Defined Contribution Investment Survey 2026

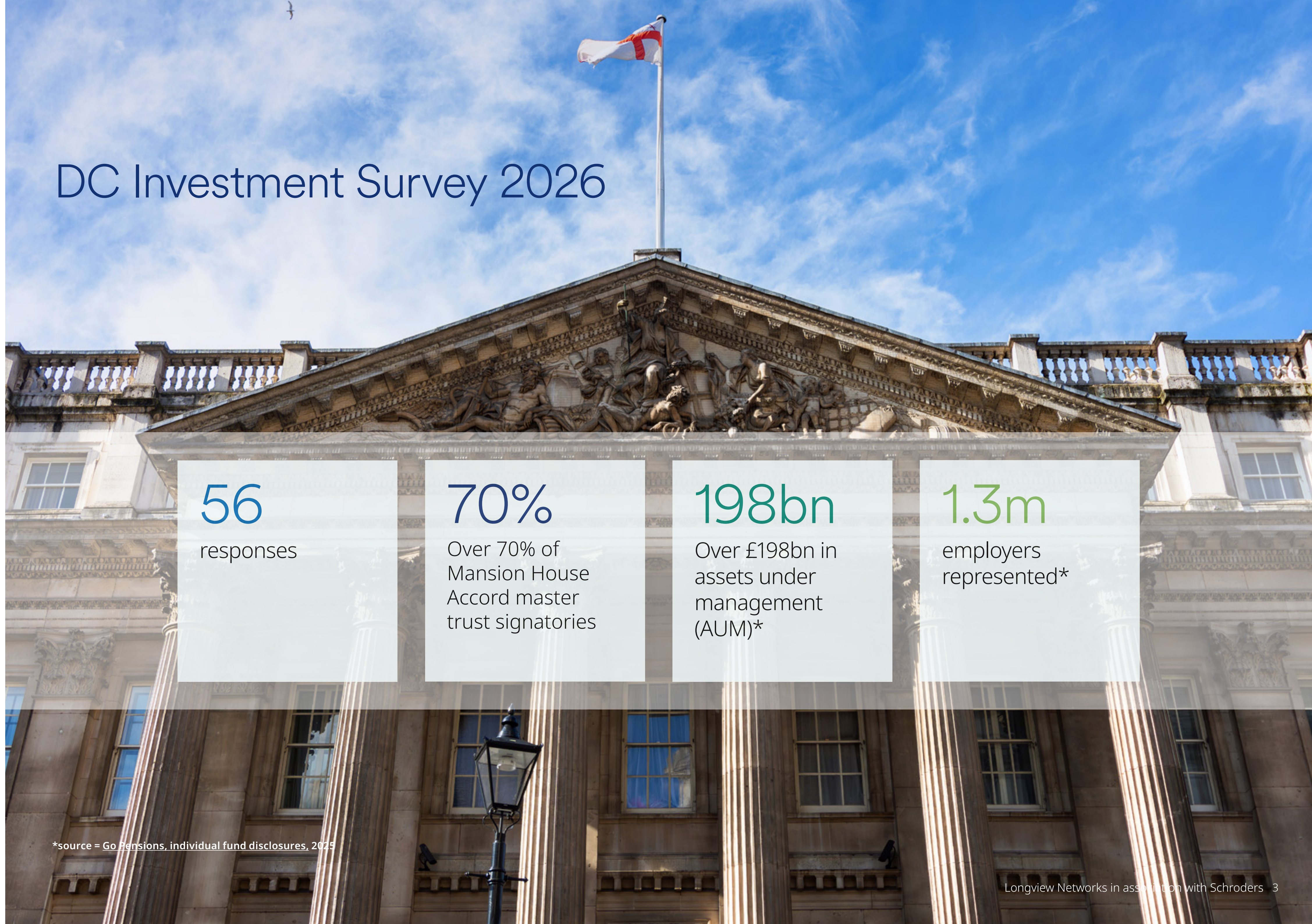
Longview Networks in association with Schroders

Longview Networks | Schroders

Contents

We understand the importance of minimising our environmental impact, which is why we have taken special care in selecting sustainable materials for the printing of this report. This report has been printed on Forest Stewardship Council (FSC) approved paper. The FSC certification ensures that the paper used in the report comes from responsibly managed forests, promoting the conservation of biodiversity and supporting local communities.

In addition to using FSC approved paper, we have also utilised recyclable toners during the printing process. These toners can be recycled, reducing waste and contributing to a circular economy. By opting for recyclable toners, we aim to reduce the environmental footprint of the report and promote a more sustainable approach to printing.



DC Investment Survey 2026

56
responses

70%
Over 70% of Mansion House Accord master trust signatories

198bn
Over £198bn in assets under management (AUM)*

1.3m
employers represented*

*source = Go Pensions, individual fund disclosures, 2025

Introduction

Atharva Deshmukh
Head of Research, Net Zero Investor
Longview Networks
atharva.deshmukh@netzeroinvestor.net

Ryan Taylor
Head of UK DC Clients
Schroders
ryan.taylor@schroders.com

James Wall
Head of UK DC Business Development
Schroders
james.wall@schroders.com

For investment professionals working with the UK's trust-based defined contribution (DC) pension schemes, 2026 will likely be a busy year. Reforms - most notably the Pension Schemes Bill and Mansion House Accord – will reshape the DC investment agenda.

Both reforms reflect a preference for DC consolidation. For instance, Chancellor Rachel Reeves promoting the formation of DC 'mega funds', in a bid to channel capital into UK productive assets.

Policy change is also aimed at moving the industry into a value-over-cost mode of strategic thinking. The Value for Money (VfM) framework, proposed in the Pension Schemes Bill, will introduce for the first time a ratings system for DC schemes in that regard.

In addition, the regulations push for increasing DC allocation to private markets. Under the aegis of the Mansion House Accord, signatories have pledged to invest at least 10% of their default funds in private assets by the end of the decade, with a minimum allocation of 5% earmarked for the UK.

These changes bring up a wide range of investment implications for DC schemes. How are schemes responding to these reforms? Do they agree with their intent and what are the key investment implications?

The inaugural DC Investment Survey was launched with these queries in mind. It provided the industry with an opportunity to share their views on on-going policy reform, market sentiment and asset allocation trends.

Respondents to our survey include some of the UK's largest DC pension schemes. The 56 responses received represent over 70% of Mansion House master trust signatories, as well as a number of single trust schemes, in total representing over £198bn under management across 1.3m employers. Signatories to the Accord collectively manage roughly 90% of active DC savings, providing our survey with credible and timely visibility over the industry's direction of travel.

