



# Wave 10

## Summary Report

# UK Institutional Market Study

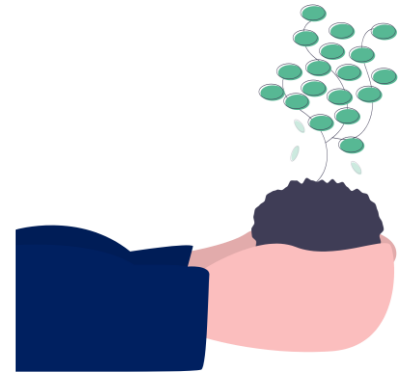
## Professional Investor Summary Report

This is Research in Finance's UKIMS Wave 10 participant report, shared with those who took part in the study as a thank you for the continued support you provide to us and our clients.

The report shares a summary of this year's findings, which cover topics such as asset allocation, end-game strategies and the asset managers you selected as market-leading.

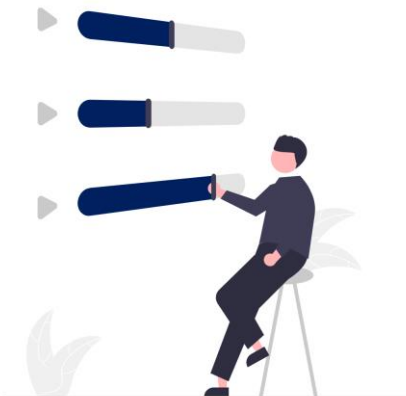
**ESG and fixed income remain the cornerstones of institutional investment strategies with private credit growing in favourability.**

**Sentiment towards equities from Defined Benefit (DB) schemes is negative; however, their Defined Contribution (DC) counterparts are much more neutral towards this asset class.**



**There is a clear (and growing) preference for passive strategies amongst equities.**

**Fixed income allocation is much more divided, as half of investors prefer active strategies for this asset class.**



**End-game strategies continue to headline the agenda of DB schemes. Buy-out and buy-in are the most common strategies however, run-on is not off the cards.**

**Most DC schemes are set to continue with their current strategy, but a proportion are looking towards Master Trusts.**

**ESG will continue to play an important role for pension schemes over the next one to two years. But, with end-game planning taking centre stage for DB schemes, ESG's importance is slightly diminishing.**

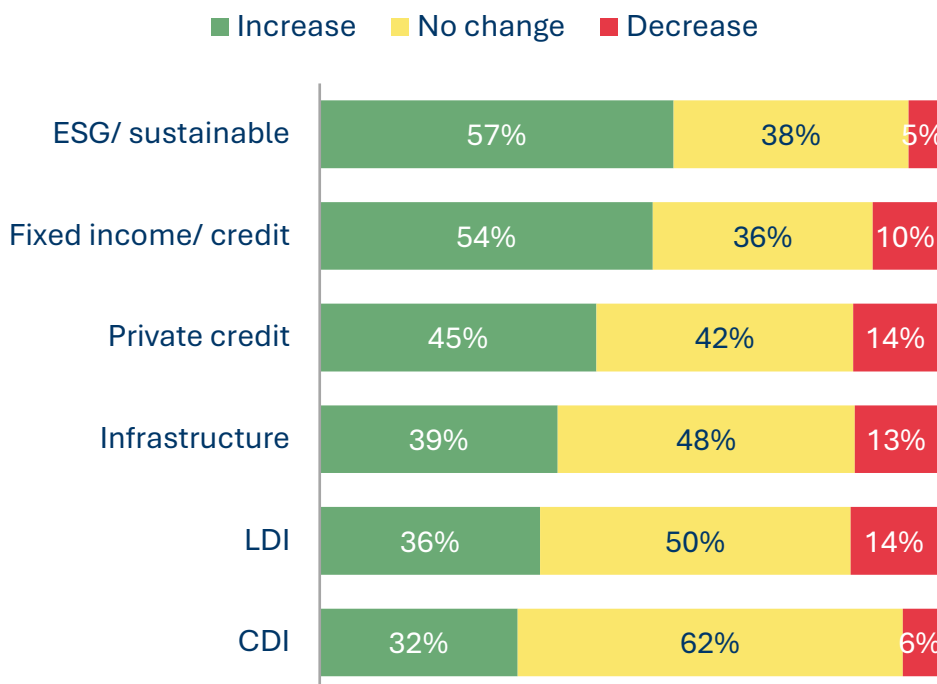


Asset allocation is an ever-changing landscape. Be it current market trends, the global geopolitical landscape, or end-game planning, something is always swaying opinion

