



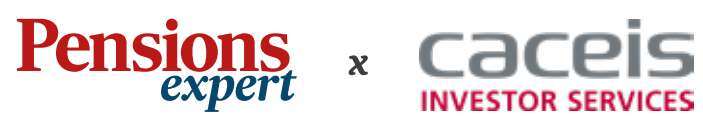
October | 2025

Private Assets Survey

Pensions
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INVESTOR SERVICES



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Foreword

We are approaching a pivotal moment in the evolution of UK pension landscape with the UK government's Pension Schemes Bill – with pension schemes being encouraged to invest into private markets, especially domestic private markets.

For custodians and service providers like CACEIS UK, these reforms accelerate the need for robust infrastructure to support private asset investment at scale. Operational, valuations, and reporting models must evolve quickly to meet both the ambitions of the asset allocations and the regulatory requirements.

The anticipated growth in DC asset pools – projected to reach £735 billion by 2030 – will require service providers to address several challenges:

Valuation and reporting: Illiquid and complex assets demand fair value methodologies, tighter reporting cycles, and consistent performance metrics.

Data and transparency: Investors and regulators are calling for deeper insights into fees, ESG performance, risk metrics, and capital deployment – especially in UK-based portfolios.

Governance and oversight: Trustees will need tools and support to ensure investments align with fiduciary responsibilities, liquidity needs, and member outcomes.

Consolidation and scalability: With a push toward scale (e.g. £25 billion asset targets for DC defaults), schemes must assess whether their systems can handle new asset types efficiently.

The survey that follows captures how UK pension schemes are responding to this rapidly shifting landscape – from private market allocation strategies to the operational readiness needed to support them. It reflects the emerging best practices in reporting, governance, and risk management, while identifying areas where the industry must invest further to deliver on the upcoming changes.

"At CACEIS UK, we are committed to supporting our clients through this transition – delivering the custody, accounting, and reporting solutions they need to manage complexity, maintain transparency, and unlock long-term value for the UK pensions member" – **James Parish, Director, Head of UK Pensions Sales, CACEIS UK Branch**

We hope this report serves as a useful guide as the UK pensions sector enters a new era of private market engagement, driven by reform and underpinned by innovation.



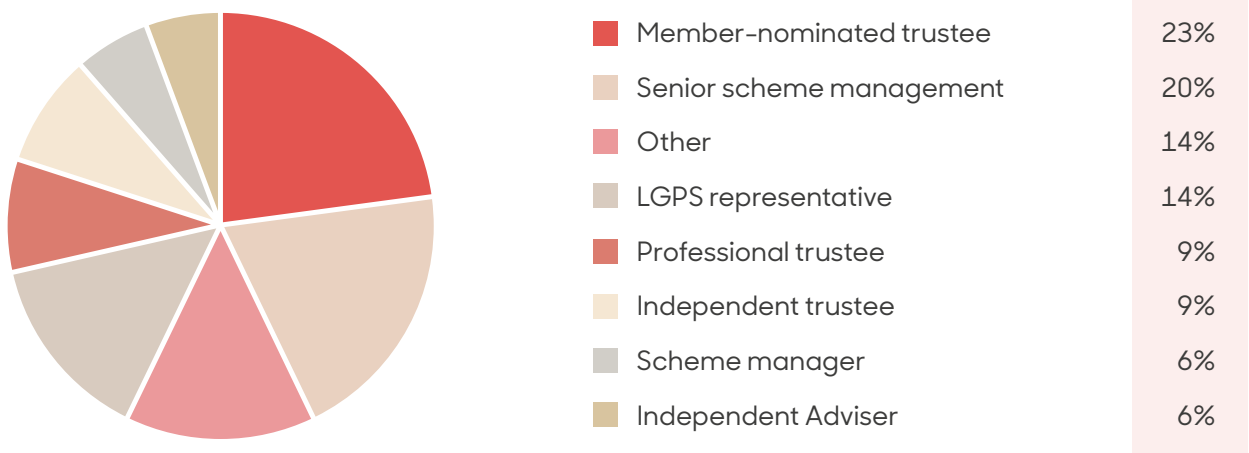
Private assets and defined benefit pension schemes

The UK pensions sector is facing huge changes in the months and years ahead. Much of this is aimed at consolidating pension schemes into larger, more sophisticated and more efficient institutions, capable of allocating to a diverse range of public and private market assets.

