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PRESENTATION

Operator

Good morning, and welcome to the Sun Life Financial Q4 2025 conference call. My name is Rocco, and I will be your conference operator today. (Operator Instructions) The host of the call is Ms. Natalie Brady, Senior Vice President, Capital Management and Investor Relations. Please go ahead, Ms. Brady.

Natalie Brady - Sun Life Financial Inc - Senior Vice President of Capital Management & Investor Relations

Thank you, and good morning, everyone. Welcome to Sun Life's earnings call for the fourth-quarter of 2025. Our earnings release and the slides for today's call are available on the Investor Relations section of our website at sunlife.com.

We will begin today's call with opening remarks from Kevin Strain, President and Chief Executive Officer. Following Kevin, Tim Deacon, Executive Vice President and Chief Financial Officer, will present the financial results for the quarter. After the prepared remarks, we will move to the question-and-answer portion of the call. Other members of management are also available to answer your questions this morning.

Turning to slide 2, I draw your attention to the cautionary language regarding the use of forward-looking statements and non-IFRS financial measures, which form part of today's remarks. As noted in the slides, forward-looking statements may be rendered inaccurate by subsequent events.

And with that, I'll now turn things over to Kevin.

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

Thanks, Natalie, and good morning, everyone. Turning to slide 4. We delivered strong fourth quarter results, driven by our disciplined execution, diversified business model and our continued focus on our Clients and our Purpose.

Underlying net income reached \$1.1 billion, contributing to Underlying Earnings per Share growth of 17% over Q4 last year and Underlying Return on Equity of 19.1%. Our diversified strategy continues to prove its strength with strong performances across all business groups. Notably, we saw robust protection growth in Asia, solid wealth sales in Canada, and meaningful progress at SLC Management, which exceeded its Investor Day earnings target. We're also pleased with the earnings and sales growth in our US Stop-loss business. We ended the quarter with a LICAT ratio of 157%, demonstrating our strong capital position.

Turning to slide 5, we saw continued strength across our asset management and wealth platforms. At SLC Management, we achieved \$242 million in underlying net income in 2025, which exceeds our Investor Day target of \$235 million. We also saw solid growth in fee-related earnings. We remain on track for the BGO and Crescent buy ups taking place in the first half of 2026. We are also introducing a management equity plan for SLC. The management team at SLC will own up to 25% of the company, which is a best practice to motivate, retain and attract talent in the alternatives space. We're pleased with the response we've had to the management equity plan. The vast majority of eligible employees are choosing to participate in the share offering.

In Canada, we delivered strong performance in our Wealth businesses. Gross sales were up 46% year-over-year, driven by strong results in Group Retirement Services and Individual Mutual Funds. Group Retirement Services sales doubled year-over-year, reflecting strong large case Defined Benefit Solutions and Defined Contribution sales. Additionally, Individual Wealth sales were up 10%, driven by advisor productivity improvements and industry-wide momentum. And while there were net outflows at MFS, this is consistent with industry results and MFS continues to play a strategic role in our overall business mix, consistently delivering strong margins and cash flow to Sun Life, and supporting the growth of our asset management platform. In Q4, we saw net inflows in MFS ETF products and in fixed income and 2025 institutional gross flows were up 59% over 2024 from continued large mandate wins. Last quarter, we announced the formation of Sun Life Asset Management, which took effect on January 1st of this year. Work is currently underway to formalize our asset management capabilities under one pillar.

In Asia, we maintained strong momentum driven by sustained distribution excellence. We delivered 50% year-over-year protection sales growth, including double-digit growth across all channels. Two standout markets for the year are Hong Kong and Indonesia. In Hong Kong, sales more than doubled year-over-year with strong growth in all channels. In Indonesia, sales grew 43% year-over-year, reflecting strong execution of our expanded bancassurance partnership with CIMB Niaga that took effect at the start of 2025.

We continue to capture growth and scale advantages in our core health businesses in both Canada and the US. In Canada, Sun Life Health showed solid sales growth, and we launched a virtual health offering that helps 10,000 low-income Canadians access the care they need.

Our US medical stop-loss business had a strong quarter with robust sales growth of 58%. This quarter's results reflect our underwriting discipline and scale advantages, which allowed us to capitalize on a hardening market.

This quarter, Dental made a profit. We see this as a step in the right direction, recognizing this is a multiyear journey. Some of the steps include continuing to work with states to re-price and align the business to the higher claims environment, building out our commercial business, investing in straight-through processing and actively managing our expenses. These steps, together with our confidence in David's team, position us well to deliver on our priorities. We continue deploying digital solutions to drive meaningful client and business outcomes

globally. In Canada, we launched Sun Life Essentials, a fully digital group retirement solution that positions us to gain share in the attractive small-to-medium business market. This solution leverages automation to seamlessly onboard and serve Clients. We are also pleased with the impact and results of our recently reimagined Mobile App. We launched new engagement capabilities for wealth in the quarter, which drove 62% more traffic and 81% greater enrollments. We are also digitally transforming our claims and underwriting processes in the US and in Asia to improve client experiences and drive efficiencies, leading to broad-based improvement in processing time for underwriting, onboarding and claims processing, notably improving client satisfaction across both business groups.

Overall, our digital initiatives will help us deliver on our Purpose, support growth, and reduce expenses. All of these factors will play an important role in delivering strong earnings growth, aligned to our medium-term objectives.

Underpinning our performance is a continued commitment to people and culture. We continue to believe our culture is a differentiator, led by our desire to deliver on our Purpose and have impact on our Clients' lives. We achieved Great Place to Work re-certification in nine countries and for the sixth consecutive year, SLC Management was named one of the Best Places to Work in Money Management by Pensions & Investments.

Turning to page 6, we have a full year view. In 2025, Sun Life's balanced and diversified growth strategy, prudent risk management capabilities and strong capital position allowed us to advance on all of our medium-term objectives with underlying EPS growth at 12%, underlying ROE at 18.2% and a Dividend Payout Ratio of 47%.

We closed 2025 with 9% full year underlying earnings growth, strong sales in asset management, wealth health and protection, and a 17% increase in new business contractual service margin. We concluded the year with more than \$1.6 trillion in overall assets under management.

In addition, our asset management platform ended the year with \$1.2 trillion of third-party assets under management and administration. We are living during a truly transformative time. This past year pushed us to aim higher, act with intention, highlighting the ambition and perseverance that define who we are.

For a company like Sun Life, this environment calls for Purpose, clarity, and conviction. And it's our Purpose – Helping Clients achieve life comprehensive security and live healthier lives – that guides us through uncertainty with confidence and focus.

Across our 28 markets around the world, we continue to bring a global mindset, while delivering deep local understanding and impact. This approach allows us to remain agile, responsive, and attuned to the unique needs of each community we serve.