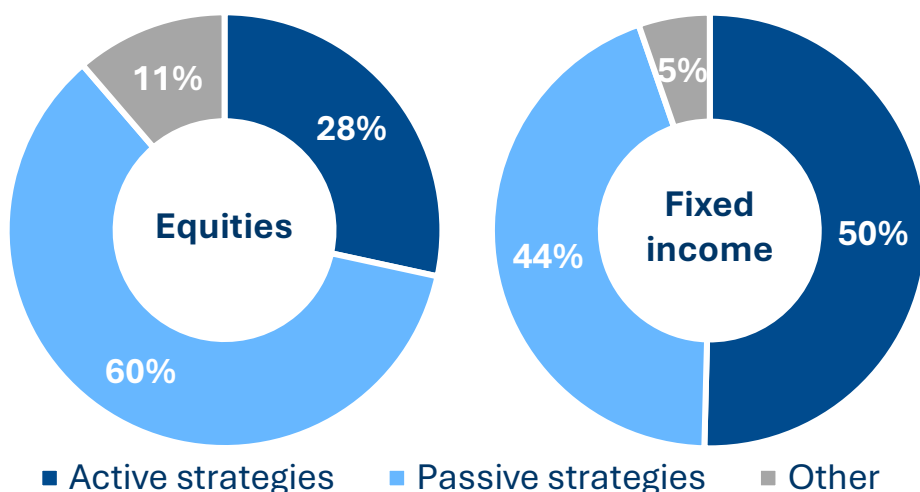
## Expected change in allocation in 2025

ESG investing remains top of the list for institutional investors.

Driven by DB schemes facing end-game decisions and a flight to safety, asset allocation look to focus on liquid and more risk-averse asset classes.



## Average active v passive allocation



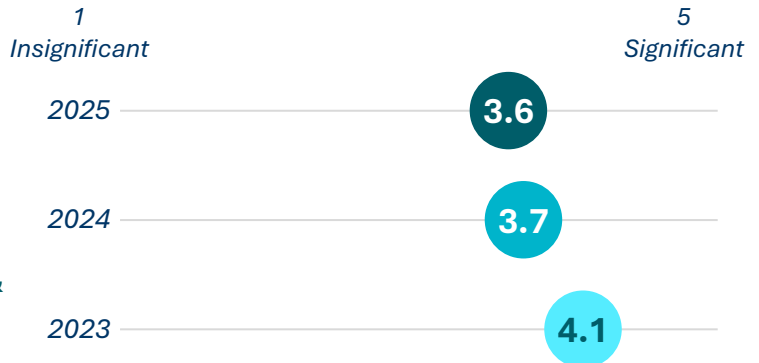
Institutional investors hold a heavy (and growing) preference for passive strategies when investing in equities.

When it comes to fixed income, there is a much more even split between active and passive strategies.

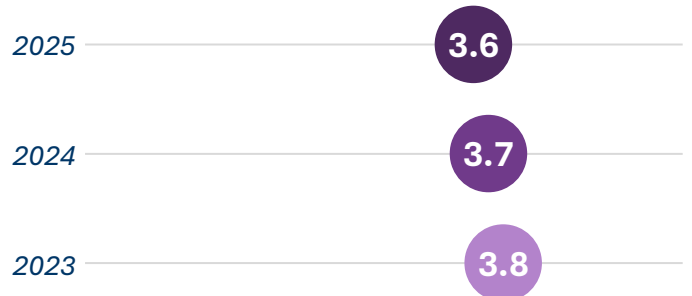
**Responsible investing (ESG) used to be at the top of everyone’s list, and whilst it is still held highly, it is not at the forefront of investing as it once was**

