

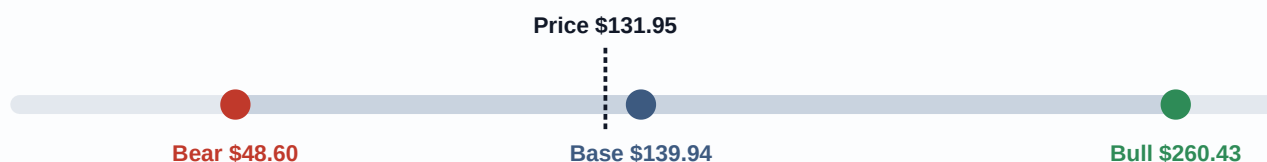
Initiated 2026-10-16 · Price \$131.95 (as of 2026-10-16 10:10 AM ET, market open, stockanalysis) · Mkt cap \$8.94bn · Financials / variable annuity & life insurance · Model: lite — P&C insurer module mapped onto a VA/RILA P&L; LibreOffice-verified

Rating: Hold — Conviction: Low

Jackson looks very cheap at 4.5x forward adjusted operating earnings (AOE), but AOE overstates what reaches shareholders' book. In FY2024–25, hedging, reinsurance and funds-withheld results outside AOE absorbed about \$890mm a year. Measured on the earnings that actually build book, the stock trades close to fair value. The ~10–12% capital-return yield is real, but it is paid from statutory capital, which an equity drawdown would hit first.

Conviction tests (3a-v-c): T1 fail (Hold → Buy at -1pp: Base +19.6%; -4.7% at +1pp) · T2 pass (residual income +13.2%, justified P/B -1.1%) · T3 pass · T4 pass

MODEL VALUE RANGE VS PRICE



Business overview

Jackson is mainly a US retail annuity writer. It sells traditional variable annuities with guarantee riders, RILAs and fixed/indexed annuities through advisers and broker-dealers. It also runs a small institutional funding-agreement business and closed life and annuity blocks. In FY2025, Retail Annuities earned \$1,863mm of the \$1,882mm in pretax AOE. Institutional added \$92mm and Closed Blocks \$70mm, while Corporate lost \$143mm (q4rel). Fee income was \$7,983mm, against \$149mm of premiums and \$3,151mm of net investment income. Three variables drive earnings: (1) VA account values, which set fee income, (2) the cost and effectiveness of the guarantee hedge program, and (3) spread on a ~\$69bn investment portfolio. GAAP net income swings with hedge and reserve marks: \$(17)mm in FY2025 against \$1,614mm of AOE.

Competition

Jackson has long led traditional VAs. LIMRA's 2025 year-end rankings show about \$13.9bn of sales, against Equitable's ~\$7.4bn and Nationwide's ~\$6.4bn. RILAs, the growth category, are more contested: Equitable leads with ~\$15.4bn, Allianz has ~\$10.8bn, and Jackson ranks fifth at ~\$6.9bn. These figures come from a search summary of the LIMRA table, because the PDF itself returned 404. Jackson is gaining fast. Its Q2 2026 RILA sales were a record \$2.3bn (+69% y/y), and total retail sales were \$5.9bn (+34%) (q2rel). Pressure would show first in RILA cap rates and VA rider pricing, and so in margins rather than in reported sales. Equitable, the closest VA/RILA comparable, trades at 6.70x forward earnings. Brighthouse, the legacy-VA comparable, trades at 2.46x and 0.43x GAAP book.

Bull case

1. **RILA growth broadens the fee base:** record RILA sales of \$2.3bn plus VA sales of \$2.7bn in Q2 2026 grow account values and reduce reliance on the older guaranteed-VA book. Plays out if equity markets hold and Jackson keeps taking RILA share. *Model: combined_ratio*
2. **Spread earnings compound:** fixed/FIA sales of \$812mm (+73%) and \$1.4bn of institutional sales lift invested assets. Q2 net investment income was \$928mm, against \$718mm a year earlier. Plays out if the 10Y stays near 5%. *Model: combined_ratio, ia_growth*
3. **The drag narrows:** Jackson hedges on a statutory and economic basis, so GAAP noise is partly timing. If the gap between AOE and book accretion returns to the FY2024 level (~\$490mm), book compounds at 13–14%. Plays out with calmer markets and no repeat of FY2025's \$449mm loss on reinsured business. *Model: other_expense*

