

Why property in multi asset portfolios?

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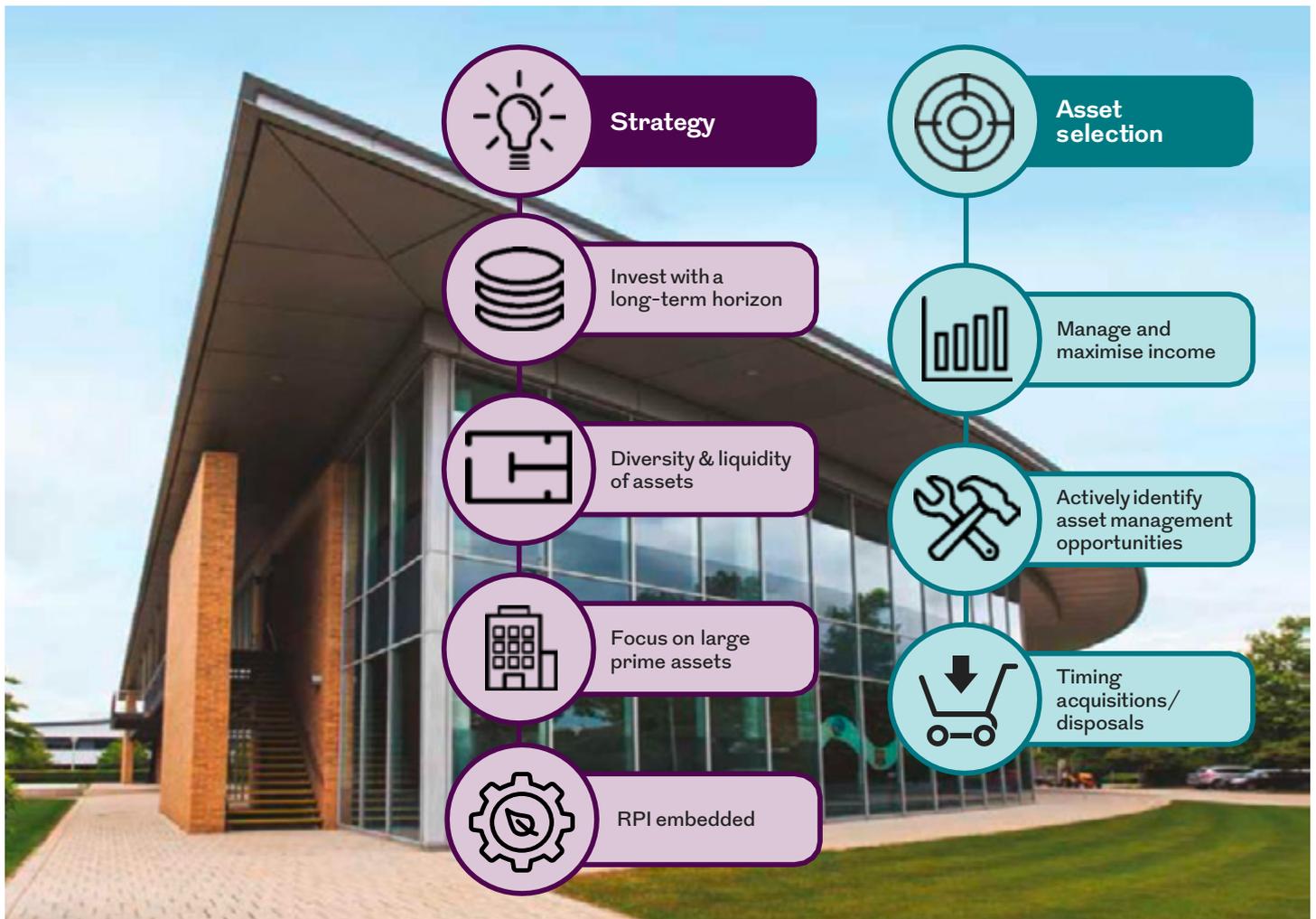
- **Deeper diversification** – this is one of the biggest benefits of including property in multi asset portfolios. It has a low correlation with traditional investments like equities and bonds, meaning it tends to perform in different ways in different market conditions and at various points during the economic cycle.
- **Inflation hedge** – commercial property, like office blocks and hotels, tends to be subject to very long leases, with rental increases often linked to inflation. So when inflation rises, so too should rental income.
- **Steady income stream** – property investments can provide consistent and predictable cashflows through rental income.
- **Capital appreciation** – property values can appreciate over the long term, especially if there's strong demand for particular assets, although it's important to remember that the value of all investments can go down as well as up. Skilful active management, such as redevelopment or refurbishment, can also increase an asset's value.
- **Lower volatility** – property can offer growth over the long term but with lower volatility compared to traditional investments. Given the long-term nature of property investments and the slow movement of the market relative to equities, they tend to be more stable. Property assets are typically valued monthly, quarterly or annually, which can help smooth returns, although remember that the value of all investments can go down as well as up, sometimes significantly.
- **Intrinsic value** – as property is a physical asset, it generally has worth beyond its investment value. So, for example, even if an investment strategy is unsuccessful or a development project collapses, there is likely to be residual value in the building itself, the fixtures and fittings, and the underlying land.
- **Sustainability goals** – investing with managers who take a responsible approach to property and who manage assets in a way that delivers social value and positive environmental outcomes can help investors achieve their own sustainability goals.

