



Pensions UK

2030 Ready

**The Maple 8
and the LGPS
in focus**

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About Pensions UK

The voice of pensions

Pensions UK is the voice of pensions in the UK, trusted and heard by the Government and the pensions industry.

For more than 100 years we've delivered influential thought leadership, practical guidance and research for our members; pro-actively solving the sector's biggest issues and setting the future direction.

As a not-for-profit organisation, we exist for the benefit of our members, and to deliver the best possible outcome for savers in the UK, so they can retire in confidence and with dignity.

Our membership and reach

We're the voice of pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest £2 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures.

Across our work in strategic and regulatory policy development, advocacy, membership engagement, events and communications, we engage with over 2,500 organisations, with nearly 16,000 contacts within our membership and a further 17,000 in the pensions and financial services industries.

Our objectives

Pensions UK has set five strategic objectives for 2025 to 2029. These are:

- Making pensions better
- Influencing pensions policy
- Giving outstanding value to our members
- Building a great place to work
- Securing our future as a purpose-led, forward-thinking organisation.

Executive Summary

The UK Government is increasingly focused on pension reform as a lever for economic growth. In particular, it has shown strong interest in the Canadian pension model, the ‘Maple 8’: a group of large, consolidated public sector pension funds known for their sophisticated investment strategies and strong performance. This report explores the similarities and differences between the Maple 8 and the Local Government Pension Scheme (LGPS), and assesses the opportunities and challenges linked to reform.

Context: Reform and government ambition

The UK Government’s 2024 Mansion House reforms aim to consolidate UK pensions, particularly defined contribution (DC) schemes and the investment management of the Local Government Pension Scheme (LGPS), to unlock greater investment in productive assets like infrastructure and private equity. The LGPS, with over £390 billion in assets (in England and Wales), is already a strong performer, but the Government sees further potential through investment consolidation and pooling.

The Canadian model is attractive because it combines:

- **Scale:** enabling direct investment and cost efficiency
- **In-house expertise:** reducing reliance on external managers
- **Governance independence:** supporting long-term, depoliticised decision-making.

The status of the LGPS

The LGPS is one of the largest defined benefit schemes globally, with 86 funds in England and Wales and pooling well underway. The Government’s “Fit for the Future” consultation and the Pension Schemes Bill aim to accelerate this process, with all assets expected to be pooled by 2026.

While the LGPS is already ahead of many UK schemes in investing in alternatives, it still lags the Maple 8 in terms of diversification and in-house investment capability.

Similarities between the UK and Canadian systems

Despite differences in scale and structure, the UK and Canadian pension systems share several important features:

- **Independent governance:** Both systems emphasise arm’s-length decision-making, free from political interference.
- **Hands-off regulation:** A principles-based approach allows funds to invest flexibly and strategically.

- **No quantitative investment limits:** Both systems allow funds to allocate assets based on risk and return objectives, rather than rigid rules.

These similarities have enabled both systems to pursue growth-oriented investment strategies.

Differences between the UK and Canadian systems

However, there are also important differences that must be acknowledged:

- **Scale and consolidation:** The Maple 8 manage over £1.1 trillion across just eight funds, compared to the LGPS's £460 billion across 98 funds (£390 billion and 86 funds in England & Wales).
- **In-house investment teams:** Canadian funds manage most assets internally, attracting top talent with competitive pay.
- **Diversification:** The Maple 8 have significantly higher allocations to private equity, infrastructure, and real estate.
- **Domestic investment mandates:** One Canadian fund (CDPQ) has a formal mandate to support regional economic development.

Looking to the future

The Canadian experience shows that consolidation can deliver:

- Higher returns through direct investment and diversification
- Lower costs via economies of scale and internal management
- Stronger governance and long-term strategic alignment.

But these outcomes require:

- **Time:** The Canadian model evolved over decades, not years
- **Independence:** Governance must remain free from political interference
- **Expertise:** Building in-house teams will require new approaches to recruitment and remuneration.

Conclusion

The LGPS is already a high-performing scheme. While the Canadian model offers a compelling vision of the benefits of investment consolidation and reform, it must be considered with caution and care in a UK context. Pensions UK supports a structured, measured approach to reform, one that takes ideas from Canada while recognising the unique features of the UK system, and ensures that scheme member interests are kept at the forefront of thinking.

Introduction

There is significant interest from the UK Government in the scale and consolidation of the UK pensions market. The consultations launched at Mansion House in November 2024 were focused on reform to deliver major consolidation of the defined contribution (DC) market and the Local Government Pension Scheme (LGPS) to enable greater investment in productive assets to drive investment and support saver returns.

In the case of the Local Government Pension Scheme (LGPS), the Government has identified lessons to be learned from the Canadian pensions system, which is dominated by open public sector defined benefit (DB) schemes. When considering the LGPS, there is clear government support for the more consolidated Canadian approach, a model which the Government sees as attractive and would like the LGPS to learn from for several key reasons:

- There is a view that the more consolidated Canadian system is more efficient.
- Larger, better resourced funds are deemed more effective in the way they invest, unlocking more diverse, growth driving assets such as infrastructure and private equity.
- The economies of scale of the Canadian pension schemes allow them to reduce duplication and other cost inefficiencies, driving greater value for money. The in-house management capabilities of the Canadian pension schemes are also seen to deliver value.
- Evidence shows that, on average, over the last decade, Canadian schemes have achieved higher investment performance than UK schemes.

Since the Chancellor's Mansion House speech in 2024, the Government has taken action to continue the process of driving this reform. The Government has introduced the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation,¹ announced as part of the Pensions Review announcements. This, the Government believes, in parallel with the launch of the Pension Schemes Bill^{2,3,4}, will help the LGPS become much more 'Canadian'.

While Canada is indeed an effective system, the LGPS is well-established and high performing. The Canadian system took many years to evolve – and it is important to be aware of the very different economic and pensions parameters which both countries are working within.

¹ Ministry of Housing, Communities and Local Government, 2024, The Local Government Pension Scheme England and Wales – Fit for the Future, <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>

² HM Government, 2025, Pension Schemes Bill, <https://publications.parliament.uk/pa/bills/cbill/59-01/0255/240255.pdf>

³ HM Government, 2025, Pension Schemes Bill – Explanatory Notes, <https://publications.parliament.uk/pa/bills/cbill/59-01/0255/en/240255en.pdf>

⁴ Department for Work and Pensions, 2025, Workplace pensions: A roadmap – delivering for savers and the economy, https://assets.publishing.service.gov.uk/media/68413535cb73e8b12647b434/workplace_pensions_roadmap.pdf

This paper seeks to examine the key similarities and differences between the LGPS and the Canadian 'Maple 8' (see Annex A for who the Maple 8 are) to identify both opportunities and challenges linked to reform, with a focus on:

- The way in which the Maple 8 invest and its appeal to the UK Government
- How it will take time and require patience for the UK to invest in alternatives in the same way that Canadian pension schemes do
- A comparison of the UK and Canadian economies
- A comparison of the UK and Canadian pension systems.

Pensions UK hopes to facilitate further, more detailed, conversations between the LGPS and the Government in the coming months, particularly in light of recent government action to accelerate the consolidation process.

Context

What is the package of reform that the Government has initiated?

In 2024, the Government took action to begin their process of driving the reform of the LGPS. The ‘Local Government Pension Scheme (England and Wales): Fit for the future’ consultation,⁵ announced as part of the Pensions Review announcements at the Chancellor’s Mansion House speech, addressed three key issues that the Government is looking to tackle:

- **Asset pooling:** The Government proposes that administering authorities (AAs) set investment strategies, while pools implement them and provide principal advice. All pools should become FCA-regulated investment management companies by March 2026, with asset transfer proposals by March 2025.
- **Local investment:** The Government encourages collaboration between AAs, pools, and combined authorities for local investments. AAs should outline local investment approaches in their Investment Strategy Statements and work with combined authorities to identify opportunities. Pools should conduct due diligence, and Funds should report annually on local investments.
- **Governance of Funds and pools:** Based on the Scheme Advisory Board’s (SAB)⁶ Good Governance project, new government proposals include appointing a senior LGPS officer, biennial independent governance reviews, and publishing governance, training, and administration strategies.

The Government has now issued its response⁷ to the feedback received on the ‘Fit for the future’ consultation. Many of the announcements do not come as a surprise, and Pensions UK is clear that:

- We welcome the clarification of the responsibilities between Funds and pools. With Funds remaining accountable to LGPS members, it is essential that they continue to set and drive their investment strategy. For the same reason, while the requirement for pools to provide principal advice to Funds has been confirmed, the acknowledgement that independent advice may still be needed is crucial.

⁵ Ministry of Housing, Communities and Local Government, 2024, The Local Government Pension Scheme England and Wales – Fit for the Future, <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>

⁶ Scheme Advisory Board Website, <https://lgpsboard.org/index.php/welcome>

⁷ Ministry of Housing, Communities and Local Government, 2025, Local Government Pension Scheme (England and Wales): Fit for the future – government response, <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response#pooling-1>

- We also welcome the signal from Government that further consolidation of the pools is not in its immediate plans, but we still believe the timeline for delivering and implementing the current changes is overly ambitious, especially in the context of wider local government reforms, and recent elections.
- We strongly support the introduction of the Good Governance recommendations, and confirmation that these will be introduced as soon as possible is very welcome. It is also positive to see the move to a three-year review cycle for the independent governance review, which Pensions UK asked for in its consultation response.

The launch of the Pension Schemes Bill is also another key development. The Bill, which the Government hopes will further drive reforms of the LGPS, includes the following notable changes:

- The power to direct a local authority to a pool.
- The amendment of the 2013 Act relating to scheme regulations, so that the merger – including the compulsory merger – of LGPS Funds is also covered by current legislation.

As currently drafted, and at the time of publication, the Bill will enable the Secretary of State, in prescribed circumstances, to intervene in an asset pool company's investment management activity. At the time of publication, the Bill is still progressing, and debate is ongoing around the powers in the Bill, their interpretation and what this could mean for "investment activity".

Pensions UK believes the timeline for delivering and implementing the changes to LGPS pooling is overly ambitious, especially in the context of wider local government reforms, and recent elections. Pensions UK encourages government to continue engaging with Funds and pools to develop a roadmap for delivery that is more practical and realistic. Pensions UK also questions the need for new powers.

The powers to direct a local authority to a specific pool as well as to merge Funds and the power to direct FCA regulated pools require highly specialised and localised knowledge of the Funds' and pools' specific circumstances. These powers should only be used as a last resort and after dialogue with those affected.

Government intervention

On 7 August 2024, Chancellor Rachel Reeves met with representatives of the major Canadian public pension funds in Toronto. In a statement ahead of the meeting, the Chancellor said:

“The size of Canadian pension schemes means they can invest far more in productive assets like vital infrastructure than ours do.

I want British schemes to learn lessons from the Canadian model and fire up the UK economy, which would deliver better returns for savers and unlock billions of pounds of investment.”

Since the Chancellor’s trip, the UK Government has shown a sustained interest in the Canadian model, recognising its success in consolidating pension schemes into larger funds that can invest more significantly in productive assets like infrastructure and high-growth businesses. This interest is part of a wider effort to unlock long-term patient capital to invest in listed and unlisted UK equities and infrastructure.⁸

These discussions reflect a growing consensus within the UK Government around the strength of the Canadian model⁹ and that adopting elements of the Canadian pension model could drive economic growth and improve returns for savers.

For instance, the Government’s consultation paper, ‘Local Government Pension Scheme (England and Wales): Fit for the future’¹⁰ published in November 2024 stated the following:

- “The Canadian model has key strengths including the integration of investment advice, consistent delegation and in-house investment management, which enhance control over investments and reduce reliance on external managers. The model’s governance structures ensure accountability and strategic alignment with long-term goals. Importantly, the consolidation of multiple pension funds under a unified governance framework has proven effective in achieving economies of scale and optimising resource allocation. Their model has demonstrated robust performance, setting an example globally. In developing proposals, the Pensions Review has taken valuable learnings from the Canadian model.”
- “Academic research¹¹ also suggests the model deployed by Canadian pensions schemes, including the integration of advice, consistent delegation and in-

⁸ Personnel Today, 2024, UK government looking into ‘Canadian pensions model’, <https://www.personneltoday.com/hr/uk-government-looking-into-canadian-pensions-model/>

⁹ World Bank Group, 2017, The Evolution of the Canadian Pension Model – practical lessons for building world-class pension organizations, <https://documents1.worldbank.org/curated/en/780721510639698502/pdf/121375-The-Evolution-of-the-Canadian-Pension-Model-All-Pages-Final-Low-Res-9-10-2018.pdf>

¹⁰ Ministry of Housing, Communities & Local Government, 2024, Local Government Pension Scheme (England and Wales): Fit for the future consultation, <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>

¹¹ Alexander D. Beath, Sebastien Betermier, Chris Flynn, and Quentin Spehner, 2021, The Canadian pension fund model: A quantitative portrait, https://www.top1000funds.com/wp-content/uploads/2024/05/CEM-BBFS_JPM2021_CanadianModelQuantitativePortrait.pdf

house investment management, is able to generate 0.4% a year of additional returns vs their international competitors.”

