

## Press release

8 February 2018

# ATP achieved exceptional investment return of DKK 29.7bn in 2017

ATP achieved an exceptionally solid return of DKK 29.7bn in the investment portfolio before expenses and tax for the full year 2017, corresponding to 29.5 per cent relative to the bonus potential. Overall, ATP achieved a profit for the year of DKK 24.7bn before life expectancy update and increase in pensions. DKK 1bn was transferred to guarantees as a consequence of increased life expectancy. To this should be added an increase in pensions of DKK 6.4bn, equivalent to a 1 per cent increase in bonus for all members. Profit for the year thus came to DKK 17.3bn.

“We achieved an exceptionally solid return in 2017 and generated the best investment return in many years. The strong performance is due to positive contributions from virtually all asset classes, which has made it possible to increase pensions for all members, while also being able to build up our bonus potential by DKK 17.3bn. So it’s been an excellent year for our members,” says ATP CEO Christian Hyldahl.

The results were driven mainly by strong returns on equities as a result of price increases in global equity markets and moderate interest rate increases in Europe. Thus, private equity alone generated a return of DKK 5.3bn, listed international equities contributed DKK 4.9bn, while listed Danish equities posted a return of DKK 4.2bn. However, the growth was achieved broadly across the portfolio: Inflation-related financial instruments, credit, bonds, real estate and infrastructure contributed to the extraordinary investment return.

At year-end 2017, ATP’s bonus potential, which is managed in the investment portfolio, stood at DKK 117.7bn.

## Hedging protects pension guarantees

ATP protects pension guarantees to members by hedging the interest rate risk. Using hedging, ATP ensures that members receive the pensions promised, regardless of whether interest rates rise or fall. ATP’s hedging strategy was also successful in 2017, and hedging activity results before the effect of the yield curve break amounted to DKK 1.5bn, or less than 0.25 per cent of the guaranteed pensions. Overall, hedging activity results were negative by DKK 1.5bn as a consequence of ATP fixing the interest rate at 3 per cent after the 40-year mark on the discounting curve. Members’ total assets now stand at DKK 769bn.

## Aggregate annual costs

ATP’s aggregate annual costs in per cent in 2017 came to 0.33 per cent relative to assets.

## Milestones in the Processing Business

Three new major specialist systems were implemented in ATP’s Processing Business in 2017. Moreover, in 2016 ATP took over the administration of, among others, AES – The Labour Market Occupational Diseases Fund, which has worked determinedly to settle old cases in 2017, and succeeded in settling the 5,000 oldest cases within one year.

## Upward adjustment of performance target

ATP’s Supervisory Board has adjusted the long-term performance target from 7 per cent to 11 per cent to underpin the objective of preserving the real value of pensions. In 2018, the performance target is equivalent to DKK 12.9bn. This is an absolute objective which is to be achieved in the long term, but which is not necessarily achieved each year.

**For further information, please contact:** Stephan Ghisler-Solvang, head of Press, tel. +45 6122 9392, [stg@atp.dk](mailto:stg@atp.dk), and Maria Lindeberg, Press Advisor, tel. + 45 2499 8455, [lin@atp.dk](mailto:lin@atp.dk).

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*ATP is a mandatory savings scheme with more than five million members. ATP Livslang Pension is guaranteed and lifelong and is disbursed to nearly all pensioners. For almost 50 per cent of all old-age pensioners, ATP Livslang Pension is their only source of pension income other than their state-funded old-age pension. In addition to ATP Livslang 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.*