



Positive momentum in the financial markets

2023 has shown itself from its best side when it comes to the development in stock and bond prices and has generated decent returns on most retirement savings.

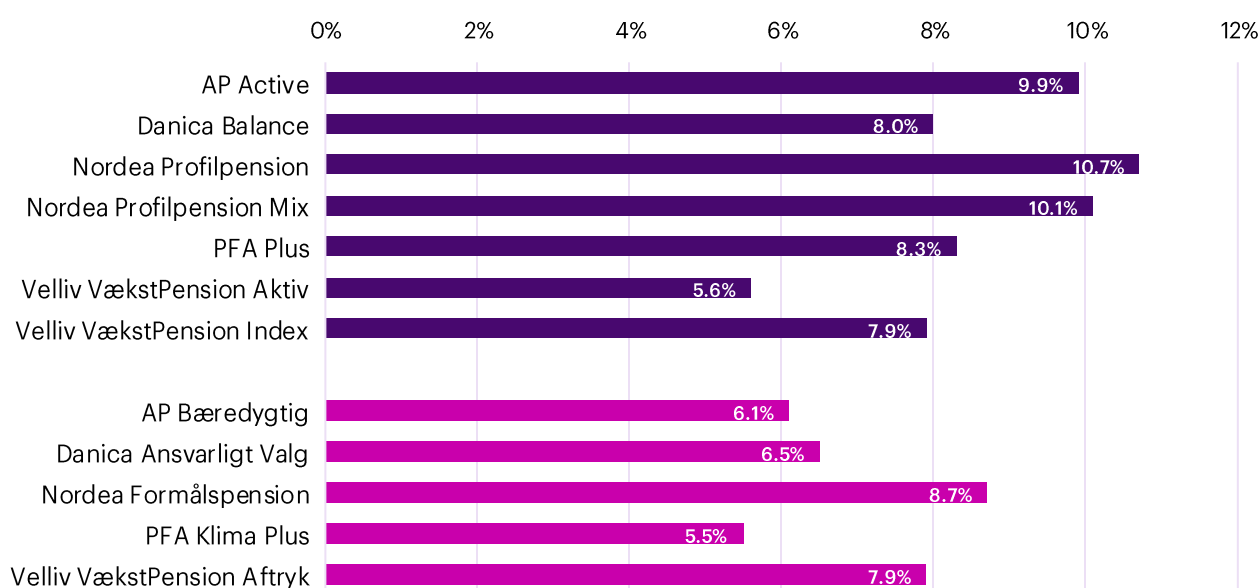
By Martin Wex

5.5 to 10.7 percent. This is the return spread on retirement savings from January to August 2023 for people with more than 30 years until retirement and their retirement savings invested with medium risk in a so-called lifecycle product, where the risk is automatically reduced as retirement age approaches.

This is good news for the many retirement savers who saw their savings shrink during 2022, when all pension companies delivered negative returns – regardless of the risk profile chosen by the client.

So far in 2023, Nordea Pension has made the best impression with the highest returns among the regular as well as the more sustainable investment products. The regular products, Profilpension and Profilpension Mix, have delivered returns of 10.1 and 10.7 percent respectively, while the sustainable Formålpension has delivered a return of 8.7 percent. At the other end of the scale, Velliv has been less fortunate with the investments in their actively managed investment product, VækstPension Aktiv, that has delivered a return of only 5.6 percent, while PFA has delivered the lowest return among the more sustainable investment products with a return of 5.5 percent on PFA Climate Plus.

Pension company returns on life cycle products from January to August 2023



COMPANY RETURNS The bar chart shows the returns from 1 January to 31 August 2023 on life cycle products for people who have chosen medium risk and have more than 30 years until retirement. The pink bars show the returns on sustainable investments.

