wider services economy: the UK's total net trade in services rose 16% in 2024, to £185.5 billion. With earnings holding above £11 billion against a fast-growing total, the industry's share edged down without any decline in its international standing. Over the longer run, export earnings have climbed steadily since the late 1990s, and fund management has become a more significant component of UK financial services exports.

CHART 6: INDUSTRY EXPORT EARNINGS AND RELATION TO UK SERVICES EXPORTS (1997-2024)



Source: The Office for National Statistics

[2] Key facts about the UK as an international financial centre 2025, TheCityUK, January 2026.

2 THREE THEMES THAT WILL SHAPE THE EVOLUTION OF UK INVESTMENT MANAGEMENT

KEY FINDINGS

- The UK investment management industry enters its next phase of evolution in a strong position and with a clear sense of direction. Assets under management rose 11% to £11.1 trillion in 2025 – a second consecutive year of double-digit growth – and 53% of assets are managed on behalf of overseas clients, confirming the UK's standing as one of the world's truly international centres of portfolio management. That position rests on enduring strengths: a respected regulatory regime, a sophisticated professional services ecosystem and depth of talent.

- A more inward-looking global order, a structural rebalancing towards investing in broader geographies and private markets and growing political interest in how capital is deployed at home are reshaping the environment in which firms operate. Industry growth is being driven by market performance rather than net inflows, placing a premium on efficiency and distribution. While the UK industry continues to grow, tax changes, uncertainty over policy direction and barriers to accessing global talent are being felt at the margin.

- The opportunities in prospect are substantial and industry leaders are equally clear about what it will take to extend the UK's leadership. The Leeds Reforms represent the most comprehensive package of financial services reform in over a decade and mark a decisive shift away from the post-crisis focus on risk avoidance; the FCA's innovation agenda gives the UK a genuinely differentiated position on tokenisation; and by building a stronger culture of investing there is the chance to bring a large pool of UK savers into investing. Three products are central to broadening access: ETFs for a younger, digitally engaged generation, LTAFs (eligible for Stocks & Shares ISAs from April 2026) opening private markets to retail investors, and Money Market Funds as a potential bridge from cash. With firms, regulators and policymakers aligned on innovation, competitiveness and growth, the coming years can mark a period of renewed strength. The three themes outlined in this chapter are central to the evolution of investment management in the UK.

THE THREE THEMES

- **A shifting global landscape and UK competitiveness** — defending the UK's international competitiveness while demonstrating the value of investment management to the domestic economy.

- **The technology inflection point** — how is AI being embedded across businesses today and why is tokenisation a longer-term opportunity where the UK can lead.

- **Opening up access to investing** — turning UK savers into investors to building a stronger culture of investing and better access to key products.

INTRODUCTION

The UK investment management industry enters the next phase of its evolution from a position of relative strength. AUM grew 11% through 2025 – a second consecutive year of double-digit growth – and 53% of assets are now managed on behalf of overseas clients, underlining the UK's status as a truly international centre of portfolio management. This has been achieved against a more turbulent geopolitical backdrop and, in the nearer term, the flat growth in assets managed for European clients between 2021 and 2024 following the UK's exit from the European Union.

International competitiveness remains a core strength but the industry must also demonstrate its significant value to the domestic economy: as an allocator of capital to UK companies and projects and as a steward of UK citizens' long-term financial futures. As the once-unstoppable force of globalisation gives way to a sharper political focus on the national interest – a shift seen across the developed world – this dual role shapes the themes our senior leaders have drawn out in this year's interviews.

This year's interviews spanned firms across public and private markets and wealth management-led businesses, drawn from the IA Board and Advisory Council. The message was consistent: the UK has the hallmarks of a market that can sustain its international competitiveness, underpinned by a respected regulatory regime, the rule of law, a sophisticated professional-services ecosystem and deep pools of talent. To stay competitive, however, the UK must make it easier for firms to attract and retain talent, launch and distribute products, deploy new technology and build an ecosystem that serves a broader base of investors at home and abroad. Leaders were candid about where the UK risks losing ground – chiefly high and unstable taxes and the level of capital firms must hold — warning that, left unaddressed, these could erode competitiveness over the longer term.

This chapter reflects three defining themes that will shape the industry over the next five years, if not the next decade:

- a shifting global landscape and UK competitiveness;
- the technology inflection point; and
- opening up access to investing.

Industry leaders are candid about the challenges they face. But there is also a clear recognition that, with firms, regulators and policymakers aligned on innovation, competitiveness and growth, the coming years can mark a period of renewed strength.

FIGURE 6: THREE FORCES SHAPING UK INDUSTRY EVOLUTION

1 Global instability and the new risk environment

1. **Global landscape:** Conflict, tariffs and concentrated returns drive rebalancing across regions and asset classes.
2. **UK investability:** Capital follows opportunity, pipeline and returns. Mandation is a growing theme but not optimal.
3. **Politicisation of sustainability:** Energy and defence sharpen tensions between performance, investor preferences and disclosure.
4. **UK competitiveness:** Talent, tax, capital rules, fund domicile and policy instability test the UK's global position.

STRATEGIC IMPERATIVE:
Navigate instability while improving UK investability and long-term competitiveness.

2 Technological transformation

1. **AI and operating models:** Automation, productivity and research capability reshape costs, margins and distribution.
2. **Data and competitive edge:** Data quality enables AI, while common access raises the risk of alpha commoditisation.
3. **Workforce transformation:** Roles and hiring change, requiring upskilling and protection of future talent pipelines.
4. **Tokenisation and infrastructure:** Funds, settlement and collateral move on-chain, requiring pace, standards and coordination.

STRATEGIC IMPERATIVE:
Use AI now while building the skills and infrastructure for a tokenised future.

3 Participation and democratisation

1. **Closing the participation gap:** Move long-term cash savers towards investing and build a stronger culture of participation.
2. **Opening the product set:** ETFs, LTAFs, MMFs and retirement income broaden routes into investment.
3. **Advice and targeted support:** Combine trusted personal advice with scalable, technology-enabled guidance and support.
4. **AI, trust and understanding:** Improve information judgement, communication of risk and reward, literacy and confidence.

STRATEGIC IMPERATIVE:
Widen access while strengthening support, understanding, trust and protection.

1. A SHIFTING GLOBAL LANDSCAPE AND UK COMPETITIVENESS

Three key themes emerged from our conversations with industry leaders that indicate that there is a challenging investment and risk environment in prospect. In this section, we consider each of these in turn and the longer-term implications for the UK's competitiveness:

1. A world in flux: a new global order and the UK's role

2. Increasing pressure to direct capital to benefit domestic markets

3. The politicisation of key investment themes such as sustainability against a backdrop of pressure on defence

Taken together, the industry must consider how to manage these powerful forces alongside preserving its strengths as a global centre and access to global talent pools.

A WORLD IN FLUX: A NEW GLOBAL ORDER AND THE UK'S ROLE

The global investment landscape is changing. Geopolitics is increasingly febrile and unpredictable and politicians are turning inward. Concerns about the impact of immigration on living standards is reshaping policy on freedom of movement, with direct consequences for access to talent. Following the US lead, a return to tariffs designed to protect domestic industries is moving the world away from free-flowing trade: this has implications both for how investment management operates and for asset allocation. International conflict is no longer a distant threat: the past five years have seen major conflicts involving Russia and Ukraine, and the US, Israel and Iran. The former moved markets as inflation surged after the pandemic; the Iran war has so far had a more muted impact, though the longer-term risks are significant given Iran's influence over shipping through the Strait of Hormuz and, with it, the supply and price of oil and key commodities.

Through 2025, equity returns became increasingly concentrated in a small number of very large US-listed stocks, forcing a re-calibration of risk assessment and asset allocation. US capital markets continue to offer deep pools of capital and to attract investment but the concentration of returns has created an opening for other governments to draw flows away from the US and has also prompted investors to re-examine diversification. Our interviews suggest this reassessment is taking place not only across regions but across public and private assets, with institutional investors leading the way.

"We live in a world where there are tonnes of geopolitical issues... bring clients back to basics, which is diversification. This, in my view, is here to stay."

The implication is not that investors are turning away from US assets wholesale but that a structural rebalancing — toward broader geographies, private markets and more diversified return sources — is under way. This creates opportunity for firms with genuine global reach and breadth, or with specialist expertise outside the US, while raising new questions about how risk is priced. In private markets, leaders highlighted the fast-growing private credit market, which some noted has begun to display characteristics "reminiscent of what we saw during the financial crisis."

The UK historically balanced an international focus with a sophisticated domestic market, which attracted significant pools of capital from both UK and international investors. Arguably in the 1980s, the UK had one of the most effective domestic risk capital markets in the world. However, as portfolio management has evolved in the decades following the financial crisis, the UK has shifted to a hub where global capital is analysed, managed with sophistication and allocated globally but with a decreasing share of capital allocated domestically. This evolution did not occur in the US, which remains a market with a primarily domestic focus. The UK's strength in global portfolio management must be defended but arguably now needs to be balanced with a greater focus on domestic investment to respond to the intensifying political focus on allocating capital to the UK.

GLOBAL CAPITAL FLOWS AND THE UK INVESTMENT CASE

There has been a long-term structural shift away from UK equities, accelerated as more money has flowed into global and US benchmarks. The scale of the shift is material: domestic pension allocations to UK equities have fallen sharply over two decades, reflecting the move toward global portfolio construction. As interviewees stressed, this is not a rejection of the UK per se, but a consequence of modern investment frameworks.

"This is not a decision to cut UK equities, but a transition to modern portfolio construction."

For global institutional investors, the UK remains attractive where it offers compelling opportunities particularly in private markets, infrastructure and sectors aligned with long-term growth. But there is a clear tension between policymakers' ambitions, the industry's role in allocating capital to the UK, and managers' fiduciary duty to deliver long-term risk-adjusted returns. Senior leaders remain firmly opposed to any mandation of UK allocations.

The Mansion House Accord reflects the industry's desire to meet the Government's ambitions, but through a voluntary commitment aligned to a genuine pipeline of opportunities rather than mandation. As many interviewees put it: capital will follow investment opportunities, not policy direction.

"The best way to attract investment into UK equity is to have political stability in the UK, economic growth and opportunities to invest."

SUSTAINABILITY AND THE POLITICISATION OF INVESTMENT THEMES

The UK has been a global leader in sustainable and responsible investing and interviewees report that institutional demand remains robust. Climate transition and impact investing for social and environmental good are long-term societal issues and this remains unchanged but the investment management industry must now navigate the increasing politicisation of themes such as climate change and diversity, equity and inclusion. This goes beyond traditional concerns such as risk management, capital allocation and performance. Sustainability has evolved from being publicly lauded as a defining investment approach to firms exercising much greater caution about how they communicate sustainable investment strategies as the operating environment for firms, particularly firms with global businesses, becomes more complex.

Key questions are being asked over allocating capital to energy and defence stocks as part of sustainable investment strategies in the context of supporting the climate transition and the critical role investment in defence plays in national security and ultimately preserving peace. These developing issues have forced a more explicit conversation about whether investment in these assets involves trade-offs or the dilution of sustainable investment themes or if, in fact, they are compatible with sustainable investment approaches. Alongside this there is the question of investment performance and investment outcomes –investors want to do good alongside seeing acceptable long-term returns. One interviewee noted that "if you're not invested in defence or energy, you are underperforming the market today."

Attitudes towards sustainable investing are often governed by individual investor preferences, underscoring the importance of robust, transparent disclosure. This was a central aim of the UK's Sustainability Disclosure Requirements (SDR), and the EU is building on the SFDR framework through SFDR 2.0. While the objective is widely supported, interviewees remain critical of SDR's execution, with one describing the associated regulatory and disclosure burden as, at times, a distraction from other priorities. A more complex political dynamic has also shaped the environment, though the sentiment this year has shifted from acute concern to a view that much of the complexity is playing out in the US. In the UK and Europe there remains broad support for sustainable and responsible investment. Expertise here — in active ownership, transition finance and stewardship — remains a UK strength but one that must continue to evolve in a way that is at once credible but at the same time commercially viable. For the majority of firms that we spoke to, despite the politicisation of sustainability and the more complex operating environment, there remains commitment to core sustainable investment principles and achieving good client outcomes.

THE UK AS A FUND DOMICILE AND THE IMPLICATIONS FOR UK COMPETITIVENESS

Competitiveness is also shaped by the UK's product and regulatory framework. As a fund domicile, there is broad recognition that competing directly with Ireland and Luxembourg in traditional structures is increasingly difficult.

UK-domiciled funds are largely distributed domestically. This is not new: even before Brexit, the UK's share of the cross-border market never rivalled Luxembourg or Ireland. The more telling shift is that UK investors are increasingly allocating to overseas-domiciled funds, a trend accelerated by the growing popularity of ETFs. As the European ETF market has grown rapidly, the lack of ETFs domiciled in the UK has pushed activity offshore.

The strategic implication is not simply about capturing flows but about retaining ecosystem value — keeping innovation, distribution and product development expertise anchored in the UK. This connects directly to the significant potential of tokenised funds, explored later in this chapter. Interviewees strongly favoured preserving and developing the UK's fund manufacturing infrastructure but were generally sceptical that the UK could scale its capabilities and reform regulation quickly enough to attract ETF domiciliation. The larger opportunity, in their view, lies in tokenised funds and the supporting infrastructure, where the UK could "leapfrog" straight to tokenisation and position itself for longer-term success.

"We shouldn't fight yesterday's battles. Instead of trying to claw back business from Luxembourg or Ireland, we'd be better off going all in on what comes next — like tokenisation — and positioning the UK as a leader in that domain."

If competing on ETFs is challenging, the LTAF is a clear example of UK-domiciled product innovation with the potential to broaden access and channel long-term capital into the UK economy. However, there is significant work still to do to ensure that the wider ecosystem is able fully to support access to LTAFs. We assess the potential of LTAFs to democratise access to private markets in the final section of this chapter.

MAINTAINING THE UK'S STRENGTH AS AN INTERNATIONAL CENTRE: ACCESS TO TALENT

The strategic challenge is not to rebuild competitiveness from a weak base but to sustain and extend a global leadership position in a more complex environment. Talent sits at the heart of the proposition and is where interviewees see the most immediate pressure. The UK continues to attract highly skilled professionals but several firms reported that recent changes to tax policy, particularly around non-dom status and inheritance tax, are affecting access to talent at the margin.

The issue is not simply higher taxation but perceived instability and uncertainty around policymaker intent. Interviewees repeatedly stressed that uncertainty about future change can influence behaviour as much as current policy.

"It's not even specific policies; it's the sense that something may come down the line that acts as a brake on progress."

There is nuance. The issue is more acute for firms with highly international workforces and client bases; others report limited direct impact.

"I haven't had anyone raise tax with me. Our staff turnover is very low."

Leaders warned of longer-term implications for the talent pipeline, including for new graduates or school leavers. Interviewees observed that "hiring someone overseas for two, three months, a student — almost impossible... so the talent pool has to be widened," and pointed to a "brain drain" among younger UK professionals weighing where to build their careers. The UK remains competitive for talent but is losing ground at the margin — particularly among globally mobile senior professionals and the next generation of international entrants with potential long-term consequences for its standing as a global centre.

"I'm worried about all the good young people deciding not to stay in London or the UK. There's definitely been a brain drain. If that continues, it's a big problem for the UK. And that's not really about our industry or regulation at all — it's that people are fed up with the government and the tax system. That's not a good place to be."

THE UK AS A GLOBAL CENTRE OF INVESTMENT EXPERTISE

Taken together, the interviews present a balanced picture. The UK remains a global centre of investment expertise, with highly rated talent and an unparalleled portfolio-management ecosystem; a hub for the deployment of international capital; and a leader in asset allocation with strong expertise. But it faces pressure at the margin on talent, in attracting capital to invest in the UK, and as a fund domicile. The industry must reinforce its strengths while addressing these pressures by advocating for policy stability, defending the UK's appeal to international talent, and focusing on product innovation and the UK's role as a fund domicile. UK competitiveness is defined by a mosaic of policy choices made by successive governments and regulators. Reframing these for better interoperability, though desirable, can feel unrealistic in the short term to many of the executives we interviewed. The industry invests over long horizons and both clients and firms need confidence that the policy framework will remain broadly consistent through ever-shortening political cycles.

Set against this is a recognition that the current environment is genuinely constructive. As we note in our analysis on opening up access to investing later in this chapter, the Leeds Reforms, announced on 15 July 2025, set out the most comprehensive package of financial services reform in over a decade, with an explicit ambition to make the UK "the number one destination for financial services businesses by 2035." Underpinned by a Financial Services Growth and Competitiveness Strategy that seeks to "double down on the UK's global strengths," the reforms resonate directly with CEOs. However, in our conversations they send another clear message to policymakers: **policy stability is as important as the right policies.**

"Any policy or political stance should be tested by a simple question: is it keeping the UK a place where the most talented, creative, entrepreneurial people want to build their futures? If we lose that, we quickly lose our competitive edge."

While political pressure to support domestic investment is unlikely to dissipate, interviewees underlined the importance of not losing sight of the UK's core strength: its position as a global centre of investment management expertise, with a genuinely global approach to asset allocation. The industry oversees £11 trillion in assets for clients around the world, combining:

- deep expertise in multi-asset portfolio construction;
- global leadership in active management and stewardship;
- strong capabilities in private markets and alternatives; and
- a mature ecosystem of managers, wealth firms, advisers and service providers.

This ecosystem remains a powerful competitive advantage. As one interviewee observed, the UK continues to attract global firms and talent because of the scale of the opportunity: "the market's massive... that still pulls people in."

2. THE TECHNOLOGY INFLECTION POINT

The global competitive environment remains fierce. According to BCG's Global Asset Management Report [3], more than 80% of the industry's $16 billion of revenue growth was driven by market performance rather than net inflows. Assets are growing, but the market is increasingly stratified: this environment can favour scale players and specific investment specialisms but for small to medium players there is intensifying pressure on fees and revenues. Client expectations are shifting too, shaped in part by the rapid advance of AI. The UK industry shares all of these challenges.

Technology is the second defining theme of this chapter. AI is reshaping how firms operate today. For firms pursuing scale, pairing that strategy with technology-enabled efficiency is increasingly essential to protect margins and AI offers significant productivity gains. Over the longer term, tokenisation promises to modernise investment infrastructure and could transform the UK's future as a fund domicile. But it is tokenisation that represents the deeper structural shift and many interviewees believe the UK has a genuine opportunity to lead. Managers must decide whether to be pioneers or fast followers as they navigate the accelerating pace of change.

MAINTAINING MARGINS: THE ROLE OF TECHNOLOGY

Interviewees broadly agreed that AI is not only redefining the operating model of investment management but already transforming how we live and work. It is reshaping how investors consume information and could transform access to products. With growth in AUM driven by markets rather than rising demand, stronger distribution will be critical to guard against market corrections but so too will be near-term investment in technology and automation to reduce operating costs. As BCG notes in its annual global study [3], cost discipline is now strategic and generative AI is transforming process automation and product delivery.

In 2026, AI has moved from experimentation to a capability every firm is embedding across the business. Nearly every firm reported active deployment, with adoption now seen as essential to operational effectiveness. Beyond efficiency and productivity, improving the breadth and depth of investment research is viewed as one of the most compelling use cases. Interviewees consistently highlighted data quality as a precondition for AI to deliver at scale: firms that have invested in cleaning and structuring their data are further ahead. Many are running multi-year foundational programmes that encourage employees to experiment within clear guardrails and note that access to the right model matters — several have moved from Copilot to Claude, widely perceived to produce better results.

"We spent two to three years cleaning and unifying all our data. That's paid off now — we have clean and well-structured data, which is essential for harnessing AI. You can't shortcut that."

THE ALPHA-COMMODITISATION QUESTION

A more strategic implication is surfacing: the competitive edge from AI is smaller than initially expected. If every firm has access to broadly similar capabilities, the classical sources of active edge may narrow further. This is prompting firms to interrogate where human judgement continues to add value: in client relationships, in complex investment decisions and in integrating qualitative insight with quantitative analysis. As interviewees observed, no firm has yet demonstrated a decisive AI-led advantage; adoption today is about "productivity improvements and avoiding falling behind competitors" rather than transformative differentiation.

"AI is available to everyone, so it's not a guaranteed competitive advantage — it's more of a necessity to stay in the game. If anything, it could further commoditise aspects of active management. If every firm's AI can instantly process all the data in developed markets, finding an edge might become even harder."

[3] Global Asset Management Report 2026: An Imperative for Growth, Boston Consulting Group, April 2026.

WORKFORCE TRANSFORMATION

The workforce implications of AI are among the most debated topics of the interviews. Views diverge on pace and scale but every firm expects material change in how work is organised. Interviewees pointed to a shift in hiring logic and a demand for clear justification of new roles: "convince me that you can't do it with technology... you won't get the recruitment budget until you've been through the process of exploring AI first."

Most leaders were clear that AI is not driving significant headcount reduction now but is leading firms to take on fewer new hires, although some felt that the industry was reticent on the implications for job losses, which could be in prospect across all industry sectors not just investment management. For most, however, the greater focus is on transforming how employees work in existing roles, enabling them to take on more and a greater variety of tasks.

"The idea that AI will simply support the same number of employees isn't realistic. The technology will reshape workforces and change the way firms are organised."

This carries long-term implications for the talent pipeline. Curtailing entry-level hiring too aggressively risks capability gaps at mid-career level in five to ten years. Alongside industry-wide coordination on upskilling, leaders see growing importance in preserving graduate and apprenticeship pipelines.

"It is about productivity, not replacement. We still need to recruit graduates. If you stop, you will pay the price in the future. AI will not replace portfolio managers or human judgement."

Across all our conversations, interviewees emphasised the enduring importance of human judgement in relationship-driven parts of the business: AI enables the delivery of human expertise at greater scale — particularly in wealth, advice and complex decisions — rather than replacing it.

"No app or algorithm can put its arm around someone who's just lost a family member and is trying to navigate their financial future. Those are deeply human moments. Technology is an enabler for us, not a replacement."

TOKENISATION: OPPORTUNITY AND REALISM

If AI is the immediate technology inflection point, tokenisation represents the deeper structural shift. Its potential is significant: it can reshape fund structures, reduce intermediation, enable new forms of settlement and open new routes for retail access to private and alternative assets. But it will play out over a longer horizon and requires coordination across firms, regulators and infrastructure providers.

Some interviewees still see tokenisation as "a solution in search of a problem" for many use cases, but attitudes are shifting: many more leaders now see its transformational potential and the opportunity for the UK to lead in building the supporting ecosystem. A degree of constructive scepticism is warranted - as one interviewee noted, "tokenising commercial real estate doesn't make it liquid." Tokenisation changes how ownership is recorded and transferred and can fractionalise ownership but it does not alter the underlying liquidity of an asset. Interviewees pointed to the fact that tokenisation is scaling: around $36bn of real-world assets on-chain, ~$15bn in US Treasury Debt[4]. This is evidence that adoption is real but early. There was agreement that the most realistic near-term applications are tokenised money-market funds, fund share classes on distributed ledgers and collateral management with broader retail adoption in illiquid assets following over a longer horizon.

"Incumbent players have little incentive to build that tokenised future because it would severely disrupt their current economics. This is why regulators and public initiatives are important — they can nudge the transition even if... firms drag their feet."

[4] RWA.xyz Global Market Overview, as of 30th June 2026.

UK POSITIONING: THE FCA'S INNOVATION AGENDA

This is an area where the UK has a genuinely differentiated policy proposition. The FCA has been active through the Digital Securities Sandbox — a joint initiative with the Bank of England providing a regulated space to develop distributed-ledger applications in issuance, trading and settlement. In October 2025 it published CP25/28: Progressing Fund Tokenisation, proposing to enable UK authorised fund managers to issue and record fund units using DLT, and giving firms the "clarity and confidence" to use DLT for fund records and trading. This follows a phased roadmap[5] first sketched by the IA's Technology Working Group in 2023. For an industry overseeing £11 trillion in client assets, the strategic significance is meaningful and interviewees welcomed the direction of travel.

"Why do we need multiple national stock exchanges and duplicated infrastructure on separate blockchains? I foresee a future with a few global exchanges, running 24/7, where liquidity finds its natural home. The UK's real opportunity is to lead on tokenisation and the new market infrastructure."

Continued execution with industry, regulators and infrastructure providers translating the roadmap into operational reality will determine whether the UK secures a leadership position before global standards are set elsewhere.

[5] UK Fund Tokenisation: A Blueprint for Implementation, The Investment Association, November 2023.

PAVING THE WAY TO FUND TOKENISATION IN THE UK

The IA has spent several years laying the groundwork for fund tokenisation, working in close partnership with the FCA and HM Treasury. Its Technology Working Group set out the original UK Fund Tokenisation Blueprint in 2023 and the first tokenised UK UCITS was authorised under that model in January 2025.

The FCA's consultation CP25/28, 'Progressing Fund Tokenisation' (October 2025), is a significant milestone. It provides guidance for operating a tokenised fund under the Blueprint, proposes a streamlined 'Direct-to-Fund' (D2F) dealing model, and sets out a roadmap to address remaining barriers — a clear signal of a more technology-positive, innovation-friendly regulator. The IA's response is being coordinated through its Investment Fund 3.0 (IF3) Lab, which now has several hundred firms on its circulation list.

Momentum is building on three fronts:

- **Investment Management Taskforce:** a dedicated digital workstream, expected to begin in early 2026, will define a roadmap for a world-leading UK digital investment ecosystem, complementing the Government's Wholesale Financial Markets Digital Strategy;
- **Regulatory co-creation:** the IF3 Lab and D2F Working Group are working with the FCA on tokenised fund registers, the use of tokenised money market fund units as collateral, and settlement using digital forms of money; and
- **International alignment:** through Project Guardian, led by the Monetary Authority of Singapore, the IA and UK-Singapore regulators have published joint work on digital assets and DLT, calling for international standards and interoperability.

Realising the opportunity now depends on pace and coordination: converting proofs of concept into commercially viable, scalable markets, while removing legal, regulatory and tax frictions so that this activity is developed, tested and scaled in the UK.

3. OPENING UP ACCESS TO INVESTING: TURNING UK SAVERS INTO INVESTORS

The third theme of this chapter is supporting more UK adults to become investors. Retail investors are now the single largest client group in this year's Investment Management Survey, accounting for 30% of UK-managed AUM in 2025. Despite the growth in assets managed on behalf of retail investors, there remains a national imperative to help more UK adults move from saving to investing. The FCA's Financial Lives study[6] finds that 7 million people are sitting on £10,000 or more in cash. Culturally in the UK, there has been a perception that investing is for the wealthy or for people prepared to take significant risks with their money. Significant attention is now being paid by both the investment industry and policymakers to challenging this perception and to demonstrating that investing can promote better long-term financial outcomes. A stronger culture of investing and greater levels of investing also links directly to the potential for higher flows of capital into domestic stocks and bonds. IA investor research[7] shows that among end investors, a degree of home bias persists and 67% of all investors have confidence that investing in UK companies will help them to meet their financial goals, the highest of any equity market and significantly higher than confidence in investing in the US (54%).

The policy environment has moved decisively over the past 18 months following the Leeds Reforms to open up access and to override the "safetyism" that became embedded in financial regulation after the Global Financial Crisis: the significant focus understandably placed on consumer protection during that period unfortunately also served to reinforce the perception that investing is too risky. The Leeds Reforms of July 2025 tackled long-standing issues: instilling a culture of investing through the Invest for the Future campaign and laying the groundwork to reform risk warnings to explain investment risk and reward in a more balanced way. These reforms provide a foundation to support real momentum in achieving greater participation in investing.

THE PARTICIPATION GAP

Research supporting the Invest for the Future campaign found that 10.1 million savers with no investments — some 44% of those with savings but no investments — want to learn more about investing. This shows that there is a significant opportunity to convert more people to the benefits that investing could bring. Closing the gap is not a task for the investment industry alone but it is one where the industry has both a strong economic interest and a clear social contribution to make and where the policy environment is now more aligned than at any point in recent history.

OPENING UP THE PRODUCT SET: ETFS, LTAFS AND MONEY MARKET FUNDS

The industry's product set will be central to enabling participation. Three products in particular stand out as playing an important role in serving a broader base of investors:

- Exchange-Traded Funds are reshaping how a new generation invests;
- Long-Term Asset Funds are further opening up access to private markets for retail investors within Stocks & Shares ISAs, the most widely used investment ISA wrapper;
- Money Market Funds have the potential to act as a low-risk bridge from cash into investing.

In this section we consider the opportunity for democratising investing in the context of these three products and we also look ahead to the opportunities for retirement income: a new area of product innovation that will become increasingly important as more UK adults start to retire with significant defined contribution pension pots.

ETFs AND A NEW GENERATION OF INVESTORS

ETFs are increasingly the entry point to collective investing for a new generation of investors. The IA's 2025 research, Retail Investors and ETFs, found that ETF investors are typically younger, higher-earning and more digitally engaged: 41% are aged 18–34 and nearly

[6] Financial Lives 2024 survey, Financial Conduct Authority, May 2025.
[7] ISA Barometer 2026: Investing in Britain – UK Investment in a Changing ISA Landscape, The Investment Association, June 2026.

half started investing within the last five years. ETF holdings in Stocks & Shares ISAs rose from 25% to 29% year-on-year, driven by Gen Z (41%) and Millennials (50%), according to the IA's 2026 ISA Barometer survey.[8]

The significance of ETFs lies in their alignment with how a new generation wants to invest —a new breed of neo-brokers (investment platforms such as Trading 212 or Freetrade) allow investors to invest little and often through ETFs and at low cost. However, amongst the broad UK investor population almost half (49%) of retail investors say they have little or no knowledge of ETFs[9]. Broadening the ETF investor base to include more women and older investors depends on coordinated investor education, better platform access, lower minimum investment sizes and clearer signposting of dealing costs.

LTAFs: DEMOCRATISING ACCESS TO PRIVATE MARKETS

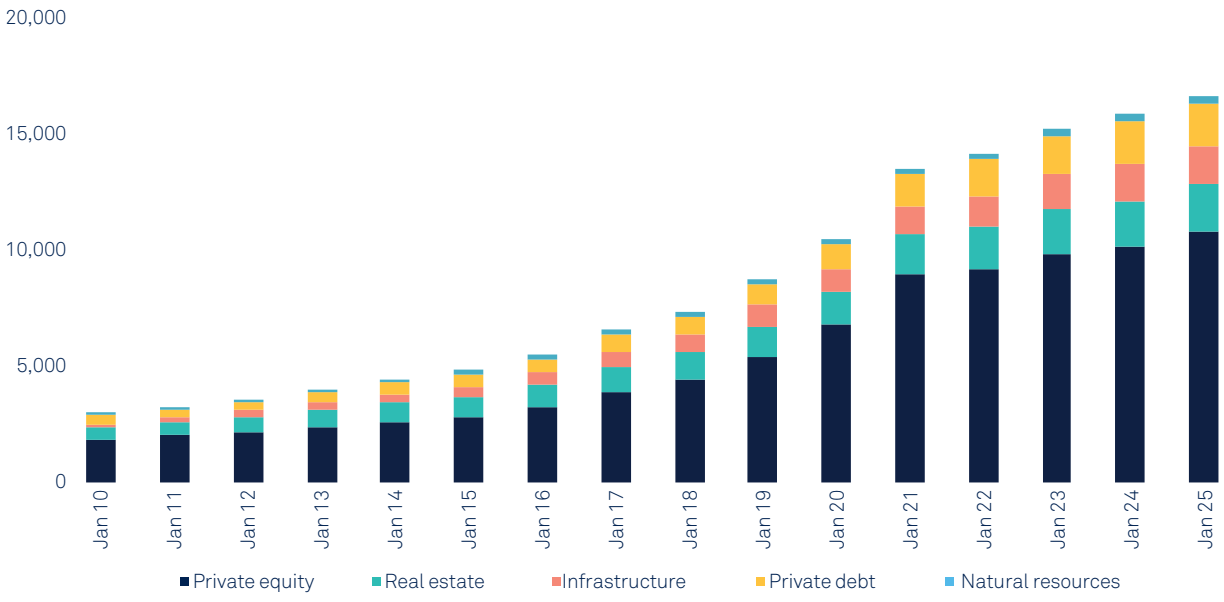
Companies are staying private for longer, raising capital from private equity, venture capital and private credit rather than from public markets and a growing share of economic activity now sits outside public markets. Preqin's global private capital database (Chart 7) shows AUM has roughly doubled in six years, from $8.8 trillion at the end of 2019 to $16.6 trillion at the end of 2025, with infrastructure and private debt the fastest-growing segments. Growth has cooled since the 2021 peak as higher interest rates have weighed on fundraising and dealmaking, but the direction of travel is clear, more institutional capital is flowing into private assets.

"You have to look at this long term. The investment universe is divided between public and private markets, and private markets are growing significantly. Investors want exposure to both."

This trend means that without access to private markets, the investment opportunities available to retail investors will inevitably shrink.

April 2026 marked a landmark moment: for the first time, Long-Term Asset Funds (LTAFs) were eligible to be held within a Stocks & Shares ISA — a change the industry long campaigned for. LTAFs give retail investors access to infrastructure, private equity, private debt and real estate within a familiar, tax-efficient wrapper offering diversification and the potential to achieve returns that are not correlated to public markets over the longer term. As one interviewee noted: " The structure of markets is changing, and more companies are staying private for longer. So a greater proportion of the investment opportunity now

CHART 7: GLOBAL PRIVATE CAPITAL AUM (2010-2025)



Source: Preqin

[8] ISA Barometer 2026: Turning Savers into Investors, The Investment Association, June 2026.
[9] Retail Investors and ETFs, The Investment Association, September 2025.

sits in private assets than it did 10–15 years ago. That changes the starting point for investors."

