

Asset Price Monitor

Local Equity Markets

- Equity markets had a mixed performance in March, as the conflict between Russia and Ukraine, increasing inflation and tightening monetary policy continued to dominate the headlines and risk sentiment.
- The Euro Stoxx 50 fell by 0.4%, down 8.9% year-to-date.
- The FTSE 100 gained 1.4% in March.

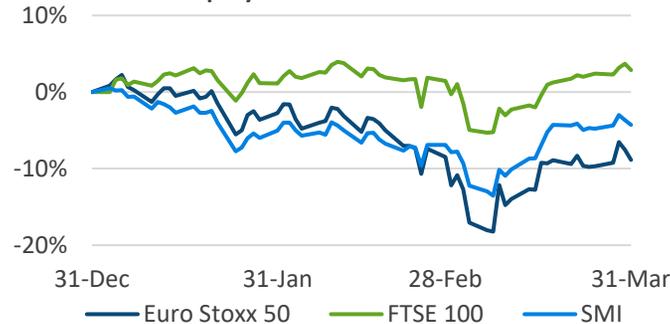
Global Equity Markets

- Developed economies outperformed their emerging markets counterparts in March.
- The S&P 500 and the Japanese Topix gained 3.7% and 4.3%, respectively.
- In contrast, the MSCI Emerging Markets index fell by 2.2%.

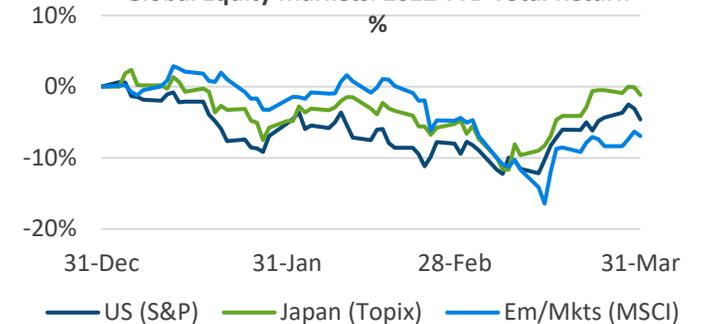
Bond/FX Markets

- The European government bond index lost 2.4%.
- The European corporate bond index ended the month down 1.2%.
- The Euro had a mixed performance, gaining 4.3% and 0.8% against the Japanese Yen and the British Pound, respectively. Meanwhile, it weakened by 1.1% against the US Dollar.

Local Equity Markets: 2022 YTD Total Return %



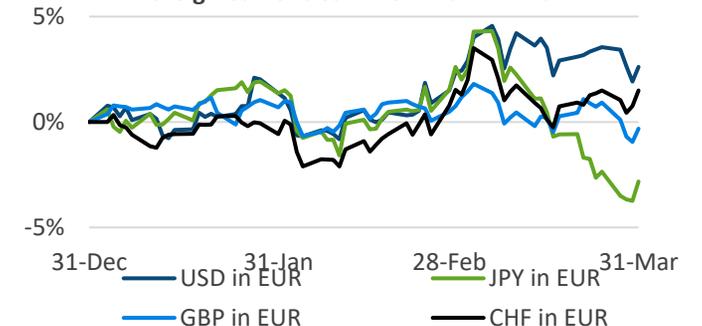
Global Equity Markets: 2022 YTD Total Return %



Bonds (Barclays Agg. Indices): 2022 YTD % Δ



Foreign Currencies in EUR: 2022 YTD % Δ



Total Returns as of March 31, 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	-0.4%	1.4%	2.8%	3.7%	4.3%	-2.2%	-2.4%	-1.2%	0.7%	1.1%	-4.3%	-0.8%
3 Month	-8.9%	2.9%	-4.3%	-4.6%	-1.2%	-6.9%	-5.3%	-5.0%	1.5%	2.6%	-2.8%	-0.3%
1 Year	2.1%	16.1%	13.2%	15.6%	2.0%	-11.1%	-6.4%	-5.2%	8.3%	6.0%	-3.5%	0.9%
YTD	-8.9%	2.9%	-4.3%	-4.6%	-1.2%	-6.9%	-5.3%	-5.0%	1.5%	2.6%	-2.8%	-0.3%