Today, Canada’s Maple 8 public pension funds control over £1.1 trillion in assets,¹² attract elite investment talent, and deliver impressive returns. Most funds are now in surplus, with the aggregate funding ratio among the nation’s pensions sitting at 105.8% compared to 107% for the LGPS – as of March 2022¹³ (though we expect this figure to increase significantly following the 2025 round of valuations).

While there have been growing calls to learn from and replicate elements of the Canadian model, it is worth remembering that just 20-30 years ago, Canada’s pension system looked vastly different. Many plans were unsophisticated, heavily invested in domestic government bonds, and operated on a pay-as-you-go basis (unfunded). Confronted with funding shortfalls and underperformance, pension stakeholders collaborated with the Government to implement sweeping reforms – paving the way for what is now known as the ‘Canadian Model’.

Built on independent governance, well-resourced in-house investment management, top-tier talent recruitment, and broad diversification across asset classes and geographies, this approach attracted international attention. The approach has led to some of the highest market salaries being paid to staff within Canadian schemes and it has historically been accepted within the LGPS, and even within pools, that the competition for talent and levels of remuneration are not ‘on par’ with the private sector.

The Canadian journey

With any comparison between the current UK and Canada pension systems, it is important to note that the journey of Canadian pension funds towards significant investments in alternative assets has been gradual and strategic. A key element has been the clarity of the Government’s approach in establishing the policy framework and the time to allow the changes to take their course (avoiding regular policy changes).

Initially, these funds primarily focused on traditional asset classes such as equities and fixed income. This conservative approach was driven by the need to ensure stability and predictable returns for pensioners. However, as the financial landscape evolved and the limitations of traditional investments became apparent, Canadian

¹² Moody’s, 2024, Managing the future of risk for Canadian public pensions, <https://www.moody’s.com/web/en/us/insights/public-sector/managing-risk-for-canadian-public-pensions.html>

¹³ Pensions & Investments, 2025, Canadian pension plans see funding levels slightly dip in Q4, AON, <https://www.pionline.com/pension-funds/canadian-pension-plans-see-funding-levels-slightly-dip-q4-aon/>

pension funds began exploring alternative assets to enhance returns and diversify their portfolios.

The shift towards alternative investments, such as private equity, real estate, infrastructure, and hedge funds, was not immediate. It required a cultural and strategic transformation within the pension funds, which involved building internal expertise and capabilities to manage these complex asset classes. Pension funds had to recruit skilled investment professionals and develop robust governance frameworks to oversee these investments.

The main value of these internal teams is their ability to access alternative investment opportunities directly, or through co-investments, which provides better value. It is only larger schemes that have the ability to do this at scale.

Additionally, they needed to establish partnerships with external managers and advisors who had specialised knowledge in alternative assets.

Over time, the success of early investments in alternative assets demonstrated their potential to generate higher returns and provide diversification benefits, which encouraged more pension funds to allocate a larger portion of their portfolios to alternatives. The process was iterative, with funds gradually increasing their exposure as they gained confidence and experience.

It is worth noting that the Canadian diversification into alternative assets came at a time when interest rates were low and this meant that the use of leverage could significantly increase the returns from these assets without significant extra risk. With interest rates now more normalised, this is less true.

Today, after decades of incremental reforms and cumulative experience, Canadian pension funds are recognised globally for their sophisticated investment strategies and significant allocations to alternative assets, which have contributed to their strong performance and resilience in various market conditions.¹⁴

This evolution highlights the importance of patience, strategic planning, and the willingness to adapt to new investment opportunities. The gradual shift towards alternative assets has enabled Canadian pension funds to effectively manage risks and achieve sustainable long-term growth.

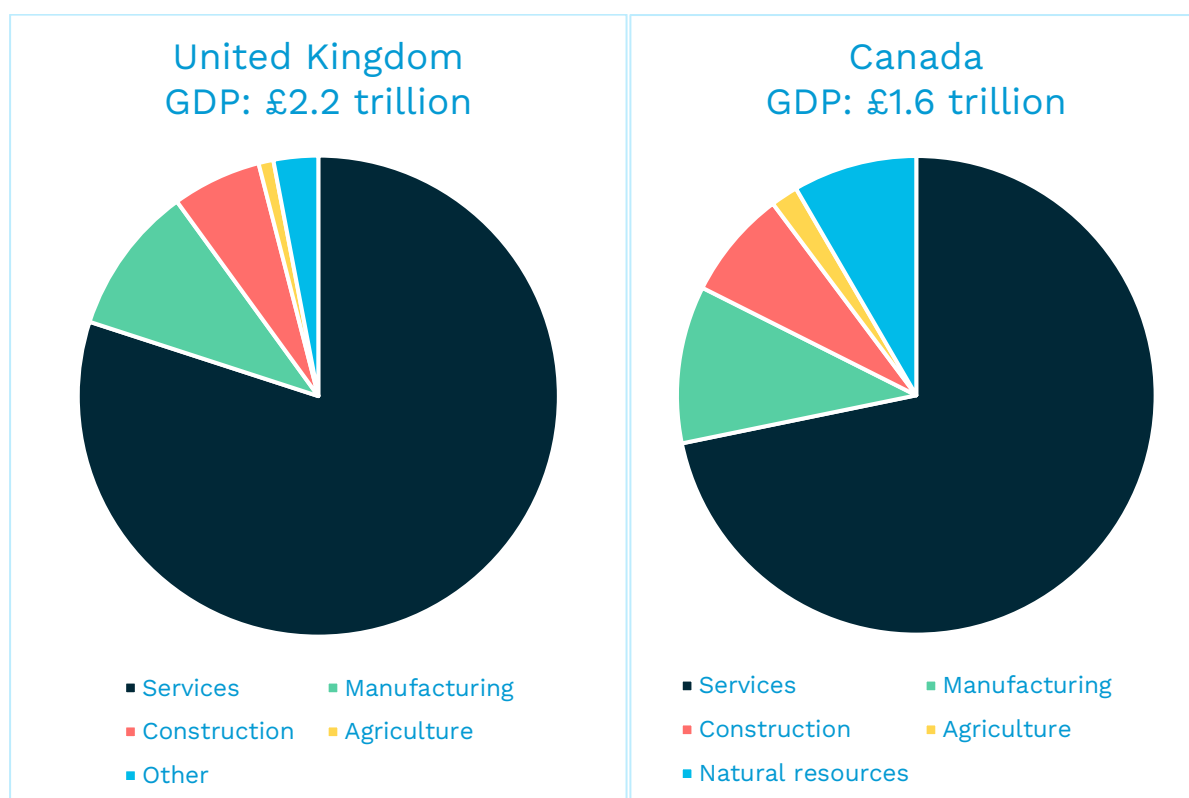
When it comes to investment in alternatives, the LGPS is generally well ahead of other types of pension schemes in the UK. This, combined with the progress in pooling, suggests that more time and patience is needed to allow further,

¹⁴ Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

significant developments in alternative investments in a similar fashion to the gradual and incremental approach taken in Canada.

Economic comparison

When thinking about the similarities and differences between the LGPS and the Maple 8 schemes (see Annex A), it is first helpful to consider the economic context that the respective pension schemes are operating within. The charts below show the respective sizes of the two economies and the sectors that contribute to the overall GDP.



Source: Multiple sources, see footnotes for more details. ^{15 16 17 18 19 20}

The table below summarises the key similarities and differences between the UK and Canadian economies and their respective demographics.

¹⁵ Office for National Statistics (2023), *UK National Accounts, The Blue Book 2023: Detailed Sector Analysis*. London: Office for National Statistics.

¹⁶ HM Treasury, 2024, *UK Economic Data 2023-2024*,

¹⁷ Statistics Canada, 2023, *Gross domestic product (GDP) at basic prices, by industry, annual average*,

¹⁸ Bank of Canada, 2024, *Canadian Economic Outlook, 2023-2024*

¹⁹ International Monetary Fund, 2023, *World Economic Outlook Database*

²⁰ International Monetary Fund (IMF), 2023, "World Economic Outlook Database

Similarities	Differences
Economy	
Both economies are heavily dominated by the service sector, which accounts for the largest portion of their respective GDPs (80% in the UK and 70.2% in Canada).	Canada has a significantly larger natural resources sector (8.2%) compared to the UK, reflecting its abundant natural resources including oil, gas, minerals, and forestry.
Manufacturing contributes a similar percentage to both economies (10% in the UK and 10.4% in Canada).	The UK's service sector makes up a larger proportion of its economy (80%) compared to Canada (70.2%).
Both have relatively small agricultural sectors (1% in the UK and 1.8% in Canada).	Canada's construction sector (7.2%) contributes slightly more proportionally than the UK's (6%).
Both are advanced, diversified economies with strong financial sectors and international trade relationships.	The UK economy is larger in absolute terms (£2.2 trillion – 6 th largest globally vs £1.6trillion – 10 th largest globally).
Demography	
Both countries have similarly high life expectancies and ageing populations indicating growing needs for elder care and pension support.	The UK has a significantly larger population than Canada (~68 million compared to ~40 million).
Both operate within stable democracies and are considered similar political systems (constitutional monarchies with parliamentary systems).	The UK is far more densely populated (~280 people/km squared compared to ~4 people/km squared).
Both have low birth and death rates which overall is leading to slower population growth than elsewhere in the world.	Canada has a higher net migration rate (9% compared to 6%) reflecting its immigration-friendly policies.

It is also worth noting that the Maple 8 pension schemes, which combined are approximately three times larger than the LGPS, are operating within a domestic economy that is approximately 75% of the size of the UK economy. Statistics Canada data²¹ shows that the total assets under management (AUM) for occupational pension schemes in Canada are roughly 2.5 trillion Canadian dollars. The total AUM of the Canadian Maple 8 funds are between Cdn\$2.2-2.3 trillion meaning that they represent around 90% of all pension AUM within Canada.

By contrast, the LGPS represents only around 13.6% of total pension AUM in the UK. Therefore, the impact that the Maple 8 can have on the Canadian economy will always be much more significant than the LGPS within the UK because in the UK there are still other sectors in the pensions market which hold significant wealth.

The Canadian Maple 8 pension funds, while often grouped together due to their shared hallmarks — such as robust governance, internal management, performance-based compensation, and significant scale — are in fact structurally diverse. Some, like the Ontario Teachers' Pension Plan (OTPP), manage both assets and liabilities for a single sponsor, enabling a fully integrated approach to funding and investment strategy. Others, such as the Canada Pension Plan Investment Board (CPPIB), manage assets for a single, large national client, while funds like Alberta Investment Management Corporation (AIMCo) and Caisse de dépôt et placement du Québec (CDPQ) serve multiple clients with varying mandates.

These differences in client structure and mandate shape each fund's asset allocation strategy, risk tolerance, and optimisation processes, ultimately influencing long-term performance.

Despite these operational distinctions, the Maple 8 funds share a common institutional DNA. Their scale allows for direct investment capabilities and cost efficiencies, while their governance frameworks promote long-term thinking and accountability. It is these features which the Government is looking to see mirrored in the UK's Local Government Pension Scheme (LGPS) pooling model.

²¹ Statistics Canada, 2025, Employer pension plans (trusteed pension funds), fourth quarter 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/250611/dq250611c-eng.htm>

Status of the LGPS

Scale of the LGPS vs the Maple 8

The LGPS is a significant player in the UK pensions landscape, providing retirement benefits to millions of local government employees. It is one of the largest defined benefit schemes globally with recent figures showing that across the 98 Funds in England, Wales, Scotland and Northern Ireland, it has 7.5 million members, 15,678 employers and assets totalling over £460 billion.²²

For the context of this report, we will be focusing on the funds operating in England and Wales. The 86 Funds in England and Wales hold around £390 billion in AUM, with contributions from 15,049 active employers across 6.7 million members.²³ It is projected that the total value of the LGPS will exceed £1 trillion by 2035.

The Maple 8 funds manage approximately £1.1 trillion²⁴ in assets with the largest fund – the Canada Pension Plan Investment Board (CPPIB) – managing approximately £362 billion.

- The consolidation and scale of the Canadian funds allow them to rank highly on the global stage, with giants like the CPPIB and the Ontario Teachers' Pension Plan (OTPP) consistently listed among the top 20 largest pension funds worldwide.
- Data from the Thinking Ahead Institute, *The world's largest pension funds – 2024*²⁵ shows that all eight Canadian funds rank within the top 115 pension schemes globally.

The LGPS in England and Wales is split across 86 independently managed Funds which currently operate within eight pools (soon to become six). It is worth noting that as a collective, with over £390 billion in assets under management, the LGPS would easily be within the top 10 pension schemes globally, but it is often viewed by its component Funds / pools.

²² Latest figures from England, Wales and Northern Ireland from 2024 annual reports. Latest Scotland figures are from 2023.

²³ LGPS Scheme Advisory board, Scheme Annual Report 2024, 2025, <https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

²⁴ Figures for AUM of Canadian funds are shown in (£). These figures have been converted from C\$ based on a current exchange rate of 1 CA\$ = 0.54 GBP.

²⁵ Thinking Ahead Institute, *The world's largest pension funds – 2024*, 2024, <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-pension-funds-2024/>

Pooling progress

Effective pooling which has a clear oversight model, a pragmatic plan for assets transition, optimises existing models and places a clear focus on value for members and employers, will be a major factor in the LGPS ability to accelerate investments in alternative assets and support Government's ambition for growth.

