Sun Life Global Investments

INSTITUTIONAL

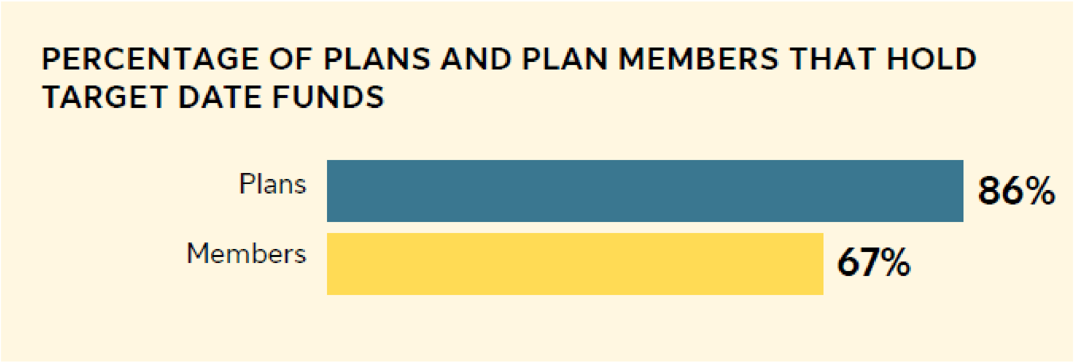
Beyond performance: evolving glidepaths to solve for better retirement outcomes

September 30, 2025

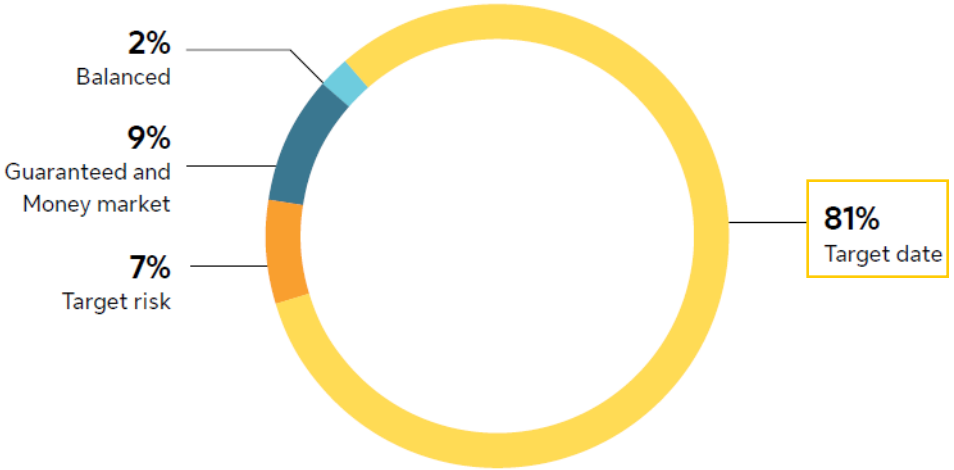
Farzan Qureshi, Director, Institutional Business Development and Client Relationships

Update to CAPSA guideline no.3

- CAPSA: Canadian Association of Pension Supervisory Authorities.
- Guideline no.3: strong emphasis on driving retirement outcomes, including default investment option, purpose of the CAP, number and diversification of options, liquidity and fees
- Target date funds are a proven “turnkey” or automated investment option for many CAPs, as one way plan sponsors can effectively meet their fiduciary responsibilities to plan members.



PLAN SPONSOR DEFAULT INVESTMENT OPTION



Source: Sun Life, Designed for Savings 2025 Report. For key updates on CAPSA: https://www.eckler.ca/enhancing-capital-accumulation-plan-outcomes-in-canada/

Greatest risks for plan members—and how we address them

Market risk
Volatile/falling markets

Sequence risk
Drawdown near/at retirement

Inflation risk
Erosion of savings

Longevity risk
Outliving savings

Enhanced stress-testing to build a superior glidepath

Accumulation

Utility scores
How well a glidepath balances risk & return

Wealth accumulation
Looking for strong accumulated assets

Near-retirement drawdown
Stress-testing for worst-case scenarios near retirement (fear of loss)

Decumulation

Spend-down resilience
Mitigating the risk that plan members outlive their assets

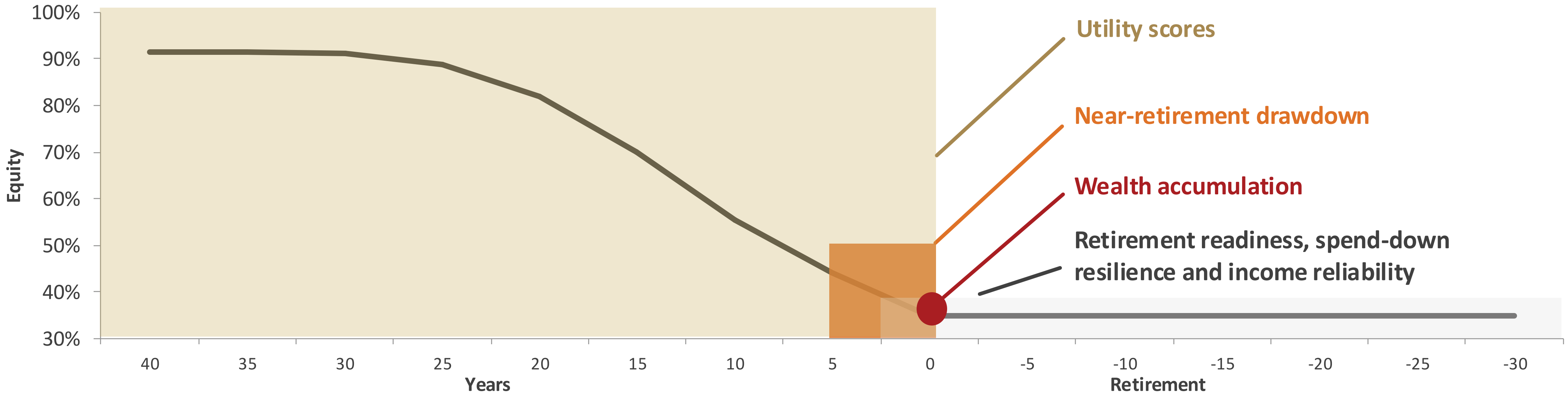
Overall

Retirement readiness
Maintain standard of living into retirement (as a % of final salary)

