

MARKET PERFORMANCE OF FINANCIAL SERVICES STOCKS FOR THE QUARTER ENDED JUNE 30, 2023

In the second quarter of 2023, the U.S. stock market increased by 8.7% as measured by the Standard & Poor's 500 index. Financial services stocks, as measured by the XLF Financial ETF, increased 5.3%. Insurance stocks, as measured by the Nasdaq Insurance Index, increased by 1.0%. The average total return for

the 113 companies included in this study was 5.6%. Two sub-sectors outperformed the S&P 500 and seven underperformed. Eight sub-sectors posted positive returns and one posted a negative return for the quarter, as shown in Table 1. The top performing sectors were Insurance Brokers and Insurance Technology.

	Median % Total Return Increase <u>3/31/23 - 6/30/23</u>
Insurance Brokers	12.4
Insurance Technology	10.0
Standard & Poors 500	8.7
Life & Annuities	7.9
XLF (Financial Sector ETF)	5.3
Specialty	5.1
Securities Brokers	4.4
Asset Managers	3.8
Title Insurers	3.2
Nasdaq Insurance Index	1.0
Reinsurance	0.8
Property and Casualty	-2.6

The second quarter performance was mixed for most financial services stocks with a number of noteworthy stock increases and decreases. Financial services stocks are underperforming the S&P 500 index which is largely driven by mega cap stocks such as Apple, Microsoft, and Meta. However, all financial services sectors except for Property & Casualty were positive for the quarter. Also, M&A

speculation sent share prices soaring for certain financial companies.

The best performing sector for the second quarter was Insurance Brokers, with a 12.4% median total return. All, except one company, in this sector had a positive total return. Goosehead Insurance led the sector and was the eleventh top performer overall with a 20.5% total return in the second quarter after the company reported that their total revenues increased

40.4% in Q1 compared to Q1 2022. Another Insurance Broker, Brown & Brown, ranked as the thirteenth best performing stock with a 20.1% total return for the second quarter after they reported revenues over \$1 billion, a 23.4% increase in Q1 compared to Q1 2022. Their EBITDA increased 21.6% compared to the first three months of 2022, increasing to \$392 million.

The top performing stock overall and in the Insurance Technology sector for the quarter was Root Inc., with a 98.2% total return. This rebound follows a year where Root's stock dropped by 92.0%. Root, who is an online auto insurer, gained positive stock price momentum over the quarter after Embedded Insurance offered \$19.34 per share (a valuation of \$180 million). This was one of the highest stock price premiums in the P&C space in over a decade. Root rejected this offer believing that it was not in their shareholders' best interests. GoHealth also had a total return of 21.1%, making it the tenth best performing stock of the quarter, after their two largest shareholders made a proposal to acquire the remaining stake in the company for \$20.00 per share.

Life & Annuities had a median total return of 7.9% which was helped by the strong returns of National Western Life and American Equity Investment Life due to M&A announcements. National Western Life indicated that they were going to explore strategic alternatives and have engaged Goldman Sachs as an adviser, which helped propel their share price 71.3% over the quarter. American Equity Investment Life's share price rose 42.8% over the quarter after an offer by Brookfield Reinsurance who proposed a cash and stock deal of \$4.3 billion to acquire the entire company. However, the life insurance sector overall has faced headwinds after the failure of several large banks, with investors weary of companies who have investment portfolios highly concentrated in long-term bonds.

Specialty insurers were up 5.1%. Kinsale Capital Group was the leader in the sector, up 24.7% over the quarter. This was driven by a 38.1% increase in net premiums written in the first three months of 2023 compared to the first three months of 2022, coupled with continued underwriting profit. Global Indemnity was the second-best performer in the sector up 20.2% for

the quarter. Global Indemnity's share price soared after preliminary interest in an acquisition of the entire company and / or their subsidiary Penn-America.

The Property & Casualty sector was the lowest performing sector with a median total return of -2.6%. The P&C sector has been gaining price momentum but personal auto supply chain issues, rising severity, and high inflation, in addition to elevated CAT activity, losses remain high. Investors should focus on the P&C underwriting profitability after a challenging period.

The ten best performing and worst performing financial services stocks are exhibited in Tables 2 and 3, respectively. The performance of other individual stocks and sectors is illustrated in Table 4.