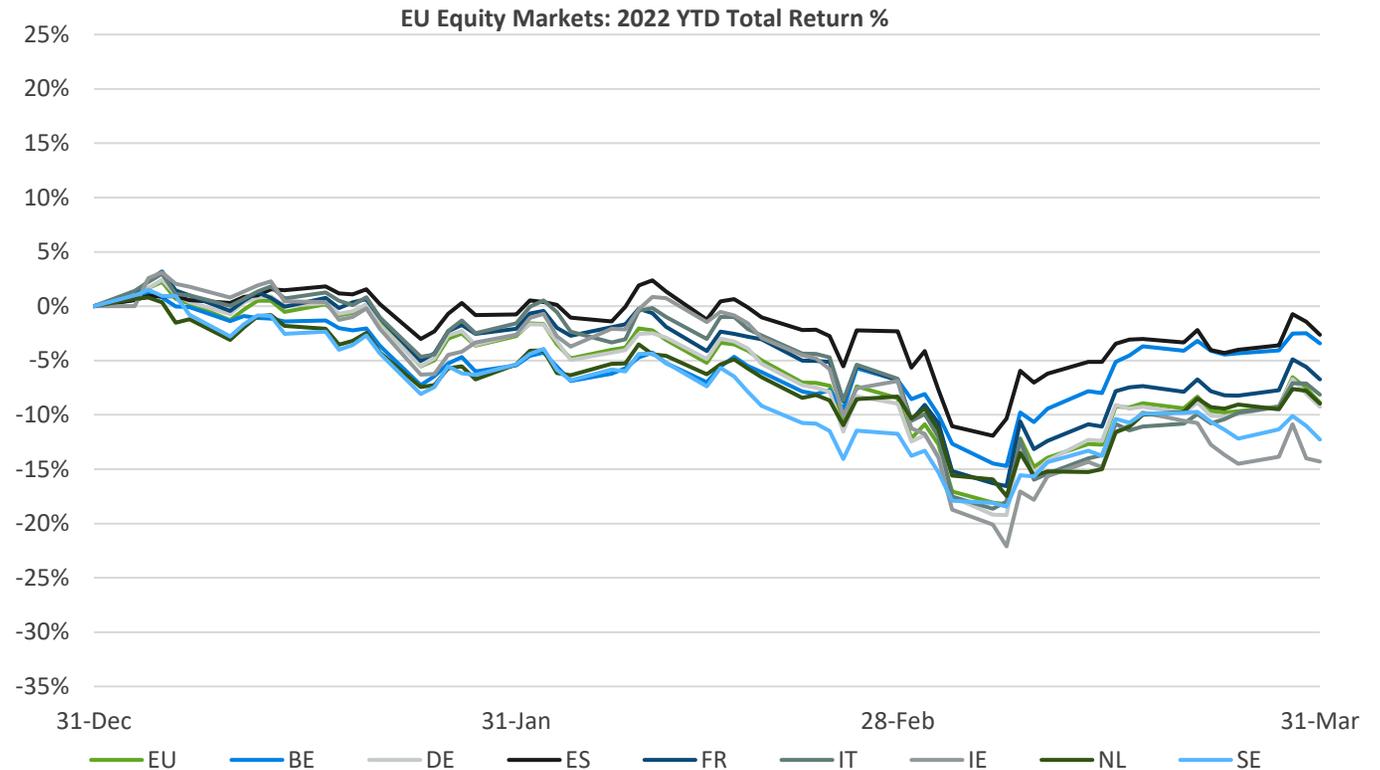
Milliman Financial Risk Management

EuroZone Market Monitor – 31 March 2022

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

Eurozone Equity

- All major European equity markets suffered losses in March, with the exception of Belgium and France.
- The Belgian equity market was the best performer in the region, returning 3.6%.
- In contrast, the worst performer was the Irish equity index, having lost 7.9% during the month. The index has also suffered the largest loss year-to-date, down 14.3%.
- The Spanish equity market remains the best performer year-to-date, having only lost 2.6%.