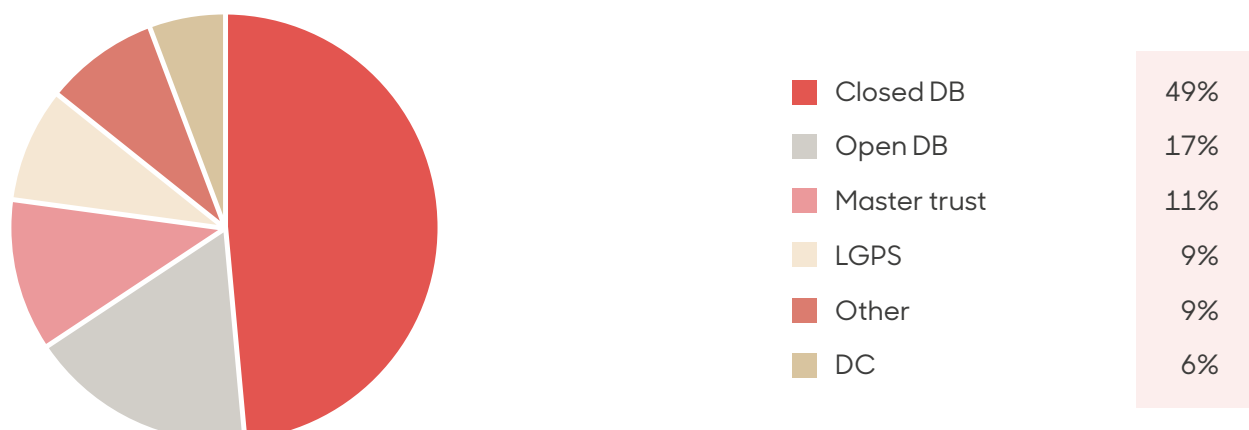
To "take the temperature" of the industry as it prepares for these significant changes, *Pensions Expert* and CACEIS surveyed representatives from across the pensions sector with an emphasis on defined benefit (DB) pension schemes. We asked for insights on consolidation options, private markets allocations, and the quality of reporting services for those holding unlisted assets such as private equity and infrastructure.

Our survey garnered 35 responses from across the pensions industry, including trustees, scheme managers, and advisers. The majority of respondents (49%) were from closed DB pension schemes, with several others representing funds within the Local Government Pension Scheme (LGPS).

What best describes your role at your pension fund?



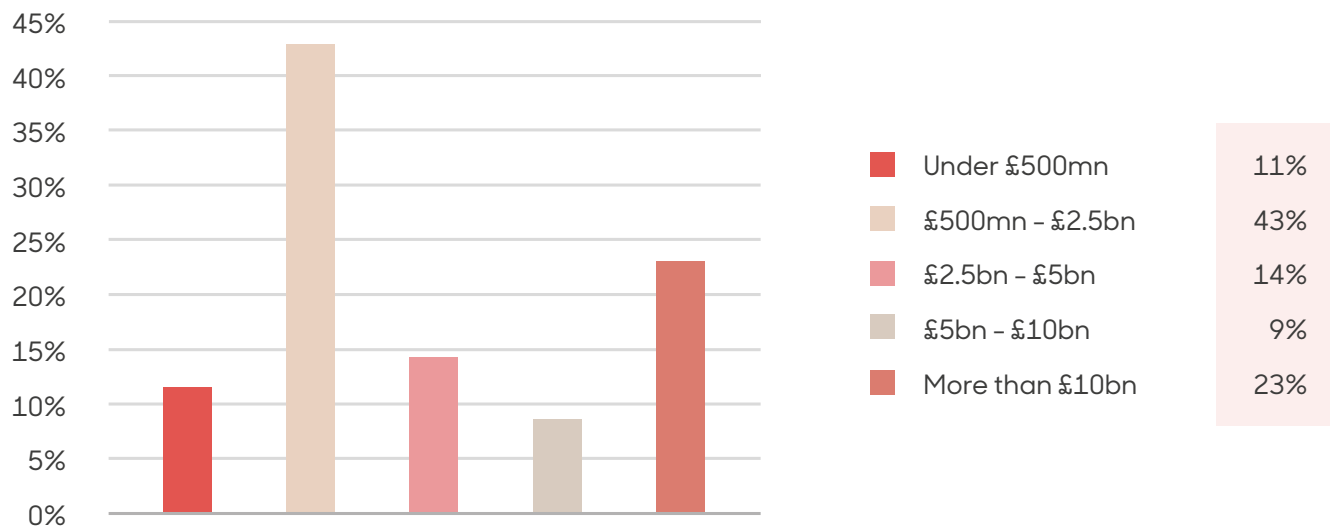
What type of scheme do you represent?



