

Asset Price Monitor

Local Equity Markets

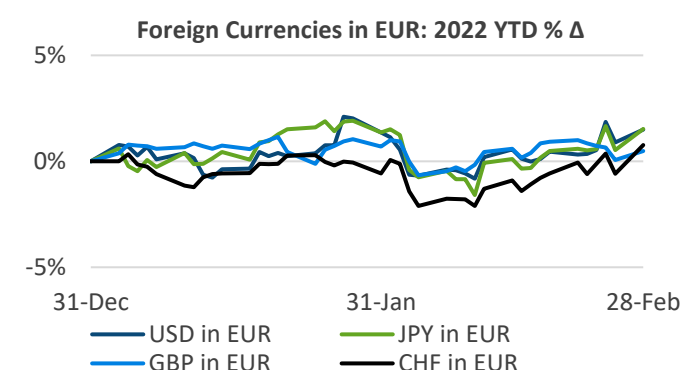
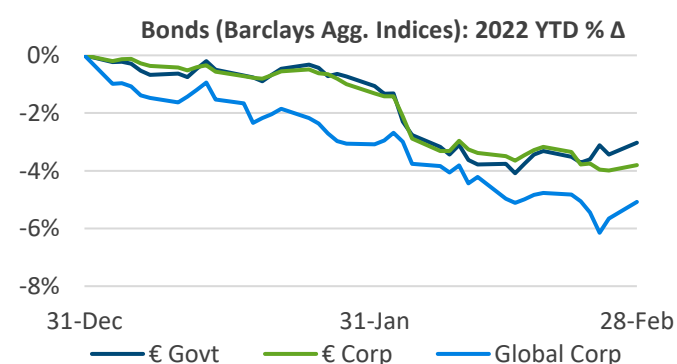
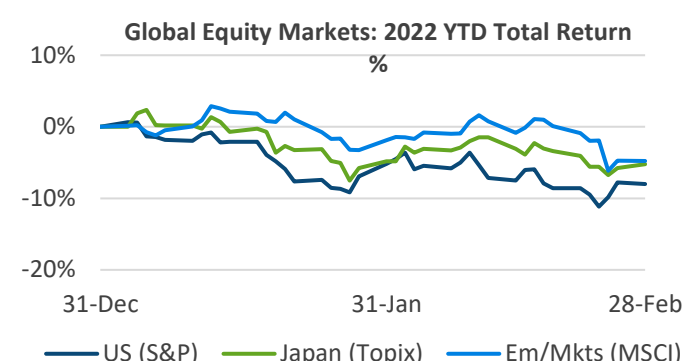
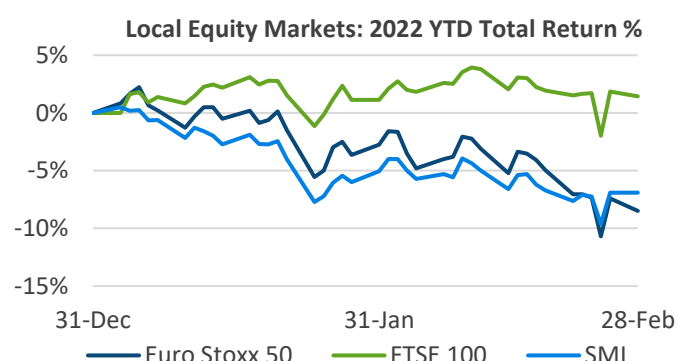
- Most major equity markets suffered losses in February as the conflict in Ukraine intensified, dampening the global growth outlook, and adding to concerns over inflation.
- The Euro Stoxx 50 lost 5.9%.
- The FTSE 100 outperformed for the second consecutive month, returning 0.3%.

Global Equity Markets

- The S&P 500 was down 3.0%, matching the losses suffered by the MSCI Emerging Markets index.
- The Japanese Topix dropped by 0.4%.

