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SLF.TO - Sun Life Financial Inc at Scotiabank Financials Summit

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PRESENTATION

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Good morning, everyone, and welcome to day two of Scotiabank's 26th Annual Financial Summit. And I'd like to introduce our first guest for today, Kevin Strain, President and Chief Executive Officer of Sun Life Financial. Welcome, Kevin. Nice to see you.

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

Which one?

Mike Rizvanovic - *Scotiabank GBM - Analyst*

We can probably sit here, okay.

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

How's everybody this morning?

QUESTIONS AND ANSWERS

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Maybe too early, but -- yeah, I thought maybe the best place to start is just high level on your very high ROE target, very impressive, and to the extent that you can manage to get there -- would put you in a very elite category of financial services companies globally for that matter, not just in Canada. Any thoughts on that, maybe just remind investors the pathway of getting there and then where you might have a bit of work to do to sort of --

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

I wouldn't define it as a high ROE target actually. I think for us it's -- you have to remember if you if you stand back and look at Sun Life, we've been constructed with low capital businesses, and half of our business is, well, just over 40%, but trending towards half will be asset management. So between MFS, SLC, we have Asset Management in Canada, we have Asset Management in Asia. We see a chance to really grow the Asset Management.

Nobody would say 20% was a high ROE for MFS, right? So you have to remember that we've got this. And then on the insurance side we've really geared to low capital re-priceable businesses, Group Benefits. So the combination of those, and again, 20% is a very reasonable ROE in that space. And the other lift we have is that as we build scale in Asia, that's going to lift our ROE in Asia. So the combination of Asset Management growing and we have big expectations for SLC.

DentaQuest, which I know we'll get to -- returning to more normal sort of margins and profitability levels and then also Asia growing gets us to the 20%. So I don't view it as a -- I view it as a very reasonable target for the mix of business we have.

Mike Rizvanovic - Scotiabank GBM - Analyst

Yeah, I do think it's impressive in the context of who you get compared to.

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

Yeah.

Mike Rizvanovic - Scotiabank GBM - Analyst

Other Canadian life, Canadian banks, other large financial services companies that are diversified like Sun Life is.

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

Far be it for me not to say thank you for a compliment, and I do think it's a -- we think it's a good ROE, but it really comes out of that mix of business that we've built over a long period of time. And that shift that we started right after the global financial crisis to focus on the Group businesses and to focus on Asset Management. And the work -- and I know Steve Peacher here over the next -- today as well.

The shifting from -- in 2014, we were an insurance company and we owned MFS. Today, we view ourselves very much as an asset management and an insurance company and so that shift in ROE comes out of that mix of business that we very purposely developed and very purposely taken actions towards, which we think will work much better through multiple different economic scenarios than others, that low capital, low guarantees.

Even when you think about Asia, Asia is a much shorter duration life insurance business than some of the business in the U.S. and some of the business in Canada, so us stopping our U.S. life business, us exiting variable annuities, us not being in long-term care in the U.S., were all really important pieces of delivering the type of ROE we're delivering today.

Mike Rizvanovic - Scotiabank GBM - Analyst

Thanks for the insight, and very humble as always, Kevin. Maybe to touch on the different business lines and probably best to start with the U.S. Obviously, a few questions on the U.S. across your businesses, starting with the Dental business. Obviously, it's been a little bit noisy for investors lately with the target coming off for 2025 and just some of the headwinds that you've seen in that business, just maybe as a quick reminder, what went wrong and how do you sort of right the ship?

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

Yeah, I know this is on everybody's mind and if you think about the U.S., I just mentioned that we pivoted towards Group in the U.S. because it's low capital, it's re-priceable, but you need it to be at scale. So we did the Assurant acquisition. I think that was back about 10 years ago. So we did the Assurant acquisition. We integrated that with our Employee Benefits business.

And we looked -- we still weren't where we want it to be from a scale perspective in the broader group benefits business, and we looked at a lot of acquisitions and that would be even bigger than the DentaQuest acquisition. They were across the disability and the Employee Benefits space, and we couldn't make any of the financials work, so those acquisitions went to other companies.

