

# PFA's Unlisted Investments Surpass DKK 100 Billion Mark

Stockholm (HedgeNordic) – Danish pension fund PFA has more than DKK 100 billion in unlisted investments, which form an important part of the returns PFA generates for its customers. Alternatives such as real estate and infrastructure represent a “central stabilizing factor” in an environment with low interest rates and uncertain prospects for financial markets. PFA has significantly stepped up its investments in alternatives since the end of 2015, with its “unlisted investments” portfolio currently constituting approximately 20 percent of PFA’s overall portfolio.

“The financial markets are changing radically, which makes it essential to adjust the customers savings mix to ensure strong long-term returns in the future,” says Allan Polack, Group CEO of PFA, in a press release. “Especially the development in the bond markets proved that we need to invest differently,” says Polack, who adds that “this made the upsizing of the unlisted portfolio key to us.” According to PFA’s CEO, “previously, bonds were characterised by stable returns that helped create a solid financial basis for the customers’ savings. Now, unlisted investments possess many of the same characteristics.”

One leg of PFA’s portfolio of unlisted investments consists of alternatives such as unlisted equities, infrastructure and credit. Currently consisting of 21 people, PFA’s investment department dealing with alternatives has accumulated a portfolio of these alternatives of more than DKK 44 billion. PFA made significant investments in the green transition and currently serves as a co-owner of the world’s biggest operational offshore wind farm, Walney Extension Offshore Wind Farm, located off the coast of Cumbria in the United Kingdom. PFA is also part of the financing behind the Hornsea 1 offshore wind farm, which is under construction off the English coast in the North Sea. PFA also invested in six solar farms in England.

“It is a characteristic feature of many of our alternative investments that, besides generating stable returns, they have also been invested in areas of great societal importance,” says Polack. “Several investments have specifically supported the green transition and have become an important element in PFA’s ambition to support the Paris Agreement 100 percent.”

The second leg of PFA’s “unlisted investments” portfolio includes properties. In the past several years, PFA managed to build Denmark’s largest portfolio of property investments, currently worth approximately DKK 57 billion. Investments range from rental properties and student housing in Denmark to shared office spaces in London and joint laboratories in the United States. PFA’s real estate department currently counts 14 employees, who focus on finding investments in areas deemed to benefit from increased demand in the future.

“PFA looks into the future megatrends for our property investments and has accumulated a diversified portfolio allowing PFA to take part in ensuring both an all-round housing supply of rental properties in growth cities across Denmark and in international developments within shared office concepts and support of increased e-commerce,” says Polack.

Some significant real estate investments in recent years on the part of PFA include the commitment to build four student housing facilities in Denmark’s largest cities of education, as well as investment in 3,316 rental properties across the country. Around 45 percent of PFA’s real estate investments are made in Denmark, but the PFA team plans to increasingly allocate capital abroad, in Europe, Asia and the United States.