

# PRESS RELEASE

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Pensions Policy Institute  
**PPI**

## “If pension scheme asset allocation is to be tracked, Government and regulators will need to ensure consistent and comprehensive definitions.” says Pensions Policy Institute

On Monday 9<sup>th</sup> September, **The Pensions Policy Institute (PPI)** published **Pension scheme assets – how they are invested and how and why do they change over time**. The PPI estimates that UK pension sector assets towards the end of 2023 were valued at just under £3 trillion. Although the high-level picture suggests a move away from equities and from UK investments the shift is far more complex. To understand the direction of travel, it is necessary to understand the drivers of change and the way in which they are affecting different parts of the pension sector. These drivers and greater breakdowns of allocation are set out in the report.

**Daniela Silcock, Head of Policy Research at the PPI** said “Over the last few years, expectations from Government regarding pension scheme investment have become more focussed. Alongside policies encouraging greater use of alternative and illiquid assets, the Pension Regulator’s Value for Money framework will require schemes to disclose their asset allocation to a more granular and standardised level. The Government is also keen to ensure that schemes allocate more funds to UK based assets, particularly those which can be considered ‘productive’.”

“While it would be very useful for both industry and Government to better understand asset allocation trends, there are difficulties within the current landscape. Asset definitions differ across organisations collecting data and between scheme types. Some definitions also currently overlap, for example, infrastructure can also be included in equity or debt asset classes.”

“This is an essential time for Government, regulators and industry to work together to ensure consistent definitions and reporting standards. If this work does not take place soon, it will be difficult for schemes to comply with regulation and expectations. As the value of assets under management, especially for Defined Contribution schemes, continues to grow, schemes will have greater opportunities to develop their investment strategies. If industry and policy-makers are not able to accurately track asset allocation, then not only will regulatory compliance be hindered, but it will continue to be very difficult to conduct cross-industry analysis, monitor changes over time, and help schemes to learn from each other's experiences.”

**Mike Eakins, Chief Investment Officer, Phoenix Group** said “The PPI has done a terrific job in grappling with the data and presenting the challenges around data collection and reporting. As we seek to deliver the best outcomes for our 12 million customers it is important the industry, government and regulators have the best and most consistent data at their disposal to better inform policy making and investment decisions.”

“We want to invest more into the UK on behalf of our policyholders to get the best returns for them but also benefit UK society. Now is the time for the key players to get round the table and work out how best we can invest our capital and how we can do so at pace and in key areas such as housing, infrastructure, energy and education.”

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# PPI

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- This report is the first output in the PPI's Asset Strand Series. It will be followed by two deep dives into Alternatives and Infrastructure.

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