

Q1 2020

Building Sustainable
Shareholder Value



Life's brighter under the sun





Business overview



Update in light of COVID-19



Business group results & highlights



Capital management



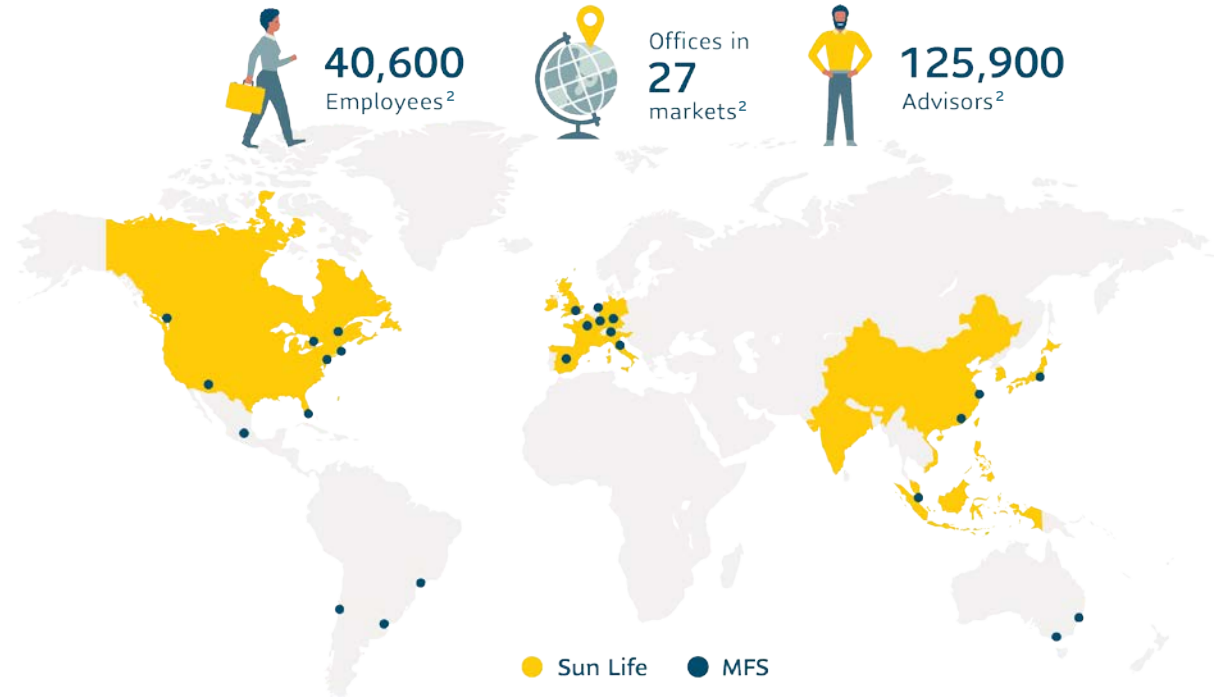
Asset portfolio



Sustainability

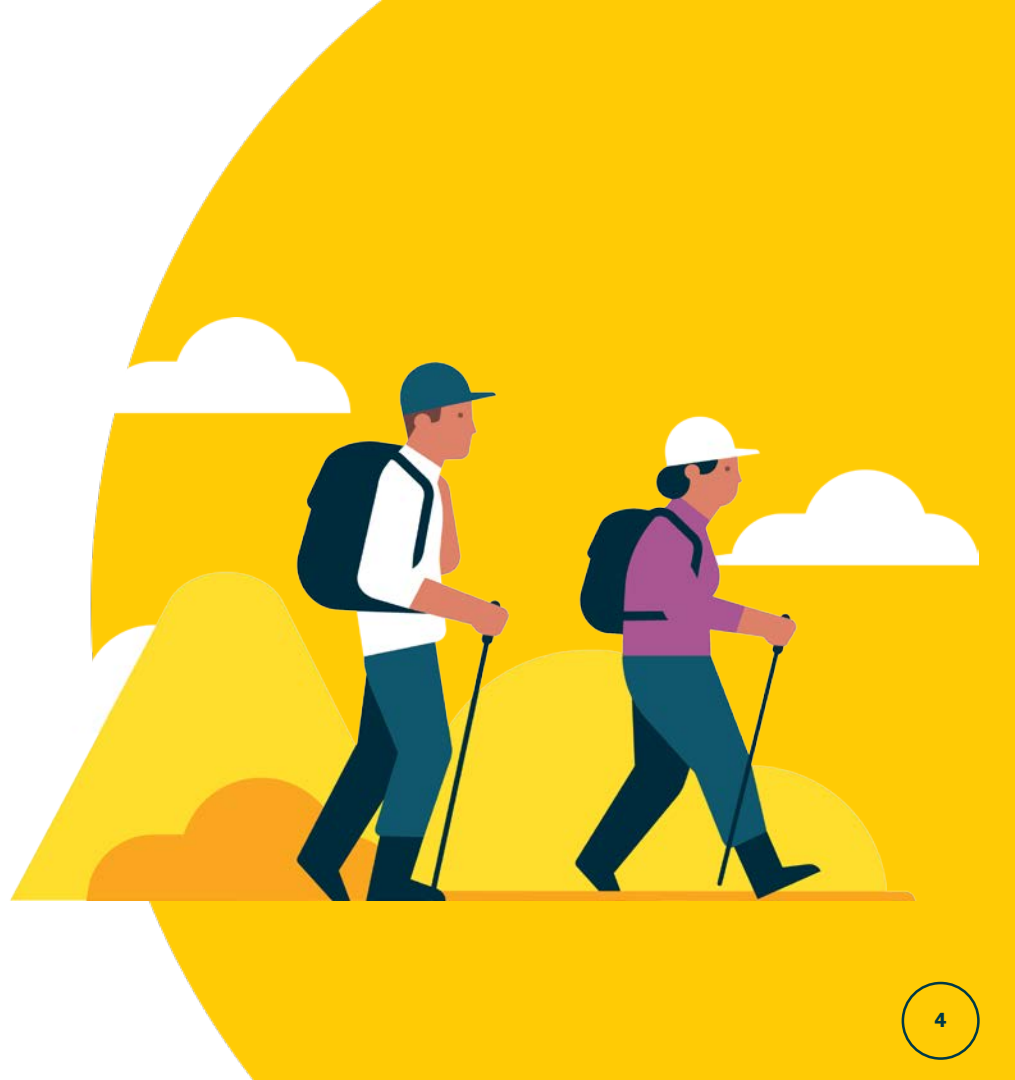
A \$26.5¹ billion leading global financial services organization

Operating through a **balanced** and **diversified** model and focused on creating **shareholder value** now and in the future



The Sun Life story

- A **diversified business model**, with four strong pillars that can each compete, win and grow in their respective sectors and which leverage each other
- Bound together by a **strong balance sheet** and **risk culture**, including no U.S. Variable Annuity or U.S. Long-Term Care
- **Digital transformation** that is deeply embedded throughout the organization
- Building on momentum created by past **organic investments and acquisitions** that will help drive earnings growth



