

# *Hot Topic:*

## Property Investment Funds

**Property - The historic performance of commercial property has very little correlation with the performance of corporate bond or equity based investments.**

For investors looking to diversify, their portfolio property funds offer attractive historical returns with relatively strong 'defensive' qualities (i.e. low volatility).

Income into commercial property funds is often derived from contractually binding contracts of rent paid by business tenants to occupy properties held within the fund. Commercial leases are often arranged over a long period and often include an 'upwards only clause' which ensures that rents are not negotiated downwards during the lease period, even in times of falling markets. Commercial property tends therefore to offer a more stable return than, for example, dividends paid on equities.

Added to the rental incomes, property has the added attraction of appreciating in value over time, and although property values do fall, the 'bricks and mortar' assets of a fund remain.

However, returns from a property fund are not guaranteed and the value of any investment can fall as well as rise.

Furthermore, because of the nature of property as an asset it may not always be possible to immediately switch or cash-in your investment, because the property in the fund may not always be readily saleable. If this is the case then a fund manager may defer your request to cash in for a period of time. You should bear in mind that the valuation of property is a matter of the valuer's opinion, rather than a matter of fact.

It is important that you understand the risks of any investment. We will be able to assist you in choosing a suitable investment.