Royal London Asset Management's approach and expertise

Property has been a key investment for Royal London for decades. As a result, Royal London Asset Management is one of the largest landlords in the UK, with £9.1 billion of assets under management (as at 30 June 2025), as well as having a strong performance record. It manages mature portfolios of sizeable prime properties, mainly commercial, and its aim is to make the most of these assets through active management and development.

Royal London Asset Management's focus on property as a truly long-term investment helps offset the lower liquidity and higher transaction costs of the asset class. It believes that this gives the time needed to realise the potential of each property, whether that's through improving the quality of the asset and the income it produces, or selling it when market conditions are favourable.

Meanwhile, the focus on prime assets – higher-quality properties in attractive areas – gives the potential for property portfolios to be strongly defensive in a downturn, while an upturn can drive higher rents and the opportunity to improve assets.



Property and the Governed Range

The Governed Range invests in the RLP Property Fund (pension products) and the RLI Property Fund (Stocks and Shares ISA) – direct property funds that are fully UK focused, with a bias towards prime commercial and industrial properties in London and the South East of England.

- **The RLP Property Fund is one of the largest direct property funds in the UK** – it currently has over £7.8 billion in assets under management (as at the end of December 2025).
- **Highly diversified portfolios** – the funds currently have over 120 properties and more than 1,000 tenants (as at the end of December 2025). This includes traditional property sectors such as retail, office space and industrial properties, as well as alternative and fast growing sectors like healthcare, life sciences and data centres.
- **Liquidity is well managed** – the funds are only available to our pension and Stocks and Shares ISA customers – there are no institutional investors. So they have regular cashflows from new business and regular premiums, with minimal risk of large withdrawals.
- **Solid long-term performance** – the RLP Property Fund’s compound annualised growth rates are above benchmark over three, five, 10 and 15 years. The fund’s benchmark is the ABI UK Direct Property pension sector.