Bond/FX Markets

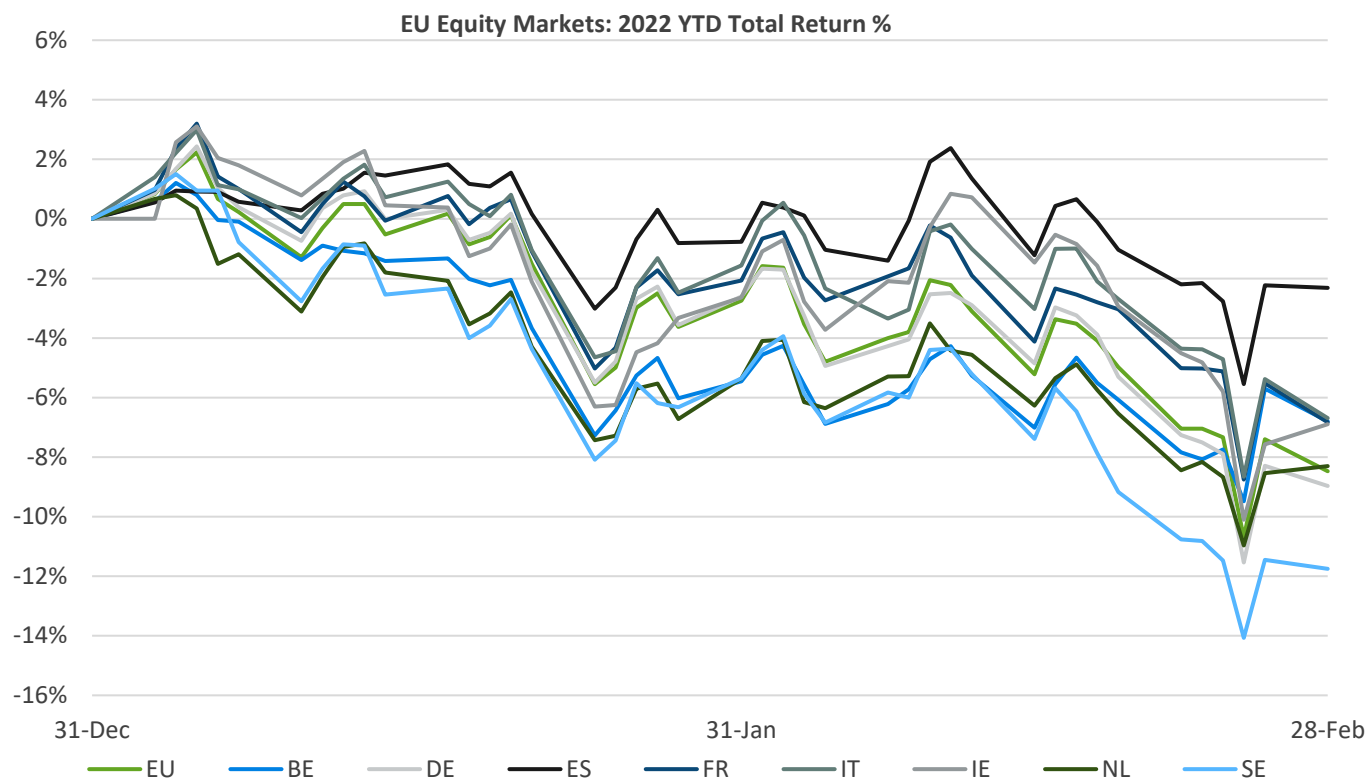
- The European government bond index fell by 2.0%.
- The European corporate bond index lost 2.5%.
- The Euro had a relatively flat month against most major currencies except for the Swiss Franc, with the Euro ending the month 1.3% weaker against the Swiss currency.



Total Returns as of February 28, 2022												
	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	-5.9%	0.3%	-2.0%	-3.0%	-0.4%	-3.0%	-2.0%	-2.5%	1.3%	0.1%	0.2%	-0.2%
3 Month	-3.2%	6.3%	-1.4%	-3.9%	-2.0%	-3.0%	-4.5%	-3.9%	1.1%	1.0%	-0.8%	1.9%
1 Year	10.6%	19.2%	17.2%	16.4%	3.4%	-10.4%	-4.0%	-3.9%	6.5%	7.8%	-0.2%	3.6%
YTD	-8.5%	1.4%	-6.9%	-8.0%	-5.2%	-4.8%	-3.0%	-3.8%	0.8%	1.5%	1.5%	0.5%

Eurozone Equity

- All major European equity indices made losses in February.
- The Belgian equity market outperformed, ending the month down 1.4%.
- The Swedish equity market was the worst performing equity index for the month as well as for the year-to-date, in the region. The index fell by 6.8% in February, down 11.8% for the year so far.
- The Spanish equity market has suffered the smallest loss year-to-date, having dropped 2.3% during this period.