The survey begins by exploring industry views on the future of DC investing. It then dives deep into current asset allocation changes before investigating the future trajectory of DC investing in three key domains:

1. Private markets
2. Investing in the UK
3. Net zero

90% of active DC savings, providing our survey with credible and timely visibility over the industry's direction of travel.

Contents Introduction The future of DC Asset allocation
Private markets Investing in the UK Net zero Voice of DC

Key findings

On the regulatory front, our survey finds that DC schemes tend to disagree that further consolidation is required to unlock capital for UK productive assets. 38% of respondents say schemes already possess the required scale and another 34% say barriers to investing in these assets go beyond scale.

We also find that the Mansion House Accord has had less of a role to play in shaping DC investment decisions. 80% of master trust respondents say the Accord will have either a low or moderate effect on their strategy for UK assets, whilst 66% of respondents expect less than one quarter of their private market allocation to be to UK assets in the near future.

Responses to questions related to the VfM framework tell a slightly different story. Over half of the respondents expect VfM to influence investment decisions although the vast majority of these believe the effect will be minor. 50% of the master trust respondents say VfM will have no effect.

80%

of master trust respondents say the Accord will have either a low or moderate effect on their strategy for UK assets

The most notable asset allocation trend we find is increasing exposure to private equity. 53% of respondents said they increased their allocation to this asset class at their most recent review, with growth stage strategies seeming to be the focus of this trend. The private markets tilt also extends into fixed income with 35% reporting an increase in allocations to private debt.

There is an appetite to invest in the UK, with infrastructure highlighted in particular. 40% of respondents said they increased their exposure at their most recent review. 48% cited this as an attractive investment opportunity for the growth phase and 33% said this was the case for the retirement phase.

The interest in infrastructure is particularly notable in the context of climate-driven investments. 82% of respondents say renewable energy infrastructure provides the most attractive investment opportunity amongst all asset classes.

The future of DC

A new era of DC investment decisions awaits, shaped by the Pension Schemes Bill and the Mansion House Accord.

A combination of consolidation, value-based performance ratings and specific targets for UK and private market allocations will introduce a far more visible hand of regulation in the DC market.

The first chapter of our survey explores how trust-based schemes are responding to these changes and what the investment implications are likely to be.

Chancellor Rachel Reeves' proposal for DC mega funds is a vital cornerstone of on-going regulatory reform. The view is that greater scale and consolidation is required to channel investments into UK productive assets. We asked respondents whether they agree.

Master trust respondents tend to disagree more than they agree. 45% of master trust respondents say DC schemes already have the scale to invest in UK productive assets. 40% say there are barriers to doing so, but these cannot be addressed by scale alone. 15% agree with the Chancellor's logic.

We also asked respondents whether they agree with key features of the Mansion House Accord – a voluntary agreement that asks DC signatories to allocate at least 10% of their assets to private markets by 2030, with a minimum allocation of 5% invested in the UK.

We find that respondents tend to agree that DC funds should allocate 10% to private assets by the end of the decade.

However, the results show high levels of disagreement with asking DC schemes to allocate at least half of their private market exposure to the UK.

The Value for Money (VfM) framework contained within the Pension Schemes Bill – another significant regulatory change - introduces an inaugural, rating-based comparison of performance focusing on value over cost.

We asked respondents the extent to which they believe this will affect asset allocation. 49% of them said they expect a minor effect on investment decisions, another 43% do not expect any effect at all. A minority – 9%, categorise the effect as 'significant'. The responses were similar between master trust and single trust schemes highlighting little disparity on their views on VfM.

Of the several moving parts of VfM, 34% of respondents judged peer comparison as most likely to affect investment decisions. 26% said the time frame for performance assessments would matter in that regard and 17% highlighted the rating methodology.

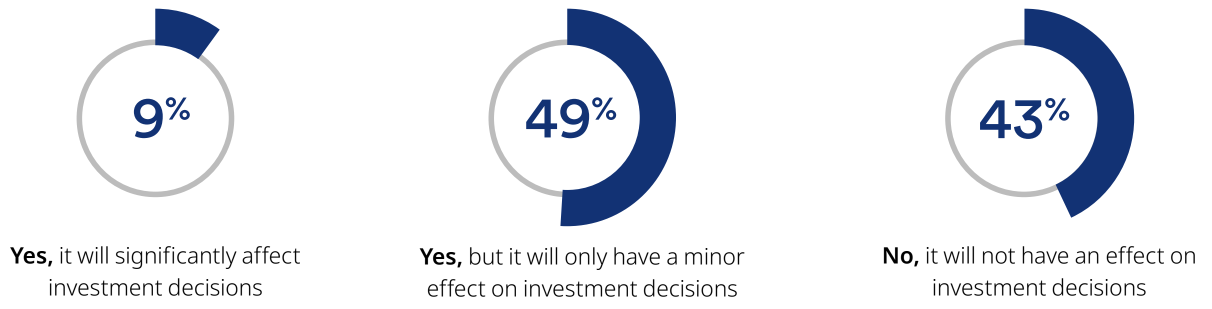
"Time will tell how increased comparison between peers may impact investment decisions. Whether this – together with forward looking benchmarking – unintendedly encourages convergence towards a 'consensus' strategic asset allocation, or impacts openness to investing in new investment ideas or emerging asset classes remains to be seen".

James Wall, Head of UK DC Business Development at Schroders

Q1a:

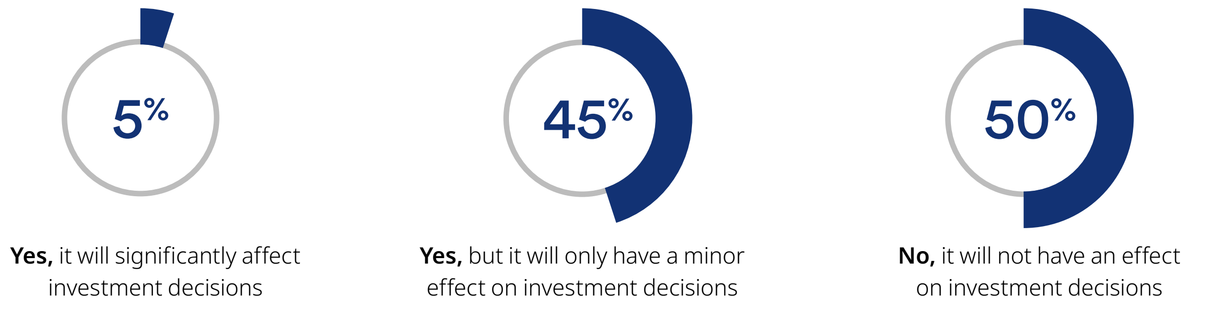
The upcoming Pensions Bill is expected to establish a Value for Money (VFM) framework for DC schemes. Do you expect this to significantly change your asset allocation strategy in the near future?

