

Asset Price Monitor

Local Equity Markets

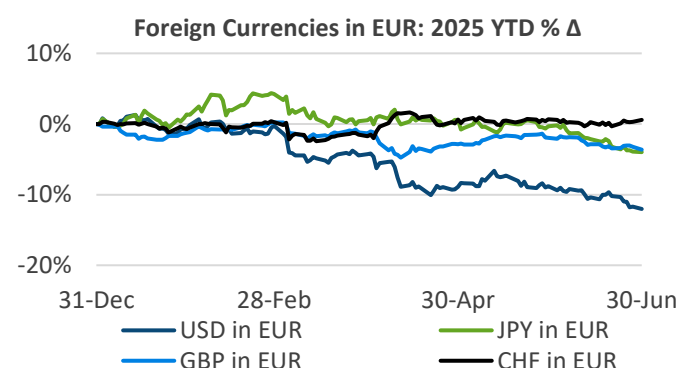
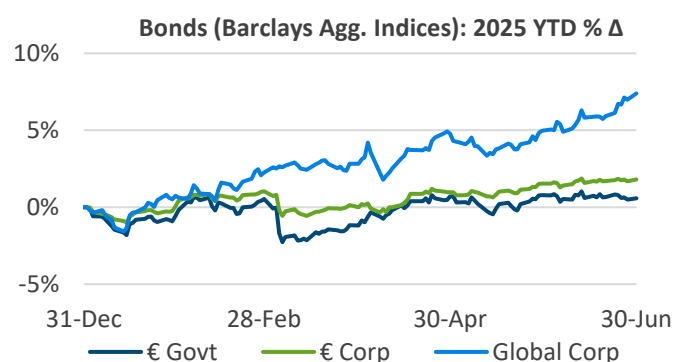
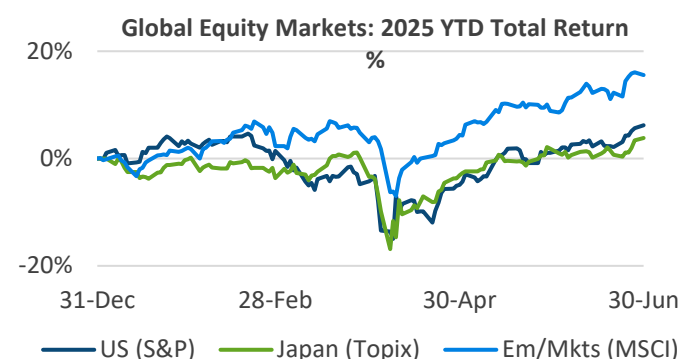
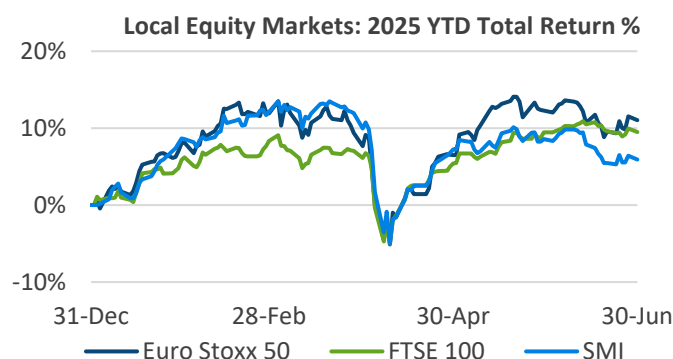
- Global equity markets had a mixed performance in June, as geopolitical volatility increased following the war between Israel and Iran. The looming tariff deadline of 9 July also weighed on some local markets as countries continued their negotiations with the US administration.
- The Euro Stoxx 50 ended the month down 1.1%.
- The FTSE 100 was flat at month-end.

Global Equity Markets

- The S&P 500 ended the month up 5.1%, and the Topix gained 2.0%.
- The MSCI Emerging Markets index returned 6.1%.

Bond/FX Markets

- The European government bond index ended the month down 0.2%.
- The European corporate bond index was up 0.3%.
- The Euro had a strong performance in June, gaining 3.6% against the Japanese Yen, 3.5% against the US Dollar and 1.7% against the British Pound.

