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April 23, 2026

Absolute Strategy's Global Asset Allocation Update for Q2/2026

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Director of Research & Head of Global Equity Strategy
Absolute Strategy Research

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As with all investments, your capital is at risk

ASR Strategy

Asset Allocation & Global Equity Strategy

Nick Nelson

Charts Updated as of 20th April 2026

We are grateful to all our ASR research colleagues for their help in creating this research presentation
They have provided insights, ideas and some of the best charts that we include

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#1 Ranked Independent Individual Researcher – David Bowers - 2025

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ABSOLUTE STRATEGY RESEARCH

Asset Allocation & Global Equity Strategy

(1) Global Equities: Reduce from Overweight to Neutral

On March 18th, we reduced our longstanding overweight on Global Equities to neutral given a deterioration in the growth/inflation outlook and the impact on valuations.

(2) Equity Regions: Overweight: Japan, Asia ex-Japan and US

Underweight: Eurozone, UK and Latam

Japan: Major Overweight. Political change, most earnings upgrades, potential for higher RoE & buybacks. Foreigners have turned net buyers.

Asia ex-Japan: Overweight. Earnings upgrades driven by the AI capex boom.

US: Modest Overweight. Best profitability of the regions.

Eurozone: Major Underweight. Earnings delivery is poor.

(3) Global Equity Sectors:

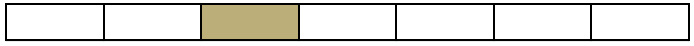
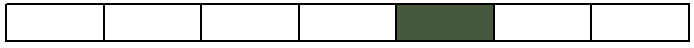
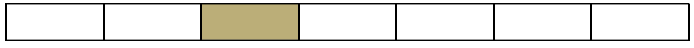
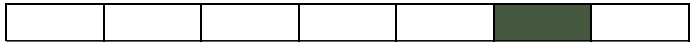
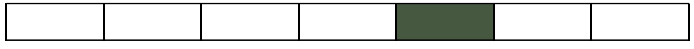
Key Overweights: Construction, Insurance, Tech Hardware.

Key Underweights: Autos, Media, Chemicals.

Structural Investment Themes: (1) Defence spend, (2) Capex, (3) Security of Energy, Water & Food.

Global Asset Allocation

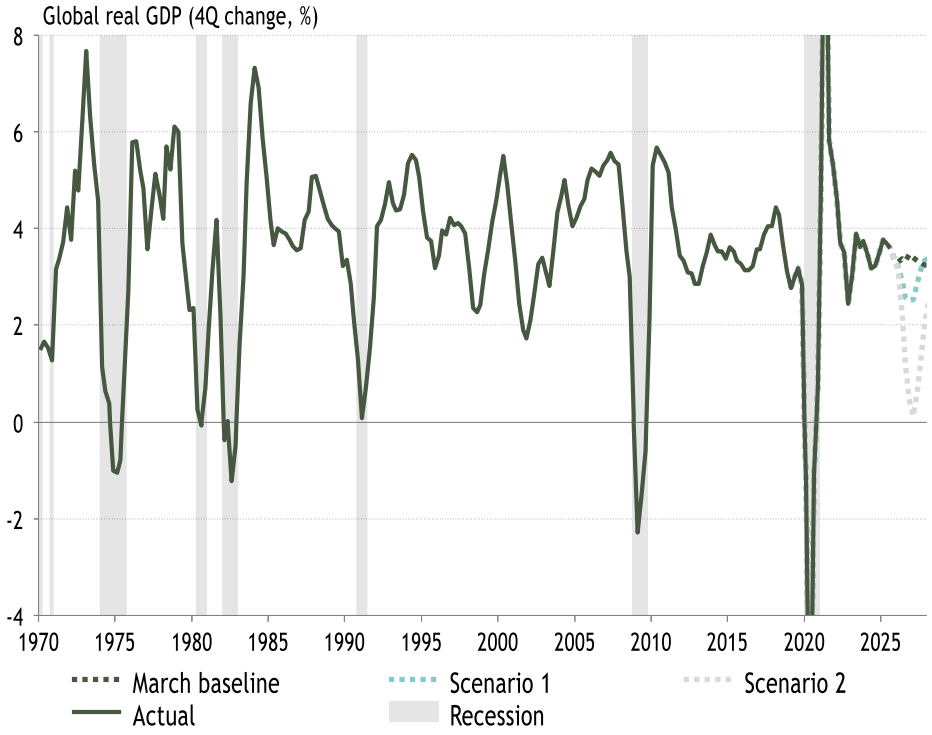
ASR Global Asset Allocation Summary: Current Views and Changes

Mar-26		LATEST CHANGE*	ASSET ALLOCATION	WEIGHT: UNDERWEIGHT / OVERWEIGHT
MAIN ASSET CLASSES	EQUITIES	▼▼	NEUTRAL	
	CORE FIXED INCOME	▲	UNDERWEIGHT	
	DM CREDIT		OVERWEIGHT	
	EM DEBT	▼	UNDERWEIGHT	
	REAL ASSETS		OVERWEIGHT	
	CASH (US T-Bills)	▲▲▲	OVERWEIGHT	

