

Industry pledge to invest £100 billion in UK productive assets: Progress Report

Summer 2025



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1. Highlights and key findings

The insurance and long-term savings industry has **pledged to invest £100 billion in UK productive assets backing annuity business over ten years**. This report outlines our progress towards the pledge and demonstrates the sector's role as a key investor in UK infrastructure, spanning a wide array of assets which support UK economic growth and the net zero transition.

In 2024:

- **£10.9 billion** was invested by annuity providers¹ into primary issuance of UK focussed productive assets², typically long-dated debt (rather than equity).
- The top three sectors invested in were:
 - **Real estate** (£3.8 billion), including helping to build affordable and social housing and student accommodation;
 - **Utilities** (£2.7 billion), including energy and water supply;
 - **Transport** (£1.0 billion), including in ports and buses.
- The remaining £3.4 billion was invested across a variety of sectors, including manufacturing, construction, and human health and social work.
- The largest investment mechanisms were **listed and private corporate bonds** (£7.1 billion) and **mortgages/loans** (£2.3 billion).

The £100 billion pledge was made during discussions on reforms to the Solvency II framework, which came into force over the course of 2024. **Our sector has long been – and will continue to be – a crucial investor in the UK's infrastructure**. Infrastructure and productive assets can require long-term investments to finance large projects which take time to deliver. The investment approach of annuity firms is ideally positioned to support this, investing and holding assets for the long term. This approach reflects the long duration of liabilities held by annuity providers as they pay out pensions which individuals and employers have paid in to. From social housing and student accommodation to wind farms and ports, investment by the insurance and long-term savings sector is a key pillar of the UK economy.

However, **we want to go further and faster**. That is why we have continued to engage with government, regulators and national and regional bodies to advocate for a stronger and wider pipeline of investable opportunities. We welcome the government's recently published 10 Year Infrastructure Strategy and the introduction of the online Infrastructure Pipeline tool. This will facilitate further investment and help the government achieve its growth ambitions whilst keeping UK savers' long-term interests at heart and ensuring the defined benefits pension commitments of firms are securely financed in productive assets across the UK economy.

The ABI established the Investment Delivery Forum³ in 2023 alongside seven⁴ members to drive and track the industry's £100 billion pledge. Our work has explored new investment opportunities to deploy annuity capital into, working with key stakeholders from across the UK's regions, governments and regulators.

This report marks progress towards our £100 billion pledge, but it is important to note that this data

¹ Annuity providers including Aviva, Just Group, M&G, Phoenix, Rothesay, Royal London, Scottish Widows, PIC and L&G

² This data collection covers assets that meet an agreed definition of productive finance (see section 5); are fully or near-fully based in the UK, back annuity liabilities and are of at least a one-year term.

³ <https://idforum.org.uk/>

⁴ Aviva, Just Group, M&G, Phoenix, Rothesay, Royal London and Scottish Widows

represents only a single year of investment supported by the individual annuity and pensions risk transfer markets, which typically show considerable volatility. The UK bulk annuity market reached nearly £50 billion of new business premiums for 2023 and 2024 respectively; however, underscoring this volatility, new business in individual quarters ranged from as much as £22 billion to as little as £3.7 billion of premiums.

Whilst the 2024 investment figure represents a positive start, only limited inferences should be made around the future trajectory of investment from this report. For further detail on the full scope of investments included, please see section 5.

Throughout this report are example case studies of investments forming part of this £10.9 billion, to provide further insight into the types of projects our sector is supporting.

Case Studies: Investing in UK Housing

M&G invests £15m in Cardiff social housing

In 2024 the M&G Annuity Fund invested c.£15 million into Tirion Homes, bringing the total investment from across M&G to £96 million since inception. This enables a major residential led urban regeneration project in Cardiff – the Mill – bringing much needed affordable homes to West Cardiff on a former derelict site which lay dormant for 20 years, with development due to be completed in July 2025.



PIC invests £30m to support social housing development in Northern Ireland

PIC completed a further £30 million debt investment in Apex Housing Association in 2024, following an initial investment of £100 million in 2021.

