# UK pension giants back AI and infrastructure in £50bn investment drive



A new coalition of the UK’s largest pension funds and insurers has pledged to channel billions into domestic infrastructure and high-growth sectors such as artificial intelligence and fintech. The Sterling 20 initiative, launched by the government, marks a significant shift in institutional investment strategy, aimed at boosting innovation and long-term economic growth.

The group includes Legal & General, Aviva, M&G and the Universities Superannuation Scheme, managing trillions in assets. Legal & General has committed £2 billion over five years to impact projects such as affordable housing, while Nest will invest £100 million through Schroders Capital. These moves support the government’s ambition to increase pension investment in UK infrastructure from 0.6 per cent to 5 per cent of total assets.

Announced at the Regional Investment Summit in Birmingham, the Sterling 20 brings together domestic and international players, including Australian pension funds. It aims to emulate successful global models, particularly those in Canada and Australia, which have long backed unlisted infrastructure and private equity.

The initiative aligns with the Mansion House Accord, under which 17 UK firms pledged to invest 10 per cent of defined-contribution assets into unlisted markets by 2030—potentially unlocking £50 billion.

Government and financial leaders stress the importance of ready-to-deploy projects and clearer regulation to attract capital. Infrastructure, AI and fintech are seen as critical to safeguarding the UK’s technological and economic competitiveness.

For markets, this institutional momentum could have broader implications. Increased investment in AI and fintech may boost related equities and digital assets. Analysts point to past examples where such announcements triggered price gains of up to 20 per cent in AI-linked cryptocurrencies like Fetch.ai and SingularityNET. Tokens such as Ripple and Chainlink could also benefit due to their fintech applications.

Ethereum, a key platform for decentralised AI tools, may act as a bellwether for investor interest. Data suggests institutional engagement can drive notable increases in trading volumes and short-term gains. Recent European activity has already prompted heightened interest in AI-centric digital assets.

Traditional equities stand to gain as well, with companies like NVIDIA and Visa positioned to benefit from the pivot toward tech-driven infrastructure. However, regulatory uncertainty in the UK remains a risk factor that could impact market sentiment.

The strategy also underpins operational advances in financial services. Smart Pension has joined a £1 million Innovate UK-backed project to deploy trustworthy AI tools, while platforms such as Festina Finance are modernising pension administration at scale.

Though challenges remain—including a shortage of viable investment opportunities—the collective resolve behind the Sterling 20 points to a future in which the UK plays a leading role in responsible, innovation-led growth.

