

PERSPECTIVES

How Much Impact Does the UK Prime Minister Have on Stocks?

Jun 18, 2024

It's natural for investors to look for a connection between who resides in 10 Downing Street and which way stocks will go. But regardless of who wins, decades of returns show that stocks have trended upward.

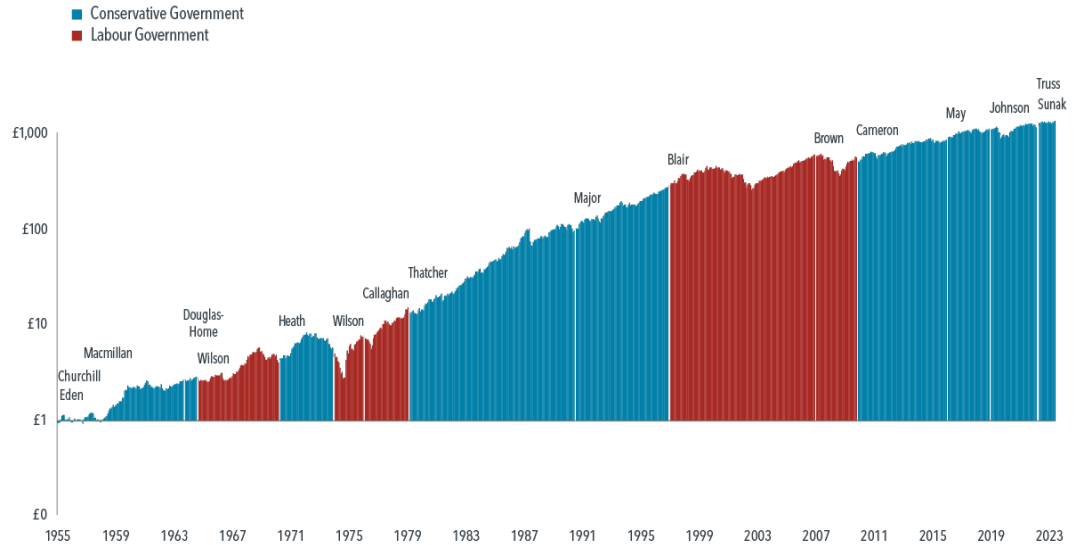
Exhibit 1 shows the growth of £1 invested in the UK market over almost 70 years and 17 prime ministers (from Winston Churchill's final months to Rishi Sunak). We can see that over the long run, the market has provided substantial returns regardless of who's in charge.

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Exhibit 1**Growth of a Pound Invested in the FTSE All-Share Index**

January 1955–December 2023



Past performance is not a guarantee of future results. Index is not available for direct investment, therefore, their performance does not reflect the expenses associated with the management of an actual fund.

For illustrative purposes only. Source: FTSE. FTSE data published with permission of FTSE. Graph shows earliest available data for the index.

That's because shareholders are investing in companies, which focus on serving their customers and growing their businesses, regardless of which government is in charge.

Prime ministers may have an impact on market returns, but so do many other factors—the actions of foreign leaders, interest rate movements, changing oil prices and technological advances, to name a few.

The bigger picture is that stocks have rewarded disciplined investors over time—regardless of who has won high-profile elections.

In GBP. Growth of wealth shows the growth of a hypothetical investment of £1 in the securities in the FTSE All-Share Index. FTSE data published with permission of FTSE. Data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

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