

# Sun Life to acquire majority stake in InfraRed Capital Partners

Adding infrastructure equity capabilities to SLC Management and  
expanding presence in the UK, Europe, and Asia

December 18, 2019



In this presentation, Sun Life Financial Inc. (“SLF” or “SLF Inc.”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sun Life” and the “Company”.

#### **Forward-looking statements**

Certain statements in this presentation and certain oral statements made by senior management during the associated conference calls (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

#### **Non-IFRS Financial Measures**

The Company prepares its financial statements in accordance with international financial reporting standards (“IFRS”). This presentation includes financial measures that are not based on IFRS (“non-IFRS financial measures”). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company’s performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are included in our annual and interim management’s discussion and analysis and the Supplementary Information packages that are available on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial results and reports.

#### **Sources of earnings**

Sources of earnings is based on the requirements of the Office of the Superintendent of Financial Institutions, Canada and guidelines of the Canadian Institute of Actuaries. It is used to identify the primary sources of gains or losses in each reporting period and is not based on IFRS. Additional information concerning our sources of earnings is included in the Company’s Annual Report.

#### **Additional information**

Additional information concerning forward-looking statements and non-IFRS financial measures is included at the end of this presentation.

# | Transaction Summary<sup>(1)</sup>

**Sun Life to acquire a majority stake in InfraRed Capital Partners (“InfraRed”),** a leading independent private markets manager offering global infrastructure equity and real estate capabilities with approximately US\$12 billion (C\$16 billion) of assets under management (“AUM”)<sup>(2)</sup>



**InfraRed will form part of SLC Management, bringing infrastructure equity** to SLC Management’s product suite, and expanding its presence in global markets



**Sun Life will own 80% of InfraRed** as a result of consideration that includes a closing payment of £300 million (approximately US\$390 million, C\$515 million); transaction includes put/call options to acquire the remaining 20% stake approximately 4 or 5 years from closing



**Transaction is expected to close in the first half of 2020,** subject to customary closing conditions, including regulatory approvals

# InfraRed Capital Partners

A leading  
independent  
alternative  
investments  
manager

December 2019 | Sun Life



## Global Footprint

More than 175 partners and staff headquartered in London with additional offices in New York, Mexico City, Hong Kong, Seoul, and Sydney

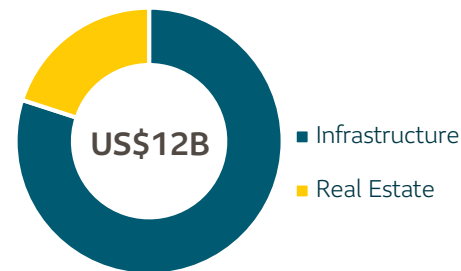
## Diversified Product Line

Infrastructure platform focuses on investing in both greenfield and brownfield assets worldwide

## Infrastructure Equity

Deployed over US\$25 billion (approximately C\$33 billion) of capital and realized over 60 investments; currently 200+ infrastructure investments under management

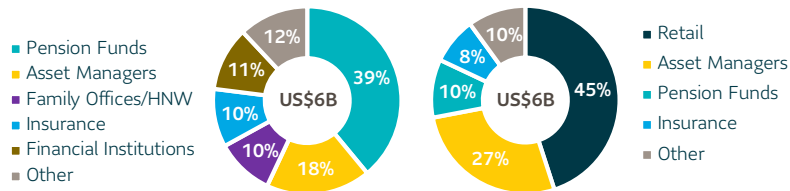
## AUM by Asset Class\*



## AUM by Client Type\*

Investors in unlisted  
predominantly capital gain funds

Investors in listed – long-term/  
permanent capital vehicles



\* AUM as at September 30, 2019

# Extending SLC Management's investment capabilities to meet Client needs<sup>(1)</sup>

## Right on Strategy for SLC Management

- Infrastructure equity fits with SLC Management's mission to provide institutional investors a broad spectrum of solutions built on:
  - Alternative asset classes
  - Liability-driven investing strategies
- Proven fundraising track record and investment performance

## Strong Alignment with Clients through Sun Life Co-investment<sup>(1)</sup>

- Opportunity for Sun Life to co-invest and provide seed capital, supporting the launch of new products, committing US\$400 million (approximately C\$530 million) to InfraRed solutions<sup>(1)</sup>

## High Investor Demand for Infrastructure Equity

Increasing allocations by institutional investors due to:

- Attractive total return
- Yield
- Diversification benefits
- Inflation-hedging characteristics
- Reliable long-dated income streams

## Acquisition is a Strong Cultural Fit

- Investment philosophy and culture that is consistent with SLC Management
- Structured for management continuity and co-investment in new products

# SLC Management: a **global footprint**, competitive set of **private strategies**, and meaningful **third-party AUM** to meet Client needs and attract talent