### Significance of ESG over the next 1-2 years

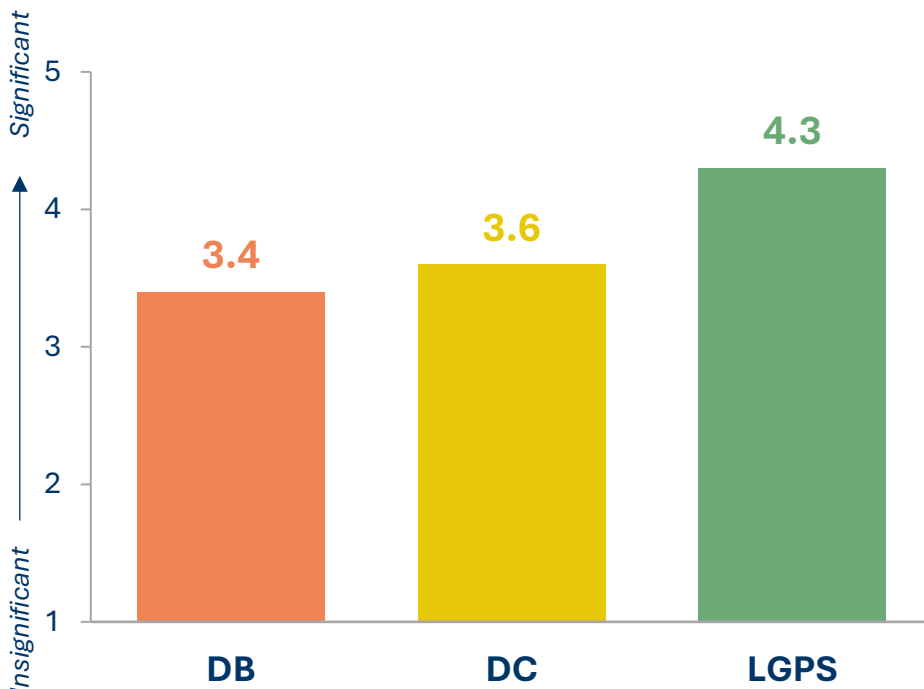
**Whilst the role of ESG remains important in the pension landscape, its hold on the industry is slowly lessening over time.**



**This lessening is likely driven by multiple factors, such as the US political landscape.**



### Significance of ESG by scheme type



**ESG will hold the least significance amongst DB schemes who are set to focus on their end-game strategies.**

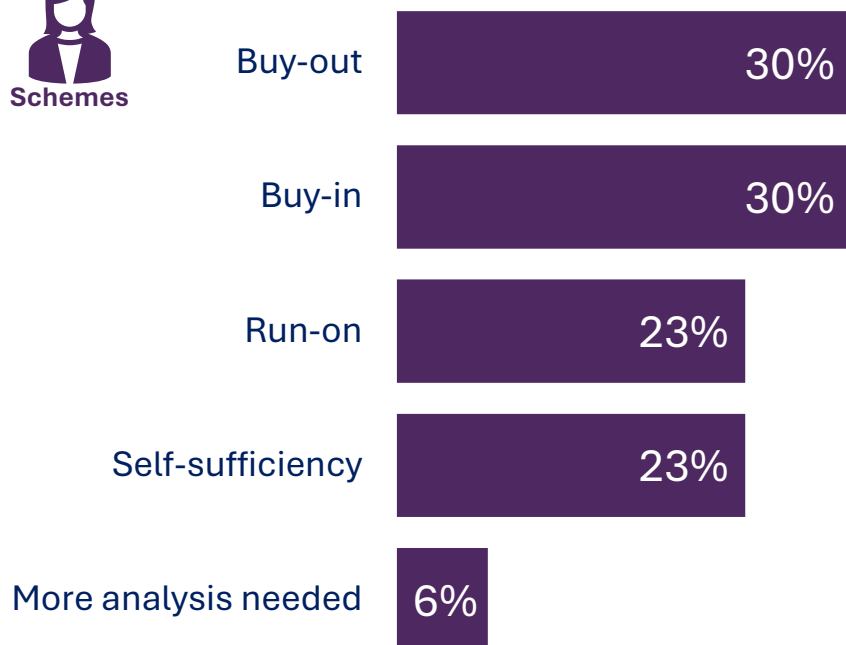
**Local Government Pension Schemes continue to view ESG with great importance, just as they are mandated to.**

For many DB schemes, buy-out or buy-in is their current strategy however, with the UK government looking to encourage running-on, will we see a change in this?

