Sun Life Financial Inc. (SLF)

Updated May 25th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$73	**5 Year CAGR Estimate:**	7.4%	**Market Cap:**	$41B
Fair Value Price:	$63	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	05/27/26
% Fair Value:	116%	**5 Year Valuation Multiple Estimate:**	-3.0%	**Dividend Payment Date:**	06/30/26
Dividend Yield:	3.8%	**5 Year Price Target**	$88	**Years Of Dividend Growth:**	14
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Sun Life Financial is a financial services company that offers insurance, 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 first quarter and full year earnings results on May 13th. Sun Life insurance sales across the grew nicely compared to one year earlier, with individual sales rising by 32% while group sales were down marginally. Sun Life Financial's assets under management grew by 2% compared to one year earlier. This increase can be explained by the market upturn that more than outweighed some net outflows over the last year. Assets under management ended the quarter at CAD$1.58 trillion.

Sun Life Financial generated underlying net profits of CAD$1.89 on a per-share basis during the first quarter, which equates to $1.37 once translated to USD. This earnings-per-share result was up by 4% compared to the prior year's result. Sun Life Financial managed to generate an underlying return on equity of 18.6% (annualized) during the quarter, which was up marginally compared to the previous quarter. Sun Life Financial generated earnings-per-share growth of 12% in Canadian Dollars in fiscal 2025 (more in U.S. 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$5.70.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.02	$2.93	$3.65	$3.88	$4.32	$4.83	$4.54	$4.69	$4.62	$5.44	***$5.70***	***$7.99***
DPS	$1.22	$1.31	$1.48	$1.60	$1.65	$1.85	$2.11	$2.17	$2.37	$2.51	***$2.78***	***$3.72***
Shares[1]	613	611	602	590	585	585	586	586	579	563	***550***	***500***

Sun Life Financial reported compelling earnings growth between 2014 and 2025, 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	10.8	12.5	9.0	11.9	10.2	11.6	10.1	11.1	12.8	11.4	***12.8***	***11.0***
Avg. Yld.	3.7%	3.6%	4.5%	3.5%	3.8%	3.3%	4.6%	4.2%	4.0%	4.0%	***3.8%***	***4.2%***

Sun Life Financial has not traded at a high valuation throughout much of the last decade. At a little less than 13x this year's expected net earnings, shares are trading ahead of our fair value estimate right now. We believe that the company's earnings multiple will compress from here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	45%	41%	41%	38%	38%	46%	46%	52%	46%	***49%***	***47%***

