Active Risk Allocation

IR portfolio optimisation as per 31 December 2021

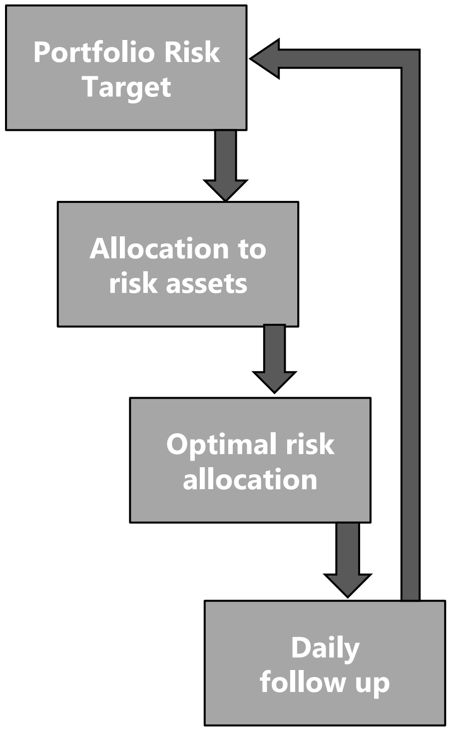
ORIGO CONSULTING

Independent | Transparent | Disciplined

ARA optimisation

Summary of process

- Decide on desired portfolio volatility band
  - 3.5-5%, 6-8% or 9-11% target
  - Depending on model input
- Allocate between risk assets and non-risk assets
  - Between 0 and 100% of portfolio may be allocated to risk assets
  - Depending on model input
- Calculate portfolio allocation
  - Allocating assets in a way that no asset class gives a too large risk contribution (almost Risk Parity)
  - Respecting overall volatility target
  - Respecting overall allocation target
- Daily follow up
  - Daily calculation of expected portfolio volatility
  - Daily supervision of OMRI and portfolio risk allocation
  - Corrective action if necessary



ARA optimisation

IR Benchmark (baseline)

IR Medium risk model portfolio

Name	Class	Mid	ETF Proxy
IR Basis		25	Composite
	Aktier-EU	60	XSX6 DE
	Bonds-EU GOV	10	XGLE DE
	Bonds-DK MBS	10	Nyk dmb Composite
	Bonds-HY	15	IHYG DE
	Cash	5	XEIN:GR
IR Favoritter/IR Danske Aktier	Aktier-DK	25	BIKF DC
IR Vækstlande	Aktier-GEM	20	BRIC LN
IR Erhverv	Bonds-HY	10	IHYG DE
IR Højrente	Bonds-HY	15	EMBE LN
Danske obligationer	Bonds-DK	5	NYK DMB Composite
		100	

ARA optimisation

IR portfolio
January 2022

Risk asset positive
Overweight DK, GEM*)
Underweight HY corp

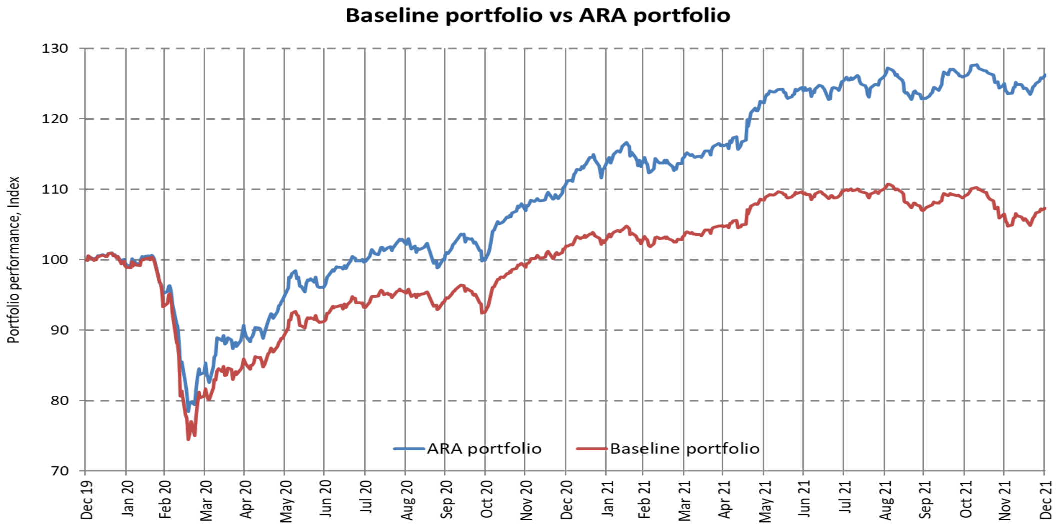
*) choice of investment universe/ restrictions