As the world continues to grow more complex, we remain confident in the strength of our business mix, our disciplined execution of long-term business strategy and our commitment to deliver on our Purpose.

With that, I'll turn the call over to Tim, who will walk us through the fourth quarter financial results in more detail.

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

Thank you, Kevin, and good morning, everyone. Turning to slide 8. We finished 2025 with double-digit earnings growth across all of our business types and strong sales growth in Asia, Canada, and the U.S. Our results this quarter underscore the strength of our balanced and diversified businesses.

We reported Q4 underlying net income of \$1.1 billion, up 13% year-over-year with underlying earnings per share of \$1.96, up 17% over last year, and 12% for the full year, and ahead of our medium-term objective of 10%. Underlying ROE for the quarter reached 19.1%. Asset Management and Wealth underlying earnings of \$534 million was up 10% over the prior year. These results were driven by lower credit losses and higher fee income in Canada, and higher fee income from average net asset growth in MFS.

Group Health and Protection underlying earnings of \$308 million increased 16% year-over-year, as claims experienced in our US medical stop loss business stabilized, and we delivered continued growth in our Canadian Health businesses.

Individual protection underlying net income of \$362 million was up 17%, driven by business growth and favorable mortality experience in Asia and in the U.S. Corporate underlying net loss increased by \$13 million to \$110 million, reflecting higher financing costs to support the upcoming buy-ups of BGO and Crescent Capital. Going forward, we expect the Corporate segment to generate a loss of approximately \$110 to \$120 million a quarter. This will have no impact on our overall medium-term objectives. Total company reported net income of \$722 million was 34% lower than underlying net income, driven primarily by market-related impacts, including the impact of risk-free rates, swap, and credit spreads, and other timing-related mark-to-market items from rate movements during the quarter. Real estate returns were flat this quarter compared to our expected long-term return assumption of approximately 2% per quarter. Other differences to underlying net income included intangible amortization, acquisition-related expenses, the impact of lower-than-expected tax exempt investment income and an ACMA charge.

We had an excellent sales quarter in Group Health and Protection, with sales up 42% over the prior year, driven by the US business with strong medical stop-loss sales, solid large case employee benefit sales and higher dental sales. Individual Protection sales were up 38%, driven by continued growth in Hong Kong. Overall New Business CSM of \$440 million for the quarter increased 44% compared to last year. The SLF LICAT ratio is now at 157%, up three percentage-points from Q3, driven by a debt issuance and strong organic capital generation, partially offset by shareholder dividends and \$400 million of share buybacks executed in the quarter.

Turning to our business group performance, starting on page 10. MFS underlying net income of USD224 million was up 4% from higher fee income from higher average net assets, partially offset by higher expenses. Assets under management of USD651 billion were up 8% year-over-year, but down slightly quarter over quarter as market appreciation was offset by net outflows of approximately USD18.2 billion. The net outflows included retail outflows of \$9.8 billion and institutional outflows of \$8.5 billion. Retail investor preference for passive indexed strategies and risk-free investments continue to impact the MFS retail flows in the quarter in line with industry. Institutional net outflows were driven by several large mandate redemptions mostly due to rebalancing. MFS had positive net flows of USD1.9 billion in fixed income during the quarter and continued to experience net inflows in its ETF products with an additional USD500 million during Q4 2025. On a full year basis, MFS had over USD121 billion in gross flows, up \$21 billion, or 21% over 2024, delivered underlying and reported net income of over CAD1.1 billion, and contributed CAD1 billion in cash dividends and remittances for the organization. SLC Management's underlying net income was \$58 million in Q4, in line with the prior year, as higher fee-related earnings were offset by lower seed investment income. Full year earnings of \$242 million exceeded SLC's underlying earnings target of \$235 million for 2025 set back in 2021. Fee-related earnings were \$99 million in Q4, an increase of 25% compared to the prior year, driven by capital raising and higher property management fees. Pre-tax fee-related earnings margin was 27.5%, an increase of 450 basis points year over year, driven by growth and scale benefits at BGO and SLC fixed income. Reported net income of \$16 million was lower than underlying net income due to market-related movements and acquisition-related charges.

Capital raising of \$6.4 billion in the quarter remains solid, with BGO, Crescent and SLC Fixed Income, continuing to see resilient fundraising driven by key Fixed Income mandate wins and strong sales in Crescent's flagship direct lending funds and BGO's debt and equity real estate funds. Deployments of \$10.6 billion in the quarter were strong, driven by continued momentum in Crescent and BGO, and Fixed Income. Fee earning AUM of \$200 billion was up 4% year-over-year driven by net inflows, partially offset by distributions and asset value changes. We expect to complete the BGO and Crescent Capital buy-ups in the first half of 2026, further deepening our ownership in these high-performing businesses, and strengthening our alternative asset management platform. The final amounts to be paid along with the impact of the new management equity plan and minority interests, will be reflected in our Q1 results. In Q4, Canada delivered underlying net income of \$417 million, up 14% over the prior year, driven by lower credit losses, higher fee income, favorable insurance experience, and strong business growth.

Underlying ROE this quarter was a record 30.1%. Reported net income was \$307 million, an increase of 21% year-over-year, but lower than underlying net income due to market-related impacts. Asset management and wealth underlying earnings were up 41% year-over-year, on lower credit losses and higher fee income from AUM growth. Gross flows and wealth sales were up 46% year over year, driven by strong sales in DBS Annuities, DC sponsor sales, Rollover and higher mutual fund sales. Group Health and Protection earnings were broadly in

line with the prior year as business growth and favorable mortality experience from smaller claims and lower claims volumes was offset by less favorable morbidity experience.

Individual Protection earnings were up 7% compared to the prior year, driven by favorable insurance experience. Group sales were up 8% year-over-year, reflecting higher health product sales, while Individual Protection sales were down 6%, driven by lower participating life sales, partially offset by strong non-par life sales.

Sun Life U.S. underlying net income increased 30% over the prior year. In Group Health and Protection, underlying earnings were up 33%, driven by improved experience in medical stop-loss, partially offset by higher distribution costs from strong fourth quarter sales results, as well as higher operating costs in Dental. Medical Stop-Loss earnings increased compared to both the prior year and prior quarter, driven by a lower loss ratio on 2025 business. Individual protection underlying earnings increased by 24% year-over-year, driven by favorable mortality experienced from lower average claim size.

U.S. Group Health and Protection sales of USD1.2 billion were up 45% year-over-year, primarily driven by record medical stop-loss sales, large case employee benefit sales and group benefits, and higher Medicaid sales in Dental. In Stop-loss, we achieved record sales growth of 58% year-over-year, meeting our overall pricing objectives with record persistency. In Dental, the Medicaid loss ratio of 88.8%, down from 94.2% in Q3, demonstrated the benefit of our repricing actions in 2025, which helped offset elevated claims. Operational expenses were up compared to the prior year due to higher claims volumes with actions underway to mitigate in 2026. Reported net income of USD93 million was up from a loss of USD1 million in the prior year, mainly driven by a prior year provision in Dental.