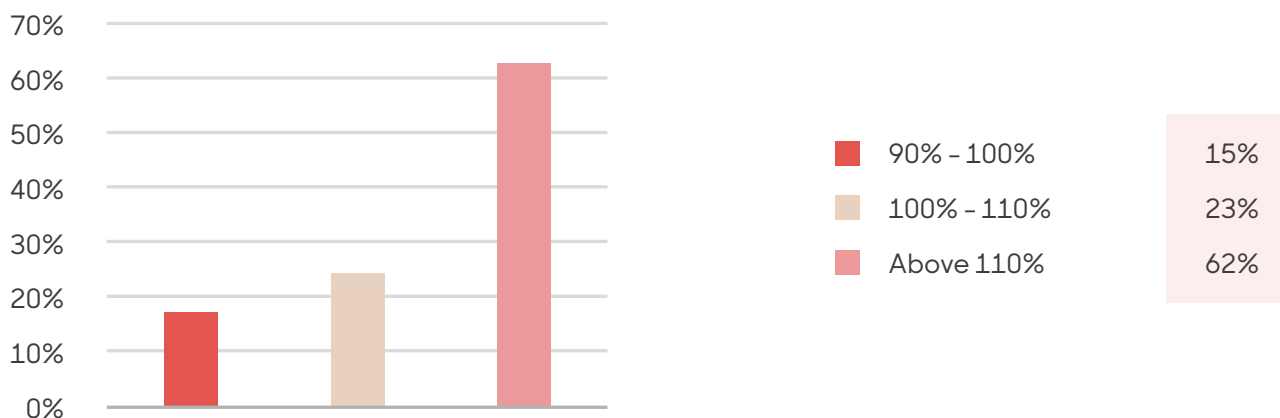
The bulk of respondents came from pension schemes with between £500m and £2.5bn in assets under management, while just 11% were from schemes with less than £500m.

For the DB schemes represented in the survey, recent movements in government bond prices and yields have helped boost funding levels: 85% were at least fully funded as of the most recent valuation, with more than three in five (62%) enjoying a funding level of more than 110%. This broadly reflects the experience of the wider DB sector, as recent reports from several consultancies have shown significant aggregate surpluses on different measures.¹

What is the size of your scheme?



What was your funding level at its latest actuarial valuation?



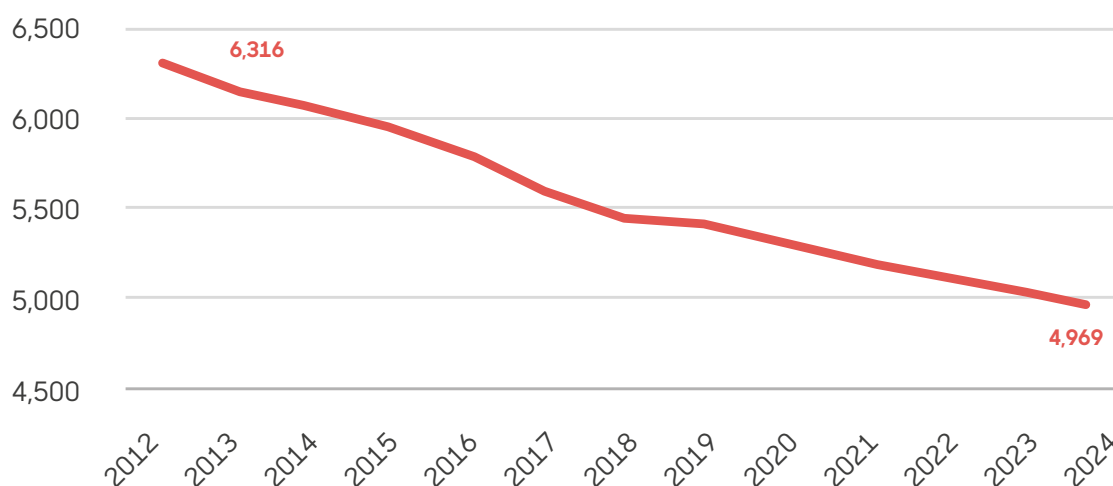
Consolidation trends: Better together?

A key theme of recent policy developments – most notably the Pension Schemes Bill and the Pensions Investment Review – has been how to consolidate the UK's fragmented pension system.

Significant progress has been made already in this regard: the private sector DB universe has shrunk from 6,316 pension schemes at the end of 2012 to 4,969 at the end of 2024, according to the Pension Protection Fund.² This is due to the continuing popularity of endgame options such as bulk annuities.

As one respondent stated, consolidation in one form or another could realistically be an option for "2,000 to 3,000" pension schemes, indicating that this trend has much further to run. If the trend shown by the PPF's data continues, by 2040 there will be fewer than 3,300 DB schemes still operating.³

Number of private sector DB pension schemes



Source: Pension Protection Fund

Our survey indicates that a bulk annuity buy-in with an insurance company remains the most popular option. Among those actively considering consolidation options, 17% are looking to the bulk annuity market.