We are at an inflection point in pooling. The recent announcement that the Funds within the ACCESS pool and the Brunel Pension Partnership²⁶ have been told to find a new home with another pool, and the developments announced in the 'Fit for the future' consultation (covering reforming the asset pools, measures to boost local investment and measures to strengthen AAs and pool governance), will take time to be worked through and implemented.

Good progress is already being made. Based on the Scheme Advisory Board's latest annual report,²⁷ which required Funds, within their own annual reports, to provide data on how far they had implemented the Government's policy on pooling their assets in their chosen LGPS pool, 52% of fund assets are now pooled as an average across all the pools. An additional 24% of fund assets are now under pool management with just 24% of fund assets now remaining not pooled.²⁸

Name of pool	Number of partner Funds included in data	Total value of included partner fund assets* (£m)	% of partner fund assets pooled	% of partner fund assets under pool management	% of partner fund assets not pooled
ACCESS	11	64,749.99	46%	22%	28%
Border to Coast	9	53,932.44	56%	15%	27%
Brunel	8	31,900.96	84%	6%	10%
LGPS Central	8	61,761.17	32%	12%	47%
London CIV	20	31,035.56	39%	22%	38%
LPPI	3	22,810.19	96%	3%	0%
Northern	3	61,375.24	6%	92%	1%
Wales	7	20,399.09	54%	18%	39%

Source: The Local Government Pension Scheme Advisory Board – England and Wales, Investments and Funding, <https://www.lgpsboard.org/index.php/if24>

*The data taken from SAB is based on the responses of 69 out of the 87 Funds. The figures are higher for Border to Coast, Brunel and Wales Pension Partnership and London CIV for whom not all partner funds responded.

²⁶ Financial times, 2025, Two council pension 'pools' forced to merge as UK ratchets up overhaul, <https://www.ft.com/content/184d3036-748b-43b1-8a59-5b6911547d90>

²⁷ Scheme Advisory Board, 2025, Annual Report 2024, <https://www.lgpsboard.org/index.php/if24>

²⁸ To note, only 69 out of the 87 funds in E&W provided this within their annual reports and are included within this table.

This represents a significant shift to greater consolidation. With the expectation that all fund assets will be transferred to pools by 2026, and with the LGPS predicted to grow to over £1 trillion by 2035, it is clear that the size of the pools will be vast and much more comparable to those in Canada where the ‘Maple 8’ funds are significantly larger and more consolidated, with all £1.1 trillion in assets sitting across eight major public sector pension funds.

The progress that we are seeing, and the forecasts for future growth of the LGPS, further reinforces the need for a patient and incremental approach to deliver the best outcomes for savers and the UK economy.

Investments – contributions and surplus rates

The table below outlines the funding position of the LGPS vs the Maple 8 and sets out how the contributions system varies. While this offers a helpful comparison, it should be noted for both datasets that:

- Funding ratios may have fluctuated with market conditions and may have changed since the last figures were produced. For example, we know the LGPS is undergoing its triennial valuation in 2025 where we expect it to be announced that the collective funding position has improved.
- Canadian and UK pension plans use different actuarial assumptions and accounting standards, making direct comparisons challenging.
- Some of these organisations – like the Alberta Investment Management Corporation (AIMCo) and British Columbia Investment Management Corporation (BCIMC) – manage assets for multiple pension plans with different funding ratios.

LGPS
Funding level
<p>As of 31 March 2022, the analysis of the LGPS Funds’ 2022 valuations reported assets of £361.1 billion and liabilities on local funding assumptions of £339 billion, i.e. a surplus of £22.1 billion and a funding level of 107%.</p> <p>This is an overall improvement compared to the position in 2019, which showed assets of £285.8 billion and liabilities of £291.7 billion, i.e. a deficit of £5.9 billion and a funding level of 98%.²⁹</p>

²⁹ The LGPS Scheme Advisory Board – England and Wales, 2024, Eleventh Annual Report - 2023, <https://lgpsboard.org/index.php/foreword-2023>.

The latest triennial valuation is underway where there is an expectation that this surplus level will have increased.

Employer contribution rates

The LGPS employer contributions typically average between 14% and 18% of an employee's salary.³⁰ This percentage can vary depending on the specific employer and the results of the triennial actuarial valuations.³¹

The LGPS is currently undergoing its three-yearly valuation. It is expected that most employers will see their contribution rates decreased due to Funds being in a more favourable position than in 2022. Early indications from the Government Actuary's Department are that assets are likely to be up, with liabilities down.

Employee contribution rates

In the LGPS, employee contributions are based on the individual's pensionable pay and range from 5.5% to 12.5%. The average employee contribution is around 6.4%.³²

Additionally, the LGPS offers the '50/50 section'³³ which gives members the flexibility to pay half their normal contribution rate and build up half of their normal pension. It is designed to help members stay in the scheme and continue to build up a pension during times of financial hardship. Very few members take advantage of this option and those who did tended to do so for tax reasons before the abolition of the lifetime allowance (LTA).

Employer base

In England and Wales, the LGPS received contributions from 15,049 employers. The employers tend to be a combination of local authorities, local government organisations schools, universities and local SMEs. This can make the LGPS administratively more complex and is very different to the contribution system in Canada.

³⁰ UNISON, Local Government Pension Scheme: an introduction, accessed 2025, <https://www.unison.org.uk/get-help/knowledge/pensions/local-government-pension-scheme/>

³¹ LGPS Member, *Employer contributions*, accessed 2025, <https://www.lgpsmember.org/your-pension/the-essentials/your-contributions/employer-contributions/>

³² Ibid

³³ Local Government Pension Scheme members page, *Paying less*, <https://www.lgpsmember.org/your-pension/paying-in/paying-less/>

Maple 8

Funding level

Based on the fragmented data available for the funding status of the Maple 8, a reasonable approximation of the funding status suggests they are in surplus, with a funding level of between 104%-106.5%.

This broadly aligns with data pulled from the Aon risk tracker earlier in 2025, which suggests that most Canadian funds are now in surplus, with the aggregate funding ratio among the nation's pensions sitting at 105.8%.³⁴

Employer & employee contribution rates

Contribution rates are typically set by the plan sponsors, which are usually provincial or federal governments, in partnership with employee groups or unions. For example, the Ontario Teachers Pension Plan is jointly sponsored by the Government of Ontario and the Ontario Teachers' Federation and so both will have a say in setting contribution rates and benefit levels, informed by regular actuarial valuations.

Member contributions are broadly similar in the Maple 8 schemes to the LGPS. However, it is difficult to usefully compare employer contribution rates³⁵ because of the nature of the system. As we set out in more detail in Annex A, the Canadian pensions system is divided into three tiers.

- The first tier, similar to a state pension, provides a basic income guarantee for seniors through two means-tested, publicly financed programmes, Old Age Security (OAS) and Guaranteed Income Supplement (GIS).
- The second tier includes the Canada Pension Plan (CPP) and Québec Pension Plan (QPP), which are mandatory earnings-related programs for the employed and self-employed in Canada and Québec and the rest of Canada.
- The third tier consists of workplace pensions and private savings plans which allow for additional earnings replacement in retirement.

More detail on the specific contribution rates within the different tiers of the Canadian pensions system can be found in Annex B.

Employer base

By contrast to the UK LGPS employer base, the Canadian Maple 8 funds are funded by typically only a handful, into the dozens / low hundreds, of large public sector employers.

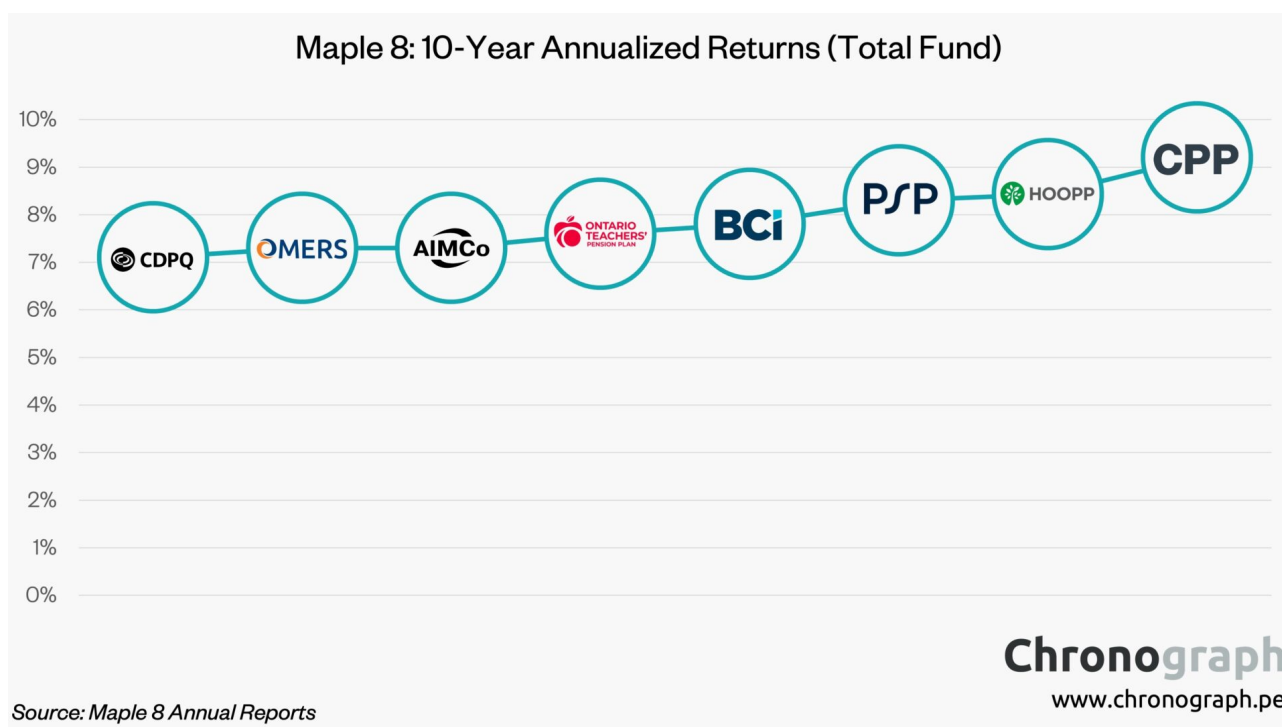
³⁴ Pensions & Investments, 2025, Canadian pension plans see funding levels slightly dip in Q4, AON, <https://www.pionline.com/pension-funds/canadian-pension-plans-see-funding-levels-slightly-dip-q4-aon/>

³⁵ Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

These are large, centralised and more consolidated institutions and this can add to the simplicity of the Canadian system and is likely to be a contributory factor in how Canadian funds deliver greater efficiency and scale.

What impact does all of this have on investment performance?

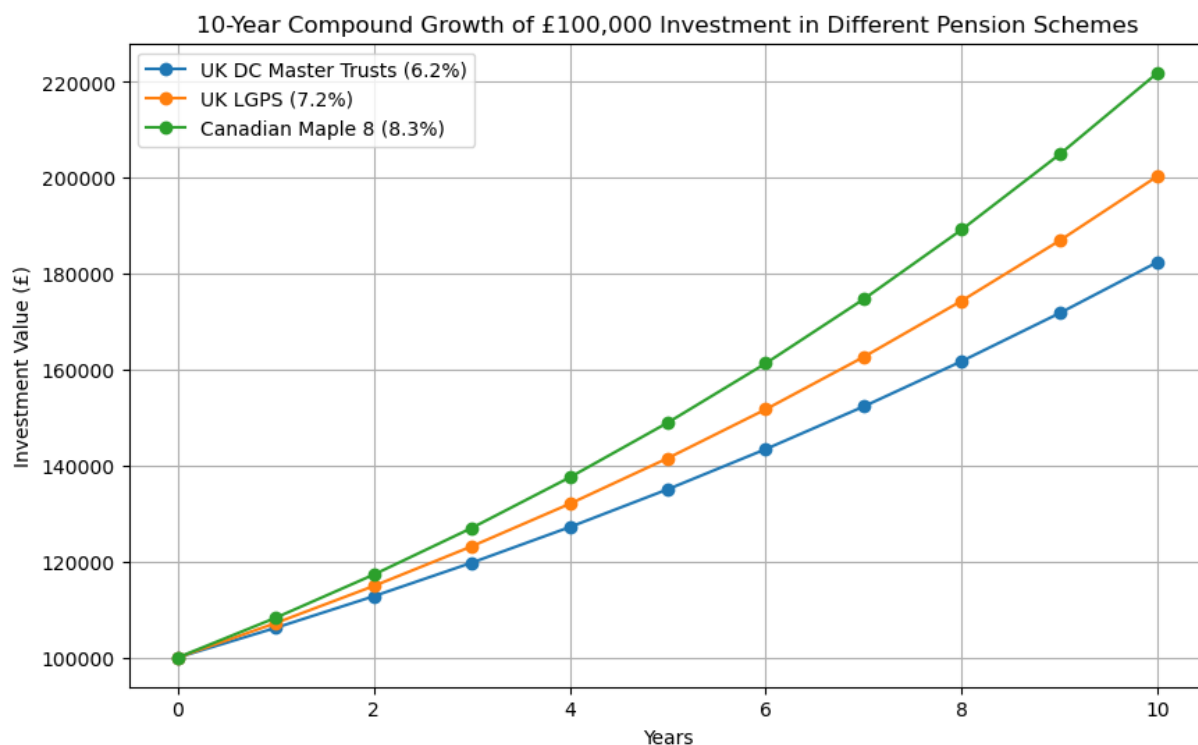
Each of the Maple 8 funds have their own asset allocation strategy and therefore will generate different rates of return, but evidence supports that the Canadian pensions system does still deliver better investment returns than UK schemes. Using data from the LGPS (England and Wales) Scheme Advisory Board 2024 annual report (published in 2025), the annualised rate of returns for the LGPS across the last 11 years is 7.2%. This compares to around 8.3% for the Maple 8 (as illustrated below).



