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Insurance | North America

Life/P&C Insurance State of the Industry – 1Q25 Results Navigating Uncertainties

While P&C results generally held up in 1Q25, valuation is now becoming more elevated as the defensive nature of the sector shines. Life insurers are seeing more solid core earnings, but headwinds from VII pressured reported earnings.

Life Insurance: Core results held up well, rebound expected in 2H25. Core results were above expectations in 1Q25. This was driven by strong group business, life insurance, wealth management and expense savings. That said, on a reported basis, VII headwinds, annuity flows and other macro factors lead us to believe that earnings recovery will be more back-end loaded in 2025. Longer term, how spread compression plays out, growth and competitive environment of RILA segment, and durability of the net flows in various retirement related businesses will be key in supporting the life insurance sector. The macro volatility year-to-date increased the uncertainty of these fundamental factors for the year. That said, the overall valuation is attractive for the sector with a strong capital position to withstand smaller volatilities, and we see opportunities in the better positioned life insurers such as Equitable, Corebridge and Voya and MetLife.

P&C Insurance: Valuation becomes more of a hurdle as earnings became more bifurcated. Results were somewhat mixed depending on the segments. We see further growth and margin expansion in personal lines, which we believe is durable in 2025 supported by earned pricing. This is offset by a weaker commercial underwriting environment due to elevated social inflation fears and mixed pricing pressuring results. While reinsurance businesses held up well, most reinsurers also have exposures to commercial casualty segments where they face similar challenges to primary commercial insurers. Heading into the rest of 2025, we expect the broader P&C trend to remain steady, with personal lines and brokers likely leading on the earnings growth front. That said, the sector valuation is becoming less attractive. While the P&C sector held up better than we expected since Liberation Day, we believe the valuation relative to S&P 500 is not as attractive. A notable callout would be the insurance brokers, who are likely to see more earnings volatility, higher competition, and a more mixed pricing environment, but valuations remain high when compared to the past 10 years. The key debate should shift towards the ability to maintain margin and growth in order to justify the current valuation. For now, we continue to prefer personal lines for the improving fundamentals, and reinsurers for attractive valuation.

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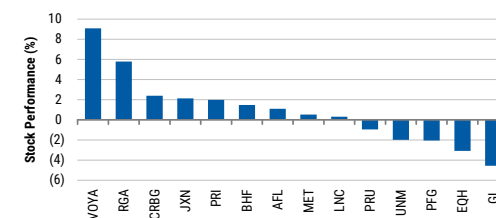
INSURANCE - LIFE/ANNUITY	
North America	Attractive
Industry View	Attractive
INSURANCE - PROPERTY & CASUALTY	
North America	Attractive
Industry View	Attractive

Exhibit 1: Life Insurance: Price Target Updates

Company Ticker	Rating	Base Price Target			Current Price	% Upside	2025e Op EPS		
		Prior	New	% Chg			Prior	New	% Chg
AFL	E	100	105	5.0%	106.82	-1.7%	6.87	6.86	-0.2%
BHF	U	41	45	9.8%	60.99	-26.2%	20.18	20.21	0.1%
CRBG	O	32	37	15.6%	32.78	12.9%	5.83	5.79	-0.7%
EQH	O	58	67	15.5%	53.59	25.0%	7.89	8.17	3.5%
GL	E	117	125	6.8%	122.07	2.4%	14.79	14.77	-0.1%
JXN	E	68	91	33.8%	85.22	6.8%	19.32	20.34	5.3%
LNC	E	32	38	18.8%	34.42	10.4%	6.72	7.60	13.2%
MET	O	94	99	5.3%	80.83	22.5%	10.36	10.37	0.1%
PFG	E	67	71	6.0%	81.55	-12.9%	8.43	8.43	0.0%
PRI	E	274	296	8.0%	278.97	6.1%	21.92	22.46	2.5%
PRU	E	108	117	8.3%	107.33	9.0%	15.25	15.34	0.6%
RGA	E	195	209	7.2%	209.12	-0.1%	26.54	26.51	-0.1%
UNM	E	76	83	9.2%	82.15	1.0%	9.68	9.61	-0.7%
VOYA	O	70	86	22.9%	69.54	23.7%	9.11	9.83	7.8%
MFC	E	43	46	7.0%	44.77	2.7%	4.20	4.47	6.6%
SLF	E	78	85	9.0%	87.94	-3.3%	7.44	7.82	5.0%

Note: In the case of Globe Life, \$125 is toward the upper end of our base case range of \$83 to \$136. Source: FactSet, Morgan Stanley Research estimates

Exhibit 2: Relative Stock Performance 1 Day Post Earnings



Source: FactSet, Morgan Stanley Research.

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Exhibit 4 : P&C Insurance: Price Target

Changes

Company Ticker	Rating	Base Price Target			5/16/25	
		Prior	New	% Chg	Current Price	% Upside
Reinsurers/Hybrids						
ACGL	O	\$105	\$110	4.8%	\$94.59	16.3%
EG	E	\$330	\$350	6.1%	\$348.08	0.6%
HG	E	\$19	\$20	5.3%	\$21.08	(5.1%)
RNR	O	\$275	\$285	3.6%	\$246.10	15.8%
Primary Carriers						
AIG	E	\$81	\$85	4.9%	\$84.33	0.8%
AIZ	E	\$200	\$217	8.5%	\$202.33	7.3%
ALL	O	\$235	\$235	0.0%	\$209.06	12.4%
CB	E	\$280	\$300	7.1%	\$294.33	1.9%
HIG	E	\$115	\$130	13.0%	\$131.12	(0.9%)
IFC	E	\$300	\$300	0.0%	\$299.22	0.3%
LMND	U	\$24	\$24	0.0%	\$32.57	(26.3%)
PGR	O	\$320	\$330	3.1%	\$286.03	15.4%
SIGI	E	\$85	\$90	5.9%	\$89.09	1.0%
THG	E	\$163	\$170	4.3%	\$168.37	1.0%
TRV	E	\$245	\$269	9.8%	\$273.63	(1.7%)
WRB	E	\$63	\$75	19.0%	\$73.28	2.3%
Specialty Carriers						
BOW	E	\$36	\$39	8.3%	\$38.41	1.5%
KNSL	O	\$490	\$525	7.1%	\$463.53	13.3%
Brokers						
AON	E	\$365	\$365	0.0%	\$361.92	0.9%
BRO	E	\$120	\$120	0.0%	\$111.77	7.4%
MMC	E	\$225	\$225	0.0%	\$231.39	(2.8%)
RYAN	O	\$78	\$80	2.6%	\$70.70	13.2%
TWFG	E	\$29	\$34	17.2%	\$33.80	0.6%
WTW	E	\$315	\$315	0.0%	\$311.93	1.0%

Source: FactSet, Company data, Morgan Stanley Research estimates

Life Insurance Key Themes

Despite life insurers' generally high macro sensitivities, results held up well on a core basis. Some companies also reiterated 2025 guidance. Several key themes for the quarter are likely to carry over into the rest of the year:

1. **Spreads Holding as Business Environment Continues to Present Opportunities:** Though several companies faced spread compression headwinds to start the year, these pressures appear to be less onerous than previously thought. Meanwhile, the environment for writing new businesses remained relatively supportive.
2. **Life Segments Face One-Time Items on Reported Basis, But Beat on Core Basis:** Some companies reported large claims which selectively lowered earnings, but, overall, mortality trends appear to be on promising footing.
3. **Group Served as Key Earnings Contributor:** Results generally outperformed relatively low expectations. Favorable experience supported most companies, but some saw elevated benefit ratios. Companies such as MetLife, Prudential, Lincoln, and Voya should continue to see upward momentum.
4. **Alternatives — Pushing Out the Recovery Timeline:** With a less favorable macro environment YTD, companies are now expecting variable investment income to finish below expectations in 2025. While most companies expect the long-term VII return to remain intact, investors are likely baking in VII weaknesses for 2Q25.
5. **International Earnings Showed Stability:** As the global economy becomes more uncertain, international earnings, FX and other factors become more critical. While international growth and earnings held up on a reported basis, they were weaker than our prior expectations on a core basis.
6. **Equity Markets — AM/WM AUM Held Up, While Annuities Flows Saw Some Pressure:** AUM flows were positive despite a less supportive equity market environment in the back half of the quarter. Segment earnings faced some pressure from higher compensation expense. Variable annuity outflows showed weakness. Variable annuity flows have been inconsistent for sometime; we believe this pressure is likely to continue. While RILA is serving as a replacement, we believe the longer term strategy is to pivot towards asset/wealth management, similar to Equitable, Voya, Principal, Prudential and others. As such, we are more optimistic on companies such as Equitable and Voya.
7. **Capital — Buybacks In-Line:** Share repurchases were in line with consensus estimates. Companies closely followed the 2025 capital return guidance put forth during 4Q24 earnings. Capital position remain strong, which should support the current buyback guidance. Longer term we believe cash generation and shift to capital light business will remain the key to buybacks.

1Q25 Life Insurance Earnings Were Modestly Above Expectations on a Core Basis

About half of our life insurers beat expectations on a reported basis, while most life insurers beat expectations on a core basis. Drivers of earnings beats 1) favorable underwriting, 2) better than expected macro sensitive segment performance, or 3) both.

Largest Upside and Downside for the Quarter: On a core basis, Voya surprised most positively, given the upside in its Health Solutions segment results. Brighthouse surprised most negatively on a core basis.

Exhibit 4: Reported Results: Actual vs. Expected

	Reported Operating EPS			Variance		Surprise vs. Street
	MS Est	First Call	Actual	MS	First Call	
AFL	1.58	1.67	1.66	0.07	(0.01)	↔
BHF	4.78	4.58	4.01	(0.77)	(0.58)	↓
CRBG	1.15	1.16	1.16	0.01	0.00	↔
EQH	1.40	1.47	1.30	(0.09)	(0.16)	↓
GL	3.22	3.23	3.07	(0.15)	(0.16)	↓
JXN	4.95	4.93	5.10	0.15	0.17	↑
LNC	1.49	1.54	1.60	0.11	0.06	↑
MET	2.02	2.00	1.96	(0.05)	(0.04)	↔
PFG	1.77	1.82	1.81	0.04	(0.01)	↔
PRI	4.83	4.78	5.02	0.19	0.24	↑
PRU	3.27	3.18	3.29	0.02	0.11	↑
RGA	5.45	5.31	5.66	0.21	0.34	↑
UNM	2.17	2.19	2.04	(0.12)	(0.15)	↓
VOYA	1.52	1.44	2.00	0.48	0.56	↑

Source: Company data, FactSet, Morgan Stanley Research

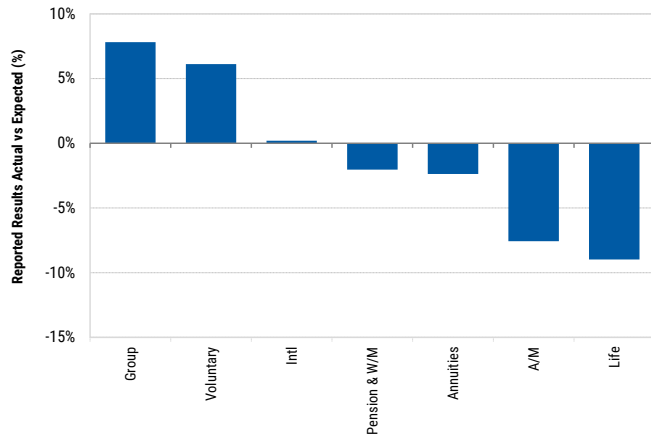
Exhibit 5: Core Results: Actual vs. Expected

	Core Operating EPS			Variance		Surprise vs. Street
	MS Est	First Call	Actual	MS	First Call	
AFL	1.58	1.67	1.66	0.07	(0.01)	↔
BHF	4.78	4.58	4.17	(0.61)	(0.41)	↓
CRBG	1.15	1.16	1.21	0.06	0.05	↔
EQH	1.40	1.47	1.35	(0.05)	(0.12)	↓
GL	3.22	3.23	3.07	(0.15)	(0.16)	↓
JXN	4.95	4.93	5.20	0.25	0.27	↑
LNC	1.49	1.54	1.70	0.21	0.16	↑
MET	2.02	2.00	2.08	0.06	0.08	↑
PFG	1.77	1.82	1.92	0.15	0.10	↑
PRI	4.83	4.78	5.02	0.19	0.24	↑
PRU	3.27	3.18	3.48	0.21	0.30	↑
RGA	5.45	5.31	5.66	0.21	0.34	↑
UNM	2.17	2.19	2.04	(0.12)	(0.15)	↓
VOYA	1.52	1.44	2.15	0.63	0.71	↑

Source: Company data, FactSet, Morgan Stanley Research

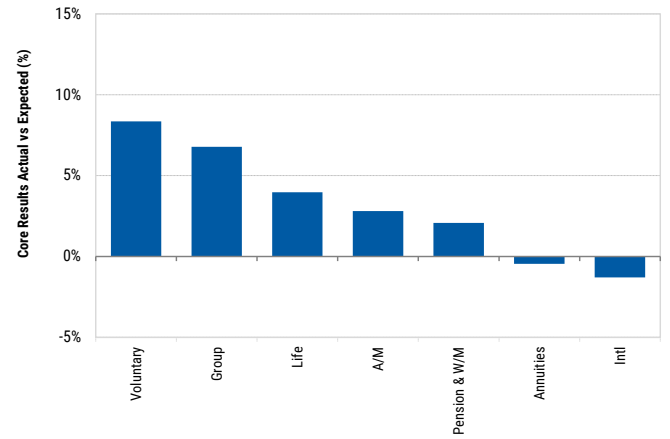
Variable Investment Income Driving Reported vs. Core: The first quarter saw few abnormal items, so much of the difference between reported and core results can be attributed to variable investment income returns. By segment, the differences between reported and core line of business results partly depended on how companies allocated variable investment income above/below plan (e.g., Lincoln allocates a significant amount of variable investment income to its Life segment).

Exhibit 6: Reported Results: A vs. E Variance (%)



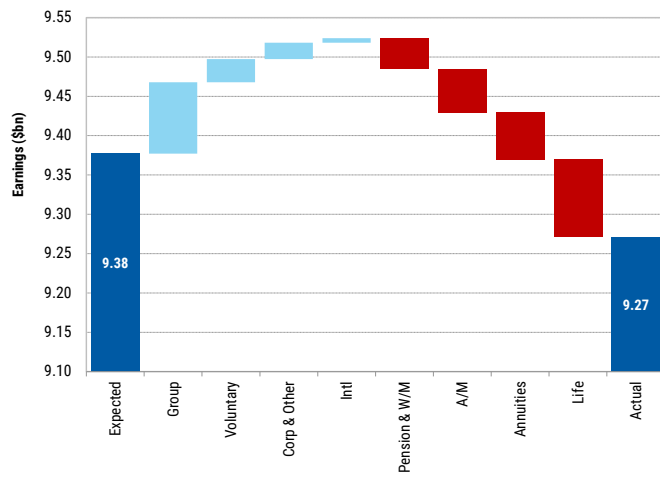
Note: On a pre-tax earnings basis. Source: Company data, Morgan Stanley Research

Exhibit 7: Core Results: A vs. E Variance (%)



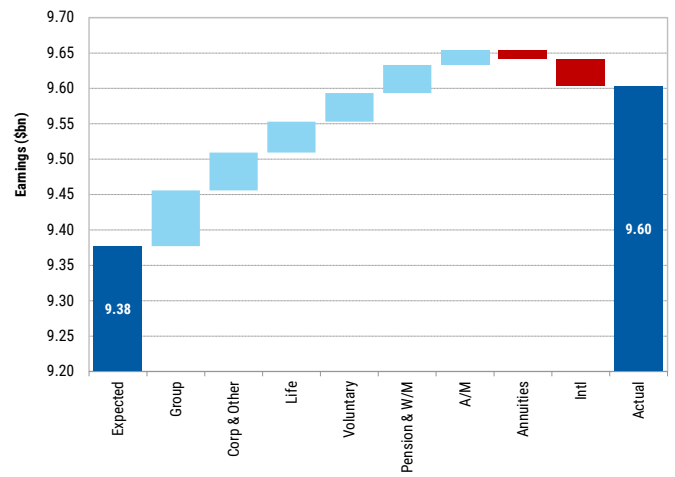
Note: On a pre-tax earnings basis. Some core results are approximations. Source: Company data, Morgan Stanley Research

Exhibit 8: Reported Results Waterfall: A vs. E



Note: On a pre-tax basis. Source: Company data, Morgan Stanley Research

Exhibit 9: Core Results Waterfall: A vs. E



Note: On a pre-tax basis. Some core results are approximations. Source: Company data, Morgan Stanley Research

Spreads Better Than Expected as Business Environment Continues to Present Opportunities

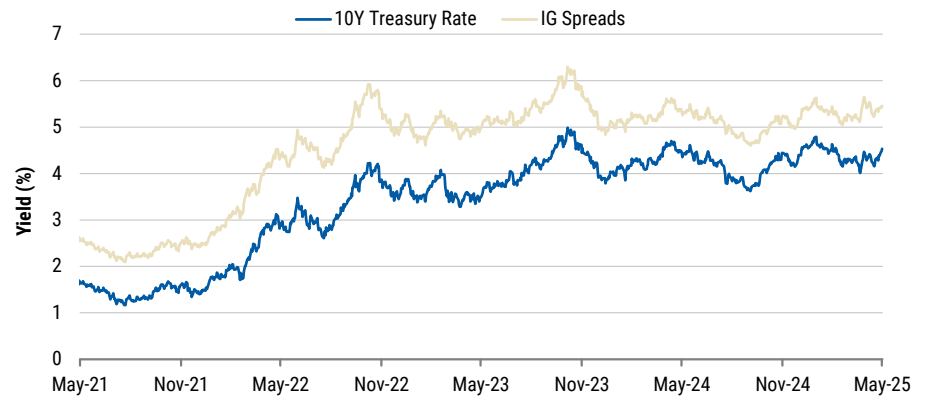
Background: Life insurers have sizable fixed income investments backing their insurance liabilities. The expected interest income on investments is embedded in their reserves, and is a key component of earnings. Higher interest rates have served as a tailwind for investment income, with life insurers purchasing fixed income securities with new money yield above their roll-off yield. Recently, spread income has also been generated from RILA products, which reflects the outperformance of equity indices over options purchased in respect to a participation rate.

Our Expectations: During the first quarter the average level of the 10-year treasury increased 18 basis points (vs. that of 4Q24) though the quarter start-to-end difference was a decrease of 36 basis points. Despite the 10-year treasury rate coming down during the first quarter, rates ultimately remain elevated on a comparative basis, which we expected to be supportive of spread-based business. We expected elevated rates to support the all-in new money rate for insurers and materialize through higher net investment income, somewhat offset by some catch-up in crediting rates.

What Actually Happened: Net investment income continues to support life insurer results. Spreads fell sequentially at some companies (e.g., Corebridge's Individual Retirement base net investment spread fell 5bps from 2.08% to 2.03%, MetLife's RIS general account spread excluding variable investment income fell 7bps from 1.08% to 1.01%), though both declines were well communicated before the quarter (i.e., due to Fed rate cuts and expiration of interest rate caps, respectively). Offsets to these impacts include 1) high new money yields, 2) an attractive backdrop for writing spread-based annuities business, and 3) an attractive backdrop for writing other spread-based business (though pension risk transfer activity was somewhat soft this quarter).

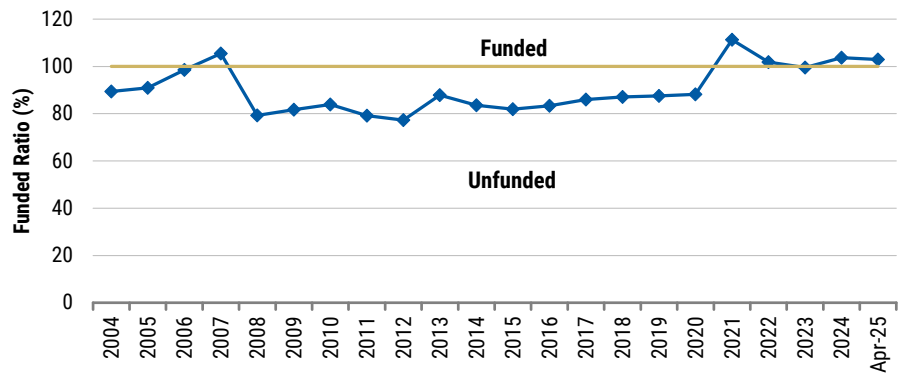
Implications Looking Forward: Despite the headwind from spread declines, commentaries suggest this impact is manageable and potentially abating. Specifically, Corebridge expects less Fed rate cut earn-in for 2Q25 and MetLife management commented that spreads are likely to stabilize going forward. In terms of future growth, the backdrop should continue being supportive and we note that several companies like Equitable (via RGA reinsurance transaction), Lincoln (via Bain transaction), and MetLife (via Talcott variable annuities risk transfer transaction) should have incremental capital that they could use to grow their spread-based businesses. Lastly, offsetting these tailwinds is the potential for elevated spread-based annuities 2H25 outflows from Brighthouse and Corebridge, according to 1Q25 earnings calls.

Exhibit 10: IG Spreads and 10Y Treasury Rates



Source: Matrix, Bloomberg, Morgan Stanley Research

Exhibit 11: Milliman's Pension Funding Index



Source: Milliman, Morgan Stanley Research

Life Segments Face One-Time Items on Reported Basis, But Beat on Core Basis

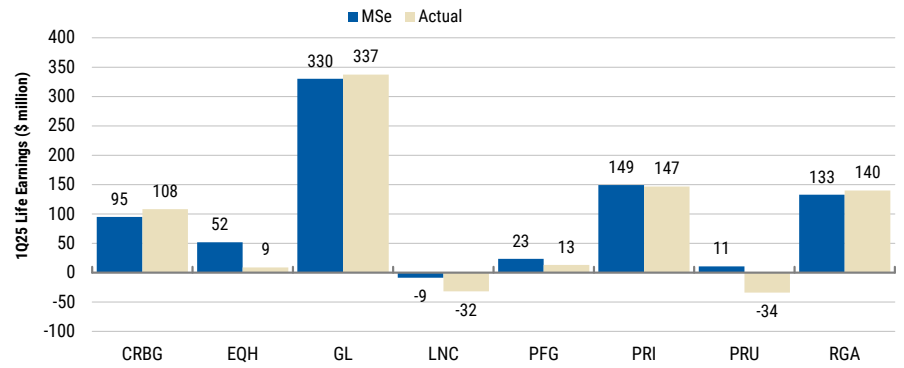
Background: Post pandemic, mortality continues to be elevated compared to historical averages. However, weekly deaths have been trending down towards pre-COVID levels. Consequently, life insurers have baked into their assumptions a minimal, but ongoing impact from elevated mortality. This mortality tends to be most acute in the first quarter.

Our Expectations: While we expected this flu season to track in line or favorably compared to last year, we noted that flu vaccinations have been trending lower than they have tracked in previous years. That said, we did not anticipate this to have a significant impact on mortality experience this quarter, but highlighted that it could create some noise.

What Happened: On a collective basis, results missed expectations on a reported basis ([Exhibit 12](#)), but exceeded expectations on a core basis when excluding the impact of variable investment income below plan. On an individual company basis, results were mixed, which underscores the degree of earnings volatility and company-specific nature of mortality experience. On the upside, Corebridge saw mortality results better than expectations, Globe Life saw positive mortality experience, and RGA saw favorable individual life large claims experience. On the downside, Equitable saw an abnormally high number of claims and noted the impacts of a harsh flu season and Principal called out a single large claim with a high face amount shared by multiple carriers. Lincoln's and Prudential's results improved year-over-year, but fell short of our expectations.

Implications Looking Forward: Excluding the large claim activity seen this quarter, results came in relatively solid in our view. Mortality trends appear to be on a promising footing. For example, Globe Life management commented that the company should see a favorable margin impact in the third quarter for life assumption updates. Moreover, Principal management pointed out that working age population results were encouraging this quarter. Outside of these trends, we also note that Equitable's mortality exposure should come down significantly due to the [RGA reinsurance transaction](#), so its quarterly results should be less volatile once the transaction closes.

Exhibit 12: 1Q25 Life Earnings: MSe vs. Actual (Reported)



Source: Company data, Morgan Stanley Research

Group Served as Key Earnings Contributor

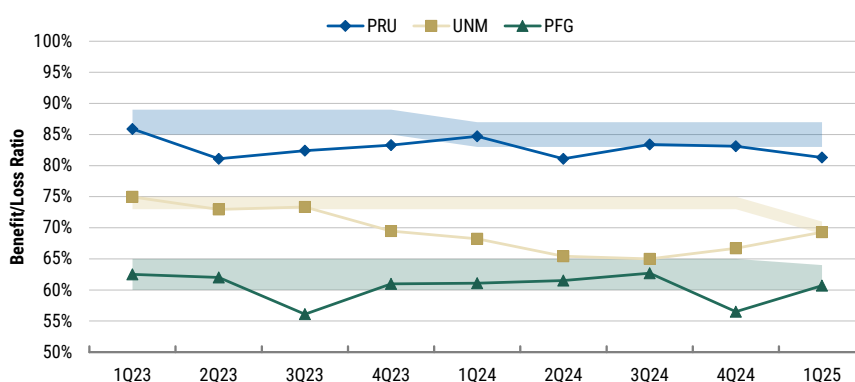
Background: Mortality and claims trends are key drivers of profitability for business lines within group insurance. Through the pandemic, group life was hit particularly hard, but low utilization among other lines of business had a favorable impact. While behavior has normalized toward pre-pandemic behavior, favorable macro conditions, namely, subsiding inflation, low unemployment, and low mortality have provided a boost to segment earnings.

Our Expectations: We took a somewhat cautious view into the quarter, given signs of elevated mortality and inflationary pressures within dental.

What Happened: Headlined by Voya's Health Solutions segment earnings, results came in better than expected. For Voya, results benefitted from positive prior year stop loss reserve developments, which more than offset lower reported Group Life and Voluntary underwriting gains as well as short-term disability and leave management investments. Elsewhere, MetLife saw favorable life underwriting related to lower working age mortality and Prudential saw favorable underwriting results in group life and disability. Though Unum's Group Disability results finished below expectations due to a higher benefit ratio of 61.8%, the benefit ratio was still within management's low 60s benefit ratio guidance range.

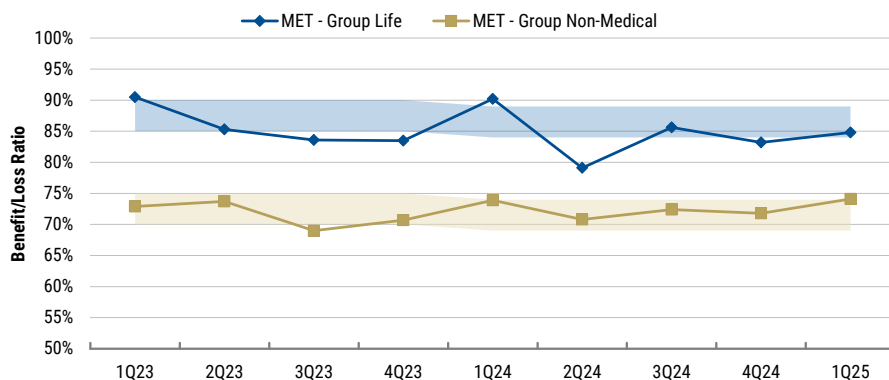
Implications Looking Forward: Looking forward, we come away from 1Q25 results generally encouraged. In the case of Voya, while it's early, Stop Loss program's January cohort's estimated loss ratio of 87% should serve as a positive signal, compared to the 2024 January's cohort's loss ratio of 93%. In combination of nearly 90% completion in pricing, we expect the Stop Loss business to further improve throughout the year. Moreover, MetLife and Unum management struck fairly positive tones. MetLife expects its non-medical health benefit ratio to be near the middle of its 69-74% benefit ratio guide for both 2Q25 and the full-year, despite higher 1Q25 utilization; it also expects its group life benefit ratio to finished near the low end of its 84-89% benefit ratio guidance for the full-year. Unum reiterated its full-year 6-10% EPS growth guidance, which is considerably dependent on the Group Disability benefit ratio remaining in the low 60s.

Exhibit 13: Group Segment Benefit Ratios



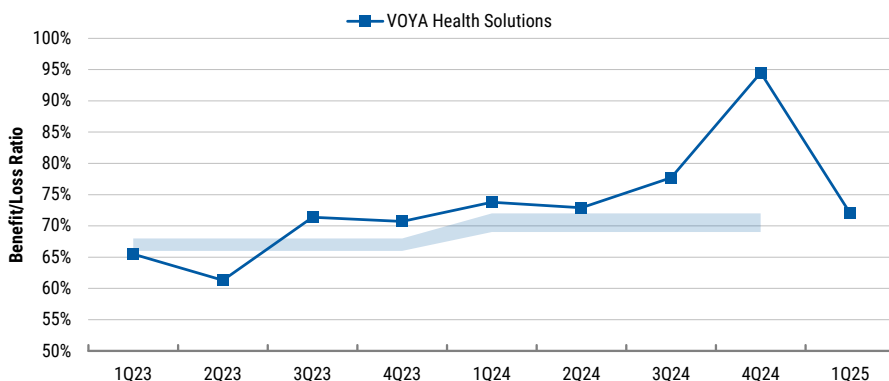
Note: Shaded area is company guidance. Source: Company data, Morgan Stanley

Exhibit 14: MetLife Group Benefit Ratios



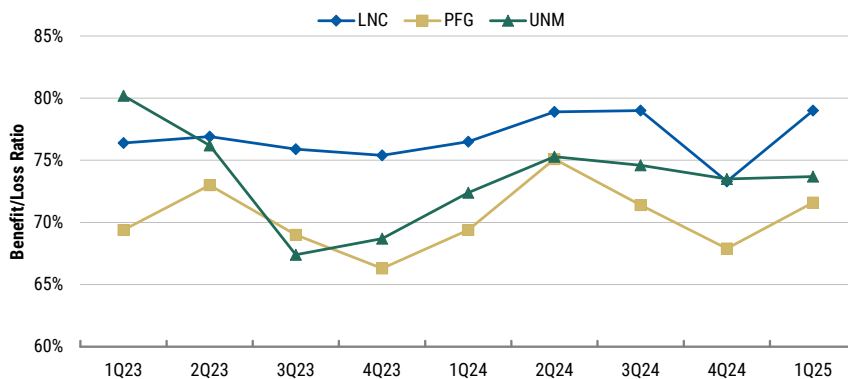
Note: Shaded area is company guidance. Source: Company data, Morgan Stanley Research

Exhibit 15: Voya Health Solutions Aggregate Loss Ratio



Note: Shaded area is company guidance. Source: Company data, Morgan Stanley Research

Exhibit 16: Dental Line Benefit Ratios



Source: Company data, Morgan Stanley Research

Alternatives — Pushing Out the Recovery Timeline

Background: While exposure to alternative investments including private equity are small relative to life insurers' total investment portfolios, returns can be highly volatile and have an outsized influence on results. Results are typically recorded on a one-quarter delay for private equity, and one-month delay for hedge funds.

Our Expectations: More recent vintages of alternative investments have dislocated from the equity market performances somewhat. As such, while the equity market returned a solid ~2% in 4Q24, we continued to expect the performance to lag behind the S&P. Management across our coverage, notably Equitable and Corebridge, again guided to variable investment income performance below long term expectations.

What Actually Happened: Consistent with our expectations, variable investment income below plan continued to pose a headwind to earnings for most. Unlike prior quarters, which saw one or more companies report variable investment income above plan, we saw variable investment income below plan across the board in 1Q25. To the extent companies pre-announced variable investment income (e.g., Prudential and Voya), results were consistent with the pre-announcements. By asset category, real estate exposure within the alternative portfolios remains a key drag, though it has been improving meaningfully for MetLife.

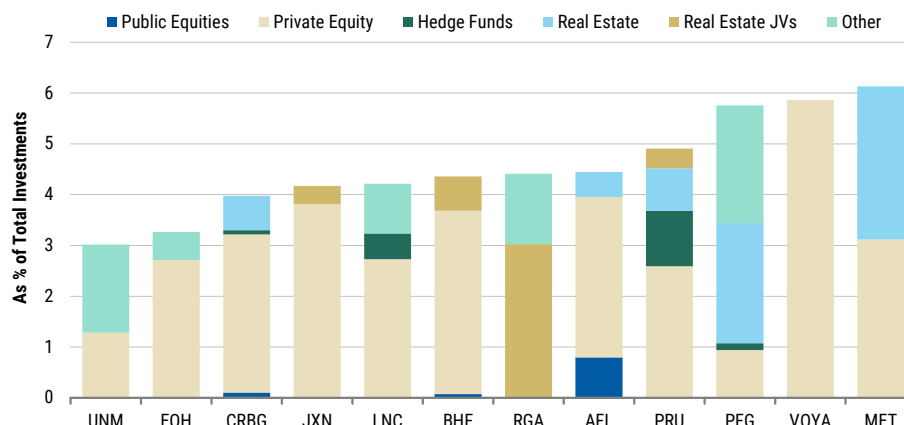
Implications Looking Forward: While some management teams previously expressed optimism that variable investment income may return to long-term expectations at some point in 2025, the recovery timeline is now highly uncertain. As Principal put it, for example, the recovery depends on the severity and longevity of the market disruption. On the positive side though, we note 1) the market disruption longevity may not be as lengthy as feared and 2) Unum reiterated its Closed Block segment guidance, which contemplates alternative investment returns in-line with its 8-10% long-term assumption.

Exhibit 17: Variable Investment Income (VII) Above (Below) Expectation EPS Impact

	EPS Impact from VII Above (Below) Expectations				
	1Q24	2Q24	3Q24	4Q24	1Q25
AFL	(0.01)	-	(0.04)	0.02	(0.05)
CRBG	(0.17)	(0.08)	(0.02)	(0.03)	(0.06)
EQH	(0.04)	(0.07)	(0.04)	(0.08)	(0.04)
JXN	0.03	0.06	(0.28)	0.04	(0.11)
LNC	(0.02)	(0.23)	0.06	0.05	(0.10)
MET	(0.13)	(0.09)	(0.24)	(0.09)	(0.11)
PFG	(0.11)	(0.07)	(0.09)	(0.12)	(0.12)
PRU	-	(0.20)	(0.11)	0.03	(0.20)
VOYA	(0.11)	(0.09)	(0.22)	(0.11)	(0.15)

Note: Aflac 1Q25 variable investment income headwind is a Morgan Stanley estimate. Source: Company Data, Morgan Stanley Research estimates

Exhibit 18: Alternative Investments as a % of Total Investments



Note: Estimates based on public filing disclosures. "Other" for Unum includes private credit and real assets. Source: Company data, Morgan Stanley Research

Exhibit 19: Variable Investment Income Commentary Across Coverage

	Long-Term VII Return Expectation (%)	Drivers of Recent Performance	Performance Outlook Comments	Performance Outlook Guidance
Aflac	10			
Brighthouse	9 to 11			Does not provide near-term alternative expectations
Corebridge	8 to 9	RE equity underperformance	Returns to fall short 8-9% long-term expectation in 2025	2Q25 returns to be half those of 1Q25
Equitable	8 to 12	PE and RE underperformance "Other alts" outperformance	Returns to remain below 8-12% targeted range	More specific update on 2Q25 to come later in the quarter
Jackson	10	Diversified PE exposure Lack of RE equity exposure		
Lincoln	~10		Continued market volatility could create additional near-term returns pressure	
MetLife	~10 to ~11	Lower PE returns but RE return improvement	\$1.7 billion pre-tax expected for 2025	Will start preannouncing VII in July 2025
Principal	8 to 8.5	Lower HF returns. Half of portfolio is RE, sitting on gains until sales.	2025 returns dependent on severity and longevity of market disruption	
Prudential	7 to 9	Lower PE and RE returns	Equity market decline to likely result in VII below expectations in 1H25	Now preannouncing VII
RGA	10 to 12		Building in 6% VII return in near-term	Expect 6-8% in a more constrained environment (relative to 2021 and 2022)
Unum	8 to 10	Mix of PE, real assets, and private credit helping to dampen volatility	2025 Closed Block earnings guidance assumes normalized alts	
Voya	9	PE valuations	Lower prepayment income to persist in 2025	2Q25 to be below expectations due to current macro environment

Source: Company data, Morgan Stanley Research

International Earnings Show Stability

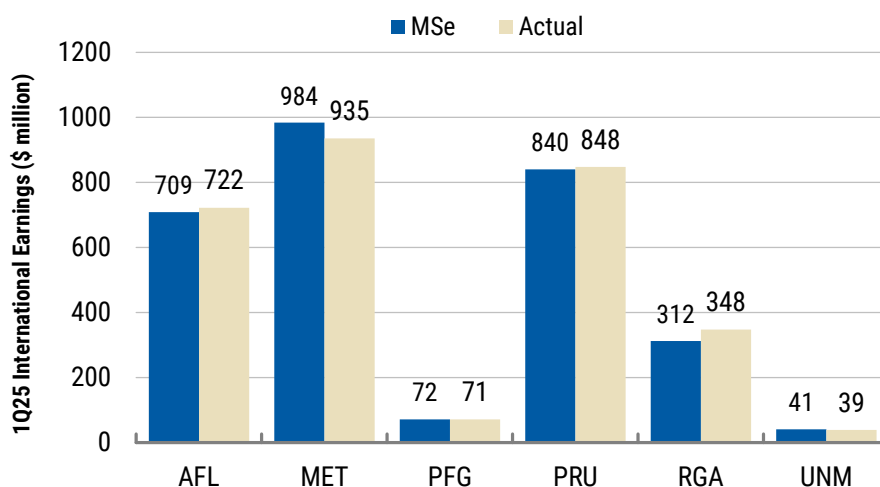
Background: For some time, US life insurers have expanded their reach into international markets, where the growth and profitability outlook can be stronger than what is found domestically. Further, international markets can offer additional earnings mix from protection-oriented products, which help limit insurer exposure to equity markets and interest rates.