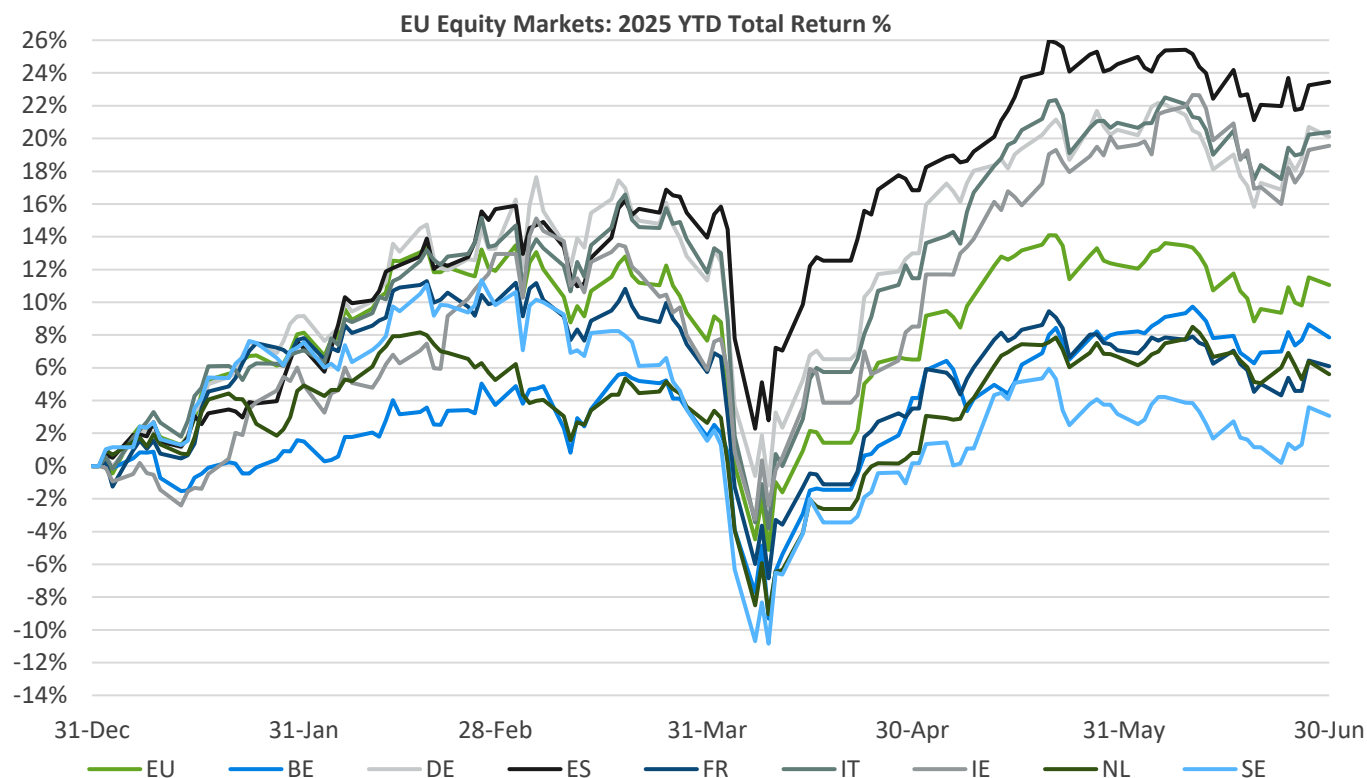


Total Returns as of June 30, 2025

	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	-1.1%	0.0%	-2.5%	5.1%	2.0%	6.1%	-0.2%	0.3%	-0.1%	-3.5%	-3.6%	-1.7%
3 Month	3.2%	3.2%	-3.7%	10.9%	7.5%	12.2%	1.8%	1.8%	2.4%	-8.1%	-4.5%	-2.3%
1 Year	11.8%	11.3%	2.6%	15.2%	4.1%	16.0%	4.5%	6.0%	3.1%	-8.9%	1.6%	-1.2%
YTD	11.0%	9.5%	5.9%	6.2%	3.8%	15.6%	0.6%	1.8%	0.6%	-12.0%	-4.0%	-3.6%

Eurozone Equity

- Most major European equity markets were down in June, except for the Irish equity market which was up 0.1%.
- The Dutch equity market dropped the most, down 1.0%.
- The Spanish equity index remained the best performer year-to-date, having returned 23.5% during this period.
- The Swedish equity index remained the laggard performer year-to-date having gained 3.1% in 2025 so far.

