

ATP achieves DKK 3bn in returns after the first half of the year

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High returns on equities and rising interest rates gave ATP a return in the investment portfolio of DKK 3.3bn in the first six months of the year.

The first half of 2024 was characterised by both rising equity prices and rising interest rates in the bond markets. This gave ATP a return on investment of 3 per cent in the investment portfolio, which is ATP's reserves.

“Overall, we delivered an expected result in the first half of the year. The return on equities was very satisfactory. On the other hand, rising interest rates led to a loss on our bonds. Both are reflected in the result, which I would describe as expected and generally acceptable in view of market developments,” says ATP CEO Martin Præstegaard.

ATP must ensure the payment of lifelong and guaranteed pensions to all of our members. That is why we hedge the interest rate risk on pensions, which also worked as intended in the first half of 2024.

The investment portfolio generated returns (before expenses and tax) of DKK 3.3bn, which after expenses is equivalent to 3 per cent of the bonus potential. The biggest positive contributions came from investments in Danish and international equities, while bond holdings pulled the result down.

Over the past 10 years, ATP has generated a return of DKK 117bn in its investment portfolio.

The total result from investment and hedging after tax of DKK 0.9bn has been transferred to the bonus potential along with a pool of DKK 1.6bn in connection with the life expectancy update for the year.

Asset developments

ATP's free funds — the bonus potential — stood at DKK 108bn at the end of the half year and pension liabilities stood at DKK 549bn. The bonus capacity increased by 1.3 percentage points to 18.4 per cent and is on par with the average of the past 10 years.

“We promise Danes a certain pension that will last a lifetime. At the same time, we have assets we can invest freely. When the relationship between the two - liabilities and free funds - develops positively, our bonus capacity increases. This is good for the Danes, as it increases the likelihood that we will be able to raise their ATP retirement benefit in the long term,” says Martin Præstegaard.

Administration activity expenses remained low

ATP maintains a clear focus on keeping expenses low, as they directly affect the size of pensions. ATP's administration activity expenses in H1 2024 totalled DKK 18 per member or 0.03 per cent of the aggregate assets. This is similar to last year and still low in both a Danish and international context.

Life expectancy update

This year's life expectancy update resulted in a transfer to the bonus potential of DKK 1.6bn, equivalent to 0.3 per cent of the value of pension liabilities. The transfer is an expression of a minor adjustment to life expectancy due to the actual changes in the past year.

Status of the implementation of changes to ATP's business model

In 2021, the Danish Parliament adopted a number of changes to the business model of ATP Livslang Pension (Lifelong Pension) by a large majority. The aim is to achieve higher absolute pensions as well as better opportunities to increase pensions on an ongoing basis and secure their real value as time goes by.

The changes resulted in the creation of two new portfolios: Life annuity with market exposure, which was introduced in 2022, and the supplementary hedging portfolio, which started up in 2023.

Operationally, Life annuity with market exposure is fully phased in. However, the assets associated with this life annuity remain relatively limited, as contributions have only been made since 2022. The supplemental hedging portfolio is expected to be fully phased in over the next two years.

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ATP key figures, H1 2024

DKK million	H1 2024	H1 2023	Year 2023
Investment			
Return in the Investment portfolio	3,297	1,347	5,718
Tax on pension savings returns and corporate income tax	(641)	(261)	(1,078)
Investment activity results	2,656	1,086	4,640
Hedging			
Interest hedging			
Change due to interest and maturity reduction	16,682	(6,401)	(33,348)
Return in Interest Hedging portfolio	(21,760)	9,573	42,066
Tax on pension savings returns	3,338	(1,460)	(6,421)
Result from interest hedging	(1,740)	1,712	2,298
Supplementary Hedging portfolio			
Return on Supplementary Hedging portfolio	240	0	736
Tax on pension savings returns and corporate income tax	(83)	0	(110)
Return on long-term supplementary provision	(157)	0	(625)
Result for Supplementary Hedging portfolio	0	0	0
Life annuity with market exposure			
Return on market return portfolio	91	25	249
Tax on pension savings returns and corporate income tax	(17)	(4)	(43)
Interest on life annuity with market exposure	(74)	(21)	(206)
Result of life annuity with market exposure	0	0	0
Hedging activity results	(1,740)	1,712	2,298
Insurance income	10,272	9,680	19,498
Paid out retirement benefits	(9,713)	(9,166)	(18,408)
Investment activity expenses and hedging	(377)	(346)	(703)
Administration activity expenses	(99)	(103)	(214)
Change to risk adjustment	(24)	(26)	(53)
Other changes	(60)	(38)	(120)
Result of insurance service	0	0	0
Result for ATP Livslang Pension (Lifelong Pension)	916	2,799	6,938
Other income/expenses	(49)	26	(37)
Business processing, external parties			
Income	1,247	1,259	2,484
Expenses	(1,248)	(1,259)	(2,485)
Result from business processing, external parties	0	0	0
Result before interest on bonus potential	867	2,825	6,901
Interest not added to the bonus potential	(916)	(2,798)	(6,938)
Minority interests' share of the result	49	(26)	37
Result for the period	0	0	0
Guaranteed pensions	543,826	538,460	564,966
Life annuity with market exposure	4,112	2,189	3,198
Risk adjustment	710	861	835
Pension liabilities, total	548,649	541,511	568,999
Long-term supplementary provision	36,989	36,935	39,193
Bonus potential	107,673	105,234	104,030
Total undistributed funds	144,663	142,169	143,224
Net assets	693,311	683,679	712,222