

# UK Institutional Market Study Summary Report

## STUDY OVERVIEW

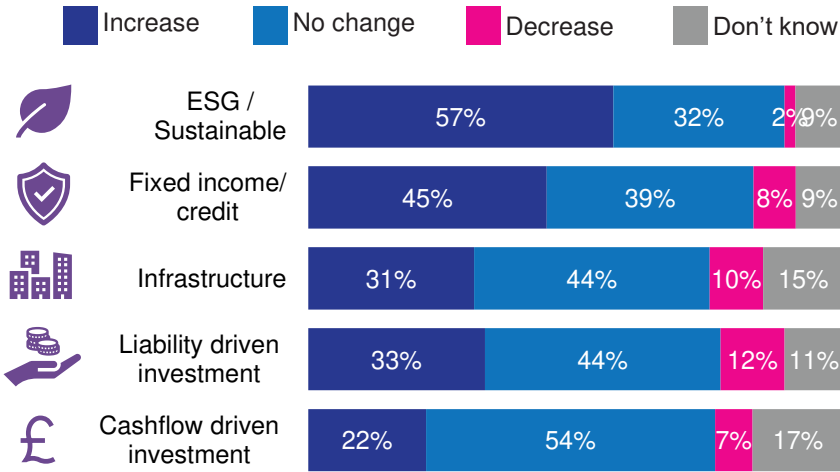
- Research in Finance (RiF) is an award-winning market research, consultancy, publisher and data provider, specialising in the financial services sector, covering both the UK and European markets.
- RiF's UK Institutional Market Study (UKIMS) is an annual research study which seeks to uncover what is driving trends and strategies in the UK pensions' market.
- 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.



# Asset Allocation

ESG/ SUSTAINABLE STRATEGIES CONTINUE TO DOMINATE THE INSTITUTIONAL INVESTMENT MARKET IN TERMS OF FORECASTED ALLOCATION OVER THE NEXT 12 MONTHS. FIXED INCOME IS ALSO ANTICIPATED TO BE A PREFERRED ASSET CLASS

## Anticipated increases in allocation/ recommended allocation over the next year – top 5 asset classes



**KEY INSIGHT**

After significant outflows in the past months, institutional investors are again expecting to invest in Fixed Income/ Credit strategies. ESG/ Sustainable remains on top of the chart, consistent with previous wave's results.

## SENTIMENT TOWARDS LDI IS COOLING, BUT REMAINS POSITIVE

### Pension scheme endgame strategy: LDI

**KEY INSIGHT**

Nearly three in four institutional investors are currently investing in/ advising on LDI strategies. A third of this group felt LDI performance was a little worse than expected following the Sept '22 sell-off

### Key factors deciding long term resilience of LDI strategy

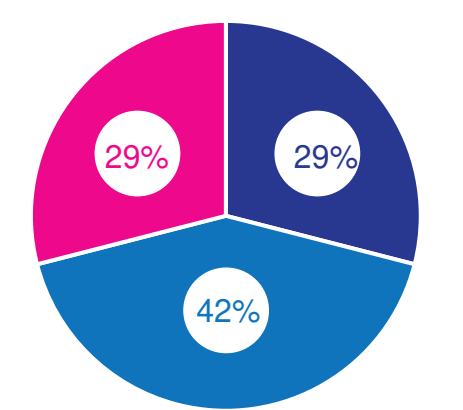
- Consider the appropriateness and profile of illiquid investments
- Review which decisions are delegated to increase the speed of decision making
- Review the objectives and assessment of criteria of LDI mandates

### Active vs Passive Preference

**KEY INSIGHT**

For the average institutional investor, passive strategies are strongly preferred when it comes to investing in equities. Active and passive strategies are more equitably preferred for fixed income investing.

### Use of RFPs while finding new investment managers



### KEY INSIGHT

Top three qualities defining a good RFP response are ease of understanding, being bespoke/ tailored to investors' needs and having demonstrable experience of the investment manager.

