

Asset Price Monitor

Local Equity Markets

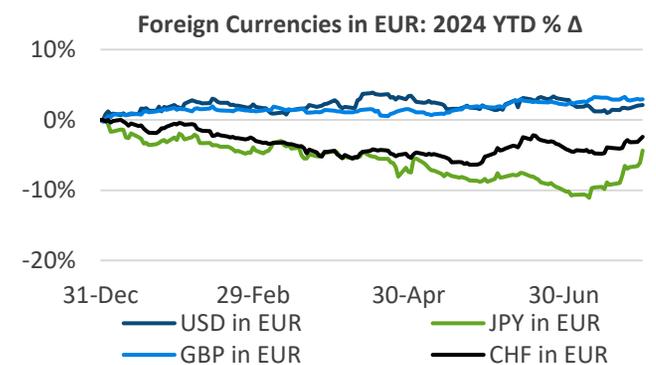
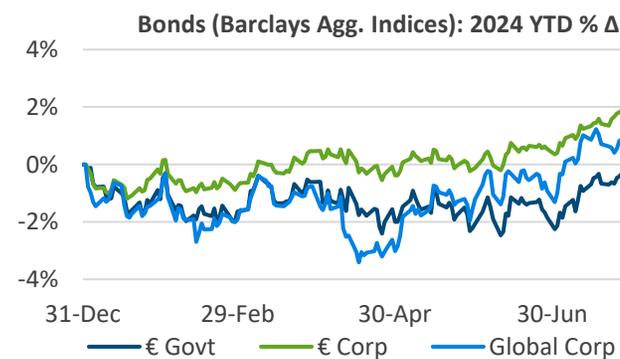
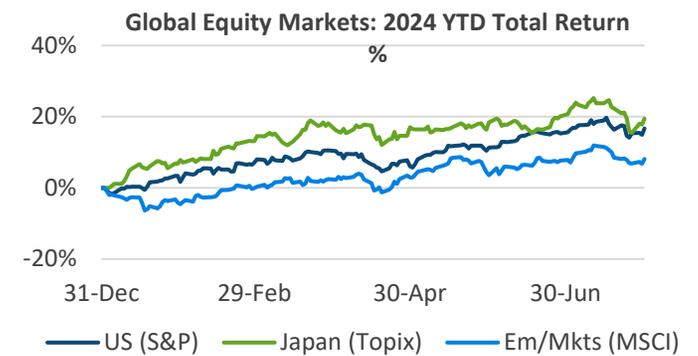
- Global equity markets had a mixed performance in July, as it turned out to be a volatile month on the back of political and economic developments and uncertainties.
- Euro Stoxx 50 ended the month 0.3% down.
- The FTSE 100 was up 2.5%.

Global Equity Markets

- The S&P 500 gained 1.2% in July. In contrast, the Japanese Topix index lost 0.5%.
- The MSCI Emerging Markets index was up 0.4% at month-end.

Bond/FX Markets

- Both the European government and corporate bond indices made gains for the months, up 2.2% and 1.7%, respectively.
- The Euro had a mixed performance in July, gaining 0.9% against the US Dollar, whilst weakening by 5.9% and 0.6% against the Japanese Yen and the British Pound, respectively.



	Total Returns as of July 31, 2024											
	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	-0.3%	2.5%	2.7%	1.2%	-0.5%	0.4%	2.2%	1.7%	1.1%	-0.9%	5.9%	0.6%
3 Month	0.4%	3.6%	9.8%	10.0%	2.1%	5.0%	2.4%	2.7%	2.9%	-1.2%	3.3%	1.4%
1 Year	12.6%	13.0%	12.5%	22.1%	23.1%	6.7%	5.0%	7.1%	0.6%	1.8%	-3.9%	1.7%
YTD	10.8%	10.6%	14.0%	16.7%	19.5%	8.1%	0.3%	2.3%	-2.4%	2.1%	-4.3%	2.9%