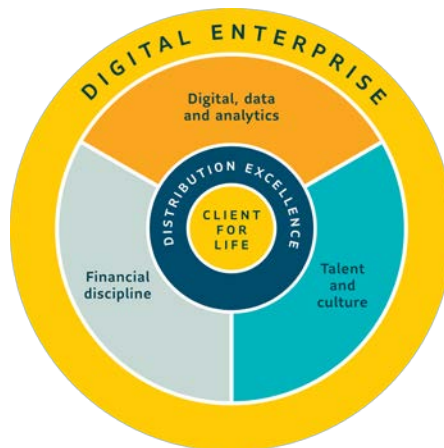
Executing on our ambition to be one of the best insurance and asset management companies globally

A Leader in Insurance and Wealth Solutions in our **Canadian Home Market**

CAN

A Leader in Global **Asset Management**

AM



US

A Leader in **U.S. Group Benefits**

ASIA

A Leader in **Asia** through Distribution Excellence in Higher Growth Markets

Each pillar viewed as a leader

Top quartile Client experience

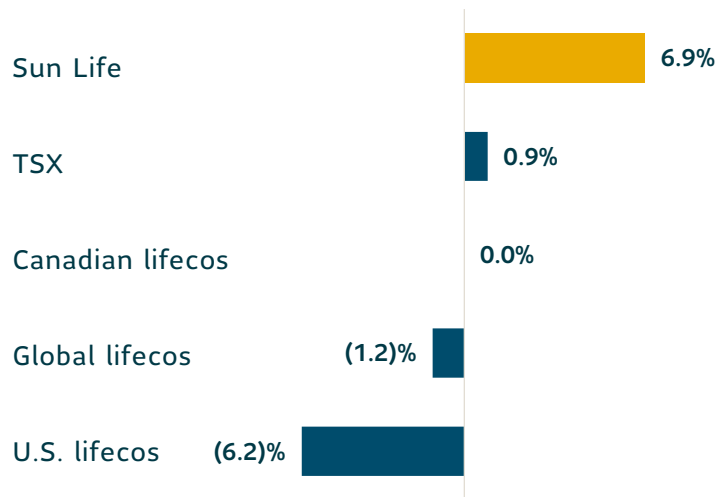
Disproportionate share of top talent

Top quartile total shareholder return

Consistently delivering value to shareholders

5-year total shareholder return¹

March 31, 2020



Progress on medium-term objectives

Medium-term objective	Q1 2020
Underlying ROE ²	14.2%
12-14%	
Underlying EPS growth ²	9%
8-10%	
Dividend payout ratio ²	42%
40-50%	

¹ Source: Bloomberg; Companies included in these peer groups are listed in the appendix

² Underlying ROE, EPS, and dividend payout ratio are non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Select Net Income Measures" in the appendix

Digital transformation deeply embedded throughout the organization

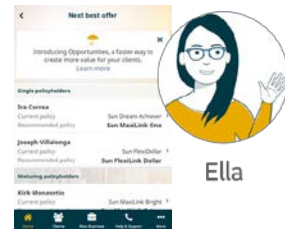
Build new digital models

- **Asia** direct business models, including telco micro-products
- Lumino Health in **Canada**
- New Absence model through FullscopeRMS in **U.S. Group Benefits**



Use digital to be personal, predictive, and proactive

- Predictive models for advisor recruiting and Client retention in **Asia**
- Digital Benefits Assistant and Ella in **Canada**
- Leveraging Maxwell Health to drive voluntary benefits enrolment in **U.S.**



Maxwell | Health.

Digitizing current interactions and processes

- **Asia** point of sale tools (needs, illustration, application, fulfillment)
- Web and mobile functionality in **Canada** and **Asia**
- Expanded web capabilities and streamlined claims experience in the **U.S.**



Partnership ecosystem

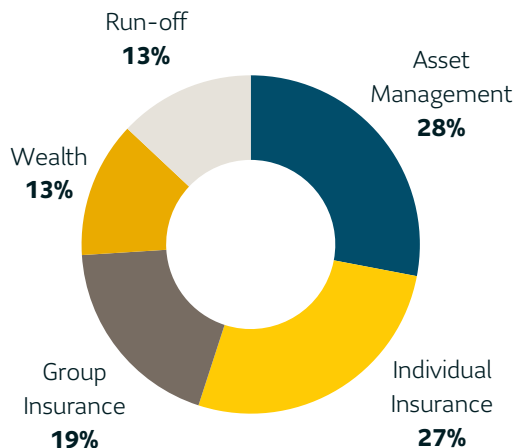
- Building digital expertise and ecosystems
- Making equity investments in early stage partners
- Investing in key technologies to drive global growth
- Exploring partnerships with start-ups and accelerators



Showcasing a balanced and diversified business

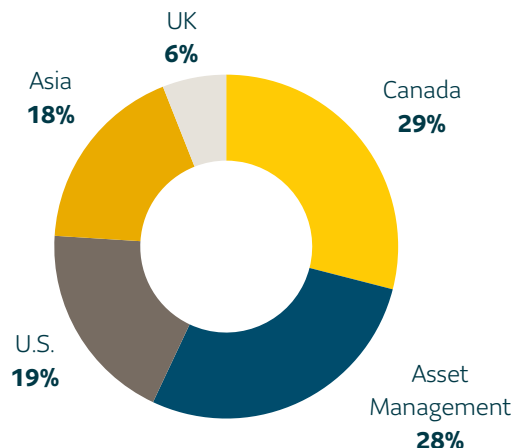
Business diversification

Q1 2020 underlying net income^{1,2}



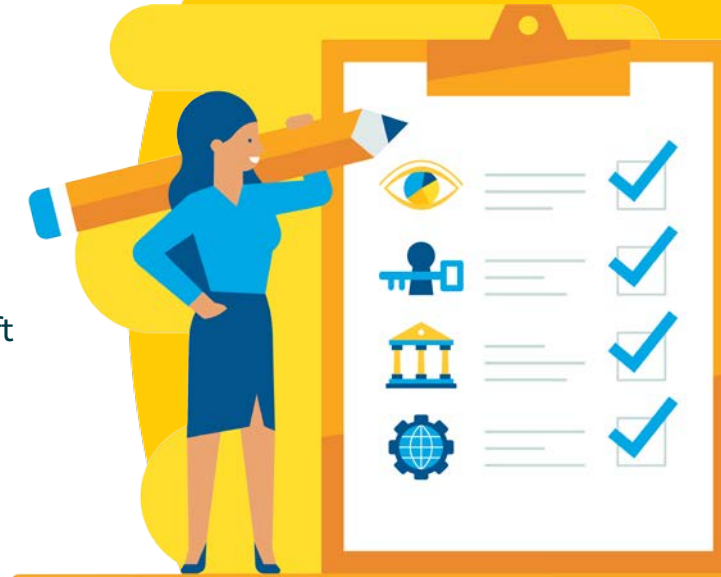
Geographic diversification

Q1 2020 underlying net income^{1,2}



Leveraging global trends

- **Demographic shifts:** changing population including the aging of Baby Boomers and growth of Millennials
- **Digital transformation:** digital, data and analytics changing Client behaviours and expectations
- **Downloading of responsibility:** increasing shift in responsibility from governments and employers to individuals
- **Growing prosperity in Asia:** growing demand for products and services as hundreds of millions of people move to the middle class