Table 2:
Ten Best Performing Financial Services Stocks

	% Total Return Increase <u>3/31/23 - 6/30/23</u>
Root, Inc.	98.2
National Western Life Group	71.3
Midwest Holding	66.5
United Insurance Holdings	58.2
American Equity Investment Life	42.8
F&G Annuities & Life	38.0
Heritage Insurance Holdings	25.0
Kinsale Capital Group	24.7
Unum Group	21.5
GoHealth, Inc.	21.1

Table 3:
Ten Worst Performing Financial Services Stocks

	% Total Return Decrease <u>3/31/23 - 6/30/23</u>
Trupanion, Inc.	54.1
EverQuote, Inc.	53.2
Citizens, Inc.	35.0
ProAssurance Corporation	18.3
Hallmark Financial Services	16.9
Universal Insurance Holdings	14.5
United Fire Group Inc.	14.0
Cincinnati Financial Corporation	12.5
Kingstone Companies, Inc.	12.5
Hanover Insurance Group, Inc.	11.4

*Nasdaq Insurance Index total return is from Bloomberg.

Table 4

		Market Price 3/31/2023	Market Price 6/30/2023	Percent Increase / - Decrease	Total Return
Insurance Brokers					
Arthur J. Gallagher	AJG	\$191.31	\$219.57	14.77%	15.08%
Aon plc	AON	\$315.29	\$345.20	9.49%	9.69%
Marsh & McLennan	MMC	\$166.55	\$188.08	12.93%	13.32%
BRP Group Inc.	BRP	\$25.46	\$24.78	-2.67%	-2.67%
Goosehead Insurance, Inc.	GSHD	\$52.20	\$62.89	20.48%	20.48%
Brown & Brown Inc.	BRO	\$57.42	\$68.84	19.89%	20.10%
Ryan Specialty Holdings, Inc.	RYAN	\$40.24	\$44.89	11.56%	11.56%
Willis Towers Watson	WTW	\$232.38	\$235.50	1.34%	1.71%
Median				12.24%	12.44%
Life & Annuities					
Aflac Incorporated	AFL	\$64.52	\$69.80	8.18%	8.88%
Brighthouse Financial, Inc.	BHF	\$44.11	\$47.35	7.35%	7.35%
Citizens, Inc.	CIA	\$3.71	\$2.41	-35.04%	-35.04%
CNO Financial Group	CNO	\$22.19	\$23.67	6.67%	7.35%
Corebridge Financial, Inc.	CRBG	\$16.02	\$17.66	10.24%	15.84%
Equitable Holdings, Inc.	EQH	\$25.39	\$27.16	6.97%	7.89%
F&G Annuities & Life	FG	\$18.12	\$24.78	36.75%	38.02%
Genworth Financial, Inc.	GNW	\$5.02	\$5.00	-0.40%	-0.40%
Globe Life, Inc.	GL	\$110.02	\$109.62	-0.36%	-0.36%
Kansas City Life Insurance	KCLI	\$22.50	\$23.25	3.33%	4.01%
Lincoln National Corporation	LNC	\$22.47	\$25.76	14.64%	17.16%
Manulife Financial Corporation	MFC - TSX	\$24.80	\$25.04	0.97%	2.41%
MetLife, Inc.	MET	\$57.94	\$56.53	-2.43%	-1.49%
National Western Life Group	NWLI	\$242.62	\$415.56	71.28%	71.28%
Primerica, Inc.	PRI	\$172.24	\$197.76	14.82%	15.22%
Principal Financial Group, Inc.	PFG	\$74.32	\$75.84	2.05%	3.04%
Prudential Financial, Inc.	PRU	\$82.74	\$88.22	6.62%	8.25%
Unum Group	UNM	\$39.56	\$47.70	20.58%	21.54%
Voya Financial	VOYA	\$71.46	\$71.71	0.35%	0.64%
American Equity Investment Life	AEL	\$36.49	\$52.11	42.81%	42.81%
Midwest Holding	MDWT	\$15.80	\$26.32	66.54%	66.54%
Median				6.97%	7.89%

