

Mansion House Compact

Progress update

16.10.2025



About the Mansion House Compact

The Mansion House Compact is a voluntary industry-led initiative to secure better financial outcomes for Defined Contribution (DC) savers by increasing pension investment into unlisted equity¹. In 2023, 11 pension providers² committed to the ambition to allocate at least 5% of their DC default funds to unlisted equities by 2030 and to increase the proportion of UK pension and other relevant assets in unlisted equities.

The ABI, in collaboration with the signatories and the City of London Corporation, is annually tracking progress towards the Mansion House Compact. More than two years since its launch, this update sets out progress so far.

This update only covers the progress made towards the Mansion House Compact, not the Mansion House Accord. The [Mansion House Accord](#) is a separate voluntary pledge that was agreed in May this year, which includes a broader set of asset classes and contains a UK specific ambition. The Mansion House Compact is aligned to the Mansion House Accord and investments in its scope contribute to the Accord's ambition. Signatories to the Mansion House Accord have agreed that the ABI and Pensions UK will work together to track progress of the Accord, based on the asset allocation data to be collected by the regulators³. The City of London Corporation will be a key contributor to discussions.

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¹ Unlisted equities: This excludes investments in infrastructure & real estate, according to the Mansion House Compact FAQs, and relates only to funds managed on behalf of the customers of MHC signatories as of Feb 2025.

² The 11 signatories of the Mansion House Compact are: Aegon, Aon, Aviva, Legal & General, M&G, Mercer, NatWest Cushon, NEST, Phoenix, Scottish Widows and Smart Pension.

³ The Pensions Investment Review stated that the TPR and FCA have decided to launch, in 2025, a joint market-wide data collection exercise which will include asset allocation information in workplace DC schemes.

Executive summary

In its second year, signatories of the Mansion House Compact have continued to make progress towards its ambition, to deliver better outcomes for savers.

Investment in unlisted equities within signatories' DC default funds doubled compared to 2024, growing from £0.8 billion to £1.6 billion out of a total value of £268 billion. This means the proportion increased from 0.36% to 0.6%. Unlisted equity investment within broader DC assets also increased, reaching £6 billion⁴. These figures are based on data as of February 2025.

Signatories continued to pave the way for increased investment in unlisted equities, completing essential operational steps which will allow them to gain further exposure to private markets. To make changes to asset allocations, particularly to private assets, providers have to complete a complex process involving multiple steps and stakeholders. Signatories have now progressed to the latter stages of this process. **This year, signatories established new partnerships with asset managers, launched new LTAFs or similar vehicles with exposure to unlisted equities, launched new propositions, and continued to see progress in addressing operational challenges related to investment platforms.**

However, challenges remain. The majority of signatories continue to identify the shift from cost to value as the critical policy intervention required for the Compact's success. The Value for Money framework, coming into force in 2028, will play a critical role in this shift. The progress towards the Compact's ambition is expected to reflect that.

Client support is central to the shift from cost to value. However, our survey indicates that this year, fewer signatories say that their clients are supportive of increasing investment in unlisted equities. At the same time, providers bolstered their efforts to shift client perspectives towards value, employing varied strategies such as targeted discussions, educational content, events, and thought leadership. The Employers Pledge, launched by the City of London Corporation, is also expected to spur employer support for private asset investment.

£1.6 billion

Unlisted equity assets held in default funds as of February 2025, out of a total of £268 billion assets. Compared to £0.8 billion in February 2024.

£6 billion

Unlisted equity assets held in broader DC assets.

⁴ An ambition of the Mansion House Compact was "to increase the proportion of UK pension and other relevant assets, including DC default funds, invested in unlisted equities". This report refers to those in scope of that definition as "broader DC assets".