The IA's investor research[7] shows the demand potential among retail investors for private assets but also illustrates the challenge of providing wider access and effective education. Around half of investors (49%) say they would consider investing in an LTAF when provided with an explanation of the features of the fund structure and the risks and rewards of investing in private assets. In common with ETFs, however, awareness is a significant obstacle: 52% of investors say they have never heard of an LTAF, and just 5% know exactly what one is. Investors say that they remain willing to accept the central trade-off that investors must make — tying money up for longer in exchange for higher potential returns (63%) and there is awareness that this asset class may only work once a sensible cash or liquid investment buffer has been built up. However, Senior leaders interviewed see the potential for private assets to support good investment outcomes but are also cautious about the risks to investors:

"We shouldn't treat private markets as one monolithic thing. There's a role for private credit in providing income and stability and a role for growth-oriented private equity — but only if expected returns clearly exceed what you'd get from a global equity index. The bar has to be high."

LTAFs have the potential to act as an important bridge between investors' appetite for real-world impact – interest in infrastructure remains the highest of any private asset in our investor research – and the UK's need for long-term capital. But ensuring that investors understand the risk and liquidity profile of the fund and the investment time horizons will be critical to their success.

"Whatever we do with private markets for retail clients, it needs to be absolutely explicit that those assets are illiquid. The industry hasn't always been great at this."

Further retail access will need not only appropriate structures with well-designed liquidity mechanisms but also robust investor education and distribution that engages platforms and advisers as partners.

[10] Public/Private Convergence: LTAF Landscape, Morningstar, April 2026.

THE IA'S WORK TO BRING LTAFS INTO THE STOCKS & SHARES ISA

The Long-Term Asset Fund (LTAF) is the UK's flagship open-ended vehicle for private markets. Until recently, retail access was effectively limited to General Investment Accounts and the little-used Innovative Finance ISA. The Leeds Reforms, announced by the Chancellor in July 2025, confirmed that LTAFs would be eligible for the Stocks & Shares ISA from April 2026 — an important step in the UK's shift toward wider, well-governed access to private markets, and one where the IA has been a consistent advocate.

The prize is significant. The LTAF broadens access to infrastructure, private equity, private credit and real estate within a familiar, tax-efficient wrapper, giving savers exposure to a wider investment universe while providing patient capital to UK companies and projects. LTAF assets reached around £7.3bn by March 2026 [10] (up from £5bn in June 2025), with a further £3.1bn of committed capital still to be called.

The IA is convening industry to make this a practical reality, working closely with manufacturers, distributors and regulators through:

- the LTAF Manufacturers ISA Delivery Group, addressing manufacturing, operational and regulatory barriers;
- the Retail LTAF Delivery Group and its Dealing Sub-Group, working with the UK Platforms Association to map the end-to-end dealing lifecycle and reduce reliance on manual processes; and
- ongoing engagement with HM Treasury, HMRC and the FCA on enabling legislation, the treatment of the Restricted Mass Market Investment (RMMI) regime and valuation and disclosure standards.

Adoption is expected to build gradually — initially in the wealth channel — but ISA eligibility marks the beginning of a multi-year journey to broaden retail access to private assets.

LONG-TERM ASSET FUNDS: UK-DOMICILED PRODUCT INNOVATION

The LTAF is a clear example of UK-domiciled product innovation with the potential to broaden access and channel long-term capital into the UK economy. Making the LTAF eligible for the Stocks & Shares ISA — a change the industry long campaigned for and a key element of the Leeds Reforms — is a landmark step in democratising access to private markets and promoting UK investment opportunities. However, there is significant work still to do to ensure that the wider ecosystem is able to fully support access to such opportunities.

MONEY MARKET FUNDS: A LOW-RISK BRIDGE FROM CASH INTO INVESTING

If ETFs and LTAFs broaden the investment universe, Money Market Funds (MMFs) have the potential to help cautious savers take their first step. Once given a clear, neutral definition, the IA's 2026 consumer research with Opinium shows that 64% of Cash ISA holders and half of those who hold only a Cash ISA and no other investments would consider investing in an MMF. For cash savers, the most appealing features were the potential to earn a higher return than cash and the ability to hold a lower-risk investment. With the right education, MMFs could act as a low-risk entry point to investing.

THE GROWING FOCUS ON DELIVERING RETIREMENT INCOME

Retirement income is the next major frontier for product innovation and access. The transition from accumulation to decumulation is described by many as one of the most significant long-term opportunities. The product landscape remains fragmented however, with "many retirement products essentially repurposed accumulation products." And as interest rates have risen, the popularity of annuities has rebounded with one firm commenting that around 20% of its DC pension clients leave 'at retirement' to buy annuities from a different provider. For firms with a significant DC pension capability, the ambition to serve clients to and through their retirement is clear and this is driving a focus on product innovation. One area of focus is expanding ways to pay income from funds to support clients decumulating their wealth.

"When our pension customers retire, we often help them shop for an annuity with someone else — essentially handing our clients off. That's not ideal. We'd like to provide the decumulation products ourselves so we can keep serving those customers through that phase of life."

HOW ADVICE IS EVOLVING

Turning savers into investors is not only a question of the right culture and the right product set, it also depends on how people are guided and advised on how to make the right choices to achieve their personal investment objectives. In this section, we consider three themes that emerged from our interviews: reinforcing the enduring value of personal financial advice, the introduction of Targeted Support and the rapid emergence of AI as a source of investment information.

THE VALUE OF PERSONAL FINANCIAL ADVICE

The traditional advice model where clients are offered face-to-face consultations with regulated advisers works well for many higher-net-worth clients but does not reach most of the population. Where it does reach, its value is considerable and, in the view of our interviewees, enduring. Advisers add significant value where decisions are complex, emotional or highly individual. In the near term, advice firms are developing their propositions beyond the wealth accumulation phase of their clients' lives to incorporate sophisticated retirement-income planning and cash-flow modelling and to help clients consider intergenerational wealth planning. As one wealth management leader put it,

"No app or algorithm can put its arm around someone who's just lost a family member and is trying to navigate their financial future. Those are deeply human moments."

The challenge is not the value of advice, but its reach.

TARGETED SUPPORT AND THE IMPLICATIONS FOR OPENING UP ACCESS TO INVESTING

To tackle the advice gap effectively, scalable, technology-enabled guidance must sit alongside traditional advice. Policy has now moved to enable this. From April 2026, the FCA's new Targeted Support regime allows firms to alert customers to specific opportunities and to prompt them to consider moving from cash into investing: a significant shift in the boundary between guidance and regulated advice.

The implications are far-reaching. Targeted Support has the potential to bridge the advice gap by giving banks, platforms and investment providers the ability to nudge consumers towards appropriate investment options at key moments in their financial lives without incurring the full costs of regulated financial advice. The task for the industry and the regulator is to ensure that Targeted Support achieves good outcomes for consumers at scale while maintaining the consumer protection that underpins trust.

AI AND THE FUTURE OF HOW INVESTORS ACCESS INFORMATION

AI is already changing how savers and investors consume information and, increasingly, how they make decisions. This has significant potential to disrupt the way that consumers access investing with both positive and negative implications. IA investor research with Opinium finds that for younger investors, AI has become a normal entry point to investing: it is the second most common source used when they first start investing (33%), behind only social media, whereas just 3% of over-55s say they use it at the start of their investment journey. Three in five (58%) Gen Z investors also say they would use AI to choose where to invest their money. [11]

Adoption is being driven by accessibility: among those who used AI when they started investing, the key drivers are that it is free and that it is quick and convenient. For a significant minority, there is greater comfort in asking AI questions about investing than a human. This finding links to the cultural challenge that the UK faces not only in investing but also in basic numeracy where many UK adults lack confidence. This suggests that AI may help reach audiences that traditional channels have struggled to engage.

Trust remains a pivotal issue. Around 45% of investors say they would trust AI for investment information and 49% would not according to the IA's research. The quality of AI's advice can also depend heavily on the quality of the prompt. This suggests that our views on financial literacy need to evolve to encompass information judgement as well as improving basic knowledge of financial concepts.

A CULTURE OF INVESTING

Whilst improving the product set, broadening distribution and increasing the standard and availability of good guidance and information all play a significant role in opening up access to investing, arguably the hardest task is breaking down the cultural barriers to investing in the UK. This means changing how people feel about investing and giving them the confidence to take the first step. That is the purpose of the Invest for the Future Campaign that the industry is delivering as part of the Leeds Reforms.

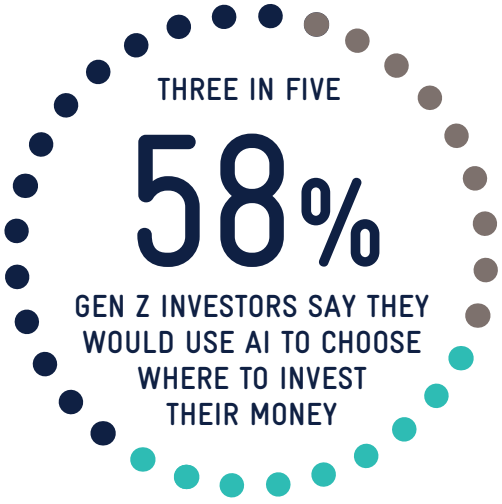
[11] AI and Investing: Trust, Usage and Emerging Behaviours, Opinium/ The Investment Association, July 2026.

4. CONCLUSION: A POSITIVE AGENDA FOR THE UK

The UK investment management industry enters this period of change from a genuinely strong starting position: one of the world's leading centres of global investment expertise managing money for investors around the world, with a mature ecosystem, respected regulatory framework, deep talent and a large pool of domestic investors with the potential to widen participation further.

SETTING A POSITIVE AGENDA FOR THE UK

Our conversations with senior leaders show an industry adapting. The overall message is one of realistic ambition with a clear sense that the UK has the assets and capabilities to remain a leading global centre. With the right policy and regulatory environment, it has the potential to lead in areas where the global investment industry is heading next such as tokenisation. The decade ahead will be shaped by how effectively industry, policymakers and regulators work together to deliver on that agenda. On the evidence of these conversations, and the direction of travel over the past 18 months, there is a strong basis for confidence and a clear path forward for the UK.



INVEST FOR THE FUTURE – AND SAVVY THE SQUIRREL

The Leeds Reforms recognised that regulatory change alone will not build a stronger investment culture. To effect real change, we must alter how people in the UK think about, and access, investing.

Invest for the Future is the multi-year, multi-channel, industry-funded campaign to build a nation of investors. Backed by 20 of the UK's leading financial services firms — banks, platforms, wealth managers and investment managers — with HM Treasury, the FCA and the Money and Pensions Service as observers, and the IA acting as Secretariat, it is the first coordinated, industry-wide effort of its kind. Its objectives are to raise awareness of the importance of investing to people's financial wellbeing and to the wider economy, and to shift perceptions so that more people consider investing over time. It responds directly to the participation gap: in the UK, FCA data suggests that around 7 million adults have at least £10,000 in cash and are ideally positioned to start investing but could be missing out on the long-term benefits of investing. [12]

At its heart is a simple insight: the majority of the target audience — 18 to 65-year-olds with £10,000 or more in savings — do not see investing as something for "people like me," despite already demonstrating positive financial behaviours through saving. To reframe that perception, the campaign reimagines one of the most recognisable symbols of saving, the squirrel. Savvy the Squirrel is a calm, confident, long-term investor who has already taken the next step and made the decision to invest. The campaign's objective is to make a complex, sometimes intimidating topic feel relevant and accessible. Launched around ISA season in April 2026 and running across TV, radio, social and in everyday settings on high streets across the UK, the campaign takes the conversation about investing into people's daily lives.

[12] Financial Lives 2024 survey, Financial Conduct Authority, May 2025.

3 TRENDS IN CLIENT ASSETS AND ALLOCATION

KEY FINDINGS

ASSETS BY CLIENT AND MANDATE TYPE

- Retail is now the largest single client group, at 30% of AUM in 2025, up from 28% in 2024 and reaching 30% for the first time. Private clients account for 1% of AUM with institutional clients accounting for the remaining 69%.
- Pension fund assets fell again to 25% of AUM from 27%, continuing a decline from a peak of 45% in 2018. Assets managed on behalf of insurance clients rose to 14%, a fourth consecutive year of growth.
- Assets in pooled vehicles rose to 54% of UK-managed AUM in 2025, from 52% in 2024, leaving funds and segregated mandates fairly evenly split. The shift is driven mainly by the shrinking DB pension base and the move from DB to DC, rather than a broad retreat from segregated mandates, which remain in demand in parts of the market.

TRENDS IN ASSET ALLOCATION

- Equities rose to 50% of AUM, their highest share in almost two decades, up from a revised 49% in 2024, lifted by strong global equity market performance.
- Fixed income was broadly stable at 30% of AUM, with non-sterling and overseas government bonds now 63% of the fixed income total. Assets in the 'Other' category fell to 11%, partly reflecting improved look-through to mixed asset strategies where assets have been re-categorised into equities and bonds and the continued run-down of Liability Driven Investment (LDI)
- Within equities, North America held steady at around 46% of equity holdings despite US equities being among the weaker major markets in 2025. The UK fell to 14%, from 16%, even though UK equities performed well, its holdings were broadly flat in value while overseas markets grew faster, so its share slipped. Continental European equities rose to 18%, their first increase in six years, helped by Europe being the strongest-performing major region over the year.

INDEXING AND ETFs

- Index-tracking strategies reached a record 36% of UK-managed AUM, up by 1 percentage point from 35% in 2024. Active management accounts for two-thirds (64%) of AUM.
- The global ETF market grew 32% in 2025 to a record $18.2 trillion, with assets in European-domiciled ETFs growing by 42% over the year to $3.2 trillion.
- Actively managed ETFs, still under a tenth of global ETF assets, were the fastest-growing segment, reaching $1.8 trillion.

This chapter examines how the assets managed in the UK are put to work and who they are managed for. It looks in turn at the client base and how it is shifting, the mix of asset classes and the regional spread of holdings and the balance between active and passive management and between segregated mandates and pooled vehicles. The figures reflect UK-managed assets as at December 2025. Some data on the composition of AUM by asset class has been restated in 2025 where members have refined their reporting to provide more accurate data (see page 43, trends in asset allocation).

CLIENT TYPES

IA member firms manage assets for a broad range of clients, usually grouped as institutional or retail, although the line between the two is increasingly blurred as DC pension fund risk sits with the end investor and they have some discretion in selecting the pension fund (see Box 3). Chart 8 sets out how the £11.1 trillion of assets managed in the UK at the end of 2025 breaks down by client type.

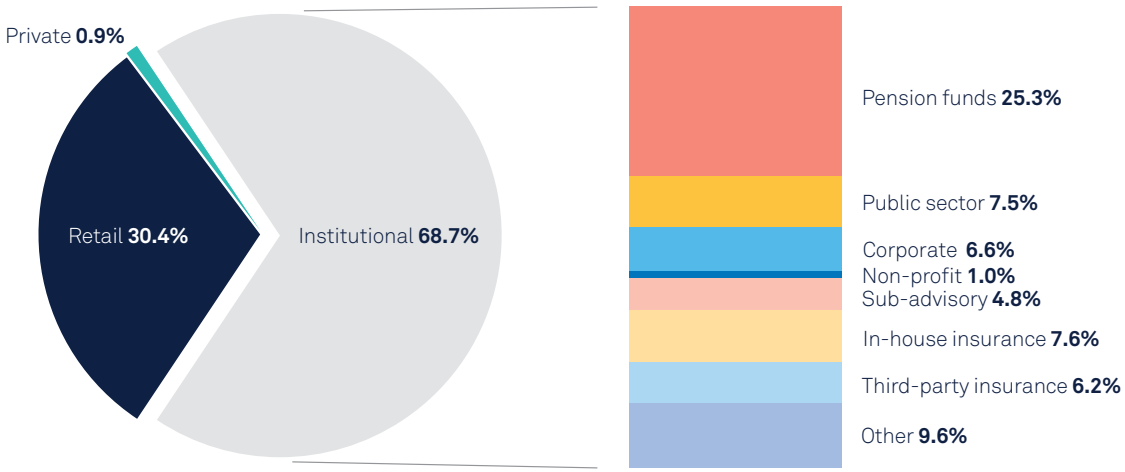
2025 marks a turning point in the industry's client base: for the first time in IA data, retail investors are the largest single client group, overtaking pension funds. This reflects both the steady growth of retail assets and the long-run decline in defined benefit pension assets.

The client mix continues to shift. Retail clients increased their share of UK-managed assets from 28% to 30% in 2025, and pension funds declined from 27% to 25%. While institutional investors continue to account for 69% of assets overall, these changes reflect the gradual rebalancing of the industry's client base as the UK's long-term savings market evolves.

This is not just a UK trend: BCG's 2026 global asset management[13] report found retail investors are now the primary driver of AUM growth, accounting for 61% of global expansion between 2020 and 2025. In the UK, government and industry have launched Invest for the Future, a campaign to improve understanding of investing, alongside work to improve how risk is communicated — if successful, this could lead to a continuation of the trend towards greater retail participation in capital markets.

The changing shape of pensions is reshaping institutional asset management. The growth in retail's share also reflects changes on the institutional side. The share of assets managed for pension funds fell from 27% to 25% in 2025, continuing a longer-term trend. We also see insurance assets rising for the fourth year in a row from 13% to 14%. Mature defined benefit (DB) schemes have been increasingly focused on endgame strategies over the last few years, including insurer buy-ins and buyouts, while the UK's defined contribution (DC) market continues to accumulate

CHART 8: **ASSETS MANAGED IN THE UK BY CLIENT TYPE (2025)**



Source: The Investment Association

[13] Global Asset Management Report 2026: An Imperative for Growth, Boston Consulting Group, April 2026.

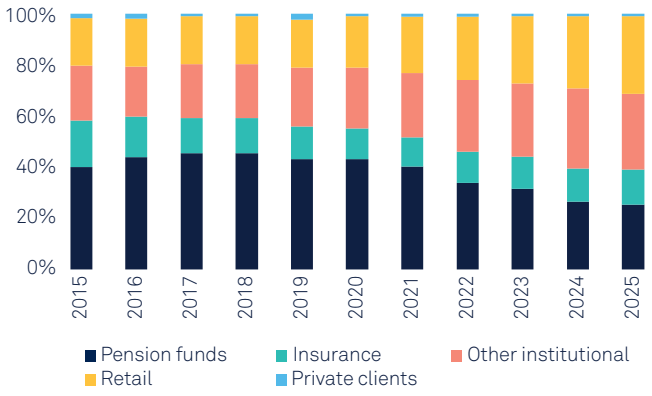
assets through automatic enrolment. With very different risk profiles, this changing balance between DB and DC pensions represents a shift in the kind of products and asset classes pension money increasingly flows into. The lingering effects of the 2022 gilt market episode continue to weigh on valuations. Chapter 4 covers the decline in liability-driven investment (LDI) and the de-risking market in more detail.

The Other clients category was 10% of AUM in 2025, down slightly from 11% in 2024. Much of this catch-all reflects assets where members cannot classify the underlying investor. For example, it is difficult to determine if an ETF investor is retail or institutional as the investment manager cannot see who is trading the ETF and the underlying client profile.

Private client portfolios remain a small and stable part of the asset base, at around 1% of AUM.

"If we're serious about improving financial outcomes, we need to do a better job of helping people move from being savers to becoming investors. That starts with engaging younger generations and making investing more accessible. We have an important role to play in that."

CHART 9: **ASSETS MANAGED IN THE UK BY CLIENT TYPE (2015-2025)**



Source: The Investment Association

Chart 9 shows how the distribution of UK-managed assets by client type has shifted over the ten years to December 2025. The picture is one of steady rebalancing, with retail rising, the pension fund share falling, and insurance recovering.

- Retail assets have grown without interruption since 2019, climbing from 19% of total AUM to 30% in 2025. This is the largest increase of any client group over the decade, and the first time retail has reached 30% of the asset base. The expansion gathered pace after 2020, when low interest rates, higher pandemic-era savings and strong markets drew in large numbers of new investors, and it proved resilient through the inflation and rate rises of 2022 and 2023, when retail assets held up better than parts of the institutional market and recovered quickly. The IA sees considerable room for further growth and expects reforms such as the Leeds Reforms and the Invest for the Future Campaign to encourage more people towards long-term investing.

- Insurance assets are recovering. Having fallen almost continuously for close to two decades, from a peak of 31% of AUM in 2005 to a low of 11% in 2021, the insurance share has now risen for four consecutive years, reaching 14% in 2025. The turn in the interest rate cycle from 2022 has been central to this: higher rates have pushed more defined benefit schemes to full funding, driving activity in the buy-in and buy-out market, where insurers take on both scheme liabilities and their assets. Chapter 4 examines the pension de-risking market in more detail.

- Other institutional clients, a grouping that covers corporates, public sector bodies, non-profits and sub-advisory mandates, account for 30% of AUM in 2025, up from around 21% a decade ago but down slightly from 31% in 2024. Public sector clients are the largest cliebt within this group, at 8% of the £11.1 trillion managed by IA members. Corporates account for 7%, more than double their 3% share in 2015, though their share edged down over the year.

BOX 2: BLURRING OF CLIENT TYPES

Insurance vs. Pension

Defined contribution (DC) pension assets operated through life companies wrapping funds are not counted as pension fund assets but appear instead within assets managed for insurance companies. This includes assets managed for personal pensions and Group Personal Pensions. It blurs the line between pension and insurance assets and means the allocation to pension funds understates actual pension investment.

Retail vs. Institutional

DC pension schemes sit between retail and institutional. In a DC scheme the value of the pension depends on contributions and investment returns, and the ultimate investment risk lies with the individual, which makes DC pensions closer to retail investment than institutional. In the IA's data, however, they appear as either pension fund or insurance assets.

TRENDS IN ASSET ALLOCATION

Over the past year, firms have invested significantly in improving the quality of their underlying datasets, in order to ensure the data feeding into their systems is robust enough to support the growing use of AI-driven analytics. As a result, a small number of firms now have materially improved look-through to their underlying holdings and have restated their asset allocation data across the past six years (2020–2025). The analysis in this section is based on this revised dataset. As a result, the figures presented below, including for years prior to 2025, may differ from those published in previous editions of this report.

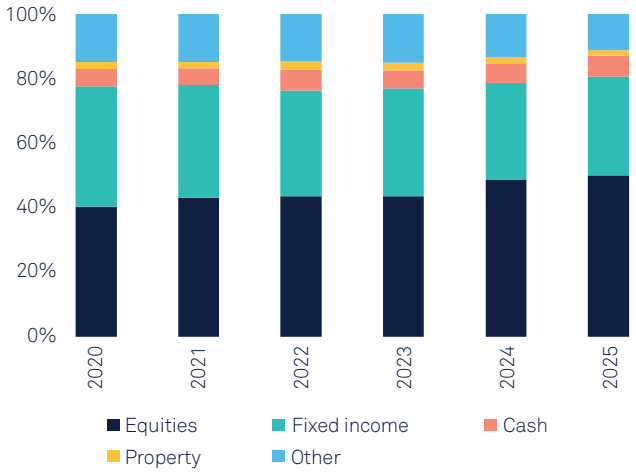
Chart 10 sets out the breakdown of UK-managed assets by asset class over the six years to December 2025, based on the restated dataset described above. Equities extended their multi-year climb, while fixed income, cash and 'Other' allocations moved in line with continuing shifts in the industry's client base and in underlying market conditions. We observe the following trends:

- **Equities extended their climb to 50% of total UK-managed AUM in 2025.** This is up 1 percentage point from a revised 49% in 2024 and takes the equity share of industry assets to its highest level since before the global financial crisis. The move was supported by strong global equity market performance in 2025, with the UK, Europe, China and Japan all delivering double-digit sterling returns over the year (see Box 1 in Chapter 1 for further detail).
- **Fixed income allocations remained unchanged at 30% of AUM in 2025.** This follows a decline from 37% of AUM in 2020, when allocations were still elevated following the sharp rate cuts and quantitative easing introduced in response to the pandemic. The overall value of fixed income assets grew by around 13% over the year to £3.4 trillion, a period in which government bond markets stabilised (although at the time of writing, we are seeing further spikes in UK gilt yields in 2026): UK gilts returned 5% in sterling terms, recovering from a 4% loss in 2024, while global bonds returned approximately 1%.
- **The 'Other' category fell to 11% of AUM in 2025, its lowest level in the dataset.** This is down 3 percentage points from a revised 14% in 2024, extending the sharp multi-year decline from this category's earlier peaks. Part of this fall reflects the improved look-through discussed above: better data quality has allowed some firms to attribute holdings previously bucketed as 'Other', largely multi-asset and alternative strategies that members were previously unable to break down. This look through to the correct underlying asset class has principally resulted in more assets attributed to fixed income. It also reflects the ongoing run-down of Liability Driven Investment (LDI) strategies that were captured within 'Derivatives based strategies' within 'Other'.

- **Cash allocations ticked up slightly to 7% of AUM in 2025, from 6% in 2024.** This is the highest level recorded over the past five years and likely reflects a degree of caution during the bout of market volatility triggered by the April 2025 US tariff announcements, ahead of the recovery in risk sentiment later in the year. The IA's own retail fund data show a record year for inflows into money market funds, particularly around April's volatility. Cash-like strategies are seen by many investors as a useful short-term option to manage liquidity and to provide stable returns.

- **Property allocations continued their gradual decline, falling to 1.6% of AUM in 2025.** Allocations are now below the level recorded at the start of the six-year period in 2020, when they stood at 2%, having risen to a peak of 2.5% in 2022 before declining in each of the past three years. This reflects sharply higher interest rates driving a valuation reset in commercial property, while consolidation among listed UK property vehicles, down from over 80 in 2019 to around 40 by 2025, has narrowed the domestic opportunity set.[14]

CHART 10: OVERALL ASSET ALLOCATION OF UK-MANAGED ASSETS (2020-2025)



Source: The Investment Association

EQUITIES BY REGION

Chart 11 sets out the regional breakdown of UK-managed equity holdings over the five years to December 2025. 2025 saw a marked rotation in global equity markets away from the US and towards the UK, Europe and Asia (see Box 1, Chapter 1), but this was only partially reflected in the regional allocation of UK-managed equity portfolios in our data:

- **North America's allocation held broadly steady at 46% of UK-managed equities in 2025, essentially unchanged from a revised 46% in 2024.** Looking back over the six years to 2025, North America's share of UK-managed equity portfolios has climbed from around a quarter in 2020 to close to half today. The first jump came in 2021, as vaccine rollouts and unprecedented fiscal and monetary stimulus fuelled a rapid rebound in US equity markets. The second came in 2024, when a rally concentrated in large-cap technology stocks pushed US equities to a 26% return in sterling terms. The region remains by far the largest regional allocation, more than double the next-largest region. The 2025 plateau comes as US equities delivered their weakest performance among major markets in several years, returning just 9% in sterling terms in 2025 as trade-policy uncertainty weighed on large-cap technology valuations. UK investors nonetheless kept adding to North American holdings through the year: the IA's own retail fund data show continued net inflows into North American equity funds even during April's tariff-driven turbulence, split fairly evenly between active and index-tracking approaches.

- **UK equity allocations edged down to 14% of equity holdings in 2025, from a revised 16% in 2024, even as UK equities delivered some of their strongest returns in over a decade.** The FTSE All-Share returned 24% in sterling terms, its best in recent years, led by energy, financials and industrials as investors rotated from growth into value. UK equity holdings were broadly stable year on year at £778 billion. The fall is one of relative weighting rather than retreat: portfolios have diversified globally and overseas markets have outperformed, so faster-growing overseas allocations have risen around a steady UK base.

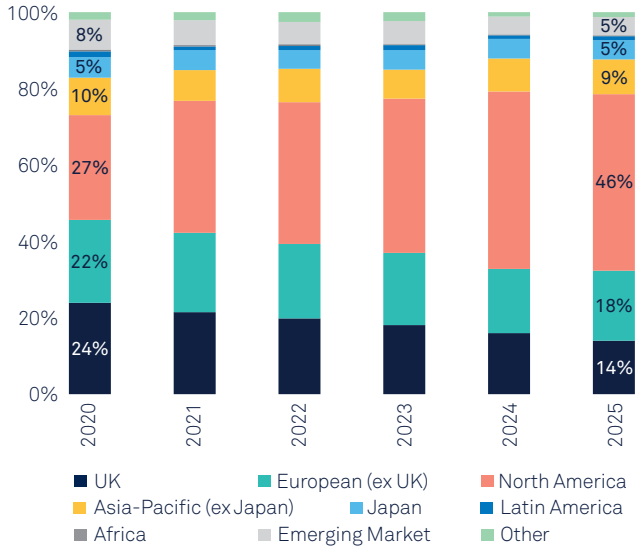
- **Continental European equity allocations rose for the first time in six years, to 18% of UK-managed equity portfolios in 2025.** This is up 1 percentage point from a revised 17% in 2024, and marks the

[14] Is there anything left to buy? The relentless consolidation of UK REITs, Association of Investment Companies, January 2026.

first increase since 2020, when European equities accounted for 22% of equity AUM. The rebound reflects a standout year for European equity markets, which returned 28% in sterling terms, the strongest of any major region. Eurozone growth held steady at 1.2% in 2025, while the European Central Bank continued to cut its base rate. European defence stocks re-rated sharply after NATO members committed to raise defence spending to 3.5% of GDP by 2035, and a weaker US dollar and a broader rotation away from US assets lent further support.[15]

- **Smaller regional allocations were broadly stable in 2025.** Asia-Pacific (ex Japan) allocations were little changed at 9% of UK-managed equities. Japan held steady at around 5%, and emerging markets were also stable at 5%. Asian equity markets performed strongly over the year: Japanese equities returned 20% and broader emerging-market equities saw a return of 18%, supported by continued strength in India, Taiwan and South Korea and an ongoing recovery in China, but these gains were not accompanied by a corresponding rise in the percentage share of equity allocations in IA data.

CHART 11: UK-MANAGED EQUITIES BY REGION (2020-2025)



Source: The Investment Association

BONDS BY REGION

- Chart 12 sets out the composition of UK-managed fixed income by currency and type over the five years to December 2025. UK-managed bond holdings rose around 13% over the year, to £3.4 trillion, as government bond markets stabilised, and within that the long-run tilt towards non-sterling denominated and overseas government bonds continued.

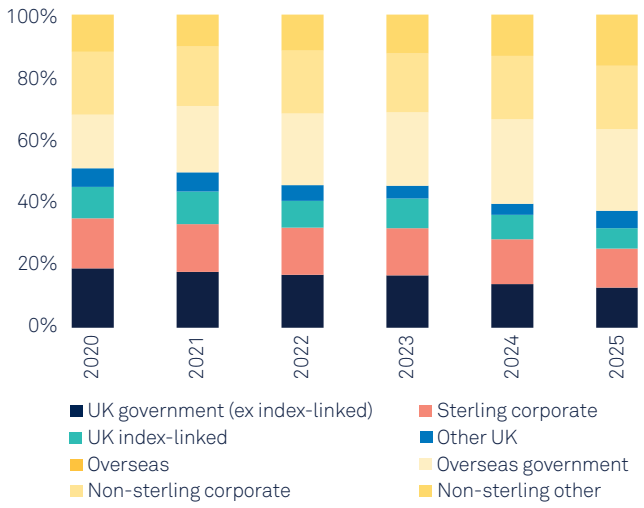
- Non-sterling and overseas government bonds rose to 63% of UK-managed fixed income holdings in 2025, up 3 percentage points from a revised 60% in 2024 and continuing the shift seen over the past six years, when non-sterling bonds and overseas government bonds have grown from just under half of the book in 2020. Because non-government bond holdings are reported by currency of issuance, this reflects a move into bonds denominated in other currencies rather than necessarily a move out of UK issuers. The largest single move was in the non-sterling 'other' category, which rose 40% to £555 billion, from 13% to 16% of holdings. A jump of that size in one year points substantially to the improved reporting discussed above, with firms attributing more previously unclassified holdings to this line, rather than to reallocation alone. Overseas government bonds have seen the largest increase since 2020, increasing 8 percentage points to reach 26% in 2025.

- UK government bond holdings continued to fall, with conventional gilts down to 13% of fixed income in 2025 and index-linked gilts to 6%, from a revised 14% and 8% in 2024. Together, sterling government debt has fallen from around 29% of the book in 2020 to 19% in 2025. The decline was gradual to 2023 but accelerated over the past two years, with the sharpest single drop between 2023 and 2024. This is consistent with the shrinking pool of UK DB pension assets, historically the largest holders of gilts and index-linked debt, and the pace of DB de-risking over this period (see Chapter 4), rather than the direct effect of the 2022 gilt market episode, after which the share held broadly steady in 2022 and 2023. Gilts themselves returned a positive 5% in sterling terms in 2025, recovering from a 4% loss in 2024 as inflation eased and the Bank of England continued cutting rates.

[15] GDP and employment estimates for the fourth quarter of 2025, Eurostat, March 2026.

- Sterling corporate bond holdings fell to 13% of fixed income, their lowest in the dataset, down 1 percentage point from a revised 14% in 2024, with the decline concentrated in the past two years after a stable period between 2020 and 2023. Non-sterling corporate holdings held steady at around 20%.