Business overview



Update in light of COVID-19



Business group results & highlights



Capital management



Asset portfolio



Sustainability

Supporting our employees, Clients, and communities through COVID-19

Employees and Advisors



- 95% of employees globally working from home
- Rolled out free virtual healthcare services, through Lumino Health, to employees in Canada
- Created a Mental Health Resources Reference guide as well as conducted virtual town halls on mental health
- Extra cleaning and protective measures put in place to protect and support business critical employees working in our offices
- Increased communication with frequent town halls and 'Ask me anything' sessions with Senior Management across the organization
- Significant use of digital collaboration tools
- Supporting advisors with virtual tools

Clients



- Strong service continuity
- Longer grace periods for premium payments
- Strong communication outreach
- *Accelerated digital tools*
 - Enhanced digital tools including e-signatures
 - Rolled out virtual healthcare services to Group Benefits and Individual Clients in Canada
- *Expansion of coverage*
 - Bridging coverage for members who have been furloughed in the U.S.
 - Extended coverage to include more hospitals/clinics in Asia
 - Extending benefit limits and offering additional cash benefits to cover hospital expenses, expediting claims, and waiving waiting periods in Asia

Communities



- Donated more than \$2 million globally to help support efforts focused on health care, elder care and addressing food security needs
- MFS has donated personal protective equipment to Boston area hospitals, in addition to funds donated to several COVID-19 related causes
- Donated 600,000 surgical masks to hospitals in Canada
- Supported various front-line organizations across the U.S., UK, and Ireland
- Across Asia, we have donated to food banks and provided hand sanitizer to various communities
- Digital life insurance coverage donated in the Philippines and China to doctors, nurses, and other medical support staff as a way of saying thank you for their efforts to stop the spread of COVID-19



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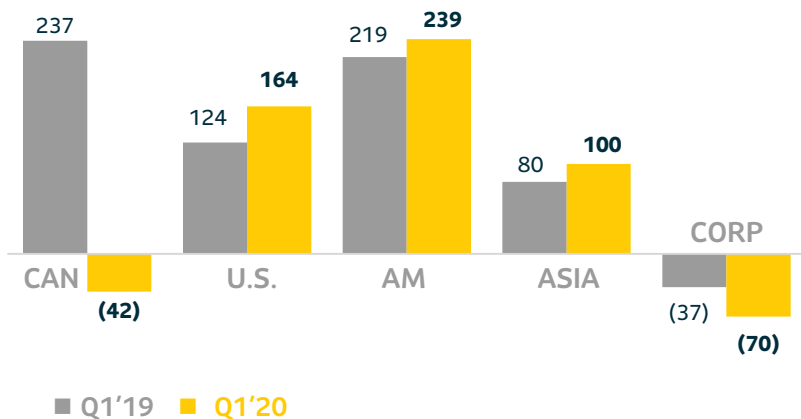


Sustainability

Business group performance

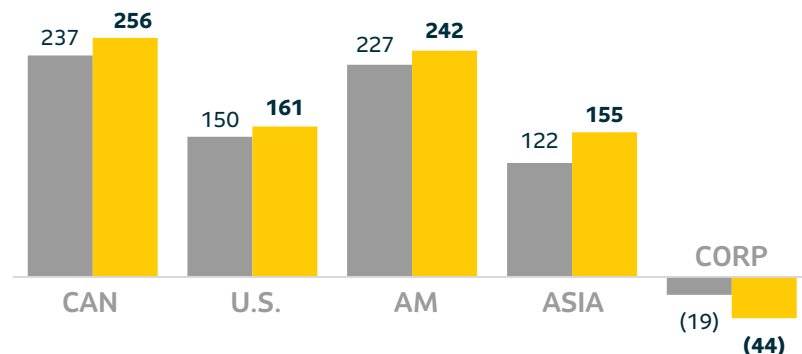
Reported net income (\$ millions)

Impact of currency increased reported net income by \$7M



Underlying net income¹ (\$ millions)

Impact of currency increased underlying net income by \$7M

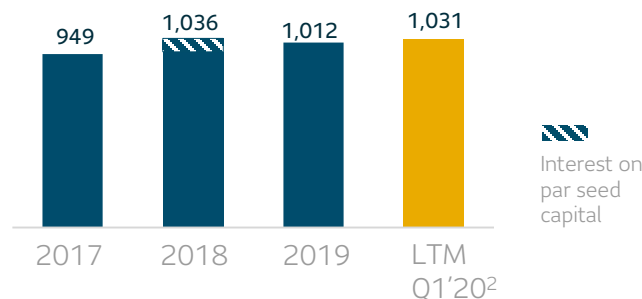


Canada is a growth market for Sun Life

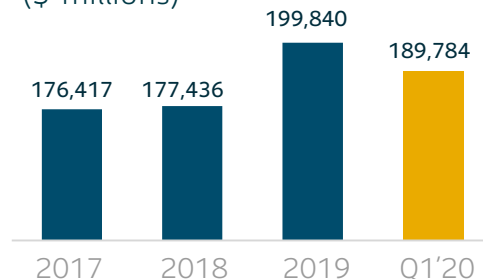
Q1'20 highlights

- **Assisting those experiencing financial hardship** during the COVID-19 pandemic by extending the option to **defer their premiums** for a period of time
- Rolled out **virtual health care services** through **Lumino Health** to our Group Benefits Clients, which will support Clients through the global health crisis, helping to relieve some of their stress, **support social distancing efforts** across the country and **alleviate the load on Canada's emergency health care system**
- Sun Life Global Investments (**SLGI**) **AUM of \$27 billion¹**, 9% growth over prior year; **\$1 billion SLGI net sales¹** supported by continued strong fund performance

Underlying net income¹ (\$ millions)



Asset under management¹ (\$ millions)



Shaping the industry and capitalizing on opportunities in Canada



Shaping the market through innovation and digital

- Introduction of **Lumino virtual healthcare** capabilities including primary care to Group and Retail Clients, and paramedical virtual solutions to providers
 - **Partnered with Dialogue** to offer virtual care to our Clients¹ through a mobile app or online, offering direct access to a care manager, nurse or family physician
 - **Partnered with OnCall Health** to enable paramedical providers on the Lumino Health platform to connect virtually with their patients
- Investment in digital capabilities enabling a seamless Client experience
- Making it easier for our Clients to do business with us
- Delivering personalized, relevant advice to our Clients
- Empowering Canadians to manage their health and well being



Optimizing our business through financial discipline and focused prioritization to drive strong earnings growth

- Engaged employees driven by attracting, developing and retaining diverse top talent
- Leveraging our worksite advantage
- Defined Benefit Solutions is a leader in a growing market
- Sun Life Global Investments expanding wealth presence
- Strong expense management while increasing strategic investments



Supporting Clients with holistic advice at moments that matter

Personal, proactive and predictive touchpoints driving improvement in Client Index scores²