Asia's Q4 underlying net income of \$207 million increased 19% over the prior year on a constant currency basis. Individual Protection earnings were up 24%, mainly driven by continued sales momentum and in-force business growth, and favorable mortality experience in our high net worth business, partially offset by lower contributions from joint ventures.

Asset Management and Wealth earnings were down \$3 million from reduced fee income from the transition to the centralized EMPF platform in Hong Kong during the quarter. Reported net income of \$131 million was higher year-over-year, driven by the increase in underlying net income and an impairment charge in the prior year, partially offset by unfavorable market-related and ACMA impacts.

Asia continues to see strong sales in Individual Protection, up 50% year-over-year, driven by sales growth across most of our markets and channels, including sales growth of 111% in Hong Kong, with strong sales increases across all channels.

Asia's total CSM of \$6.7 billion grew 18% year-over-year on a constant currency basis, driven by strong organic CSM growth. New business CSM of \$300 million increased 49% year-over-year from higher sales primarily in Hong Kong.

In summary, we are pleased with our strong Q4 results. In 2025, we demonstrated solid progress towards our medium-term objectives with 12% year-over-year underlying EPS growth, underlying ROE of 18.2%, and a dividend payout ratio of 47%. We generated \$4.2 billion in organic capital and returned \$3.7 billion to shareholders through dividends and share buybacks. With our attractive mix of diversified businesses, strong organic capital generation and an industry-leading LICAT ratio of 157%, we are well positioned to capture growth and opportunities that lie ahead in 2026.

With that, I will pass it back to Natalie to begin the Q&A portion of the call.

Natalie Brady - Sun Life Financial Inc - Senior Vice President of Capital Management & Investor Relations

Thank you, Tim. (Operator Instructions)

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) John Aiken, Jefferies.

John Aiken - *Jefferies LLC - Equity Analyst*

In terms of the stop-loss experience, I think the word that you used was stabilized. But with the pricing and other actions that you've undertaken, are we hoping to see improvements in 2026 again?

David Healy - *Sun Life Financial Inc - President of Sun Life U.S.*

Yes, John, it's David. Thanks for the question. Yes, we're pleased with our improved results and also our strong sales at the end of the year. So in terms of experience, we did see a modest improvement in the loss ratio, the ultimate loss ratio for the 1/1/25 cohort that we had shared in Q3, that was offset a little, but overall, it was neutral, and we're in good shape heading into 2026.

John Aiken - *Jefferies LLC - Equity Analyst*

And just a bit of a follow-on in terms of the improvement that we've seen in stop-loss as well as the improvement on Dental. We did see an uptick in the sales in Q4. I know there's seasonality in there, but we are up year-over-year. Are we actually now opening the taps for sales on these products?

David Healy - *Sun Life Financial Inc - President of Sun Life U.S.*

So we maintained our pricing discipline. Let me start with stop-loss first. While we're pleased with our results, we've maintained our discipline. And as Kevin noted at the top of the call, we're benefiting from a hardening market. We achieved the rate increases we were seeking. And ultimately, we'll remain disciplined in our pricing approach as we head into '26.

In terms of the Dental business, we did see a modest improvement in sales as well year-over-year that reflects seasonality a little bit because the 1/1 business, particularly for commercial is when we write a lot of our business. And then we also saw one large Medicaid contract that returned to us for 2026.

Kevin Strain - *Sun Life Financial Inc - President, Chief Executive Officer*

John, it's Kevin. I wanted to reemphasize a few things on the stop-loss business. We've managed an industry-leading stop-loss business for many years now. And in that business, we have the scale, the data and underwriting advantages that have helped us create a sustainable earnings business there, and we've built out our service model over the past few years to better help members who have serious illness to manage those illnesses. For example, we bought Pinnacle Care, and that's helping them.

And we think that gives us a strategic advantage when it comes to pricing and also to managing the risk here. This is an area that we've had long-term margins that have been ahead of our employee benefits target margin that we've talked about, and we expect that to return over the next little while.

And David mentioned this, but it has been a challenging environment where both severity of the claims and the price of the claims has been going up. But in 2025, we achieved a 14% increase in price. And we talked about that should have been maybe 2% higher at 16%, but this year, we achieved a 17% increase in price.

And we think that, that positions us really well. So the sales that we won in the fourth quarter we see them as being priced appropriately. And given our scale and some of the advantages we have, we think that we're well positioned in that business.

Operator

Gabriel Dechaine, National Bank.

Gabriel Dechaine - *National Bank Financial Research - Analyst*

Just a follow-up on the stop-loss. Did I hear you correctly, you increased pricing by 17% in -- on the Jan 1 block? -- And that should get you back to target margins fairly soon, I would imagine?

David Healy - *Sun Life Financial Inc - President of Sun Life U.S.*

Yes. So Kevin's referring 17%, that's the price increase -- average price increase we received on our renewal business. And yes, that was at our target margins.

Gabriel Dechaine - *National Bank Financial Research - Analyst*

Okay. Now, excess capital. You have a 157% LICAT ratio, which is very comfortable, but oddly enough to say that excess capital for a company giving us a 19% ROE. It is suppressing our returns, right? M&A came up a lot on a previous call.

I suspect your M&A appetite might be a bit more limited while you're focused on getting that DentaQuest business back on track. So if we look ahead to Q2, and I believe last year, you did an early renewal of the program, didn't necessarily upsize it, but I'd like to know what you're thinking about capital deployment broadly? And then the buyback more specifically what your thought process is there with regards to the renewal, which is, I guess, in May, right? Program expiry rather, in May?

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

This is Tim. Thanks for the question. We continue to take a disciplined approach in our capital deployment. And overall, our priorities have not changed. You referenced our LICAT ratio where we finished the year with a very strong LICAT ratio and industry-leading in fact at 157%.

And that's up over the last two quarters because of two debt issuances that we did to complete the purchases of the remaining interest that we have in our private asset affiliates that we plan to do in the first half of this year.

On a pro forma basis, if you were to reflect those buy-ups, our LICAT ratio would be around 150%. We took advantage of the excess leverage capacity that we saw, and we had an opportunity to take advantage of attractive rates and spreads in the market when we did those debt issuances. So then on your second part of your question in terms of the priorities and the uses of capital, our priorities haven't changed.

Our first priority is organic. We continue to make investments in our business, scaling Asia and our asset management businesses, in particular, and continued growth in our investments in digital and AI. On the inorganic side, which is our second priority, as I mentioned, our priority for the first half of the year is to complete the purchase of our private asset affiliates, so this is BGO and Crescent.