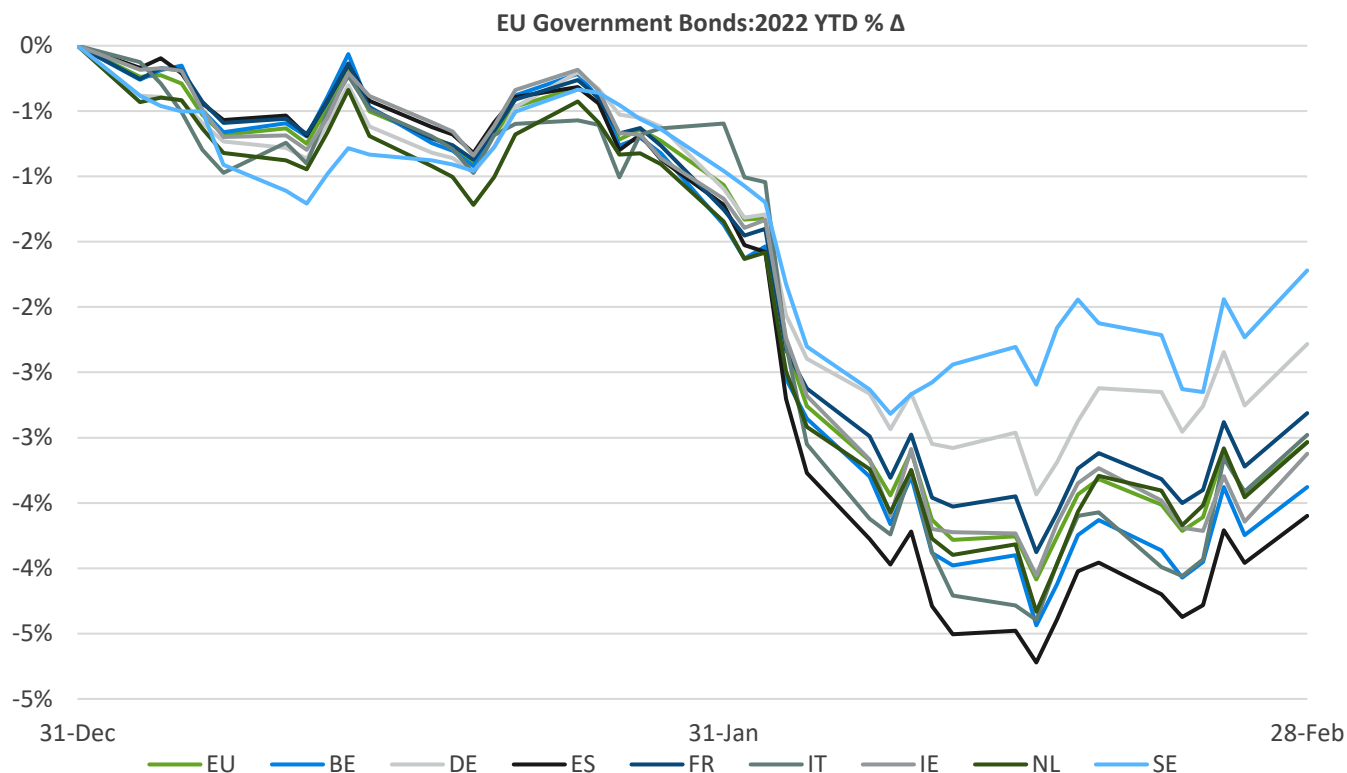


Equity Returns as of February 28, 2022

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-5.9%	-1.4%	-6.5%	-1.6%	-4.9%	-5.2%	-4.4%	-3.1%	-6.8%
3 Month	-3.2%	-2.2%	-4.2%	2.8%	-0.8%	-1.1%	0.2%	-5.9%	-4.7%
QTD	-8.5%	-6.8%	-9.0%	-2.3%	-6.8%	-6.7%	-6.9%	-8.3%	-11.8%
YTD	-8.5%	-6.8%	-9.0%	-2.3%	-6.8%	-6.7%	-6.9%	-8.3%	-11.8%