Equity Returns as of March 31, 2022

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.4%	3.6%	-0.3%	-0.3%	0.1%	-1.5%	-7.9%	-0.7%	-0.6%
3 Month	-8.9%	-3.4%	-9.3%	-2.6%	-6.7%	-8.1%	-14.3%	-9.0%	-12.3%
QTD	-8.9%	-3.4%	-9.3%	-2.6%	-6.7%	-8.1%	-14.3%	-9.0%	-12.3%
YTD	-8.9%	-3.4%	-9.3%	-2.6%	-6.7%	-8.1%	-14.3%	-9.0%	-12.3%

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EuroZone Market Monitor – 31 March 2022

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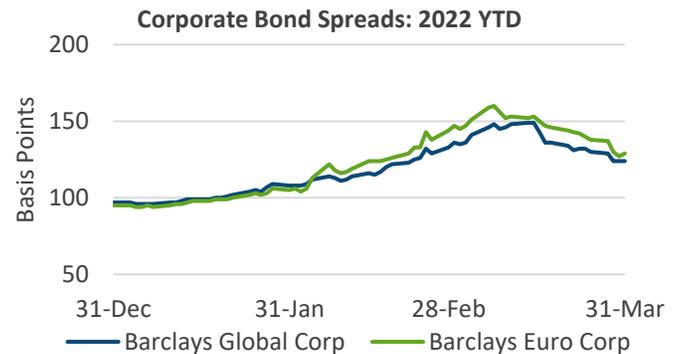
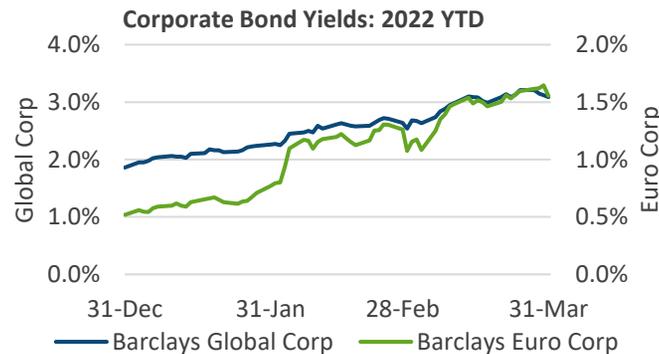
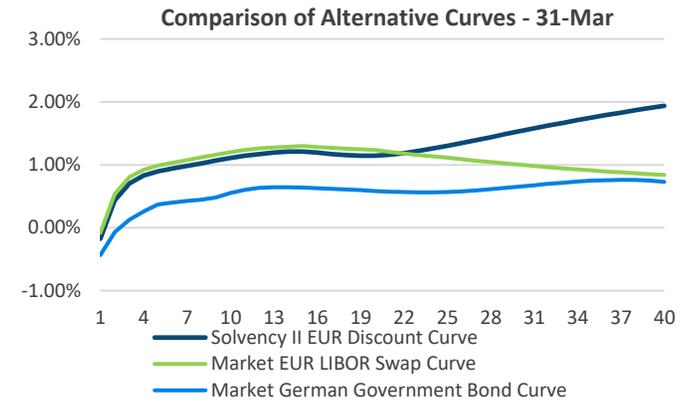
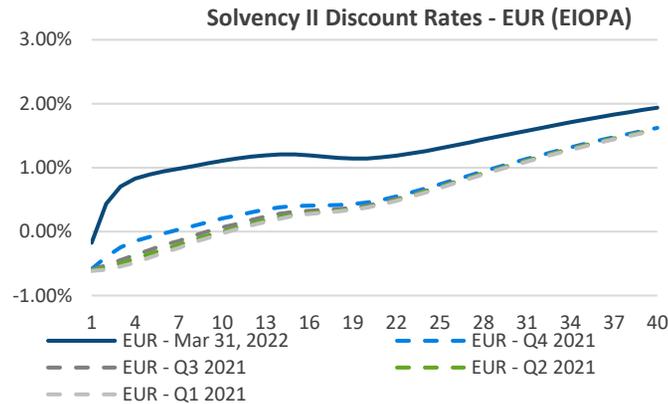
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates increased at all terms for the second consecutive month in March.
- The largest increase was in the short to medium part of the curve, with the 5 and 10-year risk-free rates climbing higher by 54 and 41 basis points, respectively.
- The 1-year rate increased by 28 basis points, meanwhile the 30-year rate rose by 23 basis points.

Corporate Bonds

- European and global corporate bond yields increased by 30 and 45 basis points in March, respectively.
- Credit spreads tightened in March, with the European and global corporate spreads tightening by 15 and 9 basis points, respectively.
- The rise in risk-free rates partially offset with the tightening 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	41	98	90	69	46	32	123	104	27	34
Since Q3 2021	42	118	104	74	48	33	144	121	36	45
Since Q2 2021	43	124	111	76	49	34	151	122	38	46
Since Q1 2021	44	130	114	77	51	35	135	120	29	39

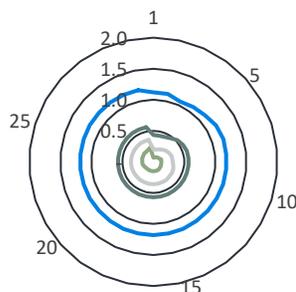
Solvency II Monitor - Spreads

Fundamental Spreads

- There were no material changes since the last report.

