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# Fund managers fear for the future of the London Stock Exchange

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Equities on the London Stock Exchange 'have become value traps,' one fund manager warned.

Leading fund managers are warning that sentiment towards the London Stock Exchange is drastically low following a meeting with Downing Street to discuss the issue.

Nick Lawson, chief executive of investment group Ocean Wall, described UK equity markets as being at “rock bottom” following a meeting with Varun Chandra, the government’s special adviser on business.

Lawson was joined at the meeting to discuss ways to revitalise the stock market by star stockpickers such as David Cumming from Newton Investment Management, Schroders’ Andy Brough, and Michael Stiasny from M&G Investments, according to the FT.

“This is the first time I’ve felt that Labour want to listen,” Lawson told Radio 4’s Today Programme this morning.

The fund manager noted that before 2000, UK equities made up 45 per cent of UK pension fund holdings, but that number has since fallen to three per cent, causing a lack of liquidity and drop in value for British stocks.

Speculation has intensified in recent weeks that the government may look to mandate pension funds to invest a set amount in UK equities in an attempt to boost the ailing stock exchange.

“I think there’s a feeling now that we don’t have long left,” Lawson said, adding that one Schroders manager had stated during the meeting: “I am the unofficial liquidator of London’s stock exchange.”

UK companies have increasingly come under attack from foreign buyers due to the relative cheapness of British equities, with many more firms delisting from the stock exchange than floating.

“Many brilliant UK companies now have become value traps, that’s why they’re being bought by private equity and overseas buyers,” said Lawson.

The fund manager also hit back against claims from star fund manager Terry Smith, who said last week that the UK needed “better companies” for investors to buy.

Lawson described Smith’s claim that most of the UK market failed to meet “the quality required” for him to invest as “absolute nonsense”.

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