

**Asset Price Monitor**

**Local Equity Markets**

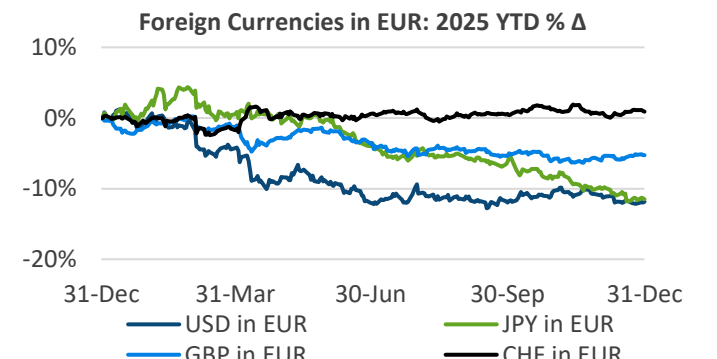
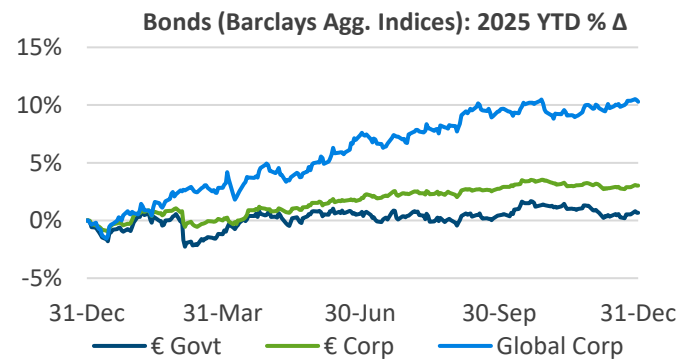
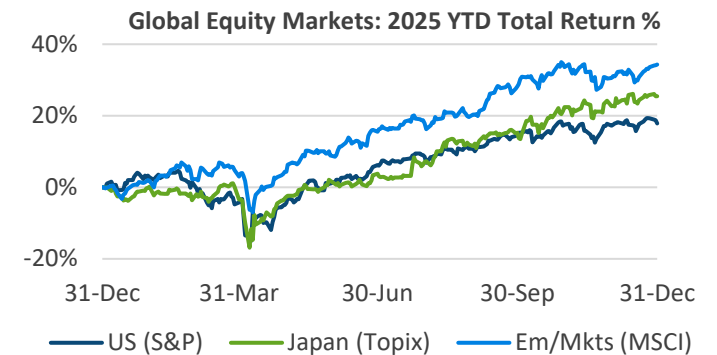
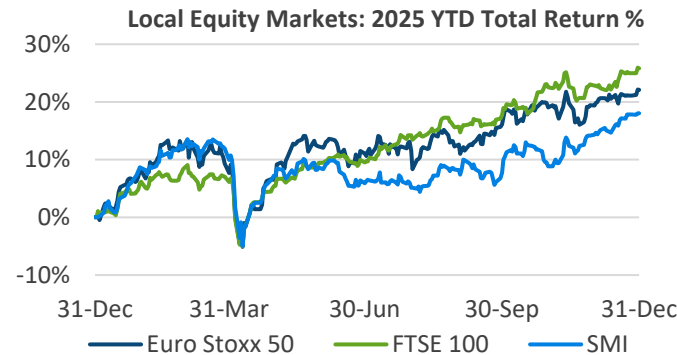
- Global equity markets had a positive performance in December, adding further to their 2025 gains, as the Federal Reserve delivered their third consecutive rate cut of the year.
- The Euro Stoxx 50 ended the month up 2.3%, with total gains of 22.1% for the year.
- The FTSE 100 was up 2.3% in December, bringing its total 2025 returns to 25.8%.

**Global Equity Markets**

- The S&P 500 was relatively flat in December, having returned 17.9% over the year.
- The Topix index ended the month up 1.0%.
- The MSCI Emerging Markets index gained 3.0%, with the index being the outperformer in 2025, up 34.4%.