CHART 12: ALLOCATION OF UK-MANAGED FIXED INCOME BY TYPE AND REGION (2020-2025)



Source: The Investment Association

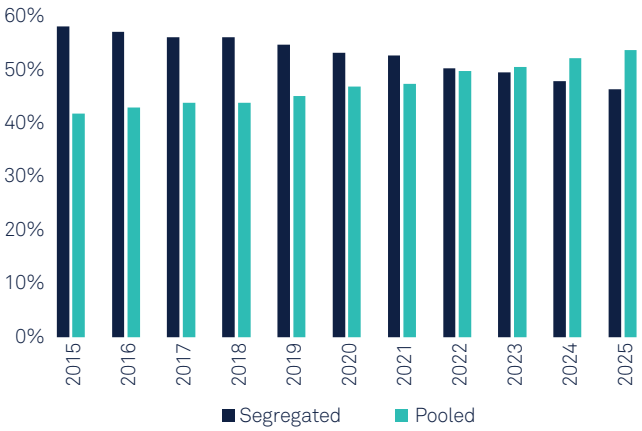
SEGREGATED VS. POOLED

Chart 13 shows that assets in pooled vehicles continue to grow as a share of the overall asset base, reaching 54% of total assets in 2025. This is up from 52% in 2024 and from around 42% a decade ago. Segregated mandates account for the remaining 46%.

A few forces sit behind the steady increase in pooling:

- The first is the growth of index strategies (including ETFs), which are almost always accessed through pooled funds, and which now make up a record share of UK AUM at 36% (see the indexing section overleaf).
- The second is the increasing use of fund-of-one structures, largely by institutional clients such as pension schemes and insurers, where a single client's bespoke portfolio is held within an authorised fund and recorded here as pooled. This gives the client a tailored mandate alongside the governance and operational benefits of a fund vehicle.

CHART 13: SEGREGATED VS. POOLED INVESTMENTS (2015-2025)



Source: The Investment Association

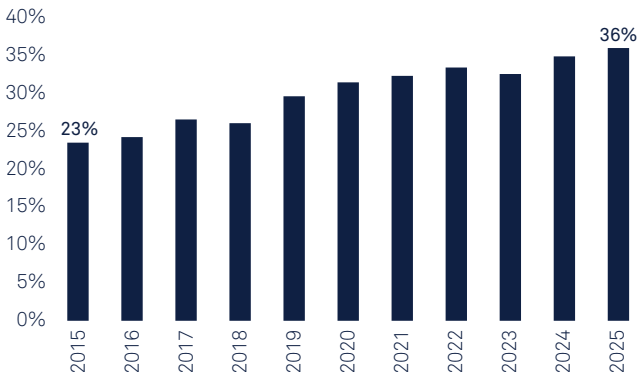
INDEXING STRATEGIES

Chart 14 shows index-tracking strategies as a proportion of total UK AUM. Indexing reached a new record share of 36% of AUM in 2025, up from 35% in 2024 and from 23% a decade earlier, with active strategies accounting for the remaining 64%. The steepest single-year rise came between 2018 and 2019, coinciding with a marked acceleration in retail flows into tracker funds and the growing presence of low-cost providers in the UK market. The long-run trend reflects sustained demand for low-cost market exposure. 2025 saw a broad, market-capitalisation-weighted rally across most major equity regions rewarding simple index exposure as the largest benchmark constituents captured much of the gain. Since indexing has always been more prevalent in developed market equities, a strong year for equity markets tends to lift its share directly.

The growth of indexing is closely bound up with two other shifts noted in this chapter. Index strategies are almost always delivered through pooled vehicles or ETFs, so the record indexing share, the continued move towards pooling and the rapid expansion of ETFs share a common underlying trend. Tracker assets are also concentrated among a small number of large providers, reflecting the scale economics of running low-cost index strategies.

Even as indexing strategies reach a record share of assets, active management still accounts for close to two-thirds of UK AUM. The same direction of travel is visible internationally, and is further advanced in the United States, where passive mutual funds and ETFs overtook active funds in total assets for the first time in 2024, reaching over $19.1 trillion against $16.2 trillion in active by late 2025. Outside the US, passive remains a smaller share of assets, at around 29% on Morningstar's measure, a reminder that the shift is more advanced in some markets than others. [16]

CHART 14: INDEXING STRATEGIES AS A PROPORTION OF UK AUM (2015–2025)



Source: The Investment Association

[16] Active vs. Passive Investing: Which Categories Are More Successful?, Morningstar, 2025

BOX 3:
EXCHANGE-TRADED FUNDS

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 2025

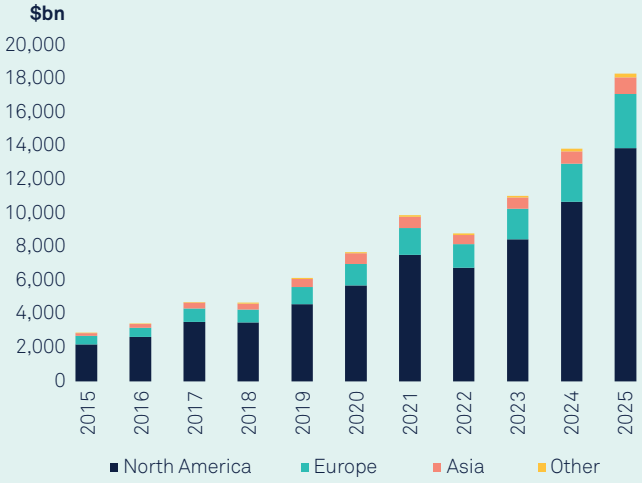
The global ETF market continued its rapid expansion, extending several years of strong growth. In 2025, global ETF assets under management (AUM) reached $18.2 trillion, up 32% on the $13.8 trillion recorded for 2024, and a new record (Chart 15). More than half of the growth in assets in 2025 again came from net inflows rather than market movements, reflecting that much of the growth has come from active allocation decisions by investors.

"If you were launching a new product today, you would almost default to asking why it wouldn't be an ETF. That's how quickly thinking has shifted. Traditional mutual funds remain dominant, but ETFs are increasingly seen as the preferred vehicle for both institutional and retail channels."

North America accounts for 76% ($13.8 trillion) of global ETF AUM, a 30% increase on the prior year. Within that, the United States remains the market that sets the pace on growth, benefiting from a well-established regulatory framework that facilitates tax-efficient ETF structures, deep retail investor participation and the continued growth of model portfolios and direct indexing strategies built around ETFs. But the story of 2025 was the breadth of growth beyond the US.

European-domiciled ETFs grew 42% to $3.2 trillion, the highest annual growth rate on record for the region. Asian-domiciled ETFs grew 33% to reach $974 billion, while the 'Other' category, which includes markets such as Australia, Brazil and South Africa, grew 47% to $214 billion, albeit from a much smaller base.

CHART 15: ETF ASSETS UNDER MANAGEMENT BY REGION OF DOMICILE (2015-2025)



Source: Morningstar

EUROPEAN ETF MARKET

Europe's record growth rate of 42% in 2025 reflects both deepening institutional adoption and an accelerating shift in how retail investors across the continent access markets. Interviews with member firms suggest that institutions are heavier allocators to ETFs in Europe.

"Interestingly, institutions may be driving more assets into ETFs in Europe than retail."

Chart 16 overleaf shows that Ireland retained its position as the dominant EU domicile in 2025, accounting for 71% of European ETF assets (although the Irish domiciled share of ETF assets is down slightly from 73% in 2024) and $2.3 trillion in AUM, with 80% of net inflows in Europe directed towards Irish-domiciled products. Its structural advantage is well-established: the US-Ireland double tax treaty reduces withholding tax on dividends from US equities from 30% to 15%, making Dublin the natural home for ETFs with significant US equity exposure. This combines with a well-established ecosystem designed to support ETFs and means that many ETF issuers choose Ireland to domicile funds.

Luxembourg remains the second largest European ETF domicile at $560 billion in AUM. In 2025 ETF assets grew 46% outpacing Ireland's growth (39%) for the first time in seven years. Growth was broad-based across asset classes. Luxembourg also benefitted from strong demand for money market ETFs, as allocation to Money Market Funds by European investors grew substantially. Luxembourg's AUM in ETF strategies targeting 'capital preservation' grew 56% to €28bn, a category where Luxembourg is the dominant European ETF domicile by some distance, dwarfing Ireland's €1.2bn. Germany and Switzerland domiciled ETFs also saw strong growth of 52% and 65% respectively in 2025, reaching $128 billion and $92 billion. Germany's growth has been driven by the structural expansion of ETF savings plans (Sparpläne), which let investors automate small, regular ETF purchases at low cost, a model scaled by neo-broker platforms such as Trade Republic, which surpassed 10 million customers across Europe by end-2025.[17] In 2025, 14.1 million Germans owned shares, equity funds or ETFs, a record and up 2 million on the previous year.[18] Younger investors in particular favour automated investing: more than 80% of ETF investors aged 18-34 use savings plans.[19]

Member firms see the potential for younger generations to adopt the low cost, regular investing model in the UK too.

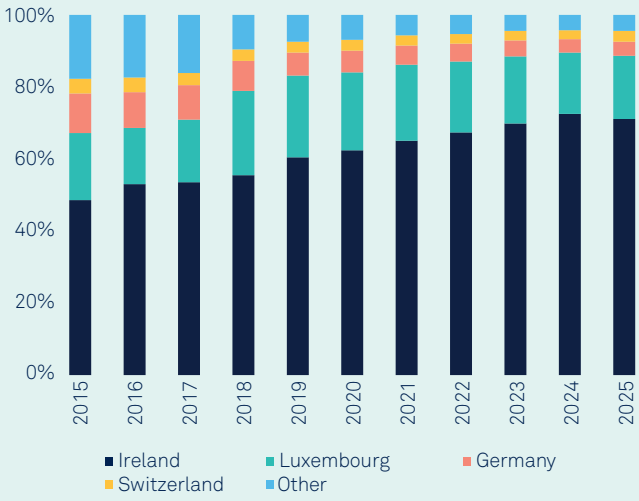
"You need to be part of the wealth transfer because (if you are not part of it) it's going to pass you by and you'll lose all your clients. So learn about ETFs, get more familiar with them, because it is the direction of travel. The new people that are coming through are using ETFs on platforms that are not the traditional platforms that we are most familiar with."

Data from LSEG Lipper's 2025 European Fund Market Review suggests that ETFs accounted for approximately 5% of total European fund AUM in 2015; by 2025 that share had grown to 15%, a threefold increase. Despite being a relatively smaller share of the overall funds market, investor demand is significant: total ETF inflows across European long-term assets of €333 billion in 2025, compared with mutual fund inflows of €371 billion. In equities, however, ETFs have become the fund of choice, attracting inflows of €249.6 billion while equity mutual funds saw net outflows of €73.9 billion.[20]

[17] Trade Republic expands from Brokerage to Wealth Management, Trade Republic, September 2025.
[18] Shareholder numbers 2025, Deutsches Aktieninstitut, January 2026.
[19] ETFs are widely known and used in Germany, yet often poorly understood, Franklin Templeton, April 2026.
[20] European Fund Market Review 2025, LSEG Lipper, March 2026.

BOX 3: EXCHANGE-TRADED FUNDS MARKET (CONTINUED)

CHART 16: EUROPEAN ETF ASSETS UNDER MANAGEMENT BY DOMICILE (2015–2025)



Source: Morningstar

ACTIVE ETFs

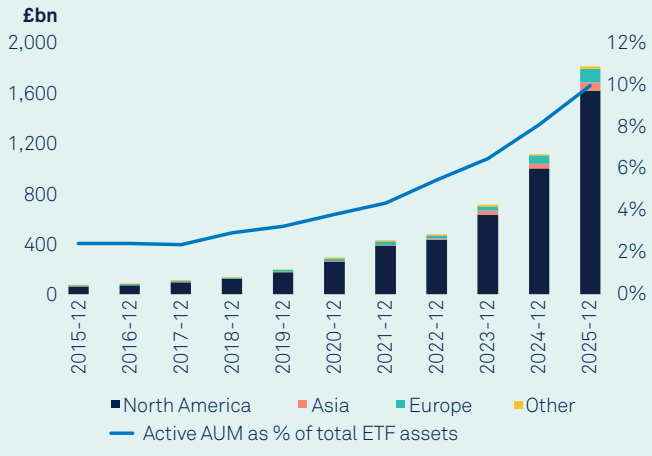
One of the defining themes in the ETF market in 2025 was the accelerating growth in actively managed ETFs. Chart 17 shows active ETF assets have grown substantially over the past decade, rising from $69 billion globally in 2015 to $1.8 trillion by the end of 2025. While active ETF strategies still account for less than 10% of total global assets, they have attracted a relatively high share of net ETF inflows in recent years (27% of ETF flows went into active ETFs in 2025). North America accounts for the vast majority (89%) of active ETF assets.

"Active ETFs are a natural evolution. The ETF is simply a wrapper; it does not need to be passive. Active ETFs, particularly in fixed income, have performed well and will continue to grow."

In the United States, one regulatory development has been particularly significant. Before 2019, launching any ETF required the issuer to obtain individual 'exemptive relief' from the SEC, a bespoke, case-by-case exemption from rules in the Investment Company Act that were not designed with ETFs in mind. This made launches slow and costly, and active ETFs, being the most complex to get approved, were held back the most. The SEC's 2019 'ETF Rule' (Rule 6c-11) replaced this with a single standardised framework: any ETF meeting its conditions can now come to market without separate SEC sign-off. While the rule applied to ETFs generally, its greatest effect was on active ETFs, and launches accelerated sharply in the years that followed.

More recently, the expiry of the Vanguard patent, which allows firms to offer ETF and mutual fund share classes backed by the same portfolio, may drive a further expansion in the number and variety of active ETF share classes in the US. Because of the tax advantages ETFs offer, running an ETF share class alongside a mutual fund one lets advisers move client assets between the two 'in specie', without selling down holdings, realising capital gains, or taking clients out of the market.

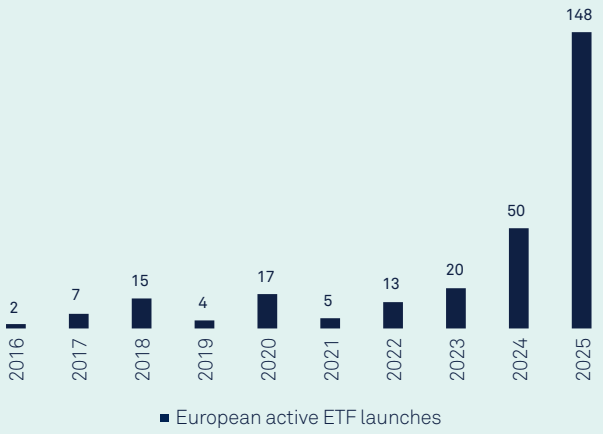
CHART 17: ACTIVE ETF ASSETS UNDER MANAGEMENT BY DOMICILE (2015–2025)



Source: Morningstar

European active ETFs represent only 3% of total European ETF AUM, a relatively low penetration rate compared with the United States (approximately 11%) and Canada (approximately 32%). However, while a smaller market, European domiciled active ETFs recorded the fastest growth rate of any region globally in 2025, growing 66% to reach $106 billion. Assets have almost tripled over the previous two years. A look at fund launch activity (Chart 18) shows that there were more active ETF fund launches in 2025 (148) than the previous 9 years combined (133 over 9 years). This includes a wave of launches by traditional active asset managers entering the ETF market for the first time.

CHART 18: EUROPEAN DOMICILED ACTIVE ETF LAUNCHES (2016–2025)



Source: Morningstar

Equity strategies are the largest component of active ETF assets, accounting for 59% of total active AUM in 2025. This is up from 31% in 2015, a 28-percentage-point rise and reflects the significant shift in the share of assets moving from fixed income active ETFs dominating to a greater share of active equity ETFs. Fixed income active ETFs now represent 34% of active assets, down from 60% in 2015, a 26-percentage-point decline. However, active fixed income ETFs remain a structurally important part of the market: most bond trading occurs over the counter rather than on exchange and therefore quoted prices can be stale. ETFs provide continuous price discovery and the ability to trade during periods of stress, precisely when traditional fixed income funds may face liquidity challenges. This means that active and index fixed income ETFs play an important role in supporting bond market price discovery and liquidity, as seen in 2020 when markets responded to the Covid-19 lockdowns.

The composition of the market is also shifting. Early European active ETFs were predominantly systematic, rules-based strategies designed to deliver modest outperformance of an index with limited deviation from it, an approach well suited to the risk and compliance frameworks of institutional investors. More recently, the range has broadened to include higher-conviction equity mandates, unconstrained fixed income strategies and income-oriented approaches. Discretionary (actively managed) strategies still account for approximately three-quarters of European active ETF assets but systematic equity strategies attracted the largest proportion of new flows in both 2025 and Q1 2026.

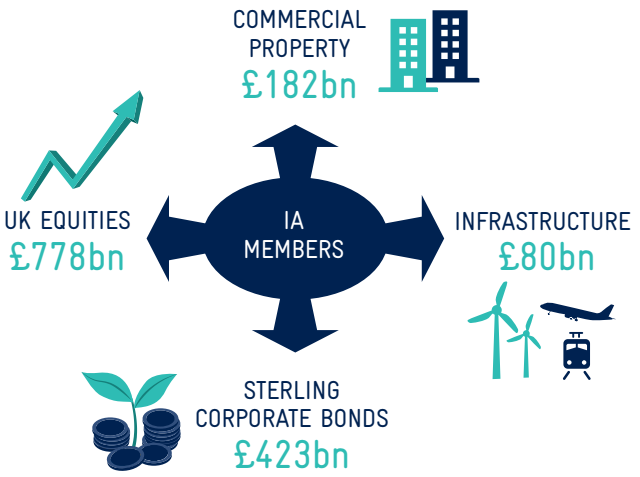
INVESTMENT IN THE UK ECONOMY

The investment management industry plays an important role in channelling savings into the domestic economy through both public and private markets. IA members help finance the UK through holdings of UK-listed equities, sterling-denominated bonds, commercial property and infrastructure (see Figure 7), together worth around £1.46 trillion at the end of 2025.

The total was up around £2 billion from 2024 but the composition of investment in the UK has shifted year on year. A sharp rise in the value of infrastructure assets to £80 billion offset falls in commercial property and sterling corporate bonds, while UK equity holdings were broadly flat.

- **UK equities** were steady at £778 billion (2024: £780 billion). As set out in the equities section above, holdings held their value year on year.
- **Sterling corporate bonds** fell slightly to £423 billion from £429 billion, continuing a gradual decline that in part reflects the shrinking pool of UK defined benefit pension assets, historically large holders of sterling credit.
- **UK commercial property** fell to £182 billion, from £198 billion, an 8% drop that extends the sector's multi-year adjustment to higher interest rates and changing patterns of office and retail demand as well as a preference for more globally diversified property portfolios in common with trends in other asset classes.
- **UK infrastructure** rose significantly to £80 billion from £54 billion, a 48% increase and the highest growth of any UK asset. The rise reflects a combination of improved data from members, acquisition activity and higher allocations to the asset class by member firms. This is consistent with the global picture, where infrastructure has been one of the fastest-growing segments of private markets (see Chapter 2).

FIGURE 7: IA MEMBER HOLDINGS IN UK ASSET CLASSES (2025)



Source: The Investment Association

INVESTMENT IN UK INFRASTRUCTURE

Infrastructure investment falls broadly into two categories: economic infrastructure, which includes renewable energy, utilities, transport and telecommunications, and social infrastructure, which includes health, education and public buildings.

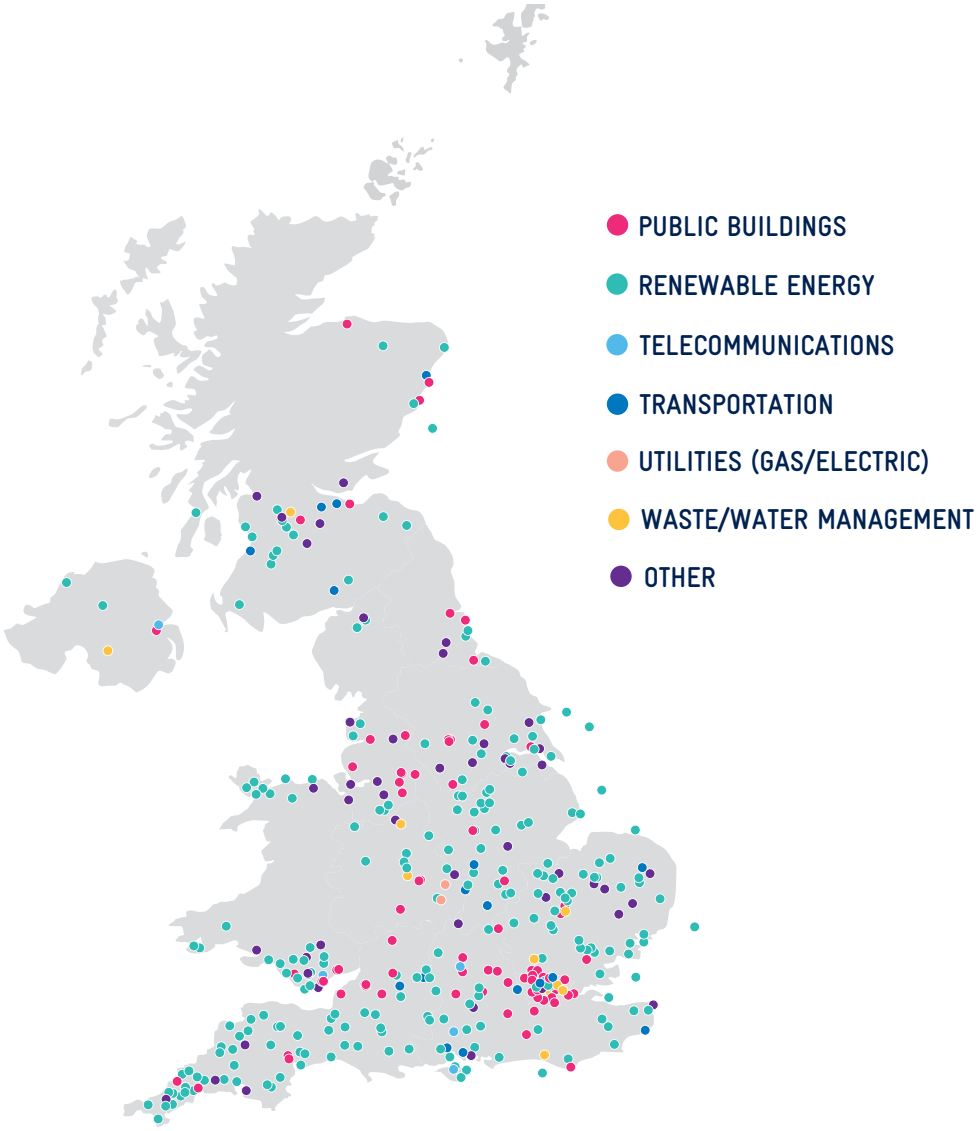
Figure 8 maps the breadth of IA member infrastructure investment across the UK. The projects span both categories and are spread across the nations and regions, ranging from renewable energy generation, utilities and transport to schools, hospitals and other public buildings. Infrastructure has remained one of the more resilient UK asset classes, offering the long-duration, often inflation-linked cash flows that continue to appeal to institutional investors.

The focus on channelling investment into UK private assets and infrastructure in particular, to the benefit of local communities, will continue to be championed by politicians of all political parties. Recognising the importance of allocating productive capital to UK private assets, leading DC pension providers came together to sign the Mansion House Compact and Accord. This commits participating defined contribution pension providers to invest a 10% share of their default funds into private markets, including a

5% share in UK private markets, by 2030. This initiative could help to direct substantial new capital flows towards UK infrastructure. Access has started to widen for retail investors too. Whilst retail investors have long been able to invest in physical infrastructure through investment companies, since April 2026, Long-Term Asset Funds have been eligible to be held in Stocks & Shares ISAs, opening an additional route for individual investors into infrastructure and other private assets.

On the supply side, government action has focused on building a larger pipeline of investable projects. The Planning and Infrastructure Act 2025, which received royal assent in December 2025 and whose measures are being phased in through 2026, is intended to speed up approvals for major schemes, including nationally significant infrastructure. The earlier removal of restrictions on building onshore wind farms has reopened opportunities in the renewables market and Great British Energy has been established to co-invest alongside private capital and to help de-risk large projects. Together, these measures position investment managers to play a larger role in financing the UK's infrastructure and its transition to net zero.

FIGURE 8: SELECTION OF UK INFRASTRUCTURE INVESTMENT FACILITATED BY IA MEMBERS (JUNE 2026)



4 UK INSTITUTIONAL MARKET

KEY FINDINGS

Figures in this chapter are presented on a different basis to the rest of this report: they cover all UK institutional client assets managed by IA members, whether managed from the UK or from overseas offices.

MARKET OVERVIEW

- IA members managed £4.4 trillion of UK institutional client assets globally at the end of 2025, up 14% on £3.8 trillion in 2024. This strong rebound follows a modest decline recorded in 2024, taking assets to their highest level since the £4.6 trillion peak recorded in 2021.
- Assets remain concentrated in pension and insurance client AUM, which account for 76% of UK institutional client assets. This is down from 79% in 2024 as a broadening base of corporate, sub-advisory and public sector clients continues to erode their combined share.
- Pension schemes' share of institutional AUM held steady at 51% in 2025, while insurance clients' combined share fell to 26%, from 28% the year before - though this does not represent a nominal fall in insurance assets, which in fact grew 6% year on year.

EVOLUTION OF THE PENSIONS MARKET

- The IA estimates the size of the UK pensions market at £3.6 trillion in 2025, up 3% on a revised £3.5 trillion estimate for 2024, driven mostly by decumulation assets and the Self-Invested Personal Pension (SIPP) market.
- DB pension scheme assets stabilised in 2025 at an estimated £1.63 trillion, marginally down from £1.65 trillion in 2024, but still significantly below the £2.3 trillion recorded in 2021. Meanwhile DC workplace pensions have increased 40% over the last five years to reach £665 billion in 2025.
- Two events largely explain the pensions market's trajectory over the past five years. First, interest rates rose through 2021 and 2022 to combat rising inflation: this helped bring some DB schemes to full funding, making buyout more affordable, and also improved the rates available on annuities. Second, the September 2022 crisis in the UK gilt market hit valuations and triggered a period of rapid deleveraging across DB schemes' Liability Driven Investment (LDI) hedging strategies.
- As a result of growing DC pension assets and a rise in interest rates, we have seen an acceleration in the growth of the decumulation market, with assets reaching £700 billion in 2025 (up from £620 billion in 2024). Assets backing annuities grew to almost £400 billion in 2025 (up 9% from 2024). Assets in income drawdown rose to £310 billion, the fastest-growing segment since the 2022 gilt crisis (and up 18% in 2025).

THIRD-PARTY MANDATES

- Third-party client assets managed by IA members globally on behalf of UK institutional clients rose to £3.7 trillion in 2025, up 16% from £3.2 trillion in 2024.
- Pension funds' share of third-party assets levelled off at 57% in 2025, ending a run of consecutive annual declines that had taken thirteen percentage points off their share since 2021. Third-party insurance mandates' share fell back to 16%, from 19%, the first decline after three years of growth. This reflects a 2% fall in nominal value of insurance assets, and pension risk transfer activity easing back from 2024's record.

MANDATE TYPES

- Single-asset mandates rose to 60% of third-party mandates in 2025, from 57% in 2024. Multi-asset mandates also grew, to 17% from 16%.
- Assets in LDI mandates fell three percentage points to 23% of total mandates in 2025, continuing the contraction seen in each of the last four years. Notional LDI exposure held broadly steady at £880 billion.

This chapter takes a detailed look at the UK institutional client market. As in previous years, it covers all assets irrespective of whether they are managed from the UK or from overseas offices (though we estimate the overwhelming majority of these assets are managed in the UK), and the primary focus is on the nature of a mandate rather than the underlying assets within it. Full details of asset allocation and investment strategy for the entire institutional market are available in Appendix 2 of this report.

MARKET OVERVIEW

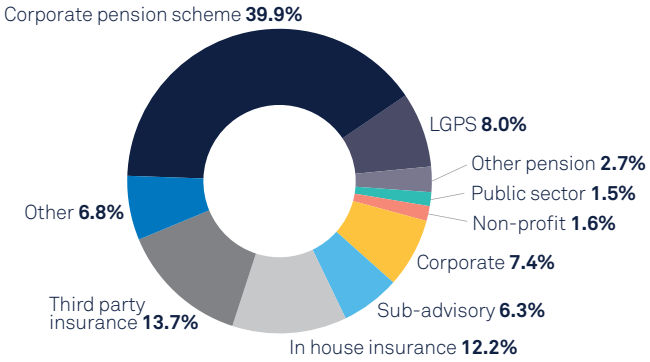
IA members managed £4.4 trillion of UK institutional client assets[21] as of year-end 2025, up 14% from £3.8 trillion in 2024. This is a strong rebound after the fall in AUM recorded in 2024, rising to the highest level since the £4.6 trillion peak recorded in 2021. The data we do have suggests that this growth was driven by capital market performance rather than flows (we do not have comprehensive flow data across the £4.4 trillion, however), and a return to growth in the gilt market which has seen DB pension assets stabilise in 2025.

CLIENT BREAKDOWN

Chart 19 shows the 2025 breakdown of the £4.4 trillion of UK institutional market assets by client type. Pension and insurance clients remain the largest client groups, together accounting for 76% of the market, with corporate pension schemes the largest single category.

- **Pension schemes' share of institutional AUM totalled 51%, unchanged since 2024.** Within this, there has been some reclassification of assets reported by members between the corporate pension fund category and 'other' pension funds; corporate pension funds' share in our data fell from 43% in 2024 to 40% in 2025, while 'Other' pension funds rose from 1% to 3%. LGPS assets increased marginally to 8% in 2025 (from 7% in 2024). 'Other' pension funds are schemes that do not fit the corporate pension fund or LGPS categories, such as those run for not-for-profit organisations.
- **Insurance clients' combined share of institutional assets fell to 26% in 2025 from 28% in 2024.** In-house insurance mandates held broadly steady at 12%, but third-party insurance mandates fell back to 14% from 16%. This does not represent a nominal fall in insurance assets, in fact insurance assets increased 6% year on year.
- **Other client groups continued to increase the percentage share of assets managed, together accounting for 24% of institutional assets in 2025, up from 21% in 2024.** Corporate clients rose to 7% (6% in 2024) and sub-advisory mandates rose to 6% (5% in 2024), continuing a multi-year trend of diversification away from a pension- and insurance-dominated client base. Public sector assets also saw the largest single-year move in 2025, rising to 2% of institutional AUM, up from 0.6% in 2024.

CHART 19: **UK INSTITUTIONAL MARKET BY CLIENT TYPE (2025)**



Source: The Investment Association

[21] As stated above these assets can be managed by IA members from both the UK and from overseas.

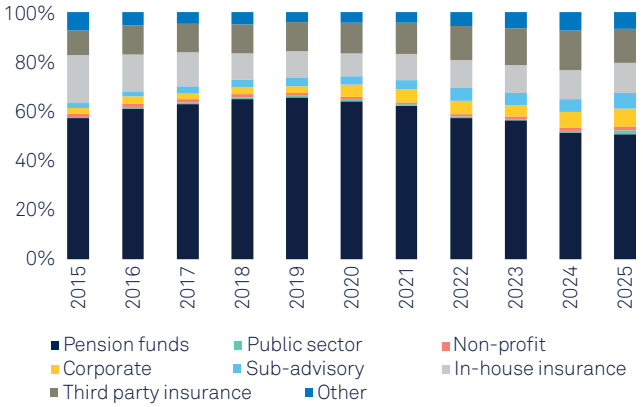
Chart 20 shows how this client mix has evolved over the past decade. The rotation away from pension and insurance clients described above has been a multi-year shift:

- **Pension and insurance clients' combined share of institutional AUM has fallen from around 86% in 2015 to 76% in 2025, with the decline concentrated in pension funds.** UK Pension fund assets peaked at 65% of the market in 2019 and have since fallen each year to 51%, unchanged on 2024 and the lowest share in our ten-year data. This partly reflects the ageing profile of DB scheme membership as most schemes close to new entrants, alongside a gradual shift towards defined contribution pensions with a significantly lower age profile, pot size and asset allocation patterns. We look at the drivers of this shift in pensions assets in more detail in the next section.

- **Third-party insurance mandates have grown each year since 2019, rising from 12% of institutional assets to a peak of 16% in 2024, before easing back to 14% in 2025.** The pull-back this year may reflect a slowdown in the pension risk transfer market, where insurance companies buy out DB assets, accepting the transfer of risk & liabilities alongside the responsibility of managing the assets. The pensions risk transfer market had seen near record volumes in 2024 (£47.8 billion across 298 transactions[22]). We discuss this in more detail in the Third-Party Mandates section below.

- **Corporate and sub-advisory mandates have more than tripled their combined share of the market since 2015.** Corporate client share of assets has risen from 2% to 7% of institutional assets, and sub-advisory mandates from 2% to 6%, illustrating the steady diversification of the institutional client base beyond pension funds and insurers. Sub-advisory mandates arise where a firm manages assets on behalf of another financial institution's own product, for example, where a wealth manager appoints an asset manager to run part of its model portfolio range. This growth in sub-advised assets likely reflects the wider expansion of UK wealth management and its increasing use of outsourced, specialist managers. UK discretionary model portfolio assets grew 32% in 2025 alone to £190 billion.[23]

CHART 20: UK INSTITUTIONAL MARKET BY CLIENT TYPE (2015-2025)



Source: The Investment Association

[22] Record number of buy-ins in 2025, with the busiest H2 ever as competition intensifies, LCP, March 2026.
[23] MPS Proposition Comparison Report 2025, NextWealth, December 2025.

EVOLUTION OF THE UK PENSIONS MARKET

Using both proprietary IA data and third-party data, this section presents an overview of the UK pensions market, looking at assets managed within both Defined Benefit (DB) and Defined Contribution (DC) schemes 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.

