

Market Price Monitor

Local Equity Markets

- Most major equity markets had a positive performance in September, as the Federal reserve delivered its first rate cut of the year and signalled further easing ahead, while AI euphoria continued.
- The Euro Stoxx 50 gained 3.4%.
- The FTSE 100 was up 1.8%.

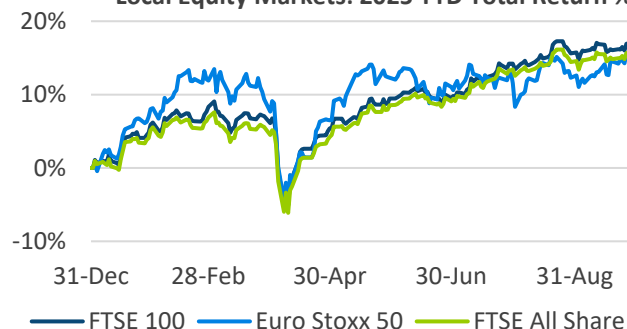
Global Equity Markets

- The S&P 500 was up 3.6% and the Japanese Topix returned 3.0%.
- The MSCI Emerging Markets index ended the month up 7.2%.

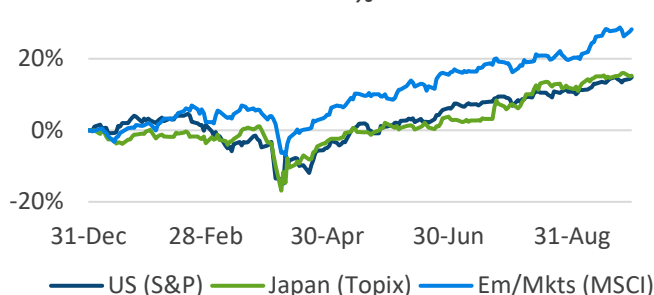
Bond/FX Markets

- The British government bond index ended the month up 0.7%, and the British corporate bond index rose 0.9%.
- The British Pound had a mixed performance in September, losing 0.9% and 0.3% against the Euro and the US Dollar, respectively, but was relatively flat against the Japanese Yen.

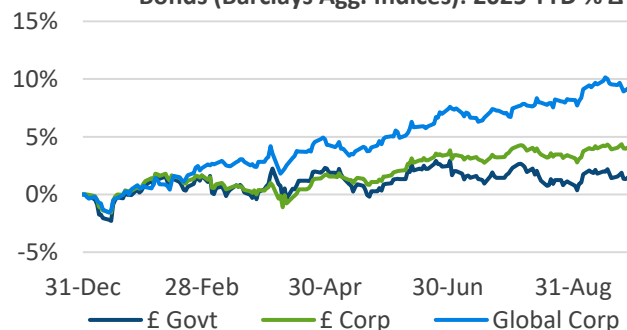
Local Equity Markets: 2025 YTD Total Return %



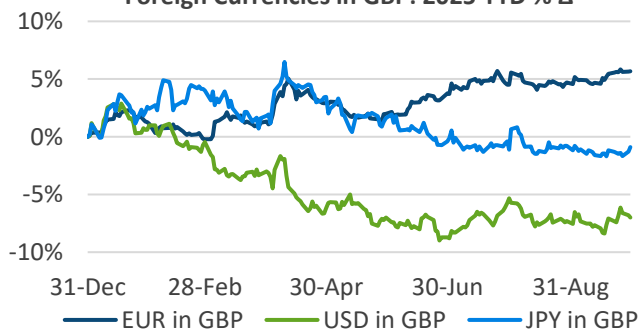
Global Equity Markets: 2025 YTD Total Return %



Bonds (Barclays Agg. Indices): 2025 YTD % Δ



Foreign Currencies in GBP: 2025 YTD % Δ



Total Returns as of September 30, 2025

	FTSE 100	FTSE All Share	Euro Stoxx 50	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	£ Govt	£ Corp	Global Corp	EUR in GBP	USD in GBP	JPY in GBP
1 Month	1.8%	1.9%	3.4%	3.6%	3.0%	7.2%	0.7%	0.9%	1.2%	0.9%	0.3%	-0.1%
3 Month	7.5%	6.9%	4.6%	8.1%	11.0%	10.9%	-0.7%	0.8%	1.9%	1.8%	1.9%	-0.5%
1 Year	17.5%	16.2%	14.1%	17.6%	21.5%	18.2%	-1.9%	3.9%	5.1%	5.0%	-0.4%	-3.5%
YTD	17.7%	16.6%	16.1%	14.8%	15.3%	28.2%	1.7%	4.2%	9.5%	5.7%	-7.0%	-0.9%