**Bond/FX Markets**

- The European government bond index fell 0.6% in December, while the European corporate bond index was down 0.2%.
- The Euro had a mixed performance in December, gaining 1.6% against the Japanese Yen and 1.2% against the US Dollar, but weakening by 0.4% against the British Pound.

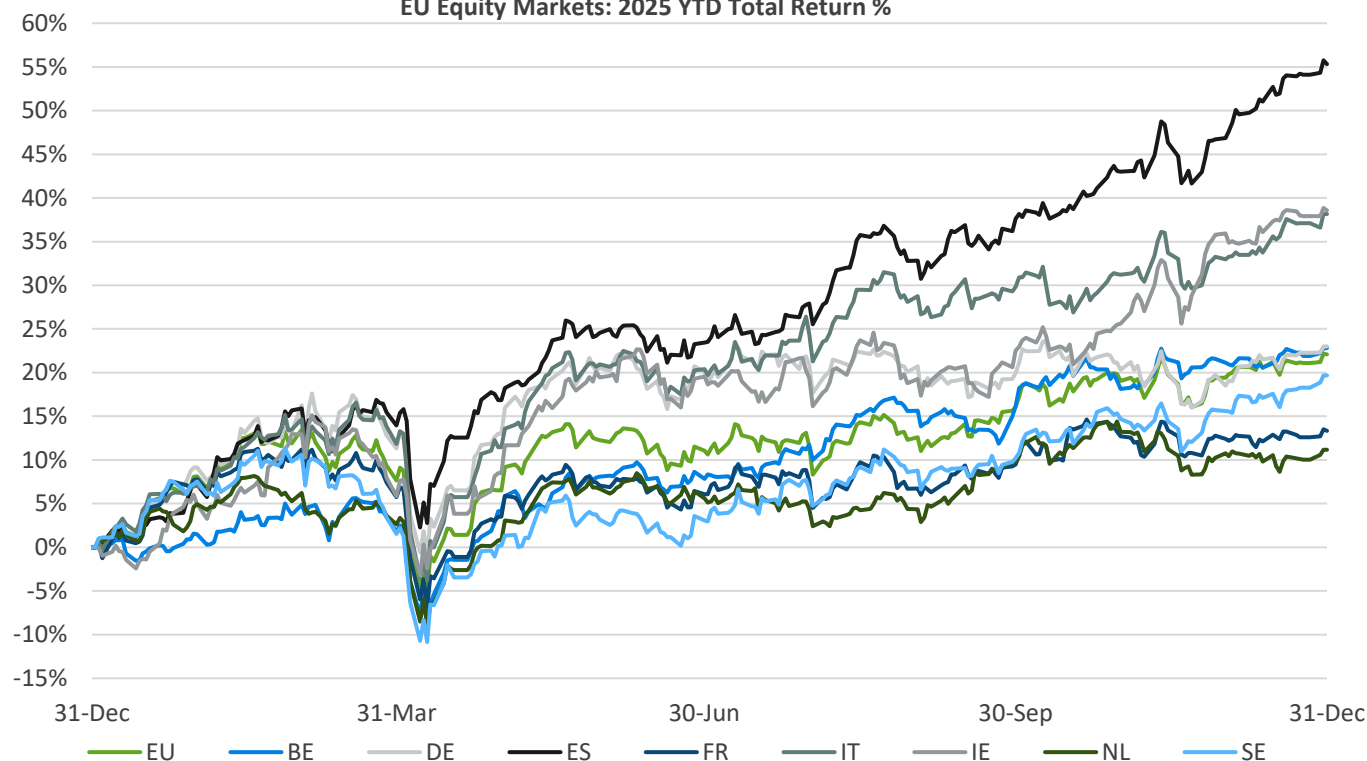


	Total Returns as of December 31, 2025											
	Euro Stoxx 50	FTSE 100	SMI	US (S&P)	Japan (Topix)	Em/Mkts (MSCI)	€ Govt	€ Corp	CHF in EUR	USD in EUR	JPY in EUR	GBP in EUR
1 Month	2.3%	2.3%	3.4%	0.1%	1.0%	3.0%	-0.6%	-0.2%	0.1%	-1.2%	-1.6%	0.4%
3 Month	5.1%	6.9%	9.6%	2.7%	8.8%	4.8%	0.2%	0.3%	0.3%	0.2%	-5.6%	0.1%
1 Year	22.1%	25.8%	18.0%	17.9%	25.5%	34.4%	0.7%	3.0%	0.9%	-11.8%	-11.5%	-5.2%
