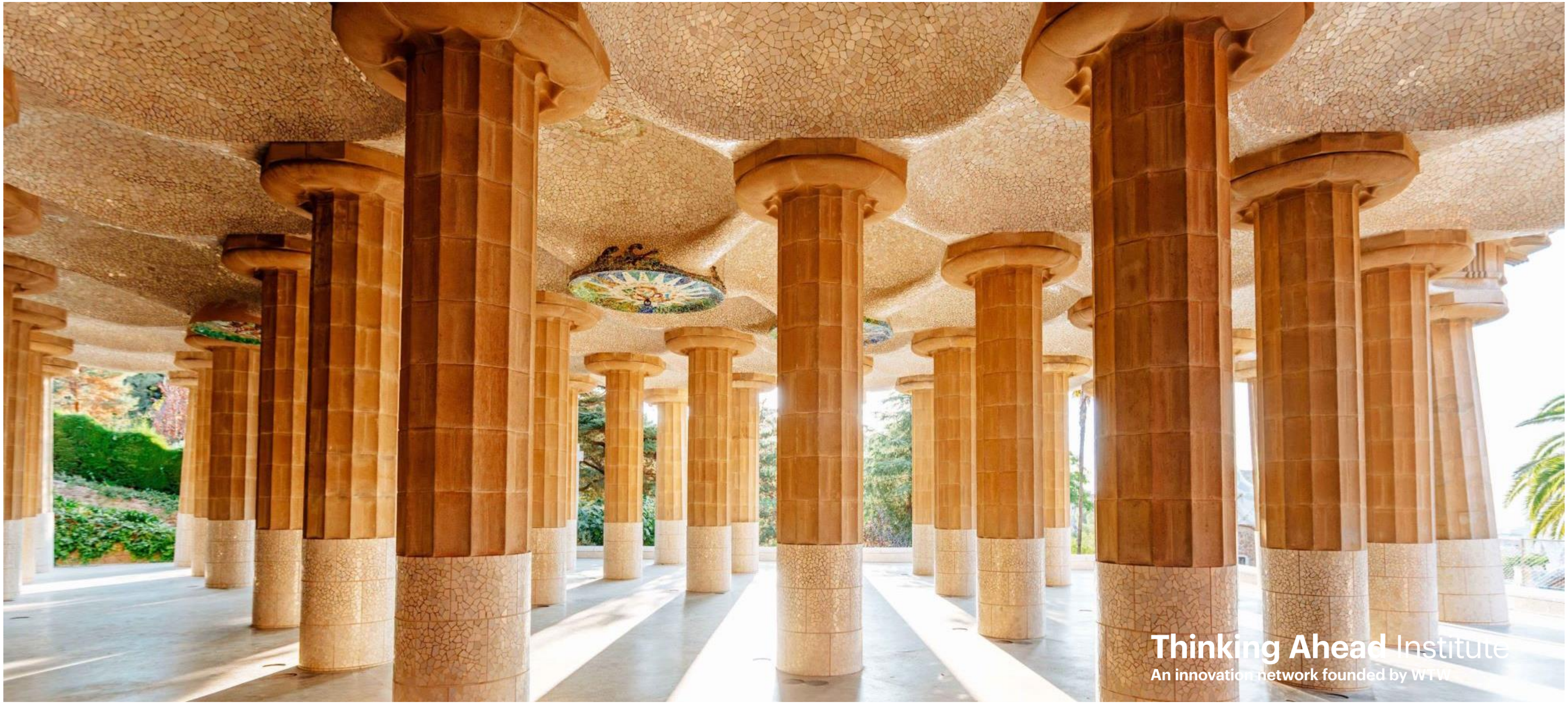
Thinking Ahead Institute

Global Pension Assets Study | 2026



The Thinking Ahead Institute

The Thinking Ahead Institute (TAI) is a not-for-profit research and innovation network motivated to influence the investment industry for the good of savers worldwide and to mobilise capital for a sustainable future. Since its establishment in 2015, almost 90 investment organisations have collaborated to bring this vision to light through designing fit-for-purpose investment strategies, working towards better organisational effectiveness and strengthening stakeholder legitimacy. This report was produced in collaboration with the WTW Montevideo Research Services team.

