

Asset Price Monitor

Local Equity Markets

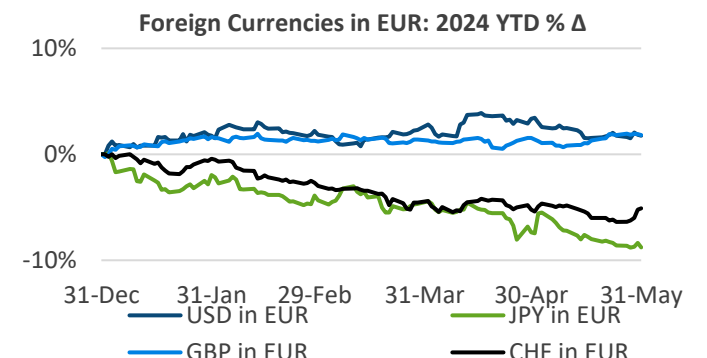
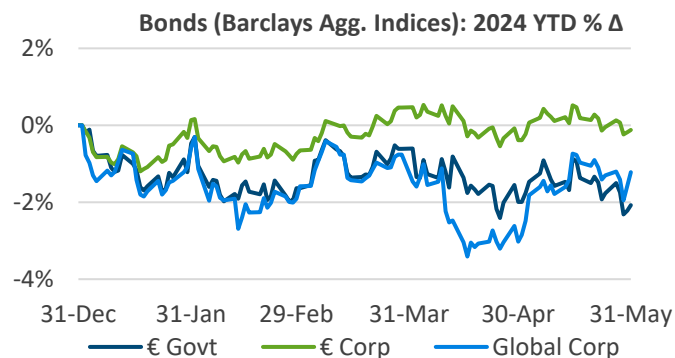
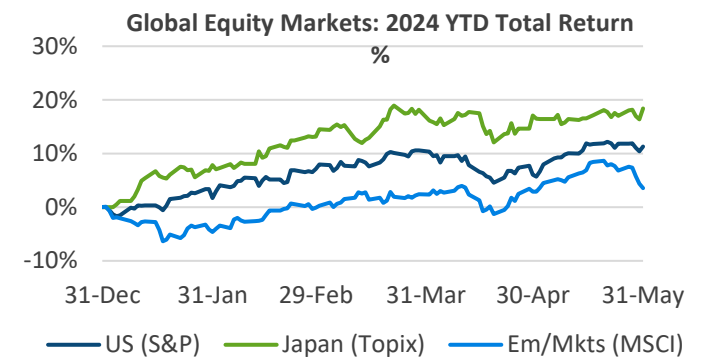
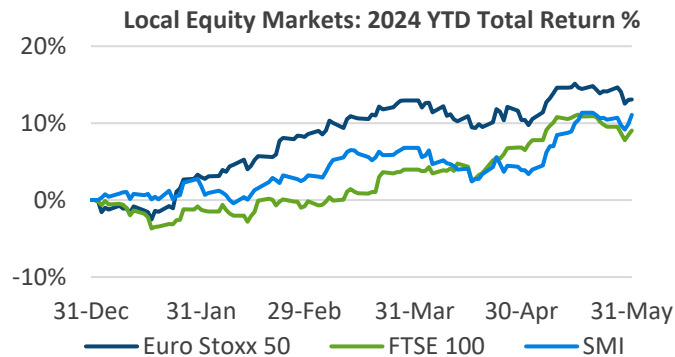
- Global equity markets had a positive performance in May, as continued optimism around global growth and expectations of interest rate cuts boosted investor risk appetite.
- Euro Stoxx 50 ended the month up 2.4%.
- The FTSE 100 gained 2.1%.

Global Equity Markets

- Developed markets outperformed their emerging markets counterparts, with the S&P 500 up 5.0% and the Topix index returning 1.2%. The MSCI Emerging Markets index gained 0.6%.