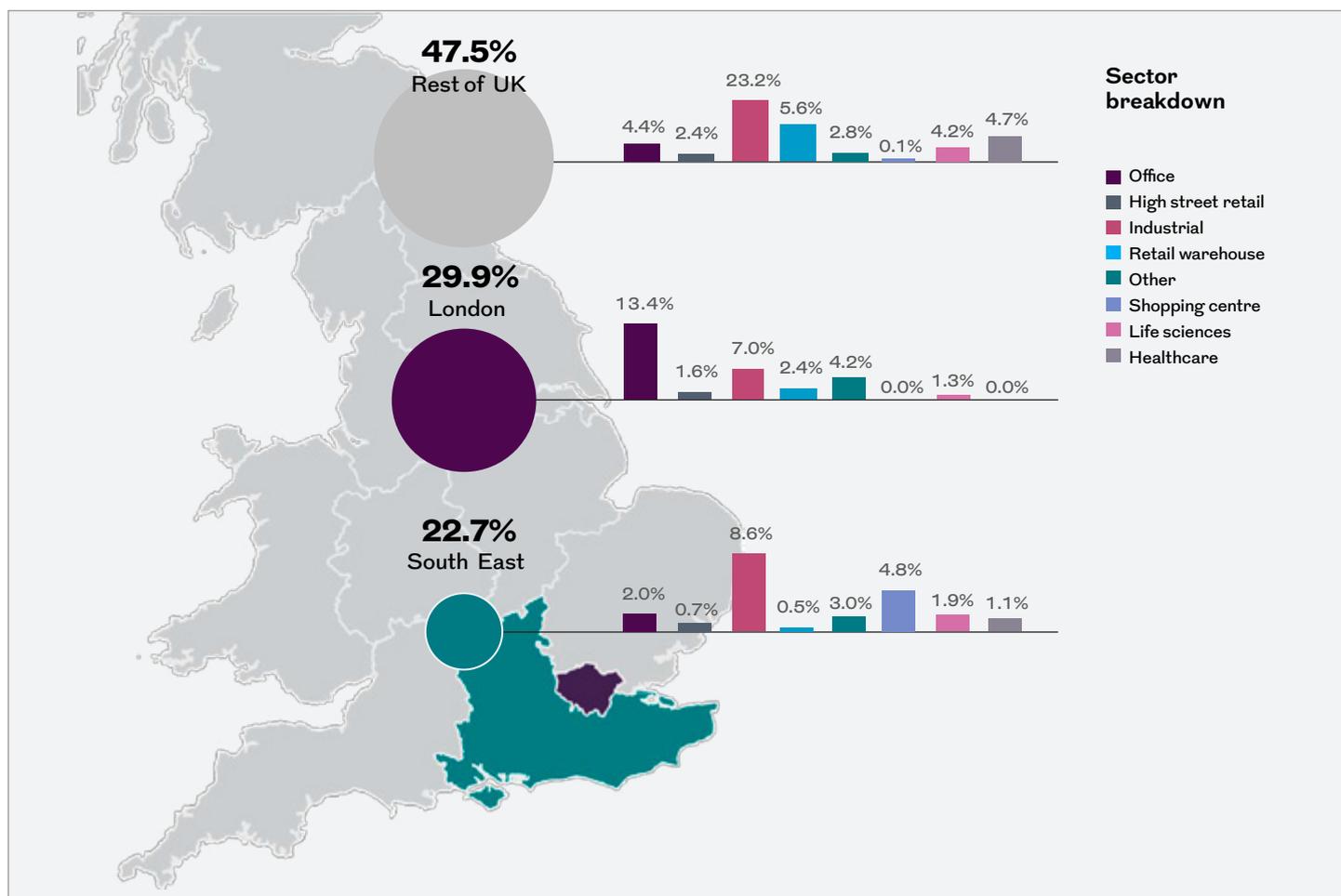
The RLI Property Fund was launched in May 2025 so doesn’t yet have a performance history.

	3 years	5 years	10 years	15 years
RLP Property Fund	2.41%	2.20%	2.25%	4.35%
Benchmark	0.82%	0.96%	1.10%	2.98%

Source: Lipper, as at 31 December 2025. All performance figures have been calculated net of the annual management charge which applies to the fund.

