

Asset Price Monitor

Local Equity Markets

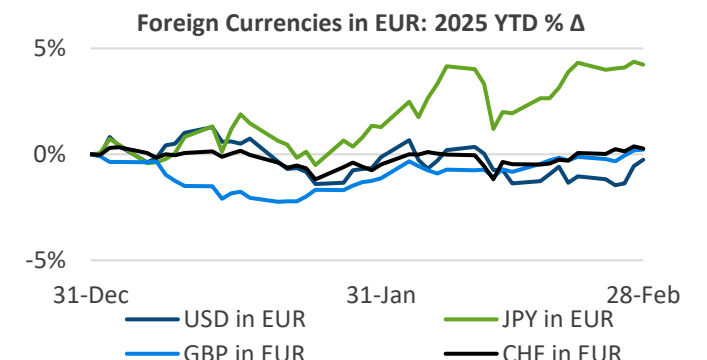
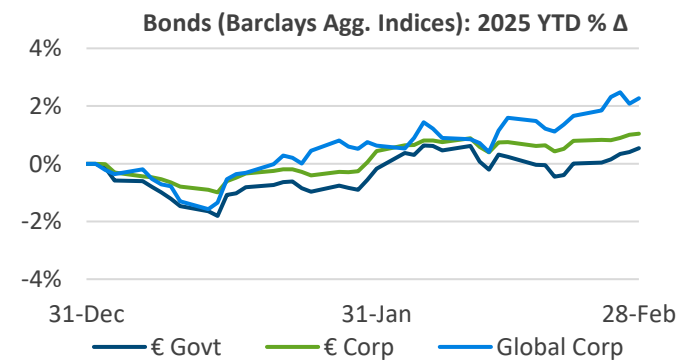
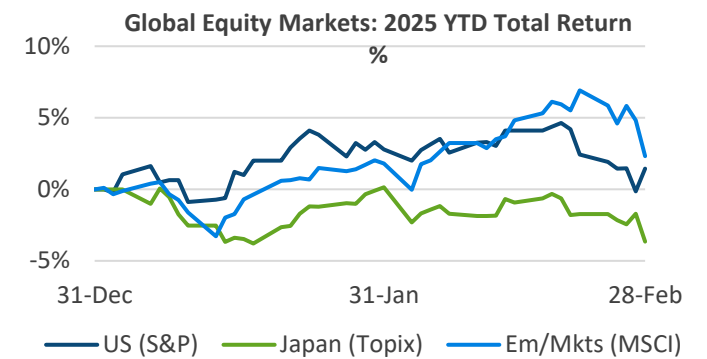
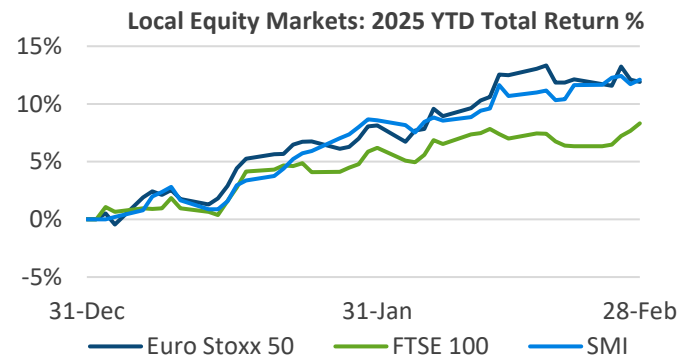
- Global equity market performance was mixed in February, as global uncertainty surrounding US tariffs, inflation and global growth weighed on investor sentiment. However, European equities outperformed as the increased likelihood of a ceasefire in Ukraine boosted risky assets in the region.
- The Euro Stoxx 50 ended the month up 3.5%.
- The FTSE 100 gained 2.0%.

Global Equity Markets

- S&P 500 was down 1.3%, and the Japanese Topix fell by 3.8%.
- Conversely, the MSCI Emerging Markets index gained 0.5%.