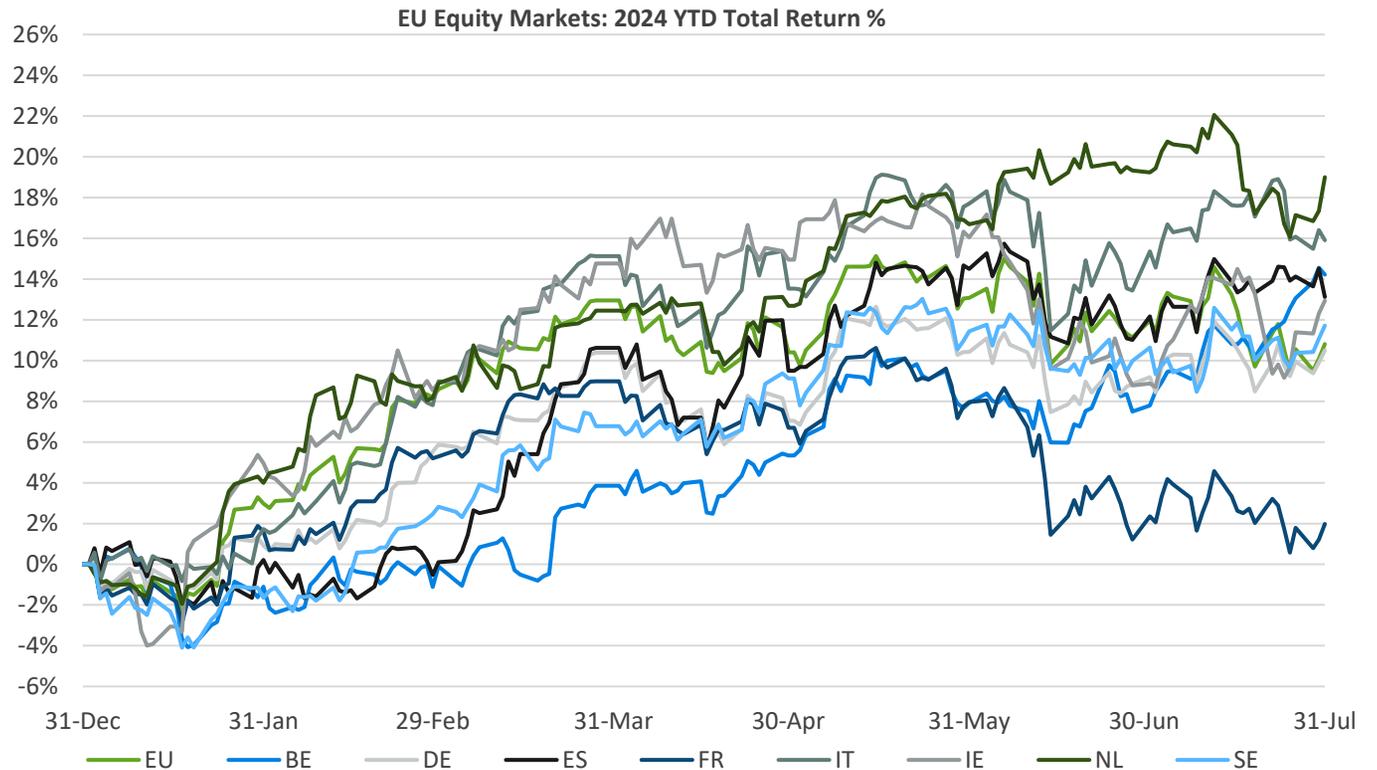
Milliman Financial Risk Management

EuroZone Market Monitor – 31 July 2024

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

Eurozone Equity

- All major European equity markets were up in July, except for the Dutch equity market, which lost 0.3% during the month. Despite this, the Dutch equity index remains the best performing market in the region year-to-date, having returned 19.0% during this period.
- The Belgian equity market experienced the largest gains this month, up 6.3%.
- The French equity index remains the laggard performer year-to-date, having only gained 2.0% so far in 2024.



Equity Returns as of July 31, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.3%	6.3%	1.5%	1.9%	0.8%	2.2%	3.8%	-0.3%	1.6%
3 Month	0.4%	8.4%	3.2%	3.3%	-4.4%	2.1%	-1.8%	5.6%	2.4%
QTD	-0.3%	6.3%	1.5%	1.9%	0.8%	2.2%	3.8%	-0.3%	1.6%
YTD	10.8%	14.2%	10.5%	13.1%	2.0%	15.9%	12.9%	19.0%	11.7%