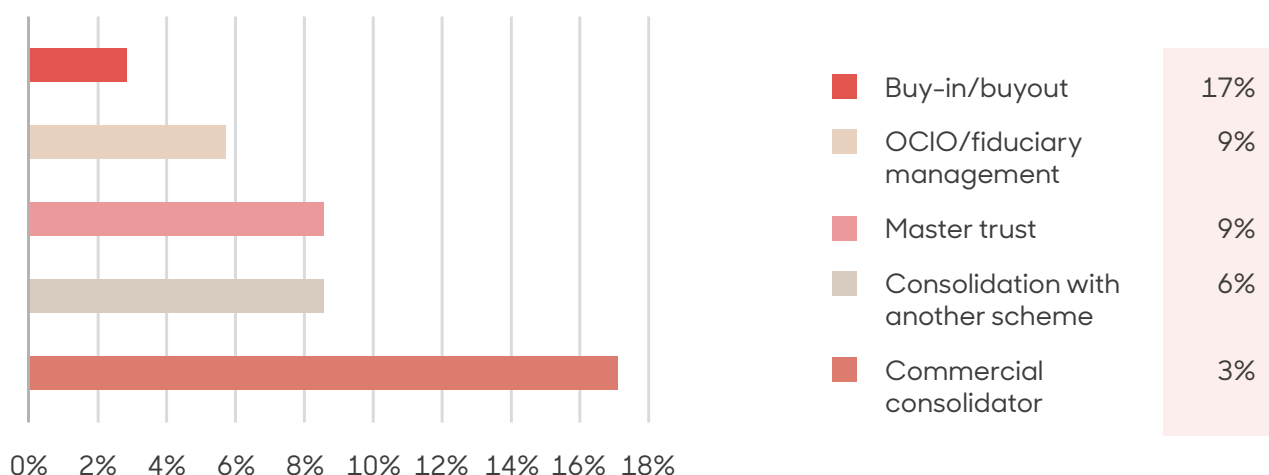
There are many other ways of consolidating assets, governance functions, or other elements of pension scheme operations. Fiduciary management continues to attract pension schemes looking for a "one stop shop" for their investment portfolio, as demonstrated by recent deals involving the Shell Contributory Pension Plan⁴ and the Plumbing & Mechanical Services Industry Pension Scheme⁵. One in 10 (9%) of our survey respondents were mulling fiduciary management as an option in their scheme's journey plan.

In the public sector, the LGPS has been consolidating its assets into eight "pools" over the course of the past decade. This year, the government has ordered the eight to become six, meaning there is much more work to be done in the months and years to come.⁶

The Pension Schemes Bill aims to kick-start the growth of so-called "superfunds" to aid the consolidation of DB pension schemes while also permitting a wider range of investment in growth assets than is currently permitted for insurance companies.⁷

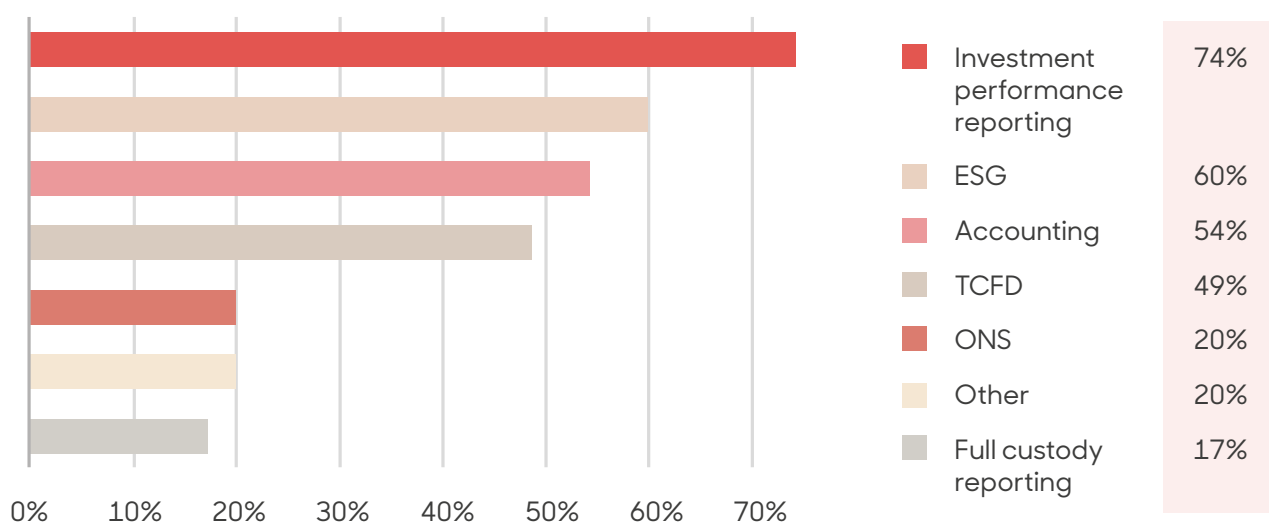
However, this option remains some way off for most pension schemes due to the lack of options available in the market. Just one respondent was considering a commercial consolidator. Another survey respondent commented: "Conflicts and a lack of experience within the industry are limiting the number of transfers to commercial consolidators."

Are you considering using one of the following forms of consolidation or run-off products?



Whatever a trustee board's choice on its endgame, day-to-day operations and reporting remain essential. Respondents rated investment performance and environmental, social and governance data as the two most important aspects of reporting. These were closely followed by general scheme accounting and reporting in line with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

What type of reporting will remain critical throughout the life of your pension scheme and its journey plan?



