



ORIGO
CONSULTING

Active Risk Allocation

IR portfolio optimisation

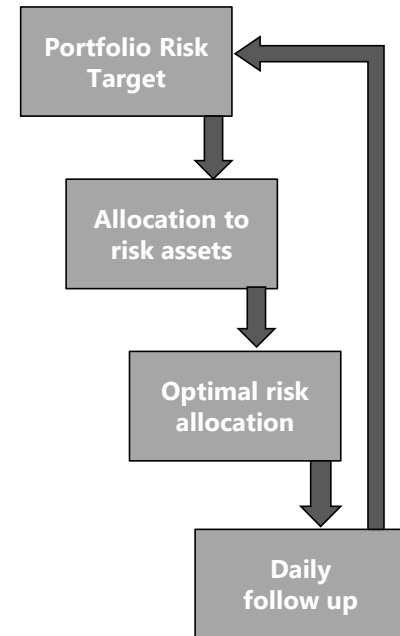
30 November 2022

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)

Approximately a 60/40

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

Performance

IR optimised vs Baseline

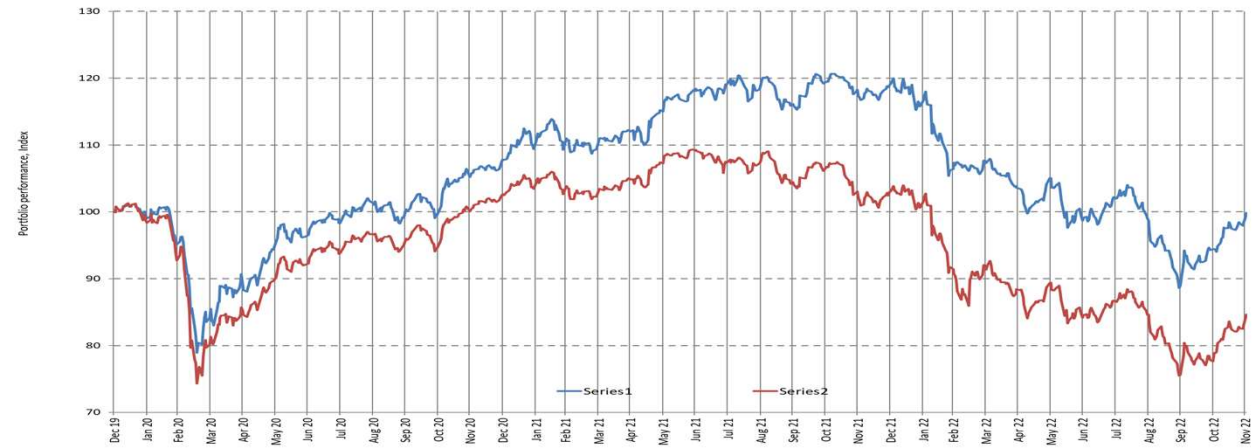
Performance structurally challenged
*);

- as choice of assets correlate
- benchmark deviate from peers
- when US stocks outperform
- when USD strengthen

