

Press release

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ATP achieves the highest ever investment return for the first three quarters of the year

The investment portfolio generated a return of DKK 36.9bn before costs and taxes, equivalent to a rate of return of 40.0 per cent relative to the bonus potential at the start of the year

Primarily state and mortgage bonds, along with Danish and foreign listed equities contributed to the historically high return with DKK 19.5bn, DKK 7.0bn, and DKK 5.0bn, respectively.

"We have created an unusually positive result for the first three quarters of 2019, delivering very high investment returns for the benefit of our members. We will continue our disciplined approach to portfolio construction and risk management to safeguard the basic financial security for members in the longer term, particularly as we anticipate lower investment returns in future years and greater fluctuations," says Bo Foged, CEO at ATP.

The previous five years have realised average investment portfolio returns of 17.6 per cent relative to the bonus potential at the start of the year. The investment portfolio has realised positive returns in 16 of the previous 20 quarters.

Hedging protects pension guarantees

Hedging of guaranteed pensions is designed to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. Primarily as a result of falling interest rates for Danish and European government bonds with long residual maturity, the value of guaranteed pensions increased over the first three quarters of the year by DKK 121.9bn. At the same time, the hedging portfolio showed a positive return after tax of DKK 122.8bn. Hedging thus worked as intended. The total negative outcome of Hedging of DKK 2.8bn, equal to 0.3 per cent of the guaranteed pensions, is due to yield curve break, see financial highlights, page 2.

Net profit for the period

The result for the first three quarters of the year was DKK 31.8bn. At the end of Q3 2019, the bonus potential (ATP's free reserves) totalled DKK 124bn, equal to a 15.3 per cent over-hedging relative to guaranteed pensions of DKK 810bn. ATP's aggregate netassets amounted to DKK 934bn.

Based on the outcome of the first three quarters of the year, ATP is currently slated to pay DKK 27.5bn in tax on pension savings returns for 2019.

ATP is a mandatory pension scheme with 5,246,000 members. During the first three quarters of the year, ATP's members contributed DKK 7.5bn. By the end of Q3 2019, 1,050,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension). During the first three quarters of the year, ATP paid out DKK 12.8bn 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.

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