Bond/FX Markets

- Both European government and corporate bond indices ended the month relatively flat.
- The Euro had a mixed performance, up 1.6% and 1.5% against the US Dollar and the Japanese Yen, respectively. Meanwhile the Euro was relatively flat against the British Pound.



	Total Returns as of May 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	2.4%	2.1%	7.0%	5.0%	1.2%	0.6%	-0.1%	0.3%	0.1%	-1.6%	-1.5%	0.3%
3 Month	4.5%	9.9%	8.2%	3.9%	4.7%	3.6%	-0.4%	0.6%	-2.5%	-0.4%	-5.1%	0.5%
1 Year	22.0%	15.6%	10.5%	28.2%	33.1%	12.8%	2.1%	5.3%	-0.6%	-1.9%	-12.9%	0.9%
YTD	13.1%	9.0%	11.1%	11.3%	18.4%	3.5%	-2.1%	-0.1%	-5.1%	1.8%	-8.8%	1.8%

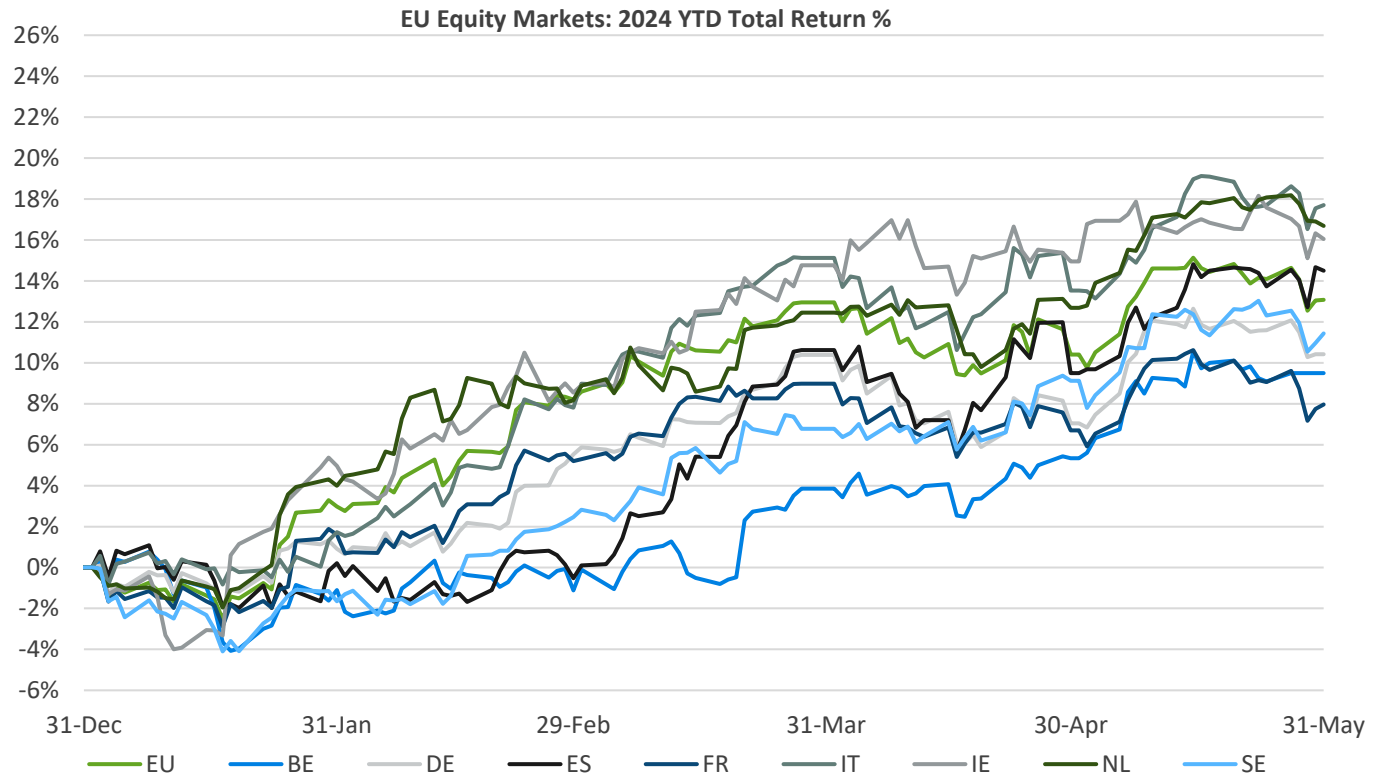
Milliman Financial Risk Management

EuroZone Market Monitor – 31 May 2024

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

Eurozone Equity

- All major European equity markets made gains in May.
- The Spanish equity market outperformed and was up 4.6%.
- The Irish equity market was the laggard performer of the month, up 0.9%.
- The French equity index has returned 8.0% year-to-date, which is the smallest gain in the region over this period.
- The best performing equity market year-to-date has been Italy, having gained 17.7% for the year so far.

