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The ISA Man Cometh

Many people delay making their annual ISA investment until the end of the tax year – which is unfortunate because the best time to buy investments is when other people are not doing so. So the best advice is – don't delay!

As to the question of where to invest, clearly the overriding concern must be to select investments which sit happily alongside the other holdings in each individual portfolio. This means achieving a balance between the three main types of investment - shares, fixed interest investments and cash – in such a way as to reflect both the return the investor needs and the amount of excitement he or she can stand.

Since investment should be for the medium to long term, it would be wrong to base decisions on the expectation of short-term market movements. Equally, however, investors should not ignore clear signals that particular investment markets may have become over-bought. The conspicuous case in point at the present time is the UK commercial property market.

As an asset class property is closer to fixed interest than to shares and is bought primarily for income, but prices have been chased up by hungry investors and yields are now lower than the returns available on cash deposits. So anyone considering property investment would probably be advised to look overseas rather than in the UK.

The UK fixed interest market is also seriously over-bought as a result of pension funds having to buy fixed interest securities to cover their liabilities to their members. Again, deposit rates are currently more attractive and arguably money which might normally have been invested in fixed interest might now be directed instead to cash.

Up to £3,000 can be invested in cash ISA and any additional investment up to the £7,000 annual ISA allowance must be placed in a share fund. However, the Government has announced that it intends to abolish the distinction between mini and maxi ISAs and to permit holdings in cash ISAs to be transferred into share ISAs (but not the other way round).

If you have any queries you can phone or email Glenn Smyth or Rod Smith on glennsmyth@boltburdon.co.uk or rodsmith@boltburdon.co.uk or phone 020 7288 4700. Our full range of services includes Financial Planning, Trusts Wills & Probate, Property, Matrimonial and Family Law, Commercial Law, Commercial Dispute Resolution, Debt Collection, Compensation Claim Litigation. Visit our web site at www.boltburdon.co.uk. To stop receiving this bulletin, reply stating 'unsubscribe'.