*) Ref. analysis of 25.11.2021



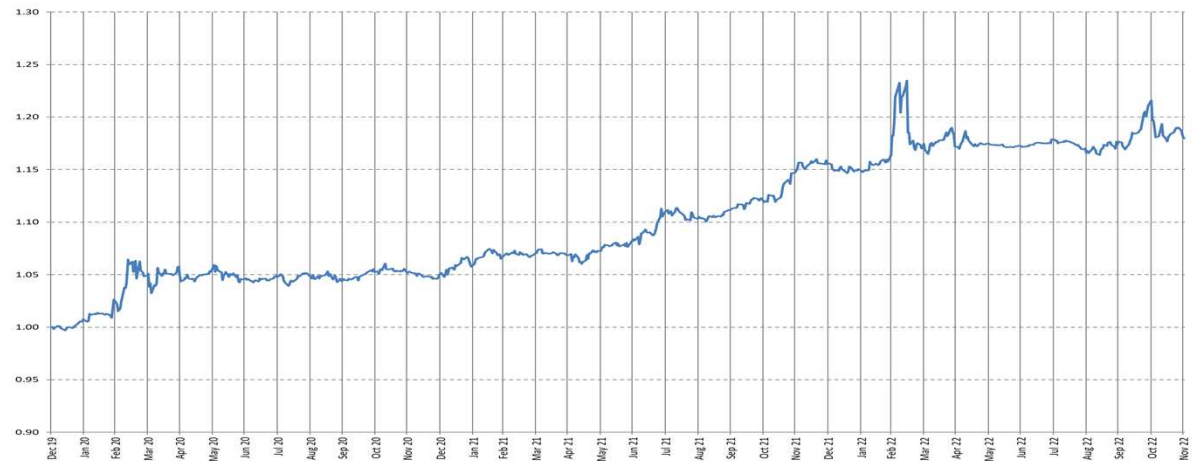
Baseline portfolio vs ARA portfolio



November 2022

+4.96%

+8.14%



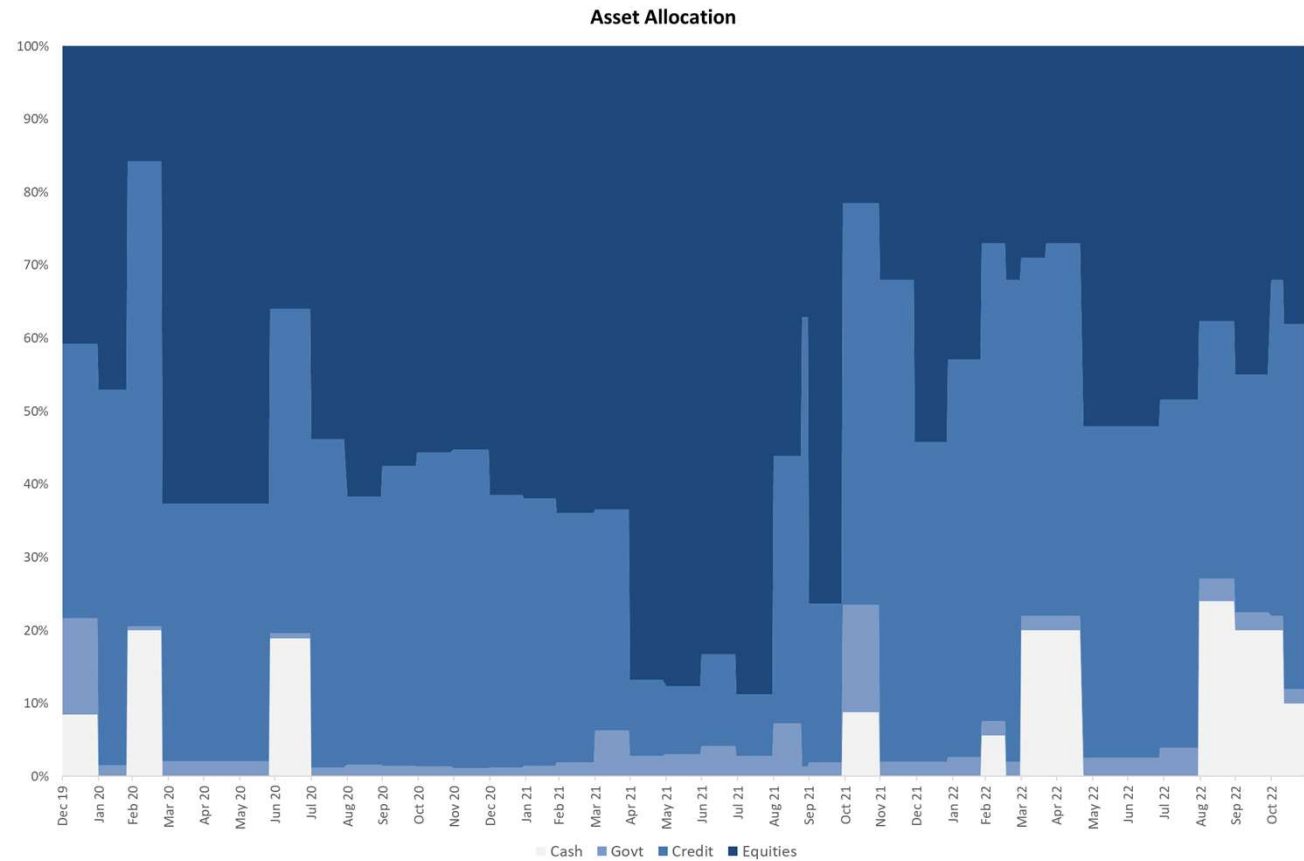
+18.02%



IR Asset Allocation - timeline

OPRA limits risk allocation

No asset diversification possibility through 2022





ARA portfolio

December 2022

OPRA limits allocation to risk assets

IR Medium risk model portfolio

Name	Limit used			Limit used	
	Minimum	Prior	Allocation	Change	Maximum ETF proxy
Cash		10%	10%	0%	Cash
IR Basis		20%	20%	0%	Composite
IR Danmark		20%	21%	1%	BIKF DC
IR Vækstlande		6%	4%	-2%	BRIC LN
IR Short Stoxx		0%	0%	0%	XSSX DE
IR Erhverv		14%	30%	16%	IHYG DE/HYG US
IR Højrente		20%	5%	-15%	EMBE LN
DK DMB		10%	10%	0%	Nyk Composite
		100.0%	100%	0%	

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