Stress-testing the glidepath

Six tests to assess a glidepath's ability to deliver its targeted retirement outcomes

ACCUMULATION			DECUMULATION		OVERALL
Utility scores How well a glidepath balances risk & return	**Wealth accumulation** Looking for strong accumulated assets	**Near-retirement drawdown** Stress-testing for worst-case scenarios near retirement (fear of loss)	**Income reliability** Evaluating the reasonableness of income fluctuations	**Spend-down resilience** Mitigating the risk that members outlive their assets	**Retirement readiness** Maintain standard of living into retirement (as a % of final salary)



Source: SLGI Asset Management Inc. For illustrative purposes only.

Capital market assumptions (CMAs)

The latest 10-year forward looking and equilibrium return expectations

Asset Class	Expected Returns (%)	Equilibrium adjusted Returns (%)	Expected Volatility (%)	Correlations: Canadian equity	U.S. equity	International equity	Emerging markets equity	Global developed REITs	Global listed infrastructure	Global natural resource equity	Canadian bonds	Canadian commercial mortgages	Private fixed income	U.S. bonds	U.S. high yield bonds	Emerging markets debt	U.S. bank loans	Commodities	Global direct real estate	Global direct infrastructure	Liquid alternatives*	Cash	Inflation
Canadian equity	6.0	7.1	13.6	1.0																			
U.S. equity	5.1	8.1	12.2	0.7	1.0																		
International equity	6.7	7.5	13.6	0.7	0.8	1.0																	
Emerging markets equity	7.1	8.7	14.5	0.7	0.6	0.8	1.0																
Global developed REITs	7.2	7.2	15.7	0.7	0.7	0.8	0.6	1.0															
Global listed infrastructure	6.1	6.1	12.0	0.7	0.7	0.8	0.6	0.8	1.0														
Global natural resource equity	4.3	4.3	16.4	0.8	0.6	0.7	0.7	0.5	0.7	1.0													
Canadian bonds	3.8	4.1	5.1	0.2	0.2	0.2	0.2	0.4	0.2	-0.1	1.0												
Canadian commercial mortgages	4.5	4.5	3.3	0.2	0.2	0.2	0.2	0.4	0.2	-0.1	0.9	1.0											
Private fixed income	4.9	4.9	5.0	0.4	0.3	0.4	0.4	0.5	0.4	0.0	0.9	0.8	1.0										
U.S. bonds	4.0	4.4	4.5	0.2	0.1	0.2	0.2	0.4	0.2	-0.2	0.9	0.8	0.8	1.0									
U.S. high yield bonds	5.4	6.8	8.4	0.8	0.5	0.7	0.8	0.6	0.6	0.6	0.4	0.4	0.6	0.4	1.0								
Emerging markets debt	5.4	5.8	9.6	0.7	0.5	0.6	0.7	0.6	0.6	0.4	0.6	0.6	0.8	0.6	0.9	1.0							
U.S. bank loans	5.0	5.6	7.8	0.8	0.4	0.5	0.7	0.5	0.5	0.5	0.1	0.2	0.4	0.1	0.9	0.7	1.0						
Commodities	5.2	5.2	21.1	0.5	0.3	0.3	0.3	0.2	0.4	0.7	-0.4	-0.4	-0.3	-0.5	0.2	0.1	0.4	1.0					
Global direct real estate	4.9	4.9	10.5	-0.6	-0.2	-0.4	-0.6	-0.3	-0.3	-0.4	-0.1	-0.1	-0.3	-0.2	-0.8	-0.7	-0.8	-0.2	1.0				
Global direct infrastructure	7.2	7.2	15.6	-0.1	0.1	0.1	-0.1	0.3	0.2	-0.2	0.4	0.4	0.3	0.4	-0.1	0.1	-0.3	-0.3	0.3	1.0			
Liquid alternatives*	3.3	3.3	14.0	-0.4	-0.1	-0.3	-0.4	-0.2	-0.2	-0.3	-0.2	-0.2	-0.3	-0.3	-0.6	-0.6	-0.5	-0.1	0.6	0.2	1.0		
Cash	2.7	2.7	0.7	0.0	0.1	0.1	0.0	-0.1	0.0	-0.1	0.1	0.1	0.1	0.1	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.0	1.0	
Inflation	2.2	2.2	1.6	0.1	-0.2	-0.1	-0.1	-0.1	0.1	0.1	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	0.0	0.5	0.0	-0.4	0.1	0.0	1.0