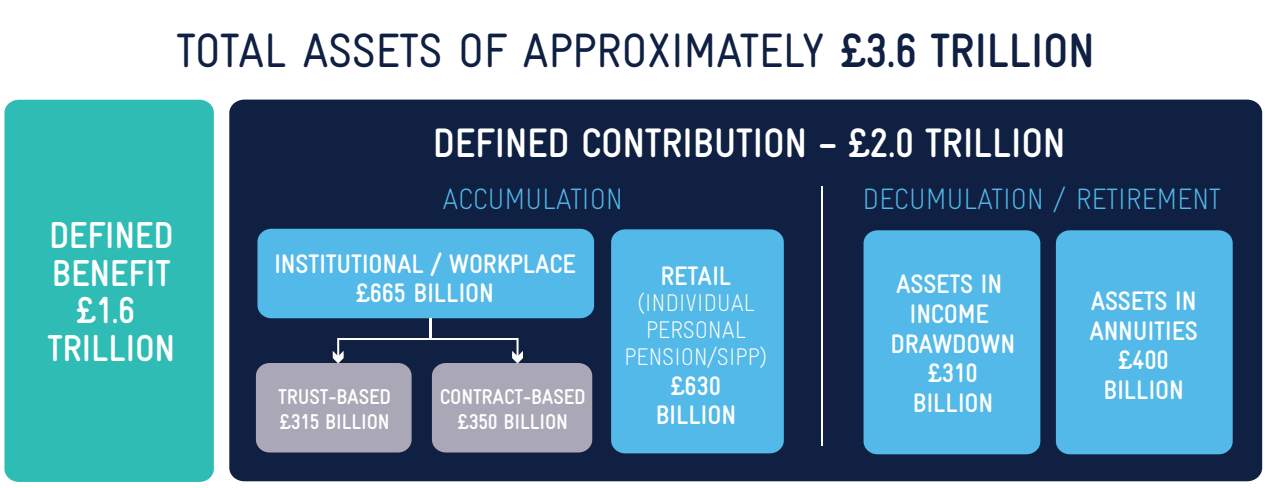
As of December 2025, UK pension fund assets managed by IA members stood at approximately £2.2 trillion, up from just under £2.0 trillion in 2024 (an increase of 13%). This growth outpaced the UK pension market as a whole (which grew by a more modest 3% over the same period, as set out below) and was higher than the 10% global pension asset growth to $68 trillion in 2025 reported by the Thinking Ahead Institute's Global Pension Assets Study 2026.[24] Over the longer run, however, UK pension asset growth has lagged the global average, reflecting the UK's ongoing structural transition from DB to DC provision: as maturing DB schemes pay out benefits and de-risk, DC assets, still comparatively small in a global context, are taking a growing share of the market. However, the pace of growth of DC assets is not fast enough to shift the balance of assets between DB and DC substantially yet. DC schemes typically favour equities, while DB schemes remain heavily weighted to fixed income and gilts, so as the DC market matures, we expect growth in pension assets will accelerate again.

IA members continue to manage a considerable share of UK pension assets which we bucket into the following three broad categories in our data:

- **Corporate pension funds** can be both DB and DC schemes in our data and remain by far the largest component of our members' pension assets, at £1.7 trillion in 2025 including almost £85 billion managed by occupational pension scheme managers.
- **The Local Government Pension Scheme (LGPS)** accounts for approximately £350 billion of pension assets managed by IA members in 2025.
- **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 assets account for £120 billion.

In the next section, we draw on external data sources to map out the wider pensions market. The assets analysed in this section include assets managed by firms outside the sphere of IA membership. Figure 9 maps the UK pensions landscape, providing an estimate for the scale of DB assets and showing the proportion of DC assets being managed in

FIGURE 9: OVERVIEW OF THE UK'S PENSION LANDSCAPE IN 2025



Sources: The Bank of England, Ministry of Housing, Communities & Local Government, Financial Conduct Authority, The Investment Association, MoreToSIPPs, Office of National Statistics, Pensions Policy Institute, Pensions Protection Fund 7800 Index

[24] Global Pension Assets Study 2026, Thinking Ahead Institute, February 2026.

accumulation, where pension scheme members contribute to the growth of their pensions pots through their working lives, and in decumulation where scheme members have retired and are effectively drawing down their pension savings to provide an income in their retirement – they can also use their savings to purchase an annuity to provide them with a guaranteed annual income until they die. Given the reliance on the collation of third-party sources, the data should be taken as illustrative.

We estimate that the total UK pension market stood at approximately £3.6 trillion at the end of 2025, 3% up on the revised £3.5 trillion estimate for 2024. Decumulation assets and the SIPP market drove most of the year's growth.

- **DB pension scheme assets totalled an estimated £1.63 trillion in 2025, marginally down from £1.65 trillion in 2024.** DB assets have fallen sharply since 2021 when they were £2.3 trillion. The September 2022 mini-budget triggered a mass sell-off of UK government bonds, causing gilt yields to spike. Gilt prices move inversely to gilt yields, so the value of gilts plummeted. Because many schemes' LDI hedging strategies were leveraged, that yield spike and the consequent fall in the value of gilts triggered large collateral calls as the level of collateral posted by organisations as a condition of the leverage fell. The call to top up the collateral then forced schemes to sell assets to meet that call – schemes sell the most liquid assets, often gilts, at short notice to raise cash. Those sales added further selling pressure to gilt markets, reinforcing the rise in yields until the Bank of England intervened. Assets in DB pension schemes are heavily invested in gilts and assets continued to shrink through 2023 and 2024 as valuations did not recover. Another consequence of the rise in gilt yields was a decrease in the value of scheme liabilities. This meant that many DB schemes achieved full funding putting them in a good position to transfer their risk to third-party insurers and off the balance sheet of the corporate. Through 2023 and 2024 buy-in and buy-out activity remained elevated, which means that assets were transferred out reducing the overall level of DB pension assets in our estimate. While total DB assets are still well below their 2021 level, 2025 marked a stabilisation in assets rather than a further sharp fall.

Steadier gilt prices over the year likely helped this stabilisation, but the proportion of well funded schemes going through buy-out is also easing: the buyout deficit (the gap between scheme assets and what is needed to buy out with an insurer) across the market narrowed to £47.2 billion in 2025 from £69.5 billion in 2024.[25]

Government reform is now changing how schemes approach their endgame. Until now, most schemes could only return surplus to the employer once funded to full buyout level, and many scheme rules didn't allow it at all. The Pension Schemes Act 2026 lets trustees of well-funded schemes release surplus when it is safe to do so. The scheme must be in surplus on a lower "low dependency" funding basis, and an actuary must certify that the surplus is likely to last for three years. The detailed regulations are expected to take effect from April 2027. The government estimates DB schemes hold around £160 billion of surplus, which it wants to unlock for reinvestment in the UK economy.

L&G's latest research[26] finds that 57% of schemes are now considering surplus extraction, either while "running on" or at buyout. Running on means staying independent for longer, continuing to invest and drawing on surplus over time, rather than moving straight to an insurer. The survey finds that top three choices for trustees considering extraction are to use the surplus cash to enhance DB member benefits, supporting a DC scheme and returning cash to the sponsoring employer. Assets that stay in run-on remain, for now, on the pension fund side of the market rather than transferring to an insurer's balance sheet.

- **LGPS assets grew to just over £400 billion in 2025 from £390 billion in 2024**. Growth has been steady over the past five years: LGPS assets stood at an estimated £276 billion in 2020, meaning they have grown by 46% over five years, even as private sector DB assets fell by almost two fifths (39%) over the same period. Unlike most corporate DB schemes, the LGPS remains open to new members and continues to receive employer and employee contributions, which supports asset growth even as corporate DB pots shrink. Pooling reform has continued to reshape the LGPS's structure by consolidating the

[25] The Purple Book 2025: DB Pensions Universe Risk Profile, Pension Protection Fund, December 2025.
[26] Endgame Insights, Legal & General, March 2026.

schemes and in 2025 the number of asset pools fell further from eight to six. The continued consolidation of LGPS assets is changing how asset managers engage with the market, concentrating investment decision-making within a smaller number of larger and more sophisticated pool organisations. As pools take on greater responsibility for investment strategy and implementation, relationships with external managers are likely to become more focused on areas requiring specialist expertise, private market capabilities or customised investment solutions. We compare the LGPS's asset allocation with the wider DB market later in this chapter.

- **On the Defined Contribution (DC) side of the pensions landscape, workplace DC assets were stable at £665 billion in 2025.** This marks a 40% increase in the last five years, underscoring the structural shift underway where DC will ultimately become the dominant form of provision.

- **DC individual/ SIPP assets are estimated at approximately £630 billion in 2025, up from £580 billion in 2024.** However, policy uncertainty continued to shape investor behaviour beneath that AUM growth. Third-party data show that budget anxiety built ahead of expected tax changes in the second half of 2025 and quarterly SIPP net sales fell to their worst level since 2012.[27]

- **The decumulation market, which includes assets backing annuities and assets in income drawdown, continued to grow strongly in 2025**, reaching an estimated £700 billion, up from £620 billion in 2024.

- **Assets backing individual annuities grew to almost £400 billion in 2025, up 9% from £360 billion in 2024**, as retirees use them to secure a guaranteed annual income. Annuity rates have improved following the higher interest rates set through 2022. For some in retirement, annuities can be used to secure a guaranteed basic income whilst the rest of the pension pot remains invested allowing those assets to achieve some growth over the retirement of the individual. Income can also be taken from flexible drawdown solutions too. Once the requirement to annuitise at 75 was removed under the pension freedoms, and in an environment of low interest rates following the Global Financial Crisis, annuities fell out of favour: a decade of low rates meant even willing buyers got lower returns. That reversed once rates began rising in 2022: the Association of British Insurers (ABI) data [28] show annuity sales setting new records in 2023, 2024 and 2025, with premiums reaching £7.4bn last year. Pricing tracks the long end of the yield curve, which has stayed elevated even as the Bank of England cut short-term rates. The ABI has also flagged the removal of the inheritance tax exemption on assets held in pensions from April 2027 as a further driver encouraging annuitisation as some of the incentives to keep assets in pensions, such as dependants avoiding an inheritance tax liability, will be removed.

- **Assets in income drawdown grew 18% to £310 billion in 2025.** Of all the segments in Figure 9, drawdown assets have grown the most from the £200bn low reached during the 2022 gilt crisis. FCA data show the number of plans entering drawdown for the first time rose 26% to 349,992 in 2024/25, the fastest growth of any retirement income route. This reflects the maturing of DC pensions and drawdown's appeal for managing income tax-efficiently and ensuring that invested assets that are not taken as income can continue to grow through retirement.[29]

[27] The Platform Industry in 2025: A Year of Two Halves, Fundscape, February 2026.
[28] Larger pension pots drive record-breaking year for individual annuity premiums, Association of British Insurers, February 2026.
[29] Retirement income market data 2024/25, Financial Conduct Authority, September 2025.

RETIREMENT INCOME

A number of senior figures interviewed for this survey described the shift from accumulation to decumulation as one of the largest long-term growth opportunities in UK asset management. Over the next decade, millions of savers who built up pensions through auto-enrolment and DC schemes will retire and start taking an income in retirement. The FCA's data already show the pace picking up: the number of pension plans entering drawdown for the first time rose 26% in 2024/25 to 349,992, while total withdrawals from pension pots reached £70.9 billion, up 36% on the year before.[30]

The product landscape in the drawdown market is evolving and further innovation is in prospect to unlock the scale of the opportunity. Interviewees were candid that the pension freedoms opened up choice, principally by removing the requirement to annuitise at 75. This allowed retirees to choose from drawdown, annuities, equity release or a blend of approaches. However, the range of investment products that have been developed specifically for retirement still compete against standard accumulation strategies, with advisers often using model portfolios or funds designed for accumulation rather than funds or portfolios specifically designed for retirement. As one leader put it: ***"Most of the products in the pensions drawdown space are largely accumulation vehicles that have been repackaged and reoriented to be retirement friendly."***

New propositions are appearing in the market but interviewees agreed that the market is still evolving yet retirees still need growth, not just income. As one leader explained: ***"You don't need a really low-risk pure income fund, you need something that can grow as well... so having a variety of solutions is absolutely critical."***

The Pension Schemes Act 2026's guided retirement duty will push DC schemes toward offering, or arranging access to, a default decumulation pathway, rather than leaving savers to navigate drawdown and annuity choices alone. The IA's own policy position, set out in *Investing for a Better Retirement*[31], argues that retirement needs a different lens from accumulation altogether. Traditional fund risk ratings measure the volatility of an investor's capital, but for someone drawing an income in retirement what matters is the stability and sustainability of that income: whether a given level of income can be maintained in real terms without running down capital too soon. It is possible to construct portfolios where the income is stable even though the underlying capital is not — precisely the kind of design that conventional volatility-based risk ratings currently penalise rather than reward.

The paper's central recommendation is to reform the rules governing authorised funds so that they can distribute capital to supplement income and retain income rather than paying it out in full, giving managers the tools to target a predictable income outcome with a high degree of certainty rather than repackaging accumulation products at the point of retirement.

The scale of what is at stake is considerable: once the tax-free lump sum is taken into account, the IA estimates around £975 billion of assets will be available to fund retirement portfolios, within a DC market projected to grow to around £1.3 trillion by the mid-2040s.[32] This development, more than any single product launch, is what members told us would determine whether this decade's growth opportunity is captured by UK asset managers.

[30] Retirement income market data 2024/25, Financial Conduct Authority, September 2025.
[31] Investing for a Better Retirement, The Investment Association, 2025.
[32] Median projected outcome based on 1,000 randomly generated economic scenarios, figure expressed in 2024 earnings terms. Source: The DC Future Book 2024, Pensions Policy Institute.

THIRD-PARTY MANDATES

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.

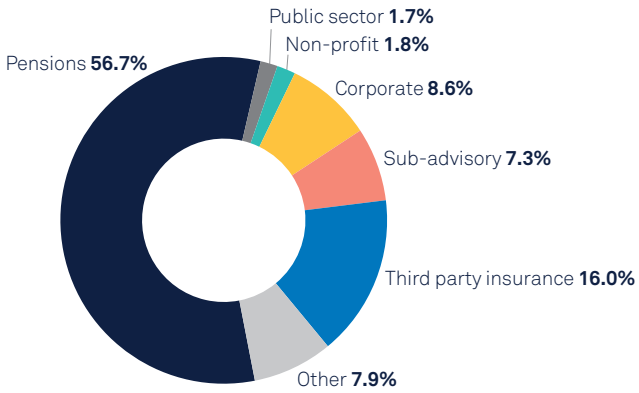
Third-party client assets managed by IA members globally stood at £3.7 trillion at the end of 2025, up 16% from £3.2 trillion in 2024. This broadly tracks what we saw when we included in-house assets in our analysis at the beginning of this chapter.

After a multi-year decline, pensions' share of third-party assets levelled off in 2025, holding at 57%. This ended a run of consecutive annual declines that had taken some thirteen percentage points off pension funds' third-party share since 2021.

Third-party insurance mandates' share fell back to 16% in 2025, from 19% in 2024, the first material decline after three successive years of growth. This reflects a 2% fall in insurance assets in nominal terms over the year, and strong growth across other client types. The easing in the insurance market may reflect activity in the pension risk transfer market. According to LCP, transaction volumes remained high at £38.2 billion of UK buy-ins across a record 367 transactions in 2025, although this is down from £47.8 billion across 298 transactions in 2024, as average deal size fell. This was in part due to a mechanical effect of higher gilt yields, which have roughly halved the typical size of a buy-in relative to five years ago for the same pension size. Growth in transaction count is also increasingly driven by smaller schemes: around 85% of buy-ins in 2025 were for schemes under £100 million, up from 78% in 2024.[33]

At the same time, other client groups continue to reshape the institutional market. Corporate mandates, sub-advisory arrangements, and the "Other" category have all continued to expand their share since 2021, with sub-advisory nearly doubling its weight over the period. Smaller segments have grown fastest of all: both non-profit and public sector mandates have more than doubled in relative weight over the past four years, albeit from a low base.

CHART 21: THIRD-PARTY UK INSTITUTIONAL CLIENT MARKET BY CLIENT TYPE (2025)



Source: The Investment Association

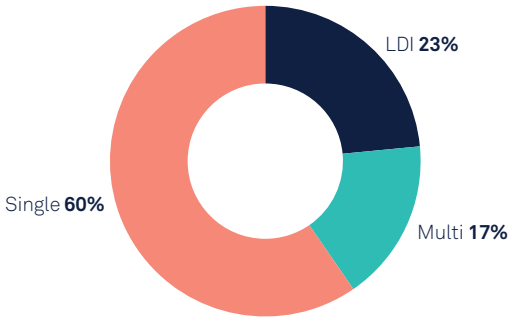
[33] Record number of buy-ins in 2025, with the busiest H2 ever as competition intensifies, LCP, March 2026.

MANDATE BREAKDOWN

Chart 22 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 2025, single-asset mandates rose to 60% of third-party mandates from 57% in 2024.
- Multi-asset, or 'balanced' mandates, which cover several asset classes and regions. Balanced mandates also grew, accounting for 17% of assets managed for third-party clients at the end of 2025, up from 16% in 2024.
- 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 three percentage points in 2025 to 23% of total mandates, continuing the contraction we have reported in each of the last four years. We cover LDI assets in more detail in the next section.

CHART 22: UK THIRD-PARTY INSTITUTIONAL MANDATES INCLUDING LDI (2025)



Source: The Investment Association

LIABILITY DRIVEN INVESTMENT STRATEGIES

LDI strategies remain an important tool for defined benefit (DB) pension schemes seeking to manage interest rate and inflation risk, but the past four years have unwound much of the previous decade's growth. Chart 23 shows the notional value of liabilities hedged rose in almost every year from £740 billion in 2015 to a peak of £1.5 trillion in 2021, reflecting the widespread adoption of leveraged liability hedging during a prolonged period of low interest rates. It has since fallen for three consecutive years to £880 billion and in 2025 it is broadly unchanged on the previous year. This helps to explain the decline in LDI's share of total third-party mandates, which once accounted for almost 40% of third party institutional AUM, down to the 23% reported in the previous section. Several factors explain the contraction since 2022, as well as why the decline appears to have stabilised:

- **The September 2022 gilt market disruption triggered the initial adjustment.** As gilt yields rose sharply in the days following the mini-budget, LDI portfolios faced significant collateral calls that some schemes and pooled funds were unable to meet, leading to forced gilt sales that further amplified market stress. The Bank of England ultimately intervened to restore orderly market functioning. In the aftermath, regulators and industry participants focused on strengthening the resilience of LDI arrangements, with schemes generally operating with larger collateral buffers and lower levels of leverage than before 2022.
- **Rising interest rates then reduced demand for liability hedging through 2023 and 2024.** The Bank of England's base rate rose from 0.1% in December 2021 to 5.25% by August 2023 as part of a broader tightening cycle, while gilt yields increased significantly. Higher discount rates reduced the present value of pension liabilities, meaning that schemes could maintain similar levels of liability hedging with lower notional exposure.
- **Long dated gilt yields spiked in 2025.** Thirty-year gilt yields rose to around 5.7% in September, their highest level since 2000, before easing later in the year. With funding levels already strong, some schemes may have used that window to buy additional interest-rate protection at attractive levels and to lock in their improved funding position, helping to offset, though not reverse, the three-year decline in aggregate notional hedging across the market.

CHART 23: NOTIONAL VALUE OF LDI (2015–2025)

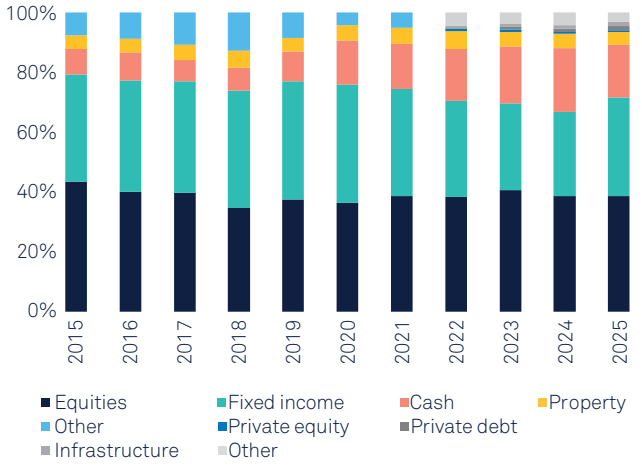
Source: The Investment Association

ASSET ALLOCATION TRENDS WITHIN SPECIALIST MANDATES

Chart 24 shows the breakdown of specialist (single-strategy) mandates by asset class over the past decade. From 2022, the dataset also breaks out private equity, private debt and infrastructure separately, these asset classes previously sat within 'Other'. Asset allocation trends in the UK institutional market have remained broadly stable – this runs counter to the trends in asset allocation in the wider market, where we have seen an increase in the share of overseas equities relative to the UK and higher allocations to overseas bonds. However, there have been some shifts in 2025 to highlight:

- **Equity mandates held steady at 39% of AUM in 2025, unchanged from 2024 and down slightly from 41% in 2023.** This is despite a strong year of equity market returns: European equities returned 28% in sterling terms, UK equities 24%, and even the weakest major region, the US, returned 9%.
- **Fixed income rose to 33% of AUM in 2025, up 5 percentage points from a low of 28% in 2024**, reversing five years of decline from a high of 40% in 2019. UK gilts returned 5% in 2025, recovering from a 4% loss in 2024, as falling inflation and Bank of England rate cuts supported rising prices; with real yields now positive, bonds are also offering income levels not seen in over a decade, alongside continued DB scheme de-risking into gilts. Global bond returns were far more muted, with the Bloomberg Global Aggregate returning around 1% in sterling terms.
- **Cash fell to 18% of AUM in 2025, down 3 percentage points from a series-high of 21% in 2024.** This represents cash's first decline in nearly 10 years - the share of cash has climbed almost every year since 2017, when it stood at 7.2%. Given equities' flat share of AUM, there seems to be a reallocation from cash into fixed income.
- **Property continued its gradual decline to 4% of AUM in 2025** from 5% in 2024. This share takes the level back to its 2015 starting level after peaking around 6% in 2018 and 2022, reflecting the ongoing valuation reset under higher rates.
- **Within private markets, aggregate allocation rose from 2.9% to 3.2%.** Private debt saw the highest growth reaching 1.4% of AUM in 2025 (up from 1.1% in 2024) and has overtaken infrastructure, which remained unchanged at 1.3% of third party institutional AUM. Private equity was broadly flat at 0.5%.

CHART 24: SPECIALIST MANDATE BREAKDOWN BY ASSET CLASS (2015-2025)



Source: The Investment Association

ASSET ALLOCATION IN THE PENSIONS MARKET

This section looks in more detail at the asset allocation pattern across the Defined Benefit pensions sector as a whole and then separately at asset allocation by Local Government Pension Schemes. It also compares this with Defined Contribution assets. It draws on external data sources for DB and DC schemes and looks at IA data to compare the LGPS with corporate pension funds.

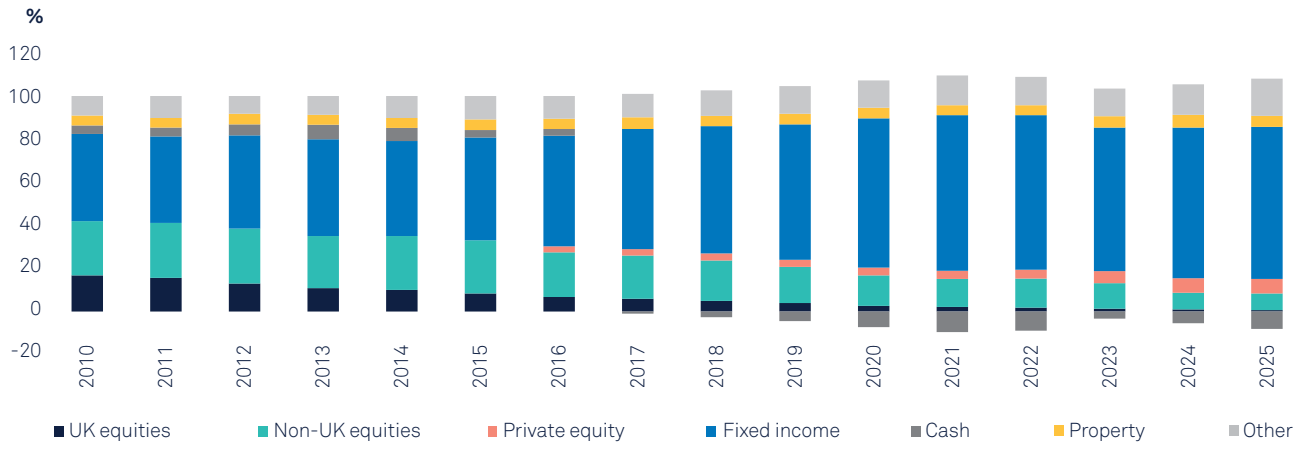
Although DC workplace pension assets are growing, DB schemes still make up the majority of UK workplace pension assets by volume of assets. The UK defined benefit pension landscape continues to contract, with the newly published Purple Book 2025[34] reporting 4,840 schemes eligible for the Pension Protection Fund (PPF), down from 4,974 the year before. Membership stands at 8.6 million people, of which the PPF puts active accrual at around 0.7 million with more than 4 million people already receiving an income from their DB schemes. By comparison, The Pensions Regulator's most recent DC census[35] counts 10.5 million active DC members, so fifteen active DC savers for every active DB one. Given the rising maturity of DB schemes and the falling number of schemes each year, asset allocation trends continue to diverge sharply from DC.

Chart 25 shows the asset allocation trends for DB schemes from 2010 to 2025. We make the following observations:

- **Bond dominance has held broadly steady though the pace of change has slowed.** DB schemes hold around 71% of assets in fixed income in 2025, close to the 70% held in 2024. This level has fairly stabilised following several years of strong annual increases between 2015 and 2020. Within that, index-linked gilts rose from 34% of DB bond holdings in 2008 to a peak of 48% in 2022, tracking the low-rate, inflation-hedging build-out of the LDI era. Index linked gilts have since settled in a 43–46% band for the last three years. Private debt, tracked as its own category only since 2023, has already reached 7% of bond holdings.

- **Equity allocations have stabilised, remaining far lower as a percentage of DB assets than bonds. Within equities, there is a tilt towards private equity.** Total equity holdings were 15.1% of assets in 2025, close to the 15.5% held in 2024. The share of equities has stabilised following a marked slowdown in 2023 when the share of equities fell three points. UK equities, however, continued to fall to 0.7% of total DB assets from a peak of 37% in 2004. Private

CHART 25: UK DEFINED-BENEFIT FUND ASSET ALLOCATION (2010–2025)



Source: Pension Protection Fund – The Purple Book 2025

[34] The Purple Book 2025: DB Pensions Universe Risk Profile, Pension Protection Fund, December 2025.
[35] Occupational Defined Contribution Landscape in the UK 2025, The Pensions Regulator, March 2026.

equity now makes up 45% of DB scheme equity assets, marginally up from 44% in 2024. In 2023, private equity assets share of equity allocation jumped 13.6 points, from 30% to 43.6%.

- **The share of private equity and private debt combined accounts for around 12% of DB scheme assets in 2025**, slightly higher than the 11% reported last year. This still tilts toward private equity.

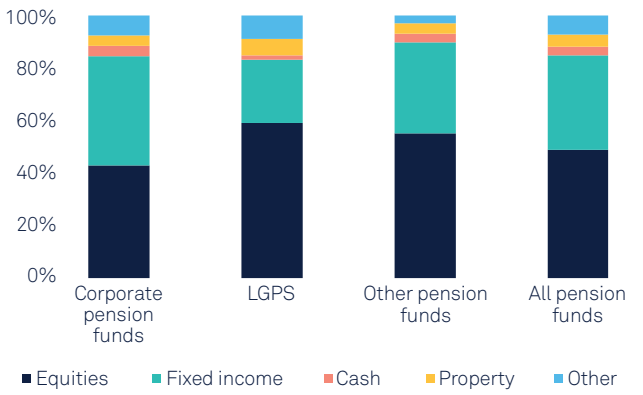
As discussed earlier in the chapter, the LGPS remains a segment of the DB pensions market that is growing both in terms of membership and assets because schemes remain open to new members, whereas most corporate DB schemes are closed to new joiners. As a result, the asset allocation profile of LGPS assets differs substantially from the rest of the DB market. Through our own survey, we can compare the asset allocation of the LGPS with 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).

- Asset allocation patterns across the pensions universe remain vastly different, for reasons that go beyond whether a scheme is DB or DC. Membership profile, whether a scheme is open or closed, and liability maturity matter more than scheme type alone.

- LGPS funds are open to new members with a comparatively young membership profile so LGPS portfolios are far more growth-focused than the wider DB universe profiled in Chart 25. The allocation by LGPS to equities is 59% of assets against 24% held in fixed income. Corporate pension funds, which are a blend of DB and DC schemes in this data, show a more balanced mix of 43% equities and 41% fixed income. It is likely that the DC schemes are boosting the equity allocations of corporate pension funds in IA data.

- Private market allocations are broadly similar across the two segments, at around 5% for LGPS and 4% for corporate pension funds. The Local Government Pension Schemes have consolidated to six pools and as part of their mandate, they have a focus on local investment opportunities as the UK government looks to see how the LGPS can allocate more to UK investment opportunities. The Pension Schemes Bill's provisions on LGPS pooling, alongside the wider Mansion House push for pension capital to back UK growth assets, mean that we are likely to see the percentage allocated to private assets across both LGPS and DC schemes increase.

CHART 26: SPECIALIST MANDATE BREAKDOWN BY ASSET CLASS AMONG UK PENSION FUNDS (2025)



Source: The Investment Association

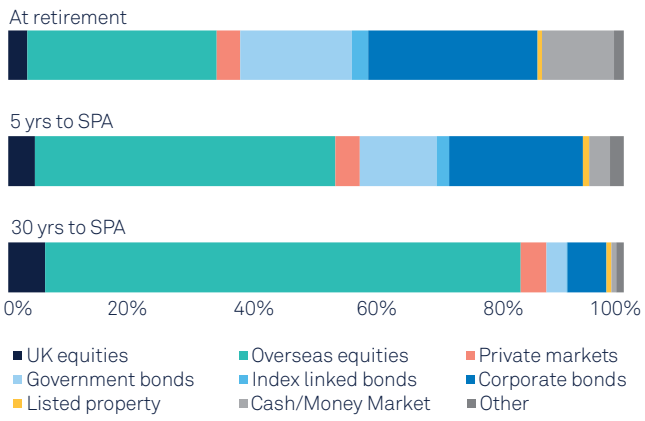
Whilst DB scheme assets make up the majority of pension fund assets, DC pension schemes continue to grow as more DB schemes close to new joiners and UK adults are automatically enrolled into DC pensions. Chart 27 compares DC savers 30 years from retirement, 5 years from retirement, and at retirement, based on the average default fund strategy across master trusts and group personal pensions in 2025. Allocations to equities have increased across the glidepath.

- **30 years to retirement:** growth remains the overriding objective for pension savers three decades from retirement, with 83% of assets in equities, of which 77% are invested in overseas equities and 6% are in UK equities. Private market allocation stands at 4% of assets. With 17 DC pension providers becoming signatories to the Mansion House Accord, committing to allocate at least 10% of pension default funds to private assets by 2030, this share will continue to increase.

- **5 years to retirement:** equities are 53% of assets, continuing the gradual de-risking of asset allocations as pension funds limit the impact of equity market return volatility on the value of assets close to retirement. Overseas equities account for 49% of the total. Fixed income is now over a third of assets at 36%, with corporate bonds the largest single bond category at 22%. Cash allocations start to rise but still remain low at 3%. The 4% allocation to private markets is maintained.

- **At retirement:** the proportion of assets invested in equities reduced further at retirement and now makes up 34% of assets. UK equities remain a small proportion of portfolios at 3% but this is still higher than the 0.7% allocation to the UK by DB pension funds. Overseas equities are 31%. The allocation of 48% to fixed income is split between a rising allocation to government bonds of 18% and corporate bonds at 28% which remains the largest single bond category at retirement. Cash allocations are 12% at retirement. Again, the private market allocation is maintained at 4%, even at retirement.

CHART 27: UK DC DEFAULT FUND ASSET ALLOCATION, 30 YEARS, 5 YEARS AND AT RETIREMENT (2025)



Source: Corporate Adviser, Master Trust and GPP Defaults report

ACTIVE VS. INDEXING

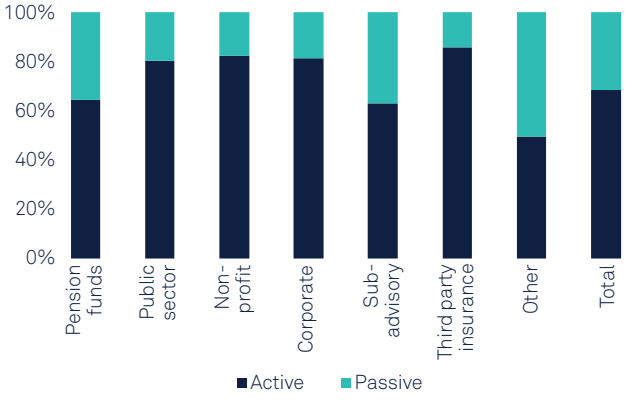
Index tracking made up around 27% of third-party institutional assets in 2025, continuing to edge up from the 24–25% range of the past two years. UK institutions remain considerably more active-leaning than the market as a whole – retail and overseas investors included – where index-tracking strategies account for 36% of assets under management.

Chart 28 provides a breakdown of the allocation to index-tracking strategies by client type in 2025.