What our respondents said about consolidation

"The potential to use surplus to benefit members and sponsors makes an assessment of covenant strength essential, by comparison with strength of other options."

Member-nominated trustee, open DB scheme

"Consolidation is right for some but not all. The practical aspects of day-to-day administration need to be considered and the case for 'bigger is better' across all aspects of a plan still needs to be made."

Professional trustee, closed DB scheme

"There is not enough transparency around lost member/trustee discretions as a result of DB pension fund consolidation – be it master trusts, insurance deals, or any other consolidation vehicle."

Member-nominated trustee, closed DB scheme

"Consolidation should be for the protection of member benefits first and foremost, and thereafter for the benefit of the schemes and sponsors."

Member of investment committee, master trust

The rise of private markets

As pension schemes have grown and matured, the nature of their asset allocations has changed. Larger, more sophisticated institutions have used their scale to access new types of investments such as private equity and private debt, with the latter becoming particularly attractive to pension schemes as banks withdrew from lending markets in the wake of the 2007–09 financial crisis.⁸

Pension schemes have also sought to diversify as the investment returns on offer from listed markets have declined in recent years. Unlisted assets are often said to benefit from the "illiquidity premium" – essentially an additional potential investment accessible to those who can hold assets for long periods, typically 10 years.

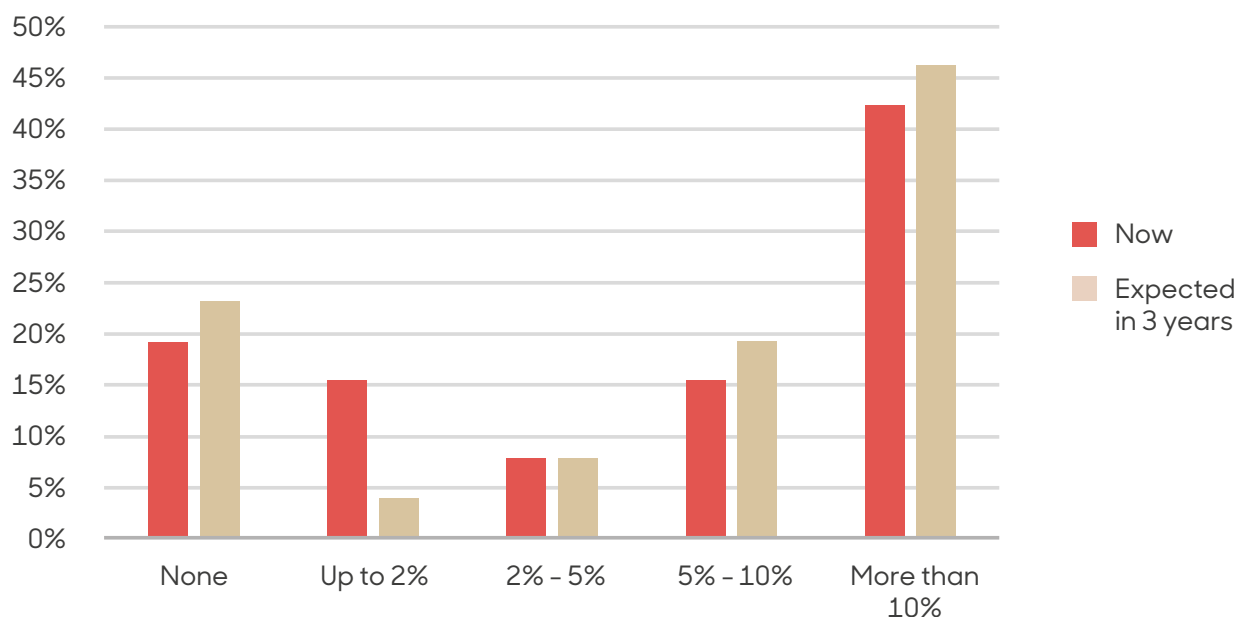
Defining private markets

Private, or unlisted, markets include a wide range of assets. For the purposes of this survey, we asked respondents to include allocations to private equity, private debt, infrastructure, and property.

The majority (42%) of pension schemes represented in our survey already allocate more than 10% of their investment portfolios to private markets. Just 19% have no allocation.

Looking ahead three years, the data indicates that pension schemes are considering one of two paths. Some schemes expect to increase their allocations to assets such as private debt, infrastructure, and property, but others will either make no change or reduce their holdings.

What is your allocation to private assets?