(All respondents)



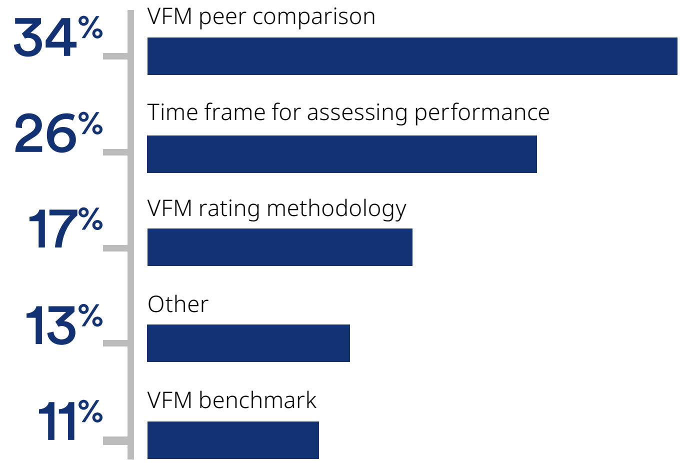
Q1b:

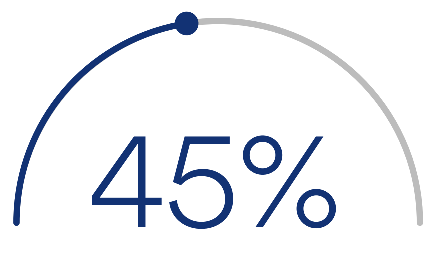
(Master trusts only)



Q2:

Which of the following proposed VFM features is most likely to affect your future investment decisions?



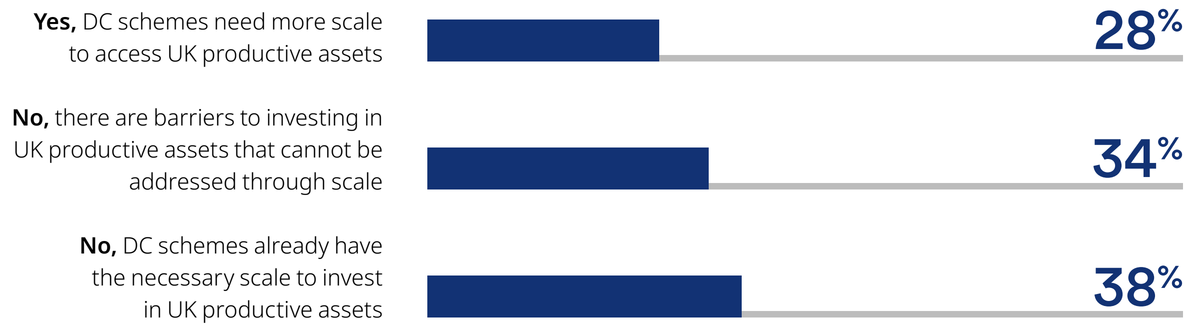


of master trust respondents say DC schemes already have the scale to invest in UK productive assets

Q3a:

In her Mansion House speech in July 2025 Rachel Reeves proposed the formation of DC 'megafunds'. Do you believe that DC schemes require further scale to access a meaningful allocation to UK productive assets?

(All respondents)



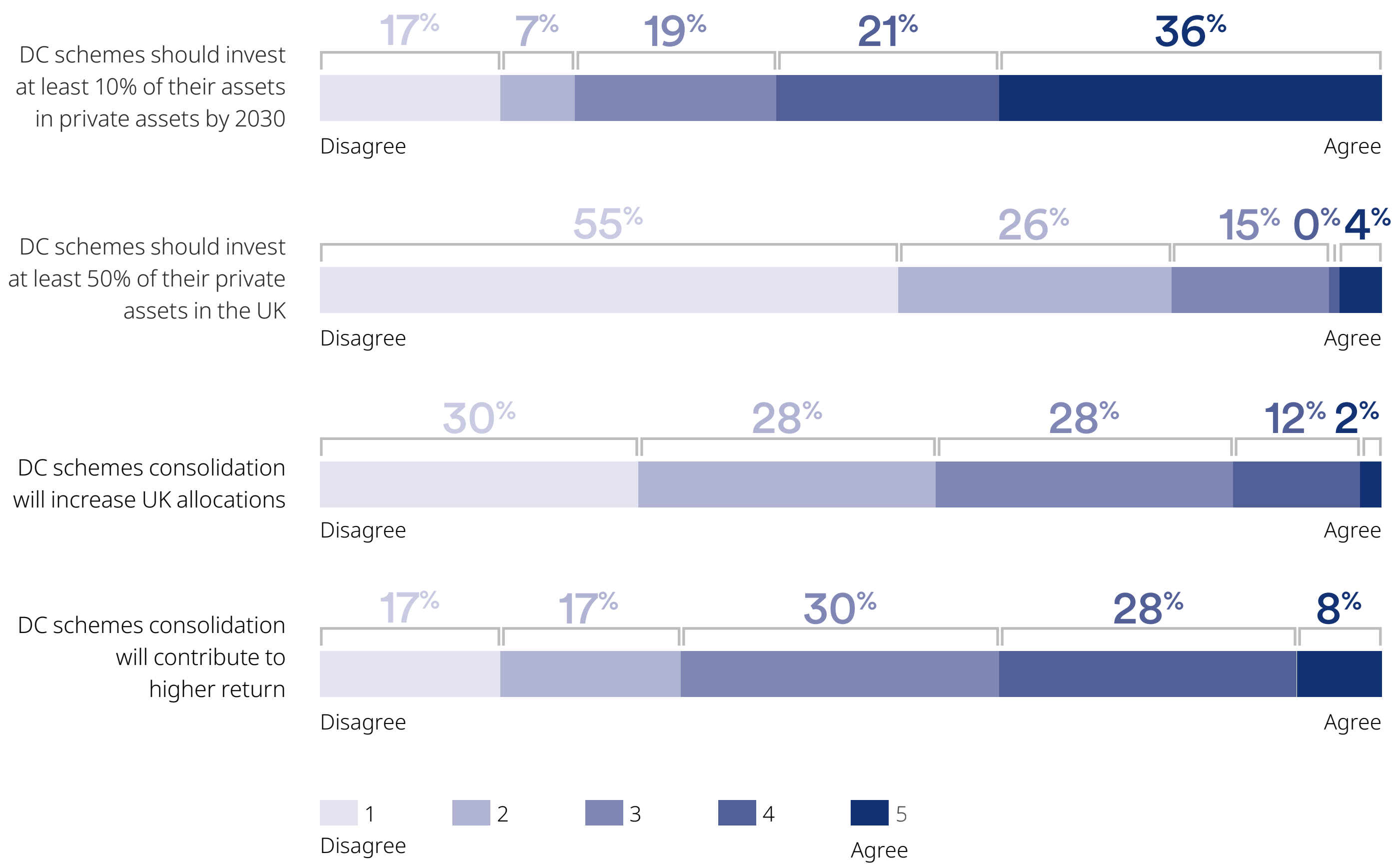
Q3b:

(Master trusts only)

Q4:

Indicate your level of agreement with the following features of the Mansion House Accord:

Respondents were asked to rank based on a scale 1 – 5, 1=disagree, 5=agree



Asset allocation

In 2026, as details of a new regulatory environment for DC investing are etched out, the full extent of their investment implications will gradually become clearer. In this context, our survey asked respondents about their current asset allocation changes, in an effort to assess how DC trusts are positioning their portfolios in 2026.

