

Asset Price Monitor

Local Equity Markets

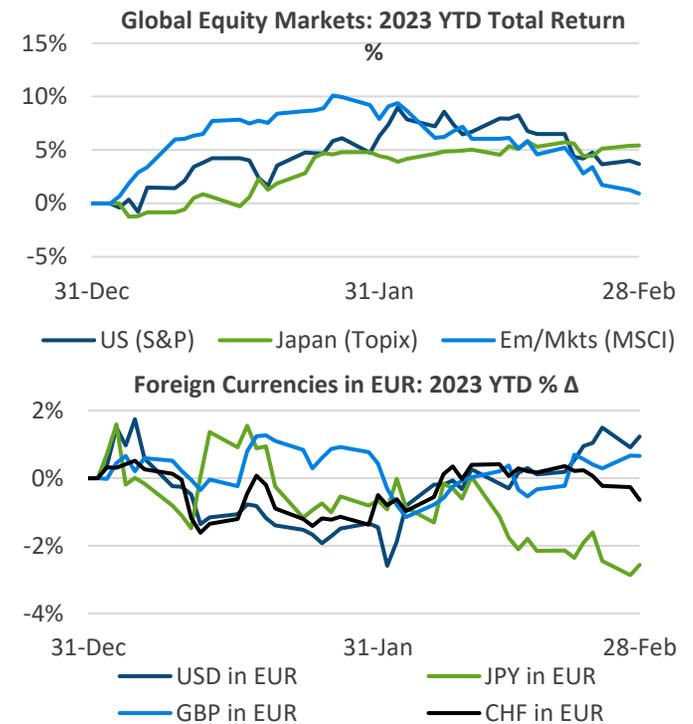
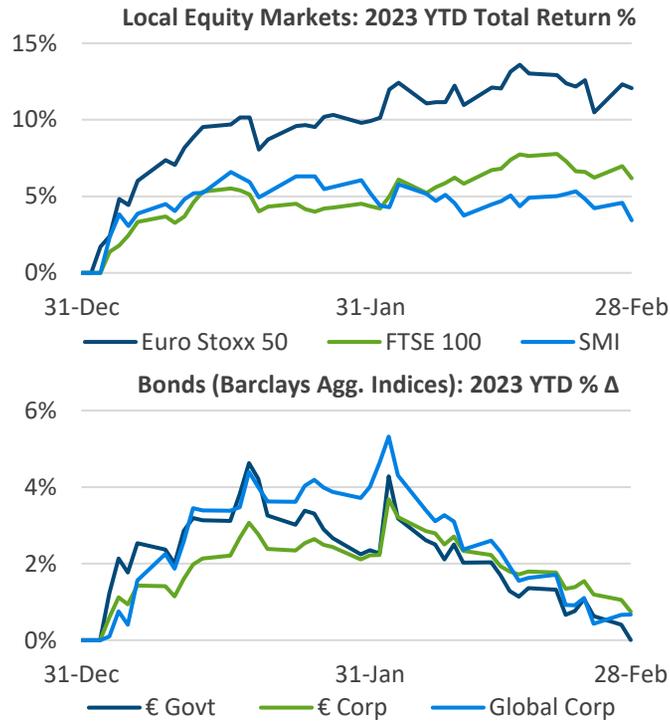
- Equity markets had mixed performances in February. While risk appetite was boosted by better economic data, there were concerns that interest rates will remain higher for longer to curb inflation.
- The Euro Stoxx 50 index was up 1.9% in February, gaining 12.1% year-to-date.
- The FTSE 100 index gained 1.8%, adding 6.2% year-to-date.

Global Equity Markets

- The S&P 500 lost 2.4% in the month, while the Topix gained 0.9%.
- Emerging market equities underperformed their developed market counterparts, with the MSCI Emerging Markets index down 6.5%.