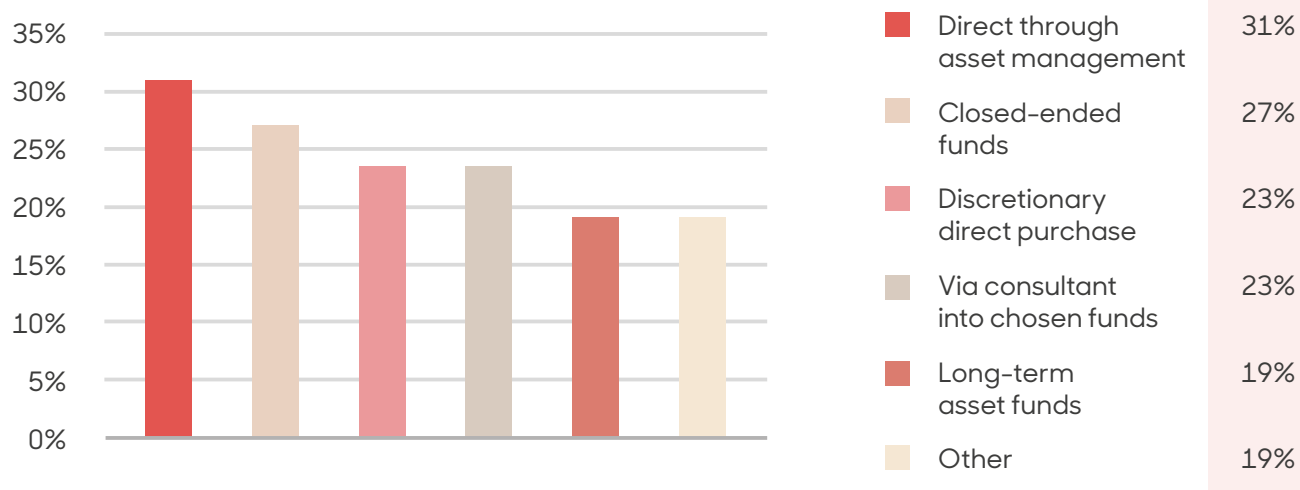
Those looking to reduce the amount invested in private markets are likely to be close to securing a bulk annuity, meaning that they will need to adjust their investment portfolios to a majority fixed income allocation ready to match the needs of an insurance company.

We also asked respondents about the ways in which they access private markets. There are a number of access routes for unlisted asset classes, and there does not appear to be one way that is preferred ahead of others.

Long-term asset funds, designed to help defined contribution (DC) pension schemes access illiquid asset classes, are proving popular despite being a relatively new structure. Several DC master trusts have allocated via these structures, and their popularity is expected to increase.⁹

For LGPS funds, meanwhile, the decision about how to allocate to private markets is taken by their chosen pool. Different pools have taken different approaches for each subset of private markets, including closed-ended funds, bespoke mandates, and asset management partnerships.

How do you prefer to access private markets?



As one respondent explained: "Consolidation can be advantageous as greater assets should enable greater access to investment opportunities, ability to flex terms, and to create strong partnerships. However, niche and innovative private asset opportunities may be drowned out due to their size and administrative burden, stifling investment flow into economy-stimulating ideas."

Private markets and the reporting challenge

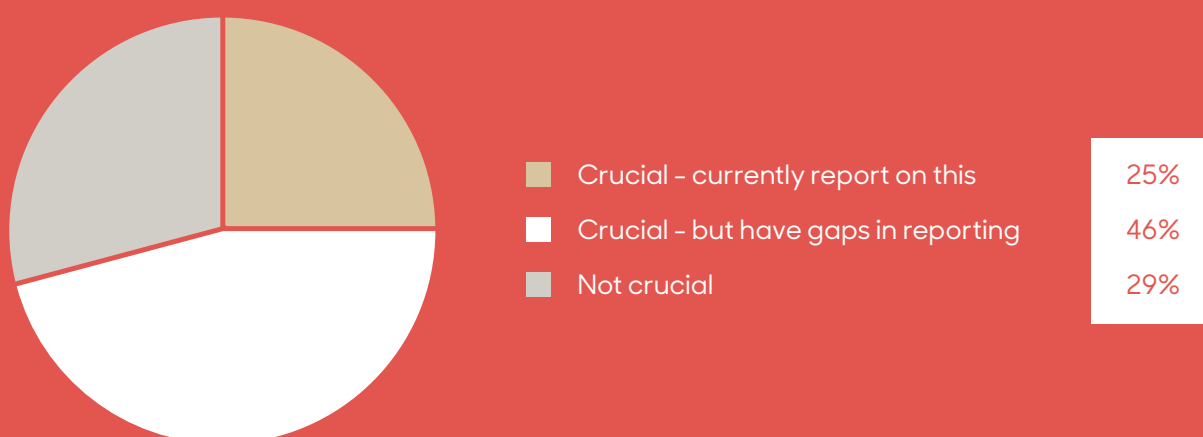
Investing in private markets brings with it many opportunities: from portfolio diversification and a non-correlated source of financial returns, to access to companies and assets not found in listed markets. In many cases, these asset classes can also give direct and differentiated exposure to the "real economy". There is also the benefit of the "illiquidity premium" – the potential additional return available to investors willing and able to lock money away for several years in illiquid asset classes.

