



**THE
GLOBAL
CITY**

Catalysing UK economic growth through financial services foreign direct investment: a call to action



Financial and professional services are a key driver of the UK economy. Supporting the establishment of UK offices by sovereign investors – sovereign wealth funds and public pension funds – could bring in up to £7.7bn by 2030 across the UK to drive jobs and growth.

Foreword



Chris Hayward
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In the past decade, sovereign investors who made a Foreign Direct Investment (FDI) into the UK, such as opening an office, have increased their UK investments significantly. In areas like infrastructure and innovative tech sectors. Their investments have more than doubled (x2.2) in the five years after establishing their presence here.

Building on our *Vision for Economic Growth*¹, to increase investment across the UK, the City of London Corporation recommends:

- That the UK goes beyond the Harrington Review of Foreign Direct Investment to develop a long term Financial and Professional Services (FPS) Strategy. Overseen by an FPS Council, the Strategy will boost the sector, which will in turn, drive growth across the UK economy.
- That the UK creates an Inward Investment Agency to implement the Strategy. Piloting a dedicated Financial and Professional Services Investment Hub is a first step towards creating a standalone, cross-sector National Investment Agency.

¹ Find out more at www.theglobalcity.uk/vision-for-economic-growth.

The impact beyond FDI

FDI directly creates jobs and investment: foreign sovereign investors have created more than



3,200

jobs and invested £1.7bn
in FDI in the past decade.

However, this underestimates the impact of their FDI. Over the past decade, sovereign investors who have opened a UK office, have **more than doubled**



x2.2

their investments across the UK, comparing the five years after establishing a UK presence with the five years preceding it.

This was worth an additional



£13.4bn

investment uplift across the UK, in areas like infrastructure, innovative tech sectors and renewable energy.

The benefits are UK wide:



92

investments by these firms have been spread across **36 different cities and towns outside of London** over the past decade.

Traditional FDI estimates often overlook the significant impact of the financial services sector. The investments made by this group of investors following initial FDI flows contribute immensely to the broader economy, **playing a vital role in driving long-term economic growth.**



£119.5bn

was collectively invested by all sovereign investors with a UK presence over the past decade.

Encouraging FDI by supporting the establishment of UK offices by sovereign investors currently without a presence here, **could bring in**

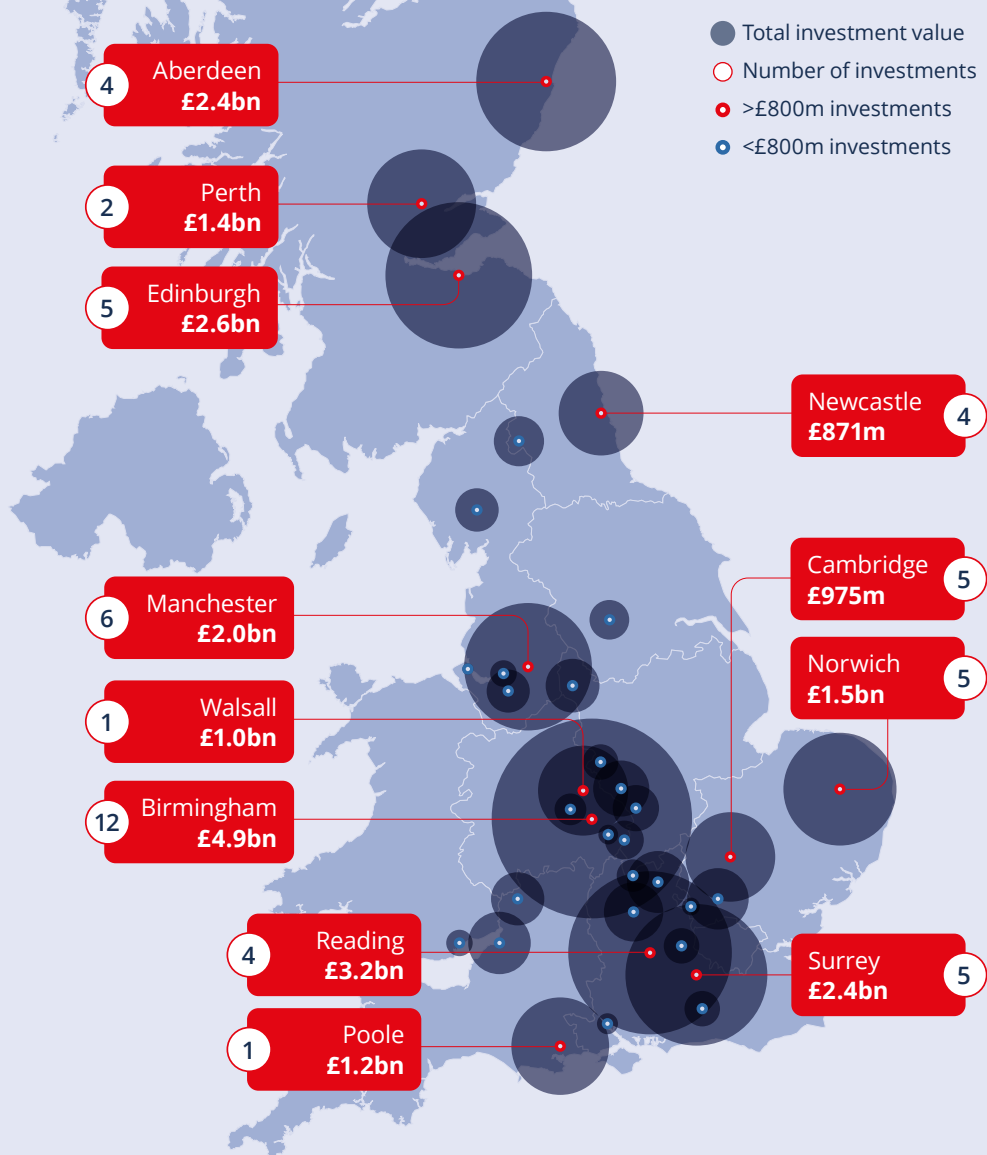


£3.8bn-£7.7bn

of additional investment by 2030.

Sovereign investors FDI sparks further investments across the UK

Sovereign investors after setting up an office in the UK have collectively invested in 36 locations outside of London over the past decade.



Case studies



AWARE SUPER Australia

Since recently opening an office in 2023, Aware Super has committed **£8bn to the UK by 2030**, focusing on energy transition and digital infrastructure. Major investments so far include **Octopus Energy and Forth Ports**.



THE ALBERTA INVESTMENT MANAGEMENT CORPORATION (AIMCo) Canada

AIMCo opened its London office in 2014. The Canadian institutional investment manager has invested over **£2.4 billion** in real estate, infrastructure and private equity in the UK. Its UK infrastructure investments include investments in the **transport and energy storage infrastructure** across the UK.



TEMASEK Singapore

UK investments **rose by a further £2.2bn** after opening a UK office. These include UK tech companies, such as **AI drug discovery (BenevolentAI), wealth management (FNZ), and fintech (Thought Machine)** across multiple UK cities – Cambridge, Oxford and Sheffield.

This analysis was produced by The City of London Corporation using data provided by Global SWF for investments made by sovereign wealth funds and public pension funds inclusive of their investment arms. Some funds have also provided their own data as part of the case studies. Alongside data provided by fDi Markets (from The Financial Times Limited) for foreign direct investment, accessed in August 2024.

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK.

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