Eurozone Government Bonds

- European government bonds continued to post losses in February.
- The Swedish government bond index was the outperformer of the month down by only 0.8%. The index has also suffered the smallest losses year-to-date, down 1.7%.
- Italian and Spanish government bonds were the worst performers in the region, both falling by 2.4%.
- The Spanish government bond index has seen the largest drop for the year so far, down 3.6% year-to-date.



Bond Returns as of February 28, 2022

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-2.0%	-2.0%	-1.2%	-2.4%	-1.6%	-2.4%	-2.0%	-1.7%	-0.8%
3 Month	-4.5%	-5.3%	-3.9%	-5.0%	-4.5%	-4.3%	-4.4%	-4.6%	-2.5%
QTD	-3.0%	-3.4%	-2.3%	-3.6%	-2.8%	-3.0%	-3.1%	-3.0%	-1.7%
YTD	-3.0%	-3.4%	-2.3%	-3.6%	-2.8%	-3.0%	-3.1%	-3.0%	-1.7%

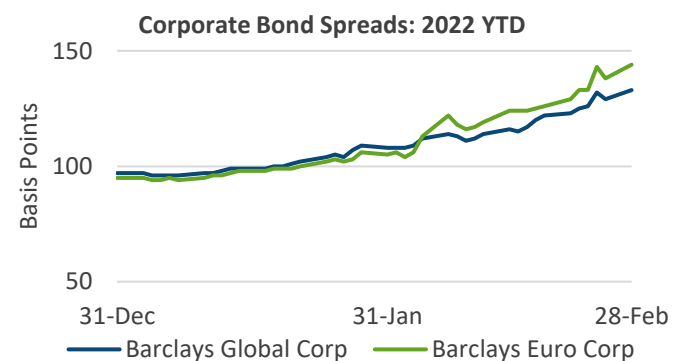
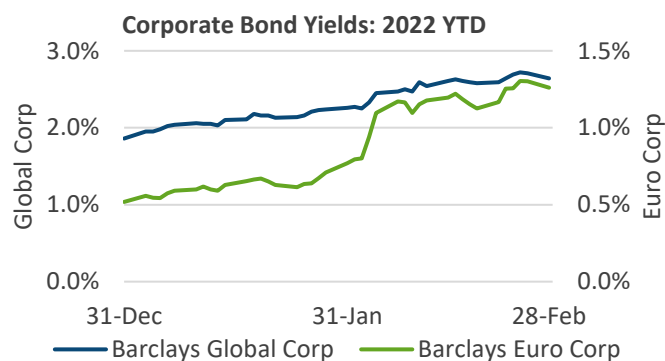
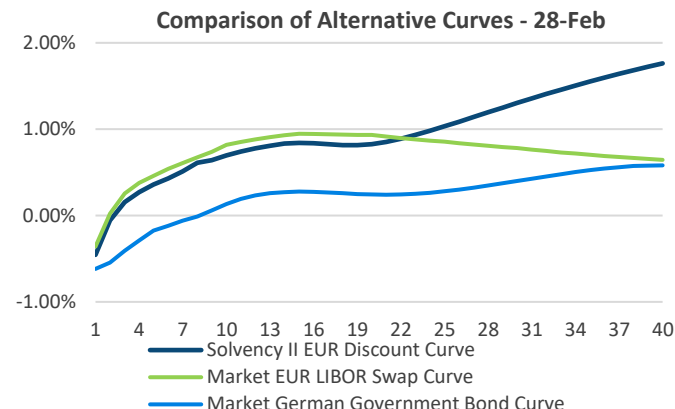
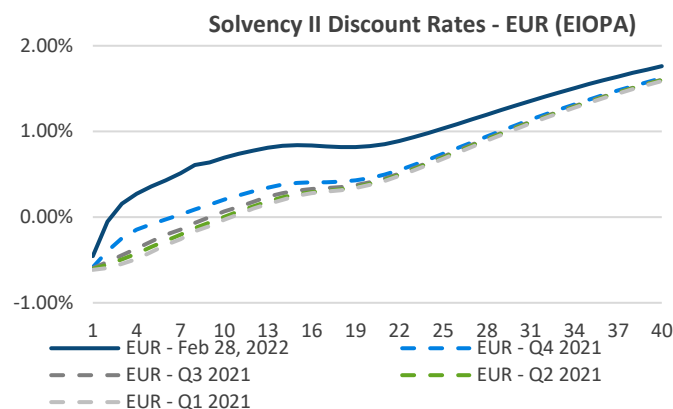
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates increased at all terms in February.
- The largest increase came in the medium and long-end of the curve, with the 10 and 20-year rates rising by 33 and 31 basis points, respectively.