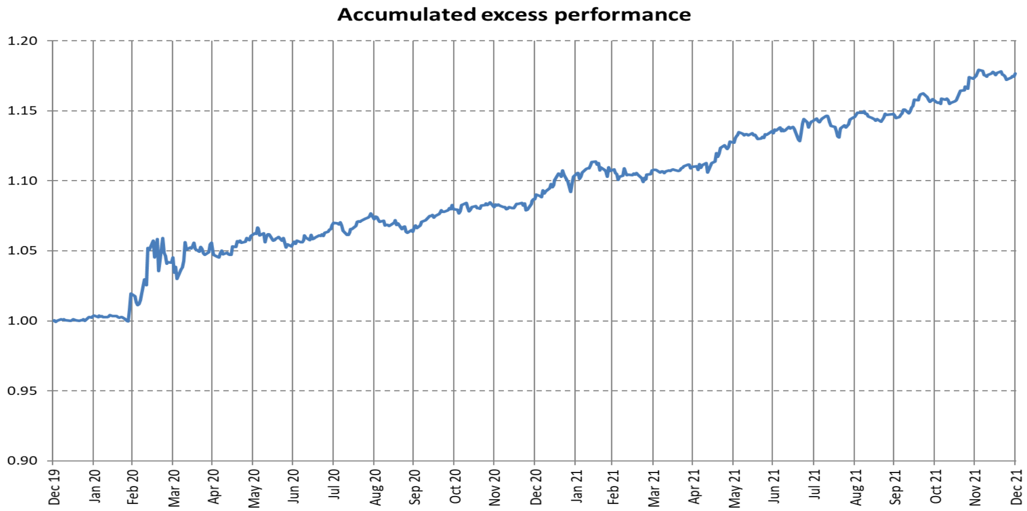
IR model portfolio New

Name	Limit used Minimum	Allocation	Limit used Maximum	ETF proxy
IR Basis	20%	20%		Composite
IR Danmark		27%	35%	BIKF DC
IR Vækstlande		28%	30%	BRIC LN
IR Erhverv				IHYG DE
IR Højrente		25%		EMBE LN
DK DMB				Nyk Composite
10.1% vol		100%		

ARA optimisation

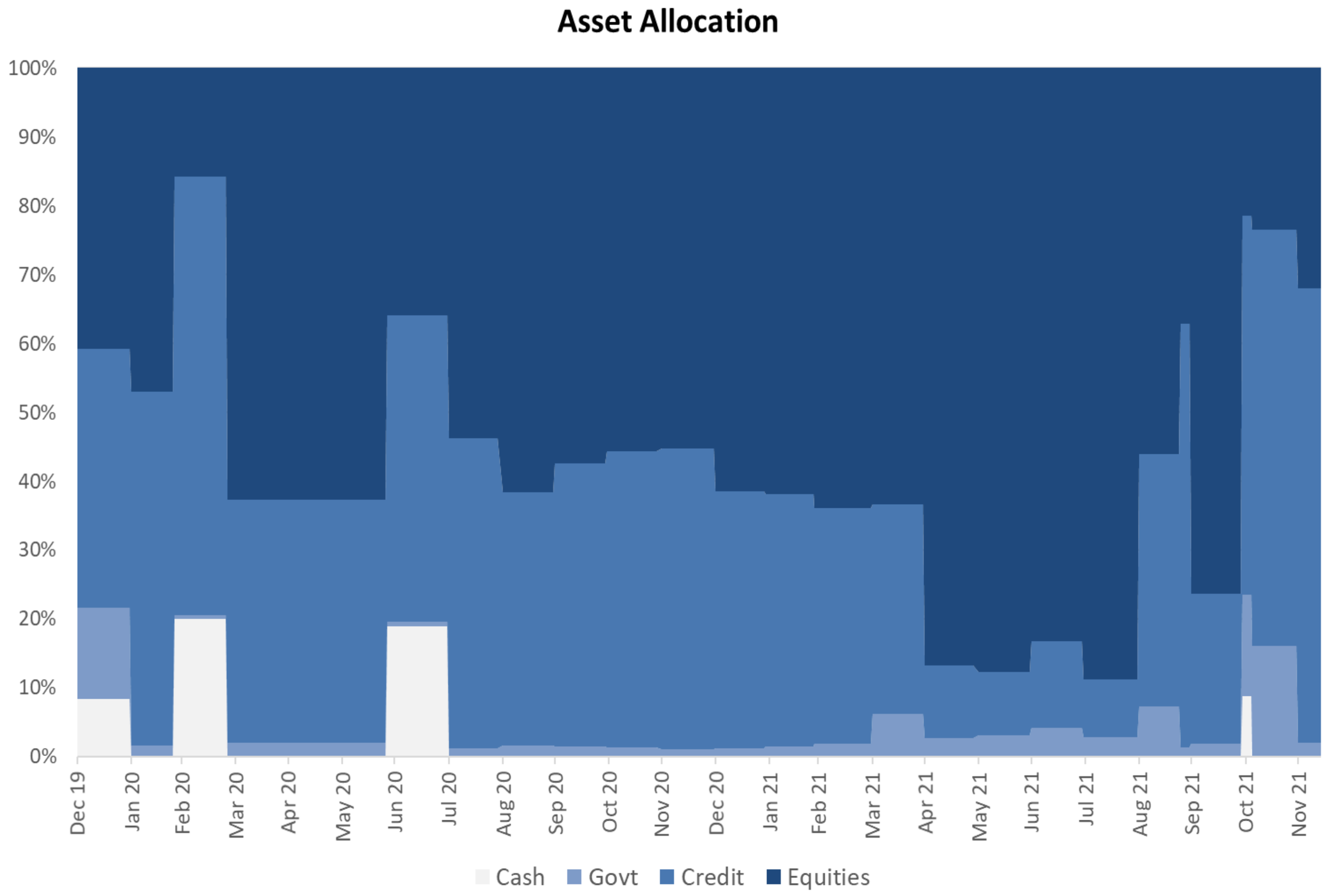
IR optimised vs baseline





ARA optimisation

Asset Allocation timeline



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