Bond/FX Markets

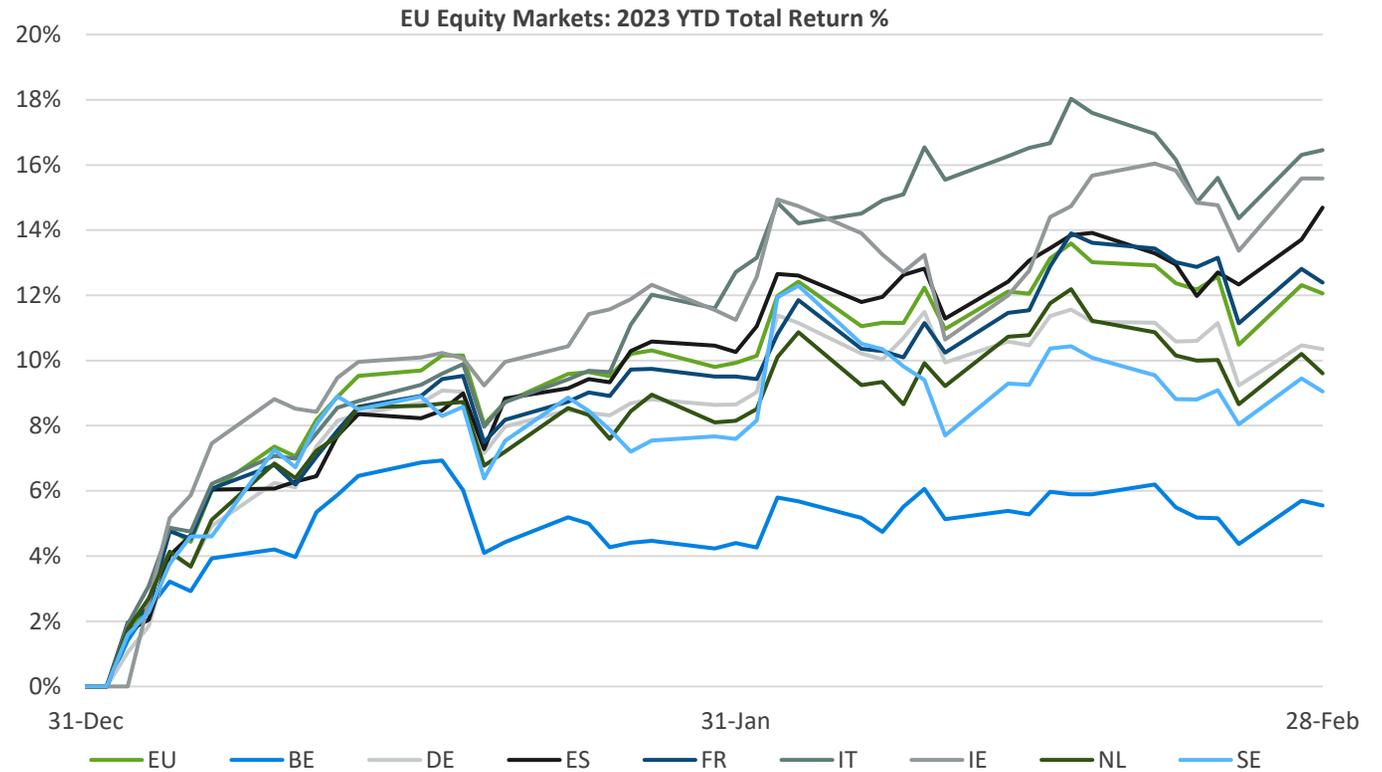
- Bond markets declined in February, with the European government bond index and the European corporate bond index losing 2.3% and 1.4%, respectively.
- The Euro had a mixed performance, losing 2.7% against the US Dollar, but strengthening by 1.9% against the Japanese Yen. The Euro ended the month relatively flat against the British Pound, losing 0.2%.



	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	1.9%	1.8%	-1.7%	-2.4%	0.9%	-6.5%	-2.3%	-1.4%	-0.1%	2.7%	-1.9%	0.2%
3 Month	7.3%	4.6%	-0.3%	-2.3%	0.6%	-0.4%	-4.4%	-1.0%	-1.2%	-1.6%	-0.3%	-1.9%
1 Year	11.6%	9.6%	-4.8%	-7.7%	8.5%	-14.9%	-15.7%	-9.6%	3.2%	6.1%	-10.5%	-4.9%
YTD	12.1%	6.2%	3.4%	3.7%	5.4%	0.9%	0.0%	0.7%	-0.6%	1.2%	-2.6%	0.7%

Eurozone Equity

- All major European equities posted gains in February, with the Spanish equity market leading with a 4.0% gain.
- Belgian equities were the worst performers in February, gaining 1.1%. They also lagged others for year-to-date performance, gaining 5.6%.
- The Italian equity market was the best performing market in the region in 2023, climbing 16.5% for the year.