Source: Chronograph, 2024, The Success of the Canadian Model and Maple 8, <https://www.chronograph.pe/the-success-of-the-canadian-model-and-maple-8/>

The chart below shows a comparison between returns on the Maple 8, the LGPS and UK DC master trusts (who in some cases are on a similar journey to the LGPS in terms of their approach to investment). It is evident that, in a UK context, the LGPS does still perform strongly.

The report, *A better bang for the buck 3.0: Post-Retirement Experience Drives Pension Cost Advantage*,³⁶ reinforces the strength of the LGPS showing that a typical DB plan has a 49% cost advantage compared to a typical DC plan account, due to higher investment returns, optimally balanced investment portfolios, and longevity risk pooling.



Source: Multiple sources, please see footnote for further details³⁷

Growing diversification

Earlier in the report, within the ‘Context’ chapter, we alluded to the fact that there has been a growing trend towards diversification in the UK, particularly among LGPS funds, with more schemes exploring alternative asset classes to try and enhance risk-adjusted returns.

³⁶ Dan Doonan & William B. Forna at the National Institution on Retirement Security, 2022, *A better bang for the buck 3.0: Post-retirement experience drives pension cost advantage*, <https://www.nirsonline.org/reports/betterbang3/>

³⁷ Comparative analysis completed based on data from the following sources:

Maple 8: Chronograph, 2024, *The Success of the Canadian Model and Maple 8*, <https://www.chronograph.pe/the-success-of-the-canadian-model-and-maple-8/>

LGPS: Figures from LGPS Scheme Advisory board, *Scheme Annual Report 2024, 2025*,

<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

Smart Pension: <https://www.smartpension.co.uk/governance/scheme-information>

Nest Performance data: <https://www.nestpensions.org.uk/schemeweb/nest/nestcorporation/library.html>

The People’s Pension: <https://thepeoplespension.co.uk/pension/basics/investments/investment-downloads/>

In 2024, the PPI published, *Pension scheme assets – how they are invested and how and why they change over time*,³⁸ which showed that public sector DB schemes are the biggest investors in alternative assets by proportion of funds with 24% invested in alternatives.³⁹ This aligns with the example of West Midlands Pension Fund (WMPF), which Pensions UK included within our illiquid assets case studies.⁴⁰ This showed exactly 24% invested in alternatives (as of June 2023). For WMPF, one of the largest LGPS funds, that equates to over £4.5 billion.

ASSET	% OF PORTFOLIO	£ MILLION
Private equity including VC	8	1,436
Special opportunities	1	223
Private debt	3	620
Infrastructure	5	1,038
Property	7	1,366
Total	24	4,683

Source: West Midlands Pension Fund – Asset Allocation as at 30/6/2023

The LGPS is very much at the forefront of investment in alternatives in the UK. The PPI's research showed that private sector DB investment in alternatives is at 14%, with DC investment in alternatives at 3% - although we do expect DC investment in alternatives to increase quickly.

³⁸ PPI, 2024, Pension scheme assets – how they are invested and how and why they change over time, <https://www.pensionspolicyinstitute.org.uk/media/c00dra0k/20240909-ppi-pension-scheme-assets-main-report-final.pdf>

³⁹ PPI's definition of alternatives includes private equity, property, Secure Income Alternatives (SIA), infrastructure, private debt and venture capital

⁴⁰ Pensions UK, 2023, Pension scheme investment in illiquid assets – case studies from the pensions sector, <https://www.pensionsuk.org.uk/Policy-and-Research/Document-library/Pension-Scheme-Investments-in-Illiquids-Case-Studies-from-the-Pensions-Sector>

Similarities between UK and Canadian pension systems

Canada's retirement income system has many similarities to the UK, so it is understandable that comparisons are made between the two. Both countries have:

- A state pension funded via taxation
- Voluntary tax-advantaged private pension arrangements that are not directly funded by the state
- Public sector employees covered by open DB schemes.

In addition, both the UK and Canadian systems are characterised by their (1) independent governance, (2) hands-off regulatory environment, and (3) no specific quantitative investment limits. These are discussed further below.

Independent governance

Both the UK and Canadian pension systems emphasise independent governance to ensure that pension funds are managed in the best interests of their members.

In Canada, the Maple 8 pension funds are known for their robust governance structures, which include independent boards of directors and well-resourced management teams. These boards are responsible for setting investment policies and overseeing the management of the funds, ensuring transparency and accountability.⁴¹

Independent governance is a cornerstone of the Canadian model, frequently cited by CEOs and CIOs of the Maple 8 as integral to its success. This governance model allows pension funds to operate at arm's length from political influence, functioning as high-performing, business-like entities focused on long-term objectives.

⁴¹ ICAEW Insights, 2024, Canadian pensions: A model for the UK?, <https://www.icaew.com/insights/viewpoints-on-the-news/2024/aug-2024/canadian-pensions-a-model-for-the-uk>

Mark Machin, former CEO of CPPIB:

"Independent governance allows us to make long-term investment decisions free from political influence, ensuring that we can focus solely on the best interests of our beneficiaries."

Ron Mock, former CEO of Ontario Teachers' Pension Plan:

"The success of our fund is rooted in our ability to operate independently, with a professional board and management team dedicated to achieving sustainable returns."

Michael Sabia, former CEO of Caisse de dépôt et placement du Québec:

"Our governance structure is designed to prioritize long-term, patient capital strategies, which are essential for navigating market volatility and achieving consistent growth."

Blake Hutcheson, CEO of OMERS:

"Independent governance is crucial for our ability to make unbiased, strategic decisions that align with the long-term interests of our members."

Jim Keohane, former CEO of HOOPP:

"The independence of our governance framework is fundamental to our success, enabling us to focus on delivering stable and sustainable returns for our beneficiaries."

However, maintaining this depoliticised structure depends on a foundation of trust, upheld by stringent standards of transparency, robust reporting, and accountability — a standard that the country's schemes have done a good job of successfully meeting. In 2004, for the fourth consecutive year, the country topped the Global Pension Transparency Benchmark rankings.⁴²

The UK's LGPS operates with a degree of independence, with each of the 86 Funds having its own governance structure. Section 5 of the Public Service Pensions Act 2013⁴³ mandated the establishment of a pension board for each LGPS fund. The board is responsible for assisting the scheme manager, providing oversight and ensuring that the funds are managed effectively.

This independence allows for tailored investment strategies that meet the specific needs of their members and is crucial for maintaining transparency and accountability in the management of pension assets.⁴⁴ It means that investment decisions for LGPS Funds, which are made by the pensions committees, are made locally by the AAs and not by the Secretary of State.

⁴² Top1000Funds.com, 2024, Canada ranked 1st globally, <https://www.top1000funds.com/2024/11/canadian-funds-shine-in-transparency-benchmark/>

⁴³ HM Government, 2013, Public Service Pensions Act 2013, <https://www.legislation.gov.uk/ukpga/2013/25/section/5>

⁴⁴ Ibid

The LGPS (Management and Investment of Funds) Regulations 2016⁴⁵ further reinforce this independence by setting out the legal framework within which AAs operate. These regulations require AAs to obtain advice and ensure that investments are made in the best interests of the scheme members. The Secretary of State's role is limited to providing overarching regulations and guidance, rather than direct involvement in day-to-day investment decisions. However, it is worth noting that we have seen the Secretary of State responsible for the LGPS consult on setting 'soft' targets around certain types of investment in recent years, for example, in levelling up and infrastructure, etc.

Hands-off regulatory environment

Both the LGPS in the UK and the Maple 8 in Canada operate within a relatively hands-off regulatory approach, allowing pension funds the flexibility to pursue diverse investment strategies.

In Canada, the regulatory framework supports the autonomy of pension funds, enabling them to pursue diverse investment strategies – an approach that allows funds to invest in a wide range of asset classes, including private equity, infrastructure, and real estate.

The regulatory framework focuses on principles rather than prescriptive rules, enabling funds to adapt to changing market conditions, and this autonomy has been instrumental in achieving high returns and maintaining the sustainability of the pension system.

The UK has also moved towards a more flexible regulatory environment, particularly with the introduction of investment pools within the LGPS in England and Wales. These pools have been established to drive greater efficiency through facilitating more effective collaboration and resource sharing and enhancing the ability to invest in large-scale projects and alternative assets.

The regulatory framework in the UK supports innovation and the pursuit of higher returns by allowing funds to develop their own investment strategies within broad guidelines, which helps pension funds to better manage risks and capitalise on investment opportunities.

⁴⁵ LGPS (website for LGPS employers and pension funds in England and Wales), 2018, Timeline LGPS Investment Regulations 2016, <https://www.lgpsregs.org/schemeregs/invregs2016/timeline.php>

No specific quantitative investment limits

One of the key strengths of the Canadian pension system is the absence of specific quantitative investment limits. This flexibility allows pension funds to allocate assets based on their risk tolerance and investment objectives, rather than being constrained by rigid caps. As a result, the Maple 8 have been able to diversify their portfolios and invest in high-growth opportunities, contributing to their strong performance. This approach supports innovation and enables funds to achieve higher returns while managing risks effectively.

The LGPS also benefits from the absence of strict quantitative investment limits, allowing funds to allocate assets in a way that aligns with their investment strategies, liabilities and risk profiles. The flexibility to invest in a wide range of asset classes, including equities, fixed income, real estate, and alternatives, helps to enhance diversification and improve overall returns. By not imposing rigid investment limits, the UK pension system supports the pursuit of higher returns and the effective management of pension assets.

Recap

These similarities highlight the strengths of both the UK and Canadian pension models in promoting sustainable and effective pension fund management. The absence of specific quantitative investment limits in both systems underscores the importance of flexibility in managing pension assets. By allowing funds to allocate assets based on their unique risk tolerance and investment objectives, these systems promote innovation and the pursuit of higher returns.

Conversely, mandating specific investment allocations could stifle this flexibility, potentially leading to suboptimal investment decisions and reduced overall performance. Therefore, maintaining a hands-off approach and avoiding rigid investment mandates is crucial for the continued success and sustainability of pension funds.

While at present this flexibility is afforded to both the LGPS and the Maple 8, there is clear political pressure both in the UK and Canada to increase levels of domestic investment.

In a UK context, the Government is looking at how more can be done to increase pension scheme investment in the UK. The recently signed Mansion House Accord, facilitated by Pensions UK and the wider industry, will go some way to addressing this in the DC sector. However, through the Pension Schemes Bill, the UK Government has gone further. The Bill includes a provision to direct the investment

of certain DC schemes should they not sufficiently increase their allocations to private assets in line with the Mansion House Accord. While this is intended as a last resort, it does indicate a shift in approach that could have profound changes on fiduciary duty.

In Canada, this pressure is also evident. As mentioned later, CDPQ has a dual mandate - to maximise returns with an appropriate level of risk for the people they manage money for and to help contribute to Québec's economic development. While this does not go as far as setting specific targets, it is interesting in the context of a developing strategy to encourage greater domestic investment by Canada's large pension funds to unlock more capital for Canadian businesses and infrastructure and to align pension fund activity with national economic priorities.

In March 2024, more than 90 executives signed an open letter⁴⁶ urging Canada's finance minister to find ways to force Canadian pension funds to invest more heavily in Canadian companies. While the pension funds are pushing back on this, the letter states that, "Canada has great companies, true global champions. These competitive businesses deserve our support, and we must create many more. Increasing investments in Canada should be a national priority".

In addition, the removal of the 30% rule (which restricts Canadian pension funds from owning more than 30% of the voting shares of a single corporation) in December 2024 is designed to support this. Canadian funds have expressed concerns around fiduciary duty as well as concentration and governance risk.

⁴⁶ Letko Brosseau, 2024, An open letter to the Minister of Finance of Canada and Provincial Finance Ministers, <https://www.lba.ca/publication/open-letter-canada/>

Differences between UK and Canadian pension systems

An obvious difference between the UK and Canadian systems is in the use of funded schemes. In Canada, the equivalent to the UK state pension is partially funded (through the Canada Pension Plan and Quebec Pension Plan). In Canada, all public service pension funds are also funded, including the arrangements for teachers and civil servants.

In the UK, however, out of the six largest public service pension schemes, only the LGPS is funded. The remainder operate on a pay-as-you-go basis, i.e. assets are not held to back the liabilities, but instead current contributions are used to pay pensions, with any shortfall being met from general taxation.

Other major differences include:

1. The size of the schemes
2. The use of in-house investment teams
3. Diversification
4. A mandate to invest in domestic assets.