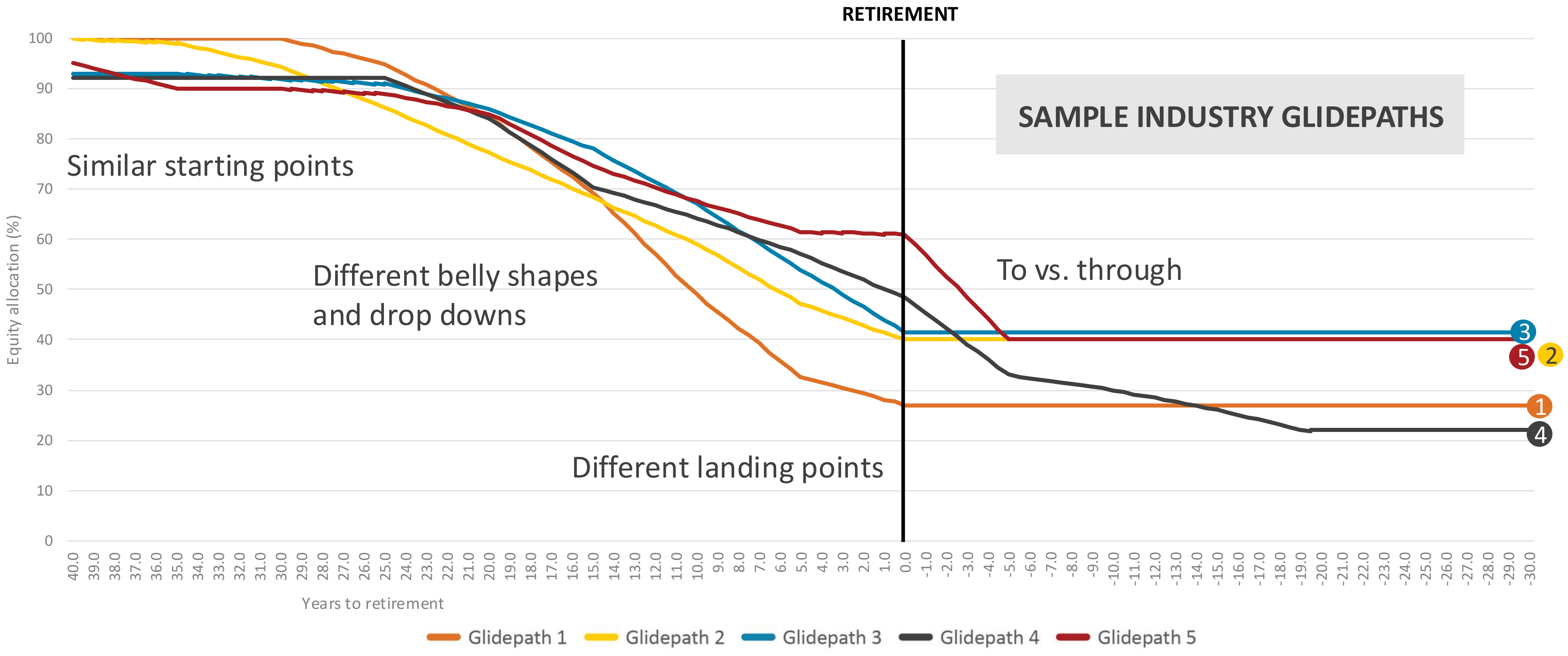
Directional changes compared to prior CMAs

- Increased return expectations
- Reduced return expectations
- No change

Source: SLGI Asset Management. Data as of September 30, 2024. Expected return estimates are in Canadian dollars and subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. For information purposes only. Directional change compares the 2025 capital market assumptions versus the 2023 assumptions; Green = increased expectations; Red = reduced expectations. The equilibrium adjusted returns aim to provide a more accurate long-term return forecast for investment horizons beyond our strategic investment horizon of 10 years. It adjusts for bias in strategic expected returns caused by modelled valuation revision in asset prices. *Liquid alternatives represented by systematic trend following

A glidepath is the most important factor in retirement outcomes

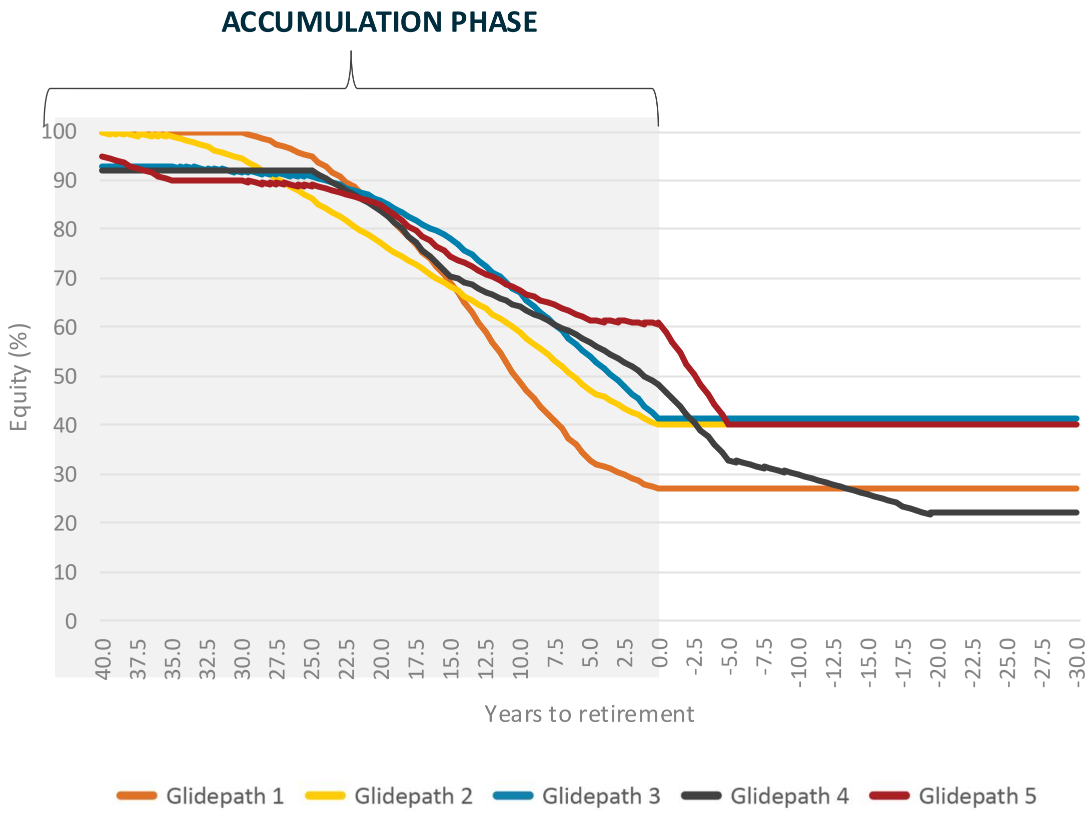
Industry glidepaths vary in significant ways