Equity Returns as of February 28, 2023									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	1.9%	1.1%	1.6%	4.0%	2.6%	3.3%	3.9%	1.3%	1.3%
3 Month	7.3%	6.8%	6.7%	13.2%	8.1%	12.2%	13.0%	4.3%	6.0%
QTD	12.1%	5.6%	10.4%	14.7%	12.4%	16.5%	15.6%	9.6%	9.0%
YTD	12.1%	5.6%	10.4%	14.7%	12.4%	16.5%	15.6%	9.6%	9.0%

Milliman Financial Risk Management

EuroZone Market Monitor – 28 February 2023

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

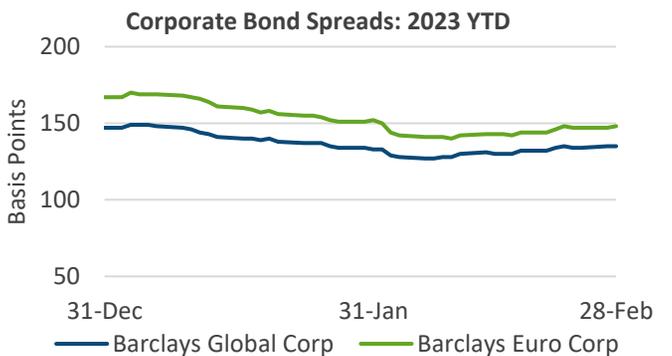
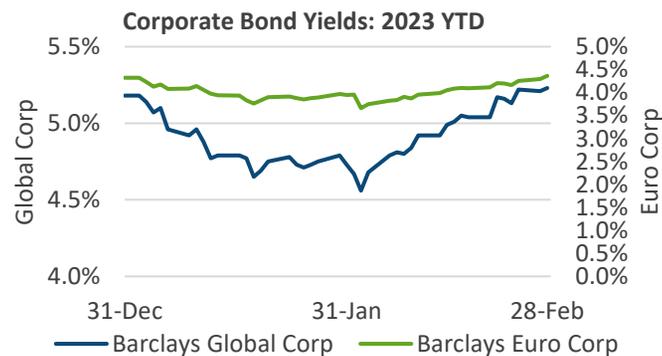
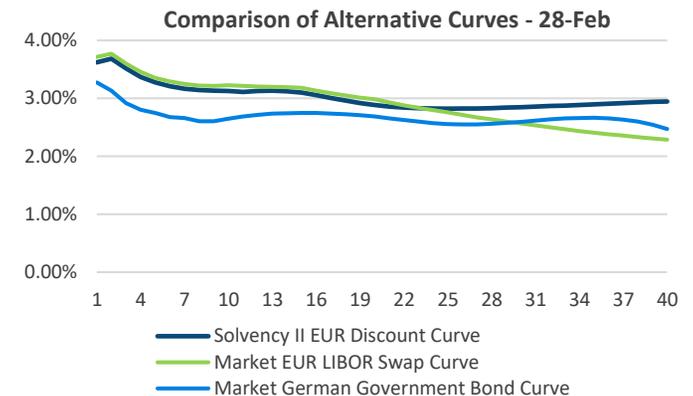
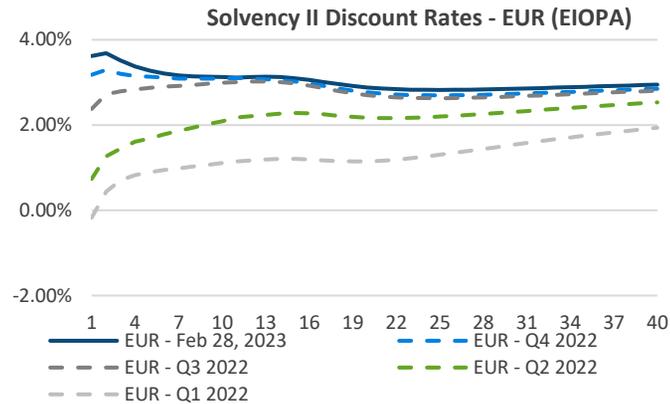
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates increased at all terms in February.
- The 1-year, 5-year and 10-year EUR risk-free rates increased by 36, 44 and 36 basis points, respectively.

Corporate Bonds

- European and global corporate bond yields increased in February. The former increased by 41 basis points and the latter by 50 basis points.
- Global credit spreads increased by 2 basis points, whilst their European counterparts tightened by 4 basis points.
- The increase in risk-free rates and in corporate bond spreads, resulted in losses for the European corporate bond index.



