



**ORIGO**  
CONSULTING

## Active Risk Allocation

IR portfolio optimisation

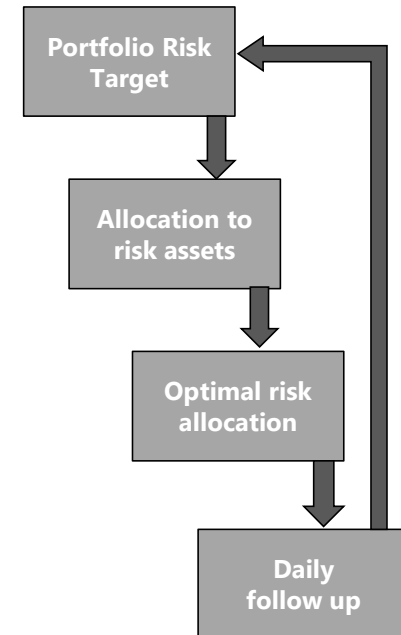
28 February 2023

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

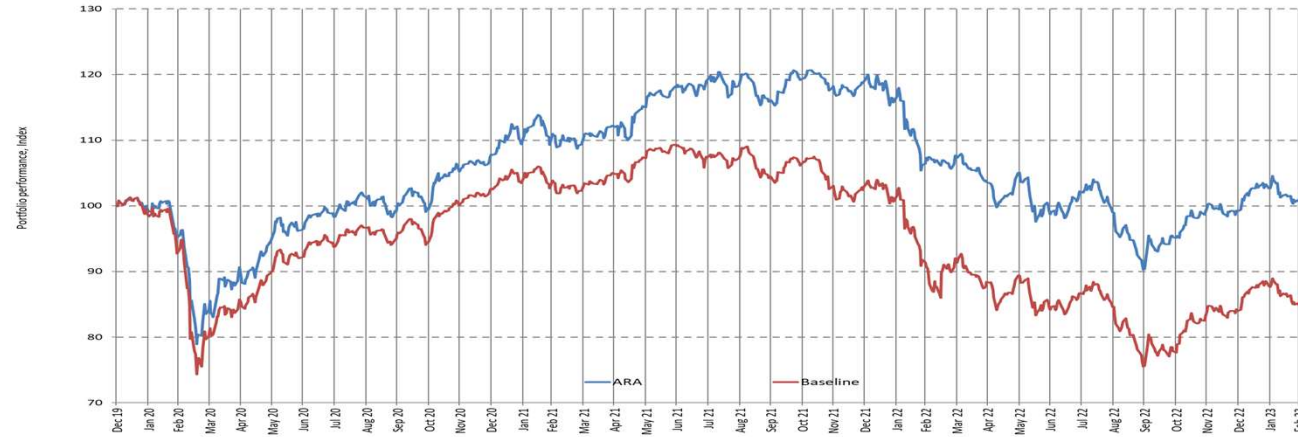
Performance structurally challenged \*);