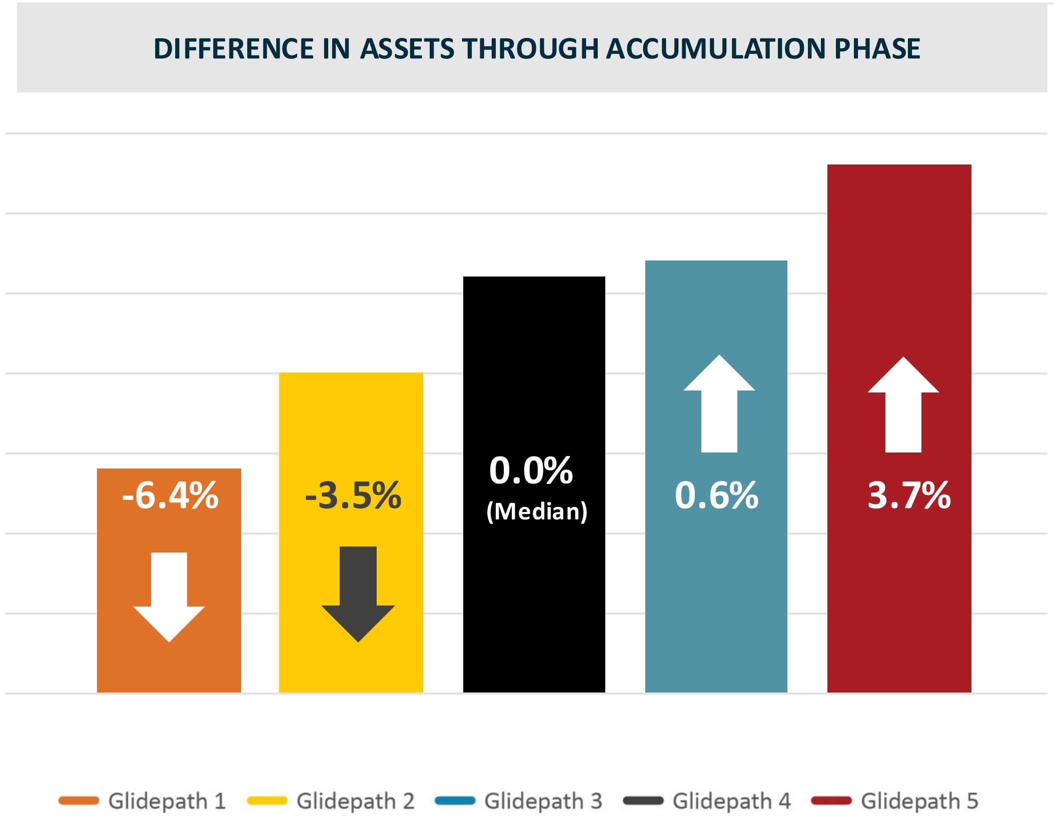


Source: SLGI Asset Management Inc. For illustrative purposes only.

Landing equity is more important than starting equity

Starting equity points are similar across the industry—but landing points differ significantly





Source: SLGI Asset Management Inc. For illustrative purposes only. Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Refer to stress-testing assumptions in the Appendix.

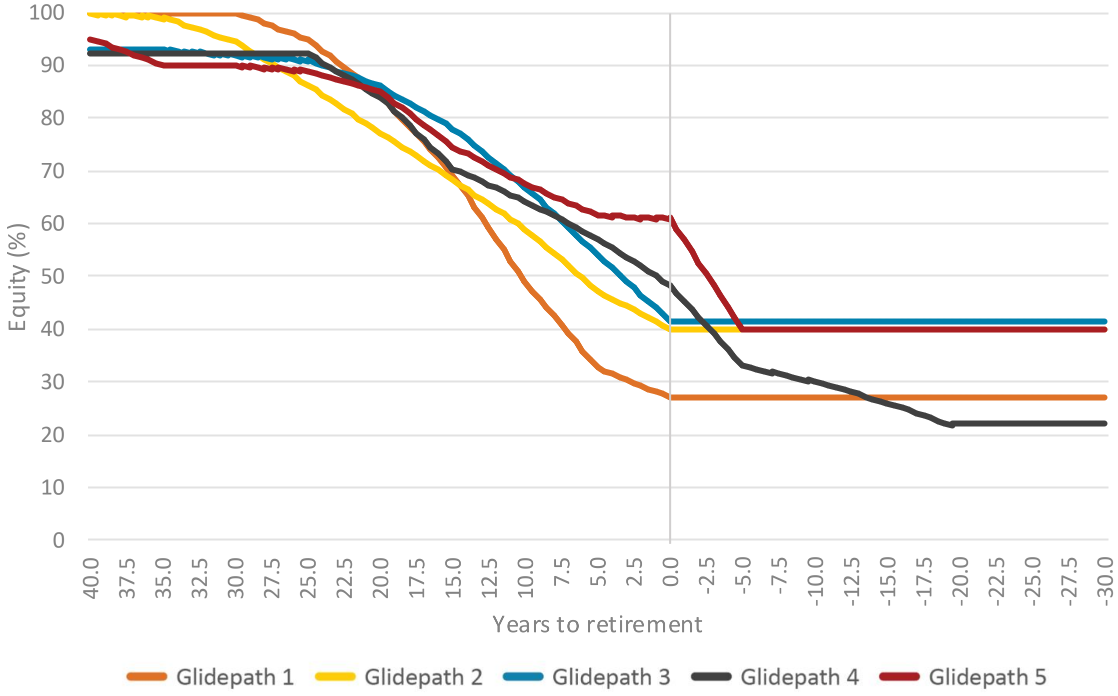
Plan members can over-react to a year of negative performance

