

Asset Price Monitor

Local Equity Markets

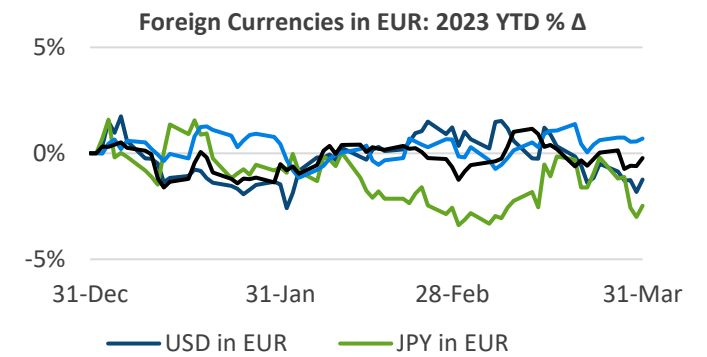
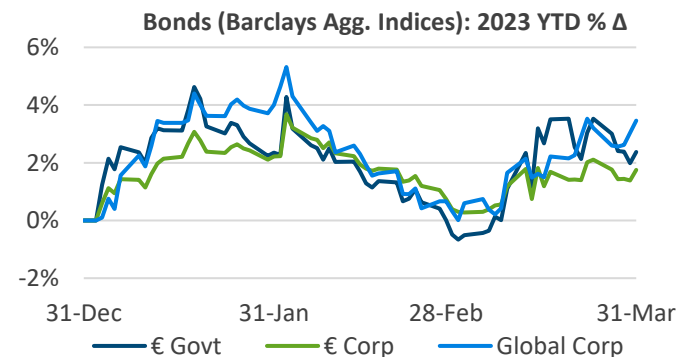
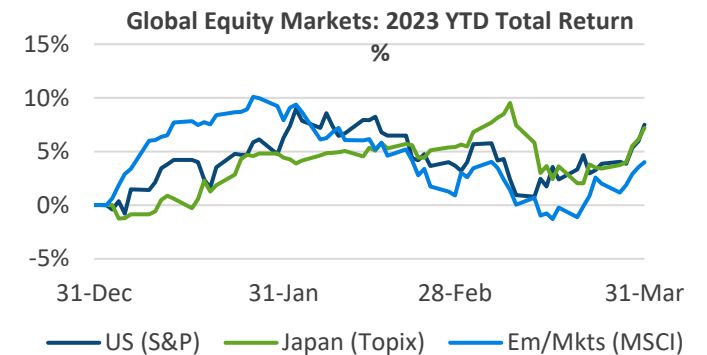
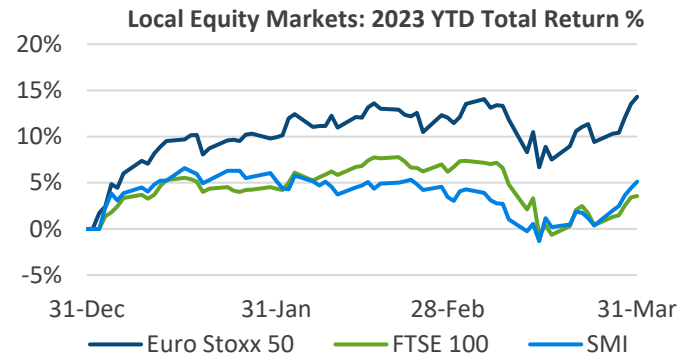
- Most major global equity markets had a positive performance in March as global growth generally surprised on the upside during Q1 2023. Despite concerns over the global banking sector after the collapse of Silicon Valley Bank, which resulted in sharp selloff in major indices during the month, most global equities recovered by month-end, ending the quarter with strong gains.
- The Euro Stoxx 50 index was up 2.0% in March, gaining 14.3% over the quarter.
- The FTSE 100 index lost 2.5%, returning 3.6% year-to-date.

Global Equity Markets

- The S&P 500 gained 3.7% in the month, while the Topix gained 1.7%.
- The MSCI Emerging Market index was up 3.1%.

Bond/FX Markets

- Bond markets made gains in March, with the European government bond index and the European corporate bond index up 2.4% and 1.0%, respectively.
- The Euro had a mixed performance, gaining 2.4% against the US Dollar, but ended the month relatively flat against the Japanese Yen and the British Pound.