Client Index Score²

48

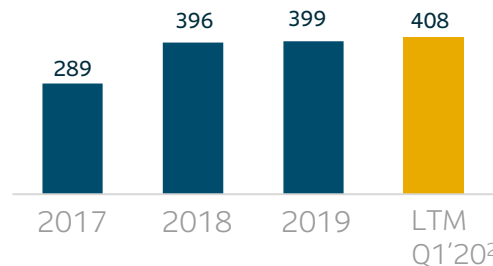
+8 since 2016

Deepening Client relationships in U.S. Group Benefits

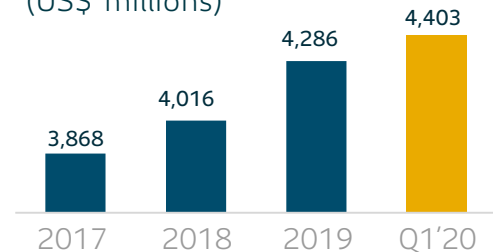
Q1'20 highlights

- Expanded options to help members who have been **temporarily laid off keep their benefits coverage**, added coverage for COVID-19 to our **critical illness policies**, provided **extra time for Clients** to make premium payments, offered **flexibility to self-funded employers** to change their underlying health plans without affecting their stop-loss protection or rates
- Sun Life experts delivered **thought leadership** on **legislative and regulatory developments** via webinars to over 14,700 people
- Medical stop-loss business in-force** increased to US\$2.0 billion, up 17% from the same period in 2019, doubling in size in only 5 years
- After-tax profit margin** for U.S. Group Benefits of 6.8%^{1,3}

Underlying net income¹ (US\$ millions)



Group Benefits Business-in-force (US\$ millions)



Growing through U.S. market opportunities

Employee benefits



Employees responsible for more health and benefits costs but lack education and experience



Growing life insurance **coverage gap**, estimated in the trillions¹



US\$350 billion^{1,2} out-of-pocket health expenses



50 million working Americans are not covered by a disability policy³

Stop-loss



61%⁴ of U.S. employees are covered by a self-insured plan with a trend of smaller employers moving in this direction⁵



US\$ 1 trillion+¹ of costs covered by self-insured health plans



6-8%⁶ **annual growth** in health care costs



Prescription drug costs expected to rise 5-6% annually over the next 10 years⁷

¹ Based on Oliver Wyman research, 2016

² Includes employee and individual contributions to health plans

³ Council for Disability Awareness

⁴ Henry J. Kaiser Family Foundation Employer Health Benefits Survey

⁵ EBRI Feb 2018, Self-Insured Health Plans: Recent Trends by Firm Size, 1996-2016

⁶ PwC's Health Research Institute (HRI)

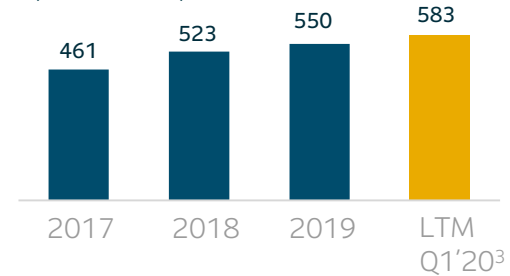
⁷ Kaiser 2019

Positioned in Asia's largest and fastest growing markets

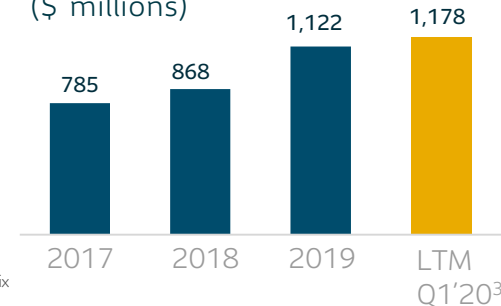
Q1'20 highlights

- Stepped up support to help our Clients impacted by COVID-19 in a variety of ways, including **extending coverage to include more hospitals and clinics, extending benefit limits and offering additional cash benefits** to cover hospital expenses, **expediting claims, waiving waiting periods**, and offering continuation of coverage for lapsed policies due to quarantine or hospitalization
- Working with regulators to **roll out the digitalization** of the end-to-end sales process across markets, including the use of **e-signatures**
- In Vietnam, our exclusive bancassurance **partnership with Tien Phong Commercial Bank was launched**, with strong sales throughout the start of the year

Underlying net income¹ (\$ millions)



Individual life sales^{1,2} (\$ millions)



Capturing growth opportunities in Asia

Local Markets



Philippines

- Ranked **1st** in insurance² sales for 9 years in a row
- **2nd** largest mutual fund³ provider based on AUM¹



Indonesia

- **9th** in insurance sales¹, up 3 positions from last year⁴
- Overall market share of **3%**



Vietnam

- **14th** in insurance⁵
- Agency sales¹ grew over 30% compared to prior year



China

- **Top 10** in insurance among foreign JVs⁶
- Nearly **17,000 advisors**, an increase of 86% over Q1'19



India

- **7th** in individual insurance with an overall market share of 4%⁷
- **4th** largest mutual fund provider in the country based on AUM^{1,8}



Malaysia

- **3rd** in bancassurance⁹, with a bancassurance market share of 17%
- Grew **18%** over prior year, faster than industry growth of 14%⁹

International Hubs



Hong Kong

- **2nd** largest MPF based on net inflows, **3rd** based on AUM^{1,10}
- **Top 10** in agency¹¹



International

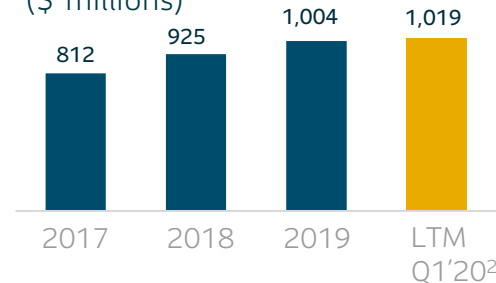
- A top 3 player in the international High Net Worth market

Expanding asset management capabilities

Q1'20 highlights

- MFS **donated personal protective equipment** to Boston area hospitals, as well as significant funds to COVID-19 related causes globally, through both direct giving and employee matching programs
- SLC Management is offering Clients a **portfolio of digital and virtual tools**, including communications on market perspectives
- Barron's ranked MFS #1 on its list of top fund families for 2020. Additionally, MFS continued to **rank in the top ten in the Barron's Fund Family Rankings** for both ten-year and five-year firm-wide performance categories for the 11th time in 12 years
- **88%, 90% and 87%** of MFS's U.S. retail mutual fund assets ranked in the top half of their Lipper categories based on ten-, five- and three-year performance, respectively
- Pre-tax **net operating profit margin ratio¹ for MFS of 36%**

Underlying net income¹ (\$ millions)



