

Saxo Asset Allocation – Moderately Bullish Scenario

Allocation

Our Asset Allocation Model is reducing its stance to “**Moderately Bullish**” as the Global Business Cycle Indicator consolidated in October. The model still recommends a big position in equities, but has decreased its exposure to commodities.

Asset Allocation Weights

Scenario	MSCI World	MSCI EM	Commodities	Bonds
Moderately Bullish	43%	6%	11%	40%

Portfolio

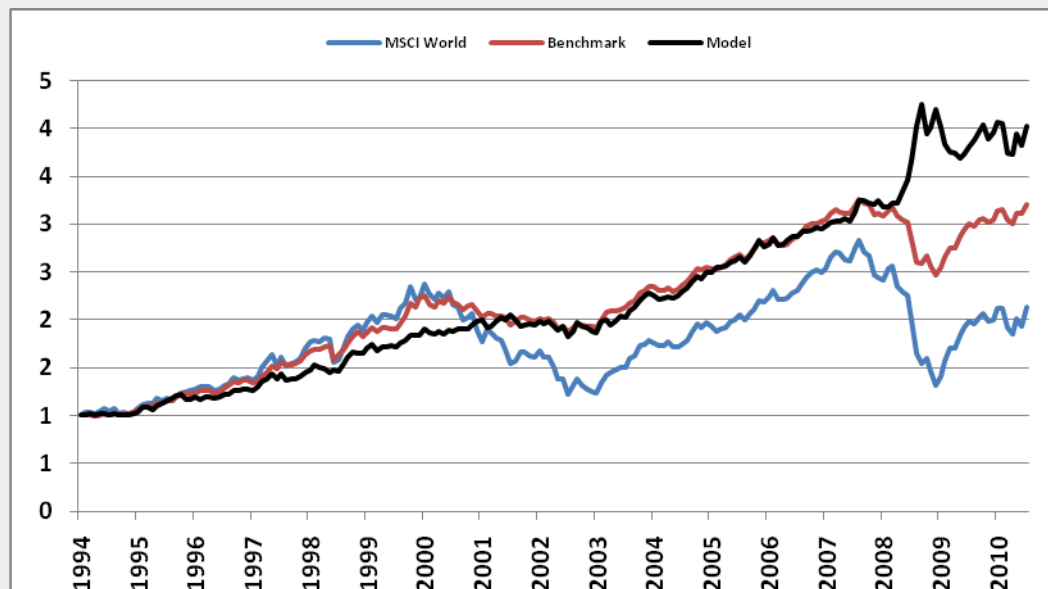
In order to directly or synthetically create the recommended exposure in the present scenario, an investor should allocate capital as follows:

Portfolio Replication*			
Position	Exposure	Name (Ticker)	# (1 mio. EUR capital)
Long	43%	iShares MSCI World (IQQW:xetr)	22762
Long	6%	iShares MSCI EM (IEMM:xams)	2736
Long	11%	Lyxor CRB ETF (CRB:xpar)	6115
Long	20%	iShares 1-3 Year US Treasuries (SHY)*	7015
Long	20%	iShares 1-3 Year EUR Treasuries (IBCA)	2935

*) A EUR-denominated investor should get rid of the implicit currency exposure in the portfolio by buying EURUSD worth 10% of the capital allocated to the portfolio. For an investor with a 1 million EUR portfolio, this would equal 100,000 EURUSD.

Performance Graph (USD)

Our **benchmark** (red line) is a constant weight index consisting of returns from 33% EFFA +10 year Treasuries, 33% MSCI World and 33% CS Tremont Long/Short Equities. The model return for October was 4.21% (USD), primarily due to the commodity exposure. EUR return was 2.24%.



Saxo Bank. Serious Trading. Worldwide.