## SLC Management

- Global investment manager providing yield-oriented, liability-matching investment solutions for institutional investors
- Investment capabilities spanning fixed income, real estate equity and debt, and infrastructure equity and debt
- Leverages the firm's unique position as both an asset manager and asset owner (through Sun Life's general account)

## Firm Overview (Pro-forma)<sup>(1)</sup>

**C\$99B** 

Assets under management<sup>(2)</sup>

**1,200+** 

Institutional clients

**500+** 

Investment professionals

## Global Footprint (Pro-forma)



(1) Certain statements on this slide are forward looking. See "Forward-looking information" in the appendix to these slides.  
(2) AUM as at September 30, 2019 for SLC Management's collective operations including InfraRed. Together with Sun Life's General Account, SLC Management pro-forma AUM is C\$243 billion.

## | Key Financial Metrics<sup>(1)</sup>

<b>Upfront consideration for 80% of InfraRed Capital Partners</b>	£300 million (approximately US\$390 million, C\$515 million) in cash; put/call option to acquire the remaining 20% stake approximately 4 or 5 years from closing
<b>Transaction value</b>	Approximately 4% of acquired AUM <sup>(2)</sup>
<b>AUM acquired</b>	Approximately US\$12 billion (C\$16 billion) <sup>(2)</sup>
<b>Sun Life co-investment/seed capital</b>	Commitment of US\$400 million (C\$530 million)
<b>Estimated underlying earnings per share<sup>(3)</sup> accretion</b>	C\$0.04 in 2022
<b>Impact on LICAT ratio of Sun Life Financial Inc.</b>	2.5 point decrease

(1) Represents the estimated impact on close of the transaction. Canadian dollar impacts will be subject to exchange rates at the time of the close of the transaction. See "Forward-looking information" in the appendix to these slides.

(2) As at September 30, 2019

(3) Underlying earnings per share is a non-IFRS financial measure. See "Non-IFRS Financial Measures" on slide 2.

# | Appendix: InfraRed sample infrastructure projects

## Royal Canadian Mounted Police



Design, build, finance and maintain headquarters accommodation for the "E" Division of the RCMP under a 28 year public-private partnership

<b>Region</b>	British Columbia, Canada
<b>Capital Expenditure</b>	C\$325 million
<b>Status</b>	Operational since 2013

## Merkur Offshore Wind Farm



Design, build, finance and operation of a 400MW offshore windfarm supported by a 15 year feed-in-tariff

<b>Region</b>	North Sea, Germany
<b>Capital Expenditure</b>	EUR1.6 billion
<b>Status</b>	Operational since 2019



# | Appendix: InfraRed sample infrastructure projects

## A63 Road



Design, upgrade, finance, operate and maintain a 104km trans-European highway, including introduction of tolling, under a 40-year concession

<b>Region</b>	Bordeaux, France
<b>Capital Expenditure</b>	EUR1.1 billion
<b>Status</b>	Operational since 2013

## Curtin University



Development, design, build, financing and operation of university accommodation, including teaching facilities and student living

<b>Region</b>	Perth, Australia
<b>Capital Expenditure</b>	AUD340 million
<b>Status</b>	In Construction

# Appendix: Forward-looking information

Certain statements in this presentation are forward-looking, including but not limited to, statements relating to: (i) our growth strategies and strategic objectives, (ii) the expected timing of the closing of the transaction, (iii) the expected impact and benefits of the transaction set out on slides 3, 5, 6 and 7 of this presentation, (iv) the key financial metrics set out on slide 7 of this presentation, and (v) other statements that are not historical or are predictive in nature or that depend upon or refer to future events or conditions. Forward-looking statements may also include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation represent our current expectations, estimates and projections regarding future events and are not historical facts. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties and are based on key factors and assumptions that are difficult to predict. The forward-looking statements in this presentation do not reflect the potential impact of any non-recurring or other special items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this presentation. If any non-recurring or other special item or any transaction should occur, the financial impact could be complex and the effect on our operations or results would depend on the facts particular to such item and we cannot describe the expected impact in a meaningful way or in the same way we could present known risks affecting our business. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation.

Forward-looking statements are presented for the purpose of assisting investors and others in understanding our expected financial position and results of operations as at the date of this presentation, as well as our objectives for the transaction, strategic priorities and business outlook following the transaction, and in obtaining a better understanding of our anticipated operating environment following the transaction. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes and undue reliance should not be placed on these forward-looking statements.

The realization of our forward-looking statements essentially depends on our business performance which, in turn, is subject to many risks. Important transactional and other risk factors that could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements in this presentation are listed in our news release announcing the transaction dated December 18, 2019 under the heading “Forward-looking information” and in the annual information form of Sun Life Financial Inc. for the year ended December 31, 2018 under the heading “Risk Factors” and other regulatory filings filed or furnished to Canadian and U.S. securities regulators available at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov).