



# Equity Strategy: Q3 Regional Outlook

## Take US down, Raise Japan & Reduce Underweight in UK

### AUTHOR:

Nick Nelson

+44(0) 7073 0753

[nick.nelson@absolute-strategy.com](mailto:nick.nelson@absolute-strategy.com)

### Take US down from Modest Overweight to Neutral

The US has outperformed MSCI World YTD, but it has been a narrow led market and dependent on Tech. We are concerned about the reliance upon a small number of stocks, particularly for EPS growth and near-term, Global Tech looks overbought.

### Increase Overweight in Japan

Despite investor enthusiasm, TOPIX has only performed in-line YTD in USD terms. The PMI points to an acceleration in GDP growth and valuations on both absolute and relative measures are attractive. We favour Japanese Banks and Value.

### Reduce the Underweight in the UK

The UK has underperformed and is trading close to its lowest P/E band of 10x. The P/E relative to Europe ex-UK is close to 30yr lows. Elsewhere, we stay overweight Asia ex-Japan and underweight the Eurozone, Australia and Latin America.

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### Key Chart: ASR Global Equity Allocations - Regions (June 2023)

Major Underweight	Underweight	Modest Underweight	Neutral	Modest Overweight	Overweight	Major Overweight
Eurozone Australia	Latin America → UK		US ←		→ Japan Emerging Markets	Asia ex Japan

Source: ASR Ltd. / Refinitiv Datastream