PARTICIPANTS

Corporate Participants

Leigh Chalmers – Senior Vice President, Head-Investor Relations & Capital Management, Sun Life Financial, Inc.
Dean A. Connor – President, Chief Executive Officer & Director, Sun Life Financial, Inc.
Kevin D. Strain – Chief Financial Officer & Executive Vice President, Sun Life Financial, Inc.
Michael W. Roberge – Chief Executive Officer & President, MFS Investment Management
Claude A. Accum – President-Sun Life Financial Asia, Sun Life Financial, Inc.
Kevin Morrissey – Senior Vice President & Chief Actuary, Sun Life Financial, Inc.
Jacques Goulet – President-Sun Life Financial Canada, Sun Life Financial, Inc.
Daniel Richard Fishbein – President-Sun Life Financial U.S., Sun Life Financial, Inc.

Other Participants

Humphrey Hung Fai Lee – Analyst, Dowling & Partners Securities LLC
Steve Theriault – Analyst, Eight Capital
Meny Grauman – Analyst, Cormark Securities, Inc.
Gabriel Dechaine – Analyst, National Bank Financial, Inc.
David Motemaden – Analyst, Evercore Group LLC
Sumit Malhotra – Analyst, Scotiabank
Doug Young – Analyst, Desjardins Capital Markets
Tom MacKinnon – Analyst, BMO Capital Markets (Canada)
Mario Mendonca – Analyst, TD Securities, Inc.
Darko Mihelic – Analyst, RBC Capital Markets
Nigel D'Souza – Analyst, Veritas Investment Research Corp.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. My name is Chris, and I will be your conference operator today. At this time, I would like to welcome everyone to the Sun Life Financial Q3 2019 Financial Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session.

The host of the call is Leigh Chalmers, Senior Vice President, Head of Investor Relations and Capital Management. Please go ahead, Ms. Chalmers.

Leigh Chalmers, Senior Vice President, Head-Investor Relations & Capital Management, Sun Life Financial, Inc.

Thank you, Chris, and good morning, everyone. Welcome to Sun Life Financial's earnings conference call for the third quarter of 2019. Our earnings release, shareholders' report 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 presentation with an overview of our third quarter results by Dean Connor, President and Chief Executive Officer of Sun Life Financial. Following Dean's remarks, Kevin Strain, 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 will also be available to answer your question on today's call.

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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 will now turn things over to Dean.

Dean A. Connor, President, Chief Executive Officer & Director, Sun Life Financial, Inc.

Thanks, Leigh, and good morning, everyone. Turning to slide 4, in Q3, we delivered another quarter of growth with reported net income of CAD $681 million and underlying net income of CAD $809 million. Reported net income increased by 20% over the prior year. On an underlying net income basis, EPS of CAD $1.37 grew 14% from the prior year. Excluding the resolution of certain tax matters from previous years, EPS grew 3% from the prior year. We generated an underlying ROE of 15.5% for the quarter, reflecting higher underlying net income, as well as the equity impact from completion of the BentallGreenOak transaction as previously announced.

Assets under management grew to CAD $1.1 trillion this quarter, an increase of 8% over the prior year. With a strong capital ratio of 146% at SLF Inc. and a financial leverage ratio of 22.8%, we can continue to support organic growth, deliver a strong ROE, maintain the flexibility to support acquisition opportunities across our four pillars, and return excess capital to our shareholders through buybacks and dividends.

Yesterday, we announced a 5% dividend increase, resulting in year-to-date increases of 10% in line with the upper end of our medium-term objective range for underlying EPS growth. Our asset management pillar delivered strong growth this quarter with gross sales up 41% across MFS and SLC Management. Overall, we had net inflows of CAD $3.2 billion including US $1.3 billion of net inflows at MFS driven by a third straight quarter of strong gross and net retail flows.

The retail results are consistent with our thesis that notwithstanding the shift to passive, there will continue to be alpha-seeking and alpha-believing investors, but that they'll consolidate assets in the hands of fewer active managers. And we think MFS is one of them. MFS assets under management increased over the quarter to US $495 billion, reflecting net inflows and strong investment results. 92%, 93% and 94% of MFS' US retail fund assets were in the top half of their Lipper categories based on 10, 5 and 3-year performance respectively. We've also continued to build out our fixed income capability, as Mike Roberge described at Investor Day. Over the past year, fixed income AUM has grown 11% driven by a 55% increase in institutional fixed income sales and a 35% increase in retail fixed income sales, both on a year-to-date basis.

In SLC Management, we closed on the acquisition of a majority stake in BentallGreenOak this quarter which broadens our global real estate capabilities adding CAD $12.6 billion of real estate AUM to our alternative investment business. This along with strong net inflows of CAD $1.5 billion grew AUM to CAD $83 billion at SLC Management.

Turning to Asia, we delivered strong top line growth in insurance and wealth. We grew insurance sales in Asia by 45% in constant currency with particularly strong growth in Hong Kong where sales more than doubled from last year. These results were driven by growth in our agency force, by growth in third-party distribution and the launch of new products. We grew wealth sales in Asia by 31% in constant currency led by 27% growth in our Hong Kong mandatory provident fund pension business where we rank number 4 based on AUM. True to our client strategy and the focus on digital, this past quarter, we launched the SunAccess app in Malaysia completing the rollout of mobile apps for clients across all seven of our local markets in the region.

Moving to Canada, insurance sales were flat and wealth sales were up 17% compared to the prior year driven by our Group Retirement Services business. Sun Life Global Investments generated

mutual fund net flows of CAD $494 million in the quarter, and AUM grew 16% over prior year to reach CAD $27 billion. We also experienced higher disability claims and slower return to work in our Group Benefits business, and Jacques Goulet and his team have initiated a series of actions to address this.

We continued to invest in growth and innovation in Canada. For example, we introduced three new technologies to help deal with mental health: a pharmacogenomic intervention to identify the best treatment for depression, a virtual independent medical exam and online cognitive behavioral therapy. We also rolled out new features in our industry-leading my Sun Life client app which now has over 1 million active users across Canada, up 37% over the prior year.

We continue to see strong expense management in Canada which means both investing in initiatives that will drive our continued future growth while managing expense growth to just 2% year-over-year. In the US, our after-tax profit margin in Group Benefits was 7.2% in the third quarter on a trailing 12-month basis. Business growth continued with a 43% increase in our medical stop-loss sales which contributed to 9% overall growth of our US Group Benefits business in-force compared to the prior year.