NEAR RETIREMENT DRAWDOWN

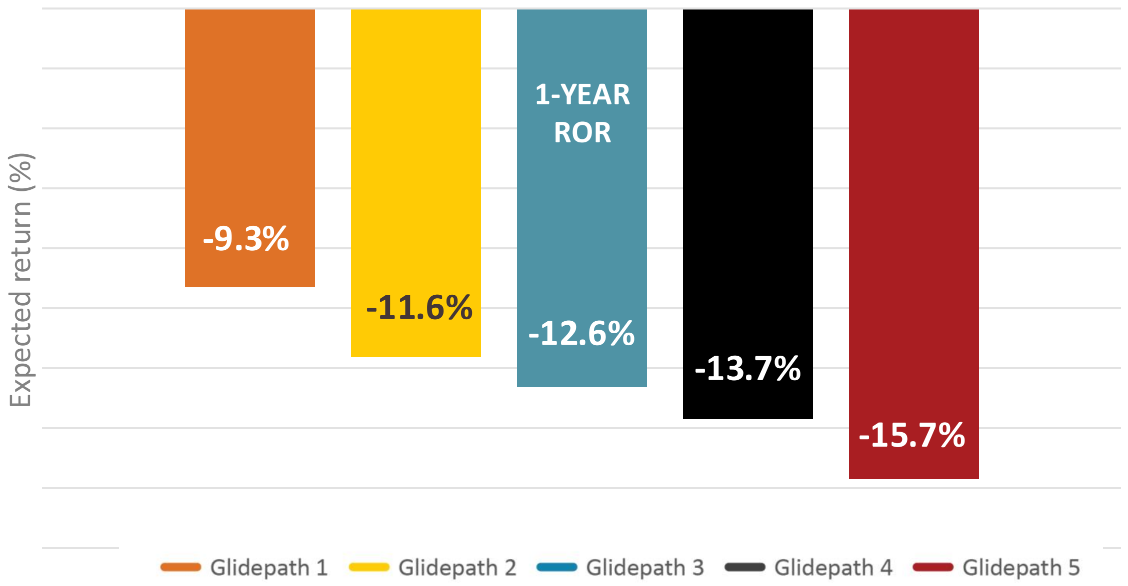
MARKET RISK

SEQUENCE RISK

Down years will happen—and they can spur members to withdraw prematurely



ANNUAL EXPECTED SHORTFALL IN THE 5 YEARS LEADING UP TO RETIREMENT



6.4% difference per year between Glidepath 1 and Glidepath 5.

Source: SLGI Asset Management Inc. For illustrative purposes only. Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Conditional Value at Risk (CVaR), also known as Expected Shortfall, is a risk measure that quantifies the average loss expected beyond the Value at Risk (VaR) threshold. Expected shortfall at 99% confidence is the average loss in the worst 1% of scenarios. Refer to stress-testing assumptions in the Appendix.

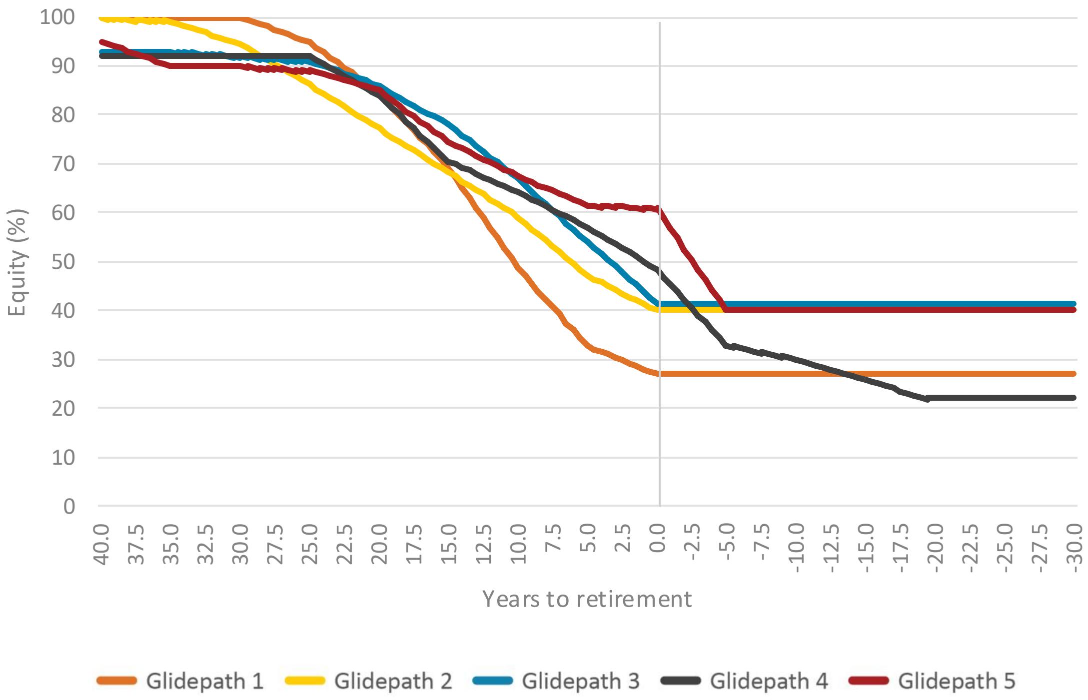
Being too conservative threatens retirement readiness

