July 2025

Be Invested

Fidelity International

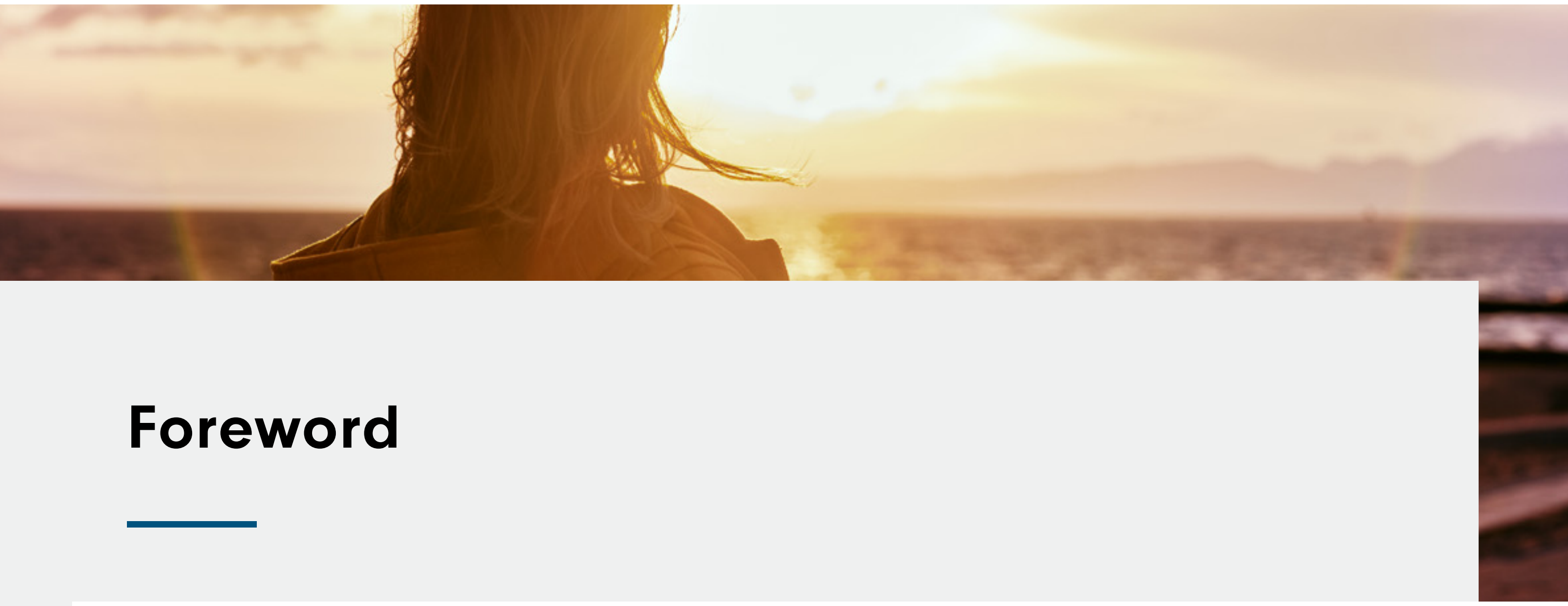
Individuals are not investing enough in pensions, stock market investments and benefitting from the long-term growth versus risk that these can provide. With 'Be Invested' we look at the barriers deterring them from investing, and how these can be overcome.

Contents

Methodology

We conducted research of 2,000 retail investors to understand their experience of investing, and how to support them and other consumers in achieving their financial goals.

Research conducted by Opinium research, with 1,000 retail investors surveyed in February, and 1,000 in April. A full methodology is included at the end of the report.



Foreword

"We talk a lot about the importance of saving and rightly so. But somewhere along the way, investing seems to have been left behind. For many, it still feels out of reach, something for "other people" with more money, more confidence, or more knowledge.

Yet, millions already have exposure to the markets through workplace pensions or ISAs - they just don't see themselves as investors and that's the disconnect this report sets out to explore.

We set out to understand not just the barriers that hold people back, but also the behaviours, attitudes and policy frameworks that can help shift the national mindset. From the growing influence of informal advice sources, to the role of policy in enabling better outcomes, this report draws on extensive research to make the case for a renewed focus on the benefits of long-term investment, improved regulation, and practical support for investors at every stage of their journey.

We believe there are several ways to encourage a culture of investing in the UK. As explained further within this report, these include:

- Rethinking how we talk about risk
- Targeted support
- Simplification of the ISA regime
- And an increased focus on financial education and awareness

The opportunity is huge. With more than £280 billion[1] sitting idle in accounts earning no interest, we believe that with the right support and mindset shift, more people can and should, be invested."

Stuart Warner
Global Head of Platform Solutions,
Fidelity International

Chapter one - Introduction

Despite a backdrop of global uncertainty and market volatility, investing remains more than a financial decision – it's about the life people want to build. Whatever your financial and personal goals in life, it pays to be invested.

Yet, this message is often overlooked. Too many people are deterred from investing because they perceive it as risky, showing a lack of understanding or awareness of how to consider a time horizon.

Market volatility is part and parcel of investing. However, the April 2025 stock market fall, triggered by sweeping U.S. tariffs, has served as a timely reminder, leading to widespread investor anxiety. Volatility isn't the same as risk. But for many consumers the risk of losing money in the short term will weigh heavily.

Today, the barriers to creating a UK investment culture remain firmly fixed.