We're seeing good progress with the rollout of our Sun Life + Maxwell Health benefits platform to clients in the US. To date, employers on the platform are selecting nearly three times as many Sun Life products compared to our typical employers. By continuing to help close the coverage gap in the US, Sun Life + Maxwell Health is another example where we're leveraging digital data and analytics to deliver on our purpose of helping clients achieve lifetime financial security and live healthier lives.

For the company overall, we grew insurance sales by 19% and wealth sales by 38% in the quarter compared to the same period last year and value of new business was up 3%, reflecting changes in sales mix, methodology changes and the impact of lower interest rates.

Overall, I'm pleased with our progress on building better experiences for clients. The investments we're making in digital solutions are touching more and more people and creating differentiated experiences. The investments we're making in data analytics and robotic process automation are paying off. And the step-change around client obsession, putting clients at the center of everything we do, is in full swing.

Before I turn the call over to Kevin Strain, I'd like to take a few minutes to recognize some changes in our executive team. A few months ago, we announced that Claude Accum, President of Sun Life Asia, and Kevin Dougherty, Executive Vice President of Innovation & Partnerships, will be retiring at the end of this year after long and successful careers at Sun Life.

Claude's been with Sun Life for 36 years and has led a number of our businesses and key functions. For the past 2.5 years, he's led our Asia operations, and under his leadership, we've seen increased market share and growth in the region, adding 16,000 advisors and millions of new clients. We've also improved the client experience through digitization and new partnerships.

Kevin Dougherty is retiring after 25 years with Sun Life. Prior to leading Innovation & Partnerships, Kevin was the President of Sun Life Canada, and under Kevin's leadership, Canada grew to the number one market positions in Group Benefits, in Group Retirement Services and Individual Insurance sales. He also built new businesses, including Sun Life Global Investments and championed innovations including Total Rewards, our industry-leading mobile app; our digital coach Ella and Digital Health Solutions. So a warm thank you to Claude and Kevin for the very positive impact they've had on Sun Life, and we wish them all the best as they enter a new and exciting phase of their lives.

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I'd also like to welcome Leo Grepin to the executive team. Leo currently serves as our ASEAN President and will succeed Claude as President of Asia starting in January. Prior to moving to Asia, Leo led our Individual Insurance and Wealth business in Canada.

And with that, I'll now turn the call over to Kevin Strain who will take us through the financials.

Kevin D. Strain, Chief Financial Officer & Executive Vice President, Sun Life Financial, Inc.

Thanks, Dean, and good morning, everyone. Turning to slide 6, we take a look at the financial results from the third quarter of 2019. We delivered growth in reported and underlying net income this quarter and in reported and underlying return on equity. Underlying ROE was 15.5%, above our medium term objective of 12% to 14%. The net impact from our third quarter actuarial methods and assumptions review was neutral to earnings on an after-tax basis. I will discuss our actuarial assumption changes in my comments on the sources of earnings.

Underlying net income was CAD $809 million, up from CAD $730 million in the prior year, translating into earnings per share of 14%. This quarter's results included favorable impacts from the resolution of tax matters from prior years, including interest related to the resolution, as well as an investment income tax allocation update between the participating policyholders' account and shareholders' account. Altogether, these drove a favorable impact of CAD $78 million in the quarter with CAD $58 million in the Corporate segment and CAD $20 million in Canada.

Underlying net income also reflected continued growth in the business, favorable credit experience, a gain from a mortgage investment prepayment in the US and higher AFS gains than prior year. This was offset by unfavorable morbidity in Canada and the US and lower investing activity gains. We continue to maintain a strong capital position with a LICAT ratio of 146% for Sun Life Financial Inc. and 133% for Sun Life Assurance Company of Canada.

I'd like to take a minute to discuss our LICAT sensitivities. This quarter, you'll notice our sensitivities for SLA are behaving differently than they have in the past. Generally, the LICAT ratio will decrease with rising interest rates and increase with declining interest rates. However, this quarter's sensitivities show LICAT reducing in both a rising or declining interest rate environment.

As a result of the continued decline in interest rates during the quarter, we moved closer to a switch in the interest rate scenario for SLA applied in the LICAT formula. The LICAT formula for interest rate risk uses the most adverse of four different interest rate scenarios. And when you move from one scenario to another, it can create discontinuity in results. On a net basis, if interest rates were to decline by a further 50 basis points from where they ended the third quarter, our LICAT ratio would reduce by 3.5 points, while an increase in interest rates of 50 basis points was a 2.5-point decrease in the LICAT ratio.

Turning back to third quarter results, our cash position of CAD $2.8 billion of the holding company is up from the prior year, mainly as a result of the issuance of a CAD $750 million sustainability bond in August. The issue has contributed to the increase in our financial leverage ratio this quarter, along with the equity impact from BentallGreenOak acquisition. Our leverage ratio was at 22.8%, remains below our long-term target of 25%.

We saw a growth in our book value per share this quarter, up 4% over the prior year, reflecting income growth over the past 12 months and the impact of accumulated other comprehensive income, partially offset by the payment of common share dividends and the impact of the BentallGreenOak acquisition. The BentallGreenOak acquisition reduced book value per share by CAD $1.49. Excluding the acquisition impact from equity, book value per share is up 9% year-over-year.

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In the third quarter of 2019, we repurchased approximately 3.6 million common shares for CAD $192 million, and year-to-date, we've repurchased approximately 11.4 million common shares for a total of CAD $592 million. As Dean noted earlier, yesterday, we also announced the 5% increase to our common share dividend to CAD $0.55 per share, reflecting our earnings growth and strong capital position.

Turning to slide 7, we provide details of underlying and reported net income by business group for the quarter. In Canada, underlying net income of CAD $268 million was up from the third quarter of 2018 including CAD $20 million from the favorable impact of tax matters from the prior years, which I noted earlier. Canada underlying net income also included favorable impacts from the growth of the business, higher available-for-sale gains and favorable expense experience. This was offset by unfavorable morbidity and lower new business gains.

In the US, underlying net income was relatively in line with the prior year as favorable expense experience, continued business growth and a gain on a mortgage investment prepayment were offset by unfavorable morbidity experience and stop-loss as well as lower investing activity and lower AFS gains. Our Group Benefits after-tax profit margin in the US was 7.2% on a trailing 12-month basis in the third quarter, compared to 6.4% on a trailing 12-month basis in the prior year. This reflects continued strong results in our stop-loss business and higher margins in the Employee Benefits business.

Asset Management, underlying net income of CAD $251 million was consistent with the prior year, reflecting a consistent level of average net assets in MFS and the impact of foreign exchange. The pre-tax net operating profit margin for MFS was 40%, also consistent with the prior year. Underlying net income at SLC Management was CAD $6 million lower than prior year, as a result of the timing of certain fee income as well as higher expenses. In Asia, underlying net income was up 25% from the prior year, reflecting higher AFS gains, favorable credit experience, and continued business growth.