	Change in Solvency II Discount (bps)						Change in Corporate Bond Yields (bps)		Change in Corporate Bond Spreads (bps)	
	1Y	Y5	Y10	Y20	Y30	Y40	Global Corp	Euro Corp	Global Corp	Euro Corp
Since Q4 2022	45	14	3	12	12	9	5	4	-12	-19
Since Q3 2022	124	40	13	18	18	14	-15	13	-45	-77
Since Q2 2022	289	159	104	71	54	42	89	112	-40	-70
Since Q1 2022	380	238	202	174	132	101	214	281	11	19

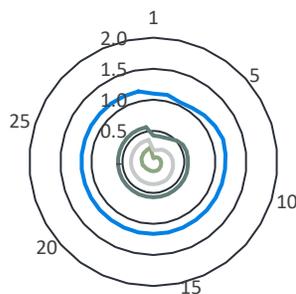
Solvency II Monitor - Spreads

Fundamental Spreads

- There were no material changes since the last report.

Fundamental Spreads %

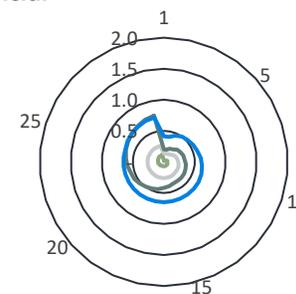
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.06	0.10	0.13	0.16	0.23
AA	0.19	0.26	0.33	0.36	0.36
A	0.42	0.51	0.57	0.57	0.57
BBB	1.10	1.11	1.16	1.16	1.16
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.08	0.16	0.23
AA	0.04	0.07	0.11	0.18	0.26
A	0.06	0.12	0.19	0.32	0.42
BBB	0.14	0.22	0.32	0.46	0.57

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.02	0.03	0.06	0.08	0.12
AA	0.14	0.17	0.25	0.26	0.26
A	0.20	0.29	0.37	0.52	0.76
BBB	0.41	0.52	0.64	0.65	0.73
EUR Non-Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.01	0.04	0.08	0.12
AA	0.00	0.04	0.09	0.17	0.26
A	0.04	0.15	0.27	0.52	0.76
BBB	0.11	0.22	0.34	0.55	0.73

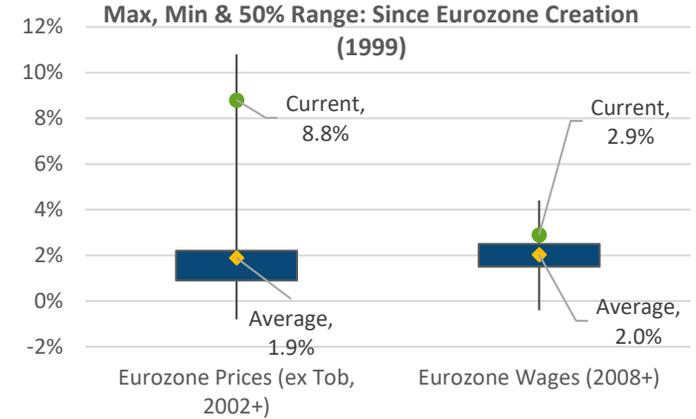
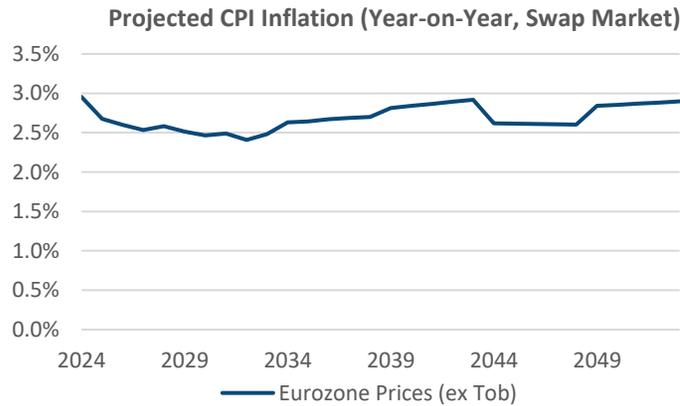
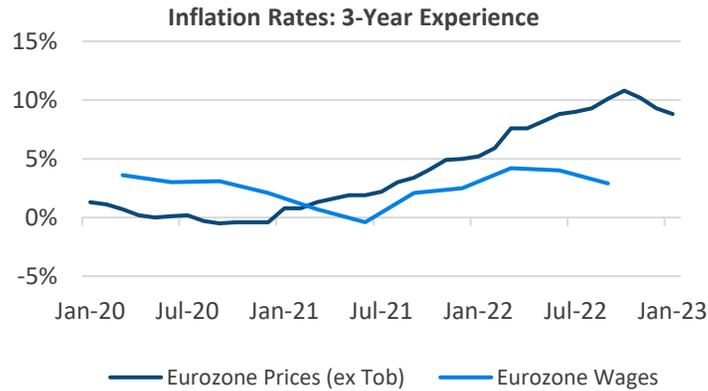
The Solvency II risk-free discount rates are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Refinitiv and applying the Credit Risk Adjustment as defined in the Technical Specs. The data is provided by EIOPA and as of 28/02/2023.