- 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

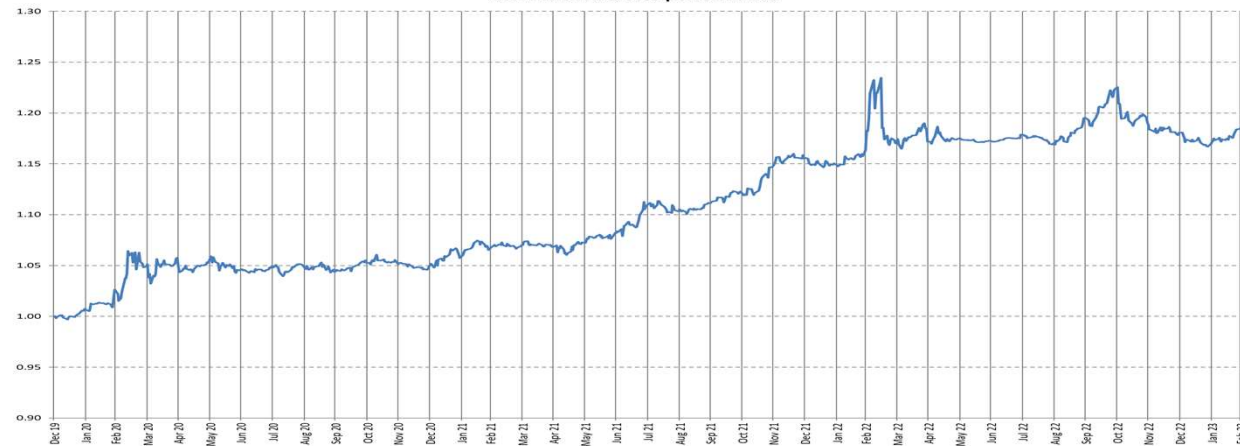


February 2023

-2.00%

+3.15%

Accumulated excess performance



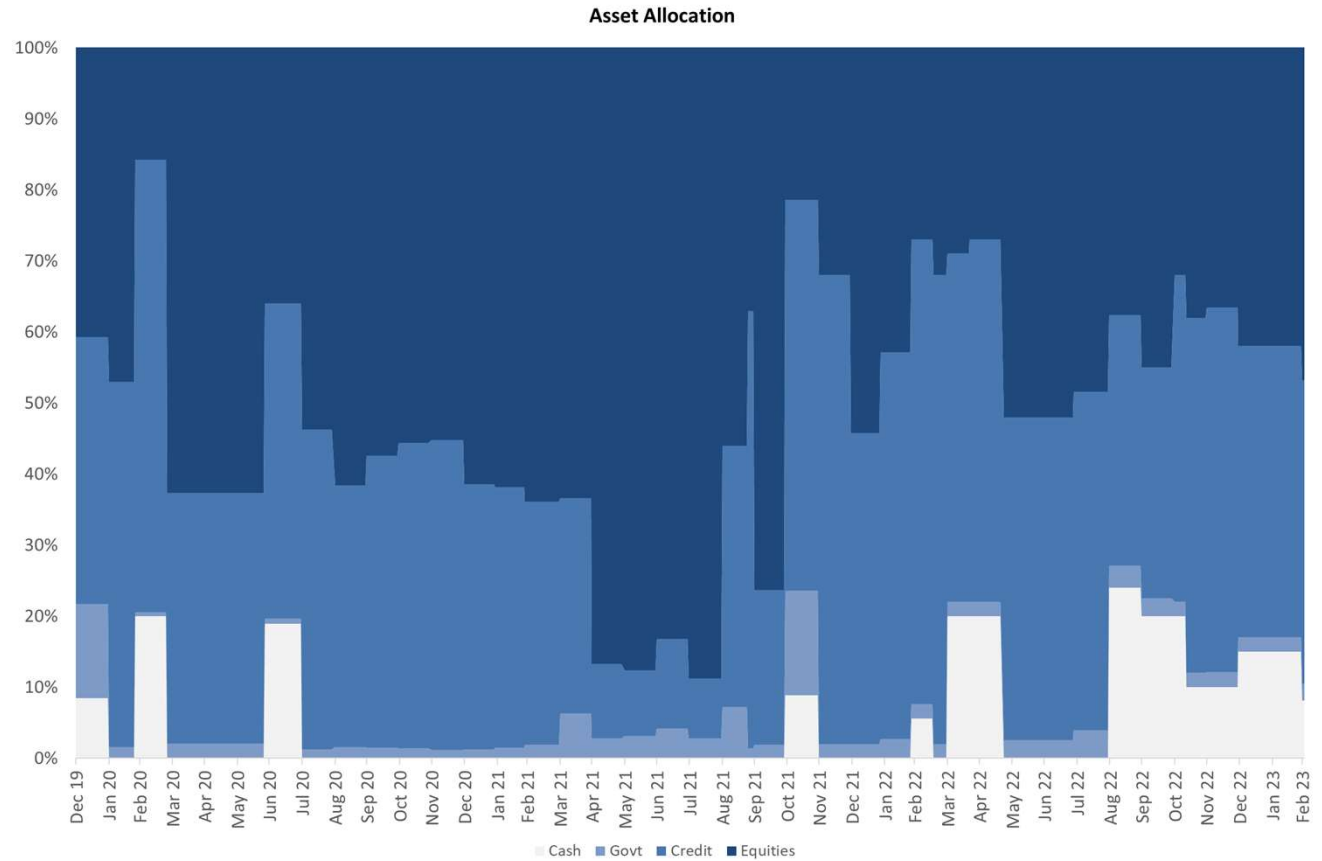
+18.50%



## IR Asset Allocation - timeline

OPRA limits risk allocation

No asset diversification possibility through 2022





## ARA portfolio

March 2023

Improved correlations  
decrease cash -  
Increasing bonds, keeping  
preference for credit over  
equity risk

### IR Medium risk model portfolio

Name	Limit used		Allocation	Change	Limit used	
	Minimum	Prior			Maximum	ETF proxy
Cash		13%	4%	-9%		Cash
IR Basis		20%	24%	4%		Composite
IR Danmark		17%	17%	0%		BIKF DC
IR Vækstlande		8%	11%	3%		BRIC LN
IR Short Stoxx		0%	0%	0%		XSSX DE
IR Erhverv		32%	28%	-4%	30%	IHYG DE/HYG US
IR Højrente		10%	5%	-5%		EMBE LN
DK DMB		0%	11%	11%		Nyk Composite
		100.0%	100%	0%		

## Disclaimer

This document is informative and confidential and includes information intended for institutional or professional investors. It can only be read by the person to whom it is addressed. The contents of this document may not be reproduced without the prior written permission from Origo Consulting. The information contained herein has been obtained from sources deemed reliable, however the production of this information may contain errors or omissions that have escaped our vigilance and Origo Consulting or its representatives have no responsibility for the information.

Any views or opinions expressed in this presentation are solely those of the author and does not necessarily represent those of Origo Consulting. Unless otherwise stated, this presentation is not investment research.

The information is not intended to provide recommendations, and should not be relied upon, for accounting, legal, tax advice or investment purposes. You should consult your tax, legal, accounting or other advisers separately. Nothing in this information summary should be construed as an offer, invitation or general solicitation to invest or to engage in any other transactions.

This presentation should not be considered as a recommendation or an offer to sell financial instruments. The past performance of a product does not represent its future performance and the value of the investments may vary up or down. Investors must make investment decisions based on their financial position and their objectives of investment in light of the regulations which are applicable to them. Origo Consulting can not be held liable for any direct or indirect result of using this document. Origo Consulting can not be held responsible for direct or indirect damages resulting from the use of this document.