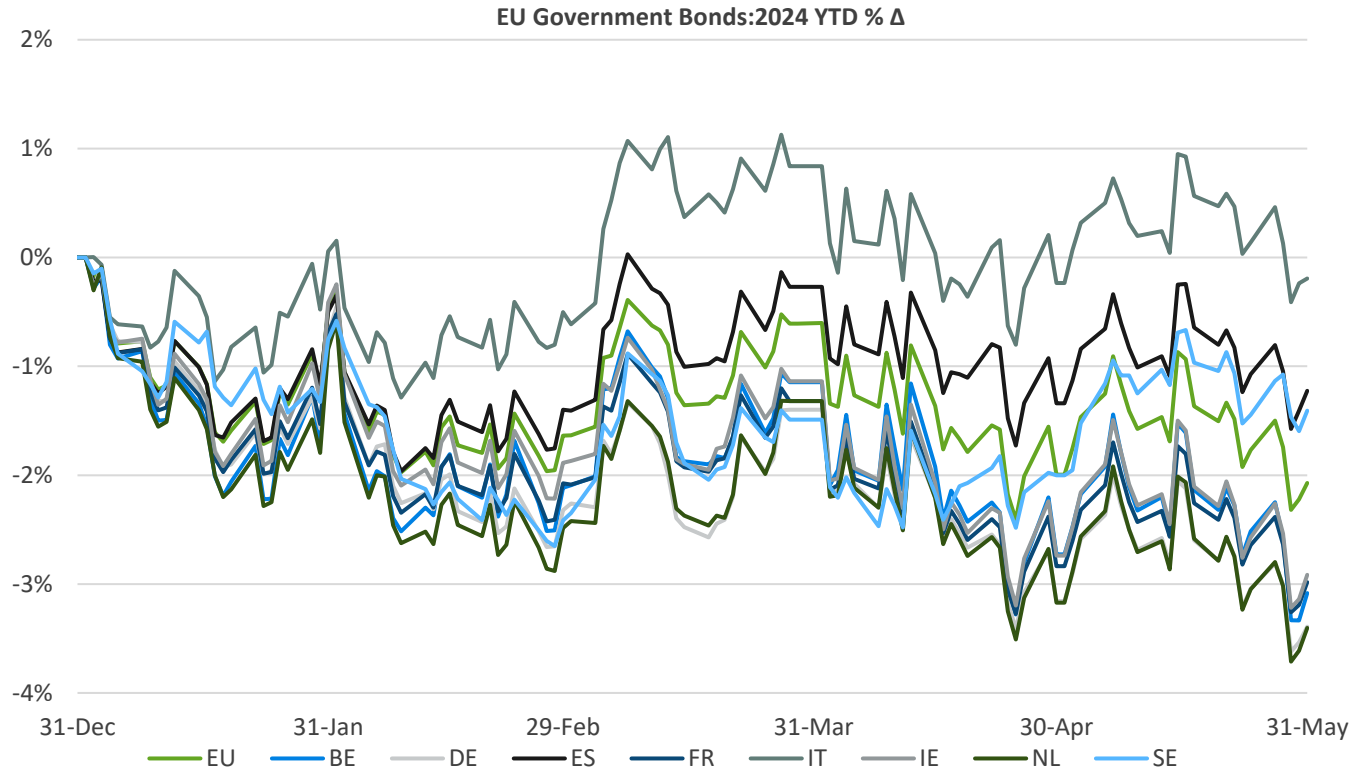


Equity Returns as of May 31, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	2.4%	3.9%	3.2%	4.6%	1.2%	3.7%	0.9%	3.6%	2.1%
3 Month	4.5%	10.7%	4.6%	15.1%	2.6%	9.2%	6.9%	7.9%	8.7%
QTD	0.1%	5.4%	0.0%	3.5%	-0.9%	2.2%	1.1%	3.8%	4.4%
YTD	13.1%	9.5%	10.4%	14.5%	8.0%	17.7%	16.0%	16.7%	11.4%

Eurozone Government Bonds

- European government bond indices had a mixed performance in May, with most indices remaining relatively flat.
- The Swedish government bond index had the largest monthly gain, up 0.6%.
- The Belgian government bond index had the largest loss for the month, down 0.4%.
- The Dutch and German government bond indices have had the largest losses year-to-date, both losing 3.4% during this period.