- Sub-advisory and pension fund mandates have the highest allocations to index tracking of any client type, at 37% and 34% respectively — well ahead of every other institutional client type covered here. Sub-advisory's high tracker use is consistent with the wider wealth management market. According to Morningstar[36], 56% of UK managed portfolios were in passive and blended portfolios, up from 39% in 2022. For pension funds, the higher use of tracking continues to be driven by DC charge caps, which push cost-constrained default funds towards low-cost index-tracking options.

- Third-party insurance is the most active-leaning client type, with only 14% of assets in index-trackers, reflecting insurers' focus on bespoke, cashflow-matching credit strategies that tend to be more active. Non-profit and public sector clients also remain comparatively active (18% and 20% in trackers respectively), running more bespoke portfolios shaped by mission- or policy-specific constraints. Corporate clients sit close behind, at 19% in trackers.

CHART 28: ACTIVE AND INDEX THIRD-PARTY MANDATES BY CLIENT TYPE (SAMPLE-ADJUSTED) (2025)



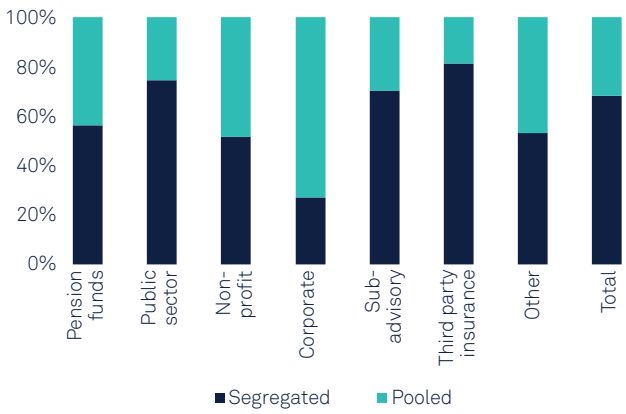
Source: The Investment Association

SEGREGATED VS. POOLED

Segregated mandates still dominate how UK institutional assets are managed, with pooled vehicles remaining the smaller share of assets. Their share fell to 32% in 2025, down from 42% in 2024, driven largely by a reclassification of assets by some members. Chart 29 provides a breakdown of the allocation to segregated mandates and pooled vehicles by client type in 2025:

- Pension funds' use of pooled vehicles sits at 44% in 2025, keeping the segment fairly close to parity between segregated and pooled. This continues to reflect falling DB assets and LDI arrangements, and growing use of "fund-of-one" structures (bespoke portfolios wrapped in authorised funds, counted here as pooled) that deliver customisation, simpler administration and regulatory protections.
- Insurers remain the most segregated-heavy client type, at 81% in 2025, consistent with the liability-aware, cashflow-matching strategies that favour bespoke portfolios.
- Corporate clients' assets, while still largely pooled, shifted towards segregated mandates this year, standing at 27% in 2025. For many years, corporate assets sat mostly in pooled liquidity vehicles — cash and cash-like funds. As the corporate client segment has grown this year, the underlying asset mix has moved towards holding more fixed income managed on a segregated basis.

CHART 29: SEGREGATED AND POOLED MANDATES AMONG THIRD-PARTY PENSION FUNDS (2025)



Source: The Investment Association

[36] UK Managed Portfolio Landscape 2025, Morningstar, February 2026.

5 UK RETAIL MARKET

KEY FINDINGS

MARKET OVERVIEW

- In 2025, UK investor funds under management (FUM) grew 8.9% to reach a record high of £1.62 trillion. FUM has fully recovered to surpass its previous peak of £1.59 trillion in 2021.
- UK assets under management increased 11% to a record £11.1 trillion in 2025. European net assets – which includes UCITs and AIFs – stood at €25.2 trillion at the end of 2025, an increase of almost 8% year-on-year.[37]

ASSET ALLOCATION

- Equity FUM has remained relatively stable, increasing slightly from 55% in 2024 to 56% in 2025.
- The headline figure masks a persistent long-term shift towards overseas equities, which has been increasing on an annual basis since 2018. In 2025, overseas equity accounted for 46.2% of retail FUM.
- UK equity allocations made up just 10% of FUM in 2025, consistent year-on-year. This has declined over time from 25% since 2010.
- Fixed income allocations dropped to 15% in 2025 from 17% in 2024. However, over the long run, allocations to fixed income remain relatively stable.

KEY DRIVERS OF INVESTOR BEHAVIOUR IN 2025

- **Rapid advancements in AI drove market returns in the US, but investors remained cautious about the extent of the rally and the possibility of an equity market correction.** We saw outflows from Global and North American funds in the second half of the year, with global equities in particular taking a hit with total annual outflows of -£4.8 billion.
- **Despite headline equity outflows, equity tracker funds remained a popular, low-cost way for investors to gain exposure to US growth.** Tracker funds saw total inflows of £12.8 billion in 2025, with a substantial £12.1 billion flowing into equity trackers. Equity tracker inflows were concentrated in Global and North American equity sectors despite broader outflows from the regions.
- **Europe benefitted from moves by investors to diversify away from the US, and European equities outperformed US stocks through 2025.** The MSCI Europe saw a total return of 27%, compared with 10% for MSCI USA. European equities took the top spot for equity inflows across 2025 (£760 million).
- **Uncertainty over tax policy in the lead up to the UK Autumn Budget impacted investor sentiment towards year end.** Speculation about cuts to the Cash ISA limit and changes to pension policy drove heavy net retail outflows in Q3 (-£2.7 billion). In December, investors made a cautious return to equity markets through tracker funds, and the final month of the year saw an inflow of £1.9 billion.
- **A volatile market trajectory led to a record year for money market funds,** with £6.9 billion inflows over the 12-month period. The asset class benefitted from market and geopolitical uncertainty including Trump's 'Liberation Day' tariffs and the rapid expansion of AI, leading to fluctuating investor confidence and episodic inflows. The largest inflow to MMFs was recorded in Q2 (£2.6 billion), as investors navigated volatile trade tariff announcements from the US administration.

[37] Fact Book 2026: Trends in European Investment Funds, EFAMA, June 2026.

- **Major central bank interest rates continued their steady decline in 2025,** with the Bank of England rate dropping 100 basis points and the Federal Reserve dropping 75 basis points. Fixed income benefitted from the lower rate environment, as falling yields supported capital returns – after net retail outflows in the first half, the asset class posted inflows of £2.7 billion in the final two quarters.

INDEX TRACKERS & ACTIVE FUNDS

- Tracker funds under management reached a record high for the second year in a row at £408.3 billion. At the end of 2025, tracker funds made up 25% of industry FUM (excluding ETFs).
- Active FUM increased year-on-year for the first time since 2010 – albeit by just 0.5% to £1.21 trillion.
- After a record year for inflows to tracker funds in 2024 (£27.6 billion), fund sales slowed but remained substantial at £12.8 billion in 2025. Equity trackers in particular showed strong performance with £12.1 billion inflows over the year.
- Throughout 2025, net retail outflows from active funds were -£14.6 billion. However, outflows have declined compared to the -£29.9 billion and -£38.1 billion recorded in 2024 and 2023 respectively. Money market funds – classed as active in IA data – had a record year for inflows in 2025.

RESPONSIBLE INVESTMENTS

- Responsible investment funds ended 2025 with an FUM of £106.2 billion, making up 6.5% of total industry FUM. The share of assets in responsible investment funds has dropped from a peak of 7.2% of the industry at the end of 2023, to 6.5% as of the end of 2025.
- Responsible investment funds have remained in consistent outflow since Q1 2023, accelerating to £5.9 billion in 2025 from £4.8 billion in 2024.
- From April 2025 the IA has been reporting on FUM and net retail flows for funds labelled under the Sustainability Disclosure Requirements (SDR). SDR labelled funds posted net retail outflows of £3.6 billion from April 2025 to year end and ended the year with a total FUM of £40.0 billion – 2.5% of total industry assets.

THE UK IN THE CONTEXT OF THE EUROPEAN FUNDS MARKET

- UK domiciled FUM grew to £1.43 trillion by the end of 2025, up 8.7% on the £1.32 trillion at the end of 2024. The proportion of assets belonging to overseas investors remained constant at 5.7% year on year.
- UK investor FUM in overseas domiciled funds reached £272.5 billion at the end of 2025, up from £247.5 billion in 2024.
- Funds domiciled in Luxembourg increased to €6.1 trillion in 2025, up from €5.8 trillion in 2024.
- Ireland recorded a 10% increase in assets over 2025 to reach €5.5 trillion. Whilst this is more modest than the 22% growth in 2024, it reflects the continued use of Ireland as a domicile for ETFs. Ireland accounts for over 70% of European ETF assets.

ABOUT CHAPTER 5

Chapter 5 explores the UK funds market through the lens of retail investment channels. The majority of data in this chapter differs from the rest of the report in that it represents UK retail investor funds under management in UK authorised and recognised funds that are domiciled both in the UK and overseas.[38] Where possible, the charts in this section also cover a slightly longer time period of 15 years of historic data – this is to enable us to comment on how market cycles have evolved over time.

To help us to provide more detailed analysis and valuable insights on trends within the retail market we have streamlined the charts included this year. Our spotlight feature for this year looks at trends in UK fund launches over the last ten years, considering what this tells us about the evolution of the UK as a fund domicile.

Our introductory analysis also aims to provide context on how the retail industry has evolved over time. In particular, we have focused on how the advent of a new market cycle in 2022 has been shaped by geopolitics, central banks and investor behaviour.

All charts and datasets included in previous editions of the Investment Management Survey are available to IA members via our new, AI-powered intelligent platform 'IMS Dashboard'. The platform uses 20 years of IMS data to create interactive dashboards and share concise and intelligent insights on industry trends.

INTRODUCTION

The data in this chapter analyses long-term trends in asset allocation amongst UK retail investors. By taking this extended view, we can assess how successive market cycles, alongside major geopolitical and macroeconomic developments, have influenced investor decision-making since the 2008 Global Financial Crisis.

Chapter 5 is divided into three key sections:

1. **Market cycles and investor demand:** a big picture view of how the UK retail fund market has evolved through successive market cycles, looking at funds under management (FUM), retail flows, the long-term shift towards index tracking strategies and trends within fund of funds.

2. **Asset allocation and investment preferences:** this section looks beneath the bonnet of the headline flow data to explore how allocation patterns have changed across asset classes, regions and amidst evolving appetite for responsible investment funds.

3. **The UK as a fund domicile:** the final section considers the structural evolution of the UK fund market, including trends in UK-domiciled fund launches and the UK's position as a fund domicile in a European and international context.

[38] Where relevant, we have clearly cited all other data sources. 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.

Several key themes emerge consistently in each section.

Firstly, **investor demand is highly sensitive to the monetary policy cycle**, with interest rate decisions shaping both market performance and the relative attractiveness of cash saving compared to investing.

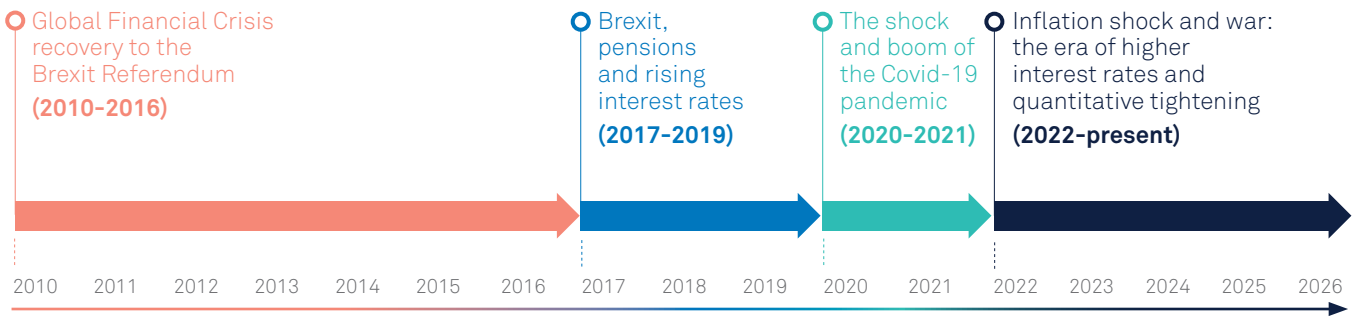
Secondly, **the search for diversification and lower-cost entry points into investing has influenced allocation patterns**. UK investors continue to diversify globally, reflected in the long-term shift towards overseas equities and a weakened appetite for UK funds. We have also seen demand for index-tracking funds increase as regulatory measures have increased fee scrutiny and investors have sought to capitalise on the US-led equity market returns of recent years.

Finally, **fiscal policy and geopolitical uncertainty are playing an increasing role in shaping investor behaviour**. In recent years we have seen heightened sensitivity to policy speculation ahead of the UK Autumn Budget and the influence of significant global trade tensions, contributing to more volatile near-term flow patterns.

The themes identified above have emerged as investors have navigated different market environments. Understanding these environments provides important context for the data explored throughout this chapter:

- **Global Financial Crisis recovery to the Brexit Referendum (2010-2016):**
  - In the wake of the 2008 Global Financial Crisis (GFC), central banks stimulated economic growth through ultra-low interest rates and quantitative easing (QE) – a monetary policy mechanism to inject new money into the economy to buy assets such as government bonds, increasing liquidity in financial markets.
  - This supported strong equity market growth, and bond yields and cash returns fell to historically low levels.
  - In 2013, the US-led 'taper tantrum' highlighted the sensitivity of markets to central bank communications. Treasury yields spiked on suggestions that the Federal Reserve might slow the pace of QE, leading to a short-term increase in volatility in both equity and fixed income markets.
  - Britain's decision to leave the EU in 2016 created near-term economic uncertainty for the UK and kicked off the ongoing period of outflows from UK equities.
- **Brexit, pensions and rising interest rates (2017-2019)**
  - The impact of Brexit and the first sustained cycle of Federal Reserve interest rate rises since the GFC, which gathered pace from 2017, led to a more challenging period for markets.
  - However, 2017 was a record year for net retail sales in IA data as regulatory developments in the UK pensions market gave a boost to flows. These regulatory changes are explored in more detail below (see page 75).
  - Market volatility returned in early 2018 following concerns that stronger inflation and wage growth in the US could lead to a faster pace of interest rate rises. This led to a brief market correction in early 2018.
  - Markets faced further pressure towards the end of 2018 as investors became increasingly concerned about slowing global economic growth and tighter monetary policy.

FIGURE 10: TIMELINE OF MAJOR MARKET INFLUENCES (2010-2026)



- This period also saw rapid growth in investing via lower-cost index funds, driven in part by regulatory changes which increased fee sensitivity amongst investors and advisers (see page 76).

- **The shock and boom of the Covid-19 pandemic (2020-2021)**
  - In early 2020, the Covid-19 pandemic caused a sharp, global economic contraction.
  - Central bank intervention led to emergency interest rate cuts: in March 2020, the Bank of England cut the base rate to 0.1% to encourage spending and investment by businesses and households. Many retail investors entered markets for the first time, deploying excess savings accumulated during lockdown.
  - However, the shock was short-lived. At the end of 2020, market performance was boosted by the success of Covid-19 vaccine trials, which caused valuations to rise by providing a route to permanently re-opening economies.
  - In 2021, the industry posted strong net retail sales of almost £44 billion as rising markets coupled with excess lockdown savings to encourage more people to invest.

- **Inflation shock and war: the era of higher interest rates and quantitative tightening (2022-present)**
  - In 2022, inflation rose sharply and rapidly in developed economies, peaking at 11.1% in the UK in October 2022. It was exacerbated by the Russia-Ukraine war and the bounce back supply chain crunch in the wake of the pandemic.
  - Cost-of-living pressures reduced households' savings capacity and retail investors who had entered the market during the pandemic experienced their first significant downturn.
  - The Bank of England embarked on its fastest rate-hiking cycle since the Global Financial Crisis.
  - Central banks entered a period of quantitative tightening (QT) – reducing the amount of money in the financial system by selling assets or letting them mature, helping to curb inflation. For markets, this results in less liquidity, higher borrowing costs and a more challenging environment for asset prices.
  - The UK 'mini budget' in the last quarter of 2022 triggered a sharp spike in gilt yields as unfunded borrowing plans caused investors to reassess the UK's fiscal outlook. Rising yields led to collateral calls on liability-driven investing (LDI) pension funds, forcing asset sales and creating a liquidity crisis in the gilt market.
  - In 2023 the UK saw weak economic growth of just 0.3%, and the Bank of England raised the base rate five times as inflation remained sticky.
  - Higher interest rates– peaking at 5.25% in the UK in September 2023 – supported significant subscriptions of £69.5 billion into Cash ISAs over the 2023-2024 tax year.[39]
  - Since the start of 2024 we have entered a hesitant cycle of easing interest rates and a period of global equity recovery.

Over 2025, interest rates continued to fall, ending the year at 3.75%. However, this remains high enough to still make cash saving a relatively attractive option. In addition, investors were contending with an unsettled global trade environment and the impact on markets of rapid advancements in artificial intelligence. Annual net retail outflows were modest at -£1.9 billion in 2025, the smallest annual outflow since 2021.

In both 2024 and 2025 our data also highlights the notable impact of fiscal policy speculation in the run up to the UK Autumn Budget. Uncertainty over future tax policy, such as potential changes to the tax-free pension lump sum, led some investors to withdraw from funds. In 2024, outflows of almost -£4.0 billion were recorded in the third and fourth quarters; over the same period in 2025 outflows reached -£4.7 billion.

By analysing both recent developments and longer-term industry patterns, Chapter 5 sets out to provide clearer understanding of how investor behaviour is evolving and consider what this means for the future growth and resilience of the UK funds market.

[39] Annual Savings Statistics: September 2025, HM Revenue & Customs, September 2025.

SECTION ONE:
MARKET CYCLES AND INVESTOR DEMAND

The first part of this chapter considers how the UK retail funds market has evolved through successive market cycles, from recovery following the Global Financial Crisis through to the inflation and interest rate shock of 2022 and the fiscal and geopolitical events of 2025.

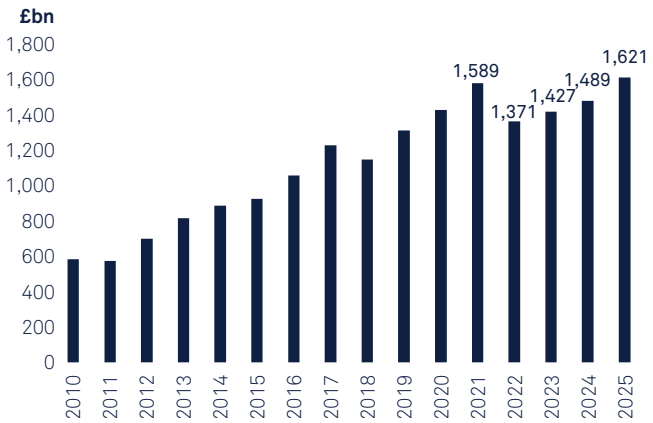
It examines the key drivers of investor demand over time, including market performance and monetary policy, and considers how these forces have influenced funds under management and retail fund sales. We also look at the growing role of index-tracking strategies and how changing investor and adviser preferences are reshaping patterns of demand.

FUNDS UNDER MANAGEMENT

In 2025, UK investor funds under management (FUM) grew to reach a new high of £1.62 trillion, up from £1.49 trillion at the end of 2024.[40]

This is substantial growth of 8.9% year-on-year, more than double the 4.3% growth recorded in 2024, and higher than the 7.4% average annual growth seen since 2010.

CHART 30: TOTAL INDUSTRY FUNDS UNDER MANAGEMENT (2010-2025)



Source: The Investment Association

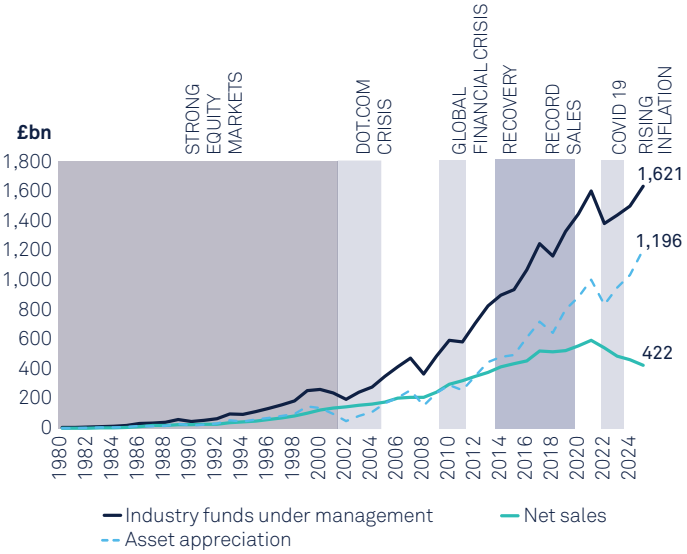
It is also in line with the growth in European assets managed through both UCITs and AIF fund structures, which stood at €25.2 trillion at the end of 2025, representing an increase of almost 8% year-on-year.[41]

However, UK AUM grew 11% to £11.1 trillion in 2025 – a second consecutive year of double-digit growth, outpacing the growth of funds.

DRIVERS OF INDUSTRY GROWTH

Chart 31 examines the growth of the UK fund market since 1980 and highlights the impact of external headwinds including the Global Financial Crisis and Covid-19 pandemic on funds under management, net sales and asset appreciation. Net sales in this chart include sales from both retail and institutional investors, because IA FUM data captures assets managed on behalf of both retail and institutional investors.

CHART 31: DRIVERS OF INDUSTRY GROWTH (1980-2025)



Source: The Investment Association

Historically, FUM growth was supported by both asset appreciation and sales, which indicates that as the value of assets rose, investor demand continued to increase. However, since the early 2010s, growth in FUM has been largely driven by the appreciation of assets,

[40] Investment Association Funds Under Management data includes both retail and institutional assets.
[41] Fact Book 2026: Trends in European Investment Funds, EFAMA, June 2026.

which denotes the returns delivered by investment management. The impact of sales on FUM growth started to decline in comparison.

Considering the near-term data, as markets began to rebound from a challenging year in 2022, equity returns have exceeded investor demand. Investors may have been slower to return to funds due to strong returns on cash following a rate-hiking cycle from the Bank of England which peaked at 5.25% in August 2023.

In 2025, asset appreciation grew by 11.4% whilst net sales dropped by 2.5%. It was a strong year for equities globally, with the MSCI World rising around 21% and the S&P 500 delivering double-digit gains, predominantly due to the growth of AI-focused technology stocks. In contrast, sales may have been influenced by external geopolitical headwinds including trade tariff policy and political instability in the UK in the run-up to the 2025 Autumn Budget. The data suggest that investor demand has not recovered at the same rate as asset appreciation.

There could be several reasons behind this:

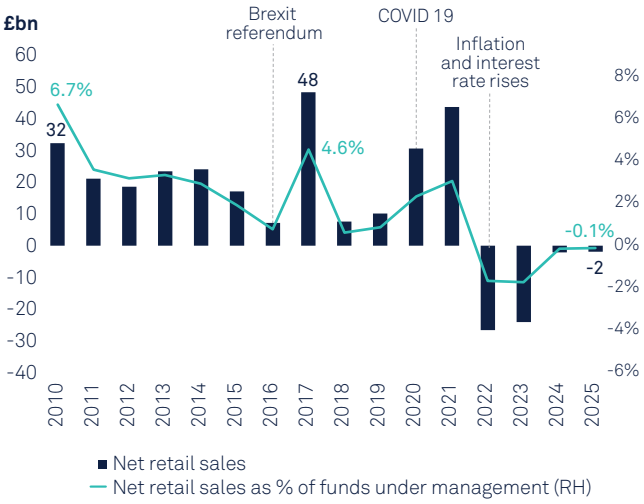
- The growing use of ETFs, which are not captured in either the sales or FUM data in this chart. Broadly, this could mean that the picture for institutional and retail demand is more positive than this chart suggests.
- Some institutional investors and wealth managers (classed as retail in IA data) may have moved away from funds to segregated mandate agreements with investment managers. These assets and flows would not be captured here.
- For retail investors, even as performance recovered through 2024 and 2025, the impact of the Budget and changes to tax incentives has driven outflows irrespective of market performance.

If FUM growth is not being supported by rising investor demand but is more dependent on market performance, the industry is more vulnerable to a market correction – as we saw in 2022. Looking ahead, redressing the balance between the contribution of UK investor sales and asset appreciation would be a marker of continued recovery.

RETAIL FLOWS IN CONTEXT

The investment management industry today is substantially larger than it was fifteen years ago. In 2010 FUM sat at just £558 billion, compared to £1.62 trillion in 2025. Chart 32 looks at total net retail sales on an annual basis from 2010 to 2025 and shows how net flows have evolved as a percentage of FUM over the same period.

CHART 32: TOTAL NET RETAIL SALES AND NET RETAIL SALES AS A PERCENTAGE OF FUM (2010-2025)



Source: The Investment Association

By looking at net retail sales as a percentage of the size of the market, it allows us to more effectively compare the scale of the rebound following the Global Financial Crisis, when funds under management were lower, with the record inflow in absolute terms in 2017, when the market had grown significantly:

- In 2010, annual net retail sales were **£32.2 billion**, compared to a **record annual inflow of £48.7 billion** in 2017.
- However, sales as a percentage of FUM reached almost **7%** in 2010 compared to **4.6%** in 2017.
- This shows that sales – and therefore the scale of recovery - were more significant in the context of the size of the market in 2010.

Considering the external backdrop to the 15 years shown in the chart, we can identify three recurring themes as the primary drivers of retail fund sales: **central bank interest rates, market performance**, and **fiscal policy**.

When central banks, notably the US Federal Reserve and Bank of England, cut interest rates, it tends to support stronger market performance for growth stocks and reduces the relative attractiveness of cash. However, the effect tends to be short-lived as investors adjust to the new rate environment.

Market performance is therefore an important secondary driver. Strong periods of equity return generally support sales whilst market downturns weigh on demand.

Geopolitical and fiscal developments also play a significant role. Brexit undoubtedly contributed to weaker sales in 2016, although the impact was largely UK-specific. In the last two years we have also seen the influence of speculation about fiscal policy in the run up to the Autumn Budget leading to more substantial outflows towards year-end.

The data in Chart 32 shows how these themes have played out over time. Following the Global Financial Crisis, the Bank of England successively cut the base rate from 5.75% in 2007 to 0.5% in March 2009, making cash saving far less attractive and attracting significant inflows into funds through 2010. Between 2010 and 2015, net retail sales averaged £22.7 billion per year.

Sales dropped to just £7.1 billion in 2016 as the Brexit Referendum created uncertainty around the UK's economic outlook, trade relationships and future regulatory framework.

However, net retail sales then reached a record £48.7 billion in 2017. Strong equity performance was further bolstered by two developments in the UK pensions landscape: the introduction of pension freedoms, which allowed retirees to implement more flexible pension investment solutions; and a peak in UK defined benefit pension transfers, creating a temporary surge in assets moving into retail investment products before subsequent regulatory intervention.

Sales weakened to £7.5 billion in 2018 as investors reacted to market volatility, slowing global growth and expectations of higher interest rates. Both the Bank of England and the Federal Reserve increased central bank interest rates.

Following the initial Covid-19 market shock, 2020 ended with annual net retail sales of £30.9 billion. In 2021, annual inflows further rebounded to £43.6 billion. Central banks lowered interest rates to stimulate economic recovery and retail investors deployed excess savings accumulated during lockdown.

2022 saw the first annual outflow on record in IA data (-£26.8 billion). As global supply chains struggled to cope with the pent-up pandemic demand, Russia's invasion of Ukraine shocked global energy supply chains, resulting in rapidly rising inflation and interest rates. Equities and bonds suffered simultaneous losses in an uncoupling of typical behaviour – usually we would expect bonds to support portfolios when equities fall.

Outflows remained elevated in 2023 (-£24.2 billion) amidst the cost-of-living crisis and rising cash savings rates, with the Bank of England base rate peaking at 5.25%. Conditions improved in 2024 as inflation eased and equity markets recovered, particularly in the US, reducing outflows to £2.2 billion for the year.

In the last two years our net retail sales data has also highlighted the impact of fiscal policy speculation in the lead up to the Autumn Budget, which led some investors to withdraw from funds. Increased outflows were recorded in the final quarters of both 2024 and 2025, which dampened overall annual sales.

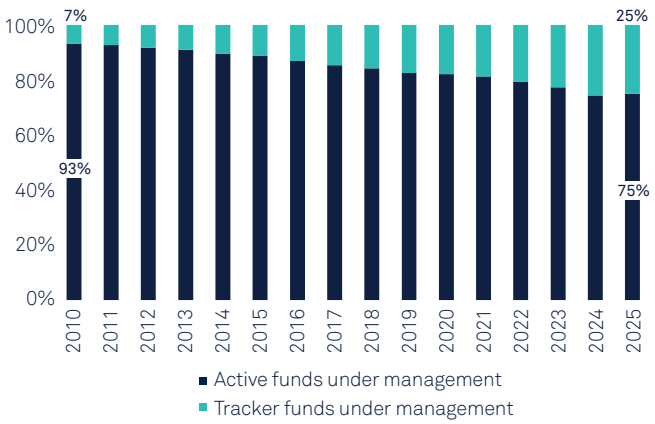
In addition, despite UK central bank rates falling to 3.75% by the end of 2025, cash savings still offered relatively attractive rates, highlighting the ongoing challenge of encouraging long-term investing over cash saving. This underscores the importance of educating UK adults about the long-term implications of saving into cash rather than investing on meeting their financial goals.

TRENDS IN ACTIVE AND TRACKER FUNDS

The next set of data look at the growth of tracker funds over time and the implications for active management in the UK funds market. We also examine the drivers behind the rise in inflows to index trackers from both a regulatory and market perspective.

Chart 33 highlights the clear shift in the composition of FUM in the UK fund market towards tracker funds over time. In 2010 active funds accounted for 93% of FUM compared with 75% in 2025.

CHART 33: ACTIVE FUNDS AND TRACKER FUNDS AS A PROPORTION OF TOTAL FUNDS UNDER MANAGEMENT (2010-2025)



Source: The Investment Association

The rise in popularity of tracker funds over time reflects both growing fee sensitivity amongst UK investors and financial advisers as well as response to a prolonged period of strong equity market performance. For example, in the US in the wake of the Global Financial Crisis, following the returns of an index such as the S&P 500 has delivered reliable, benchmark level returns at significantly lower cost.

The pace of change has been influenced by the implementation of the Retail Distribution Review (RDR) in the UK at the end of 2012. Amongst other important regulatory measures, RDR reshaped the UK's financial advice landscape – which currently manages £967 billion of retail investment assets – by prohibiting financial advisers from receiving commission from fund providers and requiring that advice is paid for as an explicit charge between adviser and client.[42]

Removing the influence of commission meant that financial advisers focused more on the cost, performance and the investment risk of the fund.

In the wake of RDR, the Asset Management Market Study (2017) and the introduction of the MiFID II costs and charges disclosure rules for distributors (2018) also resulted in greater transparency in the presentation of cost information to investors, financial advisers and wealth managers. Consequently, price comparison of fund charges is widespread, supporting the consistent inflows recorded to index tracking funds. The introduction of fee transparency also improved the competitive position of low-cost tracker funds, further helping to drive the growth of index investing in the UK.

WHAT IS AN INDEX TRACKER?

Index tracking funds are those managed with the objective of replicating the returns of an index, which may be of equities, fixed income, or a composite index of both. They are typically automatically rebalanced periodically without active decision making from the manager. Actively managed funds, while often compared in performance terms to an index, will intentionally deviate from the index with the aim of outperforming. For mixed asset funds that invest primarily in other funds that are index tracking, whether the overarching fund is considered index tracking will depend on the level of discretion the manager has in the mix of different underlying assets, and is primarily guided by the view of the managing firm.

[42] Platforum Annual Review, Platforum, December 2025.

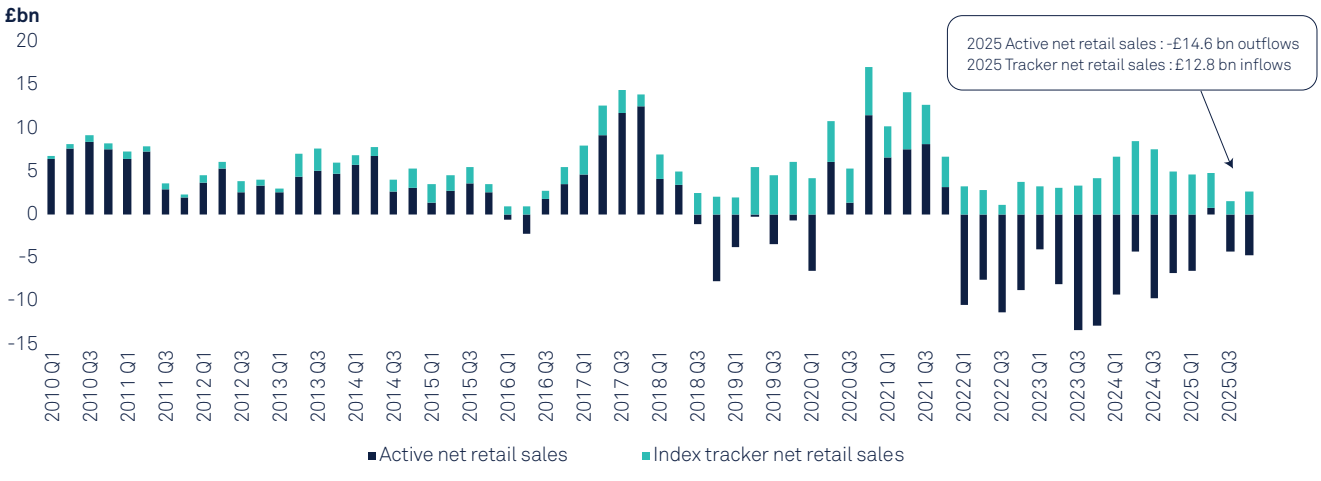
NET RETAIL SALES TO INDEX AND ACTIVE FUNDS

Chart 34 shows net retail sales to active and tracker funds on a quarterly basis from 2010. As highlighted in our analysis of active and tracker FUM over the same period, index tracking funds have become firmly established as a core component of investor portfolios over the last 15 years.

