Assured Guaranty Ltd. (AGO)

Updated May 22nd, 2026, by Kody Kester

Key Metrics

Current Price:	$77	**5 Year CAGR Estimate:**	6.4%	**Market Cap:**	$3.4B
Fair Value Price:	$71	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	08/19/2026[1]
% Fair Value:	109%	**5 Year Valuation Multiple Estimate:**	-1.7%	**Dividend Payment Date:**	09/02/2026[1]
Dividend Yield:	2.0%	**5 Year Price Target**	$95	**Years Of Dividend Growth:**	14
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Assured Guaranty Ltd. (AGO) is a Bermuda-based holding company that provides credit protection products and asset management services through its subsidiaries. The company offers credit protection products to the U.S. and international public finance and structured finance markets and manages assets across collateralized loan obligations as well as other funds.

In 2025, AGO operated the following two segments:

1. Insurance: This segment provides clients with financial guaranty insurance that protects holders of debt instruments from defaults in scheduled payments. It also offers specialty insurance and reinsurance on transactions with risk profiles similar to its structured finance exposures written in financial guaranty form, as well as insurance and reinsurance of renewable energy bonds, infrastructure bonds, healthcare bonds, etc. The segment made up roughly 86% of its $1.11 billion in total 2025 revenue.
2. Asset Management: AGO participates in the asset management business via its ownership interest in Sound Point, LP. The company's five main credit strategies include CLOs and performing credit, private credit, structured credit, opportunistic credit, and commercial real estate credit. Along with the corporate division, this made up the remainder of AGO's total revenue in 2025. It's also worth noting that the company added an Annuity Reinsurance segment in January 2026, when it completed the acquisition of Warwick Re Limited.

On May 7, the company shared its earnings report for the first quarter ended March 31, 2026. The company's total revenue declined by 24.3% over the year-ago period to $261 million during the quarter. A drop from $104 million in gains on derivatives in Q1 2025 to $2 million in Q1 2026 and a swing in foreign exchange gains from $37 million in Q1 2025 to a loss of $19 million in Q1 2026 more than offset a surge in asset management revenues to $94 million in the quarter. AGO's adjusted operating income per diluted share dropped 21.4% year-over-year to $2.50 for the quarter. That came in $0.87 ahead of the analyst consensus during the quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$6.68	$5.41	$4.34	$3.91	$2.97	$6.32	$4.14	$10.78	$7.10	$9.08	***$7.11***	***$9.51***
DPS	$0.52	$0.57	$0.64	$0.72	$0.80	$0.88	$1.00	$1.12	$1.24	$1.36	***$1.52***	***$2.45***
Shares[2]	128.0	116.0	103.7	93.3	77.6	67.5	59.0	56.2	50.5	45.2	***44.3***	***29.5***

Over the past decade, AGO's adjusted operating income per diluted share has grown by almost 4% annually. Moving forward, we still believe that adjusted operating income per diluted share can grow by 6% annually through 2031, off an anticipated 2026 base of $7.11. That's because new business production in Q1 came in at $73 million. AGO also recently acquired Warwick RE (which it renamed Assured Life Reinsurance), where it's actively progressing several promising opportunities to assume new blocks of annuity business. Coupled with AGO's extensive history of aggressive share buybacks, this is how we believe that the company can meet our growth forecasts.

[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	5.7	6.3	8.8	12.5	10.6	7.9	15.0	6.9	12.7	10.8	***10.9***	***10.0***
Avg. Yld.	1.4%	1.7%	1.7%	1.7%	1.5%	2.5%	1.8%	1.6%	1.4%	1.5%	***2.0%***	***2.6%***

Since 2016, AGO has traded at a P/E ratio varying from as low as the mid-single-digits to as high as the mid-teens. The average P/E ratio over that time was approximately 10. Since we believe that the modest growth profile is holding up, a P/E ratio of 10.0 probably represents fair value. Compared to the current year P/E ratio of 10.9, this suggests the stock is still overvalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	8%	11%	15%	18%	27%	14%	24%	10%	17%	15%	***21%***	***26%***