The Thinking Ahead Group research team:

Marisa Hall

Roger Urwin

Jessica Gao

Andrea Caloisi

Anastassia Johnson

Hariprasad Radhakrishnan

Executive summary

Overview and key findings

Overview

P22

The study covers 22 pension markets in the world (P22). They have pension assets of USD 68,274 bn

P22 markets

Australia, Brazil, Canada, Chile, China, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, South Africa, South Korea, Spain, Switzerland, UK, US

P7

A deeper analysis is performed for the P7, with assets of USD 61,975 bn

P7 markets

Australia, Canada, Japan, Netherlands, Switzerland, UK, US

91%

of P22 assets are in the seven largest markets

P195

Outside the P22 we estimate there is an additional USD 3-6 tn of pension assets

79%

The Gini coefficient of global pension assets reflecting the concentration in few markets [1]

P22 Markets

[1] The calculation method for the Gini coefficient was revised in the 2025 edition of the study; therefore, figures are not directly comparable with those of previous editions.

Overview of P22 Markets

USD 68,274 bn Total P22 assets estimated to year end 2025

P22

66%
The US is the largest market, with a share of 65.8% of P22 assets, followed by Canada and Japan with 5.5% and 5.0% respectively

81%
The US, Japan, Canada and UK represent 81.0% of all pension assets

9.6%
%y/y increase in 2025 P22 assets from USD 62,313 bn the previous year

15.9%
Return for a 60% global equities / 40% global bonds reference portfolio as of December 2025 (in USD)

74% Ratio of pension assets to GDP of these economies

The assets growth rate of US, Japan, Canada and UK were 9.7%, 4.0%, 12.0% and 3.0% respectively in 2025 (in USD)

It is important to note the impact of currency exchange rates when measuring the growth of pension assets in USD, as in many cases, the results vary significantly with growth rates in local currency terms.

Overview of P7 Markets

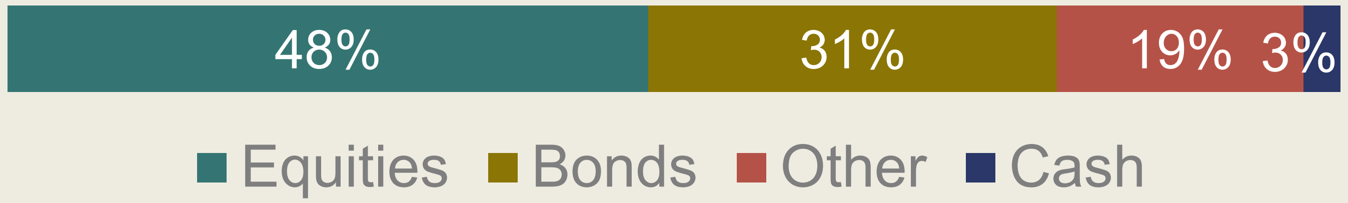
P7

Asset Allocation

US and Australia have higher allocations to equities than the rest of P7 markets

Japan, Netherlands and the UK have higher allocation to bonds

Average global asset allocation of the seven, largest markets at the end of 2025



The asset allocation pattern has changed since 2003. Allocation to equities and bonds has decreased while investments in other assets grew during the same period

DB/DC split

63% of DC assets represented in total P7 pension assets

9.4%
Growth rate of DC assets in the last ten years[1]

3.2%
Growth rate of DB assets in the last ten years[1]

DC assets are dominant in Australia and the US. A trend of increase towards DC allocation is shown across all markets

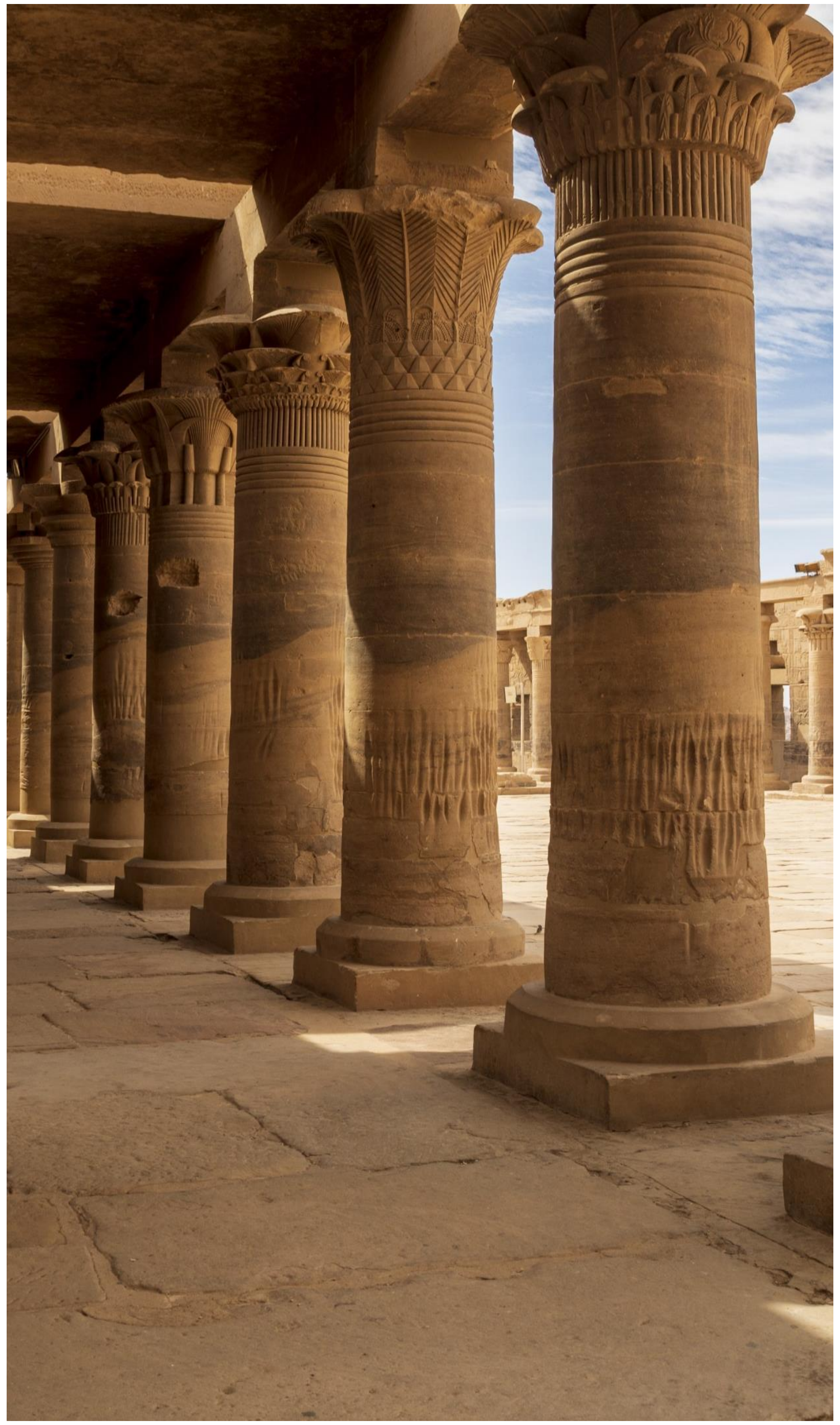
Spotlight subjects (1)

Macro landscape

2025 marked a strong recovery across global markets, with most major asset classes delivering positive returns. Equities performed especially well, led by emerging markets such as China, Taiwan, Korea and parts of Latin America, supported by the AI-related investment boom and a generally risk-on market environment. Fixed income also posted gains as global rate cuts and narrowing credit spreads lifted both sovereign and corporate bonds. Commodities added further strength, with gold delivering exceptional returns and industrial metals and oil also rising. Even though 2025 included shocks, such as the global tariff and trade disruption in April, investor sentiment held up and volatility stayed relatively contained.

Looking ahead, the **2026 outlook** is likely to be shaped by policy decisions, technological innovation and shifting global dynamics. Fiscal support and AI-related investment should remain important growth drivers. Inflation trends and central bank actions will be key, particularly in the US, where strong capital spending and supportive fiscal policy may keep growth and yields elevated. Globally, currencies could gradually move away from the strong-dollar regime of recent years, while selective opportunities may emerge in bond markets, including UK gilts. Equity markets appear supported near term by earnings and policy conditions, though uncertainty around the longer-term impact of AI suggests a wide range of potential outcomes. Overall, 2026 is likely to present opportunities alongside greater dispersion across regions and asset classes.