## DB Schemes future end-game strategy



Schemes



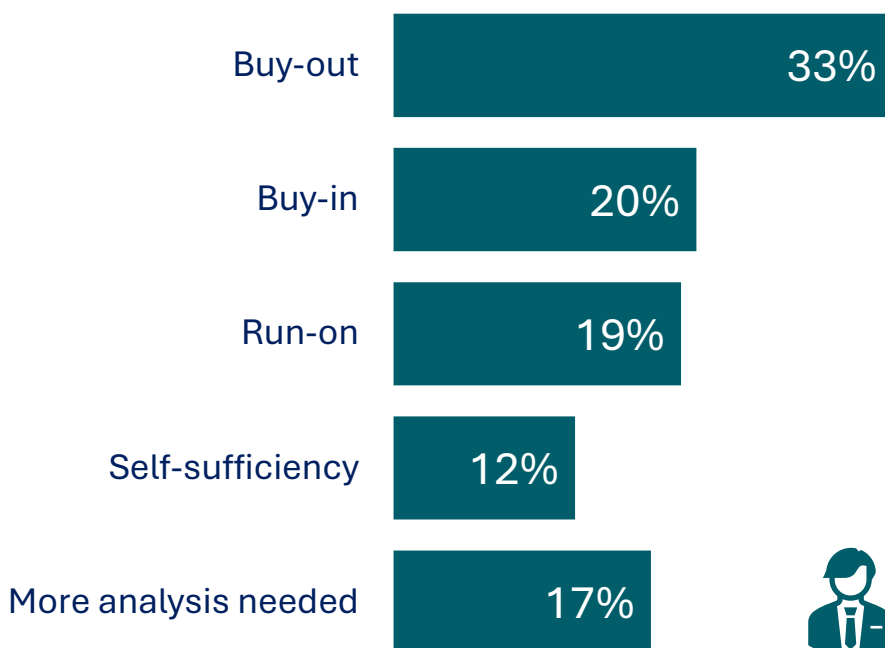
Buy-out and buy-in are the most common end-game strategies for DB schemes.

Just under a quarter of schemes however are considering to run-on/ be self-sufficient.

## Consultants – % of DB clients discussing each strategy

A third of consultants and professional trustees report that their DB clients are typically discussing buy-out as their main end-game strategy.

Interestingly a smaller proportion are discussing buy-in.



Consultants & Prof. Trustees

**There are clear incentives to encourage DB schemes to run-on in surplus but, significant barriers also persist**

## *Incentives and barriers to running-on*

**Refunding corporate sponsors and the potential to deliver increased benefits to scheme members are the top incentives to running a DB scheme in surplus.**

Potential to refund assets to corporate sponsors 63%

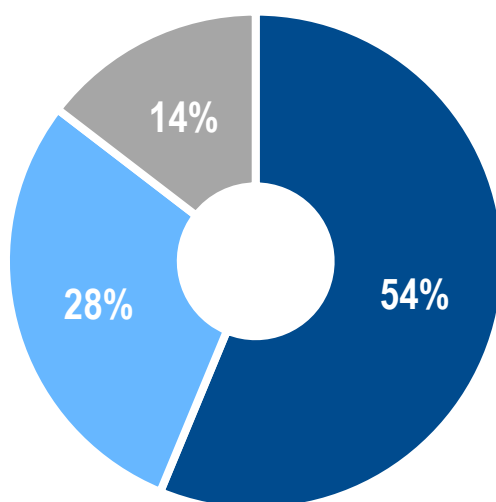
Potential to offer discretionary increases in benefits 62%

Corporate sponsors would prefer to remove pension liabilities from balance sheet 80%