Bear case

1. **AOE keeps not reaching book:** in FY2025, AOE was \$1,614mm and \$862mm was returned, yet adjusted book (ex-AOCI) fell \$535mm. Book-accreting earnings were therefore ~\$327mm, a ~3% ROE. Plays out if hedge and reinsurance losses recur. *Model: other_expense*
2. **Equity-market leverage:** fees track VA account values, and hedge costs rise with volatility. A drawdown cuts earnings and raises the market's required return on a beta-1.32 stock. Plays out in S1/S2/S6. *Model: combined_ratio, cost_of_equity*
3. **Alternatives and credit:** limited-partnership income fell short of the 10% long-term assumption by ~\$26mm in Q2 2026 (a notable item), and a default cycle would add impairments. *Model: investment_yield*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
P/B ex-AOCI (price ÷ adjusted BVPS, company definition)	0.85x on \$155.78 (12/31/25); 0.85x on \$156.12 (6/30/26)	BVPS ex-AOCI \$136.34 FY23 · \$150.11 FY24 · \$155.78 FY25; P/B history n/a (unverified)	GAAP P/B incl. AOCI: BHF 0.43x · LNC 0.74x · CRBG 1.51x (EQH n/m, negative book); JXN 0.95x	q4rel; q2rel; stockanalysis 2026-10-16
Forward P/E (stockanalysis consensus, AOE basis)	4.49x	n/a (unverified)	BHF 2.46x · LNC 4.90x · EQH 6.70x · CRBG 6.73x	stockanalysis 2026-10-16
ROE: adjusted operating (company) vs book-accreting (Δ adj. book + capital returned ÷ avg adj. book, derived)	14.7% vs ~3.0% (est.) FY25; adj. op. 16.5% H1 26	12.9% vs ~8.7% (est.) FY24	n/a (unverified)	q4rel; q2rel
Capital-return yield (2026 target ÷ mkt cap, derived) / dividend yield	10.1–12.3% / 2.74%	FY25 returned \$862mm; FY24 \$631mm	Div. yield: CRBG 2.90% · LNC 4.50% · EQH 2.22% · BHF none	q4rel; stockanalysis 2026-10-16

Model-implied value range (from `model-summary.json` ; insurer, residual income and justified P/BV, midpoints): Bear \$48.60 · Base \$139.94 · Bull \$260.43 per share, i.e. implied returns of –63.2% / +6.1% / +97.4% vs \$131.95. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits almost on the Base case, so the market already charges roughly the FY2024–25 average drag. The upside requires that drag to shrink, and the downside requires it to persist while markets fall. Re-rating: today's multiple on the model's own basis is 0.85x FY0 ex-AOCI book. Base justified P/B (\$130.50) embeds 0.84x (~1%, no re-rating). Residual income (\$149.38) embeds 0.96x (+13%). The methods differ by ~14%, and residual income is higher because it credits the rise in book-accreting ROE over Y4–Y5 and in the terminal value. That rise is a re-rating in that method, not noise. A tail sensitivity floors at \$0.00 (–100%). Its drivers: AOE \$1,500mm then \$1,300mm flat, the fee base –5%/yr, investments flat, yield 4.5%, drag \$1,300mm every year, CoE 13.7%, terminal growth 1.5%. A permanent FY2025-style drag on a shrinking book leaves no value above a full cost of equity.

Balance sheet: Debt is \$2,769mm (6/30/26, incl. the \$750mm senior notes issued in Q2), plus \$533mm of preferred. Model debt / (debt + adjusted book) is 20.5% in Y1, and coverage is 7.9x on a placeholder 5.5% coupon. Holding-company cash and liquid securities are nearly \$1.4bn, against a \$325mm minimum buffer. JNL's RBC ratio is 538%, down from 567% at year-end. The nearest maturities are the \$400mm senior notes and \$250mm JNL surplus notes due 2027, which the Q2 issuance can retire. JFI ratings: S&P BBB, Moody's Baa3, Fitch BBB+ issuer and BBB senior, AM Best bbb+ (upgraded Dec 2025). JNL financial strength is A from AM Best, S&P and Fitch, and A3 from Moody's (Jackson IR).

Model note: Lite tier, verified (LibreOffice recalculated all 2,846 formula cells and they match). The insurer module is built for P&C, so the P&L is mapped onto it. "Premiums" are fee income plus premiums, and FY0 "pre-tax" is the company's after-tax AOE to common, so the tax rate is zero. The "combined ratio" is a pseudo-ratio calibrated to each case's AOE path (FY0 1.189). "Other expense" is the non-operating drag (AOE minus book-accreting earnings), so model earnings from Y1 on are book-accreting, not AOE. Book is the company's adjusted book to common, ex-AOCI. The FY2023 lines come from the original 4Q23 release; EDGAR's restated FY2023 NII is \$2,854mm against \$2,930mm there. Unverified inputs: none. Assumptions without basis: none. The debt coupon is a placeholder and affects only the credit display. Scenario consistency checks: all OK. There is no EPS guidance. Base Y1 EPS of \$15.79 is on the book-accreting basis, ~46% below the ~\$29.4 AOE EPS implied by the forward P/E. That gap is by definition, so watch items track AOE and book accretion separately.

