



ORIGO
CONSULTING

Active Risk Allocation

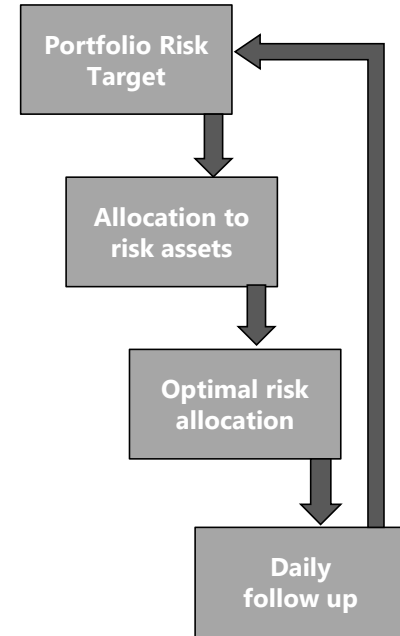
IR portfolio optimisation

31 January 2023

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

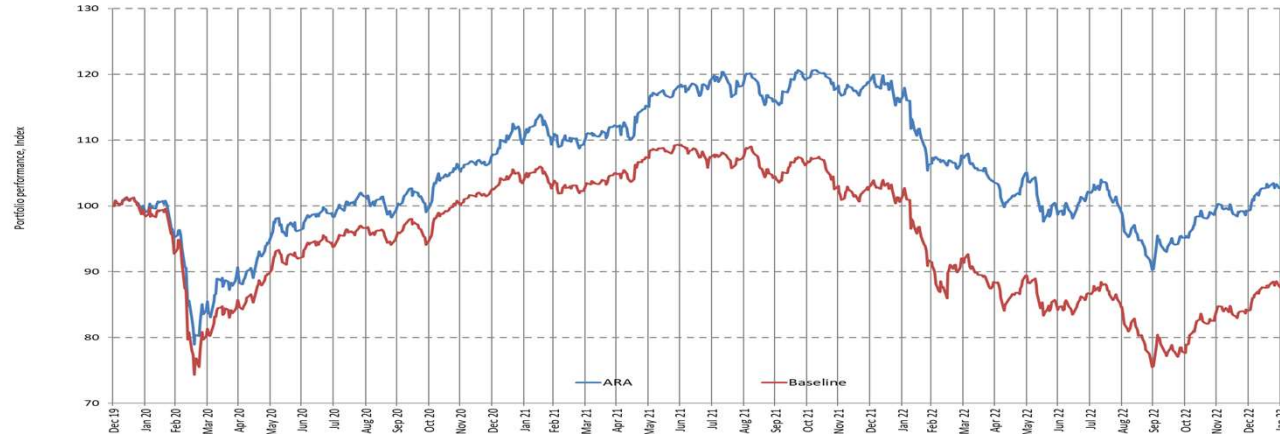
Performance structurally challenged
*);