- The Italian government bond index remains the outperformer in the region for the year so far, having lost 0.2% year-to-date.



Bond Returns as of May 31, 2024

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.1%	-0.4%	-0.2%	0.1%	-0.2%	0.0%	-0.2%	-0.2%	0.6%
3 Month	-0.4%	-1.0%	-1.1%	0.2%	-0.9%	0.3%	-1.0%	-0.9%	1.0%
QTD	-1.5%	-2.0%	-2.0%	-1.0%	-1.7%	-1.0%	-1.8%	-2.1%	0.1%
YTD	-2.1%	-3.1%	-3.4%	-1.2%	-3.0%	-0.2%	-2.9%	-3.4%	-1.4%

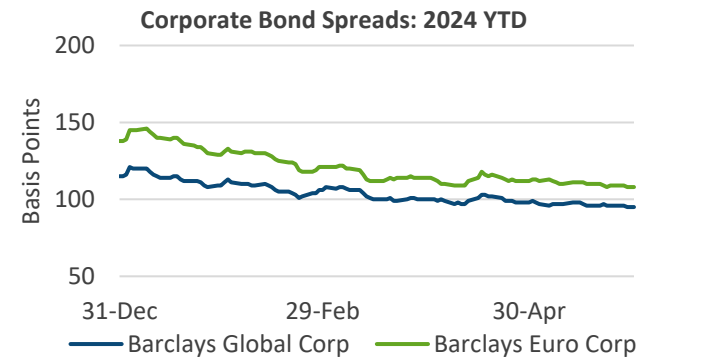
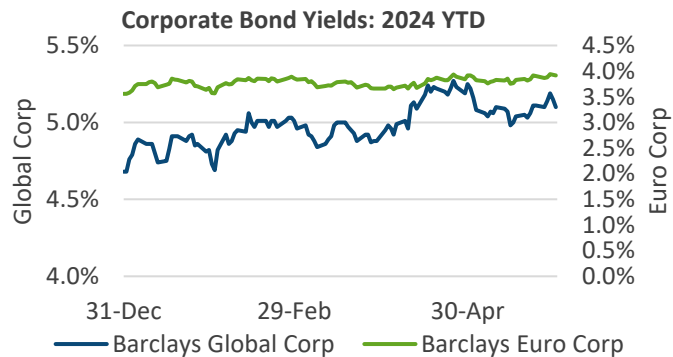
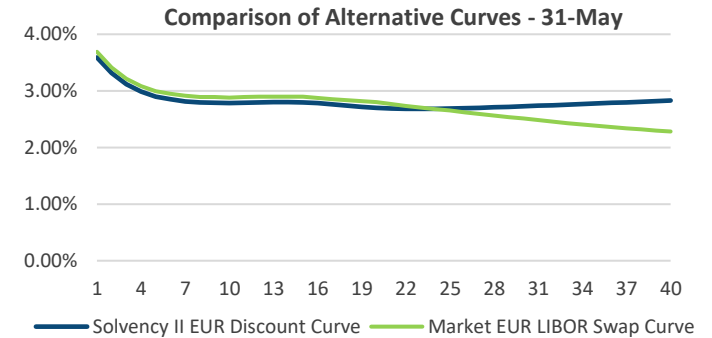
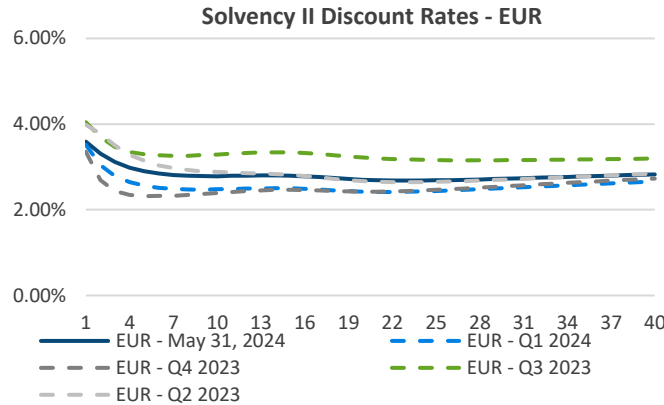
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates saw a marginal increase in May, except for the 1-year rate which declined by 1 basis point.
- The 20-year EUR risk-free rate increased by 5 basis points, whilst the 5, 20 and 30-year rates all rose by 4 basis points.