When we saw DentaQuest coming to market, we were undersized in the dental business in the U.S. We saw it adding scale to our overall Group Benefits business. We saw it adding new capabilities. We were not doing any Medicare/Medicaid. And we saw that being a big player in the dental, second-most sought after benefit in the employee benefits space would help us with voluntary, would help us get new employee benefits on the disability side and life side and health side, and would also help us grow the dental and tangentially the vision business.

So we saw this acquisition as creating new capabilities and giving us that scale. Now we're in that position of scale in the group benefits place. We always knew that the Public Health Emergency would give dental higher profits because people weren't using the benefits on the dental side. The Public Health Emergency went longer than we would have expected. That created this bigger backlog of people who weren't exiting Medicaid in particular. And what happened when the Public Health Emergency ended, states started to exit people who -- were allowed to exit people off of the Medicaid program.

As that started to happen, I think -- if you think about it, it's just logically, right? Like if you are a member in Medicaid, you don't know whether you'll be exited or not, or you know you're coming up to your exit, you use your benefit. We see that all the time like people aren't going to leave a dental benefit sort of sitting there, and dental is different than a health benefit. You can choose when you do your teeth. You can choose even a bunch of procedures around your teeth. So we saw the claims shooting up.

What happened at the same time -- and we knew that that would happen, but what happened at the same time, this extended, but at the same time, we've now hit a place where the federal government is going through changes and they're putting pressure on Medicaid, and we've all seen that pressure coming on Medicaid.

And so states that would typically be repricing more quickly to the changes in claims experience are sitting back and going, wow, we don't know what our funding is going to look like yet. We think it's going to be fine for this group, but they're resisting a little bit some of the changes that we would expect to see, and that's causing this added sort of negative claims experience on the dental side.

We still believe that over time that, one, this is -- the Medicaid space in the U.S. is massive and it's massive in terms of votes and those types of things. It's going to settle itself in a place that is going to be quite acceptable to us from a business perspective, but until it does sort of settle, we think it's going to take a little bit of time to get through the repricing, and that's why we changed our guidance.

So we still think long term that this meets all the objectives we set out when we did the acquisition, but we're going through this combination of longer Public Health Emergency and now this uncertainty at the federal level of funding, and again, members are seeing that uncertainty. They're going, I'm not sure if I'm still going to be in the Medicaid program, so you go get your teeth cleaned, you go get that cavity filled, you go do some of those procedures that maybe you would have waited a little bit to do.

And so we're seeing that abnormally high level of claims experience, and again, we think we'll work through this over time. This is a -- the public space in the U.S. system is a massive part of how the U.S. healthcare system works, and we still think it's going to be a good space for us, especially the dental side. It's still a big benefit. You see we're big players on the dental in Canada, and I think over time, you're going to see this correct itself, but it is going to take a little while.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, fair enough. And maybe switching over to U.S. stop-loss. It looks like it's picked up a little bit. Maybe talk about some of the drivers. Where are you seeing improvement and how do you see it playing out in the near term to medium-term?

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

Yeah. We're a big player in the U.S. stop-loss. I talked to other CEOs in the U.S. space, and they're envious of our stop-loss business. We have more data. We have more capabilities. We've wrapped stop-loss with, for example, we purchased a company called PinnacleCare, and PinnacleCare help -- they were designed to help some of the wealthiest people in the U.S. manage the U.S. healthcare space.

And what we use them for is if we see a large claim coming, we assign a PinnacleCare person to them and they help them manage that benefit, and it's great for the member because they're getting benefits that the very wealthy people would get. It's great for the sponsor because a lot of times, they don't know the right hospital to go to. They don't know the right treatment to get. They're not getting a second opinion on the treatment. With PinnacleCare, we actually -- it actually helps control the cost and give a better experience.

So we've created a model where we have a lot of data. We understand the business very well. We do not price aggressively, so we can be patient because we have scale and data, and we've created a better member experience. And so, you know we talked about -- we had -- but we are seeing inflation there, we're seeing more claims. Part of that is coming out of COVID, where people weren't going in to do regular things and now cancers and different things are becoming a more difficult treatment and so a more expensive treatment.