Bond/FX Markets

- Both the European government and corporate bond indices rose, up by 0.7% and 0.6%, respectively.
- The Euro had a mixed performance in February, losing 1.4% against the British Pound, and 2.9% against the Japanese Yen. The Euro was relatively unchanged against the US Dollar.

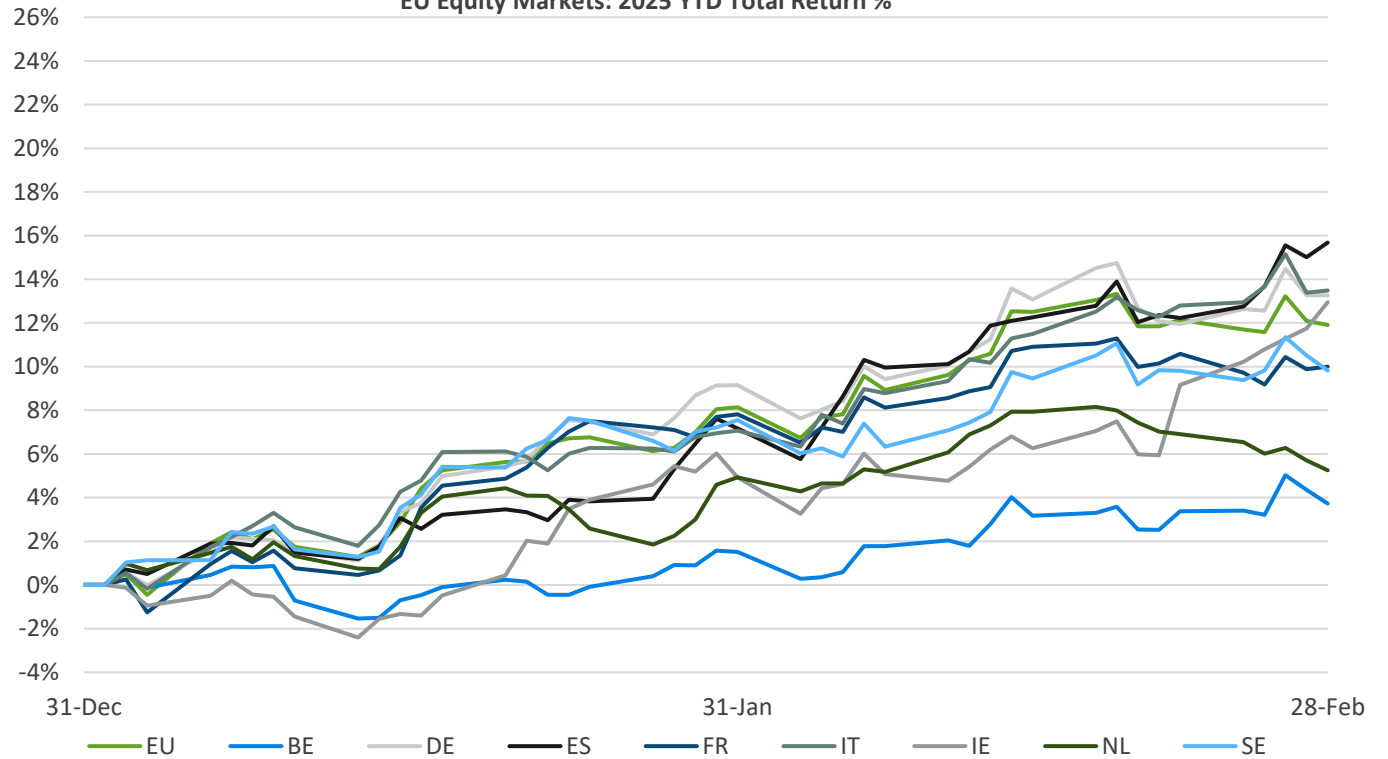


	Total Returns as of February 28, 2025											
	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	3.5%	2.0%	3.2%	-1.3%	-3.8%	0.5%	0.7%	0.6%	0.8%	-0.1%	2.9%	1.4%
3 Month	14.1%	6.9%	10.5%	-1.0%	0.2%	2.2%	-0.8%	0.7%	-0.5%	1.9%	1.4%	0.7%
1 Year	15.7%	19.8%	17.4%	18.4%	2.6%	10.6%	4.2%	6.6%	1.9%	4.1%	3.6%	3.8%
YTD	11.9%	8.3%	12.1%	1.4%	-3.7%	2.3%	0.5%	1.0%	0.3%	-0.3%	4.2%	0.2%