Corporate Bonds

- Global corporate bond yields increased by 38 basis points, and their European counterparts rose by 49 basis points.
- Credit spreads continued to widen further in February, with the European and global corporate spreads widening by 39 and 25 basis points, respectively.
- The rise in risk-free rates combined with the widening in the European corporate bond spreads, resulted in losses 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 2021	13	44	49	37	23	14	78	74	36	49
Since Q3 2021	14	65	63	42	26	16	99	92	45	60
Since Q2 2021	15	71	69	44	26	16	106	93	47	61
Since Q1 2021	16	77	72	45	28	17	90	91	38	54

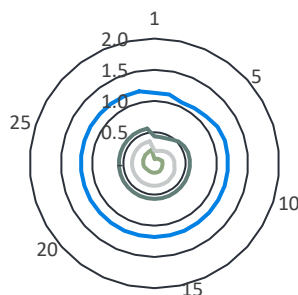
Solvency II Monitor - Spreads

Fundamental Spreads

- There were no material changes since the last report.

Fundamental Spreads %

EUR: Financial



— AAA — AA — A — BBB

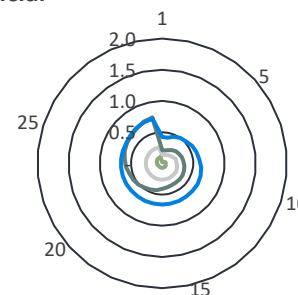
EUR Financial Fundamental Spread %

	1Y	Y5	Y10	Y20	Y30
AAA	0.07	0.10	0.13	0.15	0.22
AA	0.20	0.27	0.34	0.36	0.36
A	0.43	0.52	0.57	0.57	0.57
BBB	1.13	1.12	1.18	1.18	1.18

EUR Financial 'Before Floor' %

	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.04	0.08	0.15	0.22
AA	0.03	0.06	0.11	0.18	0.26
A	0.06	0.12	0.18	0.31	0.42
BBB	0.15	0.23	0.32	0.46	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	0.07	0.11
AA	0.14	0.18	0.25	0.26	0.26
A	0.21	0.29	0.37	0.51	0.75
BBB	0.42	0.52	0.65	0.66	0.73

EUR Non-Financial 'Before Floor' %

	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.01	0.04	0.07	0.11
AA	0.00	0.04	0.08	0.16	0.26
A	0.03	0.15	0.27	0.51	0.75
BBB	0.10	0.21	0.33	0.55	0.73