Insurance Monitor

Solvency II Risk Free Rates

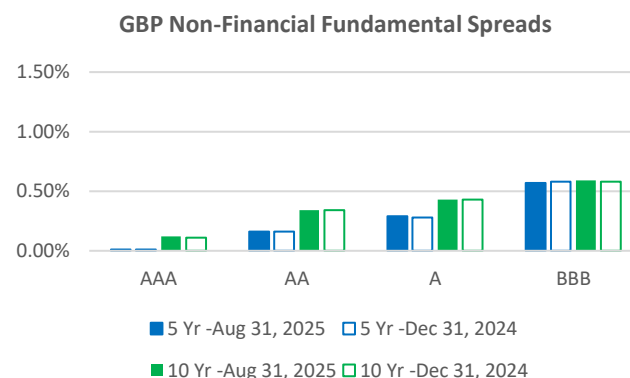
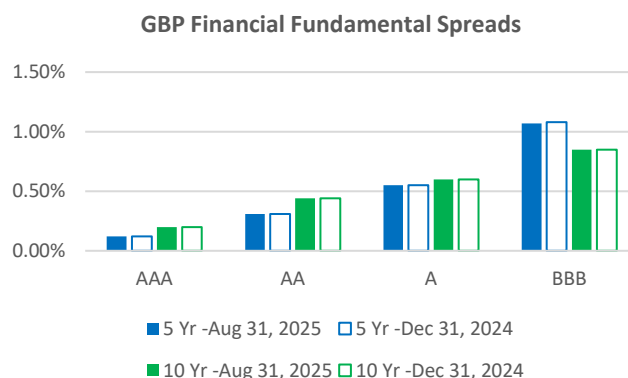
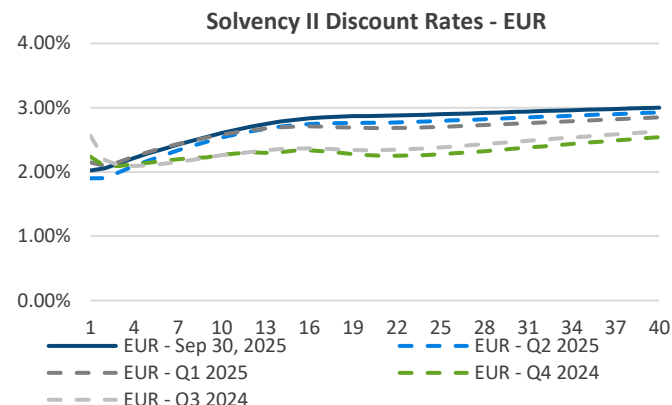
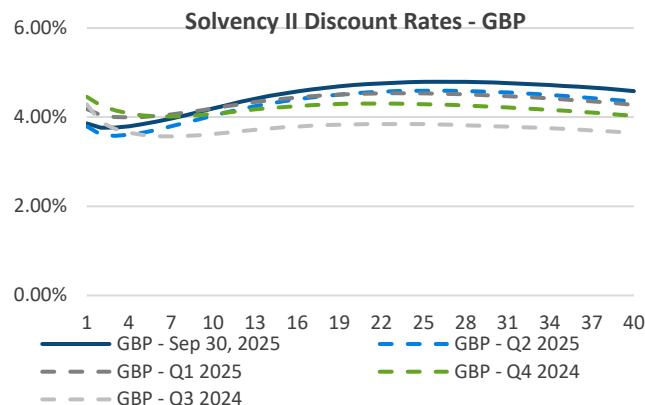
- GBP risk-free rates fell at the long-end as the Bank of England decided to cut back the scale of QT, especially the sale of longer dated gilts.
- The 20 and 30-year GBP risk-free rates fell by 10 and 11 basis points, respectively. Conversely, the 5-year GBP risk-free rate rose by 2 basis points.
- EUR risk-free rates rose at the short-end but experienced modest declines at the longer tenors.
- The 5-year EUR risk-free rate increased by 7 basis points, while the 30-year rate fell by 3 basis points.

The **Solvency II risk-free discount rates** are calculated independently based on applying the Smith-Wilson Extrapolation to swap rates sourced from Bloomberg and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to [EIOPA](#) and [PRA](#) websites.

Solvency II Fundamental Spreads

- There were no material changes since the start of the year.