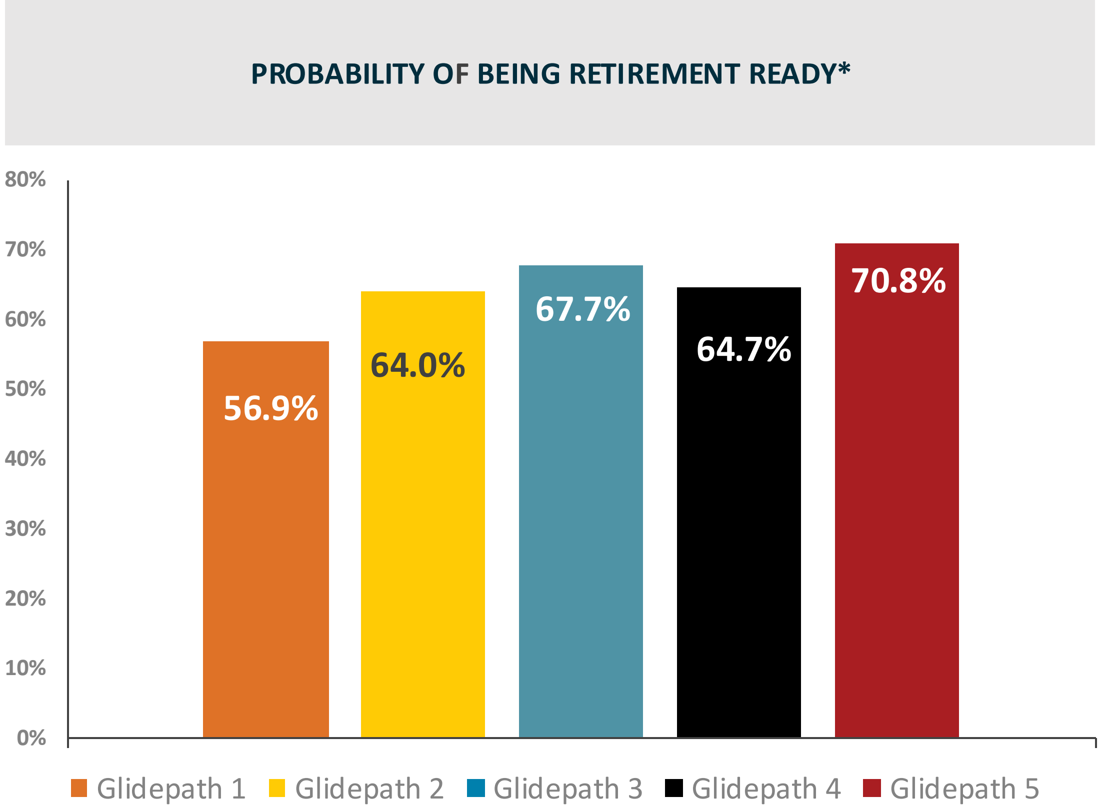
RETIREMENT READINESS

LONGEVITY RISK

MARKET RISK

Glidepath 1 is significantly less likely of being retirement ready than Glidepath 5

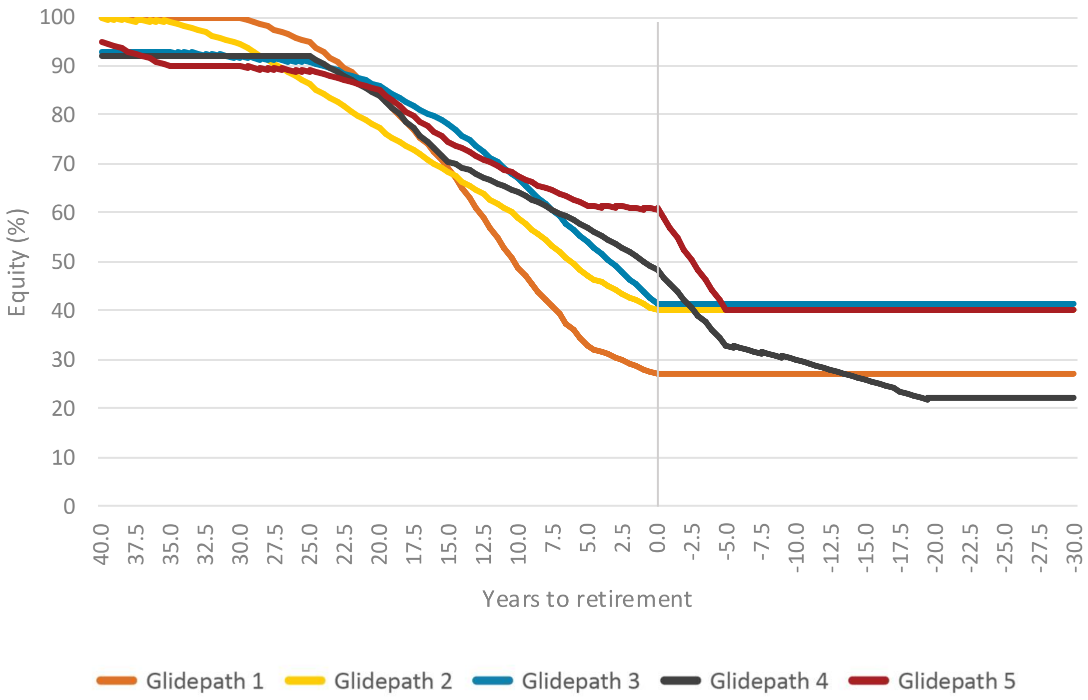




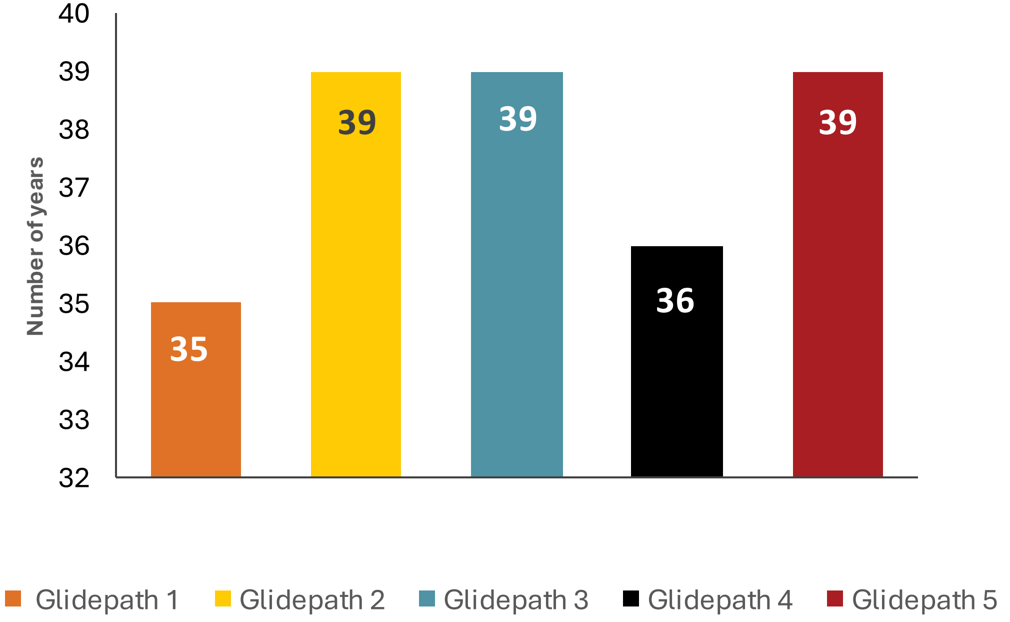
Source: SLGI Asset Management Inc. For illustrative purposes only. *Represents the probability of being retirement ready at age 65 with 60% income replacement. Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Refer to stress-testing assumptions in the Appendix.