Looking at the shape of demand:

- **Index tracking funds have recorded quarterly inflows consistently since 2010, whilst sales to active funds have been more volatile.** We can see that when market performance has been positive, for example in late 2020 and throughout 2021, both active and index funds have sold well. When markets have been more challenging – for example throughout 2022 – active funds moved into outflow, but index funds remained in inflow. In 2022 tracker funds posted inflows of almost £11 billion whilst active funds faced outflows of -£37.8 billion.
- **It is easier for investors to understand how index trackers will perform, which supports sales during more difficult market periods.** The challenge for active managers is that even if they outperform the benchmark significantly, their performance can be harder for investors to predict, with the capacity to significantly underperform too. In addition, if returns are lower during periods of more challenging market performance, the fees charged by active managers have a bigger overall impact on returns for the end investor.
- **The introduction of Consumer Duty supported a record year for sales of tracker funds (£27.6 billion) in 2024.** Consumer Duty aims to deliver clear, fair and cost-efficient outcomes for retail investors, strengthening the focus on bringing the total cost of investing down. Strong sales to tracker funds throughout 2024 were in part bolstered by the requirement that wealth managers show fair value as they implemented Consumer Duty requirements.
- **Tracker inflows continued despite headline net retail outflows in 2025, supported by equity trackers.** Tracker inflows remained substantial at £12.8 billion in 2025 as equity trackers posted £12.1 billion, concentrated to Global and North American equity sectors. The strong performance of US and Global markets in recent years – driven by unprecedented advancements in AI – has led investors to use tracker funds to benefit from higher returns at a lower entry cost.
- **In contrast, net retail redemptions from actively managed funds reached -£14.6 billion over 2025, but money market funds provided a small boost.** Active outflows have declined compared to 2023 and 2024 but remain elevated. However, Q2 2025 saw the first inflow (£3.98 billion) into active funds since Q4 2021. This was influenced by sales into money market funds, which recorded quarterly inflows

CHART 34: NET RETAIL SALES TO ACTIVE AND INDEX TRACKING FUNDS (2010-2025)



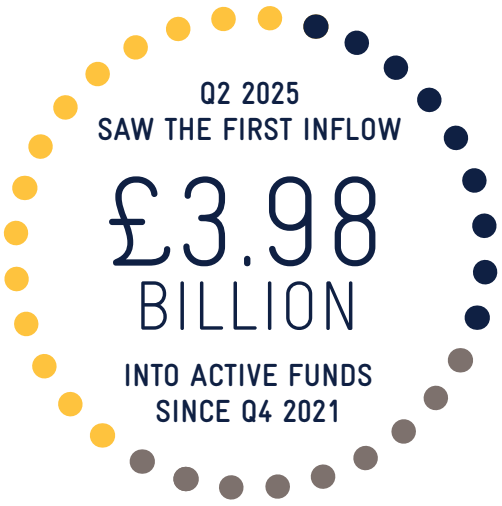
Source: The Investment Association

of £2.6 billion as investors navigated volatile tariff announcements from the US administration. MMFs – classified as active in IA data – offered a useful short-term option to manage liquidity and to provide stable returns.

TABLE 2: ANNUAL ACTIVE AND TRACKER NET RETAIL SALES (2018-2025)

Year	Active Net Retail Sales	Tracker Net Retail Sales
2018	-£1.3bn outflows	£9.0bn inflows
2019	-£8.1bn outflows	£18.2bn inflows
2020	£12.5bn inflows	£18.4bn inflows
2021	£25.4bn inflows	£18.3bn inflows
2022	-£37.8bn outflows	£10.9bn inflows
2023	-£38.1bn outflows	£13.8bn inflows
2024	-£29.9bn outflows	£27.6bn inflows
2025	-£14.6bn outflows	£12.8bn inflows

Source: The Investment Association



THE OUTLOOK FOR DEMAND

In 2025, the boom in AI spending and investment accelerated US market growth, as a small number of large-cap stocks drove a disproportionate share of North American index performance. This has led to increased concentration: the 10 largest companies in the S&P 500 represented almost 40% of the index by mid-2025, a level not seen since the mid-1960s.[43]

Whilst investors have been able to capture the outsize gains of these dominant firms, growing reliance on a narrow set of companies increases exposure to single-sector and single-theme risks, reducing the diversification benefits that indices are typically assumed to provide. Over time, this could mean that investments in tracker funds are more sensitive to valuation shifts, regulatory developments, or earnings results among a concentrated group of market leaders.

Whilst investors are unlikely to turn away from index trackers, this reinforces the importance of clear communication and education around portfolio diversification. For example, holding an MSCI All Country World Index index tracker may be far less diversified than investors anticipate.

Recent equity market performance has also been relatively robust – undoubtedly helped by AI on the one hand, but also benefiting stocks that are Heavy Assets and Low Obsolescence (HALO) as a counterpoint to the AI trade. HALO stocks include those with significant physical assets and infrastructure, such as energy producers, utilities or industrials, that are more resistant to AI disruption.

Navigating more complex market dynamics and volatile returns could also be a boost to actively managed strategies, which have historically seen a relationship between buoyant markets and rising sales.

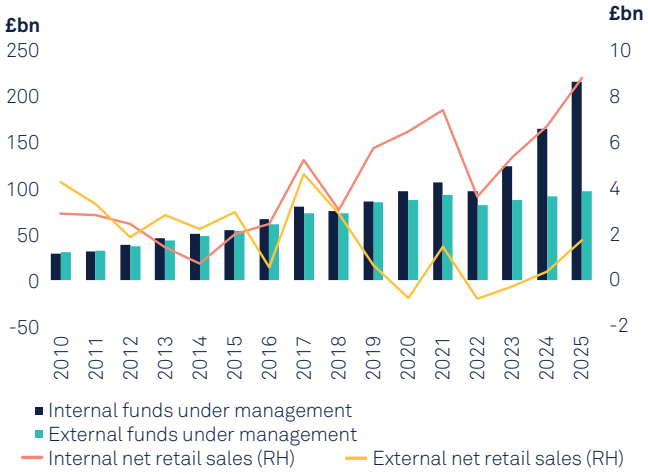
[43] 'In the Shadows of Giants', S&P Global & Vanguard, February 2026.

FUND OF FUNDS

The final charts in the first part of this chapter consider the funds of funds universe.

Total UK investor assets in funds of funds reached £313 billion in 2025, up 22% from £255 billion in 2024. In Chart 35 we consider the growth drivers of this section of the funds industry, which as of the end of 2025 represents 19.4% of the total industry, up from 11.9% a decade earlier.

CHART 35: FUND OF FUNDS, FUNDS UNDER MANAGEMENT AND NET RETAIL SALES (2010-2025)



Source: The Investment Association

Internally invested funds of funds, whose underlying assets are primarily invested in funds run by the same group, have driven much of the growth in the market in recent years.

The £216 billion in internal funds under management in 2025 accounted for 69% of fund of fund assets. This is a marked shift from the near equal 53% split seen just five years earlier, which had remained stable for the previous decade.

Externally invested funds of funds, those investing primarily in funds run by other management companies, saw a modest increase in funds under management in 2025, reaching £97 billion and surpassing the previous 2021 peak of £93 billion.

Retail investors have shown a marked preference for internally invested funds of funds since 2019, when sales to the two types of funds diverged. Since then, cumulative retail investor inflows to internal funds under management have totalled £44.1 billion, including a record £8.8 billion in 2025.

Inflows to externally managed funds of funds have been far more muted, with combined net inflows of £2.3 billion since 2019, though 2025 showed some signs of recovery with £1.7 billion in inflow. While the focus of this chapter is on retail investment, institutional channels have also recorded substantial inflows into internally invested funds of funds. Institutional inflows of £50.6 billion to internal funds of funds over the past three years have further widened the gap in assets between internal and external funds of funds.

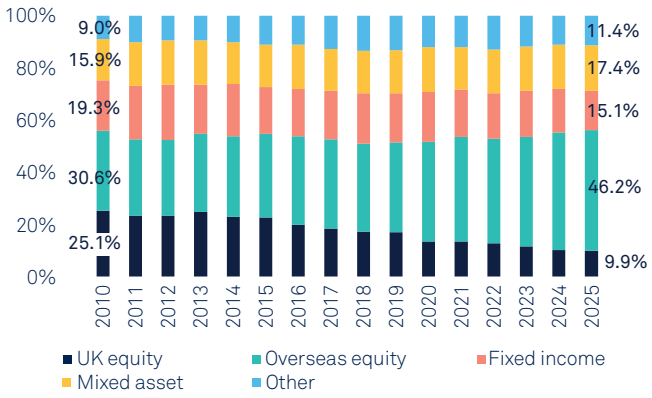
The persistent preference for internally invested funds of funds over the past six years may partly reflect investors' and advisers' focus on costs. These funds often make extensive use of index-tracking underlying funds to keep charges low, while their scale can generate additional efficiencies that are passed on to investors.

SECTION TWO:
ASSET ALLOCATION AND INVESTMENT PREFERENCES

This section explores in detail how UK investors are allocating capital across asset classes, regions and investment themes. We analyse both long-term trends and recent developments to examine how changing market conditions, economic and political events and shifts in investor sentiment have influenced portfolio construction over the last 15 years.

Chart 36 shows how changes in asset allocation have influenced the composition of funds under management over time.

CHART 36: FUNDS UNDER MANAGEMENT PROPORTIONS BY ASSET CLASS (2010-2025)



Source: The Investment Association

The most significant shift is the decline in UK equity exposure, offset by a sustained rise in overseas equity. UK equity has declined from 25% of FUM in 2010 to just 10% in 2025; in contrast, overseas equity allocation has increased from 30% to 46% over the same period.

This trend starts to accelerate from 2016 onwards when UK equity FUM dropped below 20% for the first time in the wake of the Brexit Referendum. UK equity FUM has since declined on an annual basis. The data also underlines the extent to which UK investor portfolios have become internationally diversified, which could be in part due to the strong performance of global and US equity markets in recent years.

Despite the shift towards overseas equity markets, headline equity allocations have remained relatively steady. Equities accounted for 55.8% of FUM in 2010 and 56.1% in 2025.

Fixed income, mixed asset and 'other' assets have remained comparatively stable over the 15-year period.

Fixed income sits in a relatively narrow range of around 15 - 22% of FUM throughout. However, in 2025 it dropped to its lowest level at 15.1%, a second consecutive annual decline. This is in part due to stronger equity market performance driving a rotation back towards growth assets. Over 2025, markets began to price in rate cuts and the inflation outlook eased following a challenging couple of years. While bond yields remain elevated relative to the pre-2022 period, improving investor sentiment and expectations of a more benign economic outlook have reduced demand for fixed income allocations.

Mixed asset funds have also held a relatively steady share, remaining resilient across different market cycles including the post-pandemic inflation and rate shock period.

RECONNECTING UK SAVINGS WITH DOMESTIC GROWTH

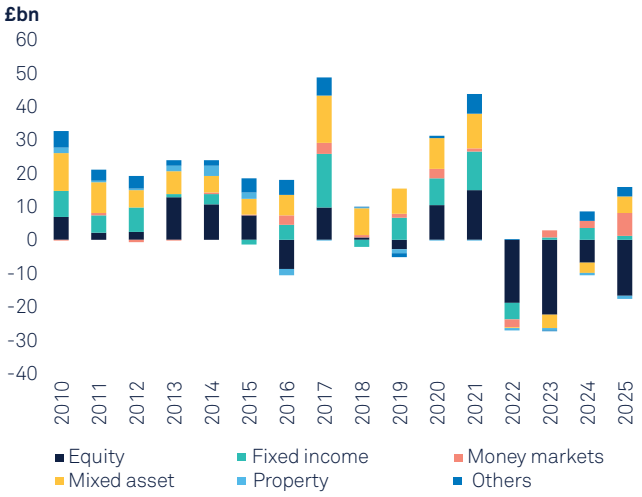
When the Labour Government came into power in 2024, improving domestic economic growth was its central objective. Over the last two years there has been a clear policy emphasis on revitalising UK equity investment from both institutional and retail investors.

Policy levers have included Mansion House reforms aimed at unlocking pension fund investment into productive assets, and a broader push to improve the attractiveness and competitiveness of UK public markets. 2026 will also see the roll-out of 'Investing in Britain Hubs' aimed at promoting UK investment opportunities and supporting retail investors in accessing British companies. Whilst these interventions are yet to show a change in our data, they highlight a growing ambition to reconnect UK savings with UK economic growth.

TRENDS IN ASSET ALLOCATION

Chart 37 shows how sales across asset classes have evolved over the last 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.

CHART 37: NET RETAIL SALES BY ASSET CLASS (2010-2025)



Source: The Investment Association

HISTORIC PATTERNS IN ASSET ALLOCATION:

- **The equity bull market post-Global Financial Crisis led to almost a decade of strong performance between 2009 and 2018.** Sales to equity funds between 2010 and 2019 totalled a substantial £40.8 billion. The equity outflow seen in 2016 (-£8.8 billion) is likely the result of uncertainty following the Brexit referendum. Mixed asset funds also proved popular over this period, with inflows of £77.9 billion.

- **Net retail sales peaked at a record £48.7 billion in 2017, with sales influenced by UK pensions regulation.** By 2017, the industry was experiencing the full force of the 2015 pension freedoms, which gave individuals aged 55+ with defined contribution pensions greater flexibility over how they accessed their retirement savings. This coincided with a peak in UK defined benefit pension transfers, creating a temporary surge in assets moving into retail investment products before subsequent regulatory intervention. Fixed income funds benefitted from this shift, with significant annual inflows of £16.1 billion suggesting a preference amongst older investors for lower-risk investment options.

- **The pandemic-related market shock in 2020 proved relatively short-lived, resulting in two strong years for sales in 2020 and 2021.** All asset classes except property saw inflows over this period, with equity markets leading the pack as £25.3 billion poured into equity funds over the two-year period. During the pandemic, surveyors were unable to value many commercial property assets, which led to some fund suspensions. This period also accelerated fears about structural changes in the commercial property market, making investors more cautious about their exposure to property funds.

- **Fixed income flows have been closely tied to the interest rate cycle, both benefitting from periods of ultra-low rates and becoming one of the key casualties of the 2022 inflation shock.** In the early 2010s, historically low interest rates reduced the appeal of cash and supported demand for bond funds. Fixed income also benefitted from the rate cuts and quantitative easing measures introduced during the pandemic in 2020 and 2021, posting notable inflows of £11.5 billion in 2021. In 2022, however, rising inflation and rapid interest rate increases caused bond prices to fall sharply, contributing to fixed income outflows (-£5.0 billion) as investors were drawn towards increasingly attractive cash savings rates.

- **UK retail flows have become significantly more volatile since 2022, with a shift from sustained inflows to more persistent outflows, driven primarily by equity movements.** In 2022 net retail sales turned to outflows of -£26.8 billion as the outbreak of war in Ukraine compounded with the pent-up demand in the wake of the pandemic, resulting in rising inflation and interest rates. Equity funds in particular weathered significant redemptions of -£18.8 billion. Unusually, equity and bond prices fell in tandem, with net retail outflows from fixed income funds also reaching a substantial £5.0 billion.

- **2024 marked the start of a modest recovery which has continued into 2025.** Total net retail sales in 2024 eased to -£2.2 billion despite outflows from equities, mixed asset and other. Although the Bank of England has decreased the interest rate from its 2022-23 peak, it remains elevated at 3.75%. This may have slowed recovery of fund sales given the relatively favourable returns still available on cash savings accounts.

WHAT WAS THE STORY IN 2025?

2025 ended with -£1.9 billion in annual outflows, on par with 2024 (-£2.2 billion) and remaining a significant improvement on the -£24.2 billion outflows recorded throughout 2023.

It was a year of sales volatility as investors grappled with geopolitical instability and concerns about an 'AI bubble' amidst the rising valuations of US technology stocks.

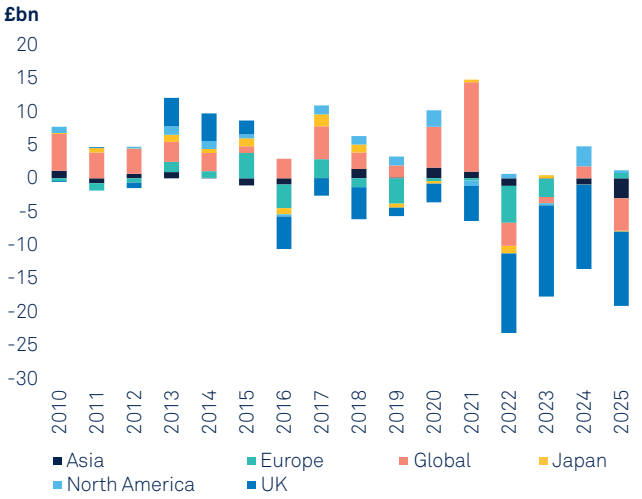
- **Despite strong market returns and headline recovery, annual equity outflows reached -£16.8 billion.** This is a significant increase on the -£6.8 billion withdrawn in 2024. Concerns about technology stock concentration in US markets pulled through into outflows from US and Global equity funds, particularly in the second half of the year. This is despite £12.1 billion in sales to equity trackers over the year, as demand for lower-cost exposure to high-performing markets continued.
- **Macro instability made money market funds the best-selling asset class of the year.** Money market funds posted inflows of £6.9 billion as investors sought to navigate uncertainty, maintain liquidity and reduce portfolio risk. However, inflows were episodic in response to market volatility, tariff policy, and potential tax changes in the run up to the Budget.
- **Mixed asset turned positive for the first time since 2021 with £4.8 billion inflows**, as investors favoured diversification and risk management.
- **Fiscal policy speculation drove substantial outflows, with redemptions of -£4.6 billion in October ahead of the Autumn Budget.** This is a repeat of behaviour seen in September and October 2024, when significant outflows reflected heightened caution as rumours about potential tax increases to address the fiscal deficit made long-term financial planning more challenging. Following the Autumn Budget there was a return to inflows with £1.9 billion in December and £634 million in November.

REGIONAL DEMAND

Chart 38 shows how equity allocations have evolved by region over the last 15 years. We can see a long-term trend towards international diversification, particularly notable in the shift away from UK equities and increase in allocations to global funds, as investors have sought to spread risk across different countries and sectors. Outflows from UK equities have also accelerated following the Brexit referendum in 2016.

Total equity redemptions in 2025 totalled -£16.8 billion, as investors trimmed their exposure despite strong overall market performance. In the first half, this was driven by a shifting geopolitical climate over trade and defence. In the autumn, pre-Budget speculation in the UK and growing concerns around the concentration of global and US equity returns in a small number of large US companies drove investors to sell out of these regions.

CHART 38: **EQUITY FUND NET RETAIL SALES BY REGION (2010-2025)**



Source: The Investment Association

GLOBAL

- Between 2010 and 2025, our data show £44.1 billion sales into global equity funds.
- With outflows only recorded in three of the fifteen years, the enduring popularity of global funds indicates a clear long-term trend towards diversification. Global funds have outperformed both UK and European funds over the same period: the MSCI World index has recorded a 12% annualised return, compared to 8.0% for the MSCI Europe and 7.7% for the MSCI UK.
- In 2022, -£3.4 billion was withdrawn from global equity funds in the face of rising inflation as supply chains struggled to cope with surging demand post-lockdown and as war broke out between Russia and Ukraine.
- Outflows eased to a more modest -£90 million in 2023 and recovered to post inflows of £1.8 billion in 2024. Sales in 2024 were supported by the accelerating growth of the 'Magnificent Seven' US technology firms, as US companies make up a significant proportion of many global equity funds.
- However, in 2025 global equity funds returned to outflow (-£4.8 billion). Where exposure to US technology firms supported growth in 2024, this proved a more challenging environment in 2025 as investors became more concerned about concentration risk in US markets. Many global indices include significant exposure to North America.

NORTH AMERICA

- North America has consistently been one of the strongest positive contributors to equity sales.
- In particular, between 2017 and 2020 the region posted inflows of £6.4 billion, supported by strong equity market performance and a shift away from UK equities following the Brexit referendum.
- In 2022, a notably challenging year for funds, North America was the only equity region to post inflows with sales of £687 million. This was in part thanks to domestic energy supplies as other nations were impacted by resource scarcity following Russia's invasion of Ukraine.
- Robust sales of £3.0 billion were recorded in 2024. This was coupled with a strong annual performance for the S&P 500, which returned around 23% over the year. US technology firms – including Nvidia, Microsoft and Amazon – have seen outsize returns over the last couple of years, with markets benefiting from a sector which has little representation on the UK FTSE.
- The last 12 months have proved more challenging for US equities, with more modest inflows of just £415 million in 2025.
- The release of a new reasoning model from Chinese AI startup DeepSeek in January shocked markets and triggered a sharp sell-off. Whilst this did not lead to a sustained bear market, it demonstrated that AI improvements were no longer tied to the intensity of capital expenditure.
- Over the rest of the year, investor caution towards large cap US technology stocks increased as extreme concentration of returns, high valuations and market capitalisation exposed how dependent US markets had become on a narrow group of stocks. As investors became increasingly cautious, North American equities saw particular redemptions in the second half (£2.0 billion).

UK

- While flows were mixed in the early part of the decade, a decisive shift occurred for UK equities from 2016 onwards, with the region moving into persistent net outflows following Brexit.
- Between 2010 and 2015, UK equities posted inflows of £9.6 billion; between 2016 and 2025, the region posted outflows of -£71 billion.
- Outflows accelerated post 2021, reaching a trough of £13.6 billion in 2023.
- However, since 2023, outflows have eased slightly year-on-year. In 2025, the region experienced its best year since 2021 with outflows of -£11.1 billion (-£12.7 billion, 2024). This coincided with the FTSE 100 index closing 2025 with a robust 26% gain. In contrast, the S&P 500 returned just 10% in sterling terms.

- Despite the relatively good performance of the UK in the last couple of years, 2025 follows the long-term trend of outflows driven by a combination of macroeconomic uncertainty and low economic growth, and a structural reallocation by investors towards internationally diversified strategies, particularly those with greater exposure to US equities.

- Outflows from the UK persist even as our investor research highlights positive sentiment towards domestic investing: 71% of retail investors think it is important to support the growth of the UK economy by investing in British businesses.[44]

- The UK's representation in the MSCI World Index had declined to around 3.5% by mid-2026, compared to 73% for the US, reducing its prominence within global portfolios. Many wealth managers are cautious of being overweight towards the UK market.

EUROPE

- European equity sales have undoubtedly been impacted by Brexit. In 2016, the region weathered redemptions of -£3.5 billion, following £3.8 billion inflows in 2015. In 2019, as Parliament debated the withdrawal agreement, European equities again faced heavy outflows of -£3.8 billion.

- Outflows from European equity funds peaked in 2022 with a record annual outflow of -£5.5 billion. The region faced intense economic pressure following Russia's invasion of Ukraine and the resulting restricted access to Russian gas exports. Significant annual outflows continued into 2023 (-£2.7 billion).

- The inflows seen in 2025 (£760 million) are a slight increase on the relatively flat performance of £20 million in 2024.

- Europe may have benefitted from investors looking to diversify away from the US. A shift in European fiscal policy – notably increased infrastructure and defence spending in Germany –altered the growth outlook for the continent and created a clear equity narrative at a time when US tech valuations were being questioned. Over 2025, the MSCI Europe index returned 27%, against 10% for MSCI USA, on a total return basis.

ASIA

- Our data shows inconsistent investor demand for Asian equity funds, potentially linked to emerging market volatility. Between 2010 and 2025, Asian equities posted total outflows of -£1.0 billion.

- Despite several consecutive years of inflows between 2018 and 2021, the region faced significant outflows of -£1.1 billion in 2022. In addition to the broader market downturn, economic performance in China was impacted by tough Covid-19 restrictions and a slower pace of reopening compared to other nations.

- The elevated outflows from Asian equities first recorded at the end of 2024 have continued through 2025, with total annual outflows of -£3.0 billion. This is likely a reflection of an uncertain trade relationship with North America, although we note that returns have been robust despite weaker investor demand, with MSCI AC Asia Pacific ex Japan returning 21% over 2025.

JAPAN

- Japanese equity funds have recorded total inflows of £4.3 billion over the fifteen-year period recorded in Chart 38. It remains a minor component of overall retail flows, with activity largely confined to small inflows or near-neutral positioning throughout the period.

- Despite periodic improvements in corporate governance and market performance, Japanese equities have not translated into sustained retail demand.

- Following a sustained run of inflows between 2010 and 2015, performance has been more mixed over the past decade. In 2023, Japan was the only equity region to post inflows (£465 million) in a challenging year. The Bank of Japan maintained a loose monetary policy as the US, UK and European central banks embarked on a rate hiking cycle between 2022 and 2024. Its GDP growth for the year reached 3.5%.

- In 2025, Japanese equities posted outflows of -£189 million, a slight increase on the -£51 million recorded in 2024.

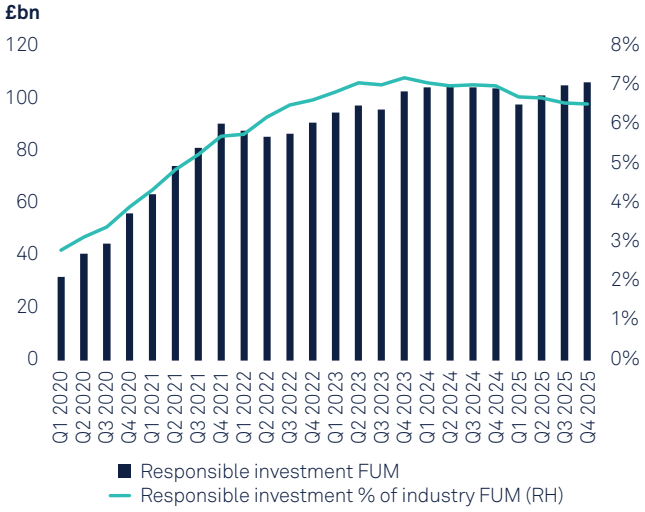
[44] ISA Barometer 2026: Investing in Britain – UK Investment in a Changing ISA Landscape, The Investment Association, June 2026.

RESPONSIBLE INVESTMENT

In the UK retail funds market, responsible investment has moved from a period of rapid expansion to one of more subdued demand. This section examines how assets and flows have evolved since the IA began collecting responsible investment data in 2020 and considers what recent outflows could tell us about changing investor appetite.

As shown in Chart 39 responsible investment funds saw assets remain broadly flat for a second year in 2025. Year-end assets of £106 billion were only a marginal increase on 2024 (£104 billion) and 2023 (£103 billion).

CHART 39: RESPONSIBLE INVESTMENT FUNDS UNDER MANAGEMENT (2020-2025)



Source: The Investment Association

As overall industry assets have recovered since 2022 (see analysis on page 73 – FUM section), the share of assets in responsible investment funds has dropped from a peak of 7.2% at the end of 2023, to 6.5% as of the end of 2025.

The plateau of asset growth stands in sharp contrast to the rapid growth of responsible investment between 2020, when the IA began collecting data on responsible investment funds (see box), and 2022. Over this period strong sales and a high level of responsible investment fund launches saw the share of industry assets in responsible investment funds more than double from 2.8% to 6.6%.

WHAT IS INCLUDED IN 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.

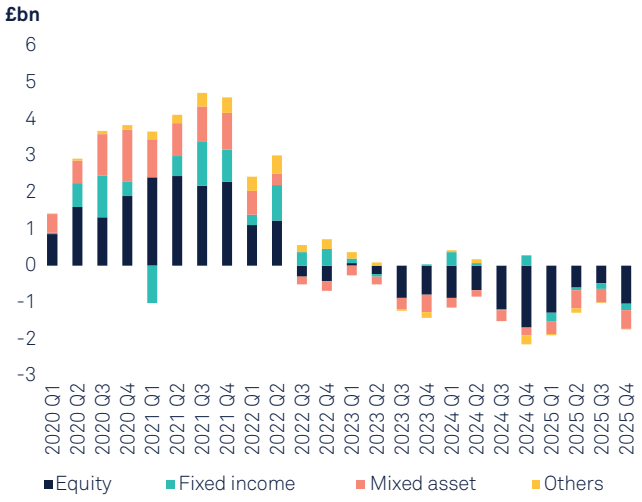
Sustainability focus – an investment policy with sustainability criteria as a core part of the investment approach.

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.

The IA began collecting data on responsible investment funds in 2020. Chart 40 examines responsible investment net retail flows by asset class since the start of this data period. Looking at overall net retail sales, we see the same pattern reflected in Chart 39 above, which looks at how responsible investment FUM has evolved over time.

CHART 40: RESPONSIBLE INVESTMENT FUND NET RETAIL SALES BY ASSET CLASS (2020-2025)

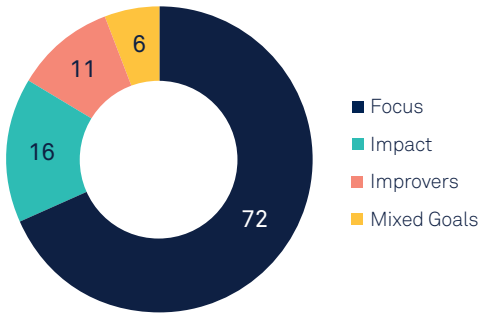


Source: The Investment Association

Responsible investment funds have remained in consistent outflow since Q1 2023, with a combined £13.7 billion of outflow over the three years since. Total outflows of -£2.9 billion in 2023 accelerated to £4.8 billion in 2024 and £5.9 billion in 2025.

Again, this stands in contrast to the period up to 2022, which saw £33.2 billion in net retail sales. While there are a range of responsible investment approaches, often they have a higher weighting to growth focused technology shares and less exposure to fossil fuels. This meant that many of these funds saw a positive performance environment during the Covid-19 era, when ultra-low interest rates benefitted growth shares, and reduced demand for fossil fuels during periods of lockdown hit the performance of energy majors, which are often (though not always) excluded from responsible investment funds. These drivers then flipped from 2022, with rising interest rates to counter inflation, and outperformance from energy majors following the Russian invasion of Ukraine and accompanying surge in oil and gas prices.

CHART 41: SUSTAINABILITY DISCLOSURE REQUIREMENTS FUND COUNT BY LABEL (AS OF DEC 25)



Source: The Investment Association

From April 2025, the IA has been reporting on FUM and net retail flows for funds labelled under the Sustainability Disclosure Requirements (SDR). While there is not yet long-term data available for these funds, initial flows data indicate they are following a similar trajectory to the broader IA responsible investment funds universe, with net retail outflows of £3.6 billion from April 2025 to year end.

SDR labelled funds, with a tighter classification than IA responsible investment funds, cover a much smaller universe. SDR labelled funds have a total FUM of £40.0 billion as of the end of 2025, representing 2.5% of total industry assets.

Chart 41 details the number of funds within the universe classified to each label: Focus, Impact, Improvers and Mixed Goals. SDR Focus funds are the most common with 72 funds, slightly over two thirds of total labelled funds. This is likely because they are the closest aligned to the pre-SDR responsible investment universe. For an in-depth look at retail investors in SDR funds see our dedicated sustainability report published in early 2026: Navigating Sustainable Investing. [45]

[45] Navigating Sustainable Investing, The Investment Association, 2026.

SECTION THREE:
THE UK AS A FUND DOMICILE

The following section considers the experience of the UK as a fund domicile. We have focused on UK domiciled fund launches over the last fifteen years, aiming to provide in-depth insight on how the UK has evolved as a fund domicile over time but also to show how trends in product launches have changed.

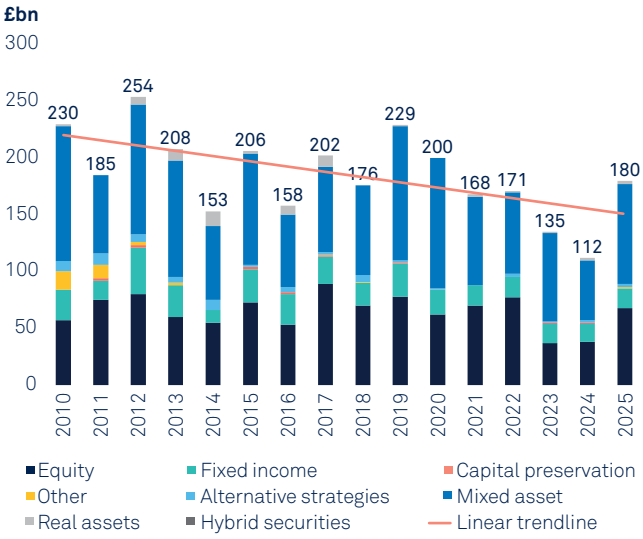
In particular, it considers the period following the referendum to leave the EU in 2016 as the UK began the process of decoupling from the European Union and EU regulation. We also consider data on the use of overseas funds by UK investors, of UK funds by overseas investors, and the trend for the UK as fund domicile contrasted with Ireland and Luxembourg.

FUND LAUNCHES BY VOLUME AND ASSET CATEGORY

Chart 42 below is based on Morningstar data and splits UK domiciled fund launches by the asset class/asset category assigned by Morningstar. Later in this section, we map fund launches in the major IA equity and mixed investment sectors to do further trend analysis.

We can see a broad downward trend in the rate of fund launches over the last fifteen years. While the number of UK domiciled fund launches averaged 206 per year over the first five years of the period, it dropped to 154 per year over the last five years.