Source: ASR Ltd / LSEG Datastream. *Changes since February 2026

ASR Economic Scenarios around Iran War

Economic Scenarios around Iran War



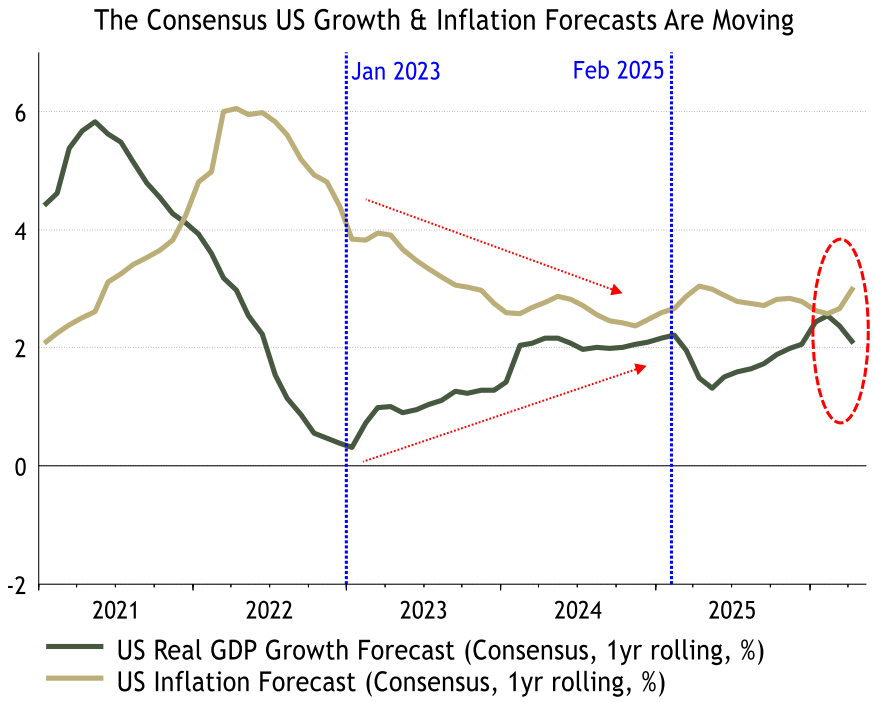
Oil price assumptions



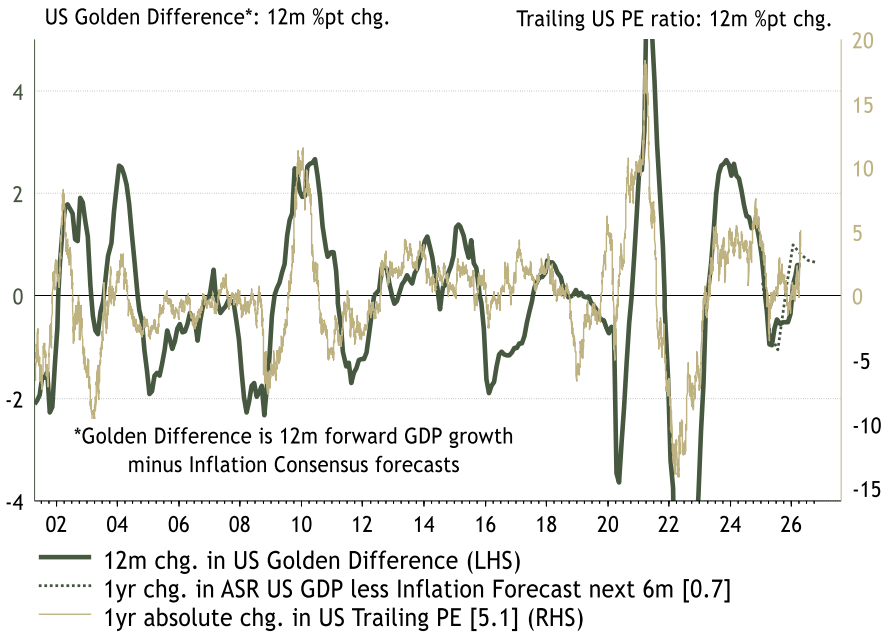
Source: © ASR Ltd / LSEG Datastream

P/E multiples driven by Growth/Inflation trade-off

US 12m forward Consensus Real GDP Growth & Inflation



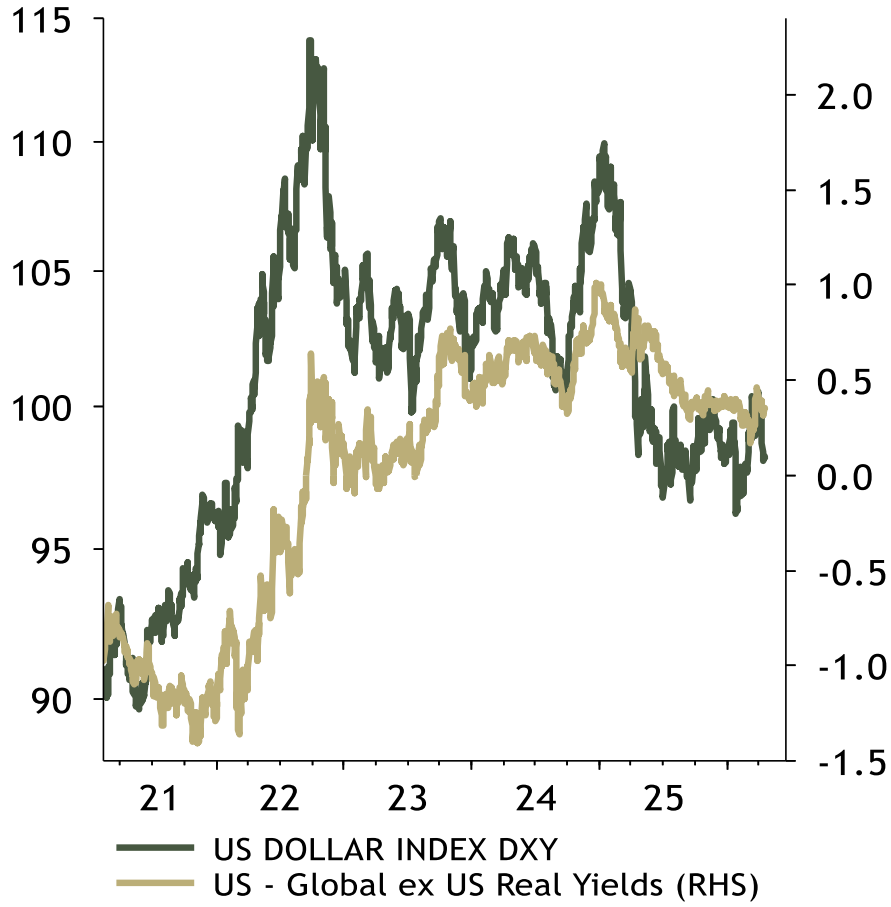
Change in US Golden Difference vs US P/E ratio

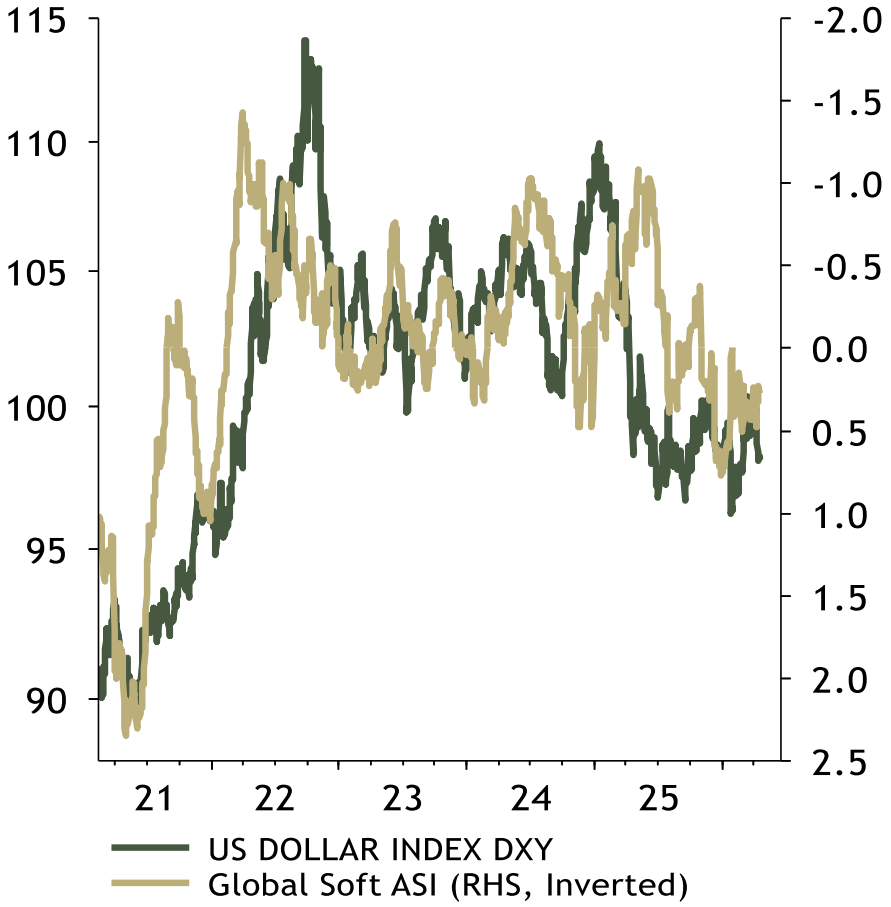


Source: ASR Ltd / Consensus Economics / LSEG Datastream

US Dollar: Real Yield Differentials a Key Driver

DXY Index versus US-Global Real Yields and Global Activity Surprises (inverted)