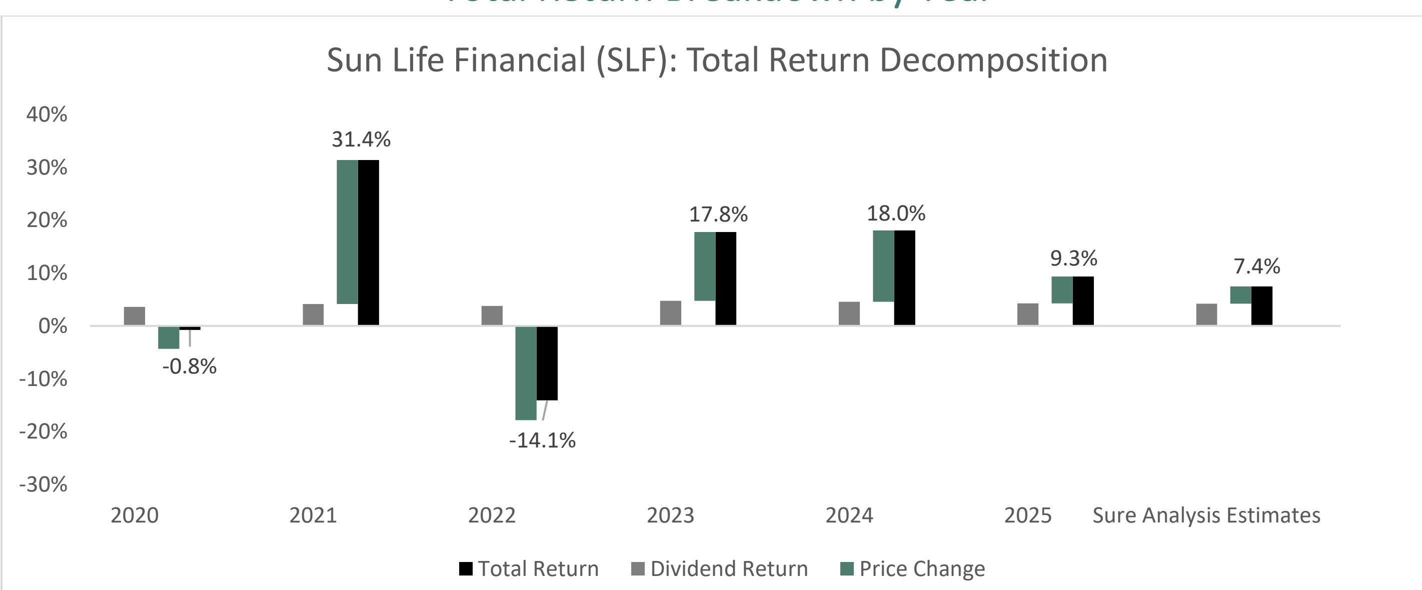
Sun Life Financial's earnings have seen some ups and downs over the company's history, especially during the Great Recession. This made the dividend payout ratio jump above 100% during the Great Recession, but the company has not cut its payout. Thanks to compelling earnings growth following the Great 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 above fair value.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	27,135	22,363	20,647	30,287	33,546	29,010	20,760	30,789	28,514	30,205
Op. Profit	(972)	2,686	2,600	2,732	2,751	4,667	2,094	3,791	3,811	4,043
Op. Margin	-3.6%	12.0%	12.6%	9.0%	8.2%	16.1%	10.1%	12.3%	13.4%	13.4%
Net Profit	1,948	1,727	2,018	2,048	1,871	3,226	2,302	2,438	2,377	2,568
Net Margin	7.2%	7.7%	9.8%	6.8%	5.6%	11.1%	11.1%	7.9%	8.3%	8.5%
Free Cash Flow	4,501	4,780	4,972	5,413	9,178	5,805	5,904	7,549	7,956	9,742
Income Tax	467	233	461	216	369	580	419	342	759	727

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	189	212	196	226	251	271	239	253	258	291
Cash & Equivalents	6,444	7,095	6,960	7,384	10,618	9,720	6,921	8,471	7,043	7,065
Goodwill & Int.	5,235	5,467	5,265	6,104	6,710	7,827	9,911	10,726	10,092	10,713
Total Liab. ($B)	172	193	178	207	230	248	222	234	240	272
Accounts Payable			1,497	1,468	1,914	1,477	1,737	-	9,691	9,144
Long-Term Debt	3,829	3,780	4,240	5,132	4,145	10,346	10,975	11,683	11,619	13,922
Total Equity	14,689	16,013	15,704	16,303	17,435	19,059	14,975	16,186	16,213	16,263
LTD/E Ratio	0.23	0.21	0.18	0.17	0.22	0.25	0.78	0.27	0.76	0.87

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.1%	0.9%	1.0%	1.0%	0.8%	1.2%	0.9%	1.0%	0.9%	0.9%
Return on Equity	12.2%	9.9%	11.1%	11.1%	9.5%	15.2%	11.8%	13.8%	13.0%	14.0%
ROIC	9.0%	8.1%	9.3%	9.5%	8.1%	12.4%	8.0%	9.2%	8.7%	7.8%
Shares Out.	613	611	602	590	585	585	586	586	579	563
Revenue/Share	43.84	36.19	33.79	50.73	56.95	49.17	35.25	52.27	48.99	53.37
FCF/Share	7.27	7.74	8.14	9.07	15.58	9.84	10.02	12.82	13.67	17.21

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