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Investor / Saver

Property funds in trouble

Investors pulled almost £3bn out of UK property funds over the past year, highlighting the toll that extended Brexit uncertainty and high street gloom have had on the sector. Data prepared by Morningstar shows that £2.8bn was taken from 15 open-ended commercial property funds that offer daily liquidity to investors, putting pressure on the cash buffers used to cover customer withdrawals. One of the UK's largest property funds, M&G, was suspended earlier this week after almost £1bn was withdrawn by investors over the past year. The Aberdeen UK Property Fund was the second-worst performer and suffered about £773m in cash withdrawals. M&G's £2.5bn fund had a relatively high exposure to the troubled retail property sector, accounting for about 37% of the portfolio in October, according to the ratings agency Fitch. It meant the fund was more sensitive to a drop in the value of those properties after a review by the property consultants Knight Frank last month. The Aberdeen UK Property Fund was the only fund with a higher exposure, at 43%. However, M&G's problem could end up snowballing if the suspension ends up spooking other investors into pulling money from other property funds, Fitch warned.

Investor / Saver / Retired

Keep an eye on pension fund fees

More and more of us are opting to invest in a private pension and build our own portfolio. Just make sure you aren't eroding your returns by paying hefty fees. Watch out for high fund charges and platform fees that could catch you out and put a serious dent in your retirement plans. Increasingly, investors are choosing to avoid paying fund managers' salaries by opting for low-cost tracker funds. "Three of the most-bought funds by UK investors last month were trackers," says Kate Palmer in The Times. These funds generally charge 0.1%-0.5% compared with an actively managed fund's 0.75%-1.5%. On a £50,000 investment over ten years that is a difference of £3,250, notes The Times.

All

House price rises despite Brexit looming large

UK house prices were 2.1% higher last month then they were a year ago at an average price of £234,625, according to the Halifax House Price Index. Prices also grow on a monthly basis, rising 1.0% from October. It means an end to back-to-back months of declining growth as November's gains recouped the previous month's losses. The average house price is now the highest it has been all year, surpassing the previous high of February's £234,195. UK house prices also posted quarterly gains, with the latest quarter, including September, October and November, 0.2% up on the preceding three months. Russell Galley, Managing Director, Halifax, said: "Prices are now up by £3,904 since the start of the year. While a degree of uncertainty remains evident, it's also clear that buyers and sellers are responding to factors such as improved mortgage affordability and the limited supply of available properties." Commentators believe it is these issues which will continue to underpin the resilience evident in the market for most of 2019. Over the medium term they expect the emerging trend of modest gains to continue into next year.

Investor / Saver

Woodford's protégé under the spotlight

Invesco fund manager Mark Barnett is under fire from the board of the £680milllion investment trust he manages after a run of poor performance. Barnett, 49, a protégé of fallen stock picker Neil Woodford, has come under scrutiny after Woodford's investment empire, which he set up after leaving Invesco in 2013, imploded spectacularly last month. Barnett follows a similar strategy to that of Woodford – investing in British companies which he believes are undervalued but are still paying out strong dividends. But in the six months to September, the underlying value of the assets held by his Income And Growth trust slid by 1.2%. Over the same period, the FTSE All-Share Index climbed 4.6%. Richard Laing, chairman of the Perpetual Income And Growth Investment Trust, said: 'The board is very sensitive to shareholder concerns about continued weak results. Last week, Allied Minds, a company in which both Woodford's funds and Barnett's Invesco funds own a large stake, suffered a 0.4% fall in its share price.

All

Credit mis-conceptions

Confusion about credit reports is rife among the UK public, a new survey by consumer group Which? has found. The most common misconception found was that a credit blacklist exists, with nearly eight in 10 (79%) people incorrectly believing someone can be banned from borrowing. While four in 10 people (38%) have never checked their credit report, the survey of over 1,000 people highlighted several other misunderstandings among consumers. A third (32%) of those surveyed wrongly believed they would be charged a fee to check their report, and another third (32%) thought checking too frequently would negatively impact their credit score. The survey also found a lack of understanding over what information is included in a credit report. A third (32%) of people didn't know that being on the electoral roll was recorded in a credit report, and nearly three quarters (72%) incorrectly believed council tax arrears were included in their credit reports. Four in 10 also mistakenly thought their salary (42%) and savings (41%) were included. Of those that have checked their credit report, one in five (20%) had found an error in the report. Errors included incorrect address, a false record of missed payments, or a credit product fraudulently taken out in their name.

Investor / Saver

Emerging markets pick up

Emerging market stocks edged up on Monday after declining for two straight sessions, as investors cheered an unexpected rebound in Chinese manufacturing activity, while Russia's Gazprom hit a three-week high as it began gas supplies to China. Gazprom's shares were set for their best day in more than a week, as Russian President Vladimir Putin said supplies to China via the Power of Siberia pipeline would help the two countries reach $200 billion in trade by 2024. Russian shares firmed about 0.6% and were slated for their best day in more than three weeks, also helped by a jump in oil prices as signs of rising manufacturing activity in China pointed towards higher future fuel demand. China's factory activity expanded at the quickest pace in almost three years in November, a private business survey showed on Monday, sparking a rally in global stocks. An index of emerging market shares rose about 0.1%, led by gains in China and Hong Kong. Chinese stocks ended higher, but pared early gains as concerns about a wider slowdown lingered. "The Chinese economy is likely to slow further given that growth in the property sector is unsustainable," said Jason Tuvey, senior economist at Capital Economics.

Emerging markets is typically a higher risk investment strategy and individual advice is always recommended.

Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts and reliefs from taxation are subject to change. The FCA does not regulate tax advice.

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