YTD	22.1%	25.8%	18.0%	17.9%	25.5%	34.4%	0.7%	3.0%	0.9%	-11.8%	-11.5%	-5.2%

**Eurozone Equity**

- Major European equity markets had a positive performance in December.
- The Spanish equity market outperformed in December, returning 5.9% over the month. The index was also the best performing equity market in the region in 2025, having gained 55.3% over the year.
- The French equity market was the laggard performer in December, up 0.5%.
- The Dutch equity index was the laggard performer over the year, having ended 2025 with gains of 11.2%.

**EU Equity Markets: 2025 YTD Total Return %**



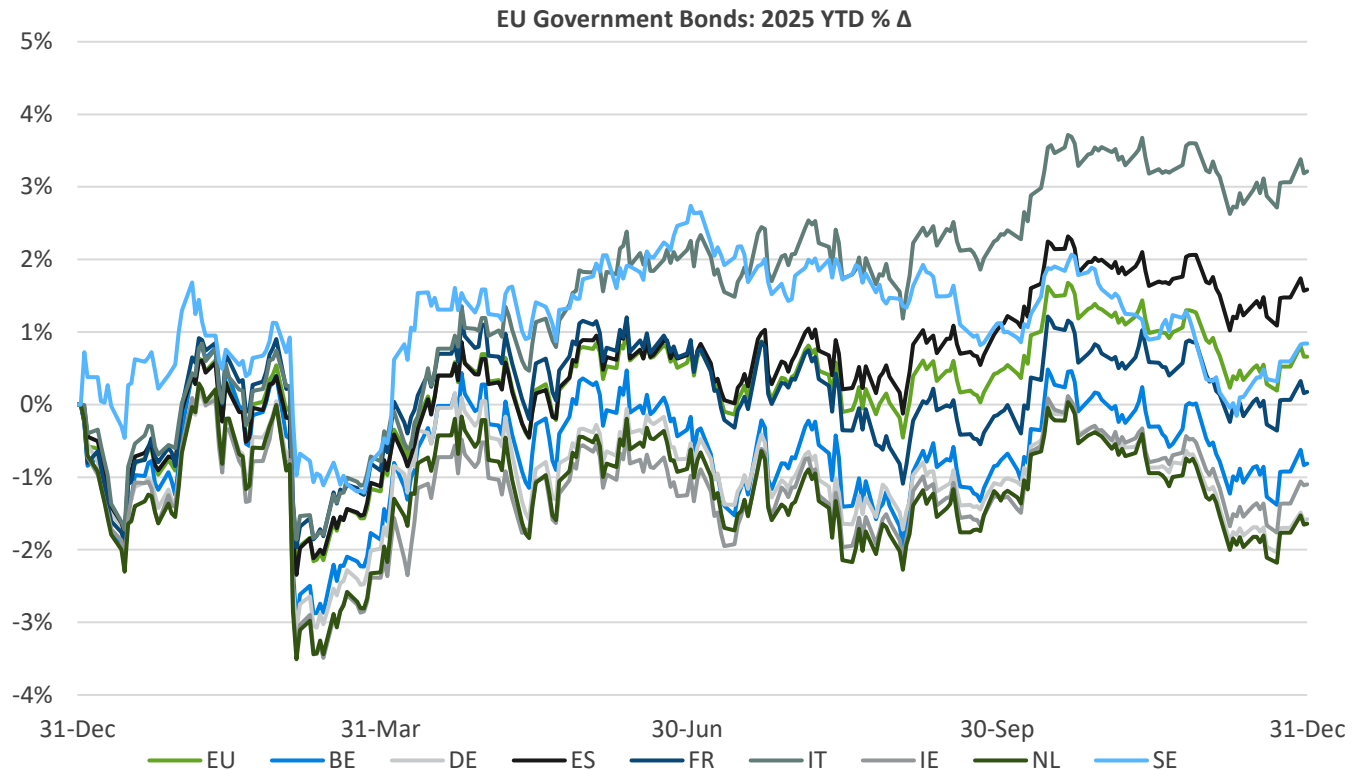
**Equity Returns as of December 31, 2025**

	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	2.3%	1.0%	2.7%	5.9%	0.5%	3.7%	2.0%	0.8%	3.4%
3 Month	5.1%	5.7%	2.6%	12.9%	3.5%	6.4%	13.1%	1.3%	8.6%
QTD	5.1%	5.7%	2.6%	12.9%	3.5%	6.4%	13.1%	1.3%	8.6%
YTD	22.1%	22.8%	23.0%	55.3%	13.3%	38.2%	38.6%	11.2%	19.7%

**Eurozone Government Bonds**

**Eurozone Government Bonds**

- Most of the major European government bond indices had a negative performance in December, except for Sweden, which ended the month flat.
- The German, Dutch and Belgian government bond indices saw the largest monthly loss, all ending the month down by 0.8%.
- The Italian government bond index outperformed in the region in 2025, gaining 3.2%.
- The German and Dutch government bond indices were the worst performers in the region over the year, having both lost 1.6% during this period.



Bond Returns as of December 31, 2025									
	EU	Belgium	Germany	Spain	France	Italy	Ireland	Netherlands	Sweden
1 Month	-0.6%	-0.8%	-0.8%	-0.5%	-0.7%	-0.4%	-0.6%	-0.8%	0.0%
3 Month	0.2%	0.0%	-0.5%	0.6%	0.3%	0.9%	0.2%	-0.4%	-0.3%
QTD	0.2%	0.0%	-0.5%	0.6%	0.3%	0.9%	0.2%	-0.4%	-0.3%
YTD	0.7%	-0.8%	-1.6%	1.6%	0.2%	3.2%	-1.1%	-1.6%	0.8%

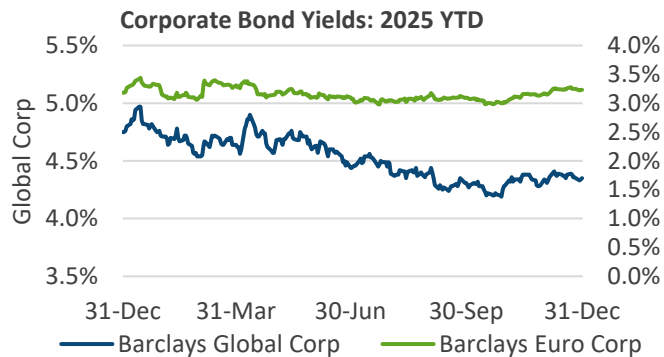
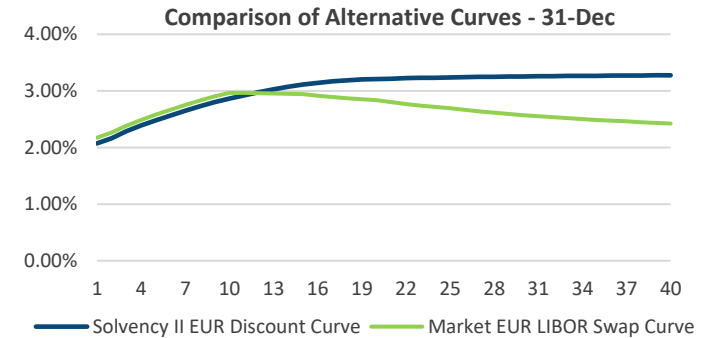
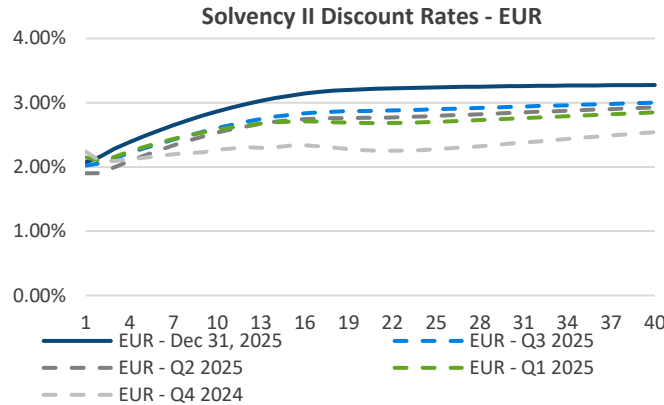
Liability Valuation Monitor

