

# Active Risk Allocation

Compact portfolio optimisation

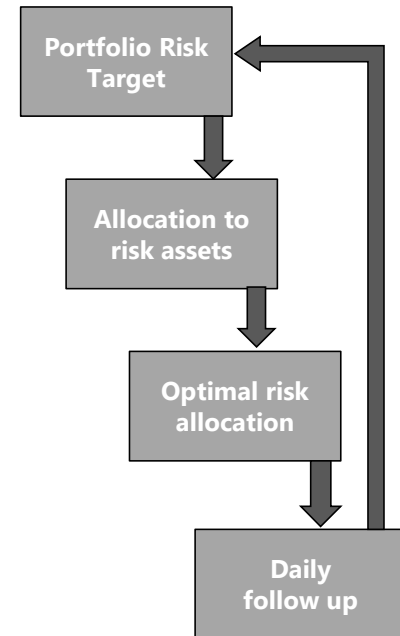
31 July 2023



# 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



# Investment universe



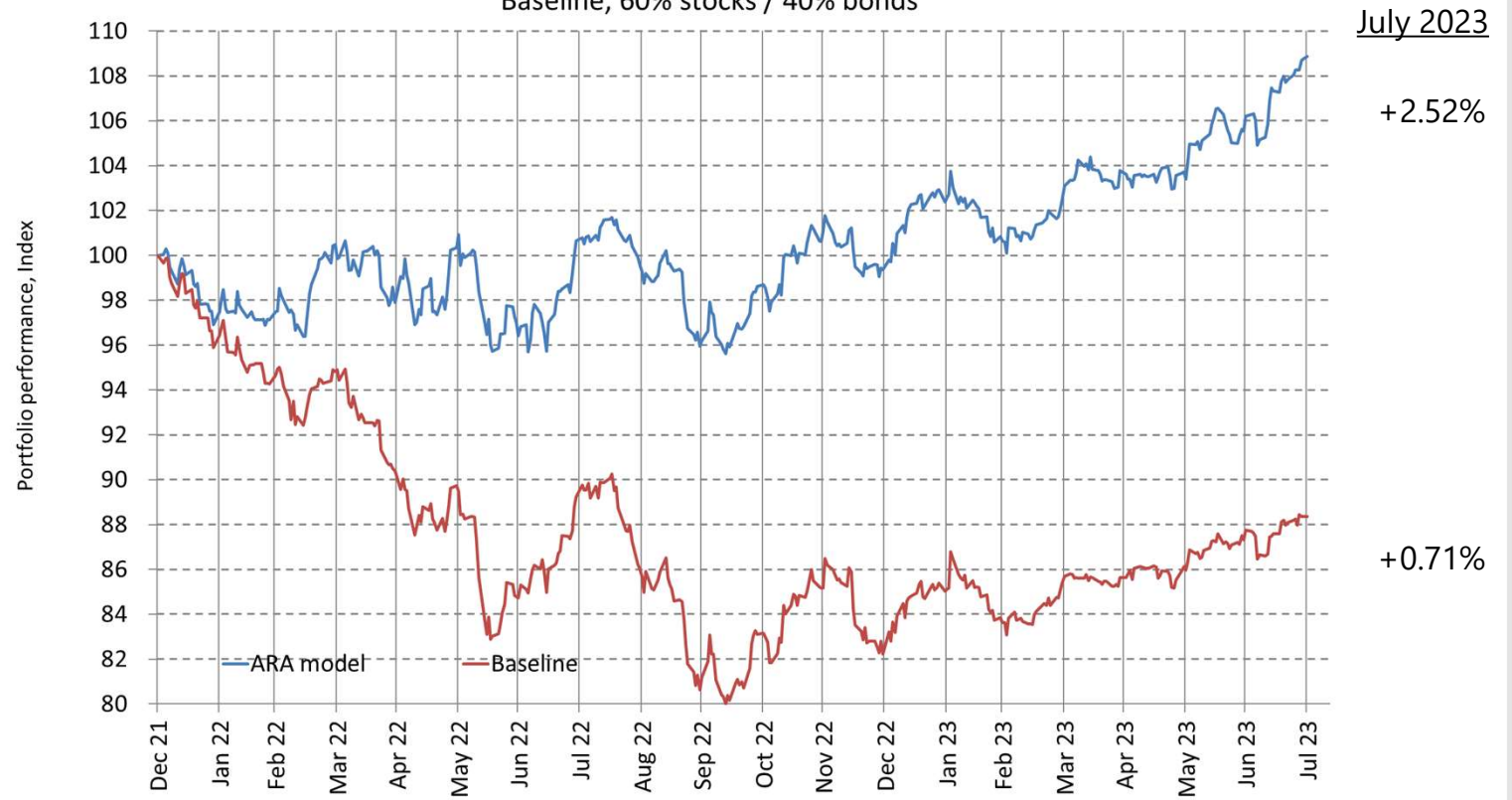
Name	Low	High	Proxy
<b>Cash</b>	0%	30%	Lyxor money market fund
<b>Bonds</b>	25%	65%	
High grade bonds			iShares Euro Aggregate Bond
High yield bonds			iShares iBoxx \$ High Yield Corporate Bond
Emerging market bonds			iShares J.P. Morgan \$ EM Bond EUR Hedged
Investment grade bonds			Investment Grade Corporate Bond
Long bonds			iShares 20+ Year Treasury Bond Hedged
Bond - SHORT			ProShares Short 20+ Year Treasury - SHORT
<b>Stocks</b>	30%	90%	
World			iShares MSCI World EUR Hedged
USA			SPDR® S&P® 500 EUR
Europa			iShares STOXX Europe 600
Global emerging markets			iShares MSCI Emerging Markets
Stock - SHORT			ProShares short S&P500 - SHORT
<b>Alternatives</b>	0%	20%	