Our Expectations: In the first quarter, the US dollar depreciated relative to several foreign currencies, mostly notably the yen, which rallied after weakening to multi-decade lows around 2Q24-end. We expected this to be a tailwind to those companies with Japanese operations, including Aflac, MetLife, Prudential.

What Happened: Overall, results finished close to expectations. In terms of companies most above and below expectations, we note Asia results for RGA and MetLife, respectively. For RGA, the company saw favorable overall experience in Traditional. For MetLife, the company experienced less favorable underwriting due to lower surrenders.

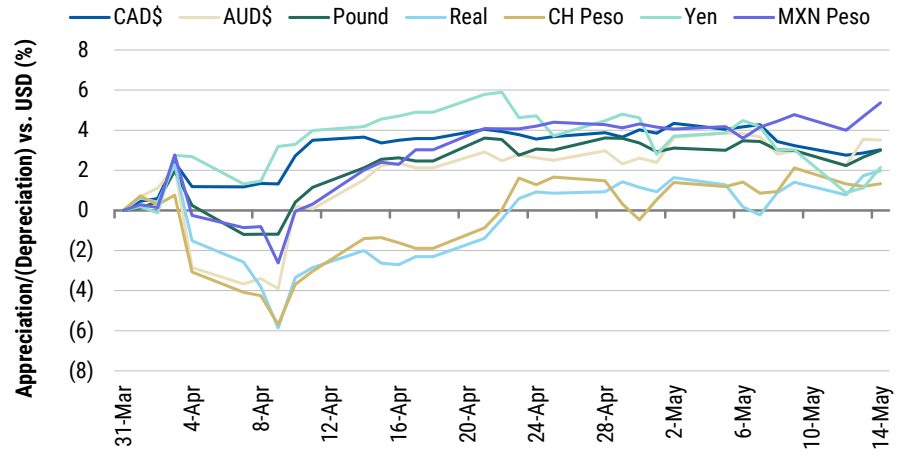
Implications Looking Forward: Looking forward, we expect foreign exchange to support returns, given the weakness experienced in the dollar thus far into the quarter. In particular, relative to the foreign currency appreciation against the dollar seen in 1Q25, the foreign currency appreciation against the dollar in 2Q25 is occurring earlier in the quarter, which suggests a potentially more significant tailwind. That said, we would note, however, that often foreign currency influences are hedged or offset through product design.

Exhibit 20: 1Q25 International Earnings: MSe vs. Actual



Note: PRU reflects Life Planner and Gibraltar, AFL reflects Japan, PFG reflects PI, MET reflects International, UNM reflects Colonial and International, RGA reflects total company; Source: Company Data, Morgan Stanley Research

Exhibit 21: FX 2Q25 Performance through 5/14/25



Source: Company Data, FactSet, Morgan Stanley Research

Equity Markets — AUM Holds Up, While Annuities Flows See Some Pressure

Background: Several life insurers sell products on which the earnings are sensitive to equity markets. These are typically fee-based products such as asset management, variable annuities, and full service pension.

Our Expectations: Equity markets decreased 4.6% on both a point-to-point basis and 0.2% on an average level basis in 1Q25, relative to 4Q24. We expected this to serve as a headwind for the earnings power of the more equity-sensitive business lines such as variable annuities, asset management, and retirement. However, pre-announced AUM figures pointed to an increase in AUM, and while the release was without an explanation of drivers, it suggested potentially favorable fee earnings.

What Actually Happened: For investment management segments, results were overall fairly in-line with expectations. On the upside, on an after-tax basis, Equitable saw higher base fees and improved margins drive significant earnings growth. Meanwhile, Prudential experienced lower seed income, co-investment income, and incentive fees in the quarter. While Voya and Principal both posted in-line results, [Voya's net flows \(i.e., \\$7.7 billion actual vs. \\$1.9 billion MSe\)](#) were significantly better than those of [Principal \(i.e., \\$\(4.2\) billion actual vs. \\$\(1.7\) billion MSe\)](#). For annuities segments, variable annuities flows continue to be under pressure. RILA inflows provide varying degrees of offset, but RILA strength waned somewhat for Jackson and Lincoln.

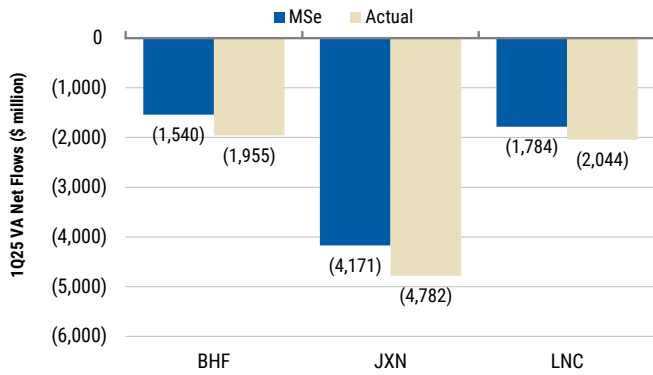
Implications Looking Forward: Looking forward, we are encouraged by how investment management segments weathered the volatility in the second half of 1Q25. However, 2Q25, which includes the material April equity market downturn, may be a greater challenge as it could significantly bring down average quarterly AUM levels and dampen inflows. Moreover, variable annuities outflows could pick up further. That said, given the equity market recovery from the early April lows thus far, 2Q25 could ultimately turn out to be another quarter in which results hold up well.

Exhibit 22: Life Insurers Asset Management - AUM AvE

	1Q25 (\$ billions)			Variance \$		Variance %		QoQ Change		YoY Change	
	Actual	MSe	Cons.	MSe	Cons.	MSe	Cons.	\$	%	\$	%
EQH	784	774	786	10	(2)	1%	0%	(8)	(1.0)	25	3.3
PFG	689	662	676	27	13	4%	2%	6	0.9	9	1.3
PRU	1,390	1,374	1,386	16	4	1%	0%	10	0.7	49	3.7
VOYA	345	336	337	9	8	3%	2%	6	1.8	14	4.2

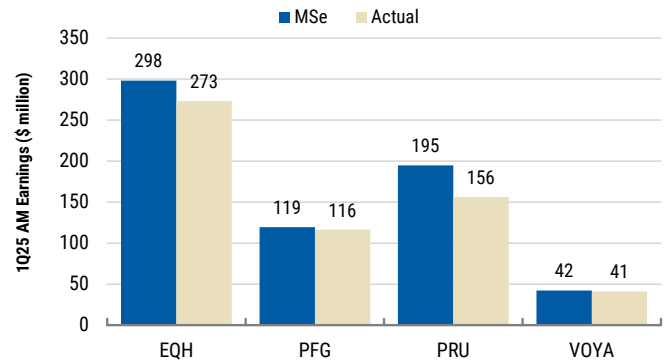
Note: Principal shown on an ex Other AUM basis. Source: Company Data, Visible Alpha, Morgan Stanley Research

Exhibit 23: VA Flows: MSe vs. Actual, 1Q25



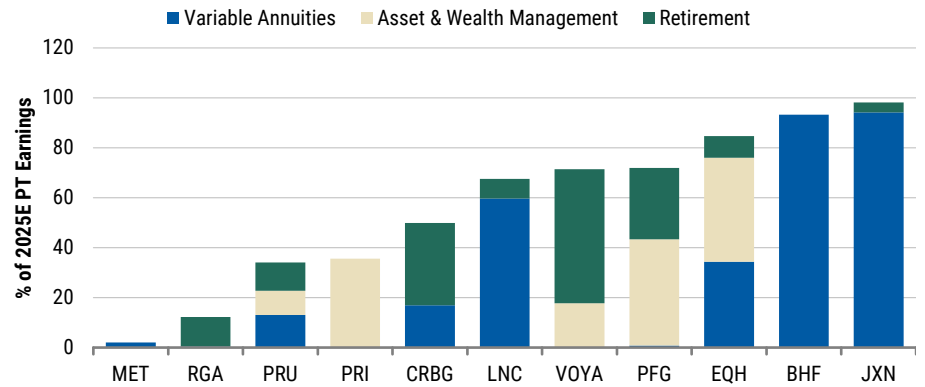
Source: Company Data, Morgan Stanley Research

Exhibit 24: Asset Management Earnings: MSe vs. Actual, 1Q25



Source: Company Data, Morgan Stanley Research

Exhibit 25:
Companies More Exposed to Equity Market



Source: Company data, Morgan Stanley Research

Buybacks In-Line

Background: Whenever there are periods of volatility, companies typically pivot away from returning capital to protecting balance sheet strength. Accordingly, when there are growing concerns of a recession on the horizon, we often see companies pull back on their buyback plans. While investors do not like companies hoarding capital, companies are penalized at an exponential level if they need to raise capital.

Our Expectations: We expected life insurers' capital return to remain in line with prior quarters' experience. With a few exceptions, insurers typically guide to a FCF return north of 60% of operating earnings. Given life insurers' solid capital position balanced out by persistently uncertain markets, we expected buybacks to fall within guidance.

What Actually Happened: Share repurchases were in line with consensus estimates. We call out three cases in which share repurchases were notably above consensus. For Aflac, management noted that the share repurchases represented good relative IRR capital deployment. For Globe Life, management continues to believe that share repurchases offer the best return relative to alternative uses of capital. For MetLife, the elevated level of share repurchases comes after the company was locked out of share repurchases for much of 4Q24, when the company repurchased shares at a relatively subdued level.

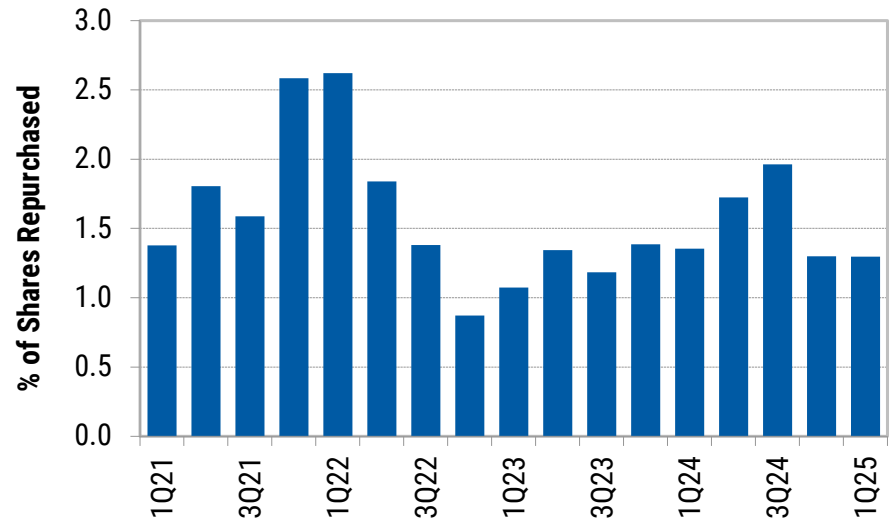
Implications Looking Forward: Looking forward, given the adherence to 2025 guidance thus far, our capital return expectations are generally unchanged.

Exhibit 26: 1Q25 Share Repurchases: Actual vs. MSe. vs. Cons.

	Actual	MSe	Consensus	Variance vs. Consensus
AFL	900	750	728	↑
BHF	59	60	63	↔
CRBG	321	350	325	↔
EQH	261	285	279	↔
GL	177	156	160	↑
JXN	172	130	128	↑
LNC	0	0	0	↔
MET	1400	800	947	↑
PFG	200	225	199	↔
PRI	118	113	117	↔
PRU	250	250	250	↔
RGA	0	0	0	↔
UNM	203	200	210	↔
VOYA	0	15	7	↔

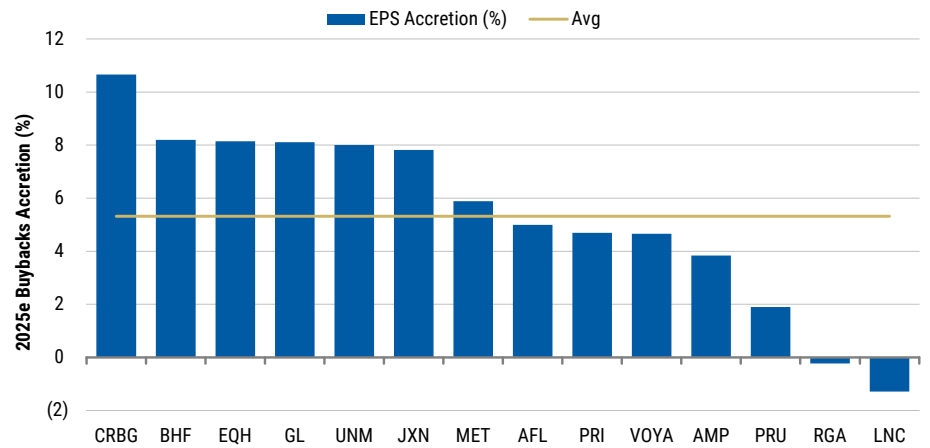
Source: Company Data, Visible Alpha, Morgan Stanley Research

Exhibit 27: Industry Buyback: Average % of Shares Repurchased



Source: Company data, Morgan Stanley Research

Exhibit 28: Buyback Accretion 2025e

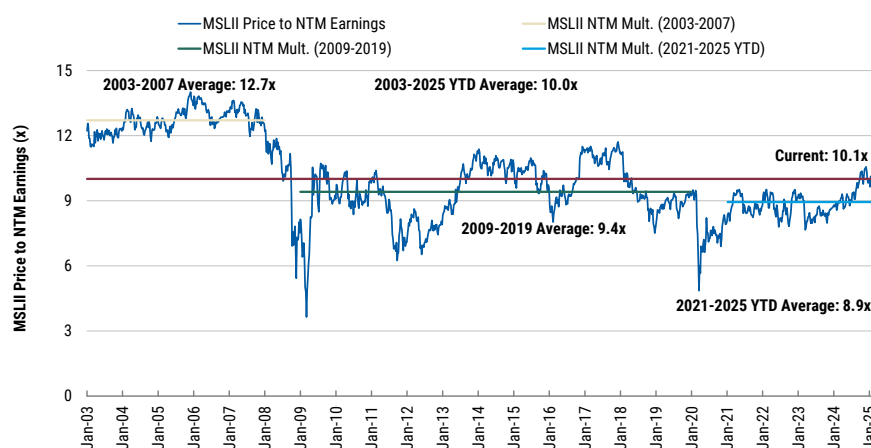


Source: Company data, Morgan Stanley Research estimates

Life Insurance Industry Valuation: Above Near Term Levels

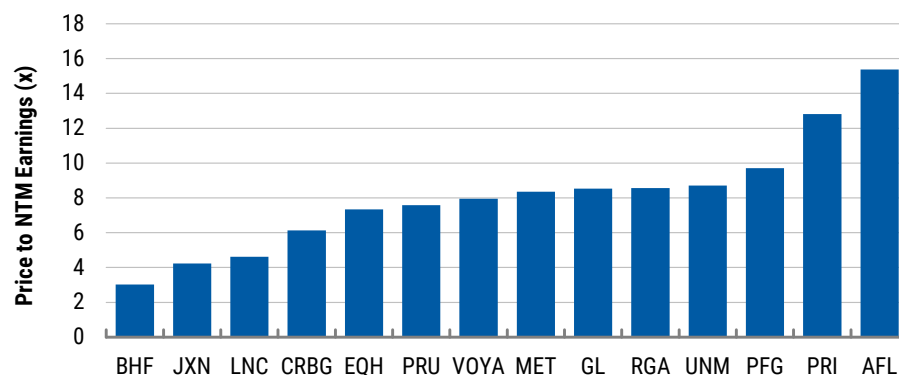
Throughout much of 2024, and thus far into 2025, valuation multiples have been steadily improving, as we show in [Exhibit 14](#). The current industry average multiple of ~10.1x NTM P/E is above the five-year average of ~8.8x, though the industry average dipped near this five-year average in April. Multiples vary considerably among companies ([Exhibit 49](#)). That said, the valuation remain fairly attractive vs S&P and longer term life insurance historical P/E multiples (e.g., the pre-crisis average of 12.7x). As such, we still believe the sector's valuation is attractive despite the recent rebound. A stronger capital position, relatively healthier earnings profile vs pre-crisis, and a better risk management/regulatory framework should all support better valuation.

Exhibit 29: Industry NTM P/E



Note: Includes Manulife and Sun Life. Source: FactSet, Morgan Stanley Research

Exhibit 30: Price to Consensus NTM Earnings



Source: FactSet, Morgan Stanley Research

Life Insurance Price Target Updates

Updating price targets: We are increasing our price targets across our whole life insurance coverage. The price target increases reflect upward EPS revisions, multiple expansions, and, in most cases, both. Since our last coverage price target updates post Liberation Day, the operating environment has gotten materially better for life insurers (e.g., rebound in equity market performance) though we are cognizant of outstanding macro risks.

Given the improvement in the macro environment, we are most significantly moving up our price targets for the most macro sensitive companies in our coverage, the annuities carriers. For the annuities carriers, the incrementally improved macro backdrop makes for a more favorable operating environment, particularly for their annuities segments. Among the four annuities carriers for which we are moving PT >10%, Jackson is arguably most equity market sensitive, given that most of its annuities earnings come from traditional variable annuities, hence we are moving its PT up the most. Among the rest, Lincoln also has significant traditional variable annuities exposure, which helps explain why we are moving its PT up the second most. Corebridge and Equitable are more reliant on fixed indexed annuities and RILAs respectively, which, while market sensitive, are not as market sensitive as traditional variable annuities.

Also in terms of significant price target changes, we highlight Voya. For Voya, the Health Solutions driven 1Q25 earnings beat ([Voya Financial Inc: First Take 1Q25 Earnings: The Beat We've Been Looking For \(6 May 2025\)](#)), is a considerably positive step in the right direction re: management's Health-oriented turnaround strategy. Moreover, the incrementally improve macro backdrop makes for a better set-up for VOYA's equity-sensitive Wealth Solutions and Investment Management businesses (e.g., higher AUM/AUMA). Taken together, we move up our 2026 EPS by ~8% from \$9.11 to \$9.83 and our PT up ~23% from \$70 to \$86.

Following these changes, we continue to see notable upside potential in names such as Equitable and MetLife. Conversely, we see some stocks such as Brighthouse as being expensive relative to its peers.

Exhibit 31: Updates to Life Price Targets and Multiple Changes

Company Ticker	Rating	Base Price Target			Current Price	% Upside	2026e Op EPS			Prior PT Implied Multiple	New PT Implied Multiple
		Prior	New	% Chg			Prior	New	% Chg		
AFL	E	100	105	5.0%	106.82	-1.7%	6.87	6.86	-0.2%	14.6x	15.3x
BHF	U	41	45	9.8%	60.99	-26.2%	20.18	20.21	0.1%	2x	2.2x
CRBG	O	32	37	15.6%	32.78	12.9%	5.83	5.79	-0.7%	5.5x	6.4x
EQH	O	58	67	15.5%	53.59	25.0%	7.89	8.17	3.5%	7.1x	8.2x
GL	E	117	125	6.8%	122.07	2.4%	14.79	14.77	-0.1%	7.9x	8.5x
JXN	E	68	91	33.8%	85.22	6.8%	19.32	20.34	5.3%	3.3x	4.5x
LNC	E	32	38	18.8%	34.42	10.4%	6.72	7.60	13.2%	4.2x	5x
MET	O	94	99	5.3%	80.83	22.5%	10.36	10.37	0.1%	9.1x	9.5x
PFG	E	67	71	6.0%	81.55	-12.9%	8.43	8.43	0.0%	7.9x	8.4x
PRI	E	274	296	8.0%	278.97	6.1%	21.92	22.46	2.5%	12.2x	13.2x
PRU	E	108	117	8.3%	107.33	9.0%	15.25	15.34	0.6%	7x	7.6x
RGA	E	195	209	7.2%	209.12	-0.1%	26.54	26.51	-0.1%	7.4x	7.9x
UNM	E	76	83	9.2%	82.15	1.0%	9.68	9.61	-0.7%	7.9x	8.6x
VOYA	O	70	86	22.9%	69.54	23.7%	9.11	9.83	7.8%	7.1x	8.7x
MFC	E	43	46	7.0%	44.77	2.7%	4.20	4.47	6.6%	9.6x	10.3x
SLF	E	78	85	9.0%	87.94	-3.3%	7.44	7.82	5.0%	10x	10.9x

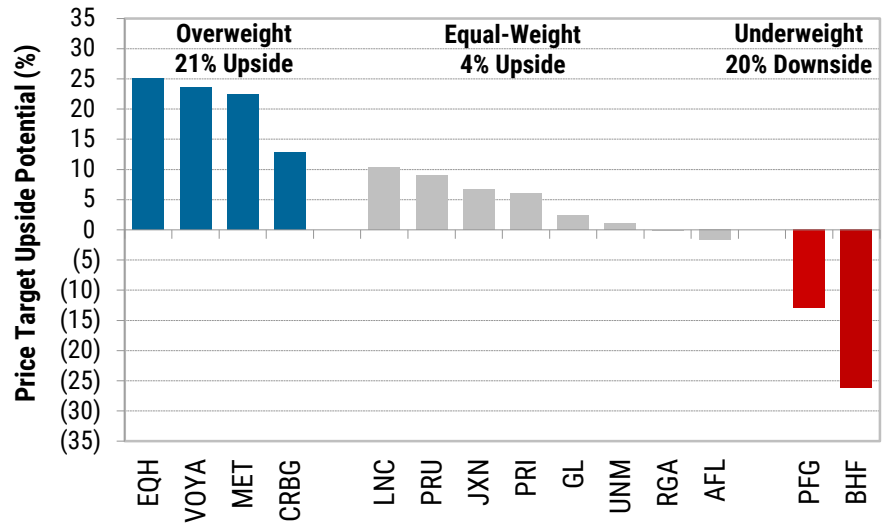
Note: In the case of Globe Life, \$125 is toward the upper end of our base case range of \$83 to \$136. Source: FactSet, Morgan Stanley Research estimates

Exhibit 32: Bull, Base, and Bear Valuation Changes - Prior vs. Current

	Prior			New			Change (%)		
	Bear	Base/PT	Bull	Bear	Base/PT	Bull	Bear	Base/PT	Bull
AFL	75	100	128	79	105	134	5.3	5.0	4.7
BHF	18	41	61	19	45	67	5.6	9.8	9.8
CRBG	20	32	42	24	37	48	20.0	15.6	14.3
EQH	35	58	72	41	67	83	17.1	15.5	15.3
GL	19	117	151	22	125	169	15.8	6.8	11.9
JXN	39	68	98	55	91	128	41.0	33.8	30.6
LNC	19	32	46	23	38	53	21.1	18.8	15.2
MET	62	94	123	65	99	129	4.8	5.3	4.9
PFG	40	67	92	42	71	97	5.0	6.0	5.4
PRI	209	274	340	227	296	368	8.6	8.0	8.2
PRU	74	108	137	81	117	147	9.5	8.3	7.3
RGA	135	195	241	171	209	247	26.7	7.2	2.5
UNM	52	76	98	57	83	108	9.6	9.2	10.2
VOYA	39	70	94	50	86	115	28.2	22.9	22.3

Note: In the case of Globe Life, \$125 is toward the upper end of our base case range of \$83 to \$136. Source: Company data, Morgan Stanley Research estimates

Exhibit 33: Potential Upside to Price Targets



Note: Globe Life calculation uses base case range. Source: FactSet, Morgan Stanley Research estimates

Life Insurance Earnings Surprise Track Record

In addition to looking at the earnings surprise for the quarter, we also look at the track record of companies over time in terms of delivering surprises.

Looking at the core earnings performance over the past three years, **RGA** has consistently delivered results ahead of expectations. **Brighthouse's** track record, by contrast, has been more mixed ([Exhibit 34](#)). Looking at the operating earnings performance over the past three years,

On a reported basis, **Corebridge** has consistently delivered results ahead of expectations. Like its core earnings track record, **Brighthouse's** operating earnings track record has also been more mixed ([Exhibit 35](#)).

Exhibit 34: Life Insurance / Annuities Coverage - Core EPS Beat/Miss

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss
AFL	3.8%	14.2%	-5.0%	8.0%	10.6%	9.8%	8.0%	-0.2%	5.2%	14.1%	-0.5%	-3.9%	-0.7%
BHF	-13.0%	25.9%	MISS	54.1%	-14.7%	22.0%	6.6%	-20.8%	9.8%	27.1%	-11.2%	35.5%	-8.3%
CRBG	NA	NA	10.6%	4.0%	19.1%	11.7%	-1.1%	7.2%	15.2%	11.3%	10.7%	6.8%	6.3%
EQH	1.4%	5.1%	39.2%	8.6%	3.2%	5.1%	-4.2%	15.7%	7.6%	8.3%	3.8%	1.8%	-8.4%
GL	-1.3%	0.8%	2.1%	2.7%	2.4%	1.4%	2.2%	2.6%	-0.4%	2.0%	14.3%	0.5%	-5.0%
JXN	-14.0%	26.0%	30.7%	-0.9%	-17.4%	0.1%	6.9%	-11.4%	11.0%	11.7%	4.1%	-0.9%	5.5%
LNC	-8.2%	16.3%	-6.6%	5.0%	-10.3%	9.1%	-15.4%	12.2%	26.0%	9.4%	21.1%	4.2%	10.4%
MET	67.0%	31.1%	12.4%	-7.0%	-16.2%	2.1%	18.3%	27.6%	6.4%	12.2%	0.0%	2.8%	3.9%
PFG	2.7%	19.0%	17.7%	9.7%	-1.6%	-5.5%	13.0%	7.1%	1.1%	-4.1%	1.7%	9.1%	5.6%
PRI	-22.4%	-5.1%	2.8%	32.6%	4.9%	8.1%	6.2%	0.8%	2.0%	10.6%	7.4%	0.9%	5.0%
PRU	-3.9%	19.2%	17.3%	10.4%	0.9%	7.5%	10.8%	33.9%	11.5%	3.2%	5.4%	9.8%	9.5%
RGA	BEAT	BEAT	72.2%	22.2%	53.4%	6.1%	30.4%	6.1%	32.2%	7.7%	15.5%	-5.5%	6.5%
UNM	72.0%	56.3%	7.1%	2.5%	12.7%	10.8%	0.9%	2.7%	7.7%	6.9%	1.2%	-5.0%	-6.8%
VOYA	38.1%	21.6%	38.7%	1.0%	-15.8%	10.6%	0.8%	9.3%	15.2%	6.1%	5.5%	BEAT	49.6%

Note: Beat/Miss greater than 90% replaced with text. Source: FactSet, Company Data, Morgan Stanley Research

Exhibit 35: Life Insurance / Annuities Coverage - Operating EPS Beat/Miss

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss	Beat/Miss
AFL	5.5%	15.1%	19.3%	8.0%	10.6%	9.8%	23.8%	-13.8%	5.2%	14.1%	27.8%	-3.9%	-0.7%
BHF	41.4%	-23.9%	-25.2%	BEAT	-14.7%	19.4%	26.6%	-26.0%	MISS	27.0%	BEAT	16.9%	-11.9%
CRBG	NA	NA	58.2%	35.9%	19.2%	11.8%	2.1%	7.7%	4.9%	3.9%	18.4%	2.4%	2.2%
EQH	-18.2%	-2.9%	-10.2%	-30.6%	-18.0%	1.2%	-12.9%	15.0%	7.7%	1.9%	-0.1%	-3.3%	-11.5%
GL	-1.3%	0.8%	2.1%	2.7%	2.4%	1.4%	2.2%	2.6%	-0.4%	2.0%	14.3%	0.5%	-5.0%
JXN	-8.9%	BEAT	45.9%	-33.6%	-18.3%	-5.6%	7.9%	-27.1%	13.0%	22.0%	-1.5%	-4.9%	3.5%
LNC	-14.7%	-3.9%	MISS	-58.6%	-5.1%	9.0%	83.4%	12.8%	11.2%	5.7%	28.1%	8.7%	4.1%
MET	23.7%	47.1%	16.4%	-4.3%	-16.5%	2.0%	1.3%	-2.7%	-0.6%	8.3%	-9.9%	-0.9%	-2.0%
PFG	-4.9%	19.2%	11.2%	2.4%	-1.4%	-7.2%	5.9%	8.1%	-4.9%	-11.1%	-12.5%	0.7%	-0.4%
PRI	11.1%	12.1%	27.9%	32.6%	4.9%	8.1%	9.8%	0.8%	2.0%	10.6%	18.2%	0.9%	5.0%
PRU	14.7%	0.7%	18.3%	-1.8%	-9.0%	2.1%	14.0%	-2.9%	-2.8%	-4.8%	-4.0%	-8.9%	3.6%
RGA	MISS	BEAT	MISS	22.2%	53.4%	6.1%	30.4%	6.1%	32.2%	7.7%	-31.8%	-5.5%	6.5%
UNM	68.3%	57.2%	17.2%	2.5%	12.7%	10.8%	0.9%	-3.6%	7.7%	6.9%	1.2%	-5.0%	-6.8%
VOYA	8.7%	22.3%	82.6%	35.3%	-16.1%	10.5%	-15.2%	-9.3%	8.2%	1.9%	-5.7%	BEAT	39.1%

Note: Beat/Miss greater than 90% replaced with text. Source: FactSet, Company data, Morgan Stanley Research

Life Insurance Estimate Revisions Track Record

Estimates Revisions Post Earnings Track Record: Forward estimates after this quarter's earnings were generally unchanged, with some variances among the companies. Looking over the past three years, Aflac, Unum, and RGA have all predominantly seen increases in estimate revisions following earnings, while Lincoln has tended to experience declines.

Individual Company Observations: This quarter, Voya saw the most favorable forward estimate upward revision, while Lincoln saw the most pronounced forward estimate downward revision.

Exhibit 36: Next Year Estimates Revision (%)

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change	% Change
AFL	-0.8%	0.6%	-0.1%	1.5%	0.7%	1.4%	1.9%	0.2%	0.1%	2.3%	0.5%	-1.4%	-0.1%
BHF	-1.5%	1.8%	-0.1%	2.6%	-0.3%	1.2%	0.2%	-4.1%	-1.7%	0.3%	0.0%	0.4%	-0.2%
CRBG	NA	NA	1.8%	0.6%	1.5%	0.7%	-1.3%	1.2%	-0.4%	-0.9%	1.4%	-1.9%	-0.1%
EQH	-1.8%	-0.7%	-2.5%	-0.5%	-0.6%	-0.7%	-2.4%	-0.2%	0.4%	-0.3%	0.1%	-1.1%	-1.3%
GL	-0.3%	0.0%	0.5%	3.0%	-0.1%	0.6%	0.4%	1.4%	2.3%	2.5%	2.2%	0.5%	-0.7%
JXN	-6.7%	-0.1%	3.6%	-2.3%	-7.0%	-0.8%	0.6%	-2.1%	2.8%	2.2%	4.3%	-0.2%	-0.1%
LNC	-2.1%	-1.1%	-13.5%	-2.7%	-5.3%	-0.9%	-3.8%	-1.3%	-1.0%	0.2%	1.5%	0.0%	-3.3%
MET	1.4%	0.7%	-0.5%	-0.2%	-0.5%	0.5%	0.0%	-3.2%	-0.6%	1.3%	-1.1%	-1.1%	-0.3%
PFG	-0.2%	1.5%	-1.0%	-1.1%	-0.6%	-0.7%	-0.3%	1.1%	-0.1%	-0.8%	0.2%	0.1%	-0.5%
PRI	-3.3%	0.6%	-2.2%	14.3%	0.6%	1.3%	1.1%	0.1%	-0.5%	1.1%	1.6%	0.6%	-0.3%
PRU	-2.0%	-1.8%	1.3%	1.5%	0.8%	0.3%	0.5%	0.9%	-0.1%	0.1%	0.1%	-0.4%	-0.1%
RGA	1.6%	2.4%	2.1%	-0.8%	1.5%	1.9%	2.9%	1.3%	2.6%	0.9%	0.8%	-0.7%	0.7%
UNM	0.8%	4.5%	0.9%	1.7%	4.9%	0.6%	-1.0%	4.1%	-0.2%	1.7%	0.9%	0.6%	-0.5%
VOYA	-0.6%	2.1%	1.6%	2.4%	-1.1%	-0.3%	-1.2%	-4.0%	0.1%	-0.3%	0.1%	-6.7%	1.6%

Source: FactSet, Company Data, Morgan Stanley Research estimates

On Average, We Are Now Back In-Line with 2025 and 2026 EPS Consensus for Life Insurance

Above Consensus: For 2025, we are most above consensus for Prudential and Voya. On Prudential, we remain within management's 5-8% core EPS growth guidance range. On Voya, we incorporate 1Q25 Health Solutions upside and a more supportive equity market backdrop for Wealth Solutions and Investment Management.

Below Consensus: For 2025, we continue to be the most below consensus for Brighthouse and Principal, our Underweights.

Exhibit 37: MS vs. Consensus EPS

	2025 Op. EPS Estimates				2026 Op. EPS Estimates			
	MS Est	Cons.	Variance (\$)	Variance (%)	MS Est	Cons.	Variance (\$)	Variance (%)
AFL	6.64	6.72	(0.07)	(1.1)	6.86	7.16	(0.30)	(4.2)
BHF	18.40	18.90	(0.50)	(2.7)	20.21	21.26	(1.05)	(4.9)
CRBG	5.08	4.99	0.09	1.8	5.79	5.75	0.05	0.8
EQH	6.66	6.65	0.01	0.1	8.17	8.14	0.03	0.3
GL	13.67	13.66	0.01	0.1	14.77	14.99	(0.21)	(1.4)
JXN	19.46	19.63	(0.17)	(0.9)	20.34	21.03	(0.69)	(3.3)
LNC	7.24	7.21	0.04	0.5	7.60	7.66	(0.06)	(0.8)
MET	9.22	9.19	0.03	0.3	10.37	10.36	0.02	0.1
PFG	7.84	8.05	(0.22)	(2.7)	8.43	8.95	(0.51)	(5.7)
PRI	20.90	20.85	0.05	0.2	22.46	22.74	(0.28)	(1.2)
PRU	14.37	13.71	0.66	4.8	15.34	14.77	0.57	3.8
RGA	22.99	23.04	(0.05)	(0.2)	26.51	25.50	1.01	4.0
UNM	8.93	8.94	(0.01)	(0.1)	9.61	9.83	(0.22)	(2.2)
VOYA	8.43	8.05	0.38	4.7	9.83	9.75	0.08	0.9
Average (Positive = MS higher)				0.3				(1.0)

Note: Using 2024 median consensus figure instead of mean consensus figure for BHF and RGA, as the mean figure does not appear updated as of this writing. Source: FactSet, Company data, Morgan Stanley Research

EPS Changes: For 2025, on a percentage basis, our largest upward EPS changes is Lincoln based in large part on the improvement in equity markets over the past month. We slightly adjusted our Unum EPS estimates downward to account for Group Disability downside during the quarter.

Exhibit 38: EPS Changes Post 1Q25

	2025e EPS				2026e EPS			
	Pre-1Q25	New	\$ Chg	% Chg	Pre-1Q25	New	\$ Chg	% Chg
AFL	6.61	6.64	0.04	0.6	6.87	6.86	(0.01)	(0.2)
BHF	18.55	18.40	(0.15)	(0.8)	20.18	20.21	0.03	0.1
CRBG	5.07	5.08	0.01	0.2	5.83	5.79	(0.04)	(0.7)
EQH	6.74	6.66	(0.08)	(1.2)	7.89	8.17	0.28	3.5
GL	13.57	13.67	0.10	0.7	14.79	14.77	(0.02)	(0.1)
JXN	18.53	19.46	0.92	5.0	19.32	20.34	1.02	5.3
LNC	6.66	7.24	0.59	8.8	6.72	7.60	0.89	13.2
MET	9.24	9.22	(0.02)	(0.2)	10.36	10.37	0.01	0.1
PFG	7.71	7.84	0.13	1.7	8.18	8.43	0.26	3.1
PRI	20.51	20.90	0.40	2.0	21.92	22.46	0.54	2.5
PRU	14.38	14.37	(0.01)	(0.1)	15.28	15.34	0.06	0.4
RGA	23.10	22.99	(0.11)	(0.5)	26.54	26.51	(0.03)	(0.1)
UNM	8.97	8.93	(0.05)	(0.5)	9.68	9.61	(0.07)	(0.7)
VOYA	7.62	8.43	0.81	10.7	9.11	9.83	0.72	7.8

Source: Company data, Morgan Stanley Research estimates

P&C Insurance: Key Themes

Personal Lines: All around strong results for personal lines carriers such as Allstate & Progressive continued in 1Q25 with the help of increased rates earning in throughout 2025 along with stable loss cost trends. While competition intensifies in the personal auto space with carriers focusing on growth across the rate adequate states, we expect personal auto margins to be stable going in 2025. This is supported by continued rate increases but partially offset by less favorable loss costs trends and increased competition. Although primary carriers' homeowners books may be more exposed to CATs this year due to higher reinsurance attachment points, overall CAT losses should be manageable as more homeowners rate gets approved/earned throughout the year along with carriers reducing exposures in CAT-prone states. That said, one potential blemish for investors is concerns of intense competition leading to a peak growth/peak margin future environment going forward for Personal Lines.

Commercial Lines: As always, commercial casualty reserving remains top of mind for investors as social inflation continues to pressure margins and acts as a multi-year industry headwind. Post 1Q25 results, most commercial carriers demonstrated resilience despite elevated CAT losses from the CA wildfires. Commercial lines pricing remained durable, especially for the Small Commercial/Middle Market business segments. While property pricing continues to soften, casualty lines are showing signs of strength. We favor the commercial carriers who can best cycle-manage/capitalize on profitable opportunities in casualty and are most diversified across the various LOB segments.