Comfort in cash	While cash plays a pivotal role across everyone's savings and investments, data shows a cultural preference for cash saving over investing. While immediate access to cash feels 'safe', an overreliance might not provide the desired outcome in the long term.
Risk of loss	Many associate investing with risk, akin to gambling with total capital loss.
Lack of understanding	There is a perception that investing is complex, and a general lack of financial literacy and consumer confidence inhibits action.
Not enough money to invest	There is a common perception that you need a lot of money to invest.

Recent data from the Bank of England shows more than £280bn[1] is sitting in accounts earning zero interest. This is a £51bn increase over the past year, despite some savings rates on offer above 5%.

Let's be clear, cash plays a pivotal role across everyone's savings and investments, whether for a professional investor managing billions or for an individual saving for a deposit on their first house. Cash and investments both play an important - and different - role in the financial mix. One isn't inherently better than the other. It makes sense to hold a sum of cash that can be dipped into in an emergency - an amount worth three to six months' of income is always recommended.

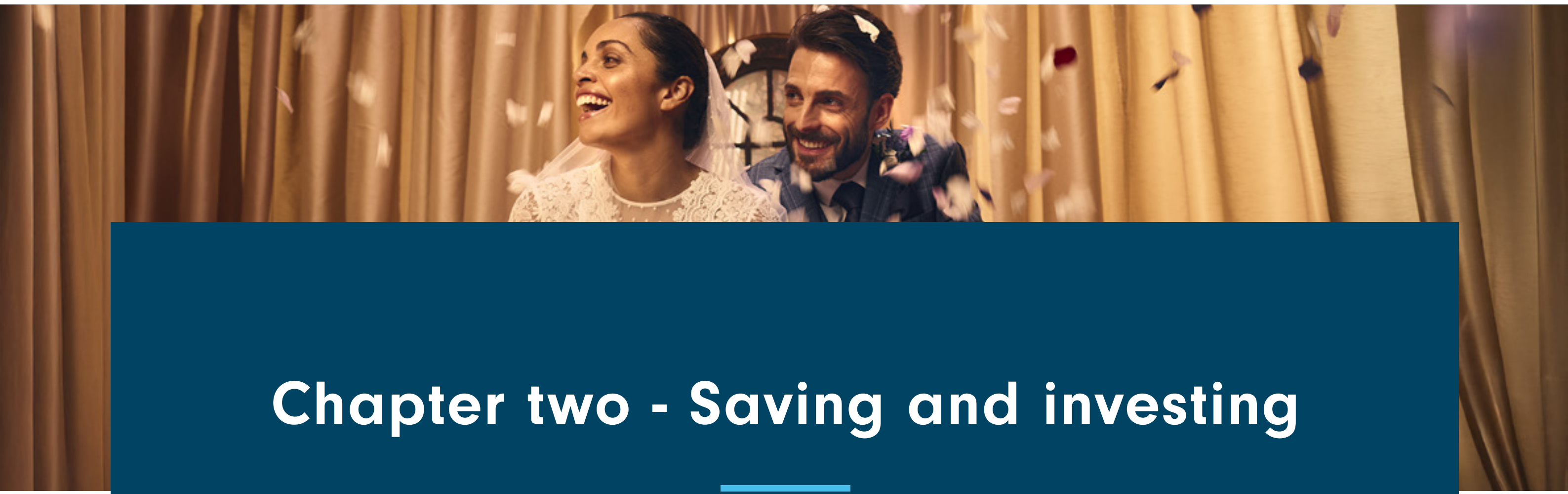
But the Bank of England figures above show consumer inertia and a comfort in cash may leave many individuals foregoing the benefits from long-term investment growth.

James Carter, Head of Platform Policy, Fidelity International comments:

"Collectively, we all need to do more to educate society on risk and return, and we welcome the Government and the FCA's move to rebalance the UK's attitude towards this.

"Individuals are not investing enough in pensions, stock market investments and benefitting from the long-term growth versus risk that these can provide. The pensions and investment gap is very real and will create significant issues for individuals over the coming decades if we do not address this.

"It is important the policy and regulatory environment encourages retail participation in capital markets, supporting a reset in the approach to risk and bridging the gap between precautionary cash savings and long-term investment."



Chapter two - Saving and investing

Our research highlighted one of the primary challenges we face in building a culture of investing in the UK.[2] The majority of people do not see themselves as an investor, despite already having market exposure.

Auto-enrolment has resulted in more than 11 million people[3] being enrolled into a workplace pension scheme, with pension participation in the private sector increasing from 42% of employees in 2011 to 86% of employees in 2022.

Indeed, our Be Invested research indicated that 74% of the investors we surveyed are part of a workplace pension scheme - and therefore likely to hold some form of investments already. Furthermore, almost seven in ten (68%) investors included in our study hold a Stocks and Shares ISA.

However, despite already holding investments and over four-fifths (82%) saying they actively make decisions about where to save or invest their money - more than half (54%) are still more likely to identify as a 'saver' than as an 'investor'.

This bias towards saving behaviour is evident by the fact that cash savings (94%) were by far and away the most commonly-held financial product amongst our respondents.

