

Press release

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ATP realises second best annual results ever

A targeted investment strategy, clear contingency plans and strict risk management were factors contributing to ATP being able to once more realise record results for an otherwise unusual and turbulent 2020.

In 2020, the ATP Group realised a result of DKK 20.3bn, primarily driven by record high returns in the investment portfolio. The investment return for the year was DKK 29.9bn, equivalent to 23,3 per cent¹ relative to the bonus potential.

Especially government and mortgage bonds, with DKK 15bn, once more contributed the highest positive return, while investments in foreign and Danish listed equities contributed DKK 11.9bn. Private equity also generated positive returns. Infrastructure pulled things in the opposite direction, realising negative returns of DKK 1.7bn.

“2020 was, in many ways, an extreme year. Therefore, I am very pleased on behalf of the members that we end the year with our second best ever annual result after the record result of 2019. Covid-19 caused very significant financial market fluctuations in 2020, and as one of Europe’s largest pension funds we have faced a complex and demanding task when navigating extremely turbulent markets. But ATP’s investment muscles are toned and fit and we were well prepared. Member guarantees stayed intact throughout the period, and our business model once again demonstrated its value. I am incredibly proud that ATP managed to steer through the crisis to generate a very strong investment result at the same time as delivering on a long line of urgent tasks triggered by Covid-19, in addition to which we have ensured safe and stable administration business operations,” says Bo Foged, CEO, ATP.

Uncertainty and fluctuations are expected to continue to dominate the markets in 2021, and despite the strong result for the year 2020, ATP expects to realise lower returns in the years to come. Over the past five years, ATP has generated total investment portfolio returns of DKK 107.5bn – an average of 20.2 per cent per year relative to the bonus potential.

In 2020 alone, ATP contributed DKK 14.6bn in tax on pension savings returns and corporate income tax. Over the previous five years, a total of DKK 51bn has been contributed to the Danish state finances.

Guarantees intact throughout the Covid-19 crisis

ATP protects the pension guarantees for members by hedging the interest rate risk. Hedging allows ATP

¹ Calculated on a daily basis

to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. ATP's hedging also worked as intended in 2020, as the hedging result before the yield curve break was DKK -0.5bn. This means that throughout the Corona crisis, ATP members have been able to rely on the security of their pension guarantees with ATP.

In isolation, hedging created returns of DKK 66.5bn, and after PAL tax the pension liability was thus adjusted by DKK 56.8bn. Taken overall, the result was DKK -7.0bn, equal to -0.9 per cent of the guaranteed pensions. This is a consequence of ATP determining the interest on the discount curve after year 40 at 3 per cent, and this does not affect ATP's aggregate assets. Members' aggregate assets at the end of 2020 were DKK 960bn.

Total annual expenses remained low

ATP continues to keep a clear focus on keeping expenses low, as they directly affect the size of pensions. We continuously balance the desire for low expenses with the need to create the best possible returns for members. ATP's total annual expenses in per cent (APR) for 2020 was 0.30 per cent relative to assets – this remains low in both a Danish and an international context.

On 10 February, ATP's Board of Representatives decided to reappoint Professor Torben M. Andersen as ATP's chairman for a new 3-year term.

Facts:

The ATP Group is Denmark's largest pension company and processing business. We work on behalf of all Danish citizens and companies. ATP Livslang Pension (Lifelong Pension) is a collective scheme with more than 5 million members and pension assets of DKK 960bn. Our job is to ensure good, stable pensions in order that Danes will have a bit more money to live on when they retire. In addition, we ensure payment of several welfare and social security benefits. Two out of three Danish kroner (DKK) paid in welfare benefits in Denmark come from the ATP Group. We pay a total of DKK 300 billion per year to 2.4 million citizens on behalf of the state, the municipalities and the social partners.

In 2020, ATP managed the payments of DKK 51bn in frozen holiday pay to more than 2 million wage earners among other things and ensured that benefit recipients received an extra DKK 1,000 as determined by the Danish Parliament during Covid-19. ATP was also tasked with managing The Danish Recovery Fund (Danmarks Genopretningsfond) of DKK 10bn, aimed at assisting Danish companies struggling as a result of Covid-19. Most recently, ATP has been tasked with the management of the Senior Pension scheme to ensure uniform application across Denmark, and from February 2021 ATP will furthermore be assisting the Ministry of Health with infection contact tracing amongst the population. A temporary call centre will be used for this purpose, from which 700 employees will be contacting anyone who has tested positive.

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