

ATP's guarantees to its members are still safe – investment returns of almost DKK 5bn in Q1 2023

ATP's 5,5 million members' pension guarantees are intact. The relationship between guaranteed pensions and interest rate hedging also worked as intended during Q1 2023 and thereby ensured that ATP has the money to pay out what we promised. The bonus capacity is stable after a quarter where increasing equity prices and drop in interest rates generated positive returns in the investment portfolio.

ATP's pension product is a guaranteed product which contributes to the financial security of its members. We pay out a lifelong amount to our members, and it is therefore a supplement to the state pension throughout their retirement life. The benefit is especially important to members where ATP Lifelong Pension is the only pension income apart from the state pension which concerns around 40 percent – approx. 400.000 of all pension recipients.

Declining interest rates in Q1 meant that the value of ATP's pension obligations increased. Correspondingly, the hedging portfolio produced a positive return. The hedging portfolio therefore increased in step with the pension liabilities. The relationship between the guaranteed pensions and interest rate hedging thus worked as intended and ensured a total result in the hedging portfolio of DKK 1.1bn.

"The members can count on the payments from ATP. Regardless the turmoil on the financial markets, we have through hedging of our interest rates ensured that ATP is always able to pay out the lifelong pension we promised. This security means a lot to many people especially in a time with a lot of economic uncertainty", says Martin Præstegaard, CEO (Chief Executive Officer) of ATP.

Q1 2023 was characterized by drop in interest rates in both the US and Europe and of rate rise on the global stock markets.

The investment portfolio which invests on the basis of 20 percent of the assets, gave a return of DKK 4.7bn during that period. This is equivalent to 5.6 percent of the bonus potential before taxes. The positive returns were broad based but especially the holding of shares as well as government- and mortgage bonds contributed positively.

"We have investment-wise gotten off to a good start of a year where uncertainties stand in line. There is continued war in Ukraine, the inflation is still record high and the risk of recession is imminent. As a long-term investor we have maintained our risk taking and risk spread. We believe that our investment strategy over time will be the most rewarding for ATP's members and I am pleased that, on the strength of that, we have generated a return of almost DKK 5bn", says Martin Præstegaard.

Solid economic coverage

The result in Q1 means that ATP has been able to transfer DKK 5,1bn to the bonus potential (ATP's reserves). The bonus potential amounted to DKK 105.2bn by the end of Q1 2023. Thereby, ATP still has a solid capital situation with a coverage (bonus potential) of 18 percent compared to the pension obligations of DKK 543.4bn. The assets of our members amounted to in total DKK 686.7bn.

ATP is a mandatory pension scheme with 5,532,900 members. During Q1 2023, ATP's members contributed DKK 3.1bn. By the end of the Q1 2023, 1,035,000 pensioners were receiving ATP Livslang Pension (Lifelong Pension). In Q1, ATP paid out DKK 4.6bn in pensions and lump sum payments. Approximately 40 percent of the nation's old age pensioners have no other pension income than ATP and the state pension. A full annual ATP Livslang Pension (Lifelong Pension) amounts to DKK 27,300 for a 67-year-old which is 34 percent of the state pension.