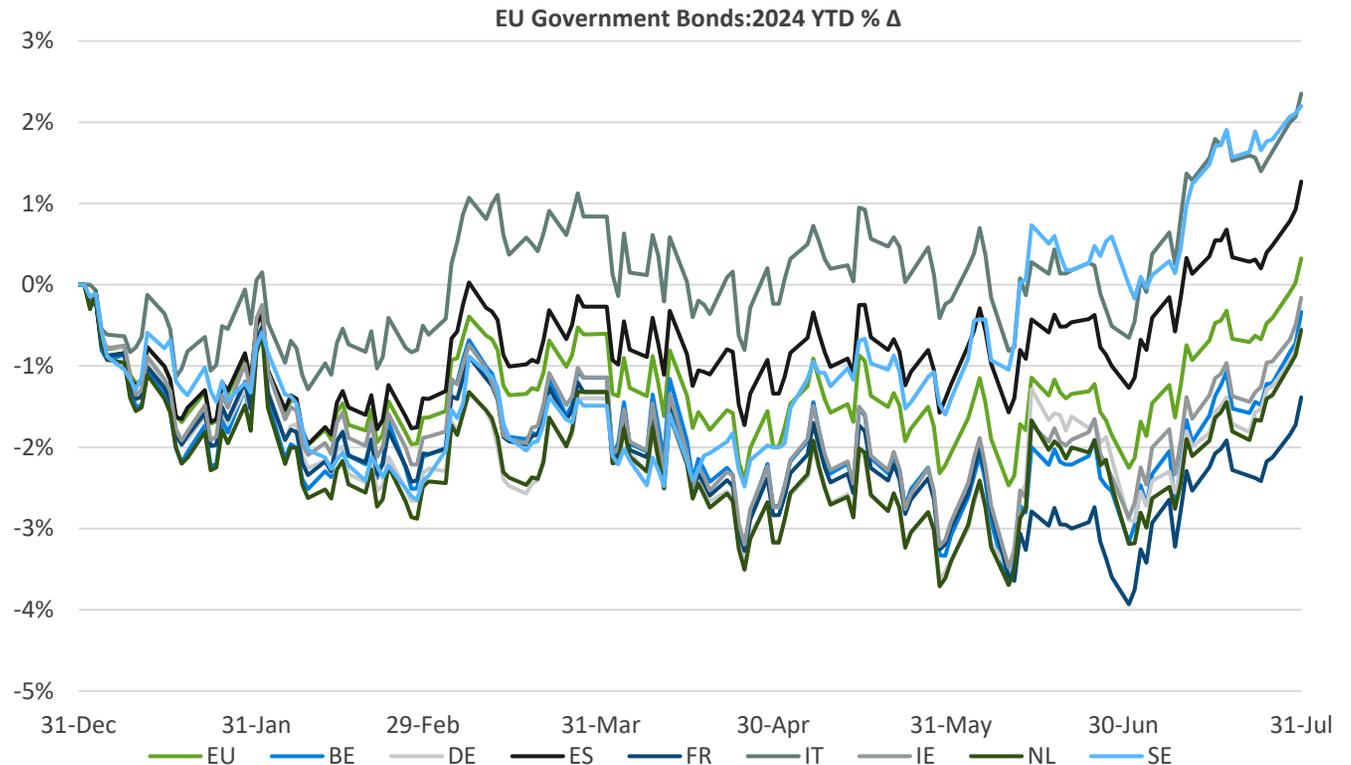
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EuroZone Market Monitor – 31 July 2024

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

Eurozone Government Bonds

- European government bond indices had a positive performance in July.
- The Italian government bond index saw the largest monthly gain, up 2.9%. The index has outperformed in the region year-to-date, up 2.4%.
- Both the German and Swedish government bond indices lagged their regional peers, returning 1.6% for the month.
- The French government bond index has lost 1.4% in 2024 so far, making it the worst performer in the region.



Bond Returns as of July 31, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	2.2%	2.3%	1.6%	2.3%	2.3%	2.9%	2.3%	2.0%	1.6%
3 Month	2.4%	2.5%	2.7%	2.6%	1.5%	2.6%	2.7%	2.7%	4.3%
QTD	2.2%	2.3%	1.6%	2.3%	2.3%	2.9%	2.3%	2.0%	1.6%
YTD	0.3%	-0.3%	-0.5%	1.3%	-1.4%	2.4%	-0.2%	-0.6%	2.2%

