

Pension funds set to scale their role in European venture capital, new study finds.

- *Nordic and UK pension funds show growing momentum, with billions already committed to venture capital.*
- *Pension funds across UK and Europe begin laying the groundwork for more serious allocations, driven by climate goals, innovation and supportive policy frameworks like the UK's Mansion House Compact.*
- *These findings published in a new white paper from Venture Connections, European Women in VC and Pensions for Purpose.*

2 October 2025, LONDON: UK and European pension funds are laying the groundwork to become a far more significant source of venture capital (VC) funding, according to a new white paper “Mapping Pension Funds Attitudes to Venture & Growth in Europe” from Venture Connections, European Women in VC and Pensions for Purpose

Ekaterina Zaharieva, European Commissioner, said: “Europe has the talent, the ideas and the ambition. Now it needs the capital. I urge Europe’s pension funds and asset managers to join us. By investing in Europe’s ventures, they can deliver for their beneficiaries and for Europe alike – financing innovation, creating jobs, and building the technological strength that our sovereignty demands.”

Rt Hon Rachel Reeves, Chancellor of the Exchequer, said: “Together, we can transform pension funds from passive investors into active builders of our economy: fuelling innovation, creating jobs, and unlocking stronger returns for savers while ensuring more capital also flows to the innovators too often overlooked. By unlocking institutional capital and backing more women-led and diverse businesses, we can deliver growth that is both more dynamic and more inclusive. In doing so, we secure prosperity for tomorrow while providing security in retirement for today’s savers.”

Kerstin Jorna, Director-General for Internal Market, Industry, Entrepreneurship and SMEs, European Commission, said: “[This] report provides new insights into the risks and constraints that limit pension funds’ investment in equity markets. Lack of knowledge and expertise, the high risk of venture capital investments and regulatory barriers are some of them. The report also flags successful national initiatives and funds investing in equity. This report will feed in the reflection on how to foster a more active participation of pension funds in support of our businesses, competitiveness and innovation.”

Kinga Stanisławska, Founder of European Women in VC, said: “Europe’s pension funds manage over €3tn, yet only a sliver reaches venture capital - where the next generation of climate, health and digital leaders are built. This gap is a major opportunity. Pensions can engage at different levels of risk: from highly diversified fund-

of-funds at the lower end, to growth and direct venture strategies for those ready to go further. With the right frameworks, venture is not just an ‘alternative’ but a source of diversification, resilient returns and long-term impact. By connecting patient pension capital with Europe’s innovators, we unlock a true win-win: secure retirements for members and the growth Europe needs to stay competitive.”

Karen Shackleton, Chair and Founder of Pensions for Purpose, said: “There’s a narrative that pension funds perceive venture capital to be too risky. But our research shows a more nuanced picture: they’re exploring the right structures, learning from peers and preparing to allocate more – it’s just happening quietly, behind the scenes.”

The Nordic pension funds are the most active, allocating around \$400 million to VC – with a strong home bias, keeping roughly 70% of that capital within their own markets. France and the Benelux region follow, while Germany, Austria and Switzerland (the DACH region) are also making commitments. By contrast, Southern and Central/Eastern Europe remain far behind, with regulatory barriers holding allocations to just \$30 million. In the UK, allocations amongst defined contribution (DC) pensions are still modest, with only 0.5% of assets going to VC, but policy initiatives such as the Mansion House Compact suggest that could change. The Compact commits participating DC pensions to the objective of allocating at least 5% of their default funds to unlisted assets by 2030.

The quiet build-up: regional patterns in pension fund VC allocations

Region	Rank	VC allocation by local pension funds (USD)	Notable details
United Kingdom	1	\$4.05 billion	Workplace DC schemes only, source: Department for Work & Pensions . This represents 0.5% of assets.
Nordics (Denmark, Sweden, Norway, Finland, Iceland)	2	\$400 million	Around 70% stays within the Nordics; also attract c.\$220m from foreign pension funds
France & Benelux (France, Belgium, Netherlands, Luxembourg)	3	\$200 million	Over half of the VC capital comes from domestic pension funds
DACH (Germany, Austria, Switzerland)	4	\$130 million	Majority of allocations are from within the region
Southern & Central/Eastern Europe (e.g. Italy, Spain, Poland, Bulgaria, Romania)	5	\$30 million	Lowest allocation levels; regulation and market constraints hold back investment

Other key findings: How pensions capital is shifting to VC

- **VC seen as part of private equity, not as standalone:** Pension funds typically allocate to venture capital through their broader private equity mandates, not as a separate category. This reflects a pragmatic governance decision, driven by limited internal resources and a desire for simplified oversight.

