

ATP's preliminary responses to the recommendations from the Evaluation Group

1. Introduction

In 2025, ATP's Board of Directors initiated an external evaluation of ATP's investment strategy. The evaluation is part of ATP's ongoing work to ensure that the investment strategy is designed as efficiently as possible given the characteristics and objectives of ATP's pension product (ATP Livslang Pension). In addition, the evaluation is a natural follow-up to the changes to ATP's pension product, which the Danish Parliament adopted in 2021 with a broad majority.

Against this background, a group of independent professionals (the Evaluation Group) was established in 2025. The group was asked to work on the following overarching topics according to "*Kommissorium for ekstern evaluering af ATP's investeringsstrategi*"¹ :

- Evaluation of the risk and investment choices made by ATP to implement ATP's pension product.
- Perspectives on the historical performance of ATP's financial results.
- Suggestions for future communication focus.

The purpose of the evaluation has not been to deal with the design of ATP Livslang Pension, as the product is stipulated in the ATP Act taking the overall pension system in Denmark into account. Instead, the Evaluation Group has had to focus on ATP's investment strategy and its communication.

The Evaluation Group has been led by Jesper Berg, who is a former director of the Danish Financial Supervisory Authority. In addition, the group consists of two international financial experts in the form of Andrew Ang, who is a former professor at Columbia Business School, and Magnus Dahlquist, who is a professor at the Stockholm School of Economics.

The purpose of this briefing note is to explain how ATP initially views the Evaluation Group's conclusions and recommendations.

The Evaluation Group presented their final conclusions and recommendations to ATP's Board of Directors at the Board meeting on 23 June 2026 after presenting an overall first draft to the Board of Directors at the end of May 2026. On this basis, the Board of Directors has initially considered the conclusions and recommendations of the Evaluation Group. These preliminary considerations are presented here. ATP's Board of Directors has not yet received the full background report.

The Boards of Directors of ATP will analyze the conclusions and recommendations in more detail in collaboration with the daily management when the Evaluation Group's full background report is available.

¹ [Kommissorium for ekstern evaluering af ATP's investeringsstrategi](#)

ATP thanks the Evaluation Group for their strong commitment and effort, and ATP appreciates their conclusions and recommendations, which are valuable input for ATP.

ATP looks forward to working with the recommendations to ensure the best possible investment strategy for the benefit of the 5.8 million members.

2. The Evaluation Group's conclusions and recommendations

The Evaluation Group has presented a number of conclusions about ATP based on its evaluation. Among other things, it concludes that the major elements of ATP's investment strategy are in line with best practice and are grounded in modern portfolio theory. This includes the separation into sub-portfolios with specific purposes (e.g. the Hedge Portfolio), the focus on diversification in investments, and a long-term strategic focus. In addition, the Evaluation Group emphasizes that ATP's risk-balanced investment strategy is appropriate, and that ATP has built a strong investment organization with great operational robustness. Finally, it is emphasized that ATP is cost-effective.

In addition, the Evaluation Group has presented eight recommendations regarding ATP's investment strategy and its implementation. As part of outlining the recommendations, the Evaluation Group notes that these set a high bar for the design and implementation of ATP's investment strategy in comparison with other Danish pension funds.

The Evaluation Group's eight recommendations are reflected upon one by one below, along with a brief description of how ATP generally views them and will continue to work with them.

Recommendation 1: ATP's investment beliefs

Recommendation 1 (Maintain investment beliefs generally, but reconsider beliefs on illiquid assets): We recommend that ATP generally maintains its investment beliefs; however, ATP could reconsider the purpose of and its comparative advantages in illiquid assets. While peer risk should not be part of the foundation for constructing ATP's portfolio, it needs to be addressed in communications.

ATP's initial response to recommendation 1

ATP notes that the Evaluation Group supports ATP's basic investment philosophy, including working with a long-term horizon and with a high focus on spreading the risk in the investments, i.e. diversification.

In addition, ATP agrees that ATP can benefit from working even more with the long-term strategy and role of the illiquid portfolio, including ATP's strategic competencies in illiquid investments. This should be seen in the light of the mixed returns in the illiquid portfolio in recent years.

ATP also agrees with the suggestion that ATP should generally work in a more structured way with ongoing external communication about how ATP's pension product and investment approach is different from that of other Danish pension companies ("peer group" risk).