Turning to slide 8, we provide details on our sources of earnings presentation. Expected profit of CAD $816 million was up CAD $28 million or 4% from the same period last year. Excluding the impact of currency and the results of the Asset Management businesses, expected profit grew 7% over the prior year. In particular, Canada saw 11% growth in expected profit, while the US saw 8% growth.

We had new business strain this quarter of CAD $22 million, which was higher than strain of CAD $8 million in the prior year. This mainly reflected lower new business gains in the Individual Insurance business in Canada, primarily as a result of lower interest rates.

Experience losses of CAD $86 million pre-tax for the quarter reflected net unfavorable market impact of CAD $88 million, driven by interest rate movements in the quarter and lower mark-to-market gains on investment properties, partially offset by equity market gains. Positive experience from credit, mortality, investing activity and expenses was mostly offset by the unfavorable impacts of morbidity, policyholder behavior, and other experience.

Our third quarter review of assumption changes and management actions or ACMA, included some large and offsetting items resulting in a net neutral impact on an after-tax basis. This year's review included positive updates to mortality assumptions in the UK and our Group Retirement Services business in Canada, based on industry data and our own experience.

Offsetting these items were updates to lapse and other policyholder behavior experience, primarily in our international business and other enhancements and methodology changes. The largest of which were unfavorable updates to reinsurance assumptions relating to In-force Management in the US. This quarter we also updated the ultimate reinvestment rate assumption to the new

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promulgated rates issued by the actual standards board which resulted in the charge of CAD $93 million in line with our disclosed estimate of CAD $100 million.

"Other" in our sources of earnings which amounted to a loss of CAD $58 million included the fair value adjustment of MFS's share-based payment awards, acquisitions, integration and other restructuring costs and the impact of certain hedges in Canada that do not qualify for hedge accounting.

Earnings on surplus was CAD $137 million. This was CAD $18 million higher than the third quarter of last year, reflecting higher AFS gains, partially offset by lower investment income. Our effective tax rate on underlying net income for the quarter was 9.2% which is below our expected range of 15% to 20% mainly driven by the favorable resolution of Canadian tax matters.

Slide 9 shows sales results across our insurance and wealth businesses. Total company insurance sales of CAD $685 million were up 19% or 18% on a constant currency basis compared to the third quarter of 2018. Canada insurance sales were in line with the prior year reflecting slightly lower Individual Insurance sales offset by higher Group Benefits sales.

Insurance sales in Asia were up 45% on a constant currency basis with strong growth in six of our seven local markets, as well as growth in international. International sales grew 14% driven by the new PAR product we launched in May of this year, as well as an uptick in universal life sales. In the US, insurance sales were up 5% on a constant currency basis, largely driven by continued growth in our medical stop-loss business which grew by 43% compared to the third quarter of 2018.

Total company wealth sales of CAD $41 billion were up 38% from the prior year or 37% on a constant currency basis. In Canada, the increase in wealth sales was driven by our Group Retirement Services business which grew by 29% compared to Q3 2018. Between MFS and SLC Management, our asset management growth sales increased 40% on a constant currency basis. MFS grew 48% on increased institutional sales and record high retail sales. SLC sales increased 76% as we continue to execute well on growth in our alternative asset management space where AUM grew to CAD $83 billion reflecting net inflows and the BentallGreenOak transaction.

In Asia, wealth sales were up 31% in constant currency. We saw an increase in money market sales in the Philippines, as well as nearly 30% increased sales in our pension business in Hong Kong. This was partially offset by lower mutual fund sales in India, primarily driven by weaker market sentiment and volatility. Value of new business of CAD $252 million was up 3% year-over-year, largely due to growth from higher sales, partially offset by changes in the sales mix and the impact of lower interest rates.

Turning to slide 10, we provide a view on expenses. Operating expenses were up 4% in a constant currency on a year-to-date basis. When removing the impact of acquisitions primarily related to the BentallGreenOak acquisition, operating expenses grew 3%. This growth is mainly driven by controllable expense growth of 3% reflecting growth and investments in our businesses. In our experience-related items, we had an expense gain of CAD $3 million after tax.

To conclude, we delivered strong sales growth in the third quarter, strong underlying ROE, and underlying EPS growth of 14%. We increased our dividend to shareholders by 5% representing a 10% increase on a year-to-date basis. Our capital ratios remain strong and we continue to hold significant excess cash and capital providing us with good flexibility into the future.

With that, I'll turn the call to Leigh to begin the Q&A portion of the call.

Leigh Chalmers, Senior Vice President, Head-Investor Relations & Capital Management, Sun Life Financial, Inc.

Thank you, Kevin. To help ensure that all our participants have an opportunity to ask questions on today's call, I would ask each of you to please limit yourselves to one or two questions and then to re-queue with any additional questions.

With that, I will now ask Chris to please poll the participants for questions.

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QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from Humphrey Lee of Dowling & Partners. Your line is open.

<Q – Humphrey Lee – Dowling & Partners Securities LLC>: Good morning and thank you for taking my questions. A question really about MFS flows which definitely were very good this quarter. I was just wondering if you can talk about some of the driving force for the strong retail flows as well as the improvement in institutional flows and then also if you can comment on the outlook for flows in the near term.

<A – Mike Roberge – MFS Investment Management>: Yeah. Good morning, Humphrey. It's Mike Roberge. What we've seen over the last several quarters is pretty good underlying trends in retail flows particularly in the US market. And if you look across most of our largest distributors, sales are up year-on-year. And I think the backdrop associated with that, US equity mutual funds are in outflows this year and yet we are in net inflows with a fair majority of that being in equities. So, it appears that we're gaining shelf space on many of the platforms that we're on, so we feel pretty comfortable with the trends that we're seeing on the retail side.

On the institutional side, very lumpy in terms of what we see from an activity perspective. With the equity market making new highs, we do continue to see derisking happen, so as equities rise and DB plans will derisk and move from equities into fixed income. So to the extent the equity markets continue to stay where they are, we would expect to see more of that. So I think as we think about flows on a go-forward basis, we feel pretty comfortable with what we're seeing on the retail side and it's really hard to know on the institutional side.

<Q – Humphrey Lee – Dowling & Partners Securities LLC>: Okay. I appreciate the color. And then shifting gear to Asia, sales again were very good this quarter. I think this has been a while since you've seen this level of sales growth. Do you think the current pace is sustainable in the near term or is there anything that is kind of one-off due to product changes or things like that that drove the really strong performance in the quarter?