And then beyond that, we wouldn't be looking to make any transformative acquisitions. Rather, we'd look at bolt-on type acquisitions where we could acquire adjacent capabilities to augment our existing platforms. For example, in Asia, or in asset management or in wealth.

And then finally, pending market conditions, we would expect to resume share buybacks later in the year. And so in light of the deployment priorities I spoke about, we typically don't buy back shares at a rate that is higher than our organic capital generation.

And as I said in my prepared remarks, this year, we generated \$4.2 billion in organic capital generation. So that's well in excess of our guidance of 30% to 40% of underlying net income. We've returned \$3.7 billion of that back to shareholders through share buybacks and common shareholder dividends.

And we also did \$500 million of M&A in the first quarter of 2025 with the extension of our bancassurance agreement in Indonesia. And all that, still maintained a dividend payout ratio at 47%, which is well within our medium-term objectives. So you can see our discipline and we'll continue to be disciplined going forward.

Gabriel Dechaine - *National Bank Financial Research - Analyst*

All right.

Kevin Strain - *Sun Life Financial Inc - President, Chief Executive Officer*

Gabe, it's Kevin. I just want to add, you mentioned that it might be suppressing our returns. A big chunk of our capital position is the CSM. And we're actually quite proud of how quickly we've been growing the CSM and it's an important part of our capital.

Of course, that's not in the book value, and it is supporting our -- so it's not part of that ROE calculation. So that's an important part of capital. It's also important part of future income. And the growth in that reflects our growth in Asia and Canada as we're growing the business. And so you have to look at those pieces, but it's not -- that additional capital position is not really impacting the ROE.

Gabriel Dechaine - *National Bank Financial Research - Analyst*

Right. Oh, no, I'm going to acknowledge it's a weird way of, weird sort of question when you're generating a 19% ROE, and, but it's mathematical regardless. Anyway, enjoy the rest of your day. Thanks.

Operator

Mike Ward, UBS.

Michael Ward - *UBS AG - Analyst*

I guess, I'm just trying to interpret the strategy at stop-loss. And I guess it certainly seems like a hard market across that space. But some of your peers are either getting out of the business, or shrinking the business, and '25 was another challenging claim year for them, based on what they see.

So I'm just trying to sort of compare that to what you guys are seeing where it's a little bit more optimistic and you're potentially growing, which is another strategy, right, to grow into a hard market when there's less capacity, the employers still need that coverage. So you're there to be able to provide that to them. But is it possible that, that growth is a longer-term focus of yours? And maybe we'll see elevated margin volatility as we move through this medical inflation environment with higher severity?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Mike, it's David. Thanks for the question. As Kevin noted, we have a long track record of success in this business, and we have historically, our loss ratios are among the lowest in the industry, and they have been. We are a leading independent writer. We have a talented team.

And as Kevin noted, also many capabilities, including our risk selection approach, our ability to price through many different cycles, our clinical programs and our cost containment program. So we feel really good about this business and the path that we're on. It's something that we have a strong reputation in the market for. And certainly, we've taken into consideration medical trend and leverage trend. And of course, the historical claims experience that we've seen to date.

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

Mike, it's Kevin, can I add to that? If you don't have scale in this business, the individual claims amounts can be punishing to you as well. And so I think it's really important that we have had that scale and that history of the positive experience. So I just wanted to put out that some of those players that you're hearing about don't have the same scale that we have.

Michael Ward - UBS AG - Analyst

Got it. Okay. No, that's helpful. And then just on the Dental side. On the corporate side, of the dental market, it seems like that's an area of focus even for the US incumbent. So I'm just wondering if you can comment on your strategy for distribution to really enter that market just because it's so competitive?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Thanks for that question. So you're really referring to what we call our commercial dental segment within our Dental business. So that's an important part of our focus for growth of the Dental business. We actually grew 7% in premium volume versus 2024.

And that segment overall has grown 20% since we acquired the DentaQuest business. We're already in the market actively. We have a strong distribution footprint that is part of our employee benefits business and these products, the dental products specifically are very often bundled with our other employee benefits products. So it's an area of strength for us in terms of our distribution footprint. And over time, we expect to continue to grow it out.

Operator

Alex Scott, Barclays.

Alex Scott - Barclays - Analyst

First, I wanted to just ask on the 17% rate you mentioned on stop-loss. Is that sort of what some peers are calling effective rate? Like does that include the benefit of changes in terms and conditions like attachment points and so forth that you might be doing? Yes, that's my first question.

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. So the 17% rate increase on our enforce renewed business really reflects both the expected medical cost trend increases and our claims experience to date. Obviously, as you know, medical trend has been, in the US, in the high single digits last year, and we expect it

to stay there in 2026. But leverage trend is -- can be quite a bit larger than that because that really reflects how our increases flow through plan designs. It includes things like you mentioned, deductibles, attachment points and coverage layers.

So as I said, we have a really strong and disciplined pricing approach. We have really good risk selection, and it is reflected in our 17% renewal rate increase.

Alex Scott - *Barclays - Analyst*

Got it. Okay. That's helpful. And then two premium growth questions. One, if you could opine on like how much the stop-loss sales growth will contribute to premium growth? I assume just retention side, too. So I wanted to get a feel there.

And then also if you could maybe touch on Asia growth and just kind of coming up on some of these tough comps in Hong Kong, what we should expect?

David Healy - *Sun Life Financial Inc - President of Sun Life U.S.*

So it's David, I'll just start with the US growth. So as you do see the headline numbers in terms of our sales growth in the stop-loss business and we're pleased with those results. We did also see strong and record persistency in our in-force book as a result of this hardening market that we're experiencing. So when you put the two together, we feel good about our premium flows going into 2026.

Manjit Singh - *Sun Life Financial Inc - President - Sun Life Asia*

Hi. It's Manjit. On the Asia side, you're right. I think we had a phenomenal year in Hong Kong in 2025. We expect some moderation in the growth rate, but we still expect to continue to deliver good performance in Hong Kong. And then, of course, we have other markets that are coming up too, notably, as Kevin had in his remarks, in Indonesia. So overall, we're still feeling good about the diversified nature of our business in Asia and continuing to deliver good growth.

Operator

Doug Young, Desjardins Capital Market.

Doug Young - *Desjardins Securities Inc - Analyst*

I just want to go back to one comment Tim or Kevin made. Just about on the buybacks. You buy back essentially the organic capital generation in any particular year. And maybe I'll challenge it, like why not buy back more? By my math, you're sitting on \$6 billion of excess capital. And I get the argument about the book value in CSM, but you've got a lot of capital flexibility. You're not looking to do anything transformative acquisition-wise. You're moving to capital-light businesses. Why not be more active then, in the buyback side?