Risk Free Rates

- EUR risk-free rates rose at all tenors in December.
- Both the 10 and 20-year EUR risk-free rates rose by 18 basis points.

Corporate Bonds

- Global corporate bond yields rose by 6 basis points in December, while their European counterparts rose by 10 basis points.
- Both global and European corporate bond spreads tightened, the former tightened by 3 basis points, and the latter by 5 basis points.
- The rise in risk-free rates, partially offset by the fall in European corporate bond spreads, resulted in a small loss in 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 Q3 2025	5	19	26	34	32	27	4	14	2	-1
Since Q2 2025	17	30	33	45	42	35	-9	13	-9	-14
Since Q1 2025	-7	17	28	53	51	43	-29	-8	-17	-20
Since Q4 2024	-16	34	60	95	90	73	-40	5	-9	-24

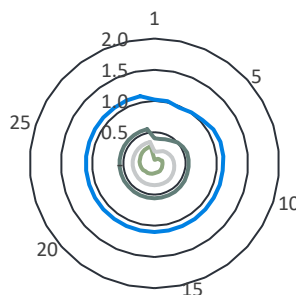
Solvency II Monitor - Spreads

Fundamental Spreads

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

Fundamental Spreads %

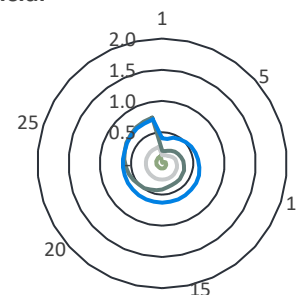
EUR: Financial



— 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	0.35
A	0.40	0.50	0.55	0.56	0.56
BBB	1.02	1.04	1.10	1.10	1.10
EUR Financial 'Before Floor' %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.00	0.05	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	0.28	0.41	0.51

EUR: Non-Financial



— AAA — AA — A — BBB

EUR Non-Financial Fundamental Spread %					
	1Y	Y5	Y10	Y20	Y30
AAA	0.01	0.03	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	0.75
BBB	0.40	0.51	0.62	0.63	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	0.75
BBB	0.10	0.21	0.33	0.54	0.72