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## Bibliography

1. <https://blockchain.news/flashnews/uk-pension-providers-and-insurers-unite-to-channel-more-capital-into-infrastructure-ai-and-fintech-key-trading-signals> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-launches-sterling-20-club-drum-up-investment-2025-10-19/> - The UK government has launched the 'Sterling 20' initiative, forming a coalition of 20 of the country’s largest pension funds, including Legal & General, Aviva, M&G, and the Universities Superannuation Scheme. The goal is to mobilize coordinated investment in local infrastructure and high-growth sectors like AI, aiming to revitalize economic growth. Legal & General pledged £2 billion over five years for impact projects such as affordable housing and urban regeneration, while Nest plans a £100 million investment via Schroders Capital. Despite skepticism from some finance firms about the availability of viable projects, the government is pressing forward, emphasizing collaboration with investors and regional stakeholders to spur growth and job creation. Additionally, 11 pension providers have agreed to channel 5% of their assets into UK private ventures, up from the current 0.6%. The initiative will be officially launched at the Regional Investment Summit in Birmingham, with participation from international investors including major Australian pension funds.
3. <https://www.reuters.com/sustainability/boards-policy-regulation/pension-funds-should-join-forces-uk-investment-city-london-chief-says-2025-10-16/> - Alastair King, the outgoing Lord Mayor of London, urged British pension funds to collaborate on major investment projects to pool capital and attract more foreign investment, particularly in unlisted assets like infrastructure, private equity, and private debt. UK pension funds lag behind counterparts in Canada and Australia in private market investments, which finance minister Rachel Reeves aims to change to boost economic growth. A forthcoming initiative, Sterling 20, is expected to encourage 20 major UK pension funds to work together, building on the Mansion House Accord where 17 firms pledged to allocate 10% of defined-contribution pension assets to unlisted assets by 2030. King highlighted foreign investor concerns over the lack of domestic lead investors and called for more “shovel-ready” projects and rule changes to encourage investment in UK shares. He also noted the stark difference in pension fund investment in venture capital between the UK and the US. Susan Langley will succeed King as the first woman to use the title Lady Mayor.
4. <https://www.reuters.com/business/finance/british-pension-funds-pledge-step-up-uk-investments-2025-05-12/> - Seventeen major British pension funds, including Aviva, Legal & General, and M&G, have pledged to invest up to 10% of their portfolios into infrastructure, property, and private equity by 2030, with half of that amount designated for UK assets. This voluntary commitment, known as the Mansion House Accord, could generate up to £50 billion ($66 billion) in additional investment. The initiative aims to support the British government's efforts to fund public projects and stimulate economic growth. It builds upon a 2023 accord and doubles the previous investment target. While the government supports the pact and may introduce reinforcing measures in a forthcoming pensions review, there are concerns about potential mandates. Some signatories, such as Phoenix, emphasize the importance of promoting domestic investments through incentives rather than compulsion. Finance Minister Rachel Reeves stated that the initiative would help fund major infrastructure, clean energy, and startups. Other participating pension funds include the Universities Superannuation Scheme, the National Employment Savings Trust, and The People's Pension.
5. <https://www.reuters.com/world/uk/pension-fund-australiansuper-invest-further-8-bln-pounds-britain-says-uk-2024-03-04/> - AustralianSuper, a major pension fund, is set to invest an additional 8 billion pounds ($10.15 billion) in the UK, bringing its total investment in the country to over 18 billion pounds by the end of the decade. UK finance minister Jeremy Hunt highlighted that this investment would enhance economic growth and support public services. This announcement precedes a crucial budget update aimed at improving the fortunes of Conservative Prime Minister Rishi Sunak before upcoming elections. Last year, Hunt introduced the Mansion House Compact, under which ten pension funds committed to investing about 50 billion pounds in high-growth unlisted British companies by 2030. AustralianSuper, which manages over A$315 billion in savings, prioritizes private markets overseas as they seek to manage their growing retirement savings.
6. <https://www.crowdfundinsider.com/2024/05/225089-uks-smart-pension-joins-consortium-to-enable-adoption-of-ai-solutions-within-financial-services-sector/> - Smart Pension, the UK’s workplace pension provider, joins an industry consortium to accelerate the development and adoption of trustworthy AI solutions within the financial services sector. The consortium is led by Stratiphy, a London fintech company making personalized investment solutions scalable, and has been awarded a £1 million grant from Innovate UK. As well as Stratiphy and Smart Pension, the consortium consists of the following academic and commercial partners: University of Bristol: Providing expertise in AI and financial modelling; University of Birmingham: Providing expertise in trustworthy AI applications; Chenavari Investment Managers: Specialists in structured credit; Aventur Wealth: Technology-driven wealth management. Innovate UK, part of UK Research and Innovation (UKRI), is investing up to £21 million in innovation projects over the next decade. Despite the UK being a leader in AI research, it falls short in terms of AI adoption when compared to its global peers, and state funding is being provided to address this challenge.
7. <https://www.insurancebusinessmag.com/uk/news/life-insurance/uk-pension-market-gains-new-tech-entrant-with-festina-finance-platform-540039.aspx> - Festina Finance has announced that its Life and Pension Platform is now fully operational in the UK, offering administration solutions to clients across Defined Benefit (DB), Defined Contribution (DC), Collective DC (CDC) and life insurance markets. The company, which has established a presence in Denmark and the Netherlands, is extending its reach with a platform that it reports is on track to support more than 8 million members and over £700 billion in assets. Clients using the system include PensionDanmark and APG, the largest pension provider in Europe. Festina’s Life and Pension Platform is cloud-native and designed to handle large-scale pension administration functions. According to the firm, the platform has been built to address operational complexity through modular architecture, configuration-based customization, and integration flexibility.