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

Thanks, Doug. This is Tim. Yes, as I spoke about earlier, this really comes down to our disciplined approach. Any time that we have been active in the buyback program, we fully utilized it. So you saw that we were very active in the fourth quarter.

We repurchased about 4.7 million of shares. That was nearly \$400 million -- on a year-to-date basis, it was \$1.7 billion or almost 20.8 million shares. So we've demonstrated the capacity and willingness, and ability to use a share buyback program. But I also spoke about our priorities

in the near term, and that's really getting through the final purchases of those private asset affiliates. We have a liability on our books of about \$2.2 billion.

As I said, we're still going through the buy-up process there. We expect there will be final adjustments. We think that could be at least another \$150 million more. I talked about where we might see opportunities beyond that. And so we still will continue to be active in the program, but we just wanted to get through those priorities first.

And, I would say, historically, our approach really has been to not get ahead of our organic capital generation and that discipline helped us along. And as I said, pending market conditions, we'd expect to resume share buybacks later in the year.

Doug Young - *Desjardins Securities Inc - Analyst*

And maybe -- I'll kind of say this, but so you're not seeing any impediment to holding this excess capital or the leverage ratio to getting to your 20% underlying ROE target. Because if you do take the excess capital down like -- that are 20% underlying ROE target starts to look kind of very conservative? Like what's -- maybe any thoughts on that?

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

Yes. Our capital deployment is, as I outlined, our medium-term objectives aren't dependent on M&A or features like that, that would be all upside and incremental. The flexibility that we have has served us well, and I think that gives us a lot of dry powder and optionality as the opportunities present themselves in '26.

Doug Young - *Desjardins Securities Inc - Analyst*

Okay. Maybe I'll move over to just -- like maybe two-part question on the asset management side. I mean maybe, Tim, you're doing the buy ups for SLC minority interest, like what impact should we think about having on the underlying earnings for SLC? And then you're putting all these businesses under one roof, under the asset management group?

Just what's the hope -- what do you hope to get from this? Is this something where you're hoping that SLC and MFS are going to work a little bit more closer together? Maybe you can flesh that out. Thank you.

Steve Peacher - *Sun Life Financial Inc - Executive Chair, SLC Management*

It's Steve Peacher. Let me make a couple of comments. In terms of -- as we get to the put call there are a number of puts and takes. No pun unintended, I suppose, as it relates to the impact on income. We'll be buying up the minority interest.

We're also implementing a management equity plan that we've had -- I think it was mentioned in Kevin's remarks, we've had -- we're offering to certain employees the opportunity to buy equity, which we think is really important to be competitive in the alternative asset management world. We think employee ownership will be over 20%. We've had an extraordinary response to that. So that will go the other way because we'll have employees participating. We think that will drive culture and enhance the growth rate.

And so -- so those forces will work to then combine what the impact is on underlying net income. It really doesn't -- we -- at the Sun Life Investor Day in 2024, we put medium-term targets out of 20% growth. And fee-related earnings in UNI, and we stand behind those. We think we'll achieve that.

And Tom may want to comment. I think that I'm really excited about having the Sun Life Asset Management overlay across the various asset management operations of Sun Life. I think it's going to open doors to growth that at least at SLC, we couldn't necessarily open ourselves.

And so I think it's going to help us enhance our growth rate as we connect dots across relationships that Sun Life has and capabilities that Sun Life has with investment capabilities that SLC has.

But Tom, you may want to make some comments.

Tom Murphy - *Sun Life Financial Inc - President, Sun Life Asset Management*

Yes. Thanks, Steve, and good morning. So our focus on growing AUM opportunities is right across the enterprise, and we're specifically focused on the intersection between our global insurance company, our wealth businesses and our asset management businesses, the so-called flywheel effect. And maybe it's useful to give you some examples.

So touching on SLC. SLC and any alternative asset management business, really a big part of our future growth trajectory is based on access to seed capital and permanent capital. And we believe, if we look internally into our insurance company balance sheet, we think that there's more room for us to leverage the balance sheet to help Steve grow his alternative asset management business.

Specifically, we believe that there's a significant opportunity to collaborate between SLC and our pension risk transfer business. And that was why you saw us move our pension risk transfer business into our asset management pillar, so we get better collaboration and quite frankly, grow both businesses at the same time.

And then external partnerships. We've been talking to a number of external or potential external partners who we think can be a good long-term source of seed and permanent capital. If I flip quickly to MFS. MFS already works very closely with our wealth businesses, SLGI, GRS and our MPF business in Hong Kong. We think that MFS can grow on the back of the growth of those wealth businesses. We also think MFS can grow by further penetrating those wealth businesses and managing a greater share of wallet.

And then I'll touch on Asia and then I'll pause. But from an Asia perspective, I think we're a number three player in the MPF market in Hong Kong. We think there's room to grow. We think there's room to grow in Asia in the high net worth market. And India, the most populous market on the planet. India has a very interesting stage in the alternative asset management sector, which is emerging and growing really, really quickly. I think we're the only provider globally who has a really, really strong local partner with Aditya Birla, and a really, really strong global alternative franchise with SLC, and the combination of those two can help us grow in that marketplace.

So I'm not sure if that was too much, but I wanted to give you some tangible examples. It's early days, and we'll share more as we progress through the year.

Kevin Strain - *Sun Life Financial Inc - President, Chief Executive Officer*

And Doug, it's Kevin. I just want to add just a quick comment that Steve couldn't add for himself. I mean, Steve has worked extremely hard over the past 12 years, building out these incredible capabilities we have across the alternatives business from the real estate of Bentall Kennedy merging with GreenOak in BGO, and Crescent and InfraRed and then taking our PFI capabilities to third party. And we've been consistently in positive flows at SLC. And now as we transition into the new world where we're going to own more, we're going through the put calls.

We've aligned the -- the management team there with the shareholders with -- as you referred to, the 20% equity interest that they're going to have. We've kept the top talent there, and we're really looking forward to that new stage of SLC and Steve has done a great job of preparing us to get there.

2026 is going to be a transition year, but we do see ourselves getting to that 20% growth and earnings that we talked about earlier. And Steve mentioned they hit their Investor Day targets. So I have full confidence that they'll continue to deliver on that.

And when we created SLAM, part of that was to help create more opportunities for all of our asset management and to think about asset management in a more strategic way. And under Tom's leadership, I think that, that's going to add even additional capabilities to SLC.

So we're feeling quite good about the positioning of our overall asset management pillar and in fact, MFS's role in that. So this is a big step forward for us this year, and I think it really positions us well.

Operator

Tom Gallagher, Evercore.

Thomas Gallagher - Evercore Inc - Analyst

A couple of other questions on stop-loss. I guess, whenever I see 50% plus growth in an insurance business, the presumption is usually you may have either mispriced the business, or maybe the market is just getting really disrupted by either peers withdrawing, or maybe there's increased demand.