CHART 42: UK DOMICILED FUND LAUNCHES BY ASSET CLASS (2010-2025)



Source: Investment Association analysis of Morningstar data

Fund launches peaked in 2012, with 254 funds launched. This corresponds to a period of rapid growth in the funds industry detailed earlier in the chapter in the wake of the Global Financial Crisis, when low rates of return on cash helped drive demand for funds.

Fund launches then slowed into the 2020s, with a particular low in 2024 of 112 funds. There could be a few reasons for this change:

- The increased adoption of index tracking strategies since 2018 (see pages 76-78) may have led to calls for fewer fund launches, as index tracking funds tend to be larger in size with fewer overall funds, benefiting from scale to keep costs lower.
- Additionally, greater use of ETFs as a fund vehicle will have reduced demand for UK fund launches, given ETFs are entirely domiciled overseas.
- Finally, managers are less likely to launch during periods of outflow, and total net retail sales turned to substantial outflows of -£26.8 billion in 2022.

2025 saw a slight recovery in the number of fund launches to 180, the biggest number since 2020. While an improvement on the very low levels in 2023 (135) and 2024 (112), this remains low compared to the levels of fund launches over the early 2010s.

The uptick in launches that we see in 2025 may be particularly explained by a less challenging performance environment. Mixed asset funds saw the highest number of launches in 2025 at 88, suggesting strong recent preferences for investment solutions may also be helping to boost numbers. These products are often launched in ranges to allow for a range of client risk appetites.

The data in Chart 42 also show that between 2010 and 2025, Allocation strategies (corresponding to mixed asset in IA sector terminology) accounted for 47% of all UK-domiciled fund launches, ahead of Equity strategies at 35%. Together these categories represented more than 80% of new product development.

In contrast, the share of fixed income funds is far lower at just 12%. Looking at IA data, 56% of funds in the fixed income sectors are now domiciled overseas as at end 2025.

Considering the changing patterns in type of funds launched over time:

- **Alternative strategy launches were concentrated in the early 2010s as investors sought more defensive and risk-managed investment solutions following the Global Financial Crisis.** The introduction of derivatives usage in UCITS III in 2002, followed by a standardised risk framework through value-at-risk frameworks under UCITS IV, simplified the process for managers to increasingly adopt more derivative hedge fund-like strategies. As a result, the period after the Global Financial Crisis saw a rapid growth in targeted absolute return strategies, largely reflected in the alternative strategies bar, with demand boosted by memories of losses during the Global Financial Crisis. Alternative strategies saw 40 fund launches for the first five years of the 2010s, with just 16 in the second half of the decade.

- **The mid-2010s saw an increase in launches of real asset funds, but this declined following Brexit and the Covid-19 pandemic**. Property funds initially proved popular amidst a 'hunt for yield' as investors adapted to what had become a prolonged low-interest rate environment. Property funds offered investors a more predictable income stream as yields on fixed income fell and cash rates remained low, causing real asset fund launches to peak between 2012 and 2014. However, launches in real assets dried up sharply following the Brexit referendum, and many property funds were forced to suspend due to uncertainty over commercial property valuations. Property funds were again forced to suspend during the Covid-19 pandemic, and perceptions have persisted of a liquidity mismatch between real assets and daily dealing open-ended funds.

TABLE 3: FUND LAUNCHES BY INVESTMENT STRATEGY BETWEEN 2011 AND 2025, IN THREE FIVE-YEAR PERIODS

Morningstar Asset Category	2011-2015 launches	Share	2016-2020 launches	Share	2021-2025 launches	Share
Allocation	449	44%	451	46%	369	48%
Equity	343	34%	352	36%	290	38%
Fixed Income	126	12%	122	13%	86	11%
Alternative Strategies	33	3%	15	2%	9	1%
Real Assets	32	3%	19	2%	9	1%
Other/unclassified	21	2%	9	1%	5	1%
Capital Preservation	6	1%	4	0%	2	0%
Total	**1010**		**972**		**770**	

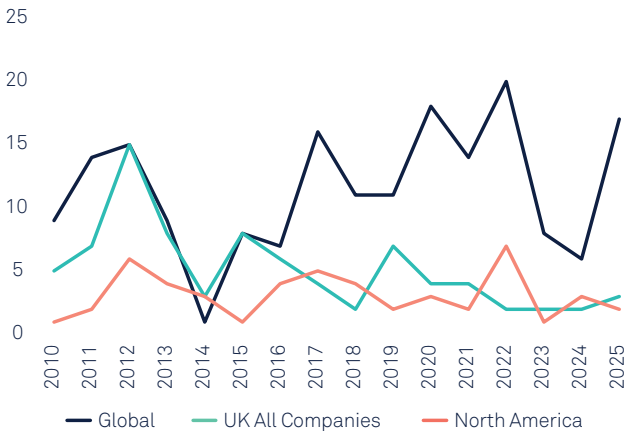
Source: Investment Association analysis of Morningstar data

CLASSIFICATIONS OF UK DOMICILED FUND LAUNCHES TO IA SECTORS

The following section examines fund launch activity through a lens of IA sector classification. The classification data used here is classification as of the time of writing as opposed to at time of launch. This analysis focuses on two key areas, launch trends in equity funds, and launch trends in mixed asset funds, including here Volatility Managed.

Considering rates of launches of funds classified to the largest IA equity sectors, we see launch patterns similar to those detailed earlier in sales trends, with a move away from a more UK focused model towards increasing preferences for global diversification.

CHART 43: **FUND LAUNCHES OF UK DOMICILED EQUITY FUNDS CLASSIFIED TO THE LARGEST IA EQUITY SECTORS (2010-2025)**



Source: Investment Association analysis of Morningstar data

TABLE 4: **GLOBAL, UK ALL COMPANIES AND NORTH AMERICA FUND LAUNCHES (2010-2025)**

	2010-2016	2017-2025	Percentage change
Global	9.0	13.4	49%
UK All Companies	7.4	3.3	-55%
North America	3.0	3.2	7%

Source: Investment Association analysis of Morningstar data

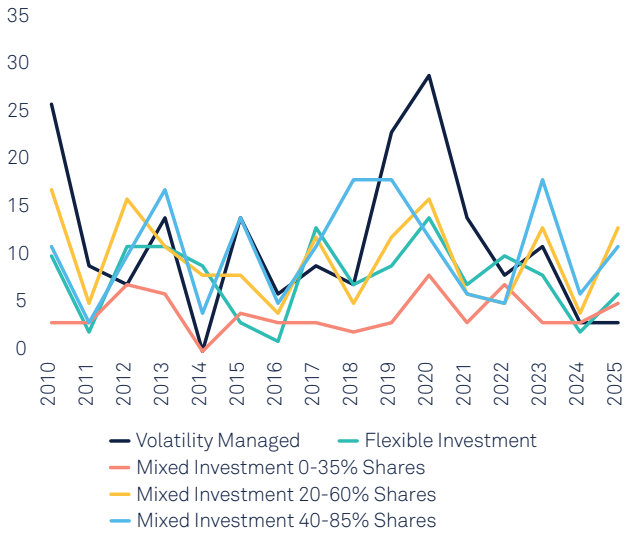
Up to 2016 the UK All Companies and Global sectors saw broadly similar levels of fund launch intensity. However, UK All Companies launches have fallen by more than half since 2016, from an average of 7.4 launches per year during 2010-2016 to 3.3 launches per year during 2017-2025. The decline is statistically significant and appears structural rather than cyclical, with no sustained recovery evident in the post-2016 period.

Over the same period, Global has emerged as the dominant destination for equity fund launches, increasing its share of launches from around 8% to over 14% of classified launches. Primarily this has been driven by a sustained structural shift towards greater levels of geographic diversification.

The strong levels of launch activity to Global funds in 2020–2022 also correlate to a period of strong demand for responsible investment funds. Retail sales to responsible investment funds reached £33.2 billion over the period. This led to firms creating products with a broad global investment remit and a sustainability focus. Weakening appetite for sustainability funds more recently, alongside a more challenging environment for equity demand in general, seems to have dampened launches in 2023 and 2024, though there are signs of recovery in 2025.

North America has seen modest growth overall since 2010 but has remained on a steady trajectory, with fund launches climbing from an average of 3.0 per year to 3.2. The evidence suggests that product development has shifted away from UK-focused equity strategies towards broader global mandates rather than towards region-specific U.S. equity products, despite the strong performance of US equity markets over the past decade.

CHART 44: FUND LAUNCHES OF UK DOMICILED MIXED ASSET AND VOLATILITY MANAGED FUNDS (2010-2025)



Source: Morningstar

TABLE 5: MIXED ASSET AND VOLATILITY MANAGED FUND LAUNCHES (2010-2025)

	2010-2016	2017-2025	Percentage change
Volatility Managed	10.9	11.9	10%
Flexible Investment	6.7	8.4	26%
Mixed Investment 0-35% Shares	3.7	4.1	11%
Mixed Investment 20-60% Shares	9.9	9.6	-3%
Mixed Investment 40-85% Shares	9.1	11.7	28%

Source: Investment Association analysis of Morningstar data

Investment solutions — the Mixed Investment and Volatility Managed sectors, whose funds offer a single-fund offering with a set allocation or a volatility profile — have dominated fund launch activity over the past 15 years. The 693 launches represent almost half the launches that have gone on to be classified to an IA sector. Only the Mixed Investment 20-60% Shares sector has not seen an increase in the rate of fund launches since 2010, remaining flat.

The emergence of the Volatility Managed sector in 2017 formalised what had already been a growing trend, with many pre-existing funds subsequently reclassified into it. Funds in the sector are defined as funds whose objective is to manage their returns within specified volatility parameters. The 2019–2020 surge in Volatility Managed launches – with 52 funds launched over the two-year period - points to a period of intense product development around outsourced, risk-profiled solutions, aligned with the continued growth of model portfolio services and centralised investment propositions. Softer recent launch trends, with 3 funds in each of 2024 and 2025 contrast with strong recent net retail sales of just under £4 billion in each year and point more to a saturated market rather than weakening investor appetite.

TOTAL UK DOMICILED FUNDS UNDER MANAGEMENT GREW TO

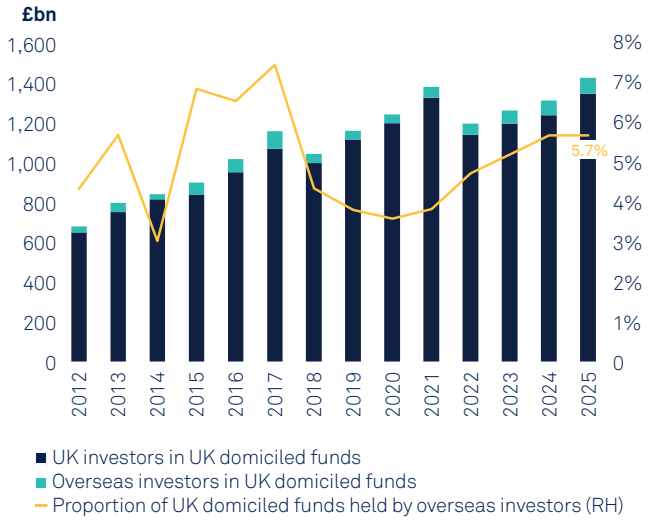
£1.43 TRN

BY THE END OF 2025

THE UK IN A EUROPEAN AND INTERNATIONAL CONTEXT

Chart 45 shows how UK investor FUM in UK domiciled funds has compared to overseas investor FUM in UK domiciled funds since 2012. The yellow line and figures on the right hand axis track how the proportion of UK domiciled funds held by overseas investors has evolved over the time period.

CHART 45: UK AND OVERSEAS INVESTORS IN UK DOMICILED FUNDS (2012-2025)



Source: The Investment Association

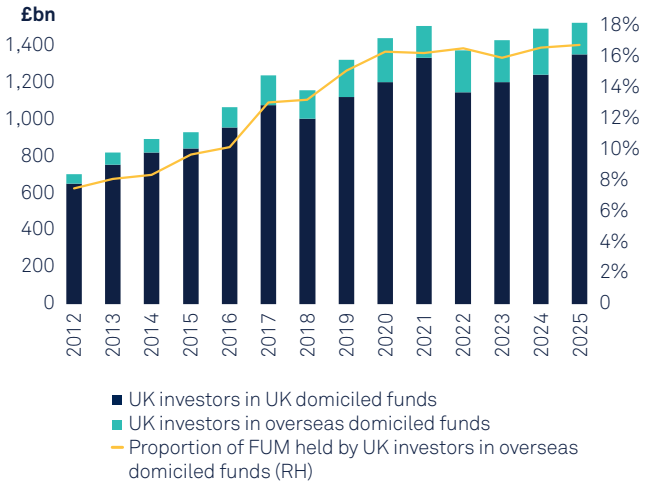
Total UK domiciled funds under management grew to £1.43 trillion by the end of 2025, up 8.7% on the £1.32 trillion at the end of 2024. £82 billion of this was on behalf of overseas investors, and as illustrated by the yellow line on Chart 45 this was equivalent to 5.7% of UK domiciled assets. The proportion of assets belonging to overseas investors remained constant year on year.

Overseas investor assets peaked in 2017 at 7.5%. However, we saw a sharp drop in the percentage to 4.4% in 2018, which continued to fall to a trough of 3.6% in 2020 as investment management firms moved European clients to overseas domiciled funds, often in Luxembourg, instead of funds with a UK domicile. The sharpest drop was in 2018, ahead of the original Brexit withdrawal date, with the eventual 2020 withdrawal date seeing 3.6% of assets being held by overseas clients.

UK INVESTORS BY FUND DOMICILE (2012-2025)

UK investor funds under management in overseas domiciled funds rose modestly to £272 billion in 2025, representing 16.8% of total UK investor assets. As shown in Chart 46, this is broadly in line with 2024 (16.6%) and continues the pattern of stable allocations seen since 2020, with the overseas share sitting in a narrow 16–17% range.

CHART 46: UK INVESTORS BY FUND DOMICILE (2012-2025)



Source: The Investment Association

This marks a clear shift from the pre-2020 period, when overseas exposure grew rapidly from 9.7% in 2015 to 15.2% in 2019. The recent plateau suggests the structural shift towards overseas domiciles has largely matured, with incremental changes now replacing the sustained growth seen in the latter half of the 2010s.

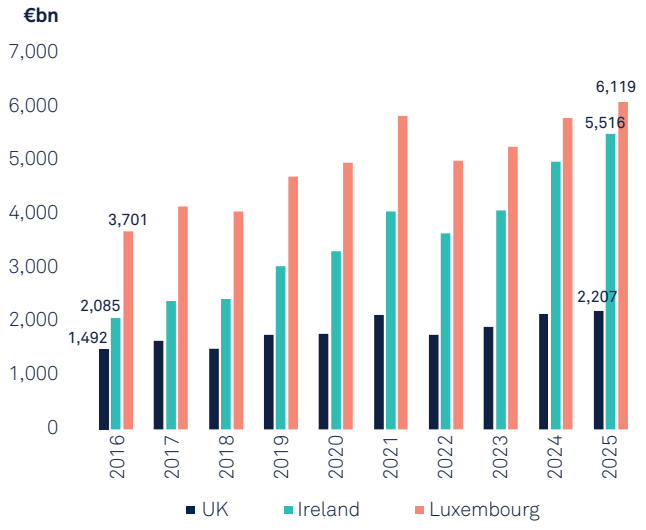
This slower growth may partly reflect the post-Brexit regulatory environment. The Temporary Marketing Permissions Regime (TMPR) provided continuity for existing overseas funds but may have constrained the pace of new product entry compared with the pre-Brexit framework. While the Overseas Fund Regime (OFR) is designed to offer a more permanent solution, there is limited evidence so far of a renewed acceleration in overseas fund uptake among UK investors.

It is also important to note that this data excludes ETFs, which are domiciled overseas, particularly in Ireland, and have been a key growth area. As ETF holdings cannot be reliably attributed to UK investors on a like-for-like basis, total UK exposure to overseas domiciled vehicles is likely understated in this analysis. We would likely see further growth if ETFs were included.

ASSETS IN UCITS AND AIFS BY DOMICILE

Chart 47 shows us that while the UK has been resilient as a fund domicile since 2016, it has not seen the same levels of growth as Ireland or Luxembourg.

CHART 47: ASSETS IN UCITS AND AIFS BY DOMICILE



Source: EFAMA

Drawing on EFAMA data, we see that funds under management in UK domiciled funds saw a modest 3% increase to €2.2 trillion when expressed in euro terms, partially reflecting the fall in sterling against the euro over the year. It remains similar to the level of UK domiciled funds under management in 2021. However, there has been 41% growth on the €1.5 trillion in 2016.

In contrast, the major cross border domiciles have seen continued year on year growth and have both exceeded 2021 levels. Luxembourg remains Europe's most significant fund domicile, with €6.1 trillion in assets at the end of 2025, up 65% over the decade. Ireland has seen the gap with Luxembourg close, with 160% growth over the decade to €5.5 trillion. The growth of ETFs as a vehicle has been key to the growth of Ireland as a fund domicile. Ireland accounts for over 70% of European ETF assets and ETFs make up over a third of Irish domiciled funds under management.

LUXEMBOURG REMAINS EUROPE'S MOST SIGNIFICANT FUND DOMICILE, WITH

€6.1 TRN

IN ASSETS AT THE END OF 2025

6 OPERATIONAL AND STRUCTURAL EVOLUTION

KEY FINDINGS

INDUSTRY PROFITABILITY

- Net revenue was £25.1 billion in 2025, marginally below 2024 (£25.4 billion), with operating costs of £20.2 billion (£20.6 billion in 2024), leaving operating profit broadly unchanged at £4.9 billion.
- The operating margin was 19.5%, marginally above 2024 (19.1%) but well below the 29% earned in 2019. Costs have risen by around a quarter since 2019 (up 26%) while revenue has grown 11%, steadily compressing margins. The spread across firms is wide, from an upper quartile of 30% to a lower quartile of 5%.

INDUSTRY EMPLOYMENT

- The UK investment management industry supports approximately 124,600 jobs. Around 44,800 people are employed directly by investment management firms, with the remaining 79,800 in supporting industries such as custodian banks, transfer agents and wealth managers.
- Direct employment edged down again in 2025, remaining below the 2022 peak of 46,300. A broadly flat workforce managing a record £11.1 trillion of assets reflects the continued adoption of technology, outsourcing and automation in how firms scale.
- Of those employed by investment managers, 25% work in investment management roles, 17% in distribution and client services, and 13% in operations and fund administration. London remains the dominant centre, home to around 72% of directly employed staff.

INDUSTRY FIRM SIZE

- As of June 2025, the mean AUM per firm was £76.7 billion and the median £15.2 billion, both up on 2024 (mean £67.3 billion; median £12.0 billion). Small firms (<£15 billion AUM) remain the largest group at 48% of members, with mid-sized firms (£15 to 50 billion) at 26% and large firms (>£50 billion) at 25%.

INDUSTRY CONCENTRATION

- In June 2025 the five largest firms managed 42% of total assets and the ten largest 59%, both marginally below 2024 and close to their long-run averages, so concentration at the top has been broadly stable even after a sustained run of mergers and acquisitions.
- The industry remains relatively unconcentrated, held down by a long tail of small and mid-sized firms and by continued new entry, which keeps the market open to competition on price and strategy.

INVESTMENT MANAGER OWNERSHIP

- Firms headquartered in the UK managed 34% of assets in 2025, down from 35% in 2024. This continues a long decline, with the UK share falling in most years since 2015, when it stood at 42%. The change in share reflects the faster growth and acquisitiveness of the overseas groups operating in the UK.
- Independent investment managers continued to gain share, reaching 48% of AUM. Assets managed by firms with an insurance company parent fell slightly to 20%, and retail banks continue to represent only 2%.

In 2025 the industry continued to operate under real cost and regulatory pressure, while adapting to it in ways that are visible in the numbers. Assets under management reached a new record, and although revenue grew more slowly than the asset base and margins remained under pressure, firms sustained profitability and continued to invest, particularly in technology. Artificial intelligence and the move of core systems to the cloud are reshaping how firms operate and manage risk, changing both the cost base and the skills they need, and are increasingly part of how firms manage costs rather than only add to them. These developments sit alongside longer-running shifts in the industry's shape: consolidation, the growing weight of overseas owners, and a workforce that is changing in composition and spreading more widely across the UK. This chapter examines these features in turn, covering profitability and costs, employment and its distribution, the range of firms by size, and ownership.

INDUSTRY PROFITABILITY

Chart 48 shows operating profit and the industry operating margin since 2019. The operating margin held at around 29% between 2019 and 2021, then fell sharply to 22.3% in 2022 as the market downturn reduced revenue while costs stayed broadly unchanged. It has not recovered since: a rise in costs in 2023 absorbed the rebound in revenue, and operating profit has held at around £5 billion for four years. In 2025, operating profit was £4.9 billion and the margin was 19.5%, marginally higher than the 19.1% recorded in 2024. This pattern is not unique to the UK. Across Western Europe, operating profit margins fell sharply in 2022 and 2023 to their lowest level since the 2008 financial crisis, before improving slightly in 2024.[46]

CHART 48: INDUSTRY OPERATING PROFIT AND MARGIN (2019-2025)

Source: The Investment Association

Chart 49 sets out the longer-run trends in revenue and costs that explain this sharp fall in profitability. Net revenue was £25.1 billion in 2025, a little below the £25.4 billion recorded in 2024, and operating costs were £20.2 billion, down from £20.6 billion. Since 2019, however, net revenue has grown by 11% while operating costs have grown by 26%.

The gap has opened mainly because revenue has not kept pace with the asset base. Assets rose by around 30% between 2019 and 2025, reaching a record £11.1 trillion, so the 26% rise in costs is broadly in line with the growth in assets. Revenue as a proportion of assets, however, fell from around 26 basis points to around 23 basis points over the same period. This reflects, among other things, a more competitive environment and the continued shift in client demand towards lower-cost strategies, including index-tracking strategies, a trend we reported in Chapter 3 (page 47). In Europe, passive funds have grown from 13% of UCITS assets in 2015 to 30% by the end of 2025[47], and ongoing charges on retail equity UCITS fell by 8% in 2024 alone, with new, lower-cost funds driving most of the decline[48]. For most firms, this places a growing premium on scale and cost efficiency alongside asset growth.

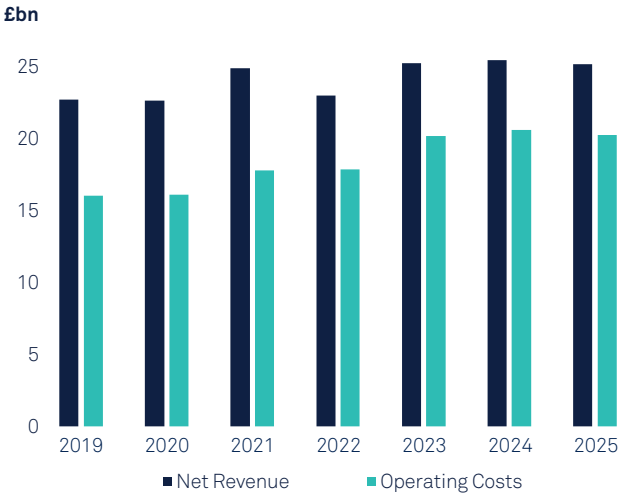
[46] Asset Management in Europe, 17th edition, EFAMA, December 2025.
[47] Fact Book 2026: Trends in European Investment Funds, EFAMA, June 2026.
[48] Costs and Performance of EU Retail Investment Products 2025, European Securities and Markets Authority, March 2026.

Meeting rising regulatory, operational and technology costs remains a central challenge, and firms have continued to invest through the period. There are signs that firms are managing their cost base more actively: operating costs fell slightly in 2025, and many firms reduced headcount over the year.

Boston Consulting Group estimates[49] that artificial intelligence could also cut asset managers' costs by 25% to 35% over the next three to five years. However, it reports that most firms are still at an early stage of adoption, focused on pilots and incremental productivity gains. Capturing the full benefit will require firms to redesign how they operate, rather than using AI only to make existing tasks more efficient.

"We talk internally about a relentless pursuit of efficiency. It's not cost cutting, it's cost management- save where you can, reinvest where you need to."

CHART 49: INDUSTRY NET REVENUE AND OPERATING COSTS (2019-2025)

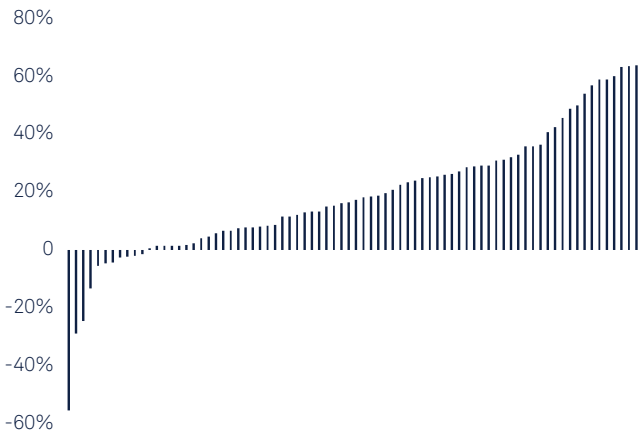


Source: The Investment Association

Chart 50 shows the range of profitability across IA member firms, which remains wide.

- The upper quartile of firms reported operating margins of 30% in 2025, down from 33% in 2024 and in line with 2023 (30%), so the strongest-performing firms gave back some of last year's improvement.
- The average operating margin across firms was 19%, down from 21% in 2024. Margins ranged from a loss of 56% to a positive 64% over the year, a slightly wider span than in 2024, when they ran from a loss of 34% to a positive 78%. This variation tends to follow scale, with larger and more diversified firms generally better placed to spread the fixed costs of technology and compliance than smaller firms on narrower revenue bases.
- The lower quartile was 5%, broadly unchanged on 2024 (5%) and a little above 2023 (4%). The gap between the upper and lower quartiles narrowed slightly over the year but remains wide, at around 25 percentage points, showing that conditions continue to vary considerably between firms.

CHART 50: DISTRIBUTION OF INVESTMENT MANAGER PROFITABILITY (2025)



Source: The Investment Association

[49] Global Asset Management Report 2026: An Imperative for Growth, Boston Consulting Group, April 2026.

EMPLOYMENT IN THE INVESTMENT MANAGEMENT INDUSTRY

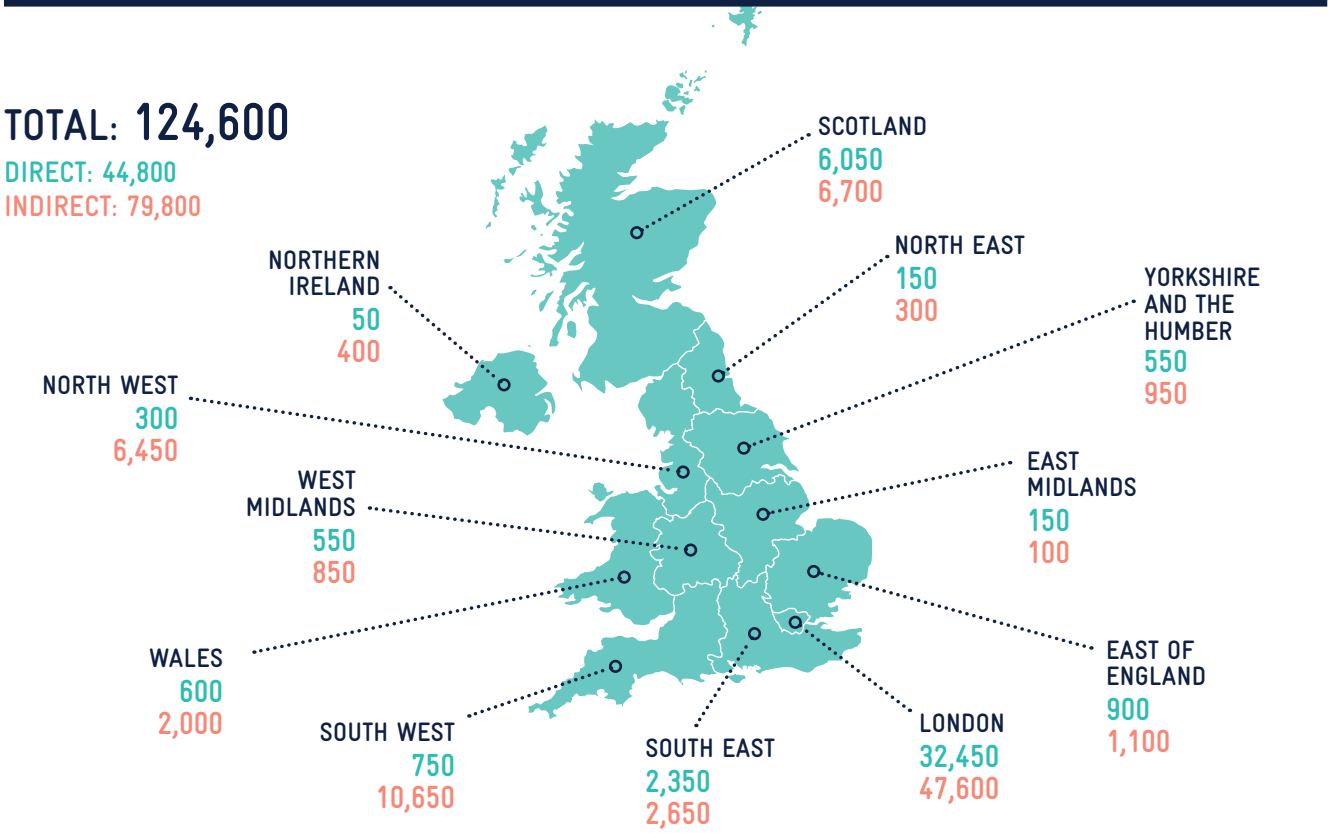
For nearly two decades, the IA has tracked employment in the UK investment management industry, reflecting the sector's role as a significant source of high-skilled jobs across the economy. Alongside those directly employed within investment management firms, the IA also reports "indirect employment", roles in supporting industries such as custodians, transfer agents, investment platforms and professional services, to capture the industry's fuller economic footprint.

As of December 2025, around 44,800 people were directly employed in the UK investment management industry. A further 79,800 are employed indirectly in supporting roles, bringing the total number of jobs supported to approximately 124,600. London remains the largest centre of employment, home to both global and UK-headquartered firms, with further significant clusters in Scotland, the South West and the North West.

Indirect roles have long made up the larger share of the industry's footprint, reflecting the scale of outsourced and specialist functions and the sector's integration into the wider financial services ecosystem, where scale and efficiency are increasingly achieved through external partnerships with custodians, administrators and technology providers. The regional spread of these roles also underlines the industry's contribution to professional services employment well beyond London.

Looking ahead, the direction of travel is less about overall numbers than about composition. The steady move away from operations and administrative roles towards technology, data and investment functions is likely to continue as firms embed automation and, increasingly, artificial intelligence into how they run. If the operating-model redesign discussed earlier delivers the efficiency gains firms expect, the effect will be felt less in headline headcount than in the mix of skills the industry demands, and in where those roles are located across the UK.

FIGURE 11: MAP OF DIRECTLY AND INDIRECTLY EMPLOYED STAFF ACROSS THE UK (2025)



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.

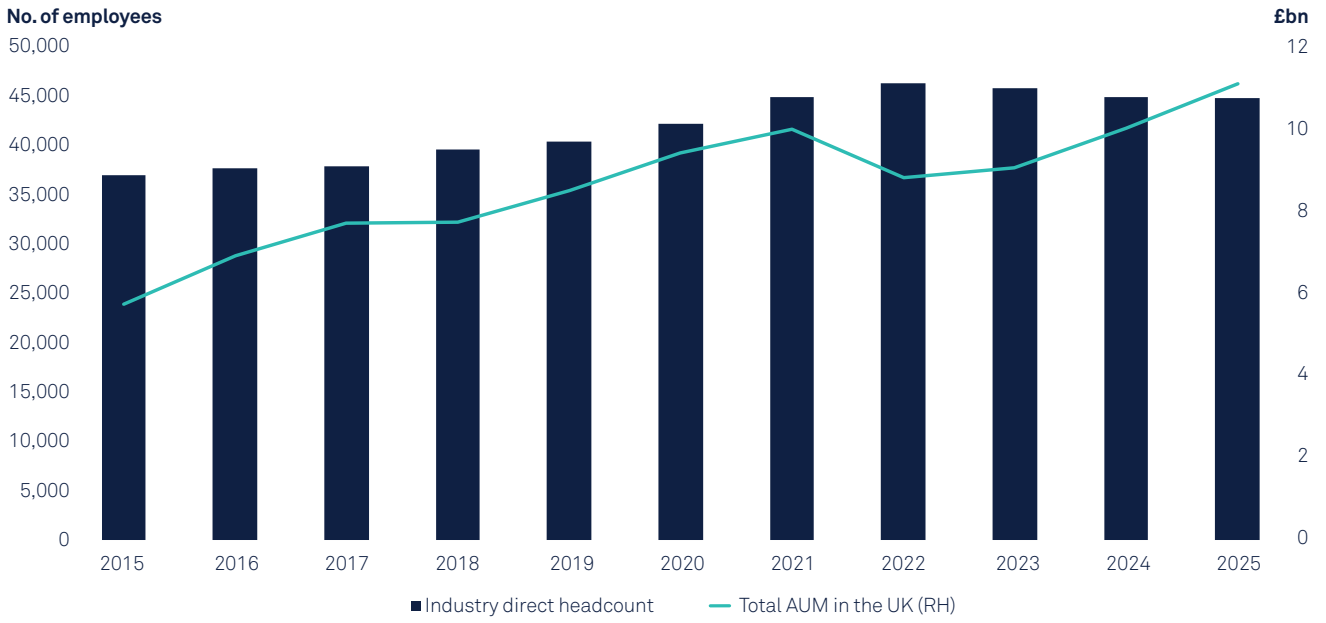
DIRECT EMPLOYMENT

Chart 51 sets direct headcount against UK assets under management.

