

# The ownership of investment companies

Understanding the industry's shareholder base



February 2024

## Foreword



Investment trusts, also known as investment companies, were founded to give investors of “moderate means” access to the same opportunities and advantages as the largest investors. This report shows that this vision is still being delivered today. Ownership of the investment company sector is broad and diverse, with 50% owned by institutional investors and 50% owned by private investors – either directly, through wealth managers or adviser platforms.

The last two years have been challenging for the sector. Performance was hard to come by as markets adapted to higher interest rates, while discounts widened. There has been consolidation amongst wealth managers amid an ongoing shift towards centralised investment propositions. Wider discounts have led to the reappearance of activist institutional investors on some companies’ share registers and wealth managers have found the cost disclosures required when including investment companies in their portfolios a further barrier.

However, the ownership profile has changed relatively little in percentage terms in the last year. Institutions have seen a slight increase (up 1%) and wealth managers a slight decrease (1%). The marginal shift, which is largely accounted for by a change in the ownership of alternative asset investment companies, perhaps reflects those factors noted above.

Our research also reflects longer-running trends. Private investors holding their shares directly through investment platforms make up a third of the holdings of equity investment companies. It is noteworthy that over 12% of the sector is held directly by private investors through the two largest platforms – Hargreaves Lansdown and interactive investor. It is also significant that those investment company holdings comprise more than 12% of the total customer assets on those two platforms – i.e. approximately £1 in every £8 – highlighting the importance of investment companies to their customers.

Compared to equity investment companies, alternative asset companies are newer entrants on the scene, with an average age of 11 years compared to 32 for equity companies. Their shareholder base is dominated by institutions, which would have been the principal buyers at IPO.

Investment companies are a real UK success story, continuing to give investors of moderate means access to opportunities across geographies and asset classes, public and private markets. They also help to channel capital into the drivers of future economic growth, such as infrastructure and the transition to net zero. This report, which sets out for the first time in this depth the ownership of the sector, illustrates the breadth of their appeal.

**Richard Stone, Chief Executive, AIC**

## Executive summary

- Institutions hold 50% of investment company shares by value, with wealth managers holding 25%, private investors 23% and adviser platforms 2%.
- Institutions are the main shareholders of alternative asset investment companies, holding 70%. They are particularly dominant in the private equity asset category.
- A third of the shareholder base of equity investment companies (33%) is made up of private investors. Private investors own more than either institutions or wealth managers in some mainstream equity sectors such as Global and UK Equity Income.
- Wealth managers make up a larger part of the shareholder base of equity investment companies (28%) than they do of alternative investment companies (20%). Their most favoured alternative asset category is infrastructure where they account for 31% of shareholdings.
- Asset managers dominate the ranking of largest institutional investors in investment companies, including BlackRock, Columbia Threadneedle, Vanguard, City of London Investment Management and Legal and General.
- The wealth managers with the largest stakes in investment companies are Rathbones, Evelyn Partners, Investec, Brewin Dolphin and Quilter Cheviot.
- The most significant private investor platforms for investment companies are Hargreaves Lansdown and interactive investor, while Transact, Embark and Raymond James are the highest ranked adviser platforms by investment company shareholdings.
- Since December 2022 the share of investment companies held by institutions has increased by 1 percentage point at the expense of wealth managers. Most of this shift is accounted for by changes in the shareholder base of alternative investment companies. Private investor holdings were flat year-on-year.

## About this report

Who owns investment companies? This apparently simple question has not always been easy to answer. Changing shareholder registers have long been a talking point in the industry, but reliable industry-wide data has been lacking.

This data is important for several reasons. It enables investment companies to compare their share register with others and pursue better-informed marketing strategies. It highlights potential sources of demand, and over time, can cast a light on shifting patterns of ownership. Quite simply, the question of who owns investment companies is a fundamental one for anyone wishing to understand the industry better or play a role in shaping its future.

Following extensive analysis of Argus Vickers' shareholder database, the AIC is now able to offer the industry a profile of its shareholder base at the end of 2023.

In common with previous work done by RD:IR and Warhorse Partners (discussed in Appendix 3), we have focused our analysis on who makes the investment decision, rather than the beneficial owner. So our "wealth manager" category includes money managed on behalf of private individuals, while our "private investor" category is limited to self-directed investors. All analysis and data in this report excludes venture capital trusts (VCTs).

