

"Markets value political stability very highly as investment decisions are viewed with a long-term lens."

VOTE

Stock picks for Starmer



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As the UK goes to the ballot box on Thursday 4 July for the first time in nearly five years, if the pollsters are correct the result seems almost like a foregone conclusion with a Labour Government set to end a 14-year Conservative (Tory) Party run. Labour has traditionally been seen as less 'pro-business' than the Tories, however markets value political stability very highly as investment decisions are viewed with a long-term lens. The prospect of a stable government along with a recovering economy has led to positive returns in the FTSE 100 and FTSE 250 year-to-date, with some sectors expected to benefit from a Labour Government. We believe that some of the following securities that operate within these sectors could perform well under a Labour government.

Housing is at the top of Labour's agenda, with the party vowing to fix the UK's housing shortage. Housebuilders will be key to delivering on housing goals and Vistry Group, which we hold in our portfolios, will be particularly important due to their focus on affordable and social housing through their Partnerships business.

With a growing population and increased housing stock, infrastructure spending is also very important to ensure that our schools, hospitals, and transport networks are able to cope with current and future demand. Labour has pledged to invest in building new and upgrading old infrastructure which will benefit our holding in Kier Group, who are in a prime position to win more government contracts after a solid turnaround by its current management team.

Sir Keir Starmer, leader of the Labour Party, wants to build a National Health Service (NHS) "fit for the future" with increased investment towards health and social care. Moving healthcare out of the hospital will benefit Real Estate Investment Trusts (REITs) that develop primary care property. This will benefit our holding in Assura, which develops GP practices and healthcare centres across the UK. We also have coverage within our UK equity portfolio by holding GlaxoSmithKline, which will benefit from increased investment within the NHS.

Energy security has been a hot topic for the last couple of years, and Labour has pledged to make Britain a clean energy superpower through the establishment of Great British Energy to invest into renewable and clean power generation. The Greencoat UK Wind investment trust is a key player in renewable energy, generating 1.5% of the UK's electricity demand in 2023 through its wind farms. JLEN Environmental Assets Group is another of our investment trust holdings which is leading the way for renewable energy in the UK. JLEN generated enough renewable energy to power more than 284,000 homes in 2023, through methods including wind, solar, hydro, and generating biogas via its agricultural and food waste anaerobic digestion plants.

As is the case with investing, outcomes in politics are not certain. Within our portfolios we invest in assets based on valuation, rather than a top-down approach incorporating political nuance, by choosing assets we expect to deliver value irrespective of the ruling party.

Sources: ¹Fidessa group Holdings Ltd, 2024, ²Greencoat UK Wind plc, 2024 - Final Results 2023, Chairman's quote page 1, ³JLEN Environmental Assets Group, 2024 - Annual Report 2024 - page 11



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Market Review - week ending 28 June 2024

- » Global equities rose 0.1%
- » President Biden stumbled through a debate with Trump
- » Brent crude rose by 1.4% to \$86.41 per barrel
- » Gold rose by 0.2% to \$2326.75 per ounce

» US equities rose 0.1%

» Joe Biden stumbled through exchanges in the presidential debate, exacerbating concerns about his age and his ability to defeat Donald Trump. Joe Biden's family is urging him to keep fighting as they gathered at Camp David, but a CBS News poll showed 72% of voters believe he doesn't have the mental and cognitive health for office

» US GDP quarter-on-quarter was 1.4% for Q1 (vs 1.3% expected)

» US new home sales for May were 619k (vs 636k expected)

» US core PCE price index month-on-month for May was 0.1% (as expected)

» UK equities fell -0.9%

» UK GDP for Q1 quarter-on-quarter was 0.7% (vs 0.6% expected)

» UK elections: While support for Labour slipped below 40% in two surveys, the Tories remained stuck at around 21%, putting Keir Starmer on track to enter Downing Street with a majority bigger than Tony Blair's in 1997

» European equities fell -0.6%

» In France, polls showed that Le Pen's National Rally is projected to get as much as 34% of the vote. The left-wing coalition is set to get about 29%, and Emmanuel Macron's alliance is left with just more than a fifth