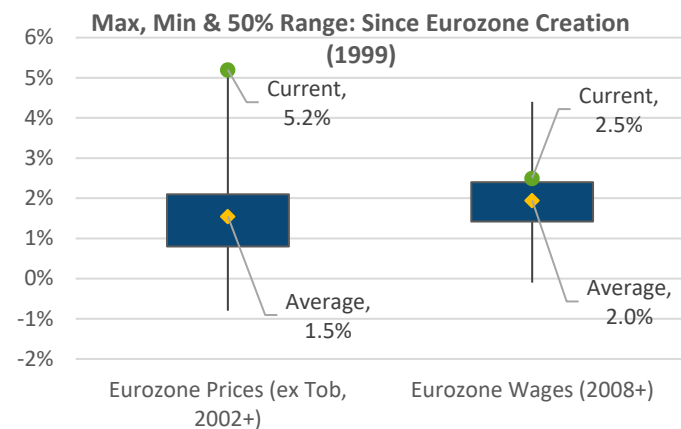
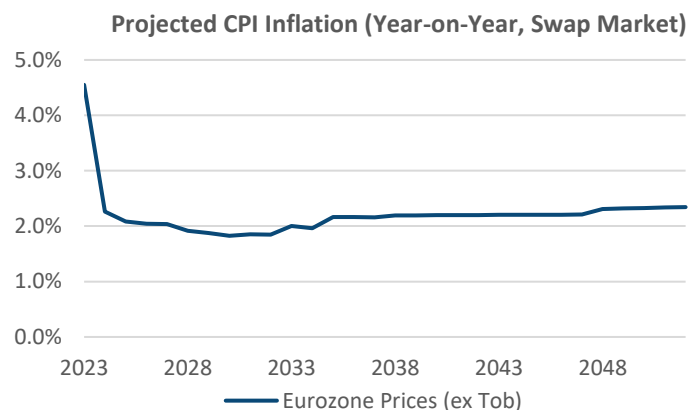
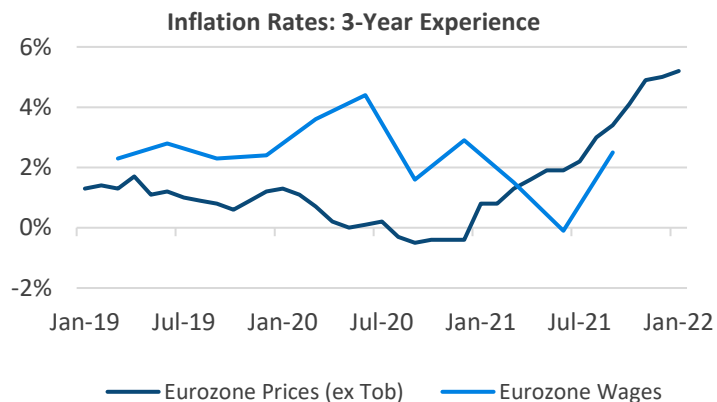
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Refinitiv and applying the Credit Risk Adjustment as defined in the Technical Specs. The data is provided by EIOPA and as of 28/02/22.

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, 6 months for GBP), and is bounded between 0.10 and 0.35. We show actual LIBOR-OIS spread levels and the defined CRA, for both GBP and 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 28/02/22. **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 20 basis points to 5.2% in January.
- The projected CPI curve increased at the very short-term, with the 1-year forward CPI going well above 4.0%. The rest of the curve however remained broadly unchanged.
- There were no updates to the wage inflation figures this month.



Milliman Financial Risk Management

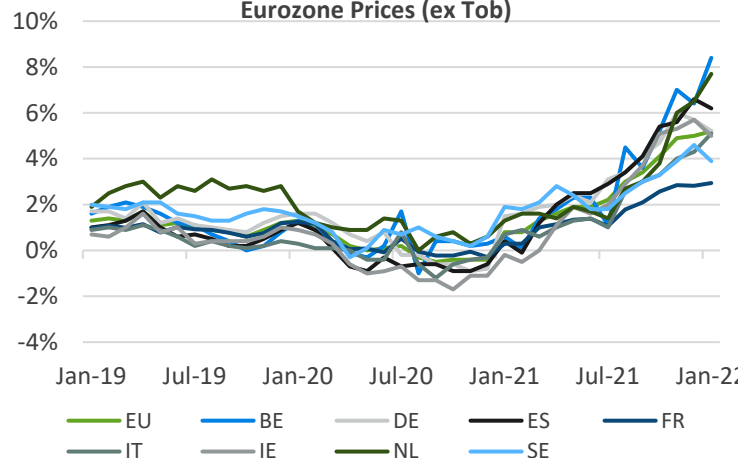
EuroZone Market Monitor – 28 February 2022