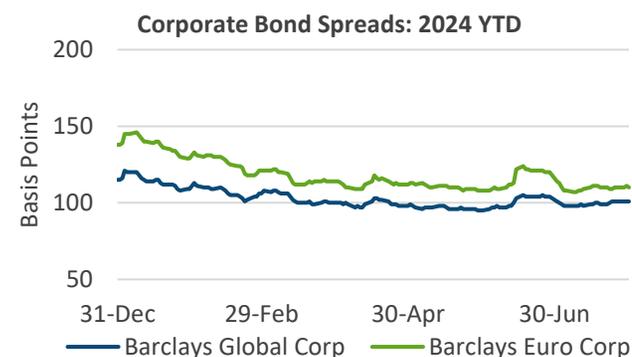
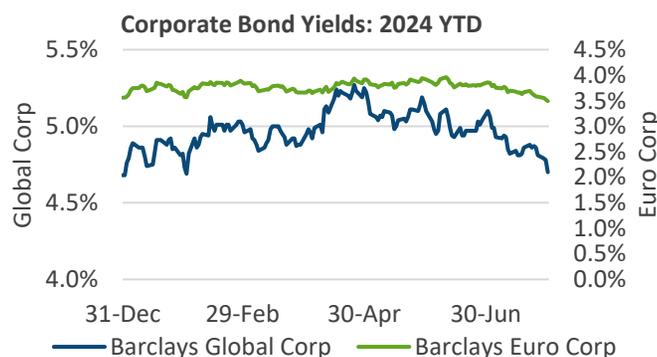
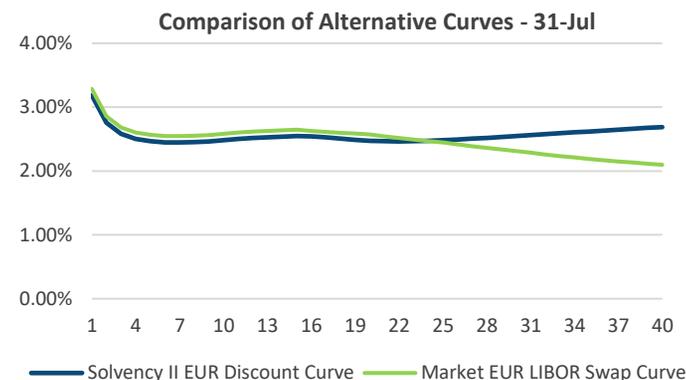
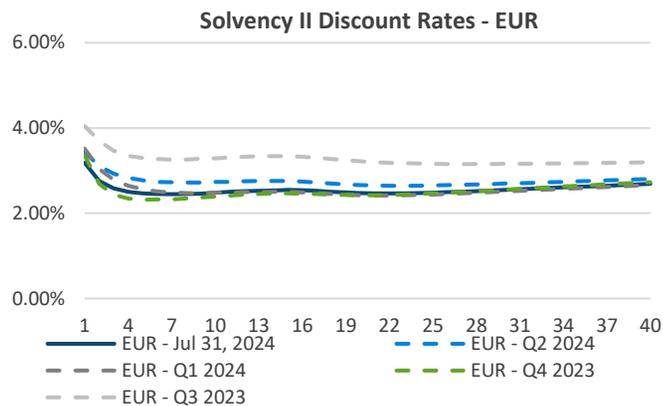
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates fell at all terms.
- The 1 and 10-year risk-free rates fell by 25 basis points, whilst the 5-year rate decreased by 31 basis points.

Corporate Bonds

- Global and European corporate bond yields fell by 34 and 33 basis points, respectively.
- Global and European credit spreads tightened by 3 and 10 basis points, respectively.
- The decline in risk-free rates, combined with the tightening in corporate bond spreads, resulted in gains 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 Q2 2024	-25	-31	-25	-19	-15	-11	-34	-33	-3	-10
Since Q1 2024	-33	-9	0	5	4	3	-18	-17	1	-4
Since Q4 2023	-17	15	9	5	-1	-4	2	-6	-14	-28
Since Q3 2023	-86	-83	-80	-75	-61	-51	-96	-103	-34	-43

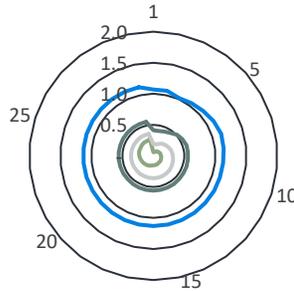
Solvency II Monitor - Spreads

Fundamental Spreads

- The fundamental spread data shown is for the end of June.
- There were no material changes since the last report.