» Global emerging market equities rose 0.1%

» Japanese equities rose 3.2%

» Chinese equities fell -2%

» China's largest financial conglomerates — China Merchants, Everbright and Citic — have asked senior staff to forgo deferred bonuses and, in some cases, are even clawing back any pay in excess of \$400,000 from previous years, people familiar said

» China's June Manufacturing PMI was 49.5 (in line with expectation)

Market Performance - week ending 28 June 2024

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 June	Month to date	YTD 2024	12 months
Developed Markets Equities					
United States	USD	-0.1%	3.6%	15.0%	26.1%
United Kingdom	GBP	-0.9%	-1.0%	7.8%	13.6%
Continental Europe	EUR	-0.6%	-1.1%	8.7%	15.0%
Japan	JPY	3.2%	1.5%	20.1%	25.2%
Asia Pacific (ex Japan)	USD	0.0%	3.9%	8.5%	12.9%
Australia	AUD	-0.2%	1.0%	4.2%	12.4%
Global	USD	0.1%	2.0%	11.7%	21.9%
Emerging Markets Equities					
Emerging Europe	USD	1.3%	0.1%	15.3%	34.1%
Emerging Asia	USD	-0.1%	5.0%	11.0%	14.7%
Emerging Latin America	USD	0.1%	-6.1%	-15.7%	-4.5%
BRICs	USD	-0.2%	1.2%	6.3%	8.5%
China	USD	-2.0%	-1.9%	4.7%	-2.8%
MENA countries	USD	1.7%	2.8%	-3.4%	-0.3%
South Africa	USD	-1.9%	9.2%	4.6%	12.9%
India	USD	2.4%	6.9%	11.1%	26.1%
Global emerging markets	USD	0.1%	3.9%	7.5%	12.4%
Bonds					
US Treasuries	USD	-0.6%	1.0%	-0.8%	0.8%
US Treasuries (inflation protected)	USD	-0.3%	0.8%	0.7%	2.2%
US Corporate (investment grade)	USD	-0.6%	0.6%	0.0%	4.8%
US High Yield	USD	0.0%	0.9%	2.6%	10.7%
UK Gilts	GBP	-0.7%	1.3%	-2.6%	4.3%
UK Corporate (investment grade)	GBP	-0.2%	0.8%	-0.1%	10.5%
Euro Government Bonds	EUR	-0.6%	0.2%	-1.9%	1.9%
Euro Corporate (investment grade)	EUR	-0.1%	0.7%	0.5%	6.2%
Euro High Yield	EUR	0.0%	0.5%	3.1%	10.7%
Global Government Bonds	USD	-0.5%	0.0%	-4.3%	-1.4%
Global Bonds	USD	-0.5%	0.1%	-2.8%	0.8%
Global Convertible Bonds	USD	0.4%	0.4%	-1.2%	3.0%
Emerging Market Bonds	USD	-0.4%	0.7%	1.4%	7.8%

Asset Class / Region	Currency	Cumulative returns			
		Week ending 28 June	Month to date	YTD 2024	12 months
Property					
US Property Securities	USD	1.3%	2.7%	-0.8%	8.1%
Australian Property Securities	AUD	-3.5%	-0.9%	8.1%	18.3%
Asia Property Securities	USD	0.4%	-4.0%	-11.5%	-9.8%
Global Property Securities	USD	0.7%	0.4%	-2.4%	7.7%
Currencies					
Euro	USD	0.2%	-1.2%	-3.1%	-1.8%
UK Pound Sterling	USD	0.0%	-0.7%	-0.9%	0.0%
Japanese Yen	USD	-0.9%	-2.3%	-12.4%	-10.4%
Australian Dollar	USD	0.5%	0.5%	-2.4%	0.8%
South African Rand	USD	-1.5%	3.3%	0.2%	2.3%
Swiss Franc	USD	-0.5%	0.5%	-6.6%	-0.2%
Chinese Yuan	USD	-0.1%	-0.4%	-2.3%	-0.3%
Commodities & Alternatives					
Commodities	USD	-0.5%	-1.0%	7.6%	11.5%
Agricultural Commodities	USD	-1.1%	-6.4%	0.2%	0.4%
Oil	USD	1.4%	5.9%	12.2%	16.7%
Gold	USD	0.2%	0.0%	12.8%	21.7%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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