

## Press release

30 April 2019

# ATP posts historic DKK 20bn return for the first quarter of the year

**The first quarter of the year was dominated by declining interest rates, both in the US and Europe, and by upticks in global equity markets. The investment portfolio generated a return of DKK 20bn before costs and taxes, equivalent to a rate of return of 21.7 per cent relative to the bonus potential.**

Primarily state and mortgage bonds, Danish and foreign listed equities contributed to the historically high return for the quarter with DKK 7.4bn, DKK 3.7bn, and DKK 4.9bn, respectively.

"We have realised an unusually good result for the first quarter of 2019 and delivered a very high return, which is highly satisfactory. With this having been said, we can also look forward to generally lower investment returns in the years to come and at the same time we are seeing greater fluctuations between quarters. We shall therefore maintain a disciplined approach to our portfolio construction and risk management in order that we may also create satisfactory results in the longer term," says Acting ATP CEO Bo Foged.

The previous five years have realised average investment portfolio returns of 3.9 per cent per quarter. The investment portfolio has realised positive returns in 17 of the previous 20 quarters.

### **Hedging protects pension guarantees**

Hedging of the guaranteed pensions is designed to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. Due to moderate interest rate drops for Danish and European state bonds with long residual maturity, the value of guaranteed pensions increased in Q1. Similarly, the hedging portfolio realised a positive return. All in all, hedging gave an overall result of DKK 40m and therefore worked as intended.

### **Net profit for the period**

The Q1 result was DKK 17.1bn. At the end of Q1 2019, the bonus potential – ATP's free reserves – totalled DKK 109bn, equal to a 15.0 per cent over-hedging relative to guaranteed pensions of DKK 728bn. ATP's net assets amounted to DKK 838bn.

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*ATP is a mandatory pension scheme with 5,206,000 members. ATP members contributed DKK 2.5bn in the first quarter. At the end of Q1 2019, 1,057,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension). During Q1, ATP paid out DKK 4.3bn in pensions and lump sum payments. Approximately 40 per cent of the nation's old age pensioners have no other pension income than ATP and the state-funded old age pension. The full ATP Livslang Pension for a 65½-year-old is DKK 24,500. This is equivalent to 32 per cent of the basic amount of the state-funded old-age basic pension.*

**ATP is given a new task, managing Obligatorisk Pensionsordning (Mandatory Pension Scheme)**

In March, the Danish Parliament passed a mandatory pension scheme for citizens on transfer income. The scheme enters into force in 2020 and is to be managed by ATP. It will initially cover more than one million citizens, who will be making mandatory savings while on transfer income.

“This is an important assignment, and we are proud to have been selected to handle it. ATP exists to secure basic financial security in Denmark, and Obligatorisk Pensionsordning (Mandatory Pension Scheme) is precisely about that,” says Acting ATP CEO Bo Foged.

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