

## **ATP achieved a return of DKK 11.2bn this year despite difficult quarter**

**In the first three quarters of the year, the ATP Group generated an investment return of DKK 11.2bn. Pension guarantees have been protected despite heavy interest rate fluctuations, and overall a result of DKK 4.2bn was posted for the first nine months of the year. However, Q3 seen separately, a negative investment return of DKK 0.2bn was posted due to the instability in the financial markets.**

In the first three quarters of the year, ATP's investment portfolio generated a return of DKK 11.2bn before tax and expenses, equivalent to 11.7 per cent. Seen separately, the third quarter posted a negative investment return of DKK 200m, equivalent to -0.2 per cent.

At the end of Q3 2015, the bonus potential – ATP's reserves – amounted to DKK 100bn, equivalent to a bonus rate of 16.4 per cent. ATP's assets amounted to DKK 710bn.

### **Difficult quarter in a turbulent market**

Q3 was characterised by a large negative return in the international equity markets, while the negative return in the Danish equity market was moderate.

“In a quarter with large negative returns in most global equity and credit markets, ATP's portfolio has been robust. A negative investment return of DKK 200m was posted for the quarter, corresponding to -0.2 per cent. Positive returns on private equities, infrastructure, properties and long-term insurance strategies to protect against rising inflation were seen during the quarter, while the return on raw materials, credits and listed equities was negative. Overall, the investment return for the first three quarters was just under 12 per cent, which we are pleased with,” says ATP CEO Carsten Stendevad.

### **Pension guarantees protected by hedging**

Hedging aims to ensure that members receive the pensions promised, regardless of whether interest rates rise or fall. Heavy interest rate fluctuations have caused the value of the guaranteed pensions to fluctuate considerably, varying from DKK 30bn lower to DKK 70bn more than the value the guaranteed pensions at the beginning of the year, ending the third quarter at the same level as the beginning of the year. The hedging portfolio is designed to protect pensions against such fluctuations, and was yet again effective this year. Despite the large interest rate fluctuations, hedging generated for the entire period a negative result of DKK 1.9bn, equivalent to less than half a per cent of the value of guaranteed pensions, which is considered satisfactory.

“Large interest rate fluctuations in the first nine months of the year resulted in large fluctuations in the value of guaranteed pensions. Despite the large fluctuations in interest rates, ATP is able to deliver the good future pensions we promised to our members. This is due to ATP's hedging portfolio protecting our pension guarantees from interest rate fluctuations, regardless of whether the interest rate increases or decreases,” says ATP CEO Carsten Stendevad.

### **Government outsources public benefits to ATP**

At the end of the quarter, The Danish government planned to assign the responsibility for the future operation of the Danish National Board of Industrial Injuries and a number of tasks in the Danish Public Administration to ATP. These tasks comprise 390 and 70 full-time equivalents, respectively, which will be transferred to ATP on January 1 2017. The tasks will be handled by ATP on a cost-recovery basis.

## Facts about ATP

ATP is a mandatory pension scheme with 4.9 million members. At the end of Q3 2015, 968,000 pensioners were receiving ATP Lifelong Pension. In the first three quarters of the year, ATP paid out DKK 10.9bn in pension benefits. For 50 per cent of all Danish old-age pensioners, ATP Lifelong Pension is their only source of pension income other than their state-funded old-age pension. The full ATP Lifelong Pension for a 65-year-old pensioner is DKK 23,900, equivalent to 33 per cent of the basic amount of the state-funded old-age pension.

Low expenses contribute to high long-term returns, and ATP is one of the most cost-effective pension providers in the world, with ATP's expenses for the administration of ATP pensions amounting to the equivalent of DKK 43 per member for the first three quarters of the year.

ATP's total direct and indirect investment expenses amounted to the equivalent of DKK 212 per member for the first three quarters of the year. More than 85 per cent of ATP's investments are managed internally.