<A – Claude Accum – Sun Life Financial, Inc.>: Thank you, Humphrey. Claude Accum here. The contribution actually came across the board for most of all local markets and we also saw a nice rebound in international. To give you a flavor of it, maybe I can just give you a sense of what the three biggest lifts were. So one of the biggest lifts was in the Hong Kong sales which were up 100% and I believe that's resilient and robust and continues. We had strong sales in both agency and broker. On agency, we had some strong products, a Voluntary Health Insurance Scheme, a qualified deferred annuity policy. These are driven by tax incentives by the government in Hong Kong and that continues.

In China, we saw sales up significantly as we built out a relationship with a new online platform and that garnered 40% of sales. And so as we work with that partner and do these pilots, that could continue. And then international, we saw a 20% growth in sales from prior year, and that was driven by a rebound in UL sales driven by short rates dropping that continues. As long as premium financing rates are lower, we could still continue to see strength in those sales. And we also had sales campaigns in International that that will continue through to the end of the year. And so I think there's some durability to that.

<Q – Humphrey Lee – Dowling & Partners Securities LLC>: Got it. Thank you. And congratulations on your pending retirement.

<A – Claude Accum – Sun Life Financial, Inc.>: Thank you very much.

Operator: Your next question comes from Steve Theriault of Eight Capital. Your line is open.

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<Q – Steve Theriault – Eight Capital>: Thanks very much. First question on the reserve changes, it's a second – a net neutral. But this is the second quarter we've seen In-force Management business have a significant reserve strengthening. Can we get a bit of a refresh here? And any sort of optimism around a second strengthening, will that get experience in better shape? Any comments on profitability going forward?

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Yes, thanks for the question, Steve. This is Kevin Morrissey. So this year is quite different from last year. I think last year, you were referring to the strengthening in the In-force, that was related to lapse in policy holder behavior. So we took quite a significant strengthening last year. As you will probably have observed, that was quite successful and our experience has been quite favorable and close to zero since then. So that's right in line with what we had expected from that reserve strengthening. So that's worked out about as well as you could have expected. So we're not looking at anything further on that front.

This year's change was related predominantly to reinsurance. So we looked at strengthening of our risk provisions in reinsurance. One of updates was related to Scottish Re and the receivership with the State of Delaware. We also did a more broad review of all our risk provisions of all our existing In-force treaties. I would say that review was quite comprehensive, and we're comfortable with where we have landed and are not expecting any further changes on that front.

<Q – Steve Theriault – Eight Capital>: Okay. Thanks for that. And second question, Dean, it's been almost two years since you've had an ROE below the midpoint of your target range. So, I guess at what point do you think about reconsidering that range especially given the substantial excess capital you have and that we all expect to be put to use over time?

<A – Dean Connor – Sun Life Financial, Inc.>: Yeah. Thanks, Steve. It's Dean. You're right to call out – I mean our underlying ROE year-to-date at 14.1% is just a tick over the top end of the range, the 12% to 14% medium-term objective range that we've put out there. I mean I'd say that these are medium-term objectives. We do review them from time to time. They're meant to last for some period of time. And I think that's consistent with the way other financial institutions approach them. You don't see them being changed on a yearly basis at all.

So, it's something we'll keep looking at. I think we feel good about that ROE. We think we're – and you're right to point out that we're generating that with excess capital on the balance sheet at the same time. And it's something that we'll be coming back to probably next year.

<Q – Steve Theriault – Eight Capital>: Okay. Next year in terms of leading into Q4 or next year a little bit later in the year? I'm not sure if you've got an Investor Day planned or not next year.

<A – Dean Connor – Sun Life Financial, Inc.>: We don't have an Investor Day planned. But we don't need an Investor Day – we're always looking at the medium-term objectives. We don't need an Investor Day to – if we decide to update them, we don't need to circle that around or center that around an Investor Day.

<Q – Steve Theriault – Eight Capital>: No, fair enough. Thank you.

Operator: Your next question comes from Meny Grauman of Cormark Securities. Your line is open.

<Q – Meny Grauman – Cormark Securities, Inc.>: Hi. Good morning. A question on the Q3 assumption review, one of the details, if I look at investment returns, seeing more than – the URR charge more than being offset, I'm just wondering what that offset is being driven by.

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Thanks, Meny. This is Kevin Morrissey. You're right. The total investment changes were slightly positive for the year, and we did take that CAD

$93 million URR charge largely in Canada. We saw positives related to investment strategy reviews in a number of different geographies. We also had a reduction in some of the risk provisions for reinvestment risks on variable universal life policies in Asia. Putting all those together, we ended up with a small positive in that category.

<Q – Meny Grauman – Cormark Securities, Inc.>: Thanks for that. And then, Mike, appreciate the color you've given. Maybe just a little bit more detail on some of the dynamics you're seeing on the retail side in terms of flows and really the battle between passive and active. And I think in the past, you've talked about how you laid out a scenario where in a down market, we would have an opportunity to see active outperform passive. I'm wondering, just given the current market dynamics, what's really going on here on the retail side, if there is a real change in terms of investors' perceptions of active versus passive and value versus momentum?

<A – Mike Roberge – MFS Investment Management>: Yeah, Meny. I think, clearly, we continue to see the trend out of active products and equities into passive products at a rate that's lower than what we saw several years back. And it looks like what's happening in the marketplace is the market's bifurcating on the active side is there are firms and we're one of those firms that are taking in net flows, that's true in both fixed as well as in equities, and then there are other firms that are redeeming at pretty high rates where I believe some of the platforms have lost some confidence in them.

And so as Dean mentioned earlier, our view has always been that active is going to continue to have a place in retail portfolios and those firms that do have something that a platform like ours that's stable and can generate returns through a cycle like we have are going to continue to do fine. And I think we're starting to see that play out in marketplace now.

<Q – Meny Grauman – Cormark Securities, Inc.>: And just as a follow-up, I mean, I'm trying to figure out what's changed? Is it just all the good things that you've been talking about doing have suddenly come together or is there something specific that you can point to that has changed out there in the market that makes people realize that there's real value there in your offering?

<A – Mike Roberge – MFS Investment Management>: Yeah. I think it's hard to point to anything specifically. What I would say is investment performance is obviously really strong, that helps a lot. In addition, as Dean mentioned, is our fixed income sales are up over 30% as well and so it's a combination of both. The platform that we've built, the performance that we have, I think, convincing clients that it's sustainable over a longer period of time and the uptake in fixed income is helping as well.