Trustees would prefer to transfer the governance burden 47%

**Pressure to remove corporate sponsorship is the primary barrier.**

## *DC scheme future strategic plan*



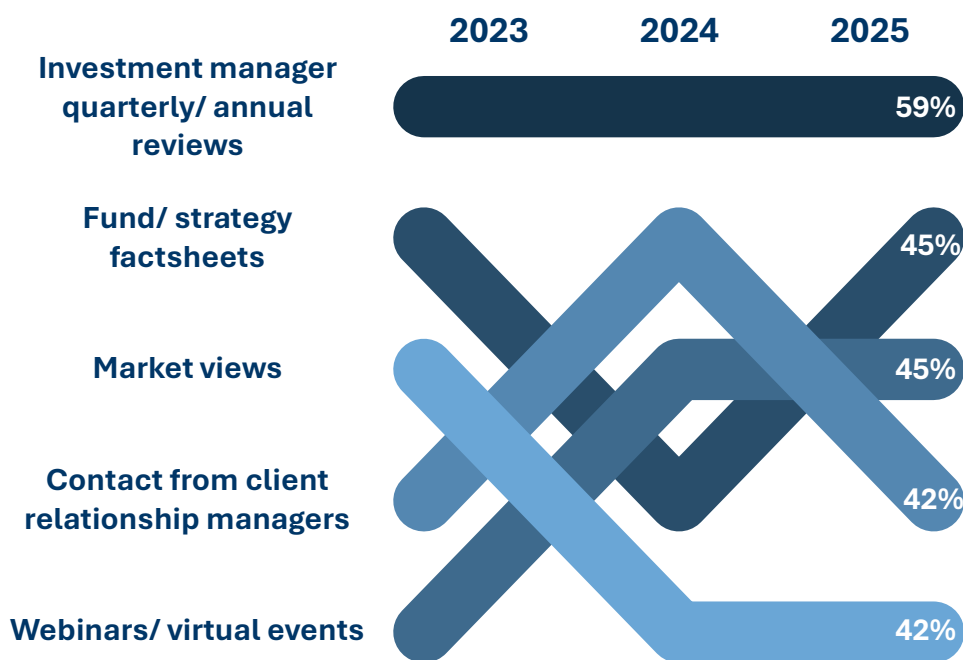
- Continue with current DC scheme
- Transfer scheme to a Master Trust
- Notclear/ unsure

**Just over half of DC schemes are planning to carry on as is.**

**Over a quarter are looking to transfer to an alternative workplace DC arrangement, such as a Master Trust or Group Personal Pension.**

## Asset managers continue to be a key source of information to the institutional market. Investors clearly favour their annual reviews and face-to-face meetings

### Most valued sources of information (top 5 displayed)



Pension schemes continue to highly value their quarterly/ annual review meetings with their respective investment managers.

The other information sources are almost all equally valued by just under a half of investors.

### Preferred communication type

Face-to-face meetings are the most preferred means of communicating with investment managers.

Face-to-face meetings 64%



Institutional investors do not tend to favour being contacted by investment managers via social media such as LinkedIn.

Video calls 58%



Email 56%



In-person events/ Seminars 50%



Virtual events/ Webinars 43%



Phone calls 21%

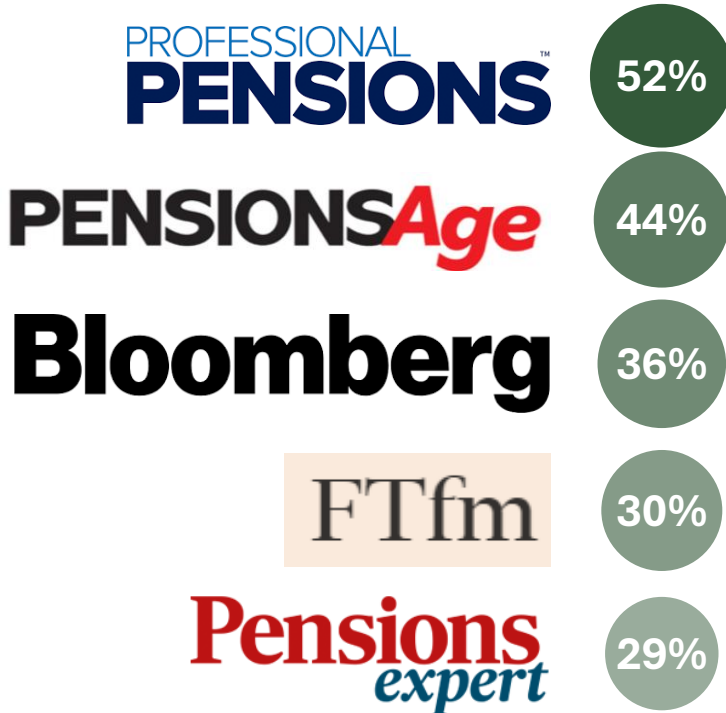


Social Media 7%



Outside of asset managers there is a wide range of information and media consumed. Professional pensions is not only a well-read publication, but also hosts strongly attended events