Our headline finding is that institutions make up about half of investment companies' shareholder base, with the remainder split between wealth managers and private investors, plus a sliver for financial adviser platforms. Institutions dominate alternatives sectors, while private investors have large stakes in mainstream equity sectors.

We go on to break down ownership by asset category and AIC sector. There are rankings of the industry's largest shareholders followed by a year-on-year comparison to show the incremental change in investment companies' shareholder base since December 2022. You can find a detailed methodology at the end of the report.

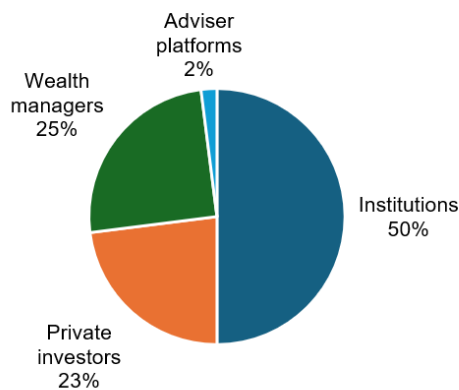
This report will be updated regularly to follow any trends in the ownership of investment companies and draw out stories behind the data. While we have tried to make it as accurate and useful as possible, inevitably there will be room for improvement. We welcome feedback from users of this report to help us develop it in future.

In the meantime, we hope the following information provides useful insights to directors, asset managers and others interested in the investment company industry.

## A snapshot

This research covers investment company holdings worth a combined £177 billion, or 87% of the industry’s total market value at the end of December 2023. Of this, institutions hold £89 billion (50%), wealth managers account for £44 billion (25%), private investors £41 billion (23%) and adviser platforms £4 billion (2%).

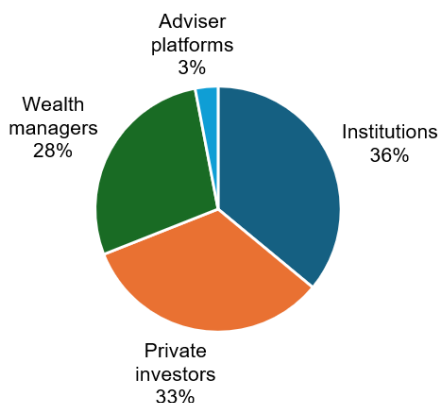
### Investment company universe



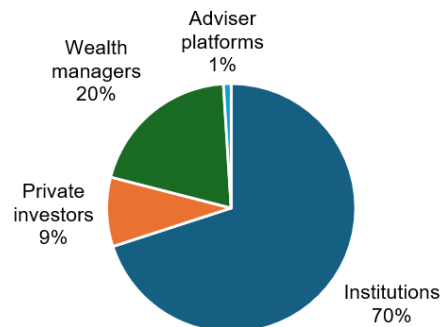
Splitting the investment company universe into “equities” and “alternatives” shows the dominance of institutions in the latter category. They hold 70% of investment companies focused on alternatives (£51 billion), with wealth managers holding 20% (£14 billion) and private investors just 9% (£7 billion).

For mainstream equities, ownership is more evenly divided between these three main groups. Institutions hold 36% (£38 billion), private investors 33% (£34 billion) and wealth managers 28% (£29 billion).

### Equity investment companies



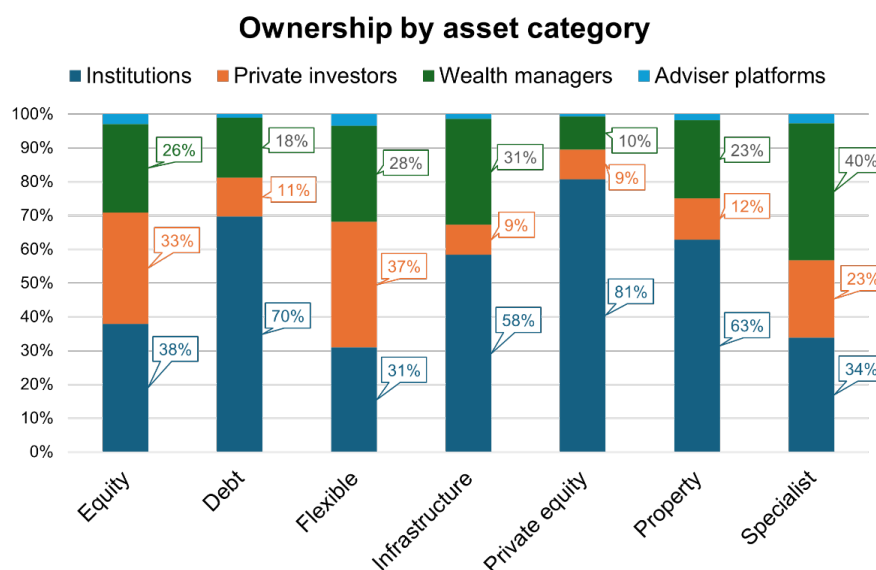
### Alternative investment companies



## Ownership by asset category

The AIC universe can be split into seven broad asset categories, excluding VCTs. In descending order of size these are: equity, private equity, infrastructure, direct property, specialist, flexible and debt.