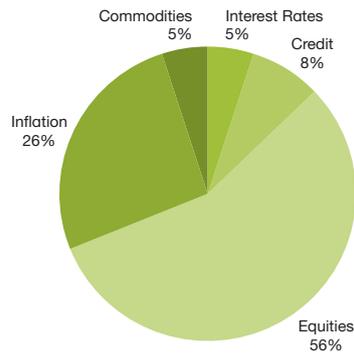
## Financial highlights of the ATP Group

DKKm	Q3 2015	Q1-Q3 2015	Q1-Q3 2014
<b>Investment</b>			
Return on investment	(239)	11,229	9,227
Expenses	(210)	(590)	(493)
Tax on pension savings returns and income tax	121	(1,565)	(1,133)
<b>Investment activity results</b>	<b>(328)</b>	<b>9,074</b>	<b>7,601</b>
<b>Hedging</b>			
Change in guaranteed benefits due to discount rate and maturity reduction	(22,127)	(3,486)	(70,739)
Return in hedging portfolio etc.	25,477	1,848	82,045
Tax on pension savings returns	(3,898)	(283)	(12,553)
<b>Hedging activity results</b>	<b>(548)</b>	<b>(1,921)</b>	<b>(1,247)</b>
<b>Investment and hedging activity results</b>	<b>(876)</b>	<b>7,153</b>	<b>6,354</b>
<b>Pension</b>			
Contributions	2,266	6,781	6,712
Pension benefits	(3,642)	(10,883)	(10,205)
Change in guaranteed benefits due to contributions and payments etc.	1,748	4,986	4,779
Administration activity expenses, ATP Pension	(63)	(211)	(207)
Other items	2	8	6
<b>Results before life expectancy update</b>	<b>311</b>	<b>681</b>	<b>1,085</b>
Life expectancy update	0	(3,723)	96
<b>Pension activity results</b>	<b>311</b>	<b>(3,042)</b>	<b>1,181</b>
<b>Administration, external parties</b>			
Administration activity income, external parties	278	906	1,100
Administration activity expenses, external parties	(276)	(867)	(1,036)
Income tax	1	0	(3)
<b>Administration activity results, external parties</b>	<b>3</b>	<b>39</b>	<b>61</b>
<b>Results before bonus</b>	<b>(562)</b>	<b>4,150</b>	<b>7,596</b>
Pension increase added	0	0	0
<b>Net results for the period</b>	<b>(562)</b>	<b>4,150</b>	<b>7,596</b>
Guaranteed benefits	610,532	610,532	564,815
Bonus potential	99,881	99,881	100,886
<b>Aggregate assets</b>	<b>710,413</b>	<b>710,413</b>	<b>665,701</b>
<b>Return ratios</b>			
Return on investment relative to bonus potential (before expenses and tax), per cent	(0.2)	11.7	9.6
Return on investment relative to bonus potential (after expenses and tax), per cent	(0.3)	9.5	8.1

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## Average risk allocation for the investment portfolio in the first three quarters of 2015



The risk allocation represents the average percentage allocation of risk among the five risk classes during the first three quarters of 2015.

## Investment return broken down by risk type for Q1-Q3 2015

During the first three quarters of 2015, ATP's investment portfolio generated a return of DKK 11.2bn, equivalent to a return of 11.7 per cent before tax and expenses.

Investment return						
Q1-Q3		Q3				
DKK 11.2bn <sup>1</sup>		DKK -0.2bn				
		Interest Rates	Credit	Equities	Inflation	Commodities
Q1-Q3		DKK 0.0bn	DKK 0.0bn	DKK 6.7bn	DKK 5.8bn	DKK -1.1bn
Q3		DKK 0.7bn	DKK -0.9bn	DKK -0.3bn	DKK 1.2bn	DKK -0.9bn

<sup>1</sup> The sum of the return for the five risk classes is DKK 11.5bn, deviating from the total investment return of DKK 11.2bn. The difference mainly comprises interest payments on loans of excess liquidity from the hedging portfolio and differences in the treatment of transaction costs etc.