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PRESENTATION

Darko Mihelic - *RBC Capital Markets Inc - Analyst*

We'll start our next session. We have Tim Deacon here, the CFO of Sun Life. Tim, welcome to the conference. Thank you for attending.

Tim Deacon - *Sun Life Financial Inc - Chief Financial Officer, Executive Vice President*

Thank you, Darko, pleasure to be here.

Darko Mihelic - *RBC Capital Markets Inc - Analyst*

I have an unusually long list of questions to ask you, because we've got lots to talk about in a very short time. I kid, the only reason why I say that is up until now I have been having banks up here and they just reported their quarter, so feels a little awkward sometimes asking questions that were obviously asked in the conference call. It's a little bit different. We've had a lot of time. Your quarter is about to end, so lots of things to chat on, for Sun.

And I wanted to touch on individual businesses within Sun, so maybe the first one, which is probably the most topical I get asked about nearly every time I have a discussion on Sun Life, which is on the medical stop-loss business which for all intents and purposes last quarter actually did -- bounce back essentially and seems to be on track with repricing efforts, lots of dynamics within that business.

QUESTIONS AND ANSWERS

Darko Mihelic - *RBC Capital Markets Inc - Analyst*

So maybe, the first question that I would have is after all of the repricing efforts, how should we think about the profitability for this year. And if you can give us any insight into the growth of it, we saw lots of sales in the fourth quarter so I think a lot of people now are looking forward to a very strong year out of stop-loss. Over to you, but we'll just, I'll leave it a little bit open ended at this point and we can just have a discussion on stop-loss.

Tim Deacon - *Sun Life Financial Inc - Chief Financial Officer, Executive Vice President*

Yeah, sure. Well, we were very pleased with the performance of the stop-loss business in '25. Obviously the entire industry experienced an uptick in the claims severity in the fourth quarter of 2024 and that made -- we entered into 2025 with a little bit of headwind where we were underpriced where we wanted to be from our target margin. The business was still profitable even in the fourth quarter of 2024, but it just was shy of where we wanted it to be and it's performed.

We -- as you know, we're the largest independent writer of medical stop-loss in the US. We combine our results with our employee benefits because there's adjacencies obviously in the first dollar of loss there. On a combined basis, that business achieved 7.5% margin. That's north of our 7% target margin.

Stop-loss would have been a higher proportion of that, and it's a great business that we've been in for over four decades. We know it well. It's a very high ROE business. It has an ROE higher than our 20% medium term objective. And it's a space, as I said, we know well.

It's also in a growing segment, so the healthcare industry in the US is now the largest sector of the US economy at about 19% of GDP. And it's slated to grow 9% in 2026. So it's an attractive space. It's growing. It's also coupled with the affordability challenge in the US because healthcare costs are continuing to go up, and that's been a long standing phenomenon. They've been mid-single-digits for the last decade. We're anticipating it's going to be another 8%, 8.5% increase in medical cost in 2026.

And so that means that more and more companies, who typically self-fund their programs are not going to be able to afford to fund it on their own. They're going to need to take out stop-loss protection. So it's a sectoral trend that's also going to benefit us.

So heading into 2026, we achieved, very strong sales as you noted. We'd actually been waiting for this part of the cycle to happen where we started to see evidence of a hardening market, and that's typically where we've performed the best, being the largest independent, we have tons of data and history on all of this, and the business typically follows a very predictable pattern of hardening and then softening.

It hardens, people exit the market because they can't make it price competitive, and then they see the profits and the returns and the high ROEs I talked about and they re-enter the market and they get too competitive on pricing and the cycle repeats. The challenge is we had a distorted cycle through COVID,

because it was a period when obviously premiums were coming in and people weren't claiming and that caught up in the fourth quarter of '24 like we talked about. So heading into '26, we did large sales. We had record persistency, meaning our business that reprices, we were able to retain and renew them.

And we think a large part of that is because of the consistency in our pricing, we shared on our fourth quarter call that we had a 17% price increase on our renewal book, so that captures all of the medical cost inflation I just spoke about. It takes us up to our current level of claims and it achieves our target pricing margin.