		Market Price 3/31/2023	Market Price 6/30/2023	Percent Increase / - Decrease	Total Return
Property and Casualty					
American International Group Inc	AIG	\$50.36	\$57.54	14.26%	14.98%
Chubb Limited	CB	\$194.18	\$192.56	-0.83%	-0.39%
Cincinnati Financial Corporation	CINF	\$112.08	\$97.32	-13.17%	-12.52%
CNA Financial Corporation	CNA	\$39.03	\$38.62	-1.05%	-0.01%
Hanover Insurance Group, Inc.	THG	\$128.50	\$113.03	-12.04%	-11.41%
Hartford Financial Services Group	HIG	\$69.69	\$72.02	3.34%	3.98%
Selective Insurance Group	SIGI	\$95.33	\$95.95	0.65%	0.94%
Travelers Companies Inc.	TRV	\$171.41	\$173.66	1.31%	1.89%
United Fire Group Inc.	UFCS	\$26.55	\$22.66	-14.65%	-14.02%
Berkshire Hathaway Inc.	BRK.A	\$465,600.00	\$517,810.00	11.21%	11.21%
Donegal Group Inc.	DGIC.A	\$15.28	\$14.43	-5.56%	-4.42%
HCI Group, Inc.	HCI	\$53.60	\$61.78	15.26%	16.08%
Horace Mann Educators Corp.	HMN	\$33.48	\$29.66	-11.41%	-10.43%
Kemper Corporation	KMPR	\$54.66	\$48.26	-11.71%	-11.09%
Mercury General Corporation	MCY	\$31.74	\$30.27	-4.63%	-3.59%
Progressive Corporation	PGR	\$143.06	\$132.37	-7.47%	-7.41%
Safety Insurance Group Inc.	SAFT	\$74.52	\$71.72	-3.76%	-2.57%
The Allstate Corporation	ALL	\$110.81	\$109.04	-1.60%	-0.80%
Universal Insurance Holdings	UVE	\$18.22	\$15.43	-15.31%	-14.45%
Erie Indemnity Company	ERIE	\$231.66	\$210.01	-9.35%	-8.87%
NI Holdings, Inc.	NODK	\$13.00	\$14.85	14.23%	14.23%
Kingstone Companies, Inc.	KINS	\$1.34	\$1.17	-12.45%	-12.45%
Heritage Insurance Holdings	HRTG	\$3.08	\$3.85	25.00%	25.00%
Hallmark Financial Services	HALL	\$6.50	\$5.40	-16.92%	-16.92%
United Insurance Holdings	UIHC	\$2.82	\$4.46	58.16%	58.16%
Median				-3.76%	-2.57%

Title Insurers					
Fidelity National Financial	FNF	\$34.93	\$36.00	3.06%	4.39%
First American Financial	FAF	\$55.66	\$57.02	2.44%	3.37%
Investors Title Co	ITIC	\$151.00	\$146.00	-3.31%	-2.98%
Stewart Info Services	STC	\$40.35	\$41.14	1.96%	3.05%
Median				2.20%	3.21%

		Market Price 3/31/2023	Market Price 6/30/2023	Percent Increase / - Decrease	Total Return
Specialty					
American Financial Group Inc	AFG	\$121.50	\$118.75	-2.26%	-1.76%
AMERISAFE	AMSF	\$48.95	\$53.32	8.93%	9.62%
Arch Capital Group , Ltd.	ACGL	\$67.87	\$74.85	10.28%	10.28%
Employers Holdings, Inc.	EIG	\$41.69	\$37.41	-10.27%	-9.60%
Fairfax Financial Holdings	FFH -TSX	\$898.83	\$992.29	10.40%	10.40%
Intact Financial Corporation	IFC - TSX	\$193.42	\$204.54	5.75%	6.34%
James River Group Holdings	JRVR	\$20.65	\$18.26	-11.57%	-11.35%
Markel Corporation	MKL	\$1,277.41	\$1,383.18	8.28%	8.28%
Old Republic International Corp.	ORI	\$24.97	\$25.17	0.80%	1.80%
Palomar Holdings	PLMR	\$55.20	\$58.04	5.14%	5.14%
ProAssurance Corporation	PRA	\$18.48	\$15.09	-18.34%	-18.34%
RLI. Corp.	RLI	\$132.91	\$136.47	2.68%	2.90%
Skyward Specialty Insurance Group	SKWD	\$21.87	\$25.40	16.14%	16.14%
W.R. Berkley Corporation	WRB	\$62.26	\$59.56	-4.34%	-4.16%
Kinsale Capital Group	KNSL	\$300.15	\$374.20	24.67%	24.73%
AMBAC Financial Group, Inc.	AMBC	\$15.48	\$14.24	-8.01%	-8.01%
Assurant, Inc.	AIZ	\$120.07	\$125.72	4.71%	5.29%
Essent Group Ltd.	ESNT	\$40.05	\$46.80	16.85%	17.52%
Conifer Holdings, Inc.	CNFR	\$1.51	\$1.70	12.59%	12.59%
Global Indemnity Group	GBLI	\$28.15	\$33.59	19.33%	20.21%
Kingsway Financial Services	KFS	\$8.81	\$8.15	-7.49%	-7.49%
ICC Holdings	ICCH	\$15.50	\$15.83	2.16%	2.16%
NMI Holdings	NMIH	\$22.33	\$25.82	15.63%	15.63%
Tiptree, Inc.	TIPT	\$14.57	\$15.01	3.02%	3.40%
Trupanion, Inc.	TRUP	\$42.89	\$19.68	-54.12%	-54.12%
Median				4.71%	5.14%