<Q – Meny Grauman – Cormark Securities, Inc.>: Thank you.

<A – Leigh Chalmers – Sun Life Financial, Inc.>: Chris, do we have the next question?

<A – Kevin Strain – Sun Life Financial, Inc.>: Operator, are you on the line?

Operator: Your next question comes from the line of Gabriel Dechaine with National Bank Financial. Go ahead, please. Your line is open.

<Q – Gabe Dechaine – National Bank Financial, Inc.>: Just needed that dramatic pause before my question. So the group business, I really want to delve into that because both in Canada and in the US, we had morbidity issues this quarter and second quarter in a row for both businesses. Can you explain what's going on with long-term disability in Canada, stop-loss in the US? When did these problems first appear? Where are we in the repricing process and how long does it take for you to restore margin because it could be an extended headwind?

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<A – Jacques Goulet – Sun Life Financial, Inc.>: Well, Gabriel, thank you for your question. This is Jacques. I'll go first and then Dan can follow up. You're right, it is unfavorable this quarter, morbidity experience. The key driver is really an increasing volume of long-term disability cases in our Group Benefits business combined with slower recoveries. And we have taken action, Gabriel, on two things where we've put in already price increases and we've increased our workforce or the staff that is dealing with this increasing volume. And if you look at it in terms of the book, the renewals are such that they're spread out throughout the year but the highest volume of renewals are January 1. So, in terms of – to your point on timing, we expect the majority of the impact on earnings to be done in 2020 with some of it in 2021. And what I would say to you, Gabriel, is we're quite confident that between the price increases and the increasing in staff we'll return the experience to where it's been.

I might take the opportunity if you don't mind to talk a little bit about what we see in the industry. The drivers of the increasing volume of long-term disability are really mental health. They're growing much faster than the rest. Our account executives, those who are managing client relationships, are in the market every day. They're talking to clients, they're talking to prospects, they're talking to peers in the industry. Our sense is that this is an industry phenomenon and the mental health in particular. And our view is that that supports the kind of environment that you should expect price increases.

Last comment I'll make and maybe refer to something Dean said, anything we do here at Sun Life is done from the lens of the Client for Life approach. So, our view is that mental health in particular has the potential impact to negatively impact on workforce and business results and our clients. And between us, the plan sponsor and the plan member, we have aligned interest in getting people back to work productively as quickly as possible. So, Dean mentioned a few things. One, I will single out, is pharmacogenomics it's about using genetic tests to ultimately bring to patients a medication that's more appropriate and can act faster. So, all in all, I think we're doing a lot of good things, Gabriel. The experience is unfavorable, of course, but we have it in hand. We have already taken action and we're confident that we'll return it back to expected experience in 2020.

Dan?

<A – Dan Fishbein – Sun Life Financial, Inc.>: Okay. Thanks, Jacques, and thanks, Gabriel. This is Dan Fishbein. Just a few comments on that. First of all, the morbidity experience, negative variance in Q3 in the US was about one quarter of the total that you see on the company level. And then that was roughly divided equally between the stop-loss business, the group business and our full scope business. So when you break it down into those pieces, the dollars are actually relatively small compared to the total results.

I'd also note, over the last eight quarters, morbidity has been a net positive contribution to the US overall, and we expect experience would revert to positive or neutral in due course. There's been some attention around the stop-loss morbidity, and I would note that we had a very favorable first quarter in stop-loss experience. And in fact, the stop-loss morbidity is still meaningfully favorable year-to-date. It's natural after that kind of a first quarter result that we would get some quarter-to-quarter volatility to follow on that. Year-to-date in stop-loss, we continue to exceed our margin targets for pricing in our stop-loss business, so we're comfortable with where the stop-loss business is right now.

<Q – Gabe Dechaine – National Bank Financial, Inc.>: So timing is not an issue, restoring margins by next year or a year after, anything like that?

<A – Dan Fishbein – Sun Life Financial, Inc.>: I'm sorry. Could you repeat that? I didn't quite hear that.

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<Q – Gabe Dechaine – National Bank Financial, Inc.>: No, I'll leave at that, as I don't want to abuse the two-question limit here.

<A – Leigh Chalmers – Sun Life Financial, Inc.>: Okay. Why don't we move on then and you can come back and follow up after even if you want, Gabe?

Operator: Your next question comes from the line of David Motemaden from Evercore. Go ahead, please. Your line is open.

<Q – David Motemaden – Evercore Group LLC>: Hi. Thanks for taking the question. Just a question for Dean on M&A and just specifically in Asia, and just wanted to get a sense of whether you prefer more of an agency business or a bancassurance business in that market and how you're thinking about that, because there is a trade-off where potentially higher growth in bancassurance versus higher margins in agency.

<A – Dean Connor – Sun Life Financial, Inc.>: Yean, David. It's Dean. I'll take that question. I think our strategy in Asia is a strategy around multichannel distribution. We want to have agency in every market in which we operate and we do. And because, as you know, bancassurance relationships can change over time, so the cornerstone of the business and, as you allude, the margins are stronger in agency sales and it's – so that's kind of a bedrock foundation, a cornerstone of our distribution strategy.

At the same time, we also want to have bancassurance distribution for a number of reasons. It attaches to, in some cases, different types of clients or sets of clients. It's able to bring our solutions to a wider range of people in the markets in which we operate, obviously helps to cover fixed expenses to a greater extent, and as well helps including in that, not just fixed expenses but fixed expenses around digital innovation as well. So, our strategy is one, not of banca or agency, but banca and agency, but starting with agency and building high-quality agency across all seven markets.

And I would add a third channel to that which is, as you know, we're investing in and innovating around alternative distribution channels and telecoms and other forms of distribution. Early days on those, but that's the third leg of the stool.

<Q – David Motemaden – Evercore Group LLC>: Got it. Great. And also just a follow-up, just on the ACMA, just all of the changes that were made as well as the URR reduction, is there any go-forward impact to earnings power from the changes?

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Thanks for the question, David. It's Kevin Morrissey. Overall across Sun Life, we expect the Q3 ACMA impact to be modestly positive on underlying income going forward. Most of that you'll see coming through either in new business or lapse experience.

<Q – David Motemaden – Evercore Group LLC>: Got it. And should that be really in Asia is where most of that will come through?

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Yes, that's where you'll see it. I noted for – you would have seen in our disclosures around the strengthening of the lapse assumptions in the International block, universal life business. So we feel that we've adequately dealt with that problem, so we don't expect to see that experience loss persist into the future.

<Q – David Motemaden – Evercore Group LLC>: Great. Thank you.

