Who is making your pension investment decisions?

The Government is taking an increasing interest in where pension funds are investing – or not investing.

As March's Spring Statement underlined, Government finances are in a tight and precarious position. Precisely where the line is drawn may become apparent by the time you read this, with the results of the latest three-year Spending Review on 11 June.

Financial constraints were also squeezed under the previous government, which led the Chancellor's predecessor, Jeremy Hunt, to launch the Mansion House Compact in July 2023. The Compact was signed by eleven major workplace pension providers, which agreed to invest 5% of their default workplace funds in private company shares by 2030. Mr Hunt aimed to finance small UK businesses without requiring fresh government support by, for example, tax incentives or subsidised loans.

Rachel Reeves made her first Mansion House Speech in November last year and, unsurprisingly, talked in similar terms to Mr Hunt about directing millions in pension funds towards UK investment. In May 2025, she launched the 'Mansion House Accord', building on the previous 'Compact'. Seventeen major pension providers, accounting for about 90% of active savers' defined contribution (DC) pensions, signed up to the new Accord. By doing so, they agreed:

- By 2030, to invest 10% of their workplace pension portfolios in "private assets", such as unlisted company shares, property, infrastructure and private debt.
- That at least half their private portfolios would be ringfenced for the UK. The Treasury estimates up to £25bn of assets by 2030.

At present, the agreement is just that, but when asked whether she would make the 10% and 5% private investment levels mandatory, the Chancellor's response was "Never say never". There is some unease among investment managers that mandation could creep in. The current agreement signed by the pension providers does have some wiggle room – for example, the government is expected to "facilitate" a pipeline of UK investment opportunities.

In practice, meeting the private asset goals is likely to focus on investments made by default funds – those where most money flows because no other specific fund is selected. If your pension invests in a default fund, you may want to review your choice and take some investment advice tailored to your own goals, not the government's.

The value of your investment and any income from it can go down as well as up and you may not get back the full amount you invested.

Past performance is not a reliable indicator of future performance.

'Yippy' days in the markets – a new way of measuring the jitters

A new word was added to investors' vocabulary in April.

"Well, I thought that people were jumping a little bit out of line. They were getting yippy, you know, they were getting a little bit yippy, a little bit afraid."

So said President Trump seven days after his Rose Garden Liberation Day presentation of unexpectedly high tariffs on US imports. His words were a justification for placing a 90-day pause on most of those tariffs. However, he still left a 10% baseline tariff in place and increased Chinese tariffs to a total of 145%.

'Yippy' was not a word many in the markets recognised, unless they were fans of the hit football-focused series *Ted Lasso*. It turned out to be a golfing term, suitable for the owner of several golf courses, attributed to those whose nervousness impedes their playing ability – think of the crucial putt. In the best of Trumpian traditions, it was not altogether clear who "the people" were or what they were getting "yippy" about. However, the general interpretation was that the President was himself becoming yippy about the state of the US Treasury market.

That market, through which the US Treasury fills the gap between government expenditure and government borrowing, is worth about $28.6 trillion. To put that in perspective, the UK government bond (gilt) market is about £2.7 trillion – a little more than an eighth as large. It is fair to say that the US Treasury market underpins global finance. The return on the US government's 10-year bond (4.3% at the time of writing) is often considered the global risk-free rate of return. US government bonds are commonly used as collateral for a wide range of trades and held by foreign central banks as a home for their dollars.

In the days running up to Trump's yippy statement, there were rumblings that all was not well with the US Treasury market. Longer-term yields were rising sharply, and an auction of a new 3-year bond was poorly received. Given the amount the US government borrows – $7.3 trillion in the first three months of 2025 – Trump could not risk upsetting the market to the point where the buyers of government paper went on strike.

If you are getting a slight feeling of déjà vu, you are not alone. Some coverage suggested it was Trump's Liz Truss moment.

The global message: government bonds and their markets matter.

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