

## Press release

29 August 2018

### **ATP delivers return of DKK 4.1bn in H1**

In H1, ATP achieved a return of DKK 4.1bn in the investment portfolio before tax and expenses, equivalent to 3.4 per cent relative to ATP's free reserves – the bonus potential. Private equity investments, infrastructure investments and real estate investments were the primary drivers of the return, while investments in listed international equities were the main detractors from the return.

“Our balanced investment portfolio has proved resilient in a difficult H1. We have assumed more risk within the framework provided by the Supervisory Board. We 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 low and uncertain return environment,” says Christian Hyldahl, CEO of ATP.

#### **Fair investment return in a difficult market**

In H1 2018, the investment portfolio generated a return before tax and expenses of DKK 4.1bn, equivalent to a return of 3.4 per cent. Q2 contributed with more than DKK 5bn. The investment result totalled DKK 3.2bn after tax and expenses.

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

Hedging is designed to ensure that members receive the guaranteed pensions, regardless of whether interest rates rise or fall. The value of the guaranteed pensions increased by DKK 16.0bn in H1, primarily due to the decline in interest rates in Europe. ATP's hedging tracked the value of the guaranteed benefits, generating a return after tax of DKK 15.7bn. Overall, ATP's hedging activities resulted in a loss of DKK 1.8bn on pension guarantees out of a total value of DKK 684bn. Thus, the hedging strategy was successful.

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

A thorough review of the life expectancy model resulted in an adjustment of the long-term forecast of life expectancy, and a further DKK 20.0bn was transferred to increased life expectancy. This amount is transferred from the bonus potential to the guaranteed pensions to enable ATP to ensure its members their lifelong pension. 65-year-old members are currently expected to live to an average of 87 years.

#### **Net results for the period**

Total results were DKK 2.3bn before the life expectancy update and bonus allowance. After the life expectancy update, results were negative by DKK 17.7bn. At the end of H1 2018, the bonus potential totalled DKK 100bn, equivalent to an excess cover of 14.6 per cent. ATP's aggregated assets totalled DKK 784bn.

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*ATP is a mandatory savings scheme with more than five million members. ATP Lifelong Pension is guaranteed and lifelong and is disbursed to nearly all pensioners. For nearly 50 per cent of all old-age pensioners, ATP Lifelong Pension is their only source of pension income other than their state-funded old-age pension. Besides ATP Lifelong Pension, ATP administers key welfare benefits and schemes on behalf of the Danish state, the local authorities in Denmark and the social partners. ATP is the largest administration provider in the Nordic countries, managing two thirds of welfare benefits disbursed in Denmark.*