So that we reprice on an annual basis for that. We talked about a pricing increase of 14% last year. As we saw the experience in December, we added 2%. We said -- we thought we should have probably had a 16% price increase. We added 2% into the reserves and what we're seeing so far, it's early, but what we're seeing so far is largely our claims experience was largely consistent with that.

So there's nothing that we're seeing that's worrying us in terms of this year. There is inflation in healthcare costs. There has been roughly single digits, middle-single digits, to high-single digits in the U.S. for years now, and we expect that to continue, and that's why you see price increases like 14%, 16%, because the cost of healthcare in the U.S. has been increasing significantly over time.

And so, I think that we know how to run that business. We've had great experience. We have great members' experience, and over time, you're going to see that continue. It's really good ROE and has been a great supporter of our profitability and we expect that to continue. There is -- I would say that last year was indicative of coming out of COVID at higher medical costs, and we're well prepared for that.

Mike Rizvanovic - Scotiabank GBM - Analyst

So as medical costs rise, you get that --

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

Pricing, yeah, pricing rises.

Mike Rizvanovic - Scotiabank GBM - Analyst

The price is going to rise double because the actual amount you cover is about 2 times that.

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

Well, the 14% is a combination of higher experience which is coming out of part of that sort of COVID and then the higher medical costs. So it's a combination of both. That's how you get to the 14%, and we've been very good at repricing for that, and you've seen that our volume was down a little because we've stayed discipline on pricing.

And if you look at some of our competitors' quarterly calls, they're seeing much worse claims experience, not aligned with the pricing that they had done. So they won some business from us, but they're going to regret winning that business and over time we'll see that pricing sort of come back. So it's an important business for us. It adds earnings, ROE, and we're very good at it. And I hear that from other CEOs, they wish they had the capabilities that we have in the Stop-Loss.

Mike Rizvanovic - Scotiabank GBM - Analyst

Got it. And how does it connect with other parts of your business in the U.S.? It's obviously a big part of --

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

Well, our whole U.S. business is really a benefits business, right? So it's -- so we have Employee Benefits, which is disability, life, health, voluntary. Stop-Loss plays the other part of the benefits where we don't play, which is in the medical side, which is where you're seeing even more noise if you're actually in the medical business.

And then of course Dental is part, I would say it's just a big section of the Employee Benefits side. And that's where we've geared our entire U.S. business is to Group Benefits that's re-priceable one-year to three-year basis. It's low capital, no guarantees, right, re-priceable.

So that's where we've geared our U.S. business. We're really excited about -- Dan's done a great job of managing that business. Of course he's a medical doctor by background. David Healy's been with us for 20-plus years, and he had, at different times, run operations and IT. He ran the Employee Benefits business.

He took that Employee Benefits business through the Assurant acquisition, through a place where we were breaking even roughly to a place that it's significantly profitable, and I think he can do the same thing, bringing more technology and more operations experience. He's been running Dental, and that's an important piece of that.

So we feel pretty good about being in the space we're in in the U.S. We think that's the right space, no long-term care, no variable annuity, not running new life business, re-priceable. It's been a more difficult time through COVID and some of the things we talked about on the dental side, but we're going to work through that.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, thanks for that colour. Can you talk a bit about the technology side and how that benefits those two businesses in the U.S. in particular?

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

I think technology is becoming everything, right? Like if you think about how you help a member understand their benefits, how they help a member process claims, bringing additional services to Clients. So we will help Clients manage their diabetes, we'll help Clients with other medical conditions that they can do on our applications. We have a Health 360 app that helps them understand what they're going through.

So the technology side in terms of benefiting the Client is huge. I also think there's a lot of efficiencies to be driven through the technology side. And we've seen that with Employee Benefits. And when you get to RFP processes where you're going through a competitive bid process, having the strongest technology is a big part of winning business without having to be the most price competitive because the sponsors value that technology support.

So it's huge for us. And I think the transition to David is significant for that.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay. Maybe jumping over to Asset Management. Obviously, you talked about how important that is for SLF and it distinguishes you from some of your peers. And sticking with the U.S., starting with MFS. I think some investors had been more lately concerned about the margin coming down a little bit. Hasn't really been expanding. You've got a massive AUM base, \$860 billion-some-odd I believe.