The Credit Risk Adjustment is a component of the risk-free discount curve defined by EIOPA. It is calculated from actual experience in the 'LIBOR-OIS' spread (3 months for EUR), and is bounded between 0.10 and 0.35. We show actual LIBOR-OIS spread levels and the defined CRA, for EUR.

EIOPA fundamental spreads show the credit spread corresponding to the risk of default or downgrading of an asset. This is shown here across financial and non-financial assets, credit quality steps 0-3 and durations of 1-30 years. The data is provided by EIOPA and as of 28/02/2023. Fundamental spread = maximum (probability of default + cost of downgrade; 35% of long-term average spread). In the tables we show the 'before floor' measure = probability of default + cost of downgrade.

Inflation Monitor

- Eurozone price inflation dropped to 8.8% in January, a decline of 50 basis points from the previous month.
- The Eurozone projected CPI curve increased, compared to the previous month. The increase is more pronounced at the shorter end.



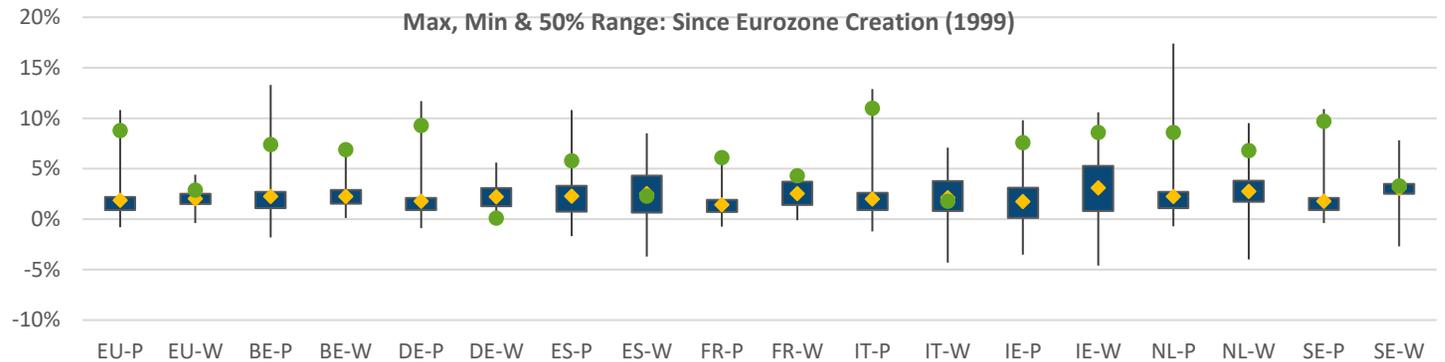
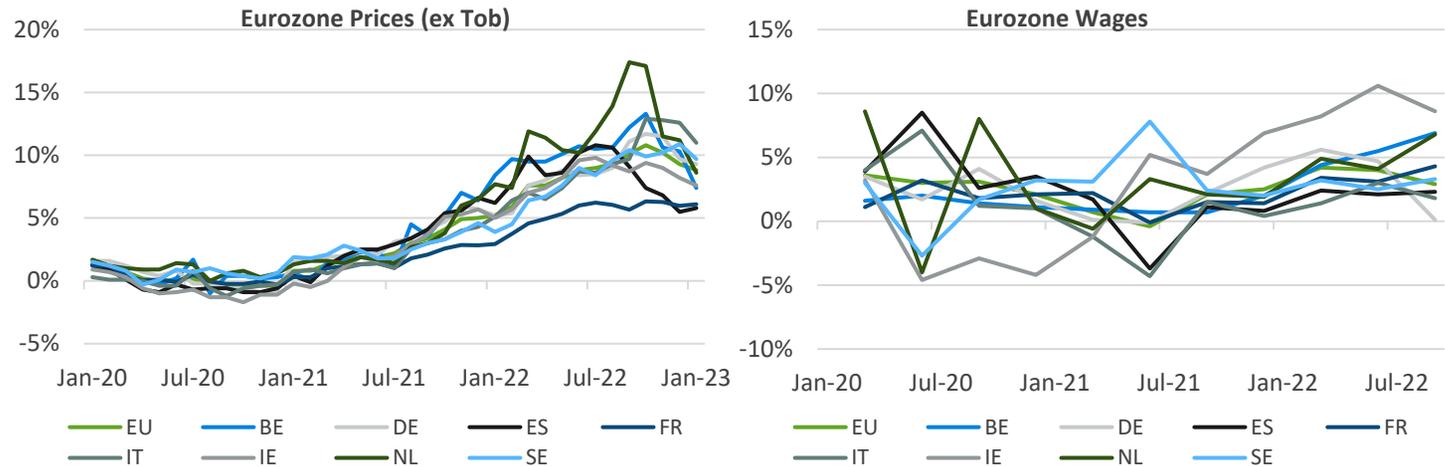
Milliman Financial Risk Management