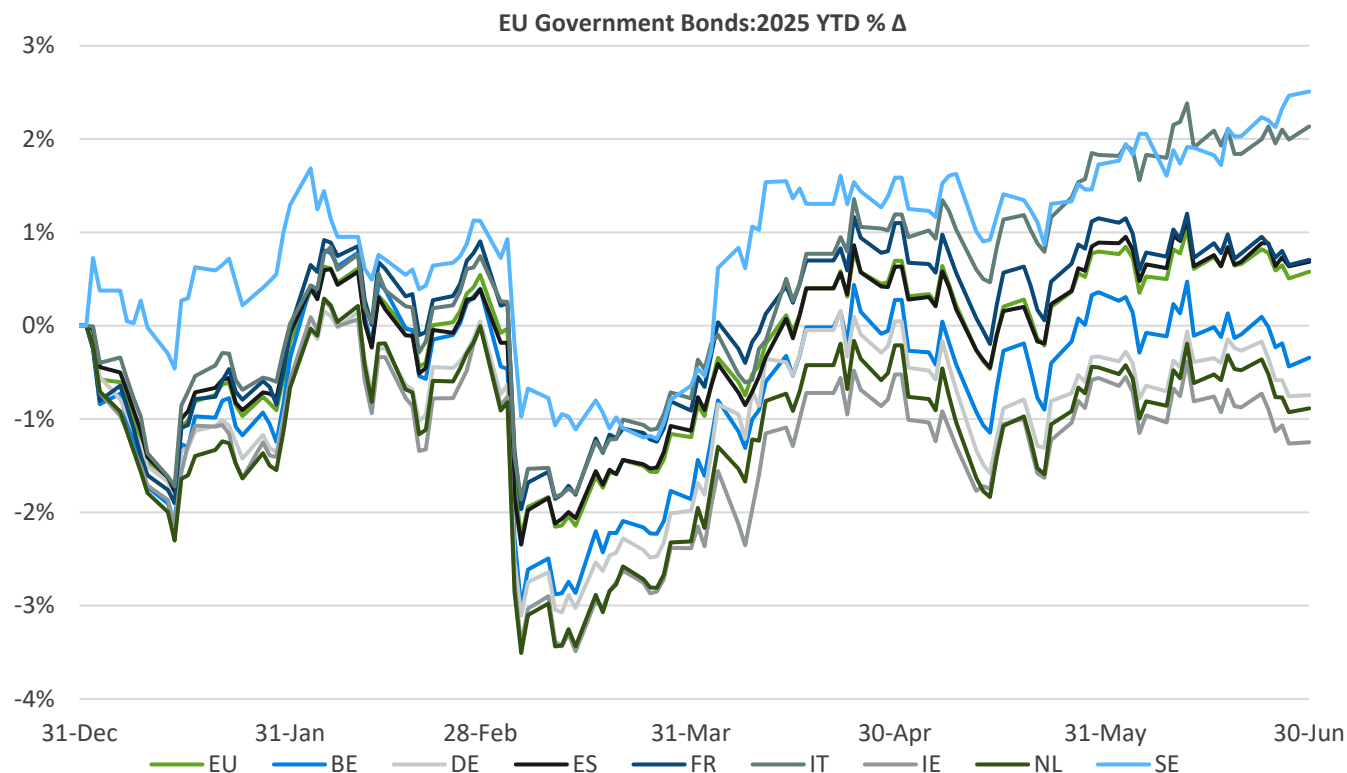


Equity Returns as of June 30, 2025

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-1.1%	-0.2%	-0.4%	-0.9%	-0.9%	-0.5%	0.1%	-1.0%	-0.1%
3 Month	3.2%	5.9%	7.9%	8.3%	0.3%	7.7%	12.9%	2.9%	1.5%
QTD	3.2%	5.9%	7.9%	8.3%	0.3%	7.7%	12.9%	2.9%	1.5%
YTD	11.0%	7.8%	20.1%	23.5%	6.1%	20.4%	19.5%	5.6%	3.1%

Eurozone Government Bonds

- Major European government bond indices were mixed in June, with the majority of them falling.
- The Swedish government bond index saw the largest gains for the month, up 0.8%. This made it the best performing government bond index in the region year-to-date, having gained 2.5% during this period.
- Belgian and Irish government bond indices fell the most, both down 0.7%.
- The Irish government bond index remained the worst performing government bond index year-to-date, down 1.2% in 2025 so far.