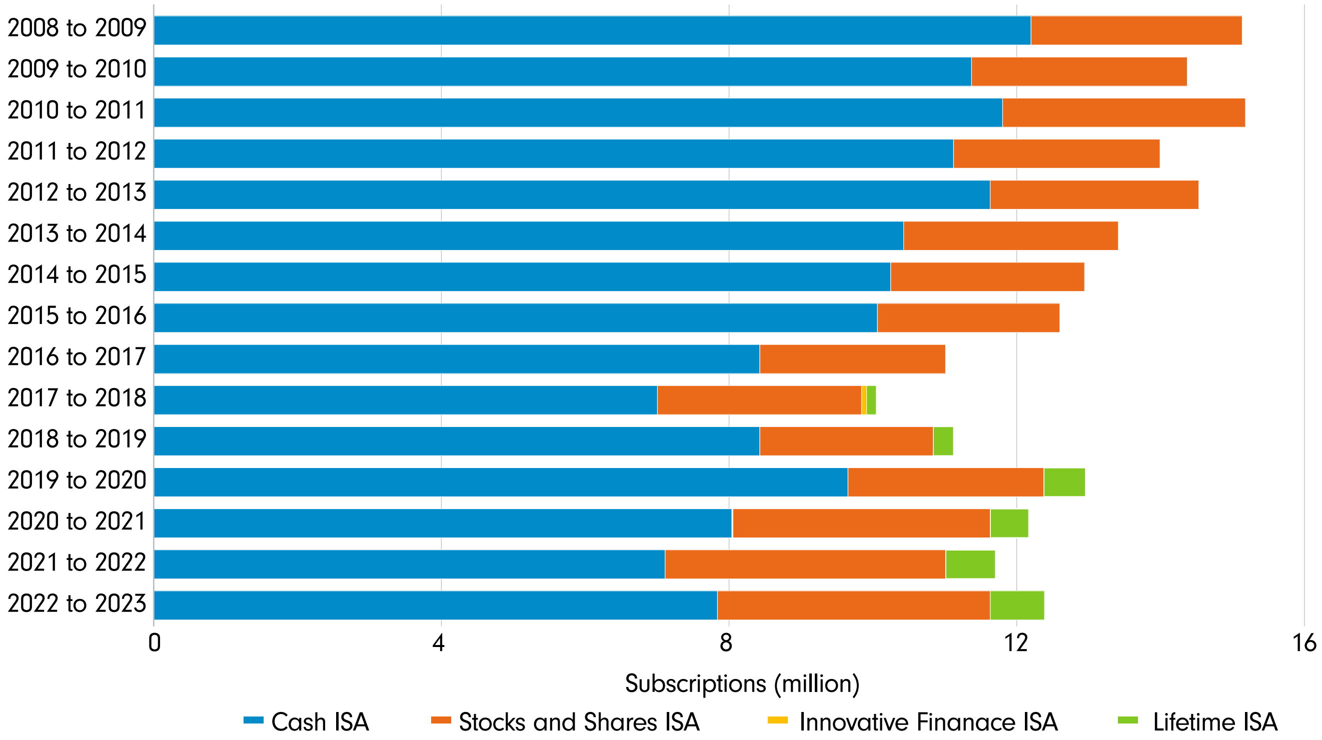
74%

of the investors we surveyed are part of a workplace pension scheme - yet more than half are still more likely to identify as a 'saver' than an 'investor'[4].

Cash is king...

HMRC's annual savings statistics (last published September 2024) showed a similar trend, with 12.4 million adult ISA accounts subscribed to in 2022 to 2023, up from 11.8 million in 2021 to 2022[5]. Similarly, the number of cash ISAs subscribed to increased by 722,000. As a result, the share of accounts subscribed to in cash has risen to 63.2%, a 2.5% growth from 2021 to 2022.

Chart 1: Number of adult ISA accounts subscribed to per tax year



Source: HMRC[5], Fidelity International, 2025.

Meanwhile, the number subscribing to Stocks and Shares ISAs decreased by around 126,000. However, when you look at the market value of ISA funds, stocks and shares accounted for nearly 60% in 2022/23 with cash at just over 40%.

Our research shows that the most common financial goal investors are working towards is to prepare for retirement (42%) - significantly outweighing more short-term goals such as maintaining their current lifestyle (34%) and to increase their spend on leisure activities (22%).

While not a binary decision to invest in markets or save in cash, with so many working towards this long-term goal, it raises the very real question about their reliance upon cash and the role it plays in their portfolio.

42%

of investors are focused on preparing for retirement - outweighing their focus on short-term goals.

Can you hold cash in a Stocks and Shares ISA?

Lesser known to the wider savings community, you can hold cash or cash-like investment products in a Stocks and Shares ISA.

Money market funds (or cash funds) made a comeback in 2023 and have remained popular ever since - thanks largely to interest rates remaining higher for longer than expected. In fact, three of the top 10 best-selling ISA and SIPP funds on our platform in 2025 so far were money market funds[6].

What is a money market fund?

It's a fund that invests in a portfolio of short-term cash deposits, money market instruments and high-quality bonds. And it's designed to provide a high level of stability and liquidity while also delivering a modest investment return that has the potential to exceed short-term cash deposits in a bank or building society.

Here are three reasons money market funds are popular right now:

1. They're a good place to park cash
2. They offer steady returns
3. They are low risk

Again, investors can earn a monthly interest held in stocks and shares on uninvested cash on an investment platform like Fidelity. Today, many UK investment platforms offer competitive interest rates on uninvested cash.

Risk and returns

This tendency towards saving in cash can stem from a fear of risk.

Cash offers a sense of security for those who want to maintain their savings, compared with investing which poses greater risk and potential for loss.