Our survey finds evidence of a significant private market tilt – particularly on the equity front. 53% of respondents reported an increase in private equity asset allocation at their most recent review. This was the highest reported increase amongst all asset classes. Other increases in allocation include UK infrastructure (40%) and private debt (35%).

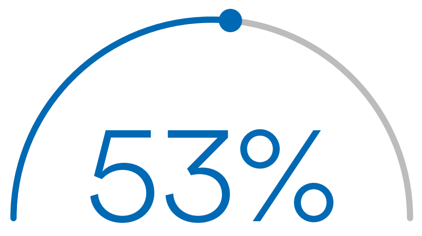
The increase in private equity exposure is weighted towards growth phase strategies. When asked about the most attractive investment opportunities for growth phase strategies, 78% chose private equity. For the retirement phase, the asset class attracts a lower degree of investor interest (10%). Here, corporate fixed income (78%), private debt (60%) and listed equity (58%) tend to dominate the agenda.

Compared to private markets, changes to listed equity allocations are less prevalent. At their most recent review, 30% of respondents reported increasing their allocation, presumably a result of extending the growth investment period in default lifestyle strategies, while 45% chose to retain their existing exposure, reporting no change.

When asked about how they plan to structure their public market investments, 70% said they would opt for pooled vehicles and 60% said they would choose active strategies, slightly more than those selecting passive strategies (55%). 40% of respondents said they would use a segregated mandate.

The asset allocation trend to retain existing exposures also extends to fixed income holdings. 60% of respondents have not changed their allocation to corporate fixed income and 53% have made no change to their emerging market debt allocation. Even for private debt, the number of trusts that reported an increase match the number that reported no change. Sovereign bonds, a related asset class, was the category with the highest reported incidence of decreasing allocation (33%).

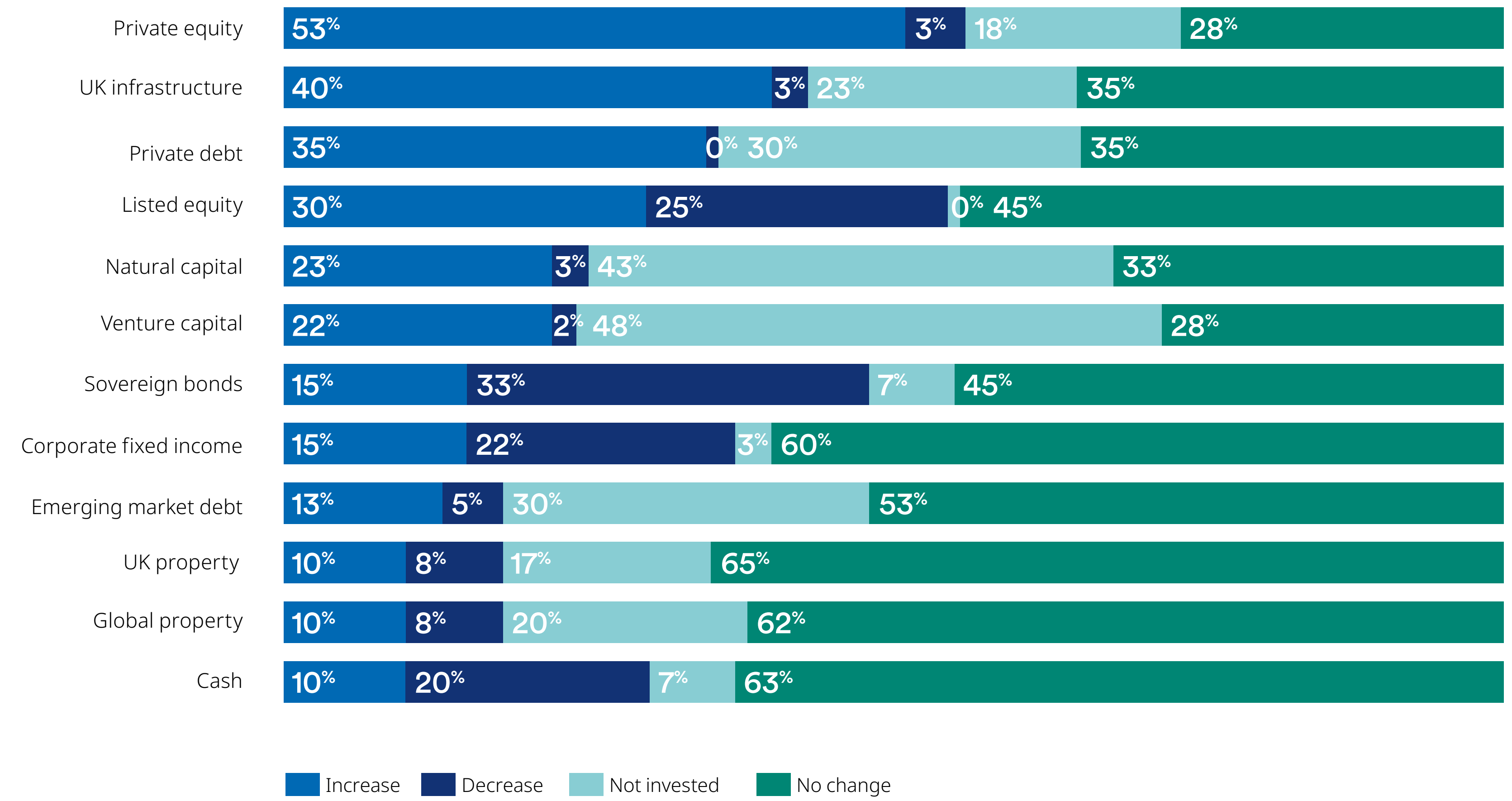
Respondents were also asked about the factors that influenced their most recent asset allocation change. Returns, both risk adjusted and net-of-fee, topped the charts. In comparison, risk appetite, member expectations and embedded costs were ranked lower.



of schemes increased private equity allocations at their most recent review

Q5:

At your most recent review, which asset allocation did you make or consider changing?