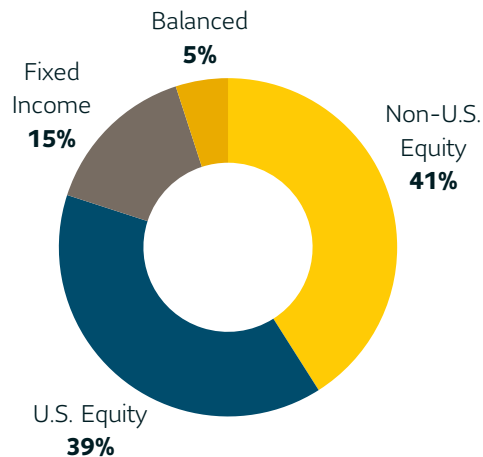
 **MFS** → **US\$436 billion AUM**

 **SLC Management** → **\$89 billion AUM³**


MFS: diversification of assets under management¹

Asset class mix

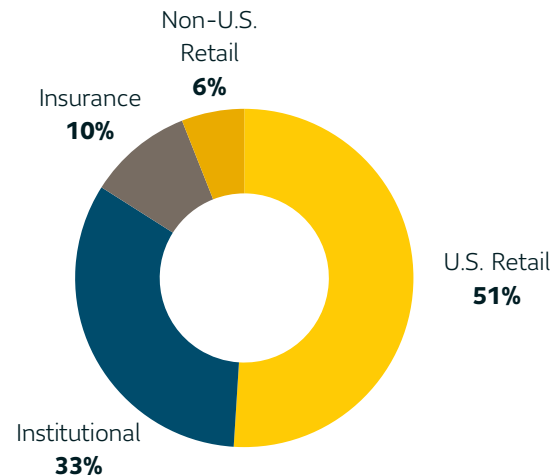
US\$, as at March 31, 2020



 **MFS**
US\$436.4
billion AUM

Investor type

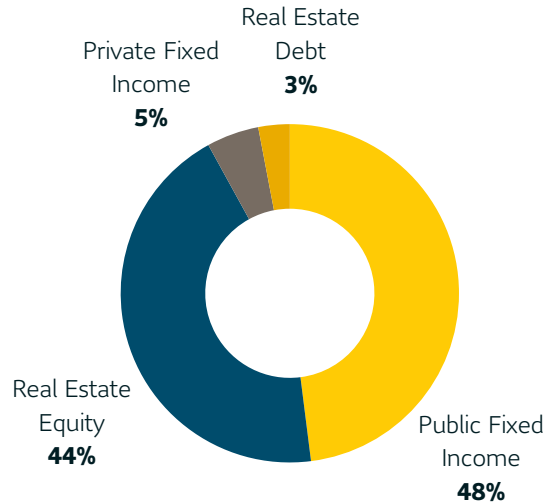
US\$, as at March 31, 2020



SLC Management: diversification of assets under management¹

Asset class mix

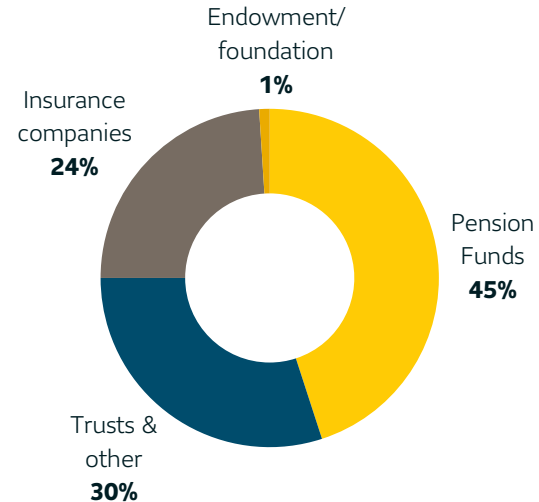
\$, as at March 31, 2020



\$89.4
billion AUM²

Investor type

\$, as at March 31, 2020





Business overview



Update in light of COVID-19



Business group results & highlights



Capital management



Asset portfolio



Sustainability

Capital generation provides good capital flexibility

Capital deployment priorities



Funding
**organic
growth**



Target **dividend
payout** ratio of
40-50%¹



M&A
opportunities
and strategic
investments



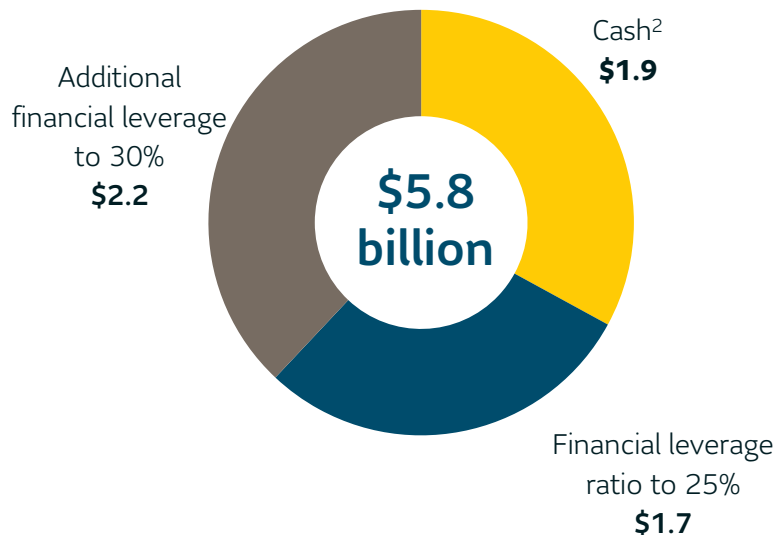
Share
buybacks³

- Capital deployment priorities unchanged
- Target minimum cash at the holding company of **\$500 million**²
- Capital generation equal to or greater than **\$800 million**²

Strong capital position with significant deployment potential¹

Capital deployment potential

(\$ billions, at March 31, 2020)



Deployment opportunities

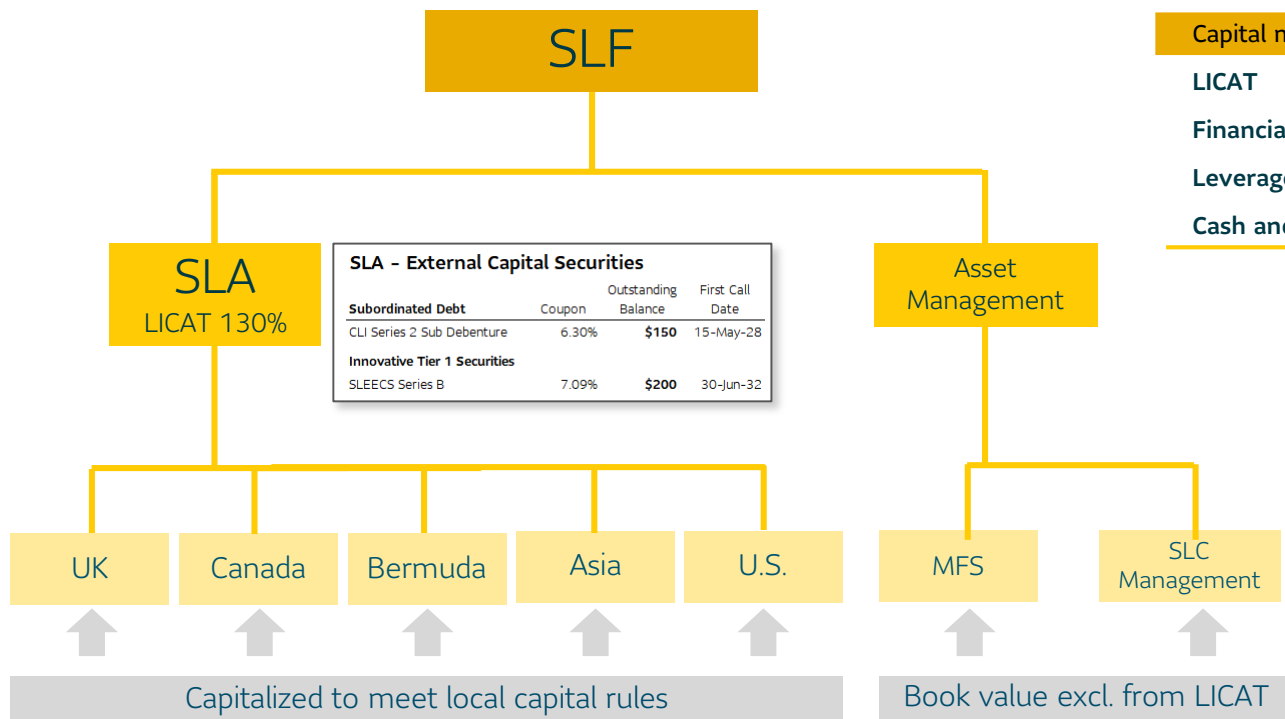
Type	Considerations
Organic investments	Making further investments in building out new business models and advancing our leading digital capabilities
Mergers & acquisitions	Actively seeking out potential targets aligned with our strategic goals and meeting financial hurdles
Share buybacks	Utilize excess capital build up for share repurchases in the near term, when appropriate ³
Reinsurance transactions	Repatriating certain reinsurance arrangements with potential to increase earnings

