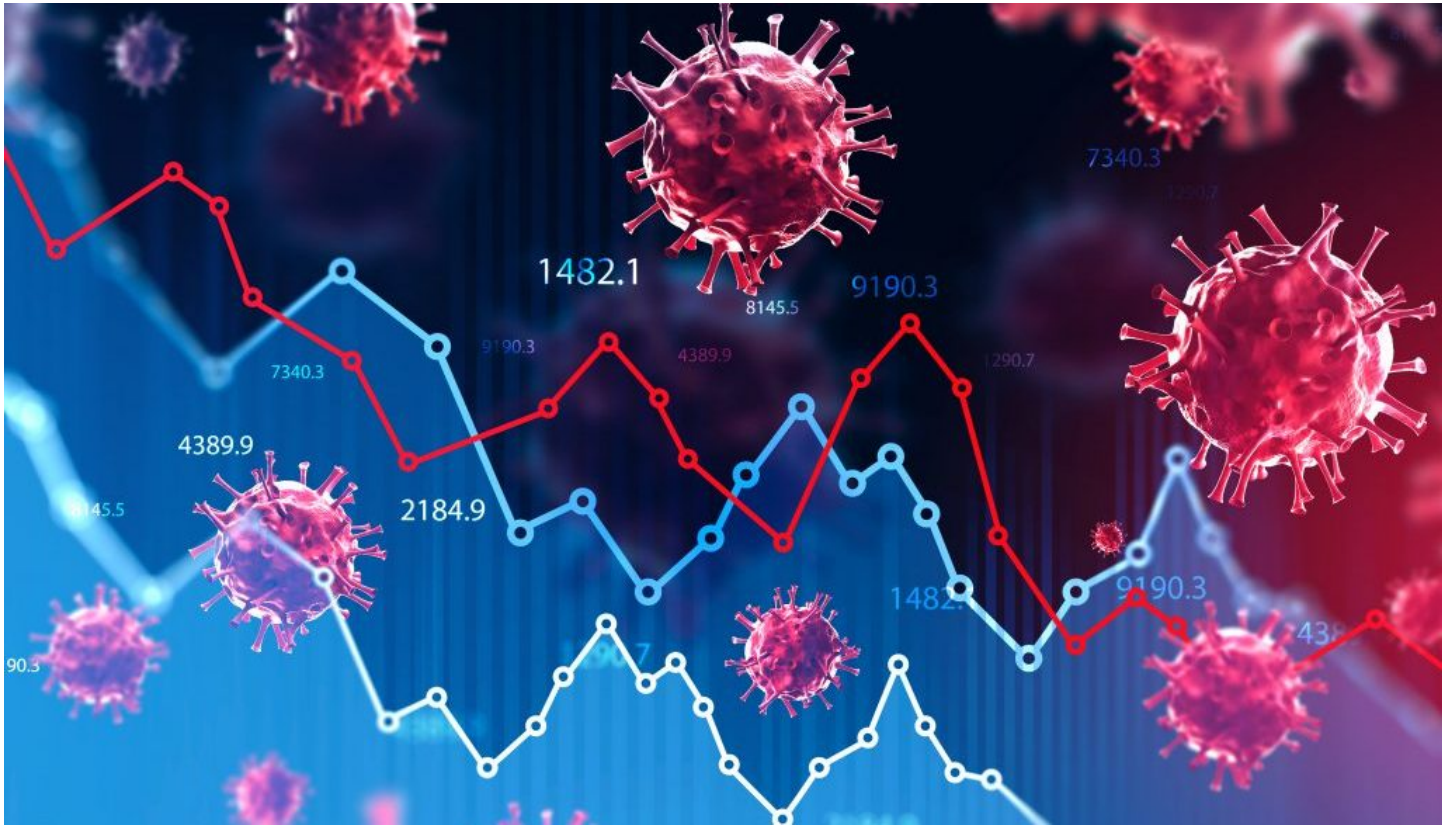

MARCH
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P2P outperformed UK stock market during the pandemic

MARC SHOFFMAN | INDUSTRY NEWS, NEWS | 4TH WAY, CROWDPROPERTY, KUFLINK, PANDEMIC, PROPLEND

Investors with a balanced portfolio containing some of the largest peer-to-peer lenders would have earned at least 4.5 per cent interest during the pandemic last year, research claims.

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P2P analyst 4th Way has assessed the performance of the P2P sector, which is now 15 years old, while the Innovative Finance ISA (IFISA) tax wrapper is now in its fifth year.

It claims that while the pandemic pushed stock markets down last year, P2P investors still made positive returns.

A balanced portfolio of all 4thWay rated accounts, which includes lending on platforms such as CrowdProperty, Kuflink and Proplend, will have returned most investors at least 4.5 per cent in 2020, with five per cent to eight per cent more typical, 4th Way claims.

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In contrast, FTSE 100 tracker the Legal & General UK 100 Index was down 10.9 per cent over the year.

The research recognised that there have been liquidity issues with P2P lending, while investors could more easily take money out of the stock market.

The analysis adds that the stock market has been down five times annually over the past 15 years, while P2P has remained positive and more than £1bn of interest has been paid to investors from some of the largest lenders.

"Investors are still learning the quirks of the industry, in particular about liquidity and sensible investing horizons," Neil Faulkner, co-founder and managing director of 4thWay, said.

"Yet as time ticks on, they are also learning how incredibly stable online direct lending is through P2P accounts and P2P IFISAs.

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"P2P lending has a very comfortable risk-reward balance between the stock market and savings, easily beating inflation through all weather. This asset class has now been open to retail investors for over 15 years and it has provided excellent returns to investors who have spread their money across many loans and lending accounts."

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