- 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

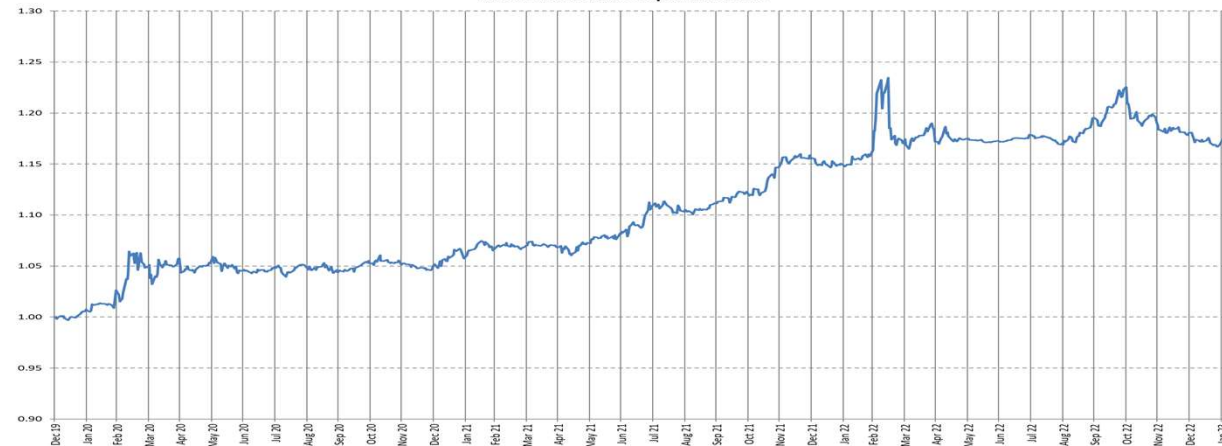


January 2023

+3.52%

+4.29%

Accumulated excess performance



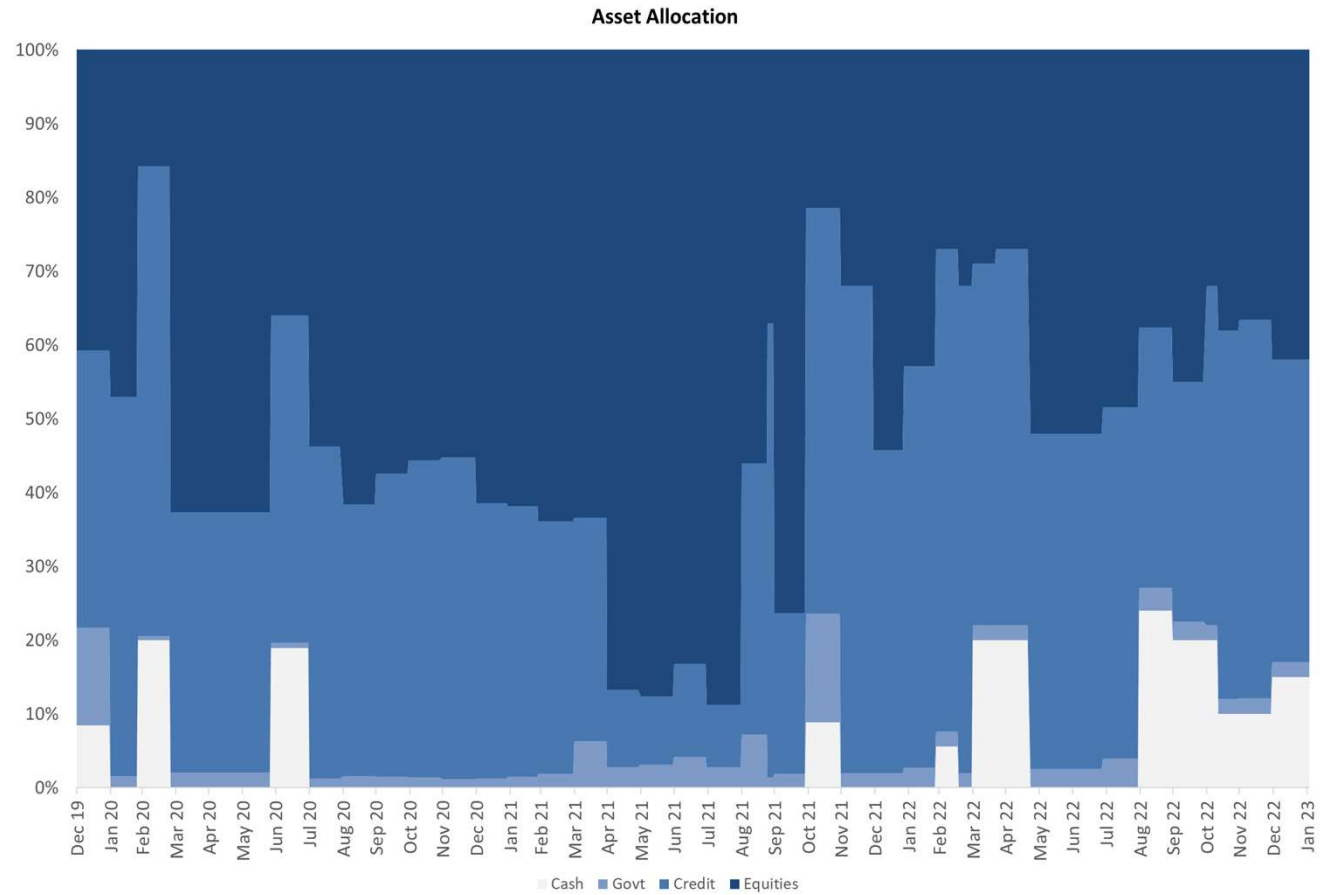
+17.20%



IR Asset Allocation - timeline

OPRA limits risk allocation

No asset diversification possibility through 2022





ARA portfolio

February 2023

Preference to credit
bonds over equities

IR Medium risk model portfolio

Name	Limit used			Change	Limit used	
	Minimum	Prior	Allocation		Maximum	ETF proxy
Cash		15%	13%	-2%		Cash
IR Basis	20%	20%	20%	0%		Composite
IR Danmark		25%	17%	-8%		BIKF DC
IR Vækstlande		5%	8%	3%		BRIC LN
IR Short Stox		0%	0%	0%		XSSX DE
IR Erhverv		25%	32%	7%	30%	IHYG DE/HYG US
IR Højrente		10%	10%	0%		EMBE LN
DK DMB		0%	0%	0%		Nyk Composite
		100.0%	100%	0%		

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