Superior glidepaths ensure plan members don't outlive their retirement assets

Providing confidence for positive outcomes



YEARS OF SPEND DOWN RESILIENCE IN DECUMULATION PHASE
(5% withdrawal rate)*

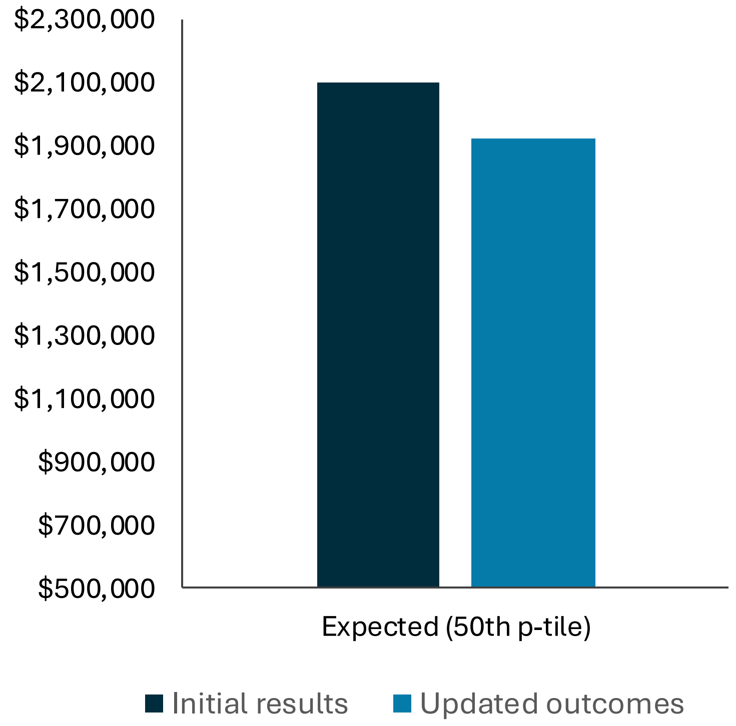


Source: SLGI Asset Management Inc. For illustrative purposes only. *Estimated years assets can support retirement spending at a 75% confidence level, assuming non-inflationary adjusted annual withdrawals, using a 5% withdrawal rule. Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Refer to stress-testing assumptions in the Appendix.

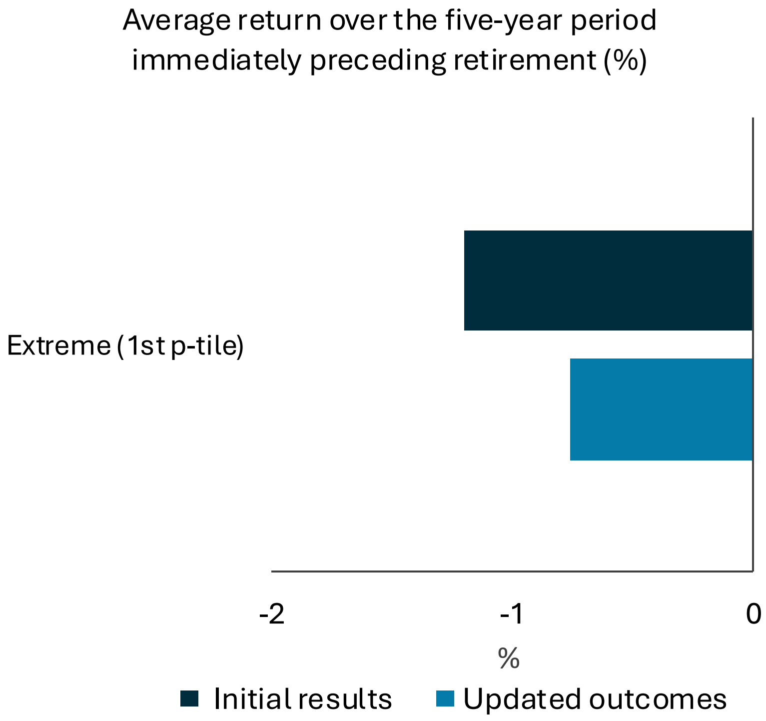
Retirement outcomes measured across key performance metrics

Accumulation: slight decline in select scores

WEALTH ACCUMULATION: how much each glidepath may accumulate by retirement



NEAR RETIREMENT DRAWDOWN:
Stress-testing for worst-case scenarios (fear of loss)