And most importantly, we have not seen evidence of sustained severity of claims, nor have we seen a spike up. We had our 2025 business was 65% complete or seasoned at the end of the fourth quarter. We expect that'll be about 90% by the end of the first quarter and if you'll see through our results, if the claims hold in the level that we've had, we expect to have a very profitable 2026 heading into that year.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And record persistency with record sales, is that --

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Correct. Yeah, so USD1.2 billion for the full year we did USD888 million. These are US dollars in the fourth quarter. And so as you were sort of alluding, sometimes that could be a sign of to scratch your head, and when you have such a record, is there something mispriced about the market? We would say no, this is where our pricing and our underwriting discipline really shines, and that's our knowledge in the market.

And I would say the consistency in our pricing, we went into '25 with a 14% increase, we're 17% this year. Some players have had to have much more significant price increases, because they hadn't been catching up with the medical cost inflation, and that consistency matters with our brokers, and that's in large part why we're able to maintain the high persistency.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And do you think it is -- Sun Life being in this business for a long period of time, hardening, here we are today, how should we think about it for, like going forward, like, do we, is there the threat for example that your customer base, for example, sees these price increases, absorbs it, goes through their business model, and then they change their minds next year, or, they think about not self-funding anymore, or, perhaps it's a softening market. Like, are there any signs, anything, or is it way too early and we're still very much in a hard market? Darko, stop talking. This is going to be really profitable in '26 and into '27, is it that?

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

So a couple of thoughts. The cycle that I talked about hardening, that's been pretty consistent and predictable and so if we use that as a proxy or pattern, we're entering into a hardening phase which typically lasts two to three years. So we're just at the start of that.

We thought actually it might happen into 2025, but pricing got even more irrational, and we didn't grow at that point. You saw our pricing discipline and we weren't trying to grab market share. That's a pretty important hallmark for Sun Life. So if history repeats itself, which it has for four decades with the exception of the COVID distortion, we would expect to have this type of environment for a period of time.

And one of the things to look out for in our Q1 results is that claims level and if that holds at the levels that we've been expecting, then that's a pretty good indicator that we should be entering into a good year for '26 as I talked about. So you'll have some indicators of that fairly shortly.

And then in terms of broader trends, as I talked about, the medical trends are increasing, so that makes it more and more difficult for employees to be able to offer benefits if they're not going to get stop-loss coverage. So we actually think that is a tailwind sector. It's not great obviously for the US citizen, but that's why we have stop-loss protection in its first place. So I think that the trends that you were talking about tend to be favourable for us.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And so that pretty much -- is very suggestive of a very strong years or years ahead of you for the US business. So maybe we can shift focus and think about the other business in the US which is Dental, slightly different paradigm going on there. We've seen a drop in profitability. Maybe you can speak to the business dynamics here similar to the dynamics we just discussed.

And what it is that maybe you know Sun Life is adopting the model I think what we're all interested in hearing is, A, the changes that you're making and then B, getting back to the earnings power of DentaQuest and so you previously had some targets out there. Is there anything you can share today, about how we should think about that earnings power?

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Sure. So in the fourth quarter we had a good result for Dental. It returned back to profitability. So we're quite pleased with that. We would characterize that as a step in the right direction. That wasn't a fluke, that -- it was profitable. We -- that was a concerted effort on the repricing that we've been doing on this Medicaid contract side with the states as well as the start of, pretty, material expense reduction activities.

So just to take a step back, we are now the largest Dental benefits provider in the US. We service over 34 million Americans. Dental is the second most requested benefit in the US, and we see it as an attractive space, particularly in the commercial side and the growth.

Our business mix right now though is about 80% in government programs, so the Medicaid and the Medicare. And that's obviously the part of the US that's under the most structural change and reform currently and so that's put a lot of uncertainty into that part of the business line because the uncertainty around Medicaid funding is an example whether the benefits can continue to be offered is all uncertain.

And now most of that is in the medical side, which is where the vast majority of the cost exists. We're obviously in the Dental side and it's much less material, but it's the second order impacts or the ripple effects of what's happening on the medical side that's sort of falling through to the to the states on the Medicaid for Dental.

That being said, we do see that we've been having progress with the states. The states, see this as an important benefit that they offer their constituents in their voting base. In our case, most of our population is actually children, and so that's, obviously not a target sector for cuts per se, but what it's meant is it's been a lot slower on the repricing.