Fundamental Spreads %

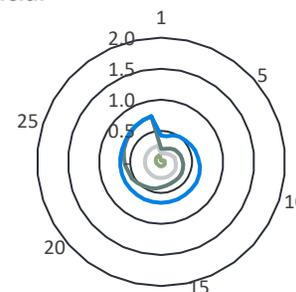
EUR: Financial



— AAA — AA — A — BBB

EUR Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.07	0.10	0.13	0.15	0.23
AA	0.20	0.27	0.34	0.36	0.36
A	0.43	0.52	0.57	0.57	0.57
BBB	1.12	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	0.23
AA	0.03	0.07	0.11	0.18	0.26
A	0.06	0.12	0.18	0.31	0.42
BBB	0.15	0.23	0.32	0.47	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	0.75
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	0.34	0.55	0.75

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 31/03/22.

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 31/03/22. **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.

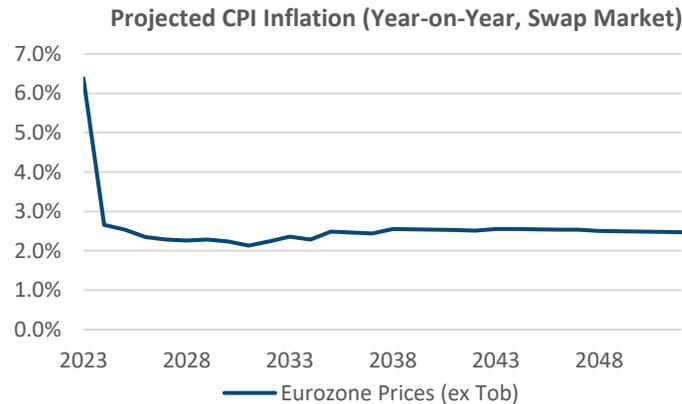
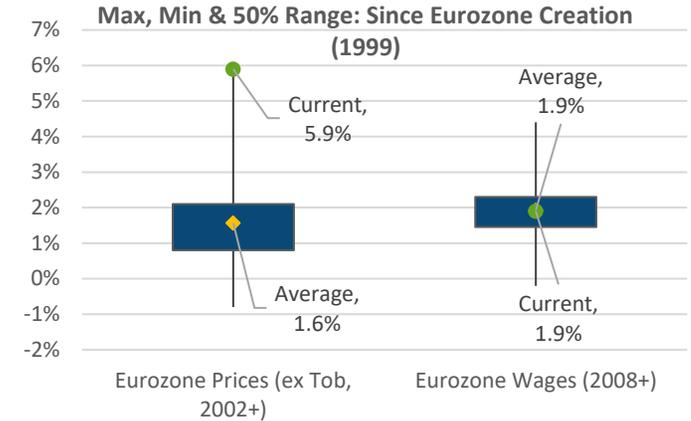
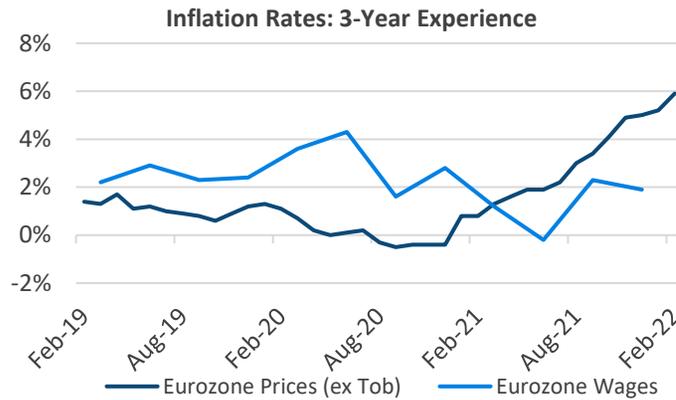
Milliman Financial Risk Management

EuroZone Market Monitor – 31 March 2022

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

Inflation Monitor

- Eurozone price inflation increased by 70 basis points to 5.9% in February.
- Eurozone Q4 2021 wage inflation decreased by 40 basis points to 1.9%, after the previous quarter's figure was revised lower by 20 basis points.
- The projected CPI curve increased at the near-term, with the 1-year forward CPI above 6.0%.