# Performance



## Origo portfolio vs Baseline portfolio

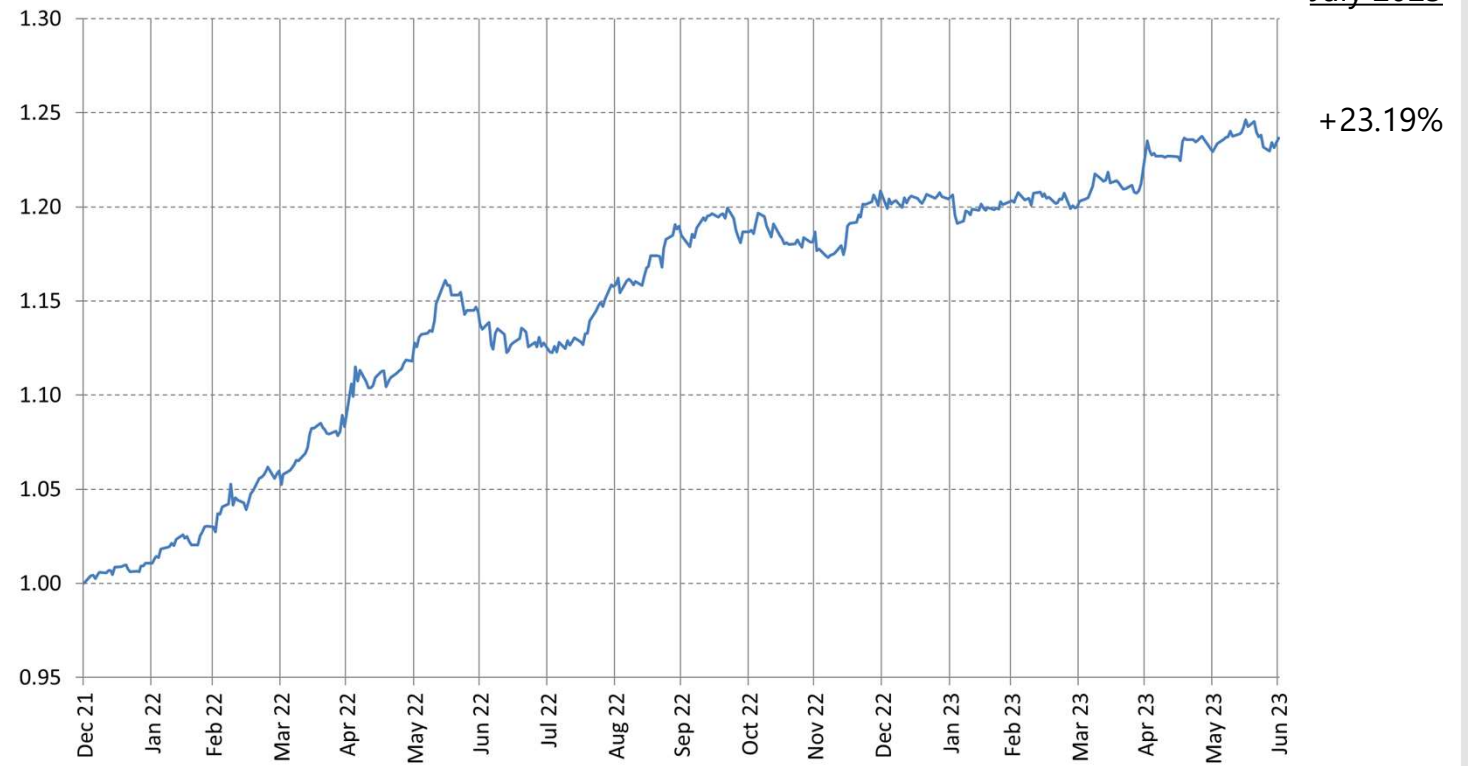
Baseline, 60% stocks / 40% bonds



# Performance



**Accumulated excess performance**  
Origo vs 60% stocks & 40% bonds baseline