What typically was a very predictable pattern and cycle before COVID in terms of getting rate increases on an annual basis, that's been delayed because of the uncertainty in the funding, but it has -- we have been seeing increases, so that's in part why we were profitable in the fourth quarter. It's just that those price increases haven't kept pace with the increase in claims.

So claims for us spiked in the second quarter of '25 and then it hit an all-time high, on record, highest ever claims in the third quarter of '25, in the history of DentaQuest, and that business has been operating for over four decades. And so, we saw some stabilization of claims in the fourth quarter. It's typically a seasonally better quarter for us, but what we've assumed is that those claims persist.

And so when we're seeking repricing, we're seeking it on that basis, but it will take some time. It'll probably take two -- one to two more cycles of pricing to fully catch up with the current level of claims. So we are making progress. We'd see '26 is making incremental improvements off where we were from '25, but it's mostly going to be front ended on expense reduction, automation, use of AI, this repricing, and then ultimately over the medium and longer-term, the growth in the commercial book.

So the main core thesis of why we bought DentaQuest was to really grow in scale in the commercial side. We're a sub top 10 player prior to the acquisition. DentaQuest brought the technology platform. It brought the Dental network provider and the scale that's needed to compete in the commercial space. And so that'll be a key growth area for us going forward. We weren't as focused on that in the initial days of the acquisition because we were focused on integrating and then immediately into state repricing.

And now we have the capacity and attention to be turning to that and so I'd have a lookout for earnings growth based on the expense reductions, how we're doing on repricing and our commercial sales level, and those will give you the clues in terms of the glide path for future growth.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And to be clear though, I mean there's a couple more, it sounded like there's a couple more years of repricing work. Is there potential to actually shrink that side of the business and actually step away from some of these state programs?

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, so a great comment, when I said, medical -- Medicaid and Medicare is 80% of the business mix, we'd like to see over the medium and long-term it'd be a 50/50 mix of commercial, both by growing the commercial.

And then on the Medicaid side, as I said, the states are helping work through the repricing where we've seen more challenge is on the health plans. So these are health plans that have won the entire Medicaid for a state and they subcontracted the Dental benefits to us that those have been historically very commercial relationships because it's a commercial player to a commercial player, but because they're uncertain around their own funding on the medical side, they're reluctant to pass through the price increases needed on the Dental because they're not certain of their own outcome.

We are very determined that we will walk away from any health plan relationship that cannot meet our target profitability. And so that has the possibility of shrinking that portion of the size. Now that's not a preferred route. We'd like to work with the state, the health plans, sorry, in the states that that we operate, but at the same time we need to achieve our target margin and our financial returns.

And if we don't see a path to doing that, we will absolutely exit that relationship and we think with credibility we're the largest at scale. So, we've seen instances where we've done that. They've gone to another provider and they've had to come back both from a service and a pricing perspective because the other providers don't have the same scale that we do.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And is there a bit of a, like, is there, I don't know, I hate to say that, but is there sort of like a target thing like within two years if you know we don't see any, we'll step away from these relationships is there, is that kind of the way I would.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

I would say in the 2026 pricing schedule and we're sitting down with a health plan and we don't see a path to how this is going to work and we don't have the confidence or credibility into that, it doesn't make sense for us to maintain that commercial relationship.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Okay, great. Another part of the business I wanted to talk about and maybe this is one area where there's more information coming but I just wanted to talk a little bit on the asset management side as well, Now, long time Sun Life investors and shareholders would know that you know you have got some upcoming purchases of the remaining equity that you don't own in your real estate and private credit businesses. So maybe can you tell us how much that will be in terms of the purchase price and what does the benefit look like for the Sun Life shareholder after you've purchased the rest of the stakes.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, this is extremely exciting time for us. This has been a decade in the making of a serial approach to getting into the private asset business, acquiring the capabilities and building the scale, and we're finally at the penultimate point of bringing together the platform for the very first time.

So in the first quarter, we are closing out the remaining purchase of the minority interests in our real estate arm BentallGreenOak that we don't already own; the purchase of our remaining equity in Crescent Capital is also in the first half of this year and that's progressing quite well.