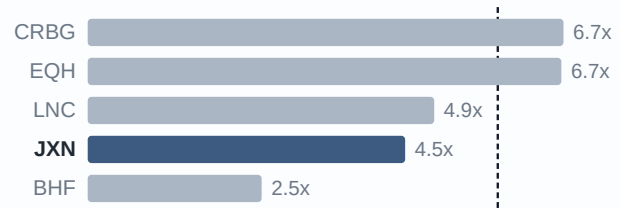
RELATIVE VALUE VS PEERS

Metric	JXN	EQH	CRBG	LNC	BHF	Peer median	vs median
P/E (TTM)	n/a	n/a	19.2x	3.5x	3.9x	3.9x	
P/E (forward)	4.5x	6.7x	6.7x	4.9x	2.5x	5.8x	-23%
PEG	n/a	n/a	0.4x	1.3x	n/a	0.9x	
P/B	0.9x	n/a	1.5x	0.7x	0.4x	0.7x	+28%
Dividend yield	2.7%	2.2%	2.9%	4.5%	n/a	2.9%	-0.2pp

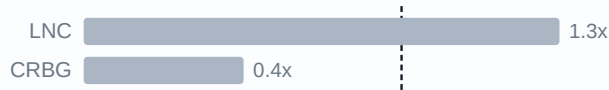
P/E (TTM)



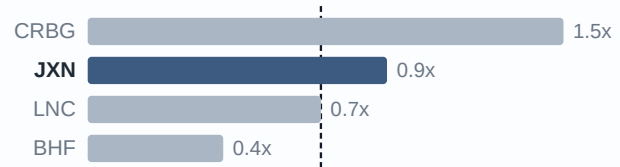
P/E (forward)



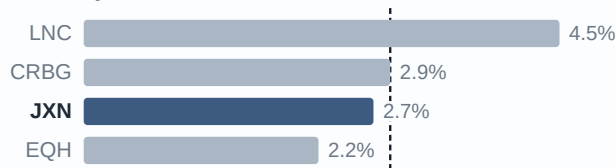
PEG



P/B



Dividend yield



As of 2026-10-16. One source and one definition for every company: aggregator TTM and consensus-forward P/E; P/B on GAAP book including AOCI. Not the model's own ex-AOCI adjusted book basis (see the report's valuation table). Quotes taken with the market open, 10:10–10:22 AM ET on 2026-10-16. Dashed line = peer median. Source: stockanalysis.com/stocks/<ticker>/statistics/, fetched 2026-10-16.

Notes. GAAP earnings for VA writers swing with hedging and market-risk-benefit results. JXN's 156.37x on \$59mm TTM net income is above 100x (null); EQH reported a TTM net loss (null). The source's PEG figures, based on its analyst growth estimates; shown as n/a on the JXN, EQH and BHF pages. GAAP book including AOCI. EQH's page shows 11.94x alongside a negative book value per share (−6.79), so it is not meaningful (null). JXN is 0.85x on adjusted book excluding AOCI (\$155.78, 12/31/25). BHF pays no common dividend (source shows n/a). Omitted: EV-based multiples are not meaningful for insurers.

