

Saxo **Asset** Allocation – Moderately Bullish Scenario

Allocation

Our Asset Allocation Model has shifted its scenario from “**Moderately Bearish**” to “Moderately Bullish” after having changed from “Outright Bearish” only two months ago. The reason is a less decelerating global economy (according to our Global Business Cycle Indicator) and that means that the overall allocation has changed and now recommends a bigger, net long (however moderate) position in equities.

Asset Allocation Weights

Scenario	MSCI World	MSCI EM	Commodities	Bonds
Moderately Bearish	43%	7%	11%	40%

Portfolio

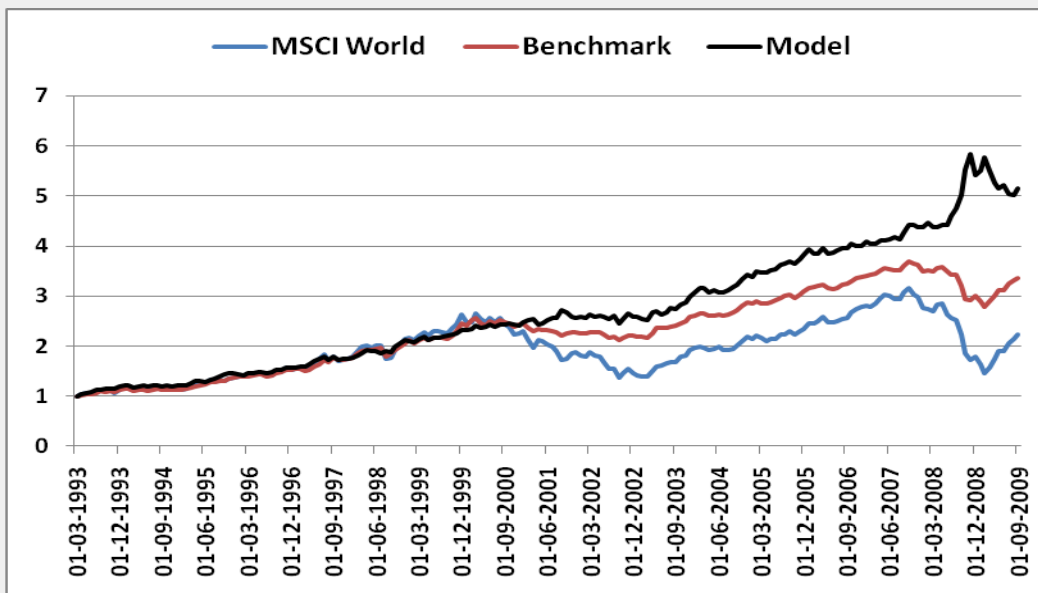
In order to directly or synthetically create the recommended exposure in the present scenario, an investor should allocate capital as follows:

Portfolio Replication*			
Position	Exposure	Name (Ticker)	# (1 mio. EUR capital)
Long	42,5%	iShares MSCI World (IQQW:xetr)	26658
Long	6,5%	iShares MSCI EM (IEMM:xams)	4572
Long	10,9%	Lyxor CRB ETF (CRB:xpar)	3548
Long	20,0%	iShares 1-3 Year US Treasuries (SHY)	3462
Long	20,0%	iShares 1-3 Year EUR Treasuries (IBCA)	1468

*) A EUR-denominated investor should get rid of the implicit currency exposure in the portfolio by buying EURUSD worth 20% of the capital allocated to the portfolio. For an investor with a 1 million EUR portfolio, this would equal 200,000 EURUSD.

Performance

Our **benchmark** is an index consisting of returns from 33% EFFA +10 year Treasuries, 33% MSCI World and 33% CS Tremont Long/Short Equities.