Recommendation 2: ATP's overall investment strategy

Recommendation 2 (Investment strategy should maintain matching assets to liabilities): We recommend that ATP maintains its overall investment strategy of separating the funds according to their purpose: maintaining a Hedge Portfolio that matches its liabilities and a risk-seeking portfolio. However, ATP should put more effort into communicating the consequences of its investment strategy, including the volatility of the Hedge Portfolio.

ATP's initial response to recommendation 2

ATP notes that the Evaluation Group recommends maintaining the overall investment approach with a division into different portfolios depending on the purpose. This means, among other things, that ATP should maintain a separate interest-rate Hedge Portfolio to ensure the guaranteed pensions of its members. According to the Evaluation Group, the division contributes to a clear structure in the administration and to increased transparency about the overall choices in the portfolio. ATP established a separate Hedge Portfolio – and thus the separation from the investment business – back in 2006.

ATP takes note of the Evaluation Group's recommendation to strengthen communication and recognizes its importance as well as the need to further strengthen the initiated work to develop communication of the product and investment strategy. Against this background, ATP will look at how communication can be further developed in the future, including the communication of the investment strategy and its results.

Recommendation 3: Risk taking and leverage

Recommendation 3 (Maintain risk parity strategy, but reconsider level of risk in the Investment Portfolio): We recommend that ATP maintains its risk parity strategy for the Investment Portfolio but reconsiders the total level of risk in the Investment Portfolio. The concern is not the leverage itself, which is competently implemented by ATP's treasury operations, but the absolute level of risk which is high relative to other pension funds of similar systemic importance.

ATP's initial response to recommendation 3

ATP notes that the Evaluation Group supports the risk-balanced investment strategy. In addition, it is emphasized that ATP has implemented the use of leverage in a competent manner.

The Evaluation Group recommends that ATP reconsiders the overall risk level in the Investment Portfolio because it is assessed as high in comparison with other pension funds of similar importance.

ATP agrees that the risk level in the Investment Portfolio is high. The risk level is determined after a thorough trade-off between return and risk, which is continuously balanced. Higher investment risk increases the possibility of increasing the real value of pensions, but at the same time increases the risk of large losses in the portfolio. The decision has been made based on an assessment of the members' overall interest and must be seen in the context of the overall ATP product.

ATP considers the discussion about the risk level to be important and will work thoroughly on the issue.

Anbefaling 4: Market Return Portfolio and Supplementary Hedge Portfolio

Recommendation 4 (Prioritize risk taking in the Market Return Portfolio over the Supplementary Hedge Portfolio): We recommend that ATP prioritizes the Market Return Portfolio over the Supplementary Hedge Portfolio if the risk-taking level is to be reduced. The Market Return Portfolio is a simple way to enable exposure to risky sources of return for its members without generating risk to the Bonus Potential. ATP should be cognizant of the complexity and risks of the Supplementary Hedge Portfolio, in particular through the buffer element. The Supplementary Hedge Portfolio requires continuous awareness of its risk by the Board and communication to the public.

ATP's initial response to recommendation 4

ATP agrees with the need to clarify the changes to ATP's pension product, which the Danish Parliament adopted in 2021 with a broad majority. These include the difference between the Supplementary Hedge Portfolio and the Market Return Portfolio.

The Supplementary Hedge Portfolio covers all ATP's members and aims to generate an excess return in the hedging business by adding a limited amount of market risk to strengthen the real value of pensions over time.

The Market Return Portfolio relates to new payments without a nominal guarantee and aims to provide simple and direct exposure to market-based risks when in the run-up to retirement.

ATP recognizes the complexity and risks of the Supplementary Hedge Portfolio as well as the need for continuous attention and clear communication. ATP continuously weighs and assesses the level of risk in both the Supplementary Hedge Portfolio and the Market Return Portfolio.

Recommendation 5: Illiquid investments

Recommendation 5 (Further develop the illiquid investment framework): We recommend that ATP extends its illiquid investment framework to include the share of illiquid assets and articulates its comparative advantage for generating outperformance. ATP's considerations should include both the risk of being exposed to concentration risk in volatile markets, the effects illiquid assets have on its rebalancing policy, and whether it can harvest an illiquidity premium.

ATP's initial response to recommendation 5

ATP agrees with the Evaluation Group's recommendation that more work can be done to integrate illiquid assets into the overall work on the investment strategy.

In recent years, ATP's assessment has been that the proportion of illiquid assets in ATP's portfolio was too high, which has also been communicated publicly. Since 2020, ATP has worked deliberately to reduce both the volume and concentration of illiquid assets. The experience from 2022 underlined the need, as losses in the liquid portfolio highlighted limited flexibility and increased concentration risk.