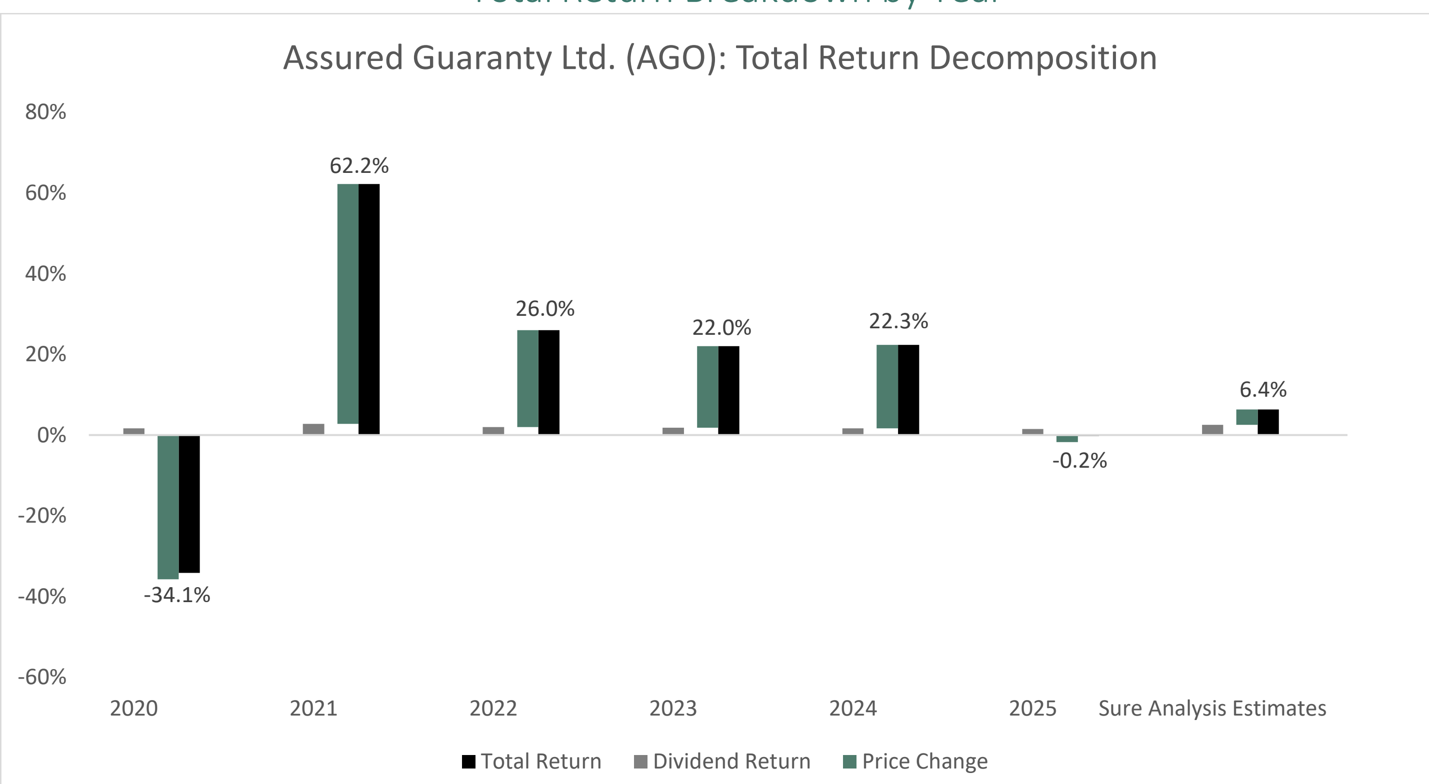
AGO's market leadership in the municipal bond insurance industry is a key competitive advantage for the company. In 2025, its U.S. municipal par volume of more than $27 billion accounted for 58% of total insured par sold. That makes it very difficult for existing competitors or new entrants in the market to challenge their position.

AGO also enjoys a strong balance sheet, with an A credit rating from S&P on a stable outlook. AGO's dividend is also reasonably secure, with the payout ratio set to be in the low-20% range in 2026. This should give it room for payout growth to moderately exceed adjusted operating income per diluted share for the foreseeable future.

Final Thoughts & Recommendation

AGO's 2.0% yield, 6.0% annual adjusted operating income per diluted share growth prospects, and 1.7% annualized multiple compression could translate into 6.4% annual total returns through 2031. As a result, we're reiterating our Hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,395	1,527	906	906	982	809	806	899	812	925
Net Profit	881	730	521	401	368	419	137	761	392	543
Net Margin	63.2%	47.8%	57.5%	44.3%	37.5%	51.8%	17.0%	84.6%	48.3%	58.7%
Free Cash Flow	(141)	433	462	(509)	(853)	(1,937)	(2,479)	461	47	259
Income Tax	136	261	59	63	45	58	11	(93)	96	119

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	14,218	14,567	13,773	14,542	15,551	18,403	16,843	12,539	11,901	12,176
Cash & Equivalents	118	144	104	169	164	122	108	97	126	389
Goodwill & Int.	-	-	-	216	203	175	163	6	-	-
Total Liabilities	7,714	7,728	7,218	7,890	8,846	11,903	11,551	6,774	6,348	6,387
Accounts Payable	64	61		30	33	16	1			
Long-Term Debt	2,264	2,049	1,750	2,196	2,892	5,846	6,873	2,318	1,925	1,948
Total Equity	6,504	6,839	6,555	6,639	6,643	6,292	5,064	5,713	5,495	5,663
LTD/E Ratio	0.35	0.30	0.27	0.33	0.44	0.93	1.36	0.41	0.35	0.35

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.1%	5.1%	3.7%	2.8%	2.4%	2.5%	0.8%	5.2%	3.2%	4.5%
Return on Equity	14.0%	10.9%	7.8%	6.1%	5.5%	6.3%	2.3%	13.8%	6.9%	9.6%
ROIC	9.9%	8.3%	6.1%	4.7%	4.0%	3.8%	1.1%	7.5%	5.0%	7.1%
Shares Out.	128.0	116.0	103.7	93.3	77.6	67.5	59.0	56.2	50.5	45.2
Revenue/Share	10.40	12.49	8.14	9.04	11.39	10.89	12.61	15.08	14.95	18.99
FCF/Share	(1.05)	3.54	4.15	(5.08)	(9.90)	(26.07)	(38.80)	7.73	0.87	5.32

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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