Insurance Technology

EverQuote, Inc.	EVER	\$13.90	\$6.50	-53.24%	-53.24%
GoHealth, Inc.	GOCO	\$16.28	\$19.71	21.07%	21.07%
Hippo Holdings Inc.	HIPO	\$16.23	\$16.53	1.85%	1.85%
SelectQuote, Inc.	SLQT	\$2.17	\$1.95	-10.14%	-10.14%
Lemonade, Inc.	LMND	\$14.26	\$16.85	18.16%	18.16%
Root, Inc.	ROOT	\$4.51	\$8.94	98.23%	98.23%
Median				10.01%	10.01%

		Market Price 3/31/2023	Market Price 6/30/2023	Percent Increase / - Decrease	Total Return
Reinsurance					
AXIS Capital Holdings	AXS	\$54.52	\$53.83	-1.27%	-0.45%
Enstar Group Limited	ESGR	\$231.79	\$244.24	5.37%	5.37%
Everest Group Ltd.	EG	\$358.02	\$341.86	-4.51%	-4.07%
Greenlight Capital Re	GLRE	\$9.39	\$10.54	12.19%	12.19%
Reinsurance Group of America	RGA	\$132.76	\$138.69	4.47%	5.03%
RenaissanceRe Holdings	RNR	\$200.34	\$186.52	-6.90%	-6.71%
SiriusPoint Ltd.	SPNT	\$8.13	\$9.03	11.07%	11.07%
White Mountains Insurance	WTM	\$1,377.49	\$1,388.91	0.83%	0.83%
Maiden Holdings	MHLD	\$2.09	\$2.10	0.48%	0.48%

Median **0.83%** **0.83%**

Securities Brokers

Goldman Sachs	GS	\$327.11	\$322.54	-1.40%	-0.64%
Morgan Stanley	MS	\$87.80	\$85.40	-2.73%	-1.90%
Raymond James Financial	RJF	\$93.27	\$103.77	11.26%	11.71%
Bank of America	BAC	\$28.60	\$28.69	0.31%	1.11%
JPMorgan Chase & Co.	JPM	\$130.31	\$145.44	11.61%	12.49%
Citigroup	C	\$46.89	\$46.04	-1.81%	-0.75%
LPL Financial	LPLA	\$202.40	\$217.43	7.43%	7.59%
Charles Schwab Corporation	SCHW	\$52.38	\$56.68	8.21%	8.78%

Median **3.87%** **4.35%**

Asset Managers

Ameriprise Financial	AMP	\$306.50	\$332.16	8.37%	8.87%
Bank of New York Mellon	BK	\$45.44	\$44.52	-2.02%	-1.16%
Invesco Ltd.	IVZ	\$16.40	\$16.81	2.50%	3.76%
BlackRock	BLK	\$669.12	\$691.14	3.29%	4.05%
Affiliated Managers Group, Inc.	AMG	\$142.42	\$149.89	5.25%	5.25%
Franklin Resources	BEN	\$26.94	\$26.71	-0.85%	0.26%
T. Rowe Price Group, Inc.	TROW	\$112.90	\$112.02	-0.78%	0.31%

Median **2.50%** **3.76%**