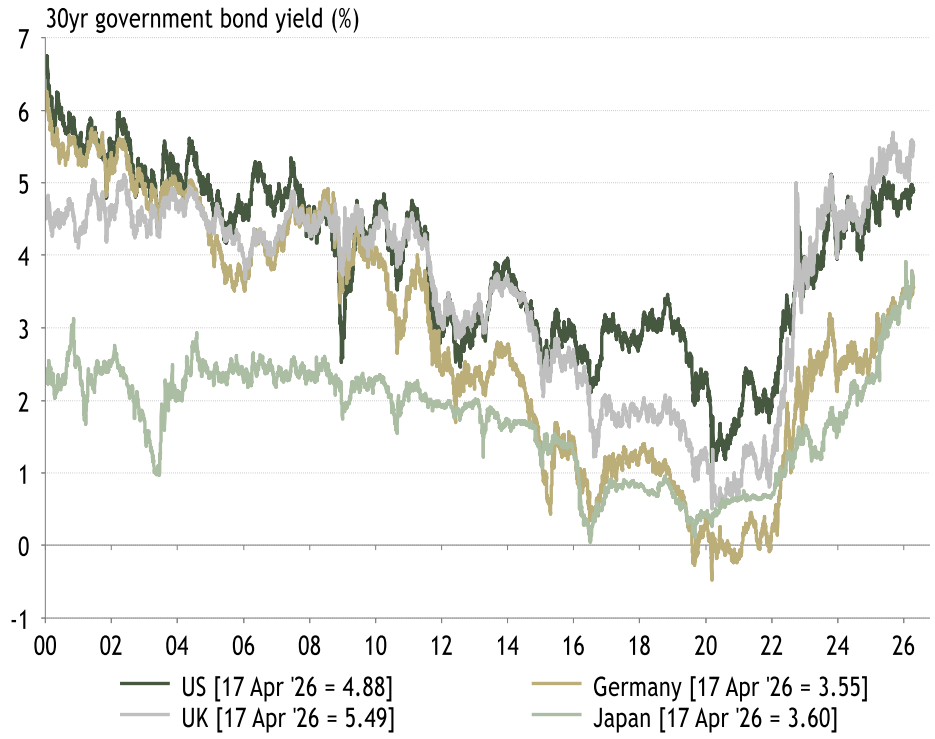




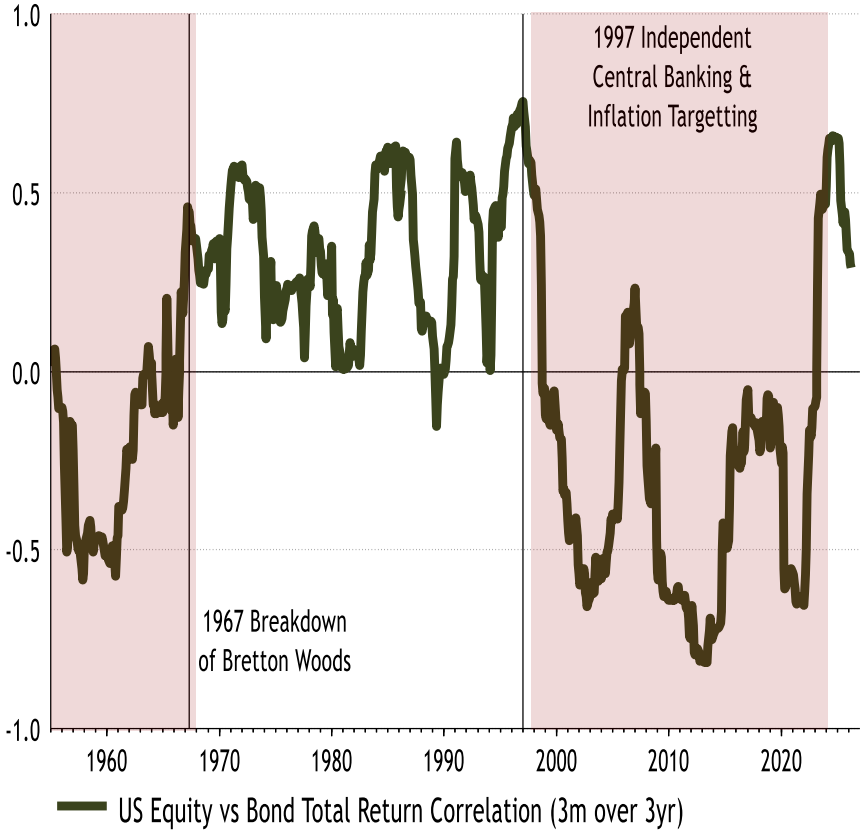
Source: © ASR Ltd / Bloomberg / LSEG Datastream