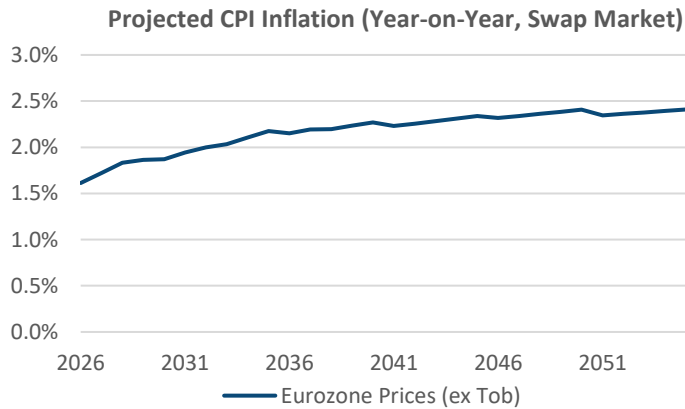
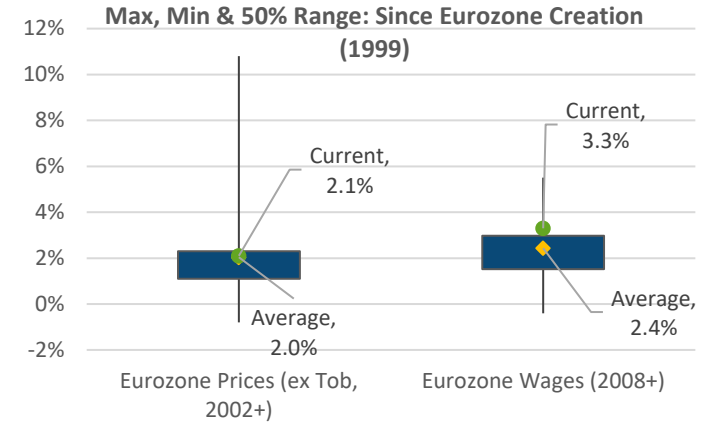
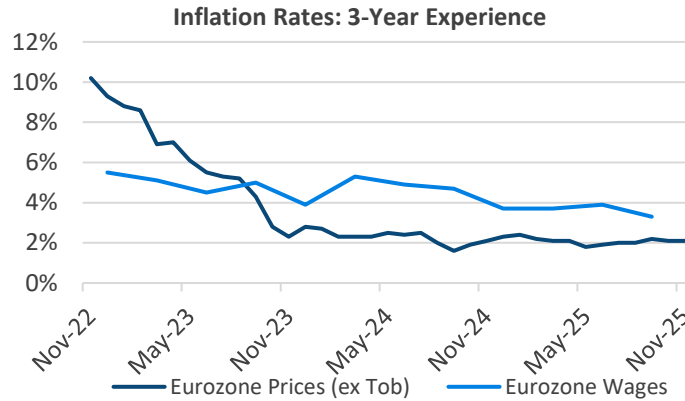
The **Solvency II risk-free discount rates** are based on applying the Smith-Wilson Extrapolation to LIBOR swap rates sourced from Bloomberg (current curve is for 31/12/25) and applying the Credit Risk Adjustment as defined in the Technical Specs. For the official published curves please refer to the [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 30/11/25. **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 was unchanged at 2.1% in November.
- The Eurozone projected CPI curve was relatively unchanged in comparison to the previous month.
- Eurozone Q3 2025 wage inflation fell by 60 basis points to 3.3%, after the previous quarter's figure was revised higher by 30 basis points.



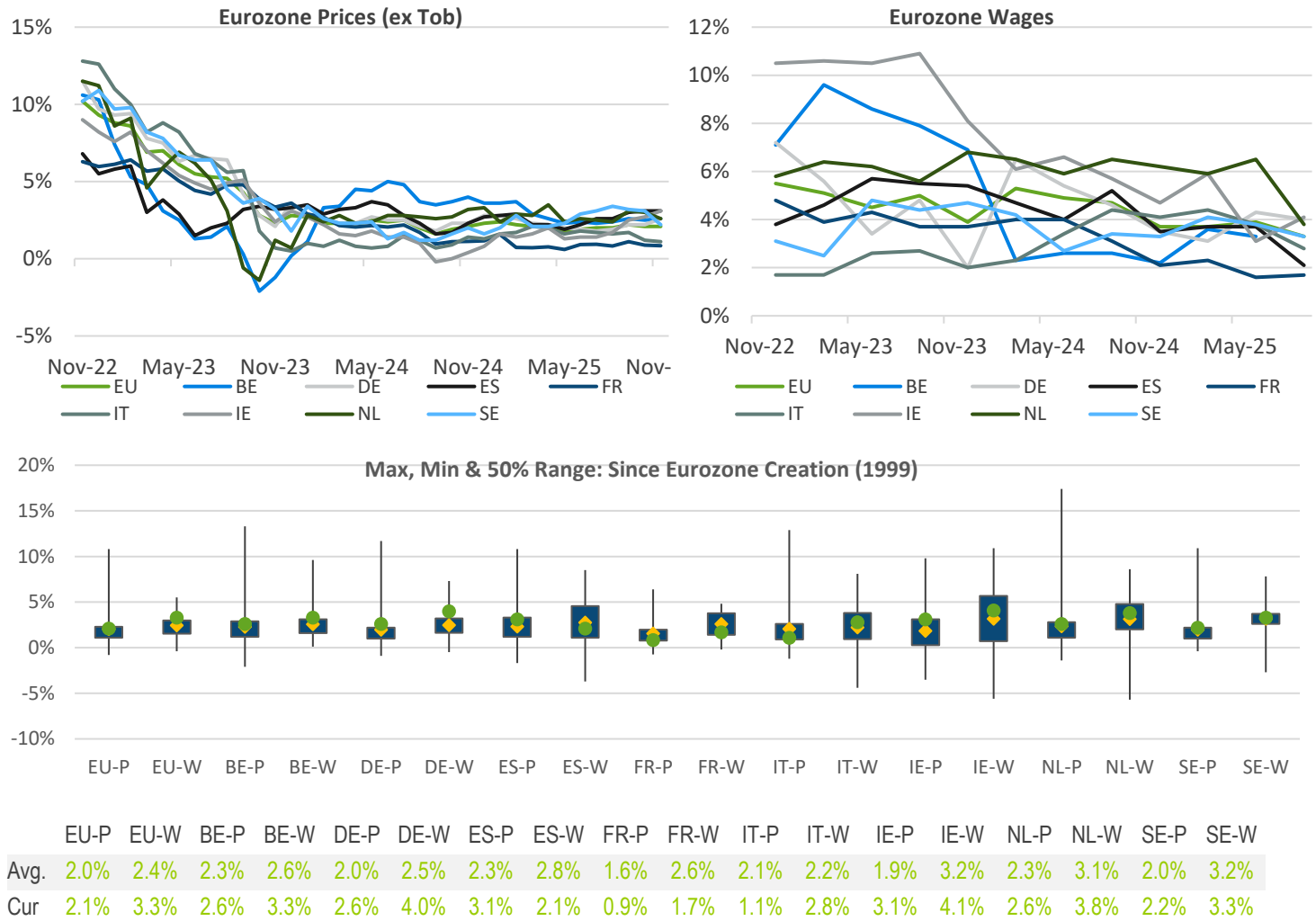
# Milliman Financial Risk Management

EuroZone Market Monitor – 31 December 2025

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

## Inflation Monitor

- Movement in price inflation was mixed in November for the major European economies.
- Germany and Ireland's price inflation increased the most in November, rising by 40 basis points to 2.6% and 3.1%, respectively.
- Sweden's price inflation declined the most, falling by 90 basis points to 2.2%
- Ireland and Spain posted the highest reading in the region at 3.1%.
- France's price inflation remained the lowest reading in the region at 0.9%.
- Ireland witnessed the largest increase in Q3 wage inflation, rising by 100 basis points to 4.1%, after the previous quarter's figure was revised lower by 30 basis points, which was also the highest reading posted in the region.
- The Netherlands saw the largest decline in Q3 2025 wage inflation, decreasing by 270 basis points to 3.8%, after the previous quarter was revised higher by 50 basis points.
- France posted the lowest reading of the region for Q3 2025 wage inflation at 1.7%.