Reinsurance: Reinsurance results were somewhat mixed. Although the headline earnings were generally in-line, different segments performed differently. Large catastrophe losses primarily associated with the California wildfires were baked into earnings. Large share repurchase and strong investments results supported earnings. That said, primary insurance segments of various reinsurers saw mixed results, with challenging social inflation and loss cost trend likely to serve as a headwind for the remainder of 2025. With commentary around terms & conditions likely to continue holding strong, we believe the key will be on underwriting as we enter a softer pricing environment going forward. Many companies spoke about property rates during April 1st renewals being down 5 - 20% for non-loss impacted accounts, and early signs of mid-year renewals pointing to similar market conditions given the ample supply of capital. On the offset, reinsurers spoke about using this opportunity to grow and deploy more limit due to meaningful increases in demand. As another offset, loss affected accounts are expected to see rate increases, particularly those impacted by recent catastrophes over the past year. As such, while brokers sounded more bearish about pricing, reinsurers are likely to tactically position themselves into a better than expected underwriting environment in 2Q.

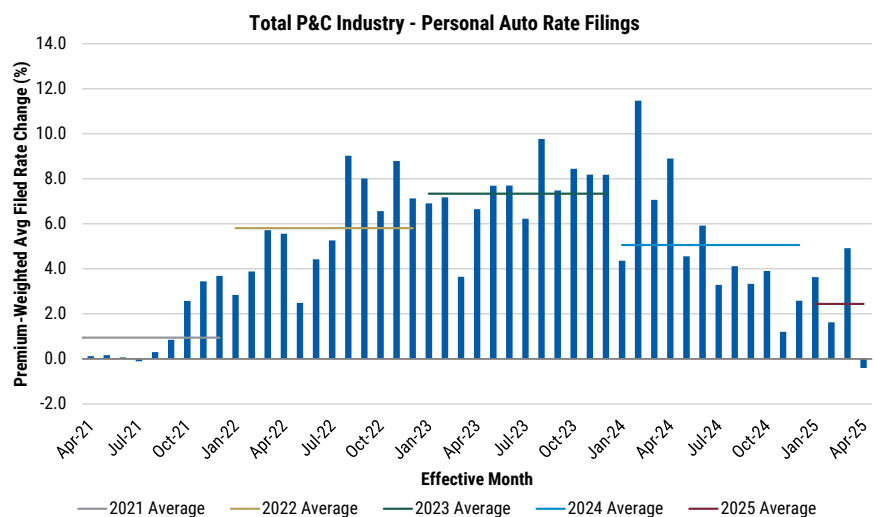
Brokers: Brokers headed into 1Q25 results at near all time high valuations and a more difficult set up. Post earnings pullback serves as a reset for the segment. Key themes for brokers revolve around continued organic growth and margin expansion despite the volatile macroeconomic environment. Brokers generally maintained their guidance for the year, indicating a steady operating environment going forward. Larger brokers generally commented on how the heightened risk environment creates opportunities to help clients manage costs and navigate business challenges. While brokers are seeing softer pricing in

certain lines, particularly property, they have seen strength in casualty lines and specialty businesses.

P&C Insurance: Personal Lines

Personal Auto competition intensifies. Personal auto rate filings in April 2025 saw an overall premium weighted average rate decrease of -0.4% for the P&C industry. As more carriers discuss growth, we expect more slowdown in rate increases (more so for the profitable larger carriers, indicating some pressure to smaller regional carriers. Progressive & Allstate should continue to see fairly muted rate filings for next few months as advertising spend ramps up and customer retention levels become in focus. That said, the overall competitive environment may become slightly more complicated as auto carriers plan for potential tariff impacts (still very fluid).

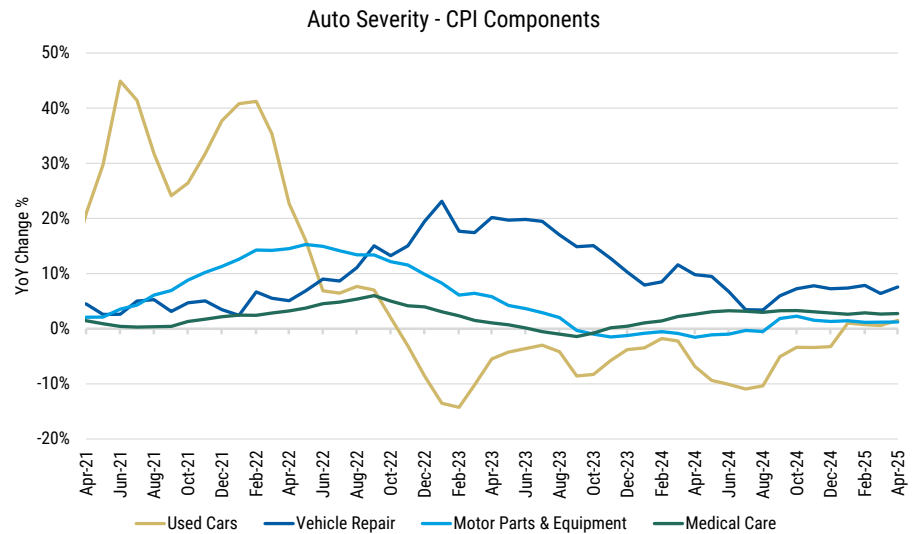
Exhibit 39: P&C industry had an overall premium weighted average rate decrease of -0.4% effective April 2025 for Personal Auto



Source: SNL, Company data, Morgan Stanley Research

Overall auto loss cost trends marginally inching higher in recent months. Input cost drivers of auto loss severity such as used car values, vehicle repair costs, motor parts & equipment, and labor costs appear to be increasing for YoY trends as of April 2025 after a period of large improvements. Despite the slight acceleration in loss cost trends, we see a manageable operating environment for the auto carriers. That said, a possible increase in losses could change the competitive environment on margins as the market could re-orient towards underwriting profitability.

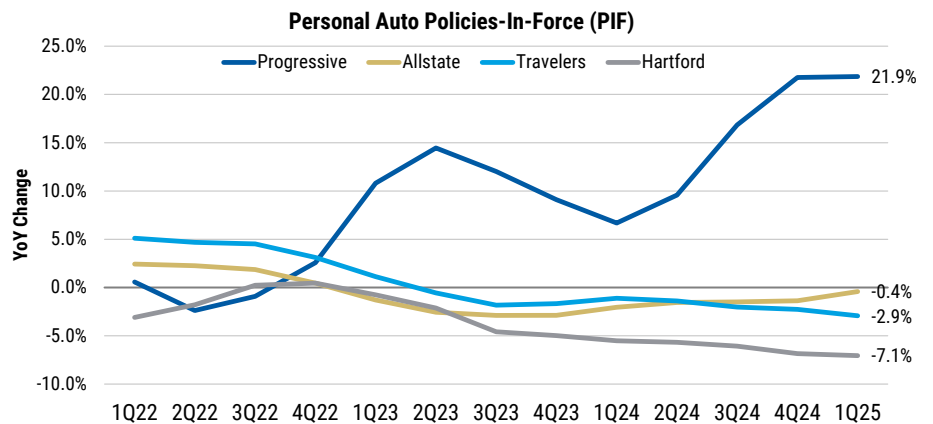
Exhibit 40: Higher vehicle repair costs in combination with some form of tariffs could serve as an inflationary factor for auto losses.



Source: BLS, Morgan Stanley Research

Personal Auto policies-in-force (PIF) trends: Progressive auto PIFs grew +21.9% YoY as of 1Q25, while Allstate, Travelers, and Hartford auto PIFs slightly decreased -0.4%/-2.9%/-7.1% YoY in 1Q25 likely due to lower retention from increased rate actions and elevated shopping activity. Auto carriers' pace of growth/PIF growth should be the main focus for 2025, serving as a valuation multiple differentiator.

Exhibit 41: Progressive's Auto PIF continues to outgrow its peers in 2025 as the company focuses on maximizing growth



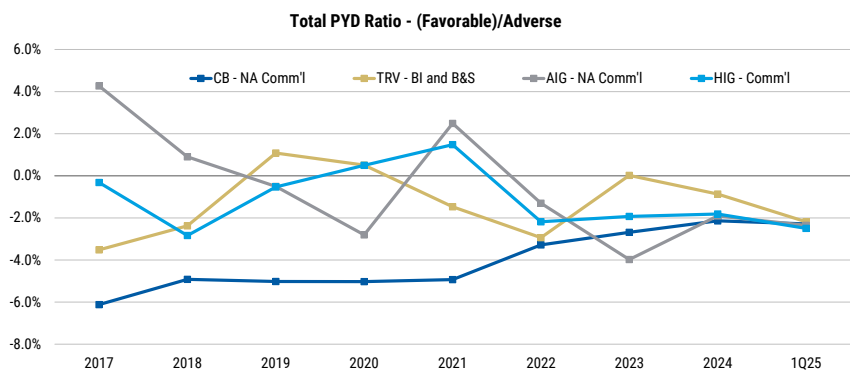
Source: Company data, Morgan Stanley Research

Individual companies: We remain Overweight on Progressive and Allstate. Results YTD have been strong, but expectations are also high. We see a durable path to strong growth and solid profitability for both companies in the near term.

P&C Insurance: Commercial Lines

Reserving: While social inflation continues to pressure overall earnings and is becoming more visible throughout 2025, the total impact of prior year reserving on commercial lines has been manageable for most of our companies. Given the general liability reserving environment for the industry as a whole is somewhat weak, we would continue to monitor for adverse reserve development here. The larger commercial carriers such as Chubb, Travelers, AIG, and Hartford should be able to offset the adverse reserve charges from General Liability/Commercial Auto lines with favorable reserve releases from Workers' Comp. and other short-tailed property lines.

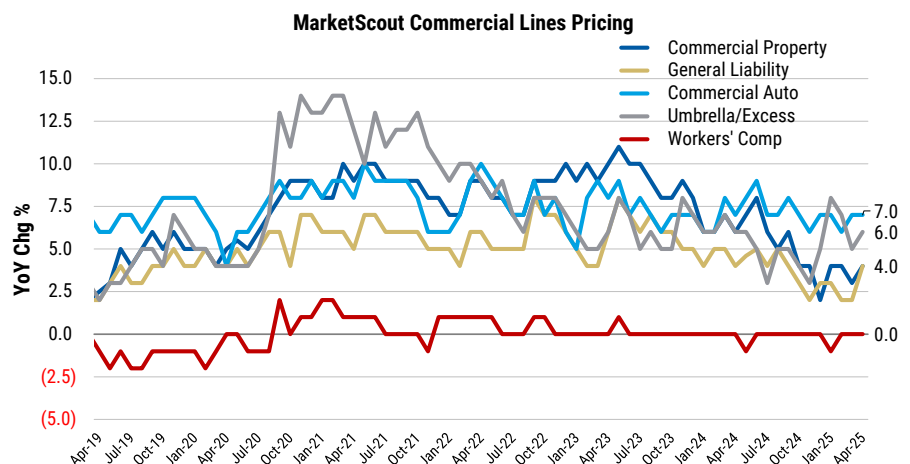
Exhibit 42: Commercial lines PYD by Company



Source: Company data, Morgan Stanley Research

Pricing: While some in the industry are expressing optimism that pricing will revert higher, we continue to see this as a slow process. Given the challenges around receiving enough rate to cover losses in the admitted markets, a lot of focus is now on Specialty/E&S market opportunities. As increasingly unpredictable weather-related CATs, and social inflation risks force commercial carriers to tighten up underwriting guidelines in the admitted markets, we expect the secular shift from admitted to E&S markets to continue.

Exhibit 43: Major commercial lines pricing decelerated in



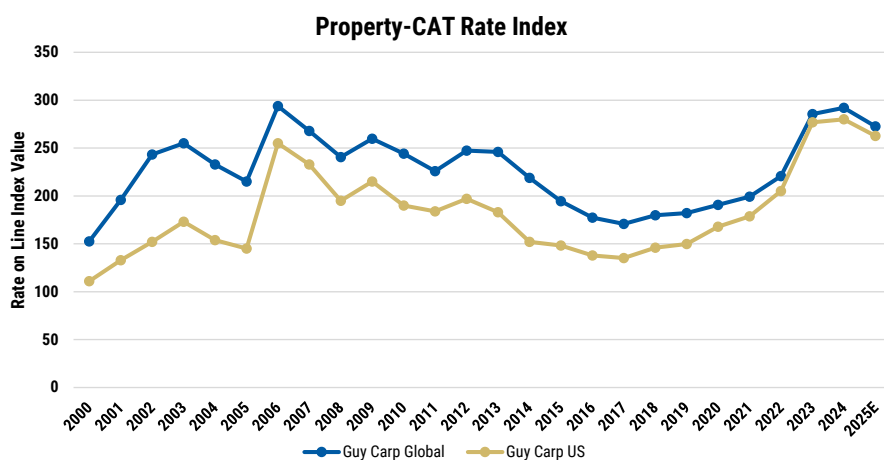
Source: Bloomberg, MarketScout, Morgan Stanley Research

Individual companies: While the large commercial players such as Chubb, Travelers, AIG, and Hartford are not immune to long-term social inflation pressures, we believe they are better positioned given their more diversified set of businesses and prudent reserving discipline.

P&C Insurance: Reinsurance

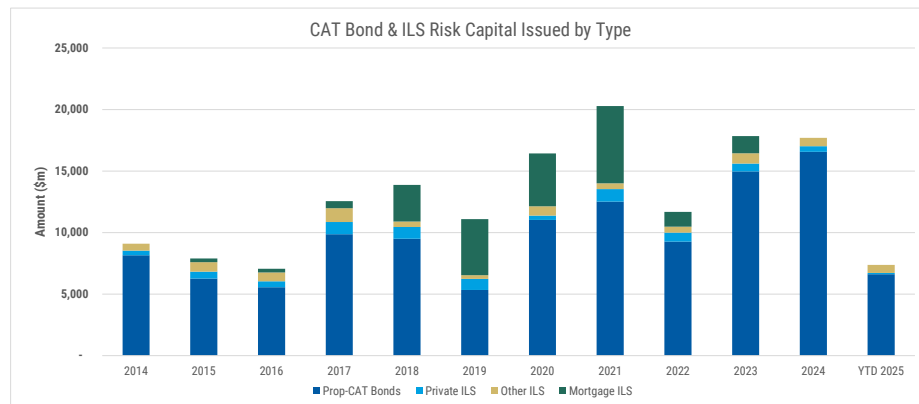
Pricing continuing to trend down: Given the strong returns shown by reinsurers in 2024 leading to an ample supply of capital, many companies are expecting mid-year renewals pricing to be down, similar to what was seen during Jan 1 and April 1 renewals. On the offset, companies have talked about seeing meaningful increases in demand and clients wanting to buy more limit, which should serve as an offset to weaker pricing. And while pricing has declined, many reinsurers continue to view the property-CAT market as remaining attractive, and continue to expect healthy returns.

Exhibit 44: Guy Carpenter Property-CAT Rate on Line Index



Source: Artemis, Guy Carpenter, Morgan Stanley Research

Exhibit 45: CAT Bond Issuance



Source: Artemis, Morgan Stanley Research

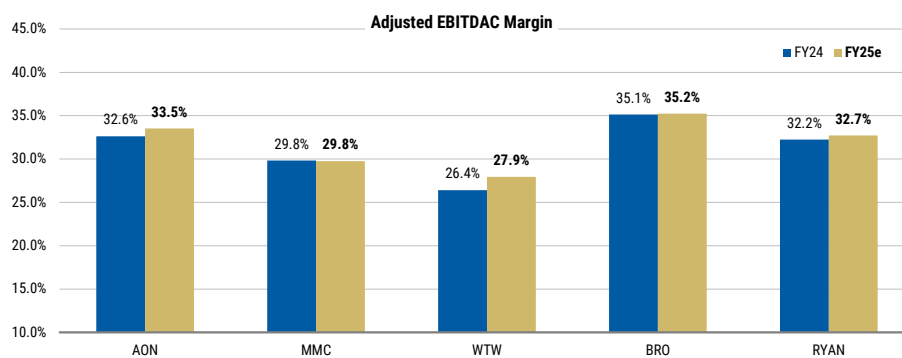
2025 natural catastrophes: The year started off with the California wildfires, leading to large CAT losses in 1Q25 results across reinsurers. With researchers calling for an [above-average Atlantic hurricane season](#) for 2025, disciplined underwriting will be key heading forward. In our view, this should help shield reinsurers from some impact, as they continue to hold strong on attachment points and terms & conditions, which are the main tools to exclude secondary and un-modelled perils. Loss affected accounts over the past year due to catastrophes such as wildfires and hurricanes should also see pricing increases, offsetting some of the weakness seen in the market.

Individual companies: Reinsurers results were fairly challenged. Everest and RenRe printed elevated underwriting losses, primarily due to the California wildfires and continued elevated losses in their casualty books. While they are going through improvement plans, we continue to expect elevated combined ratios in these segments for the near future. Hamilton also saw weaker underwriting results, but this was largely offset by strong investment gains, due to their Two Sigma Hamilton Fund performance. On the other hand, Arch demonstrated strong underwriting results in all three segments, although showed some weakness in premium growth. As the market continues to soften going forward, we believe disciplined underwriting will be the key focus for investors.

P&C Insurance: Brokers

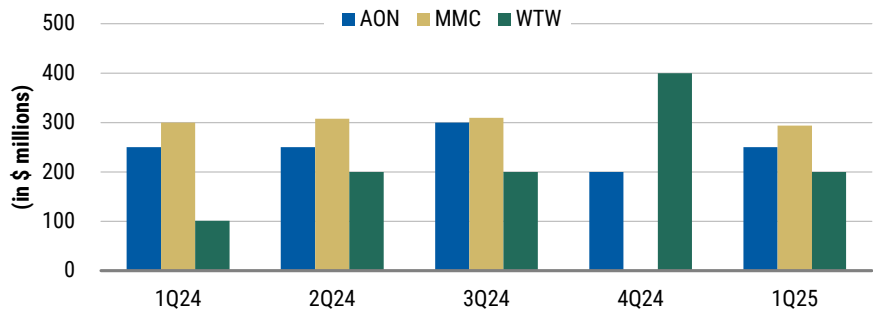
Growth and margins: Brokers generally saw in-line results, with some slight misses on organic revenue growth vs consensus expectations. Despite macroeconomic uncertainties and softer pricing in certain lines, particularly property, most firms maintained their full-year guidance and expressed confidence in their ability to navigate market challenges. The brokers also highlighted increased client demand for risk management solutions amid growing complexity in the business environment, with particular strength in casualty lines and specialty business. Larger brokers also commented on a softening reinsurance market, with April 1 property rates down 5 - 20%, and early expectations for mid-year renewals to be similar. On the offset, many brokers also see clients buying more property-CAT limit and anticipate increased demand given the supply of reinsurance capital. Brokers generally continue to expect margin expansion YoY, despite the volatile macro environment. That said, salaries and compensation expenses continue to remain elevated, and a point of focus going forward. Given the war for talent and increasing investments into hiring for strategic areas of growth, we would keep on eye on the ability of brokers to manage expenses. Further, we would note that broker valuations have become quite full.

Exhibit 46: Adjusted EBITDAC Margins YoY



Source: Company data, Morgan Stanley Research estimates

Capital allocation: Share repurchases, dividends, and acquisitions are key ways companies manage capital. While repurchases for 1Q25 were generally in-line, management generally re-iterated their guidance for capital management in 2025. Aon continues to expect ~\$1 billion in share repurchases for the year and continuing tuck-in M&A, looking to add \$45 - 60 million in middle market EBITDA through NFP. Marsh expects to deploy ~\$4.5 billion of capital in 2025 across dividends, acquisitions, and share repurchases, with the ultimate repurchase levels depending on their M&A pipeline development. And Willis expects ~\$1.5 billion of repurchases for 2025, subject to organic and inorganic investment opportunities.

Exhibit 47: Share Repurchases by Large Brokers

Source: Company data, Morgan Stanley Research

Continued focus on middle market growth: As Aon eclipses the one year anniversary of their NFP acquisition and Marsh makes progress on integrating McGriff, brokers have increasingly focused on growing their middle market exposure due to a more durable pricing environment. With other brokers such as Brown & Brown and Ryan Specialty also very active in middle market acquisitions, we continue to see heightened competition for expanding market share, which could lead to expensive acquisitions. We believe execution and integration of strong acquisitions will be one of the key investment theses going forward.

Individual companies: Given the increasingly complex risk environment due to natural catastrophes, social inflation, and other factors, we see a continued shift of risk into the E&S markets. This should continue to favor E&S focused brokers such as Ryan Specialty.

P&C Insurance: Estimates & Price Targets Revision

Estimate Revisions: On average, our 2025e/2026e/2027e EPS revisions changed 1.0%/0.3%/0.5% from prior estimates. We updated some of our models based on 1Q25 results, earnings call commentaries, and updated guidance.

AIG: We increase overall interest expense for all forecast years based on updated total debt, leading to a -0.2% decrease for 2026e/2027e operating EPS to \$7.83/\$8.68.

AIZ: Based on latest 1Q25 results, we increase our 2025e/2026e/2027e EPS by 0.2%/2.6%/2.8% to \$15.37/\$18.75/\$20.48 based on the incrementally stronger Housing outlook.

ALL: We update our model to reflect the latest April PIF numbers. Our 2025e/2026e/2027e EPS decreases by 0.1% to \$18.00/\$23.84/\$26.09.

CB: Based on the updated \$5 billion share buyback authorization, we increase our buyback forecasts for all forecast years. Our 2025e/2026e/2027e EPS increases by 0.2%/0.7%/1.4% to \$22.52/\$26.94/\$29.33.

HG: We update our model to reflect 1Q25 results and management commentary post call. We increase 2025e EPS by ~19%, primarily reflecting the strong Two Sigma Hamilton Fund results in 1Q25, and increase our 2026e/2027e EPS by ~1%/4% based on higher top line growth.

TWFG: We update our model to reflect 1Q25 results and management commentary post call. We increase our 2025e/2026e/2027e EPS by ~5%/4%/7% based on incorporating near term guidance and higher top line growth going forward.

Exhibit 48: 2025e/2026e/2027e EPS Revisions

	2025e EPS Estimates				2026e EPS Estimates				2027e EPS Estimates			
	Old	New	Change (\$)	Change (%)	Old	New	Change (\$)	Change (%)	Old	New	Change (\$)	Change (%)
AIG	6.38	6.38	(0.00)	(0.0%)	7.84	7.83	(0.01)	(0.2%)	8.70	8.68	(0.02)	(0.2%)
AIZ	15.34	15.37	0.03	0.2%	18.28	18.75	0.47	2.6%	19.92	20.48	0.56	2.8%
ALL	18.01	18.00	(0.01)	(0.0%)	23.86	23.84	(0.02)	(0.1%)	26.12	26.09	(0.03)	(0.1%)
CB	22.49	22.52	0.04	0.2%	26.75	26.94	0.20	0.7%	28.93	29.33	0.39	1.4%
HIG	10.81	10.81	0.00	0.0%	12.61	12.61	0.00	0.0%	13.67	13.67	0.00	0.0%
IFC	16.91	16.91	0.00	0.0%	18.08	18.08	0.00	0.0%	19.87	19.87	0.00	0.0%
LMND	(2.65)	(2.65)	0.00	0.0%	(1.85)	(1.85)	0.00	0.0%	(0.88)	(0.88)	0.00	0.0%
PGR	17.03	17.03	0.00	0.0%	18.12	18.12	0.00	0.0%	20.07	20.07	0.00	0.0%
SIGI	7.37	7.37	0.00	0.0%	8.54	8.54	0.00	0.0%	8.96	8.96	0.00	0.0%
THG	14.75	14.75	0.00	0.0%	15.74	15.74	0.00	0.0%	17.03	17.03	0.00	0.0%
TRV	16.87	16.87	0.00	0.0%	24.31	24.31	0.00	0.0%	26.85	26.85	0.00	0.0%
WRB	4.32	4.32	0.00	0.0%	4.79	4.79	0.00	0.0%	5.27	5.27	0.00	0.0%
BOW	1.56	1.56	0.00	0.0%	1.85	1.85	0.00	0.0%	2.25	2.25	0.00	0.0%
KNSL	17.94	17.94	0.00	0.0%	20.87	20.87	0.00	0.0%	23.41	23.41	0.00	0.0%
ACGL	8.05	8.05	0.00	0.0%	9.54	9.54	0.00	0.0%	10.51	10.51	0.00	0.0%
EG	45.44	45.44	0.00	0.0%	62.67	62.67	0.00	0.0%	70.34	70.34	0.00	0.0%
HG	2.64	3.15	0.51	19.1%	4.24	4.27	0.03	0.8%	4.60	4.78	0.18	3.8%
RNR	21.73	21.72	(0.01)	(0.0%)	37.74	37.69	(0.05)	(0.1%)	40.27	40.19	(0.08)	(0.2%)
AON	16.72	16.72	0.00	0.0%	18.80	18.80	0.00	0.0%	20.93	20.93	0.00	0.0%
BRO	4.17	4.17	0.00	0.0%	4.54	4.54	0.00	0.0%	4.95	4.95	0.00	0.0%
MMC	9.56	9.51	(0.05)	(0.6%)	10.34	10.36	0.02	0.2%	11.19	11.17	(0.02)	(0.2%)
RYAN	2.10	2.10	0.00	0.0%	2.59	2.59	0.00	0.0%	3.16	3.16	0.00	0.0%
TWFG	0.61	0.64	0.03	5.3%	0.73	0.77	0.03	4.2%	0.82	0.87	0.05	6.8%
WTW	16.36	16.36	0.00	0.0%	18.35	18.35	0.00	0.0%	21.11	21.11	0.00	0.0%
Average				1.0%				0.3%				0.6%

Source: Company data, Morgan Stanley Research estimates

Price Targets: We are generally moving up our price targets by updating our valuation multiples to better reflect the incrementally favorable equity market sentiment. In some cases, they also reflect upward EPS revisions.

Exhibit 49: Price Target Changes

Company Ticker	Rating	Base Price Target			5/16/25	% Upside	2026e Op. EPS	2026e Implied P/E Multiple	2026e Current P/E Multiple
		Prior	New	% Chg	Current Price				
Reinsurers/Hybrids									
ACGL	O	\$105	\$110	4.8%	\$94.59	16.3%	\$9.54	11.5x	9.9x
EG	E	\$330	\$350	6.1%	\$348.08	0.6%	\$62.67	5.6x	5.6x
HG	E	\$19	\$20	5.3%	\$21.08	(5.1%)	\$4.27	4.7x	4.9x
RNR	O	\$275	\$285	3.6%	\$246.10	15.8%	\$37.69	7.6x	6.5x
Primary Carriers									
AIG	E	\$81	\$85	4.9%	\$84.33	0.8%	\$7.83	10.9x	10.8x
AIZ	E	\$200	\$217	8.5%	\$202.33	7.3%	\$18.75	11.6x	10.8x
ALL	O	\$235	\$235	0.0%	\$209.06	12.4%	\$23.84	9.9x	8.8x
CB	E	\$280	\$300	7.1%	\$294.33	1.9%	\$26.94	11.1x	10.9x
HIG	E	\$115	\$130	13.0%	\$131.12	(0.9%)	\$12.61	10.3x	10.4x
IFC	E	\$300	\$300	0.0%	\$299.22	0.3%	\$18.08	16.6x	16.5x
LMND	U	\$24	\$24	0.0%	\$32.57	(26.3%)	(\$1.85)	N/A	N/A
PGR	O	\$320	\$330	3.1%	\$286.03	15.4%	\$18.12	18.2x	15.8x
SIGI	E	\$85	\$90	5.9%	\$89.09	1.0%	\$8.54	10.5x	10.4x
THG	E	\$163	\$170	4.3%	\$168.37	1.0%	\$15.74	10.8x	10.7x
TRV	E	\$245	\$269	9.8%	\$273.63	(1.7%)	\$24.31	11.1x	11.3x
WRB	E	\$63	\$75	19.0%	\$73.28	2.3%	\$4.79	15.7x	15.3x
Specialty Carriers									
BOW	E	\$36	\$39	8.3%	\$38.41	1.5%	\$1.85	21.1x	20.8x
KNSL	O	\$490	\$525	7.1%	\$463.53	13.3%	\$20.87	25.2x	22.2x
Brokers									
AON	E	\$365	\$365	0.0%	\$361.92	0.9%	\$18.80	19.4x	19.3x
BRO	E	\$120	\$120	0.0%	\$111.77	7.4%	\$4.54	26.4x	24.6x
MMC	E	\$225	\$225	0.0%	\$231.39	(2.8%)	\$10.36	21.7x	22.3x
RYAN	O	\$78	\$80	2.6%	\$70.70	13.2%	\$2.59	30.9x	27.3x
TWFG	E	\$29	\$34	17.2%	\$33.80	0.6%	\$0.77	44.4x	44.2x
WTW	E	\$315	\$315	0.0%	\$311.93	1.0%	\$18.35	17.2x	17.0x

Source: FactSet, Company data, Morgan Stanley Research estimates

P&C Insurance: In-Line with Consensus

Compared to Consensus: Following re-calibration, our estimates are generally in-line with consensus for 2025e/2026e/2027e. Progressive and Allstate stand out as two of our Overweights where we are above consensus. We believe both companies will continue executing on their growth/underwriting profitability goals and outperform expectations.

Exhibit 50: MSe vs Consensus

	2025e EPS Estimates					2026e EPS Estimates					2027e EPS Estimates			
	MSe	Consensus	Variance (\$)	Variance (%)		MSe	Consensus	Variance (\$)	Variance (%)		MSe	Consensus	Variance (\$)	Variance (%)
AIG	6.38	6.30	0.08	1.3%	AIG	7.83	7.74	0.09	1.2%	AIG	8.68	8.78	(0.10)	(1.1%)
AIZ	15.37	16.57	(1.20)	(7.3%)	AIZ	18.75	19.45	(0.70)	(3.6%)	AIZ	20.48	20.51	(0.02)	(0.1%)
ALL	18.00	17.75	0.25	1.4%	ALL	23.84	21.43	2.41	11.3%	ALL	26.09	23.31	2.78	11.9%
CB	22.52	21.50	1.02	4.8%	CB	26.94	25.80	1.14	4.4%	CB	29.33	28.01	1.32	4.7%
HIG	10.81	11.00	(0.19)	(1.8%)	HIG	12.61	12.85	(0.24)	(1.9%)	HIG	13.67	14.25	(0.58)	(4.1%)
IFC	16.91	16.64	0.27	1.7%	IFC	18.08	17.61	0.47	2.7%	IFC	19.87	19.25	0.62	3.2%
LMND	(2.65)	(2.84)	0.19	(6.8%)	LMND	(1.85)	(1.92)	0.07	(3.7%)	LMND	(0.88)	(1.30)	0.42	(31.9%)
PGR	17.03	15.70	1.33	8.5%	PGR	18.12	15.83	2.29	14.5%	PGR	20.07	17.25	2.82	16.4%
SIGI	7.37	7.22	0.16	2.2%	SIGI	8.54	8.35	0.19	2.3%	SIGI	8.96	8.96	(0.00)	(0.0%)
THG	14.75	14.85	(0.09)	(0.6%)	THG	15.74	16.17	(0.42)	(2.6%)	THG	17.03	17.03	0.00	0.0%
TRV	16.87	18.64	(1.77)	(9.5%)	TRV	24.31	24.55	(0.24)	(1.0%)	TRV	26.85	26.50	0.35	1.3%
WRB	4.32	4.33	(0.02)	(0.4%)	WRB	4.79	4.80	(0.00)	(0.1%)	WRB	5.27	5.26	0.01	0.1%
BOW	1.56	1.61	(0.05)	(2.9%)	BOW	1.85	1.95	(0.10)	(5.2%)	BOW	2.25	2.25	(0.00)	(0.2%)
KNSL	17.94	17.79	0.15	0.8%	KNSL	20.87	20.39	0.48	2.3%	KNSL	23.41	23.06	0.35	1.5%
ACGL	8.05	7.72	0.33	4.3%	ACGL	9.54	9.31	0.23	2.5%	ACGL	10.51	9.79	0.73	7.4%
EG	45.44	45.50	(0.06)	(0.1%)	EG	62.67	60.93	1.74	2.8%	EG	70.34	70.47	(0.13)	(0.2%)
HG	3.15	3.15	(0.00)	(0.1%)	HG	4.27	4.20	0.07	1.7%	HG	4.78	4.96	(0.18)	(3.6%)
RNR	21.72	21.97	(0.24)	(1.1%)	RNR	37.69	35.87	1.82	5.1%	RNR	40.19	40.27	(0.08)	(0.2%)
AON	16.72	16.85	(0.13)	(0.8%)	AON	18.80	19.00	(0.20)	(1.1%)	AON	20.93	20.92	0.01	0.1%
BRO	4.17	4.17	0.00	0.1%	BRO	4.54	4.53	0.01	0.3%	BRO	4.95	4.90	0.05	1.1%
MMC	9.51	9.60	(0.09)	(1.0%)	MMC	10.36	10.40	(0.04)	(0.4%)	MMC	11.17	11.40	(0.23)	(2.0%)
RYAN	2.10	2.10	0.00	0.1%	RYAN	2.59	2.58	0.01	0.5%	RYAN	3.16	3.12	0.04	1.3%
TWFG	0.64	0.67	(0.03)	(4.4%)	TWFG	0.77	0.83	(0.06)	(7.5%)	TWFG	0.87	0.95	(0.08)	(8.4%)
WTW	16.36	16.62	(0.26)	(1.5%)	WTW	18.35	19.11	(0.76)	(4.0%)	WTW	21.11	21.54	(0.44)	(2.0%)
Average				(0.5%)	Average				0.9%	Average				(0.2%)

Source: FactSet, Company data, Morgan Stanley Research estimates

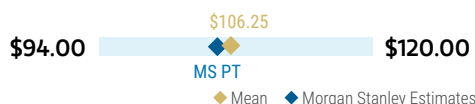
Risk Reward – Aflac (AFL.N)

Strong Capital, Steady Margin, Soft Sales

PRICE TARGET \$105.00

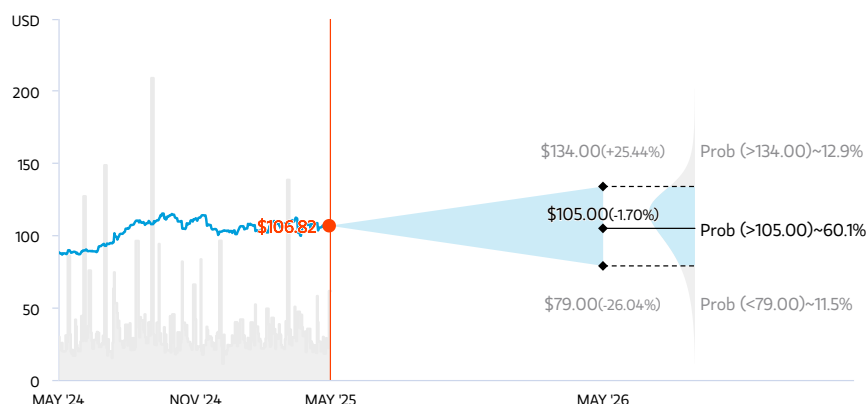
Given that Aflac's ROE is substantially above that of its peers, the stock tends to trade more on a price-to-earnings basis. We look at the comparable peers in both Japan and the US for our multiples valuation. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 14.3x for Japan and 21.4x for US. We arrive at our price target of \$105.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



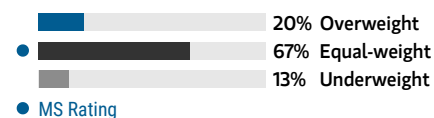
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

Our investment thesis for the company was that sales were poised to recover as the pandemic influence waned, and that the company was an underappreciated capital return story. Both of these items continue to play out as expected. Sales in the US recovered first, while more recently, a strong contribution from the Japan Post distribution channel has driven solid growth in Japan. Further, reflecting the benefit of strong free cash flow and capital freed from internal reinsurance transactions, Aflac has been one of only a few companies to accelerate the pace of buybacks. We believe these factors are now represented adequately in the valuation, leading us to rate it Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$134.00

19.5x 2026e

Japan third-sector sales growth is faster than expected, while US sales also begin to show more consistent growth. Coupled with moderating lapses, premium growth accelerates. Expense ratios, in both US and Japan, come in lower than expected. The company executes further reinsurance transactions to free up redundant reserves in Japan, allowing for increased share repurchases.

BASE CASE

\$105.00

15.3x 2026e EPS

We assume Japan third sector sales to grow by ~4% in 2026e, while for the US, we assume an increase of ~6% in sales. We expect 2026 margins of ~31% in Japan and ~19% in the US. For buybacks, we are expecting ~\$2.8 billion for 2026.

BEAR CASE

\$79.00

10.8x 2026e EPS

US short-term interest rates move further above those in Japan (increasing the cost of maintaining the hedge program), and the US remains challenged by even weaker economic conditions and higher than expected expense ratio. Yen weakens dramatically against the USD.