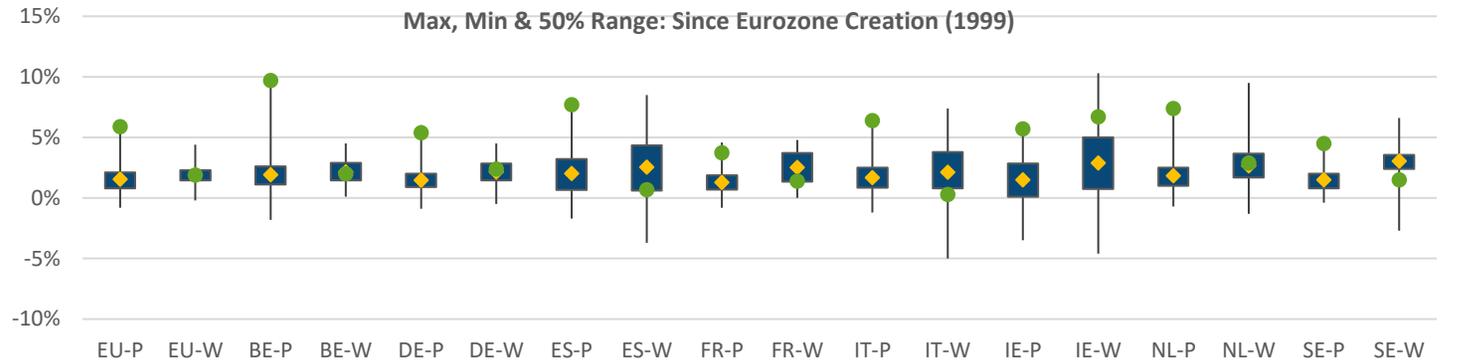
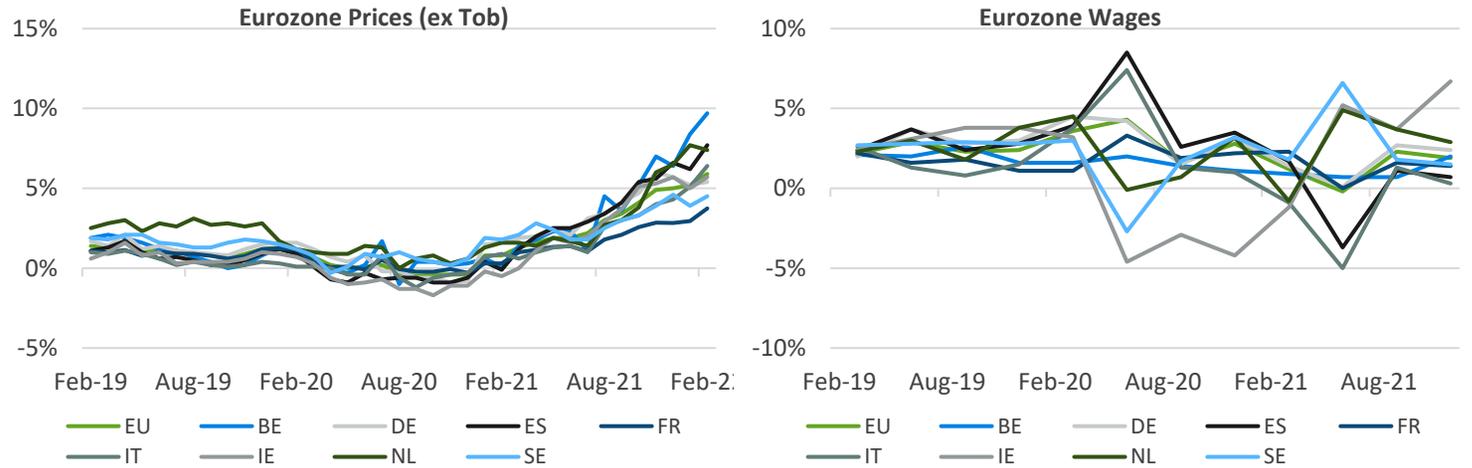
Milliman Financial Risk Management

EuroZone Market Monitor – 31 March 2022

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

Inflation Monitor

- All major European economies saw an increase in their price inflation in February, except for the Netherlands which saw its prices decline by 30 basis points to 7.4%.
- Spain's price inflation increased by 150 basis points to 7.7%. This was the largest increase in the region.
- Belgium reported the highest price inflation in the region in February, with the headline figure at 9.7%.
- France's price inflation is the lowest in the region at 3.7%.
- Q4 2021 Irish wage inflation rose by 300 basis points to 6.7%, which was the largest increase over the quarter and the highest reading in the region, after its Q3 figure was revised lower by 20 basis points.
- Italian wage inflation for Q4 fell by 100 basis points to 0.3%, the largest decline in the region, after its Q3 figure was revised lower by 110 basis points. This is also the smallest Q4 wage inflation reading in the region.