¹ See "Forward-looking Statements" in the appendix

² Excludes target minimum cash at the holding company of \$500 million

³ On March 13, 2020, OSFI set the expectation for all federally regulated financial institutions that share buybacks should be halted for the time being

Financial flexibility under capital model



SLA - External Capital Securities			
Subordinated Debt	Coupon	Outstanding Balance	First Call Date
CLI Series 2 Sub Debenture	6.30%	\$150	15-May-28
Innovative Tier 1 Securities			
SLEEC5 Series B	7.09%	\$200	30-Jun-32

Capital metric	SLF
LICAT	143%
Financial leverage ratio	20.7%
Leverage capacity to 25%/30%	~\$1.7B/\$3.9B
Cash and other liquid assets ¹	\$2.4B

SLF - External Capital Securities			
Subordinated Debt	Coupon	Outstanding Balance	First Call Date
SLF T2B (Series 2007-1)	5.40%	\$398	29-May-37
SLF T2B (Series 2015-1)	2.60%	\$500	25-Sep-20
SLF T2B (Series 2016-1)	3.10%	\$349	19-Feb-21
SLF T2B (Series 2016-2)	3.05%	\$997	19-Sep-23
SLF T2B (Series 2017-1)	2.75%	\$399	23-Nov-22
SLF T2B (Series 2019-1)	2.38%	\$746	13-Aug-24
		\$3,389	
Preferred Shareholders' Equity			
SLF Series 1	4.75%	\$394	31-Mar-14
SLF Series 2	4.80%	\$318	30-Sep-14
SLF Series 3	4.45%	\$245	31-Mar-15
SLF Series 4	4.45%	\$293	31-Dec-15
SLF Series 5	4.50%	\$245	31-Mar-16
SLF Class A, Series 8R	2.28%	\$127	30-Jun-20
SLF Class A, Series 9QR	Floating	\$147	30-Jun-20
SLF Class A, Series 10R	2.84%	\$169	30-Sep-21
SLF Class A, Series 11QR	Floating	\$26	30-Sep-21
SLF Class A, Series 12R	3.81%	\$293	31-Dec-21
		\$2,257	

Strong operating and financial leverage

Q1 2020 operating leverage debt (\$ millions)

Debt supporting reserve financing	
Senior debt	300
Bilateral senior financing ¹	1,967
Total operating leverage debt	2,267

Q1 2020 capital (\$ millions)

Subordinated debt	3,539
SLEECs (innovative tier 1 securities)	200
Preferred shareholders' equity	2,257
Total capital securities	5,996
Common shareholders' equity and par ²	23,011
Total capital	29,007
<i>Financial leverage ratio³</i>	<i>20.7%</i>

Tier 2

Tier 1

Tier 1

LICAT capital framework

Total ratio (SLF Inc.)	Total ratio (SLA Inc.)
143%	130%



Available capital

- Similar to MCCR
- Retained earnings / common and preferred equity continue to be the largest components
- Main changes relate to adjustments and deductions to Tier 1 capital
 - (+) Accumulated OCI
 - (+) Value of Joint Ventures
 - (-) Non-temporary DTAs



Surplus allowance + eligible deposits

- Essentially the provisions for adverse deviation (PfADs) for non-economic risks
 - Insurance (mortality, morbidity, lapse) + interest
- Discounted at the rate used in the valuation of actuarial liabilities



Base solvency buffer

- Sum of aggregate capital required for:
 - credit, market, insurance, segregated fund and operational risk
- Total solvency requirements for a 1:200 year tail event, with some allowance for diversification
- Discounted on a basis prescribed by OSFI, then grossed up by a scalar of 1.05



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Asset portfolio



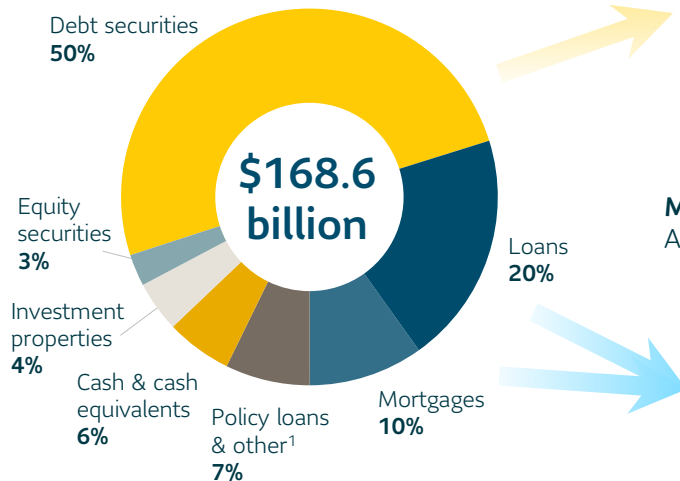
Sustainability

High quality, well-diversified investment portfolio

- Considerable de-risking of the portfolio in recent years to prepare for an economic slowdown
- 97% of fixed income rated investment grade⁽²⁾
- BBB exposure skewed away from BBB-; more of our BBBs in private loans with collateral and covenant protection
- Commercial mortgages 24% CMHC; Well protected with 55% LTV and 1.8x DSCR⁵
- Repositioned Real Estate portfolio towards industrial and urban center office while reducing exposure to Alberta and non-experiential retail

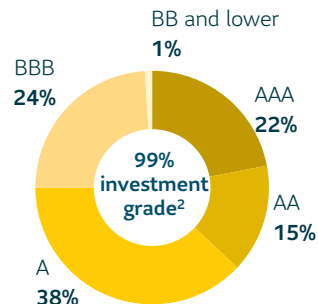
Investment profile

As of March 31, 2020



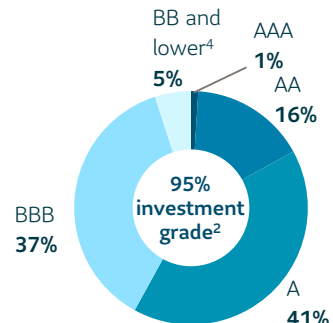
Debt securities by credit rating

As of March 31, 2020



Mortgages & loans by credit rating³

As of March 31, 2020



¹Consists of: Other invested assets (3%), Policy loans (2%), Derivative assets (2%)

²BBB and higher

³Chart excludes insured mortgages

⁴BB and lower includes impaired mortgages and loans

⁵LTV: Loan-to-Value; DSCR: Debt-service coverage ratio

Highlighted exposures – debt securities and loans

Exposure March 31, 2020 (\$ millions)	Oil & Gas		Aviation, Hotels, Restaurants & Leisure		Real Estate ¹	
	Value	%	Value	%	Value	%
AA - A	1,611	35%	2,068	64%	1,397	57%
BBB	2,872	62%	1,022	31%	1,003	41%
BB and lower	120	3%	164	5%	56	2%
Total	4,603	100%	3,254	100%	2,456	100%