US Stock & Bond Correlations are Changing

30yr Bond Yields

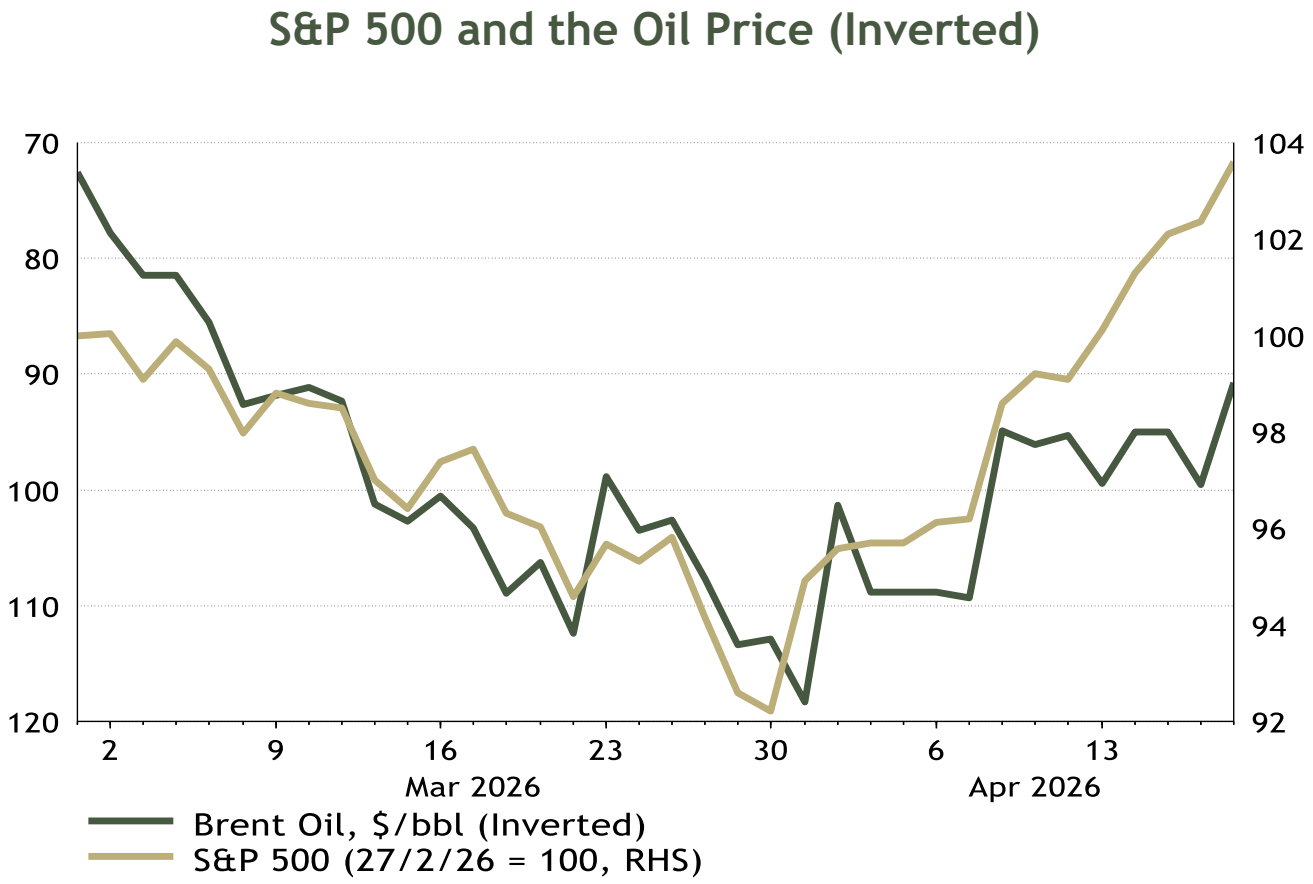


Stock/Bond Correlations and Regimes



Source: © ASR Ltd / LSEG Datastream

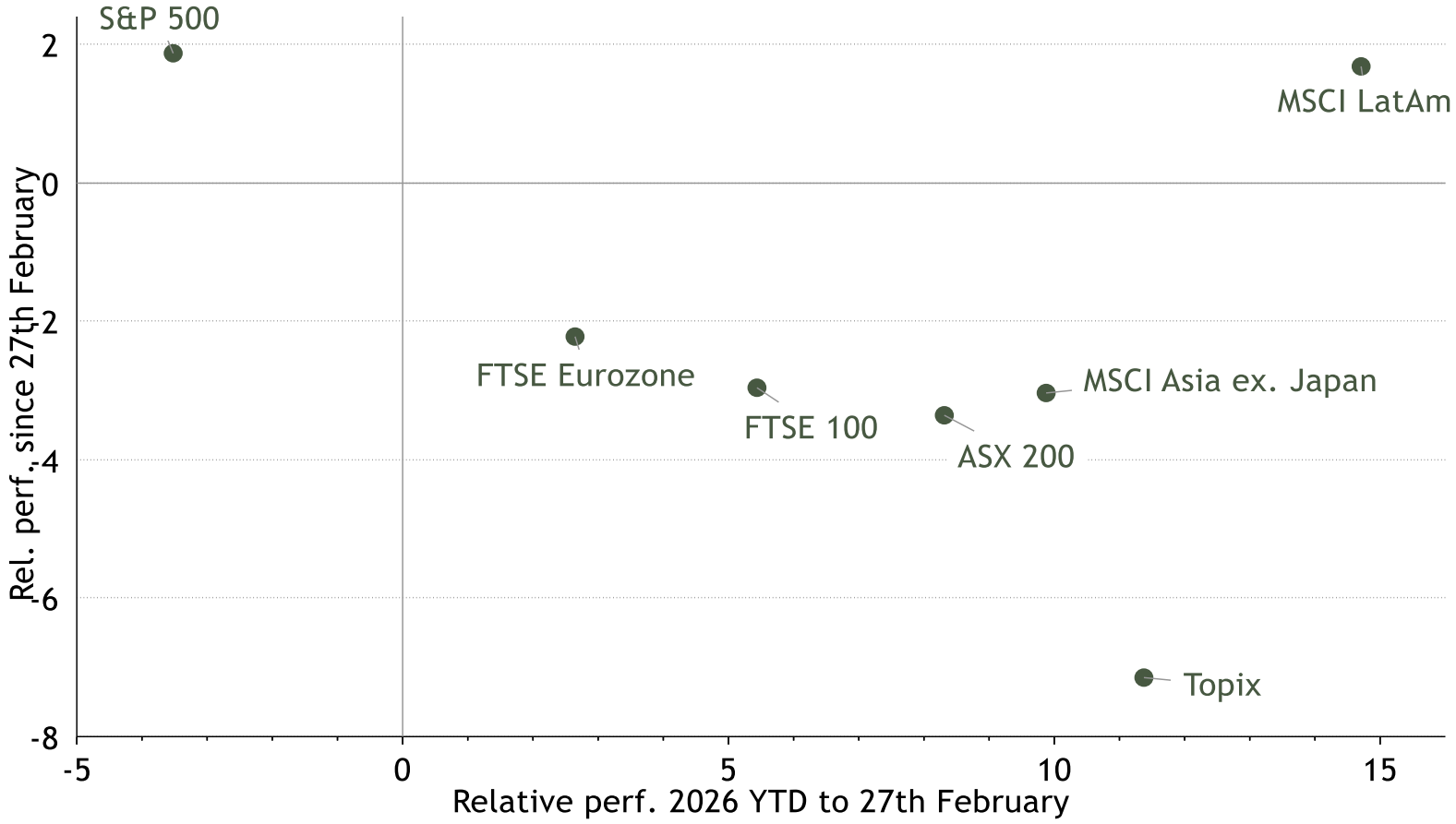
Near term, all driven by the oil price…



Source: ASR Ltd / LSEG Datastream

Rotation: Equity Regions

Equity Regions: Performance YTD to Feb 27th vs since Feb 27th



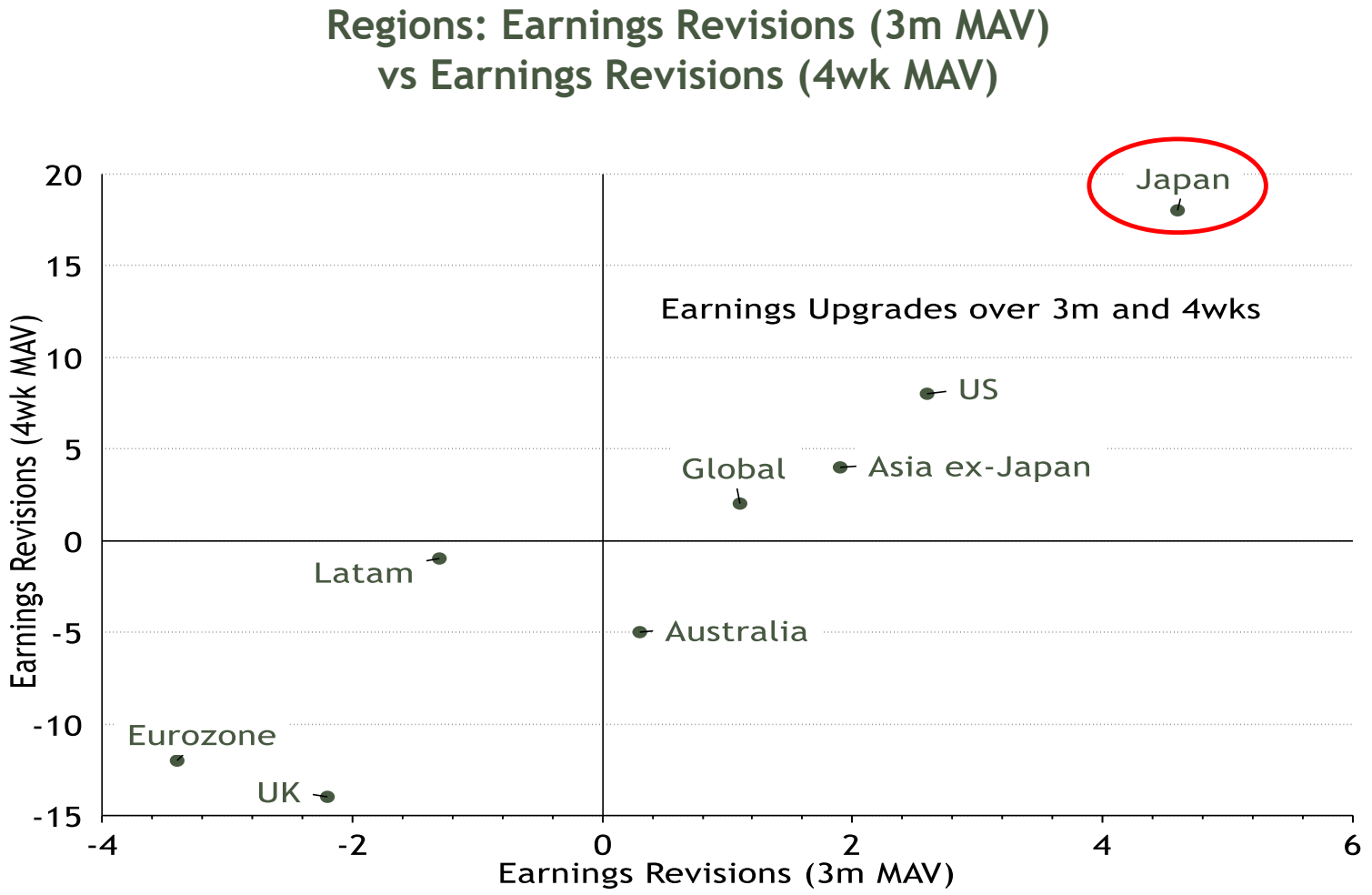
Source: ASR Ltd / LSEG Datastream

ASR Global Equity Allocations - Regions

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

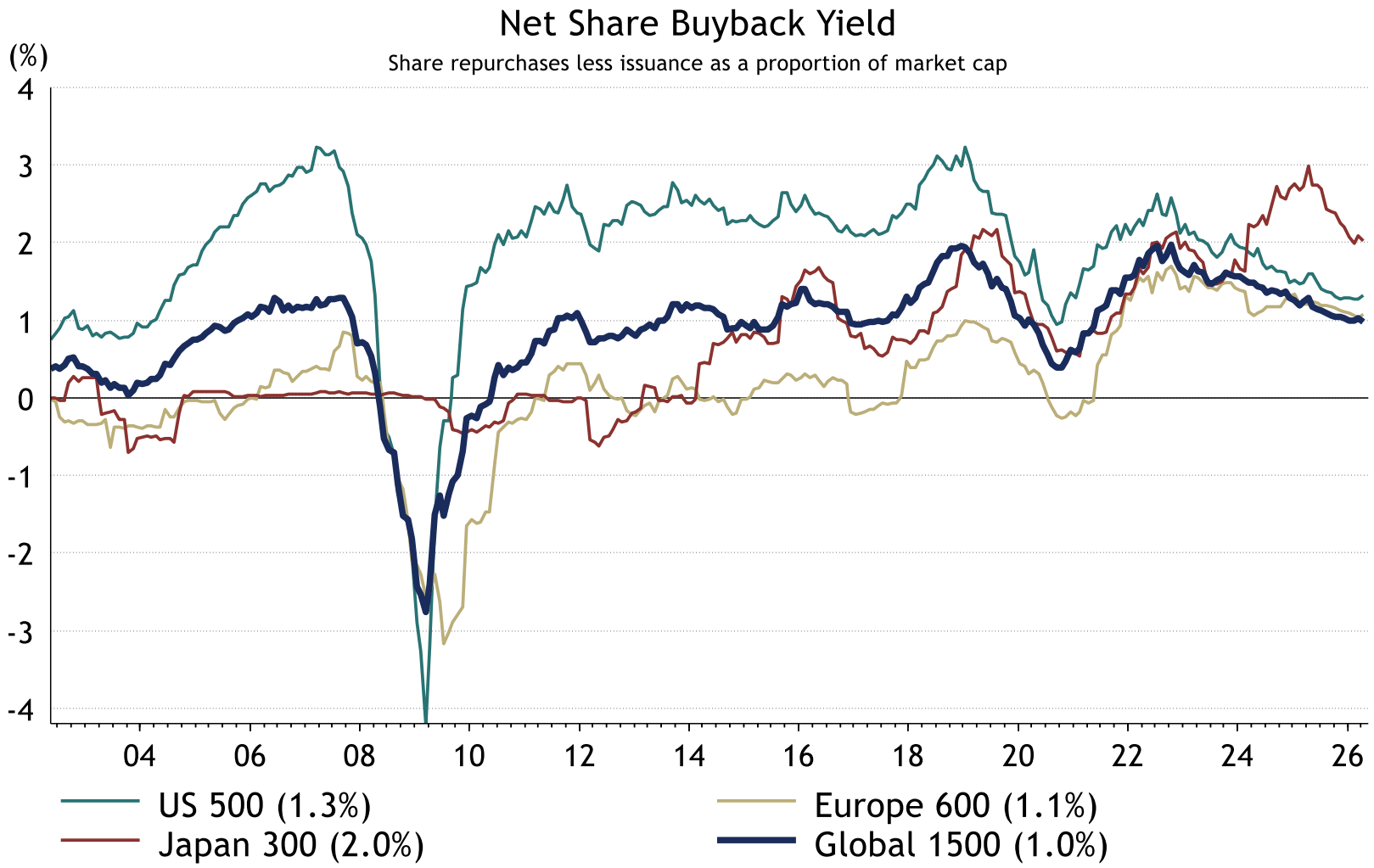
Source: ASR Ltd

