

TPEN United Kingdom

Contact Details

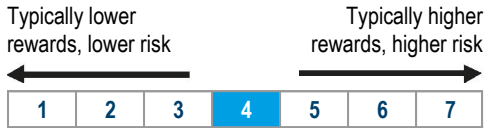
Helpline: 0207 4645668
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Fund Manager:	Robin Jones
Since:	Oct-20
Management Co:	Threadneedle Pensions Ltd
Fund Inception Date:	31/03/95
Index:	MSCI/AREF UK All Balanced Open-Ended Property Fund Index
Fund Currency:	GBP
Fund Domicile:	United Kingdom
Portfolio Size:	£1,441.8m
No. of Securities:	162

All information expressed in GBP

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time, and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table shows the Fund's ranking on the Risk and Reward Indicator. The lowest category does not mean a risk-free investment.



Fund Charges

Please refer to your company pension scheme booklet

Fund Changes

Please refer to your company pension scheme booklet

Commentary and Outlook

In the context of a challenging macroeconomic environment, total returns for UK real estate declined further in Q4 2023, delivering -1.2% as represented by the MSCI UK Monthly Property index, led by a 2.6% quarter-on-quarter decline in capital values and partially offset by an income return of 1.4%.

The market saw a divergence in sector performance, with the office sector recording quarterly capital declines and a negative total return amid negative investor sentiment, structural occupational trends and heightened obsolescence risk. The retail sector also recorded negative total returns but industrials fared best, posting a positive total return as a modest capital loss was outweighed by a positive income return.

Despite macroeconomic challenges, core occupier markets continue to show underlying resilience, with positive rental value growth up 1.2% on the previous quarter across all sectors, led by the industrial sector.

In Q4, the fund generated a total return of -1.3%, marginally underperforming the benchmark MSCI/AREF UK 'All Balanced Open-Ended' Property Fund index's weighted average total return of -1.2%.

Source: MSCI/AREF UK Quarterly 'All Balanced Open-Ended' Property Fund index, as at 31 December 2023. Weighted average return statistics are measured at fund level (NAV to NAV, net of fees) and take into account cash holdings.

Looking ahead, the 'all property' net initial yield rose by 11 basis points over the quarter to 5.5% at the end of December 2023. While the equivalent yield of 7.0% continues to represent a reasonable risk premium over gilts and swaps, further pricing pressures are anticipated in challenged sectors such as offices as well as in poor-quality assets and secondary locations. With limited scope for immediate capital growth through yield compression, income and active asset management will continue to be the key drivers of real estate returns in 2024.

Investors may be encouraged by significant declines in inflation and the resulting clarity over the trajectory of interest rates over the course of 2024. High-conviction sectors such as industrials and retail warehousing will continue to benefit from structural societal trends. A stable occupational market characterised by sustainable rental income and low vacancy rates, and modest levels of debt by historic standards, will support returns on a relative basis.

The extensive re-basing of capital values since June 2022 perhaps provides an attractive entry point for investors willing to increase allocations to the asset class.

Fund Objective & Policy

To invest primarily in direct UK commercial property. It aims to generate total returns (from income and capital appreciation) and outperform its benchmark, over rolling 3-year periods, after the deduction of charges. It also aims to deliver positive environmental or social outcomes in accordance with the Real Estate Responsible Investment Policy Statement.

Reporting

TPEN publishes reports regularly on the Fund's financial and responsible investment performance. These reports allow policyholders to track the progress of the Fund against its investment objectives. These reports are published on the Columbia Threadneedle Investments website

Key Risks

The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Positive returns are not guaranteed and no form of capital protection applies.

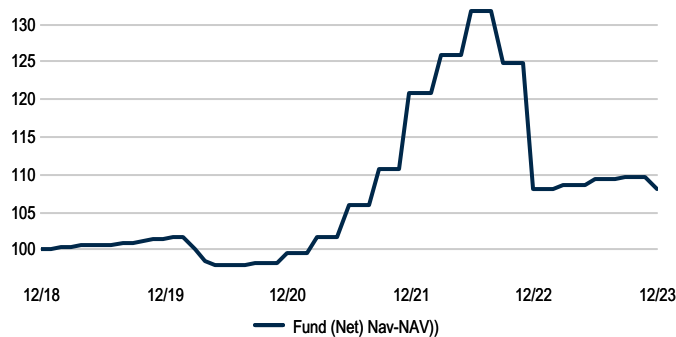
It may be difficult or impossible to realise assets of the Fund because the underlying property may not be readily saleable.

The value of a property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold. Should material uncertainty apply to the value of properties that constitute more than 20% of the [Fund]/[scheme property], it may be necessary to temporarily suspend dealing.