% of total invested assets	3%	2%	1%
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Oil & Gas

- 97% investment grade
- 60% in pipelines, storage or transport

Aviation, Hotels, Restaurants & Leisure

- 95% investment grade
- 73% secured by collateral

Real Estate

- 98% investment grade
- Comprised of public and private REITs



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Sustainability

Strong commitment to sustainability



Sustainable INVESTING

\$19.3B

invested in sustainable real estate and infrastructure

First life insurer globally to issue a sustainability bond



Financial SECURITY

\$360M

of in-plan deposits driven by 18.6M digital nudges from Ella

Financial education campaigns across all markets



Healthier LIVES

\$31M

committed to diabetes globally since 2012

14M ratings on 150,000+ health-care providers on Lumino



Trusted and Responsible BUSINESS

85% employee engagement score, exceeding global financial services norm

Met 20% by 2020 GHG emissions intensity reduction target and on track for 30% by 2030¹; TCFD supporter

Client Data Privacy Principles launched, include not selling Client data

35% women in senior roles (VP and up); women represent 36% of the Board

D&I commitments include 40% women in senior roles; 25% visible minorities in senior roles in N.A.

Awards & Recognition



For more information, please visit www.sunlife.com/Sustainability

Appendix



Market movements and impacts in the quarter

Market Movements	YTD March 31, 2020	MTD April 30, 2020
S&P/ TSX	(21.6)%	+10.5%
S&P 500	(20.0)%	+12.7%
CA 10 - year	(101) bps	(15) bps
CA 30 - year	(46) bps	(18) bps
US 10 - year	(125) bps	(3) bps

Earnings on Surplus (\$millions, pre-tax)	Q1 2020
Investment income	128
AFS gains	68
Seed investment losses	(42)
Investment properties mark-to-market	(3)
Interest on debt	(35)
Total	116

Equity Market Impacts (\$millions, after-tax)	Q1 2020
Equity market movement and volatility	(303)
Basis risk	(57)
Total	(360)

Interest Impacts (\$millions, after-tax)	Q1 2020
Interest rate changes	(87)
Credit spread movements	127
Swap spread movements	39
Total	79

Credit Related Impacts (\$millions, after-tax)	Q1 2020
Changes in ratings	(39)
Impairments, net of recoveries	(1)
Release of best estimate credit	25
Total	(15)

Market sensitivities

Change in Equity Markets¹

As at March 31, 2020 (\$ millions, unless otherwise noted)	25% decrease	10% decrease	10% increase	25% increase
Potential impact on net income ^{2,3}	\$(350)	\$(150)	\$100	\$250
Potential impact on OCI ³	\$(50)	-	-	\$50
Potential impact on LICAT ^{2,4}	1.5% point decrease	0.5% point decrease	0.0% point increase	0.0% point increase
As at December 31, 2019 (\$ millions, unless otherwise noted)	25% decrease	10% decrease	10% increase	25% increase
Potential impact on net income ^{2,3}	\$(350)	\$(150)	\$100	\$250
Potential impact on OCI ³	\$(50)	\$(50)	\$50	\$50
Potential impact on LICAT ^{2,4}	0.5% point decrease	0.0% point decrease	0.0% point increase	0.0% point increase

Change in Interest Rates⁵

	As at March 31, 2020		As at December 31, 2019	
(\$ millions, unless otherwise noted)	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Potential impact on net income ^{3,6,7}	\$(100)	\$50	\$(150)	\$50
Potential impact on OCI ³	\$300	\$(250)	\$250	\$(250)
Potential impact on LICAT ^{4,6}	2.0% point increase	4.0% point decrease	2.0% point increase	3.0% point decrease

Change in Credit Spreads^{8,10}

	As at March 31, 2020		As at December 31, 2019	
(\$ millions, unless otherwise noted)	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Potential impact on net income ⁹	\$(50)	\$50	\$(75)	\$50
Potential impact on LICAT ⁴	0.5% point increase	1.0% point decrease	0.0% point increase	0.5% point decrease

Change in Swap Spreads¹⁰

	As at March 31, 2020		As at December 31, 2019	
(\$ millions, unless otherwise noted)	20 basis point decrease	20 basis point increase	20 basis point decrease	20 basis point increase
Potential impact on net income ⁹	\$50	\$(50)	\$50	\$(50)

In this presentation, Sun Life Financial Inc. ("SLF" or "SLF Inc."), its subsidiaries and, where applicable, its joint ventures and associates are referred to as "we", "us", "our", "Sun Life" and the "Company". Sun Life Assurance Company of Canada is referred to as "SLA".

Use of Non-IFRS Financial Measures

We report certain financial information using non-IFRS financial measures, as we believe that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are available in section M - Non-IFRS Financial Measures in the Q1 2020 Interim MD&A. Non-IFRS financial measures and reconciliations are also included in our annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Non-IFRS measures

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying ROE, are non-IFRS financial measures. Underlying net income (loss) removes from reported net income (loss) the impacts of the following items that create volatility in our results under IFRS and when removed assist in explaining our results from period to period:

- market-related impacts that differ from our best estimate assumptions, which include: (i) impacts of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impacts of changes in interest rates in the reporting period and on the value of derivative instruments used in our hedging programs including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the impacts of changes in the fair value of investment properties in the reporting period;
- assumption changes and management actions, which include: (i) the impacts of revisions to the methods and assumptions used in determining our liabilities for insurance contracts and investment contracts; and (ii) the impacts on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; and
- other adjustments:
 - certain hedges in Canada that do not qualify for hedge accounting - this adjustment enhances the comparability of our net income from period to period, as it reduces volatility to the extent it will be offset over the duration of the hedges;
 - fair value adjustments on MFS's share-based payment awards that are settled with MFS's own shares and accounted for as liabilities and measured at fair value each reporting period until they are vested, exercised and repurchased - this adjustment enhances the comparability of MFS's results with publicly traded asset managers in the United States;
 - acquisition, integration and restructuring costs (including impacts related to acquiring and integrating acquisitions); and
 - other items that are unusual or exceptional in nature.

All factors discussed in this presentation that impact our underlying net income are also applicable to reported net income.

All EPS measures in this presentation refer to fully diluted EPS, unless otherwise stated. Underlying EPS exclude the dilutive impact of convertible instruments.

Other non-IFRS financial measures that we use include reported ROE, adjusted revenue, administrative services only ("ASO") premium and deposit equivalents, mutual fund assets and sales, managed fund assets and sales, insurance and health sales, premiums and deposits, adjusted premiums and deposits, assets under management ("AUM"), assets under administration, pre-tax net operating profit margin ratio for MFS, measures based on a currency adjusted basis, financial leverage ratio, dividend payout ratio, impact of foreign exchange, real estate market sensitivities, assumption changes and management actions, value of new business, after-tax profit margin for U.S. Group Benefits and effective income tax rate on an underlying net income basis.

Use of Names and Logos of Third Parties

Names and logos of third parties are used for identification purposes and do not imply any relationship with, or endorsement by, them. Third party trade-marks are the property of their respective owners.

