AUSTRALIAN INVESTMENT IN UK & EUROPE PROJECTED TO DOUBLE OVER NEXT DECADE

Investment in the UK and Europe by Australian pension funds is projected to more than double over the next decade to over A$660 billion (£323B; €370B), a new report, commissioned by IFM Investors and the Super Members Council and produced by Mandala Partners reveals.

The report, *Bridging the gap: the opportunity for Australian pension capital in the UK and Europe,* released ahead of an Australian superannuation delegation to the UK, reveals the size of the opportunity for Australian funds to continue to globally diversify their investment strategies to deliver long-term risk adjusted returns for workers' retirement savings, and for the UK and Europe to draw on pension capital for economic growth to help bridge major infrastructure funding gaps.

Australia is home to the fourth-largest pool of retirement savings globally. Every week, approximately A$4 billion (£2.0B; €2.2B) flows into the A$4.3 trillion (£2.1 trillion; €2.4T) system, which is projected to be the second largest of its kind in the world by 2035 – and, according to the report, estimated to reach A$8.3 trillion (£4.1T; €4.6T) by 2035.

As this pool of capital has grown, Australian pension funds have steadily expanded their international allocations to help diversify risk and capture strong returns. The report outlines overseas investment has increased from 41 per cent to 47 per cent of portfolios in the past decade – and currently, nearly 60 cents in every new Australian dollar contributed is invested internationally, with the US, UK and Europe all key destination markets.

The report also reveals:

- As of mid-2025, Australian pension funds have invested A$83 billion (£40.6B; €46.5B) in the UK and A$181 billion (£88.5B; €101.4B) in the EU – which is equivalent to nearly one in every five dollars invested overseas by these funds;
- By 2035, investment totals are expected to reach A$203 billion (£99.2B; €113.7B) in the UK and A$460 billion (£224.8B; €257.7B) in the EU;
- Based on current trends, Australian investment in the UK and EU is expected to grow by approximately 10 to 11 per cent each year to 2035 – with scope for greater growth if deeper partnerships and policy reforms are achieved.

The Mandala report also reveals that while public markets still dominate Australia's pension capital exposure in the UK and EU, private markets investments are growing.

"Australian pension investors have deep expertise in infrastructure investment, which makes them a sound and reliable solution when it comes to helping meet the infrastructure needs of UK and European societies," said IFM Investors Head of Global External Relations David Whiteley.

Today, Australian capital is supporting Europe's energy transition, digital infrastructure and transport renewal, including through significant allocations into renewable energy and storage projects and industrial decarbonisation across the EU, fibre-to-the-home broadband in Germany, and airports, transport and energy projects in the UK.

According to the report, UK and EU governments can better attract capital by evolving their policy settings - streamlining regulation, accelerating planning and permitting, and expanding PPP models, as well as ensuring predictable revenue settings in sectors such as energy, water, and transport.

"Australia's pool of retirement savings is growing at such speed and scale that the world's biggest economies are competing for our pension capital, which means more money in retirement for Australians and finance that supports critical infrastructure projects and jobs in the UK and Europe," said Super Members Council CEO Misha Schubert.

"Our research shows Australian pension investment in the UK and Europe is set to more than double to over A$660 billion (£323B; €370B) by 2035, but unlocking the full potential of this capital will require policy settings that streamline regulation, accelerate planning and ensure predictable revenue frameworks in key sectors," said Mandala Senior Adviser Nick Williams.

IFM Investors has approximately 200 members of staff based in the UK, and invests on behalf of pension funds and providers managing the retirement savings of around 16 million people in the UK.

A copy of the Mandala report: *Bridging the gap: the opportunity for Australian pension capital in the UK and Europe,* can be found on the IFM Investors and SMC websites.