### Investment managers submitting highest quality responses to RFPs (unprompted)

- 1 Legal & General INVESTMENT MANAGEMENT
- 2 BLACKROCK®
- 3 Schroders
- 4 Insight INVESTMENT
- 5 BAILLIE GIFFORD

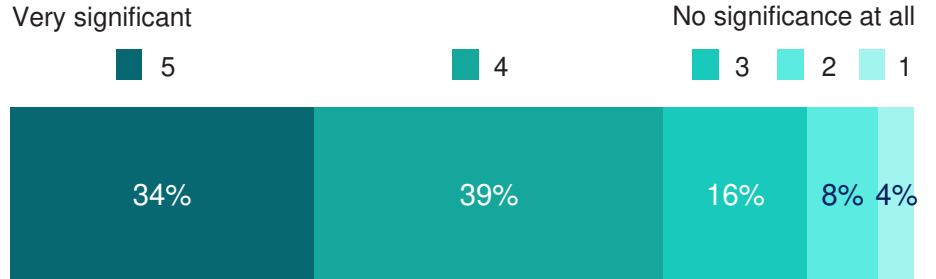
# ESG

## KEY INSIGHT

ESG's importance remains undiminished in pension fund investments. It remains the top allocation class for overall forecasted increases in investments; sustainable investments are top in each of equity and fixed income specific allocations. ESG is also the clear leader when it comes to investing in thematic solutions.

THE MAJORITY BELIEVE ESG FACTORS WILL PLAY A SIGNIFICANT ROLE IN PENSION FUND INVESTMENTS IN THE NEXT 12-24 MONTHS. THIS HAS BEEN A CONSISTENT STORY FOR THE PAST FEW WAVES

## Significance of ESG in Pension Fund Investments in the next 12 – 24 months

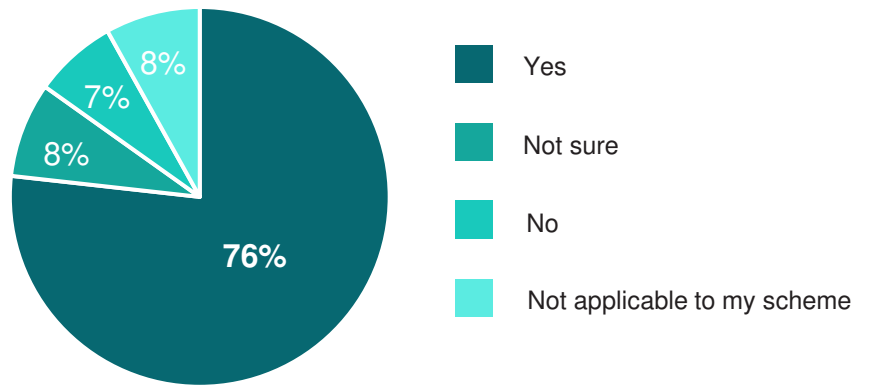


## KEY INSIGHT

A large proportion of schemes and trustees think that if asset managers provide standardised information and transparent reporting, it would help them meet new disclosure requirements better.

THE MAJORITY OF SCHEMES AND TRUSTEES ARE INCORPORATING CLIMATE-RISK RELATED DISCLOSURE REQUIREMENTS IN THEIR PENSION SCHEMES. THIS PROPORTION IS ALSO INCREASING WAVE ON WAVE