Institutions are extremely dominant in the private equity category, making up 81% of the shareholder base. They also account for well over half the ownership of the debt, property and infrastructure categories (70%, 63% and 58% respectively). They hold 38% of equity investment trusts.



Private investors are most dominant in the flexible and equity categories, making up 37% and 33% of shareholders respectively. As might be expected, they are smaller players in the alternative asset categories, but they hold 23% of the specialist category, with a particular interest in Commodities & Natural Resources.

Wealth managers are significant holders of infrastructure investment companies, where they account for 31% of share ownership. They also have a substantial interest in the specialist category, of which they own 40%: this is boosted by large holdings in the Biotechnology & Healthcare and Hedge Funds sectors. Despite the received wisdom that wealth managers are no longer interested in equity trusts, they hold 26% of the category, broadly in line with their overall exposure to investment companies. They have comparatively little exposure to private equity, making up 10% of shareholders.

A data table including the values of holdings in pounds is in Appendix 1 of this report.

## Ownership by AIC sector

We are able to extend our ownership analysis to an AIC sector level for sectors with at least five constituents. This means we can analyse 27 AIC sectors.

In the table below, the shaded cells indicate which investor category is the biggest holder of companies in that sector. Institutions are the most significant shareholders in most sectors, although private investors dominate several equity sectors and wealth managers hold nearly two-thirds of the Hedge Funds sector.

AIC sector	Assets (£bn)	Share of ownership			
		Institutions	Private investors	Wealth managers	Adviser platforms
Asia Pacific	2.29	37%	25%	35%	3%
Asia Pacific Equity Income	0.95	31%	25%	43%	1%
Biotechnology & Healthcare	4.10	37%	21%	39%	3%
Commodities & Natural Resources	1.60	29%	43%	24%	5%
Debt - Direct Lending	1.61	76%	9%	14%	2%
Debt - Loans & Bonds	0.58	40%	33%	26%	1%
Debt - Structured Finance	0.92	78%	2%	20%	0%
Europe	3.93	39%	31%	28%	2%
Flexible Investment	9.42	31%	37%	28%	3%
Global	24.20	31%	40%	25%	3%
Global Emerging Markets	4.57	52%	20%	24%	3%
Global Equity Income	4.43	15%	49%	33%	3%
Global Smaller Companies	4.86	38%	28%	31%	3%
Growth Capital	2.74	88%	4%	8%	0%
Hedge Funds	1.04	36%	0%	64%	0%
Infrastructure	9.97	57%	6%	35%	2%
Japan	1.99	48%	20%	30%	2%
Leasing	0.58	85%	1%	14%	0%
North America	9.14	72%	10%	17%	1%
Private Equity	30.91	80%	9%	10%	1%
Property - Debt	0.61	67%	11%	18%	4%
Property - UK Commercial	4.87	55%	14%	29%	1%
Property - UK Residential	1.05	72%	10%	14%	3%
Renewable Energy Infrastructure	12.06	59%	11%	28%	1%
UK All Companies	3.16	22%	33%	42%	3%
UK Equity Income	10.16	22%	48%	27%	3%
UK Smaller Companies	4.42	36%	29%	30%	5%

