

## Press release

30 August 2017

### **ATP delivers strong H1 performance, with a DKK 14.7bn return in the investment portfolio**

In H1, ATP generated a return in the investment portfolio of DKK 14.7bn before tax and expenses, equivalent to a rate of return of 14.6 per cent relative to ATP's bonus potential – ATP's free reserves. The positive results were driven by positive returns achieved broadly across the portfolio. The largest positive return, DKK 4.1bn, came from the portfolio of listed Danish equities, but private equity, listed international equities and credit investments also contributed high positive returns. Over the past five years, ATP has been generating an average annual return of 15.8 per cent. Returns have been positive in 18 out of 20 quarters.

"This is the strongest six-month return in five years – something for our members to celebrate. I am well pleased with that, but we should not be measured on our short-term returns. We are here to create long-term value for our members, and historically we have been very good at doing just that," says ATP CEO Christian Hyldahl.

#### **Strong investment return**

In H1, the European financial markets saw equity gains and moderate increases in interest rates, while interest rates in the USA ended H1 roughly where they started.

"Geopolitical uncertainty has risen, while economic uncertainty has decreased. The US and European economies are showing positive momentum, but interest rates remain extremely low. While this is positive from a growth perspective, investors will be faced with the challenge of continuing to generate the same high returns in the quarters and years ahead. However, we still have leeway to take return-generating risks, but we will do so based on an extremely disciplined approach to both portfolio construction and risk management. This is a way of ensuring that we create satisfactory results in the long term despite the fact that we are operating in an environment characterised by low and uncertain returns," says ATP CEO Christian Hyldahl.

#### **Hedging protects pension guarantees**

Hedging is designed to ensure that members receive the ATP pensions promised, regardless of whether interest rates rise or fall. Primarily due to rising interest rates in Europe, the value of the guaranteed pension liabilities fell by DKK 20.7bn in H1. ATP's hedging tracked the value of the guaranteed benefits, generating a negative return after tax of DKK 19.6bn. All in all, ATP's hedging activities resulted in a loss of DKK 0.5bn on pension guarantees with a total value of DKK 636bn. Thus, the hedging strategy was successful.

#### **Transfer to future pensions**

As life expectancy in Denmark is, once again, increasing faster than expected, ATP has transferred DKK 1.0bn from the bonus potential to the guaranteed benefits to ensure its members their lifelong pension.

#### **Profit for the period**

Results for H1 2017 were a profit of DKK 11.6bn. At the end of H1, the bonus potential totalled DKK 112.0bn. ATP's aggregate assets amounted to DKK 748.5bn.

[Read the full report](#)

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*ATP is a mandatory pension scheme with 5,067,000 members. At the end of H1 2017, 1,018,000 pensioners were receiving ATP Livslang Pension. In H1, ATP disbursed DKK 8.0bn in pension benefits. The full annual ATP Livslang Pension for a 65-year-old pensioner is DKK 23,600. For 50 per cent of all Danish old-age pensioners, ATP Livslang Pension is their only source of pension income other than their state-funded old-age pension.*