EuroZone Market Monitor – 28 February 2023

Data sources: Bloomberg; Barclays; EuroStat; EIOPA; ONS; Milliman FRM

Inflation Monitor

- All major European economies except Spain and France saw their price inflation fall in January, with Spain and France gaining 30 and 10 basis points, respectively.
- Belgian price inflation saw the largest drop in the region in January, with the headline figure declining by 290 basis points to 7.4%.
- Spain was the country with the lowest price inflation, at 5.8%.
- Italian price inflation was the highest in the region in January, at 11.0%.
- There were no updates to wage inflation this month.

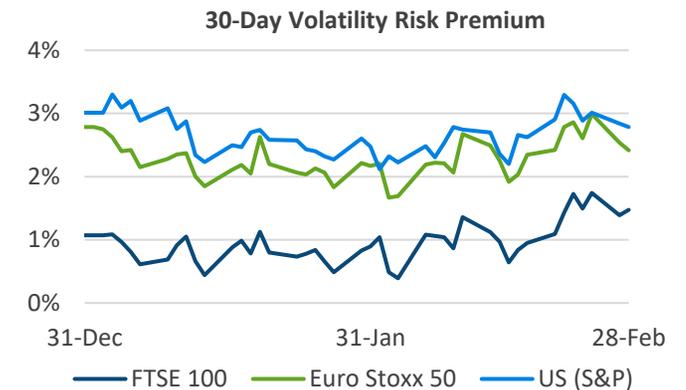
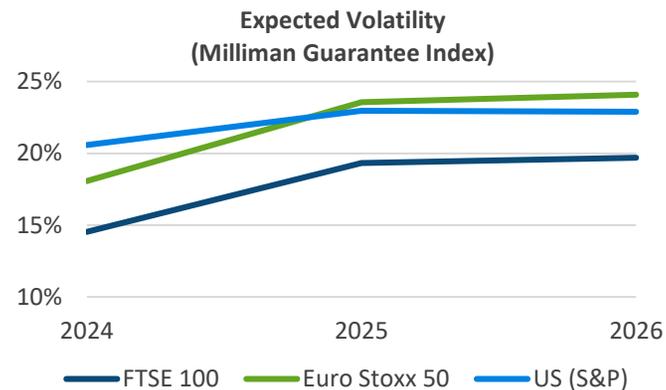
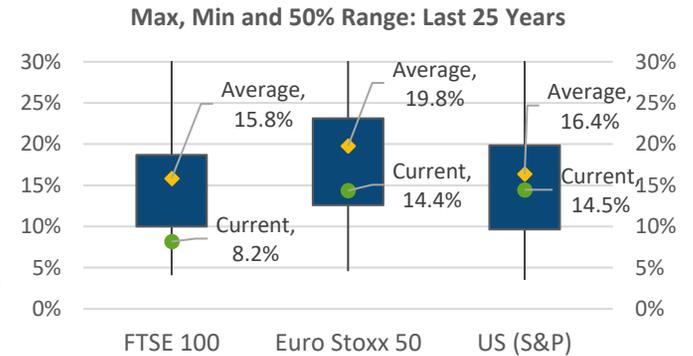
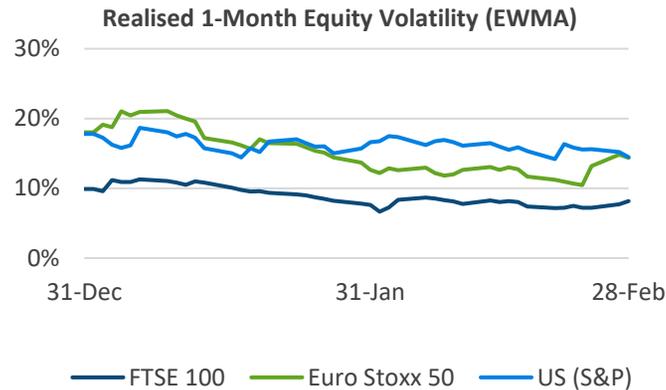