Size of schemes

The LGPS in its totality (including funds from England, Wales, Scotland and Northern Ireland) is one of the largest defined benefit schemes globally, with around £460 billion in assets under management. In England and Wales, the LGPS has around £390 billion in assets under management, split across 86 independently managed Funds that currently operate within eight pools (which will become six from 2026).

ACCESS				LGPS Central				London CIV				Brunel				
Essex £10.9bn	Kent £8.1bn		Hertfordshire £6.3bn		West Midlands £21.2bn	Staffordshire £7.5bn		Nottinghamshire £7.0bn		Wandsworth £3.1bn	Southwar k £2.2bn	Tower Hamlets £2.1bn	Devon £5.9bn	Avon £5.8bn		
	West Sussex £5.8bn	East Sussex £4.9bn	Cambridge shire £4.8bn	Cheshire, £6.6bn		Leicestershire £6.4bn	Camden £2.1bn	Hackney £2.1bn	City of Westmi nster £2.0bn	Islingto n £1.9bn	Environment Agency - active £4.7bn	Buckinghamsh ire £4.2bn				
							Hampshire £10.0bn	Norfolk £5.3bn	Suffolk £4.3bn	Northampt onshire £3.6bn			Derbyshire £6.5bn	Worcesters hire £3.9bn	Shrop shire £2.5bn	Newham £1.9bn
BCPP				Northern LGPS				Lambeth £1.8bn	Enfield £1.6bn	City of London Corpo...	Barking & Dage...	Dorset £3.9bn	Oxfordshire £3.5bn			
Tyne & Wear £13.3bn	East Riding £6.8bn		Surrey £5.9bn		Greater Manchester £31.3bn	West Yorkshire £19.3bn	Merseyside £10.8bn	Greenwi ch £1.7bn	Bromley £1.4bn	Hamme rsmit...	Hillingd on...	Gloucestershire £3.4bn	Somerset £3.2bn			
	South Yorkshire £11.0bn	Teesside £5.5bn	Durham £3.7bn	Bedfordshi re £3.5bn				Ealing £1.7bn	Houn slow £1.3bn	Kingsto n...	Red brid g...			Bexl ey £1...	Wiltshire £3.3bn	Cornwall £2.5bn
								North Yorkshire £4.6bn	Cumbri a £3.4bn	Lincolnshire £3.4bn	Warwickshire £2.9bn	Barnet £1.6bn	Bren t £1...	Waltha m...		
WPP				LPPI				Barnet £1.6bn	Bren t £1...	Harrow £1.1bn	Mert...	Rhondda Cynon Taf £4.7bn	Dyfed £3.5bn	Swansea £3.3bn	Lancashire £11.7bn	London Pensions Fund Authority £8.0bn
Greater Manchester £31.3bn				Merseyside £10.8bn				Greater Gwent (Torfaen) £4.2bn	Cardiff £3.0bn	Gwynedd £3.1bn	Clwy d £2.5bn	Pow...	Berkshi...			

Source: MHCLG, 2024, Asset value by funds data table for 2023 to 2024 latest data, <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2023-to-2024>

The largest individual non-LGPS pension funds in the UK, such as the Universities Superannuation Scheme (USS) and the BT Pension Scheme, manage assets in the range of £40-80 billion each.

By contrast, the Maple 8 funds are significantly larger and more consolidated, as is demonstrated by the charts below. These eight major public sector pension funds manage approximately £1.1 trillion in assets. With far fewer employers contributing – just over 1,000 compared to nearly 14,000 for the LGPS in England and Wales – the Maple 8 funds can be more centralised.

Maple 8				LGPS		
CPPIB, £362bn	PSPIB, £152bn	BCImc, £143bn		ACCESS, £65bn	BCPP, £64bn	
		OTPP, £143bn	AIMCo, £92bn	OMERS, £74bn	LGPS Central, £62bn	Northern LGPS, £61bn
CDPQ, £249bn	HOOPP, £65bn				Lond on CIV, £49bn	Brunel, £40bn
						LPPI, £23bn

Source: Maple 8 data – Thinking Ahead Institute, The world’s largest pension funds – 2024, 2024, <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-pension-funds-2024/>

LGPS data – MHCLG, 2024, Asset value by funds data table for 2023 to 2024 latest data, <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2023-to-2024>

The consolidation and scale of the Canadian funds allow them to rank highly on the global stage. This includes giants like the CPPIB, with roughly £362 billion, and the OTPP, with £143 billion – consistently putting them among the top 20 largest pension funds worldwide. This scale gives them the ability to build teams and take out whole infrastructure projects.

All the Maple 8 funds sit within the top 115 schemes globally based on latest data.⁴⁷ By comparison, the largest LGPS funds⁴⁸ in England and Wales are:

- Greater Manchester Pension Fund ~£31.3 billion
- West Midlands Pension Fund ~£21.2 billion
- West Yorkshire Pension Fund ~£19.3 billion.

With greater pooling and the growth in size of the LGPS, we can expect the LGPS pools to operate at a more similar scale to the Maple 8. The Scheme Advisory Board's latest annual report shows how at present, the pools vary in size ranging from approximately £20 billion, up to around £60 billion in AUM. The four largest pools are:

- ACCESS and Border to Coast⁴⁹ ~£65 billion (ACCESS is of course closing)
- LGPS Central ~£62 billion
- Northern LGPS ~£61 billion.⁵⁰

The larger size of the Canadian funds enables them to achieve greater economies of scale, reducing administrative costs and enhancing investment returns. It also allows for more substantial investments in diverse asset classes, including infrastructure, private equity, and real estate, which can provide higher returns and better risk management.

In-house investment management teams

DWP research⁵¹ has highlighted that larger schemes have reduced costs, of which one factor is in-house management. One of the defining features of the Canadian Maple 8 funds is their extensive use of in-house investment teams. These funds employ large, highly skilled teams of investment professionals who manage a significant portion of their assets internally.⁵² This suggests that the size of the Maple 8 allows for greater in-house investment management which helps to save

⁴⁷ Thinking Ahead Institute, The world's largest pension funds – 2024, 2024, <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-pension-funds-2024/>

⁴⁸ MHCLG, 2024, Asset value by funds data table for 2023 to 2024 latest data, <https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2023-to-2024>

⁴⁹ To note – Border to Coast figure differs from that within the SAB Annual Report. This figure is based on the total size of the partnership (all 11 funds) - <https://www.bordertocoast.org.uk/>

⁵⁰ Figures on fund and pool size taken from SAB Annual Report - LGPS Scheme Advisory board, Scheme Annual Report 2024, 2025, <https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>

⁵¹ DWP, 2024, Pension Fund Investment and the UK Economy – analysing the trends of UK pension fund investment and the implications for UK economic growth. <https://assets.publishing.service.gov.uk/media/673f3ca459aab43310b95a8d/pension-fund-investment-uk-economy.pdf>

⁵² Cordiant, 2024, What are the lessons the UK can learn from the Canadian pensions model?, <https://www.cordiantcap.com/what-are-the-lessons-the-uk-can-learn-from-the-canadian-pensions-model/>

costs and increases the speed of decision-making, particularly in the co-investing space.

In the LGPS, however, we see currently that many of the Funds rely more heavily on external fund managers. It is expected that the LGPS pools will meet this need to reduce / negate the use of external fund managers. The pools already have significant in-house capacity, mainly in equities and fixed income, but they aren't yet at the scale of the Canadians, where most management is in-house. While it will take time to build in-house capabilities with the scale and sophistication of our Canadian counterparts⁵³, in time, we expect that it will start to deliver results.

The use of in-house investment management teams by Canadian pension funds has several salary implications, reflecting the need to attract and retain top talent in a competitive market. Maple 8 funds offer highly competitive compensation packages to their in-house investment professionals, typically including a combination of base salary, performance-based bonuses, and long-term incentive plans (LTIPs). This includes annual bonuses tied to achieving specific investment targets and LTIPs that vest over several years. The goal is to align the interests of the investment managers with the long-term performance of the fund.⁵⁴

Investment professionals within Canadian pension funds often receive higher salaries compared to their counterparts in other sectors. This differential reflects the specialised skills and strategic importance of these roles.

The competition for top investment talent is fierce, and Canadian pension funds must offer attractive compensation packages to remain competitive: salaries and incentives are commonly benchmarked against those offered by private sector asset managers and other large institutional investors.⁵⁵

As the LGPS Funds in England and Wales transfer their assets to the pools over the next year, there will be a need for both Funds and pools to consider how they can more effectively compete for talent and offer competitive compensation packages that may include a mix of base salary, performance-based bonuses, and LTIPs.

Pools may have greater flexibility than LGPS Funds, though the challenge for them will be developing and expanding their in-house investment teams through a combination of competitive wages, attracting talent to the regions in which they operate and finding and developing local talent.

⁵³ ICAEW Insights, 2024, Canadian pensions: A model for the UK?, <https://www.icaew.com/insights/viewpoints-on-the-news/2024/aug-2024/canadian-pensions-a-model-for-the-uk>

⁵⁴ Southlea Group, 2023, Pay for investment risk and sustainability in large Canadian asset managers, <https://www.southlea.com/pay-for-investment-risk-and-sustainability-in-large-canadian-asset-managers/>

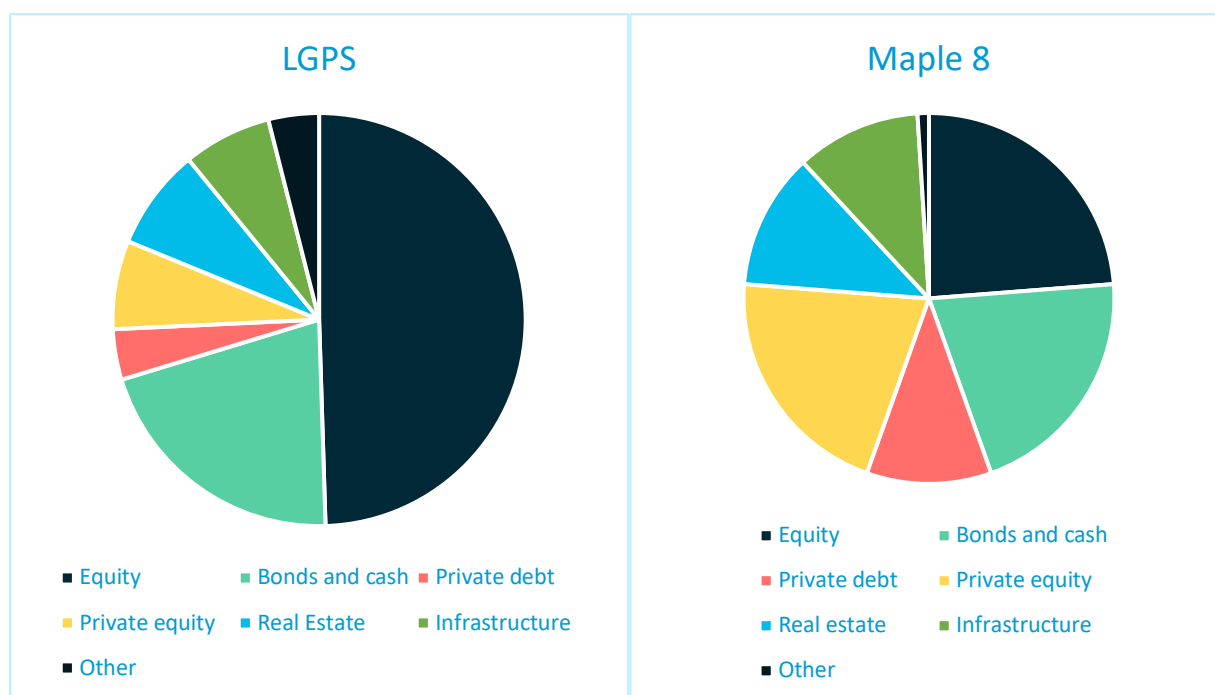
⁵⁵ Ibid

In addition, given LGPS Funds do still pay for the cost of their pool, pool salaries and remuneration policies do still have to be agreed by shareholders who largely won't be used to seeing the type of salaries that pools will need to pay.

Many non-investment elements, such as administration and general fund management will remain with the LGPS Funds and so they will still need to consider how they can offer competitive packages for those roles too.

Diversification

The Canadian Maple 8 funds are known for their diversified investment strategies, (see Annex C for more detail) which include significant allocations to private markets, infrastructure, real estate, and private equity. This diversification helps to spread risk and can lead to higher returns over the long term. The chart below illustrates the differences in asset allocation between the Maple 8 and the LGPS.



Source: LGPS – aggregated bottom up accounts.

Maple 8 - Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf.

