



Sun Life Financial Inc. (SLF)

Updated December 2nd, 2025 by Jonathan Weber

Key Metrics

Current Price:	\$58	5 Year CAGR Estimate:	10.6%	Market Cap:	\$32B
Fair Value Price:	\$57	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	11/26/25
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.3%	Dividend Payment Date:	12/31/25
Dividend Yield:	4.5%	5 Year Price Target	\$80	Years Of Dividend Growth:	13
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

Sun Life Financial is a financial services company that offers insurances, wealth management, group benefits and retirement services. Sun Life Financial has divisions that operate in the US, in Canada, and in Asia. Sun Life Financial was founded in 1865, is headquartered in Toronto, Canada. Sun Life Financial is a Canadian company that reports its results in Canadian Dollars. The numbers in this report have been converted to US\$ unless noted otherwise.

Sun Life Financial reported its third quarter earnings results in November. Sun Life insurance sales across the Group and Individual franchises grew nicely compared to one year earlier, with individual sales rising by 35% while group sales rose by 12%. Sun Life Financial's assets under management grew by 7% compared to one year earlier. This increase can be explained by the market upturn that the world has experienced over that time frame, thus the AuM increase was not a surprise and Sun Life's peers mostly experienced growth as well.

Sun Life Financial generated underlying net profits of CAD\$1.86 on a per-share basis during the third quarter, which equates to \$1.33 once translated to USD. This earnings-per-share result was up by 6% compared to the prior year's result. Sun Life Financial managed to generate an underlying return on equity of 18.3% (annualized) during the quarter, which was up slightly compared to the previous quarter. Sun Life Financial generated earnings-per-share growth of 5% in Canadian Dollars in fiscal 2024 (less in US Dollars) and is forecasted to see its earnings-per-share increase this year as well, as the analyst community is currently expecting earnings-per-share of US\$5.20.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.66	\$3.02	\$2.93	\$3.65	\$3.88	\$4.32	\$4.83	\$4.54	\$4.69	\$4.62	\$5.20	\$7.29
DPS	\$1.13	\$1.22	\$1.31	\$1.48	\$1.60	\$1.65	\$1.85	\$2.11	\$2.17	\$2.37	\$2.62	\$3.51
Shares¹	613	613	611	602	590	585	585	586	586	579	575	560

Sun Life Financial reported compelling earnings growth between 2014 and 2024, as earnings-per-share grew by 8% annually in that time frame. The Great Recession had impacted Sun Life Financial considerably, as profits declined between 2007 and 2009. Unlike many of its peers, Sun Life Financial still managed to remain profitable during the last financial crisis. Earnings growth has slowed down to some degree in the recent past.

Looking ahead, Sun Life Financial will benefit from attractive market growth rates in the Asian markets it is active in. The company is pursuing additional customer growth in markets such as Hong Kong and the Philippines in the future, both for its insurance business, as well as for its wealth management business. Sun Life Financial has set targets for the future, which include earnings-per-share growth of 8%-10% annually, an underlying return in the double-digits, and a dividend payout ratio of 40%-50%. The earnings-per-share growth rate target is slightly lower than the average since 2008 but would still be quite attractive. We are slightly more conservative, as we are forecasting an earnings-per-share growth rate of 7% going forward, which would still be a very solid growth pace for a company like Sun Life Financial. Growing from a larger base is more difficult, which is why we believe that the company will grow a little slower compared to its historic performance in the future.

¹ In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.7	10.8	12.5	9.0	11.9	10.2	11.6	10.1	11.1	12.8	11.2	11.0
Avg. Yld.	3.6%	3.7%	3.6%	4.5%	3.5%	3.8%	3.3%	4.6%	4.2%	4.0%	4.5%	4.4%

Sun Life Financial has not traded at a high valuation throughout much of the last decade. At around 11x this year's expected net earnings, shares are trading in line with our fair value estimate right now. We believe that the company's earnings multiple will not move meaningfully from here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	42%	40%	45%	41%	41%	38%	38%	46%	46%	52%	50%	48%