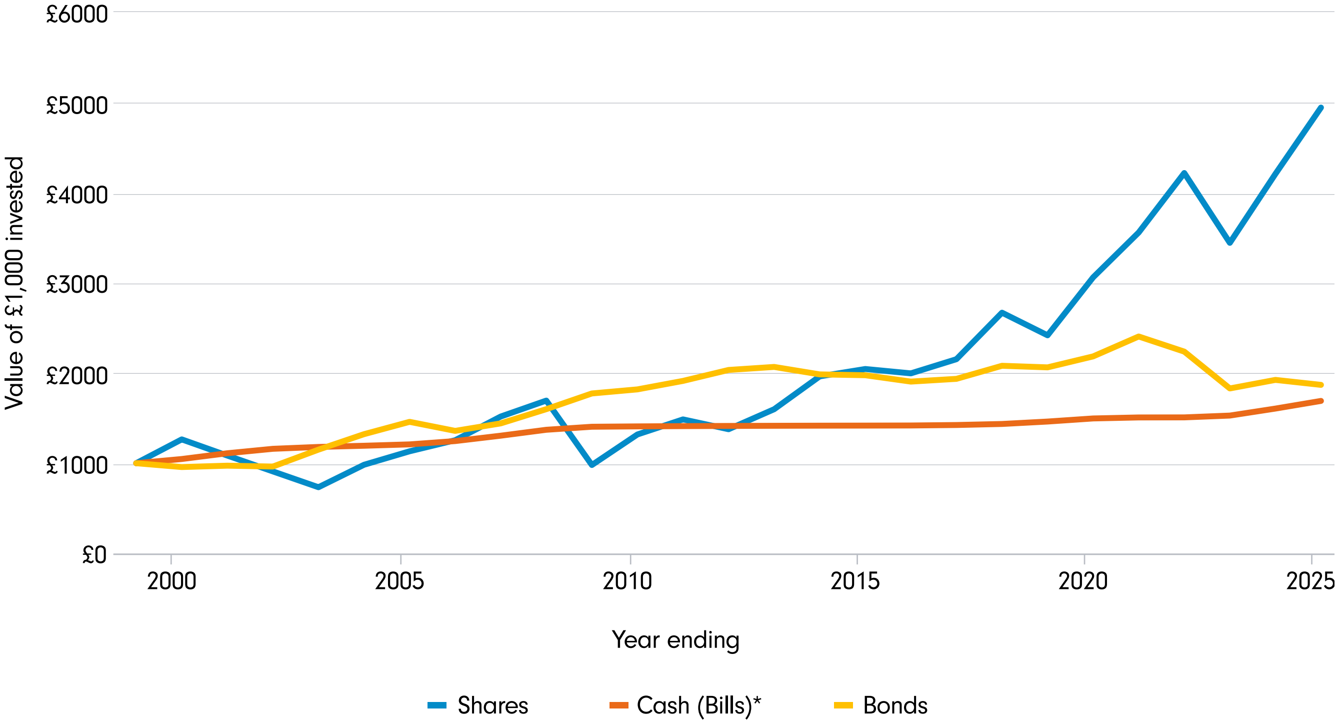
Key characteristics of saving	Key characteristics of investing
Low risk - savings are protected from market fluctuations, making them a secure option	**Higher risk** - investments are subject to market volatility and potential losses
Low returns - interest rates on savings accounts are often minimal, sometimes not even keeping pace with inflation	**Higher returns** - over the long-term, investing has the potential to deliver significantly higher returns than saving
High liquidity - savings are easily accessible for immediate use	**Long-term growth** - investing is most effective when aligned with goals like retirement, buying a home, or funding education
Ideal for short-term goals - examples include an emergency fund, a vacation, or saving for a car	**Diversification** - spreading investments across various assets reduces risk and enhances potential returns

While a fear of loss is understandable, there is far less discussion about the long-term risk of relying upon cash to achieve significant financial goals.

Choosing to keep money in cash for a prolonged period is likely to see its value eroded over time as a result of inflation.

The chart below shows the very long-term performance of cash versus investments, in the form of shares and bonds. Cash (represented here with short-dated bond returns) illustrates how this can offer a steadier ride - with no losses along the way - but ultimately a lower return.

Chart 2: Shares have outperformed 'more secure' assets



Source: Refinitiv[7], MSCI World Index, FTSE Government Bond Index and US Treasury Bills, total returns from 31.12.99 to 31.12.24. *US Treasury bills have been used as a proxy for cash.
Past performance is not a reliable indicator of future returns.

The [Financial Conduct Authority (FCA)] recently announced its commitment to encouraging a rebalancing of the UK's attitude towards risk:

> "Consumers who use financial services make choices, meaning they often take risks. For instance, keeping money in seemingly risk-free easy-access payment accounts compared to getting better interest rates by locking cash away for longer or investing in stocks and shares. Making that decision requires people to weigh up whether to risk missing out on higher returns, be penalised if they need to access their savings earlier than expected or accept the volatility of markets. Needs will change as life circumstances change[8]."

Our research also highlighted a mismatch between investors' attitudes towards risk and their desired returns, underlining the need for further education about how the two are interlinked if investors are to work towards their goals.

More than a quarter (26%) of investors in our study said they had a low risk tolerance, while 65% described their approach as moderate. Yet, despite this more conservative risk appetite amongst UK investors, they typically expect a return of 9.2% on their long-term investments.