Corporate Bonds

- Global corporate bond yields fell by 15 basis points, whilst their European counterparts were unchanged in May.
- Global and European credit spreads tightened by 3 and 4 basis points, respectively.
- The marginal increase in risk-free rates, offset by the tightening in corporate bond spreads, resulted in a relatively flat performance 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 Q1 2024	7	34	30	28	22	17	22	26	-5	-6
Since Q4 2023	24	58	39	28	17	10	42	36	-20	-30
Since Q3 2023	-45	-40	-50	-52	-43	-37	-56	-60	-40	-45
Since Q2 2023	-39	-25	-10	3	2	-2	-18	-52	-44	-55

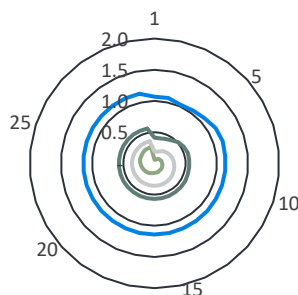
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

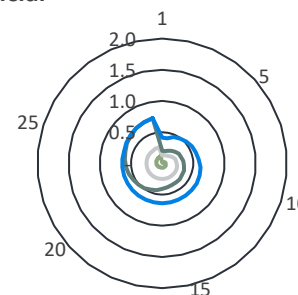
EUR: Financial



— 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	0.57	0.57
BBB	1.07	1.08	1.14	1.14	1.14
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	0.20	0.29	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	0.41	0.52	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

