

Investment Portfolio Versus Buy-To-Let Property

Understanding your options for building long-term wealth through financial markets or property investment



What's Inside

Two of the most popular investment options for UK investors, compared side by side. This guide will help you understand the key differences and make an informed decision about where your money works hardest for your future.

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Why This Comparison Matters Now

The UK government's new Right to Buy scheme allows tenants to purchase their homes at a discount of up to 30% off the market value. This is a significant opportunity for many tenants to own their own homes.

Whether you are looking to buy your first home or a second home, understanding the benefits and risks of Right to Buy is essential. This guide will help you make an informed decision.

- Understanding the Right to Buy scheme
- Eligibility criteria
- How to apply for Right to Buy
- The benefits of buying your home



The Numbers at a Glance

Below we compare the average UK house price and the number of buy-to-let landlords left the market in 2025

£270,000

Average UK house price
(December 2025)

25.8%

FTSE 100 total
return in 2025

93,000

Buy-to-let landlords left
the market in 2025

Key Thresholds for 2025/26

£20,000

Annual ISA allowance
(tax-free growth)

5%

Extra stamp duty on
buy-to-let purchases

£3,000

Annual capital gains
tax allowance

How Investment Portfolios Work

An investment portfolio is a collection of financial assets, including stocks, bonds, and funds, chosen to match your goals, timeline, and appetite for risk. We help you build and manage a portfolio that fits your circumstances.

What goes into a portfolio?

A well-diversified portfolio typically includes a mix of asset types. Equities (company shares) offer growth potential over the long term. Bonds provide more stable, predictable returns. Funds pool money from many investors, giving you access to a broad range of assets with a single investment.

The ISA advantage

One of the biggest advantages of investing in the Stocks and Shares ISA. You can invest up to £10,000 each year, and all returns are completely tax-free. You don't pay income tax on capital gains or on money held inside an ISA. For example, that means up to £10,000 per year sheltered from tax.

Did you know?

A couple could enjoy that tax-free advantage with a joint Stocks and Shares ISA. You can invest up to £10,000 each year, with all growth and income completely tax-free. That's £20,000 per year capital gains allowance to use tax-free each year.

How Buy-To-Let Works

Buy-to-let means purchasing a residential property with the intention of renting it out to tenants. It involves several key factors, including the possibility of property price growth over time.

Getting started

To purchase a buy-to-let property, you typically need a deposit of at least 25% of the purchase price. On a £270,000 property, that means you'd need at least £67,500. Buy-to-let mortgages carry higher interest rates than residential mortgages, currently starting around 4.7% for a two-year fixed rate.

The ongoing commitment

Owning a buy-to-let property is an active investment. You're responsible for finding and managing tenants, maintaining the property, ensuring compliance with safety regulations, and handling repairs. Many landlords use a letting agent, which typically costs 8% to 10% of monthly rent.

Stamp duty costs

Additional properties attract a surcharge on top of standard stamp duty rates. On a £270,000 purchase, you could pay an extra £17,000 in stamp duty.

Key Figures

£270,000

Deposit (25%)

4.7%

Buy-to-let mortgage rate (2-year fixed)

£17,000

Stamp duty surcharge (on £270,000)

Tax Treatment: A Head-to-Head

This is one of the biggest differences between these two approaches. Here's how they compare across every major category.

Tax Area	Investment Portfolio	Buy-To-Let Property
Income tax	Dividends: 8.75% basic, 33.75% higher	Rental income: 20% basic, 40% higher
Tax-free wrapper	ISA: £20,000/yr tax-free	None available
Capital gains tax	18% basic / 24% higher	18% basic / 24% higher
Stamp duty	None on shares or funds	Standard rates + 5% surcharge
Mortgage interest	N/A (no borrowing required)	20% basic rate credit only
Annual allowances	£20,000 ISA + £500 dividend	£1,000 property income
Reporting	Annual self-assessment	Self-assessment + 60-day CGT report

Warning on changes
 From April 2026, starting the digital self-assessment system will require investors and landlords to be registered with HMRC by the end of the year. This will mean that investors will need to file their tax returns by the end of the year, rather than the current 31st January deadline.

Risk, Liquidity and the Changing Landscape

Every investment carries risk, which is why understanding the differences between portfolio risk and property risk helps you choose the approach that fits your circumstances and your tolerance for uncertainty.

Market risk vs property risk

Investing in portfolios can have value quickly during market downturns, but they also tend to recover over time. Your money is spread across hundreds of companies and assets. Property values can fall too, but the bigger risks are often practical: a difficult tenant, unexpected repairs, or extended void periods when the property sits empty with no rental income.

How quickly can you access your money?

You can sell most investments in a few days and have the money in your account within a week. Selling a property usually takes three to six months, and you may need to reduce your asking price to attract a buyer. If you need flexibility, a portfolio offers far greater access to cash.