Eurozone Equity

- Major European equity markets made gains in February.
- The Spanish equity market outperformed the other markets in the region, up 7.9% over the month. The index has returned 15.7% over the first two months of the year, making it the best performer in the region during this period.
- The Dutch equity market was the laggard performer, returning 0.3% in February.
- The Belgian equity market has gained 3.7% year-to-date, which is the lowest return amongst its peers for the year so far.

EU Equity Markets: 2025 YTD Total Return %

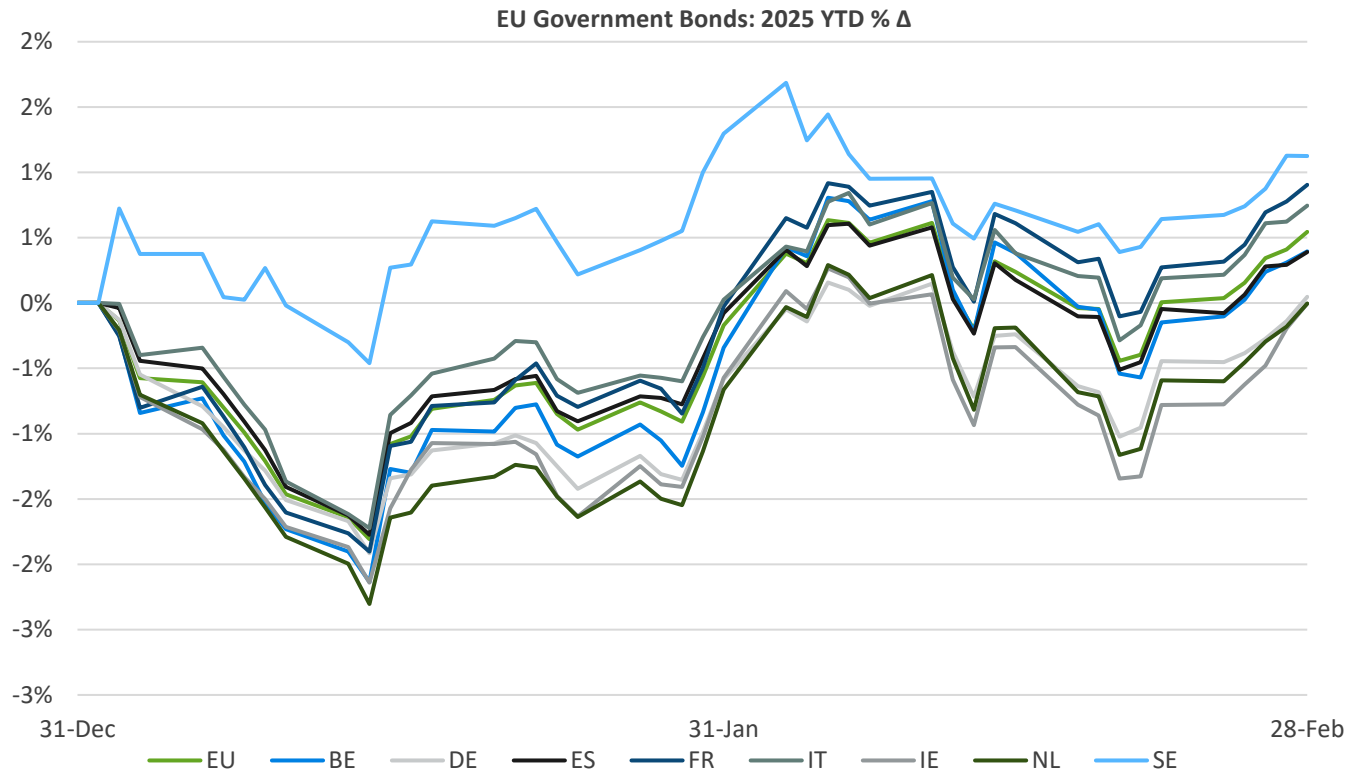


Equity Returns as of February 28, 2025

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	3.5%	2.2%	3.8%	7.9%	2.0%	6.0%	7.7%	0.3%	2.1%
3 Month	14.1%	4.9%	14.9%	15.4%	12.3%	16.1%	14.7%	4.9%	8.5%
QTD	11.9%	3.7%	13.3%	15.7%	10.0%	13.5%	13.0%	5.3%	9.8%
YTD	11.9%	3.7%	13.3%	15.7%	10.0%	13.5%	13.0%	5.3%	9.8%

Eurozone Government Bonds

- Most major European government bond indices were up in February, except for Swedish government bonds which lost 0.2%. However, despite this, the index has been the outperformer year-to-date, up 1.1%.