The investment will support the development of 300-400 new homes a year, with all homes to be extremely energy efficient.

2. Introduction and genesis of the £100 billion pledge

The insurance industry's pledge⁵ to invest £100 billion over ten years into UK productive assets was made during discussions on reforms to the UK insurance sector's prudential regulatory framework by the Government and the Prudential Regulation Authority (PRA). These reforms subsequently came into force throughout 2024. This framework used to be known as 'Solvency II' and, post-reform, is now known as 'Solvency UK'.

The regulatory changes were made with the intention of making it easier for our industry to invest more in productive assets. These are typically large-scale and long-term projects that contribute to the economy and offer more attractive returns than corporate bonds (as they provide a cashflow at maturity when listed bonds are harder to source). As well as a capital release brought about by a reduction in the so-called Risk Margin, these changes included permitting insurers to include assets with 'highly predictable' (rather than fixed in terms of time and amount) cash flows within their 'Matching Adjustment' portfolios⁶. At the same time rules were strengthened to ensure that policyholder protection was maintained.

Our industry is now delivering against this pledge, investing billions into the UK in assets which support UK economic growth and the net zero transition.

To track progress, a number of firms agreed to report their investment data to the ABI, including members of the Investment Delivery Forum (Aviva, Just Group, M&G, Phoenix, Rothesay, Royal London, and Scottish Widows) as well as L&G and PIC. These firms collectively represent most of the individual and bulk annuity business in the UK, taking on £47 billion of DB pension liabilities and writing nearly £7 billion of individual annuity business in 2024⁷.



Rothesay



SCOTTISH WIDOWS

The collection of this data is overseen by an Investment Tracking Working Group, comprising representatives of each of these firms, with secretariat from the ABI.

Investment patterns can vary significantly throughout a typical calendar year, determined by market conditions and the volume of opportunities being presented. Therefore, this data should not be taken as indicative of annual trends and the annual total in future years may be significantly above or below the 2024 figure.

⁵ <https://www.abi.org.uk/news/news-articles/2023/7/solvency-uk-cross-sector-co-operation-to-drive-100bn-investment-into-uk-projects/>

⁶ Matching Adjustment Portfolios are a key element of the UK prudential regulatory regime, allowing insurers to invest by enabling them to adjust the relevant risk-free interest rate term structure for the calculation of a best estimate of the value of a portfolio of eligible insurance obligations – essentially, to match assets against long-dated liabilities. Please see section 4 for further information.

⁷ ABI quarterly new business statistics, 2024Q4 (available at <https://www.abi.org.uk/data/data-packages/>)

3. Limitations to the observable impact of Solvency UK on Investments

Given the nature of annuity investments, the many factors impacting investment decisions (including wider economic factors), and the long-term nature of the pledge, it is not possible to quantify and observe the precise direct impact of the Solvency UK reforms on investments at this stage. The reforms will naturally take time to ‘bed in’, having been phased in over the course of 2024⁸, and for opportunities to be realised.

Case Studies: Investing in UK Transport

Phoenix Group lends £50 million to Stagecoach Group Limited, the largest bus operator in the UK

This investment will support Stagecoach in its plan to transition systematically and become increasingly sustainable, simultaneously supporting the UK’s net zero ambitions through reducing CO₂ emissions from transport. At the time of investment, Stagecoach had under 30% low carbon/zero emission buses and coaches in its fleet but is expected to reach over 75% by early 2030. The company has also committed to a fully zero-emission bus fleet by 2035 and to be net zero by 2050.



The company employs over 23,000 people across the UK and helps deliver c.£1.6 billion of Gross Value to the UK economy. Buses are the largest mode of public transportation in the UK with a total of 3.8 billion passenger journeys helping to support regional development and social mobility.

PIC invests a total of £83 million in Peel Ports

In 2024 PIC provided an additional £50 million investment into Peel Ports Group, on top of a previous £33 million investment in 2023. Peel Ports has sites across the UK including Liverpool, London and Greenock in Glasgow. The investment contributes to the sustainable developments including ship-to-shore cranes and berth facilities, which help to make the UK ports sector resilient. Ports are strategically important assets for the UK as they handle 95% of international trade and are critical in addressing geopolitical pressures such as energy security and are leaders in delivering the governments net zero ambitions.



