

TheStreet Quant Ratings

ENACT HOLDINGS INC

BUY						HOLD			SELL						HOLD	RATING SINCE	02/27/2024
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F		
Annual Dividend Rate \$1.35			Annual Dividend Yield 4.60%			Beta 0.53			Market Capitalization \$4.7 Billion			52-Week Range \$20.84-\$30.02			Price as of 3/18/2024 \$29.32		

Sector: Finance and Insurance | Industry Group: Insurance Carriers

ACT BUSINESS DESCRIPTION

Enact Holdings, Inc. operates as a private mortgage insurance company in the United States. It engages in writing and assuming residential mortgage guaranty insurance.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	2.63	35.12	NA

GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	6.98	5.35	NA
Net Income	9.38	-5.49	NA
EPS	11.36	-4.41	NA

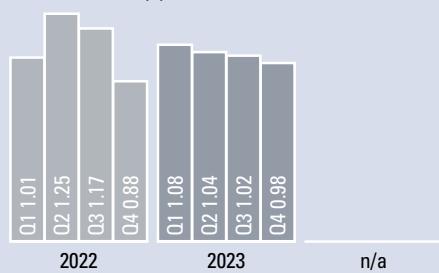
RETURN ON EQUITY (%)

	ACT	Subsector Avg	S&P 500
Q4 2023	14.37	19.15	17.66
Q4 2022	17.17	17.82	19.00
Q4 2021	NA	23.20	18.28

P/E COMPARISON



EPS ANALYSIS¹ (\$)



NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.



RECOMMENDATION

We rate ENACT HOLDINGS INC (ACT) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its solid stock price performance, revenue growth and largely solid financial position with reasonable debt levels by most measures. However, as a counter to these strengths, we also find weaknesses including disappointing return on equity and feeble growth in the company's earnings per share.

HIGHLIGHTS

Compared to where it was 12 months ago, this stock has enjoyed a nice rise of 35.11% which was in line with the performance of the S&P 500 Index. Regarding the stock's future course, our hold rating indicates that we do not recommend additional investment in this stock despite its gains in the past year.

Despite its growing revenue, the company underperformed as compared with the subsector average of 9.8%. Since the same quarter one year prior, revenues slightly increased by 7.0%. This growth in revenue appears to have trickled down to the company's bottom line, improving the earnings per share.

The gross profit margin for ENACT HOLDINGS INC is currently very high, coming in at 71.95%. Regardless of ACT's high profit margin, it has managed to decrease from the same period last year. Despite the mixed results of the gross profit margin, ACT's net profit margin of 53.11% significantly outperformed against the subsector.

ENACT HOLDINGS INC has improved earnings per share by 11.4% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. We feel it is likely to report a decline in earnings in the coming year. During the past fiscal year, ENACT HOLDINGS INC reported lower earnings of \$4.12 versus \$4.31 in the prior year. For the next year, the market is expecting a contraction of 9.0% in earnings (\$3.75 versus \$4.12).

The company's current return on equity has slightly decreased from the same quarter one year prior. This implies a minor weakness in the organization. When compared to other companies in the Insurance Carriers and Related Activities subsector and the overall market, ENACT HOLDINGS INC's return on equity is below that of both the subsector average and the S&P 500.

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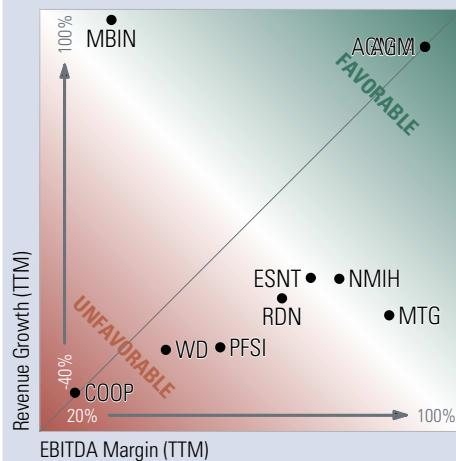
ENACT HOLDINGS INC