Don't forget the bigger picture

Both portfolio investments and property are part of a broader financial plan. Consider how they fit alongside your pension, ISAs, other investments, and overall goals. We can help you see the bigger picture.

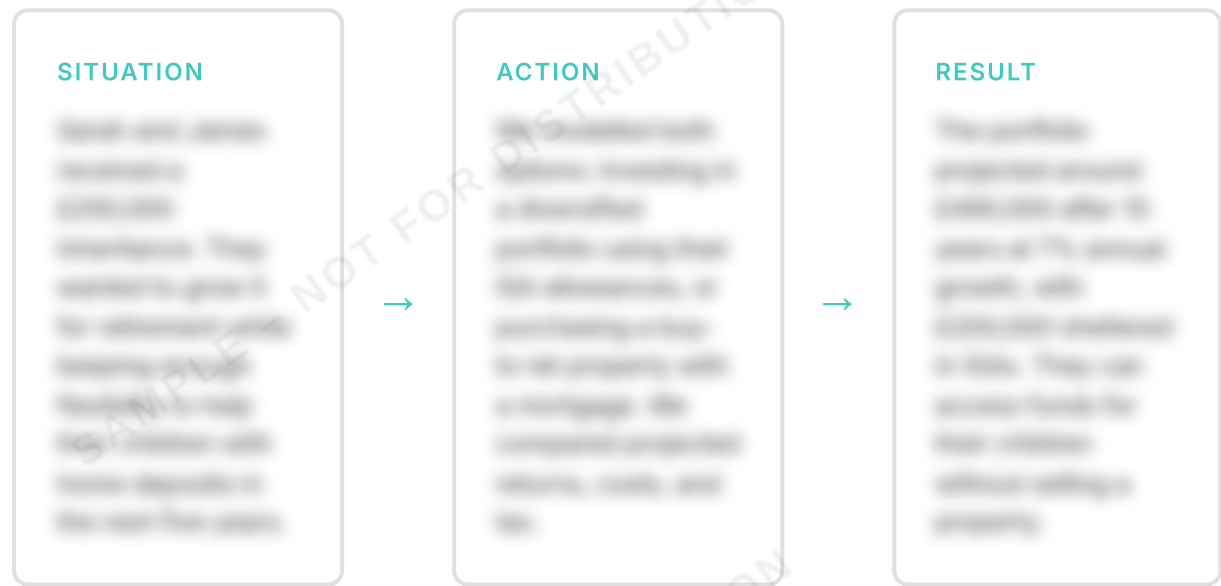
Two Paths with £250,000

Let's see how these two approaches compare in practice for a real life scenario.

S&J **£250,000** **£250,000**

Helping people with financial independence. To learn and plan for the future.

Travel in retirement Help children buy homes Financial security



What the client wants to achieve with their money

The client wants to see their £250,000 investment grow and generate a steady income that can be used to help their children buy homes. They also want to ensure they have enough to cover their living costs in retirement, with some of the funding they receive.

Which Approach Suits Your Goals?

Use this checklist to see which approach aligns with your priorities and strategy.

1 I want to generate passive income with minimal effort.	2 I want to maximize my profit potential and control over the asset.
3 I have a limited budget and want to diversify my investments.	4 I want to build long-term wealth through appreciation and rental income.
5 I want to avoid the risks and responsibilities of property management.	6 I want to leverage my capital and potentially benefit from tax advantages.
7 I want to have a steady cash flow to cover my living expenses.	8 I want to have a say in the management and use of the property.
9 I want to diversify my portfolio and reduce my overall risk.	10 I want to have a long-term investment that can grow significantly over time.

Your Next Steps

Ready to make your money work? Here's how to get started.

1 Review your financial goals 15 MINS

Think about what you want your money to achieve over the next 5, 10, and 20 years. Write down your priorities, whether that's retirement income, helping family, or building long-term wealth.

2 Gather your financial documents 30 MINS

Collect recent statements for your 401(k), investments, pensions, and any existing property. Having all in hand will help us build a complete picture of your situation.

3 Speak to us 5 MINS

Book a no-obligation consultation. We will review your situation and help you understand which approach, or combination of both, works best for you.

4 Take the first step

Once we have agreed to work together, we'll start the implementation. Whether it's setting up your 401(k) withdrawal plan, or exploring property options, we manage the process for you.

Ready to take the next step?

Get in touch with [our team](#) or visit [www.foxrobertson.com](#) to book your free [15-minute consultation](#).



Your Financial Adviser

Let us help you make the right choice

Whether you are drawn to the simplicity of a managed portfolio, the tangibility of property, or a combination of both, the right decision depends on your circumstances, your goals, and the life you want to live. We are here to help you work it out.

Ready to take the next step?

Call us on 0800 XXX XXXX or email advice@example.com to book a free, no-obligation consultation.