	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.	1.6%	1.9%	1.9%	2.2%	1.5%	2.2%	2.0%	2.5%	1.3%	2.5%	1.7%	2.1%	1.5%	2.9%	1.9%	2.7%	1.5%	3.0%
Cur	5.9%	1.9%	9.7%	2.0%	5.4%	2.4%	7.7%	0.7%	3.7%	1.4%	6.4%	0.3%	5.7%	6.7%	7.4%	2.9%	4.5%	1.5%



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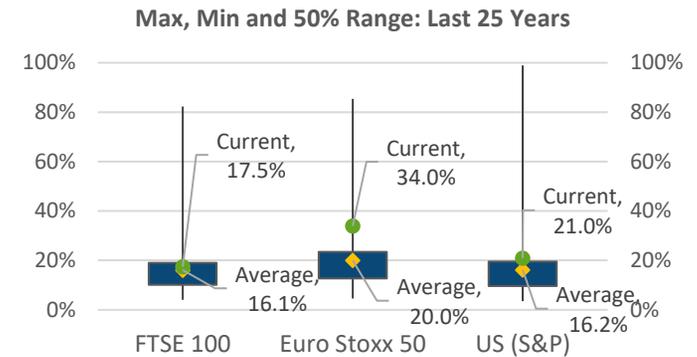
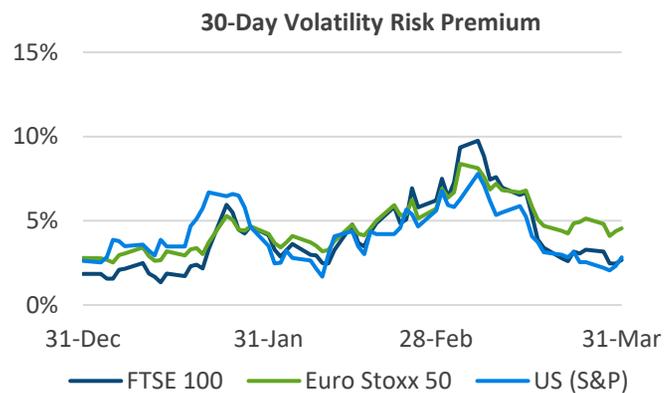
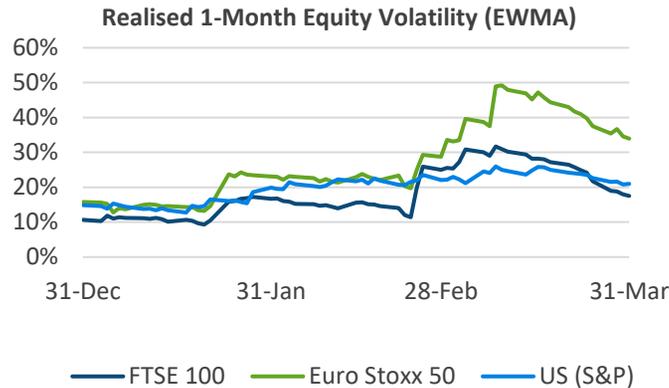
EuroZone Market Monitor – 31 March 2022

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Volatility and Hedging Cost Monitor

- Realised volatility on major indices increased during the month, having spiked higher at the start of the month, and then pared gains to some extent during the second half of the month.
- The realised volatility on the FTSE 100 was 17.5% at month-end, the measure stood at 34.0% on the Euro Stoxx 50 and 21.0% on the S&P 500.
- Volatility risk premiums on major indices were lower at month-end in comparison to the previous month, as implied volatilities declined sharper than realised volatility. The volatility risk premium on the FTSE 100 was 2.7%, whilst the measures on the Euro Stoxx 50 and the S&P 500 were 4.5% and 2.8% at month-end.

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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