Sector: Finance and Insurance | Insurance Carriers

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PEER GROUP ANALYSIS

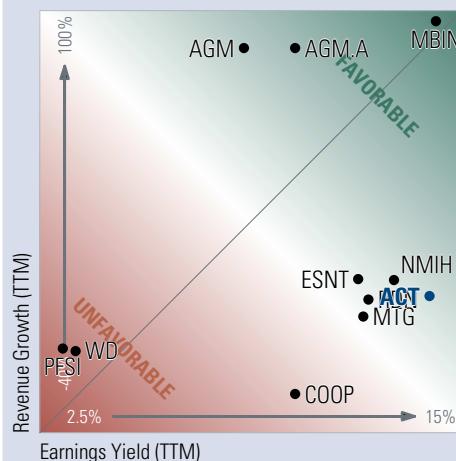
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$2.2 Billion and \$5.8 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -27.2% and 96.5%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

ENACT HOLDINGS INC falls within the Finance and Insurance sector and the Insurance Carriers industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Direct Property and Casualty Insurance Carriers.

TheStreet Quant Ratings is currently tracking 794 companies in the Finance and Insurance sector that total around \$9,193 billion in market capitalization as well as \$5,722 billion in annual sales.

The Insurance Carriers and Related Activities subsector accounts for 33.3% of those revenues.

Industries in the Insurance Carriers and Related Activities subsector group establishments that are primarily engaged in one of the following: (1) underwriting (assuming the risk, assigning premiums, and so forth) annuities and insurance policies or (2) facilitating such underwriting by selling insurance policies and by providing other insurance and employee benefit related services.

PEER GROUP: Insurance Carriers and Related Activities

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
ACT	ENACT HOLDINGS INC	29.32	4,665	7.12	1,153.69	665.51
ESNT	ESSENT GROUP LTD	54.42	5,816	8.37	1,109.76	696.39
MTG	MGIC INVESTMENT CORP/WI	20.60	5,555	8.27	1,155.10	712.95
COOP	MR COOPER GROUP INC	72.87	4,708	9.93	1,794.00	500.00
RDN	RADIAN GROUP INC	30.88	4,678	8.17	1,240.59	603.12
PFSI	PENNIMAC FINANCIAL SERVICES	85.06	4,289	31.39	2,039.43	144.66
WD	WALKER & DUNLOP INC	89.04	2,985	28.00	1,104.78	107.36
NMIH	NMI HOLDINGS INC	29.53	2,388	7.69	579.00	322.11
AGM.A	FEDERAL AGRICULTURE MTG CP	157.00	2,341	9.93	1,416.08	200.00
AGM	FEDERAL AGRICULTURE MTG CP	184.89	2,341	11.69	1,416.08	200.00
MBIN	MERCHANTS BANCORP	39.60	2,193	7.02	1,192.47	279.23

The peer group comparison is based on Major Insurance Carriers and Related Activities companies of comparable size.

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COMPANY DESCRIPTION

Enact Holdings, Inc. operates as a private mortgage insurance company in the United States. It engages in writing and assuming residential mortgage guaranty insurance. The company also offers private mortgage insurance products primarily insuring prime-based, individually underwritten residential mortgage loans; contract underwriting services for mortgage lenders; and mortgage-related reinsurance products. It primarily serves originators of residential mortgage loans. The company was formerly known as Genworth Mortgage Holdings, Inc. and changed its name to Enact Holdings, Inc. in May 2021. Enact Holdings, Inc. was founded in 1981 and is headquartered in Raleigh, North Carolina. Enact Holdings, Inc. is a subsidiary of Genworth Holdings Inc.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of ACT shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.0 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, ACT has a growth score better than 70% of the stocks we rate.		weak				strong
Total Return	3.5 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 60% of the companies we cover.		weak				strong
Efficiency	3.5 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 60% of the companies we review.		weak				strong
Price volatility	3.0 out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 50% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	4.5 out of 5 stars	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 80% of the companies we track.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

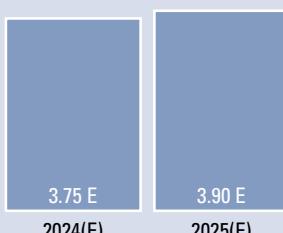
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial


FINANCIAL ANALYSIS

ENACT HOLDINGS INC's gross profit margin for the fourth quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. The company has grown sales and net income during the past quarter when compared with the same quarter a year ago, however, it was unable to keep up with the growth of the average competitor within its subsector.

During the same period, stockholders' equity ("net worth") has increased by 12.95% from the same quarter last year.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	296.19	276.84
EBITDA (\$mil)	NA	NA
EBIT (\$mil)	213.10	199.33
Net Income (\$mil)	157.31	143.81

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	635.90	699.91
Total Assets (\$mil)	6,190.47	5,709.15
Total Debt (\$mil)	745.42	758.73
Equity (\$mil)	4,632.35	4,100.91

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	71.95%	72.00%
EBITDA Margin	NA	NA
Operating Margin	71.95%	72.00%
Sales Turnover	0.19	0.19
Return on Assets	10.75%	12.33%
Return on Equity	14.37%	17.17%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	NA	NA
Debt/Capital	0.14	0.16
Interest Expense	12.95	13.26
Interest Coverage	16.46	15.04

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	160	163
Div / share	0.87	1.26
EPS	0.98	0.88
Book value / share	28.95	25.19
Institutional Own %	NA	NA
Avg Daily Volume	317,474	266,155

2 Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

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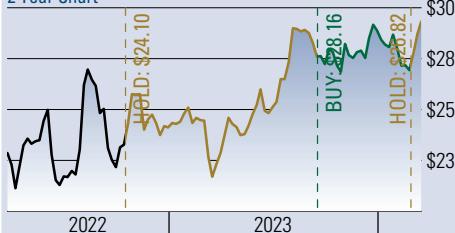
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RATINGS HISTORY

Our rating for ENACT HOLDINGS INC was recently downgraded from Buy to Hold on 2/27/2024. As of 3/18/2024, the stock was trading at a price of \$29.32 which is 2.3% below its 52-week high of \$30.02 and 40.7% above its 52-week low of \$20.84.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
2/27/24	\$26.82	Downgrade	Buy	Hold
9/18/23	\$28.16	Upgrade	Hold	Buy
10/18/22	\$24.10	Initiated	--	Hold

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/18/2024)

31.81% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.63% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.57% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

HOLD. ENACT HOLDINGS INC's P/E ratio indicates a significant discount compared to an average of 21.87 for the Insurance Carriers and Related Activities subsector and a significant discount compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 1.01 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 3.53. The price-to-sales ratio is well above both the S&P 500 average and the subsector average, indicating a premium. Upon assessment of these and other key valuation criteria, ENACT HOLDINGS INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
ACT 7.12	premium				discount

Peers 21.87

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- ACT is trading at a significant discount to its peers.

Price/CashFlow	1	2	3	4	5
ACT NA	premium				discount

Peers 13.49

- Neutral. The P/CF ratio is the stock's price divided by the sum of the company's cash flow from operations. It is useful for comparing companies with different capital requirements or financing structures.
- Ratio not available.

Price to Earnings/Growth	1	2	3	4	5
ACT NM	premium				discount

Peers 0.86

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- ACT's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
ACT -4.41	lower				higher

Peers 96.18

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, ACT is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
ACT 5.35	lower				higher

Peers 37.07

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- ACT significantly trails its peers on the basis of sales growth.

ACT 1.01 Peers 3.53

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- ACT is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
ACT 4.07 <td>premium</td> <td></td> <td></td> <td></td> <td>discount</td>	premium				discount

Peers 1.96

- Premium. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- ACT is trading at a significant premium to its subsector.

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