Operator: Your next question comes from the line of Sumit Malhotra from Scotiabank. Go ahead, please. Your line is open.

<Q – Sumit Malhotra – Scotiabank>: Thank you. Good morning. First question is for Claude and specifically in respect to Hong Kong. You indicated to us that the international business was likely going to rebound, we certainly saw that this quarter. But it doesn't look like there was any detrimental impact on at least your sales trends as far as Hong Kong is concerned. Obviously, we've all seen the situation over there the last few months. Can you give us any high level thoughts on how Sun Life is thinking about the business outlook in the interim with respect to Hong Kong and what that means for your Asian franchise?

<A – Claude Accum – Sun Life Financial, Inc.>: Claude Accum here. Thank you, Sumit. Regarding the situation in Hong Kong, there has been an impact on the insurance sector and where it shows up is there's a slowdown in mainland Chinese visitors coming to Hong Kong. And when they see the demonstrations on TV, they're reluctant to come to Hong Kong to do the medicals and buy insurance. The impact on our business actually has been quite modest. Our sales have been quite resilient, they're actually up 115%.

And so why is that? In the current configuration, two-thirds of our sales are agency, and agency is actually sold 96% to local Hong Kongers who were already there. And they're buying products based on local tax incentives. And so we think that's resilient. If you look at our exposure to out-of-country visitors in Hong Kong, about 20% of our sales come from out-of-country visitors. But less than half of that is exposure to China. About 60% of those visitors are still visiting Hong Kong from Taiwan, from Singapore, from the Philippines. And so we think we'll see some short-term slowdown, but we're not seeing any long-term diminution to our growth prospects in Hong Kong.

<Q – Sumit Malhotra – Scotiabank>: And to your point, I mean, if anything, aggregate sales, individual insurance sales seem to accelerate in the quarter.

<A – Claude Accum – Sun Life Financial, Inc.>: Because we've had some really strong local tax incentives driven by the government to sell voluntary health schemes, as they give a tax advantage to people to buy those. Those launched this year. And they also launched a qualified deferred annuity plan with tax incentives. And again, those products came out this year. So, you're seeing those two lifts helping us.

<Q – Sumit Malhotra – Scotiabank>: All right. Thank you for that. Next question is for Kevin Strain. We usually don't talk very much about the Corporate segment because there's more interesting stuff going on most of the time. Just wanted to make sure I understand the numbers here. Ex of the tax recovery, your loss in the Corporate segment underlying basis would have been around CAD $40 million, which is one of the larger numbers we've seen in that unit. And at least from some of your commentary, your prepared remarks here, it seems to be expenses that are the area. And coming off an Investor Day, where there was a number of references to bending the cost curve and perhaps having gotten to more of a run rate level with respect to technology spend, I'm surprised to see costs as the factor pushing earnings in that segment down. Anything you can offer there on that number on the whole and whether it is, in fact, expenses that are the key factor?

<A – Kevin Strain – Sun Life Financial, Inc.>: Yeah, Sumit. Thanks for the question. And you've got the math right. Typically, we see the Corporate segment run between CAD $10 million and CAD $20 million positive. And of course, the Corporate segment does also include the UK and our runoff reinsurance business. But the difference in the quarter largely is expenses and some of those are sort of more one-time or sort of volatile in nature. We had some additional long-term share-based compensation on the share price going up and some other compensation costs that came through in the quarter.

There was also a slightly higher run rate on some projects. IFRS 17 is an example of a project that's included in the Corporate segment. And that drove it to be higher than sort of your typical CAD $10 million to CAD $20 million. If you think longer term, the UK is a closed block and you can

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expect to see the UK underlying earnings gradually decline and they had a big positive ACMA this quarter, and so that would suggest sort of lower underlying earning rates in that segment. But the UK does continue to perform really well being an important provider of earnings, of cash flow, of dividends to us and having an attractive ROE. So the UK is performing well, but as the closed block, you'd expect those earnings to sort of slow down over time.

So I would say the big delta in the quarter does relate to some one-time expenses around a long-term incentive comp and some other compensation items but there is a slightly higher run rate in some project costs, and then a slightly lower run rate in the UK income.

<Q – Sumit Malhotra – Scotiabank>: Thank you for that. And...

<A – Kevin Strain – Sun Life Financial, Inc.>: Yeah. Maybe more broadly on expenses since I got the...

<Q – Sumit Malhotra – Scotiabank>: Yeah. Please.

<A – Kevin Strain – Sun Life Financial, Inc.>: ...chair on this one. We are really focused on expense costs and you saw that the controllable expenses are up 3%, but this is a much lower percentage growth than what you're seeing in our business growth and our sales growth and sort of overall metrics of growth. And I see good expense discipline in Corporate and in each of the business groups, and it's something we look at and talk about a lot. And in fact, we're seeing expense – improvement in expense gap and some of those types of things. So I think there's a lot of focus on expenses and you can expect to see that continue.

<Q – Sumit Malhotra – Scotiabank>: And last one, I'll try to keep this one very brief for Dean. Sun Life has been in my opinion the most consistent company that I cover anyway with respect to its capital deployment strategy. Share repurchases have been to the point that your share count, I think, is down something like 3% or 4% year-over-year. Is there a level valuation wise that the company considers when allocating capital to the buyback or candidly, are you in such a strong position in excess that you think continuing to buy 3 million to 4 million shares a quarter irrespective of relative or absolute valuation is just a strategy you want to continue to follow?

<A – Dean Connor – Sun Life Financial, Inc.>: Sumit, it's Dean. Thanks for the question. Obviously, we would not comment on the forward view of our plans for the NCIB. Like most firms, we have modeled out intrinsic value of the stock. That's one of the inputs into our thought process on buybacks. I'll just remind everyone, it's just one way to deploy capital and alongside other things like M&A and reinsurance recapture and so on that we've talked about before. So, I'm not going to give you probably a very satisfactory answer to your question but except to say, yeah, we do have a view of the intrinsic value of the stock and it's one of our inputs as we think about how we employ the buybacks.

<Q – Sumit Malhotra – Scotiabank>: Thanks for your time.

Operator: Your next question comes from the line of Doug Young with Desjardins Capital Markets. Go ahead, please. Your line is open.

<Q – Doug Young – Desjardins Capital Markets>: Hi. Good morning. Dan, back to you. Just on the US Group Benefits side, looks like there was a net loss in that. And maybe for Kevin, was there a reserve charge or something part of ACMA that hit the group business? And I apologize if you mentioned it, but I don't recall that, but I just want some clarity on that first.