ESG reporting remains crucial to pension schemes

Environmental, social and governance (ESG) related issues remain an important consideration for pension schemes, despite recent geopolitical headwinds. Almost three quarters (71%) of respondents said ESG and sustainability reporting was "crucial".

However, many indicated they were not getting the full picture from their current reporting arrangement. This can cause compliance problems down the line, particularly for smaller pension schemes – and the Pensions Regulator is keen for trustees to go beyond the bare minimum in this regard.

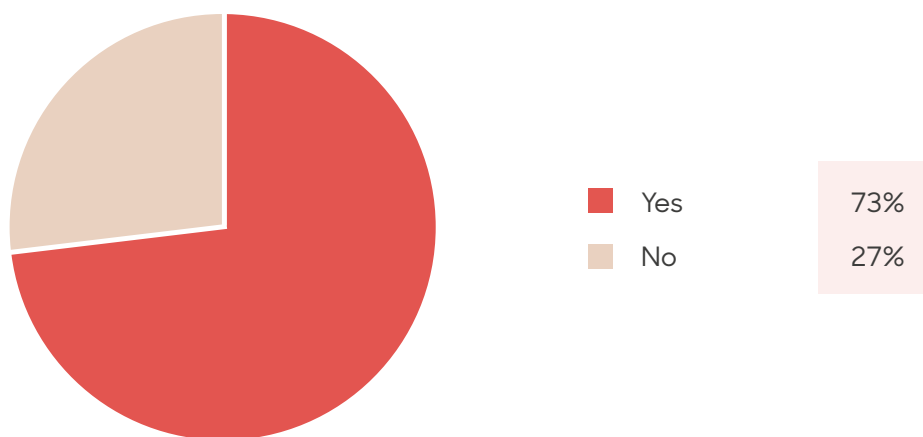
Wouter Peters, global head of the CACEIS Pensions Centre, said in a recent article that successful ESG investing required "timely and reliable data". "Pension funds need to be able to respond quickly to new information and circumstances, not only in investment decisions, but also in reporting," he added.



There are challenges, too, as our respondents outlined. Before making an allocation, the time and resources needed to conduct due diligence are far greater than with listed markets. Management costs are typically higher than for public equity and bond strategies.

Once allocations have been made, more challenges can arise. As our survey found, not all pension schemes have full and timely access to full reporting on their investment portfolios.

Do you have a single source of reporting for all of your assets regardless of asset class?



More than a quarter (27%) said they **did not have a single source of reporting for all assets** – potentially reflecting the growing complexity of investment portfolios. This can lead to difficulties when gathering information: one respondent said they received 26 separate reports on their various asset class holdings.

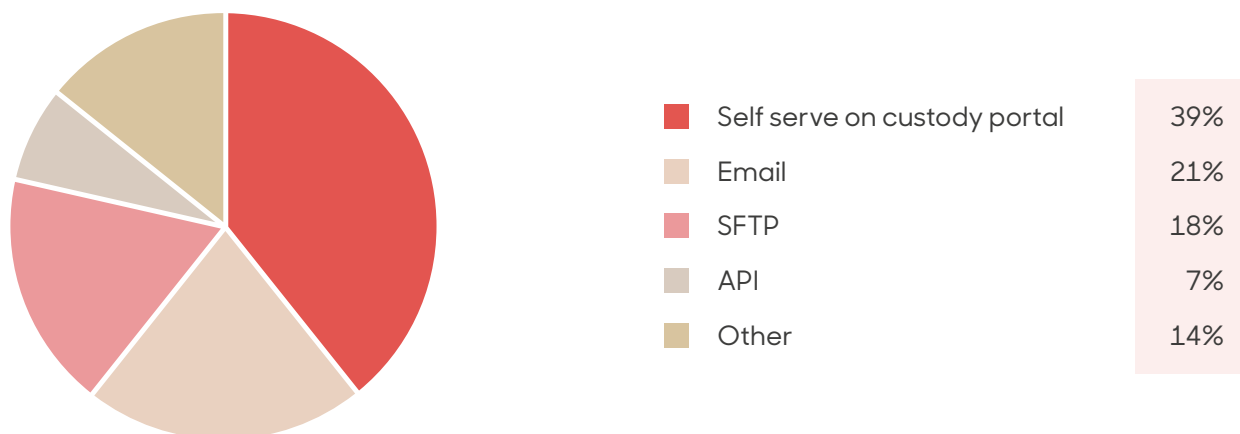
Custody support for private assets

Different custodians offer different levels of service. With private markets investing becoming more popular across all types of pension scheme, it is encouraging that only one respondent reports that their custodian does not support access to this increasingly important asset class.



How schemes receive this data is an important consideration, too. Sensitive information related to portfolio holdings should be handled securely, but **not all providers are up to speed on digitisation and cybersecurity**. One in five respondents report receiving their custody and accounting data reports via email.