Can you provide a little more colour on what you saw on January renewals? Because this is -- obviously, it's getting a lot of attention and I think, questions in terms of like what were the terms and conditions that led to this outcome?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. Sure, Tom. Thanks for the question. It's David again. Yes. So first of all, it is a hardening market. We are seeing some changes and disruption in the US health care system more broadly. That is affecting, as Kevin noted, in particular, some of our competitors who don't have as much scale, and maybe the same capabilities that we see in our business. So that's certainly the case.

I talked about the 17% renewal rate increase. That is the gross amount, but obviously, there's risk selection involved. There are other factors as well. And we have historically had very strong capabilities and a long track record of success managing through various cycles that we see in this business. This is not the first time we've seen this.

But certainly, as I've mentioned before, we do have historically low loss ratios, among the lowest in the industry consistently. And we do -- we recognize this market emerging. And in fact, we started to take pricing action well before that of our competitors. So what you're seeing a little bit is the changes that we had to make in '26 are less than what our competitors had to make because the gap that we had to make up was not nearly what it might have been for others.

Thomas Gallagher - Evercore Inc - Analyst

Got you. And then my follow-up is, can you just remind us, I think you were running two to three points behind of your target margin. Is that what you priced for? Or just given the uncertainty increased volatility, did you look to restore more than two to three points in the way you repriced?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. So our pricing, we were seeking rate increases that included expected medical cost trend increases and of course, the claims experience that we've had to date. And so those are reflected in the pricing approaches that we took. Obviously, we'll pay attention to merging claims costs in '26 as we always do, but they are fully reflected -- those things are fully reflected in our pricing.

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

Tom, I think -- I just want to just point out that inherent in David's question was: because of our scale and our consistency, we're able to be somewhat selective in our selection of risk that we took on as well. And I think that, that's really an important component that our deep understanding and our capabilities allowed us to be selective in how we approach the client base. And that's something we've done historically, for example, in the pension risk transfer business in Canada as well. So if you have that scale and that deep knowledge, it gives you an advantage.

Operator

Mario Mendonca, TD Cowen.

Mario Mendonca - TD Cowen - Analyst

Kevin, in response to your question, the questions around SLC and the moving parts, and where earnings could fall out in 2026, you used the word transition. It's a transition year, which in this industry is a euphemism for shrinking. Can you be clear with us? Is that what you're telling us that in 2026, that business will generate lower earnings than it did in 2025? Is that the message?

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

No, we're not suggesting that it's going to shrink next year, Mario. I'm just saying that it's the year that we're transitioning into the new ownership percentages, and it will -- the medium-term objective is the 20%. But Steve may want to add a little bit more detail.

Steve Peacher - Sun Life Financial Inc - Executive Chair, SLC Management

Yes. No, Mario, this is Steve Peacher. We've shown good growth in AUM and earnings this year. We expect that to be the case next year. We do -- we will have a mix in terms of the percentage of ownership as we go from the current minority interests that are outstanding, buying those up and then allowing employees to buy back in. So there's kind of a financial transition there.

I think the -- more importantly, when I think of transition, we're -- the opportunity we have is to date, because of how we built this through acquisition, this has been kind of a siloed entity. You've had BGO and Crescent and InfraRed and our fixed income business. And while there's been some connections between those, it's really operated as a bunch of businesses kind of moving forward side by side. And that's been necessary because they've -- we've had -- they haven't been fully owned.

Now all equity interests are at SLC and you've got everybody aligned around how do you harness the power of this platform to increase margin and to grow faster. And getting ourselves lined up to do that, which we really can't take full action on until after the buy ups is really a big focus for us this year. So when I think about transition, I think it's about transitioning the business to harness the power of the platform in a way that we haven't been able to do before.

Mario Mendonca - TD Cowen - Analyst

Okay. Another question perhaps for David in stop-loss. I appreciate some like scale and expertise in the business, and it's certainly been helpful in the past but that didn't prevent Sun Life from having some sloppy quarters over the last couple of years, like the experience losses in Q4, Q2, Q3 this year. So where, I guess, I'm running with this first, David, if you could help us understand what's in that \$17 million experience loss this quarter? Maybe break that down between Dental and stop-loss or in-force?

And then as a follow-up to that, what would be a reasonable level of experience, either gain or loss going forward?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

So obviously, the majority of the miss is in the stop-loss business because we were off our original plan. Part of it, we went into the year with -- we know we had a pricing gap that continued throughout the year. Q3 that you mentioned was really -- we've had a couple of quarters where we've had to restate our loss ratios for the prior periods because of emerging experience, and that did happen in Q3 and was reflected -- and it was three quarters reflected in that quarter.

But of course, we saw that loss ratio stabilized in Q4 and really remain the same. So we stay focused on understanding the underlying risk that we have. And certainly, we're confident in where we are now because the 2025, 1/1/25 cohort is now 65% complete, and it's much more credible, and the loss ratio has been stable. So that gives us a lot of confidence in where we're headed.

Mario Mendonca - TD Cowen - Analyst

For obvious reasons, it's -- I guess the point I'm taking from your answer is that it's not really possible to give us an outlook on experience going forward because it's experience. We don't know yet. That point is you're not prepared to discuss that just yet?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

That's right. I mean, obviously, we have our own view of it, and we have a great projection for experience, but we don't comment on future experience at this point.

Mario Mendonca - TD Cowen - Analyst

Okay. Then finally, Kevin, let's go back to MFS for a moment. Your comments about MFS producing a lot of cash flow. Those are the -- that's an important comment for me. I paid a lot of attention as you described that. And I can see that as an immense positive for Sun Life.

On the flip side, you've got a business that is a meaningful part of Sun Life's overall earnings that isn't growing. I think looking at underlying earnings at MFS in US dollars, it was down 1% in '25 relative to '24. And again, this is in a year when markets were super strong.

So how do you balance those two? On the one hand, it's a cash machine. On the other hand, it's not growing anymore. Is that a dynamic you can live with?

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

Yes. Well, thanks for the question, Mario. And if you step back and you look at where Sun Life is today, we're a top 25 asset manager globally by assets under management. And we believe strongly in being both in public and private markets, and we talked about the build-out of SLC and MFS is our vehicle in the public markets.

And we think that being in both is an important success factor to the long-term success of an asset manager. I talked earlier about how we built these capabilities out in SLC over the past 10 years, and we've now created Tom's role, and I think that's important. But having MFS as part of our strategy and asset management is a strategic choice, and we believe it's the right choice.

Market cycles will change over time, and this has been indeed a more challenging time for active asset management. But long term, we believe that active asset managers add value to their clients. And I think this is critically important.

And for MFS, we see MFS as being a leading global player in active asset management. In fact, they invented the mutual fund, and they continue to have leading investment capabilities and distribution capabilities. The issues that the industry are experiencing over the past

few years, have allowed them to also pick up talent. And Ted and I were talking about this the other day. And that additional talent is critical to the long-term success of MFS.

