



2025 was an outstanding year for stocks

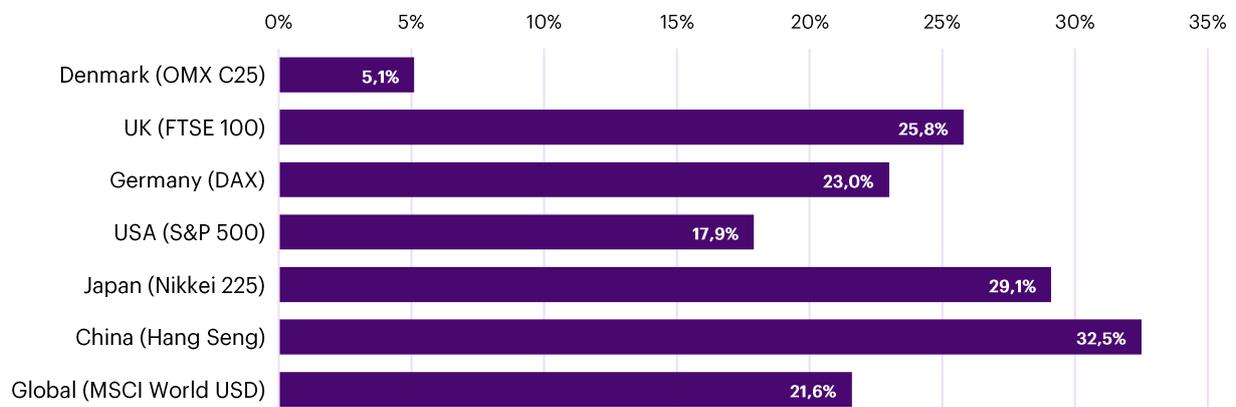
Pension companies delivered positive returns to all clients with lifecycle funds, but not all clients received equally high returns.

By Martin Wex

Returns in 2025 ranged from 3.6 to 14.0 percent for clients with so-called lifecycle funds, where risk is automatically reduced as retirement age approaches. The positive returns were primarily driven by developments in the stock markets, providing clients who chose high risk and have many years until retirement with the highest returns.

»2025 has been an outstanding year for stocks, with significant increases across major stock indices in most parts of the world. Naturally, this has had a positive impact on the returns of Danish pension companies – especially for clients with a large share of their savings invested in stocks,« says investment analyst Bo Henriksen from WTW.

Stock market returns in 2025



STOCK MARKETS The chart shows the returns from 1 January to 31 December 2025 in different stock markets. Source: Morningstar

The dollar exchange rate was decisive

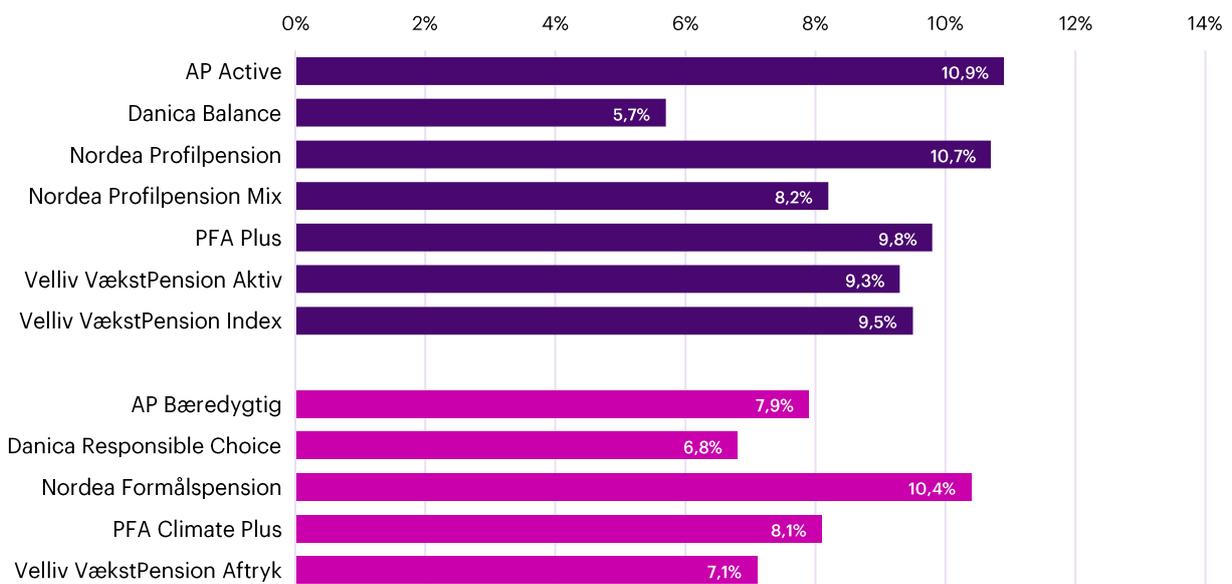
The OMX C25 index of the 25 largest Danish stocks had a disappointing 2025, delivering a modest return of 5.1 percent including dividends – primarily due to a strong rally in December. U.S. stocks delivered a solid return of 17.9 percent, but the gains were eroded by a weakening U.S. dollar. The dollar ended the year at DKK 6.36 per dollar – a 12 percent decline since the beginning of the year.

»The sharp drop in the U.S. dollar was one of the most decisive factors when comparing pension companies' returns in 2025. Pension companies have about a quarter of their assets invested in the U.S.,

so those that chose a high level of currency hedging generally performed better than their competitors,« says Bo Henriksen.

AP Pension and Nordea Pension had opted for a high degree of currency hedging against the dollar and were therefore less affected by the falling exchange rate, while Danica had hedged only about half of its currency exposure. According to Bo Henriksen, this was a key reason why AP Pension and Nordea Pension generally placed at the top – across risk levels and investment horizons – while Danica ended up at the bottom almost regardless of risk profile or time horizon.

Pension company returns on life cycle funds in 2025



LIFE CYCLE FUNDS The chart shows the returns from 1 January to 31 December 2025 on life cycle funds for people invested in medium risk and 15 years until retirement. The pink bars show the returns on sustainable life cycle funds. Source: Morningstar

Get a full overview of returns on life cycle funds in 2025: [5 years until retirement](#) – [15 years until retirement](#) – [30 years until retirement](#)

Lower returns on ESG funds

A similar pattern is seen among ESG lifecycle funds, which have a more sustainable investment focus and are therefore subject to restrictions on which sectors and companies they may invest in. ESG lifecycle funds were also affected by the falling dollar and generally delivered lower returns than traditional lifecycle funds.

»ESG lifecycle funds do not have the same freedom to invest in, for example, oil or weapons, and this has impacted returns in 2025, a year in which the defence industry in particular saw sharply rising stock prices,« says Bo Henriksen.

Returns on ESG lifecycle funds in 2025 ranged from 4.3 to 10.8 percent. Nordea Pension Formålspension Grøn Omstilling delivered the highest return across all risk levels and investment horizons.

You can find out more about the pension companies' results in WTW's [2025 Return Report](#) (in Danish).