Regions: Japan & US have the most Earnings Upgrades…



Source: ASR Ltd / LSEG Datastream

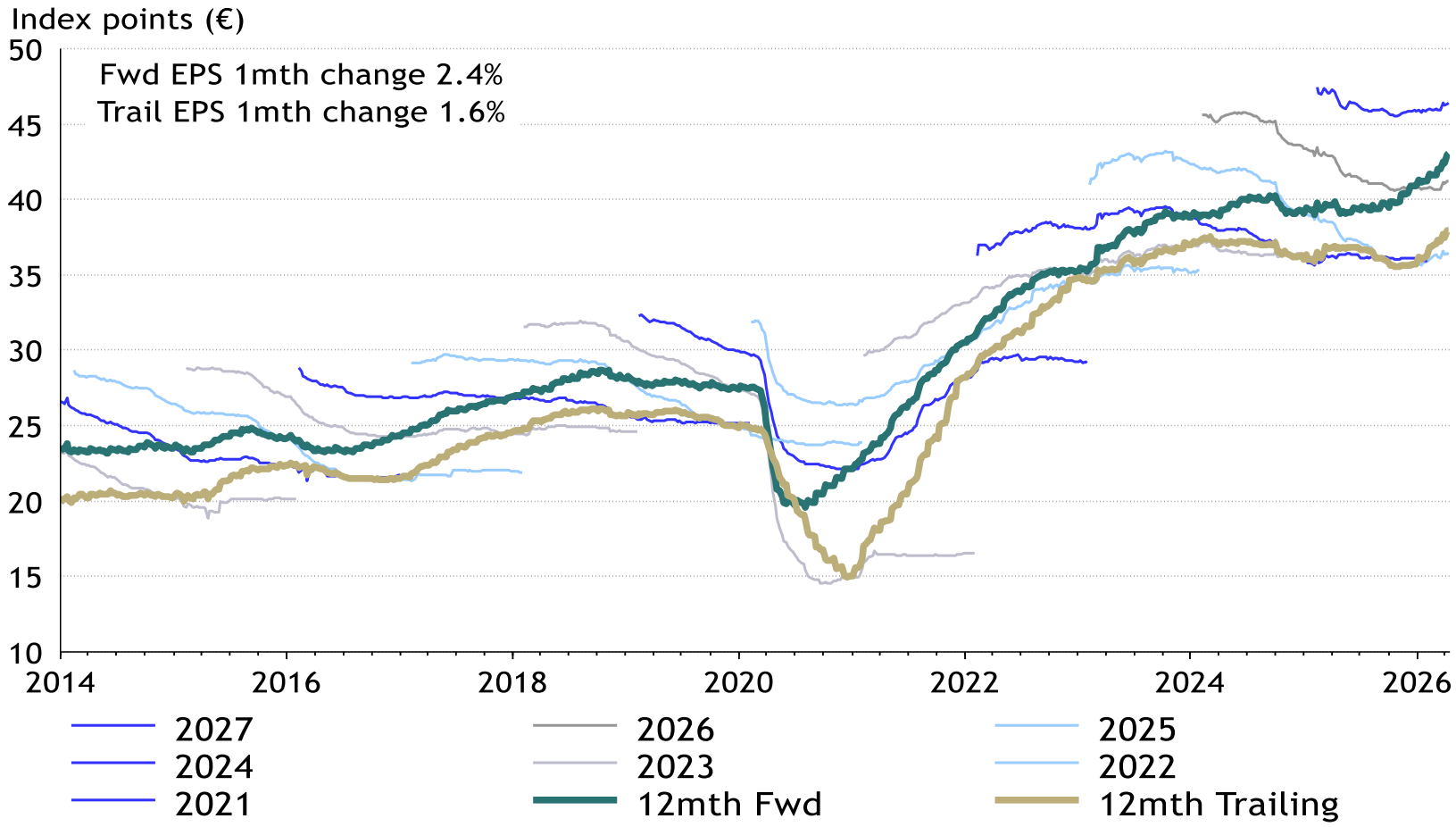
Japan has the highest Share Buybacks…



Source: ASR Ltd / LSEG Datastream

Europe: Poor Earnings Delivery…

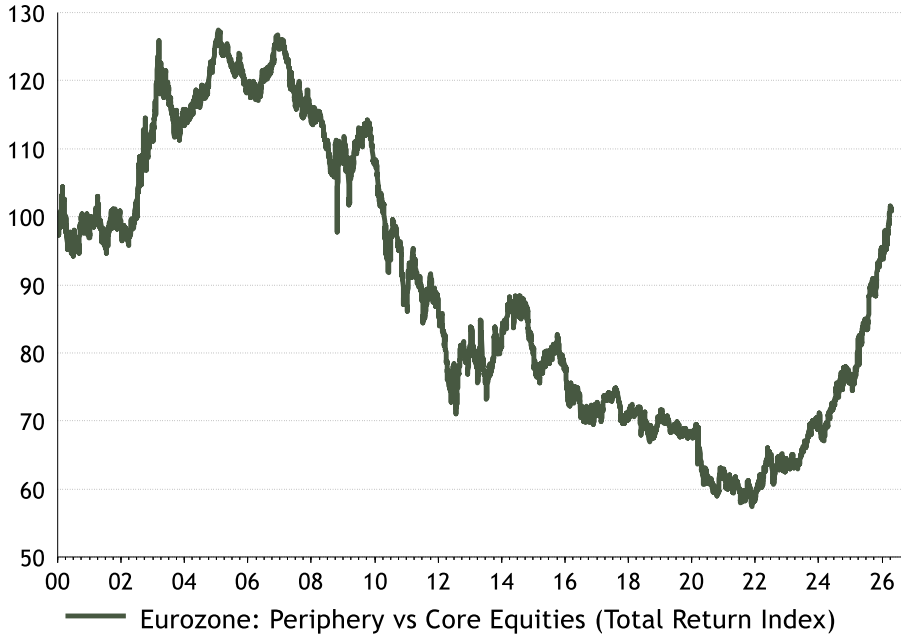
Eurozone (Eurostoxx) Earnings: Actual & Forecast



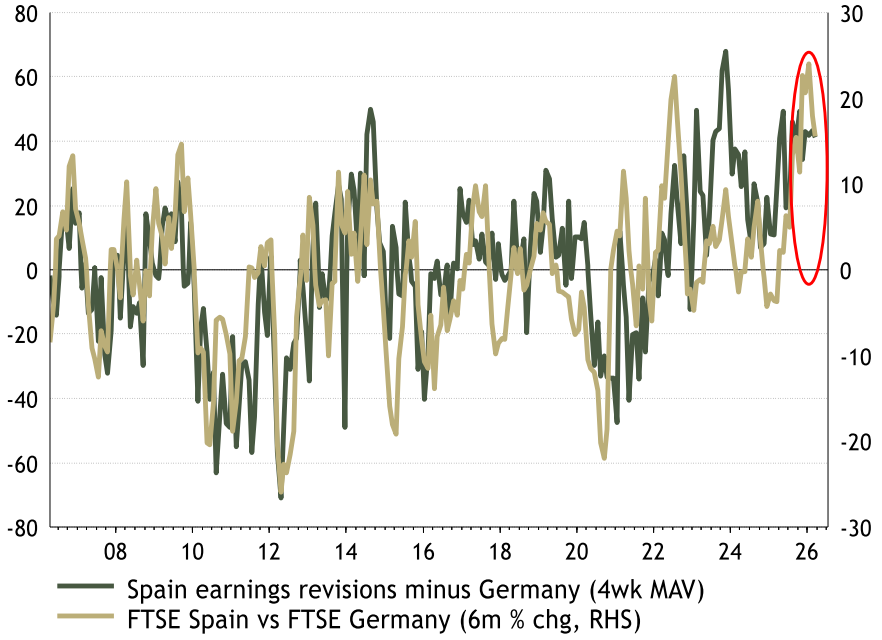
Source: ASR Ltd. / LSEG Datastream

Eurozone: Continue to Prefer Spain over Germany…

Eurozone Periphery vs Core (Total Return Index)



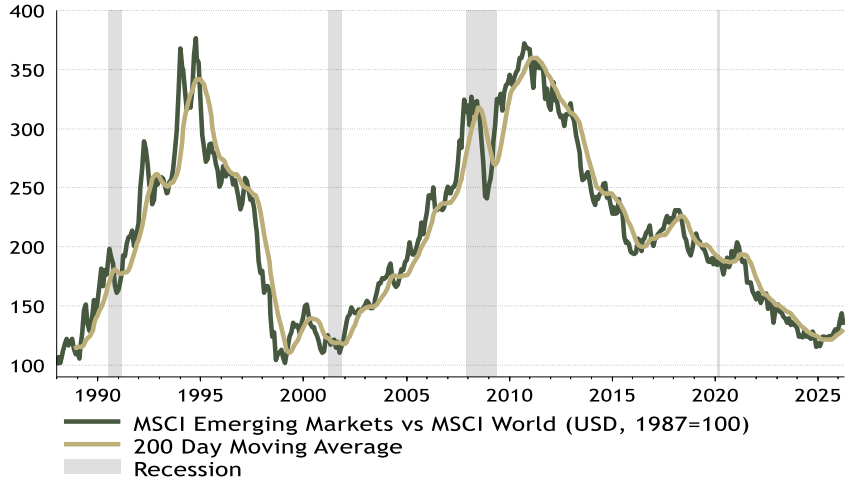
Spain vs Germany: Relative Earnings Upgrades & Performance



