ABSTRACT

Diversification is one of portfolio management to minimize investor losses. Where investors do not allocate all of their investment funds to one company / share but divide it into several companies / shares. There are many methods or approaches used to diversify. An example is the Risk Parity (RP) portfolio approach and the Equal weight portfolio approach.

Risk Parity (RP) is a fairly well-known approach of several decades. Because this method outperforms other approaches to diversification. While the Equal Weight portfolio approach is the easiest method to diversify. In this TA will discuss how to implement Risk Parity portfolio by equalizing the total risk contribution of each asset.

Keywords:*Diversification, Risk Parity (RP) portfolio, Equal Weight portfolio.*

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