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. **Fundamental spread** = maximum (probability of default + cost of downgrade; 35% of long-term average spread). For fundamental spreads on other tenors please refer to the [EIOPA](#) website.



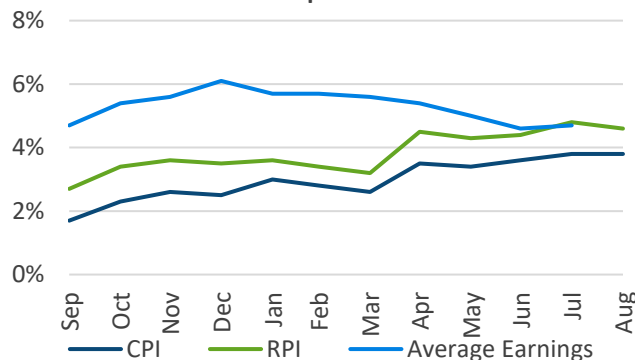
Change in GBP Discount Rates (bps)					
	1Y	Y5	Y10	Y20	Y30
Since Q2 2025	6	19	17	18	21
Since Q1 2025	-33	-16	0	20	29
Since Q4 2024	-60	-19	12	42	54
Since Q3 2024	-43	24	58	88	98

Change in EUR Discount Rates (bps)						
	1Y	Y5	Y10	Y20	Y30	CRA
Since Q2 2025	12	11	7	11	9	0
Since Q1 2025	-12	-2	2	19	18	0
Since Q4 2024	-21	15	34	61	57	0
Since Q3 2024	-55	19	34	53	47	0

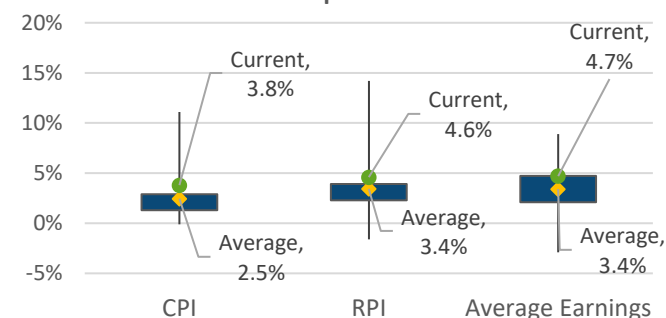
UK Inflation Monitor

- UK's CPI was unchanged at 3.8% in August.
- UK's RPI measure declined by 20 basis points to 4.6% in August.
- According to the ONS: "Air fares made the largest downward contribution to the monthly change; restaurants and hotels, and motor fuels made large, partially offsetting, upward contributions."
- Average earnings rose by 10 basis points to 4.7% in July.

UK Inflation Rate: Experience over Past Year



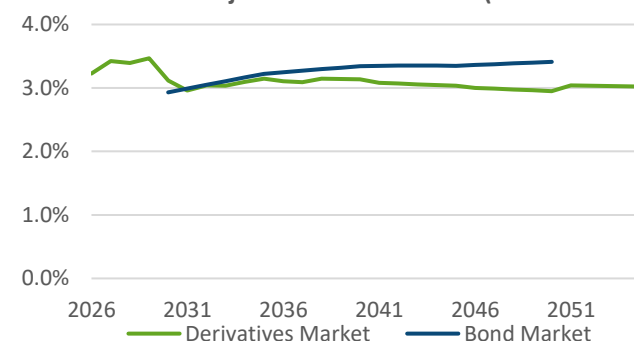
Max, Min and 50% Range: Since BoE Independence



Historical UK GDP Growth (Year-on-Year)



Projected UK RPI Inflation (Year-on-Year)



Historical year-on-year inflation rate is assessed by the % change on:

- **Consumer Price Index (CPI)** – measuring the monthly price of a basket of consumer goods and services
- **Retail Price Index (RPI)** – similar to CPI, but the main difference is due to the addition of mortgage payments, council tax and other housing costs
- **Average Earnings** – measuring the average total weekly employee remuneration over the previous 3 months.

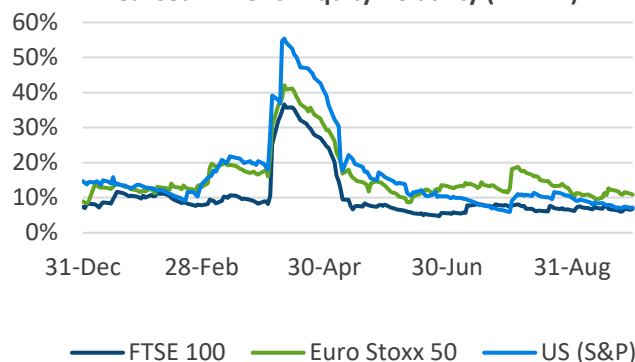
Projection year-on-year inflation rate is the forward rate calculated from market data:

- **Derivatives Market View** – constructed from zero coupon inflation par swap rates against the RPI index at various tenors
- **Bond Market View** – constructed from the difference between the nominal rates implied by the conventional gilts and the real rates implied by the index-linked (RPI) gilts.

