

UK Institutional Market Study Summary Report

STUDY OVERVIEW

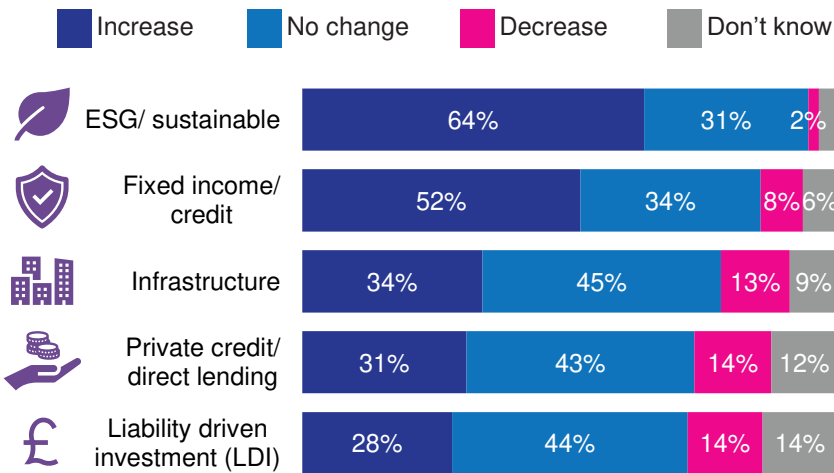
- Research in Finance (RiF) is an award-winning market research, consultancy, publisher and data provider, specialising in the financial services sector, covering both the UK and European markets.
- RiF's UK Institutional Market Study (UKIMS) is an annual research study which seeks to uncover what is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

ALMOST TWO THIRDS OF INSTITUTIONAL INVESTORS ARE PLANNING TO INCREASE THEIR ALLOCATION TO ESG/ SUSTAINABLE ASSET CLASSES OVER THE NEXT 12 MONTHS, WITH MANY (52%) ALSO PLANNING TO INCREASE THEIR ALLOCATION TO FIXED INCOME/ CREDIT

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



KEY INSIGHT
 Institutional investors' sentiment towards fixed income/ credit has improved for the third consecutive year. Institutional investors are particularly looking to increase their allocation to corporate bonds (48%) and sustainable credit (38%) over the next 12 months.

SENTIMENT TOWARDS LDI CONTINUES TO COOL, BUT REMAINS POSITIVE

Pension scheme endgame strategy: LDI

KEY INSIGHT
 In light of the Mansion House pension reforms, nearly a third (31%) of DB schemes see buy-out as the only viable endgame whereas, 15% have set a long-term target which is NOT buy-out. Currently 29% of DB schemes say they need to do more analysis before deciding.

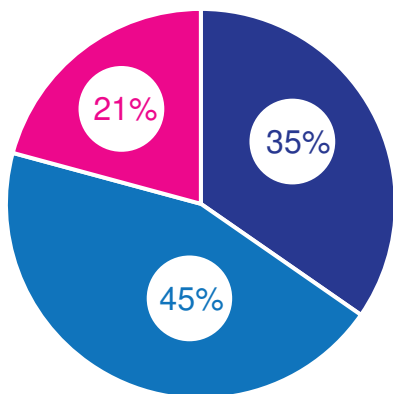
Desired input to help evaluate endgame options

- 50% want analysis on the potential risks faced by insurers and consolidators
- 48% want investment advice on the implications of pursuing different endgame options
- 35% want legal advice on how excess surplus might be used by the trustees/ sponsor

Active vs Passive Preference

KEY INSIGHT
 On average, institutional investors prefer a more passive approach when investing in equities and a slightly more active approach when investing in fixed income. This is consistent with last year's findings.

Use of RFPs while finding new investment managers



Yes - always Yes - sometimes No

KEY INSIGHT

- Top 3 traits of a high-quality RFP response are:
- 1 Bespoke/ tailoring to investors' needs
 - 2 Easy to understand
 - 3 Demonstrable experience

Investment managers submitting highest quality responses to RFPs (unprompted)

- 1 LGIM
- 2 BLACKROCK®
- 3 Schroders
- 4 Insight INVESTMENT
- 5 BAILLIE GIFFORD

ESG/ sustainable

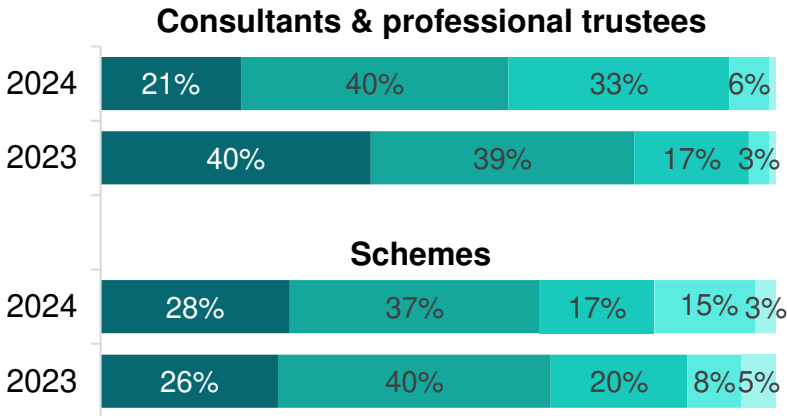
THE MAJORITY OF INSTITUTIONAL INVESTORS EXPECT ESG/ SUSTAINABLE TO PLAY A SIGNIFICANT ROLE IN PENSION FUND INVESTMENTS OVER THE NEXT 12-24 MONTHS

KEY INSIGHT

ESG/ sustainable investing is clearly important institutional investors, however, the proportion of consultants and professional trustees that believe ESG will play a significant role (4-5 out of 5) for the pension scheme(s) they work with/ advise has fallen from 79% in 2023, to 60% in 2024. There are also a growing proportion of schemes that believe ESG will NOT play a significant role (1-2 out of 5) in their pension fund investments over the next 12-24 months.