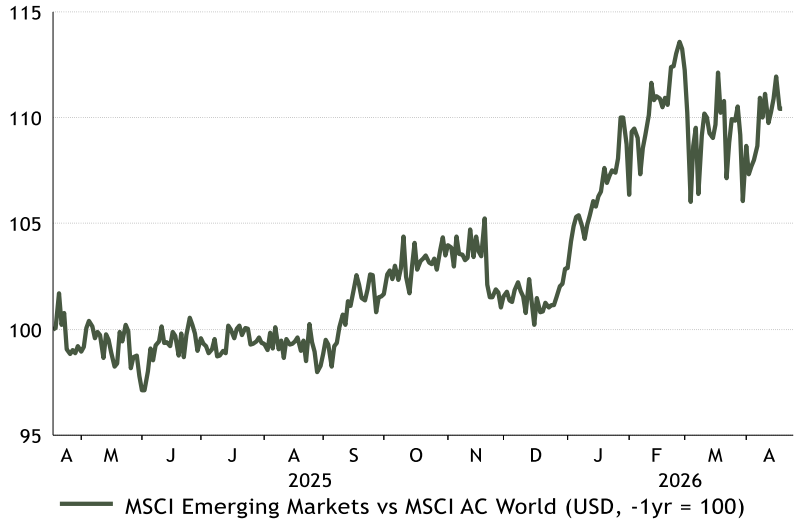
Source: ASR Ltd / IBES / LSEG Datastream

Is it (finally) time for Emerging Market Equities?

MSCI Emerging Markets (USD) vs MSCI AC World, long run



MSCI Emerging Markets (USD) vs MSCI AC World, last 12m



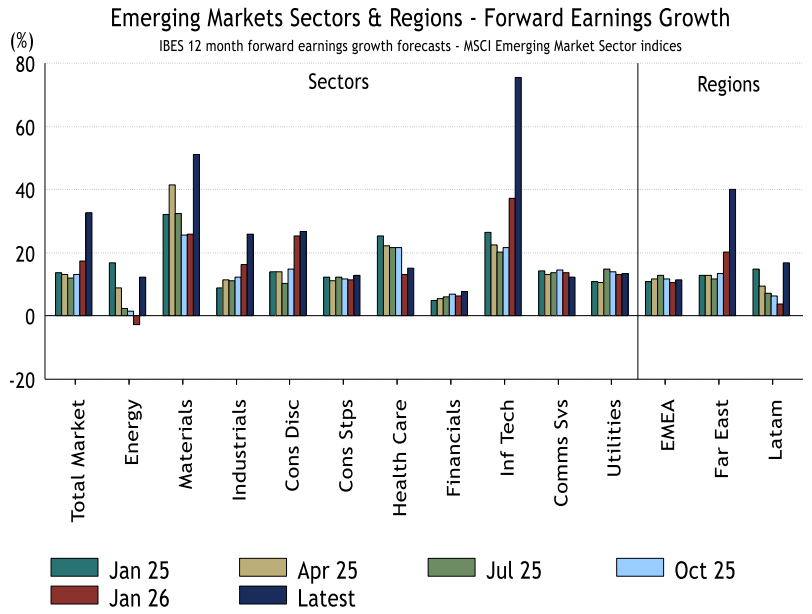
Source: ASR Ltd / LSEG Datastream

EM: Earnings Growth picking up…but all from Asia/Tech

EM vs US, European Equities 12m fwd EPS Growth (%)



MSCI Emerging Markets: 12m fwd EPS Growth



Source: ASR Ltd / LSEG Datastream

ASR Global Equity Allocations - Sectors

Major Underweight	Underweight	Modest Underweight	Neutral	Modest Overweight	Overweight	Major Overweight
Autos & Parts ←	Media ←	Consumer Prod & Srv	Food Retail	Real Estate	Tech Software	Construct & Mat'ls
	Chemicals ←	Telecoms	Energy	Basic Resources	→ Healthcare	Insurance
	Financial Services ←	→ Food Producers	Utilities	→ Tobacco	→ General Retail	→ Tech Hardware
	Industrials ←	Travel & Leisure ←	→ Beverages			
		Banks ←				

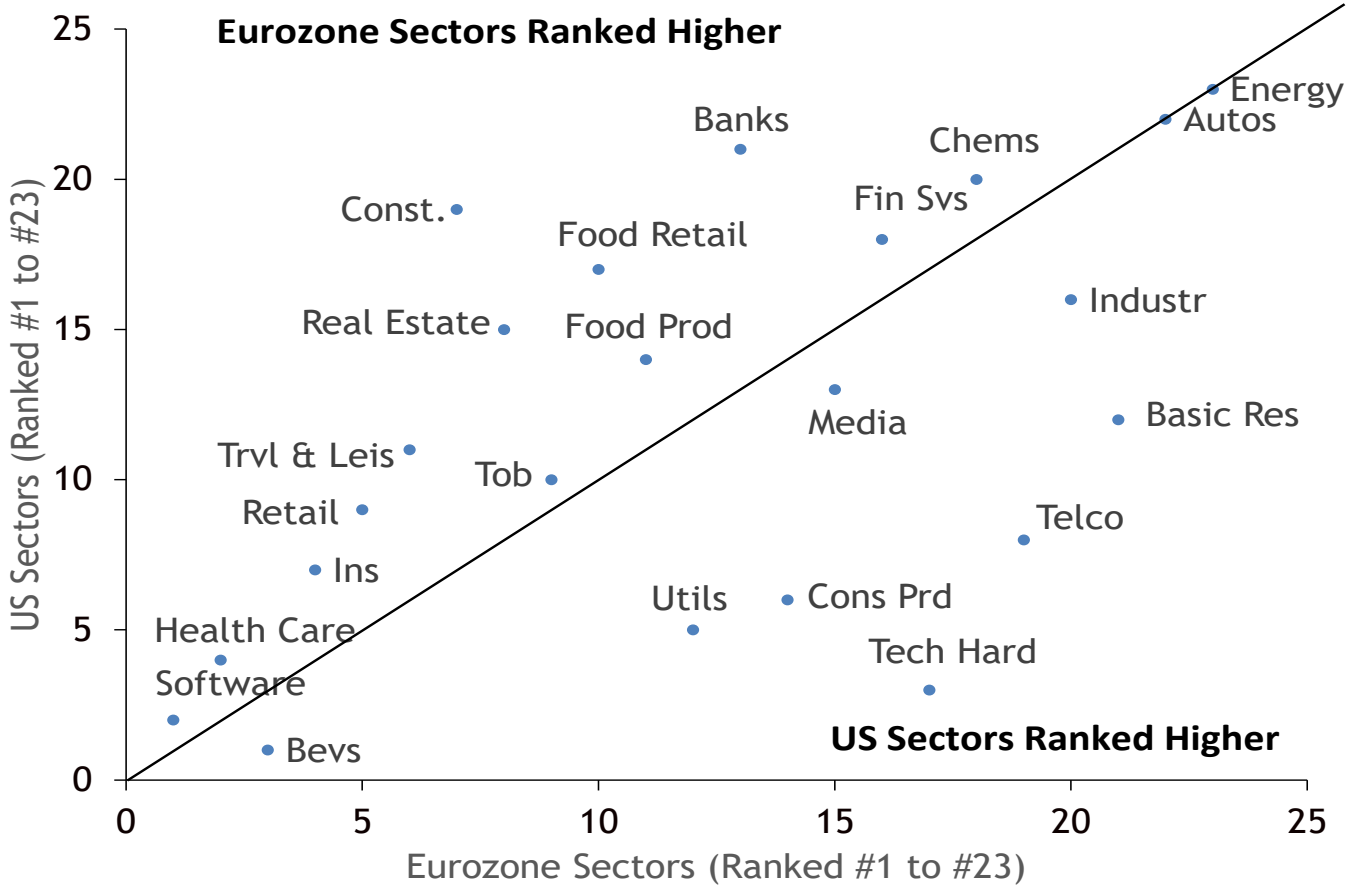
Source: ASR Ltd

Global Sector Scorecard

Global Sectors	Macro	Earnings & Profitability	Valuations	Price Momentum	Final Rank	Change
Tech Software	9	8	1	22	1	1
Health Care	2	16	5	17	2	13
Retailers	1	14	8	18	3	20
Tech Hardware	8	1	17	8	4	18
Const. & Mats	12	7	12	2	5	1
Insurance	16	2	7	16	6	-5
Real Estate	13	12	3	9	7	1
Tobacco	6	3	15	5	8	13
Utilities	4	10	16	7	9	5
Food Retail	7	17	13	6	10	2
Beverages	10	18	9	10	11	5
Food Producers	5	21	11	14	12	6
Travel & Leisure	17	4	6	19	13	-6
Consumer Prd,Svs	14	22	2	12	14	-10
Basic Resources	18	9	20	1	15	5
Telecoms	3	6	22	11	16	-3
Media	11	13	10	23	17	-12
Financial Svs	20	11	4	21	18	-15
Industrials	15	20	18	3	19	0
Chemicals	21	19	14	15	20	-9
Banks	22	5	21	4	21	-12
Energy	19	15	23	20	22	-12
Autos & Parts	23	23	19	13	23	-6

