

Press release

6 February 2020

ATP delivers best ever annual result

Favourable market conditions and a focused approach to portfolio construction and risk levels are the main reasons that ATP delivers historically high investment returns for 2019.

In 2019 the ATP Group realised a result of DKK 34.0bn, which was primarily driven by high returns in the investment portfolio. The investment return for the year amounted to DKK 40.7bn which was a result of positive returns from nearly all asset classes. After expenses the return corresponded to 39.7 per cent relative to the bonus potential.

Especially government and mortgage bonds contributed to the positive return by DKK 12.7bn, while investments in foreign and Danish listed equities contributed with DKK 9.3bn and DKK 8.1bn, respectively. Credit, private equities, infrastructure and real estate also generated positive returns. This year inflation-related instruments, which include long-term hedges against rising inflation, contributed a negative return of DKK 2.4bn.

"2019 has been a fantastic investment year, and we have been able to take advantage of the favourable market conditions. The record return is a result of many years of focused efforts to optimise the portfolio construction and the market risk level, which have strengthened the basis of ensuring the real value of our members' pensions. When I look back on the year, I am proud to say that we have once more, simply and efficiently, contributed to safeguarding the basic financial security for members in the longer term," says Bo Foged, CEO of ATP.

In line with market expectations, ATP expects lower returns and greater fluctuations in the coming years.

In the past five years, ATP has achieved an average annual return of 17.2 per cent in the investment portfolio relative to the bonus potential, and there have been positive returns in the investment portfolio in 17 out of the last 20 quarters.

In 2019 ATP contributed DKK 19.0bn in tax on pension savings returns and income tax.

Hedging protects pension guarantees

ATP protects the pension guarantees for members by hedging the interest rate risk. Hedging allows ATP to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. ATP's hedging worked as intended also in 2019 as the result of hedging before the so-called yield curve break was DKK 1.1bn. In total hedging contributed a negative result of DKK 4.1bn, equal to 0.5 per cent of the guaranteed pensions. This is a consequence of ATP determining the interest rate on the discount curve after year 40 at 3 per cent, and this does not affect ATP's aggregate assets.

The members' aggregate assets at the end of 2019 were DKK 886bn.

Total annual expenses

ATP continues to keep a clear focus on keeping expenses low as they directly affect the size of pensions. We continuously balance the desire for low expenses with the need to create the best possible returns for the members. ATP's total annual percentage rate (APR) for 2019 was 0.32 per cent relative to assets - this remains low in both a Danish and an international context.

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[Read the annual announcement for 2019](#)

Facts about ATP

ATP is a mandatory pension scheme with more than 5 million members. By the end of 2019 1,057,100 pensioners were receiving ATP Livslang Pension (ATP's Lifelong Pension), and 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 per year. This is equivalent to 32 per cent of the basic amount of the state-funded old-age basic pension. The average ATP payment for a 65½-year-old is DKK 16,400 per year.

The ATP Group is Denmark's largest pension company and processing business. We solve tasks for almost all Danish citizens and companies. ATP Livslang Pension (ATP Lifelong Pension) is a collective scheme with more than 5 million members and pension assets of DKK 886bn. Our task is to ensure good, stable pensions in order that Danes will have a bit more money to live on when they retire. Moreover, 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 250 billion a year to 2.4 million citizens on behalf of the state, the municipalities and the social partners.