Economies require investments for sustainable growth and development and the capital market is one platform for the mobilization and allocation of savings critical to the growth and development. Pension fund is a long-term retirement benefit for employee thus, the objective of this study is to examine the long run connection between pension fund and capital market development in Nigeria using ARDL bound testing approach. The result discloses the existence of long run co-integration between the variables and the system reverts to long run equilibrium at the rate of 113%. The study also found the short run causality running from pension fund assets to capital market at 10% significance level and causality running from inflation to capital market at 5% significance level but no short run causality running from real interest rate to capital market. The study therefore recommended that the accumulated pension fund asset in Nigeria requires market discipline for investment in the capital market. The channelization of the pension fund investment and management plans as a policy response to the market can revamp to the bullish trend and positively influence the attitude of investors in the Nigerian capital market.

**Keywords**: Co-integration, Causality, Pension Fund, Capital Market Development

**JEL Classification**: C58, G20

Paper Classification: Research Paper