Risk Reward – Aflac (AFL.N)

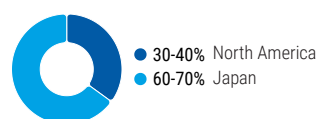
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Japan Third Sector Sales growth (%)	(8.5)	2.1	4.1	4.9
Japan Expense Ratio (%)	19.1	20.4	20.6	20.9
Japan Benefit Ratio (%)	62.5	65.3	64.8	63.6
US Expense Ratio (%)	38.5	38.4	36.9	36.3
US Benefit Ratio (%)	46.7	47.8	50.4	51.3

INVESTMENT DRIVERS

- Sales
- Capital management
- Yen: While earnings are sensitive to the ¥/\$, sensitivity has been reduced.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger than expected Japan third sector sales
- Strong US earnings growth
- Yen strengthens vs. USD
- Interest rate increases in Japan faster than US interest rate increases
- Interest rate rises in Japan and/or US

RISKS TO DOWNSIDE

- Weaker than expected Japan third sector sales
- Weak US earnings growth
- Yen weakens vs. USD
- Interest rate falls in Japan faster than US interest rates fall
- Interest rate falls in Japan and/or US

OWNERSHIP POSITIONING

Inst. Owners, % Active	38.6%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e

Sales / Revenue (\$, mm) ◆ 17,711
Note: There are not sufficient brokers supplying consensus data for this metric

EBITDA (\$, mm) ◆ 4,630
Note: There are not sufficient brokers supplying consensus data for this metric

Net income (\$, mm) 3,017 ◆ 3,576 ◆ 3,765
3,545

EPS (\$) 6.55 ◆ 6.64 ◆ 7.00
6.72

◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

Risk Reward – Brighthouse Financial Inc (BHF.O)

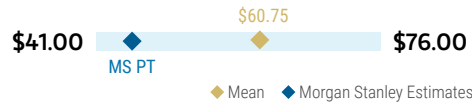
Market Volatility May Mask Underlying Results

PRICE TARGET \$45.00

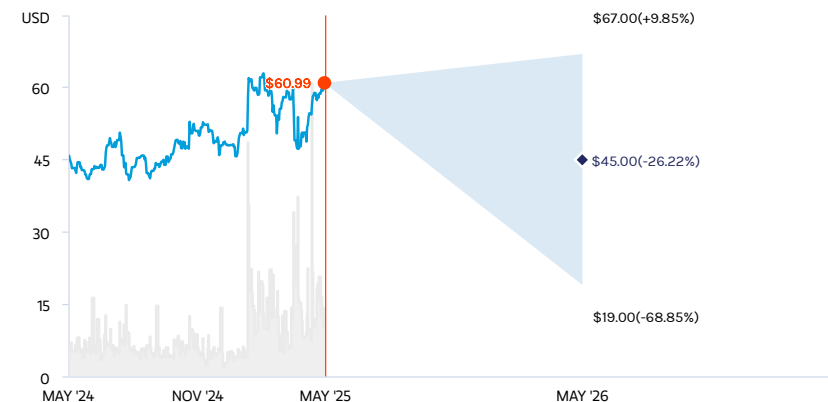
We value Brighthouse on a sum-of-the-parts basis through which we ascribe different multiples to each of Brighthouse's respective business lines. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 2.6x for Annuities and 6.6x for Life. We arrive at our price target of \$45.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



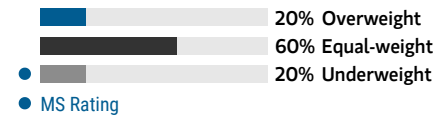
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

UNDERWEIGHT THESIS

With pronounced equity markets and interest rate influences on earnings, Brighthouse is among the most macro-sensitive companies in our coverage universe. Consequently, volatile macro conditions can make earnings relatively less predictable compared to those of peers. While management is taking measures to promote earnings stability going forward, like decreasing its variable annuity account value mix in favor of Shield and fixed mix, challenging annuity dynamics may pose risks to annuity account value mix goals. While Brighthouse stock trades at a meaningfully low P/E valuation, peers offer better earnings power and free cash flow conversion, so we rate the stock Underweight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$67.00

3.3x 2026e EPS

Under our bull case scenario, equity market strength boosts variable annuity returns and mitigates reserve concerns, allowing the company to generate well a meaningful ROE, raising the prospects of dividends faster than originally envisaged.

BASE CASE

\$45.00

2.2x 2026e EPS

Under our base case scenario, variable annuity and Shield collective net outflow will be ~\$5.1 billion for 2026, while annuity earnings will be about flat. Interest rates follow the forward curve. The company repurchases ~\$240 million in shares for 2026. The company achieves a ~11% ROE in 2026.

BEAR CASE

\$19.00

0.9x 2026e EPS

Under our bear case scenario, equity markets decline sharply, while interest rates also trend lower. The company is unable to diversify into less macro sensitive products, and capital return is below expectations. Returns come under pressure and investors grow concerned that the company may be vulnerable to additional charges.

Risk Reward – Brighthouse Financial Inc (BHF.O)

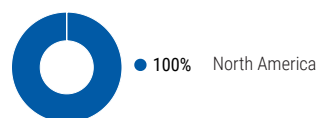
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Annuity General Account Return (%)	14.4	15.1	15.0	15.1
Annuity Fee on Separate Account (%)	1.3	1.3	1.2	1.2
Annuity Operating Expenses Ratio (%)	35.6	36.2	35.6	35.5
Life insurance Benefit Ratio (%)	108.5	98.6	97.9	97.9
Run-off Benefit Ratio (%)	332.8	346.1	342.4	342.7

INVESTMENT DRIVERS

- Macro Factors
- Capital Management
- Variable Annuity Capital Levels

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Double digit increase in equity markets performances
- Interest rates remain high
- Company returns additional capital to shareholders
- Capital buffer above CTE98 increases further
- Interest rates move down

RISKS TO DOWNSIDE

- Sharp deterioration in macro environment
- Capital returns under pressure
- Higher than expected claims ratio in life insurance segment
- Higher than expected annuity expenses

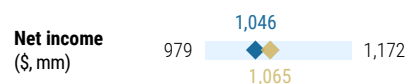
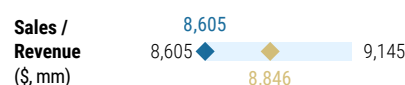
OWNERSHIP POSITIONING

Inst. Owners, % Active	49.3%	<div style="width: 49.3%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

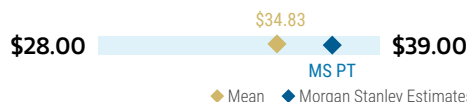
Risk Reward – Corebridge Financial Inc (CRBG.N)

Fee is the New Spread, Nimble Operating Model

PRICE TARGET \$37.00

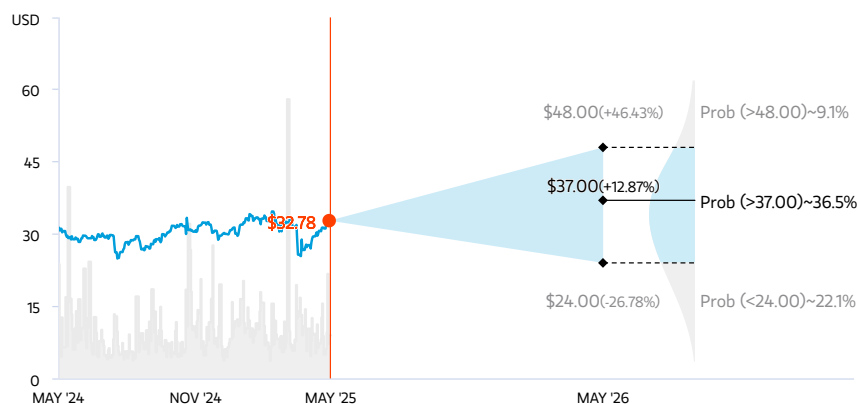
We believe the most appropriate means to value the company is based on 2026 expected adjusted operating earnings. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 4.5x for Individual Retirement, 9.0x for Group Retirement, 8.5x for Life, and 7.9x for Institutional. We arrive at our 12-month price target of \$37.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



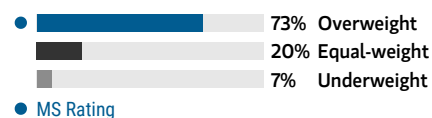
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

Corebridge's investment thesis revolves around its ability to expand ROE through a diversified mix of spread, fee, and underwriting earnings. We see the impacts of higher interest rates on spread income and a favorable equity market environment on macro sensitive products as tailwinds. Should the interest rate environment become less favorable, we see Corebridge positioned defensively, as management's business shift towards fee based earnings within Group Insurance will alleviate outflows, and subsequently boost fee related earnings. Management's nimble operating model that allows them to quickly adapt to market conditions contributes to our Overweight rating.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$48.00

8.3x 2026e EPS

25% increase in S&P and 100 bps increase in interest rates; credit remains strong. Free cash flow conversion at the higher end of management's guidance. Additional tailwinds from cost savings program.

BASE CASE

\$37.00

6.4x 2026e EPS

2% quarterly appreciation, assuming current interest rates and stable credit. We expect net flows year-over-over to be positive within Individual Retirement. We also expect the company to repurchase ~\$1.6 billion in stock in 2026 along with ~\$500 million in dividends.

BEAR CASE

\$24.00

4.1x 2026e EPS

25% decline in S&P and 100 bps decline in interest rates with mild recession credit. Free cash flow conversion at the lower end of management's guidance. Additional headwinds from separation costs.

Risk Reward – Corebridge Financial Inc (CRBG.N)

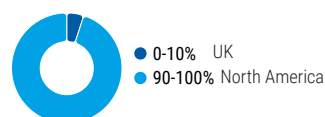
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Group Retirement GA/Total AUMA (%)	31.5	31.7	31.2	30.7
Net Investment Income % of Total Revenue (%)	56.5	61.8	60.3	61.0
Individual Retirement Net Flows/BOP AUM (%)	1.3	2.3	1.7	1.7
Life Benefits % of Life Premiums (%)	1.8	1.9	1.9	1.9
VII % of NII (%)	2.5	3.2	3.9	3.9

INVESTMENT DRIVERS

- Earnings quality
- Potential changes in the regulatory environment
- Macro factors

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Equity markets and rates move meaningfully higher
- Acceleration of capital deployment plans
- Interest rates remain elevated

RISKS TO DOWNSIDE

- Interest rates move lower
- A meaningful pullback in equity markets
- Surprise below the line charges

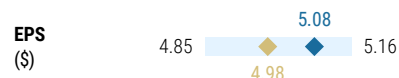
OWNERSHIP POSITIONING

Inst. Owners, % Active	62.8%	<div style="width: 62.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

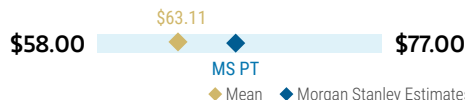
Risk Reward – Equitable Holdings Inc (EQH.N)

Still Our Most Preferred Name

PRICE TARGET \$67.00

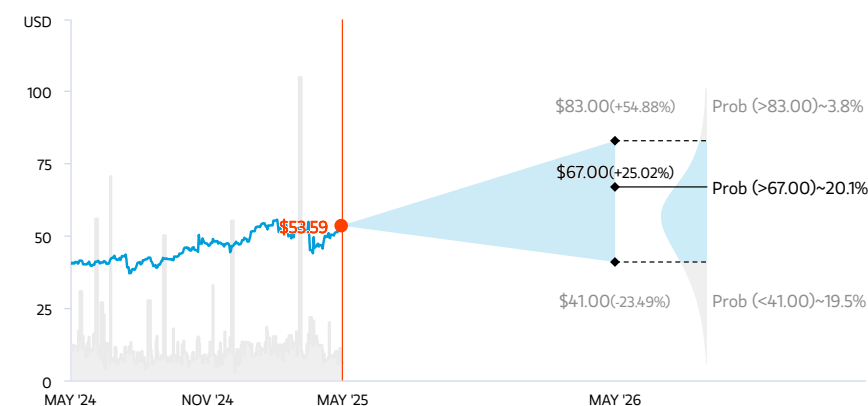
We value Equitable on a sum-of-the-parts basis through which we ascribe different 2026e multiples to each of Equitable's respective business lines. Specifically, 5.7x for Individual Retirement, 8.4x for Group, 11.3x for Investment Management, 7.2x for Protection, 12.2x for Wealth, and 5.0x for Legacy. Our analysis leads us to an implied value of \$67 per share.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$83.00

10.2x 2026e EPS

Equity market strength boosts the variable annuity returns and the flows in the Individual Retirement business further improves. Hedge costs come in below expectations. This allows the company to consistently well exceed 15% ROE.

BASE CASE

\$67.00

8.2x 2026e EPS

We expect Individual Retirement earnings to increase by ~8% in 2026. The company executes on expense reduction initiatives while managing the risk associated with its variable annuity exposure. Valuation gap against peers narrows. We also expect a ROE of ~20% in 2026.

BEAR CASE

\$41.00

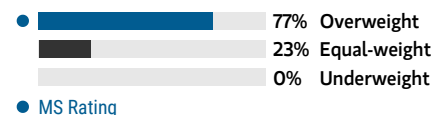
5.0x 2026e EPS

Volatile equity markets drive lower earnings, while uncertainty also impact sentiment, compresses multiples. Margins in AllianceBernstein grow at a slower than expected pace. Productivity strategies are unable to offset incremental ongoing expenses incurred as a stand-alone company.

OVERWEIGHT THESIS

Equitable's investment thesis revolves around managing variable annuity risk while focusing on its more profitable asset management operations, headlined by a majority stake in AllianceBernstein, and group retirement. Despite the equity-sensitive nature of variable annuities and asset management, the company delivers fairly predictable earnings. Using a SOTP valuation, we view the stock as the most undervalued in the industry. While we credit Equitable for tight risk management, we also note that more aggressive capital management, unlikely in the near-term, seems key to unlocking upside potential. Given the substantial degree of potential upside though, we rate the stock as Overweight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Equitable Holdings Inc (EQH.N)

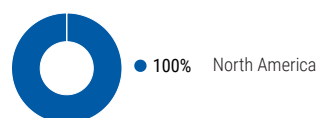
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Net Flows for Investment Management (\$, mm)	(2,300)	3,183	12,672	24,287
Ind. Retirement AUM (\$, mm)	110,544	116,807	129,191	143,398
Group Retirement AUM (\$, mm)	40,654	40,819	43,284	45,888
Protection's Benefit Ratio (%)	72.4	72.9	71.0	71.0

INVESTMENT DRIVERS

- Equity market performance
- Regulatory changes
- AUM flow

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger than expected equity markets
- Higher than expected asset management net inflows
- Capital management above expectations
- Interest rates remain elevated

RISKS TO DOWNSIDE

- Volatile equity markets
- Net outflows in asset management
- Adverse regulatory changes
- Interest rates fall

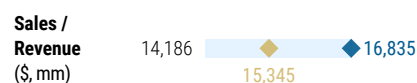
OWNERSHIP POSITIONING

Inst. Owners, % Active	60.8%	<div style="width: 60.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

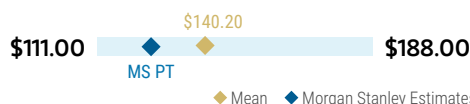
Risk Reward – Globe Life Inc (GL.N)

DOJ probe is the main driver of share price in the near term

PRICE TARGET \$125.00

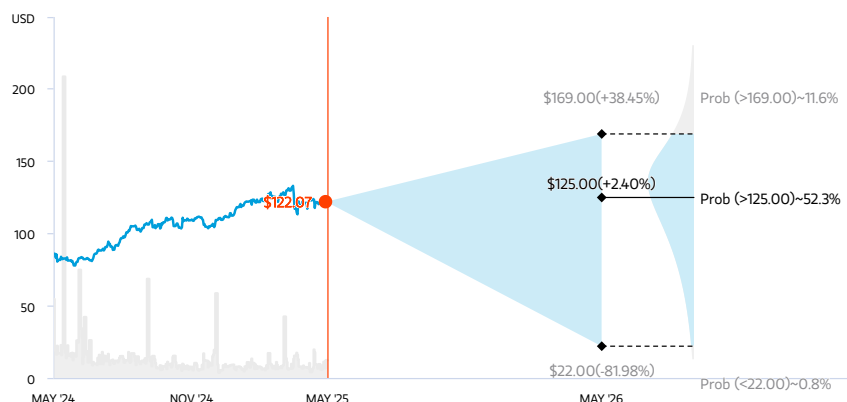
We maintain a base case range, now \$83-136, with a \$125 price target to reflect easing probe risk. Given the limited ability to discern potential DOJ probe outcomes though, we maintain base case scenarios with a valuation range to reflect varying severities of potential outcomes. We value GL on a SOTP basis, where we ascribe 2026e multiples to GL's business lines: 6.8x - 9.0x for Life Insurance and 4.7x - 6.2x for Health Insurance.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



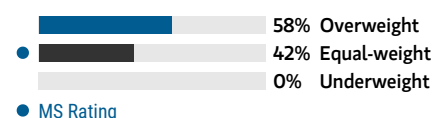
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

In our view, Globe Life's fairly straightforward business model, with Life Insurance and Health Insurance underpinnings, help make its earnings rather predictable and explains why the company's stock tends to trade at a premium relative to its more complex peers. That said, the recent DOJ probe into Globe Life's operations has pressured the stock, and will likely remain a headwind to share price until the investigation is resolved. For these reasons, we remain Equal-weight on the stock.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$169.00

11.4x 2026e EPS

Our bull case incorporates a favorable DOJ outcome. The number of producing agents is not impacted by the current environment, and thus increases faster than expected, driving to a higher top-line growth, while free cash flow accelerates and drives to increased buybacks. Sales growth is stronger than management expected, and rebounded confidence in operations leads us to assign a premium to peer multiples.

BASE CASE RANGE

\$83.00 - \$136.00

5.6 - 9.2x 2026e EPS

Our upper case is driven by a favorable DOJ outcome: regulators do not find any damaging evidence that warrants a fine or change to business operations; our lower case results in an unfavorable DOJ outcome. In our upper case the company achieves mid to high single digit growth in net life and health sales; in our lower case, capital levels decline due to potential fines, but still within operating levels. Management is required to reassess the sales force operations, which increases expenses.

BEAR CASE

\$22.00

1.5x 2026e EPS

Our bear case incorporates an unfavorable DOJ outcome. The company experiences significant headwinds both on a capital side, in regards to reserve charges, and operations side, in regards to declining sales and additional expense charges due to sales for reassessment. Broad-based economic conditions weaken, putting pressure on labor markets, impacting underwriting profits and the company's capital deployment strategy. We apply haircut-to-peer multiples to reflect idiosyncratic headwinds.

Risk Reward – Globe Life Inc (GL.N)

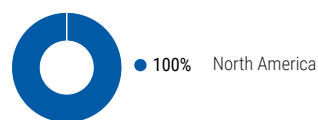
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Life Insurance Underwriting Margin (%)	41.5	42.4	42.1	42.2
Health Insurance Underwriting Margin (%)	26.5	25.2	25.7	25.6
Excess Investment Income (\$, mm)	164	142	139	142

INVESTMENT DRIVERS

- Earnings
- Underwriting results
- Investment income
- Buyback

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

1/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Producing agent count grows faster than expected
- Better than expected underwriting income resulting in higher earnings
- Increased buybacks
- Better than expected investment income (due to higher interest rates)
- Favorable outcome to DOJ probe

RISKS TO DOWNSIDE

- Weakness in the Direct Response Unit
- Reversal in agent growth
- Lower than expected investment income (due to lower interest rates)
- Unfavorable outcome to DOJ probe

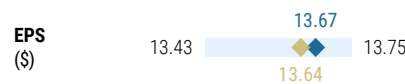
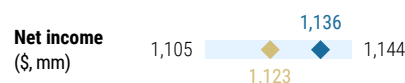
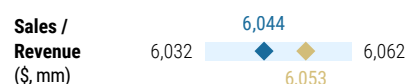
OWNERSHIP POSITIONING

Inst. Owners, % Active	49.2%	<div style="width: 49.2%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

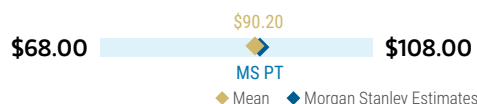
Risk Reward – Jackson Financial Inc (JXN.N)

Mixed Earnings, Capital on Track

PRICE TARGET \$91.00

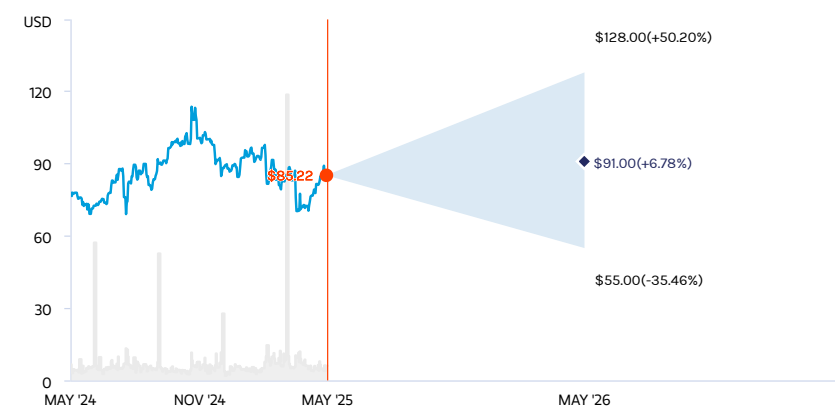
We value Jackson on a sum of the parts basis where we apply a P/E multiple to each segment. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 4.6x for Retail Annuities and 7.3x for Institutional Products. We arrive at our price target of \$91.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



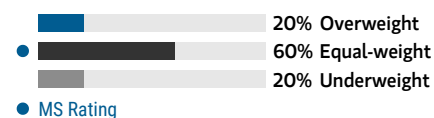
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Jackson's near exclusive focus on variable annuities gives it a clear market leadership position. Jackson's ROE, limited pre-2008 legacy exposure, and its strong risk-based capital also stand out to us. Our price-to-free cash flow valuation leads us to think that Jackson stock trades inexpensively. That said, we note that free cash flow is limited relative to that of peers and is often meaningfully disconnected from operating earnings numbers. We also see these earnings as less predictable than those of the peer group given their sensitivity to equity market conditions. Taken together, at the stock's current level, we view the risk-reward as balanced and rate it Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$128.00

6.3x 2026e EPS

Under our bull case scenario, equity market strength results in higher earnings and capital return to shareholders. The company makes progress on diversifying their sources of earnings, specifically growth within RILA.

BASE CASE

\$91.00

4.5x 2026e EPS

Under our base case scenario, we expect Retail Annuities pretax earnings to decrease 2% to ~\$1.64 billion in 2026, with net outflows of about \$10.3 billion. The company repurchases ~\$600 million in shares for 2026.

BEAR CASE

\$55.00

2.7x 2026e EPS

Under our bear case scenario, equity markets decline sharply. The company's capital returns are below expectations. The company struggles to diversify its sources of earnings.

Risk Reward – Jackson Financial Inc (JXN.N)

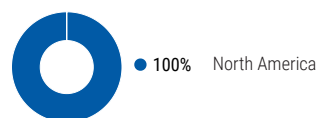
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (Excl AOCI) (%)	11.2	10.3	9.6	9.2
Retail Annuities Net Flows (\$, mm)	(11,744)	(13,570)	(10,336)	(8,092)
Institutional Net Flows (\$, mm)	(2,270)	(345)	(345)	(345)

INVESTMENT DRIVERS

- Capital return
- Interest rates
- Equity market conditions
- Free cash flow generation
- Capital position
- Earnings stability

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger than expected equity markets
- Capital return above expectations
- Higher interest rates

RISKS TO DOWNSIDE

- Sharp deterioration in macro environment
- Capital returns below expectation
- Higher than expected annuity expenses
- Lower interest rates

OWNERSHIP POSITIONING

Inst. Owners, % Active	36.1%	<div style="width: 36.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Lincoln National Corp (LNC.N)

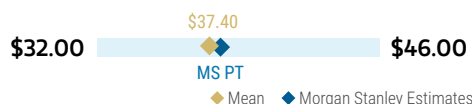
Rebuilding Capital Position After Outsized Charge

PRICE TARGET \$38.00

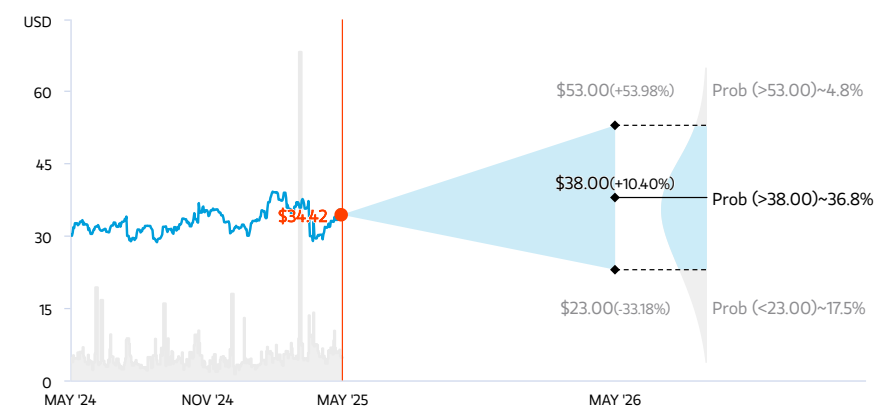
We value Lincoln on a sum-of-the-parts basis through which we ascribe different 2026e multiples to each of Lincoln's respective business lines. Specifically, 4.0x for Annuities, 7.8x for Retirement, 7.1x for Life and 7.0x for Group. Our analysis leads us to an implied value of \$38 per share.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$53.00

7.0x 2026e EPS

Rates move higher and markets outperform our 2% quarterly expectation, annuity flows continue to recover, which leads the company to meaningfully improve its return on equity and capital deployment actions. Impact from COVID dissipates faster than expected.

BASE CASE

\$38.00

5.0x 2026e EPS

We assume variable annuity net flows of ~\$5.0 billion and RILA net flows of ~\$3.3 billion in 2026. We expect earnings in group protection insurance solutions to increase 12% in 2026. We expect buybacks to return in 2026.

BEAR CASE

\$23.00

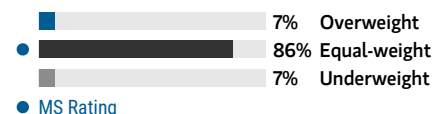
3.0x 2026e EPS

Group benefit business will deteriorate. Weakness in equity markets and low interest rates lead to balance sheet impairments, high credit losses, weak flows from the retirement business and additional actuarial write-downs. COVID pressure larger than originally expected.

EQUAL-WEIGHT THESIS

Before 2022, despite being a macro sensitive name, Lincoln's earnings track record had built up investor confidence, thanks in part to its variable annuity book quality. Investor confidence has dwindled as it has been slow to recover from pandemic-related claims and, more prominently, it has taken an outsized charge related to lower lapses in its individual life insurance. Ramifications of this charge may linger as it looks to further restore capital adequacy after raising preferred stock. While the stock continues to trade at depressed levels, we recommend investors stay on the sidelines until the dust settles on substantive risks outstanding and rate the stock Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Lincoln National Corp (LNC.N)

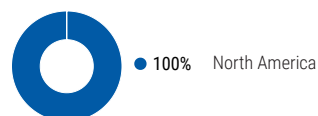
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Div + Share Repurchase/ Op. Earnings (%)	25.4	24.9	48.4	46.9
Reported ROE (Ex-FAS115) (%)	29.4	1.9	10.2	10.0
NII % Revenues (%)	30.1	30.0	28.9	27.6

INVESTMENT DRIVERS

- Macro developments
- Annuity flows
- Group benefit ratio
- Individual Life mortality
- Regulatory/accounting change

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Interest rates stay elevated
- Equity market perform better than expected
- Annuity flows improve

RISKS TO DOWNSIDE

- Spread compression
- Equity markets weakness
- Group business earnings decline due to intense competition
- Persistently adverse mortality in life
- Weaker capital ratios
- Regulatory and accounting changes much more onerous than originally expected

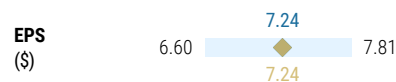
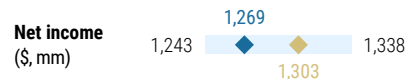
OWNERSHIP POSITIONING

Inst. Owners, % Active	43.5%	<div style="width: 43.5%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

Risk Reward – MetLife Inc. (MET.N)

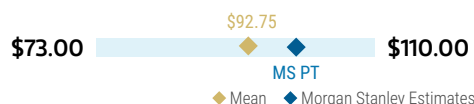
Looking Past Near-Term Noise to Upside Potential

PRICE TARGET \$99.00

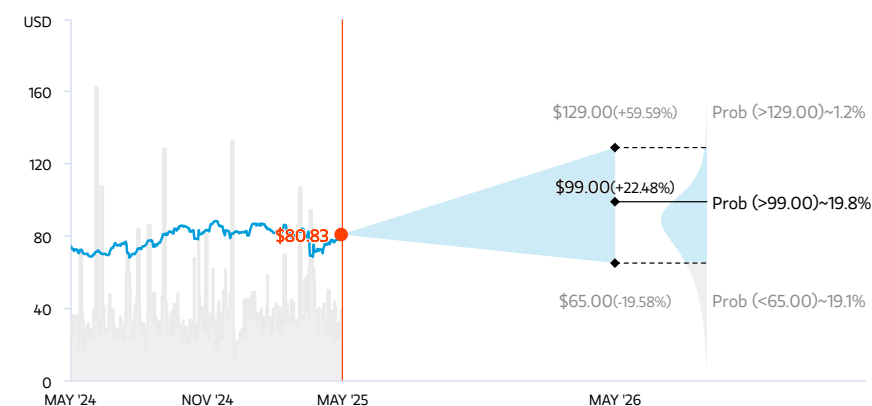
We value MetLife on a sum-of-the-parts basis through which we ascribe different 2026e multiples to each of MetLife's respective business lines. Specifically, 12.5x for Group Benefits, 7.6x for RIS, 10.1x for international, and 2.5x for Holdings. Our analysis leads us to an implied value of \$99 per share.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$129.00

12.4x 2026e EPS

Macro conditions are favorable and the company accelerates its capital deployment plans. International businesses grow faster than expected. Group benefit business continues to perform above expectation.

BASE CASE

\$99.00

9.5x 2026e EPS

We expect EMEA after-tax earnings to grow by 7% and LatAm earnings to grow by 4% in 2026. We also expect the company to repurchase ~\$3.7 billion in stock in 2026.

BEAR CASE

\$65.00

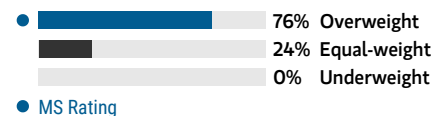
6.3x 2026e EPS

Treasury rates declines, and further currency depreciation pressures international operations. Voluntary business grows slower than expected, and pension risk transfer faces severe competition.

OVERWEIGHT THESIS

Following its retail separation, MetLife has committed to profitable growth and a simplification of its operations to reduce earnings volatility. The company has stood out as a more focused, cash flow generative company with earnings power stemming from international growth and expense reduction. MetLife should benefit as COVID-related losses continue to dissipate, though variable investment income and investment portfolio data could make results noisy. Beyond these factors, we note that MetLife seems more share repurchase focused than some peers as risk based capital remains high. For these reasons, we believe risk-reward skews to the upside and we rate the stock as Overweight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward – MetLife Inc. (MET.N)

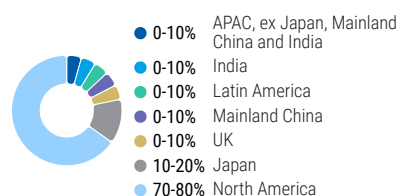
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (Excl FAS 115 other than FCTA) (%)	15.3	16.1	15.1	14.2
LT Debt to LT Capital (%)	36.9	35.0	32.0	29.3
Oper Return on Avg Assets (%)	0.8	0.9	0.9	0.8

INVESTMENT DRIVERS

- Earnings quality
- Potential changes in the regulatory environment
- Macro factors

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Group benefits performs above expectations
- Interest rates stay elevated
- Acceleration of capital deployment plans
- International business grows faster than expected

RISKS TO DOWNSIDE

- Adverse currency moves
- Sharply increased competition in the group benefit business
- Geopolitical uncertainties outside of the U.S.
- Interest rates fall

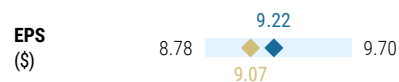
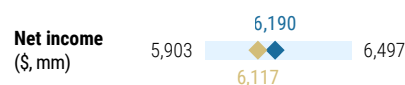
OWNERSHIP POSITIONING

Inst. Owners, % Active	59.5%	<div style="width: 59.5%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

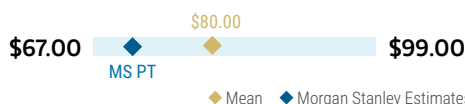
Risk Reward – Principal Financial Group (PFG.O)

Core Business Outlook Mismatches Valuation

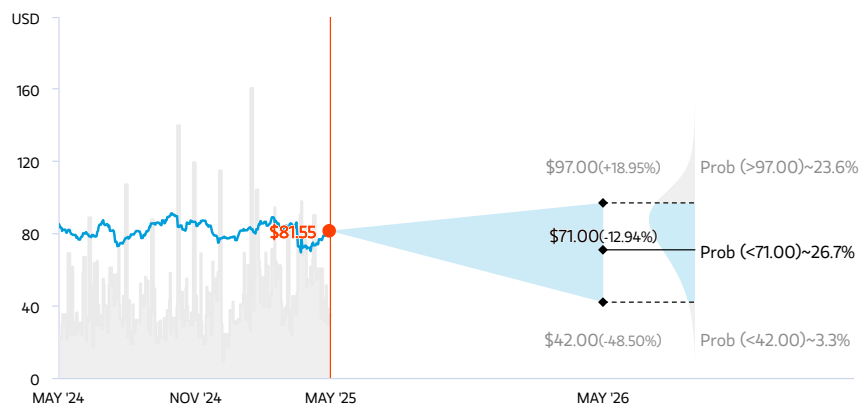
PRICE TARGET \$71.00

We value Principal on a sum-of-the-parts basis, applying peer multiples to each of the various business lines. Using this method, we arrive at a price target of \$71. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 675x for RIS, 10.9x for Investment Management, 9.5x for International Pension, 8.5x for Life Insurance, and 7.6x for Specialty Benefits.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



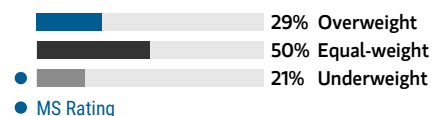
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

UNDERWEIGHT THESIS

We see several potential headwinds for Principal's investment thesis heading into 2025 that are not properly reflected in the valuation of the stock. The company's longer term outlook appears under pressure due to slower growth within Principal Global Investors and Principal International, while Specialty Benefits is also expected to see longer term weakness. While the company is maintaining its 75-85% capital return target, management expects EPS growth to be driven largely by earnings power, and less by buybacks. This earnings profile, through a some-of-the-parts basis, leads us to rate the stock as Underweight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$97.00

11.5x 2026e EPS

Equity markets strengthen, with stronger flows leading to improved earnings. Wells Fargo acquisition performs better than expected, driving additional EPS accretion. In addition, capital management plans are scaled higher, resulting in additional EPS accretion. Latin American pension reforms result in favorable outcome.

BASE CASE

\$71.00

8.4x 2026e EPS

Guidance for return on net revenue (RONR) of 37-41% for the RIS business in 2026. Life premium and fee growth roughly flat in 2026. We expect the company to repurchase ~\$800 million in stock in 2026.

BEAR CASE

\$42.00

5.0x 2026e EPS

We assume equity markets deteriorate, credit losses in commercial real estate surface, and interest rates fall more than expected, pressuring earnings. Broad-based economic weakness pressures flows, and strain from Latin American countries weighs on results.

Risk Reward – Principal Financial Group (PFG.O)

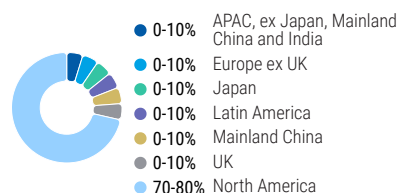
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
IM Net Fund Flows (\$, mm)	(6,500)	(6,878)	(4,070)	(1,304)
Specialty Benefit Ratio (%)	60.4	60.2	60.9	60.9
Buybacks (\$, mm)	1,002	901	800	900

INVESTMENT DRIVERS

- Equity market conditions
- Currency rates
- Fund flows
- Specialty benefit ratio
- Acquisition announcements

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Equity markets strengthen
- Strong flows in PGI
- Higher capital management plans
- Positive development in international business
- Higher interest rates

RISKS TO DOWNSIDE

- Deterioration in global macro conditions
- Large net outflows in PGI
- Margins and earnings well below management guidance
- Lower interest rates

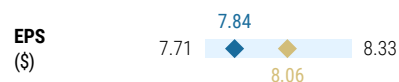
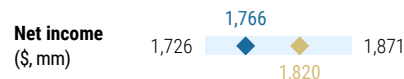
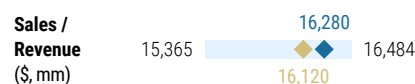
OWNERSHIP POSITIONING

Inst. Owners, % Active	42.7%	<div style="width: 42.7%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Primerica, Inc. (PRI.N)

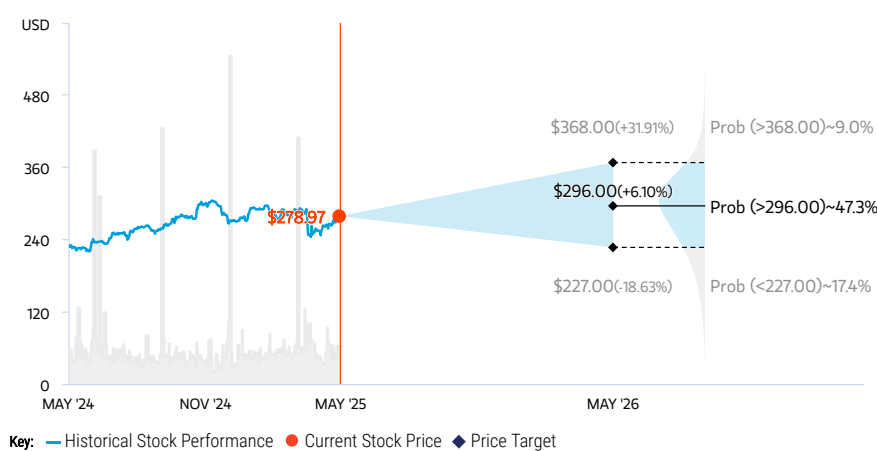
Back to the Basics

PRICE TARGET \$296.00

We value the company based on a sum of the parts approach. We separately value the Term Life segment (11.1x 2026e EPS) and the Investment & Savings products (ISP) segments (12.5x 2026e EPS) based on relevant comparable peer earnings multiples. The Term Life segment is valued based on relevant life peers as well as P&C brokers, while the ISP segment is based on relevant life peers as well as relevant financial advisor peers.