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

In Canadian, that will be USD600 to USD650.

Mike Rizvanovic - Scotiabank GBM - Analyst

Pretty substantial. And then the dynamic of 70%-ish of your costs are variable. I guess that interplay between moving the needle and continuing to grow your asset base should give you the benefits of scale over time. How do you sort of see that developing, like can the margin go meaningfully higher over, say, a two- to three-year period, if you really --

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

A couple of things. One, clearly, you guys are all in that business. Asset managers that are in the public equity, in the public fixed income space, public equity, in particular, when equity markets are up, they -- we tend to do better because the AUM is higher and the fees are higher. And so you've seen that great tailwind for probably since the end of the global financial crisis where equity markets have been in a long, long bull run.

We think that -- step back, right? We didn't want to be an insurance company that owned MFS. We want to be an asset management and insurance company. We think MFS is a key part of that, in the public equity and the public fixed income space. I think they're doing good things.

Active ETFs in the U.S., there's tax advantages for the Client and so they've been building out their active ETFs, and we think that's a really good thing and they're starting to get recognized on that side. They've been building out their public fixed income. They've had great performance in public fixed income. The issue with public fixed income is the difference between great and not so great is relatively small. So we're expecting over time that we'll start to get more flows there.

They've been -- they're very close to the Clients and their Clients understand how they manage money, but they're subject to all those trends that happened in public equities and public fixed income, where you've seen changes going more passive, institutional investors having different priorities, some going into the alt space. But they continue to perform well for their Clients against their objectives and how they define their asset management approach and their Clients understand that and buy into that. That's how they've stayed strong in the U.S. retail space and in the global institutional space.

And so while they've been in outflows, those outflows are roughly consistent with what you would see in the broader industry. And in fact, over time, they've been better. And we think that having a strong public equity, public fixed income, Asset Management business that's global is important to us. We can find ways to position MFS through our Wealth businesses. We're doing that in Asia and in Canada, and help MFS grow but they are that piece of our Asset Management platform.

Alongside of that, we saw many years ago, and Steve will talk about this more probably, that there was a switch coming into the alts space and that Clients were becoming very interested in the alts space. And we systematically built over time, one of the strongest alternatives businesses in Canada, and our goal is to compete with the strongest alternatives businesses in the world.

And so we've built a platform that has \$250 billion of third-party assets in the Asset Management space, growing across real estate, infrastructure, private credit, and we took our private fixed income space business out. And that gives us a balance across public equity, public fixed income into the alternatives. And we think that that's really good to manage through different cycles, different interest rate environments, different equity market environments, different economic environments, and it's important for us as an asset manager to see across those.

And everybody understands what their role is, and how they add value to the firm. We won't -- we'll see different cycles in each of those and being across the asset management platform is important to us. We are increasingly looking to ways to add value as a major player in the retirement space in Canada. Our GRS business is looking for ways to bring more of alts to our Client base. Our Wealth businesses are looking at ways to bring more of alts to our Client base, but also to bring more of MFS.

So we have about \$25 billion of MFS globally that we run through our Wealth businesses, and we think we can increase that quite significantly. We think we can increase in the alts space, what we do through our Wealth businesses. And creating that -- called a bit of a flywheel from our Wealth businesses and our Asset Management businesses. We're unique. We have \$1.5 trillion in assets under management and only \$200 billion of that is our general account, \$1.3 trillion of our assets are with third parties or through our Wealth business.

And so we get this incredible opportunity to think about ourselves as an asset manager with the capabilities we have on the insurance side to provide some flows into the Asset Management space. And when we step back and look at other alts businesses, they're buying insurance. We don't need to buy insurance. We have insurance that we like.

Again, it's low capital, low guarantees. We're not worried about the insurance, things that could happen from buying those books. And that insurance business helps to fund how we think about the alts business.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, thank you. You sort of dovetailed into my next question on SLC. But just going back to MFS, so it sounds like it's more of a margin stability story that --

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

Sorry, yeah. When you look at the margins, as you said, two-thirds, 70% of their costs are variable. And so you get some of that. They actually have -- their fixed cost for the size of AUM they have is actually relatively low by industry standards. It has to do with how they manage and how they manage globally. I think that you're seeing some natural sort of changes in the margin as things change, but a lot of it is going to relate to the size of the AUM.