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Yes, Doug. It's Kevin Morrissey. I'll take that one. So, there was a charge in the group related to the ACMA this quarter. So, we looked at the stop-loss reserving methodology, and we made some changes that included some strengthening.

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Going forward, we expect to see as a result of that the stop-loss, morbidity experience to be less volatile than it has been in the past. But that was where some of the impact was that you're seeing.

<Q – Doug Young – Desjardins Capital Markets>: And what was that...

<A – Dan Fishbein – Sun Life Financial, Inc.>: Yeah.

<Q – Doug Young – Desjardins Capital Markets>: I don't know.

<A – Dan Fishbein – Sun Life Financial, Inc.>: And Kevin, I would add that the – it's more of a timing issue that the way we were recognizing liabilities. We historically had recognized them once they started to come in versus once we started to collect premiums. So this really accelerates the recognition of losses versus changing the amount of the losses.

<Q – Doug Young – Desjardins Capital Markets>: But does that impact – positively impact, I guess, the future earnings power of the company or of the division?

<A – Kevin Morrissey – Sun Life Financial, Inc.>: Doug, this is Kevin again. I would say no. I think as Dan said, it's really related more to timing and we would expect to see a less volatility but not an overall change in the experience looking forward.

<Q – Doug Young – Desjardins Capital Markets>: So this is an issue with pricing or it wasn't an issue with underlying experience? This was just – as Dan you said, it was just the timing change?

<A – Kevin Morrissey – Sun Life Financial, Inc.>: That's right. Yeah.

<Q – Doug Young – Desjardins Capital Markets>: Okay. And then just, Dan, 43% increase in medical stop-loss just seems outsized. And so is that a function of – or maybe you can just talk a bit about what's driving that. As one of your competitors pointed out, just hoping for a little bit more detail on that. Thanks.

<A – Dan Fishbein – Sun Life Financial, Inc.>: Yeah. I'd remind you that the third quarter and the first quarter are our smallest sales quarters of the year. Most of the sales are concentrated in the fourth quarter as we lead up to the 01/01 date. So, we don't want to put too much weight onto that. However, what I would say is our stop-loss sales year-to-date and really over the past three years have been terrific and growing at a good pace. And what I would say is we really feel we're executing well. We have the strongest sales organization, really good products, reliable underwriting and excellent partnerships with our broker, distributors and that's bringing more and more of the market to us. We continue to see what we would describe as a rational pricing environment competitively, and in fact, we continue to exceed our pricing targets year-to-date on both new sales and renewals. So we're happy to keep adding market share at those levels.

<Q – Doug Young – Desjardins Capital Markets>: And is it still fair to say the stop-loss business, the margin is above your 7% target and on your group employee plan business, it's still below and there's going to be a convergence? I know that's something you've kind of talked about in the past. Is that still the case here?

<A – Dan Fishbein – Sun Life Financial, Inc.>: Yeah. I think you've got that right. Within that, our stop-loss business is performing really strongly. I would say this quarter though, the group business made a significantly bigger contribution to the total. So maybe we're seeing some of that convergence. Over time, we would not expect the stop-loss business to be able to always over-perform its pricing targets, that's just inevitable. It should come back towards the pricing targets, but at the same time, the group business margins continue to improve. And we are starting to see and should continue to see a better balance between the two.

<Q – Doug Young – Desjardins Capital Markets>: Great. Thank you.

Operator: Your next question comes from the line of Tom MacKinnon with BMO Capital. Go ahead, please. Your line is open.

<Q – Tom MacKinnon – BMO Capital Markets (Canada)>: Yeah. Thanks very much. I want to talk about the impact of new business in Canada and in Asia. The impact of new business in Canada just CAD $13 million, certainly a lot lower year-over-year and you just – sales I guess overall were relatively flat, but you just say it's related interest rate. So are you just going to reprice your products or if rates just kind of hang low, you're just going to suffer with lower new business gains? Can you tell us what your actions are here?

<A – Jacques Goulet – Sun Life Financial, Inc.>: Yeah. Tom, this is Jacques. Thanks for the question. I'll go first and maybe you can do Asia. So it's really the driver this quarter is indeed the Individual Insurance business. It's economics as you pointed out, but it's also – I would say some of it is lower volumes. You're right to point out the broader sales. We have an increase, for example, in GB sales, but the mix was more in terms of what we call our ASO business versus the fully insured business. So those are some of the drivers.

In terms of what we might do on repricing, at this stage, this is something I would say we review regularly. We think about it. We look at the competitiveness of our product versus others and, of course, our profitability targets. I won't say at this stage where we might go, but Tom, this is something that we obviously review on an ongoing basis.

<Q – Tom MacKinnon – BMO Capital Markets (Canada)>: I would assume that like at least half your products would be PAR and I wouldn't anticipate that they would get significantly impacted in terms of strain by lower interest rates. Is that correct?

<A – Jacques Goulet – Sun Life Financial, Inc.>: And that's true, although when you say it's mostly PAR, remember that we sell mostly PAR in our third-party channel that's a bit more diversified in our own network of career sales advisors.

<Q – Tom MacKinnon – BMO Capital Markets (Canada)>: Okay. And then, maybe Claude Accum, with respect to Asia, everybody is talking about these great sales year-over-year and certainly acknowledge that, but the – you actually had higher – the strain is even more negative now – or a negative impact on earnings. So what's happening here? Is it more costly to put this new business on than it was in the past or is there certain issues with respect to some products in various countries? I did notice that the Asia expenses are up significantly year-over-year as well, like they're up something – about 20%. So, is there anything else that's driving the fact that you're still getting the same kind of negative impact from strain despite the higher sales?

<A – Claude Accum – Sun Life Financial, Inc.>: Thank you, Tom. Claude Accum here. The new business gain picture is actually an amalgam of eight different countries, right? And so, you need to look at where each of those are in their business development. As you point out, new business gains are down CAD $2 million, so CAD $2 million unfavorable. The strong parts are the mature businesses. So, if you look at International, CAD $25 million of sales, up 20%. If you look at our other big driver of high net worth sales in Hong Kong, our high net worth sales are actually double year-over-year. And so, where that shows up in new business gain, if you look at Hong Kong and you look at international, their new business gains are actually up CAD $5 million. They're up 30%.

And so, you're seeing that driver, that connection that you're looking for, strong sales drives profitability, new business gains in those two mature businesses. Two other businesses are in different cycles. So, in China, we're growing our relationship with a new online provider. And as we build out that relationship, we've gotten very strong sales, but that will drive expense gap, so higher expense gaps in China. And similarly in India, you've seen amazing sales results in India with the

new HDFC bancassurance deal. And as we invest and bring on that capacity, it does create some strain in sales. But it's got a nice future value down the road. And so those businesses are in different cycles. But I think the aggregate result is as I would expect when you put together those different pictures.