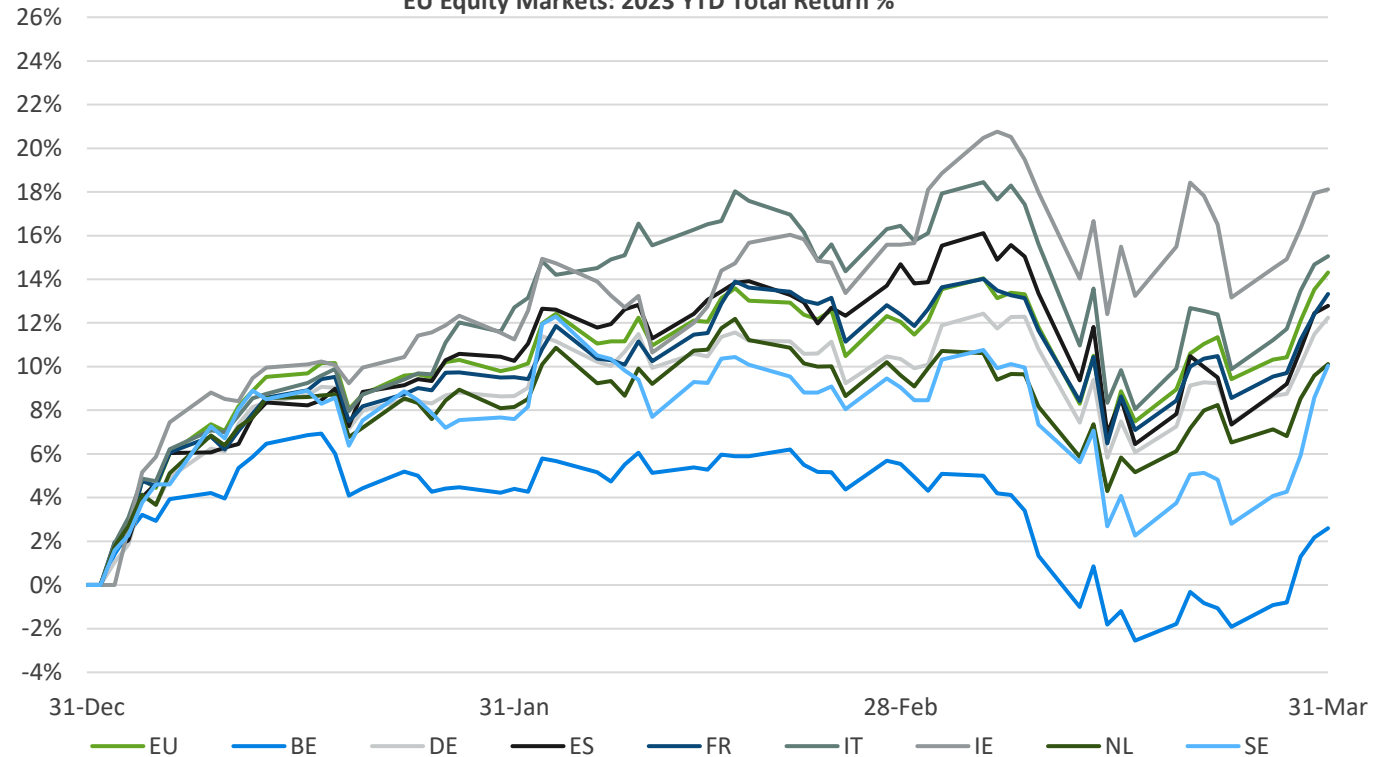


	Total Returns as of March 31, 2023											
	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	2.0%	-2.5%	1.6%	3.7%	1.7%	3.1%	2.4%	1.0%	0.4%	-2.4%	0.1%	0.0%
3 Month	14.3%	3.6%	5.1%	7.5%	7.2%	4.0%	2.4%	1.8%	-0.2%	-1.2%	-2.5%	0.7%
1 Year	14.4%	5.4%	-5.9%	-7.7%	5.8%	-10.3%	-11.6%	-7.5%	2.9%	2.1%	-6.4%	-4.2%
YTD	14.3%	3.6%	5.1%	7.5%	7.2%	4.0%	2.4%	1.8%	-0.2%	-1.2%	-2.5%	0.7%

Eurozone Equity

- European equity markets had a mixed performance in March.
- The Irish equity market was the best performer both in March and Q1 2023, gaining 2.2% in March and returning 18.1% year-to-date.
- The Belgian equity market suffered the largest loss in the month, down 2.8%. It also remained as the laggard performer year-to-date, having gained 2.6% during the first quarter.