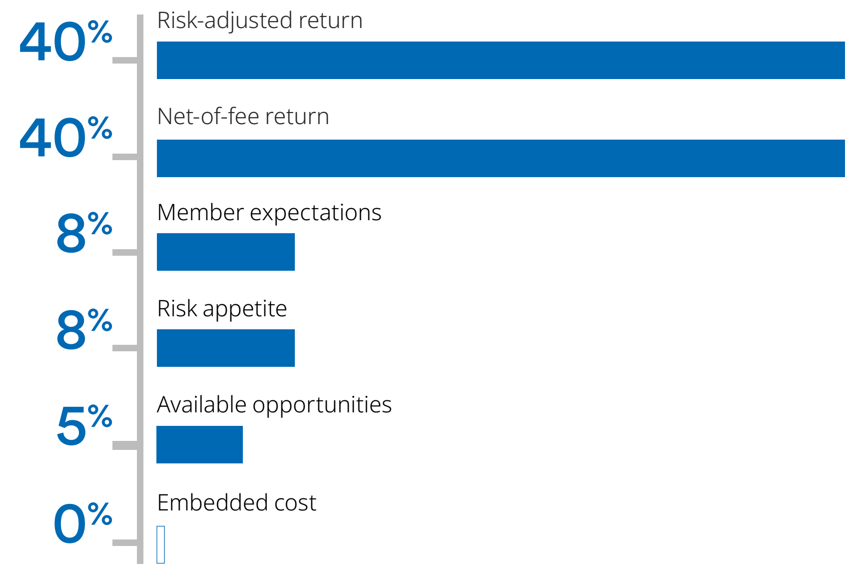


Contents | Introduction | The future of DC | Asset allocation
Private markets | Investing in the UK | Net zero | Voice of DC

Q6:

In the context of responses to the previous question, respondents were asked to rank the following in order of importance:

Factors shaping asset allocation, ranked by top preference (% of respondents)



Q7:
Going forward, how are you planning to structure public market allocations?

Respondents were asked to select all that apply

40 respondents allocated the following

70%	60%	55%	40%	8%
Invest through pooled vehicles	Invest through active strategies	Invest through passive strategies	Invest through segregated mandates	Cash

Q8:
Which of the following offer attractive opportunities for growth phase strategies:

Respondents were asked to select 3 options

85%	Listed equity
78%	Private equity
48%	UK infrastructure
23%	Private debt
18%	Venture capital
15%	Global property
13%	Corporate fixed income
13%	Emerging market debt
8%	Sovereign bonds
8%	UK property
5%	Natural capital

Q9:
Which of the following offer attractive opportunities for retirement phase strategies:

Respondents were asked to select 3 options

78%	Corporate fixed income
60%	Private debt
58%	Listed equity
33%	UK infrastructure
25%	Sovereign bonds
13%	Cash
10%	Private equity
8%	Emerging market debt
8%	UK property
8%	Global property
8%	Natural capital
0%	Venture capital

Private markets

Much of the on-going dialogue within DC investment circles surrounds allocations to private markets, particularly those in the UK. The Mansion House Accord includes a pledge by funds to invest at least 10% of their default funds in private markets.

In the months leading up to the survey, an interest in exploring private market opportunities was building within the DC market. A number of master trusts have now launched their own Long-Term Asset Funds (LTAF) to facilitate their allocation to the sector, whilst others have confirmed they are working with their advisors to incorporate illiquid assets – including private equity and private credit – into the default strategy.

Earlier in the year, Nest acquired a stake in Australia's IFM Investors – becoming its first overseas shareholder. That transaction was explicitly aimed at increasing Nest's private market allocations from 17% to 30%. Now:pensions announced its inaugural private market investment in UK affordable housing halfway through the year.

That there is a DC private market tilt in the making, particularly for master trusts, is hard to miss.

We asked respondents about what drives their interest in private market assets and whether there were particular strategies at which their appetite is aimed.

Private market interest is particularly strong in the growth phase. 74% of respondents said they expect to increase their private market exposure. When asked about the most attractive opportunities for growth stage strategies, 78% reported an interest in private equity, while 48% of respondents did so for UK infrastructure and 23% of respondents cited an interest in private debt opportunities.

Even though DC private market appetites are anchored in growth stage strategies, they are hardly limited to it. Retirement phase strategies attract significant attention too. 59% of respondents said they expect to increase private market allocations for retirement phase strategies and 60% reported a particular interest in private debt.

DC private market allocations are shaped by a range of drivers. From costs and returns on one hand to the available opportunity set and member expectations on the other. Our survey asked respondents to rank what mattered most.

The majority of respondents ranked risk-adjusted returns as a high priority factor shaping private market allocations. 52% reported this to be the most significant driver of such decisions. On the other end, member expectations seem to have less of a role to play with 56% of respondents ranking this factor the lowest.

As demand for private market investment products is rising, so is their supply. A range of options allow DC schemes to structure their private market allocations. Amongst these, respondents reported LTAFs to be the structure of choice. 69% of respondents say they expect to structure their private market investments through LTAFs going forward, compared with 18% who chose SICAVs and 10% who reported an interest in ELTIFs.

74%

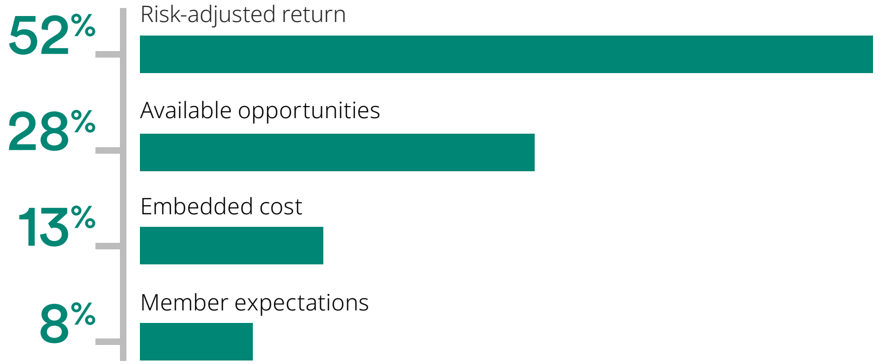
of respondents expect to increase private market exposure for growth phase strategies

Q10:
Going forward, which of the following asset allocation changes do you expect to make?

