

Press release

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ATP delivers very strong performance with a DKK 24.6bn return in the investment portfolio in Q1-Q3

In Q1-Q3, ATP generated a return in the investment portfolio of DKK 24.6bn before tax and expenses, equivalent to a rate of return of 24.4 per cent relative to ATP's bonus potential. The return was achieved broadly across the portfolio, but was driven, in particular, by equity investments. For Q3 alone, the return was 8.9 per cent relative to the bonus potential. In the past five years, ATP has delivered an average return of 4.0 per cent per quarter in the investment portfolio and achieved positive returns in 18 out of 20 quarters.

"The very strong return achieved in Q1-Q3 is good news indeed for our members. In fact, the Q3 return is the highest quarterly return in the past five years. As a result, our long-term return – over the one, three and five-year horizons – remains stable at a high level. I'm very pleased with this performance," says ATP CEO Christian Hyldahl.

Strong investment return

In Q1-Q3, the financial markets were characterised by price increases in global equity markets and moderate interest rate increases in Europe. The return was achieved broadly across all asset types, but was driven, in particular, by equity investments. Listed Danish equities were major performance contributors, generating a return of DKK 5.3bn.

"Although ATP performs very strongly, a measure of caution is called for. Despite the strong performance, the outlook is for lower returns in the future as central banks tighten liquidity and raise interest rates. While global economic growth seems to be firmly on track, geopolitical uncertainty has increased. Our task remains to invest – to generate a return. We have leeway to take risks, but we will do so based on an extremely disciplined approach to both portfolio construction and risk management as a way of ensuring that we create satisfactory results in the long term despite the expected low return environment," Christian Hyldahl says.

Hedging protects pension guarantees

Hedging of the guaranteed benefits is designed to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. Primarily due to rising interest rates in Europe, the value of the guaranteed benefits fell by DKK 17.7bn in Q1-Q3. At the same time, ATP's hedging portfolio generated a negative return after tax of DKK 16.4bn. Thus, the hedging strategy was successful. Overall, hedging

ATP is a mandatory pension scheme with 5,097,000 members. At the end of Q3 2017, 1,025,000 pensioners were receiving ATP Livslang Pension. In Q1-Q3, ATP paid out DKK 12.0bn in pension benefits. For half of all Danish old-age pensioners, ATP Livslang Pension is their only source of pension income other than their state-funded old-age pension. The full annual ATP Livslang Pension for a 65-year-old pensioner is DKK 23,500, equivalent to 32 per cent of the basic amount of the state-funded old-age pension.

activities resulted in a loss of DKK 1.0bn on pension guarantees with a total value of DKK 638bn.

Profit for the period

Results for Q1-Q3 were a profit of DKK 19.8bn. At the end of Q3 2017, the bonus potential – ATP's free reserves – totalled DKK 120.2bn. ATP's aggregate assets amounted to DKK 758.1bn.

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