

Press release

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Once again, ATP generates record returns. A profit of DKK 25.7bn was generated in the first half of the year

Despite rising interest rates at the start of the year, ATP once again generated record returns. In Q2 2021, ATP (seen separately) generated its highest ever return in the investment portfolio, resulting in the financial reserves at the end of H1 amounting to a record-high DKK 171bn and the bonus rate being a whole 22.8 per cent.

Overall for H1, the ATP Group generated a positive return before taxes and expenses of DKK 26.9bn (following the best quarter ever), amounting to 17.9 per cent relative to the bonus potential. The largest positive contributions were from investments in both listed equity and private equity and from inflation-related instruments, while the returns from investments in government and mortgage bonds were negative.

“The way we have structured our portfolio with a great deal of risk diversification, strict risk management and active risk taking has once again proven its worth. I am very satisfied that we have stayed true to our concept and once again provided record results from our investments. At the same time, we have actively contributed to solving very important societal tasks in our administration activities. For example, we have completed the corona-related contact tracing work in record time and paid out over DKK 80bn of the frozen holiday pay, even as we have also been getting ready to process the new applications for early pension. These are results that make me really proud on behalf of our employees,” says Bo Foged, CEO of ATP.

The total returns for H1 mean that ATP has since 2010 generated returns from the bonus potential of DKK 196bn, of which almost DKK 100bn have been created in the past 2½ years. The past five years, ATP has on averaged generated annual returns of 22.6 per cent relative to the bonus potential.

Hedging protects the 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 the rising interest rates on long-term Danish and European government bonds, the value of the guaranteed pensions in H1 and the hedging portfolio decreased proportionally. Overall, the hedging results were negative by DKK 2.8 billion, driven by yield curve break. The result corresponded to 0.4 per cent of the guaranteed pensions, and the hedging thus functioned as intended.

“Together with the state pension, ATP is the foundation of people in Denmark’s basic financial security as pensioners. Therefore, it is very critical that our guarantees can be met, so that residents of Denmark can count on their lifelong pension from ATP. Even though interest rates rose in H1, everyone can count on the fact that we will keep our promises to the over 5.3 million members with savings in ATP,” says Bo Foged.

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 925bn. 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 a number of 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.

Life expectancy update

In the last year, the life expectancy of Danes increased at a slightly slower pace than our estimates projected. ATP cannot specifically conclude what the cause is, but the development means that there will now be transferred DKK 4.8bn from the guaranteed benefits to the bonus potential. 66-year-old members are currently expected to live to an average of 87 years.

Asset development

ATP's reserves (the bonus potential) at the start of H1 2021 had grown to a whole DKK 171.7bn, the highest ever, and the guaranteed pensions amounted to DKK 753.2bn. The total assets were therefore at DKK 925bn, and the bonus rate ended up being 22.8 per cent.

Other activities in the period

In H1, ATP created a new investment product: ATP Langsigtet Dansk Kapital (ATP Long-term Danish Capital). The aim is to invest and step in as long-term owners in certain Danish companies working in sectors such as IT, green technology, medtech and pharma, etc. So far, ATP has set aside DKK 6bn over a 3-year period for investments that, beyond generating returns, must also contribute to transforming established companies and thus contribute to jobs being created and economic growth in Denmark.

As part of the work in creating a safety net under the Danish economy during the corona pandemic, ATP also assisted the authorities in paying out over DKK 80bn in frozen holiday pay. In addition, ATP also established and operated the contact tracing work, involving 700 staff contacting citizens who had either been infected with COVID-19 or who were "close contacts" of those who had been in the period from April to June 2021, after the task was extended twice due to the developments in infection numbers.

New rules on entitlement to early pension - the "Arne pension" (named after a typical blue-collar worker the Social Democrats used in the last election as an example of someone who deserved to retire early) - entered into force on 1 January 2021. ATP and Udbetaling Danmark - Public Benefits Administration have been charged with administering the scheme, which people have been able to apply for from 1 August 2021.

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