Respondents were asked to select all that apply

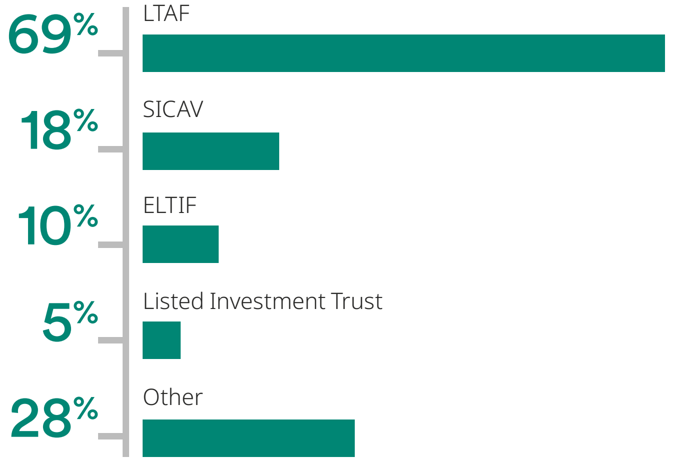
Q11:
Which of the following factors significantly influences your private markets strategy?

Respondents were asked to rank the following in order of influence
Results shown represent the % of respondents who rated each category the highest



Q12:
Going forward, how are you planning to structure private markets investments?

Respondents were asked to select all that apply



Investing in the UK

As a burgeoning interest in private markets for DC schemes takes shape, the Mansion House Accord is geared towards channelling that attention towards home turf. Signatories to the voluntary agreement have pledged to direct at least 5% of their default funds to UK private markets.

That target however, is easier said than done. 66% of survey respondents said they expect the UK share of private markets to be under 25%, just 26% expect this to reach 50% and even fewer (8%), expect to surpass that threshold.

Survey results suggest that the Mansion House Accord by itself is unlikely to play a definitive role in attracting DC capital into the UK. 50% of master trust respondents say the Accord has a low impact on their UK investment strategy. 30% reported it having a moderate impact, implying that other factors affect investment decisions in conjunction or play a more important role.

"Many master trusts have plans to invest materially in excess of 10% of their default in private markets in the long-term. So, this finding does not necessarily mean that these trusts will fail to meet their Mansion House commitment to allocate at least 5% in the UK. Although it does perhaps point to limits or perceived barriers to the Government's ambition to channel capital into UK productive assets".

Ryan Taylor, Head of UK DC Clients at Schroders.

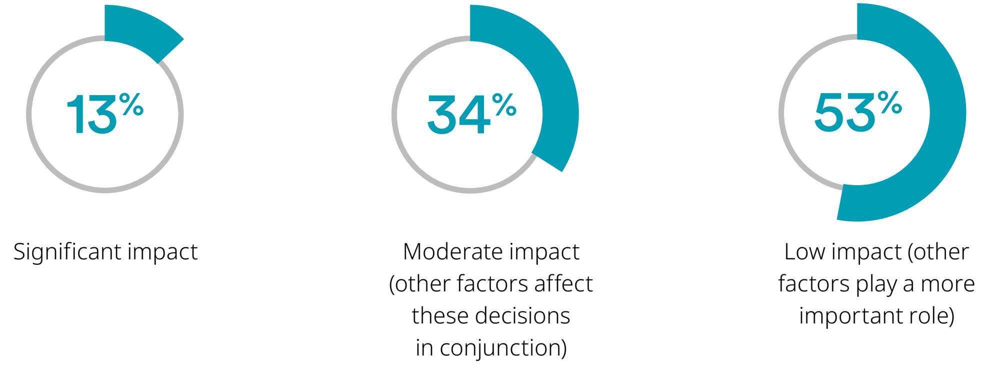
We also asked respondents what the biggest barriers to UK investment were. The most common complaint was a lack of suitable opportunities (68%). Other barriers respondents pointed toward include macroeconomic risk (42%), low risk-adjusted returns (34%) and cost (34%).

That is not to say that opportunities in the UK are not on the DC investment radar. When asked to choose which asset classes provide the best opportunities, UK infrastructure was the most cited response (58%). Overall, private market opportunities ranked highly with 42% of respondents viewing private equity opportunities positively and 24% did so for private debt.

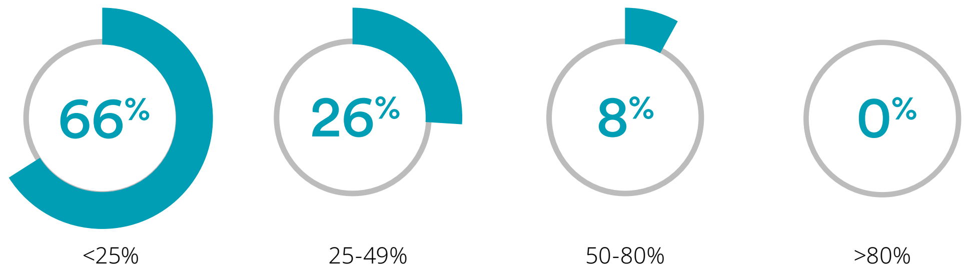
68%

of respondents view a lack of suitable opportunities as a barrier to UK investment

Q13:
To what extent has the Mansion House Accord impacted your investment strategy for UK assets?

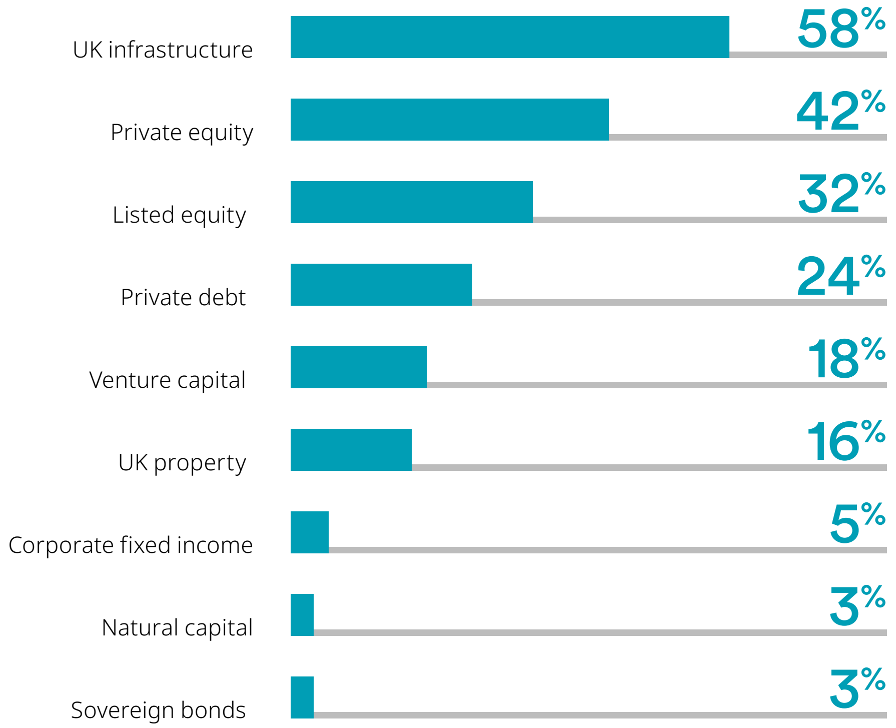


Q14:
In the near future, what percentage of your private market allocation do you expect to be invested in the UK?



