

Aegon Active Beta Property Fund

Quarterly factsheet as at 31 December 2024

Fund managers



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Aegon Active Beta
Property Fund



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Key facts

Fund launch	30 June 2017
Fund provider	Mobius Life Limited
Fund structure	Life-wrapped investment fund
Fund advisor	Aegon Asset Management UK
Benchmark	MSCI/AREF UK All Balanced Open-Ended Property Fund Index
Minimum investment	£250,000
Management charge	0.24% p.a.
Fund size (NAV)	£101.9m
Property fund holdings	13
Underlying exposure to number of properties	700
Underlying net asset value exposure	£15.4 billion
Underlying weighted average leverage	1.9%
Offer price per unit	£134.76
NAV price per unit	£128.09
Bid price per unit	£126.52
Units in issue	795,163.91

Source: Aegon Asset Management, as of 31 December 2024.

Fund Objective

The investment objective of the Fund is to provide a property market return by matching the return (net-of-fees) of the MSCI/AREF UK All Balanced Open-Ended Property Fund Index.

The Fund will seek to achieve its investment objective by investing in a portfolio of balanced open-ended property funds that are constituents of the MSCI/AREF UK All Balanced Open-Ended Property Fund Index.

Performance

The Fund recorded a return of 2.5% net-of-fees in Q4 2024, against the benchmark return of 2.4%. Since inception, the Fund has returned 3.2% p.a. net-of-fees against a benchmark return of 3.2% p.a. with a low annualised tracking error of 0.6% p.a.

Performance (to 30 September 2024)

	3 months	Year-to-date	1 year	3 years (% p.a.)	5 years (% p.a.)	Since inception (% p.a.)
Fund	2.5%	4.9%	4.9%	-2.0%	2.0%	3.2%
Index	2.4%	5.4%	5.4%	-2.0%	2.1%	3.2%

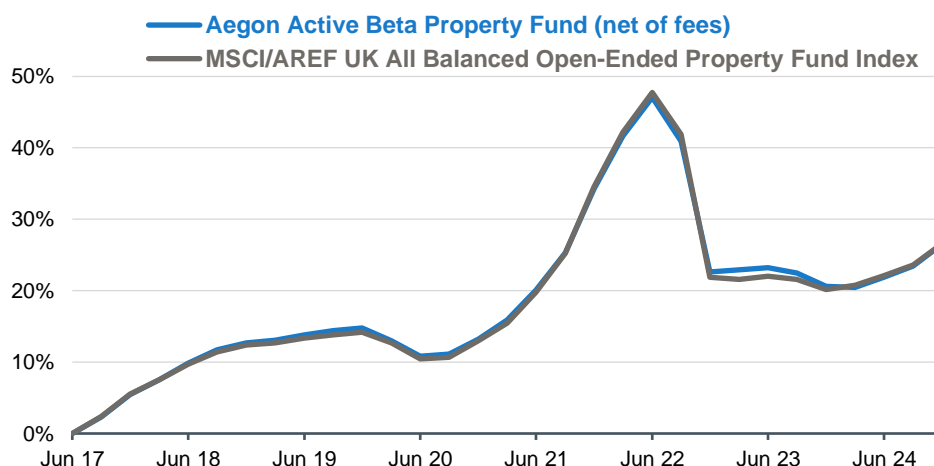
Year on Year Performance

	1 year to 31/12/24	1 year to 31/12/23	1 year to 31/12/22	1 year to 31/12/21	1 year to 31/12/20	1 year to 31/12/19	1 year to 31/12/18
Fund	4.9%	-1.6%	-8.7%	18.6%	-1.4%	1.8%	6.9%
Index	5.4%	-1.4%	-9.5%	19.1%	-1.0%	1.6%	6.5%

Risk statistics (since inception, based on quarterly data)

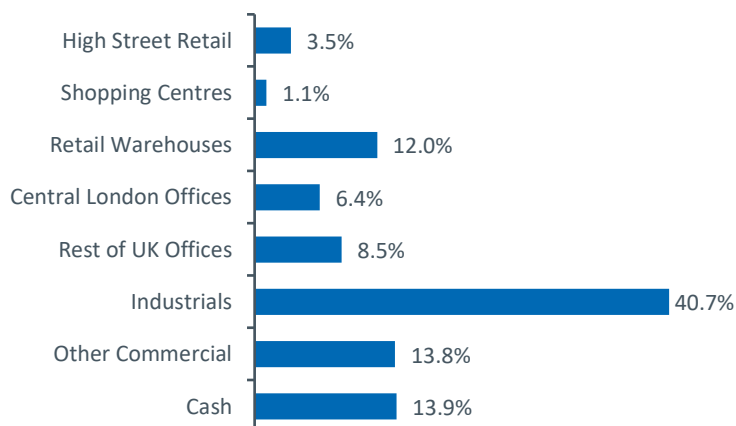
	Tracking Error (p.a.)	Volatility (p.a.)	Beta	R-squared
Fund	0.6%	6.9%	0.95	0.99

Cumulative performance (since inception)



Source: Aegon Asset Management and MSCI. From 30/06/2017 to 31/12/2024. NAV to NAV. Fund returns are net of fees. GBP total returns. Past performance should not be seen as a guide to future performance as it may not be repeated. Past performance is net of fees.