⁸ The most impactful changes to insurers’ investments within Solvency UK reforms (changes to the Matching Adjustment, allowing MA eligibility for assets with highly predictable cash flows and removing the sub-investment grade cap) came into force on 30 June 2024. Other reforms included: changes to the risk margin, implemented on 31 December 2023; changes to reporting requirements and the capital modelling framework, implemented on 31 December 2024.

4. Ambition to go further and faster

Our industry is committed to addressing any remaining barriers to investment. This will accelerate and maximise the impact of meeting the pledge,

For example, the ABI has convened key stakeholders including His Majesty's Treasury, the National Wealth Fund (NWF), the PRA and industry firms to discuss nationally and locally strategic infrastructure projects and how these can be made investable and suitable for insurers' Matching Adjustment portfolios. This Investment Viability Group (IVG) will be a key forum to help accelerate investment in impactful projects at scale, building on the work to date of the NWF, which is a mechanism to crowd in private investment to UK infrastructure through the appropriate sharing of risk across the financial ecosystem. An early example of an investment in partnership between an insurer and the NWF is Rothesay's £150m commitment for social housing retrofit⁹.

Another innovation the industry has pursued with the PRA is the Matching Adjustment Investment Accelerator (MAIA), on which the PRA consulted in Q2 2025. It is intended to enable insurers to be more agile as investors, helping to speed up the investment process whilst safeguarding the financing of commitments to their policyholders. We look forward to seeing this implemented by the PRA's targeted date of the end of 2025.

However, more needs to be done beyond regulatory reform to truly unlock the impact of our sector's capacity for investment in infrastructure. Crucially, the pipeline of investable opportunities must be developed and communicated, identifying appropriate investors suited to different nationally and locally strategic projects. The scale of investment required in UK infrastructure cannot be met by a fiscally constrained government, nor will the banking sector be solely able to meet the huge amount of capital required. For instance, for the government to meet its 2030 energy ambition, a doubling of investment will be required: 60-90% of this increase will need to come from the private sector¹⁰.

The government and bodies such as the NWF must therefore take a longer-term view to consider how to strategically deploy the full spectrum of finance across the landscape of projects, appropriately sharing and allocating risk to efficiently crowd in capital from as many types of investors as possible, simultaneously helping to reduce refinancing risk. For these reasons we welcome the Government's recently announced 10 Year Infrastructure Strategy and the commitment to launch the National Infrastructure and Service Transformation Authority (NISTA) online Infrastructure pipeline.

Solvency UK represents an important step forward. However, we believe there are further opportunities to enable our industry to invest further and faster. These include:

- **Expanding the definition of 'highly predictable' assets eligible for the Matching Adjustment:** Industry continues to work with the PRA to explore new ideas such as further expanding the PRA's definition of 'highly predictable' assets to include those with cash flows beyond the existing 'contractually bound' definition – such as assets with an equity element. Where an asset contains both a debt and equity element, and where the risks associated with these elements are fully understood, it would be highly beneficial if the 'whole' asset could be placed in the MA portfolio, with the equity portion allowed for through Fundamental Spread adjustments. However,

⁹ <https://www.rothesay.com/news/newsroom/150m-commitment-for-social-housing-retrofit/>

¹⁰ <https://www.thephoenixgroup.com/media/jaan0sld/phoenix-group-unlocking-investment-to-support-the-net-zero-transition.pdf>

this would not be possible under the current framework and would require changes to the PRA's Rulebook. We are seeking the opportunity to discuss in detail these investment types with the PRA to determine if there are appropriate safeguards that can be implemented to make them Matching Adjustment eligible.

- **Reviewing Matching Adjustment limits:** The reformed Matching Adjustment framework incorporates limits that could impact the volume of investments industry can make in UK productive finance – for example, no more than 10% of the total calculated Matching Adjustment in a portfolio may be attributable to assets with 'highly predictable' cash-flows. We acknowledge the prudential need for such limits but would ask the PRA to remain open to reviewing them in future, particularly if the risks they are designed to mitigate do not crystallise. Relaxing these limits under appropriate circumstances would further boost industry's ability to invest in UK productive assets.