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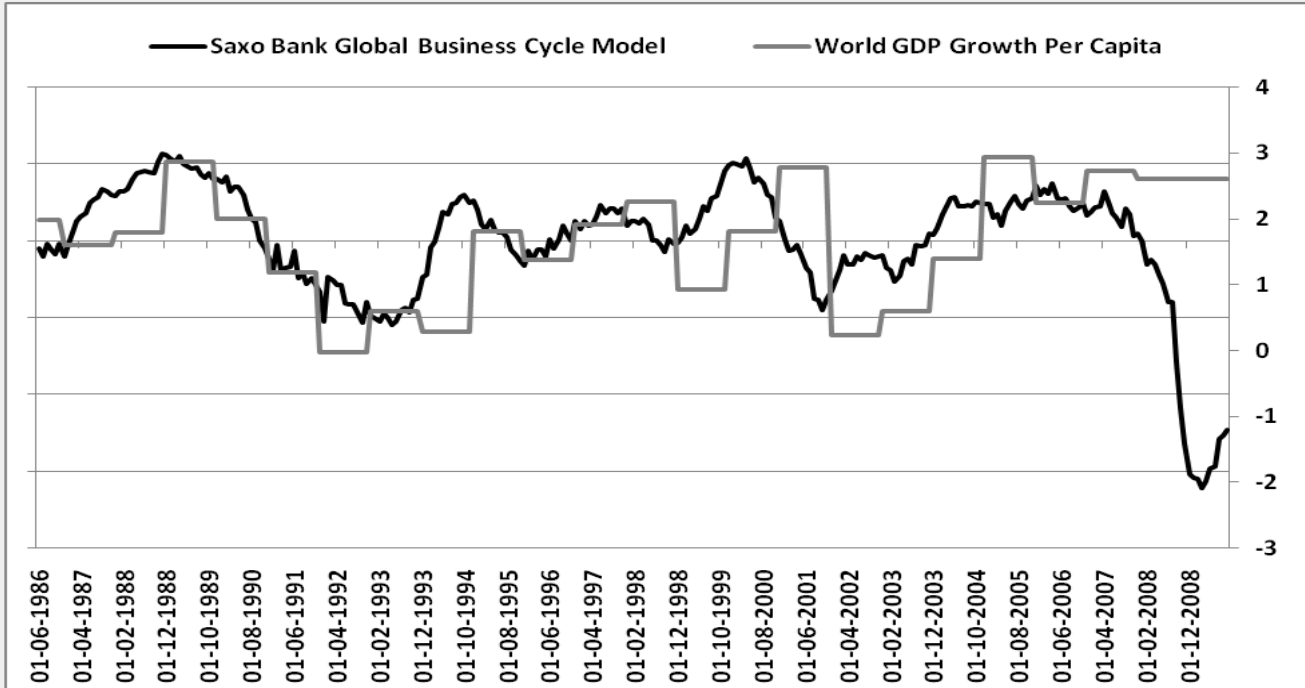
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For important disclosures, refer to the Disclosures Section, located at the end of this document.

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Global Business Cycle Indicator

Our global business indicator is an expression of how much global economic activity is accelerating or decelerating. It seems that the pace with which the global economic activity is decelerating is petering out. However, it is still contracting. It now looks like we have acceleration, but from a very low starting point.



Allocation Weights

The capital allocation weights depend on the economic scenario. The current scenario is “outright bullish”, since the global economy stopped decelerating. Risky asset classes should be doing well in this scenario. Off course, stock markets already rose a lot, but if we get a gradual recovery, they (and commodities) might be able to extend their gains.

Asset Allocation Weights

Scenario	MSCI World	MSCI EM	Commodities	1-3-Year Bonds ***
Outright Bullish	30%	5%	45%	20%
Moderately Bullish	43%	7%	11%	40%
Moderately Bearish	12%	8%	0%	80%
Outright Bearish	-20%	-5%	-5%	70%

*** Note that we have changed from the suggested +10-year maturity bonds to a maturity no longer than 3-years, as we are fearing that irresponsible fiscal policies will lead to a bond market dislocation – hurting the long-maturity bonds the most.

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