»2023 has been a reasonably good year with favourable returns on equities as well as bonds in several parts of the world, so the pension companies have had ample opportunity to provide good returns for their clients. According to Nordea Pension, they have performed slightly better than the other pension companies because they have chosen to invest in short-term bonds with a low interest rate sensitivity. That has been a fortunate approach in a market with rising interest rates,« says investment expert Bo Henriksen from WTW.

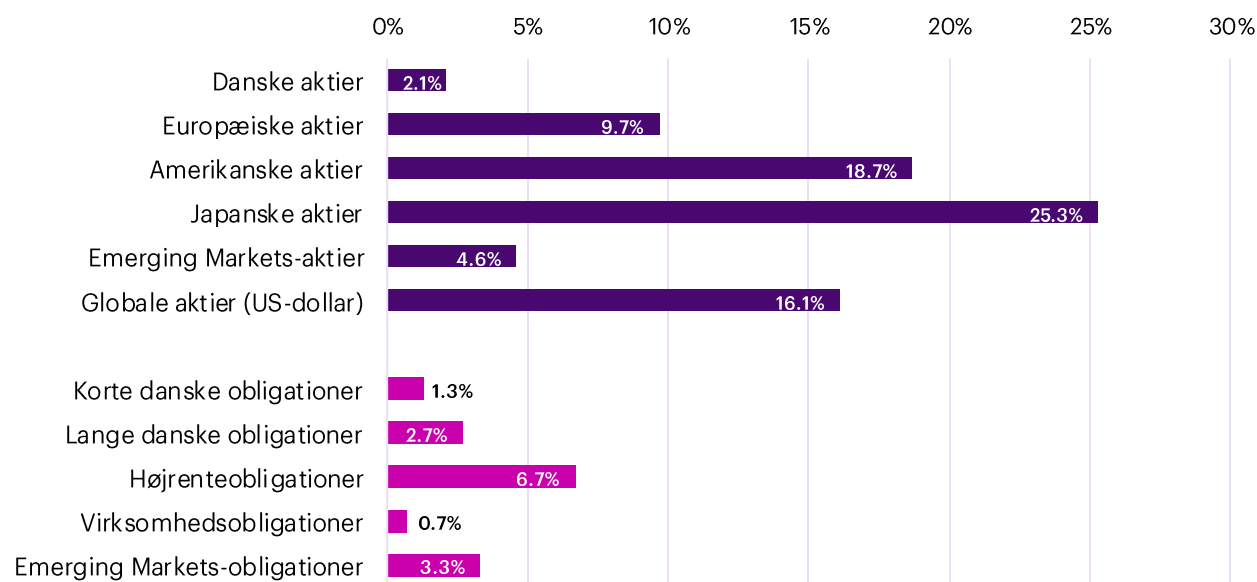
Increasing prices in East and West

Internationally, it is primarily Japanese equities that have risen sharply. In May, the price of the Japanese Nikkei 225 index reached 30,000 for the first time since 1990, and up to and including August, the total increase in 2023 has been 25.3 percent. US equities have also performed well, with a positive return of 18.7 percent. Conversely, Danish equities have had a disappointing year with a very modest return of 2.1 percent.

»The increases in the stock markets have been very unevenly distributed – by country as well as sector. So far, US technology stocks – including companies within Artificial Intelligence – have seen the biggest rises,« says Bo Henriksen.

Bond markets have also provided positive returns – especially the slightly riskier bond types, high yield and emerging markets bonds, which have returned 6.7 and 3.3 percent respectively from January to August 2023.

Stock and bond market returns from January to August 2023



MARKET RETURNS The bar chart shows the returns from 1 January to 31 August 2023 in different investment markets. The purple bars show the returns on stocks. The pink bars show the returns on bonds.

WTW offers webinars that provide insight into the investment options with the five commercial pension companies – AP Pension, Danica Pension, Nordea Pension, PFA and Velliv – and also webinars on the pros and cons of sustainable investments. Find out more at [wtw-event.dk](https://www.wtw-event.dk)