And if you think about MFS, we get \$1 billion-plus earnings from MFS. 90% of that comes back to us in cash. So people are assessing MFS, they should also look at what we earn on that 90% that comes back to us in cash. If you want to do an easy way, just -- you could assume that, that was buybacks, right, because we're -- but it also provides potential for M&A and those things.

So that cash flow to us, I've said this before, that cash flow to us from MFS has funded the growth that we've had over the last 10 years in M&A but also in buybacks. Like it's a very important source of cash for the company.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, can you maybe talk a bit more about that flywheel, like that connectivity, SLC, obviously MFS. Seems like it should have a very good story on that interlinked clients.

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

Yeah. I think there's huge potential here, right? And if you look at us as a global business, we have connections on the Wealth side in Asia and in Canada in particular. And I think the opportunity in Asia long term is really significant. We need to find -- we've run a little bit too siloed, and we need to find some ways to look at bringing some value back into these businesses, particularly today, where we know a lot of investors want to increase their ownership of alts, right?

And we've got these great alts capabilities. We've seen this with you guys. We have a partnership with you where we're bringing alts to your client base, and that's working phenomenally well. We can do more with our own Wealth businesses to bring some of those capabilities back to our clients.

So the interest in the alts from investors is, as you would know, is significant today. And I think we have some opportunities to really help with that. We can help with that in other ways, right, helping to introduce Steve's business. We deal with 25 banks in Asia, helping introduce Steve's business to those 25 banks and finding ways that we can bring some capabilities to those.

So I think thinking more about growth and using our capabilities, whether they be in the Wealth businesses or whether they be in partnerships we have to drive more flows will be an important part of creating this flywheel.

Mike Rizvanovic - Scotiabank GBM - Analyst

And is the space getting a bit more competitive, I imagine -- it seems like everyone seems to want to go into that alternatives space. it's --

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

I think it almost -- couldn't be more competitive. It's very competitive because you've got some really massive players globally. I mean Blackstone, Apollo, KKR.

Mike Rizvanovic - Scotiabank GBM - Analyst

But it's not impacting your ability to.

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

We think we -- well, one, we think there's room for us because we were very good at it. I think it would be hard today to rebuild this. There's not many insurance. If we look globally at insurance companies, and you mentioned this earlier, we have, we think, arguably the best asset management platform of any insurance company around the world. And we want to make sure we're taking our insurance and wealth capabilities to that asset management to help drive it.

So as an insurance company, we think there's a lot of opportunity that way. If you looked at us like an asset management company, you said you're 50% asset management and you're also an insurance company. I would say we have the best Insurance business of all the asset managers around the world. So our job now is to leverage the two, is to create value between those two. And we are doing a lot of that, but I think we can do even more.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, it's helpful. I only have a few more minutes, definitely two areas I'd love to touch base on. Definitely Asia. Obviously, you're excited about Asia, the High-Net-Worth story, the mega trends in Asia, insurance demand, all that good stuff. Maybe just high level, like what excites you about Asia other than the obvious?

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

Yeah, I think there's tons of growth. I mean Asia, there's 4 billion people. There's -- we're primarily in developing economies. We see long-term growth across Asia. Manjit's doing a great job. He's reenergized that business there, and we're starting to see good growth come out of a number of our businesses.

If you saw our Investor Day, Manjit talked about at-scale businesses and to achieve scale businesses. He's got this great balance of driving value and growth through our at-scale businesses and investing and growing our not at-scale businesses.

He's -- many of you probably know Manjit. He's a disciplined guy, we're very aligned in terms of what that growth pattern is. And we've now built out distribution strength across all of our markets. So in every market, we're in Agency, in every market we're in bancassurance, in markets where brokerage is significant, we have brokerage business. And we have something digital in all of the markets. So we have the right distribution platform. You're seeing us grow fast in Hong Kong, in High-Net-Worth, in India.