Reconciliation of Select Net Income Measures	Q1'20	Q4'19	Q1'19
Common shareholders' reported net income (loss)	391	719	623
Less:			
Impact of certain hedges that do not qualify for hedge accounting	(1)	4	1
Fair value adjustments on share-based payment awards at MFS	10	(37)	(8)
Acquisition, integration and restructuring	(42)	(43)	(7)
Net equity market impact	(360)	40	58
Net interest rate impact	79	(11)	(133)
Net increases (decrease) in the fair value of real estate	(12)	(11)	6
Assumption changes and management actions	(53)	(15)	(11)
Common shareholders' underlying net income (loss)	770	792	717

Forward-Looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this presentation include statements (i) relating to our strategies, financial objectives, future results of operations, and strategic goals, and concerning our medium-term financial objectives which are described in the 2019 Annual MD&A under the heading B – Overview – 2 – Financial Objectives, (collectively, our “medium-term financial objectives”), (ii) relating to our growth initiatives and other business objectives, (iii) relating to our acquisition of a majority stake in InfraRed, (iv) relating to our expected tax range for future years, (v) relating to the potential impacts of the COVID-19 pandemic and related economic conditions (vi) that are predictive in nature or that depend upon or refer to future events or conditions, and (vii) that include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. Forward-looking statements include the information concerning our possible or assumed future results of operations. These statements represent our current expectations, estimates, and projections regarding future events and are not historical facts, and remain subject to change, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on our business. Forward-looking statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Future results and shareholder value may differ materially from those expressed in these forward-looking statements due to, among other factors, the impact of the COVID-19 pandemic and related economic conditions on our operations, liquidity, financial conditions or results and the matters set out in our management’s discussion and analysis for the period ended March 31, 2020 under the headings C – Profitability – 5 – Income taxes, E – Financial Strength and H – Risk Management and in SLF Inc.’s 2019 AIF under the heading Risk Factors and the factors detailed in SLF Inc.’s other filings with Canadian and U.S. securities regulators, which are available for review at www.sedar.com and www.sec.gov, respectively.

Risk Factors

Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this presentation, are set out below. The realization of our forward-looking statements, essentially depends on our business performance which, in turn, is subject to many risks, which may have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **market risks** – related to the performance of equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; and fluctuations in foreign currency exchange rates; **insurance risks** – related to policyholder behaviour; mortality experience, morbidity experience and longevity; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** – related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** – related to global economic and political conditions; the design and implementation of business strategies; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of competition; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; changes in the legal or regulatory environment, including capital requirements and tax laws; the environment, environmental laws and regulations; **operational risks** – related to breaches or failure of information system security and privacy, including cyber-attacks; our ability to attract and retain employees; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; the execution and integration of mergers, acquisitions, strategic investments and divestitures; our information technology infrastructure; a failure of information systems and Internet-enabled technology; dependence on third-party relationships, including outsourcing arrangements; business continuity; model errors; information management; **liquidity risks** – the possibility that we will not be able to fund all cash outflow commitments as they fall due; and **other risks** – tax matters, including estimates and judgments used in calculating taxes; our international operations, including our joint ventures; market conditions that affect our capital position or ability to raise capital; downgrades in financial strength or credit ratings; and the impact of mergers, acquisitions and divestitures.

The Company does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

Currency

All amounts are in Canadian dollars unless otherwise noted

Peer Groups included in TSR chart for slide 6

Canadian Lifecosts – Manulife Financial Corporation, Great-West Life & Industrial Alliance;

Global Lifecosts – AXA SA, Prudential PLC, Allianz SE, Aviva PLC, Assicurazioni Generali SpA, AIA Group Ltd., China Life Insurance Co. Ltd, Great Eastern Holdings & Ping An Insurance Group

U.S. Insurers – Hartford Financial Services Group, Lincoln National Corporation, MetLife Inc., Principal Financial Group, Inc., Prudential Financial, Inc., Unum Group & Voya

Source Information for slide 19

² Ranking for Sun Life of Canada (Philippines). Based on data shared between industry players, at December 31, 2019

³ Philippine Investment Funds Association, based on December 31, 2019 ending assets under management

⁴ Indonesia Life Insurance Association industry report, based on year-to-date first year premiums at December 31, 2019

⁵ December 31 2019 year-to-date annualized first year premiums, based on data shared among Vietnam industry players

⁶ China Insurance Regulatory Commission, based on gross premiums for Q4'19 YTD (excluding universal and variable universal life insurance deposits and pension companies)

⁷ Insurance Regulatory Authority of India, based on first year premiums among private players on calendar year basis at December 31, 2019

⁸ Association of Mutual Funds in India, based on average assets under management for the quarter ended at December 31, 2019

⁹ Life Insurance Association of Malaysia; Insurance Services Malaysia Berhad, based on Q4'19 YTD annualized first year premium for Conventional and Takaful business. Industry growth vs. Sun Life's growth is based on Q4'19 YTD annualized first year premium for all channels

¹⁰ Mercer MPF Market Share Report, March 2020

¹¹ Insurance Authority of Hong Kong, Provisional Statistics on Hong Kong Long Term Insurance Business, based on Q4'19 YTD annualized first year premiums

Footnotes for slide 36

¹Represents the respective change across all equity markets as at March 31, 2020 and December 31, 2019. Assumes that actual equity exposures consistently and precisely track the broader equity markets. Sensitivities include the impact of re-balancing equity hedges for dynamic hedging programs at 2% intervals (for 10% changes in equity markets) and at 5% intervals (for 25% changes in equity markets).

²The market risk sensitivities include the estimated mitigation impact of our hedging programs in effect as at March 31, 2020 and December 31, 2019, and include new business added and product changes implemented prior to such dates.

³Net income and OCI sensitivities have been rounded to the nearest \$50 million. The sensitivities exclude the market impacts on the income from our joint ventures and associates, which we account for on an equity basis.

⁴The LICAT sensitivities illustrate the impact on Sun Life Assurance as at March 31, 2020 and December 31, 2019. LICAT ratios are rounded to the nearest 0.5%.

⁵Interest rate sensitivities assume a parallel shift in assumed interest rates across the entire yield curve as at March 31, 2020 and December 31, 2019 with no change to the Actuarial Standards Board ("ASB") promulgated Ultimate Reinvestment Rate ("URR"). Variations in realized yields based on factors such as different terms to maturity and geographies may result in realized sensitivities being significantly different from those illustrated above. Sensitivities include the impact of re-balancing interest rate hedges for dynamic hedging programs at 10 basis point intervals (for 50 basis point changes in interest rates).

⁶The market risk sensitivities include the estimated mitigation impact of our hedging programs in effect as at March 31, 2020 and December 31, 2019, and include new business added and product changes implemented prior to such dates.

⁷The majority of interest rate sensitivity, after hedging, is attributed to individual insurance products. We also have interest rate sensitivity, after hedging, from our fixed annuity and segregated funds products.

⁸In most instances, credit spreads are assumed to revert to long-term insurance contract liability assumptions generally over a five-year period.

⁹Sensitivities have been rounded to the nearest \$25 million.

¹⁰The credit and swap spread sensitivities assume a parallel shift in the indicated spreads across the entire term structure. Variations in realized spread changes based on different terms to maturity, geographies, asset classes and derivative types, underlying interest rate movements, and ratings may result in realized sensitivities being significantly different from those provided above. The credit spread sensitivity estimates exclude any credit spread impact that may arise in connection with asset positions held in segregated funds. Spread sensitivities are provided for the consolidated entity and may not be proportional across all reporting segments.

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