- The French government bond index was the best performer of the month, up 0.9%.
- Both Irish and Dutch government bond indices have lagged their peers year-to-date, with a flat performance over 2025 so far.



Bond Returns as of February 28, 2025									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	0.7%	0.7%	0.6%	0.5%	0.9%	0.7%	0.6%	0.7%	-0.2%
3 Month	-0.8%	-1.6%	-1.4%	-0.9%	-0.6%	-0.3%	-1.4%	-1.7%	-1.5%
QTD	0.5%	0.4%	0.0%	0.4%	0.9%	0.7%	0.0%	0.0%	1.1%
YTD	0.5%	0.4%	0.0%	0.4%	0.9%	0.7%	0.0%	0.0%	1.1%

Milliman Financial Risk Management

EuroZone Market Monitor – 28 February 2025

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

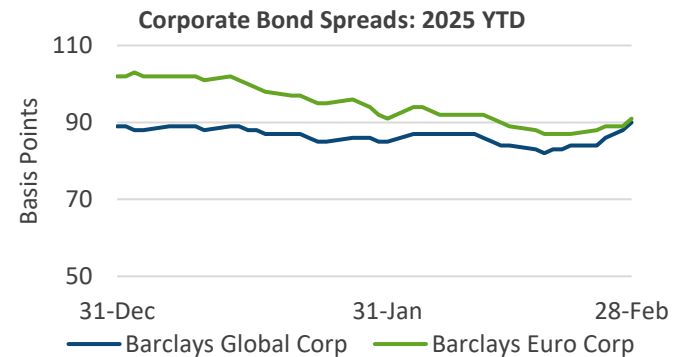
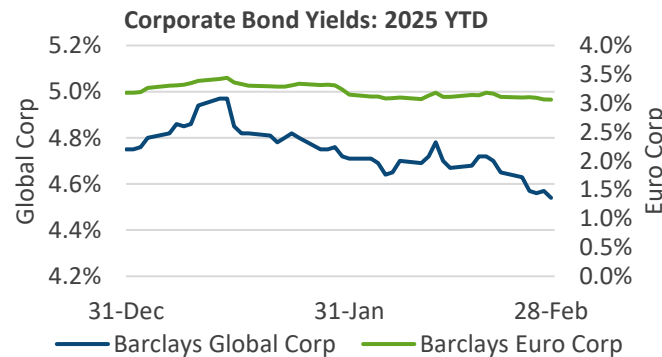
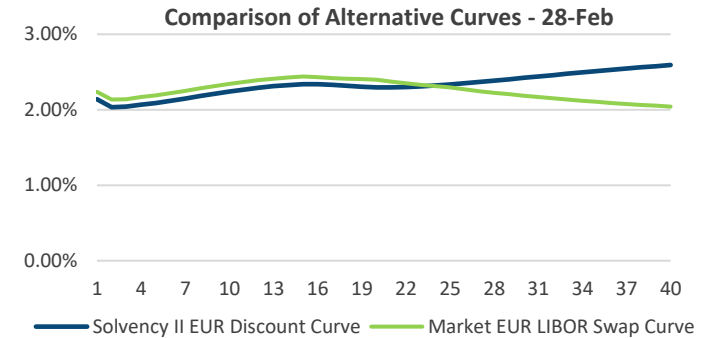
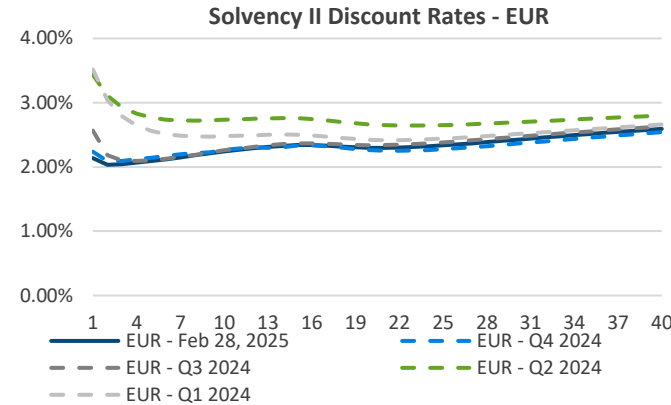
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates fell at all terms in February, with the falls more pronounced at the shorter tenors.
- The 1 and 5-year rates fell by 16 and 11 basis points, respectively.