## Incorporating climate-risk related disclosure – Schemes



LGIM CONTINUES TO BE THE LEADING INVESTMENT MANAGER WHEN IT COMES TO ESG

## Top 5 investment managers mentioned for being a market leader in ESG (unprompted)



# Media and Events

PROFESSIONAL PENSIONS IS THE MOST POPULAR TRADE PUBLICATION AMONG INSTITUTIONAL INVESTORS

## Most read trade publications

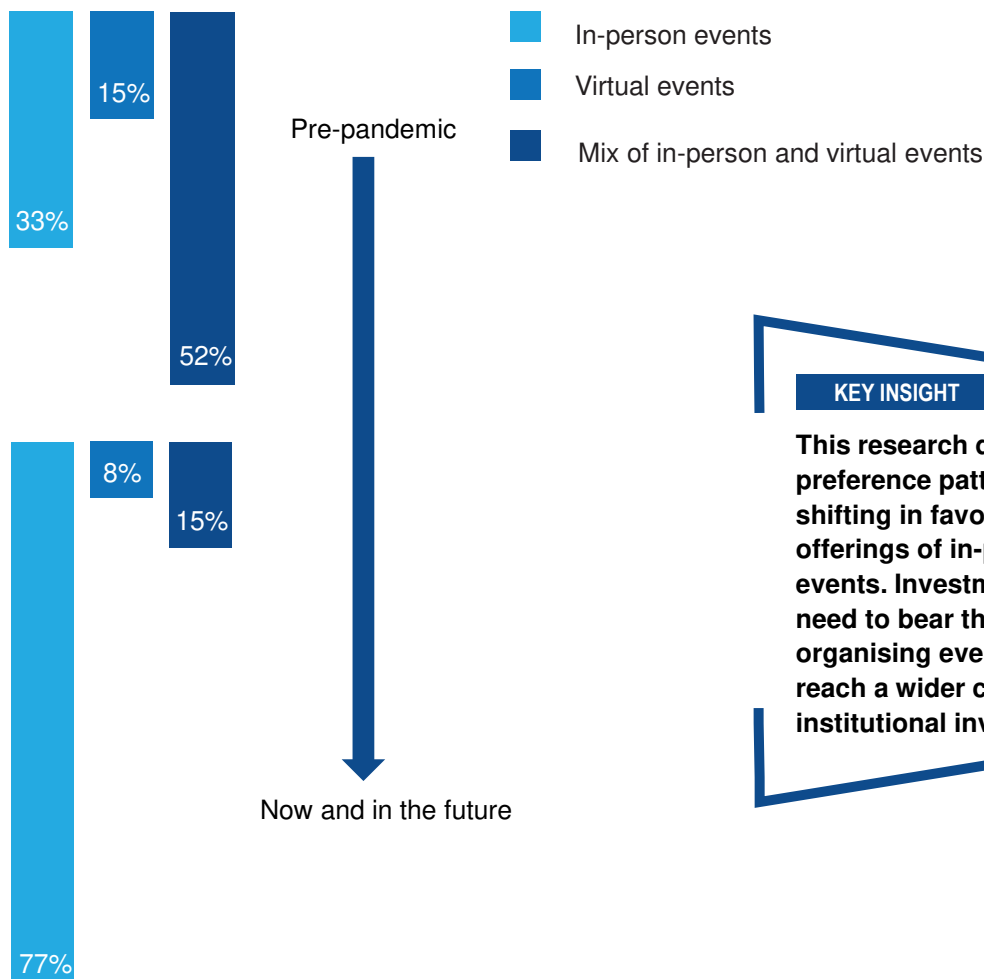
- 1 **PROFESSIONAL PENSIONS**
- 2 **Bloomberg**
- 3 **FTfm**
- 4 **PENSIONSAge**  
The leading pensions magazine
- 5 **fn Financial News**

## Top industry virtual events & conferences attended in past 12 months

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1 <b>PENSIONS AND LIFETIME SAVINGS ASSOCIATION</b></li> <li>2 <b>PROFESSIONAL PENSIONS</b></li> </ol> | <ol style="list-style-type: none"> <li>3 <b>sps CONFERENCES</b><br/><small>Informing Pension Funds</small></li> <li>3 <b>maillowstreet</b></li> <li>3 <b>PENSIONSAge</b><br/><small>The leading pensions magazine</small></li> </ol> |
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WHEREAS IN-PERSON EVENTS WERE LARGELY PREFERRED BEFORE THE COVID-19 PANDEMIC, BOTH IN-PERSON AND VIRTUAL EVENTS/ CONFERENCES NOW HOLD APPEAL

## Preference for type of events



**KEY INSIGHT**

This research demonstrates that preference patterns are strongly shifting in favour of mixed offerings of in-person and virtual events. Investment managers need to bear this in mind when organising events in order to reach a wider cross-section of institutional investors.

# Concluding Remarks

## Methodology

Online survey which takes place end of 2022 through to the start of 2023.

Over 200 institutional investors take part each year. In the 2023 research there were: x125 consultants & professional trustees x84 schemes and trustees.

Topics asked about include asset allocation trends, asset class market leaders, views on ESG, media consumption and appeal of events.

## Charity donations and partners

£385 raised for charity from the UK Institutional Market Study this year so far.

Thank you for your kind donations having completed the survey and your continued support!

Partner charities:



## Contact us



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



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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. Our next industry survey will kick off in Autumn 2023.

**Thank You**

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

**Share**

As a thank you for sharing your views, we always offer a reimbursement for your time – either an Amazon 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.

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