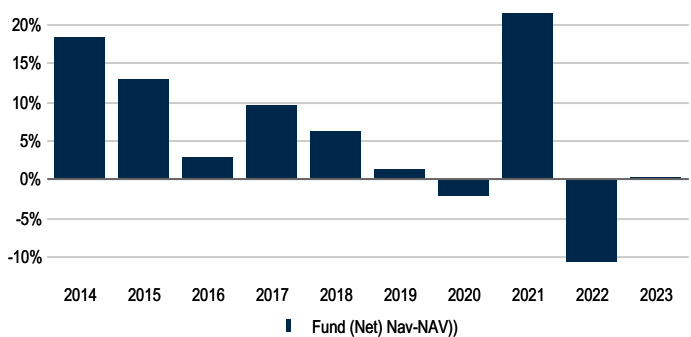
If values in the property market go down or rental income decreases, the Fund's value may be negatively affected.

Due to the illiquid nature of property and the time it can take to buy or sell assets, under normal circumstances up to 15% of the Fund may be held in cash deposits. High levels of cash may also be held by the Fund in anticipation of unusually large redemption requests, or if property investment opportunities are limited. Holding high levels of cash has an impact on the performance of the Fund and its distributable income until it is invested in property assets. If a significant number of shareholders withdraw their investment at the same time, the fund manager may consider it necessary to dispose of property investments to generate additional cash. In difficult market conditions, it can take longer to sell properties, and some properties may be sold for less than expected. The right to redeem shares in the fund will be suspended if there is insufficient cash available to satisfy sale requests, or could become necessary to balance the interests of continuing shareholders with those seeking to redeem.

5 Years NAV (GBP)*



Calendar Years (GBP)*



Annualised Performance (GBP)*

	3M	1YR	3YR	5YR	10YR	12M Rolling Period (GBP)*				
Fund (Net) Nav-NAV))	-1.3	0.2	2.9	1.6	5.7	01/19 - 12/19	01/20 - 12/20	01/21 - 12/21	01/22 - 12/22	01/23 - 12/23
MSCI/AREF UK All Balanced Open-Ended Property Fund Index	-1.2	-1.4	2.1	1.3	5.4	1.4	-1.9	21.5	-10.7	0.2
						1.6	-1.0	19.1	-9.5	-1.4

Calendar Year Performance (GBP)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund (Net) Nav-NAV))	0.2	-10.7	21.5	-1.9	1.4	6.2	9.7	2.9	13.0	18.4
MSCI/AREF UK All Balanced Open-Ended Property Fund Index	-1.4	-9.5	-19.1	-1.0	1.6	6.5	10.2	2.8	12.5	17.2

*Past performance is not a guide to the future. The value of investments and any income from them can fall as well as rise. The performance returns shown on this factsheet are Net of annual management charges on a NAV-to-NAV basis. The effect of charges will reduce the performance figures accordingly. Please see your scheme booklet for full details on all charges that may apply. Performance source: Columbia Threadneedle Investments. Three, five and ten year returns are annualised.

Top 10 Holdings (%)

Security Name	Weight
Deeside, Deeside Industrial Park	5.4
Chelmsford, Boreham Airfield	4.2
Watford, Penfold Works	2.8
Sittingbourne, Spade Lane DC	2.6
Cambridge, Compass Hse, Vision	2.3
South Ockendon, Arisdale Ave	2.2
London EC1, 28-42 Banner Street	1.8
London EC1, 29-35 Farringdon Rd	1.8
Bristol, G Park, Next DC	1.7
Wimbledon, Wellington	1.3
Total	26.0

Weightings (%)

Region	Fund	Sector	Fund
South East	26.7	IndustrialWarehouse	47.0
North West	15.1	Town Centre Offices	18.4
London - Inner	12.0	Retail Warehouse	15.1
London - Outer	9.2	Miscellaneous	8.1
Yorkshire/Humberside	7.9	Out Of Town Offices	5.8
Eastern	5.8	Unit Shops	4.0
South West	5.6	Supermarkets	1.6
West Midlands	4.4	Shopping Centres	0.0
Wales	4.1		
East Midlands	3.5		
Scotland	3.1		
North East	2.2		
Northern Ireland	0.5		

Portfolio Characteristics

	Fund	Index*
Net initial yield on property %	6.2	5.3
Vacancy Rate %	9.5	9.9
Number of Tenancies	1128	n/a
Average term of lease to renewal - years	4.5	6.8
Cash %	4.7	n/a

*MSCI UK Monthly Property Index

Important Information

Past performance is not a guide to future performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. This means that an investor may not get back the amount invested. Performance is on an offer-to-offer basis, gross of annual management charges, using global close prices. Portfolio positions are based on gross asset valuations at global close. Weighting and currency exposure data, where applicable, are on a look-through basis to underlying assets where Columbia Threadneedle CIS instruments are held. Your capital is at Risk.

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