Corporate Bonds

- Global and European corporate bond yields fell by 17 and 8 basis points, respectively.
- Global corporate bond spreads widened by 5 basis points, whilst their European counterparts were unchanged.
- The decrease in risk-free rates, combined with the unchanged European 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 2024	-10	-5	-3	4	6	5	-21	-12	1	-11
Since Q3 2024	-43	-1	-2	-4	-4	-4	21	-15	-10	-26
Since Q2 2024	-130	-68	-49	-36	-27	-21	-50	-76	-14	-29
Since Q1 2024	-138	-47	-24	-12	-9	-7	-34	-60	-10	-23

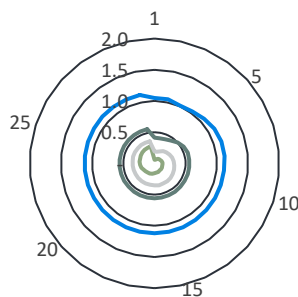
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

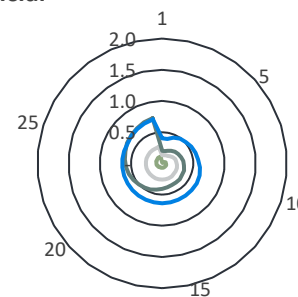
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.06	0.10	0.13	0.19	0.28
AA	0.19	0.26	0.33	0.35	0.36
A	0.41	0.50	0.56	0.56	0.56
BBB	1.05	1.07	1.12	1.12	1.12
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.11	0.19	0.28
AA	0.04	0.07	0.11	0.18	0.25
A	0.05	0.11	0.17	0.29	0.39
BBB	0.11	0.19	0.27	0.41	0.51

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.02	0.07	0.08	0.11
AA	0.13	0.17	0.25	0.26	0.27
A	0.20	0.28	0.37	0.50	0.74
BBB	0.40	0.51	0.63	0.64	0.72
EUR Non-Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.01	0.04	0.08	0.11
AA	0.00	0.04	0.09	0.17	0.27
A	0.04	0.15	0.27	0.50	0.74
BBB	0.10	0.21	0.33	0.53	0.72