We have on our books a liability for \$2.2 billion. We said in our fourth quarter we thought that that likely would be at least \$150 million higher as we completed the final negotiations and adjustments to the purchase price, which were based on the year-end results and some closing adjustments.

So we'll be including all of that within our Q1 financial statements, the resolution of that final purchase price. And from a multiples perspective, the nice part of doing this over a multi-stage and over multiple years is we're able to lock in the multiples for the purchase price. So we're incenting the principals and the founders of those organizations to grow their EBITDA and their earning space, but the multiples were fixed and so the blended average multiple for these, acquisitions are at 10x.

And if you compare that to what asset managers are trading at the market today, that's a considerable discount from market value perspective. So there's really nice upside. And then what you can expect from these businesses going forward, we shared in our Investor Day in November

'24, medium term objectives for that business, and we're looking to grow fee-related earnings underlying net income by 20% per year, grow AUM at 15% per year, and achieve operating margins of 35%. And those were modeled based on our ambition to be a top tier private asset player.

And we looked at what is the growth rate required to be able to get the scale to be considered a top tier and that really related to the numbers I just shared. And we see incredible opportunities now in bringing this together as a platform to be able to unlock that. So it's quite interesting while we've been at this for almost a decade in terms of building these out and establishing the strategy before then.

Is that we haven't really done much beyond growing these independently and giving them seed capital and so things like distribution, there's very limited crossover of the client lists across each one of our private asset affiliates. So that's an obvious opportunity as we bring together the platform to be able to offer different asset classes to our institutional client base where there's very limited overlap.

The second piece is that we see incredible demand on the retail high net worth. So that sector is targeted to grow over 13% CAGR over the next decade. And we've seen some great opportunities to bring our products to market. We've entered into a great partnership with one of the Canadian banks, that's off to great success. We have over seven products now under development and launch, and so we see great demand on the retail high net worth.

We couldn't unlock that in a holistic way prior to bringing together all of these businesses, and now we have an opportunity to do that and more at scale. Another example is in multi-asset vehicles. So when you have a platform now we can look at multi-assets, so real estate with infrastructure, and that's in huge demand, particularly in small and medium sized insurance companies or pension plans who are looking to consolidate the number of asset managers. That's an opportunity that we weren't able to unlock prior to bringing it together as a platform. So it's really exciting time for us. We see lots of areas of growth and have, big ambitions.

Darko Mihelic - RBC Capital Markets Inc - Analyst

But I guess the question is when you buy those stakes for Crescent and BGO, it sounded like on the last conference call that there was a significant equity award being handed to the actual principals there, and that after spending the money, that there really would be no difference in in sort of profitability to Sun Life, is that the case, or how can you, how should we think about that?

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, broadly, and we'll probably have more to say to this when we announce the completion of our buy-ups, but broadly you can think about it in this way. Right now, our blended average minority or non-controlling interest is about 21%, so right now we would have 79% of earnings coming through our P&L and 21% going to the affiliate shareholders.

And after the buy-up, we'll own 100% but then to your comment we are issuing a management equity plan where we're allowing management and some of the remaining founders that are carrying on in the leadership to have an equity stake in the platform and we think that's very critical to ensure there's continuity, retention and alignment of interest and incentive to grow the business in the dimensions that I was just describing.

And that minority interest will be around 25%. So you can think about the earnings pre and post at a similar level, 21% to 25%, roughly comparable. But then there's the growth thereafter that we're unlocking by bringing together these platforms.

So the profitability will increase and it's a retention mechanism tool and it's actually worked quite well for us. We've had that type of program in place at MFS and that's worked very well over a number of decades in terms of maintaining principals and alignment.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And so that sort of is sort of like -- sort of dives into the whole Sun Life Asset Management, sort of creation, by the way, you guys absolutely win, the acronym of the year, for the SLAM. I love it, but, maybe you can talk a little bit about SLAM, the objectives there, and how you will achieve them actually.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

I'll use an elongated form of Sun Life Asset Management. But again, a very exciting chapter for us. For the very first time, we're bringing together all of our asset management capabilities globally under common leadership.

All of these businesses, in the same way that I described our private asset part of the business, have operated extremely independently and autonomously. But as we all know, asset management is a matter of scale, and we see this as a great opportunity to bring together the best of all of our capabilities across our insurance and our asset management parts of our business and by having that under common leadership that allows us to unlock a number of different opportunities.