The Matching Adjustment explained

To construct a regulatory balance sheet, insurers have to calculate a present value for their future liabilities. It is standard practice to 'discount' this present value at the 'risk-free' rate of interest, as the insurer can be certain of earning a risk-free return on the assets backing those future liabilities.

The Solvency II Matching Adjustment (MA) is an addition to this risk-free discount rate, which insurers can use when liabilities are backed by assets with an element of credit risk, but which offer a return above the risk-free rate (the 'spread'). A firm may only use the MA after it has received permission from the PRA to do so, and only when certain strict eligibility criteria are met.

The MA recognises that long-term, 'buy and hold' insurers are not exposed to day-to-day fluctuations in the market value of the assets used to back those liabilities. Instead, they are only exposed to the risks associated with the default of those assets and the risks associated with the assets' credit ratings being downgraded.

The insurer can therefore discount their future liabilities at the risk-free rate **plus** the MA. The MA is calculated by subtracting the asset's Fundamental Spread (an allowance for the default and downgrade risks retained by the insurer) from the asset spread over risk-free.

This additional discounting will serve to reduce the value of an insurer's liabilities, providing some capital relief to the balance sheet.

Case Study: Investing in UK green energy

L&G invests £268m into Moray East Wind Farm, Aberdeenshire

Consisting of 100 turbines, Moray East offshore wind farm has a capacity of 950MW. L&G is the largest single investor funding cable connections to transmit power from the offshore wind farm to the mainland grid network – transmitting enough energy to power 1.4 million homes in the UK.



Central to the net zero transition is the electricity grid and the transmission assets that support it; however, demand for electricity cables is projected to outstrip supply in the second half of the decade. This signals a critical need for increased investment in the UK's power network, which L&G are helping to support.

5. Scope of data collection

Our objective is to track investment in productive assets which to be included must satisfy *all* scope criteria.

The scope of qualifying investments set out below has been defined and agreed by the Investment Tracking Working Group. This has also been shared with HMT and the PRA and reflects their input. Participating firms extract and analyse their data according to the definition, which allows consistent analysis and aggregation at an industry level. The scope of the data collected will continue to be reviewed by the Investment Tracking Working Group and may evolve in future collections to keep pace with market development and evolution.

5.1. Business Scope

- Only investments that back **annuity business** are considered in-scope for tracking. This includes assets sitting outside of the Matching Adjustment Portfolio, providing that they are also supporting annuity business.¹¹

5.2. Status as a Productive Investment

- A productive investment asset is defined as one that:
 - Contributes to the real economy: It actively supports economic growth **and**
 - Expands productive capacity: It enhances the ability to produce goods or services **or**,
 - Furthers sustainable growth: It aligns with sustainable development goals.

¹¹ The working group has also considered the inclusion of with-profits business as part of the scope, however due to technical challenges this has been omitted in the current tracking approach

- This definition aligns with the focus of the Productive Finance Working Group¹².
- Evaluating assets against these criteria is necessarily judgment-based; however, examples and principles of what constitutes a productive investment were developed (and continue to be discussed) by the Investment Tracking Working Group to refine the definition and ensure that judgement is applied consistently as possible across the participating firms.

5.3. Geographic focus of investment

- Investments that are fully or near-fully based in the UK¹³ are eligible for tracking.
- Characteristics such as domicile of issuing entity, location of listing, and the stated/committed location as part of use of proceeds are used to inform this criterion.
- If the majority of productive activity from an investment occurs in the UK, it may be considered for inclusion – even if the issuing company is not UK-based.

5.4. Primary issuance

- Only primary market transactions (i.e. assets acquired directly, or near directly from the issuer) are considered in scope.
- Through investing in primary issuance, firms are directly supporting the productive activities delivered by this funding.
- Secondary market transactions are not currently included within the scope of this tracking.

5.5. Additional Clarifications

- Investment in both private and public assets are considered within scope, including mixed models such as public-private partnerships.
- Only assets with a total term of 1 year or greater are considered in scope. This therefore excludes short term assets such as treasury bills and commercial paper.