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$368.00

16.4x 2026e EPS

Company recruiting and license efforts become more effective than initially thought. New recruits and temporarily licensed agents receive their permanent license at a higher rate than expected. Productivity improves through better lead generation, training, and others. This results in higher sales and earnings going forward.

BASE CASE

\$296.00

13.1x 2026e EPS

We expect the company further penetrates into the middle income market. Average end of period sales force increases by ~3% in 2026 and monthly productivity remains at 0.20. We expect ~\$450 million of repurchases in 2026. All in, we expect a 5% EPS increase in 2025 and an 7% EPS increase in 2026.

BEAR CASE

\$227.00

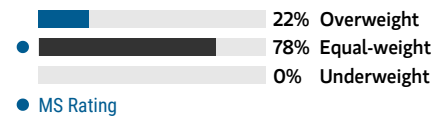
10.1x 2026e EPS

Due to either overall labor market conditions, or regulations, company's sales force shrinks. Sales and revenue decline while expense cuts cannot provide enough of an offset. This would result in lower premium growth, higher expense and thus lower earnings and trading multiples.

EQUAL-WEIGHT THESIS

Primerica's thesis revolves around expanding its sales force, which should help drive premium growth. The company has a solid capital position, allowing for share repurchases that should also contribute to EPS accretion and, given its fixed-rate life insurance exposure, less macro sensitivity than peers, meaning it should see limited impacts from a credit downturn. The acquisition, then write-down, of health insurance distributor eTeleQuote has been an overhang, though an exit is underway. That said, Term Life Insurance and Investment & Savings have consistently delivered predictable earnings. This earnings profile with limited outsized risks leads us to rate the stock as Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Primerica, Inc. (PRI.N)

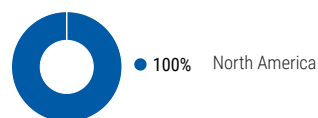
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Licensed Agents growth (%)	14.7	(7.4)	3.9	5.5
Sales Force growth (%)	7.1	3.0	3.3	4.0
Issued Policies growth (%)	3.2	0.1	5.0	3.7
Investment & Saving Product Sales growth (%)	31.1	10.7	2.0	2.0
EPS growth (%)	20.4	5.4	7.5	8.7

INVESTMENT DRIVERS

- Agent recruiting
- Newly licensed agents
- Life insurance monthly productivity
- ISP sales

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Sales growth
- Temporary licensing issuance
- Higher interest rates

RISKS TO DOWNSIDE

- COVID resurgence
- Unemployment uncertainty
- Regulation changes
- Lower interest rates

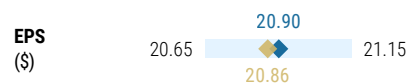
OWNERSHIP POSITIONING

Inst. Owners, % Active	63.4%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

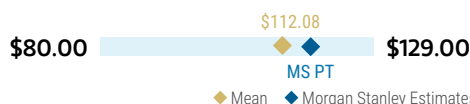
Risk Reward – Prudential Financial (PRU.N)

Noise Masks Resilient Underlying Results

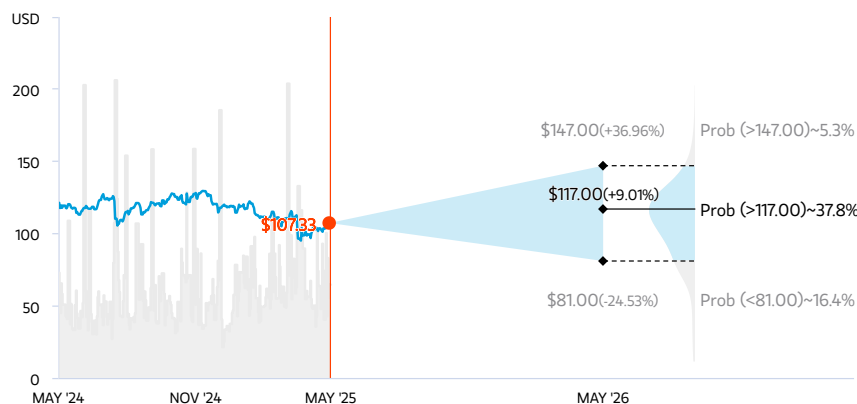
PRICE TARGET \$117.00

We value Prudential on a sum-of-the-parts basis through which we ascribe different multiples to each of Prudential's respective business lines. Specifically, we attribute the following 2026e multiples: 8.4x for international, 5.0x for annuities, 6.6x for institutional, 6.8x for Life, 8.0x for group, and 10.8x for Investment Management. Our analysis leads us to an implied value of \$117 per share.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE

\$147.00

9.6x 2026e EPS

Core fundamentals to improve. While equity markets and interest rates move meaningfully higher.

BASE CASE

\$117.00

7.6x 2026e EPS

In 2026, we expect Prudential to have a ROE of ~14%, compared to its long-term goal of 13-15%. Investment management business experiences net inflows in 2026. Individual life mortality is expected to rebound further post COVID. We expect the company to repurchase ~\$1 billion in stock in 2026.

BEAR CASE

\$81.00

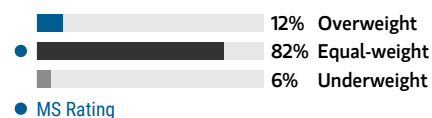
5.3x 2026e EPS

Challenging market conditions pressure the equity sensitive operations. International operations slowdown further, while interest rates decline more than expected.

EQUAL-WEIGHT THESIS

Prudential's recent challenges have resulted in inconsistent earnings. Some inconsistency stems from changes associated with its shift in strategy away from capital market sensitive businesses toward higher growth opportunities diversified by business line and geography. As this evolution unfolds, execution risks related to this shift and share repurchase limitations have pressured sentiment. However, Prudential's leading franchise, especially in Japan, and focus on fee-based business domestically bodes well for driving solid returns on equity. Taken together, we see other stocks in the peer group as providing better risk-adjusted return potential and rate Prudential stock as Equal-weight.

Consensus Rating Distribution



Risk Reward – Prudential Financial (PRU.N)

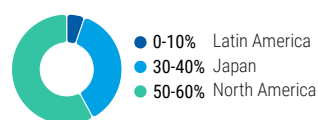
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Investment Management Fee Rate (%)	38.1	38.1	0.0	0.0
Group Insurance Benefit Ratio (%)	83.0	83.0	0.0	0.0
Individual Life Benefit Ratio (%)	109.7	109.7	0.0	0.0
Buybacks (\$, mm)	1,000	1,000	1,000	1,000

INVESTMENT DRIVERS

- Regulatory developments
- Performance of financial wellness programs
- Interest rates
- Equity market conditions
- Currency exchange rates

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Equity markets and rates move meaningfully higher
- Positive currency fluctuations

RISKS TO DOWNSIDE

- Adverse currency fluctuations impacting future hedge rates in Japan
- A meaningful pullback in equity markets
- Interest rates move lower
- International operations slow down

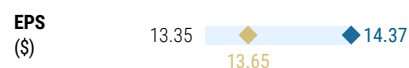
OWNERSHIP POSITIONING

Inst. Owners, % Active	37.5%	<div style="width: 37.5%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

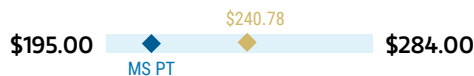
Risk Reward – Reinsurance Group of America (RGA.N)

Room for Upside as COVID Dissipates

PRICE TARGET \$209.00

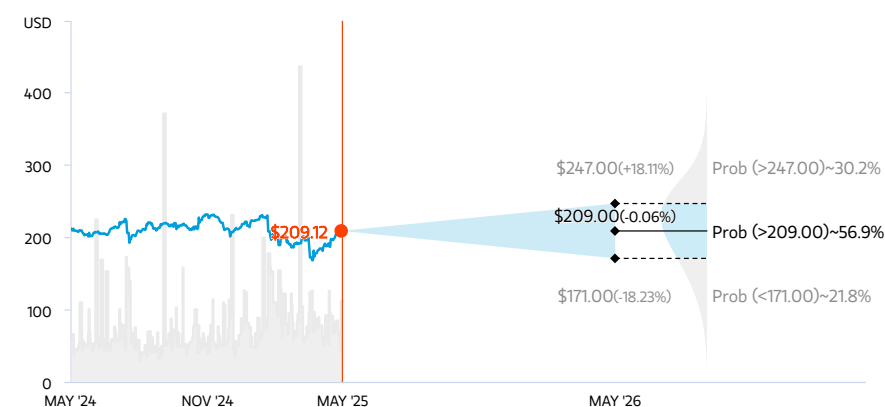
We value RGA based on an expected ROE of ~15% for 2025, which, relative to its cost of capital, leads us to a target price-to-book multiple of 1.4 times. Applying this multiple to our 2024-end book value, we arrive at a price target of \$209.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



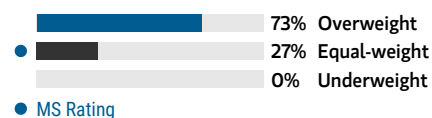
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

RGA is a relative safe haven given its low sensitivity to market conditions. That said, its risk profile somewhat deteriorated as it has expanded into more non-traditional, volatile product categories and international markets to drive growth. Moreover, RGA's focus on mortality reinsurance took a toll as COVID unfolded. However, RGA appears to be trending in the right direction as, in recent quarters, earnings have meaningfully bounced back and, in the medium-term, management expects an EPS CAGR of 8-10% with a ROE of 12-14%. While we view these developments as promising, RGA's outstanding risks lead us to see more compelling risk-reward elsewhere and we rate the stock as Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

\$247.00

9.3x 2026e EPS

Our bull case valuation includes favorable mortality and block transactions driving upside to EPS and the stock multiple.

BASE CASE

\$209.00

7.9x 2026e EPS

We expect a ROE of ~15% for 2025. While we do not expect any significant reserve charges, we see a risk of adverse morbidity/mortality in the US. Risk related to mortality due to the pandemic could remain a lingering issue.

BEAR CASE

\$171.00

6.5x 2026e EPS

In our bear case, we assume adverse mortality in the US and Canada, and reserve strengthening in Australia. Further, the US dollar strengthens relative to other foreign currencies, weighing on future EPS growth.

Risk Reward – Reinsurance Group of America (RGA.N)

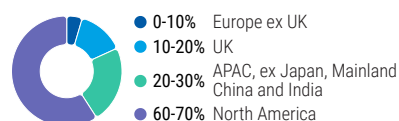
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
US Traditional Benefit Ratio (%)	92.9	92.3	91.6	91.7
Canada Traditional Benefit Ratio (%)	92.5	91.9	91.7	91.5
Buybacks (\$, mm)	0	0	100	100

INVESTMENT DRIVERS

- More block transactions
- Developments at other reinsurers
- Mortality trends

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Favorable mortality and block transactions
- Positive FX
- High interest rates

RISKS TO DOWNSIDE

- Reserve charges
- Adverse mortality/morbidity
- Elevated competition
- Low interest rates
- Adverse FX

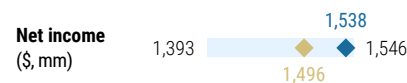
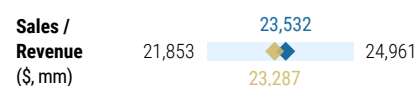
OWNERSHIP POSITIONING

Inst. Owners, % Active	60%	<div style="width: 60%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 150%;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Unum Group (UNM.N)

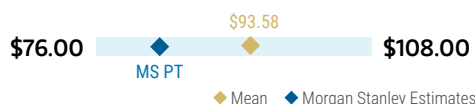
New Capital Paradigm Playing Out

PRICE TARGET **\$83.00**

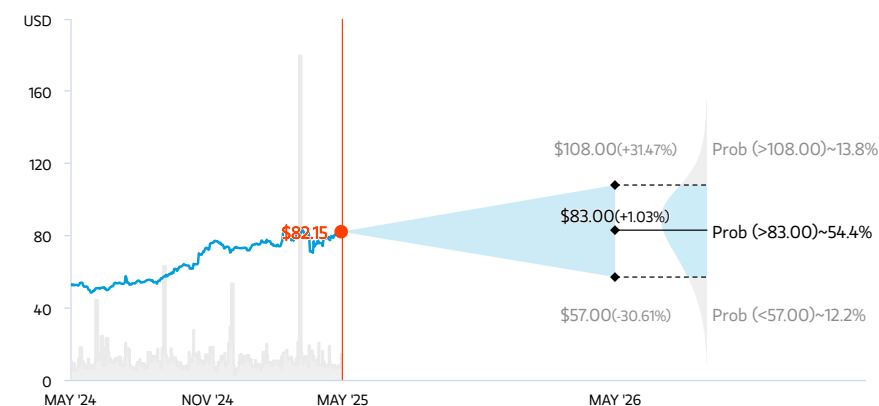
We value Unum on a sum-of-the-parts basis through which we ascribe different multiples to each of Unum's respective business lines. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 8.8x for Unum US, 10.2x for Unum International, 9.7x for Colonial, and 3.8x for Closed Block. We arrive at our price target of \$83.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

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BULL CASE

\$108.00

11.2x 2026e EPS

Claim trends remain favorable, driving EPS growth. Additionally, higher interest rates put to rest concerns of further write-downs in the long-term care business in future years.

BASE CASE

\$83.00

8.6x 2026e EPS

We do not expect further long term care deteriorations post the reserve true-up. We expect ~\$800 million of buybacks in 2026.

BEAR CASE

\$57.00

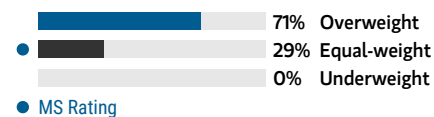
5.9x 2026e EPS

Reserve challenges in the organization emerge, further weighing on capital generation. New money yields trend lower, furthering the risk of future discount rate reductions in both long-term care and group disability. Surprise charges for long-term care.

EQUAL-WEIGHT THESIS

Unum is generally known for stable earnings and cash flow. However, the company somewhat fell out of favor in recent years due to its sizable long term care exposure, which poses liability risk, and escalated disability and group life claims. The tides have turned as business fundamentals have improved, especially in group lines of business. Moreover, we view the Unum's capital trajectory (e.g., generation, flexibility) as promising. Overall, while Unum appears to be keeping its primary risks at bay, the recent run in its stock has meant that reward from here may be limited according to our valuation. Therefore, we rate the stock Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Unum Group (UNM.N)

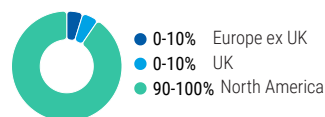
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Group Income Protection Benefit Ratio (%)	59.0	60.4	60.8	61.5
Group Life and AD&D Benefit Ratio (%)	66.3	69.8	70.0	70.0
Supplemental & Voluntary Benefit Ratio (%)	47.6	47.1	47.5	47.5
Closed Block Earnings (\$, mm)	138	151	147	135
Buybacks (\$, mm)	976	810	810	810

INVESTMENT DRIVERS

- LTC reserve
- Excess capital
- Interest rates
- Earnings quality
- US benefit ratio

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Favorable claims trend
- Buybacks increase
- Higher interest rates

RISKS TO DOWNSIDE

- Long-term care benefit ratio deteriorates
- Weakness in sales
- Interest rate decline
- Deterioration in labor markets

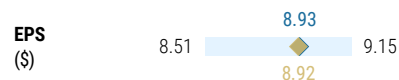
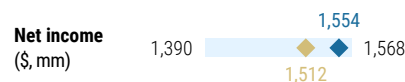
OWNERSHIP POSITIONING

Inst. Owners, % Active	50.7%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Voya Financial Inc (VOYA.N)

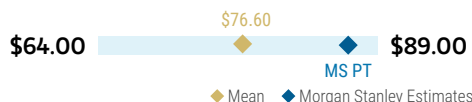
Turnaround in Motion

PRICE TARGET \$86.00

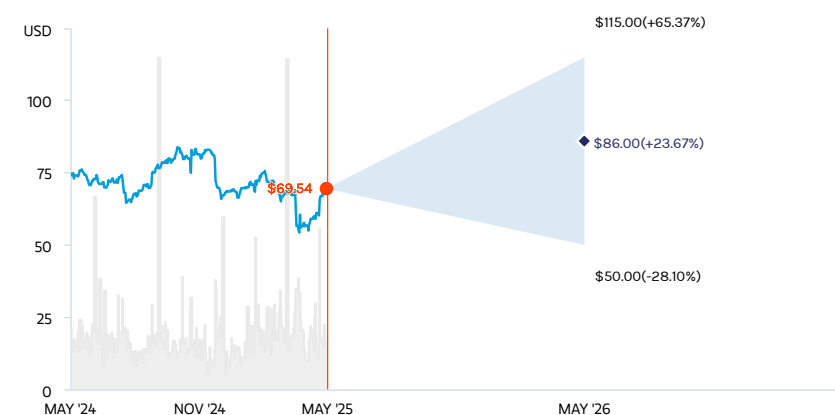
Our primary valuation technique is sum-of-the-parts, where we value the company on a peer price-to-earnings multiple basis. We rely on average peer multiples to arrive at the following 2026e earnings segment multiples: 7.3x for Wealth Solutions, 11.4x for Investment Management, and 10.2x for Health Solutions. We arrive at our price target of \$86.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



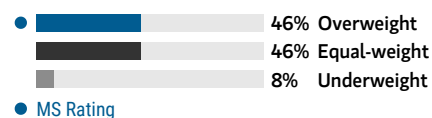
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

Voya's investment thesis has shifted from a restructuring story to one more focused on growth acceleration, both organic and inorganic. Voya has significantly strengthened its profitability, aggressively managed its capital, and simplified operations, especially via its annuity and individual life operations sales. While challenges remain for the transformed business, particularly in Health Solutions, management provide a sensible turnaround strategy that gives us conviction in Voya's long-term growth profile. Our confidence in management's ability to navigate integration, investments, and segment improvements that should result in enhanced capital generation makes us Overweight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$115.00

11.7x 2026e EPS

Health Solutions improvements and Wealth Solutions integration progresses more quickly than expected. ROE returns to 14-16% range.

BASE CASE

\$86.00

8.7x 2026e EPS

We expect the Wealth Solutions segment's pretax earnings ex notables to be about flat in 2026. In Investment Management, we see net flows remaining positive in 2026. In Health Solutions, we anticipate margins (ex notables) to improve in 2026 but continue to face some headwinds from underwriting.

BEAR CASE

\$50.00

5.1x 2026e EPS

In Health Solutions, stop loss improvements take longer than expected to materialize. In Wealth Solutions, One America integration falls short of expectations. ROE return to 14-16% range faces challenges.

Risk Reward – Voya Financial Inc (VOYA.N)

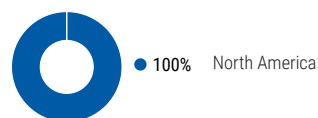
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Retirement Expense Ratio (%)	43.6	46.0	45.8	45.6
Investment Management Net Flows (\$, mm)	12,539	15,421	8,928	7,579
Employee Benefit Benefit Ratio (%)	53.9	49.0	46.8	45.6
Corporate Expenses (\$, mm)	(206)	(226)	(226)	(226)
Buybacks (\$, mm)	635	200	600	650

INVESTMENT DRIVERS

- Macro factors
- Expense reduction initiatives
- Benefit ratio
- Fund flows

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger than expected growth from retirement and IM businesses
- Better than expected expense savings
- Company gets acquired at a premium
- Elevated interest rates

RISKS TO DOWNSIDE

- Weaker than expected macro conditions
- Weak flows
- Volatile results from ongoing operations
- Low interest rates

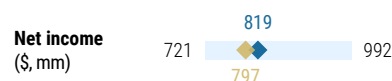
OWNERSHIP POSITIONING

Inst. Owners, % Active	62%	<div style="width: 62%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

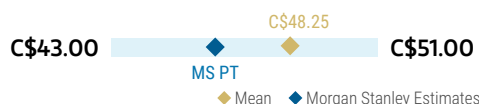
Risk Reward – Manulife Financial Corp. (MFC.TO)

Executing on Growth Strategy

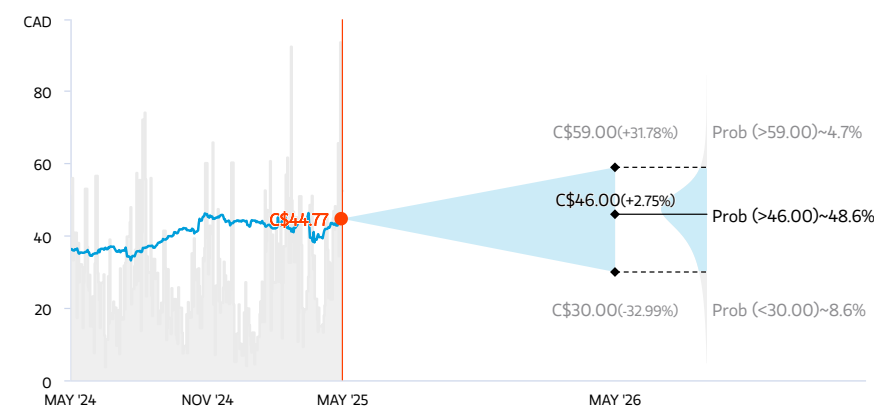
PRICE TARGET C\$46.00

We value the stock using the sum-of-the-parts approach, where we value each division on a price-to-earnings basis based on peer multiples. We arrive at a 12-month price target of C\$46.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

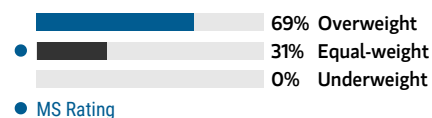


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

Manulife continues to shift its business mix towards capital light, higher return lines. On the back of reaching its 2022 portfolio optimization target ahead of schedule, Manulife continues to find ways to free up other capital from low ROE legacy businesses and cut expenses. Although Manulife's capital position remains solid, we are wary of its BBB-rated energy fixed maturity investment exposure. The company also remains fairly sensitive to equity market and rate risks, the latter of which has posed a headwind for its long-term care business but should subside in a higher rate environment. All in, we view the risk-reward setup for Manulife stock as balanced and rate it as Equal-weight.

Consensus Rating Distribution



BULL CASE

C\$59.00

BASE CASE

C\$46.00

BEAR CASE

C\$30.00

13.2x 2026e EPS

The company is able to dispose of its low ROE legacy businesses. Supportive macro environment helps management achieve higher than expected ROE on a consistent basis.

10.3x 2026e EPS

Management achieves its 15%+ core ROE in the medium term, while the company is able to realize expense saves. Global Wealth and Asset Management net inflow continues to be solid. Long term care does not see outsized charges.

6.7x 2026e EPS

The company incurs charges related to long-term care and variable annuities. Management is unable to achieve 15%+ core ROE in the medium term, while the expense efficiency initiative does not produce the desired saves. Equity market volatility leads to meaningful investment losses.

Risk Reward – Manulife Financial Corp. (MFC.TO)

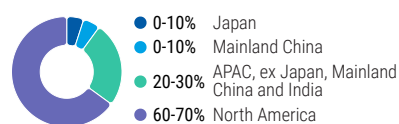
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Wealth Management Fee Income (C\$, mm)	7,439	8,068	8,418	8,765
Asia Benefit Ratio (%)	61.8	59.6	59.6	59.6
Canada Benefit Ratio (%)	85.4	84.7	84.2	84.2
US Benefit Ratio (%)	4.4	4.4	4.4	4.4
Buybacks (C\$, mm)	990	548	1,440	1,440

INVESTMENT DRIVERS

- Strategic alternatives for low ROE businesses
- Macro developments

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5
MOST

3 Month
Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Disposal of low-ROE legacy businesses
- Achieving expense savings ahead of schedule
- Strong macro conditions result in higher earnings power
- Rise in interest rates

RISKS TO DOWNSIDE

- Adverse policyholder behavior in long-term care and variable annuities
- Decline in interest rates
- Unfavorable currency moves
- Pullback in equity markets
- Large outflows in its wealth management segment

OWNERSHIP POSITIONING

Inst. Owners, % Active	65.7%	<div style="width: 65.7%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5x;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e

Sales / Revenue (C\$, mm) ◆ 39,787
Note: There are not sufficient brokers supplying consensus data for this metric

EBITDA (C\$, mm) ◆ 8,721
Note: There are not sufficient brokers supplying consensus data for this metric

Net income (C\$, mm) ◆ 7,008
7,007 ◆ 7,156 7,356

EPS (C\$) ◆ 4.05
3.98 ◆ 4.08 4.15

◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

Risk Reward – Sun Life Financial Inc. (SLF.TO)

Continued Strategy Execution

PRICE TARGET C\$85.00

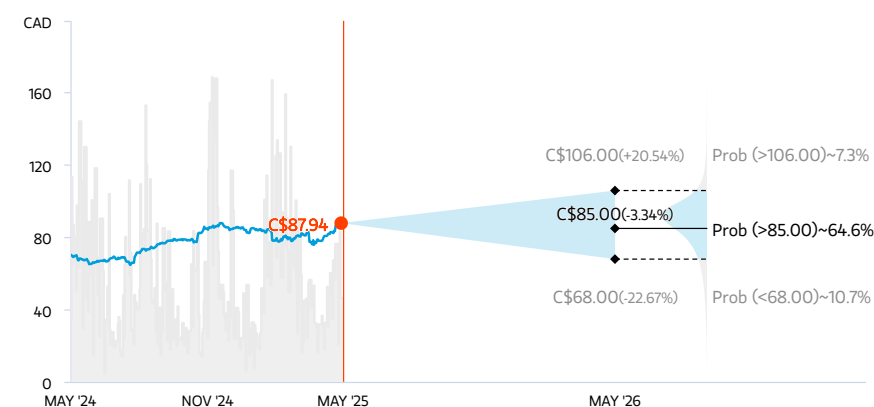
We value the stock using the sum-of-the-parts approach, where we value each division on a price-to-earnings basis based on peer multiples arriving at a price target of C\$85. Specifically, 10.3x for Canada, 8.3x for the US, 13.0x for Asset Management, and 10.8x for Asia.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



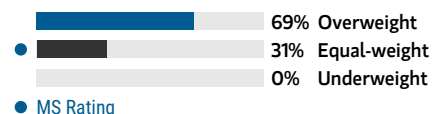
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

We consider Sun Life to be a relatively stable insurer, with growth and capital flexibility in-line with those of its peers. Positives include a well-established Canadian operation that generates solid cash flows, US fund operations with strong momentum, high growth potential in Asia, and MFS, Sun Life's asset management business. Net outflows in MFS have been a known issue, although management appears confident in its ability to stabilize the institutional flows over the next couple of years. Our sum-of-the-parts valuation suggests that US names in the peer group offer better risk-reward and we rate the stock as Equal-weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE

C\$106.00

14.2x 2026e Underlying EPS

In our bull case scenario, we assume robust equity markets and higher interest rates alleviate pressure on capital, positioning the company to consider acquisitions and/or higher buybacks. Higher expense and revenue synergies from acquisitions.

BASE CASE

C\$85.00

11.4x 2026e Underlying EPS

In our base case scenario, we have 2% quarterly appreciation in equity markets. We expect MFS to have outflows in 2026.

BEAR CASE

C\$68.00

9.1x 2026e Underlying EPS

In our bear case scenario, we assume a decline in the equity market coupled with low interest rates leads to a cut in the dividend and forces management to raise capital. Growth remains a challenge, especially in the US where the company pulls back from several product lines that are leading to escalated volatility. Expense and revenue synergies lower than expected.

Risk Reward – Sun Life Financial Inc. (SLF.TO)

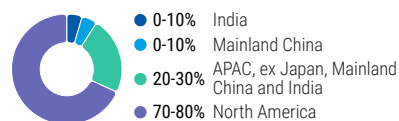
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Canadian Operating Income (C\$, mm)	0	0	0	0
US Group Benefit Benefit Ratio (%)	0.0	0.0	0.0	0.0
MFS Net Flows (C\$, mm)	(57,787)	(52,169)	(44,226)	(29,661)
Asia Insurance and Wealth Income (C\$, mm)	0	0	0	0
Buybacks (C\$, mm)	621	560	560	610

INVESTMENT DRIVERS

- Turnaround in MFS flows
- Higher share repurchase
- Macro developments

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5
MOST

3 Month
Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Robust equity markets
- Higher interest rates
- Better than expected growth in Asia, particularly in wealth management related products.

RISKS TO DOWNSIDE

- Adverse policyholder behavior
- Meaningful decline in rates
- Unfavorable currency moves
- Pullback in equity markets
- Lower than expected sales growth

OWNERSHIP POSITIONING

Inst. Owners, % Active	65.1%	<div style="width: 65.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e

Sales / Revenue (C\$, mm) ◆ 12,974
Note: There are not sufficient brokers supplying consensus data for this metric

EBITDA (C\$, mm) ◆ 5,430
Note: There are not sufficient brokers supplying consensus data for this metric

Net income (C\$, mm) 4,077 ◆ 4,238
4,163

EPS (C\$) 7.17 ◆ 7.45
7.34

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

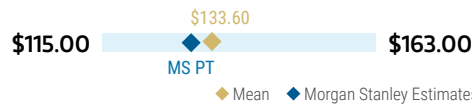
Risk Reward – Hartford Financial Services Group Inc (HIG.N)

Shifting Focus Towards Higher Margin Businesses to Support Current Valuation

PRICE TARGET \$130.00

Valuation is based on a sum-of-the-parts analysis where we apply a 11.9x 2026E P/E multiple to Comm'l Lines, and 10.9x to Group Benefits segments (derived from comparable peer multiples across the major LOB subsectors). Our PT implies an overall 10.3x 2026E Base EPS valuation, in-line with mix of company peer multiples across the Comm'l Lines & Group Benefits space.

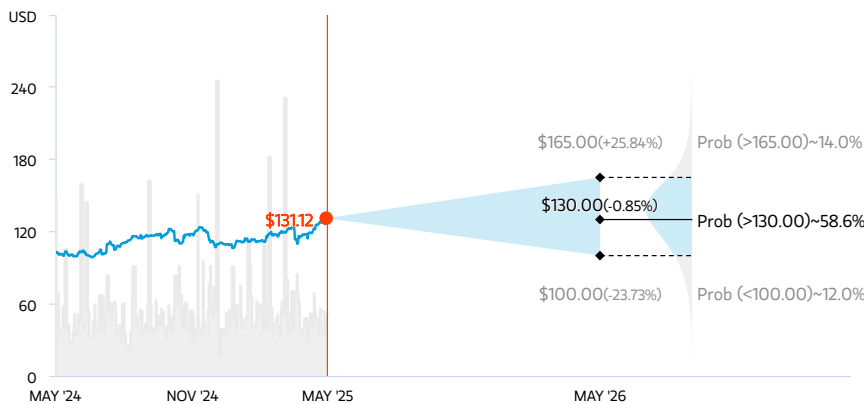
Consensus Price Target Distribution



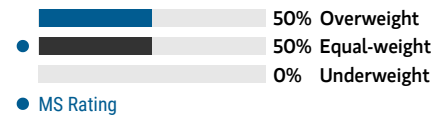
EQUAL-WEIGHT THESIS

HIG's Investment thesis is around its ability to further expand its ROE through broadening the mid-sized customer base and maintaining its group benefit profitability profile while minimizing the social inflation headwinds pressuring the commercial casualty lines as a whole. We would focus on commercial casualty loss trends and the pace of turnaround in Personal Auto. Remain EW on the stock.

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Consensus Rating Distribution



Risk Reward Themes

Pricing Power: Positive
Self-help: Positive

View descriptions of Risk Rewards Themes [here](#)

Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$165.00	BASE CASE	\$130.00	BEAR CASE	\$100.00
10.8x 2026E Bull EPS; 2.1x 2026E Bull BV excl AOCI		10.3x 2026E Base EPS; 1.7x 2026E Base BV excl AOCI		9.4x 2026E Bear EPS; 1.3x 2026E Bear BV excl AOCI	
2026e Metrics: Vastly improved fundamentals		2026e Metrics: P&C Focus		2026e Metrics: Mix shift challenges and large losses	
Commercial NEP Growth YoY: 9.4%		Commercial NEP Growth YoY: 7.4%		Commercial NEP Growth YoY: 6.4%	
Commercial CoR: 87.3%		Commercial CoR: 89.8%		Commercial CoR: 91.3%	
Commercial Core Earnings: \$3,136m		Commercial Core Earnings: \$2,712m		Commercial Core Earnings: \$2,505m	
Personal NEP Growth YoY: 5.3%		Personal NEP Growth YoY: 5.2%		Personal NEP Growth YoY: 1.2%	
Personal CoR: 93.9%		Personal CoR: 95.7%		Personal CoR: 98.7%	
Personal U/W Core Earnings: \$386m		Personal U/W Core Earnings: \$327m		Personal U/W Core Earnings: \$228m	
Group Benefits Core Earnings: \$755m		Group Benefits Core Earnings: \$546m		Group Benefits Core Earnings: \$334m	
HIG Funds Core Earnings: \$214m		HIG Funds Core Earnings: \$186m		HIG Funds Core Earnings: \$158m	
Net Investment Income: \$1,958m		Net Investment Income: \$1,874m		Net Investment Income: \$1,863m	

Risk Reward – Hartford Financial Services Group Inc (HIG.N)

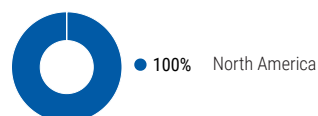
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Core ROE (%)	16.7	15.9	16.9	16.7
P&C NWP Growth (%)	9.5	8.1	5.8	5.2
P&C Combined Ratio (%)	93.2	94.2	92.2	91.9
P&C AY Loss Ratio ex. Cats (%)	59.0	57.8	57.4	57.2
P&C PPD % EP (%)	(0.7)	0.2	0.7	0.7

INVESTMENT DRIVERS

- Social inflation
- Reserve Strength
- Commercial Pricing cycle
- Weather trends (Severity and Frequency)
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Improving underwriting and investment returns
- Favorable reserve development
- Larger share buybacks
- Savings initiative outperforms
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Greater top line pressure from downturns
- Large catastrophe losses
- Savings initiative underperforms
- Adverse reserve development
- Declining interest rate environment would be a headwind

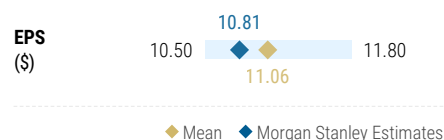
OWNERSHIP POSITIONING

Inst. Owners, % Active	50.8%	<div style="width: 50.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

Risk Reward – Intact Financial Corporation (IFC.TO)

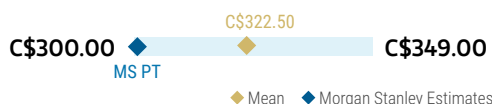
Consistent Performance Going Forward

PRICE TARGET C\$300.00

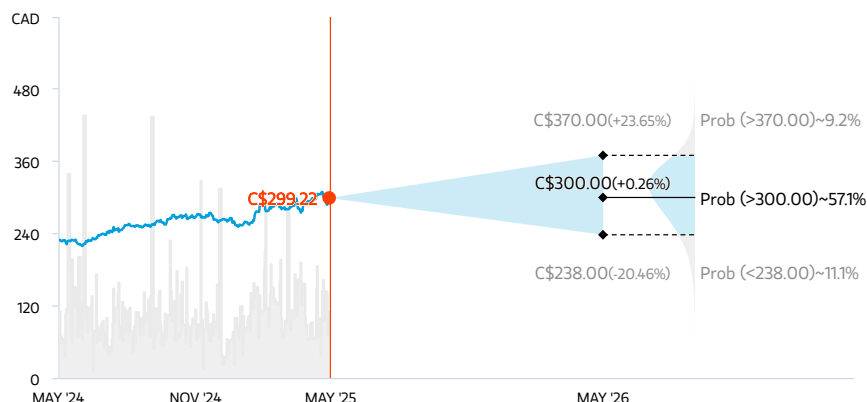
Valuation is based on a sum-of-the-parts analysis where we apply a 20.7x 2026 P/E multiple to Canada, 17.2x to UK&I, and 10.7x to US segments (derived from comparable peer multiples across the P&C subsectors/geographies). Our PT implies an overall 16.6x 2026 Base EPS valuation, a slight premium to large carriers' peer multiple averages based on underwriting prowess.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



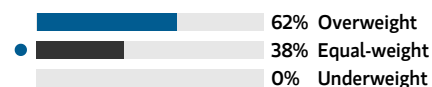
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