EU Equity Markets: 2023 YTD Total Return %



Equity Returns as of March 31, 2023

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	2.0%	-2.8%	1.7%	-1.7%	0.8%	-1.2%	2.2%	0.5%	0.9%
3 Month	14.3%	2.6%	12.2%	12.8%	13.3%	15.1%	18.1%	10.1%	10.0%
QTD	14.3%	2.6%	12.2%	12.8%	13.3%	15.1%	18.1%	10.1%	10.0%
YTD	14.3%	2.6%	12.2%	12.8%	13.3%	15.1%	18.1%	10.1%	10.0%

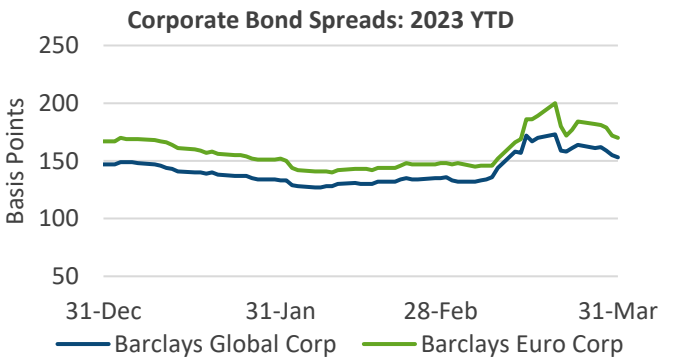
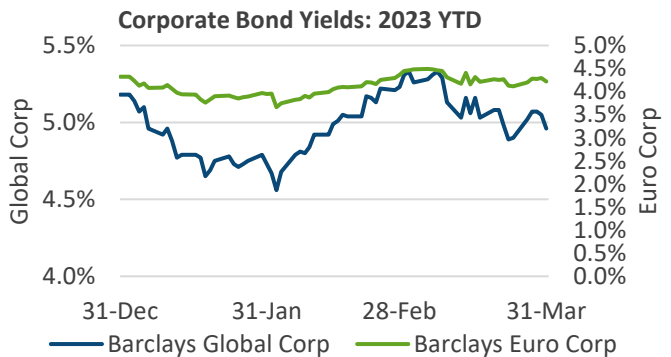
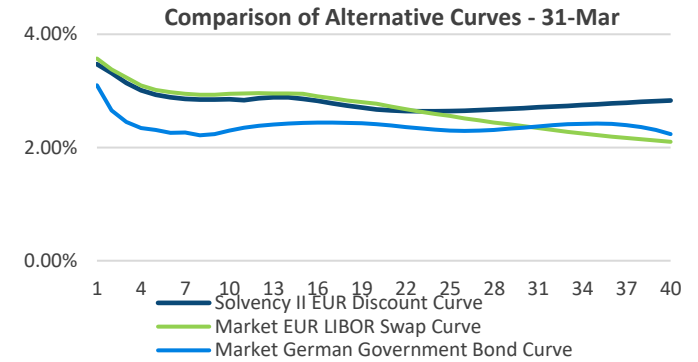
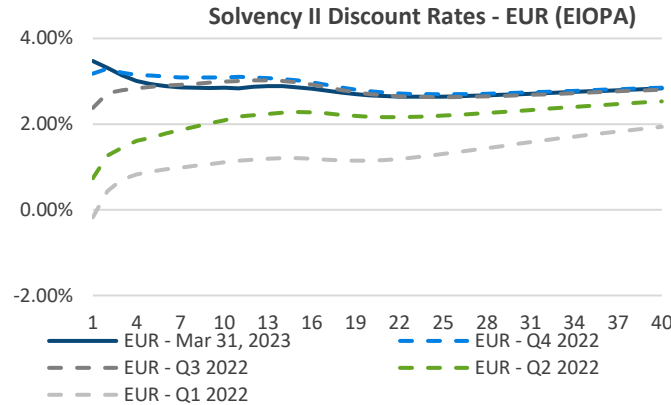
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates decreased at all terms in March.
- The 5 and 10-year EUR risk-free rates fell by 34 and 27 basis points, respectively.