Data sources: Bloomberg; Barclays; EuroStat; Oxford-Man Institute; Milliman FRM

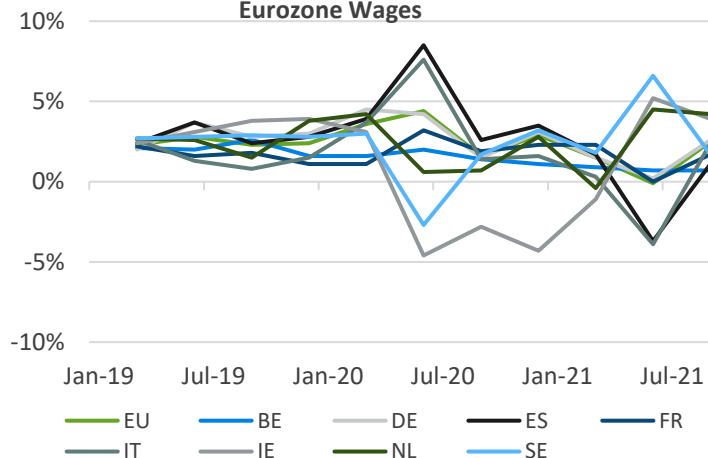
Inflation Monitor

- Price inflation figures were mixed in the Eurozone in January.
- Belgium witnessed the largest price inflation increase in January, with prices rising by 200 basis points to 8.4%. This was also the highest reading in the region.
- Both Ireland and Sweden saw the largest price inflation decline in the region. The former posted an inflation figure of 5.0% and the latter came in at 3.9%. In both cases, a drop of 70 basis points from the previous month's reading.
- France's price inflation remained the lowest in the region in January, at 2.9%.
- There were no updates to the wage inflation figures this month.

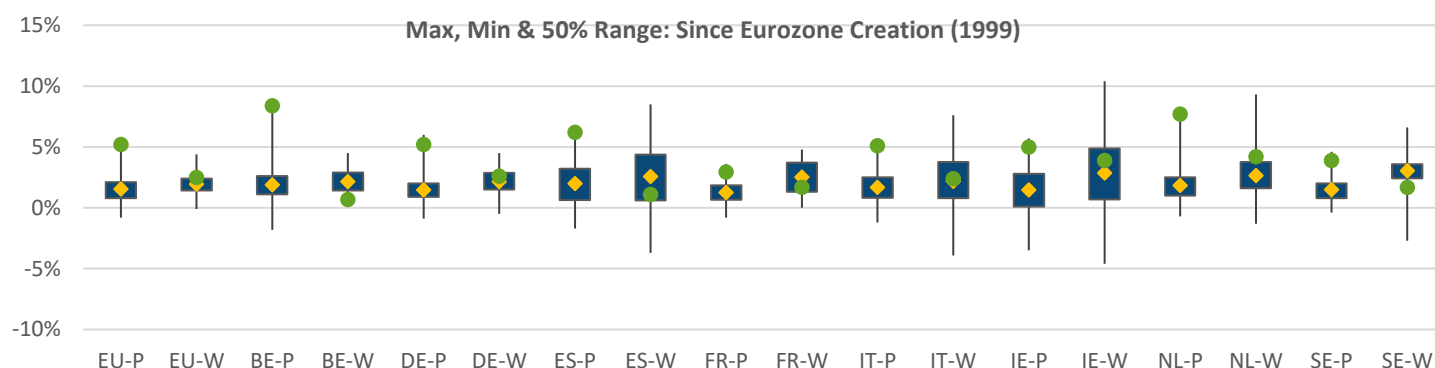
Eurozone Prices (ex Tob)



Eurozone Wages



Max, Min & 50% Range: Since Eurozone Creation (1999)

