



Investment

Should pension schemes access illiquid markets through investment trusts?

By Nick Reeve | 28 July 2025



The trade body representing closed-ended investment trusts is lobbying politicians to include them in the scope of the Pension Schemes Bill as an investment option for private markets allocations.

The Association of Investment Companies last week wrote to Torsten Bell, the pensions minister, who is leading the Pension Schemes Bill through parliament, arguing that the bill as currently drafted did not allow pension funds to include investment trust holdings in their reported exposures to private markets assets.

Richard Stone, the association's chief executive, claimed the omission was "unjust and unjustifiable".

He said: "Investment companies have invested over £110bn in private assets such as infrastructure, renewables, property, venture capital and private companies – all providing vital capital and helping support UK growth.

"They are a tried and tested way for all investors, including pension schemes, to access these assets. There is no justification for excluding them from the range of assets pension schemes could invest in. Doing so would be bad for competition, resulting in higher costs and a lower quality offering."

Investment trusts 101

Investment companies, also known as investment trusts, are vehicles listed on the stock market. Investors buy and sell shares of the trusts, with the share price moving independently from the net asset value of the underlying portfolio.



Investment trusts can hold a much wider range of assets than regulated open-ended funds and can use leverage to enhance returns. Investors can access illiquid assets while maintaining access to daily liquidity.

Former pensions minister Baroness Ros Altmann has long been a champion of closed-ended funds. She argued that there were many specialist trusts investing in asset classes targeted by the Mansion House Accord.



Baroness Ros Altmann

She said excluding investment trusts “makes no sense” given their suitability to invest in illiquid assets and called for the Pension Schemes Bill to be amended “as soon as possible”.

Another member of the House of Lords, Baroness Sharon Bowles, a member of the Financial Services Regulation Committee, called the

exclusion “absurd”.

She added that investment trusts were “particularly good at giving access to smaller-scale local infrastructure like schools and hospitals that people will want to know their pensions are supporting”.

The Pension Schemes Bill will be examined by a parliamentary committee in early September, once MPs have returned from summer recess.