Spotlight subjects (2)



From asset classes to whole-portfolio thinking

Total Portfolio Approach (TPA) has reached a defining moment as portfolios have outgrown traditional asset-class silos. What began as a frontier concept among a small group of asset owners has moved into the mainstream, reinforced by high-profile adopters such as CalPERS. This shift reflects a growing recognition that managing today's portfolios requires whole-portfolio decisions rather than asset-class optimisation and organisational and portfolio resilience rather than managing volatility and tracking error risks. TPA changes the core question from how an asset performs in isolation to how each exposure contributes to total-fund objectives, making it as much a test of organisational maturity as an investment framework.

A total-portfolio lens is better suited to the interconnected risks investors now face, including inflation, liquidity, concentration, systemic and climate risks, all of which cut across asset classes. TPA supports more coherent portfolio construction by clarifying the role of each exposure, the next unit of risk the fund is willing to take, and the trade-offs between private-market opportunity, liquidity and long-term resilience. Its focus on integrated decision-making and improved data helps investors manage risk through time, not just short-term volatility, and promotes adaptability through scenario analysis and a broader view of risk than traditional models allow.

TPA matters now because the investment environment is more uncertain, complex and interdependent than the governance models many funds were built for. Rapid technological change and rising political and systemic risks demand frameworks that can operate with less certainty and weaker model stability. TPA addresses this by enabling faster, more coordinated decisions supported by better data, technology and an organisation-wide perspective.

Spotlight subjects (3)

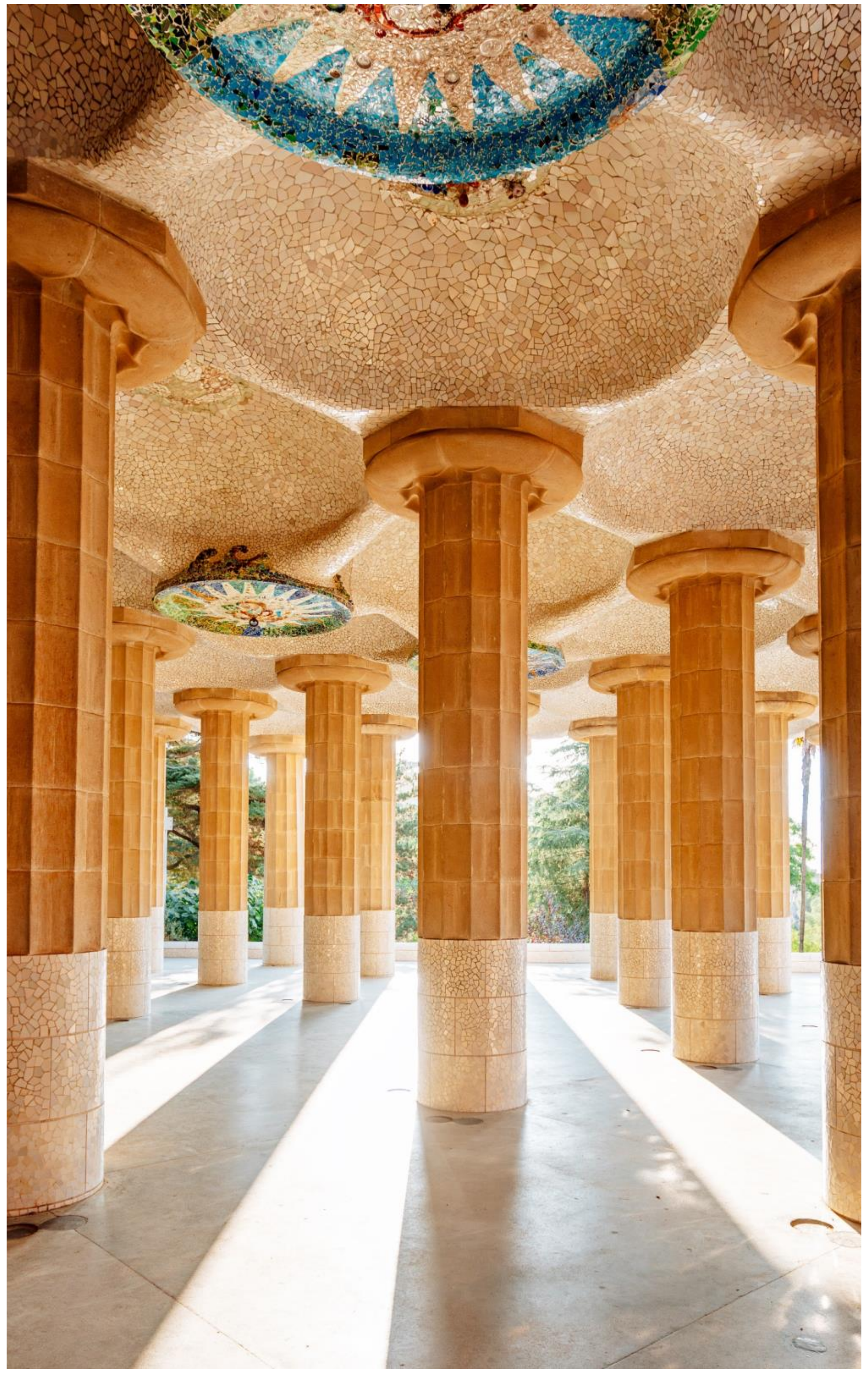
Resilience in an era of systemic uncertainty

