

News release

17 March 2006

**You're a nerd to follow the herd:  
FASHION FADS COST INVESTORS BILLIONS**

*moneyspider.com warns against getting caught up in the property hype as investors rush to beat the ISA deadline*

Following fashion, investing in hot and over-hyped market fads such as the Technology Funds boom and bust has cost investors billions. In the wake of more than 10 property funds being launched in the last 12 months alone, Bill Ross, Managing Director of online funds ratings provider **moneyspider.com** warns investors rushing to beat the imminent ISA deadline to beware following the herd.

**You're a nerd to follow the herd**

*"The writing is on the wall," says Ross. "We have seen a glut of new property funds come to the market over the last year, and there is a real risk that many investors will be caught up in the marketing hype surrounding what could well come to prove the next costly investment fashion fad.*

*"While there are some quality property funds available through groups like New Star and Norwich Union, of the 21 property funds on offer to UK retail investors, only 11 have been around for longer than one year<sup>1</sup>. Of those 11 funds, just four have been awarded a Moneyspider A or B rating."*

Property expert Richard Burrell, widely respected manager of the £130m Westbury Property Fund says the flood of groups launching direct property funds over the past 12 months has led to a lack of supply of the asset class, with several managers maintaining large cash weightings.

*"The real worry is a lack of supply of good deals as there are so many funds after these properties. There is simply a huge amount of money chasing these assets."*

**Don't get your fingers burnt**

*"With 10 new funds launched in the last 12 months alone, you have to ask yourself whether these launches were based on a real belief that property is going to out-perform or were simply driven by the fund managers' marketing machines and whether they have the investors' best interest at heart?" added Ross.*

*"Far too many investors got their fingers badly burnt in the Technology and other 'here today, gone tomorrow' fads. As an organisation that draws investors' attention to the performance of their funds, we wouldn't want to see a repeat of this in the Property sector.*

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<sup>1</sup> To qualify for a moneyspider.com rating, funds must have at least one year performance history.

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*“Those enticed into investing in the Henderson Global Technology Fund, one of the most aggressively promoted funds five years ago, would have seen an investment of £5,000 shrink to just £2,700 today - a loss of almost 50%.”*

**moneyspider.com** is not alone in its concern over property funds.

In February, *Moneywise* magazine wrote: *“Uneven prospects are in store for this type of individual savings account. Anyone planning to invest this year’s individual savings account allowance in commercial property should beware the hype.”*

In today’s FT reporting on the annual MIPIM property conference in Cannes, John Stephen, UK Chairman of Jones Lang LaSalle said: *“Everyone is awash with cash. But the question everyone is asking is, when will it end? There are an awful lot of people who have never seen a downturn.”*

**Top 3 Property Funds as rated by moneyspider.com**

<b>Fund Name</b>	<b>Moneyspider Rating</b>	<b>Moneyspider % Score</b>
Aberdeen Property Share	A	88.1133
Norwich Property	B	64.6920
New Star Property	B	62.7929

**Bottom 3 Property Funds as rated by moneyspider.com**

<b>Fund Name</b>	<b>Moneyspider Rating</b>	<b>Moneyspider % Score</b>
Abacus Premier Diversified Prop EUT	D*	31.5148
UBS Triton Property	D*	38.0640
Morley Property Investment	D*	39.7760

\* provisional rating for funds less than 5 years old.

Source: moneyspider.com/Financial Express, as at 10 March 2006.

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**NOTES TO EDITORS**

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The **Moneyspider Rating®** monitors and ranks **2,000 Unit Trusts and OEICs**, providing a ranking for all funds, and a 'Rank in Sector' rating for each fund, **telling investors what the fund management companies won't** – how their fund holdings compare with their peers.

The **Moneyspider Rating®** is produced by converting a sophisticated **proprietary algorithm of 34 computations** into a % score, calculated to four decimal points, which is then ranked into one of 5 easy-to-understand ratings - **from A (highly rated) to E (very poorly rated)**. The Rating is calculated against a daily information feed, provided by financial services data collector and solutions provider, Financial Express.

The **Moneyspider Rating®** provides a unique assessment of the performance of each fund measured against four parameters, each analysed over one, three and five years (weighted towards the longer term) as follows:

**Sector ranking:** *comparison with all other funds in the same sector (based on the sector definitions used by the Investment Management Association).*

**All Funds ranking:** *comparison with all other 2,000 or so Unit Trusts and OEIC funds available to UK investors.*

**FTSE 100:** *comparison of the total return of the fund with the total return of the FTSE 100 index, providing a consistent benchmark for each fund.*

**Cash:** *comparison of the fund's performance with the return from an equivalent amount deposited in a 90 day access account.*