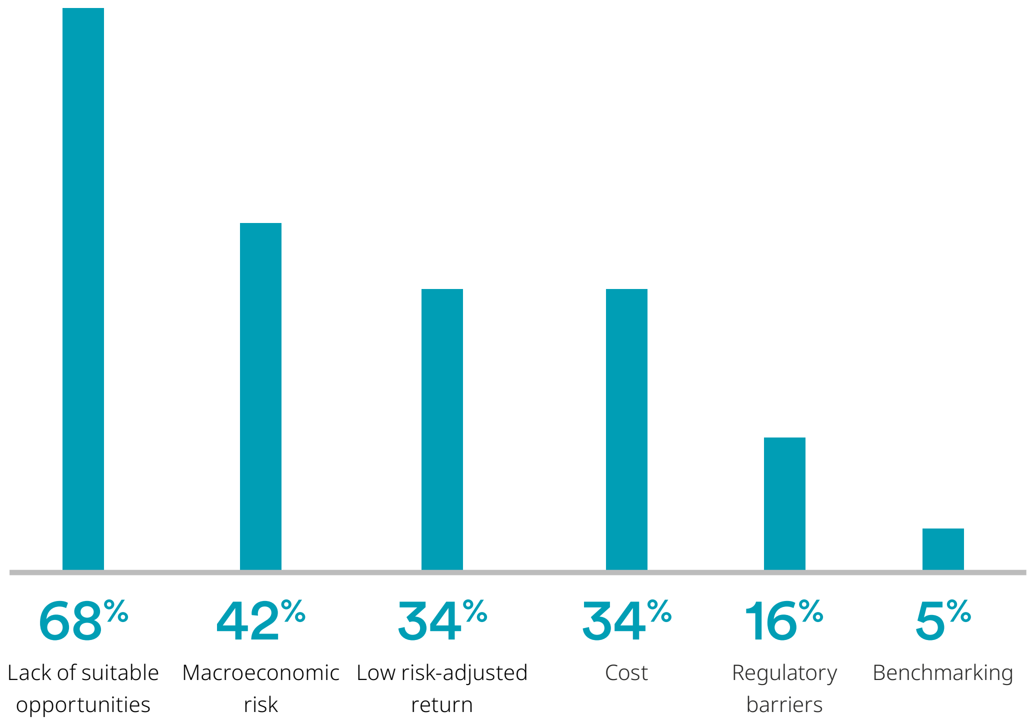
Q15:
Within the UK, which of the following do you believe provide the best investment opportunities?

Respondents were asked to select 2 options



Q16:
What are the biggest barriers to increasing UK allocations?

Respondents were asked to select 2 options



Net zero

Most if not all DC trust-based schemes, particularly master trusts, have set an aim for their investment strategy to be net zero by 2050. The notable exception here is the Aviva Master Trust – which is aiming to achieve that ambition a decade ahead of the rest.

These targets increasingly shape DC investment strategies. Take for example the People's Pension which, to align the fund's investments with this goal, moved £15bn of assets under management into 'climate-aware' strategies – the largest move of its kind within the master trust segment. Last year, its search for climate-aware investment strategies drove notable changes in asset manager mandates.

In taking the decision to move into climate-aware strategies, the People's Pension cited return expectations as a key driver. Survey respondents agree. We asked respondents to rank the factors that shape climate-related asset allocations. 71% of them ranked return expectations the highest.

Where then does this return-led investment optimism find a home? Within the net zero investment universe, renewable energy infrastructure is an overwhelming favourite. 82% of respondents said this asset class provides the most attractive net zero investment opportunities. Other opportunities that respondents view positively include private equity (26%) and listed equity (24%).

As is the case for private markets here too barriers to investment are prevalent. Our survey provided respondents with some commonly cited concerns and asked them what the strongest headwinds were. 63% chose performance concerns as their most significant barrier.

The other key concern respondents cited was the political backlash against ESG. 2025 witnessed not only a US-driven backlash against sustainable investing but also an asset owner-led backlash to the backlash, evident in high-profile changes in asset manager mandates. 45% of our survey respondents said the former was a barrier to DC sustainable investment allocation.

To assess the extent to which DC schemes' demand alignment from their managers on the net zero front, we asked respondents about the direction of travel. 58% said asset manager alignment with their expectations is improving and 37% said alignment was already where they expect it to be. A small minority of respondents said they expect more.

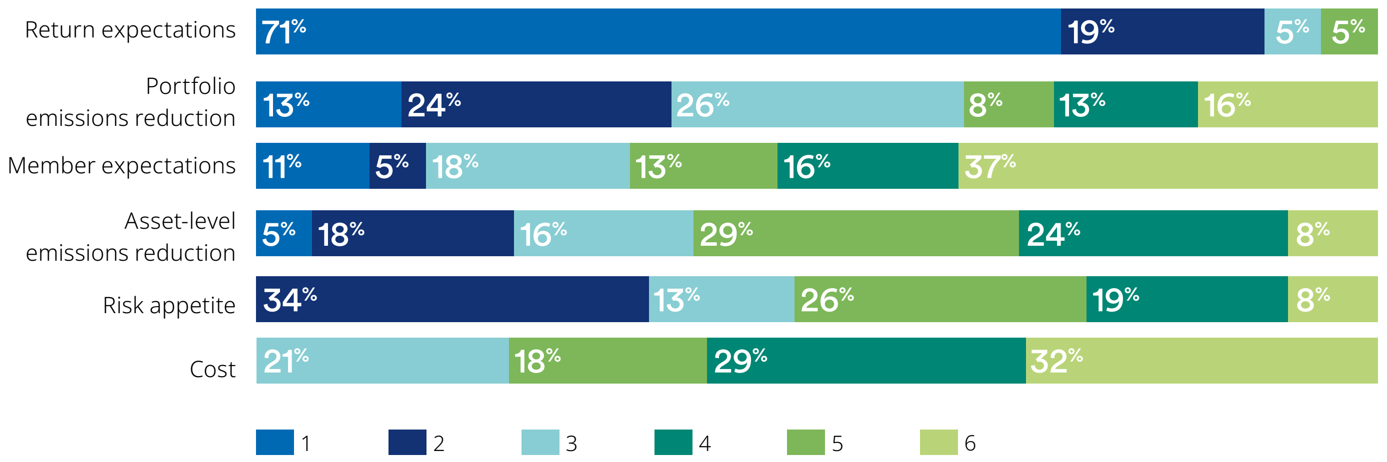
82%

of respondents believe renewable infrastructure provides the most attractive opportunities