Resilience is emerging as an important principle for asset owners as uncertainty around climate, geopolitics, and systemic risks grows. In this context, resilience involves both ***robustness,*** the ability of the present-day portfolio to withstand adverse conditions, and the broader ***through-time*** organisational capacity to anticipate, adapt and learn from emerging threats. This dual framing recognises that investment resilience is not only about today's asset mix but the organisation's capability to navigate an increasingly volatile environment over the long term.

Preparedness now requires stronger forward-looking practices such as **macro-foresight, horizon scanning and scenario analysis**. These tools help asset owners understand how systemic risks may interact and evolve, shaping their ability to meet objectives under uncertainty. As systemic risks become more interlinked and unpredictable, resilience hinges on building adaptive systems rather than relying solely on historical patterns or traditional risk measures.

Resilience in investing can be understood as the ability to narrow the range of extreme outcomes while increasing the likelihood of meeting long-term objectives. This involves reducing exposure to severe left-tail risks, limiting periods of sustained underperformance, and improving the return earned per unit of risk over time.

For asset owners, this perspective emphasises **broadening the opportunity set** while intentionally **shaping a tighter and more controlled outcome 'cone',** seeking to capture upside potential while protecting against adverse scenarios. It is a balance between diversification, clarity of objectives, and disciplined risk management.



Spotlight subjects (4)

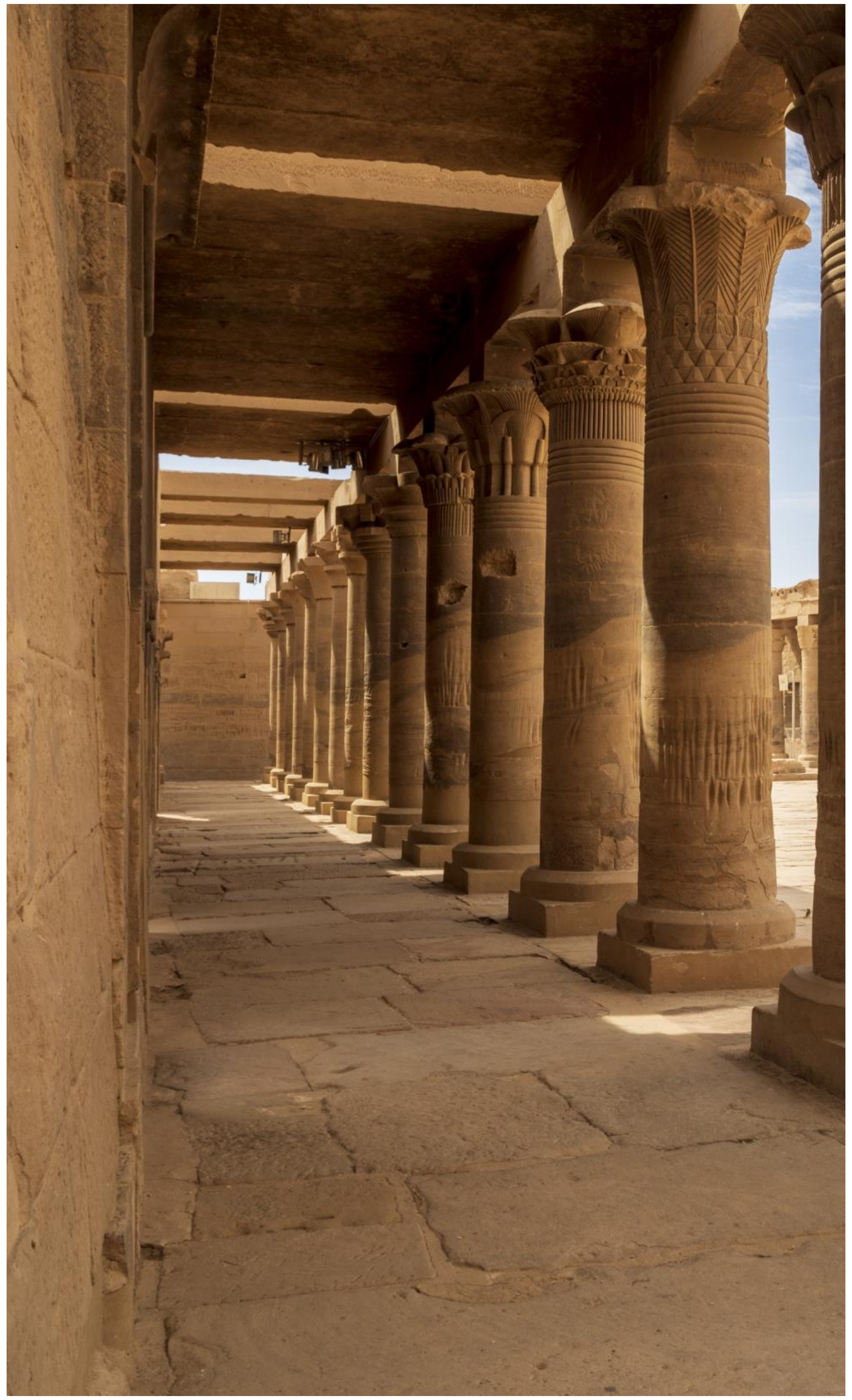
A new phase for DC: improving the retirement income experience