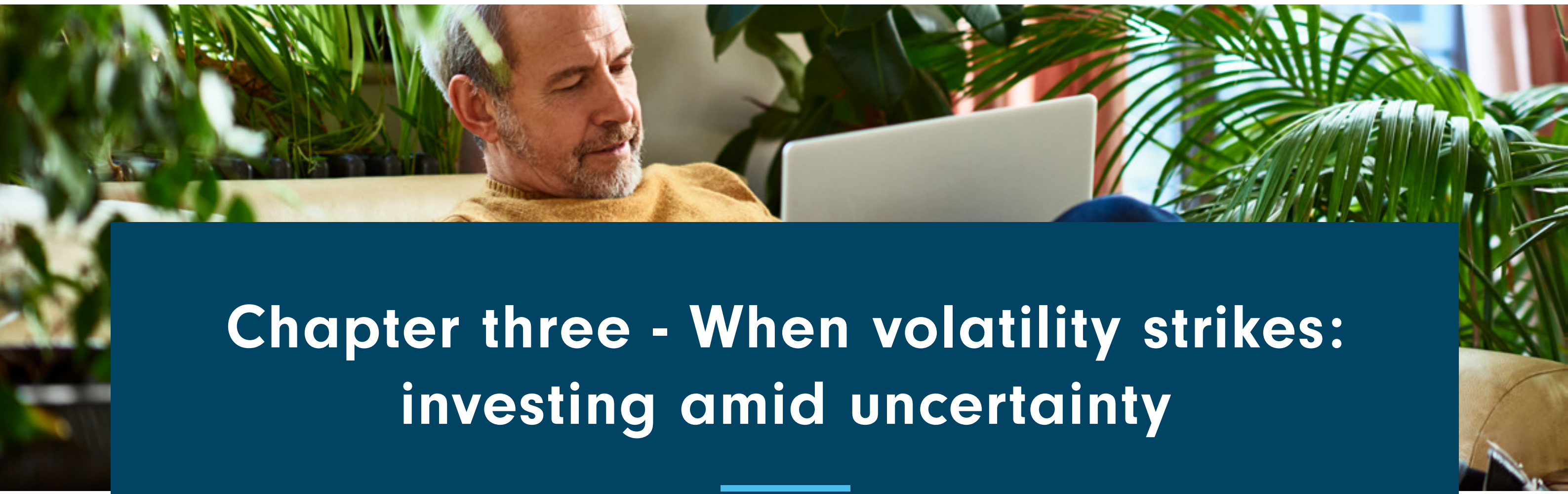
Investors with a low risk appetite expected a 7.7% return on their investments, while those with a medium risk appetite hoped for close to 10% – reflecting a mismatch between their risk tolerance and what their investments are likely to deliver.

Summary

As these findings suggest, even those who are already investing are more likely to seek comfort in cash.

An aversion to risk, mismatched with ambitious goals for returns, is likely to leave many falling short of what they need to achieve their long-term financial goals.

However, with the global outlook increasingly uncertain and recent volatility fresh in the minds of investors, how can we build confidence and inspire more people to explore market opportunities to grow their wealth?



Chapter three - When volatility strikes: investing amid uncertainty

Stock markets rise and fall for all sorts of reasons - from interest rate hikes to geopolitical changes and company announcements - the list goes on. And while these movements might make people feel uncomfortable, they're part and parcel of investing. However, the fear of loss weighs heavy and in uncertain times many will make decisions locking in losses.

Our study examined many of the concerns currently weighing on investors' minds, with research first conducted in February and again in April - after the more volatile market conditions - to understand how attitudes might have changed.[9]

The more recent findings paint a more sombre picture than at the start of the year, with almost twice as many investors 'pessimistic' in their outlook for the stock market since before the tariff announcements were first made (41% as of April, compared with 24% in February).

Similarly, the number of investors who describe their market outlook as 'optimistic' has fallen from 43% to 28%.

Almost half (45%) of investors are concerned about how tariffs will impact the value of their investments and overall financial situation, while over a third (34%) are worried about the geopolitical environment more broadly. Four in 10 (40%) are worried about the impact of these tensions upon the strength of the UK economy specifically.

Responding to market volatility

With global stock markets experiencing significant ups and downs in recent months, more than a quarter (28%) are concerned about how continued market volatility might impact them.

When considering how they might typically respond to market shifts and increased volatility, a fifth (19%) of investors say they would consider selling but ultimately wait to see how things develop, while 16% would seek advice from a financial adviser.

A smaller group are more inclined to act - with 16% looking for opportunities to invest in alternative sectors or regions when uncertainty strikes, 14% reducing their exposure to volatile markets over time, and 7% choosing to sell some of their investments in the affected areas.

Encouragingly, investors are most likely to focus on their long-term goals - with four in 10 (42%) saying that volatility does not affect their investing behaviour by continuing with their existing strategy.

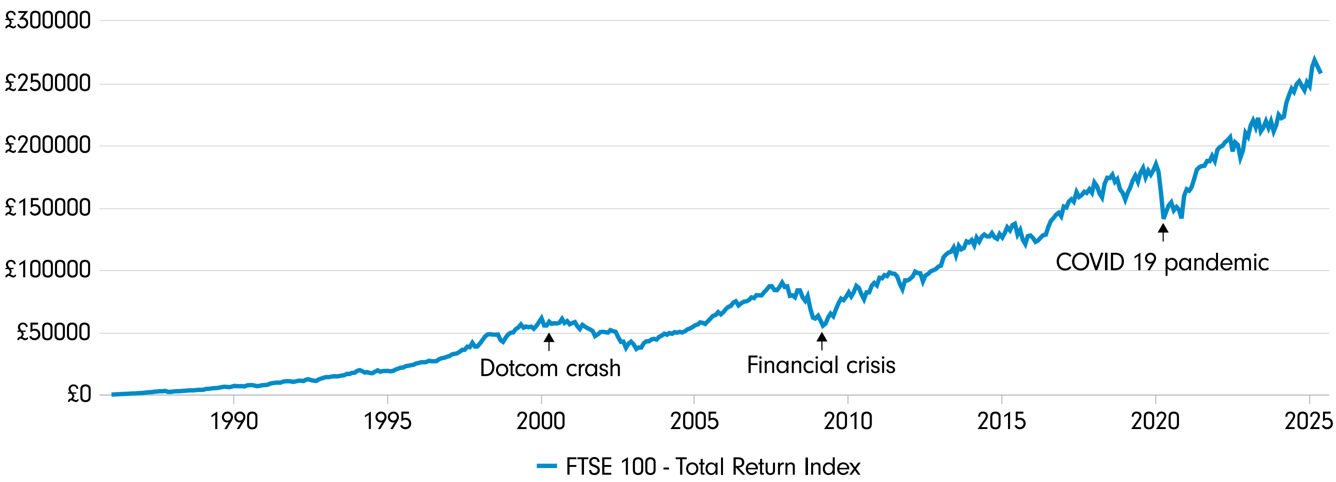
Expert view - Tom Stevenson, Investment Director, Fidelity International