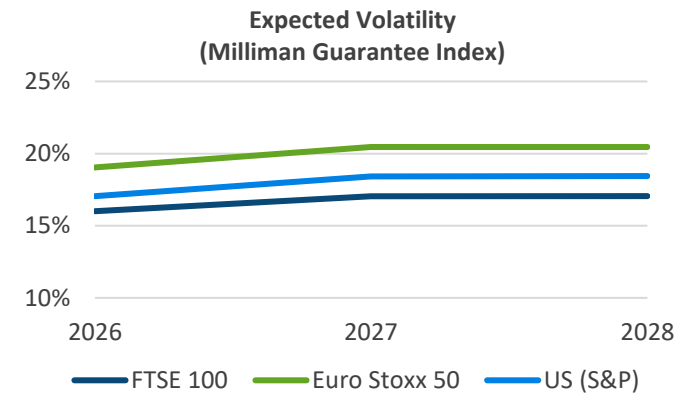
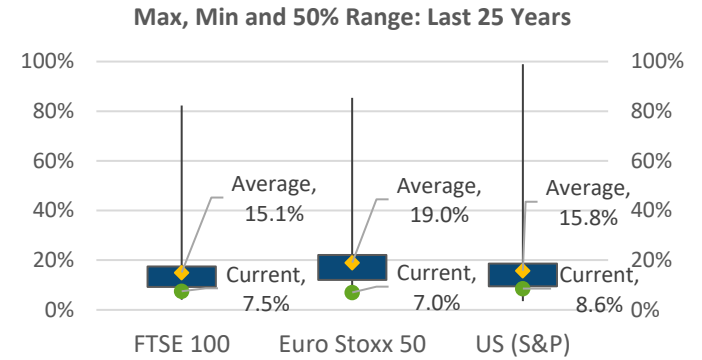
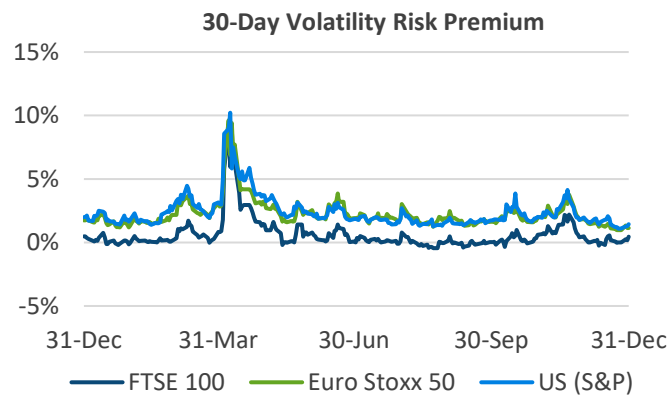
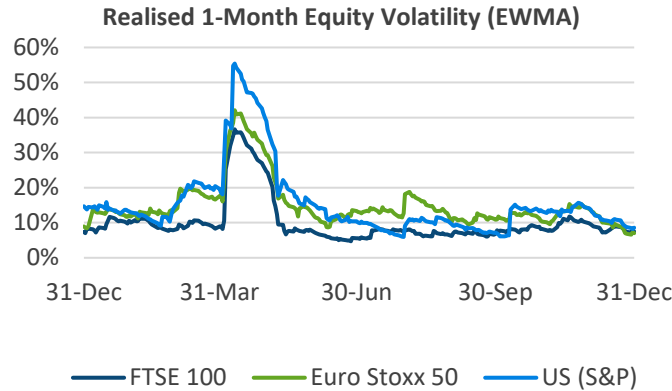


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**Volatility and Hedging Cost Monitor**

- Realised volatilities on major indices declined in December.
- The FTSE 100 ended the month with a realised volatility of 7.5%. The same measure stood at 7.0% and 8.6% on the Euro Stoxx 50 and the S&P 500, respectively.
- Similarly, volatility risk premiums on major indices decreased. The FTSE 100 had a volatility risk premium of 0.5% at month-end. The volatility risk premiums on the Euro Stoxx 50 and S&P 500 were 1.1% and 1.4%, respectively.

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



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