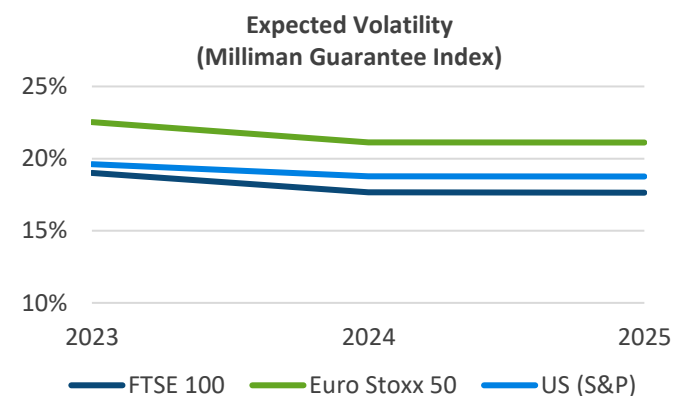
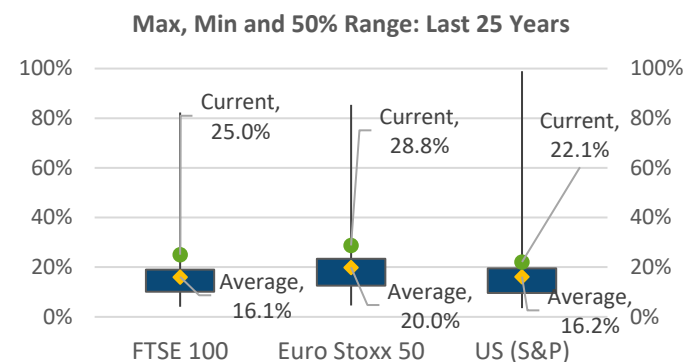
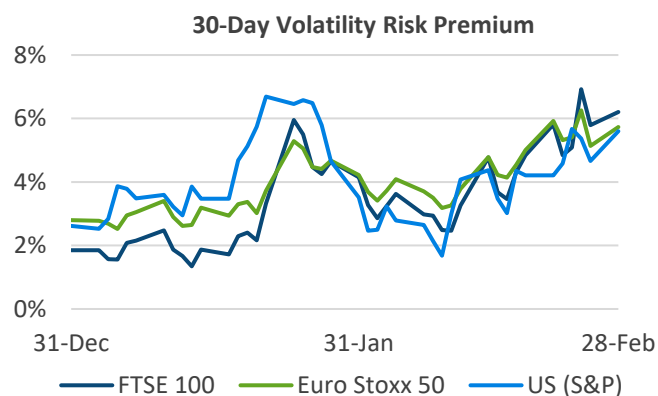
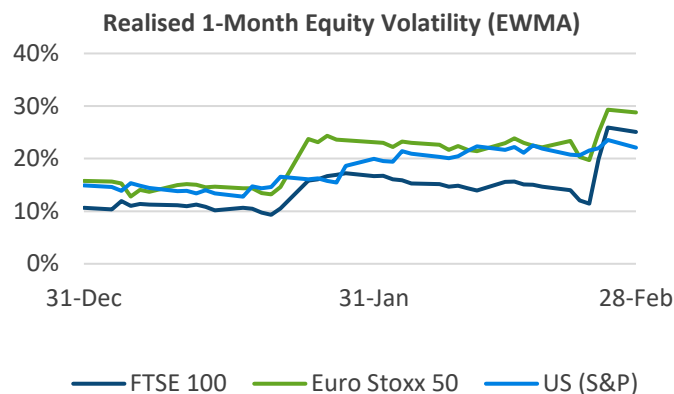


	EU-P	EU-W	BE-P	BE-W	DE-P	DE-W	ES-P	ES-W	FR-P	FR-W	IT-P	IT-W	IE-P	IE-W	NL-P	NL-W	SE-P	SE-W
Avg.	1.5%	2.0%	1.9%	2.2%	1.5%	2.2%	2.0%	2.6%	1.3%	2.5%	1.7%	2.2%	1.5%	2.9%	1.8%	2.7%	1.5%	3.1%
Cur	5.2%	2.5%	8.4%	0.7%	5.2%	2.6%	6.2%	1.1%	2.9%	1.7%	5.1%	2.4%	5.0%	3.9%	7.7%	4.2%	3.9%	1.7%

Volatility and Hedging Cost Monitor

- Realised volatility on major equity indices remained elevated in February.
- The realised volatility of the FTSE 100 stood at 25.0% at month-end. The Euro Stoxx 50 and S&P 500 ended the month with a realised volatility of 28.8% and 22.1%, respectively.
- Volatility risk premiums on global equity indices trended higher throughout the month. The measure stood at 6.2% on the FTSE 100 at month-end. The volatility risk premium on the Euro Stoxx 50 and the S&P 500 stood at 5.7% and 5.6%, respectively.

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).

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

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