Source: ASR Ltd /IBES / LSEG Datastream

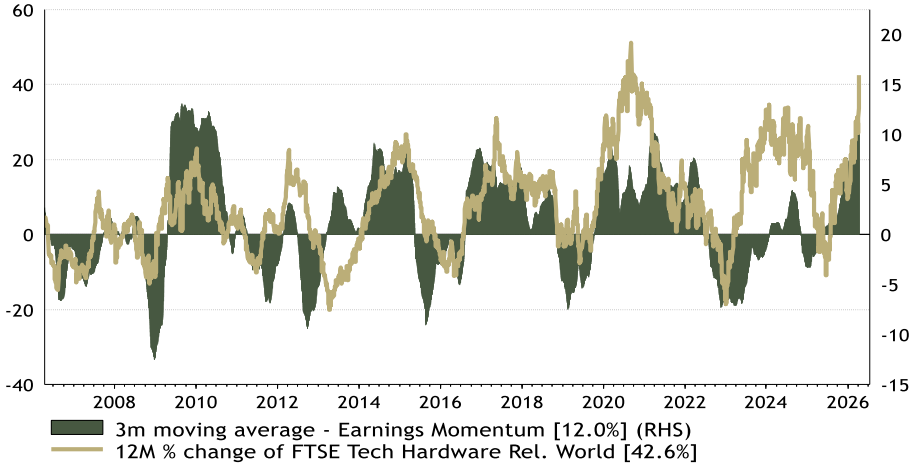
US vs Eurozone Sectors: Relative Scorecard Rankings



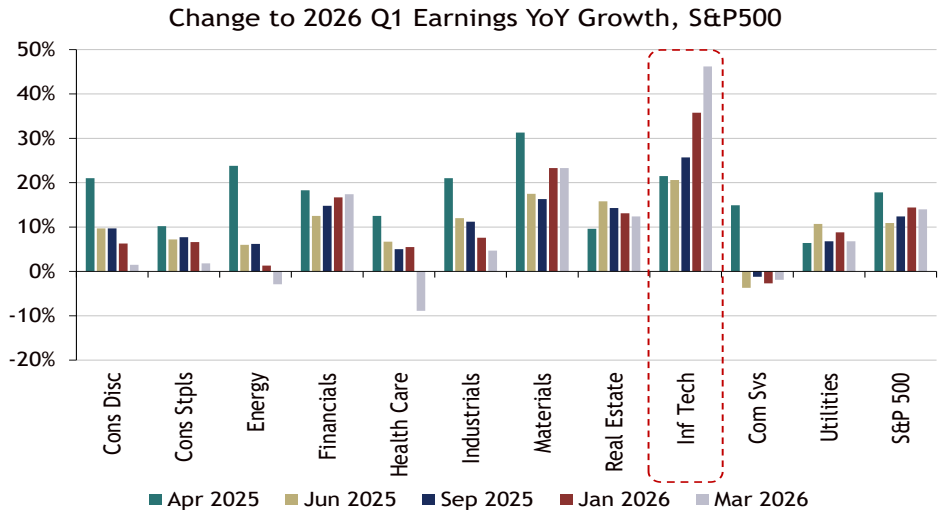
Source: ASR Ltd / IBES / LSEG Datastream

Tech Hardware: Major Overweight

Tech Hardware: Relative Earnings revisions vs Perf.



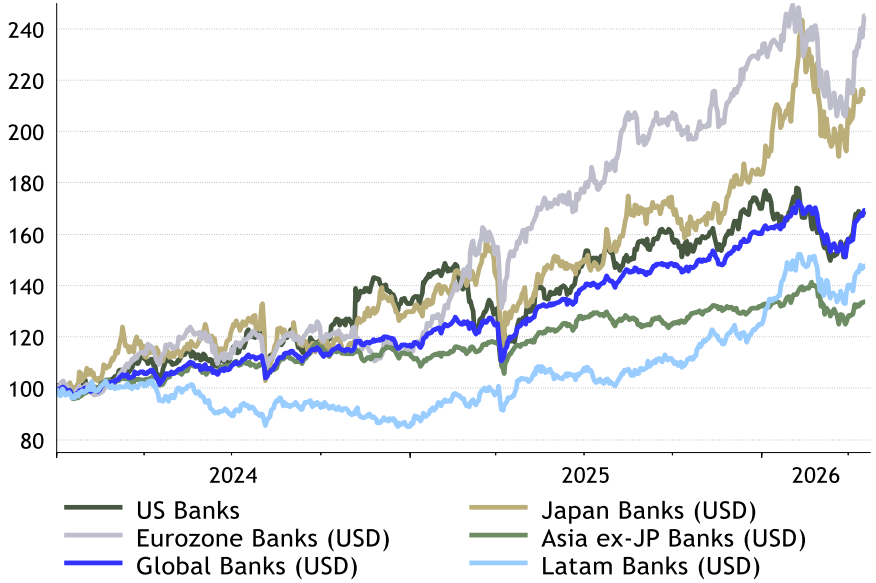
Change in Q1 earnings forecasts, S&P 500



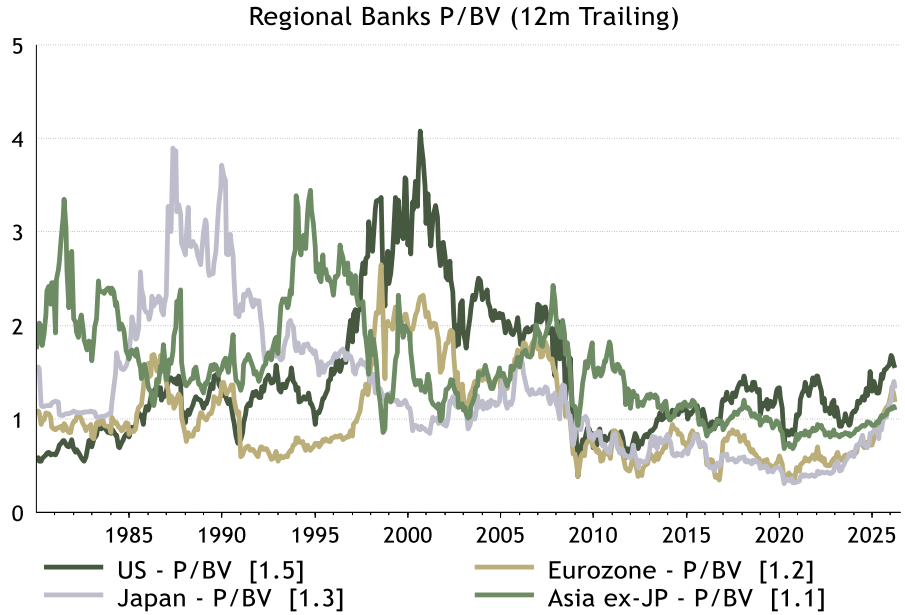
Source: ASR Ltd / IBES / LSEG Datastream