Income in retirement is still the biggest unresolved issue in defined contribution (DC) systems. The Thinking Ahead Institute's 2025 Global DC Peer Study shows that **60% of leading DC organisations see retirement income as the main challenge over the next decade**. This is because DC systems were built to help people save, not to turn savings into a reliable income for life. As more retirees depend mainly on DC pensions, providers are under growing pressure to deliver credible, stable income solutions rather than simply accumulating account balances.

In the UK, this pressure is driving major reform through the development of a stronger and more transparent **Value for Money (VfM) framework**. Regulators have set out proposals that would require schemes to report investment performance, costs and service quality in a more consistent way, alongside clearer VfM assessments and expectations for action where value is poor, including consolidation. Related reforms, such as **default retirement pathways** and **small-pot consolidation** are also proposed to be included in the Pension Schemes Bill and are expected to be implemented over the next few years. All of these are attempting a shift of emphasis away from pure accumulation toward **better retirement outcomes**, with a clearer focus on what members actually receive in retirement.

Australia is moving in a similar direction. Policymakers are consulting on a retirement measurement and reporting framework for superannuation, aimed at improving how funds design, assess and compare retirement income products. Using stronger data and clearer principles, the goal is to lift the quality of retirement solutions and member outcomes.

These developments show a future path for DC systems: stronger governance, greater transparency, consolidation where needed, and a growing focus on value for money and income in retirement, not just savings growth.