"Recent developments are a timely reminder of the value of diversification and long-term discipline. Volatility is the price investors pay for higher returns over time, but it's not the same as risk. Importantly, you haven't lost anything unless you sell – until that point, it is just a number on a screen. By holding a mix of assets, maintaining a cash buffer, and continuing to invest regularly, investors can navigate short-term uncertainty while keeping their long-term objectives firmly in sight."

The benefit of staying invested

Our data highlights the benefit of staying invested for the long-term. While it may feel counter-intuitive to 'do nothing', there is far greater risk of incurring losses by dipping in and out of the market.

Chart 3: Stock markets have overcome setbacks before



Source: Refinitiv[10], to 31.3.25, based on the FTSE 100 on a total return basis with dividends reinvested. Chart does not take account of charges which would reduce the amounts shown

Five-year performance table

(%) As at 31 March	2021	2022	2023	2024	2025
FTSE 100	21.9	16.1	5.4	8.4	11.9

Where next for markets?

As part of its research, Fidelity asked investors to select the markets which they feel present buying opportunities for the year ahead - with a marked shift in attitudes between February and April.

The number of investors looking towards the US as a buying opportunity has fallen from 32% to 18%, with the appeal of the UK declining less so - from 45% to 40%.

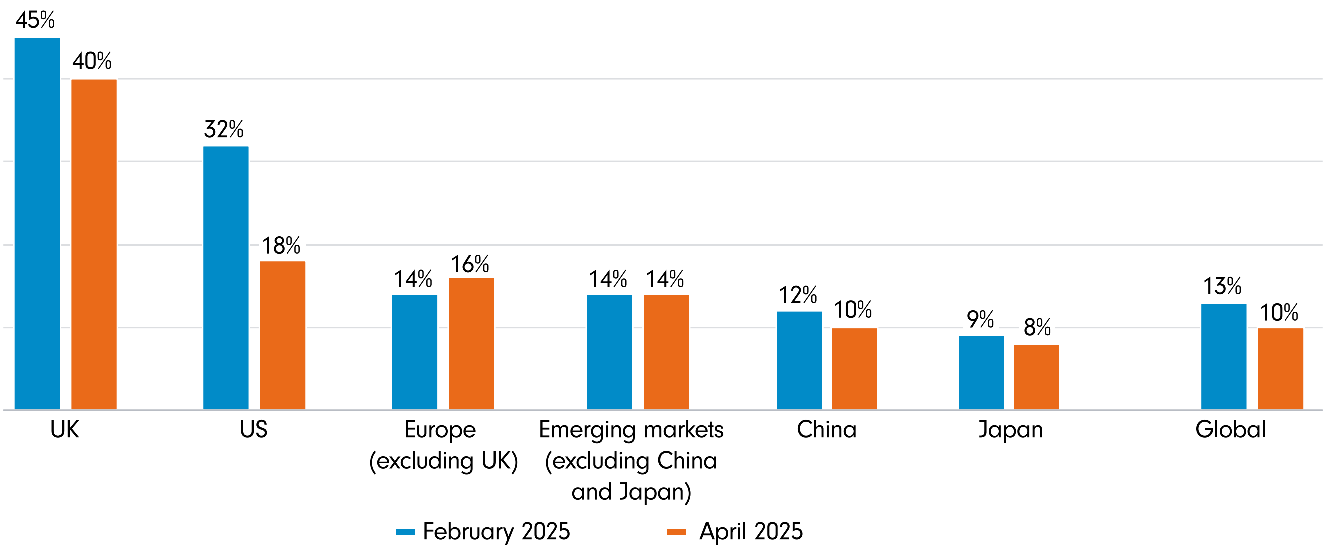
Sentiment towards Emerging markets remained broadly similar at 14%, while the appeal of European markets (excluding UK) has increased marginally from 14% to 16%.

Attitudes towards sector opportunities have changed too. When the research was first conducted in February, investors were most likely to turn towards technology (31%), with this dropping more recently to 25%.

Notably, when asked to consider which assets hold most appeal for the year ahead, investors were most likely to opt for gold (28%) in a sign they are seeking safe havens.

Chart 4: Changing investor views on market buying opportunities by region

Where investors see buying opportunities in February 2025 vs April 2025



Source: Opinium research - please see methodology for further details, Fidelity International, 2025.

Summary

We know that fear of loss can deter many people from starting to invest, or can prompt rash decision-making from those who already have market exposure.

We have developed our fundamental principles for 'good investing' which not only provide support for those looking to build and manage a portfolio - but can help to steer them through times of market uncertainty.

We believe there are greater opportunities to guide investors so that the decisions they make lead to the best outcomes possible, helping to bridge the advice gap.

Chapter four - How do people make investment decisions?

As part of our research, we explored the ways in which investors make decisions, from accessing formal advice through to other sources of information.

Over a third (38%) of our sample use a financial adviser, while a quarter (25%) say they have done in the past. That leaves 62% who do not currently have access to an adviser.