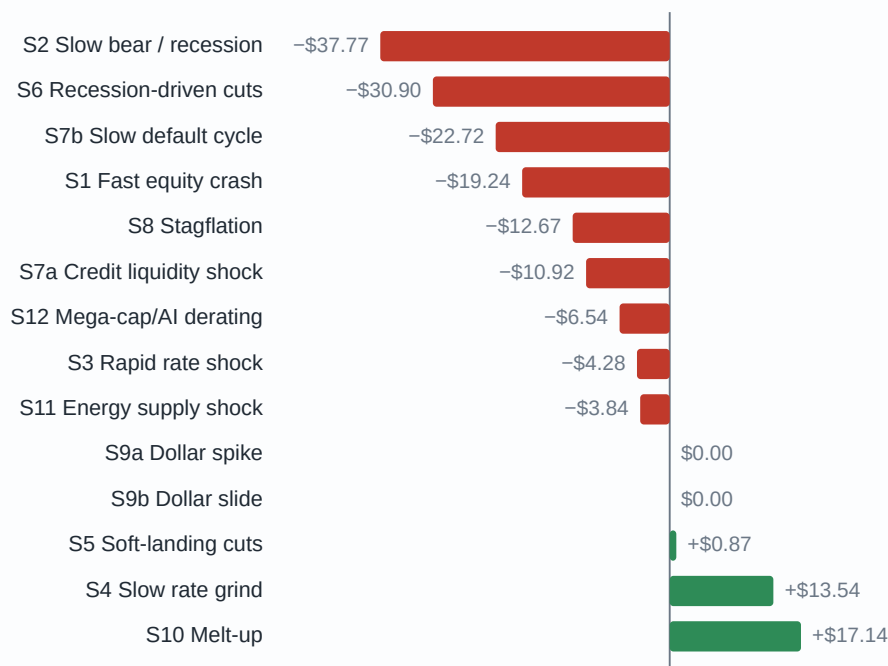
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	VA account values and fees fall; hedge rebalancing costs and risk premium rise	Med	–\$19.24
S2 Slow bear / recession	–	Lower account values cut fees, credit impairments, higher CoE. ~41% of Base–Bear because it's transitory, while Bear carries a multi-year drag	High	–\$37.77
S3 Rapid rate shock	±	New-money yield helps spreads and cheapens guarantees; higher CoE and surrender risk offset; AOCI not modeled	Low	–\$4.28
S4 Slow rate grind	+	Gradual reinvestment at higher yields widens spreads	Med	+\$13.54
S5 Soft-landing cuts	±	Lower yields vs lower CoE and firmer equities	Low	+\$0.87
S6 Recession-driven cuts	–	Falling yields raise guarantee costs while recession cuts fees	High	–\$30.90
S7a Credit liquidity shock	–	Holdco funding stress for a BBB issuer; marks proxied in CoE	Med	–\$10.92
S7b Slow default cycle	–	Impairments in private credit and LP holdings over three years	High	–\$22.72
S8 Stagflation	–	Weaker equities and expense inflation outweigh slightly higher yields	Med	–\$12.67
S9a Dollar spike	0	no material effect, not modeled	Low	\$0.00
S9b Dollar slide	0	no material effect, not modeled	Low	\$0.00
S10 Melt-up	+	Higher account values lift VA fees; lower risk premium	Med	+\$17.14
S11 Energy supply shock	–	Indirect: rate volatility and equity weakness	Low	–\$3.84
S12 Mega-cap/AI derating	–	Equity-heavy VA subaccounts lose value, trimming fees	Low	–\$6.54

Currently active/on watch per the playbook: S3 partially active; S8, S10 and S11 on watch.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: Two consecutive quarters of book-accreting earnings (Δ adjusted book + capital returned) at $\geq 70\%$ of AOE, i.e. a drag at or below $\sim \$600\text{mm}$ annualized, with RBC holding above 500% and the $\$900\text{mm}$ – $\$1.1\text{bn}$ 2026 capital return delivered. **Downgrades if:** The FY2026 drag matches FY2025 ($\sim \$1.3\text{bn}$), RBC falls below $\sim 450\%$, or capital return drops below the $\$900\text{mm}$ floor.

Watch items

- **W1:** Q3 2026 results, including the annual assumption review: AOE vs $\sim \$480$ – 500mm a quarter, and book-accreting earnings vs $\sim \$260\text{mm}$ a quarter (Base) — Q3 2026 release — early Nov 2026 (date n/a) — *Model: other_expense*
- **W2:** 2026 capital return within the $\$900\text{mm}$ – $\$1.1\text{bn}$ target, with JNL RBC $\geq 500\%$ — Q3/Q4 releases — *Model: payout_ratio*
- **W3:** RILA sales $\geq \$2\text{bn}$ a quarter sustained — quarterly releases — *Model: combined_ratio*
- **W4:** FY2026 GAAP net income and adjusted book vs AOE (the full-year drag) — FY2026 10-K / 4Q26 release — Feb 2027 — *Model: other_expense*

Sources

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- EDGAR XBRL companyconcept (StockholdersEquity, AOCI, NetInvestmentIncome), CIK 1822993 — <https://data.sec.gov/api/xbrl/companyconcept/CIK0001822993/us-gaap/NetInvestmentIncome.json> — accessed 2026-10-16
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- LIMRA 2025 year-end VA/RILA rankings — <https://www.limra.com/siteassets/newsroom/fact-tank/sales-data/2025/4q/4q-2025-top-20-va-breakout-annuity-sales-rankings.pdf> — accessed 2026-10-16 (search summary; direct fetch returned 404)
- Macro log (10Y 5.10%, 2026-10-15) — logs/macro-2026-10.md

Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.