- **Disciplined underwriting to drive earnings growth.** Mgmt. is guiding toward sub-95% C/R for Canada personal auto & property, and low 90s C/R or better for Canada Commercial. Both are achievable due to 1) the strong utilization of repair partner network offsetting repair costs; and 2) Portfolio optimization and persistent hard market conditions.
- **Diversified growth in attractive lines** priced in the UK&I segment benefits from positive mix shift and DLG integration. US P&C segment should see solid results driven by mid-to-high single digit growth in performing LOBs along with low 90s C/R or better.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	C\$370.00	BASE CASE	C\$300.00	BEAR CASE	C\$238.00
17.5x 2026E Bull EPS; 3.0x 2026E Bull BVPS ex AOCI		16.6x 2026e Base EPS; 2.6x 2026E Base BVPS ex AOCI		15.7x 2026e Bear EPS; 2.2x 2026E Bear BVPS ex AOCI	
2026e Metrics: Stronger underwriting fundamentals and growth		2026e Metrics: Disciplined U/W to improve profitability		2026e Metrics: Execution challenges on long term growth strategy	
Canada NEP Growth: 8.8%		Canada NEP Growth: 7.8%		Canada NEP Growth: 6.8%	
Canada CoR: 89.5%		Canada CoR: 91.5%		Canada CoR: 93.5%	
Canada U/W Income: \$1,895m		Canada U/W Income: \$1,492m		Canada U/W Income: \$1,109m	
UK&I NEP Growth: 8.6%		UK&I NEP Growth: 7.6%		UK&I NEP Growth: 6.6%	
UK&I CoR: 89.6%		UK&I CoR: 91.6%		UK&I CoR: 93.6%	
UK&I U/W Income: \$540m		UK&I U/W Income: \$424m		UK&I U/W Income: \$313m	
US NEP Growth: 12.7%		US NEP Growth: 11.7%		US NEP Growth: 10.7%	
US CoR: 86.2%		US CoR: 88.2%		US CoR: 90.2%	
US U/W Income: \$454m		US U/W Income: \$379m		US U/W Income: \$306m	

Op. Nil: \$1,864m

Op. Nil: \$1,766m

Op. Nil: \$1,671m

Risk Reward – Intact Financial Corporation (IFC.TO)

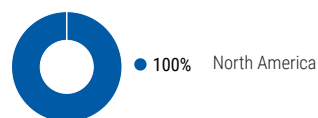
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	16.5	17.4	16.6	16.3
DWP Growth (%)	6.1	7.1	6.2	4.9
Net earned premiums	21,658.0	23,880.6	25,849.1	27,263.3

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Commercial Pricing cycle
- Weather trends (Severity and Frequency)
- Auto trends (Severity and Frequency)
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5
MOST 3 Month
Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Better than expected Canadian personal auto growth
- Stronger US Commercial Earnings
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Large catastrophe or investment losses
- Rising auto claim frequency and severity
- Slowing economy in Canada
- Declining interest rate environment would be a headwind

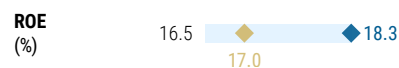
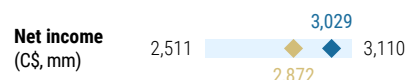
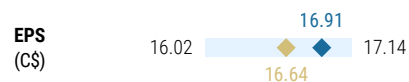
OWNERSHIP POSITIONING

Inst. Owners, % Active	84.8%	<div style="width: 84.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

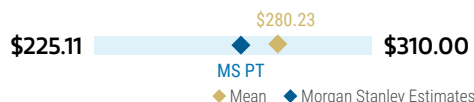
Risk Reward – The Travelers Companies, Inc. (TRV.N)

Strong commercial lines franchise focused on small & middle markets

PRICE TARGET \$269.00

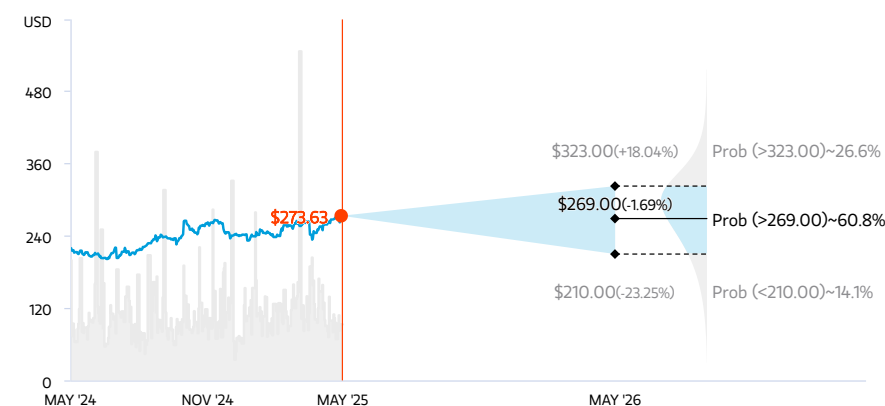
Valuation is based on a sum-of-the-parts analysis where we apply a 9.9x 2026E P/E multiple to BI, B&S segments, and 10.7x to Total Personal (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 11.1x 2026E Base EPS valuation, in-line with commercial carriers peer multiple averages.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



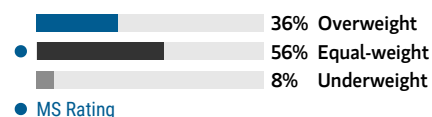
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

The investment thesis for Travelers revolves around its ability to grow EPS by expanding the earnings profile of business insurance, bond & specialty insurance and personal business segments. Traveler's Business Insurance segment should continue to support strong earnings growth, driven in part by workers' comp business line where rising wages and manageable medical inflation can sustain underwriting profitability in 2025 and beyond. For personal lines, Travelers should have the better macro environment in 2025 as a tailwind for personal auto.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE	\$323.00	BASE CASE	\$269.00	BEAR CASE	\$210.00
11.6x 2026E Bull EPS; 1.8x 2026E Bull BVPS ex AOCI		11.1x 2026E Base EPS; 1.5x 2026E Base BVPS ex AOCI		10.0x 2026E Bear EPS; 1.3x 2026E Bear BVPS ex AOCI	
2026e Metrics: Better underwriting fundamentals & growth		2026e Metrics: Improving U/W in all segments		2026 Metrics: Outsized underwriting and investment losses	
BI NEP Growth: 7.4%		BI NEP Growth: 6.4%		BI NEP Growth: 5.4%	
BI C/R: 92.2%		BI C/R: 93.2%		BI C/R: 94.2%	
BI U/W Income: \$5,253m		BI U/W Income: \$4,606m		BI U/W Income: \$3,968m	
B&S NEP Growth: 7.0%		B&S NEP Growth: 6.5%		B&S NEP Growth: 5.5%	
B&S C/R: 80.8%		B&S C/R: 81.8%		B&S C/R: 82.8%	
B&S U/W Income: \$1,407m		B&S U/W Income: \$1,296m		B&S U/W Income: \$1,179m	
Total Personal NEP Growth: 6.9%		Total Personal NEP Growth: 6.4%		Total Personal NEP Growth: 6.9%	
Total Personal C/R: 95.6%		Total Personal C/R: 96.3%		Total Personal C/R: 96.6%	
Total Personal U/W Income: \$1,722m		Total Personal U/W Income: \$1,485m		Total Personal U/W Income: \$1,328m	
Net Investment Income: \$4,839m		Net Investment Income: \$4,311m		Net Investment Income: \$3,783m	

Risk Reward – The Travelers Companies, Inc. (TRV.N)

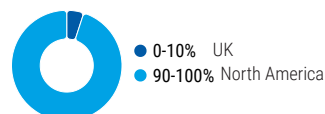
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	19.3	13.4	15.6	15.2
NWP Growth (%)	7.9	5.4	6.2	5.7
Combined Ratio (%)	92.5	96.8	93.3	92.9
AY Loss Ratio ex. Cats (%)	57.7	58.2	58.5	58.5
PPD % EP (%)	(1.7)	(0.7)	(0.1)	(0.2)

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Commercial Pricing cycle
- Weather trends (Severity and Frequency)
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
--------------------	---------------------	--------------------	--------------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Strong favorable reserve development
- Auto margin improvement
- Higher net investment income
- Fewer of large cat losses
- Larger share buybacks
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Worse than expected reserve charges
- Smaller share buybacks
- Lower than expected investment income
- Declining interest rate environment would be a headwind

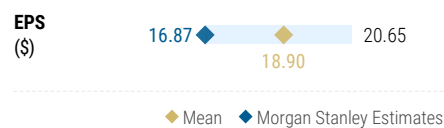
OWNERSHIP POSITIONING

Inst. Owners, % Active	53%	<div style="width: 53%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



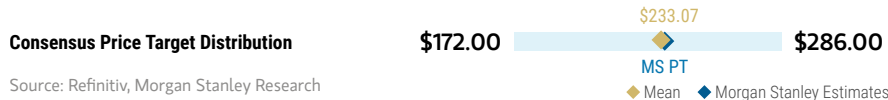
Source: Refinitiv, Morgan Stanley Research

Risk Reward – Allstate Corp (ALL.N)

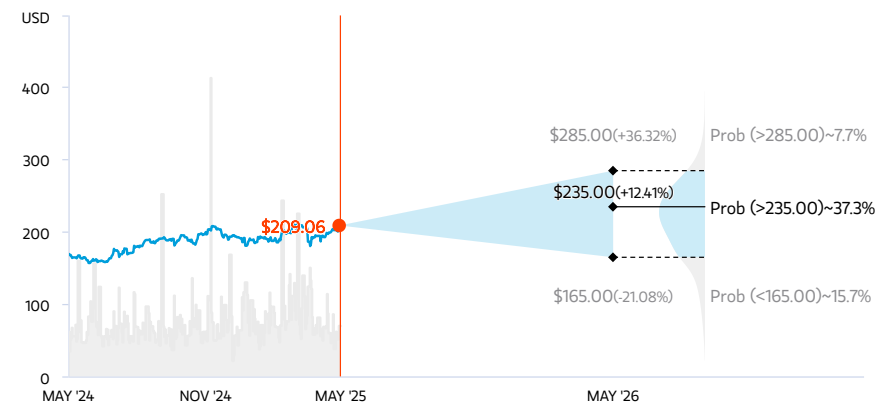
Supportive Valuation and Strong Growth

PRICE TARGET \$235.00

Valuation is based on a sum-of-the-parts analysis where we apply a 10.9x 2026E P/E multiple to the Auto & Home segments, and 11.8x to Protection Services (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 9.9x 2026E Base EPS valuation, a discount to personal auto carriers' peer multiple average.



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



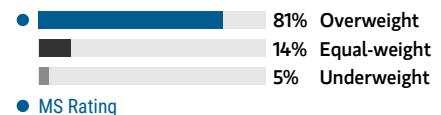
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

- **Personal Auto Growth:** Allstate is well positioned to grow its auto book given the restored margins. Despite heading into a more competitive personal auto space, we expect positive Auto PIF growth in 1H25 as the company ramps up on advertising spend and focuses on customer retention.
- **Overall Underwriting:** We expect durable combined ratio and strong EPS upside in 2025/2026 based on disciplined underwriting, which should support a low 90s combined ratio for Homeowners & mid 90s combined ratio for Auto.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE	\$285.00	BASE CASE	\$235.00	BEAR CASE	\$165.00
10.4x 2026e Bull EPS; 2.5x 2026E Bull BVPS ex AOCI		9.9x 2026e Base EPS; 2.1x 2026E Base BVPS ex AOCI		9.4x 2026e Bear EPS; 1.6x 2026E Bear BVPS ex AOCI	
2026e Metrics: Auto growth improves faster than expected		2026e Metrics: Profitable growth in Auto		2026e Metrics: Outsized losses	
Auto NEP Growth YoY: 8.6%		Auto NEP Growth YoY: 7.9%		Auto NEP Growth YoY: 6.9%	
Auto C/R: 92.6%		Auto C/R: 93.5%		Auto C/R: 95.5%	
Auto U/W Income: \$3,188m		Auto U/W Income: \$2,764m		Auto U/W Income: \$1,878m	
Home NEP Growth YoY: 9.6%		Home NEP Growth YoY: 9.1%		Home NEP Growth YoY: 6.1%	
Home C/R: 89.9%		Home C/R: 90.9%		Home C/R: 95.7%	
Home U/W Income: \$1,743m		Home U/W Income: \$1,556m		Home U/W Income: \$704m	
Net Investment Income: \$8,975m		Net Investment Income: \$7,756m		Net Investment Income: \$5,642m	

Risk Reward – Allstate Corp (ALL.N)

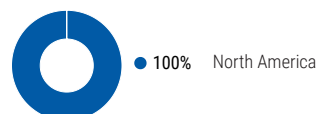
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	26.8	21.9	23.8	22.4
Prop-Liab NWP Growth (%)	11.1	8.1	7.1	6.0
Prop-Liab Combined Ratio (%)	94.1	95.1	92.9	92.9
Prop-Liab Core LR (%)	84.6	83.2	82.9	82.8
Prop-Liab PYD (%)	0.0	0.4	(0.0)	(0.0)

INVESTMENT DRIVERS

- Weather trends (Severity and Frequency)
- Auto trends (Severity and Frequency)
- Policies-in-Force (PIF) Growth
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Auto loss trends improve further
- Unit growth drives top-line acceleration
- Stronger than expected share repurchase
- Market share gains from efforts in direct channel
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Personal auto loss costs turn higher
- Lack of unit growth
- Performance volatility
- Unpredictable losses from catastrophes
- Declining interest rate environment

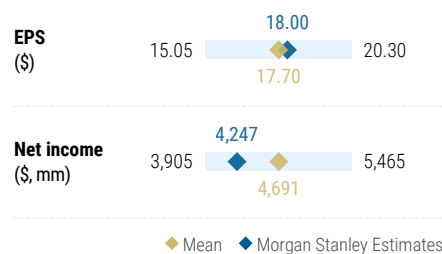
OWNERSHIP POSITIONING

Inst. Owners, % Active	50.7%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



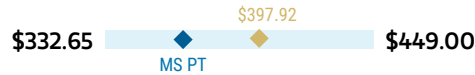
Risk Reward – Aon PLC (AON.N)

Maintain Execution on Growth and Margin

PRICE TARGET \$365.00

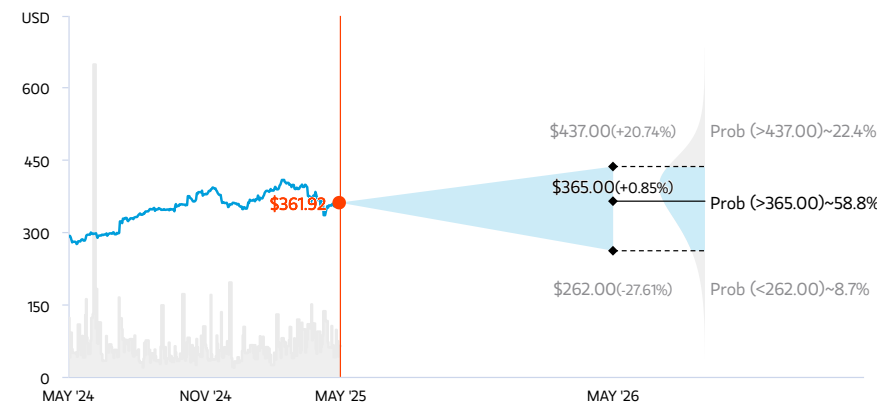
Valuation is based on a EV/EBITDA analysis where we apply a 14.9x multiple to our FY26E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a premium to a peer multiple average of 13.0x FY26E EV/EBITDA.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

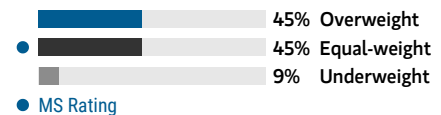
Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$437.00	BASE CASE	\$365.00	BEAR CASE	\$262.00
16.0x 2026e Bull Case Adj. EBITDA		14.9x 2026e Base Case Adj. EBITDA		14.1x 2026e Bear Case Adj. EBITDA	
2026e: Organic Growth Accelerates		2026e: Trend Continues		2026e: Lackluster Organic Growth/ Global Headwinds	
Comm. Risk Solutions Organic Growth YoY: 6.0%		Comm. Risk Solutions Organic Growth YoY: 4.0%		Comm. Risk Solutions Organic Growth YoY: 1.0%	
Reins. Solutions Organic Growth YoY: 7.0%		Reins. Solutions Organic Growth YoY: 5.0%		Reins. Solutions Organic Growth YoY: 0.0%	
Health Solutions Organic Growth YoY: 7.0%		Health Solutions Organic Growth YoY: 5.0%		Health Solutions Organic Growth YoY: 3.0%	
Wealth Solutions Organic Growth YoY: 7.0%		Wealth Solutions Organic Growth YoY: 5.0%		Wealth Solutions Organic Growth YoY: 2.0%	
Adj. EBITDA: \$6,618m		Adj. EBITDA: \$6,116m		Adj. EBITDA: \$4,963m	
Adj. EBITDA Margin: 35.7%		Adj. EBITDA Margin: 34.1%		Adj. EBITDA Margin: 29.1%	

EQUAL-WEIGHT THESIS

The investment thesis on AON revolves around its ability to generate mid-single-digit organic revenue growth while also expand its margins through mix shift improvements, which in turn should support strong FCF growth going forward. Continued investments into technology and higher margin businesses should gradually shift AON toward data analytics, especially in health, wealth and human capital segments. Efficiency improvement initiatives should generate long term expense saves, and make AON more competitive in the market that is increasingly tech oriented.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Aon PLC (AON.N)

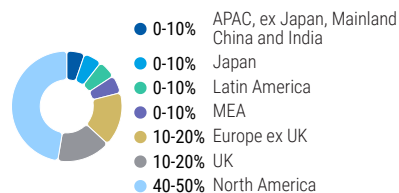
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	97.8	34.4	39.0	37.8
Organic Growth Y/Y, % (%)	6.0	4.9	4.7	4.5
Dividend payout ratio (%)	21.2	25.9	20.2	19.3

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment
- M&A environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger organic growth
- Faster margin expansion
- Larger buybacks
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Economic slowdown
- Weaker organic growth
- Elevated expenses
- Declining interest rate environment would be a headwind

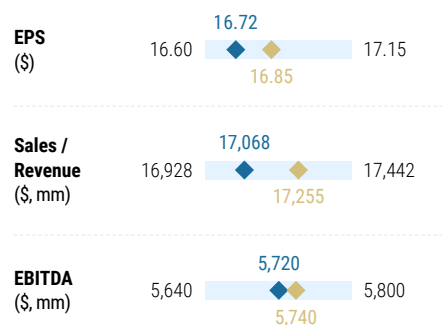
OWNERSHIP POSITIONING

Inst. Owners, % Active	67.4%	<div style="width: 67.4%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

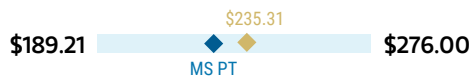
Risk Reward – Marsh & McLennan Cos Inc (MMC.N)

Expanding Margin Through Efficiency

PRICE TARGET \$225.00

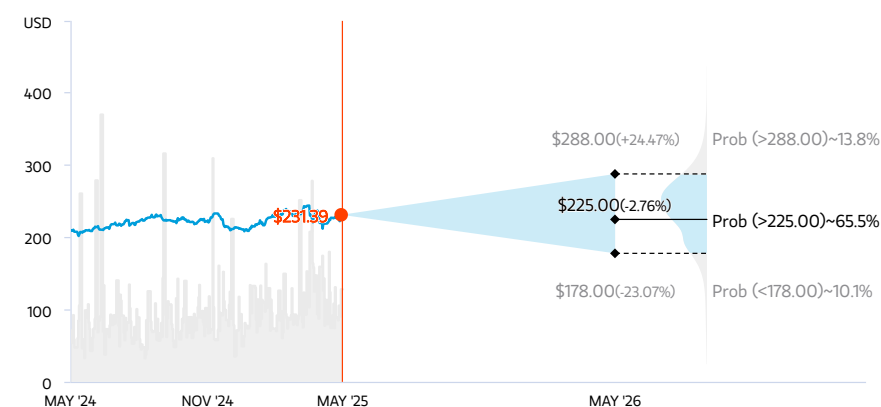
Valuation is based on a EV/EBITDA analysis where we apply a 14.9x multiple to our FY26E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a premium to a peer multiple average of 13.4x FY26E EV/EBITDA.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



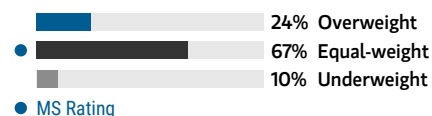
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

- **MMC has leading global franchises in Insurance Brokerage and Consulting.** Over the long term, management is committed to: 1) strong EPS growth, 2) expanding margins, and 3) deploying capital. This is achievable near term given: P&C Pricing environment remain positive for most of the commercial lines. Growth momentum should be sustainable going forward.
- **Global business mix and project-related revenues present unique headwinds.** Slower economic growth could weigh on brokerage organic growth, whereas consulting businesses are more exposed to negative impacts from slowdowns.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$288.00	BASE CASE	\$225.00	BEAR CASE	\$178.00
16.0x 2026e Bull Case Adj. EBITDA		14.9x 2026e Base Case Adj. EBITDA		14.1x 2026e Bear Case Adj. EBITDA	
2026e: Faster organic growth and accretive capital deployment		2026e: Management delivers on near term targets		2026e: Weak organic growth and margin challenges due to inefficiencies	
Risk & Insurance Rev Organic Growth YoY: 7.6%		Risk & Insurance Rev Organic Growth YoY: 4.7%		Risk & Insurance Rev Organic Growth YoY: 2.7%	
Risk & Insurance Adj. Operating Margin: 35.4%		Risk & Insurance Adj. Operating Margin: 32.2%		Risk & Insurance Adj. Operating Margin: 28.9%	
Consulting Rev Organic Growth YoY: 6.0%		Consulting Rev Organic Growth YoY: 4.1%		Consulting Rev Organic Growth YoY: 2.9%	
Consulting Adj. Operating Margin: 24.7%		Consulting Adj. Operating Margin: 21.2%		Consulting Adj. Operating Margin: 17.7%	
Adj. Operating Margin: 30.7%		Adj. Operating Margin: 27.3%		Adj. Operating Margin: 23.9%	
Adj. EBITDA: \$9,685m		Adj. EBITDA: \$8,369m		Adj. EBITDA: \$7,225m	

Risk Reward – Marsh & McLennan Cos Inc (MMC.N)

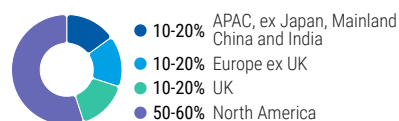
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	44.9	45.2	44.4	42.6
Adj. Operating Margin (%) (%)	26.8	27.2	27.3	27.6
Debt / Equity (%)	147.4	137.5	116.3	104.3

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment
- M&A integration

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Improving macro environment
- Durable P&C pricing environment
- Better organic growth and margin expansion
- Larger share buybacks
- Synergies from tuck-in acquisitions
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Sharp global economic slowdown
- Declining P&C pricing impacting organic growth
- Poorly executed M&A
- Declining interest rate environment would be a headwind

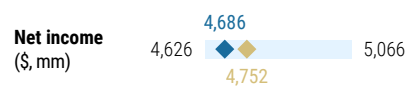
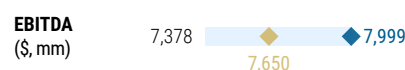
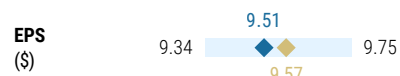
OWNERSHIP POSITIONING

Inst. Owners, % Active	62.3%	<div style="width: 62.3%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

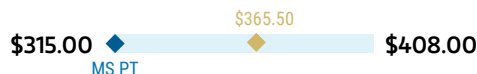
Risk Reward – Willis Towers Watson PLC (WTW.O)

Working Through Near Term Challenges

PRICE TARGET \$315.00

Valuation is based on a EV/EBITDA analysis where we apply a 13.2x multiple to our FY26E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a discount to a peer multiple average of 13.7x FY26E EV/EBITDA.

Consensus Price Target Distribution

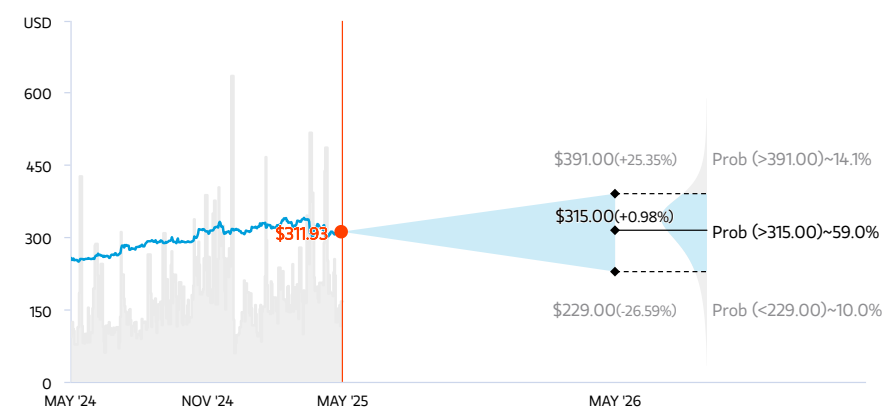


Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Our Equal-weight rating is based on the company's ability to achieve its financial targets, and then pivot towards higher operating margins. The company is facing some headwinds around expenses, but as the company works through this near term event, we should expect 2025 to be a turnaround environment.

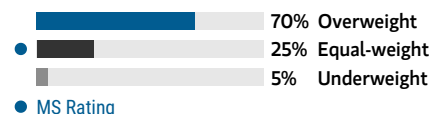
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$391.00	BASE CASE	\$315.00	BEAR CASE	\$229.00
14.2x 2026e Bull Case Adj. EBITDA		13.2x 2026e Base Case Adj. EBITDA		13.2x 2026e Bear Case Adj. EBITDA	
2026e: Stronger organic growth and margin expansion results in strong EPS growth		2026e: Performance in-line with peers/steady improvement		2026e: Below average growth and deteriorating margins	
Health, Wealth, Career Rev Growth YoY: 7.0%		Health, Wealth, Career Rev Growth YoY: 5.0%		Health, Wealth, Career Rev Growth YoY: 3.0%	
Health, Wealth, Career Operating Margin: 33.4%		Health, Wealth, Career Operating Margin: 31.6%		Health, Wealth, Career Operating Margin: 26.3%	
Risk & Broking Rev Growth YoY: 9.0%		Risk & Broking Rev Growth YoY: 5.0%		Risk & Broking Rev Growth YoY: 3.0%	
Risk & Broking Operating Margin: 27.6%		Risk & Broking Operating Margin: 25.8%		Risk & Broking Operating Margin: 20.5%	
Adj. Operating Margin: 27.7%		Adj. Operating Margin: 25.8%		Adj. Operating Margin: 20.4%	
Adj. EBITDA: \$3,145m		Adj. EBITDA: \$2,815m		Adj. EBITDA: \$2,203m	

Risk Reward – Willis Towers Watson PLC (WTW.O)

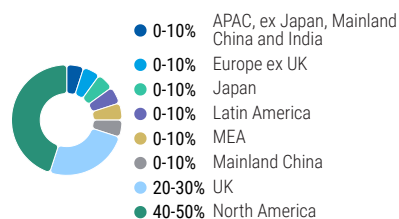
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	29.7	30.3	31.9	34.2
Commissions and fees growth (%)	4.7	(3.2)	4.9	4.9
Adj. EBITDA margin (%) (%)	26.4	27.9	27.9	29.1

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Higher than expected organic growth and margin expansion
- Improving FCF levels
- Better than expected expense management
- Improving interest rate environment

RISKS TO DOWNSIDE

- Decelerating P&C pricing
- Global economic uncertainties negatively impact organic growth
- Inability to expand margins / meet financial targets
- Declining interest rate environment

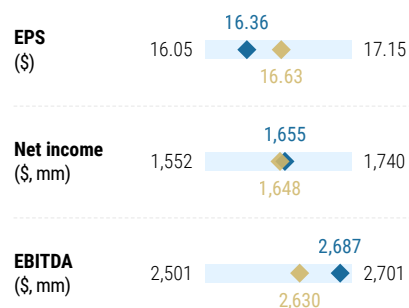
OWNERSHIP POSITIONING

Inst. Owners, % Active	63.2%	<div style="width: 63.2%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – RenaissanceRe Holdings Ltd. (RNR.N)

Reinsurance pricing rebound and Casualty turnaround provides opportunity.

PRICE TARGET \$285.00

Valuation is based on a sum-of-the-parts analysis where we apply a 8.0x 2026e P/E multiple to the Property Segment and a 7.8x to the Casualty and Specialty Segment (derived from comparable peer multiples across P&C subsectors). Our PT implies an overall 1.1x 2026e Base P/B valuation and 7.6x 2026e Base EPS valuation, in line with reinsurers peer multiple average of 7.8x 2026e EPS.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

Diversified reinsurer with leading property-cat franchise. RNR's current valuation is below historical averages due to 1) macro uncertainties, 2) weaker property-catastrophe pricing, and 3) headwinds on casualty segment performance. Strong fee income, potentially steadier pricing environment, and supportive terms & conditions should result in stable EPS growth

Consensus Rating Distribution



MS Rating

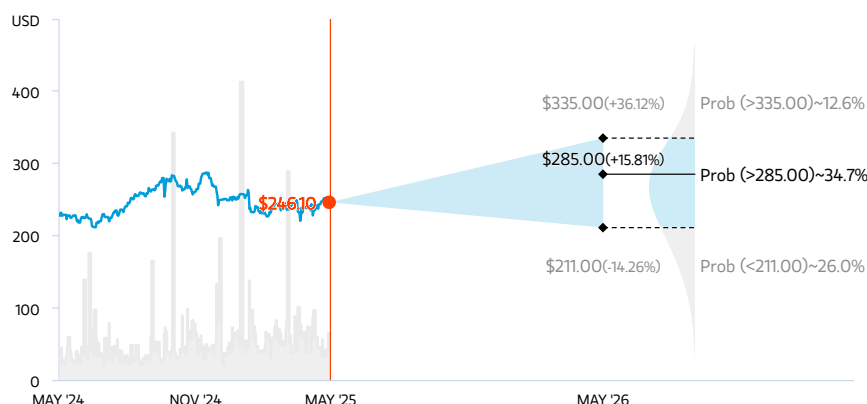
Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*

View descriptions of Risk Rewards Themes [here](#)

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$335.00	BASE CASE	\$285.00	BEAR CASE	\$211.00
8.0x 2026e Bull Case EPS		7.6x 2026e Base Case EPS		7.3x 2026e Base Case EPS	
2026e: Better market environment		2026e: Continue to perform		2026e: Pricing environment deteriorates faster than expected, larger CAT losses	
Catastrophe NEP Growth YoY: (0.7%)		Catastrophe NEP Growth YoY: (1.7%)		Catastrophe NEP Growth YoY: (2.7%)	
Catastrophe U/W Income: \$1,156m		Catastrophe U/W Income: \$1,091m		Catastrophe U/W Income: \$938m	
Other Property NEP Growth YoY: 3.6%		Other Property NEP Growth YoY: 2.6%		Other Property NEP Growth YoY: (0.4%)	
Other Property U/W Income: \$104m		Other Property U/W Income: \$78m		Other Property U/W Income: \$11m	
Casualty & Specialty NEP Growth YoY: (1.1%)		Casualty & Specialty NEP Growth YoY: (2.1%)		Casualty & Specialty NEP Growth YoY: (6.1%)	
Casualty & Specialty U/W Income: \$184m		Casualty & Specialty U/W Income: \$93m		Casualty & Specialty U/W Income: \$(127)m	
Net Investment Income: \$1,947m		Net Investment Income: \$1,909m		Net Investment Income: \$1,871m	

Risk Reward – RenaissanceRe Holdings Ltd. (RNR.N)

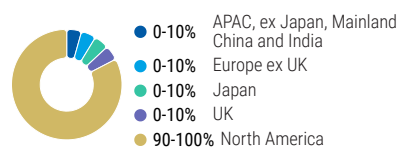
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	22.3	9.8	15.2	14.1
Combined Ratio (%)	83.9	100.0	87.9	87.9
Loss Ratio ex. Cats (%)	44.4	51.0	48.9	49.0

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Reinsurance Pricing cycle
- Weather trends (Severity and Frequency)
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

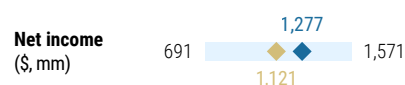
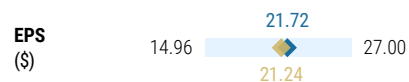
- Stronger reinsurance pricing
- Fewer, less severe catastrophe losses
- Improving investment returns
- Larger share buybacks
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Reinsurance pricing pressure
- Large catastrophe losses
- Adverse reserve development
- ROE pressure from casualty reinsurance
- Declining interest rate environment would be a headwind

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

OWNERSHIP POSITIONING

Inst. Owners, % Active	63.3%	<div style="width: 63.3%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

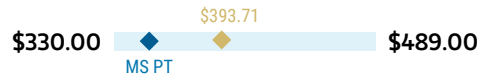
Risk Reward – Everest Group Ltd. (EG.N)

Reinsurance Opportunities Should Support Growth and Margin

PRICE TARGET \$350.00

Valuation is based on a sum-of-the-parts analysis where we apply a 6.5x 2026e P/E multiple to Insurance Segment, and 6.1x to Reinsurance Segment (derived from comparable peer multiples across reinsurance & comm'l lines). Our PT implies an overall 5.6x 2026e Base EPS valuation, a discount to reinsurers peer multiple average of 8.1x 2026e EPS.

Consensus Price Target Distribution



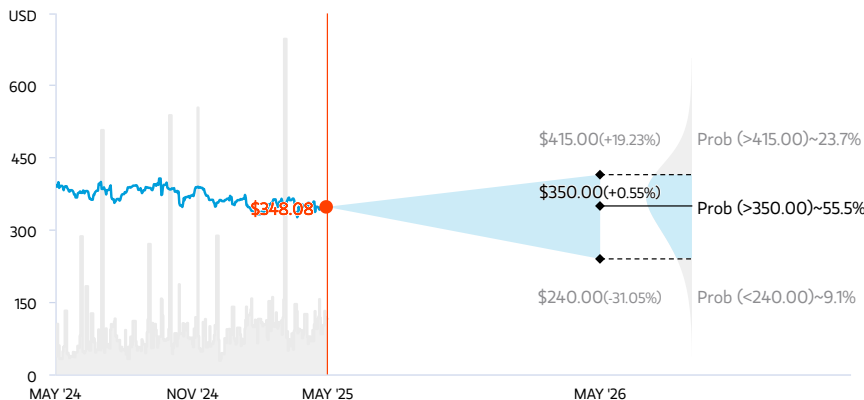
Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

EQUAL-WEIGHT THESIS

Everest is undergoing a remediation in their Insurance segment by taking aggressive actions to improve the quality of underwriting in their book. The company's large exposure to reinsurance should be supportive while it works to rectify its primary insurance book and implement a more prudent underwriting approach. The company is also streamlining its reinsurance underwriting by improving the quality of the reinsurance portfolio.