The first and the most obvious and the most logical to pursue is just making sure that we have enough of our own proprietary products on our wealth distribution shelves. All of our businesses operate with full open architecture that obviously serves our clients well. It's been a key part of the growth, but we also have capabilities internally that are best in class that have better performance and can be done at a lower fee from the most favoured nations' example.

So we think that there's actually a great value proposition where we have those features, better performance and lower fees, that that's a win-win. It brings more assets to our proprietary management. It's a better proposition for our clients. We weren't able to unlock that previously because none of the businesses really had the incentives or the capacity to be thinking about that when they're running their own businesses independently and autonomously.

The second opportunity we see is we've had an insatiable amount of inbound interest on permanent capital sources and partnerships and vehicles, so things like sidecars that have become quite popular in the private equity backed, insurance-owned companies.

It's also been in traditional life insurance players. These are great opportunities to leverage our insurance expertise and underwriting capabilities, invest equity in the sidecar, and then that gets back a permanent investment management agreement and brings fees in on the private capital side.

We would only do those where we understood the liabilities from our insurance underwriting heritage, where it met our financial return expectations on a stand-alone basis and then get the additional benefit of having an investment management agreement as a mandate.

And then also part of our Sun Life Asset Management pillar is bringing together our joint venture asset manager in India, we see an insatiable amount of growth and demand in that market just given demographics, the opportunity to bring more private assets into that market just given our heritage and experience there.

We also operate a mandatory provident fund business in Hong Kong, which is a retirement record keeping business, again we see opportunities to bring our asset management capabilities there. All of those opportunities would be incremental to our medium term objectives. When we set those out in 2024, we did not have the SLAM pillar created. So that also helps give us further growth and momentum on asset management.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Okay. Maybe switching gears now. Let's go to Canada. So thinking about Canada, in my model every time that I look at it, I was astonished at how much experience gains you had in the year. And I just keep thinking, most lifecos tell me, that we're shooting out the lights in

experience gains: you should expect a little bit of moderation. So maybe you can talk a little bit to that. How should we think about earnings power in Canada? The experience gains that you, and what is the natural growth rate of Canada and its return potential, but that's a lot.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, well, thanks for asking Canada. Kevin Strain, our CEO, likes to refer to it as the Maytag repair person. It never gets the questions. It's steady as she goes. And I think that's a bit unfair because, it's our largest market. It's our home market. It's a market where we have significant scale, but we're growing quite well and it's really high ROE. So just to put some numbers to that. We're the largest retirement recordkeeping business in Canada. We have over \$175 billion of AUM.

We're the second largest group benefits player. We have large scale there. We have a growing wealth platform. In 2025, we grew earnings at 10% year on year. And if you put that in contrast to Canadian real GDP, I think grew around 1.6%, 1.7% last year, so we're well ahead of the market growth rate there and we've been doing double-digits for some period now.

And we finished the year with 27% ROE, for an at-scale business in a mature market but still growing at 10% with a 27% ROE. If you look at the fourth quarter in isolation, that was 30% ROE, and that's a function of our business mix, which is really capital light.

So you mentioned experience gains. Part of that growth was experience gains. So we had favourability both in the mortality side as well as in disability. We don't always expect that to persist because over time that should reprice into the market, but the disability experience as an example wasn't a fluke. That was deliberate specific efforts that we make to help our clients get healthy, not necessarily go on disability, and when they go on disability, get back into work to get back on track and so we would expect that to persist for a period of time, but over time that experience gets repriced into the business.

So you're right to point out that that's not always sustainable, but it's also a result of our efforts that we're doing and it's not necessarily going to evaporate overnight unless there's structural changes that's happening in the market.

But the other part of the growth was the growth in fee income and so I mentioned our leading market share in retirement recordkeeping. Our fee income is up because our assets are up and the markets have been performing and we'd expect that to continue to grow as we continue to invest and put focus on our wealth part of our business.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And so a theme here that I've been sort of asked to visit at this conference and Canada is a good place because you're big, you're at scale. And so the theme is AI. Now we've had -- and I would say that generally speaking the Canadian banks have been a little bit more vocal about using AI, and so I wanted to ask you, I mean, how do you see it?