SAXO BANK RESEARCH

David B. Karsbøl

Chief Economist
DKA@SaxoBank.com

John J. Hardy

FX Consultant
JJH@SaxoBank.com

Christian T. Blaabjerg

Equity Strategist
CTB@SaxoBank.com

Mads Koefoed

Macro Strategist
MKOF@SaxoBank.com

Peter Garnry

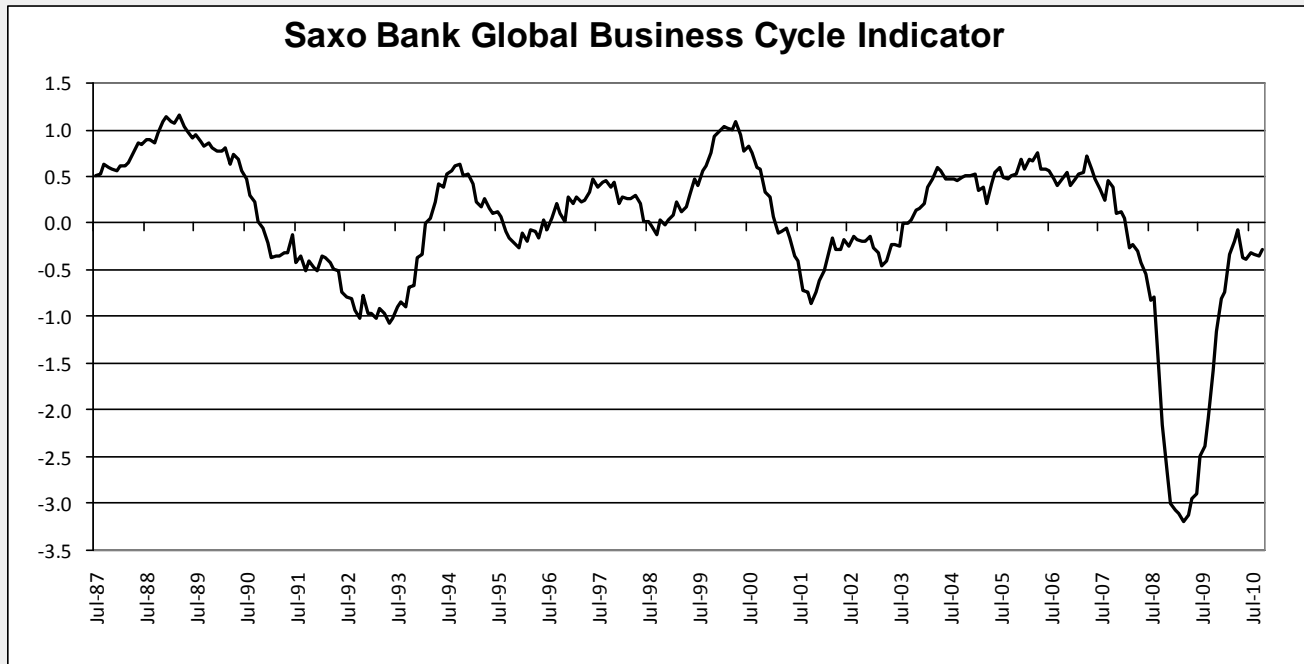
Equity Analyst
PG@SaxoBank.com

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

Saxo **Asset** Allocation – Moderately Bullish Scenario

Global Business Cycle Indicator

Our global business indicator is an expression of how much global economic activity is accelerating or decelerating. We now have acceleration, but the momentum is fading out.



Allocation Weights

The capital allocation weights depend on the economic scenario. The current scenario is “**moderately bullish**”, since the global economy is accelerating, but at a slower rate. Risky asset classes should be doing well in this scenario. Of course, stock markets have already risen a lot, but if we get a gradual recovery, they 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%	6%	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.

Saxo **Asset** Allocation – Moderately Bullish Scenario

NON-INDEPENDENT INVESTMENT RESEARCH

This investment research has not been prepared in accordance with legal requirements designed to promote the independence of investment research. Further it is not subject to any prohibition on dealing ahead of the dissemination of investment research. Saxo Bank, its affiliates or staff, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives), of any issuer mentioned herein.

None of the information contained herein constitutes an offer (or solicitation of an offer) to buy or sell any currency, product or financial instrument, to make any investment, or to participate in any particular trading strategy. This material is produced for marketing and/or informational purposes only and Saxo Bank A/S and its owners, subsidiaries and affiliates whether acting directly or through branch offices ("Saxo Bank") make no representation or warranty, and assume no liability, for the accuracy or completeness of the information provided herein. In providing this material Saxo Bank has not taken into account any particular recipient's investment objectives, special investment goals, financial situation, and specific needs and demands and nothing herein is intended as a recommendation for any recipient to invest or divest in a particular manner and Saxo Bank assumes no liability for any recipient sustaining a loss from trading in accordance with a perceived recommendation. All investments entail a risk and may result in both profits and losses. In particular investments in leveraged products, such as but not limited to foreign exchange, derivatives and commodities can be very speculative and profits and losses may fluctuate both violently and rapidly. Speculative trading is not suitable for all investors and all recipients should carefully consider their financial situation and consult financial advisor(s) in order to understand the risks involved and ensure the suitability of their situation prior to making any investment, divestment or entering into any transaction. Any mentioning herein, if any, of any risk may not be, and should not be considered to be, neither a comprehensive disclosure or risks nor a comprehensive description such risks. Any expression of opinion may be personal to the author and may not reflect the opinion of Saxo Bank and all expressions of opinion are subject to change without notice (neither prior nor subsequent).

This [website/communication] refers to past performance. Past performance is not a reliable indicator of future performance. Indications of past performance displayed on this [website/communication] will not necessarily be repeated in the future. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided.

Statements contained on this [website/communication] that are not historical facts and which may be simulated past performance or future performance data are based on current expectations, estimates, projections, opinions and beliefs of the Saxo Bank Group. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this [website/communication] may contain 'forward-looking statements'. Actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

This material is confidential and should not be copied, distributed, published or reproduced in whole or in part or disclosed by recipients to any other person.

Any information or opinions in this material are not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be lawful. The information in this document is not directed at or intended for "US Persons" within the meaning of the United States Securities Act of 1933, as amended and the United States Securities Exchange Act of 1934, as amended.

This disclaimer is subject to Saxo Bank's Full Disclaimer available at www.saxobank.com/disclaimer.