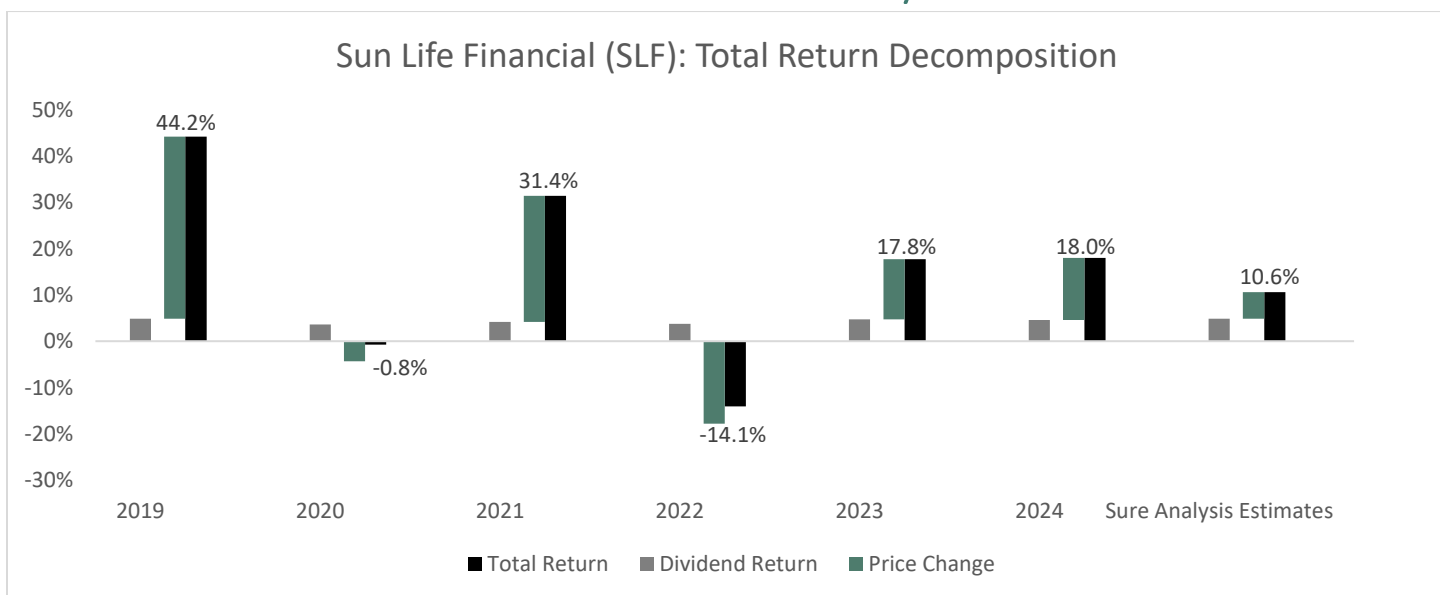
Sun Life Financial's earnings have seen some ups and downs over the company's history, especially during the Great Recession. This made the dividend payout ratio jump above 100% during the Great Recession, but the company has not cut its payout. Thanks to compelling earnings growth following the Great Recession, the dividend payout ratio has been at a much more solid 40% to 50% over the last decade, which seems reasonable.

Sun Life Financial is not the largest or most well-known asset manager, but it is the market leader in several categories. The company is well positioned in the US Group Benefits market, in the Canadian insurance and wealth solutions markets, and Sun Life Financial also holds a strong position in several higher-growth Asian markets. The Great Recession hurt Sun Life Financial's bottom line, but the company remained profitable, unlike many of its peers. Less severe recessions will have a smaller impact, and the company weathered the COVID pandemic well.

Final Thoughts & Recommendation

Sun Life Financial is active in two different segments of the financial industry, insurance and asset management, which results in some diversification that helps during downturns in one of these markets. Sun Life Financial generated compelling growth rates during the last decade, and management is ambitious regarding future earnings growth as well. We are more conservative, but even under our estimates, Sun Life Financial would still generate very solid total returns going forward. We rate Sun Life a hold right now as it trades just slightly above fair value.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	15,101	21,576	22,634	20,832	29,896	32,345	28,467	(1,370)	22,857	20,921
SG&A Exp.	2,226	2,563	2,833	2,861	3,082	3,318	4,069			
Net Profit	1,802	2,134	1,919	2,249	2,217	2,076	3,486	2,324	2,476	2,313
Net Margin	11.9%	9.9%	8.5%	10.8%	7.4%	6.4%	12.2%	-169.6%	10.8%	11.1%
Free Cash Flow	3,412	2,671	1,390	2,893	1,778	5,295	(1,546)	3,314	4,029	1,743
Income Tax	469	467	233	461	215	369	580	420	341	759

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets (\$B)	178	192	214	200	228	253	274	238	251	258
Cash & Equivalents	4,812	4,968	4,848	5,358	5,141	8,355	9,630	6,910	8,420	7,058
Acc. Receivable	1,374	2,078	1,671	1,482	1,497	1,421		1,765	1,820	1,916
Goodwill & Int.	4,414	5,207	5,447	5,280	6,059	6,704	7,754	9,895	10,661	10,113
Total Liab. (\$B)	162	175	196	182	209	233	256	222	233	240
Accounts Payable	1,780	2,032	1,568	1,501	1,401	1,912		1,734	1,879	1,783
Long-Term Debt	6,181	6,507	6,651	5,983	6,234	6,225	5,196	10,756	10,860	11,095
Total Equity	13,808	14,916	16,472	16,382	17,019	18,492	17,370	15,875	17,177	17,281
LTD/E Ratio	0.40	0.39	0.36	0.33	0.33	0.31	0.30	0.64	0.60	0.61

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.2%	0.9%	1.1%	1.0%	0.9%	1.3%	0.9%	1.0%	0.9%
Return on Equity	11.4%	13.3%	11.0%	12.4%	12.1%	10.6%	18.5%	13.6%	14.1%	12.7%
ROIC	8.1%	9.5%	8.0%	9.2%	9.0%	8.1%	14.2%	9.3%	8.7%	7.9%
Shares Out.	613	613	611	602	590	585	585	586	586	579
Revenue/Share	24.44	34.86	36.63	34.10	50.08	54.91	48.25	(2.33)	38.81	35.95
FCF/Share	5.52	4.31	2.25	4.73	2.98	8.99	(2.62)	5.63	6.84	2.99

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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