A separate study by consultancy, The Lang Cat,[11] which surveyed a broader set of consumers, revealed that 9% of the population have paid for advice in the last two years, falling from 11% in 2023.

The value of advice

Almost two-thirds (63%) of our sample believe financial advice from an IFA is valuable for achieving their financial goals.

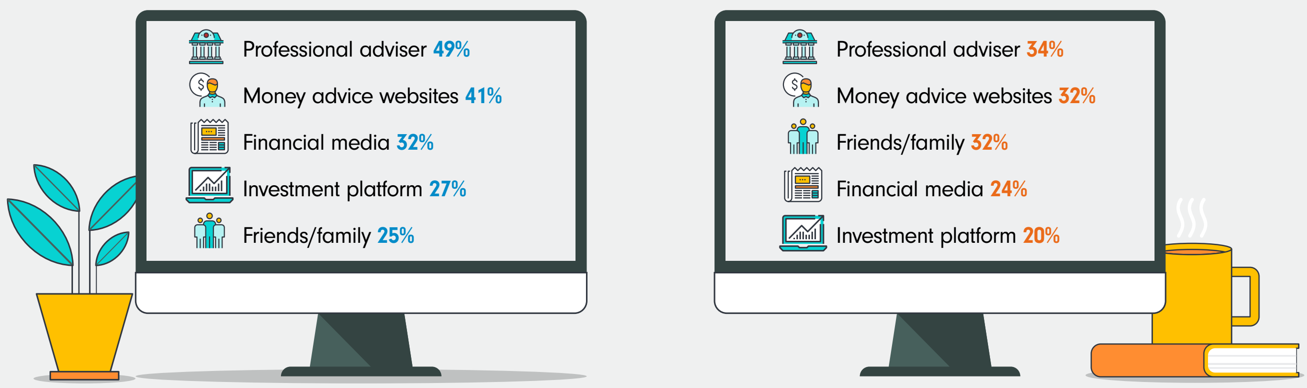
Retirement planning and pensions advice (51%), building an investment portfolio that supports financial goals (47%) and understanding and managing investment risk (46%) are the areas where advice is deemed most valuable.

Of those currently receiving financial advice, more than half (55%) say the area in which their IFA has offered most value is in improving their financial position and achieving their goals.

Financial advisers are recognised as the most trustworthy source of education and information (49%) amongst the investors we surveyed. However, others are turning to other sources to help them manage their finances.

Top 5 trusted sources of investment related education and information

Top 5 sources that have informed a financial decision made in the last 1-2 years



Source: Data based on Fidelity research, Fidelity International, 2025.

These findings highlight some of the more popular sources of information and how they're being used to inform investors' decisions.

However, the research also revealed the extent to which informal sources of information are influencing investor behaviour.

One in nine (11%) have made a financial decision in the last 1-2 years based upon information from an investment influencer, while 9% have turned to forums and blogs, and 7% have used Chat GPT/AI. Four in ten (40%) have used a social media platform to make a decision during this period, with YouTube (22%) the most used.

Furthermore, with informal sources of investment advice at people's fingertips, many investors are making investment decisions at a quicker pace, increasing the likelihood of knee-jerk and reactionary behaviour to market fluctuations. When investing in a new fund, stock, or other investment product, 18% of investors say that they make a purchasing decision within an hour, rising to 27% amongst Gen Z investors.

Summary

People are living longer lives yet responsibility for planning your financial future has shifted significantly towards the individual. Our research shows the value and trust placed on advice. But in reality, we know more and more consumers are shunning traditional advice with informal sources of information like social platforms gaining traction. From influencers to AI and social media, the risk of relying on non-authorised sources is real and could result in poor financial decisions.

We welcome the government's focus in this area to bridge the gap between advice and guidance to help consumer make better informed financial decision.

Fidelity believes the proposals on providing pension savers and investors with targeted support represent a transformational step towards supporting members of workplace pension schemes and retail customers, to both avoid harms and make better decisions in relation to pensions and retirement.

Chapter five - Can policy create a culture for long-term investment?

As we have seen through this paper, people are deterred from investing because they perceive it as risky. A general lack of financial literacy and consumer confidence inhibits action and has led to a cultural preference for cash.

We welcome the government's recent focus on encouraging more people to invest. The government should consider how they can best support the need to reset the approach to risk and bridge the gap between precautionary cash savings and long-term investment.

While the industry can do more collectively to encourage a culture of investing for the long-term, we believe government and regulatory policy can make a difference.

1. Rethinking how we talk about risk:

Capital at risk: This warning awaits investors when researching and opening an investment account or Stocks and Shares ISA. If you get past this, then you might instead see: The value of investments can go down as well as up. You may get less than you invest.

It's no wonder many will be deterred from investing when the downside risks obscure the positive benefits.

Research by The Investing and Saving Alliance (TISA) and the University of Nottingham in 2024 showed that providing balanced, contextualised risk warnings resulted in an approximately 14% increase in cash invested in Stocks & Shares[12]. Furthermore, women responded by increasing their investments the most, helping to address the growing gender investment gap.

We believe risk warnings need reform across all asset classes to focus on informing, not just warning, and empowering consumers by explaining what different types of risk mean and how taking some risk can lead to better outcomes over time.

Providing disclosures that are clear, meaningful and proportionate to the risk taken will support better decision making. When risk is explained in more balanced terms, such as stating: "Investing can over the long term outperform cash, however, investments can go up and down and you may lose money as well," consumers, especially women, should feel more engaged.

Risk warnings could also be extended to cash products, informing customers about inflation and the risks of doing nothing. People often don't realise that their money could be losing value in real terms.