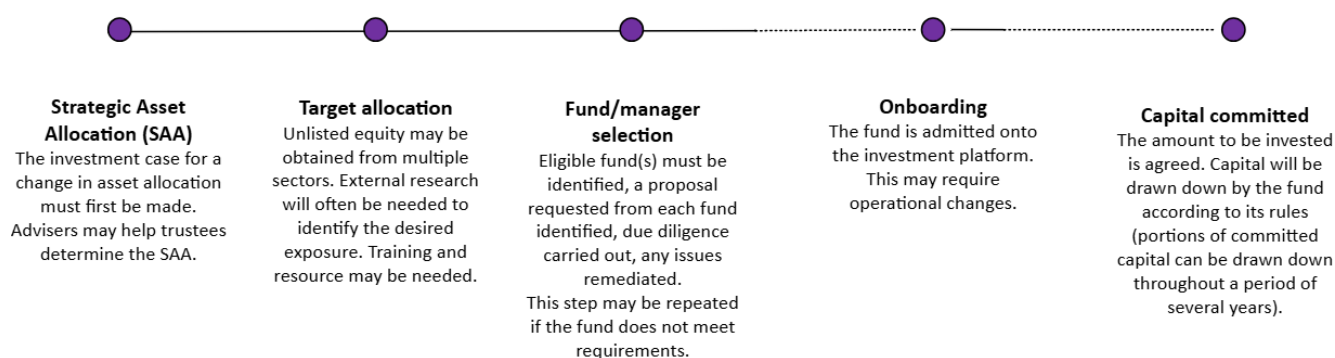
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Signatories allocated a higher proportion of capital towards unlisted equities compared to last year, while the value expressed in pounds more than doubled. Unlisted equity investments in DC default funds increased from £793 million to £1.6 billion. At the same time, in-scope DC assets overall increased by 21% to £268 billion. As a result, the proportion invested in unlisted equities grew from 0.36% in 2024 to 0.6% in 2025. According to our survey, over a third of the signatories said that in the last year they have increased private market exposure in an existing default. Unlisted equity investment within broader DC assets also increased from £5.3 billion to £6 billion.

Signatories continued to make further progress towards the ambition of the Compact, completing additional important operational steps. In the second year of the Compact, the majority (eight) of the signatories established **new partnerships** with asset managers with a view to invest in private markets. Just under half (five) of the signatories launched **a new LTAF or a similar vehicle** with exposure to unlisted equities or agreed partnerships to offer one. Just under a third (three) have launched a **new proposition** that includes private market exposure. Our survey assessed the progress made between May 2024 to June 2025. Some signatories may have already completed these steps before May 2024 or taken further action since June 2025, but the results of our survey do not capture that progress.

This shows that signatories are continuing to make progress on changing asset allocation in line with expectations. Making changes to asset allocations entails a multi-step process and several decision makers before capital can be deployed (see diagram below). These include ensuring they have the right expertise and capacity, undertaking research into the investment opportunities, finding the right managers, making operational preparations, such as setting up the right vehicles and onboarding them on the investment platform, as well as crucially getting their clients' support for asset allocation changes. These enabling steps take time and require input from different parts of the value chain and decision-makers. Having made progress on the early stages of the process in the first year of the Compact, signatories have now completed more steps in the latter stages. Signatories have selected asset managers, launched new vehicles and new propositions and saw investment platforms make progress on addressing operational challenges.

Making changes to asset allocations involves a multi-step process and several decision makers:



However, support from clients decreased and market dynamics continue to focus on minimising cost instead of maximising long-term value. These dynamics prevent capital from being deployed into unlisted equities. The proportion of capital allocated towards unlisted equities - and private assets more generally – depends on client take up. Last year seven out of 11 firms thought clients appeared supportive of increasing investment of their schemes into unlisted equities. This year, only four thought so⁵.

To help the market shift from cost to value, providers bolstered their efforts and deployed a range of strategies to encourage clients to focus on long-term value. At least seven providers spoke about their work to improve clients' and consultants' understanding of private assets and their diversification benefits and to demonstrate the value of increasing exposure to private assets over the long-term. For instance, providers held one-to-one discussions on this with clients and consultants, produced public research and white papers to educate clients, convened public events and issued public communications to raise awareness. The Employers Pledge launched by the City of London Corporation is expected to generate more employer support for long-term value and private assets.

⁵ The remainder of signatories in year one and two of the Mansion House Compact qualitative survey responded to this question stating they “neither agree nor disagree” or “prefer not say”.

Case studies

L&G is an early investor in PQShield. L&G is an investor in UK-based PQShield's series B funding round which raised £29 million for the scale up. This is an early commercial-stage company specialising in modular cryptography products for post-quantum cybersecurity. Post-quantum cryptography is becoming critical for safeguarding sensitive data and communication and PQShield is well positioned to enhance protection against data breaches.