5.6. Confidentiality and Reporting Methodology

- The next section illustrates the total qualifying investment value for 2024, with splits by industrial sector and asset type.
- Strict processes are followed by the ABI both in the collation and disclosure of aggregated insights.
- The data is presented in a way that preserves confidentiality of individual firms' data submissions in the aggregated figures.
- Fields which have only a small number of firms reporting or have a single firm accounting for an overly large share of the total are not shown.
- These suppressed entries still contribute to the overall total and are amalgamated into a single "Other" category.
- The unsuppressed reporting taxonomy for these fields is included in the Annex.

¹² <https://www.bankofengland.co.uk/news/2021/september/productive-finance-working-group-recommendations-addressing-barriers-to-investment>

¹³ Gibraltar, Guernsey, Jersey, and the Isle of Man may be considered "UK" when filtering assets based on country of issue.

6. Aggregated Data

6.1. Total investment

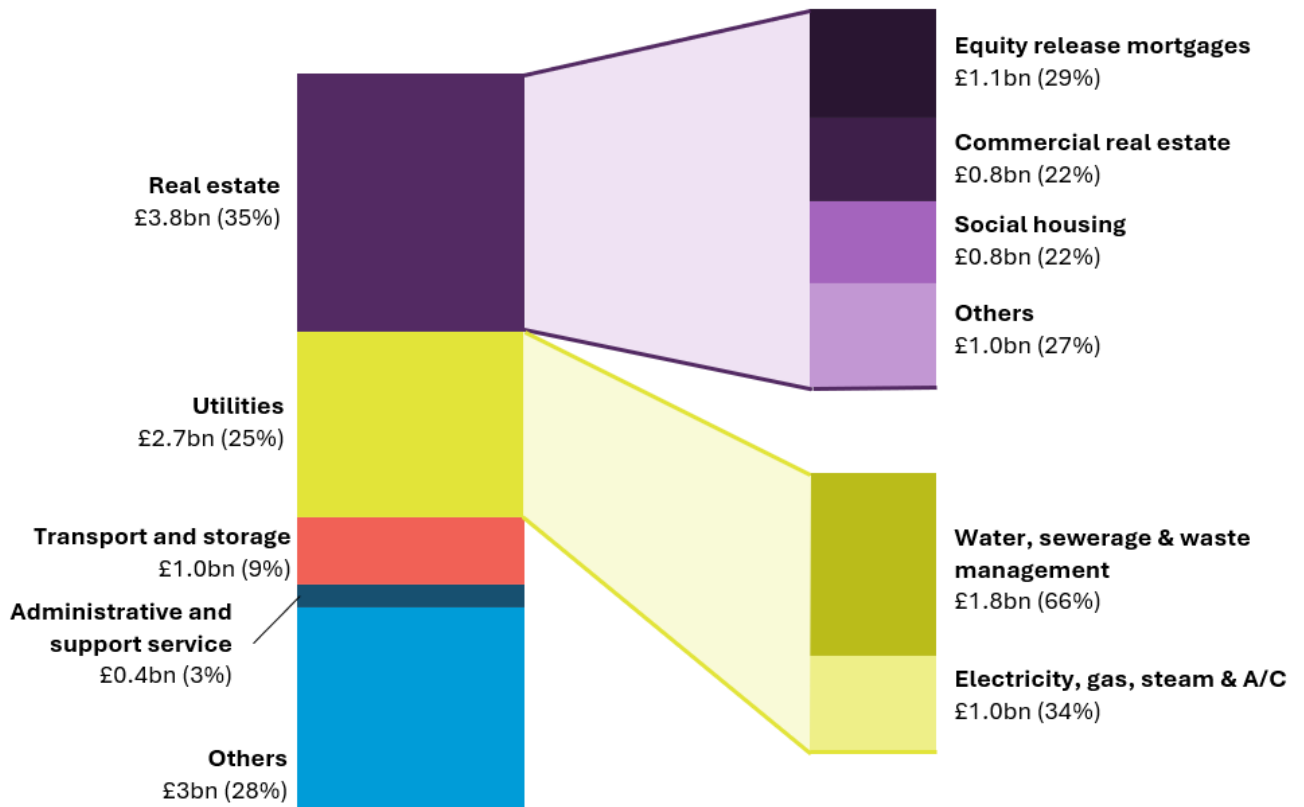
In 2024, participating firms invested **£10.9 billion** in UK productive primary assets to back their annuity business. This figure represents a flow of investment, that is, the value of transactions at the point they took place and not the current value of those assets which may be higher or lower.