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$415.00	BASE CASE	\$350.00	BEAR CASE	\$240.00
5.9x 2026e Bull Case EPS		5.6x 2026e Base Case EPS		4.7x 2026e Bear Case EPS	
2026e: Better than expected turnaround in underwriting and faster recovery		2026e: Improving underwriting discipline takes effect		2026e: Weaker than expected underwriting profile, turnaround takes longer than expected, and market environment worsens	
Insurance NEP Growth YoY: (0.8%)		Insurance NEP Growth YoY: (2.8%)		Insurance NEP Growth YoY: (4.8%)	
Insurance U/W Income: \$81m		Insurance U/W Income: \$42m		Insurance U/W Income: \$(27)m	
Reinsurance NEP Growth YoY: 5.7%		Reinsurance NEP Growth YoY: 4.7%		Reinsurance NEP Growth YoY: 1.7%	
Reinsurance U/W Income: \$1,322m		Reinsurance U/W Income: \$1,016m		Reinsurance U/W Income: \$635m	
Net Investment Income: \$2,352m		Net Investment Income: \$2,303m		Net Investment Income: \$2,180m	

Risk Reward – Everest Group Ltd. (EG.N)

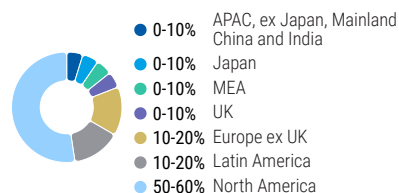
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	9.0	12.9	16.1	15.8
Combined Ratio (%)	102.3	96.7	93.6	92.8
AY Loss Ratio ex. Cats (%)	59.7	60.2	59.8	59.1
PPD % EP (%)	9.7	0.2	0.0	0.0

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Reinsurance Pricing cycle
- Weather trends (Severity and Frequency)
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Longer than expected reinsurance hard market
- Stronger P&C underwriting margins
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Outsized catastrophe losses
- Reserve charges
- Declining interest rate environment would be a headwind
- Softening pricing environment

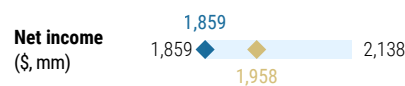
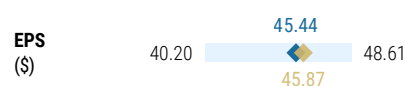
OWNERSHIP POSITIONING

Inst. Owners, % Active	52.1%	<div style="width: 52.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Hamilton Insurance Group Ltd (HG.N)

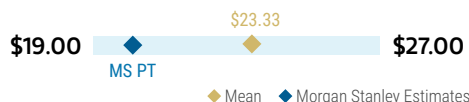
Underappreciated Improvement Story

PRICE TARGET \$20.00

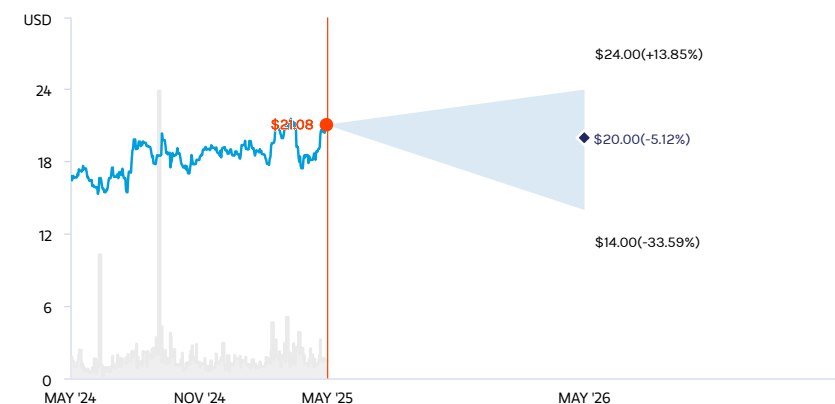
Valuation is based on a price to book analysis where we apply a 0.7x 2026E P/B multiple (derived from comparable peer multiples across reinsurance & specialty insurance lines). Our PT implies an overall 0.7x 2026E Base P/B valuation, a discount to a peer multiple average of 1.1x.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



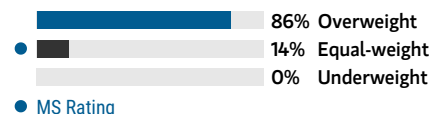
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

The investment thesis on Hamilton centers on its ability to further improve underwriting and expand ROE while reducing its reliance on hedge fund Two Sigma. Reinsurance pricing development for 2025/2026 and growth & margin for the International segment are key factors to support the investment thesis and overall company execution.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*
 Secular Growth: *Positive*
 Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$24.00	BASE CASE	\$20.00	BEAR CASE	\$14.00
0.8x 2026e Bull Case BVPS		0.7x 2026e Base Case BVPS		0.5x 2026e Bear Case BVPS	
2026e: Strong Underwriting + Two Sigma Uplift		2026e: Management Meets Targets		2026e: Moderating Pricing = Earnings Headwind	
International NEP Growth YoY: 16.2%		International NEP Growth YoY: 15.9%		International NEP Growth YoY: 12.9%	
International Combined Ratio: 97.1%		International Combined Ratio: 98.1%		International Combined Ratio: 100.9%	
International U/W Income: \$35m		International U/W Income: \$22m		International U/W Income: \$(10)m	
Bermuda NEP Growth YoY: 13.2%		Bermuda NEP Growth YoY: 12.2%		Bermuda NEP Growth YoY: 10.2%	
Bermuda Combined Ratio: 85.8%		Bermuda Combined Ratio: 86.8%		Bermuda Combined Ratio: 88.8%	
Bermuda U/W Income: \$169m		Bermuda U/W Income: \$155m		Bermuda U/W Income: \$127m	
Net Investment Income: \$82m		Net Investment Income: \$75m		Net Investment Income: \$60m	
Total Net Inv. Gain: \$345m		Total Net Inv. Gain: \$300m		Total Net Inv. Gain: \$270m	

Risk Reward – Hamilton Insurance Group Ltd (HG.N)

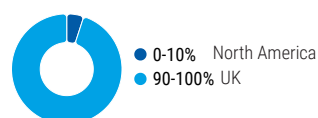
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	16.7	3.4	7.3	7.1
Net ROE (%)	18.3	13.3	15.6	15.0
TSHF Unrealized ROE (%)	2.4	8.7	6.0	5.6
Combined Ratio (%)	91.4	98.3	92.5	92.6
AY Loss Ratio ex. Cats (%)	53.1	52.4	52.5	52.5

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Macro economic environment
- Specialty pricing
- Investment performance

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

1/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable reinsurance hard market
- Improving P&C underwriting margins
- Strong TSHF Returns
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Large underwriting losses (catastrophe and adverse reserve charges)
- Hamilton Select expense drag in International Segment
- Weak Reinsurance pricing
- Declining interest rate environment would be a headwind

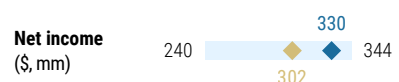
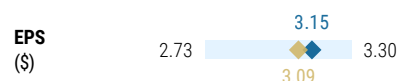
OWNERSHIP POSITIONING

Inst. Owners, % Active	79.7%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

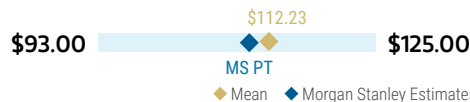
Risk Reward – Arch Capital Group Ltd. (ACGL.O)

Capital Allocation Efficiency not Priced-in

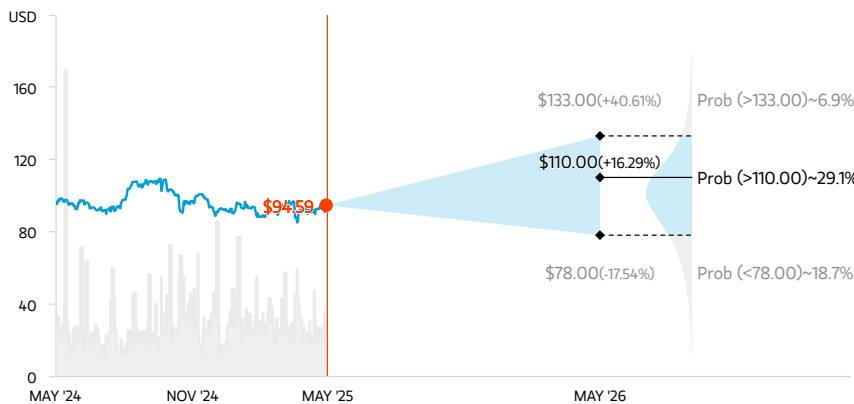
PRICE TARGET \$110.00

Valuation is based on a sum-of-the-parts analysis where we apply a 11.8x 2026 P/E multiple to Insurance Segment, a 12.7x to Reinsurance Segment, and a 11.2x to Mortgage Segment (derived from comparable peer multiples across reinsurance & comm'l lines). Our PT implies an overall 11.5x 2026 Base EPS valuation, a premium to reinsurers peer multiple average of 6.7x 2026 EPS.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

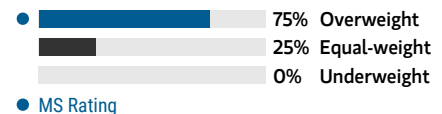


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

OVERWEIGHT THESIS

Capital Flexibility ACGL has the ability to efficiently deploy across its three key businesses, and take advantage of the most attractive sector. Going forward, the company should be able to cycle manage and pursue opportunities across any of its three segments, where they are able to find the most attractive risk adjusted return.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$133.00	BASE CASE	\$110.00	BEAR CASE	\$78.00
12.4x 2026e Bull Case PE		11.5x 2026E Base Case EPS		10.4x 2026e Bear Case PE	
2026e: Market environment and cycle management provides larger tailwinds		2026e: Expanding ROE through efficient capital allocation		2026e: Capital misallocated, resulting in inefficiencies	
Insurance NEP Growth YoY: 6.3%		Insurance NEP Growth YoY: 5.3%		Insurance NEP Growth YoY: 4.3%	
Insurance U/W Income: \$594m		Insurance U/W Income: \$454m		Insurance U/W Income: \$199m	
Reinsurance NEP Growth YoY: 3.2%		Reinsurance NEP Growth YoY: 2.2%		Reinsurance NEP Growth YoY: 1.2%	
Reinsurance U/W Income: \$1,829m		Reinsurance U/W Income: \$1,661m		Reinsurance U/W Income: \$1,422m	
Mortgage Insurance NEP Growth YoY: (5.0%)		Mortgage Insurance NEP Growth YoY: (6.0%)		Mortgage Insurance NEP Growth YoY: (7.0%)	
Mortgage Insurance U/W Income: \$895m		Mortgage Insurance U/W Income: \$860m		Mortgage Insurance U/W Income: \$814m	
Net Investment Income: \$1,986m		Net Investment Income: \$1,786m		Net Investment Income: \$1,385m	

Risk Reward – Arch Capital Group Ltd. (ACGL.O)

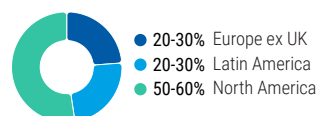
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	18.9	14.2	14.4	13.7
Loss Ratio (%)	55.2	58.1	56.2	55.6
CAT Loss Ratio (%)	7.3	8.7	6.5	6.3
Loss Ratio ex CAT (%)	48.0	49.4	49.6	49.3
PPD as % of EP (%)	(3.4)	(2.8)	(1.5)	(1.5)

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Reinsurance Pricing cycle
- Weather trends (Severity and Frequency)
- Underlying Margins
- Housing Market Environment
- Interest Rate

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable hard markets and ability to cycle manage to find the best risk adjusted returns
- Improving underwriting margins
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Large underwriting losses (catastrophe and reserves)
- Macro driven MI earnings deterioration
- Declining interest rate environment would be a headwind

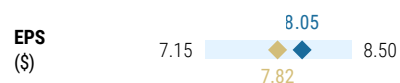
OWNERSHIP POSITIONING

Inst. Owners, % Active	58.7%	<div style="width: 58.7%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – The Progressive Corp. (PGR.N)

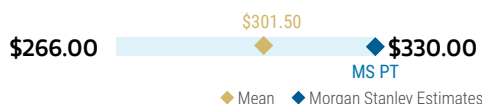
Strong growth and destined to be the largest US pers. auto underwriter by 2028

PRICE TARGET \$330.00

Valuation is based on a sum-of-the-parts analysis where we apply a 18.8x 2026E P/E multiple to the Auto segments, and 16.1x to Commercial (derived from comparable peer multiples across the P&C subsectors & a premium to peers based on overall best-in-class underwriting prowess). Our PT implies an overall 18.2x 2026E Base EPS valuation, a premium to personal lines focused carriers average multiples.

Consensus Price Target Distribution

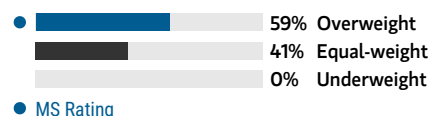
Source: Refinitiv, Morgan Stanley Research



OVERWEIGHT THESIS

With management's strong commitment to underwriting profit, Progressive is positioned for profitable growth in 2025. In our view, Progressive has tightened up its underwriting standards and the company's reserving remains stable. We expect Progressive to continue executing its growth strategy and steadily gain market share to be 20+% of the industry by 2029.

Consensus Rating Distribution



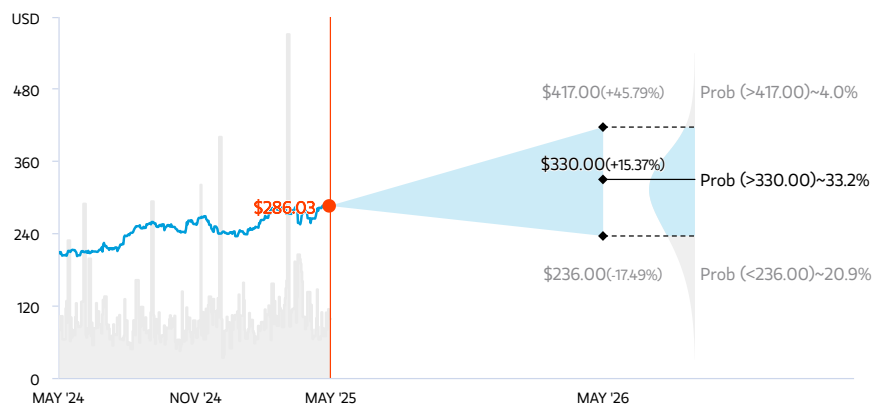
Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Contrarian: *Negative*
 Self-help: *Positive*
 Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

BULL CASE	\$417.00	BASE CASE	\$330.00	BEAR CASE	\$236.00
19.0x 2026e Bull EPS; 5.2x 2026e Bull BV excl AOCI		18.2x 2026e Base EPS; 4.3x 2026e Base BV excl AOCI		17.3x 2026e Bear EPS; 3.3x 2026e Bear BV excl AOCI	
2026e Metrics: Accelerating growth at sub-90% combined ratio		2026e Metrics: Profitable underwriting growth continues		2026e Metrics: Loss trends accelerate pressuring overall underwriting margins	
Agency Auto NEP Growth YoY: 12.5%		Agency Auto NEP Growth YoY: 11.5%		Agency Auto NEP Growth YoY: 10.5%	
Agency Auto U/W Income: \$4,032m		Agency Auto U/W Income: \$3,457m		Agency Auto U/W Income: \$2,237m	
Direct Auto NEP Growth YoY: 17.7%		Direct Auto NEP Growth YoY: 16.6%		Direct Auto NEP Growth YoY: 15.5%	
Direct Auto U/W Income: \$4,633m		Direct Auto U/W Income: \$3,657m		Direct Auto U/W Income: \$2,269m	
Commercial NEP Growth YoY: 6.3%		Commercial NEP Growth YoY: 5.3%		Commercial NEP Growth YoY: 4.3%	
Commercial U/W Income: \$1,702m		Commercial U/W Income: \$1,297m		Commercial U/W Income: \$906m	
Property NEP Growth YoY: 11.2%		Property NEP Growth YoY: 10.2%		Property NEP Growth YoY: 9.2%	
Property U/W Income: \$368m		Property U/W Income: \$251m		Property U/W Income: \$137m	
Net Investment Income: \$5,049m		Net Investment Income: \$4,062m		Net Investment Income: \$3,075m	

Risk Reward – The Progressive Corp. (PGR.N)

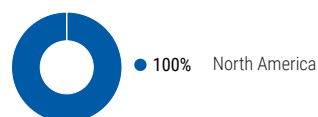
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	36.0	33.0	26.7	25.5
NWP Growth (%)	20.9	17.0	11.5	9.3
Issued shares	1.4	1.2	1.0	1.0

INVESTMENT DRIVERS

- Weather trends (Severity and Frequency)
- Auto trends (Severity and Frequency)
- Policies-in-Force (PIF) Growth
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Pricing increases to a greater extent than expected
- Better than expected underwriting margins
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Competitive or regulatory pricing pressure
- Rising loss cost trend
- Large catastrophe
- Long-term technology disruption pressures auto insurance valuation
- Declining interest rate environment would be a headwind

OWNERSHIP POSITIONING

Inst. Owners, % Active	60%	<div style="width: 60%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 150%;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

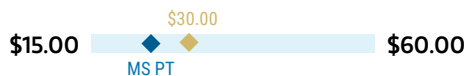
Risk Reward – Lemonade Inc. (LMND.N)

Path to Profitability

PRICE TARGET \$24.00

Price target is based on a 9 year discounted cash flow analysis with a Base Terminal EV/FCF multiple of 7.5x and 11.5% WACC discount rate. Our PT implies a 2026E Base EV/Adj. FCF multiple of 14.8x

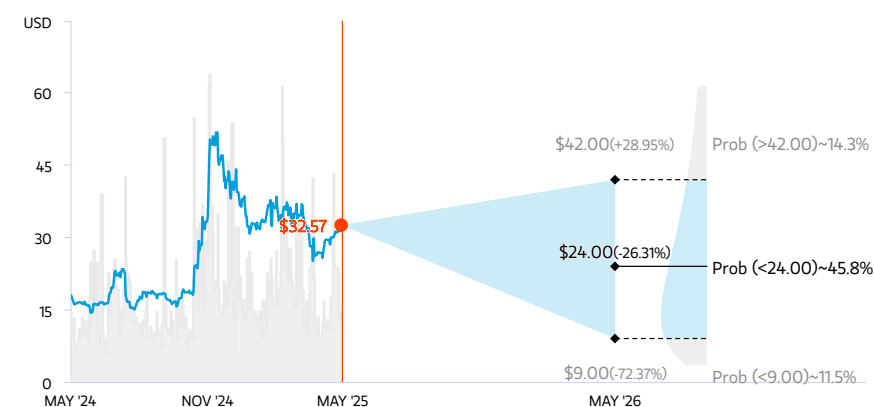
Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

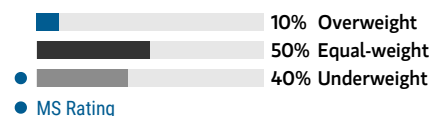
BULL CASE	\$42.00	BASE CASE	\$24.00	BEAR CASE	\$9.00
4.0x 2026E Bull EV/Rev; 21.8x 2026e EV/Adj FCF		2.2x 2026E Base EV/Rev; 14.8x 2026e EV/Adj FCF		0.8x 2026E Bear EV/Rev; 5.6x 2026e EV/Adj FCF	
2026e: Strong growth and improving efficiency		2026e: Long Path to Profitability		2026e: Higher expenses and slower growth than expected	
NEP Growth YoY: 30.8%		NEP Growth YoY: 29.8%		NEP Growth YoY: 27.8%	
Net Investment Income: \$48.9m		Net Investment Income: \$48.9m		Net Investment Income: \$48.9m	
Underwriting Income: \$(354.4)m		Underwriting Income: \$(386.2)m		Underwriting Income: \$(400.0)m	
Combined Ratio: 158.0%		Combined Ratio: 164.2%		Combined Ratio: 168.6%	
Net Income: \$(107.5)m		Net Income: \$(139.3)m		Net Income: \$(153.0)m	
Adj. Free Cash Flow: \$159.9m		Adj. Free Cash Flow: \$128.1m		Adj. Free Cash Flow: \$114.3m	
Adj. FCF Margin: 18.5%		Adj. FCF Margin: 15.0%		Adj. FCF Margin: 13.7%	
Adj. EBITDA: \$(40.0)m		Adj. EBITDA: \$(71.8)m		Adj. EBITDA: \$(85.6)m	

UNDERWEIGHT THESIS

Path to profitability: The investment thesis for Lemonade revolves around its path to GAAP profitability.

While some investors are focusing on combined ratio, which has been elevated since 2021, we feel that at the current stage, Lemonade's path to profitable growth is more important. To this point, the company continues to streamline its expenses, reducing tech and G&A spending. However, as the company looks to rapidly expand its Car business to 10x growth, we believe losses & expenses will remain higher than peers, elongating the company's path to profitability.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
 Pricing Power: *Negative*
 Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

Risk Reward – Lemonade Inc. (LMND.N)

KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Gross Premiums Written Growth (%)	25.8	27.0	30.0	30.0
Combined Ratio (%)	197.1	184.7	164.2	148.6
Adj. Gross Profit to Gross Premiums Earned (%)	21.1	24.2	27.1	26.9
Net Loss Ratio (%)	74.7	71.8	67.8	69.8

INVESTMENT DRIVERS

Policies-in-Force (PIF) Growth

Customer Acquisition Cost

Underwriting Margins

Weather Events (Frequency and Severity)

GLOBAL REVENUE EXPOSURE



- 10-20% Europe ex UK
- 80-90% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Shorter path to profitability
- Consistent earnings outperformance
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Persistently higher losses
- Elevated expenses
- Declining interest rate environment would be a headwind

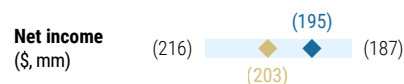
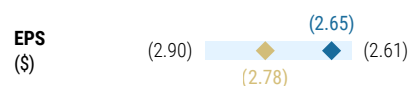
OWNERSHIP POSITIONING

Inst. Owners, % Active	46.3%	
HF Sector Long/Short Ratio	1.5x	
HF Sector Net Exposure	11.2%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – American International Group Inc (AIG.N)

Core P&C focus with management invested in underwriting efficiency improvements

PRICE TARGET \$85.00

Valuation is based on a sum-of-the-parts analysis where we apply a 11.9x 2026 P/E multiple to NA & Int'l Commercial, and 12.8x to Global Personal segments (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 10.8x 2026 Base EPS valuation, in-line with commercial carrier peers' multiple average.

Consensus Price Target Distribution

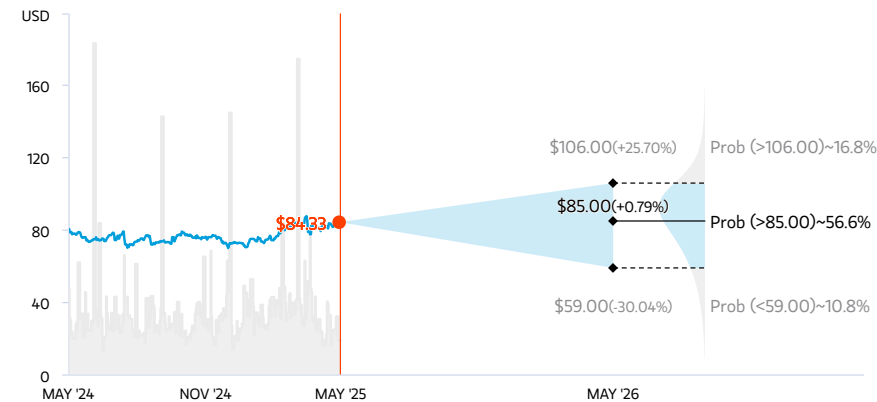
Source: Refinitiv, Morgan Stanley Research



EQUAL-WEIGHT THESIS

- **Core P&C Focus:** Efficient underwriting, expense optimization, and durable NII growth provide a strong foundation for AIG to achieve its 10%-13% core operating ROE target range in 2025e-2027e.
- **Risks to profitability subsided:** That said, execution challenges on underwriting improvement/efficiency plans and unexpected reserve charges from social inflation could serve as headwinds going forward. More clarity is also needed for the M&A framework and management of excess capital for 2026 and beyond.

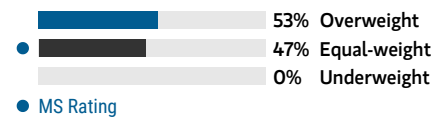
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Self-help: *Positive*
View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$106.00	BASE CASE	\$85.00	BEAR CASE	\$59.00
11.3x 2026e Bull EPS; 1.4x 2026e Bull Core BVPS		10.8x 2026e Base EPS; 1.1x 2026e Base Core BVPS		10.3x 2026e Bear EPS; 0.8x 2026e Bear Core BVPS	
2026e: Execution on underwriting & expense savings ahead of plan		2026e Metrics: 10-13% Core Op. ROE		2026e: U/W execution challenges remain	
NA Comml NEP Growth: 7.8%		NA Comml NEP Growth: 6.8%		NA Comml NEP Growth: 5.3%	
NA Comml U/W Income: \$1,151m		NA Comml U/W Income: \$895m		NA Comml U/W Income: \$688m	
Int'l Comml NEP Growth: 6.6%		Int'l Comml NEP Growth: 5.6%		Int'l Comml NEP Growth: 4.1%	
Int'l Comml U/W Income: \$1,744m		Int'l Comml U/W Income: \$1,531m		Int'l Comml U/W Income: \$1,313m	
Global Pers NEP Growth: 4.1%		Global Pers NEP Growth: 2.6%		Global Pers NEP Growth: 1.6%	
Global Pers U/W Income: \$575m		Global Pers U/W Income: \$361m		Global Pers U/W Income: \$161m	
Total NII: \$3,803m		Total NII: \$3,628m		Total NII: \$3,102m	

Risk Reward – American International Group Inc (AIG.N)

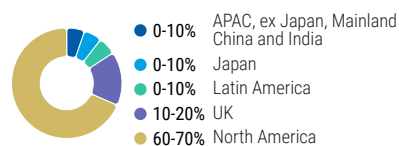
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	7.4	8.8	10.2	10.4
General Insurance NWP Growth (%)	(10.5)	1.8	5.1	5.4
General Insurance Combined Ratio (%)	99.9	93.1	90.3	89.5
General Insurance AY Loss Ratio ex. Cats (%)	56.2	55.8	55.6	55.2
General Insurance PPD % EP (%)	(1.4)	(0.6)	(0.4)	(0.4)

INVESTMENT DRIVERS

- Claims inflation
- Commercial Pricing cycle
- Weather trends (Severity and Frequency)
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Better than expected P&C underlying margin improvement
- Accelerating commercial pricing
- Improved interest rate environment

RISKS TO DOWNSIDE

- Unexpected reserve charges
- Outsized catastrophe losses
- Large investment losses
- Inability to improve P&C underlying margin.

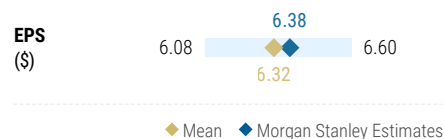
OWNERSHIP POSITIONING

Inst. Owners, % Active	62%	<div style="width: 62%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



Source: Refinitiv, Morgan Stanley Research

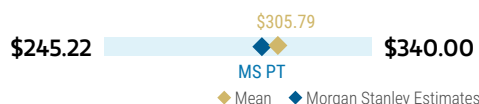
Risk Reward – Chubb Ltd (CB.N)

Expanding Profitability in North America, Growing Abroad

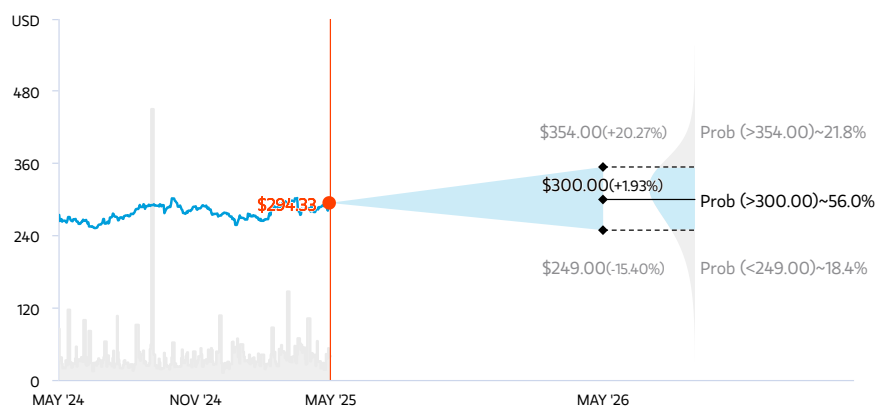
PRICE TARGET \$300.00

Valuation is based on a sum-of-the-parts analysis where we apply a 11.8x 2026E P/E multiple to NA Commercial, and 11.9x to Overseas GI segments (derived from comparable peer multiples across the P&C subsectors & a slight premium to peers based on strong underwriting discipline and diverse geographical footprint). Our PT implies an overall 11.1x 2026E Base EPS valuation, in-line with average commercial carriers peer multiples.

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

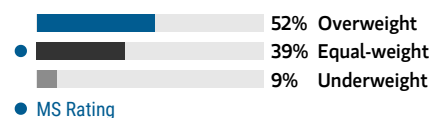


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 May 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

Chubb has a strong history of topline and earnings growth through underwriting discipline and tactical growth. As the company enters its next phase, Chubb aims to deliver sustainable value creation through **1)** teens or higher return on deployed capital, **2)** growth in tangible book value, **3)** Free capital generation in excess of business needs, and **4)** returning capital to shareholders. From a topline perspective, growth should come from **1)** investment in international business (especially Asia), **2)** business mix shift between commercial and personal, and **3)** emphasis on the SMID market globally. Chubb's International business, remains a strong growth area for the company.

Consensus Rating Distribution



Risk Reward Themes

Pricing Power: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$354.00	BASE CASE	\$300.00	BEAR CASE	\$249.00
11.6x 2026e Bull EPS; 1.6x 2026e Bull BV ex AOCI		11.1x 2026e Base EPS; 1.4x 2026e Base BV ex AOCI		10.6x 2026e Bear EPS; 1.1x 2026e Bear BV ex AOCI	
2026e Metrics: Exceeding targets, multiples expansion		2026e Metrics: Strong U/W performance continues		2026e Metrics: Large losses in underwriting and investments	
NA Commercial NEP Growth YoY: 9.0%		NA Commercial NEP Growth YoY: 7.0%		NA Commercial NEP Growth YoY: 5.0%	
NA Commercial U/W Income: \$4,435m		NA Commercial U/W Income: \$3,914m		NA Commercial U/W Income: \$3,316m	
NA Personal NEP Growth YoY: 12.3%		NA Personal NEP Growth YoY: 9.3%		NA Personal NEP Growth YoY: 6.3%	
NA Personal U/W Income: \$1,201m		NA Personal U/W Income: \$1,028m		NA Personal U/W Income: \$910m	
NA Agriculture NEP Growth YoY: 5.6%		NA Agriculture NEP Growth YoY: 2.6%		NA Agriculture NEP Growth YoY: (1.4%)	
NA Agriculture U/W Income: \$393m		NA Agriculture U/W Income: \$337m		NA Agriculture U/W Income: \$282m	
Overseas GI NEP Growth YoY: 12.1%		Overseas GI NEP Growth YoY: 9.1%		Overseas GI NEP Growth YoY: 5.1%	
Overseas GI U/W Income: \$2,701m		Overseas GI U/W Income: \$2,311m		Overseas GI U/W Income: \$1,914m	
Global Reins. NEP Growth YoY: 3.6%		Global Reins. NEP Growth YoY: 0.6%		Global Reins. NEP Growth YoY: (3.4%)	

Global Reins. U/W Income: \$170m
Life Ins. NEP Growth YoY: 8.7%
Life Ins. U/W Income: \$131m
Adj. Net Investment Income: \$7,612m

Global Reins. U/W Income: \$132m
Life Ins. NEP Growth YoY: 5.7%
Life Ins. U/W Income: \$(17)m
Adj. Net Investment Income: \$7,193m

Global Reins. U/W Income: \$109m
Life Ins. NEP Growth YoY: 2.7%
Life Ins. U/W Income: \$(148)m
Adj. Net Investment Income: \$6,775m

Risk Reward – Chubb Ltd (CB.N)

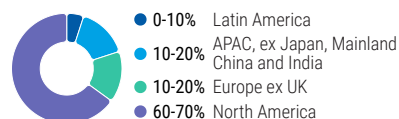
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	14.7	13.3	14.5	14.2
P&C NWP Growth (%)	4.7	5.5	5.9	5.8
P&C Combined Ratio (%)	95.7	88.1	85.9	85.6
P&C AY Loss Ratio ex. Cats (%)	54.8	55.7	55.9	55.6
PPD % EP (%)	(2.5)	(1.6)	(1.5)	(1.5)

INVESTMENT DRIVERS

- Claims inflation, Reserve Strength
- Commercial Pricing cycle
- Weather trends (Severity and Frequency)
- Underlying Margins
- Yield Cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon
--------------------	---------------------	--------------------	--------------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger revenue growth
- Favorable reserve development
- More rapid share repurchases
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Declining P&C pricing
- Underwriting margin deterioration
- Global growth and F/X headwinds
- Larger than expected investment portfolio losses
- Large catastrophes or adverse development
- Declining interest rate environment would be a headwind

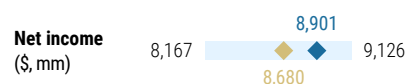
OWNERSHIP POSITIONING

Inst. Owners, % Active	59.7%	<div style="width: 59.7%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

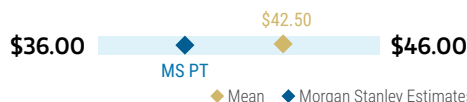
Risk Reward – Bowhead Specialty Holdings Inc. (BOW.N)

Specialty lines-focused insurer taking advantage of the E&S space

PRICE TARGET \$39.00

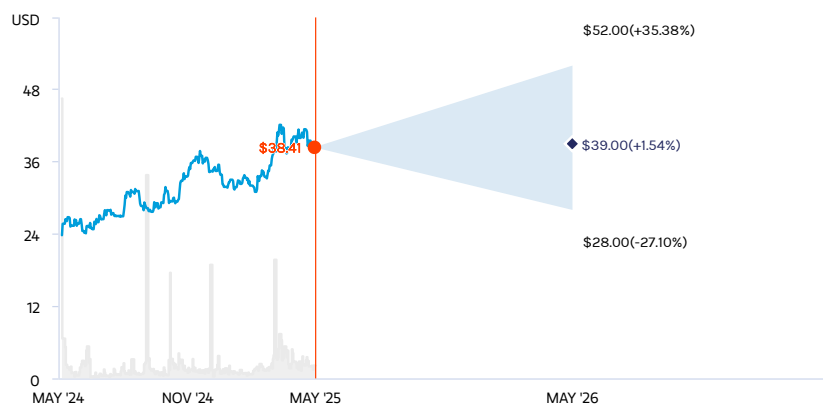
Valuation is based on comparable company analysis where we apply a 23.3x 2026e P/E multiple to Operating Income (derived from comparable peer multiples across the Specialty/E&S space). Our PT implies an overall 21.2x 2026e Base EPS valuation, in-line with specialty carrier peers multiple average.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



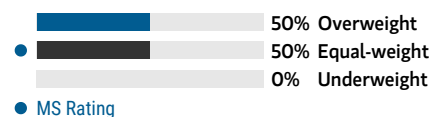
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

The investment thesis for Bowhead revolves around its ability to further expand its footprint in the E&S property & casualty market along with gradually improved profitability by leveraging their distribution system and expertise in Casualty, Professional Liability and Healthcare lines.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*
 Secular Growth: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$52.00	BASE CASE	\$39.00	BEAR CASE	\$28.00
23.3x 2026e Bull EPS; 3.1x 2026e Bull BVPS ex AOCI		21.2x 2026e Base EPS; 2.6x 2026e Base BVPS ex AOCI		19.1x 2026e Bear EPS; 2.1x 2026e Bear BVPS ex AOCI	
2026e Metrics: Increased Pricing Power for Casualty E&S		2026e Metrics: Strong E&S market demand continues		2026e Metrics: Slower growth than expected in the E&S markets	
Casualty GWP Growth: 22.0%		Casualty GWP Growth: 20.0%		Casualty GWP Growth: 17.0%	
Total GWP Growth: 21.2%		Total GWP Growth: 19.5%		Total GWP Growth: 16.5%	
Total U/W Income: \$37m		Total U/W Income: \$21m		Total U/W Income: \$7m	
Net Investment Income: \$69m		Net Investment Income: \$68m		Net Investment Income: \$66m	

Risk Reward – Bowhead Specialty Holdings Inc. (BOW.N)

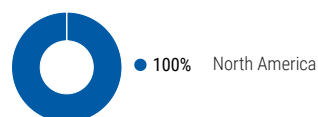
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	15.2	13.1	13.4	14.2
Combined Ratio (%)	95.9	96.8	96.2	95.6
AY Loss Ratio ex. Cats (%)	64.4	65.3	65.0	64.4
PPD % EP (%)	0.0	0.1	0.0	0.0

INVESTMENT DRIVERS

- Organic Growth
- E&S pricing cycle
- Macro economic environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable E&S pricing beyond our expectations
- Improved expense management as the company scales
- Increased industry flow from admitted markets to the E&S space
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- E&S pricing starts to slow as competition grows
- Softening market conditions leading to less expansion into other addressable markets
- Declining interest rate environment

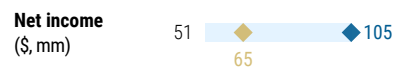
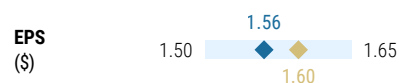
OWNERSHIP POSITIONING

Inst. Owners, % Active	94%	<div style="width: 94%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5x;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

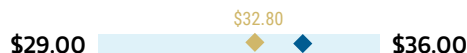
Risk Reward – TWFG, Inc. (TWFG.O)

Execute on growth

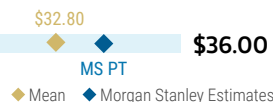
PRICE TARGET **\$34.00**

Valuation is based on a EV/EBITDA analysis where we apply a 30.6x multiple to our 2026e Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a premium to a peer multiple average of 14.6x 2026e EV/EBITDA.

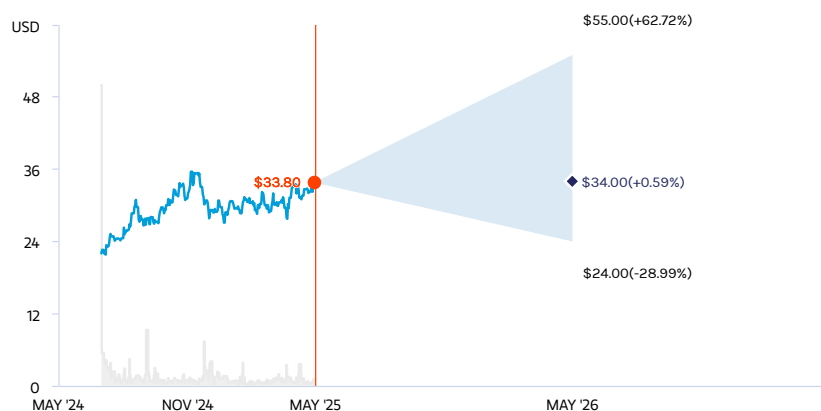
Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



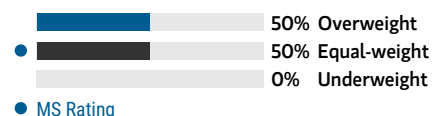
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

The investment thesis for TWFG revolves around its ability to further expand its geographic footprint, bring more agencies onto their "Agency-in-a-Box" solution, and grow their MGA offering, by leveraging their value proposition to agents: efficient improvements, attractive commission sharing, access to carriers, and standardized operations.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$55.00	BASE CASE	\$34.00	BEAR CASE	\$24.00
39.8x 2026e Bull Case Adj. EBITDA		30.6x 2026e Base Case Adj. EBITDA		26.0x 2026e Bear Case Adj. EBITDA	
2026e Metrics		2026e Metrics		2026e Metrics	
Written Premium Growth YoY: 18.0%		Written Premium Growth YoY: 17.0%		Written Premium Growth YoY: 16.0%	
Commission Income Growth YoY: 18.7%		Commission Income Growth YoY: 16.7%		Commission Income Growth YoY: 14.7%	
Fee Income Growth YoY: 23.1%		Fee Income Growth YoY: 16.6%		Fee Income Growth YoY: 7.5%	
Contingent Income Growth YoY: 24.9%		Contingent Income Growth YoY: 14.0%		Contingent Income Growth YoY: (9.1%)	
Adj. EBITDA: \$88m		Adj. EBITDA: \$73m		Adj. EBITDA: \$60m	
Adj. EBITDA Margin: 25.5%		Adj. EBITDA Margin: 23.1%		Adj. EBITDA Margin: 20.6%	

Risk Reward – TWFG, Inc. (TWFG.O)

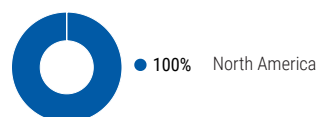
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	18.7	8.3	10.6	12.0
Revenue growth (%)	17.8	24.7	25.0	13.3
Adj. EBITDA margin (%) (%)	22.3	21.1	23.1	24.5

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment
- M&A environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger organic growth
- Faster margin expansion
- Greater geographic expansion
- Improved interest rate environment

RISKS TO DOWNSIDE

- Economic slowdown
- Weaker organic growth
- Elevated expenses
- Declining interest rate environment

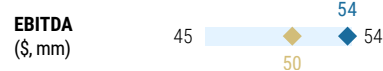
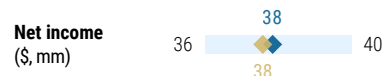
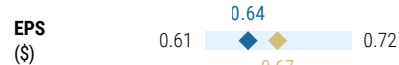
OWNERSHIP POSITIONING

Inst. Owners, % Active	92.1%	<div style="width: 92.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

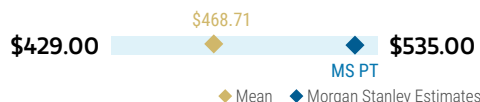
Risk Reward – Kinsale Capital Group Inc (KNSL.N)

SMID-cap specialty insurer w/ strong growth & margin profile

PRICE TARGET \$525.00

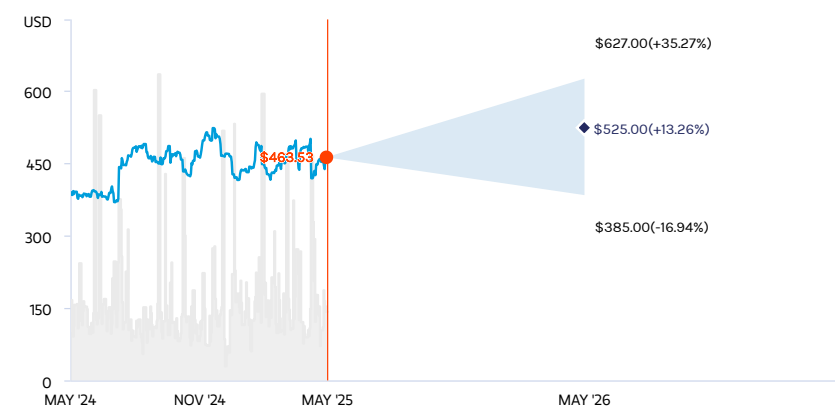
Valuation is based on a sum-of-the-parts analysis where we apply a 25.2x 2026E P/E multiple to total U/W income (derived from comparable peer multiples across the P&C specialty/E&S carriers). Our PT implies an overall 25.2x 2026E Base EPS valuation, a premium to specialty carrier peers' multiple average.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



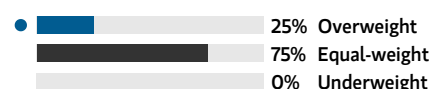
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

Strong company growth outlook from the secular market shift to E&S & robust submission flows combined with competitive expense ratios below industry peers lead to double digit premium growth and sub 80s combined ratio in 2026 and beyond.