- **Building know-how through managers and co-investments:** Pension funds overwhelmingly prefer to access VC via funds-of-funds, co-investments, and trusted managers rather than making direct investments themselves. No single model dominates, but each adds to their experience base.
- **Returns and climate innovation driving interest:** Pension funds are attracted to VC by the promise of long-term, risk-adjusted returns. In the UK and Western Europe, climate innovation and ESG goals are also emerging as strong motivators. Diversification is seen as a way to manage the risks inherent in these investments, rather than a goal in itself.
- **Preference for later-stage, risk-adjusted investments:** Pension funds lean toward later-stage VC deals with stronger track records, signalling a measured approach that fits their fiduciary obligations.
- **Resource and regulatory constraints remain, but are softening:** Limited in-house teams and heavy due diligence demands are barriers, yet partnerships and policy initiatives like the UK's Mansion House Compact suggest change is on the horizon.

Kasia Piasecki, Managing Director, European Women in VC (EWVC), and Partner, Bootstrap4F, said: “Industry analysis by EWVC suggests that when annual VC allocations exceed around €25mn, it can be cost-effective for an asset owner to build in-house capabilities for sourcing, due diligence and portfolio management. For smaller annual allocations, it is typically more efficient to work with a high-quality FoFs manager – gaining the benefits of their established strategy, diversified portfolio access and potential co-investment opportunities when available.”

Bruna Bauer, Research Manager for Pensions for Purpose, said: “While today's allocations remain modest, the research shows that European pension funds are moving from observation of VC to preparation to invest in VC. By building in-house expertise, deepening relationships with managers and responding to new policy frameworks, they are laying the groundwork for a future where VC could become a meaningful part of pension portfolios – and a source of long-term capital for impact-driven sectors.”

The report calls on UK and European pension funds to move from preparation to participation - by building internal capability, partnering with experienced VC managers and aligning allocations with long-term growth and climate innovation goals. The report does not advocate high-risk moves, but a measured, governance-friendly approach to venture capital, often via existing private equity frameworks and later-stage investments.

Pension funds have the chance to help savers benefit from the value created by European innovation, while supporting long-term economic renewal. Europe's pensions hold €3 trillion. Only 0.12% reaches venture capital. Redirecting just 1% could unleash tens of billions for breakthrough growth. This report is an invitation to act, and shows that with the right tools, clearer fiduciary guidance, stronger internal capabilities, and well-designed investment vehicles, pension funds can unlock billions for Europe's innovation economy while delivering on their core mission: long-term retirement security.

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NOTES TO EDITORS

Download the full report here:

<https://www.pensionsforpurpose.com/ImpactLens/2025/10/02/Venture-and-growth-capital-in-Europe-mapping-pension-funds%E2%80%99-attitudes/>

About Venture Connections/European Women in VC

Venture Connections manages European Women in VC, the largest network of senior female venture capital and growth investors from all over Europe and beyond. EWVC addresses the gender imbalance in the venture capital ecosystem and highlights the achievements of female-led and mixed teams in terms of financial returns and societal impact.

Together with a community of over 1,000 investors, founders, limited partners, public and private institutions, stakeholders, women working in tech, and male allies, EWVC wants to magnify female influence across the VC, asset management, and startups and technology space. The increase of female presence in venture capital contributes to economic growth, fosters innovation, and drives societal change.

About Pensions for Purpose

Pensions for Purpose is a membership organisation that brings together institutional investors, their managers and advisers to align investment decisions with long-term positive impact and value.

We help lead the conversation on integrating sustainability and impact into investments. Through learning, policy insight and support, we help our members embed impact into how they think, operate and invest. Our independence allows us to create a trusted space where members can collaborate openly and solve shared challenges.

We believe the investment system must deliver sustainable outcomes – for members and the world we retire into. That’s why we work with institutional investors, policy makers and other partners who use their agency to shift capital, to drive change and deliver outcomes that benefit people and the planet alongside profits.

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