## Investment companies' largest shareholders

### Largest 20 institutional investors

	Institution	Value of investments (£m)	% of total industry market cap
1	BlackRock Investment Management (UK) Limited	4,415	2.49%
2	European Clearing	4,389	2.48%
3	Columbia Threadneedle Fund Management Limited	3,655	2.06%
4	Vanguard Group Inc.	2,699	1.52%
5	City of London Investment Management	2,677	1.51%
6	Legal & General Investment Management Limited	2,463	1.39%
7	Goldman Sachs Asset Management	1,499	0.85%
8	Allspring Global Investments, LLC	1,474	0.83%
9	Lazard Asset Management LLC	1,393	0.79%
10	Close Asset Management Limited	1,339	0.76%
11	Schroder & Co Limited	1,232	0.69%
12	Fidelity International Limited (Fil)	1,123	0.63%
13	BlackRock Fund Advisors	1,101	0.62%
14	M&G Investment Management Limited	1,070	0.60%
15	Artemis Investment Management LLP	1,042	0.59%
16	Schroder Investment Management Limited	1,034	0.58%
17	Aviva Investors Global Services Limited	1,024	0.58%
18	1607 Capital Partners LLC	1,002	0.57%
19	Aberdeen Asset Managers Limited	980	0.55%
20	BlackRock Advisors (UK) Limited	941	0.53%



### Private investor (D2C) platforms

	Private investor (D2C) platform	Value of investments (£m)	% of total industry market cap
1	Hargreaves Lansdown Stockbrokers	12,260	6.91%
2	Interactive Investor Services Limited	10,563	5.96%
3	AJ Bell Securities Limited	4,153	2.34%
4	Charles Stanley & Co	3,841	2.17%
5	Halifax Share Dealing Limited	2,324	1.31%
6	FIL Investment Management Limited [Fidelity]	1,817	1.02%
7	Barclays Stockbrokers Limited	1,306	0.74%
8	Equiniti Shareview	531	0.30%
9	Interactive Brokers LLC	448	0.25%
10	Evelyn Partners Investment Management Services Limited [Bestinvest]	292	0.16%
11	Jarvis Investment Management Limited	250	0.14%

### Adviser platforms

	Adviser platform	Value of investments (£m)	% of total industry market cap
1	Integrated Financial Arrangements Ltd [Transact]	1,360	0.77%
2	Embark Investment Services Limited	951	0.54%
3	Raymond James Investment Services Limited	913	0.52%
4	Seven Investment Management LLP	276	0.16%
5	Investment Funds Direct Limited [M&G Wealth]	275	0.16%

Note: Platforms are shown in the tables above if they have holdings of more than 0.1% of total industry market capitalisation. Trading names in square brackets are added for clarity.

## Largest 20 wealth managers

	Wealth manager	Value of investments (£m)	% of total industry market cap
1	Rathbone Investment Management Limited	6,502	3.67%
2	Evelyn Partners Investment Services Limited	4,737	2.67%
3	Investec Wealth & Investment Limited	4,653	2.62%
4	Brewin Dolphin Securities	4,456	2.51%
5	Quilter Cheviot Limited	2,907	1.64%
6	JM Finn & Co Ltd	1,850	1.04%
7	Canaccord Genuity Wealth Management	1,522	0.86%
8	Redmayne Bentley LLP	1,307	0.74%
9	EFG Harris Allday	1,083	0.61%
10	Schroder & Co Bank AG	1,072	0.60%
11	Platform Securities LLP	967	0.55%
12	Brewin Dolphin Wealth Management Limited	837	0.47%
13	Brooks Macdonald Asset Management Limited	630	0.36%
14	UBS AG Zurich	602	0.34%
15	Walker Crips Investment Management Limited	531	0.30%
16	UBS Wealth Management (UK)	516	0.29%
17	Waverton Investment Management Limited	466	0.26%
18	LGT Vestra LLP	446	0.25%
19	Mattioli Woods Plc	424	0.24%
20	HSBC Wealth Management (UK)	422	0.24%

## Changes since December 2022

As we produce updated data over time, we will be able to track changes in investment companies' shareholder base. At present, we are able to compare our data from December 2023 with data from 12 months earlier.

Looking at ownership across all investment companies, wealth managers' share of the pie has declined from 26% to 25%, while institutions' holdings have seen a corresponding increase, from 49% to 50%.

The biggest change in ownership has been among alternative investment trusts. Here, wealth managers' share has declined three percentage points, from 23% to 20%, with a corresponding increase in institutional share.