When it comes to investments in listed equities vs private equity, this diversification is particularly notable: the Maple 8 funds have much higher allocations to private equity than the LGPS. The LGPS tend to invest much more in listed equities whereas it is much more balanced among the Maple 8 (between

listed and private equity). CPPIB is a prime example of a fund with significant allocations to private markets, it invests in private equity, private debt, and venture capital. For instance, CPPIB has made substantial investments in private equity through direct investments and partnerships with private equity firms, including investments in companies like Ant Financial and Petco.⁵⁶

The Maple 8 is also well known for its investments in infrastructure, exceeding that of the LGPS. Some examples of this are as follows:

- OTPP is well-known for its infrastructure investments. It has a dedicated infrastructure team that manages a diverse portfolio of assets, including airports, toll roads, and utilities. Notable investments include a stake in the Brussels Airport and the acquisition of a significant share in the UK's National Grid Gas Distribution.⁵⁷
- PSP Investments is a major stakeholder in the Port of Vancouver, one of Canada's largest and busiest ports. In real estate, PSP Investments has a substantial portfolio that includes commercial and residential properties across major Canadian cities. Notably, PSP's subsidiary Northcrest Developments is leading the Downsview Airport redevelopment. This is a 370-acre site that could eventually house up to 100,000 people.
- Through CDPQ Infra, CDPQ is responsible for major infrastructure projects such as the Réseau express métropolitain (REM), a new automated light metro network in Montreal.⁵⁸

The Maple 8 funds' approach to investment in real estate is another key area of diversification and a unique feature of the Maple 8. The funds often operate through their wholly owned subsidiaries to invest directly in private markets,⁵⁹ bypassing expensive intermediaries and keeping more of the profits for themselves. This structure allows them to control the entire investment process and leverage their subsidiaries' expertise to find and manage complex deals across real estate, infrastructure, and other private assets that smaller funds can't access. For example:⁶⁰

⁵⁶ Benefits Canada, 2024, How the investment strategies of the Maple 8 impact the decisions of medium and small-sized plan sponsors, <https://www.benefitscanada.com/archives/benefits-canada-archive/how-the-investment-strategies-of-the-maple-8-impact-the-decisions-of-medium-and-small-sized-plan-sponsors/>

⁵⁷ PERE., 2024, Deep dive: Canada's Maple 8 hit an inflection point, <https://www.perenews.com/canadas-maple-8-hit-an-inflection-point/>

⁵⁸ Pensions Expert, 2024, Are Canadian pension funds the right template for the LGPS?, <https://www.pensions-expert.com/lgps/are-canadian-pension-funds-the-right-template-for-the-lgps/67549.article>

⁵⁹ Sebastien Betermier, 2023, Benefits and Pensions Monitor, How can pension funds invest differently to create and capture value? <https://www.benefitsandpensionsmonitor.com/pensions/retirement-planning/how-can-pension-funds-invest-differently-to-create-and-capture-value/382503>

⁶⁰ Beath, A. D., Betermier, S., Van Bragt, M., Liu, Y., & Spehner, Q. (2022). Green Urban Development: The Impact Investment Strategy of Canadian Pension Funds. *Journal of Sustainable Real Estate*, 14(1), 75–94. <https://doi.org/10.1080/19498276.2022.2125203>

- CDPQ has a substantial real estate portfolio managed through its subsidiary, Ivanhoé Cambridge. CDPQ's real estate investments span office buildings, shopping centres, and residential properties globally. Ivanhoé Cambridge has invested in major projects like the Hudson Yards development in New York City, the redevelopment of the Place Ville Marie complex in Montreal⁶¹ and the development of CIBC Square, a major office complex in Toronto. Many of these projects also have impressive sustainability credentials as part of the fund's greenfield strategy.
- OTPP, through their subsidiary Cadillac Fairview have been a key player in Montreal's Quartier des Gares, developing the Deloitte Tower and multiple Tours des Canadiens residential towers. These projects are LEED-certified and represent OTPP's commitment to sustainable urban development in its home market.
- BCI, through their subsidiary QuadReal has invested in multiple LEED-certified buildings in downtown Vancouver. These projects reflect BCI's strategy of sustainable development in high-demand urban cores.
- OMERS, through their subsidiary Oxford Properties have developed RBC WaterPark Place, a LEED-certified office tower in Toronto's South Core. The project demonstrates OMERS' focus on prime downtown developments with strong tenant demand and environmental performance.

These (and other) Canadian funds' ability to invest in a wide range of asset classes is supported by their scale and in-house expertise (discussed above), which allows them to take advantage of opportunities that smaller, less diversified funds might miss.

While UK pension schemes have traditionally had more conservative investment strategies, UK public sector DB schemes are the biggest pension scheme investors in alternative assets by proportion of funds, with 24% invested in alternatives.⁶²

Despite this growing trend towards diversification in the UK, with more funds exploring alternative asset classes to enhance returns and manage risk,⁶³ the LGPS does still lag behind the Canadians, as the table below illustrates. While levels of investment in alternatives vary across the Canadian schemes, they are still significantly higher than in the LGPS.

⁶¹ Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

⁶² PPI's definition of alternatives includes private equity, property, Secure Income Alternatives (SIA), infrastructure, private debt and venture capital

⁶³ Cordiant, 2024, What are the lessons the UK can learn from the Canadian pensions model?, <https://www.cordiantcap.com/what-are-the-lessons-the-uk-can-learn-from-the-canadian-pensions-model/>

Fund	Equities	Bonds (inc cash)	Credit / private debt	Private equity	Real estate	Infra	Other
CPPIB	27	7	16	32	9	9	0
PSPIB	26	20	10	15	14	10	5
CDPQ	25	9	21	20	12	13	0
AIMCo	38	32	3	6	13	8	0
BCImc	30	37	4	12	16	10	-9
OTPP	6	34	-	23	10	13	14
HOOPP	13	58	-	11	10	3	5
OMERS	11	28	6	20	16	19	0
LGPS	51	19	2	8	9	6	4

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model,
https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

Mandate to invest in domestic assets

For the most part, Canadian pension funds, like their UK counterparts, are not mandated to invest in domestic assets. Caisse de dépôt et placement du Québec, however, has a mandate, as set out in its founding legislation, to contribute to the economic development of Québec. This forms part of a dual mandate which also requires it to achieve optimal returns for its members.

This mandate does not go as far as setting specific targets or percentages for investments in the region, and CDPQ uses the same return criteria across all its investment portfolios, including its Québec investments. CDPQ operates at arm's length from government (a principle also enshrined in its founding legislation).

Despite a lack of mandation among the Maple 8 funds, it is notable that, according to data provider Global SWF, Canadian funds invest 27% domestically and 73% overseas.

Fund	Canadian exposure
CPPIB	12%
PSPiB	21%
CDPQ	27%
AIMCo	42%
BCImc	29%
OTPP	35%
HOOPP	55%
OMERS	21%

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

While the majority of the domestic holdings are in bonds,⁶⁴ it is striking that Canadian pension funds have high levels of investment in domestic infrastructure and real estate.⁶⁵ At around 7% of the total fund on average, this is more than the LGPS, and impressive considering the Canadian Government has kept most infrastructure assets government owned.

There is increasing interest in encouraging UK pension funds to invest more in domestic infrastructure and growth projects, inspired by the success of the Canadian model.⁶⁶ While investment levels are lower than that of the Canadian funds, we still see that there is significant LGPS investment within the UK. The examples below, taken from our report, *Pension scheme investment in illiquid assets case studies from the pensions sector*⁶⁷ demonstrate some of the examples of work already being done by LGPS funds.

⁶⁴ Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

⁶⁵ Ibid

⁶⁶ ICAEW Insights, 2024, Canadian pensions: A model for the UK?., <https://www.icaew.com/insights/viewpoints-on-the-news/2024/aug-2024/canadian-pensions-a-model-for-the-uk>,

⁶⁷ Pensions UK , Pension scheme investment in illiquid assets – case studies from the pensions sector, 2023, <https://www.pensionsuk.org.uk/Policy-and-Research/Document-library/Pension-Scheme-Investments-in-Illiquids-Case-Studies-from-the-Pensions-Sector>

CASE STUDY – Merseyside Pension Fund – Gravity loan

In 2020, Merseyside Pension Fund (MPF) provided financing to facilitate the remediation and development of a more than 600-acre site in Somerset, which has recently been selected by Tata group for the location of its £4 billion electric car battery gigafactory.

In July 2020, at the height of the Covid-19 pandemic, MPF committed to a senior land and infrastructure loan in Somerset. The loan was secured against an existing strategic site in Southwest England known as ‘Gravity’ and provided funding to refinance existing debt, finish the buildout of infrastructure, remediation, and fund enhanced planning.

The project’s objective was to create the UK’s first ‘Smart Campus’ that would be technology and low carbon focused. The investment contributed to creating 616 acres for storage & distribution, energy generation, manufacturing, R&D, and leisure. The initiative targeted occupiers in various sectors, including electric car manufacturing, e-commerce, food distribution, and life sciences.

In 2017, the site had gained Enterprise Zone status, valid until 2042. Businesses basing themselves on the site benefit from lower taxes, access to superfast broadband, and streamlined planning permission to facilitate local infrastructure.

In 2022, the Gravity Local Development Order (LDO) was adopted by Sedgemoor District Council (now Somerset Council). The LDO is a streamlined form of planning consent, contributing to the UK proposition to attract investors and new business to Somerset, as it provides certainty to inform decision-making. The site had outlined planning consent for up to 1.1 million square metres of industrial space and 750 homes under the LDO.

Gravity is collaborating with Bridgwater & Taunton College to create a leading network of education and skills initiatives. Together, they developed a ‘Skills Charter’ intended to outline principles and objectives from which individual Employment and Skills Plans for each occupier/site will be developed to deliver benefits to the local community, Gravity, and its occupiers. The objectives are to meet occupier demand for talent and provide strategic linkages into local schools, such as Bridgwater and Taunton College, to foster young people’s ambition and provide the new workforce with support and training.

The Gravity site can also offer bespoke renewable and low-carbon on-site energy solutions. In addition, it has licences to abstract up to 1.1 million m³/year from the adjacent Huntspill River. In 2019, Gravity was shortlisted by the Advanced Propulsion Centre commissioned by the UK Government to identify locations for Gigafactory sites. It resulted in its international promotion by The Department for

International Trade. Gravity also had strategic ties with the Faraday Institute to attract battery producers to the UK, leading to discussions with global battery producers about potential factory requirements.

The efforts of promoting the site proved to be fruitful. Tata Group have announced that it had chosen Gravity for the location of its £4 billion electric car battery gigafactory. It will be one of the largest-ever investments in the UK automotive sector and is said to create up to 4,000 highly skilled jobs on-site. With an initial output of 40GWh, it will be one of the largest factories in Europe, providing almost half of the battery production that the Faraday Institution estimates the UK will need by 2030 to support its transition to zero emissions vehicles.

The gigafactory will secure UK-produced batteries for another Tata Sons investment, Jaguar Land Rover (JLR), as well as other manufacturers in the UK and Europe. It will supply JLR's future battery-electric models, including the Range Rover Defender, Discovery, and Jaguar brands. Production at the new gigafactory is due to start in 2026.

CASE STUDY – Clwyd Pension Fund (CPF) – Example of private markets investments

CPF invested £10 million in a £25 million investment with the Development Bank of Wales alongside the Welsh Local Government Association (WLGA). CPF was the first limited partner and helped shape the limited partnership agreement and reporting requirements.

CPF invested alongside Greater Manchester Pension Fund and South Yorkshire Pensions Authority in the North West England and North East Wales Regional Fund to ensure the manager considered opportunities in North East Wales.

In 2022, the Fund agreed a £50 million separately-managed account with an external manager (Capital Dynamics) to invest directly into clean energy projects in Wales. The Fund is consulted on the projects identified and can also ask the manager to appraise projects that are brought to it. Since April 2023, £38 million has been committed from the £50 million, and £15 million has been deployed.

In addition, a project was identified which was too large for CPF as an individual Fund, so it took the opportunity to its pool. Subsequently, six of the other seven Welsh Funds invested alongside CPF in that project. There will be further opportunities to share in the future.

Costs

The LGPS appears to have a lower cost than the average Canadian fund. However, it is difficult to ensure a like-for-like comparison and consistent calculation method.

The information in the table below comes from 2023 annual reports, which includes operating, transaction and external management fees (converted to basis points based on average AUM).⁶⁸ The LGPS cost estimate is an average across the English and Welsh funds.

Fund	2023 Cost (bps)	AUM
CPPIB	59	£362bn
PSPIB	69.4	£152bn
CDPQ	59	£249bn
AIMCo	62.8	£92bn
BCImc	53.7	£143bn
OTPP	75	£143bn
HOOPP	59	£65bn
OMERS	54	£74bn
LGPS	54.6	C£400bn

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model,
https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

The greater investment in private markets by Canadian funds typically results in higher costs.

⁶⁸ Hymans Robertson, 2025, Policy briefing note – the Canadian Model,
https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

Conclusion

The Canadian Maple 8 pension schemes present an attractive model for the UK Government due to their significant investments in alternative assets, but we must not forget or diminish the success of the LGPS.

- LGPS assets under management are at £390 billion in England and Wales and growing.
- Funding levels sit at an average of 107% and are also growing.
- For members, the LGPS delivers secure, defined benefit in retirement to over 6.7 million individuals.

If we are to consider how the Canadian model can be replicated in the UK, we must do so with an awareness of the similarities and differences.

The similarities include independent governance, a hands-off regulatory environment on investment decisions, and lack of quantitative investment limits. The differences include size and use of in-house investment management. The Maple 8 are also larger schemes operating in a smaller economy and started their journey towards their current operating model some decades ago.