2. Targeted support:

In 2023, the Financial Conduct Authority and the Treasury launched the Advice Guidance Boundary Review, aiming to address the gap between financial advice, where people receive a personal recommendation based on their specific circumstances, and guidance, where people have access to factual information from providers and sources such as the MoneyHelper service.

One of the proposed outcomes is a new type of help called 'Targeted Support'. This would allow regulated firms to offer more useful suggestions based on common customer needs. For example, financial services firms could provide free support for those with substantial savings to consider opening a Stocks and Shares ISA, or for those navigating their options at retirement.

Fidelity welcomes the Financial Conduct Authority's recent announcement about its targeted support proposals. We believe these represent a transformational step towards supporting consumers to both avoid harms and make better decisions in relation to savings, pensions and retirement. It should help bridge the gap between advice and guidance, helping consumers make better informed financial decisions.

3. ISA simplification:

The current ISA regime in the UK is too complex. The current proliferation of ISA types can create confusion for investors and can also limit the economies of scale that providers offer. This can limit innovation and worse, can raise costs to end investors.

The government has signalled their intention to introduce reforms to create a better balance between cash and equities and support better outcomes for savers, boost the culture of retail investment, and support the growth mission.

Fidelity proposed the creation of a single ISA with one overall annual subscription limit, allowing consumers to save and invest within a single product. Merging the two products would remove the barrier of having to move money between products or providers as consumers' financial needs change. This would reduce the friction created by transfer journeys, which can lead to inertia, while making it easier for savers to move their money into financial markets and stay invested.

A simpler ISA would also make it easier for providers to engage with their consumers around their financial goals, time horizon and how to balance cash and investments - making it easier to move money between asset classes.

4. Financial education and awareness:

Better financial literacy is needed for individuals to make informed decisions that deliver the outcomes they want. And building this financial capability should start early. Embedding practical financial education in school curricula can equip future generations with the tools to make confident and informed choices.

We support the recent formation of the Government's Financial Inclusion Committee and believe financial literacy should be a central pillar of its work.

But this must go hand in hand with efforts to support today's savers. For pensions in particular, there needs to be clearer messaging and more honest conversations around what level of contribution is required to meet retirement expectations - helping to prepare people for later-life decisions.

Finally, the government should also consider how best to approach the issue of social media. Currently it is an environment where qualified financial professionals face tight regulation, while unregulated influencers and even scammers can operate more freely. There is a pressing need for greater oversight and more considered influencers to help consumers navigate this space with confidence.

Conclusion

For many, investing can feel complex, daunting, and disconnected from personal goals. This report underscores a fundamental paradox in UK financial behaviour: despite widespread participation in investment vehicles such as workplace pensions and ISAs, many individuals still do not perceive themselves as investors.

While sentiment has been shaken by recent stock market volatility, the long-term benefits of staying invested remain clear.

First, we need to shift the conversation around risk. Reforming investment product risk warnings is just one small step to help build investor confidence. When combined with targeted support, ISA simplification and improved financial education, it should empower individuals with the knowledge, tools, and confidence to become true investors.

Whatever your financial and personal goals in life, it pays to be invested.

About Fidelity International

Fidelity International (FIL) is a global asset manager with significant clients, assets, and operations in the UK. We support clients throughout their savings journey. Whether we meet our customers' needs through their workplace pension, investment platform, direct investment or through institutional channels, our ambition is consistent - to support clients in achieving better financial futures.

Sources

[1]Source: Bank of England, Money and Credit March 2025 (published 1 May 2025)

[2]Source: Research of 1,000 UK investors conducted for Fidelity International by Opinium research (February 2025) - please see full methodology for details

[3]Source: The Pensions Regulator Blog (published March 2024)

[4]Source: Pensions Policy Institute, Automatic Enrolment Contributions Briefing Paper (published June 2024)

[5]Source: HMRC, Annual Savings Statistics, September 2024 (updated 4 December 2024)

[6]Source: Fidelity International

[7]Source: Fidelity International

[8]Source: Financial Conduct Authority, 2025-2030 strategy (published March 2025)

[9]Source: Research of 1,000 UK investors conducted for Fidelity International by Opinium research (April 2025) - please see full methodology for details.
Please note, research included in this chapter compares the surveys conducted in February and April. All other chapters refer to February findings.

[10]Source: Fidelity International

[11]Source: The Lang Cat, The Advice Gap (2024)

[12]Source: TISA and the University of Notting (March 2024)

Important Information

Fidelity International offers investment solutions and services and retirement expertise to more than 2.8 million customers globally. As a privately held, purpose-driven company with a 50-year heritage, we think generationally and invest for the long term. Operating in more than 25 locations and with $900.7 billion in total assets, our clients range from central banks, sovereign wealth funds, large corporates, financial institutions, insurers, and wealth managers, to private individuals.

Our Global Platform solutions business provides individuals, advisers and employers with access to world-class investment choices, third-party solutions, administration services and pension guidance. Together with our Investment Solutions & Services business, we invest $620.8 billion on behalf of our clients. By combining our asset management expertise with our solutions for workplace and personal investing, we work together to build better financial futures. Data as of 31 March 2025. Read more at fidelityinternational.com.

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The value of investments and the income from them can go down as well as up so you may get back less than you invest.

Investors should note that the views expressed may no longer be current and may have already been acted upon. This information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment you should speak to an authorised financial adviser.

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Tax treatment depends on individual circumstances and all tax rules may change in the future.

Past performance is not a reliable indicator of future returns.

Investments in emerging markets can be more volatile than other more developed markets.

Withdrawals from a pension product/SIPP will not normally be possible until you reach age 55 (57 from 2028).

Overseas investments will be affected by movements in currency exchange rates.

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