Banks: Large Divergence across the Regions

Banks: Regional Performance



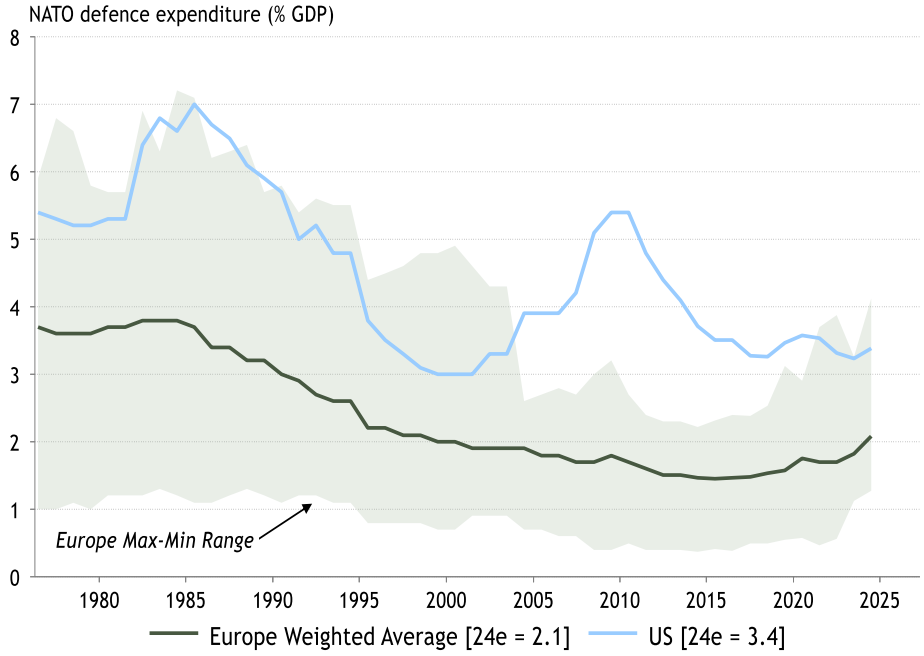
Banks: Regional P/BV



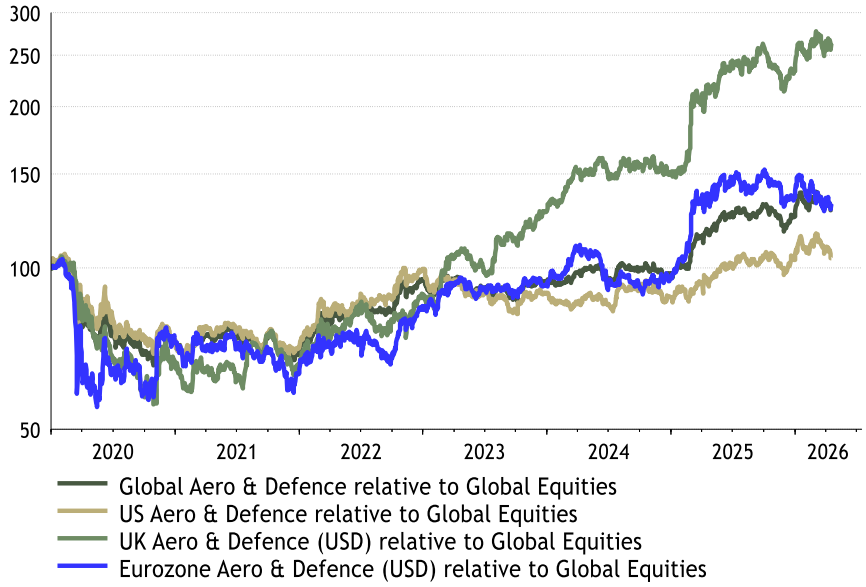
Source: ASR Ltd / LSEG Datastream

Structural Theme 1: Higher Defence Spending

Defence Spending as a % share of GDP (Europe vs US)



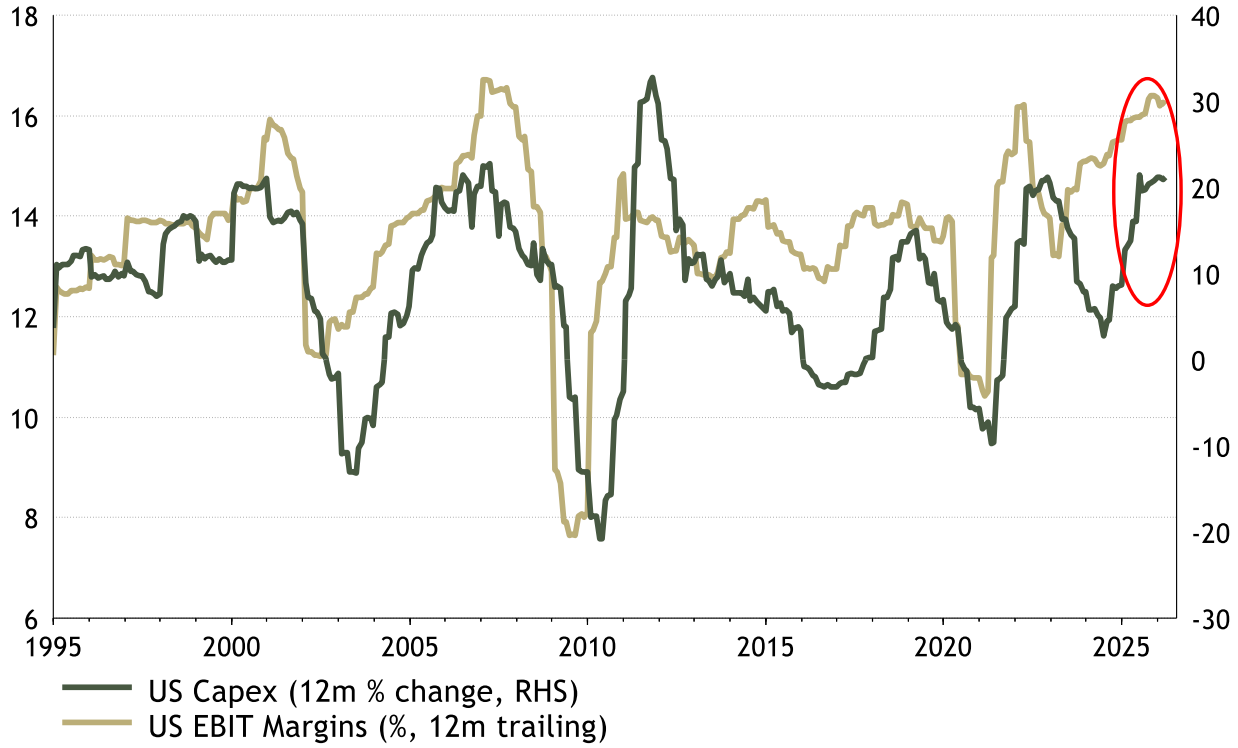
Global, US, Eurozone, UK Aero. & Defence relative to World



Source: ASR Ltd / World Bank / SIPRI / IBES / LSEG Datastream

Structural Theme 2: Higher Capex

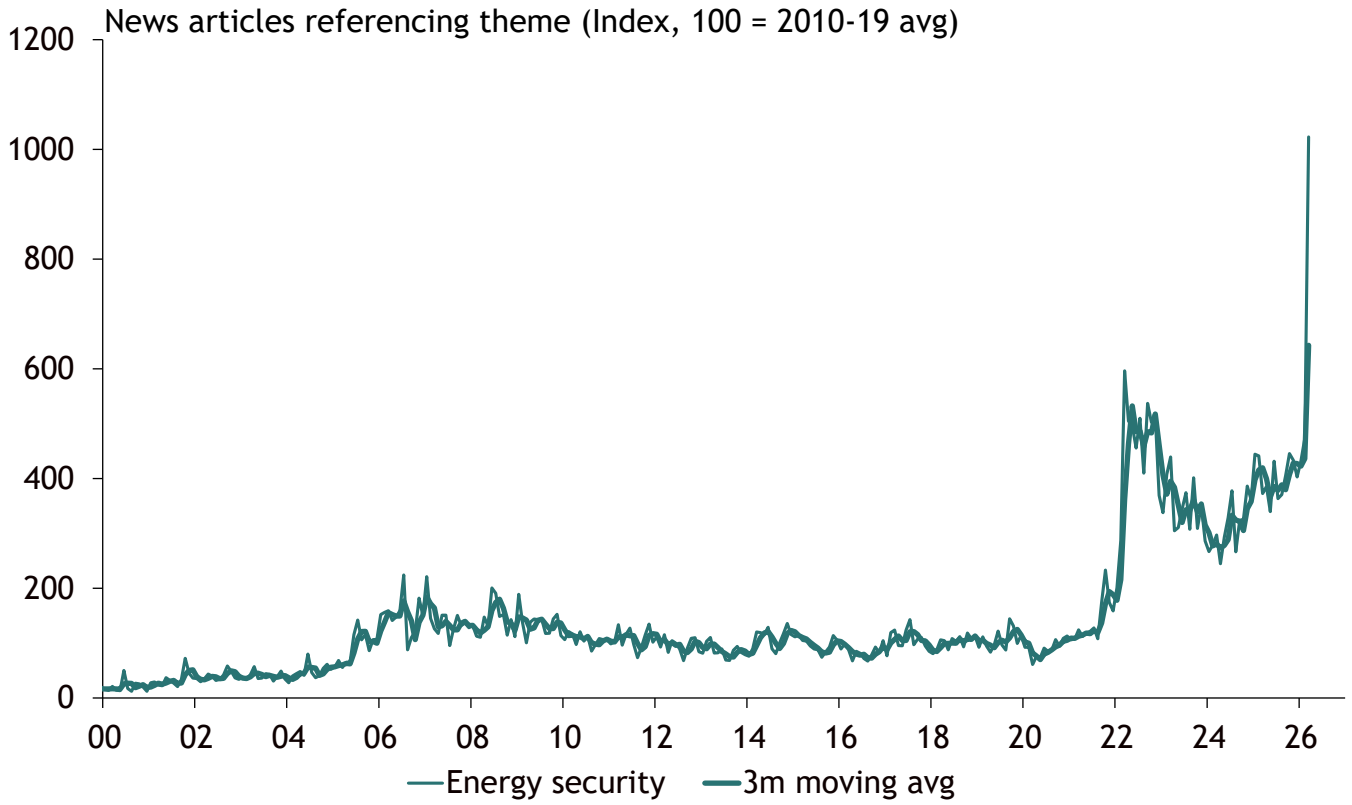
US EBIT Margins vs US Capex



Source: ASR Ltd / LSEG Datastream

Structural Theme 3: Energy, Water & Food Security

Energy Security - Number of news articles



Source: ASR Ltd / Factiva / LSEG Datastream

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