Based on the Evaluation Group's input, there is a need to continue working on the share and implementation of the illiquid assets.

Recommendation 6: Danish equities

Recommendation 6 (Develop a quantitative framework for Danish equities): We recommend that ATP explicitly states its investment rationale for the size of the position in Danish equities relative to the global portfolio and its superior ability to select stocks within the Danish market. Given the rationale, it should compute the optimal weight in Danish equities and continuously assess whether the Danish allocation generates a return that can justify the deviation from a more global portfolio.

ATP's initial response to recommendation 6

ATP agrees with the Evaluation Group's conclusion that ATP's equity portfolio contains a large proportion of Danish equities when compared to the share of Danish equities in major global equity indices.

ATP also notes that the Evaluation Group highlights that ATP's Danish equities have yielded high returns over the past 15 years. According to the Evaluation Group, the strong performance reflects the fact that Danish equities have outperformed global equities and that ATP's stock selection in the Danish market has outperformed the broad Danish indices.

ATP shares the Evaluation Group's view that ATP can work more on the rationale and strategy for the proportion of Danish equities in the portfolio. This may include ongoing assessments of the return potential of Danish equities.

Recommendation 7: A stronger returns-based framework

Recommendation 7 (Adopt a more return-focused investment framework): We recommend that ATP adopts a more explicit focus on returns. In addition to maintaining target risk exposures, ATP should regularly assess whether each major exposure is expected to earn sufficient return for its risk, liquidity, leverage, and complexity. This assessment should be anchored in transparent benchmarks, with active risk limits set relative to those benchmarks, and there should be a process for periodic review of the benchmarks.

ATP's initial response to recommendation 7

ATP notes that the Evaluation Group generally supports ATP's risk-based investment approach. In addition, ATP takes note of the fact that the Evaluation Group recommends a clearer focus on returns, where transparent benchmarks should be used to a greater extent for internal management and performance measurement and for external communication.

Overall, ATP agrees that a higher degree of use of benchmarks can help to highlight the various considerations and decisions in the investment strategy, both internally in the organization and towards external stakeholders.

In addition, ATP agrees with the Evaluation Group's assessment that it is important to continuously assess whether the different types of investments can be expected to generate satisfactory returns. Going forward, ATP will aim to strengthen this work.

ATP will continue to work on the recommendation and, after further analysis and consideration, will implement the changes that are deemed to benefit ATP's members.

Recommendation 8: ATP communication

Recommendation 8 (Consistent communication centered on pensions): We recommend that ATP communicates consistently, centering its communication on the pensions it delivers. The management of ATP should be aligned with this communication focusing on the trade-off between pension levels and pension at risk. The secondary level of communication can focus on performance of the investment strategies relative to benchmarks and show how the performance contributes to the ultimate goal of paying pensions. Persistent misunderstandings in public discussion—on costs, on the role of leverage and derivatives, and on the function of the hedging portfolio—make it ATP's responsibility to report regularly and proactively so that public debate is anchored on the outcomes ATP is structured to deliver.

ATP's initial response to recommendation 8

ATP agrees with the Evaluation Group's recommendation that communication about ATP Lifelong Pension can and must be strengthened to create more clarity about ATP. The recommendation means, among other things, that ATP should focus its communication on the pension benefits provided by ATP to a greater extent and focus less on the results of the individual subportfolios.

The Evaluation Group also highlights the need for ATP to take more responsibility and communicate more proactively about i.e. strategy, risks and costs to avoid misunderstandings in the public debate.

ATP recognizes that the communication around ATP Lifelong Pension must be changed and strengthened, and this applies on several levels, including pension benefits and value creation for members.

ATP agrees that there has been too much focus on the current performance of the Investment Portfolio in communication, which has limited effect on the size of the pensions.

When the Evaluation Group's background report is available, ATP will therefore take the initiative to change the presentation of ATP's ongoing value creation in the financial report and in other communication. ATP will work on implementing these changes in the coming years.

In recent years, ATP has taken more part in the public debate about ATP Lifelong Pension than before, for example by being active in various media and professional contexts about the characteristics of the pension product and the background for the associated investment strategy. ATP will continue and strengthen this work in the coming years.

3. Final remarks

This briefing note has presented how ATP initially and generally views the Evaluation Group's conclusions and recommendations. ATP's Board of Directors will analyze the conclusions and recommendations in more detail in collaboration with the daily management when the Evaluation Group's full background report is available.

ATP looks forward to continuing to work on the recommendations to ensure the best possible investment strategy for the benefit of the 5.8 million members.