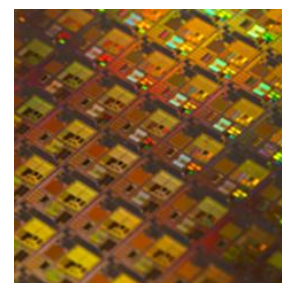
Nest makes investment into Deep Green, an Octopus Energy Generation project. Nest is an early investor of UK-based Deep Green, a UK originated data centre company committed to using the heat generated by computer servers to supply energy to homes, businesses, public spaces and industry. Through Nest's investment in "Sky" – Octopus Energy Generation's diversified renewables fund – the scheme is helping to scale transformative projects like Deep Green's latest development in Manchester. *Photo credit: Deep Green.*



Cushon invests in largest greenhouse in the UK. The project uses heat produced by a local water treatment and works to reduce the carbon footprint of the greenhouse by 75%. This low-carbon farming project is part of Cushon's Sustainable Investment Strategy and has helped develop new low-carbon agriculture techniques. *Photo credit: Bom Group.*



M&G Investments & the UK Infrastructure Bank co-led a series D funding round with a £40 million investment into Semiconductor manufacturer Pragmatic. Pragmatic has revolutionised and fully automated the semiconductor manufacturing process and by replacing silicon can create high quality, ultra-low-cost chips with flexible form factor at faster production times. The investment has been made by M&G's Catalyst strategy, a purpose-led private assets strategy, investing in innovative companies tackling some of the world's biggest environmental and social challenges on behalf of the £130 billion Prudential With-Profits Fund. *Photo credit: Maxence Pira.*



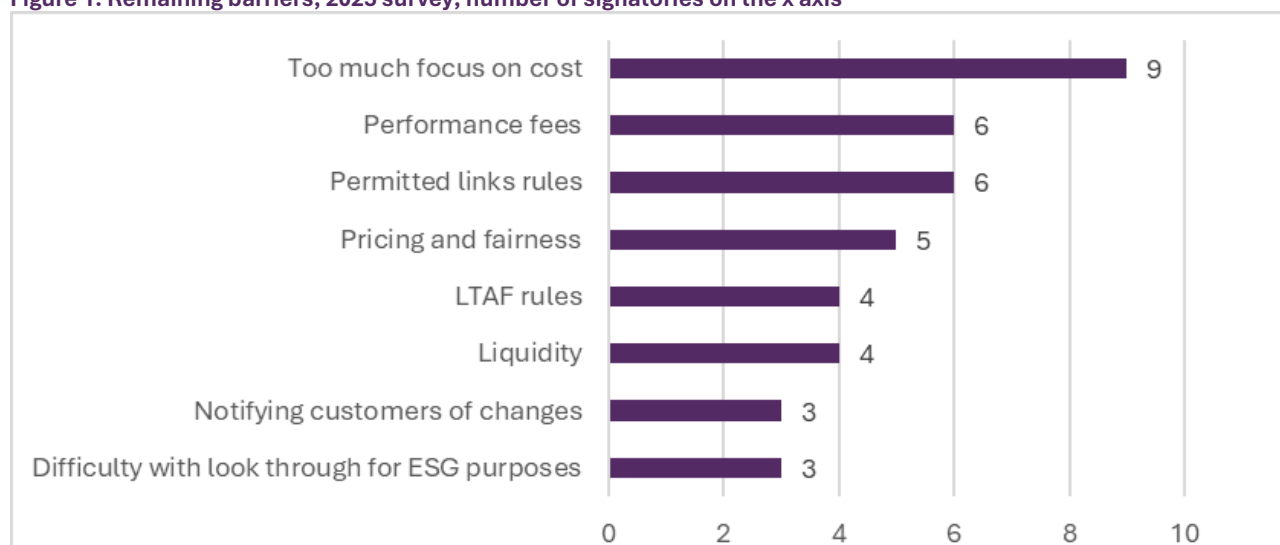
Barriers and necessary policy interventions

When signatories signed the Compact in 2023, they highlighted “the requirement for further policy” to address barriers that hinder investment in unlisted equities. Our [previous progress update](#) found that the dominant policy intervention signatories required for the Compact to be delivered was to shift away from solely cost minimisation and towards value. Several signatories noted that a value-focused approach was needed in the entire value chain, with references made to trustees, sponsors (employers) and advisers.

This year once again, the vast majority of signatories have said that a shift from cost to value is still crucial to enable them to contribute to the Compact. With the upcoming Value for Money framework expected to be implemented in 2028 and no intervention yet to encourage a cultural shift on the entire value chain, ‘too much focus on cost’ remains the key barrier.