There is clearly value in assessing international best practice and understanding what aspects of the Canadian model work well. Aspects such as the benefits of scale, well-resourced in-house management, and openness to more diversified investment strategies are all important to their success. But the current relative sizes of the LGPS and Maple 8 needs to be considered, as well as the need for time to move to different configurations.

Pensions UK supports a structured and measured process for adopting learnings from Canada, which reflects the differences as well as acknowledging the similarities, all the while ensuring that the interests of scheme members remain at the forefront. Measures to progress pooling are bringing the LGPS closer to the Canadian model and patience is needed to see these developments take effect.

Annex A: What are the ‘Maple 8’ schemes?

The Canadian pensions system is divided into three tiers. The first tier is similar to a state pension, which provides a basic income guarantee for seniors through two publicly financed programs, Old Age Security (OAS) and Guaranteed Income Supplement (GIS), which are means-tested. The second tier includes the Québec Pension Plan (QPP) and Canada Pension Plan (CPP), which are mandatory earnings-related programs for the employed and self-employed in Québec and the rest of Canada. The third tier consists of workplace pensions and private savings plans that allow for additional earnings replacement in retirement.⁶⁹

Although not the largest in the world, Canadian public pension funds feature prominently in global rankings and constitute a large portion of Canadian retirement-specific assets. Data from the Thinking Ahead Institute, *The world’s largest pension funds – 2024* shows that the ‘Maple 8’ rank within the top 115 pension schemes globally.⁷⁰

- The LGPS doesn’t typically appear in global rankings of pension schemes because while the collective assets are substantial, each individual fund tends to be smaller than other consolidated schemes around the world (and global rankings tend to focus on consolidated schemes).
- Based on the rankings cited above, the LGPS would sit comfortably in the top 10.

The largest of the LGPS pools is ACCESS, managing approximately £65 billion, and the largest of the funds is Greater Manchester Pension Fund, with £31.3 billion of AUM.

The Canadian pensions model has the following characteristics:

⁶⁹ World Bank, 2017, The Evolution of the Canadian Pension Model, <https://documents1.worldbank.org/curated/en/780721510639698502/pdf/121375-The-Evolution-of-the-Canadian-Pension-Model-All-Pages-Final-Low-Res-9-10-2018.pdf>

⁷⁰ Thinking Ahead Institute, The world’s largest pension funds – 2024, 2024, <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-pension-funds-2024/>

<p style="text-align: center;">Governance</p> <ul style="list-style-type: none"> • Independence • Leadership • Accountability and transparency 	<p style="text-align: center;">People and organisation</p> <ul style="list-style-type: none"> • Top talent and integrity • Competitive pay 	<p style="text-align: center;">Investments</p> <ul style="list-style-type: none"> • Comparative advantage • In-house management • Diversification • Managed risks and liabilities
<p style="text-align: center;">Administration</p> <ul style="list-style-type: none"> • Client-focused orientation • Modern technology • High quality communications and education 	<p style="text-align: center;">Plan design and funding</p> <ul style="list-style-type: none"> • Sponsors with scale and mission alignment • Realistic assumptions • Risk sharing and prudent funding 	<p style="text-align: center;">Regulation and public policy</p> <ul style="list-style-type: none"> • Trust and autonomy • Robust regulatory regime • Good governance encouraged

- **Independent governance.** Although many of the public pension funds have government as a sponsor or contributor, funds operate at arm’s length of governments and sponsors and are overseen by independent boards that have a fiduciary duty to the plan members and operate within strong accountability and transparency frameworks.
- **Scale.** Assets under management exceed Cdn\$10 billion and are often significantly higher.
- **Well-resourced in-house management.** Canadian funds have evolved to have a significant portion of their investment management, pension administration, or both performed by in-house professionals who receive competitive compensation.
- **Diversification.** Canadian pension funds are highly diversified by both geography and asset class, including a significant allocation to alternative asset classes such as real estate, private equity, and infrastructure and

significant direct investments in such asset classes. According to a recently released study by PwC, Canadian pension funds have a higher exposure to alternatives than large pension funds in Australia, the Netherlands, the Nordic countries, the United Kingdom, and the United States.

- **Talent.** Through a combination of a compelling mission, competitive compensation, and intellectually stimulating work, Canadian pension institutions have been successful in attracting and retaining top talent from around the world at both the board and management levels.
- **Long time horizon.** Canadian pension funds are long-term investors able to withstand short-term market volatility.⁷¹

The current Canadian pension system was created through reforms in the 1990s to address adequacy and underfunding issues. Public pension funds set-up/restructured adhering to the following principles:

- Alignment of interests and collaboration between the different stakeholders without political interference
- Having an independent and professional Board in place
- Provide patient capital
- Exposure to alternative assets
- In-house management
- Competitive compensation for investment professionals.

The investment approach used by the Maple-8 is known as the ‘Canadian model’, perhaps best known today for using direct investments and internal management of assets, as well as their globally diverse portfolios.

Between them, the Maple 8 schemes manage more than £1.1 trillion in assets.

Pension plan		Est	Sponsor	Crown corp	AUM
Canada Pension Plan Investment Board	CPPIB	1997	Federal and Provincial Governments	Y	£362bn

⁷¹ Ibid

Public Sector Pension Investment Board	PSPIB	2000	Government of Canada	Y	£152bn
Caisse de depot et placement du Quebec	CDPQ	1965	Government of Quebec	Y	£249bn
Alberta Investment Management Corporation	AIMCo	2008	Government of Alberta	Y	£92bn
British Columbia Investment Management Corporation	BCImc	1999	Government of British Columbia	Y	£143bn
Ontario Teachers Pension Plan	OTPP	1990	Government of Ontario and Ontario Teachers' Federation	N	£143bn
Healthcare of Ontario Pension Plan	HOOPP	1960	Ontario Hospital Association and Unions	N	£65bn
Ontario Municipal Employees Retirement System	OMERS	1962	Various government entities and four unions in Ontario	N	£74bn

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model,
https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

Five of the Maple 8 funds are “Crown corporations” meaning they are government organisations which are owned by the Crown (i.e. Government of Canada or a province) and established by an Act of Canadian Parliament.

Like the LGPS, the retirement income elements of these Canadian funds collect member and employer contributions to provide a range of defined benefit (DB) pensions to their members. The benefits are also mostly inflation linked (however, some benefits have capped, discretionary or risk sharing elements to inflationary benefit increases).

Annex B: Canadian pension system contribution rates (by tier)

Tier 2 contribution rates:

- **Canada Pension Plan (CPP)** – 5.95% for employer and employee. An additional component for higher earners (extra 4% for employer and employee). Self-employed individuals contribute the full 11.9%.
- **Québec Pension Plan (QPP)** – 6.15% for employer and employee. Self-employed individuals contribute the full 12.30%.⁷²

Tier 3 contribution rates (where data is retrievable):

- **Healthcare of Ontario Pension Plan (HOOPP)** – Employees contribute 6.9% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 9.2% above the YMPE. For every Cdn\$1 contributed by an employee, the employer will contribute Cdn\$1.26.⁷³
- **Ontario Teachers' Pension Plan (OTPP)** – employees contribute 10.4% of earnings (up to the CPP limit), plus 12.0% of any salary above the CPP limit*. This is matched by the Ontario Government (or other participating employers).⁷⁴
- **Ontario Municipal Employees Retirement System (OMERS)** – Employees contribute 9% on contributory earnings up to the (YMPE) and on contributory earnings over the YMPE, they contribute 14.6%. This is matched by the employer.⁷⁵
- **Public Sector Pension Investment Board (PSP Investments)** – Employees contribute 8.25% for earnings up to YMPE and 8.95% for earnings above YMPE. Employers contribute 9.85%.⁷⁶
- **Alberta Investment Management Corporation (AIMCo)** – AIMCo manages 31 separate funds. Below is an illustration of the contribution rate in the largest of these funds:
 - **Local Authorities Pension Plan (LAPP)** - Employees contribute 7.45% up to the YMPE and 10.65% over the YMPE. In LAPP, employers always pay an extra 1% (8.45% and 11.65%).⁷⁷

⁷² Southern Ontario Smart News, 2024, QPP vs CPP: Which is more secure Retirement Option?, <https://www.soscip.org/qpp-vs-cpp-which-is-more-secure-retirement-option/>

⁷³ Healthcare of Ontario Pension Plan, 2025, How your Pension works, <https://hoopp.com/members/hoopp-pension-features/pension-calculation>

⁷⁴ Ontario Teachers Pension Plan, 2025, The basic of your pension, <https://www.otpp.com/en-ca/members/life-events/learning-about-the-plan/defined-benefit-pensions/>

⁷⁵ OMERS, 2025, Getting Started with OMERS – member handbook, <https://members.omers.com/getting-started#getting-started:-your-contributions>

⁷⁶ Public Service Pension Plan, 2025, How Pension Contributions Work, <https://pspp.pensionsbc.ca/how-much-does-my-employer-contribute->

⁷⁷ Local Authorities Pension Plan, 2025, Contributions, <https://www.lapp.ca/page/contributions>

- **British Columbia Investment Management Corporation (BCI)** - Contribution rates vary across the funds managed by BCI – below are a couple of examples of contribution rates.
 - **Municipal Pension Plan (MPP)** - Employees contribute approximately 8.5% of their salary with employers contributing around 9.5% of the employee's salary.⁷⁸
 - **Teachers' Pension Plan (TPP)** - Employees contribute approximately 11.3% of their salary with employers contributing around 12.3%.⁷⁹

*The CPP limit, which changes annually, is set at Cdn\$71,300 in 2025.

⁷⁸ Municipal Pension Plan, 2025, Municipal Pension Plan Rules,

<https://mpp.pensionsbc.ca/documents/391208/1204361/%28PDF%29+Municipal+Pension+Plan+rules.pdf/439e9d74-7610-48a0-a0d1-339bc736dcbc?t=1637251909456>

⁷⁹ Teachers Pension Plan, 2024, Teachers Pension Plan Rules,

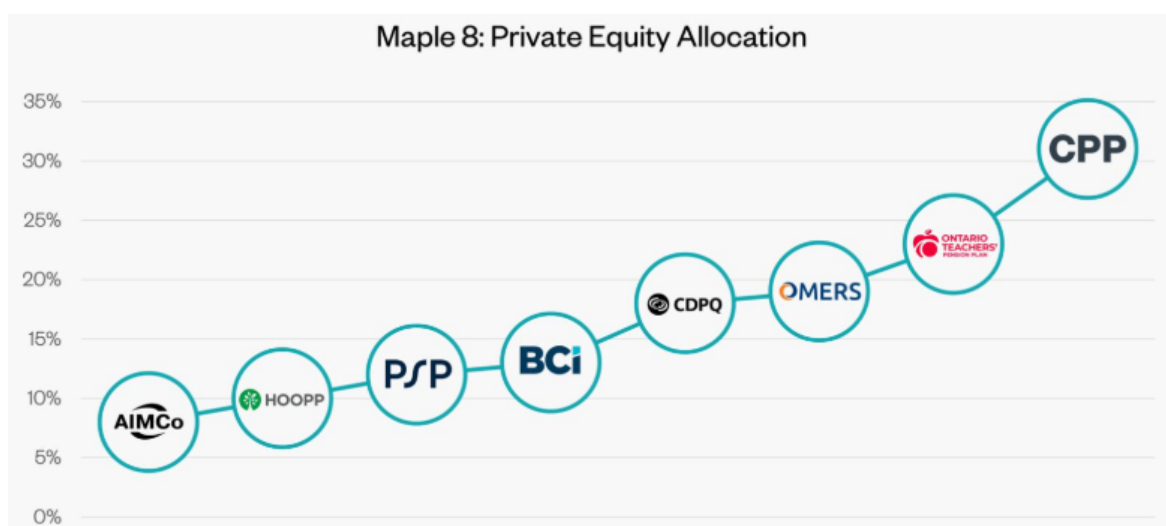
<https://tpp.pensionsbc.ca/documents/1594030/1619106/%28PDF%29+Teachers%27+Pension+Plan+rules/bdf8428b-e118-4a78-a20e-b6308205f336>

Annex C: Maple 8 investments

Significant / increasing investment in alternatives

The defined benefit nature of the vast majority of Canadian public pension obligations gives the Canadian funds stable, patient capital, which enables them to invest directly in long-dated assets such as infrastructure and real estate. The relatively hands-off regulatory environment governing the investment of Canadian pension assets has also enabled Canadian pension funds more leeway to pursue new and innovative investment strategies with less concern about regulatory intervention. This freedom has given Canadian funds a comparative advantage relative to pension funds in other jurisdictions and financial institutions that operate under more prescriptive regulatory regimes⁸⁰.

Canadian funds are well known for their significant exposure to alternative asset classes such as real estate, infrastructure, and private equity.