Corporate Bonds

- European and global corporate bond yields decreased in March. The former decreased by 14 basis points and the latter by 27 basis points.
- Global and European credit spreads increased by 18 and 22 basis points, respectively.
- The decrease in risk-free rates partially offset by the increase 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 Q4 2022	30	-20	-24	-9	-3	-2	-22	-10	6	3
Since Q3 2022	109	6	-14	-3	3	2	-42	-2	-27	-55
Since Q2 2022	274	124	76	50	39	30	62	98	-22	-48
Since Q1 2022	365	204	174	153	116	89	187	266	29	41

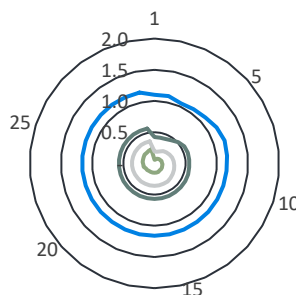
Solvency II Monitor - Spreads

Fundamental Spreads

- There were no material changes since the last report.

Fundamental Spreads %

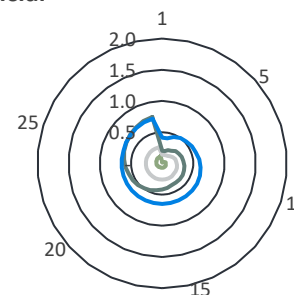
EUR: Financial



— 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	1.10	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	0.45	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	0.21	0.34	0.55	0.73

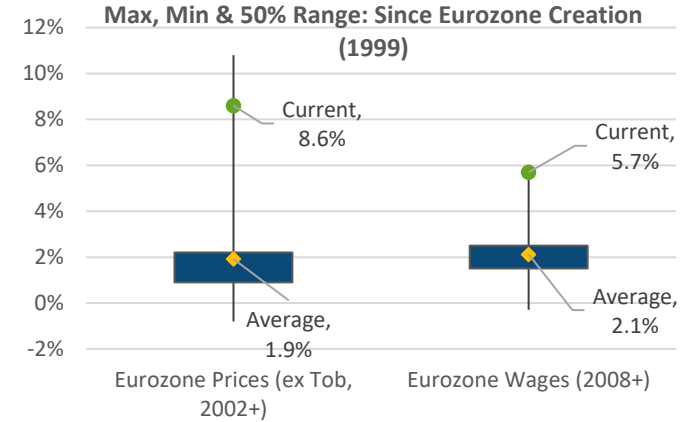
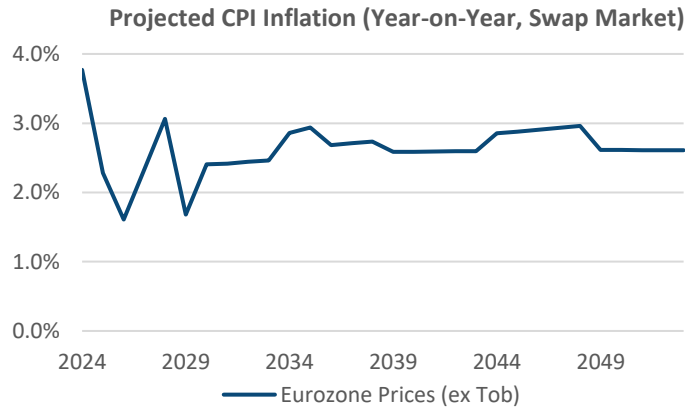
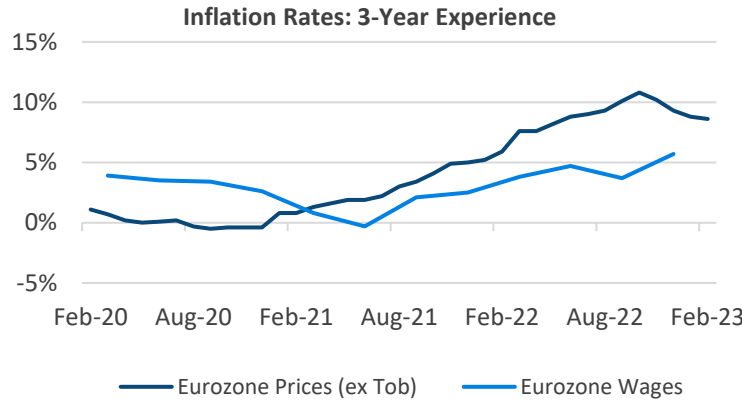
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Refinitiv and applying the Credit Risk Adjustment as defined in the Technical Specs. The data is provided by EIOPA and as of 31/03/23.

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 31/03/23. **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.