Fundamental Spreads %

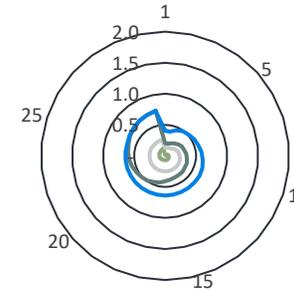
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.06	0.10	0.13	0.19	0.27
AA	0.19	0.26	0.33	0.36	0.36
A	0.41	0.51	0.56	0.56	0.56
BBB	1.07	1.08	1.13	1.13	1.13
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.10	0.19	0.27
AA	0.04	0.07	0.11	0.18	0.26
A	0.05	0.11	0.17	0.29	0.40
BBB	0.11	0.19	0.28	0.43	0.53

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.02	0.06	0.08	0.12
AA	0.13	0.17	0.25	0.25	0.26
A	0.20	0.28	0.37	0.51	0.74
BBB	0.40	0.51	0.63	0.64	0.74
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	0.51	0.74
BBB	0.10	0.21	0.33	0.55	0.74

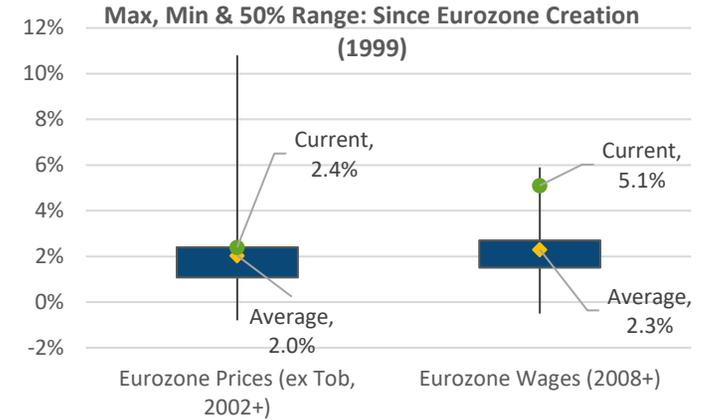
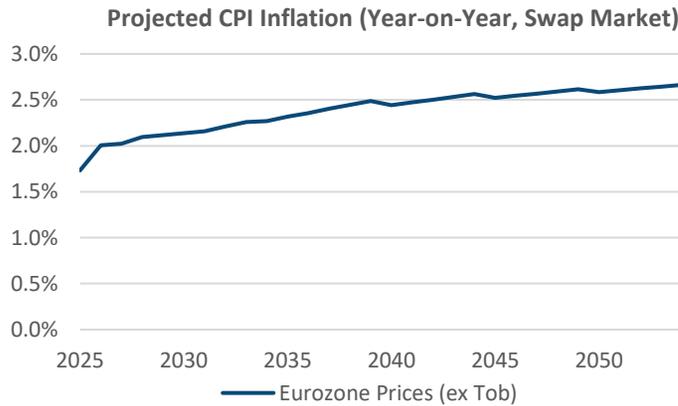
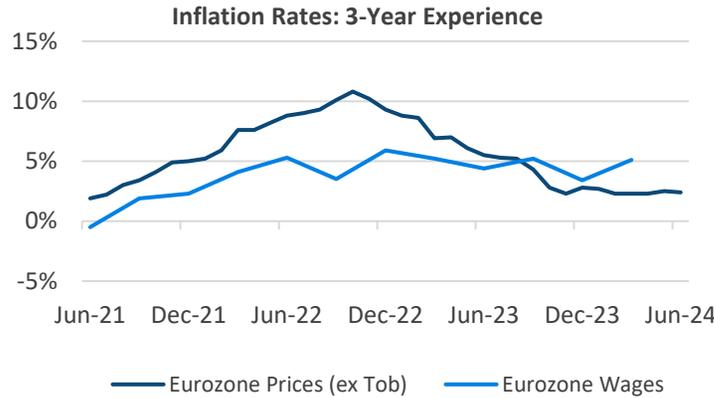
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/07/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [EIOPA](#) website.

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 30/06/24. **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.