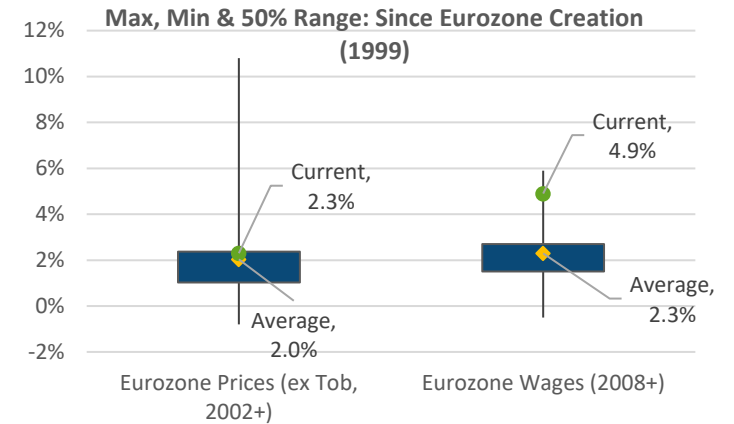
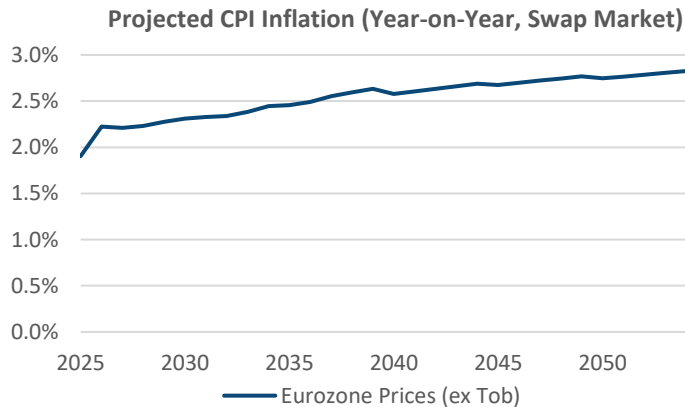
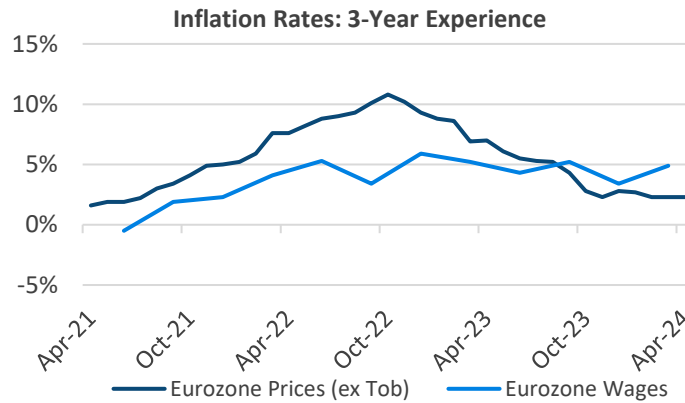
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/05/24) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 30/04/24. **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.