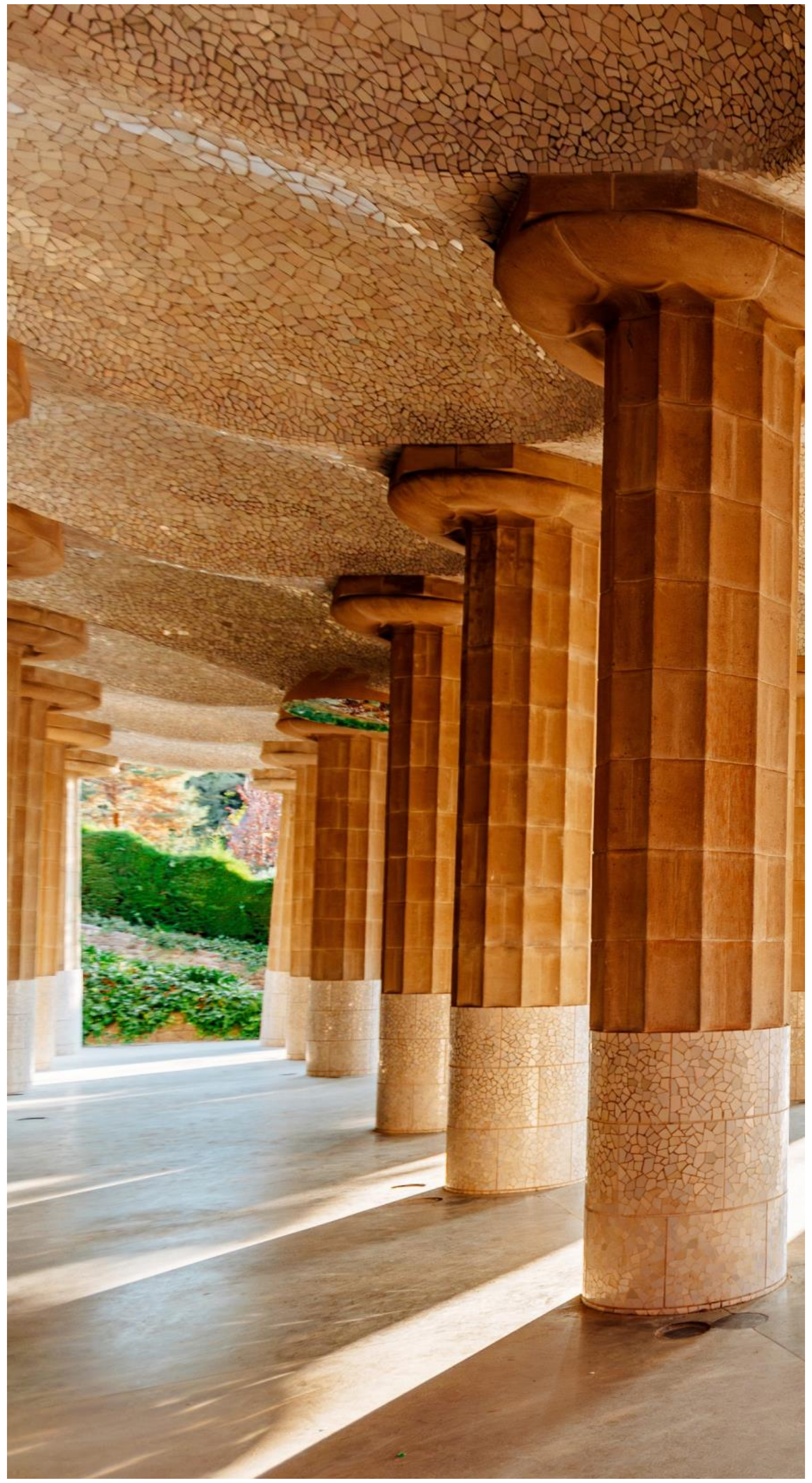
Spotlight subjects (5)

The growing role of technology and AI

Technology and AI are rapidly reshaping the investment industry, driven largely by advances in data analytics and risk modelling. AI tools can process vast datasets, detect patterns, and generate insights far faster than humans, helping investors understand markets, portfolios, and risks with greater speed, consistency, and scale.

Looking ahead, the industry sees growing potential for more autonomous or semi-autonomous investing. Agentic AI systems, which can operate with a degree of independence, are being explored for tasks such as continuous portfolio monitoring, automated rebalancing, and scenario analysis. However, most expect a HI*AI future for the foreseeable term: a hybrid model in which human intelligence and artificial intelligence work together, with AI enhancing analysis while humans retain judgement, oversight, and accountability.

Expectations are evolving alongside these capabilities. While AI is widely seen as a way to improve investment outcomes, firms are also mindful of risks such as bias, lack of transparency, cybersecurity threats, skills erosion, and overreliance on automated systems. As a result, attention is shifting toward building modern, integrated technology stacks that combine data platforms, analytics, cloud infrastructure, and strong oversight tools. Ultimately, successful AI adoption will depend not just on advanced technology, but on effective governance, clear ethical standards, and a culture that continues to value human judgement alongside computational power.



Limitations of reliance

Limitations of reliance – Thinking Ahead Group 2.0

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Contact details:
Anastassia Johnson anastassia.johnson@wtwco.com
Jessica Gao jessica.gao@wtwco.com

For queries on focus section on gold, contact:
Claire Lincoln claire.lincoln@gold.org

Website:
www.thinkingaheadinstitute.org/en

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