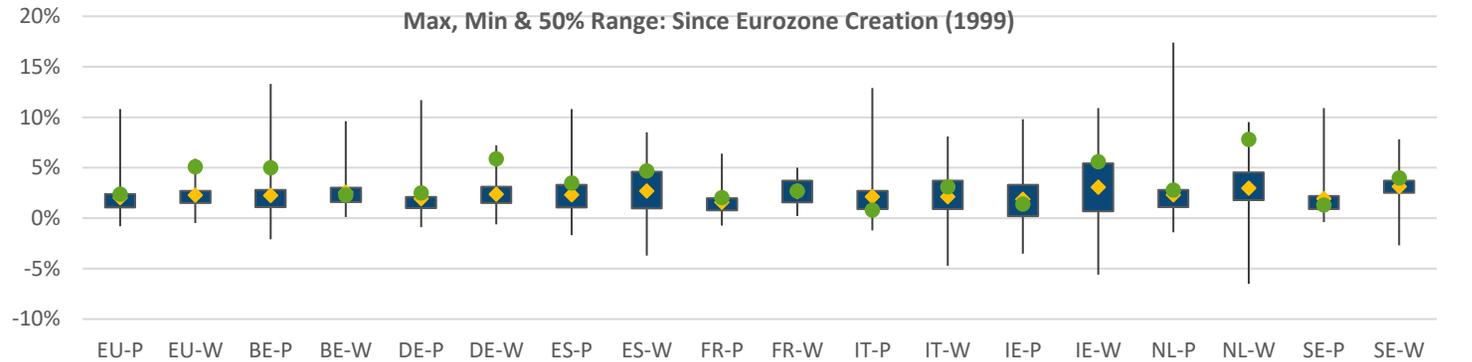
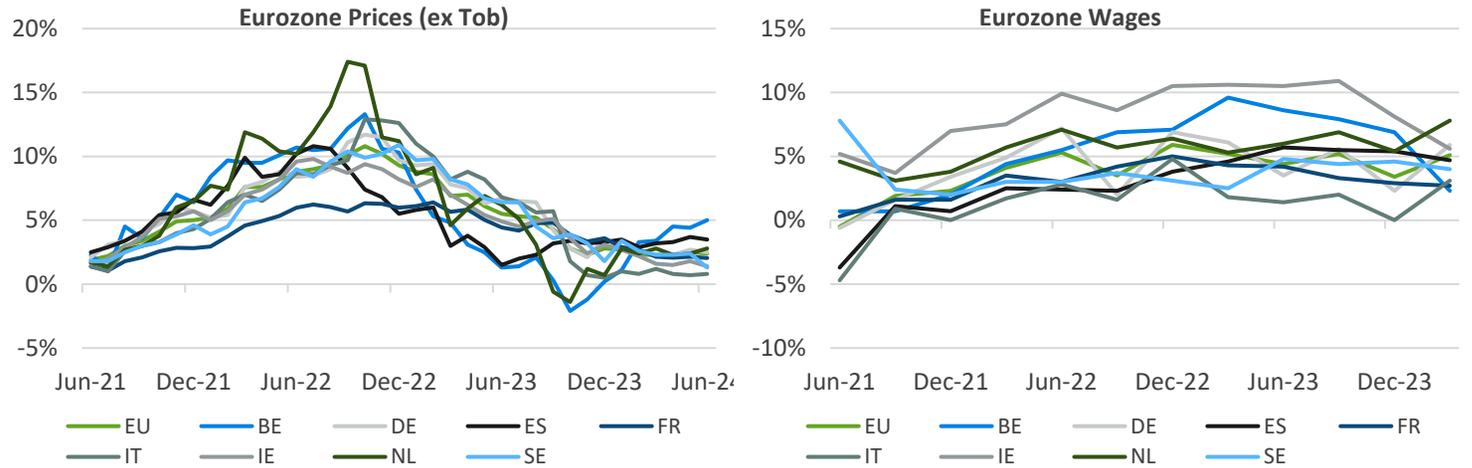
Inflation Monitor

- Eurozone price inflation decreased by 10 basis points to 2.4% in June.
- The Eurozone projected CPI curve shifted marginally lower in comparison to the previous month.
- Eurozone Q2 2024 GDP grew by 0.6%, an increase of 10 basis points from the previous quarter, which was revised higher by 10 basis points.
- There were no updates to the wage inflation figures this month.



Inflation Monitor

- Changes in price inflation were mixed for the major European economies in June.
- Belgium saw the largest increase in price inflation in June, rising by 60 basis points to 5.0%, which was also the highest reading in the region.
- Sweden had the largest price inflation decline in the region, falling by 110 basis points to 1.3%.
- Italy continued to post the lowest price inflation reading in the region at 0.8%.
- There were no updates to the wage inflation figures this month.