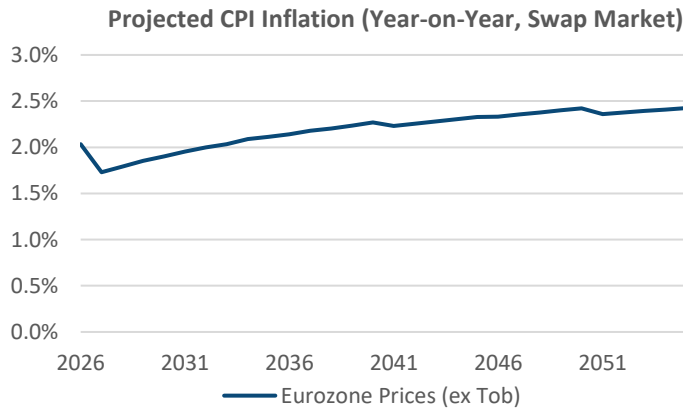
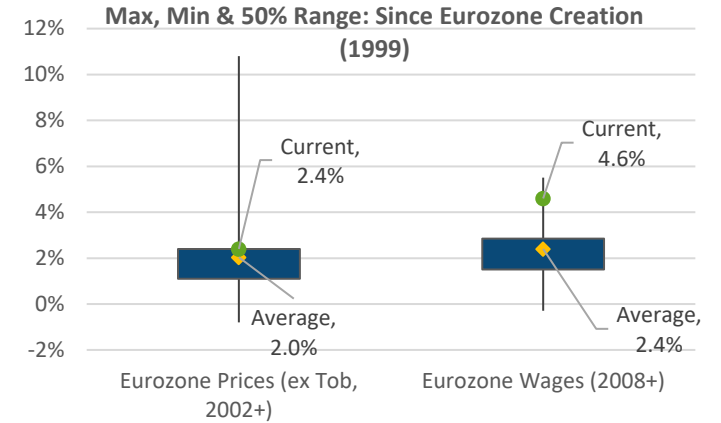
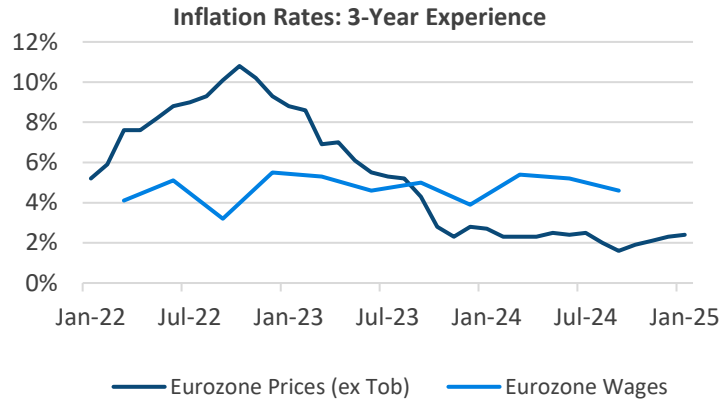
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 28/02/25) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 31/01/25. **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 increased by 10 basis points to 2.4% in January.
- The Eurozone projected CPI curve fell at the very short-end but the rest of the curve was relatively unchanged from the previous month.
- There were no updates to the wage inflation figures this month.



