If we take the full covariance model result as our benchmark

① These numbers indicate that the diagonal model provides a good approximation of the actual portfolio VaR, although slightly on the low side. Because it assume zero correlation between each other asset return.

② The beta model, in contrast, substantially underestimates the true VaR because it ignores residual risk and only market risk is taken into account.

③ Finally the undiversified VaR, obtaining from adding the individual VaRs, is bigger than full covariance.