Source: Chronograph, 2024, The Success of the Canadian Model and Maple 8, <https://www.chronograph.pe/the-success-of-the-canadian-model-and-maple-8/>

Although increasing allocation to alternatives has become a broader trend in more recent years among institutional investors, Canadian funds began to follow this path relatively early, in the 1990s and early 2000s. Today, roughly one-third of the

⁸⁰ Ibid

portfolios of the top 10 Canadian public pension funds are in alternative asset classes.⁸¹

Canadian and Australian pension funds have pioneered direct investment in infrastructure in OECD countries. The OECD Annual Survey of Large Pension Funds and Public Pension Reserve Funds showed that Canada had two of the largest investors in infrastructure by investment size. The Canada Pension Plan Investment Board, for example, invested over US\$20 billion (7.5% of total investments) in unlisted infrastructure equity in 2017, and 99.8% was through direct investment or co-investment.⁸²

Several Canadian pension schemes invest in venture capital by directly funding private startups and scale-ups. They also invest indirectly, becoming limited partners (LPs) in other funds which deploy venture capital on their behalf. Some pension funds accept other investors as LPs. The value of VC deals in which the country's 10 largest pension funds participated grew exponentially throughout the pandemic, data from PitchBook shows. Deals involving the firms jumped from US\$4.3 billion in 2019 to US\$10.7 billion in 2020, more than doubling again in 2021 to finish the year with US\$26.6 billion in funding in the asset class. Pension analyst Keith Ambachtsheer pegs venture capital at about one per cent of Canadian pension funds' total assets overall.⁸³

Importantly, the Canadian Government does not impose any quantitative investment limits and require pension providers to invest according to the prudent person rule, which ensures that investments are carried out in a prudent manner considering the best interest of members and beneficiaries.⁸⁴

There are pension funds which have an obligation to invest in domestic assets. Fund manager Caisse de dépôt et de placement du Québec (CDPQ), which manages public pension and insurance plans assets, has a mandate to contribute to the region's economic development, as well as having the goal to maximise returns. CDPQ's approach to investing in Québec comprises three themes:

- Investments in the growth and globalisation of small, medium, and large corporations

⁸¹ Ibid

⁸² OECD, 2022, Strengthening Asset-backed Pension Systems in a Post-COVID World, https://www.oecd.org/en/publications/strengthening-asset-backed-pension-systems-in-a-post-covid-world_288cb3cf-en.html

⁸³ Catherine McIntyre – The Logic, 2022, Pension funds eye venture capital buying opportunities amid market downturn, <https://thelogic.co/news/pension-funds-eye-venture-capital-buying-opportunities-amid-market-downturn/>

⁸⁴ OECD, 2022, "Strengthening Asset-backed Pension Systems in a Post-COVID World, https://www.oecd.org/en/publications/strengthening-asset-backed-pension-systems-in-a-post-covid-world_288cb3cf-en.html

- Investments in innovative companies and ecosystems and the next generation of entrepreneurs
- High-impact real estate and infrastructure projects.

However, there is no specific target or percentage for investments in Québec, and CDPQ uses the same return criteria across all its investment portfolios, including its Québec investments. CDPQ operates at arm's length from government (a principle enshrined in its founding legislation) and CDPQ's performance has generally matched that of its peers, including a 10.2% average annual return for the past five years. The Government of Québec has access to its own economic development agency, which is separate and apart from CDPQ, should it wish to directly make investments in the province that are not tied to financial returns.⁸⁵

Annex D shows a detailed breakdown of the asset allocation and returns of all Canadian pension funds.

The LGPS has a comparatively lower allocation to private markets. However, over the last decade, LGPS funds have reallocated around 12% of total assets from listed equities into private markets.⁸⁶

Canadian funds invest in UK infrastructure (more so than UK pension funds)

Canadian pension funds have demonstrated a high level of preparedness and capability to invest in infrastructure projects, including those in the UK. This could be a result of the early adoption of infrastructure as a key asset class and the development of substantial in-house expertise to utilise investment in the asset class.

The governance structures of Canadian pension funds also support long-term investment horizons, which align well with the nature of infrastructure projects. Their ability to make substantial, patient capital commitments has allowed them to participate in significant infrastructure developments, such as transportation networks, energy facilities, and urban development initiatives.

Major Canadian funds like the Canada Pension Plan Investment Board (CPPIB) and Ontario Teachers' Pension Plan (OTPP) have been investing in infrastructure since the early 2000s. They have built specialised teams with deep knowledge of

⁸⁵World Bank, 2017, "The Evolution of the Canadian Pension Model," World Bank, 2017
<https://documents1.worldbank.org/curated/en/780721510639698502/pdf/121375-The-Evolution-of-the-Canadian-Pension-Model-All-Pages-Final-Low-Res-9-10-2018.pdf>

⁸⁶Hymans Robertson, 2025, Policy briefing note – the Canadian Model,
https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

infrastructure investments, allowing them to manage and invest directly in large-scale projects. This hands-on approach has enabled them to identify and capitalise on high-quality infrastructure opportunities globally, including in the UK.⁸⁷

Some specific examples include:

- **CPPIB's stake in Anglian Water**, the UK's largest water and wastewater services company. CPPIB has been involved in this investment for several years, contributing to the development and maintenance of critical water infrastructure in the UK.
- In 2023, **OTPP increased its stake in Bristol Airport**, one of the UK's major regional airports. This investment supports the airport's expansion and modernisation plans, enhancing its capacity and services.
- In 2024, **CDPQ partnered with a UK-based renewable energy company** to develop and operate wind farms across the UK. This investment aligns with CDPQ's commitment to sustainable and green energy projects.

These examples highlight the active role Canadian pension funds play in supporting and developing UK infrastructure, leveraging their expertise and capital to contribute to the UK's economic growth and sustainability.

In contrast, UK pension schemes have been relatively slower to embrace infrastructure investments. Several barriers have hindered their preparedness, including the fragmented nature of the UK pension system, which comprises numerous smaller schemes. These smaller schemes often lack the scale to invest directly in large infrastructure projects, leading to a reliance on pooled investment vehicles and external managers. This reliance can dilute control and potential returns from these investments.

Additionally, UK pension schemes have faced regulatory and data collection challenges that have made it difficult to accurately assess and report infrastructure allocations. The need for better processes and mechanisms to define and collect consistent data on infrastructure investments has been highlighted by various industry reports. This lack of transparency and standardised reporting has impeded the ability of UK pension schemes to fully commit to and benefit from infrastructure as an asset class.⁸⁸

What does all of this look like? The tables below sets out the varying asset allocations of the LGPS vs the Maple 8 and there are two key takeaways:

⁸⁷ ICAEW Insights, 2024, Canadian pensions: A model for the UK?., <https://www.icaew.com/insights/viewpoints-on-the-news/2024/aug-2024/canadian-pensions-a-model-for-the-uk>

⁸⁸ Cordiant, 2024, What are the lessons the UK can learn from the Canadian pensions model?, <https://www.cordiantcap.com/what-are-the-lessons-the-uk-can-learn-from-the-canadian-pensions-model/>

- While levels of investment in alternatives do vary across the Canadian schemes, they are still significantly higher than the LGPS.
- The domestic exposure is much higher in the Canadian Maple 8 vs the LGPS and while approximately 30% of the LGPS’ assets are invested in the UK,⁸⁹ these are predominantly in listed equities and government bonds rather than the more growth driving alternative assets like is the case in Canada.

Fund	Equities	Bonds (inc cash)	Credit / private debt	Private equity	Real estate	Infra	Other
CPPIB	27	7	16	32	9	9	0
PSPIB	26	20	10	15	14	10	5
CDPQ	25	9	21	20	12	13	0
AIMCo	38	32	3	6	13	8	0
BCImc	30	37	4	12	16	10	-9
OTPP	6	34	-	23	10	13	14
HOOPP	13	58	-	11	10	3	5
OMERS	11	28	6	20	16	19	0
LGPS	51	19	2	8	9	6	4

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

Fund	Canadian exposure
CPPIB	12%
PSPIB	21%
CDPQ	27%
AIMCo	42%
BCImc	29%
OTPP	35%
HOOPP	55%
OMERS	21%

Source: Hymans Robertson, 2025, Policy briefing note – the Canadian Model, https://www.hymans.co.uk/media/uploads/Policy_briefing_note_-_the_Canadian_model.pdf

For a more detailed breakdown of the asset allocation of Canadian pension schemes, please see Annex D.

⁸⁹ Department for Work and Pensions, 2024, Research and analysis – pension fund investment and the UK economy, <https://www.gov.uk/government/publications/pension-fund-investment-and-the-uk-economy/pension-fund-investment-and-the-uk-economy>

Despite this, there are signs of progress as highlighted in the previous section. The UK Government has been encouraging greater investment in infrastructure, particularly in projects that align with environmental, social, and governance (ESG) goals.

Away from the LGPS, defined contribution (DC) schemes are also beginning to explore infrastructure investments more actively, driven by the need to manage volatility and achieve stable, long-term returns. As these efforts continue, UK pension schemes are expected to increase their infrastructure allocations, but they still have some way to go to match the preparedness and success of their Canadian counterparts.⁹⁰

These contrasts highlight the different stages of development and strategic approaches taken by Canadian and UK pension funds in the area of infrastructure investment. While Canadian funds have established themselves as leaders in this space, UK schemes are still on the journey of gradually building the necessary capabilities and frameworks to enhance their participation in infrastructure projects.

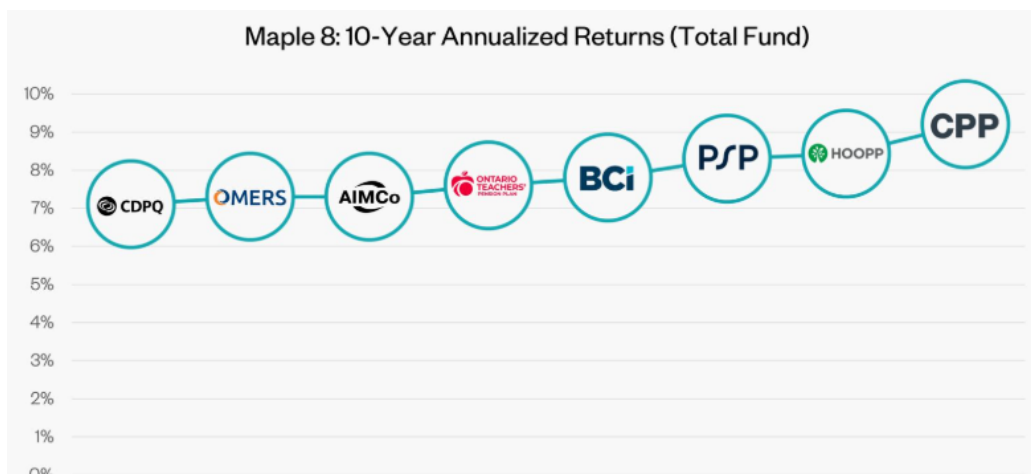
⁹⁰ Pensions Policy Institute (PPI), 2024, Pension scheme assets – a deep dive into infrastructure, <https://www.pensionspolicyinstitute.org.uk/media/byphoeyr/20241003-deep-dive-2-infrastructure.pdf>

Annex D: Asset allocation drilldown ⁹¹

Asset Value	Market value of assets				
Sector funds	Public and private sector, total				
Asset category	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Dollars					
Total gross assets	2,182,706	2,157,294	2,247,827	2,305,845	2,327,693
Equities	821,226	811,766	834,775	872,971	888,320
Public equities	497,802	481,659	505,606	542,618	554,029
Private equities	323,424	330,106	329,169	330,353	334,291
Bonds	541,746	526,424	588,676	590,468	604,654
Federal bonds	161,490	158,177	179,713	178,030	179,723
Provincial bonds	164,101	153,716	173,105	172,635	181,762
Municipal bonds	9,344	9,175	9,902	9,619	9,738
Other Canadian bonds (corporate)	116,978	113,357	125,875	124,112	130,102
Foreign bonds	89,832	92,000	100,080	106,071	103,328
Infrastructure	215,336	219,206	219,831	229,477	234,076
Canadian mortgages	26,891	26,821	27,650	27,534	27,816
Canadian residential mortgage	4,381	4,477	4,830	4,008	3,941
Canadian non-residential mortgage	22,511	22,345	22,821	23,526	23,875
Real estate	265,294	266,184	258,405	260,735	262,097
Cash, deposit, Guaranteed Investment Certificates (GICs)	21,276	20,615	20,513	21,894	20,097
Government of Canada Treasury Bills	40,765	40,871	37,122	42,244	44,200
Other short-term funds	28,257	23,583	23,170	21,115	14,225
Life insurance annuity contracts	2,695	2,679	3,191	2,663	2,678
Accrued interest and dividends receivable	4,426	5,550	4,326	5,325	4,365
Accounts receivable	52,064	47,787	55,322	58,832	49,624
Other assets	162,729	165,807	174,847	172,587	175,542
Total liabilities	247,582	263,641	273,008	282,704	281,466
Investment related liabilities	192,657	202,219	211,900	220,003	217,576
Derivative related liabilities	11,524	16,122	14,379	15,040	13,889
Accounts payable	12,918	14,096	13,905	14,776	15,077
Other liabilities	30,483	31,204	32,824	32,885	34,923
Total net assets	1,935,124	1,893,653	1,974,819	2,023,141	2,046,228

⁹¹ Statistics Canada, 2025, Trusteed pension funds, value of assets by sector, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110008401>

10-year annualised returns⁹²



Source: Chronograph, 2024, The Success of the Canadian Model and Maple 8, <https://www.chronograph.pe/the-success-of-the-canadian-model-and-maple-8/>

⁹² Chronograph, 2024, The Success of the Canadian Model and Maple 8, <https://www.chronograph.pe/the-success-of-the-canadian-model-and-maple-8/>

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