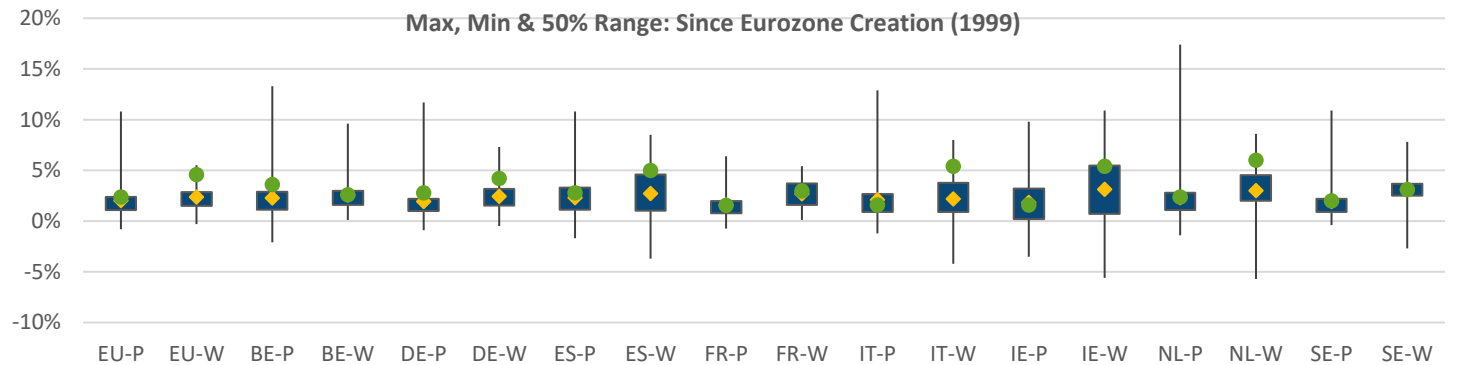
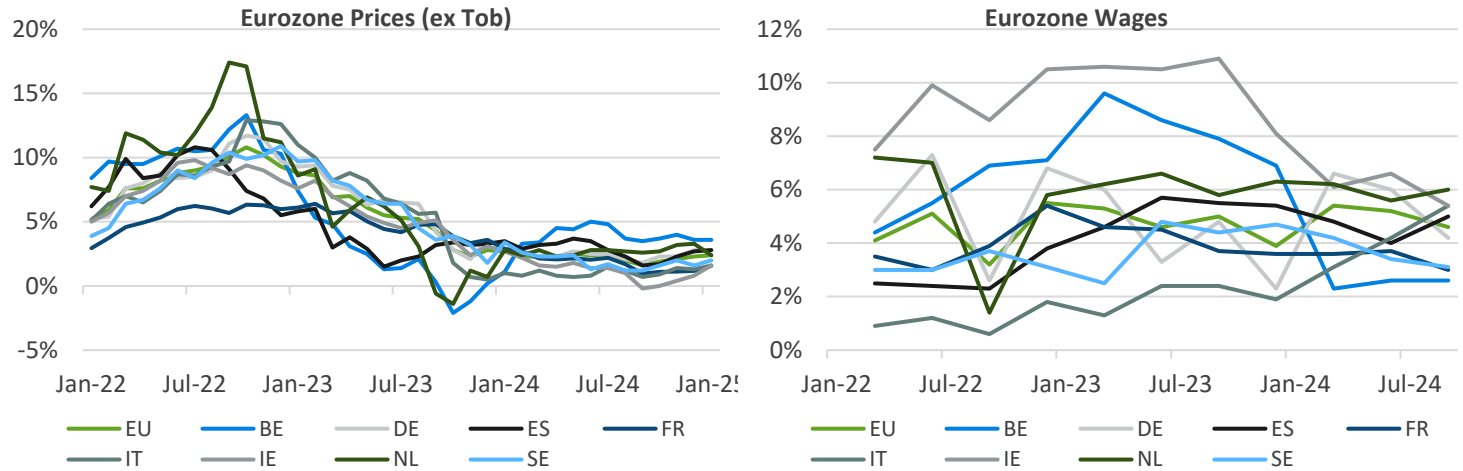
Milliman Financial Risk Management

EuroZone Market Monitor – 28 February 2025

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

Inflation Monitor

- Movements in price inflation were mixed for major European economies in January, with most nations seeing either an increase or no change in their price inflation, except for the Netherlands which witnessed a drop of 90 basis points in its price inflation to 0.9%.
- Ireland saw the largest increase in price inflation in January, rising by 80 basis points to 1.6%.
- Belgium continued to post the highest reading in the region at 3.6%.
- Ireland, France and Italy all posted the lowest reading in the region at 1.6%.
- There were no updates to 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%	2.4%	2.3%	2.6%	2.0%	2.5%	2.3%	2.7%	1.6%	2.7%	2.1%	2.2%	1.9%	3.1%	2.3%	3.0%	1.9%	3.1%
Cur	2.4%	4.6%	3.6%	2.6%	2.8%	4.2%	2.8%	5.0%	1.6%	3.0%	1.6%	5.4%	1.6%	5.4%	2.4%	6.0%	2.0%	3.1%