Underlying sector allocation



Source: Aegon AM as at 31 December 2024.

Top 10 holdings

1.	LGIM Managed Property Fund	13.0%
2.	SLI PP Property Fund	12.8%
3.	UBS Triton Property Fund	11.5%
4.	Blackrock UK Property Fund	10.5%
5.	Threadneedle PUT	8.6%
6.	Threadneedle PP Fund	6.8%
7.	Schroders Capital UK RE Fund	6.2%
8.	Patrizia Hanover PUT	5.7%
9.	Federated Hermes PUT	5.2%
10.	CBRE UK Property PAIF	5.1%
Total		85.4%

Portfolio activity

Transactions totalling £9.8m were made in Q4 2024 as part of our continued strategy of rebalancing the portfolio. Purchases totalling £4.0m were made during the quarter with £2.0m invested in Standard Life Pooled Pensions Property Fund and £2.0m invested in Threadneedle Pensions Property Fund. In terms of sales, capital receipts of £0.3m were received from Lothbury Property Trust, £3.9m was redeemed from Blackrock UK Property Fund, £1.2m was redeemed from Schroders Capital UK Real Estate Fund and £0.4m from CBRE UK Property PAIF in Q4 2024.

Market commentary

Ended Property Fund Index, ending the full year with a respectable return of 5.4%. There are early signs of a nascent recovery in the UK commercial property market with capital value growth accelerating at the headline All Property level over the quarter. A flurry of investment activity in the direct property market at the end of 2024 is likely to lead to transaction volumes matching or exceeding previous year volumes whilst occupational markets continue to remain in good health at the headline level.

The industrial and logistics sector continued to be the top performing sector in Q4 2024. A combination of tight occupational markets for industrial space and an increase in investment demand for industrial assets has led to the twin capital value drivers of positive rental value growth and yield compression in industrial investment markets.

Elsewhere, the recovery of the retail sector continued apace with the sector delivering another solid total return over the quarter and ending the full year as the strongest performing mainstream sector over 12 months. Whilst challenges remain in some parts of the retail sector, stabilising vacancy rates and rebased rents following a torrid few years of structural upheaval mean that the outlook for certain sub-markets such as retail warehouses is promising.

The office sector remained the weakest performing mainstream sector. Encouragingly however, the pace of capital value decline in the office sector slowed at the end of the year with early signs that the office market is approaching a trough following a heavy correction since mid-2022. Whilst concerns remain over the outlook for secondary offices with obsolescence risks, the rental growth prospects for prime ESG-friendly Grade A stock continues to be stronger due to competition from occupiers for a limited supply of high-quality space.

Finally, the 'other commercial' sector which comprises sub-markets such as residential, hotels, leisure etc. performed steadily again in Q4. The 'living' sector continues to benefit from favourable demographic fundamentals and structural under-supply which is supporting strong rates of rental value growth in sub-markets such as private residential and student accommodation.

The outlook for UK commercial property significantly improved in 2024 with a recovery in investor confidence leading to capital values appearing to turn a corner by the end of the year. Whilst there is significant uncertainty over where gilt yields and finance costs may settle at as we enter 2025, firm occupational markets are expected to generate healthy rates of rental value growth, especially in the 'beds and sheds' sectors. In addition, a weakening of Sterling will continue to mean the UK is an attractive destination for real estate investment by overseas investors. The latest IPF Consensus Forecasts – an industry average of commercial property market return forecasts by agents, fund managers and researchers – show an upgraded total return projection of 8.2% p.a. over the 4 years to end-2028.

Important information

For Professional Clients only and not to be distributed to or relied upon by retail clients. The principal risk of this product is the loss of capital.

Past performance is not a guide to future performance. Outcomes, including the payment of income, are not guaranteed.

Opinions expressed represent our understanding of the current and historical positions of the market and are not an investment recommendation, research or advice. All content within is communicated to the recipient for marketing purposes only. Sources used, both internal and external, are deemed reliable by Aegon Asset Management at the time of writing.

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No content in this document is intended as tax advice. Fund Charges are taken from income but will be taken from capital where income is insufficient to cover charges.

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Mobius Life

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Knight Frank Investment Management LLP

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