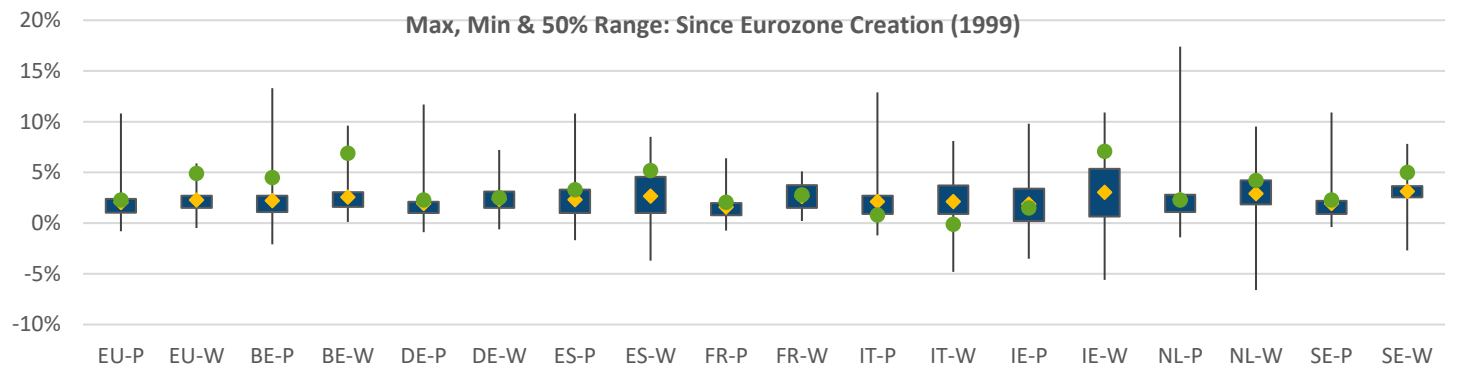
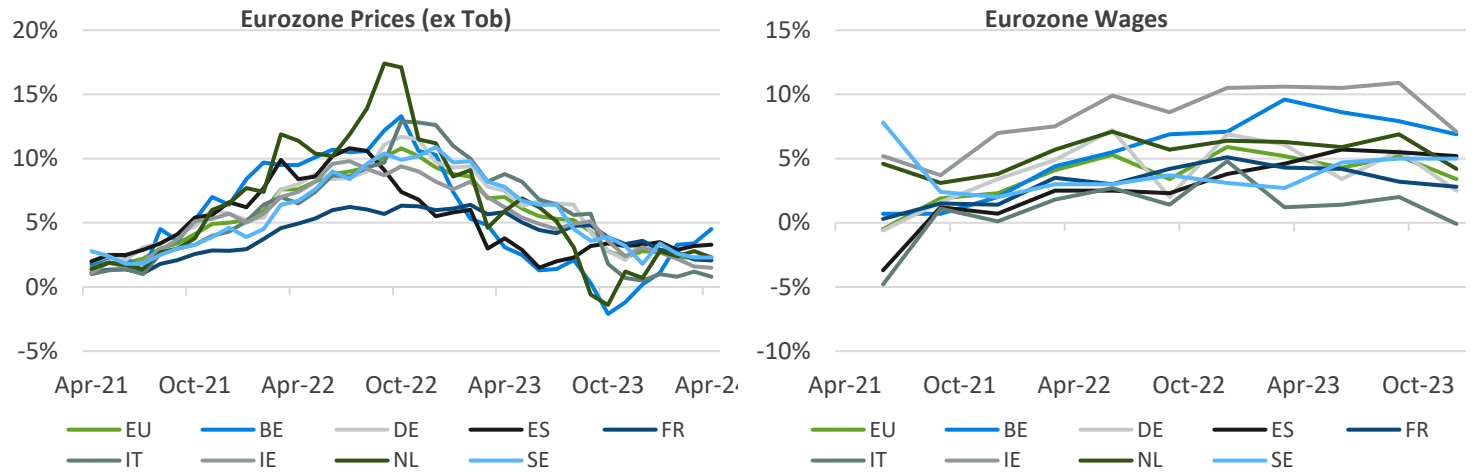
Inflation Monitor

- Eurozone price inflation remained unchanged in April at 2.3%.
- Eurozone Q1 2024 wage inflation increased by 150 basis points from the previous quarter to 4.9%.
- The Eurozone projected CPI curve was lower at the very short-end, whilst the rest of the curve was relatively unchanged in comparison to the previous month.



Inflation Monitor

- Changes in price inflation were mixed for the major European economies in April.
- Belgium saw the largest increase in price inflation in April, rising by 110 basis points to 4.5%, which was also the highest reading in the region.
- The Netherlands had the largest decline in its price inflation, with the headline figure coming in at 2.3%, a decline of 50 basis points from the previous month.
- Italy had the lowest price inflation reading in the region at 0.8%.
- There were no updates to the wage inflation figures this month.

