

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.



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