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

■ 5 - Very significant ■ 4 ■ 3 ■ 2 ■ 1 - No significance at all

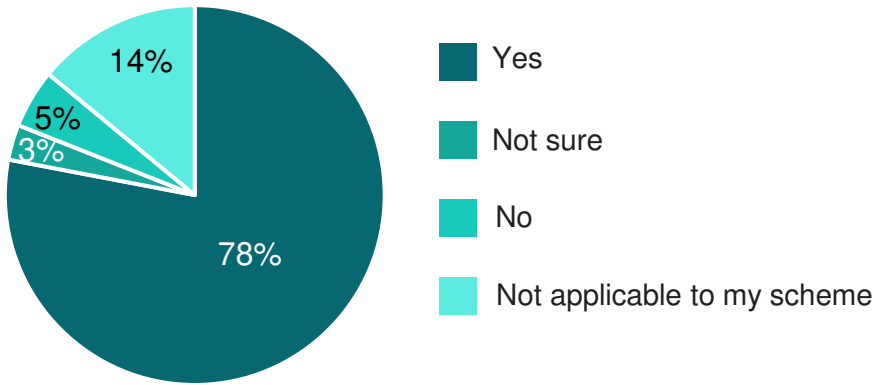


ALMOST FOUR IN FIVE SCHEMES ARE INCORPORATING CLIMATE-RISK RELATED DISCLOSURE

KEY INSIGHT

Just over a third (36%) of schemes that are currently working to incorporate climate related risk disclosures feel that standardized information and metrics from investment managers would help them meet the new disclosure requirements.

Incorporating climate-risk related disclosure – Schemes



LGIM CONTINUES TO BE PERCEIVED AS THE MARKET LEADER IN ESG/ SUSTAINABLE INVESTING

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



Media and Events

PROFESSIONAL PENSIONS CONTINUES TO BE THE MOST WIDELY READ TRADE PUBLICATION AMONG INSTITUTIONAL INVESTORS

Most read trade publications

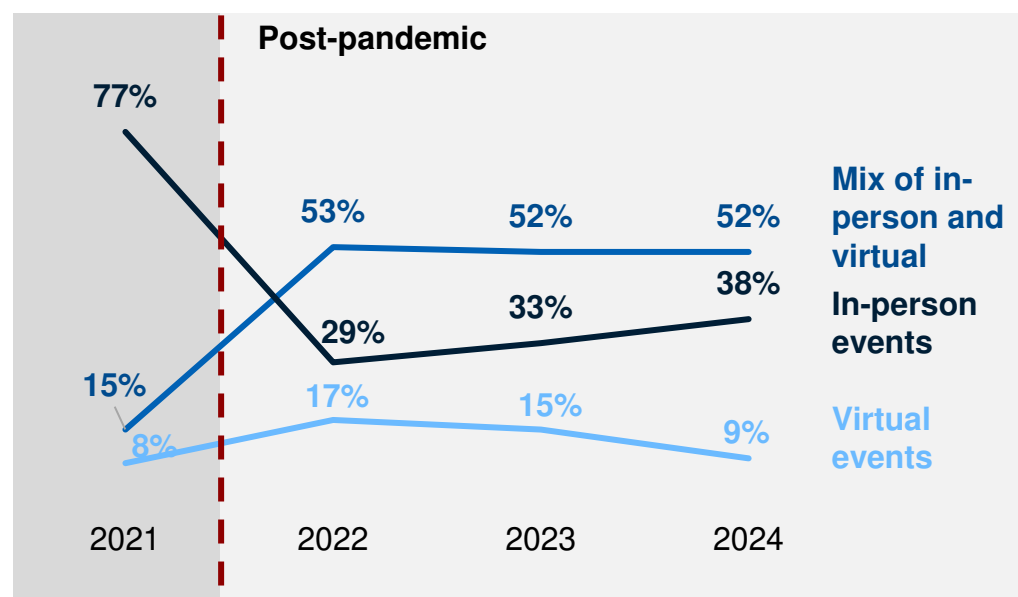
- 1 **PROFESSIONAL PENSIONS™**
- 2 **Bloomberg**
- 3 **FTfm**
- 4 **PENSIONSAge**
The leading pensions magazine
- 5 **Pensions expert**

Top industry virtual events & conferences attended in past 12 months

- 1 **PENSIONS AND LIFETIME SAVINGS ASSOCIATION**
- 2 **PROFESSIONAL PENSIONS™**
- 3 **PENSIONSAge**
The leading pensions magazine
- 4 **mallowstreet**
- 5 **sps CONFERENCES**
Informing Pension Funds

FOLLOWING THE PANDEMIC, THE APPEAL OF IN-PERSON EVENTS HAS GROWN FOR THE SECOND CONSECUTIVE YEAR

Preference for type of events



KEY INSIGHT

Just over half (52%) of institutional investors prefer to attend a mix of in-person and virtual events and so investment managers looking to engage a broad cross-section of institutional investors should opt for a hybrid approach, with a mixture of physical and virtual events throughout the course of the year.

Concluding Remarks

Methodology

The UK Institutional Market Study is conducted via an online survey which took place at the end of 2023 through to the start of 2024.

Over 200 institutional investors take part in this study every year. In the 2024 research there were: x124 consultants & professional trustees, x78 schemes & 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

Participants of our UK Institutional Market Study raised £220 for charity so far this year.

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 2024.

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.