ABSTRACT

Equally-weighted Risk Contribution (ERC) is a method to build a portfolio by selecting the portfolio weights so that the risk contribution of each component would be equal. In this final project research would be explained about how to build a portfolio with a Equally Risk Contribution (ERC) methods. Equally Risk Contribution portofolios is used because it has advantages, that is the resulting portfolios is better diversified than the Mean Variance (MV) and Equally Weight (EW) portofolios, thus avoid portfolios concentrated in one or several assets only (not spread).

The result from applying method of Equal Risk Contribution, will compare its performance with a Mean Variance (MV) and Equally Weight (EW) portofolios. Wherein the result of risk contribution from Equally Risk Contribution portfolios is better than Equally Weight portfolios, and its volatility is located between those of Mean Variance and Equally Weight portofolios.

Keywords: *diversified portofolios, optimization portofolios, equally weighted risk contribution.*