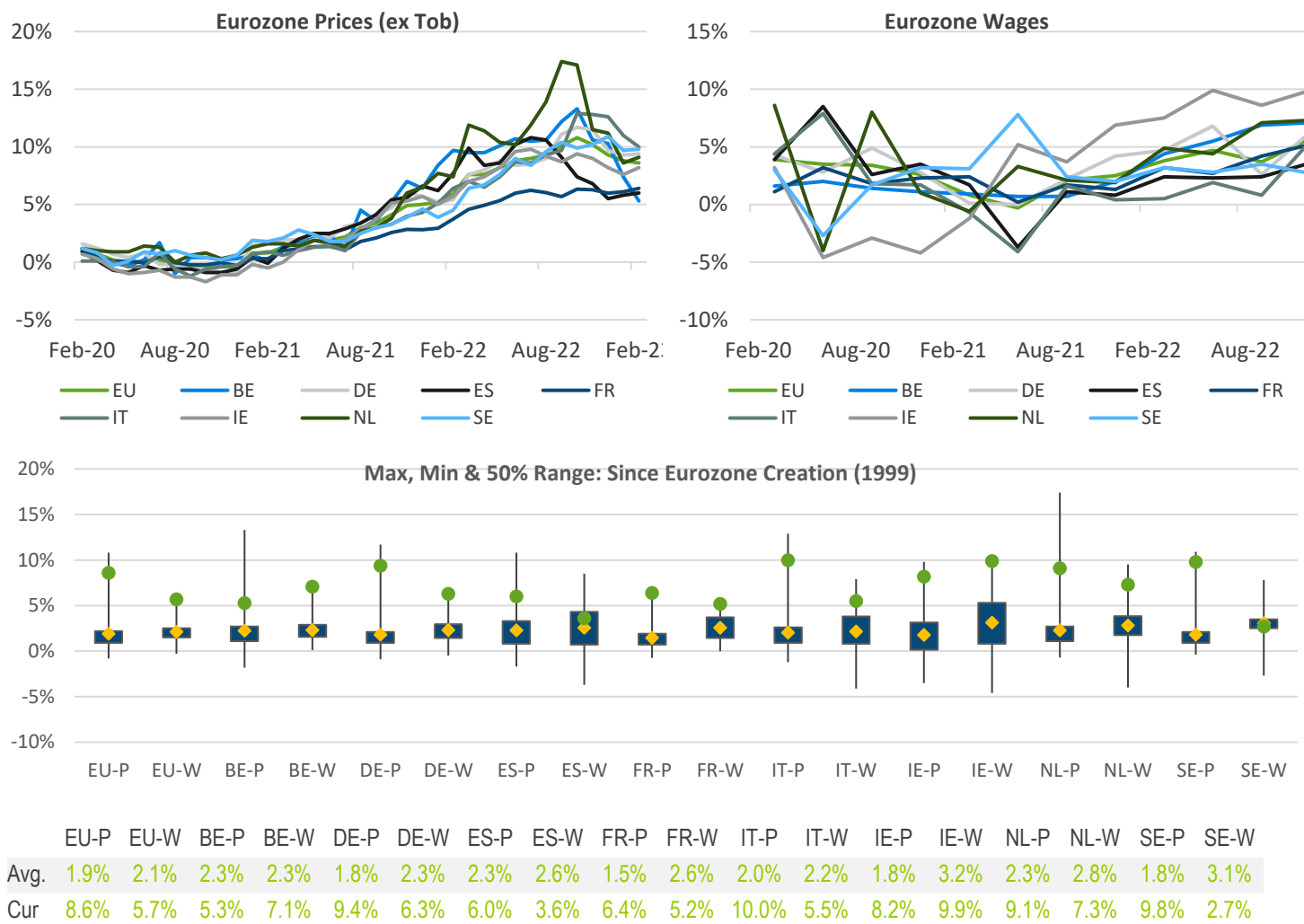
Inflation Monitor

- Eurozone price inflation dropped to 8.6% in February, a decline of 20 basis points from the previous month.
- Eurozone Q4 2022 wage inflation increased by 200 basis points to 5.7%, after the previous quarter's figure was revised higher by 80 basis points.



Inflation Monitor

- All major European economies, except Belgium and Italy, saw their price inflation increase in February. Belgium's inflation dropped the most by 210 basis points to the lowest reading in the region, at 5.3%.
- Irish prices rose the most in February by 60 basis points to 8.2%.
- Italian price inflation was the highest in the region in February, at 10.0%.
- All major European countries, except Sweden, experienced an increase in their Q4 2022 wage inflation.
- Sweden saw a decline of 80 basis points in its Q4 2022 wage inflation figure, to 2.7%, following a 20 basis points upward revision to the previous quarter's reading. This was also the lowest reading in the region.
- Italy was the country with the largest increase in wage inflation, increasing by 470 basis points to 5.5% in Q4, after the previous quarter's figure was revised lower by 100 basis points.
- Ireland posted the highest Q4 2022 wage inflation at 9.9%.