Portfolio characteristics

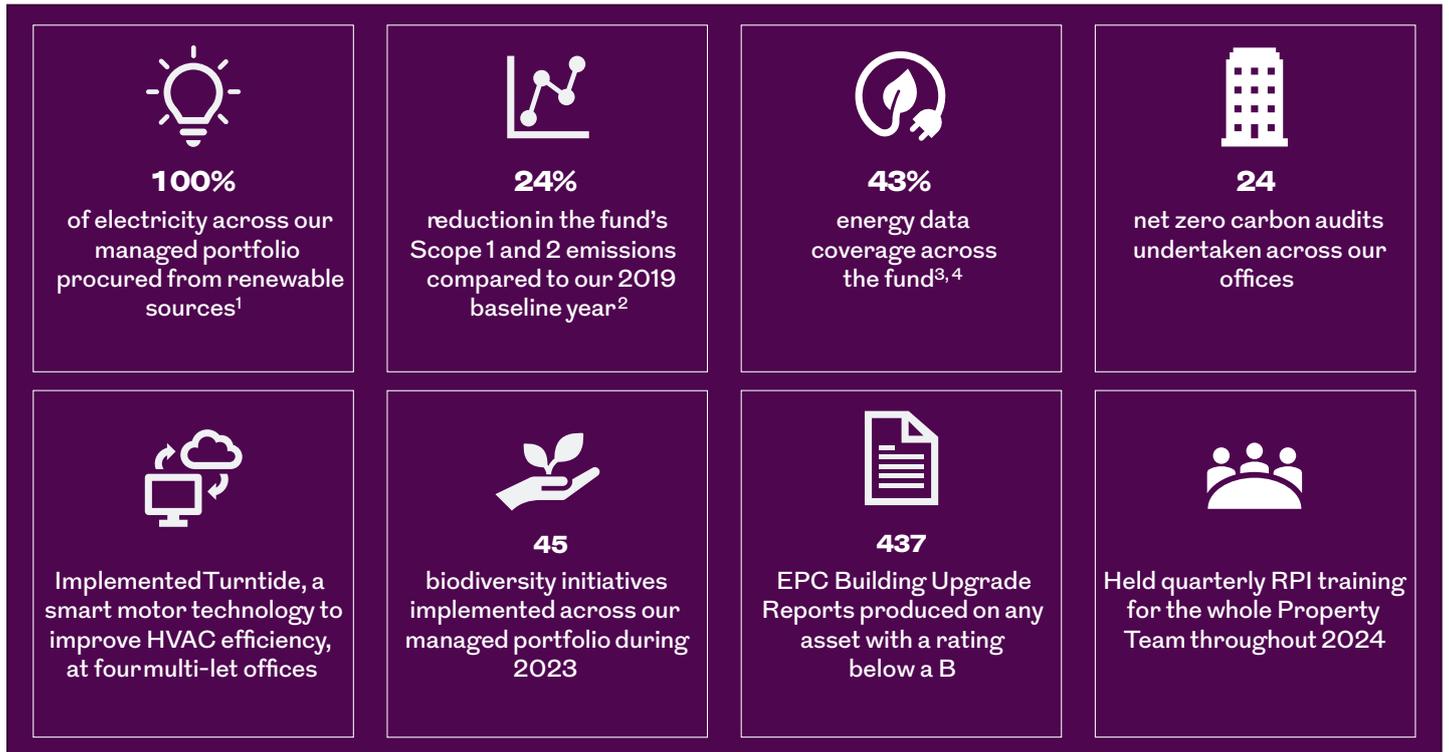
The RLP Property Fund and RLI Property Fund offer balanced exposure across all sectors, but with an increasing pivot towards ‘alternative’ sectors, such as care homes, retirement and key worker housing, and life science parks.



Source: Royal London Asset Management

Responsible property investment

2024 highlights



Source: Royal London Asset Management, Q4 2024.

HVAC = heating, ventilation and air conditioning; EPC = Energy Performance Certificate; RPI = responsible property investment.

¹ Through the use of Renewable Energy Guarantees of Origin (REGO) certificates. ² Absolute changes. ³ By floor area. ⁴ As at Q3 2024.



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