

Changes to Threadneedle Pooled Pension (TPEN) Property Fund

Q&A

January 2023

1. What changes are you making to the Threadneedle Pension Fund (TPEN) Property Fund?

We are making changes to the Fund's Investment Objective; to make clear the Fund's environmental and social goals, amend the Fund's financial target, and to reference the reporting of these.

2. What is the new investment objective for the Fund going to be?

Current	New
<p>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.</p> <p>*Based on a share class with an annual management charge of 0.75% per annum.</p>	<p>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.</p> <p>It also aims to deliver positive environmental or social outcomes in accordance with the Real Estate Responsible Investment Policy Statement.</p> <p>Reporting</p> <p>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.</p>

3. Why are you introducing RI into the Fund's Investment Objective?

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 strategy of incorporating RI objectives into funds.

4. The new Investment Objective states that the Fund aims to deliver positive environmental or social outcomes in accordance with the Real Estate Investment Policy Statement, what approach is being taken to achieve this?

The approach taken to deliver positive outcomes in accordance with the Real Estate Investment Policy Statement can be found on the Columbia Threadneedle Investments website, or by following the below link under 'Managing real estate responsibility':

[Responsible Investor | Columbia Threadneedle Investments](#). It is also explained in Annex 3 of the KFD under 'Sustainability Risk Integration: Property Fund'.

5. You have disclosed in the KFD that you seek to achieve Net Zero operational carbon emissions from the property portfolio by 2040 or sooner, what does this mean and how do you seek to achieve this?

A disclosure has been made in the appendices of the KFD of our aspirations to achieve Net Zero operational carbon emissions from the property portfolio by 2040 or sooner. Operational carbon emissions are those associated with the energy used in the management or occupation of buildings. You can view reports on the TPEN Property Fund website which explain our commitment to Net Zero and the actions that are being taken to achieve this.

<https://www.columbiathreadneedle.co.uk/en/inst/campaign/threadneedle-pensions-property/>

6. Where can I find the reports showing the Fund's financial and responsible investment performance?

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, or on the following link:

<https://www.columbiathreadneedle.co.uk/en/inst/campaign/threadneedle-pensions-property/>

7. What will the new performance target be of the Fund, and why are you amending it?

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 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 peer group benchmark which is also net of fees.

8. Is the outperformance target being amended due to the introduction of Responsible Investment objectives?

No, we consider these to be separate changes with specific rationales for these changes, as described in the responses to questions 3 and 6 above.

9. What is the Fund's benchmark?

The Fund's benchmark is the MSCI/AREF UK All Balanced Quarterly Property Fund Index (Weighted average).

10. Will these changes alter the way the Fund is being managed?

These changes will not alter the way the Fund is managed; there will be no change to the investment approach which already considers Responsible Investment (RI).

11. When will the changes be effective?

The changes will be effective from May 2023, following the 3 months' notice period.

12. Do I need to take any action?

No, you do not need to take action. This letter is providing you with the 3 months' notice we are required to give you of the Fund changes.

13. Who should I contact for further information?

If you have any further questions, please email clientservices@columbiathreadneedle.com or contact your Client Relationship Director.