

## Press release

28 August 2019

### ATP achieves investment returns of DKK 29.6bn for H1

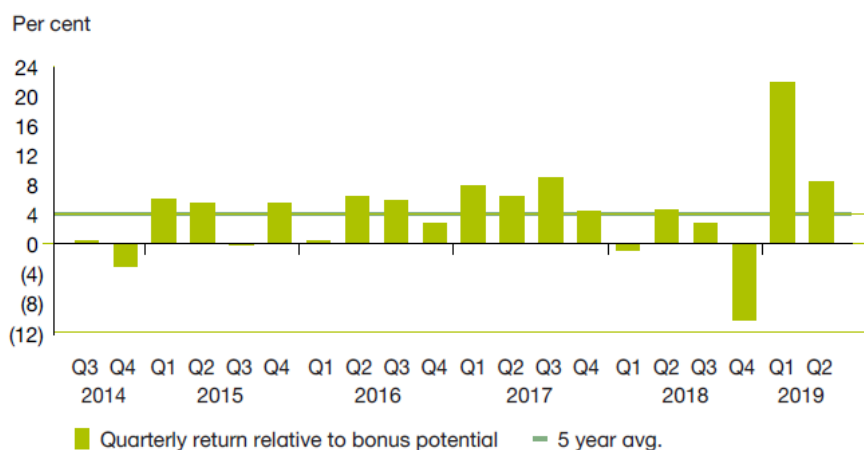
**H1 was dominated by declining interest rates, both in the US and Europe, and by upticks in global equity markets. The hedging portfolio covered increasing guaranteed pensions and the investment portfolio realised a return of DKK 29.6bn before expenses and tax.**

Primarily government and mortgage bonds and international and Danish listed equities contributed to the historically high return for H1, contributing, respectively, DKK 14.5bn, DKK 6.0bn and DKK 4.4bn.

"We have achieved a highly satisfactory return for ATP's members. Uncertainties regarding the development in both the interest and equities markets require, however, that we continue with disciplined risk management and portfolio construction. This is essential for our ability to also produce satisfactory results in the long term," says Bo Foged, CEO of ATP.

Over the past five years, ATP has realised an average annual return of 16.4 per cent relative to the bonus potential. In H1 2019 ATP realised a return of 32.1 per cent<sup>1</sup>. The investment portfolio has realised positive returns in 17 of the previous 20 quarters.

#### Historic quarterly returns in the investment portfolio before expenses and tax relative to the bonus potential



#### 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 interest rate drops for Danish and European government bonds with long residual maturity, the value of guaranteed pensions increased in H1. Similarly,

<sup>1</sup> For an in-depth understanding of ATP's investment approach, risk and performance, please see ATP's annual report for 2018, for example pages 39-42.

the hedging portfolio realised a positive return. In total, hedging activities achieved a result of DKK (1.1) bn. The result equals 0.1 per cent of the guaranteed pensions, meaning that the hedging worked as intended.

**Life expectancy update**

Primarily motivated by a small drop in life expectancy in Denmark, ATP has adjusted its long-term life expectancy development prognosis. The adjustment results in a transfer of DKK 3.2bn from guaranteed benefits to the bonus potential. 65-year-old members are currently expected to live to an average of 87 years.

**The result for the period**

The interim result was DKK 27.5bn. At the end of H1 2019, the bonus potential (ATP's free reserves) totalled DKK 120bn, equal to a 15.7 per cent over-hedging relative to guaranteed pensions of DKK 761bn. ATP's aggregate assets amounted to DKK 881bn.

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[Read the interim report](#)

**Facts about ATP**

ATP is a mandatory pension scheme with 5,217,000 members. During H1, ATP's members contributed DKK 5.0bn. By the end of H1 2019, 1,048,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension). During H1, ATP paid out DKK 8.5bn 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 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.