### Ownership trends, 2022 versus 2023

#### *Investment company universe*

	December 2022	December 2023	Change
Institutions	49%	50%	+1%
Private investors	23%	23%	
Wealth managers	26%	25%	-1%
Adviser platforms	2%	2%	

#### *Equity investment companies*

	December 2022	December 2023	Change
Institutions	36%	36%	
Private investors	32%	33%	+1%
Wealth managers	29%	28%	-1%
Adviser platforms	3%	3%	

#### *Alternative investment companies*

	December 2022	December 2023	Change
Institutions	67%	70%	+3%
Private investors	9%	9%	
Wealth managers	23%	20%	-3%
Adviser platforms	1%	1%	

#### *Market capitalisation and assets (AIC universe ex VCTs)*

	December 2022	December 2023	Change
Market capitalisation	£197bn	£205bn	+4%
Total assets	£257bn	£262bn	+2%
Average discount	-12%	-9%	

## Appendix 1

### Ownership data table

	No. of co.s*	Institutions £m	%	Private investors £m	%	Wealth managers £m	%	Adviser platforms £m	%
<b>Investment company universe</b>	315	88,862	50%	40,911	23%	43,532	25%	3,938	2%
<b>By asset type</b>									
Equities	189	37,955	36%	34,219	33%	29,156	28%	3,149	3%
Alternatives	125	50,906	70%	6,692	9%	14,376	20%	790	1%
<b>By asset category</b>									
Equity	145	31,713	38%	27,614	33%	21,865	26%	2,455	3%
Debt	21	2,170	70%	355	11%	553	18%	33	1%
Flexible	20	2,916	31%	3,502	37%	2,677	28%	326	3%
Infrastructure	30	12,864	58%	1,958	9%	6,890	31%	317	1%
Private equity	23	27,181	81%	2,932	9%	3,307	10%	231	1%
Property	34	7,407	63%	1,430	12%	2,729	23%	206	2%
Specialist	42	4,611	34%	3,120	23%	5,511	40%	370	3%
<b>By AIC sector</b>									
Asia Pacific	5	855	37%	567	25%	805	35%	67	3%
Asia Pacific Equity Income	5	292	31%	235	25%	407	43%	14	1%
Biotechnology & Healthcare	7	1,509	37%	861	21%	1,595	39%	138	3%
Commodities & Natural Resources	8	468	29%	682	43%	381	24%	72	5%
Debt - Direct Lending	6	1,218	76%	145	9%	221	14%	27	2%
Debt - Loans & Bonds	8	235	40%	190	33%	153	26%	6	1%
Debt - Structured Finance	7	717	78%	20	2%	179	20%	0	0%
Europe	7	1,527	39%	1,225	31%	1,099	28%	84	2%
Flexible Investment	20	2,916	31%	3,502	37%	2,677	28%	326	3%
Global	13	7,575	31%	9,694	40%	6,138	25%	793	3%
Global Emerging Markets	10	2,392	52%	934	20%	1,115	24%	132	3%
Global Equity Income	6	669	15%	2,191	49%	1,449	33%	123	3%
Global Smaller Companies	5	1,870	38%	1,341	28%	1,490	31%	162	3%
Growth Capital	6	2,398	88%	108	4%	222	8%	11	0%
Hedge Funds	6	373	36%	3	0%	667	64%	0	0%

	No. of co.S*	Institutions £m	%	Private investors £m	%	Wealth managers £m	%	Adviser platforms £m	%
Infrastructure	9	5,701	57%	605	6%	3,510	35%	152	2%
Japan	5	967	48%	391	20%	589	30%	48	2%
Leasing	7	497	85%	3	1%	80	14%	1	0%
North America	7	6,592	72%	890	10%	1,564	17%	93	1%
Private Equity	17	24,783	80%	2,825	9%	3,085	10%	221	1%
Property - Debt	5	408	67%	66	11%	111	18%	27	4%
Property - UK Commercial	13	2,693	55%	698	14%	1,417	29%	65	1%
Property - UK Residential	5	759	72%	106	10%	152	14%	36	3%
Renewable Energy Infrastructure	21	7,163	59%	1,353	11%	3,380	28%	165	1%
UK All Companies	8	695	22%	1,054	33%	1,323	42%	86	3%
UK Equity Income	21	2,236	22%	4,856	48%	2,735	27%	337	3%
UK Smaller Companies	23	1,596	36%	1,283	29%	1,332	30%	205	5%

\* Different share classes of the same company that are linked to separate pools of assets are counted as separate companies.