Their outflows at MFS are in line with the market, and so we continue to have confidence in their ability to deliver. And I fully support Ted and the MFS team in this. We spend a lot of time with them. They're doing the right things for their clients and they're doing the right things for the business.

As Tom mentioned, we think the build-out of our wealth businesses in both Canada and Asia will help support MFS and SLC. We have -- in Canada, we have over \$200 billion in wealth assets and wealth businesses, and Jessica is looking at growing that.

And in Asia, we have a rapidly growing business as well. So if you step back and look at MFS, in addition to the contributions to earnings and contributions to ROE and the cash flow, they're an important part of our asset management business, and we think they have the right capabilities to be successful. And so that support from us, we think is critical to the ongoing support and success of our asset management pillar.

Operator

Paul Holden, CIBC.

Paul Holden - CIBC World Markets - Analyst

So lots of questions on stop-loss, instead ask about US Dental. Maybe give us a sense of the outlook for 2026 just in terms of, if there's any kind of positive movement at all in terms -- and pricing cost actions you might be taking to help bring operating expenses down in line with the revenue outlook?

And should we be expecting any acceleration in commercial premium growth here? You're at 7%. But is that enough to really change the mix favourably over time? Or should we want to see something higher?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Paul, it's David. Thanks for the question. Well, we expect to make modest progress in 2026 in the Dental business. Obviously, if you look back at 2025, higher claim utilization did offset much of the pricing increases that we had achieved coming into the year. But we continue to stay focused on the business, and we expect to make gradual progress as we move forward.

We are seeing states that are beginning to reflect the higher utilization in their forward pricing. But at the same time, the Medicaid headwinds will persist. We do have a number of actions underway. Certainly, we continue to focus on repricing and working with states and health plans to do that.

We're also looking at changing some of our risk agreements to ASO depending on what the clients might be looking for. And also just overall, working with states and health plans around our cost containment capabilities and as you mentioned, managing expenses. So we are very focused on continuing to improve this business, but it will be something that we will improve gradually over time.

Paul Holden - CIBC World Markets - Analyst

Okay. And then just again, in terms of a reasonable expectation for growth in the commercial business, 7% the right bogey? Or would you like to accelerate that to something higher?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. Sorry. Thanks for that follow-up. We continue to focus on opportunities in the commercial space in terms of both extending our reach into new segments of the market and also adding more products when we sell dental through our employee benefits distribution as well.

So we're not just looking at it as a stand-alone dental opportunity, but also how can we accelerate the overall growth of our employee benefits business. So ultimately, yes, we have a strong aspiration, but we have to be careful about the pace in which we build this out as well because it's a competitive market, and we have to do that carefully, which we'll do.

Paul Holden - CIBC World Markets - Analyst

Got it. And then my second question is for Ted. And just, I guess, again, it's probably a two-part question.

So trying to look to see if there's any early evidence of potential change or improvement in flows here? Obviously, they've been challenged -- well known to be challenged again in Q4. But if you think about a couple of potential inflections for the business. One is it's no longer so much about the dominance of US public equity markets, there's actually demand for other things now, and MFSI think historically has done a very good job running EAFE mandates. So wondering if you're seeing any signs of demand there? And then the second thing, and I know you really don't like to focus on short term, but we've talked about performance versus Mag 7, and sort of same thing. It's no longer so much the dominance of Mag 7 versus other parts of the market. So wondering if you're seeing early indications of better relative performance to some of your US equity mandates on that basis?

Ted Maloney - Sun Life Financial Inc - Chief Executive Officer, MFS

Thanks for the question. This is Ted. So on the EAFE strategies, yes, that has been for the trailing period where we've, in general, been in outflows, that has been a net inflow driver in the fourth quarter, it wasn't, but -- but through time, it has been, we do have a strong franchise there.

And as you said, there's been increased interest in that precisely because of the dominance of US companies in global markets, a number of our global clients are looking to shift exposures and our international strategies are a nice way to do that.

As it relates to the Mag 7 impact on the shorter term, you correctly predicted we don't like to make short-term predictions. And we won't. However, yes, as that has been a dominant factor, we would expect that if it ceases to be a dominant factor, it will cease to be a headwind. We don't want to say that we're a one factor investment shop that has one headwind that can turn to a tailwind. There's multiple tailwinds.

There are multiple headwinds at any given period of time. So it's not as simple as which way the Mag 7 goes and hopefully, that's clear for everyone. But certainly, the concentration of global and US markets has been both a performance and a flow headwind for us over the last number of years.

Operator

Tom MacKinnon, BMO Capital Markets.

Tom MacKinnon - Bank of Montreal - Analyst

Yes. With respect to SLC, as you end up buying in the minorities here at BGO and Crescent. Just wondering how we should be looking at NCI going forward then? And how that will be handled when we have that management equity plan in there as well? Will that kind of just replace this NCI? Just curious as to how we should be thinking about that? And I have a follow-up.

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

Tom, it's Tim. Maybe I'll take that one. The buy-up process that we're going through is to buy out the remaining equity interest that we don't own. And as Steve was outlining, that will be happening in the first part of next -- of this year in '26. But that will be replaced with the management equity plan. So where the employees and key participants will own shares in SLC.

So you can think of that as a substitution of existing noncontrolling interest -- with a new noncontrolling interest of the employee base. And we think that's going to be up to about 25% of ownership that will be in minority interest after the buy-ups.

So we'll continue to have -- the reported net income reflect that difference. But our underlying income, we would expect to be showing at 100%. And I think as we get through the movements of the buy-ups that we will have an opportunity to share through enhanced disclosures, both the Sun Life Asset Management pillar, as well as the impacts of this buy-up process.

Tom MacKinnon - Bank of Montreal - Analyst

So you can pay them \$2.5 billion, and then they're going to put \$2.5 billion back into the business? But -- is that the way we should be thinking of just the cash?

Steve Peacher - Sun Life Financial Inc - Executive Chair, SLC Management

Well, I think there'll be -- the employees will be -- it's a combination of things that -- but if you think about employees buying in, they'll be putting in cash. They'll be -- that will be supplemented with some what we're calling preferred equity from Sun Life to enhance that from their standpoint.

But we will have -- not to the -- maybe to the extent that the numbers you just threw out, but we will have employees putting up cash to the tunes of hundreds of millions of dollars as they buy into the equity of SLC.

Tom MacKinnon - Bank of Montreal - Analyst

But the NCI now is worth \$2.5 billion, and then they're going to get 25% ownership at just hundreds of millions of dollars? What am I missing there?