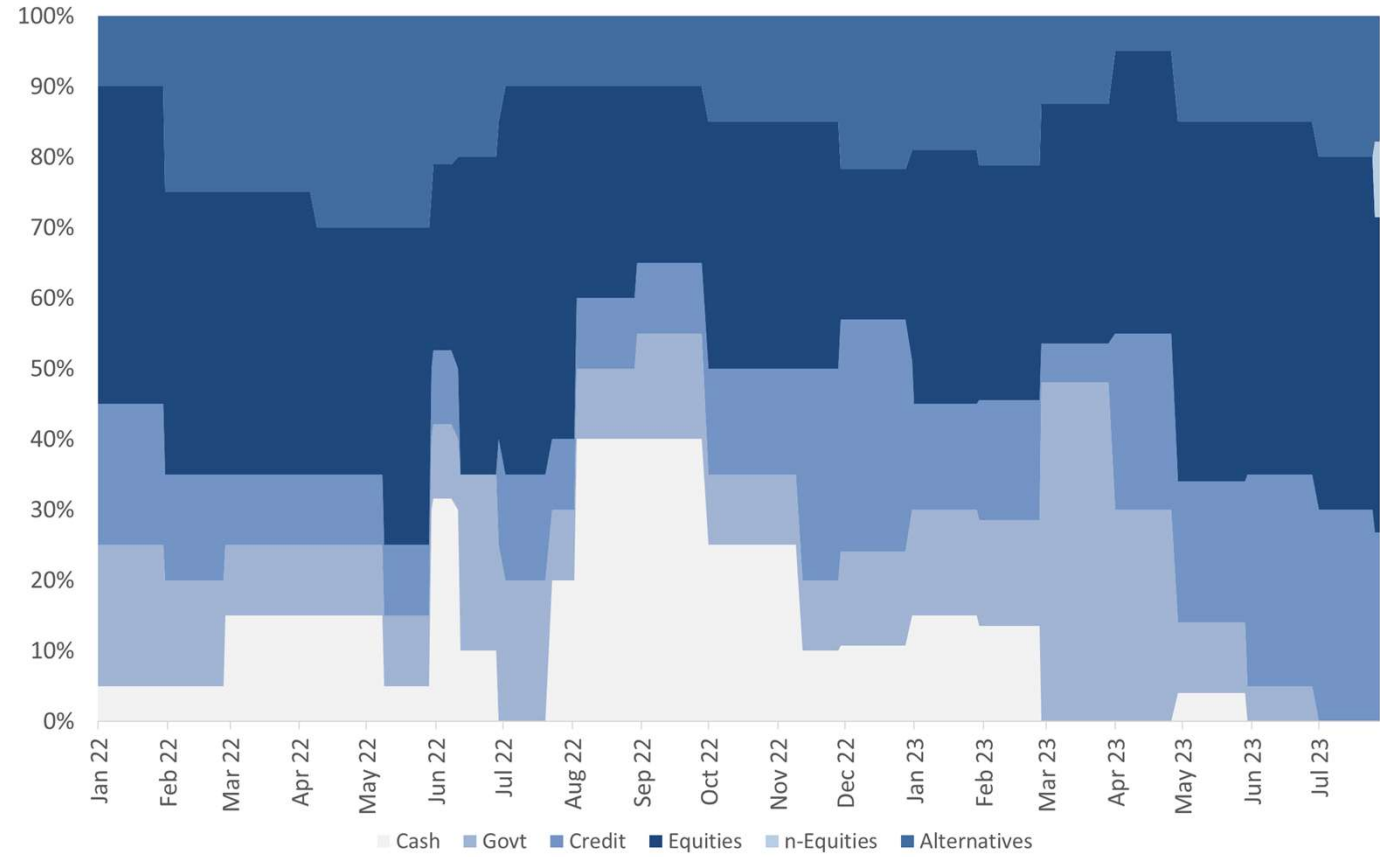


Allocation

Timeline



Asset Allocation






# Portfolio

August 2023

Increased portfolio volatility, high asset correlation => increase in low volatility and inverse assets