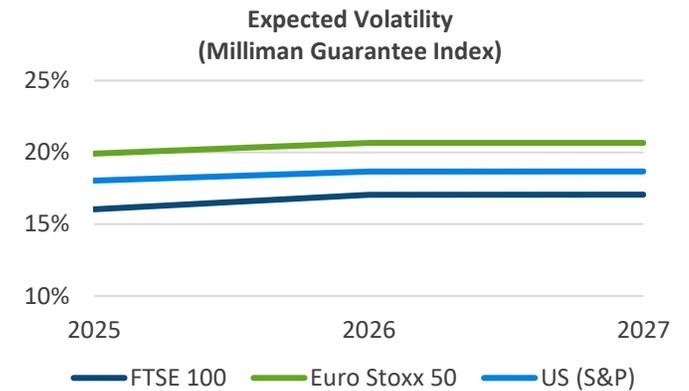
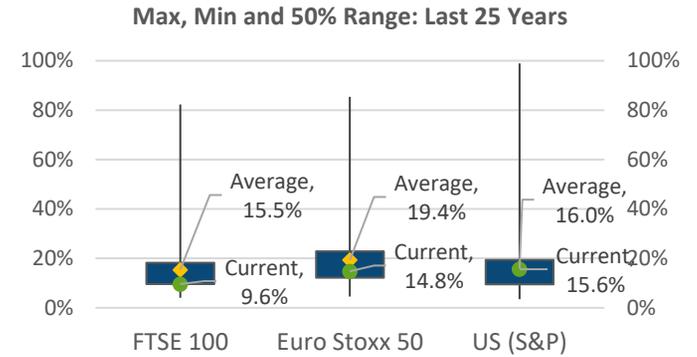
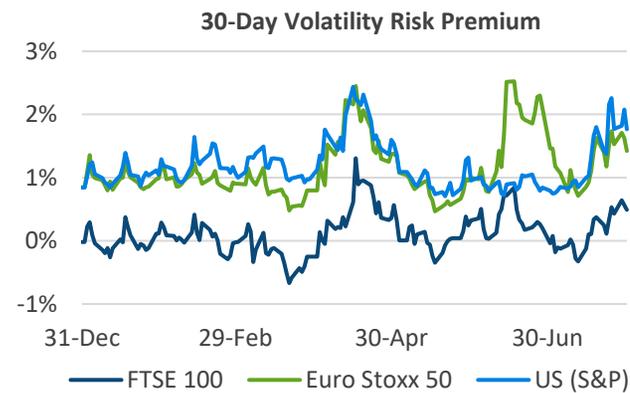
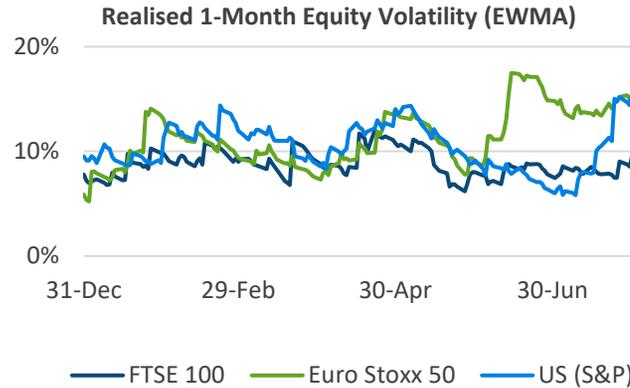


	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	2.0%	2.3%	2.3%	2.6%	1.9%	2.4%	2.3%	2.7%	1.6%	2.6%	2.1%	2.1%	1.9%	3.1%	2.3%	3.0%	1.9%	3.1%
Cur	2.4%	5.1%	5.0%	2.3%	2.5%	5.9%	3.5%	4.7%	2.1%	2.7%	0.8%	3.1%	1.4%	5.6%	2.8%	7.8%	1.3%	4.0%

Volatility and Hedging Cost Monitor

- Realised volatilities on major equity indices increased in July, with the exception of Euro Stoxx 50 which saw its realised volatility remaining relatively unchanged at month-end.
- The FTSE 100 ended the month with a realised volatility of 9.6%. The same measure stood at 14.8% and 15.6% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premium on the Euro Stoxx 50 declined, whilst increasing for the other indices. The FTSE 100 had a volatility risk premium of 0.5% at month-end. The volatility risk premium on the Euro Stoxx 50 was 1.4%, and 1.8% on the S&P 500.

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).

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