## Industry publication readership/viewership

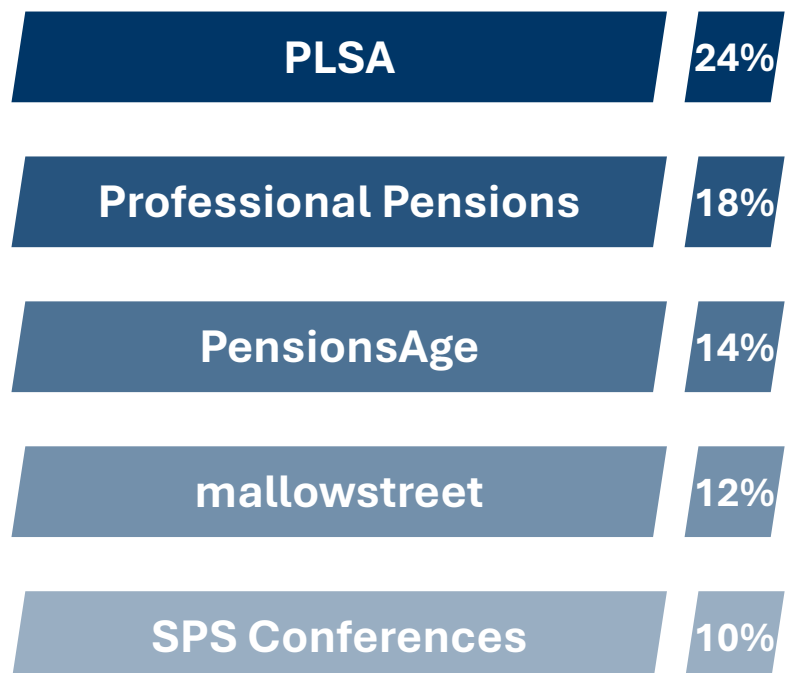


Just over half of the institutional market are turning to Professional Pensions for market information.

Schemes most commonly digest PensionsAge whilst consultants and professional trustees slightly favour Professional Pensions.

## Trade/ industry event attendance (top 5 displayed)

Industry events continue to attract wide scale attendance from the pension landscape, as 68% of institutional investors attended at least one trade event last year with PLSA holding the highest attendance levels in 2024.





# Leading providers

Institutional investors hold LGIM, Schroders, and Insight in high regard as they commonly rank amongst the top three providers across various categories



# Closing remarks

## Methodology

Research in Finance (RiF) is an award-winning market research, consultancy, publisher and data provider, specialising in the financial services sector, covering UK and European and global markets.

UKIMS is an annual research study now in its 10<sup>th</sup> wave! The study includes both a survey, conducted among 200+ institutional investors during the winter each year, and an online community each summer.

The findings are extremely important to asset managers in helping to shape their marketing materials, understand what institutional investors value and gain an insight into how trends are evolving over time.

## Charity donations and partners

£200 has been raised for charity from the UK Institutional Market Study this year.

Thank you to those who completed the survey, for your kind donations and your continued support!

Partner charities:



## Contact us



Visit the RiF website:  
<https://researchinfinance.co.uk>



Via email:  
Sam Chitty, Research Manager  
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## Research

We sincerely hope you have found this summary report insightful, and that you will continue to take part in our UK Institutional Market Study in future years.

## Share

If you have any friends, family or colleagues in the institutional investment industry who would be interested in taking part, please send them the link below, where they will be able to receive invites to surveys, in-depth interviews and online communities.

## Thank You

As a thank you for sharing your views, we always offer a reimbursement for your time – either as a voucher or charity donation – as well as summary findings at the end of the project. Participation is entirely voluntary, and you can unsubscribe from survey invites at any time.

<https://tinyurl.com/RiFPanel>