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

So Tom, this is Tim again. That's the net impact in terms of the cash flow exchange. So there's -- you can think about it, there's the agreed purchase price, it's a formulaic amount that's based on the trailing average of the 12 months EBITDA for both 2025 and 2024. So that's the amount of the purchase. And then that creates a new valuation for going forward. So it's the net of the two that Steve was talking about.

And as I said, I think we'll have a chance to walk through the mechanics of this and lay that out so it's clear so that everyone can understand what the current treatment is, and how that's showing up in our financials today, and then post the buy-ups and the management equity plan. I think that will help make it a lot clearer. That's all taking place. That's effective Q1. So that's not obviously in our Q4 results just yet. But we'll have a chance to update our disclosures.

Steve Peacher - Sun Life Financial Inc - Executive Chair, SLC Management

Yes. And then the only thing, if I could add, and everyone will want to understand exactly how the numbers work and we'll walk our way through it. I just want to also make sure it's a -- from my standpoint, and I think from the employee -- standpoint of the employees, as we've been going through the process of getting people's interest, it's incredibly impactful to have employees now putting up their own money to be holders at SLC. Not within the business that they're used to, but to say we buy into the platform, I can see it impacting behavior as people are saying, how do we now work together to enhance the growth rate of this platform. So I think it's going to be a really important part of this business going forward.

It also is important in terms of attracting people because if you look at the businesses that we compete with, they have this kind of structure, and we work with a lot of comp consultants to make sure we were designing something that was very competitive. So I think when you step back from this, this is an important part of our future success.

Tom MacKinnon - Bank of Montreal - Analyst

Yes. And as you look at sort of a more holistic approach here in terms of kind of revenue sharing between Sun Life and MFS and SLC, is there any opportunity between maybe MFS and SLC for -- for operating expense synergies, maybe procurement or what have you. Is that being analyzed? And what can we see there?

Tom Murphy - Sun Life Financial Inc - President, Sun Life Asset Management

It's Tom Murphy here. Hopefully, I did a reasonable job giving you a sense of the growth opportunities in front of us, and that's -- that's really where we're focused. We're not focused at all on expense synergies. Traditional asset managers and alternative asset managers, they have very, very different operating models. They also have completely different buying centers. And so we're looking forward to growing the business, and that's where 100% of our focus will be.

Tom MacKinnon - Bank of Montreal - Analyst

Okay. And then one final quick one is in the Asia division, maybe for Manjit, joint ventures and other, this thing jumps all over the place. I assume these are your shares from your JV in India and in China. It was elevated last quarter, certainly the lowest we've seen in about eight quarters this quarter. How should we be thinking about that going forward?

Manjit Singh - Sun Life Financial Inc - President - Sun Life Asia

Tom, thanks for your question, it's Manjit. As you noted, the joint ventures line includes -- largely includes the joint ventures that we have in India, China, but also in Malaysia and the Philippines. And one of the elements of the joint venture income is security gains that our joint ventures incur from balance sheet management and other activities, particularly in China and in India.

And I noted on the call last quarter that these can bump around quarter-on-quarter. And in Q3, we had elevated gains in this quarter. We had some moderate losses. So you're seeing a variance that's reflected in the quarter-over-quarter change.

For the full year, earnings were up just over 10%. And so we think going forward, that's a decent rate to look at, and we're optimistic that our joint ventures will continue to deliver good growth over the medium term.

Operator

Darko Mihelic, RBC Capital Markets.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Just two questions. My first one is a bit of a clarification question on stop-loss. I just want to be 100% sure that I understand this. Last quarter, you assumed a higher loss ratio and you built the reserve. And you'd mentioned at the time it was for three quarters. This quarter, it sounds stable.

So did that result in a reserve build this quarter or no? Or was there a release? And maybe just ultimately, like what was the loss ratio on the '25? Was it 74%, 73%? Just those clarifications that help me understand. And I have a follow-up.

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. So as you recall, in Q3 -- thanks for the question, it's David here. That we did make an update to the ultimate loss ratio in that 1/1/25 cohort in Q3, and it then reflected back for the first two quarters as well in Q3. Essentially, in Q4, the loss ratio held, it was marginally improved actually, but almost identical to what we had projected in Q3. So that was the experience that is reflected in our Q4 results.

Darko Mihelic - RBC Capital Markets Inc - Analyst

And what was the final loss ratio for the '25?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. So our loss ratios historically have been in the mid-70s, and we've continued to operate, like I said, at that range and those are our targets going forward.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Okay. And maybe just my final question on this, just so I understand this a bit better. There's -- one of your competitors in the US had a fairly extensive call with respect to stop-loss. And one of the things that they mentioned that caught my ear was that they're talking about a wider range of outcomes now.

And just given the environment and cost trend. And so my question is, do you concur, is there potentially a wider range of possible outcomes as you look forward? And are you reserved for that? And could we expect, perhaps, more volatility as a result of a wider range of possibilities here on stop-loss?

David Healy - Sun Life Financial Inc - President of Sun Life U.S.

Yes. So thanks for that follow-up question. So first of all, in terms of experience, medical costs include inflation, utilization, advances in technology, the aging population, new treatments, new medications, things like drug, cell gene therapies. So there are quite a number of different things that drive costs.

Kevin mentioned earlier, but we have a lot of scale in our business. And some of the maybe -- I can't comment on competitors, but perhaps you're referring to those that maybe not -- do not have as much scale and therefore, the volatility might feel greater in light of -- there are large claims involved in this business and scale really matters.

And so obviously, with the amount of book we have, with the experience we have, and with our risk selection and pricing approaches, we feel good about our approach to the business and how we're managing through this cycle, and we're certainly seeing a hardening market that is benefiting us right now.

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

Darko, it's Kevin. -- Just really quickly that the rising cost trend in the US health care space has been many, many, many years. I think it's -- so it's something that we're quite used to. The severity increased a little probably coming out of COVID, but we think we've adjusted for that. So it's -- it's an area that I think -- I just want to reinforce David's comment that, that scale really matters and it allows you to absorb some of those higher claims.

Darko Mihelic - RBC Capital Markets Inc - Analyst

Okay. And so no change to reserving methodologies either? For a wider outcome either. That's what I'm sensing from you. Is that the fair assessment?

Brennan Kennedy - Sun Life Financial Inc - Senior Vice President and Chief Actuary

That's correct. It's Brennan Kennedy. That's correct at this point, no reserving changes to highlight.

Operator

We have no further questions at this time. I'll now turn things back over to Mr. Strain for closing remarks.

Kevin Strain - Sun Life Financial Inc - President, Chief Executive Officer

I wanted to end the call with a few thoughts on Tumbler Ridge BC. We were all heartbroken to hear about the tragedy a few days ago. The first responders and health care workers are the true heroes there. And I've personally been touched by how the community has pulled together and supported each other. Our thoughts and prayers are with everyone affected.

Thank you.

Operator

This brings to an end today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.

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