Asked about necessary policy interventions, one respondent pointed to “some form of intervention in the Employee Benefit Consultants market to encourage consideration of providers' private markets intentions when comparing providers”. Another explained that “successful delivery is [...] dependent on all decision makers shifting their focus from cost to wider value and being sufficiently confident that returns will be higher with this new asset allocation to accept the higher fees.”

Figure 1: Remaining barriers, 2025 survey; number of signatories on the x axis



Other policy interventions described as necessary were performance fee treatment, investment opportunities and LTAF rules.

- Several signatories called for alignment between the Pensions Regulator and the FCA on the treatment of performance fees and the charge cap for trust and contract-based DC schemes, with additional clarity in rules and guidance.
- Signatories also suggested the Government continue to work on building out investment opportunities in the UK. The Government has taken several steps to facilitate more investment

opportunities which are in line with signatories' needs.⁶ The investment opportunity set available within the UK will be influenced by Government and future policy decisions.

- Several LTAF rules were mentioned including disclosure requirements, and the self-select exposure limit.⁷
- The need to enable wider vehicle options beyond the LTAFs within default funds e.g. Undertakings for Collective Investment Part II in Luxembourg (UCI II), or otherwise widening the permitted links rules, was also mentioned.

Signatories were split over operational challenges, with five saying they no longer face any and five saying they still do. Performance fees treatment in charge cap regulations was the lead operational challenge mentioned by signatories. Other challenges mentioned related to LTAFs.⁸

⁶ The Government has launched Industrial and Infrastructure Strategies, set out planning reforms, bolstered the mandate and funding of the National Wealth Fund and is developing a new Strategic Investment Opportunities Unit as part of the Office for Investment to bridge the gap between available capital and investable projects

⁷ It was mentioned that the requirement to disclose and look through to the underlying assets in the LTAF portfolio causes additional operational overhead, is confusing to consumers and not relevant to their investment outcomes. It was suggested that rules are adjusted to allow unlimited self-select access for members to LTAFs, currently restricted to the same % of default.

⁸ These include: platform readiness, particularly around the ability to support monthly pricing and 90-day redemption notice periods within a daily-priced ecosystem; liquidity management and cashflow forecasting, especially as the fund integrates into the different glidepaths; FCA authorisation and performance fee disclosures; supplier dependencies, notably with Authorised Corporate Directors, custodians and depositaries, have introduced onboarding and governance risks; while customer communications must clearly explain the fund's illiquidity, fee structure, and suitability criteria to ensure alignment with long-term investment goals.

Methodology and definitions

1. Methodology

The figures and commentary contained in this update were informed by a quantitative and qualitative questionnaire completed by all Compact signatories in June 2025. Figures are based on the most recently available asset valuations as of February 2025. Further information on definitions can be found at the end of this update.

2. Scope

The quantitative metrics focused on two scopes, with the value of own-customer unlisted equity investment captured within each:

- **DC Default:** Growth phase assets in DWP compliant DC-default options that signatories control.
- **Broader DC assets:** includes DC default assets as well as assets in workplace DC schemes, drawdown, crystallised assets, customer assets administered by third parties, and with profits assets in DC structures. This encompasses the Mansion House Compact's commitment "to increase the proportion of UK pension and other relevant assets, including DC default funds, invested in unlisted equities".

Data was additionally collected on the value of infrastructure/real estate investment, separate to the core definition of unlisted equity.

3. "Unlisted Equity" defined

- Unlisted equity was agreed to consist of direct or indirect equity stakes in qualifying organisations.
- A "qualifying organisation" is one that is not listed on the Official List of the United Kingdom Listing Authority, or for overseas investments, the equivalent authority/list.
- "Equity stake" included shares or convertible loans but excluded purely debt-based investment.
- Indirect holdings through investment trusts/special purpose vehicles were permitted, however look through was applied when valuing these investments.

The Mansion House Compact signatories:



About us

The ABI is the definitive voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world.

We represent more than 300 firms within our membership including most household names and specialist providers, providing peace of mind to customers across the UK.

Our sector is productive, inclusive and essential to the UK economy and together, we are driving change to protect and build a thriving society.

Disclaimer

This report does not aim to set out the ABI's policy position; instead, it reflects the results of the data collection and individual responses to a survey conducted by the ABI to monitor the progress towards the Mansion House Compact ambition.

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