

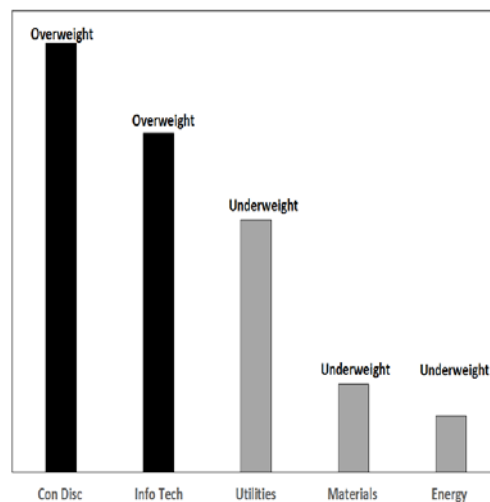
Regional and Sector Strategy: Monthly Update



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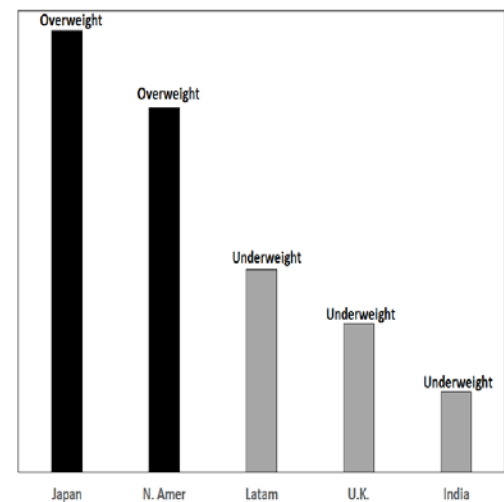
- **Downgrade Financials to Neutral from Overweight.** The combination of plunging earnings momentum and deteriorating valuation has significantly reduced the attractiveness of the Financials sector.
- **Sector Recommendations Still Selectively Cyclical.** We remain Overweight Consumer Discretionary and Information Technology, two sectors with exposure to global growth.
- **Regional Recommendations Also Have a Cyclical Tilt.** We are Overweight Japan and North America. In Japan, Consumer Discretionary has the largest weighting; in North America, Information Technology is the largest. But we continue to avoid regions with heavy exposure to commodities, most notably Latin America (Underweight), South Africa and Russia (both ranked Neutral).

Figure 1: Sector Over- and Underweights



Source: Cornerstone Capital Group

Figure 2: Regional Over- and Underweights



Source: Cornerstone Capital Group



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