

30 January 2023

Dear Investor

**Threadneedle Pensions Limited ('TPEN') - Important changes to the TPEN Property Fund ("the Fund")**

At Columbia Threadneedle Investments, we regularly review our TPEN fund range to ensure that our product offering remains suitable for our clients. Following the latest review, we wish to inform you of changes to the Fund's Investment Objective; to make clear the Fund's environmental and social goals and to amend the Fund's performance target, and to reference the reporting of these.

The Fund's current and new Investment Objectives are provided below:

**Current Investment Objective**

To invest primarily in direct UK commercial property. It aims to generate total returns (from income and capital appreciation) that are 1% per annum\*, above its benchmark, over rolling 3-year periods.

\*Based on a share class with an annual management charge of 0.75% per annum.

**New Investment Objective**

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 can be found on our website, using the following link: [Threadneedle Pensions Property | Real Estate \(columbiathreadneedle.co.uk\)](http://Threadneedle Pensions Property | Real Estate (columbiathreadneedle.co.uk))

**Why are we making these changes?**

We are making two separate changes:

1. We are expanding the Fund's Investment Objective to make clear the Fund's environmental and social goals, to align with both the industry and our corporate strategy of incorporating Responsible Investment (RI) objectives into funds. RI considerations, such as energy consumption, climate risk and social value, are already part of the Fund Manager's investment approach. The Fund will continue to

be managed in accordance with the Real Estate Responsible Investment Policy Statement. [Responsible Investor | Columbia Threadneedle Investments](#)

Further disclosures regarding the Promotion of Environmental Characteristics include our aspirations to achieve Net Zero operational carbon emissions from the property portfolio by 2040 or sooner. Principal Adverse Impacts and Sustainability Indicators have been included in the Appendices of the Key Features Document (KFD).

2. We have taken the decision to amend the Fund's performance target by removing the 1% outperformance target within the Investment Objective and removing reference to a specific share class. The performance target, which applies to all share classes of the Fund is: to generate total returns (from income and capital appreciation) and outperform its benchmark over rolling 3-year periods, after the deduction of charges. This is more realistic and consistent with the Fund's returns and overall investment approach.  
We are clarifying that the performance of the Fund is measured net of fees, consistent with the benchmark which is also net of fees.

Please be assured that these changes do not alter the way the Fund is managed; there will be no change to the investment approach which already considers Responsible Investment.

#### **What does this mean for investors?**

As a policyholder investing in the Fund, this letter is providing you with the 3 months' notice we are required to give you of Fund changes. The changes will be effective from May 2023 following the 90-day notice period.

#### **Key Features Document (KFD)**

We have enclosed a revised KFD, effective from May 2023.

#### **Further information**

Please refer to the attached Q&A document for additional information about the changes that we are making. If you have any further questions, please contact us on [clientservices@columbiathreadneedle.com](mailto:clientservices@columbiathreadneedle.com).

Yours faithfully,



Joseph Vullo  
Chief Executive Officer

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