Bond Returns as of June 30, 2025

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.2%	-0.7%	-0.4%	-0.2%	-0.4%	0.3%	-0.7%	-0.4%	0.8%
3 Month	1.8%	1.5%	1.3%	1.8%	1.6%	2.9%	1.2%	1.5%	3.2%
QTD	1.8%	1.5%	1.3%	1.8%	1.6%	2.9%	1.2%	1.5%	3.2%
YTD	0.6%	-0.3%	-0.7%	0.7%	0.7%	2.1%	-1.2%	-0.9%	2.5%

Liability Valuation Monitor

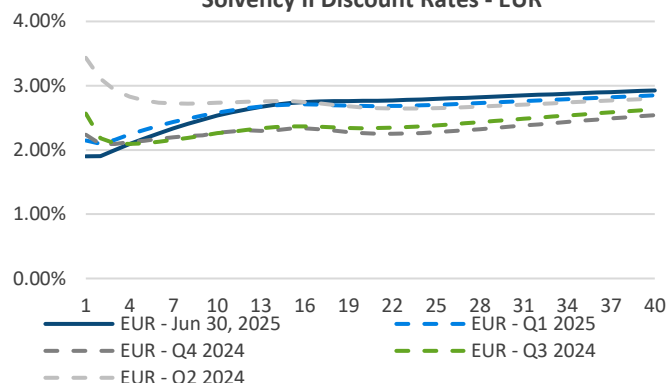
Risk Free Rates

- EUR risk-free rates rose at all terms in June, with the increases more pronounced at the long end.
- Both the 20 and 30-year rates increased by 16 basis points.

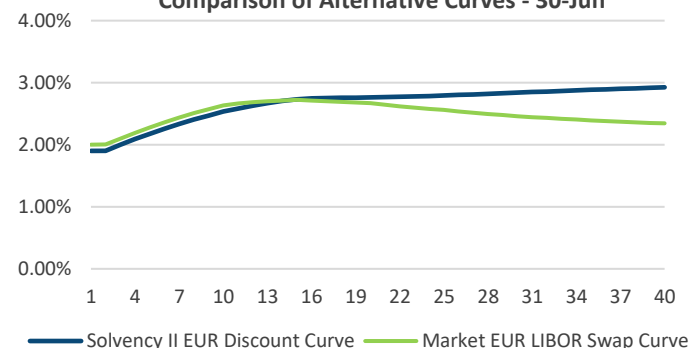
Corporate Bonds

- Global corporate bond yields fell by 16 basis points, while their European counterparts were unchanged.
- Global and European corporate bond spreads tightened by 5 and 8 basis points, respectively.
- The rise in risk-free rates, largely offset by the tightening in European corporate bond spreads, resulted in minor gains for the European corporate bond index.

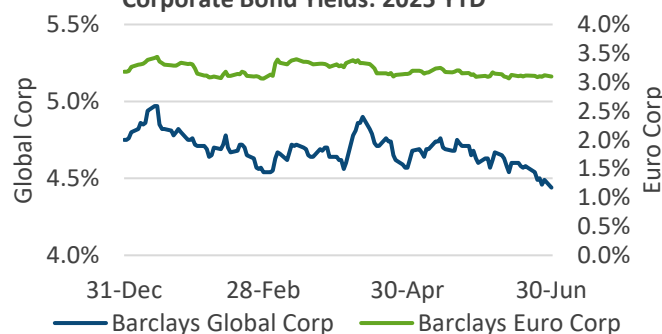
Solvency II Discount Rates - EUR



Comparison of Alternative Curves - 30-Jun



Corporate Bond Yields: 2025 YTD



Corporate Bond Spreads: 2025 YTD



	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 2025	-25	-14	-5	8	9	8	-20	-21	-8	-6
Since Q4 2024	-33	4	27	50	48	38	-31	-9	0	-10
Since Q3 2024	-67	7	27	42	37	30	11	-12	-11	-25
Since Q2 2024	-153	-60	-20	10	14	12	-60	-73	-15	-28