	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	1.9%	2.0%	2.2%	2.3%	1.8%	2.2%	2.3%	2.5%	1.5%	2.6%	2.0%	2.1%	1.8%	3.1%	2.3%	2.8%	1.8%	3.1%
Cur	8.8%	2.9%	7.4%	6.9%	9.3%	0.1%	5.8%	2.3%	6.1%	4.3%	11.0%	1.8%	7.6%	8.6%	8.6%	6.8%	9.7%	3.3%

Volatility and Hedging Cost Monitor

- Realised volatilities on major indices increased at the start of the month, but then gently declined in the second half of the month.
- The FTSE 100 and the Euro Stoxx 50 ended the month higher with realised volatilities of 8.2% and 14.4%, respectively. The S&P 500 ended the month lower with volatility of 14.5%.
- Volatility risk premiums declined for the Euro Stoxx and the S&P but increased for the FTSE. The FTSE 100 had a volatility risk premium of 1.5%. The volatility risk premium on the Euro Stoxx 50 and the S&P 500 was 2.4% and 2.8%, respectively.

Please contact Milliman for more information on the basis and methodology used for these results.



Creating transformational improvement in the retirement savings industry.

Milliman Financial Risk Management LLC / Milliman Financial Strategies Ltd. is a global leader in financial risk management to the retirement savings industry. Milliman FRM provides investment advisory, hedging, and consulting services on approximately \$176.1 billion USD in global assets (31 December 2021).

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

Established in 1998, the practice includes professionals operating from four trading platforms around the world (Chicago, London, Amsterdam and Sydney).

[MILLIMAN.COM/FRM](https://www.milliman.com/frm)

Chicago

71 South Wacker Drive
Chicago, IL 60606
+1 855 645 5462

London

11 Old Jewry
London
EC2R 8DU
UK
+44 0 20 7847 1557

Sydney

32 Walker Street
North Sydney, NSW 2060
Australia
+610 2 8090 9100

Amsterdam

Haaksbergweg 75
Amsterdam, 1101 BR
Netherlands
+31 6 211 70 583

Recipients must make their own independent decisions regarding any strategies or securities or financial instruments mentioned herein.

The products or services described or referenced herein may not be suitable or appropriate for the recipient. Many of the products and services described or referenced herein involve significant risks, and the recipient should not make any decision or enter into any transaction unless the recipient has fully understood all such risks and has independently determined that such decisions or transactions are appropriate for the recipient.

Past performance is not indicative of future results. Index performance information is for illustrative purpose only, does not represent the performance of any actual investment or portfolio, and should not be viewed as a recommendation to buy/sell. It is not possible to invest directly in an index. Any hypothetical, backtested data illustrated herein is for illustrative purposes only, and is not representative of any investment or product.

Any discussion of risks contained herein with respect to any product or service should not be considered to be a disclosure of all risks or a complete discussion of the risks involved.

The recipient should not construe any of the material contained herein as investment, hedging, trading, legal, regulatory, tax, accounting or other advice. The recipient should not act on any information in this document without consulting its investment, hedging, trading, legal, regulatory, tax, accounting and other advisors.

The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.

Milliman Financial Strategies Ltd. is authorised and regulated by the Financial Conduct Authority. Firm Registration Number 539399