## Appendix 2

### Taxonomy of the AIC universe

Asset type	Asset category	AIC sector
Equity	Equity	Asia Pacific Asia Pacific Equity Income Asia Pacific Smaller Companies China / Greater China Country Specialist Europe European Smaller Companies Global Global Emerging Markets Global Equity Income Global Smaller Companies India / Indian Subcontinent Infrastructure Securities Japan Japanese Smaller Companies Latin America North America North American Smaller Companies Property Securities UK All Companies UK Equity & Bond Income UK Equity Income UK Smaller Companies
	Flexible	Flexible Investment
	Specialist*	Biotechnology & Healthcare Commodities & Natural Resources Environmental Financials & Financial Innovation Technology & Technology Innovation
Alternative	Debt	Debt - Direct Lending Debt - Loans & Bonds Debt - Structured Finance
	Infrastructure	Infrastructure Renewable Energy Infrastructure
	Private equity	Growth Capital Private Equity
	Property	Property - Debt Property - Europe Property - Rest of World Property - UK Commercial Property - UK Healthcare Property - UK Logistics Property - UK Residential
	Specialist*	Farmland & Forestry Hedge Funds Insurance & Reinsurance Strategies Leasing Royalties

\* Please note that the "Specialist" asset category spans both asset types, with some sectors within this category categorised as equity and some as alternative.

## Appendix 3

### A comparison with RD:IR/Warhorse data

In October 2022, Warhorse Partners and RD:IR produced their latest report on the ownership of investment companies, with data relating to the end of 2021. While RD:IR's investor categories can be readily mapped on to those we have used, the results are not comparable because of differences in the sample.

The RD:IR universe that the Warhorse report used for its analysis was a broad sample representing the majority of the industry. However, in Warhorse's report for the previous year<sup>1</sup> (relating to the end of 2020) the authors acknowledged a skew towards equity investment companies at the expense of alternatives, illustrated in the table below.

	RD:IR universe (December 2020)	AIC universe (December 2020)	AIC universe (December 2023)
Number of equity investment companies	161	206	189
Number of alternative investment companies	60	124	127
Equity / alternatives split by number of companies (%)	73% / 27%	62% / 38%	60% / 40%

RD:IR found that the alternative investment companies in their sample had significantly higher institutional ownership, and significantly lower ownership by private investors, than their sample as a whole – consistent with the findings in this report. Wealth managers held a slightly lower share of alternative investment companies than their share of investment companies in general, also consistent with our analysis.

The table below presents RD:IR's ownership breakdown from December 2021 against the data in this report. It is likely that the differences are largely explained by the skew towards equity investment companies in the RD:IR sample or other methodological differences, rather than a drastic shift in the shareholder base of investment companies during the past two years.

RD:IR report (December 2021)		This report (December 2023)
30%	Institutions	50%
33% <sup>2</sup>	Private investors	23%
35% <sup>3</sup>	Wealth managers	25%
2%	Adviser platforms	2%

<sup>1</sup> A breakdown of investment companies into equities and alternatives was not provided in the most recent report.

<sup>2</sup> Called 'D2C platforms'

<sup>3</sup> Comprising 29% 'national wealth managers' and 6% 'regional independent brokers'

## Methodology

The data in this report is based on analysis of £177.24 billion of investment company shareholdings using the Argus Vickers database, as at the end of December 2023. This is equivalent to 87% of the industry's market capitalisation of £204.68 billion (excluding VCTs) at the same date.

Percentage breakdowns are based on shareholdings we have been able to analyse and exclude any holdings which are unclassified. Percentages may not sum to 100% due to rounding.

All references to investment companies in this report exclude venture capital trusts (VCTs).

Ownership stakes are categorised by the firm or individual that we believe is the decision maker (called the "manager" in the Argus Vickers database), rather than by beneficial ownership.

'Institutions' include asset managers, pension funds, family offices and trusts. Portfolio managers holding investment company shares in a personal capacity are categorised as institutions.

'Private investors' consists largely of direct-to-consumer (D2C) platforms and execution-only brokers whose clients are individual investors, though this category also includes a number of high net worth individuals who hold shares in their own name.

'Wealth managers' includes private client brokers and the wealth management divisions of banks.

'Adviser platforms' includes platforms used by financial advisers. It should be noted that some of the holdings on these platforms will be managed on a discretionary basis by wealth managers on behalf of advisers' clients, though data from ISS Financial Clarity suggests that the majority of purchases of investment companies on these platforms are made directly by financial advisers.

All private individuals are excluded from the tables of largest investors.

This report breaks down the investment company universe in three main ways:

- By asset type (equities or alternatives)
- By asset category (equity, debt, flexible, infrastructure, private equity, property and specialist)
- By AIC sector (e.g. UK Equity Income, Renewable Energy Infrastructure, or Debt – Loans and Bonds)

You can find a full taxonomy in Appendix 2.

If you would like to discuss this research further, please contact:

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