Do you guys have or -- envision a benefit from the use of AI? I mean, can you give us some sense of the adoption rate of like, we just want to know how busy you are in AI, whether it's budgets, programs you have going on, use cases, is there something you can share so that the people in the room can sort of sit back and say aha, you know what, Sun Life's really in the game or --

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, 100%. So we see significant opportunity with AI. We, like many, have been at pursuit of AI in pretty material ways for the last 18, 24 months. First it was really to create capacity within our teams, whether that's deploying large language models on our own Sun Life Asks, our internal application that's had huge adoption rate and take up. Then it was using Microsoft products as an example to enhance email writing or document summarization, et cetera.

We've seen great success in our internal IT contact centers where help desks where password resets, et cetera, could be done, via AI and digitally. And so that was really about getting people comfortable in using AI.

We're intentionally and deliberate in not setting bold targets very early on because we wanted our employees to embrace AI because it's an important part of giving them capacity. And so having good take up there, we were able to get to market 84% quicker in terms of our deployment of AI and tools through building up those use cases internally.

Other examples in the business would be RFP summarization or preparation allows us to respond to RFPs both on the benefits side as well as on the asset management side by collating data and information. It allowed us to summarize medical records in our group benefits and employee benefits businesses in the US, so lots of good productivity enhancing, in part why we can achieve the sales that we're achieving.

But on the larger scale opportunities where we see some of the bigger financial benefits would be things like in contact centers, where we have large contact centers in North America, servicing our group benefits and our wealth businesses. A lot of those calls inbound are around routine questions. So what does my benefit coverage include? What doesn't it include? These are great opportunities for AI which has become very accurate and proficient in doing that.

So I think you'll see a structural change entirely in terms of how contact centers are working, and that's a proven use case in other industries. So we feel very confident about that. Other areas where we see huge opportunity are in claims administration, adjudication, particularly if you think about Dental, some of the cost takeout that I talked about, that's a very routine, here's the type of claim, here's the available procedures to match the two. That's something that's very easily automated and use of AI to make those decision making.

We'd expect substantial savings and benefits coming out of that. And then the real ultimate long-term play here is around new revenue sources. And so we see great revenue sources, opportunities leveraging the great data that we have, for example, and stop-loss with the four decades of experience around high cost claims, around recovery rates, around different procedures, treatments, hospital networks, demographics.

We're finding ways that we can monetize that in a way that doesn't prejudice the information security around it or privacy laws, but at the same time our new business models that that we haven't really had an opportunity to pursue. And so I think you can expect to see a lot more from us about our AI and the impact that it's having. But I would say from a financial perspective when we set our medium term objectives, that was before the understanding of what the real benefits of AI could bring. So that gives us confidence in being able to achieve a sustainable 10% EPS growth rate and our path to 20% ROE from 18% where we are today, underpinning that, those will be embedded in those medium term objectives.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Okay, so they're sort of built in, but.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Their -- their upside.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Will there be an explicit, one day that we wake up and read a headline Sun Life says x billion for AI.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

They were not originally factored into our medium term objectives, so it gives us the potential for upside or de-risking if there's a wholesale market downturns, and I think you'll -- you can expect us to be able to communicate the impact that we're having.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Yeah, one day maybe we can talk about the cost of it too, but we're out of time for this afternoon's chat, so unfortunately -- but maybe I just leave it open for you to give us any last sort of takeaways or key thoughts here for investors.

Tim Deacon - Sun Life Financial Inc - Chief Financial Officer, Executive Vice President

Yeah, well, I appreciate the opportunity to be here. It's exciting for us heading into '26. Hopefully I've given you some flavour of the tailwinds and the great momentum on asset management. If I think about our top priorities, it really is growing that asset management pillar in the way I described deploying AI and continuing on our journey on Dental turnaround.

Our class industry leading LICAT ratio, our strong organic capital generation, we generated \$4.3 billion of capital last year. We gave \$3.7 billion back through share buybacks and through common shareholder dividends. We think that's a strong investment thesis and compulsion to be in Sun Life. So thank you for the opportunity.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Awesome. Thank you so much, Tim. Great, thank you.

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