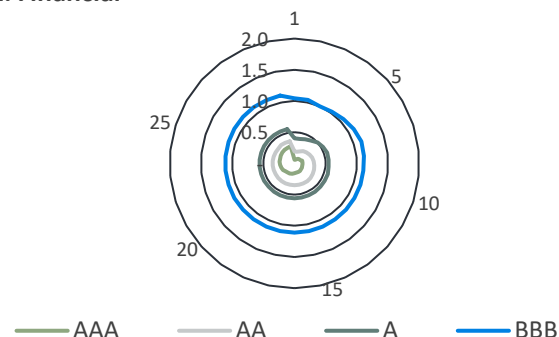
Solvency II Monitor - Spreads

Fundamental Spreads

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

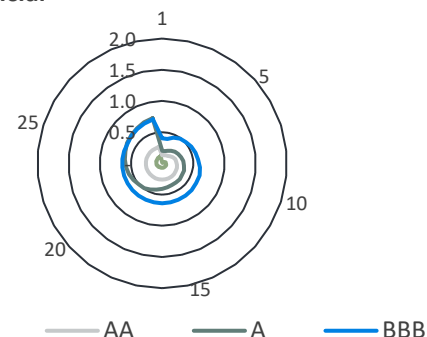
Fundamental Spreads %

EUR: Financial



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	0.40	0.50	0.56	0.56	0.56
BBB	1.04	1.06	1.11	1.11	1.11
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



EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.03	0.07	0.08	0.12
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	0.12
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

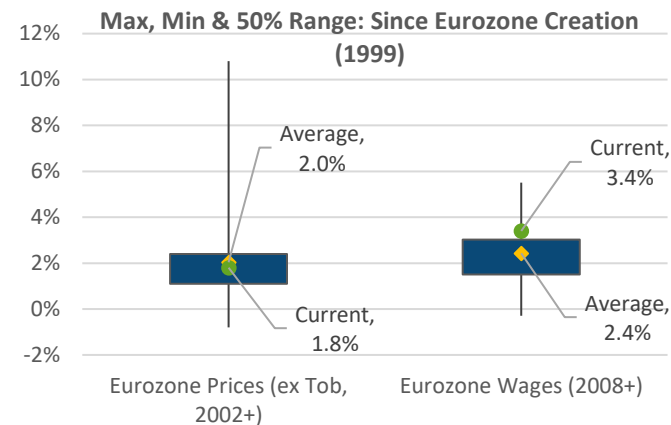
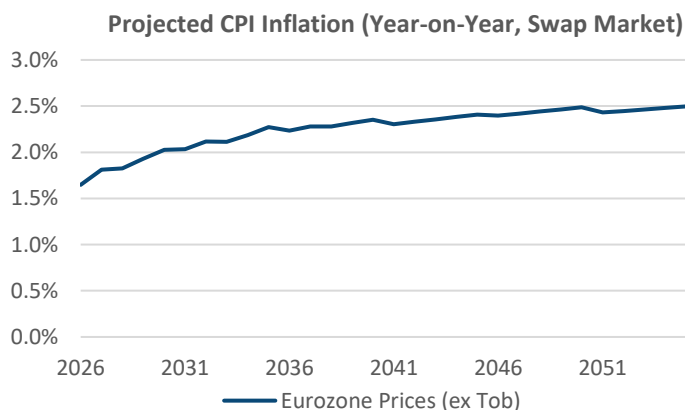
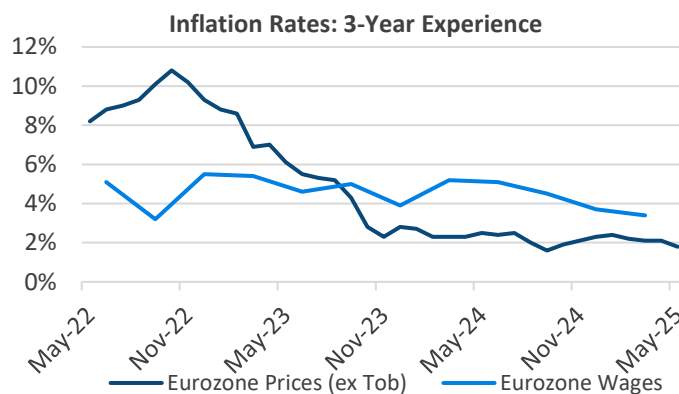
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 30/06/25) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 31/05/25. **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.

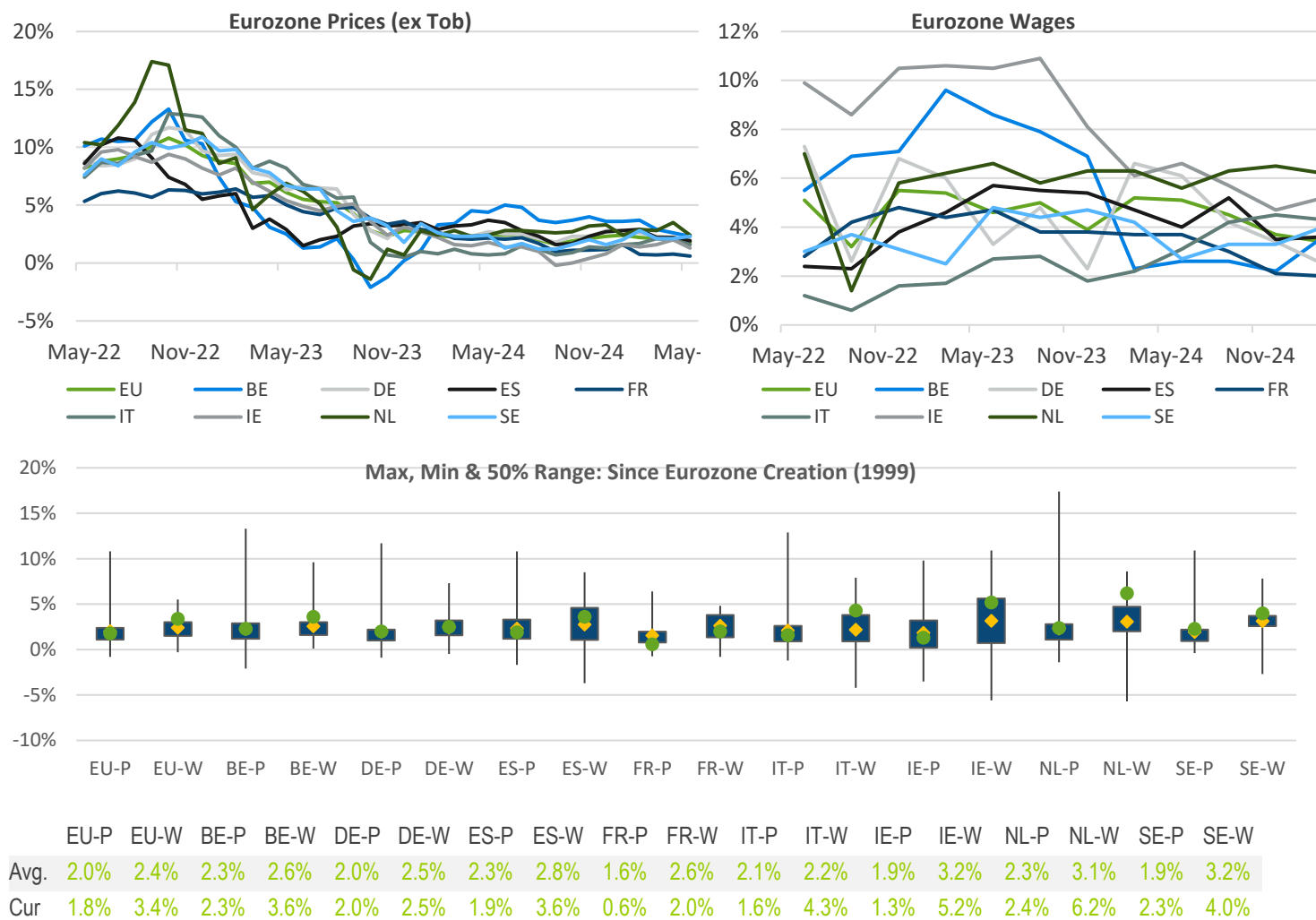
Inflation Monitor

- Eurozone price inflation declined by 30 basis points to 1.8% in May.
- The Eurozone projected CPI curve was higher in comparison to the previous month.
- Eurozone Q1 2025 wage inflation fell by 30 basis points to 3.4%.



Inflation Monitor

- Most major European economies saw their price inflation drop in May, except for Sweden which witnessed a 20 basis points increase in its price inflation to 2.3%
- The Netherlands's price inflation dropped the most, falling by 110 basis points to 2.4%. Despite the large decline, this remained the highest reading in the region.
- France's price inflation remained the lowest reading in the region at 0.6%.
- Q1 2025 wage inflation rates were generally mixed for major European economies.
- Belgium witnessed the largest increase in Q1 2025 wage inflation, rising by 140 basis points to 3.6%.
- The Netherlands posted the highest wage inflation reading in the region at 6.2%.
- Germany saw the largest decline in Q1 2025 wage inflation, decreasing by 90 basis points to 2.5%.
- France posted the lowest reading of the region for Q1 2022 wage inflation at 2.0%.

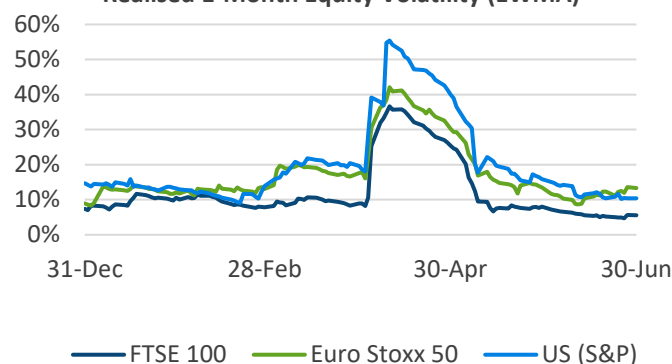


Volatility and Hedging Cost Monitor

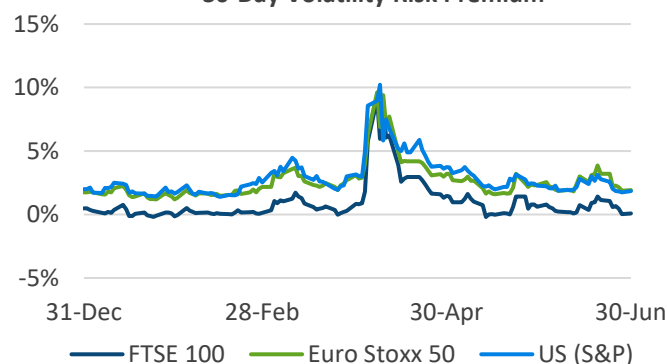
- Realised volatilities on major indices declined and remained well below historical averages.
- The FTSE 100 ended the month with a realised volatility of 5.6%. The same measure stood at 13.3% and 10.4% on the Euro Stoxx 50 and the S&P 500, respectively.
- Volatility risk premiums on major indices declined. The FTSE 100 had a volatility risk premium of 0.1% at month-end. The volatility risk premium on both the Euro Stoxx 50 and S&P 500 was 1.9%.

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

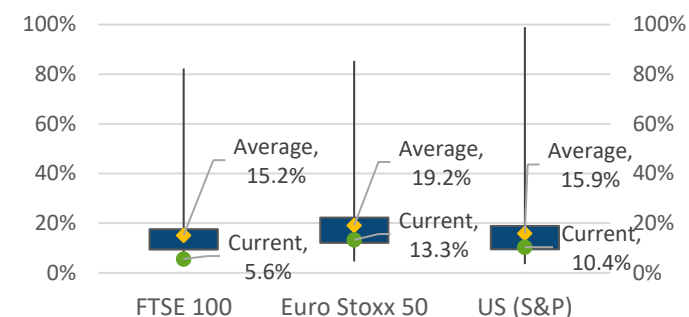
Realised 1-Month Equity Volatility (EWMA)



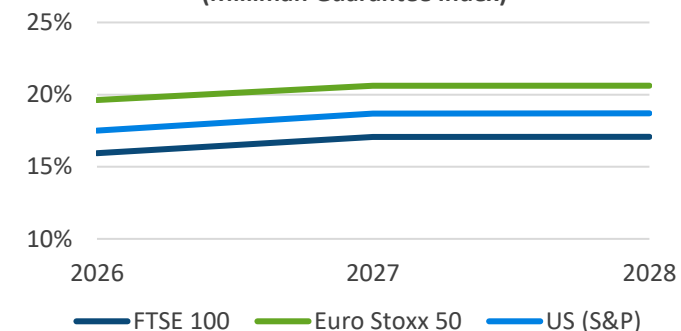
30-Day Volatility Risk Premium



Max, Min and 50% Range: Last 25 Years



Expected Volatility (Milliman Guarantee Index)





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

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