Consensus Rating Distribution



MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$627.00	BASE CASE	\$525.00	BEAR CASE	\$385.00
26.4x 2026E Bull EPS; 5.6x 2026E Bull BVPS ex AOCI		25.2x 2026E Base EPS; 4.9x 2026E Base BVPS ex AOCI		21.4x 2026E Bear EPS; 4.3x 2026E Bear BVPS ex AOCI	
2026e Metrics: Growth accelerates for Personal Lines		2026e Metrics:		2026e Metrics: Growth slows further as admitted market capacity returns	
Total NEP Growth: 12.0%		Total NEP Growth: 11.0%		Total NEP Growth: 9.5%	
Total CoR: 77.9%		Total CoR: 78.7%		Total CoR: 80.3%	
Total U/W Income: \$392m		Total U/W Income: \$370m		Total U/W Income: \$333m	
Net Investment Income: \$301m		Net Investment Income: \$247m		Net Investment Income: \$208m	

Risk Reward – Kinsale Capital Group Inc (KNSL.N)

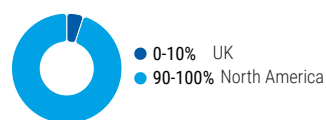
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	29.0	24.5	22.5	20.5
NWP Growth (%)	16.8	8.9	11.3	11.4
Combined Ratio (%)	76.5	79.3	78.7	78.8
AY Loss Ratio ex. Cats (%)	77.3	78.4	78.7	78.8
PPD % EP (%)	(2.7)	(2.5)	(2.0)	(2.0)

INVESTMENT DRIVERS

- E&S pricing cycle
- Claims inflation; Reserve strength
- Interest rates

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable E&S market
- Improving underwriting margins
- Improved interest rate environment accretive to earnings

RISKS TO DOWNSIDE

- Large underwriting losses (CATs & reserve charges)
- Declining interest rate environment headwinds

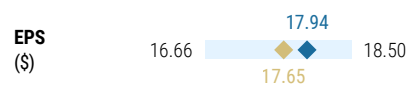
OWNERSHIP POSITIONING

Inst. Owners, % Active	64.9%	<div style="width: 64.9%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – W.R. Berkley Corp. (WRB.N)

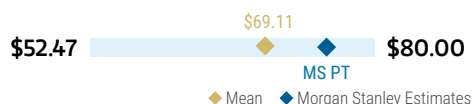
Specialty commercial lines writer with a decentralized mgmt. structure

PRICE TARGET \$75.00

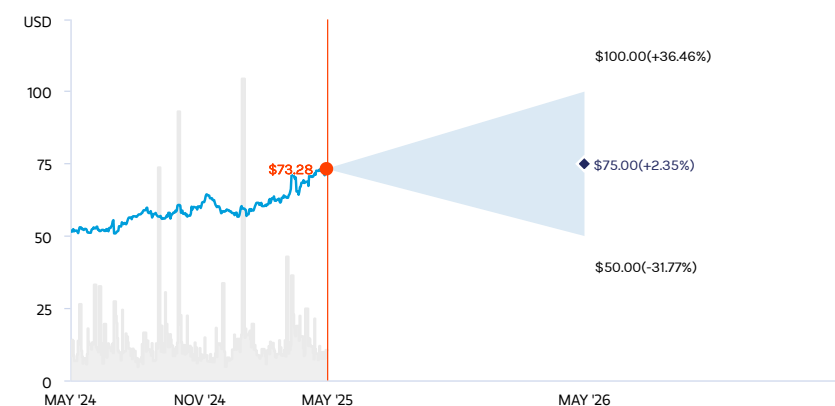
Valuation is based on a sum-of-the-parts analysis where we apply a 20.8x 2026E P/E multiple to Insurance, and 9.0x to Reins. segments (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 15.6x 2026E Base EPS valuation, in-line with specialty commercial carrier peers multiple averages.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



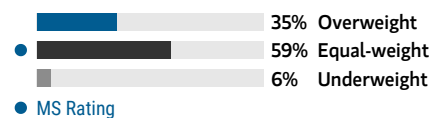
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

- **Solid position in US specialized underwriting markets** offers leverage to the P&C cycle. WRB is overweight US specialty risks which commands premium pricing and returns. Its centralized ownership and decentralized management facilitates growth in these core specialty markets.
- **Diversified businesses should help offset reserving concerns** as the P&C industry continues to face social inflation headwinds in commercial casualty lines.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$100.00	BASE CASE	\$75.00	BEAR CASE	\$50.00
16.5x 2026E Bull EPS; 3.2x Bull BV excl AOCI		15.6x 2026E Base EPS; 2.4x 2026E Base BV ex AOCI		14.4x 2026E Bear EPS; 1.6x 2026E Bear BV ex AOCI	
2026e Metrics:		2026e Metrics:		2026e Metrics:	
Insurance NEP Growth: 9.7%		Insurance NEP Growth: 8.7%		Insurance NEP Growth: 6.7%	
Insurance C/R: 90.0%		Insurance C/R: 91.8%		Insurance C/R: 94.0%	
Insurance U/W Income: \$1,214m		Insurance U/W Income: \$983m		Insurance U/W Income: \$688m	
Reins NEP Growth: 3.2%		Reins NEP Growth: 2.2%		Reins NEP Growth: 1.2%	
Reins C/R: 81.3%		Reins C/R: 83.3%		Reins C/R: 85.3%	
Reins U/W Income: \$291m		Reins U/W Income: \$255m		Reins U/W Income: \$220m	
Net Investment Income: \$1,922m		Net Investment Income: \$1,588m		Net Investment Income: \$1,255m	

Risk Reward – W.R. Berkley Corp. (WRB.N)

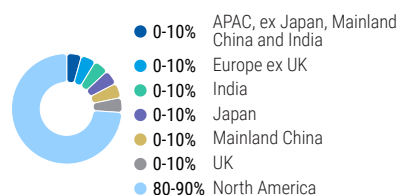
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
NWP Growth (%)	9.3	8.5	7.5	6.7
Combined Ratio (%)	90.3	90.9	90.8	90.6
Core Loss Ratio (%)	59.2	59.5	59.5	59.2
PYD Ratio (%)	(0.0)	(0.0)	0.0	0.0

INVESTMENT DRIVERS

- Claims inflation & reserve strength
- Commercial pricing cycle
- Weather trends (Severity & Frequency)
- Underlying margins
- Yield cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
---------------------	-----------------------------	---------------------	----------------------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable P&C pricing power
- Improving underwriting margins
- Stronger capital management and M&A
- Improved interest rate environment accretive to earnings

RISKS TO DOWNSIDE

- Decelerating commercial lines/specialty pricing
- Social inflation headwinds & weather-related risks
- Declining interest rate environment & investment losses

OWNERSHIP POSITIONING

Inst. Owners, % Active	52.1%	<div style="width: 52.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

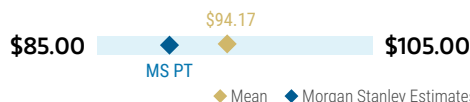
Risk Reward – Selective Insurance Group Inc. (SIGI.O)

SMID regional carrier w/ stable margins & unique field distribution model

PRICE TARGET \$90.00

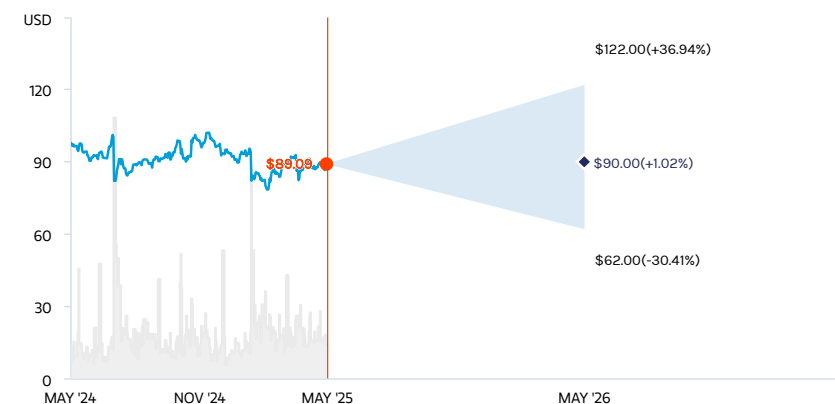
Valuation is based on a sum-of-the-parts analysis where we apply a 10.1x 2026E P/E multiple to Core Commercial, and 15.4x to E&S segments (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 10.5x 2026E Base EPS valuation, in-line with regional carriers peer multiple averages.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



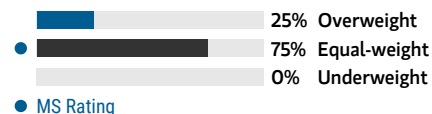
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Selective's SMID underwriting risk appetite and unique field model placing underwriting staff near their distribution partners should help the company achieve their long-term growth & profitability targets.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$122.00	BASE CASE	\$90.00	BEAR CASE	\$62.00
10.7x 2026e Bull EPS; 1.8x 2026e Bull BV excl AOCI		10.5x 2026e Base EPS; 1.4x 2026e Base BV excl AOCI		10.1x 2026e Bear EPS; 1.0x 2026e Bear BV excl AOCI	
2026e Metrics:		2026e Metrics:		2026e Metrics:	
Comm'l NEP Growth: 8.2%		Comm'l NEP Growth: 7.2%		Comm'l NEP Growth: 6.2%	
Comm'l C/R: 94.7%		Comm'l C/R: 96.7%		Comm'l C/R: 98.2%	
Comm'l U/W Income: \$220m		Comm'l U/W Income: \$135m		Comm'l U/W Income: \$72m	
Personal NEP Growth: 4.0%		Personal NEP Growth: 3.0%		Personal NEP Growth: 2.0%	
Personal C/R: 95.6%		Personal C/R: 97.6%		Personal C/R: 99.1%	
Personal U/W Income: \$19m		Personal U/W Income: \$10m		Personal U/W Income: \$4m	
E&S NEP Growth: 15.1%		E&S NEP Growth: 14.1%		E&S NEP Growth: 13.1%	
E&S C/R: 86.3%		E&S C/R: 88.3%		E&S C/R: 89.3%	
E&S U/W Income: \$97m		E&S U/W Income: \$82m		E&S U/W Income: \$73m	
Net Investment Income: \$625m		Net Investment Income: \$517m		Net Investment Income: \$409m	

Risk Reward – Selective Insurance Group Inc. (SIGI.O)

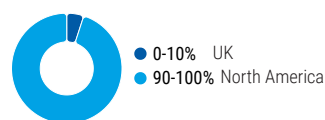
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
NWP Growth (%)	12.0	8.0	7.3	5.5
Combined Ratio (%)	103.0	96.8	95.6	95.4
Core Loss Ratio (%)	58.7	59.6	59.0	59.0
PYD Ratio (%)	7.1	0.1	0.0	0.0

INVESTMENT DRIVERS

- Social inflation & reserve strength
- Commercial pricing cycle
- Weather trends (severity and frequency)
- Underlying margins
- Yield cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

2/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable pricing power for all segments
- Improving underwriting margins
- Improved interest rate environment accretive to earnings

RISKS TO DOWNSIDE

- Decelerating commercial lines/E&S pricing
- Social inflation headwinds
- Weather-related risks (higher CAT losses)
- Declining interest rate environment

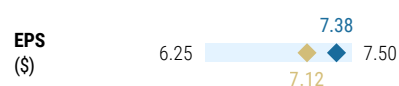
OWNERSHIP POSITIONING

Inst. Owners, % Active	49.7%	<div style="width: 49.7%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

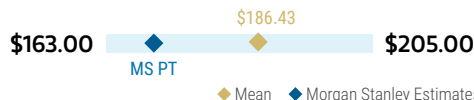
Risk Reward – Hanover Insurance Group Inc (THG.N)

SMID-cap regional carrier with product depth & strong agency relationships

PRICE TARGET \$170.00

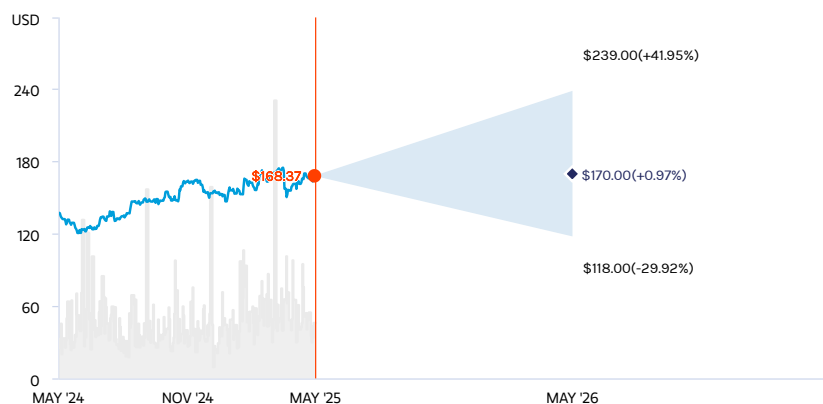
Valuation is based on a sum-of-the-parts analysis where we apply a 9.7x 2026E P/E multiple to Core Commercial, 14.4x to Specialty, and 9.2x to Personal Lines segments (derived from comparable peer multiples across the P&C subsectors). Our PT implies an overall 10.8x 2026E Base EPS valuation, in-line with regional carrier peers' multiples.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



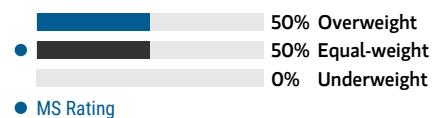
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Investment thesis for Hanover revolves around the company's ability to achieve its long-term 14% ROE target, 12% EPS & 7-8% BVPS growth through improvements/rebound in Personal lines focusing on profitability & managing CAT exposures. Growth in Core Commercial & Specialty segments through strong agency relationships, pricing, and favorable business mix will also be important.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$239.00	BASE CASE	\$170.00	BEAR CASE	\$118.00
10.7x 2026E Bull EPS; 2.0x 2026E Bull BVPS ex AOCI		10.8x 2026E Base EPS; 1.5x 2026E Base BVPS ex AOCI		10.7x 2026E Bear EPS; 1.1x 2026E Bear BVPS ex AOCI	
2026e Metrics: Margin Improvements through U/W discipline and faster growth		2026e Metrics:		2026e Metrics: Larger than expected losses	
Comm'l NEP Growth: 6.7%		Comm'l NEP Growth: 5.7%		Comm'l NEP Growth: 3.7%	
Comm'l CoR: 94.7%		Comm'l CoR: 97.2%		Comm'l CoR: 99.2%	
Comm'l U/W Income: \$129m		Comm'l U/W Income: \$67m		Comm'l U/W Income: \$18m	
Specialty NEP Growth: 7.8%		Specialty NEP Growth: 6.8%		Specialty NEP Growth: 4.8%	
Specialty Personal CoR: 86.9%		Specialty Personal CoR: 88.9%		Specialty Personal CoR: 90.9%	
Specialty U/W Income: \$196m		Specialty U/W Income: \$162m		Specialty U/W Income: \$126m	
Personal NEP Growth: 9.0%		Personal NEP Growth: 7.0%		Personal NEP Growth: 6.0%	
Personal CoR: 92.7%		Personal CoR: 95.7%		Personal CoR: 96.7%	
Personal U/W Income: \$192m		Personal U/W Income: \$103m		Personal U/W Income: \$74m	
Net Investment Income: \$516m		Net Investment Income: \$47m		Net Investment Income: \$318m	

Risk Reward – Hanover Insurance Group Inc (THG.N)

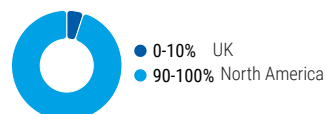
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	18.3	17.5	16.3	15.7
NWP Growth (%)	4.7	5.8	5.5	5.0
Combined Ratio (%)	94.7	94.8	94.6	94.2
Core Loss Ratio (%)	89.5	88.5	88.1	87.7
PYD Ratio (%)	(1.1)	(0.4)	(0.0)	(0.0)

INVESTMENT DRIVERS

- Social inflation & reserve strength
- Commercial pricing cycle
- Weather trends (severity and frequency)
- Underlying margins
- Yield cycle

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

1/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Durable P&C pricing power
- Improving underwriting margins
- Improved interest rate environment accretive to earnings

RISKS TO DOWNSIDE

- Decelerating P&C pricing
- Social inflation headwinds
- Weather-related risks (higher CAT losses)
- Declining interest rate environment

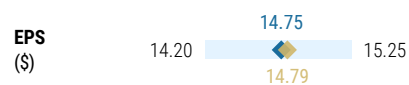
OWNERSHIP POSITIONING

Inst. Owners, % Active	58.1%	<div style="width: 58.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Assurant Inc. (AIZ.N)

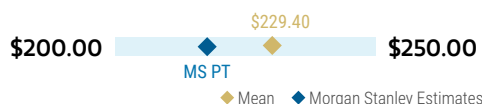
Leading specialty franchise with meaningful EPS growth potential

PRICE TARGET \$217.00

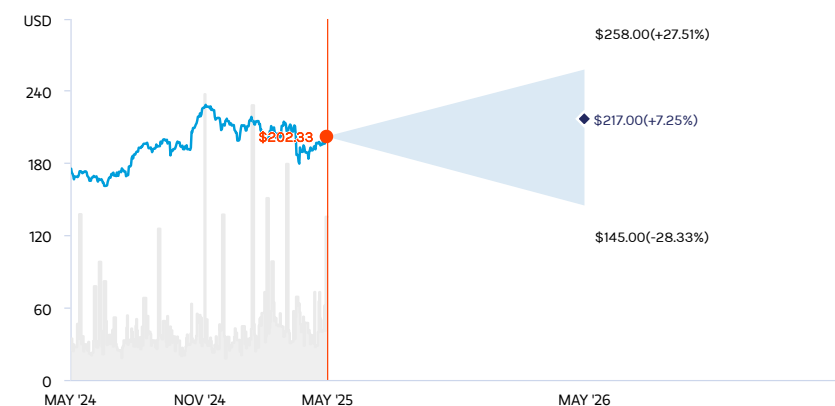
We value Assurant on a sum-of-the-parts basis through which we ascribe an aggregate multiple to pre-tax segment income for both Global Lifestyle and Global Housing. We arrive at the aggregate multiple using a peer set that includes specialty insurers and those with multi-faceted exposures, like Assurant. Our analysis leads us to an implied value of \$217 per share.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



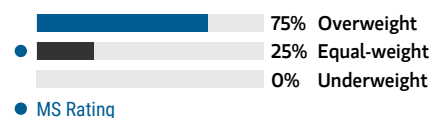
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Assurant's investment thesis revolves around the ability to outperform guidance via growth in Global Lifestyle and Global Housing. Connected Living (in Global Lifestyle) should see tailwinds from mobile device proliferation. In Global Housing, the health of existing partnerships and partnerships adds (e.g., mortgage servicers) will be key. Global Housing's premium growth and countercyclicality should support the business, though it can be susceptible to meaningful CATs. It can also be subject to inflation headwinds, just like Global Automotive, which has experienced claims inflation from which it may take time to recover. With these crosscurrents in place, we initiate at Equal-Weight.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

BULL CASE	\$258.00	BASE CASE	\$217.00	BEAR CASE	\$145.00
12.8x 2026E Bull Case EPS		11.6x 2026E Base Case EPS		8.4x 2026E Bear Case EPS	
2026e Metrics:		2026e Metrics:		2026e Metrics:	
GL NEP Growth: 1.2%		GL NEP Growth: 0.7%		GL NEP Growth: 0.2%	
GL CoR: 100.5%		GL CoR: 101%		GL CoR: 101.5%	
GL Segment Income: \$727m		GL Segment Income: \$665m		GL Segment Income: \$604m	
GH NEP Growth: 10.4%		GH NEP Growth: 9.9%		GH NEP Growth: 9.4%	
GH CoR: 85.2%		GH CoR: 85.9%		GH CoR: 86.7%	
GH Segment Income: \$733m		GH Segment Income: \$700m		GH Segment Income: \$668m	
Total NEP Growth: 3.5%		Total NEP Growth: 3.0%		Total NEP Growth: 2.5%	
Total CoR: 94.1%		Total CoR: 94.6%		Total CoR: 95.1	
Total Adjusted Earnings: \$1,028m		Total Adjusted Earnings: \$953m		Total Adjusted Earnings: \$879m	
Total NII: \$612m		Total NII: \$583m		Total NII: \$555m	

Risk Reward – Assurant Inc. (AIZ.N)

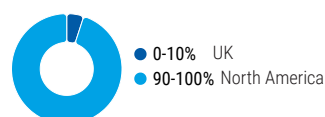
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	16.6	14.3	16.0	15.7
NWP Growth (%)	NM	NM	NM	NM
Combined Ratio (%)	94.7	95.8	94.6	94.3
AY Loss Ratio ex. Cats (%)	25.6	27.0	27.3	27.5
PPD % EP (%)	0.0	0.0	0.0	0.0

INVESTMENT DRIVERS

- Capital management
- Weather trends (Severity and Frequency)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

Faster acceleration in Lifestyle earnings growth; more aggressive returns to shareholders; accretive M&A; benign catastrophe activity.

RISKS TO DOWNSIDE

Slower revenue growth and margin expansion; loss of large distribution partners; headwinds in lender-placed insurance; large catastrophe losses.

OWNERSHIP POSITIONING

Inst. Owners, % Active	55.8%	<div style="width: 55.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

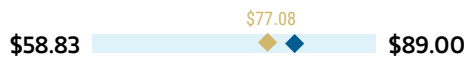
Risk Reward – Ryan Specialty Holdings Inc (RYAN.N)

Maintain Execution on Strong Growth and Margins

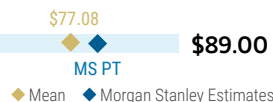
PRICE TARGET \$80.00

Valuation is based on a EV/EBITDA analysis where we apply a 20.7x multiple to our FY26E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a premium to a peer multiple average of 14.4x FY26E EV/EBITDA.

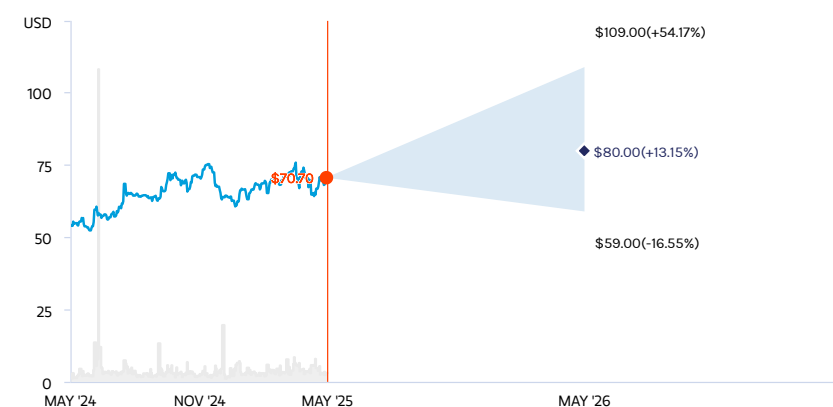
Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



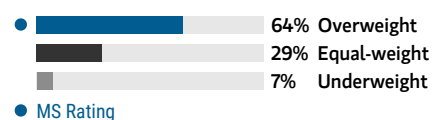
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

The investment thesis for Ryan Specialty revolves around taking advantage of the industry's secular trend of shifting towards the E&S markets. As risks are increasingly complex, product structures and offerings becoming more diverse, we believe the move into the specialty market will be more consistent going forward. Being a leader in the specialty distribution business, we believe Ryan Specialty will be favorably positioned to take advantage of the secular trends and maintain above industry average growth.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$109.00	BASE CASE	\$80.00	BEAR CASE	\$59.00
21.7x 2026e Bull Case Adj. EBITDA		20.7x 2026e Base Case Adj. EBITDA		19.6x 2026e Bear Case Adj. EBITDA	
2026e: Growth and Margin Expansion Accelerate		2026e: Trend Continues		2026e: Lackluster Growth and Margin Headwinds	
Wholesale Brokerage Growth YoY: 18.5%		Wholesale Brokerage Growth YoY: 11.0%		Wholesale Brokerage Growth YoY: 6.0%	
Binding Authorities Growth YoY: 21.5%		Binding Authorities Growth YoY: 14.0%		Binding Authorities Growth YoY: 9.0%	
Underwriting Management Growth YoY: 37.5%		Underwriting Management Growth YoY: 30.0%		Underwriting Management Growth YoY: 25.0%	
Fiduciary Investment Income Growth YoY: (1.0%)		Fiduciary Investment Income Growth YoY: (5.0%)		Fiduciary Investment Income Growth YoY: (7.0%)	
Adj. EBITDAC Margin: 38.1%		Adj. EBITDAC Margin: 34.0%		Adj. EBITDAC Margin: 29.8%	
Adj. EBITDAC: \$1,547m		Adj. EBITDAC: \$1,238m		Adj. EBITDAC: \$1,007m	

Risk Reward – Ryan Specialty Holdings Inc (RYAN.N)

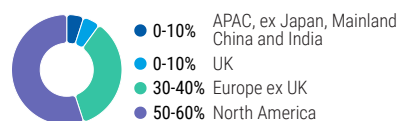
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	39.0	50.9	49.7	45.4
Commissions and fees growth (%)	21.2	24.3	17.6	15.8
Adj. EBITDA margin (%) (%)	32.2	32.7	34.0	34.3

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Continued shift from admitted to E&S markets
- Economic environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger organic growth
- Faster margin expansion
- Larger buybacks
- Accretive acquisitions
- Improved interest rate environment

RISKS TO DOWNSIDE

- Economic slowdown
- Weaker organic growth
- Elevated expenses
- Declining interest rate environment

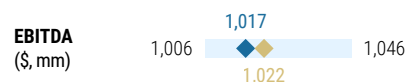
OWNERSHIP POSITIONING

Inst. Owners, % Active	67.1%	<div style="width: 67.1%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward – Brown & Brown Inc. (BRO.N)

Maintain Execution on Strong Margins and Growth

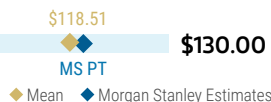
PRICE TARGET \$120.00

Valuation is based on a EV/EBITDA analysis where we apply a 17.2x multiple to our FY26E Adj. EBITDA estimate (derived from comparable peer multiples). Our PT implies a premium to a peer multiple average of 12.7x FY26E EV/EBITDA.

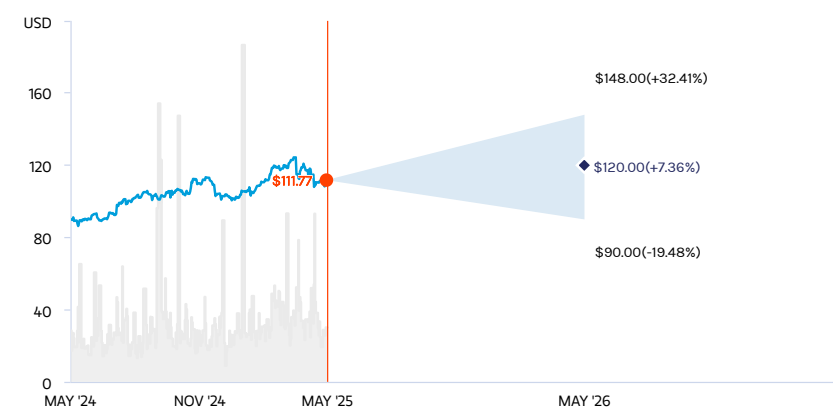
Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART



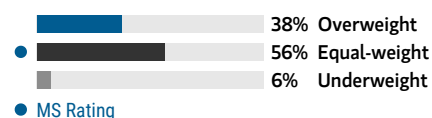
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Looking for growth and continued strong margins. The investment thesis for Brown & Brown revolves around its ability to take market share, look for attractive M&A opportunities, and maintain its industry leading EBITDAC margins.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Negative*
Self-help: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE	\$148.00	BASE CASE	\$120.00	BEAR CASE	\$90.00
19.0x 2026e Bull Case Adj. EBITDA		17.2x 2026e Base Case Adj. EBITDA		15.5x 2026e Bear Case Adj. EBITDA	
2026e: Growth and Margin Expansion Accelerates		2026e: Organic Growth and Margin Expansion Trend Continues		2026e: Lackluster Growth and Margin Headwinds	
Retail organic growth Y/Y: 8.7%		Retail organic growth Y/Y: 4.8%		Retail organic growth Y/Y: 2.8%	
Retail Adj. EBITDAC margin: 32.2%		Retail Adj. EBITDAC margin: 30.5%		Retail Adj. EBITDAC margin: 26.3%	
Programs organic growth Y/Y: 9.5%		Programs organic growth Y/Y: 5.5%		Programs organic growth Y/Y: 3.5%	
Programs Adj. EBITDAC margin: 48.4%		Programs Adj. EBITDAC margin: 46.6%		Programs Adj. EBITDAC margin: 42.1%	
Wholesale Brokerage organic growth Y/Y: 10.0%		Wholesale Brokerage organic growth Y/Y: 6.0%		Wholesale Brokerage organic growth Y/Y: 4.0%	
Wholesale Brokerage Adj. EBITDAC margin: 34.8%		Wholesale Brokerage Adj. EBITDAC margin: 33.0%		Wholesale Brokerage Adj. EBITDAC margin: 28.6%	
Total company Adj. EBITDAC Margin: 37.4%		Total company Adj. EBITDAC Margin: 35.7%		Total company Adj. EBITDAC Margin: 31.4%	
Total company Adj. EBITDAC: \$2,259m		Total company Adj. EBITDAC: \$2,029m		Total company Adj. EBITDAC: \$1,729m	

Risk Reward – Brown & Brown Inc. (BRO.N)

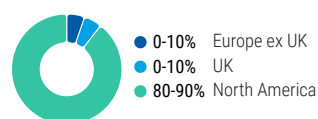
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Operating ROE (%)	24.2	22.7	21.3	20.2
Commissions and fees growth (%)	12.0	9.3	9.0	8.2
Adj. EBITDA margin (%) (%)	35.1	35.2	35.7	36.0

INVESTMENT DRIVERS

- Organic growth
- P&C pricing cycle
- Economic environment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger organic growth
- Faster margin expansion
- Larger buybacks
- Accretive acquisitions
- Improved interest rate environment should be earnings accretive

RISKS TO DOWNSIDE

- Economic slowdown
- Weaker organic growth
- Elevated expenses
- Declining interest rate environment would be a headwind

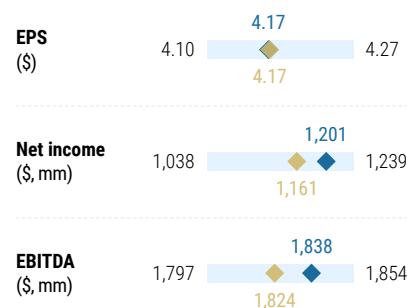
OWNERSHIP POSITIONING

Inst. Owners, % Active	57.8%	<div style="width: 57.8%;"></div>
HF Sector Long/Short Ratio	1.5x	<div style="width: 1.5;"></div>
HF Sector Net Exposure	11.2%	<div style="width: 11.2%;"></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2025e



◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG_Exhibit_Link.pdf](#)
4. View explanation of Theme/Exposure methodology - [ESG_Sustainable_Solutions_External_Link.pdf](#)
5. View explanation of HERS methodology - [ESG_HERS_External_Link.pdf](#)

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(as of April 30, 2025)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	40%	377	46%	25%	691	40%
Equal-weight/Hold	1667	44%	375	45%	22%	796	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	603	16%	76	9%	13%	229	13%
Total	3,774		828			1717	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/16/2025)
Bob Jian Huang		
Aflac (AFL.N)	E (08/18/2023)	\$106.82
Brighthouse Financial Inc (BHF.O)	U (02/14/2025)	\$60.99
Corebridge Financial Inc (CRBG.N)	O (02/28/2025)	\$32.78
Equitable Holdings Inc (EQH.N)	O (06/04/2018)	\$53.59
Globe Life Inc (GL.N)	E (08/18/2023)	\$122.07
Jackson Financial Inc (JXN.N)	E (12/07/2021)	\$85.22
Lincoln National Corp (LNC.N)	E (11/03/2022)	\$34.42

Manulife Financial Corp. (MFC.TO)	E (11/13/2014)	C\$44.77
MetLife Inc. (MET.N)	O (01/07/2020)	\$80.83
Primerica, Inc. (PRI.N)	E (05/19/2022)	\$278.97
Principal Financial Group (PFG.O)	U (12/05/2024)	\$81.55
Prudential Financial (PRU.N)	E (12/13/2016)	\$107.33
Reinsurance Group of America (RGA.N)	E (05/19/2022)	\$209.12
Sun Life Financial Inc. (SLF.TO)	E (05/25/2012)	C\$87.94
Unum Group (UNM.N)	E (02/17/2010)	\$82.15
Voya Financial Inc (VOYA.N)	O (02/28/2025)	\$69.54

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* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Insurance - Property & Casualty

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/16/2025)
Bob Jian Huang		
Allstate Corp (ALL.N)	O (01/04/2024)	\$209.06
American International Group Inc (AIG.N)	E (06/20/2023)	\$84.33
Aon PLC (AON.N)	E (06/20/2023)	\$361.92
Arch Capital Group Ltd. (ACGL.O)	O (06/20/2023)	\$94.59
Assurant Inc. (AIZ.N)	E (12/05/2024)	\$202.33
Bowhead Specialty Holdings Inc. (BOW.N)	E (06/17/2024)	\$38.41
Brown & Brown Inc. (BRO.N)	E (03/25/2025)	\$111.77
Chubb Ltd (CB.N)	E (06/20/2023)	\$294.33
Everest Group Ltd. (EG.N)	E (02/05/2025)	\$348.08
Hamilton Insurance Group Ltd (HG.N)	E (08/19/2024)	\$21.08
Hanover Insurance Group Inc (THG.N)	E (12/05/2024)	\$168.37
Hartford Financial Services Group Inc (HIG.N)	E (06/20/2023)	\$131.12
Intact Financial Corporation (IFC.TO)	E (06/20/2023)	C\$299.22
Kinsale Capital Group Inc (KNSL.N)	O (12/05/2024)	\$463.53
Lemonade Inc. (LMND.N)	U (04/08/2025)	\$32.57
Marsh & McLennan Cos Inc (MMC.N)	E (06/20/2023)	\$231.39
RenaissanceRe Holdings Ltd. (RNR.N)	O (04/25/2025)	\$246.10
Ryan Specialty Holdings Inc (RYAN.N)	O (12/05/2024)	\$70.70
Selective Insurance Group Inc. (SIGI.O)	E (12/05/2024)	\$89.09
The Progressive Corp. (PGR.N)	O (03/06/2024)	\$286.03
The Travelers Companies, Inc. (TRV.N)	E (06/20/2023)	\$273.63
TWFG, Inc. (TWFG.O)	E (08/12/2024)	\$33.80
W.R. Berkley Corp. (WRB.N)	E (12/05/2024)	\$73.28
Willis Towers Watson PLC (WTW.O)	E (06/20/2023)	\$311.93

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.