<Q – Tom MacKinnon – BMO Capital Markets (Canada)>: That's great, Claude. Thanks and congrats on your retirement.

<A – Claude Accum – Sun Life Financial, Inc.>: Thank you, Tom.

Operator: Your next question comes from the line of Mario Mendonca from TD Securities. Go ahead, please. Your line is open.

<Q – Mario Mendonca – TD Securities, Inc.>: Just a very quick question. Back to these tax incentives in Hong Kong, they sound very temporary in nature. Is there an expectation that these go away sometime soon?

<A – Claude Accum – Sun Life Financial, Inc.>: Mario, it's Claude here. The voluntary health scheme is a long-term program by the government to try and get people to buy more health insurance schemes to self-insure themselves, and so that can only work if they continue that for a while. And they also want to attract people to invest in their own private savings programs. And that's the [indiscernible] (00:59:50) and so we're not seeing those as short-term programs.

<Q – Mario Mendonca – TD Securities, Inc.>: So no expectation that either one will be pulled in the near term?

<A – Claude Accum – Sun Life Financial, Inc.>: They were just launched this year and so we're not even thinking about them being pulled.

<Q – Mario Mendonca – TD Securities, Inc.>: Okay.

<A – Dean Connor – Sun Life Financial, Inc.>: Mario, it's Dean. If I could just jump in here, I think this is a great example of one of the drivers of demand that we see for our business around the world is downloading of responsibility. Governments can't afford healthcare in most markets and they're asking their citizens to step up and pay for it. And it's same with retirement savings, inadequate retirement savings systems in most of the markets in which we operate, and again, they're trying to, through tax incentives, find ways for people to save for retirement because these countries know they've got a serious issue.

<Q – Mario Mendonca – TD Securities, Inc.>: So it just sounds like an example of the demographic pressures that you've been involved in talking about for some time playing out?

<A – Dean Connor – Sun Life Financial, Inc.>: Exactly.

<Q – Mario Mendonca – TD Securities, Inc.>: Thank you.

Operator: Your next question comes from the line of Darko Mihelic from RBC Capital Markets. Go ahead, please. Your line is open.

<Q – Darko Mihelic – RBC Capital Markets>: Hi. Thank you. Question for Kevin. You mentioned the LICAT ratio basically losing now under any interest rate scenario. I'm interested in what happens if – I mean, does it get worse? What if rates do fall by 50 basis points? You have a decrease in the LICAT ratio, what happens then? Do other scenarios crop up? And is this possibly why LICAT ratios are so high just because – like we don't understand the second order effects after another drop. Maybe if you can just address that if you can.

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<A – Kevin Morrissey – Sun Life Financial, Inc.>: Darko, thanks for that question. This is Kevin Morrissey. I'll take that one. So, this discontinuity that we see in capital for Sun Life, it's about 5 points. This really is a one-time event, although it could go back, but it's not as if there's a series of discontinuities. So, after we would see that 1 point, that change from the scenario switch, we would expect to go back to our normal pattern of seeing an improvement in our LICAT ratio as interest rates would go down further.

<A – Kevin Strain – Sun Life Financial, Inc.>: Darko, and I want to just add to that and I think Kevin makes that quite clear that it's – the scenario switch and then we go back to sort of the more normal rate. But what we're talking about relates to SLA, right, and the potential for scenario switch at SLA. If we'd seen interest rates go down a little bit where we had had the scenario switch, that would not have applied to SLF in our case in this quarter if that had happened. And so, I like to also focus on SLF where we have the CAD $2.8 billion of cash and a really strong LICAT ratio there as well, and then that's the sort of true financial strength of the entire company as at the SLF level.

<Q – Darko Mihelic – RBC Capital Markets>: Okay. Great. That's very helpful. Thank you.

Operator: Your next question comes from the line of Nigel D'Souza from Veritas Investment Research. Go ahead, please. Your line is open.

<Q – Nigel D'Souza – Veritas Investment Research Corp.>: Good morning. Thank you for taking my question. I wanted to just quickly – I just had a few follow-ups regarding the favorable impact you had on the resolution of tax matters from prior years. And apologies if you've already elaborated or answered this, but could you provide some more color on what exactly those tax matters were and if we should expect a favorable impact from those tax-related items in future quarters?

And building off that, am I right to assume that your approximately 9% effective tax rate underlying net income was mainly driven by those items? And an extension of that question, what should we think in terms of the go-forward rates for your effective tax rate underlying net income in future quarters?

<A – Kevin Strain – Sun Life Financial, Inc.>: Well, thanks for the question, Nigel. And, yeah, you're – we had two large tax issues that were resolved in a favorable way in the quarter. They were both related to prior tax years where there were audits or appeals that were still open. And it's not unusual for us to have tax issues from prior years that get resolved in the quarter, and we typically take these as we did in this case through to underlying earnings. And we do this whether the issues are positive or negative.

So that's – when we look at these, we have other issues that are related to prior years that sort of happened. This time, it just happened to be that there were two positive ones that were unusually large that came through. They make up the majority of the CAD $78 million that you saw we talked about. And we would expect that these would have a positive impact on earnings going forward, and the positive impact, you can think roughly in the neighborhood of CAD $0.03 a share kind of thing for the year. So we don't see this changing our range of 15% to 20%, though we're still in a – we still see a range of 15% to 20%. It's certainly what drove us below the range, was the resolution of these two issues.

<Q – Nigel D'Souza – Veritas Investment Research Corp.>: And just a clarification question, that 15% to 20%, that's on a go-forward basis, not the expectation for the entire fiscal year of 2019, is that right?

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<A – Kevin Strain – Sun Life Financial, Inc.>: Yeah, not for this year. So, that's for sort of a go-forward basis on kind of a run rate basis. We would continue to see the same impact of that CAD $78 million on a year-to-date basis by the end of the year.

<Q – Nigel D'Souza – Veritas Investment Research Corp.>: Okay. Appreciate the color. Thank you.

Operator: And there are no further questions at this time. I'd like to turn the call back over to Mrs. Chalmers for some closing remarks.

Leigh Chalmers, Senior Vice President, Head-Investor Relations & Capital Management, Sun Life Financial, Inc.

Thank you. And I would like to thank all of our participants today. And if there are any additional questions, we are available after the call. Should you wish to listen to the rebroadcast, it will be available on our website later this afternoon. Thank you and have a good day.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.

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