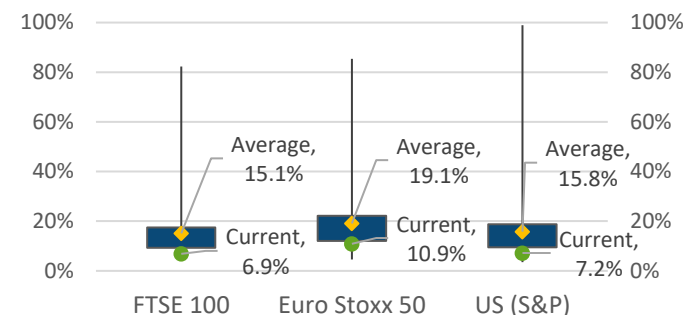
Volatility and Hedging Cost Monitor

- Realised volatilities on major indices declined in September,
- The FTSE 100 ended the month with a realised volatility of 6.9%. The same measure stood at 10.9% and 7.2% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices were relatively unchanged. The FTSE 100 had a volatility risk premium of 0.0% at month-end. The volatility risk premium on both the Euro Stoxx 50 and S&P 500 was 1.7%.
- The spread between implied volatility of 2-year and 30-day at-the-money options was in positive territory for major indices at month-end.

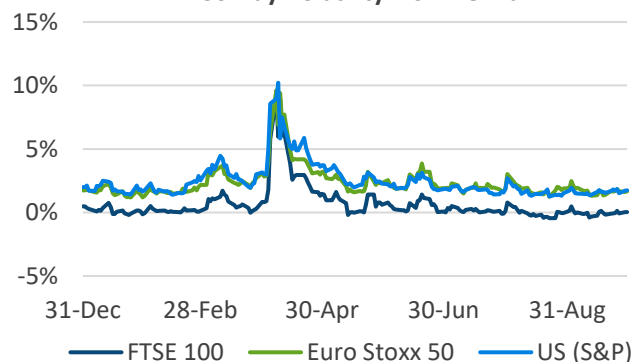
Realised 1-Month Equity Volatility (EWMA)



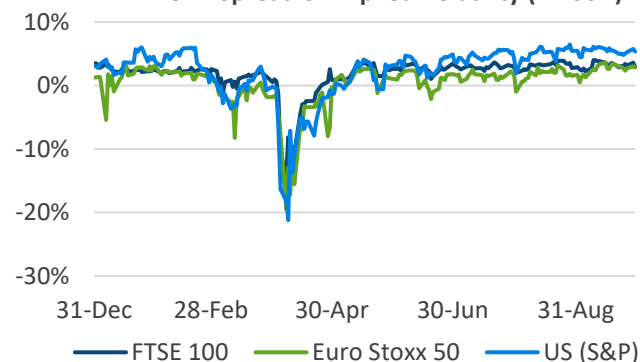
Max, Min and 50% Range: Last 25 Years



30-Day Volatility Risk Premium



Term Spread of Implied Volatility (2Y-30D)



Actual realised equity volatility is measured by the weighted standard deviation of 1 month daily index change. The Exponentially Weighted Moving Average (EWMA) methodology places more importance to the recent returns in the calculation of the volatility.

Volatility Risk Premium is estimated as the difference between 30-day implied volatility and projected realised volatility. This reflects the additional cost of hedging from purchasing a basket of options, in comparison to managing a dynamic delta hedge with futures (ignoring rolling transaction costs).

Volatility Term Premium is calculated as the difference between the implied volatility of an at-the-money 2-year maturity option and the implied volatility of an at-the-money 30-day option. This gives an indication of market demand for protection over the longer term, relative to demand for protection in the shorter-term. Bloomberg as the source of the data interpolates between listed options to provide implied volatility data for these fixed terms.



Chicago

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

London

Eastcheap Court
11 Philpot Lane
London
EC3M 8AA
UK
+44 0 20 7847 1557

Sydney

Level 5, 60-62 Clarence St
Sydney, NSW 2000
Australia
+610 2 8090 9100

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