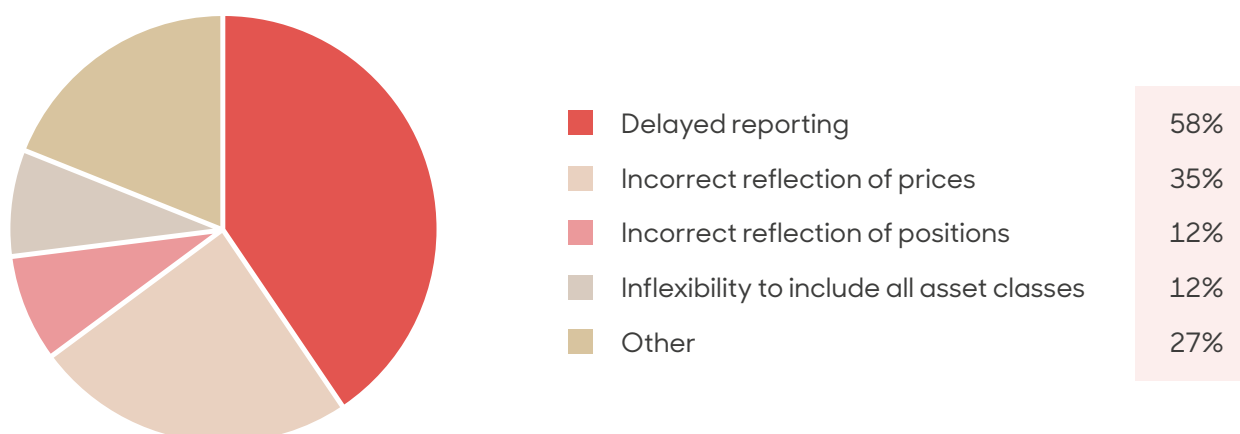
How do you currently receive your full scheme custody and accounting data?



The majority (58%) of respondents say they have **experienced delays in reporting in relation to private assets**. As one pension scheme representative explained, overseas managers “invariably take longer to respond” to information requests.

While illiquid holdings are priced only once a month or even less often, pension schemes have many stringent reporting requirements for which they need accurate data. Delays can lead to compliance breaches, which can run the risk of regulatory interventions.

What issues have you encountered with investing into private assets?



What our respondents said about private markets and reporting

"A bad programme choice can blow a big hole in overall performance. You can argue that, in some cases, there is definitely a higher risk as well as the illiquidity premium."

Senior manager, open DB scheme

"The best investment results look like they come from 11-to-15-year products, but for schemes targeting buy-in and buyout, you are now trying to find investment products on the four- to seven-year horizon."

Member-nominated trustee, closed DB scheme

"Transparency will be key as more DB and DC schemes invest in this area. Due diligence teams will have to strengthen. A partnership approach to ensure confident, high-quality monitoring will be essential."

Member of investment committee, master trust

"We see the future of private asset investment being based on tokens and advanced technologies. This should greatly improve information disclosure and analysis."

Independent trustee, closed DB scheme

The future of private assets investing

It is clear from this survey that there are a broad range of views on private assets investing – almost as broad as the asset classes themselves. Much will depend on the nature of the pension scheme in question and its level of maturity, both in terms of demographics and sophistication.

For large, open DB schemes – in particular the LGPS – private markets are an important diversifier and a way to support UK economic growth at both a local and national level. In the private sector, closed DB schemes may be more limited in what they can access, especially if they are on the way to securing a bulk annuity.

The Pension Schemes Bill contains measures that could allow some schemes to free up surplus capital. However they choose to do this, for those "running on", private markets could be an attractive investment opportunity – particularly assets that produce a reliable income.

Whatever the challenges and opportunities pension schemes face in private markets, access to timely and reliable information on their holdings is vital.

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1. "Case for surplus release continues to strengthen as DB funding improves", Sara Benwell and Nick Reeve for Pensions Expert, 7 October 2025.
 2. Pension Protection Fund 7800 index.
 3. Pensions Expert calculation based on Pension Protection Fund data.
 4. "Shell outsources pension investment to Goldman in \$40bn multi-country deal", Nick Reeve for Pensions Expert, 9 September 2025.
 5. "WTW wins major fiduciary mandate from Plumbing Pensions", Pensions Expert, 9 July 2025.
 6. "LGPS investment pool changes", LAPF Investments website, 3 October 2025.
 7. "20 million workers set to benefit from new Pension Schemes Bill", Department for Work and Pensions press release, 5 June 2025.
 8. "The private credit era", by Belle Kaura of Third Eye Capital, writing for the Alternative Investment Managers Association, 18 November 2024.
 9. "Mansion House Accord to drive growth in LTAF demand and supply, poll suggests", Nick Reeve for Pensions Expert, 1 July 2025.