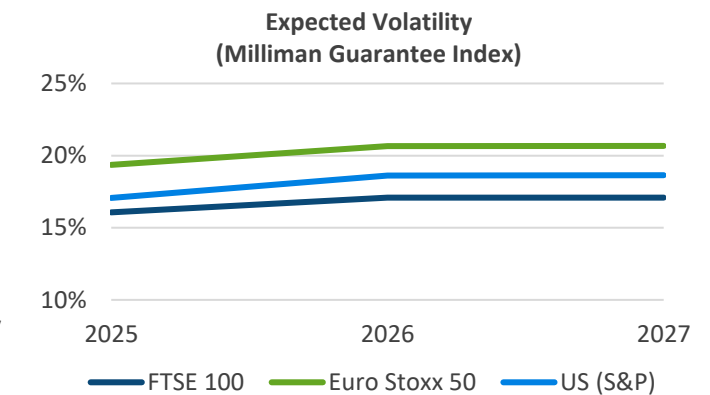
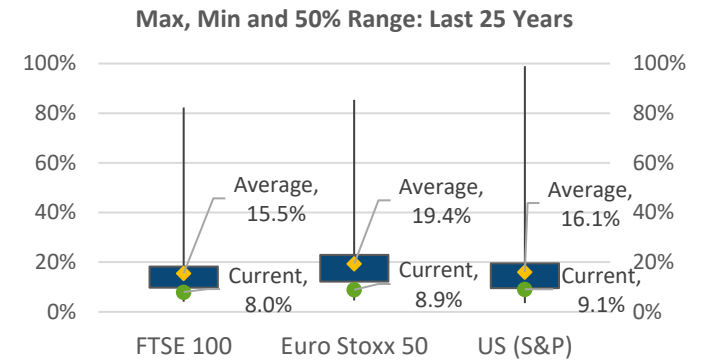
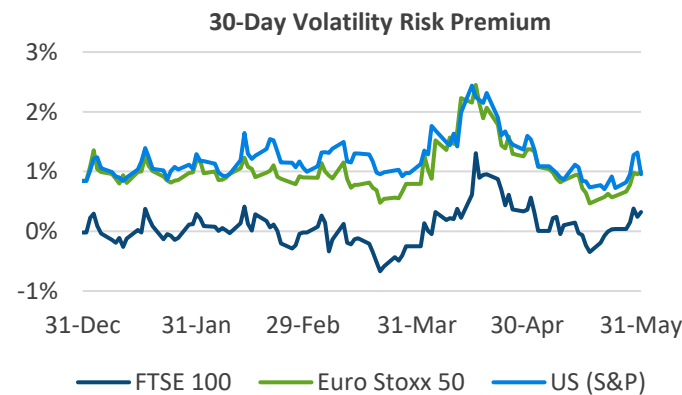
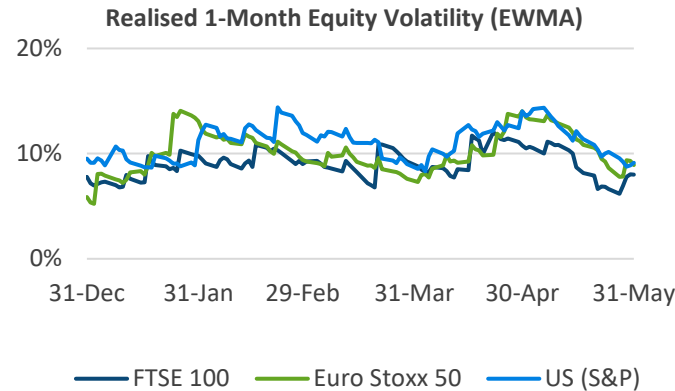


	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	2.0%	2.3%	2.2%	2.6%	1.9%	2.3%	2.3%	2.7%	1.6%	2.6%	2.1%	2.1%	1.9%	3.0%	2.3%	2.9%	1.9%	3.1%
Cur	2.3%	4.9%	4.5%	6.9%	2.3%	2.5%	3.3%	5.2%	2.1%	2.8%	0.8%	-0.1%	1.5%	7.1%	2.3%	4.2%	2.3%	5.0%

Volatility and Hedging Cost Monitor

- Realised volatilities on major equity indices declined in May.
- The FTSE 100 ended the month with a realised volatility of 8.0%. The same measure stood at 8.9% and 9.1% on the Euro Stoxx 50 and the S&P 500, respectively.
- Similarly, volatility risk premiums on major indices decreased in May. The FTSE 100 had a volatility risk premium of 0.3% at month-end. The volatility risk premium on both the Euro Stoxx 50 and the S&P 500 was 1.0%.

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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