	<b>Suggested</b> 	Allocation	Previous	Change	Proxy
CASH	<b>16%</b>	16%	0%	16%	Lyxor money market fund
BONDS	<b>24%</b>				
		0%	0%	0%	iShares Euro Aggregate Bond
		10%	10%	0%	iShares iBoxx \$ High Yield Corporate Bond
		0%	5%	-5%	iShares J.P. Morgan \$ EM Bond EUR Hedged
		10%	10%	0%	Investment Grade Corporate Bond
		4%		4%	iShares 20+ Year Treasury Bond Hedged
		0%	0%	0%	ProShares Short 20+ Year Treasury - SHORT
STOCKS	<b>42%</b>				
		27%	20%	7%	iShares MSCI World EUR Hedged
		10%	15%	-5%	SPDR® S&P® 500 EUR
		5%	10%	-5%	iShares STOXX Europe 600
		0%	10%	-10%	iShares MSCI Emerging Markets
STOCKS - SHOR	<b>5%</b>				
			0%	0%	ProShares short S&P500 - SHORT
		5%	0%	5%	xtracker short STOXX - SHORT
ALTERNATIVES	<b>13%</b>				
		5%	5%	0%	SPDR Gold Shares
		3%	5%	-2%	Commodities
		5%	10%	-5%	HFRX Global Hedge Fund Index

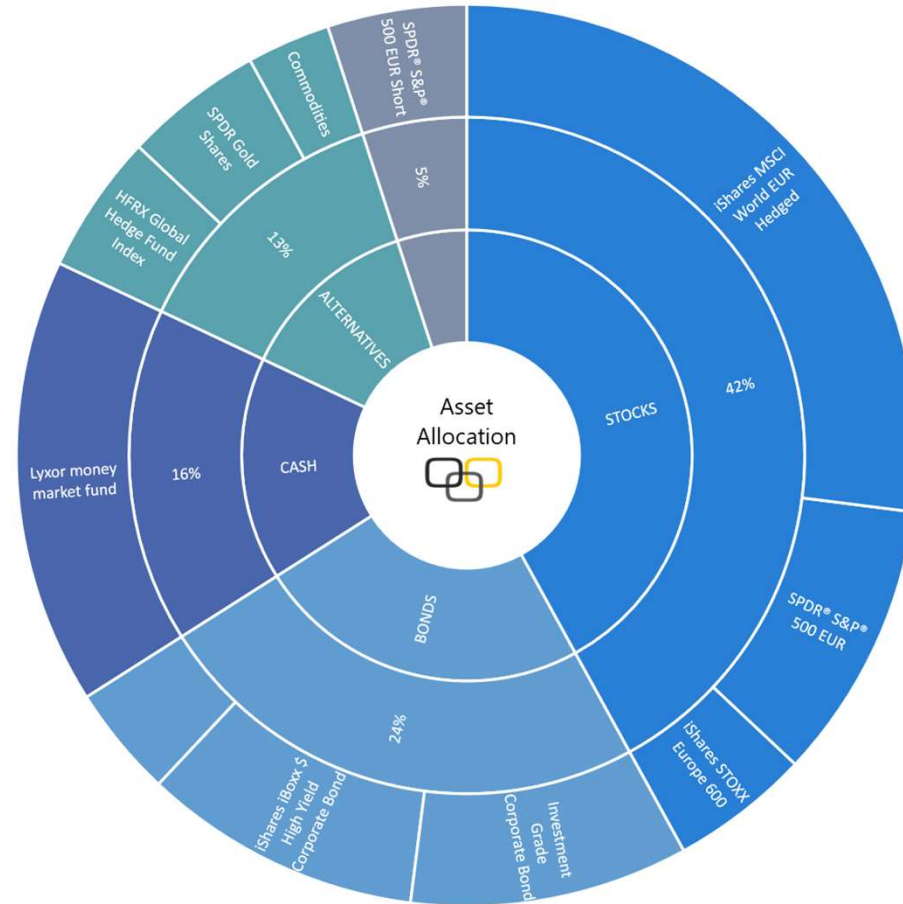


# Allocation

Portfolio skew income generative investment strategies

- Bonds underweight
- Stocks tactical underweight

### ORIGO Allocation





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