6.2. Investment in private vs public assets



Nearly two thirds (63%, £6.9bn) of investments in 2024 were in private / unlisted assets.

6.3. Investment by sector

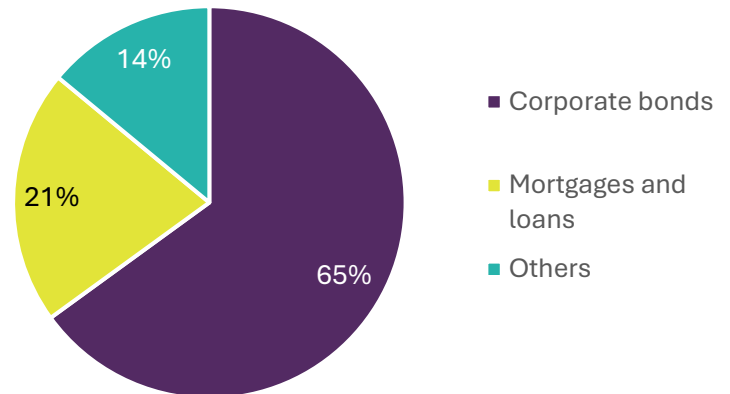


Here, the total has been split by the industrial sector of the company issuing the investment. This sector classification is consistent with that reported by participating firms in their Solvency II / UK asset reporting to the PRA. Please see the annex for the full reporting taxonomy.

Wherever possible the allocated sector reflects that of the activity of the main parent/group company; for example, where a utility company uses a finance-focused subsidiary to issue new debt, the sector would still be classified as “Water supply...”.

6.4. Investment by asset type

The chart on the right splits the total investment figure by the broad type of asset that has been acquired. The majority of these assets are classed as listed and private corporate debt, with around a fifth classed as mortgages and loans.



Case Studies: Supporting UK education and research institutions

Aviva invests in Cardiff's Velindre Cancer Centre

In 2024, Aviva announced the completion of an investment to provide financing towards the development of a new Cancer research centre, with ambitions to achieve low-to-zero carbon. The new Velindre Cancer Centre replaces the existing treatment facility, which currently provides specialist cancer services to over 1.7 million people in South East Wales and beyond.



Just Group provides over £46m in financing to Lucy Cavendish College, University of Cambridge

Just Group provided £46 million of funding to an Income Producing Real Estate asset - The President and Fellows of Lucy Cavendish College, a constituent college within the University of Cambridge. The investment directly helps to achieve the College's and University's collective aim to increase the number of students from disadvantaged and underrepresented backgrounds, thereby providing significant social benefit.



Annex – Full Reporting Taxonomy

Issuer sector

A - Agriculture, forestry and fishing

B - Mining and quarrying

C - Manufacturing

D - Electricity, gas, steam and air conditioning supply

E - Water supply; sewerage; waste management and remediation activities

F - Construction

G - Wholesale and retail trade; repair of motor vehicles and motorcycles

H - Transporting and storage

I - Accommodation and food service activities

J - Information and communication

K - Financial and insurance activities

L - Real estate activities

M - Professional, scientific and technical activities

N - Administrative and support service activities

O - Public administration and defence; compulsory social security

P - Education

Q - Human health and social work activities

R - Arts, entertainment and recreation

S - Other services activities

T - Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use

U - Activities of extraterritorial organisations and bodies

Unclassified

Asset type

Government bonds

Corporate bonds

Equity

Investment funds Collective Investment Undertakings

Structured notes

Collateralised securities

Cash and deposits

Mortgages and loans

Property

Other investments

Unclassified

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