Q17:

Respondents were asked to rank the following in order of importance in relation to climate-related asset allocation decisions:

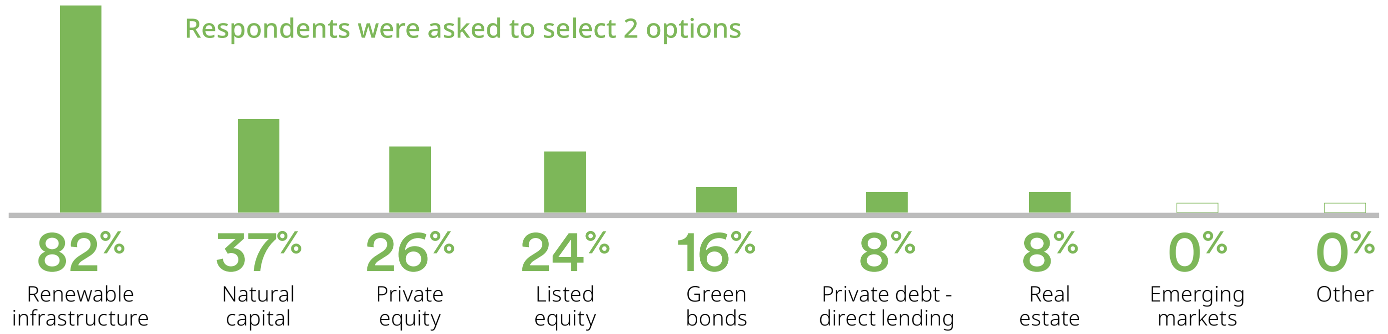
1 - most important, 5 - least important



Q18:

Which of the following do you believe provide the most attractive net zero investment opportunities:

Respondents were asked to select 2 options



Q19:

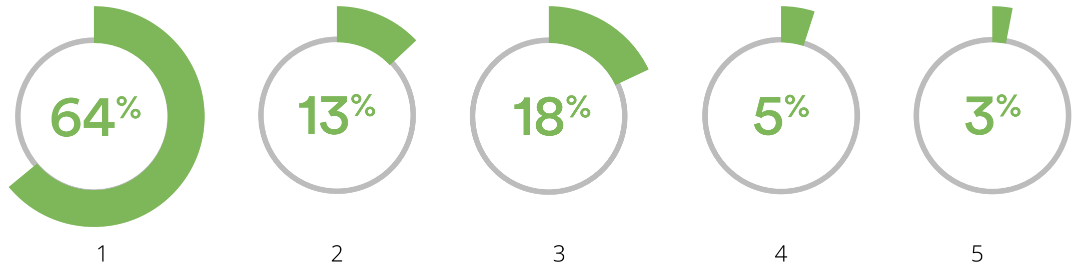
What factors do you consider to be a barrier to DC schemes increasing sustainable investment allocations?

Respondents were asked to select all that apply

Q20:

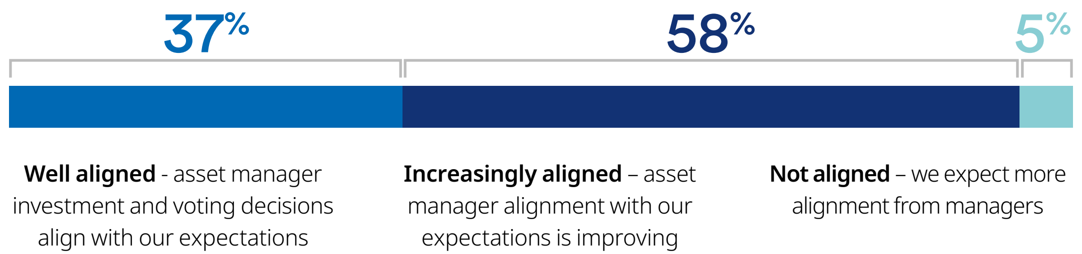
To what extent has the UK Sustainability Disclosure Requirements affected fund selection for your organisation's net zero investment strategy?

1 = No, it does not affect fund selection.
5= Yes, it will significantly determine fund selection



Q21:

To what extent are external managers aligned with your net zero strategy?



Voice of DC

Q22:

In one sentence, what in your opinion is the key priority over the next few years to ensure that DC funds continue to deliver for their members?

The majority of responses focused on 3 key themes:

VFM: Shifting focus from cost to value

> *Absolute focus on net long term returns should be prioritised over short term risk and costs / charges to get there.*

> *More thoughtful approach to value for money that allows for beneficial higher cost strategies.*

> *Moving away from an overbearing focus on cost to a focus on return net of fees.*

> *The whole market, including intermediaries, shifting from cost to value, as well as successful delivery by the Government of the Value for Money framework.*

> *A VFM framework that doesn't distort behaviour.*

Asset Allocation:
Maximising outcomes across the investment spectrum

"Risk on for longer, with greater diversification between asset class choices in both growth and retirement stages."

"Education around value drivers in private markets."

"DC schemes need to be able to invest their assets freely with no prescription and caps on investment fees."

"Ensuring that integrating ESG and private markets does not come to the cost of returns."

"Gaining access to top quintile managers in-and-across private markets… [and] maintaining open mindedness when it comes to new asset types."

Contents Introduction The future of DC Asset allocation
Private markets Investing in the UK Net zero Voice of DC

Decumulation: Making solutions fit-for-purpose

"The key priority is for all DC schemes to put in place a fit for purpose post-retirement income solution."

"Creation of good and clear post-retirement products and providers, as DC members are investors for the whole of their lives, not only in the accumulation phase."

"Supporting members into and post-retirement."

"Development of decumulation strategies that don't involve CDC."

"A laser-like focus on member needs in terms of delivering sustainable outcome expectations."

Thank you to those that participated in this survey

The Defined Contribution Investment Survey 2026 was originated and conducted by Longview Networks and is sponsored by Schroders.
The results constitute the anonymised responses of separate DC professionals.
The survey and the material herein does not constitute investment advice.
Please note that percentages in some instances may not add up to 100% due to rounding.
615976

If you'd like to hear more about the insights generated by this survey, please do get in touch.

Atharva Deshmukh
Head of Research, Net Zero Investor
Longview Networks
atharva.deshmukh@netzeroinvestor.net

Ryan Taylor
Head of UK DC Clients
Schroders
ryan.taylor@schroders.com

James Wall
Head of UK DC Business Development
Schroders
james.wall@schroders.com