And I think there's opportunities to see -- Philippines has done quite well -- and start to see the not yet at scale markets start to deliver towards adding value there. So China, Indonesia, Vietnam. So we've got the right -- we're in the right countries. I think there's significant opportunity. We talk about 15% growth, and we're committed to seeing that growth of 15%, which is part of that ROE story where you're going to see that grow.

So in Asia, as you know, I spent five years there, we went from \$100 million in income when I was there to -- with Manjit now today, if you're looking, we've been running around \$200 a quarter. So figure that is \$800 million, from \$100 million a year to \$800 million a year between 2012 and now, we're hitting that 15% and we think we can continue to do that.

I know one of my competitors is up, he might be here now talking about Asia later. We're as passionate as Phil is about Asia. And they do a great job there. We think we do a great job there as well. And I think there's -- if you look at the top five companies in Asia, we're with them, one of the top five. And I think we see tons of opportunity continue to grow and be stronger in Asia, and it's a good market.

And there's also a developing High-Net-Worth business there. So it's -- we're very committed to that 15% growth and that will grow the ROE alongside of it.

Mike Rizvanovic - Scotiabank GBM - Analyst

Okay, great. And then on capital, I definitely want to cover capital. You're sitting on a very, very strong LICAT ratio, a lot of cash at the holdco level. So it obviously lends the question to M&A. What do you -- are you seeing that the market is conducive to M&A right now?

And then maybe compare that to the buyback option. I think you're pursuing an NCIB, which obviously, you could do more if you wanted to. Maybe just talk about your priorities between those two.

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

Yeah. I don't want to take away too much time, so I'll try to go fast. We do M&A where we see a need for scale or capabilities, where we see we can hit our financial objectives and where we believe we can execute. And that's when we do M&A.

We're at a place right now that you'll hear Steve talk about it, but he's going through the buy-up of BGO and Crescent, our two biggest alts asset managers. We may do some bolt-ons there, but we think we have the right set of capabilities, and he is quite involved in that transition for BGO and Crescent.

So I know I'm not seeing M&A there. Asia, Manjit is going through a bunch of bancassurance deals, and we think we can grow without significant deployments of M&A there. Canada, there's not much happening. And in the U.S., Dan -- Dan and David are heavily in the dental sort of fix. So I don't -- we're in a great capital position.

I'm not saying we wouldn't do any M&A, but if we did M&A, I see smaller sort of bolt-on things, because we need to know that we can execute on the integration. That's going to be the most important thing. And so having conviction on that is going to be important before we do something. So that means that our buyback becomes more important because we do have a lot of capital and sitting at the top of the house with too much capital is not what we want to do either.

And at 151% and a 20.4% leverage ratio. So I would say that -- I'm not saying we would never do an M&A, but it has to meet those three criteria and it's -- at this point in time, the business group would have to prove to me that they could execute on the integration. I think it's a tall order to

prove that when there's so much going on. So this gives us the flexibility. We do think, in these times, having a strong capital position is not a bad thing.

But at 151%, I think were on the high side.

Mike Rizvanovic - Scotiabank GBM - Analyst

Fair enough. And then any final key messages to investors.

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

It's -- we're feeling good about our Medium-Term Objectives, and we're feeling good about achieving our Medium-Term Objectives. And there's a lot of resiliency in our business. We've got a great executive team, and we're committed to delivering on those objectives. And so I think we're in a good position to do that.

It's a more difficult environment. We all know that today is more challenging than it was in 2012 for sure, when I first went to Asia. If I think about that environment, we had a great run for a number of years in terms of the economy and now things are more challenging. But we think we're built to grow through that.

And I think the diversity of our business across geographies, 28 countries, and the diversity of our business where we've got this Asset Management and Wealth platform getting close to equal size to our Protection business, gives us a lot of resiliency in our ability to be low capital is really important to that.

So thanks, Mike.

Mike Rizvanovic - Scotiabank GBM - Analyst

Thank you very much for the opportunity to join us today and thanks for the insights as always.

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

Always a great conference, right? It kicks the year off in a good way. So thanks. Back to school for all of us.

Mike Rizvanovic - Scotiabank GBM - Analyst

Pleasure to have you. Thank you, Kevin.

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

Thanks, Mike.

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