The Mansion House Accord

Purpose

This Accord is a voluntary expression of intent by signatories to facilitate access for savers to the higher potential net returns that can arise from investment in private markets as part of a diversified portfolio, as well as boosting investment in the UK. As always, the priority is achieving better outcomes for savers.

The Accord

The signatories of this Accord express an intent, on a voluntary basis, to achieve a minimum 10% allocation to private markets across all main default funds in their DC schemes by 2030, with at least 5% of the total going to UK private markets.

Crucially, this ambition is subject to fiduciary duties and the Consumer Duty and dependent on supporting actions by Government.

Whilst barriers to invest in private assets have reduced in recent years thanks to legislative and regulatory changes as well as operational improvements, challenges remain. This is why the long-term support of the UK Government, and of the relevant regulatory authorities, is a prerequisite to achieving the intent of this accord.

For a successful delivery of this ambition, signatories underline the need, among other things, for the following critical enablers:

- a pipeline of UK investment opportunities, which the Government has agreed to facilitate.
- the whole market, including intermediaries, to shift from cost to value, as well as successful delivery by the Government of the upcoming Value for Money framework;
- alignment between the Government and FCA on that framework, on the scope of the charge cap and clarity in rules and guidance, and on delivery of the in-train policy change on bulk transfers without consent, when it is in the best interests of savers and subject to necessary safeguards.
- a pragmatic, well-sequenced approach to the scale tests proposed by Government in a way that ensures competition and innovation in the market and that does not prevent signatories from investing in private markets at scale, in the near term.

Signatories commit, subject to fiduciary duty and the Consumer Duty, to the ambition of:

- allocating at least 10% to private markets across all main DC default funds by 2030; and
- within that, at least 5% of the total going to UK private markets, assuming a sufficient supply of suitable investible assets for providers.

The commitment is dependent on implementation by the Government and regulators of the critical enablers detailed above.

The 2023 Mansion House Compact is aligned with this Accord and investments in its scope contribute to this ambition. The Compact is a voluntary industry-led initiative to secure better financial outcomes for Defined Contribution savers by increasing pension investment into unlisted equity. The ambition of the 2023 Compact is to allocate at least 5% of the DC default funds to unlisted equities by 2030.

Definitions for the terms outlined in the Accord above include:

- Private markets means the following unlisted asset classes: equities, property, infrastructure and debt/credit.
- UK private markets means where the underlying assets are based in the UK.