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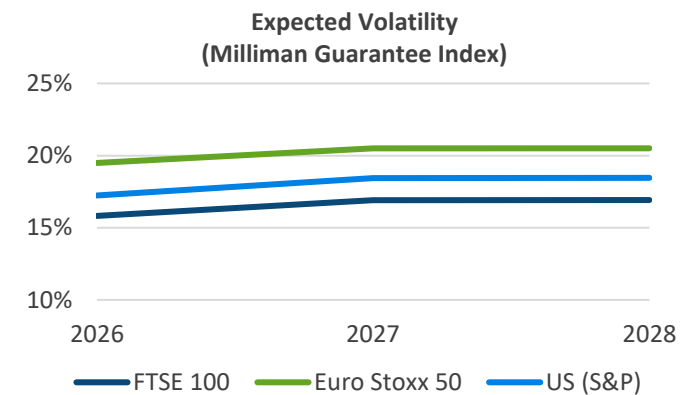
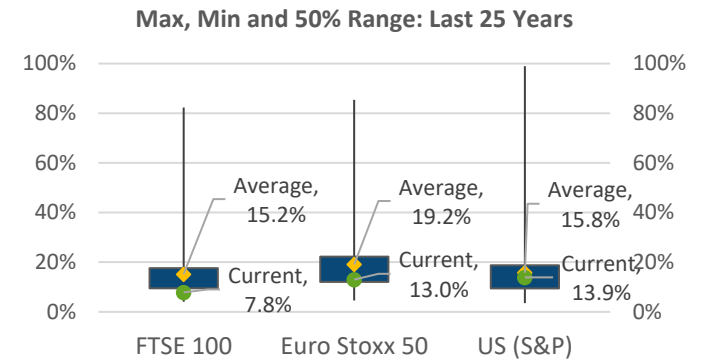
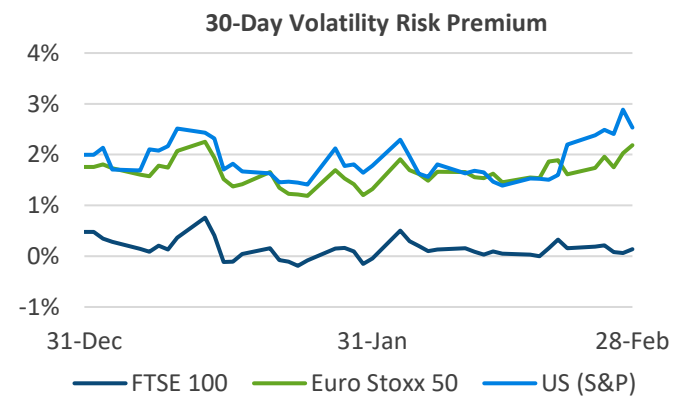
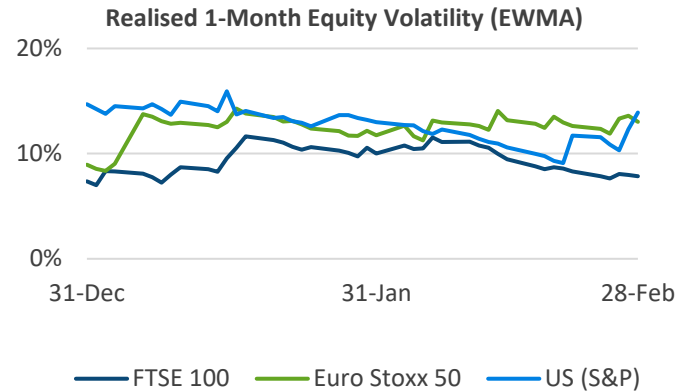
EuroZone Market Monitor – 28 February 2025

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

Volatility and Hedging Cost Monitor

- Realised volatilities of the S&P 500 and the Euro Stoxx 50 increased, whilst the realised volatility of the FTSE 100 was lower at month-end.
- The FTSE 100 ended the month with a realised volatility of 7.8%. The same measure stood at 13.0% and 13.9% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices increased. The FTSE 100 had a volatility risk premium of 0.1% at month-end. The volatility risk premium on the Euro Stoxx 50 was 2.2%, and 2.5% 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.

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

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.

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