Milliman Financial Risk Management

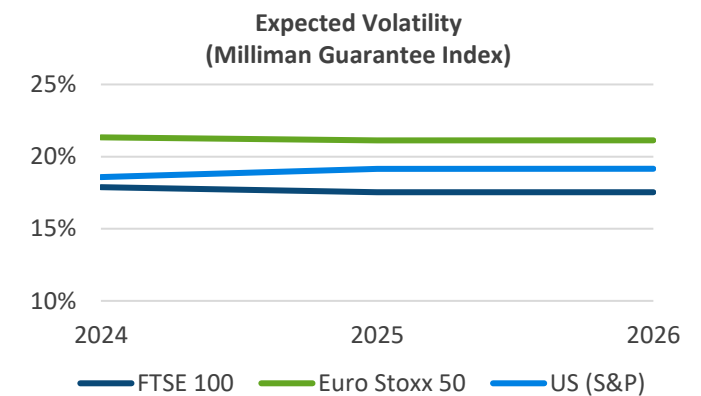
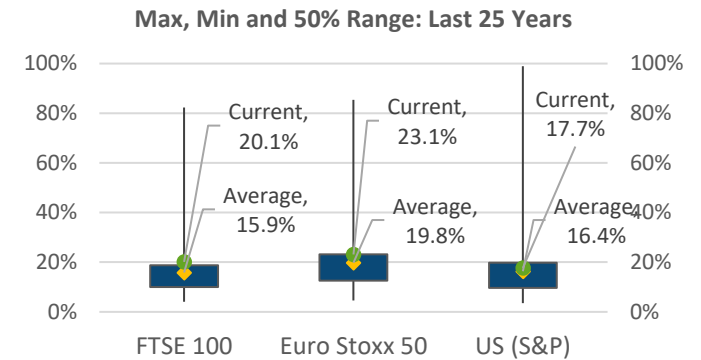
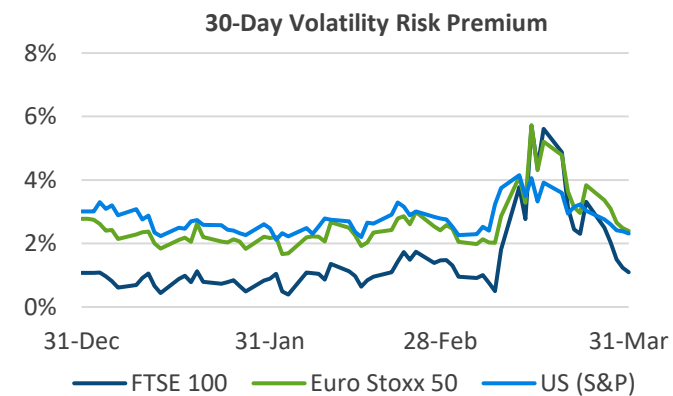
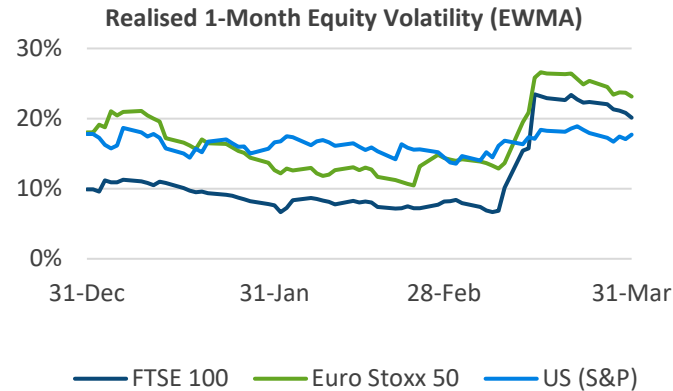
EuroZone Market Monitor – 31 March 2023

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

Volatility and Hedging Cost Monitor

- Realised volatilities on major indices increased in March.
- The FTSE 100 ended the month with a realised volatility of 20.1%. The same measure stood at 23.1% and 17.7% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums spiked during the first half of the month but then subsidised and declined into month-end. The FTSE 100 had a volatility risk premium of 1.1% at month-end. The volatility risk premium on the Euro Stoxx 50 and the S&P 500 was 2.4% and 2.3%, respectively.

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



Creating transformational improvement in the retirement savings industry.

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