- Direct employment fell for a third consecutive year, down around 0.3% on 2024 to 44,800 and below the 2022 peak of 46,300. This has happened as UK-managed assets have climbed to a record £11.1 trillion.
- Firm-level movements were more pronounced than the aggregate suggests. Of firms in the matched sample, 55% reduced headcount over the year, by an average of 6.7%. These reductions were largely balanced by increases elsewhere in the membership, much of it linked to acquisition activity.
- The recent falls sit against a longer rise. Direct employment is still around a fifth higher than in 2015, when 37,000 people were directly employed by IA members. Since 2022, margin pressure and the adoption of automation, outsourcing and digital operating models have reduced the headcount needed to manage a given level of assets. As a result, firms are increasingly able to grow their asset base without a corresponding increase in staff.

"The next five years are going to see a wave of benefits from technology and AI coming through our business. It will enable our businesses to scale without significantly increasing cost and headcount."

CHART 51: INDUSTRY HEADCOUNT ESTIMATES VS. UK ASSETS UNDER MANAGEMENT (2015–2025)



Source: The Investment Association

In Table 6 we show the distribution of people directly employed in the industry by job function. Around 24% 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, including distribution and client services, operations and fund administration, corporate support, compliance, and technology and IT, reflecting the diverse skills required to sustain the industry's global competitiveness.

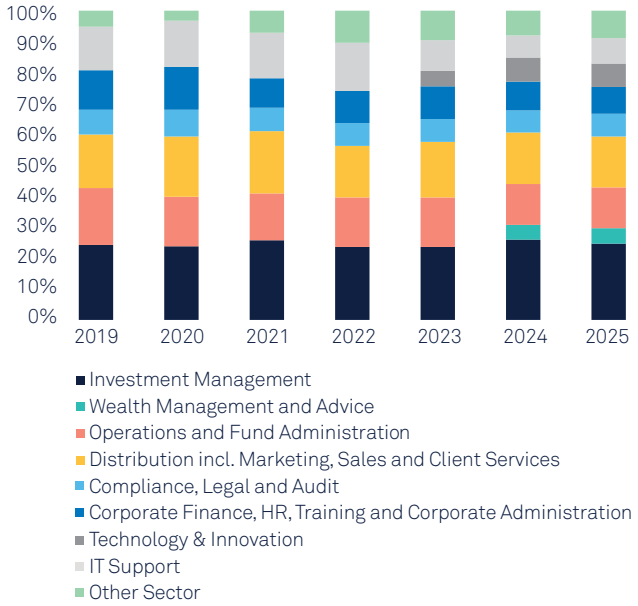
TABLE 6: DISTRIBUTION OF STAFF BY ACTIVITY (2025)

Activity	Share of total headcount
Investment management	24%
Wealth management and advice	4%
Operations and fund administration	13%
Distribution incl. marketing, sales and client services	20%
Compliance, legal and audit	7%
Corporate finance, HR, training and corporate administration	9%
Technology and innovation	8%
IT support	8%
Other sector	7%

Source: The Investment Association

Chart 52 shows how the mix of roles has evolved since 2019. Investment management has held broadly steady at around a quarter of the workforce throughout the period. The clearest movement has been in support functions. Operations and fund administration has fallen from 18% of the workforce in 2019 to 13%, and the traditional IT support function from 14% to 8%. These declines are the workforce counterpart of the cost and productivity trends set out above, as routine processing and support have increasingly been automated or moved to third parties. Over the same period, technology and innovation, first recorded separately in 2023, has grown from 5% to 8%, which points to technology roles shifting from maintenance towards development and data.

CHART 52: DIRECT EMPLOYMENT BY STAFF SEGMENT (2019–2025)



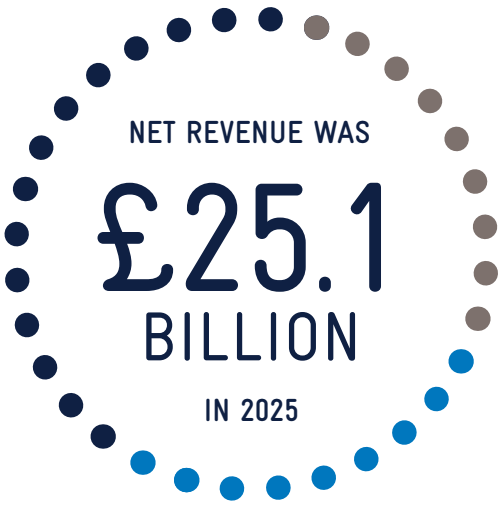
Source: The Investment Association

TABLE 7: **DISTRIBUTION OF STAFF BY ACTIVITY AND REGION (2025)**

Activity	London	Scotland	Elsewhere in the UK
Investment management	28%	14%	5%
Wealth management and advice	5%	1%	1%
Operations and fund administration	10%	19%	17%
Distribution incl. marketing, sales and client services	16%	20%	36%
Compliance, legal and audit	7%	7%	7%
Corporate finance, HR, training and corporate administration	11%	12%	9%
Technology and innovation	10%	5%	8%
IT support	6%	17%	11%
Other sector	9%	6%	3%

Source: The Investment Association

Table 7 shows how the mix of roles varies by location. London remains the industry's investment hub, with 28% of its staff in investment management roles, against 14% in Scotland and 5% elsewhere. Scotland has a clear operational specialism: operations and fund administration (19%) and IT support (17%) are the two functions in which it has the highest share of any region, underlining its established role as a major centre for the industry's operational and technology activity. Across the rest of the UK, distribution and client service roles are the largest single category, at 36%. Taken together, the regional pattern reflects a complementary structure, with investment management concentrated in London and Scotland a leading centre for operations and technology.

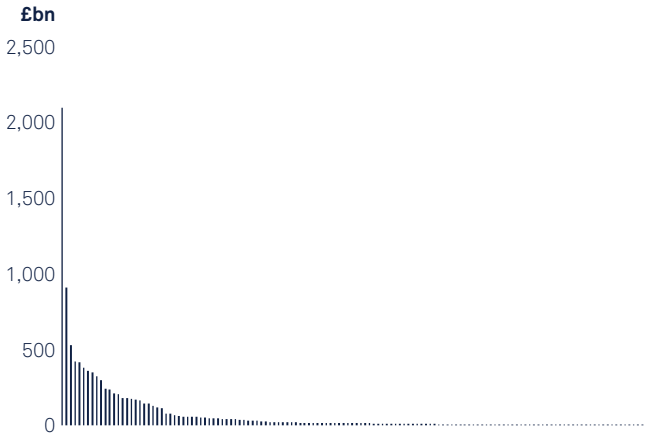


INDUSTRY FIRM SIZE

Chart 53 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 2025, the mean AUM per firm was £76.7 billion and the median £15.2 billion. Both measures rose on June 2024, when the mean was £67.3 billion and the median £12.0 billion, following the general increase in assets over the year. The gap between the two is itself informative: the mean sits about five times the median, which shows how far a small number of very large firms lift the average, and confirms that the typical member firm is much smaller than the industry's overall scale would suggest.

CHART 53: IA MEMBER FIRMS RANKED BY UK ASSETS UNDER MANAGEMENT (JUNE 2025)



Source: The Investment Association

IN JUNE 2025, THE MEAN AUM PER FIRM WAS

£76.7BN

AND THE MEDIAN £15.2BN

Table 8 shows the distribution of firms by size. Smaller firms continue to dominate by number, but the year's asset growth lifted firms across the size range rather than reshaping the market, so the distribution changed only modestly over the year:

- Smaller firms (<£15 billion AUM) remain the largest group at 48% of members, below 2024 (50%).
- Mid-sized firms (£15 to 50 billion AUM) account for 26% of members, up from 23% in 2024, with the £15 to 25 billion band in particular gaining ground.
- Large firms (>£50 billion AUM) represent 25% of members, a little below 2024 (26%). Firms managing more than £100 billion held steady at 18%.

SMALLER, INDEPENDENTLY-OWNED FIRMS

Smaller, independently-owned firms remain a distinctive part of the UK market. In 2025, 10 IA member firms managed less than £5.5 billion in assets and had an independent ownership structure, that is, they were not owned by a bank, insurer or larger asset management group. This number has held broadly steady in recent years even as consolidation has reduced the wider pool of small firms. Firms of this kind often run specialist or high-conviction strategies. But they are also the most exposed to the rising fixed costs of regulation and technology, which fall on a smaller revenue base, and to the consolidation those pressures encourage, leaving the segment's resilience increasingly dependent on a clear specialism rather than scale.

TABLE 8: IA MEMBER FIRMS BY SIZE BAND (SHARE OF FIRMS)

AUM band	June 2021	June 2022	June 2023	June 2024	June 2025
>£100bn	13%	14%	15%	18%	18%
£50bn to £100bn	9%	9%	6%	8%	7%
£25bn to £50bn	9%	11%	11%	11%	10%
£15bn to £25bn	12%	9%	9%	12%	16%
£1bn to £15bn	47%	49%	49%	42%	41%
<£1bn	10%	8%	9%	8%	7%
Small (under £15bn)	**57%**	**57%**	**58%**	**50%**	**48%**
Medium (£15bn to £50bn)	**21%**	**20%**	**21%**	**23%**	**26%**
Large (over £50bn)	**22%**	**23%**	**21%**	**26%**	**25%**
Total members	**149**	**146**	**140**	**125**	**135**

MARKET SHARE OF LARGER FIRMS

Chart 54 tracks the share of industry assets managed by the five and ten largest IA member firms, alongside the HHI, a standard measure of market concentration.

- The top five managers oversaw 42% of UK AUM in June 2025, a touch below 2024 (43%) and in line with the long-term average of around 42%.
- The top ten firms managed 59%, easing back from 60% in 2024 but well above the 56% of ten years ago.
- The industry's HHI edged up to 645 in 2025, from 641 in 2024, its highest reading of the past decade. The index is 163 points above its 2015 level, but the industry remains far below the 1,000 HHI threshold that denotes moderate concentration.

CHART 54: MARKET SHARE OF LARGEST FIRMS BY UK AUM VS. HHI (2015-2025)

Source: The Investment Association

Concentration has therefore risen over the past decade but remains low by conventional measures. The long run of merger and acquisition activity among the largest managers is visible in the climb of the HHI, from 482 in 2015 to 645 in 2025, its highest level of the past decade, as the biggest firms have grown partly by acquisition. That trend has been only partly offset by a large tail of small and mid-sized firms and by new entrants, which keep the market open to competition on price and strategy. This year the top five and top ten shares eased slightly while the HHI edged up, so concentration was broadly unchanged year on year, though the direction of travel over the decade is clearly towards greater scale.

M&A AND BROADER OPERATIONAL IMPLICATIONS

The market share and HHI figures above describe an industry that remains relatively unconcentrated, but the pressures that push firms towards consolidation have not eased. Rising fixed costs, particularly in technology and regulation, continue to make scale an advantage, and interviewees returned repeatedly to the difficulty of competing at the very largest scale, where even sizeable firms can struggle against global giants in areas such as artificial intelligence.

"The scale game is becoming increasingly important. When it comes to things like AI investing, you need substantial investment to build the capabilities and innovation for the future."

These pressures were seen as falling most heavily on firms in the middle of the market, who are large enough to carry a full cost base but without either the scale of the largest managers or the specialism of the smallest. Several firms characterised the industry as moving towards a barbell structure, with a small number of very large managers and a growing set of boutiques with specialist expertise.

"The market is very bifurcated. You've got your boutiques, who, if they get it right, can succeed through genuine differentiation. And then you've got the huge behemoths that benefit from scale."

"That middle ground in asset management... is under a lot of pressure, and we're likely to see further consolidation including mergers, takeovers, and private equity companies dipping their toe in."

Private markets remain an area of focus, as managers seek exposure to higher-margin, less commoditised areas by acquiring specialists or working alongside them. One notable shift this year was in how that capability is being pursued. Where recent years were marked by acquisitions of teams and boutiques, several members we interviewed described a move towards partnerships, joint ventures and minority stakes, particularly in private markets. The reasons were consistent: acquisitions can be difficult and costly to integrate, private-market capabilities are hard to build or buy at speed, and a partnership allows a firm to gain exposure and learn without the integration challenges of acquisition.

"We've had some reasonably high profile examples in our industry of mergers and acquisitions that have been challenging. If you've got a large, well-established firm with a track record it might make more sense to partner. We definitely observe that there are a lot more partnership style deals being done."

For some firms distribution was a motive behind deals, describing arrangements in which capability and distribution are effectively exchanged, with a manager providing equity or support in return for distribution access.

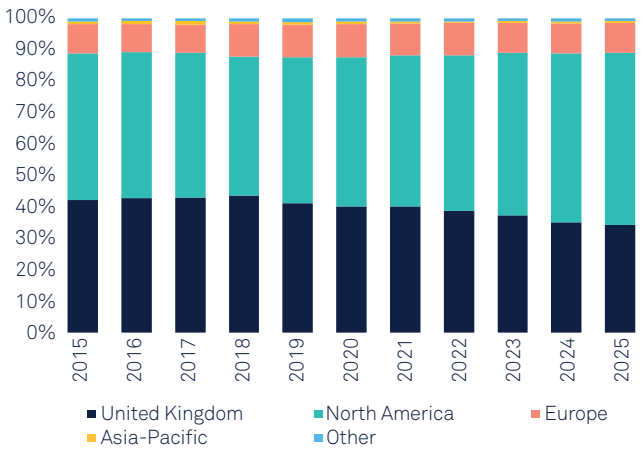
"Without control of distribution, it is becoming harder to compete. There's a lot more partnership-style deals being done, where there's a quid pro quo: one side provides asset management services, and the other opens up its distribution."

INVESTMENT MANAGER OWNERSHIP

Chart 55 shows the breakdown of UK assets under management by region of parent group headquarters, highlighting the industry's increasingly international profile.

- Firms headquartered in the UK managed 34% of assets in 2025, down from 35% in 2024. This continues a long decline, with the UK share falling in most years since 2015, when it stood at 42%. The change in share reflects the faster growth and acquisitiveness of the overseas groups operating in the UK.
- North American groups managed 55%, up from 54% and extending a rise that has run for most of the past decade. Much of this reflects acquisitions of UK and European managers by large North American firms, together with the strong asset growth of North American passive providers, which run the bulk of UK tracker assets. With the UK share down to 34%, overseas groups now manage around two-thirds of UK assets.
- The share managed by firms headquartered in Europe (10%), Asia-Pacific (around 1%) and elsewhere (around 1%) was broadly stable.

CHART 55: BREAKDOWN OF UK AUM BY REGION OF PARENT GROUP HEADQUARTERS (2015-2025)

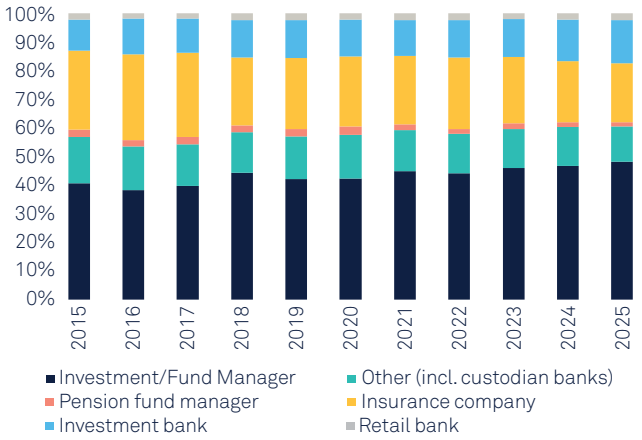


Source: The Investment Association

Chart 56 breaks the same assets down by parent type.

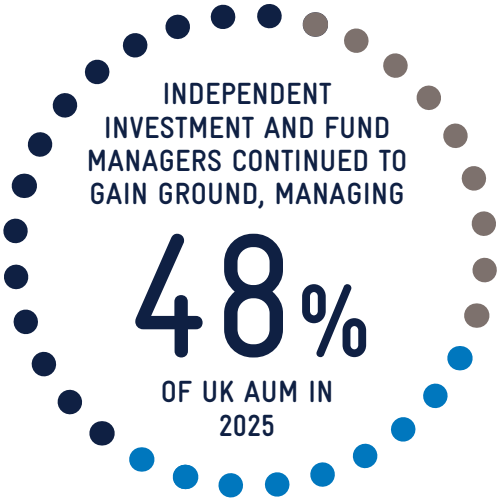
- Independent investment and fund managers continued to gain ground, managing 48% of UK AUM in 2025, up from 47%. They remain the only parent group to have consistently expanded their share over the past two decades, as banks and insurers have stepped back from asset management and independent groups have grown both organically and by acquisition.
- Assets managed by firms with an insurance company parent fell to 20%, from 21% in 2024, continuing a long decline as insurers have sold or floated their asset management arms.
- Investment banks accounted for 15%, their highest share in over a decade, and other owners, including custodian banks, accounted for 12%. Retail banks continue to represent only 3% of UK AUM, and pension fund managers around 2%.

CHART 56: BREAKDOWN OF UK AUM BY PARENT TYPE (2015-2025)



Source: The Investment Association

Taken together, the two charts describe an industry whose ownership has shifted steadily towards independent managers and towards overseas, principally North American, groups, largely through consolidation. The retreat of banks and insurers, once among the largest owners of UK asset management, is the clearest structural change in ownership over the past two decades, and it has coincided with the rise of large, often passive, international managers.



APPENDICES

APPENDIX 1
SUMMARY OF ASSETS UNDER MANAGEMENT IN THE UK[1]

	TOTAL
Assets under management in the UK (£m)	**11,104,907**
Segregated or pooled (%)	
Directly invested on a segregated basis	**46.3%**
Managed on a pooled basis	**53.7%**
Active or passive (%)	
Actively managed	**64.2%**
Passively managed	**35.8%**
Asset allocation (%)	
Equities *of which:*	**50.0%**
UK	14.0%
Europe (ex UK)	18.3%
North America	46.2%
Asia-Pacific (ex Japan)	9.0%
Japan	5.0%
Latin America	1.0%
Africa	0.3%
Emerging market	4.8%
Other	1.3%
Fixed Income[2] *of which:*	**30.5%**
UK government	12.9%
Sterling corporate	12.5%
UK index-linked	6.4%
Other UK	5.7%
Overseas government	26.0%
Non-sterling corporate	20.1%
Non-sterling other	16.4%
Cash/Money market	**6.6%**
Property	**1.6%**
Other	**11.3%**

[1] This includes all assets under management in this country, regardless of where clients or funds are domiciled.
[2] This includes UK institutional client mandates, regardless of where assets are managed.

INSTITUTIONAL								ALL INSTITUTIONAL	RETAIL	PRIVATE CLIENT
Pension funds	Public sector	Corporate	Non-profit	Sub-advisory	In-house insurance	Third party insurance	Other institutional			
2,813,640	834,083	728,924	113,751	537,489	846,533	688,079	1,070,538	7,633,037	3,370,930	100,940
25.3%	7.5%	6.6%	1.0%	4.8%	7.6%	6.2%	9.6%	68.7%	30.3%	0.9%

APPENDIX 2
SUMMARY OF DATA FROM THE UK INSTITUTIONAL MARKET[3]

	TOTAL
Total Institutional Market (£m)	**4,355,166**
Assets directly invested on a segregated basis	68.9%
Assets invested on a pooled basis	31.1%
Active or passive (%)	
Actively managed	72.8%
Passively managed	27.2%
Multi-asset, LDI or Specialist (%)	
Multi-asset	**17.7%**
LDI (notional)	**19.7%**
Single-asset / specialist *of which:*	**62.6%**
Equities	**35.9%**
Fixed Income	**34.1%**
Cash/Money Market	**15.3%**
Property	**4.7%**
Other	**10.2%**

[3] 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							
	1,739,219	**347,189**	**117,797**	**63,878**	**320,812**	**68,745**	**273,053**	**529,770**	**597,537**	**297,167**
	39.9%	8.0%	2.7%	1.5%	7.4%	1.6%	6.3%	12.2%	13.7%	6.8%
	81.3%	51.6%	36.3%	74.5%	27.1%	51.5%	70.0%	76.0%	81.1%	53.1%
	18.7%	48.4%	63.7%	25.5%	72.9%	48.5%	30.0%	24.0%	18.9%	46.9%
	68.2%	66.4%	26.3%	80.4%	81.3%	82.3%	63.0%	98.9%	85.7%	49.6%
	31.8%	33.6%	73.7%	19.6%	18.7%	17.7%	37.0%	1.1%	14.3%	50.4%
	16.9%	**1.8%**	**12.6%**	**1.4%**	**5.8%**	**37.3%**	**2.8%**	**3.4%**	**46.4%**	**28.5%**
	46.1%	**15.3%**	**13.4%**	**1.4%**	**1.4%**	**1.3%**	**0.0%**	**2.8%**	**2.8%**	**0.5%**
	37.0%	**82.9%**	**74.0%**	**97.1%**	**92.8%**	**61.4%**	**97.2%**	**93.8%**	**50.8%**	**71.0%**
	42.9%	**59.1%**	**55.2%**	**20.8%**	**10.2%**	**45.2%**	**61.0%**	**23.1%**	**38.9%**	**18.1%**
	41.4%	**24.0%**	**34.6%**	**45.9%**	**25.0%**	**14.2%**	**35.6%**	**39.2%**	**40.7%**	**21.7%**
	4.0%	**1.6%**	**3.1%**	**26.2%**	**52.7%**	**23.3%**	**0.6%**	**4.7%**	**8.5%**	**48.3%**
	3.9%	**6.3%**	**4.1%**	**4.2%**	**7.8%**	**2.2%**	**1.4%**	**6.4%**	**6.0%**	**1.7%**
	7.7%	**9.0%**	**2.9%**	**2.9%**	**4.4%**	**15.1%**	**1.4%**	**26.7%**	**6.0%**	**10.2%**

APPENDIX 3

NOTABLE M&A DEALS IN THE UK INVESTMENT MANAGEMENT SECTOR (2015 TO JUNE 2026)

This year we have included M&A activity only, and not joint ventures or cases where a firm has taken a minority stake in a business. Deals still in progress that have not yet received final regulatory approval are not included.

H1 2026

ACQUIRER	TARGET
Pollen Street Capital	Tutman (Thesis Holdings fund services platform)
Jupiter Fund Management	CCLA Investment Management
Fairstone Group	Prosperity Wealth
W1M Wealth Management	Vermeer Partners
Corient (CI Financial)	Stonehage Fleming
Corient (CI Financial)	Stanhope Capital
NatWest Group	Evelyn Partners

2025

ACQUIRER	TARGET
Evelyn Partners	Dart Capital
Jupiter Asset Management	Origin Asset Management (team and assets)
Brooks Macdonald	LIFT-Financial Group Ltd (incl. LIFT-Invest)
BlackRock	Preqin Ltd.
CVC / Nordic / ADIA consortium (Harp Bidco)	Hargreaves Lansdown plc
Apax Funds (Apax Partners)	Evelyn Partners' Professional Services business
Victory Capital	Amundi US
Wren Sterling	City Financial
BNP Paribas	AXA Investment Managers
BlackRock	HPS Investment Partners
Thesis Holdings	Evelyn Partners Fund Solutions
Mattioli Woods	Kingswood Group
Mercer (Marsh McLennan)	Fundhouse
Brown Advisory	Marylebone Partners LLP
Royal London	Dalmore Capital Ltd.

2024

ACQUIRER	TARGET
Franklin Templeton	Putnam Investments
Carne Group / Vitruvian Partners	GAM Holding (Fund Management Services business)
Janus Henderson Group plc	Tabula Investment Management
Impax Asset Management Group plc	Absalon Corporate Credit (fixed income business)
Quilter plc	NuWealth Ltd.
Redwheel (RWC Asset Management LLP)	Ecofin (from TortoiseEcofin)
BlackRock	Global Infrastructure Partners (GIP)
Schroders	Whitley Asset Management
Arthur J. Gallagher & Co.	Redington Ltd.

2023

ACQUIRER	TARGET
Apex Group	Maitland
JP Morgan Asset Management	China International Fund Management
Lazard	Truvvo Partners
MetLife Investment Management	Raven Capital Management
AssetCo	Ocean Dial Asset Management
GeoWealth	First Ascent Asset Management
Barings	Gryphon Capital Partners
Momentum Global Investment Management	Crown Agents Investment Management
Phoenix	Sun Life UK
T Rowe Price	Retiree Income
JP Morgan Asset Management	Aumni
Lansdowne Partners	Crux Asset Management
Fairstone Group	Sacre Associates
UBS	Credit Suisse
Candriam	Tristan Capital Partners
Barings	Rocade Capital
Farner Consulting	GFD Gesellschaft fur Finanzkommunikation
Union Bancaire Privee	Angel Japan Asset Management
LGT Wealth Management	Abrdn Capital (discretionary wealth arm of abrdn)
Rathbones	Investec Wealth & Investment
Abrdn	Tekla Capital Management
First Sentier Investors	AlbaCore Capital Group

2022

ACQUIRER	TARGET
Raymond James	Charles Stanley
Schroders	River and Mercantile (solutions business)
M&G	responsAbility Investments
iCapital	SIMON Markets
Franklin Templeton	Lexington Partners
Schroders	Greencoat Capital (majority stake)
Goldman Sachs Asset Management	NN Investment Partners
Liontrust	Majedie Asset Management
Brooks Macdonald Group	Integrity Wealth Solutions
Abrdn	Interactive Investor
Brookfield	Watermark Lodging Trust
Bank of Ireland	Davy Group
AllianceBernstein	AB CarVal
Aviva	Succession Wealth
Brooks Macdonald Group	Adroit Financial Planning
AssetCo	River and Mercantile (asset management)
AssetCo	SVM Asset Management
BNP Paribas	Dynamic Credit
Carne Group	The Asset Management Exchange
MetLife Investment Management	Affirmative Investment Management
Sanlam	Absa Alternative Asset Management
State Street	CF Global Trading
JP Morgan Asset Management	Global Shares
Evelyn Partners	Arena Wealth
Fairstone Group	PAX Financial
Royal Bank of Canada	Brewin Dolphin
Franklin Templeton	Alcentra
Octopus Energy Generation	Zestec Renewable Energy:
BNP Paribas	The International Woodland Company
Fairstone Group	Complete Financial Planning

2021

ACQUIRER	TARGET
Morgan Stanley	Eaton Vance
AssetCo	Rize ETF (63% stake)
abrdn	EXO Investing
Close Brothers Asset Management	PMN Financial Management
Mattioli Woods	Maven Capital Partners
Polar Capital	Dalton Strategic Partnership
PineBridge Investments	Benson Elliot Capital Management
Momentum Global Investment Management	Seneca Investment Managers
Waverton Investment Management Group	Cornerstone Asset Management
JP Morgan Asset Management	Campbell Global
Affiliated Managers Group	Parnassus Investments (majority stake)
GTCR / Reverence Capital Partners	Wells Fargo Asset Management
Columbia Threadneedle (Ameriprise)	BMO Financial Group's EMEA asset management business
Amundi	Lyxor Asset Management

2020

ACQUIRER	TARGET
Aberdeen Standard Investments	Tritax Management (majority stake)
AllianceBernstein	AnchorPath
Sumitomo Mitsui Financial Group	TT International
Stonehage Fleming	Cavendish Asset Management
Stonehage Fleming	Maitland's Private Client Services business
Amundi	Sabadell Asset Management
Jupiter Asset Management	Merian Global Investors
Franklin Resources	Legg Mason
Apex Group	FundRock Partners
Brown Shipley	NW Brown & Co
Schroders	Sandaire
Schroders	Pamfleet (majority stake)
M&G	Ascentric
Liontrust Asset Management	Architas UK
Rathbones	Personal injury and Court of Protection business of Barclays Wealth
Fidelity International	Legal & General's UK Personal Investing business (incl. Cavendish Online)
Brooks Macdonald Group	Lloyds Bank International Channel Islands wealth and funds business

2019

ACQUIRER	TARGET
Hargreaves Lansdown	Retail ISA assets from JPMorgan Chase (GBP 765m)
BlueBay	Arcmont Asset Management (spin-out)
Charles Stanley	Myddleton Croft
BlackRock	eFront
Merian Global Investors	Kestrel Investment Partners (multi-asset business)
Quilter	Lighthouse
Goldman Sachs	S&P Investment Advisory model portfolio business
Invesco	RedBlack
Schroders	Thirdrock
Schroders	BlueOrchard Finance (majority stake)
Mitsubishi UFJ Trust and Banking	First State Investments
Sanlam	Astute Wealth Management
Sanlam	Thesis Asset Management
SJP	Harvest Financial Services
Quilter	Charles Derby
Standard Life Aberdeen (1825)	Grant Thornton UK financial planning business
Waverton Investment Management	Timothy James & Partners
Brewin Dolphin	Epoch Wealth Management
Liontrust	Neptune Investment Management
Brewin Dolphin	Investec's wealth management business in Ireland
Brewin Dolphin	Mathieson Consulting
Premier Asset Management	Miton Group

2018

ACQUIRER	TARGET
Impax Asset Management	Pax World Management
AllianceBernstein	Autonomous Research
Amundi	Mirae Global Investments Taiwan
Allianz Global Investors	Sound Harbour Partners
Goldman Sachs	Aptitude Investment Management
Goldman Sachs	Rocaton Investment Advisors
FundRock	SEB Fund Services Luxembourg
Muzinich	Springrowth SGR
Natixis	MB Credit
Federated Investors	Hermes Investment Management (majority stake)
Rathbones	Speirs & Jeffrey
Mellon	Walter Scott & Partners
Franklin Templeton	Benefit Street Partners
Franklin Templeton	Edinburgh Partners
Lyxor	Commerzbank ETF business
Invesco	Intelliflo
Invesco	OppenheimerFunds
Pimco	Gurtin Municipal Bond Management
Nomura Asset Management	8 Securities (majority stake)
Seven Investment Management	TCAM

2017

ACQUIRER	TARGET
Brewin Dolphin	Duncan Lawrie Asset Management
LGIM	Canvas
Henderson Global Investors	Janus Capital
Amundi	Pioneer Investments
Schroders	Adveq Holding
Standard Life Investments	Aberdeen Asset Management
Link Group	Capita Asset Services
BlackRock	First Reserve Energy Infrastructure Funds
BlackRock	Cachematrix
BNP Paribas Asset Management	Gambit Financial Solutions (majority stake)
Close Brothers	Adrian Smith and Partners
Crux Asset Management	Oriel global and European funds (from City Financial)
FundRock	Fund Partners
Lovell Minnick Partners	CentreSquare Investment Management
Natixis Global Asset Management	Investors Mutual
Principal Global Investors	Internos Global Investors
RWC	Pensato Capital
Schroders	Algonquin
SJP	HJP Independent Financial Advisers
Stonehage Fleming	OmniArte
Swiss Re	LGIM with-profits business
TA Associates	Old Mutual Global Investors (single strategy funds)
Thesis Asset Management	Cambridge Fund Managers
Canada Life Group (UK)	Retirement Advantage

2016

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

2015

ACQUIRER	TARGET
Aviva	Friends Life
BNY Mellon	Cutwater Asset Management
Henderson	90 West (increased holding to 100%)
Henderson	Perennial Fixed Interest Partners / Perennial Growth Management
Broadstone	Blythwood
Brooks Macdonald	Levitas Investment Management Services
Legal & General Investment Management	Aerion
GAM	Singleterry Mansley Asset Management
Maitland	Phoenix Fund Services
Threadneedle	Columbia
Vontobel	TwentyFour (60% stake)

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 (i.e. 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 (i.e. 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 (i.e. from outside the respondent's group), where the mandates are seen as institutional. It includes both unit-linked assets (i.e. 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 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

Aberdeen Group plc
Aberforth Partners LLP
AJ Bell Asset Management Limited
Amundi Asset Management
Aviva Investors
AXA Investment Managers
Baillie Gifford & Co.
Barings LLP
BlackRock Investment Management (UK) Ltd
BNP Paribas Asset Management
Border to Coast Pensions Partnership
CCLA Investment Management Limited
Columbia Threadneedle Investments
Ernst & Young LLP
Federated Hermes Limited
FIL Investment Management Limited
Guinness Asset Management Ltd
HSBC Global Asset Management (UK) Limited
Independent Franchise Partners LLP
Insight Investment Management (Global) Limited
Invesco Ltd.
J.P. Morgan Asset Management
Jupiter Investment Management Limited
Lazard & Co., Limited
Legal & General Investment Management
Liontrust Fund Partners LLP
Lloyds Banking Group
Longview Partners (UK) Limited
Loomis, Sayles & Company
M&G Group Limited
Man Group plc
Margetts Fund Management Ltd
McInroy & Wood Ltd
Morgan Stanley Investment Management
Natixis Investment Managers UK Limited
Newton Investment Management Limited
Ninety One plc
Pier Investment Management
PIMCO Europe Ltd
Polar Capital Holdings plc
Quilter plc
Rathbone Unit Trust Management
Raymond James Investment Services Limited
RBC BlueBay Asset Management
Redwheel
Royal London Asset Management
Sarasin & Partners
Schroder Investment Management Ltd
Schroders Personal Wealth
Seven Investment Management LLP
Slater Investments Ltd
St. James's Place plc
State Street Investment Management
T. Bailey Asset Management Limited
T. Rowe Price International Ltd
TwentyFour Asset Management LLP
Vanguard Asset Management Limited
Walter Scott & Partners Limited
WAY Fund Managers
Waystone
Wesleyan Assurance Society

THE
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