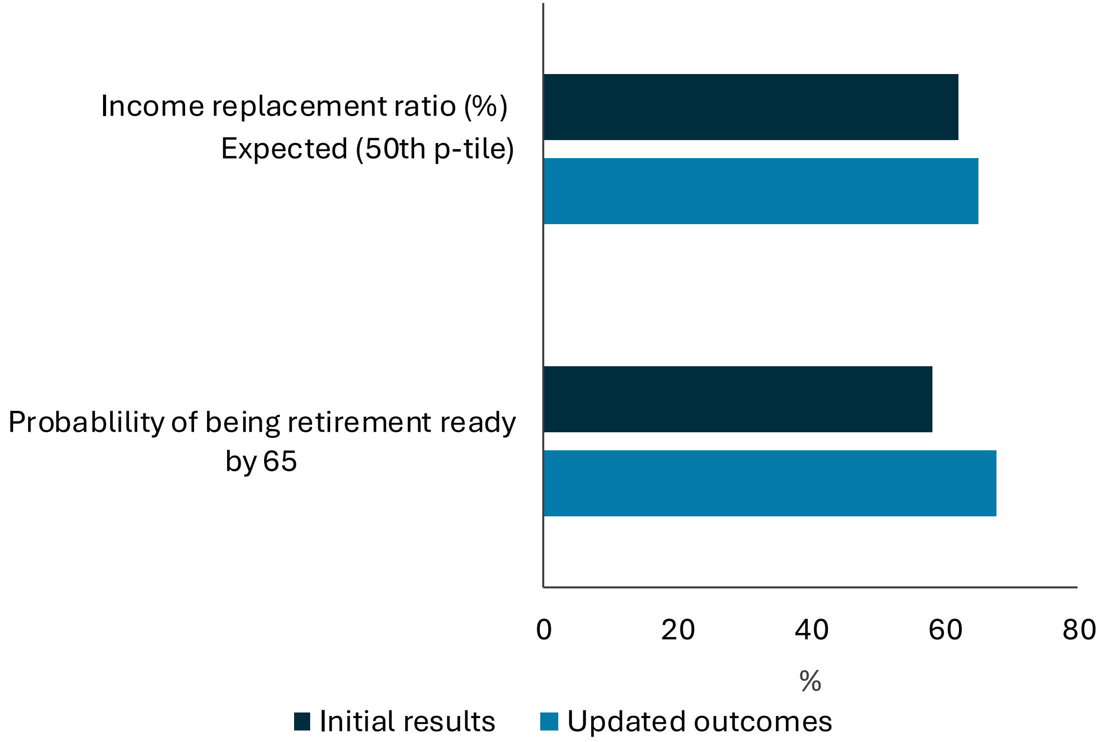


Source: SLGI Asset Management Inc. For illustrative purposes only. **Initial results = using 2023 capital market assumptions; Latest results = using 2025 results.** Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Refer to stress-testing assumptions in the Appendix.

Retirement outcomes measured across key performance metrics

Decumulation: marginal increase across most scores

RETIREMENT READINESS: ability to maintain standard of living in retirement with a strong target income replacement ratio



YEARS OF SPEND DOWN RESILIENCE IN DECUMULATION PHASE
(5% withdrawal rate)*

	Estimated # years assets can support retirement spending
Initial results	40
Updated outcomes	39

Source: SLGI Asset Management Inc. For illustrative purposes only. Initial results = using 2023 capital market assumptions; Latest results = using 2025 results *Estimated years assets can support retirement spending at a 75% confidence level, assuming non-inflationary adjusted annual withdrawals, using a 5% withdrawal rule. Results are generated by running 5,000 Monte-Carlo simulations. Returns follow a Johnson distribution which takes into account skewness and kurtosis. Forecast returns and risk and are derived based on data as of September 30, 2024. Refer to stress-testing assumptions in the Appendix.

It’s a balancing act

No single glidepath can score best on ALL measures

- ✓ Continually reassess and stress-test glidepath
- ✓ Adapt asset mix to align with capital market assumptions
- ✓ Include diversifiers such as alternatives
- ✓ Align to CAPSA guidelines and your fiduciary responsibilities

= Better retirement outcomes for plan members

Source: SLGI Asset Management Inc. For illustrative purposes only.

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Group Retirement Services are provided by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

Stress testing assumptions

<table>
<tr><td>Starting age:</td><td>25</td></tr>
<tr><td>Starting annual salary:</td><td>$65,000</td></tr>
<tr><td>Annual YMPE adjustment:</td><td>Annual rate of inflation + 0.75% for real economic growth and productivity gains (capped at 5%)</td></tr>
<tr><td>Annual salary adjustment:</td><td>Annual rate of inflation + 0.75% for real economic growth and productivity gains (capped at 5%) plus annual merit and promotion rates:
<table>
<tr><th>Years of service</th><th>% increase</th></tr>
<tr><td>0 - <5</td><td>2.0%</td></tr>
<tr><td>5 - <10</td><td>1.5%</td></tr>
<tr><td>10 - <15</td><td>1.0%</td></tr>
<tr><td>15 - <20</td><td>0.5%</td></tr>
</table></td></tr>
<tr><td>Annual contribution:</td><td>10% of annual salary</td></tr>
<tr><td>Retirement age:</td><td>65</td></tr>
<tr><td>Life expectancy at age 65:</td><td>91*</td></tr>
<tr><td>Investment management fees:</td><td>70bps (inclusive of record keeping fees) - for illustration purposes</td></tr>
<tr><td>CPP/QPP at retirement:</td><td>25% of the average annual salary throughout the accumulation period, subject to the maximum of 25% of the average of the last 3 YMPEs, adjusted with inflation post-retirement (supplemental pension excluded for now)</td></tr>
<tr><td>OAS at retirement:</td><td>$688 per month (2023), adjusted with inflation</td></tr>
</table>

*Based on the mortality table CAN5, adjusted with a multiplier to reflect the average male and female Canadian Defined Benefit pensioner and reflects mortality improvement (MI-2017). Blend of 50% male/50% female.

Speaker biographies

Farzan Qureshi, MBA
Director, Institutional Business Development and Client Relationships
Sun Life Global Investments

Joined industry in 1999
Joined Sun Life Global Investments in 2024

Main responsibilities

Farzan Qureshi is Director, Institutional Business Development and Client Relationships based in Toronto. In this role, Farzan is responsible for leading and building new relationships for the firm's growing institutional asset management business in Ontario.

Experience and qualifications

Farzan brings over 20 years of experience in the investment industry, most notably from his tenure at BlackRock where he began his career in trading, advancing through senior client facing roles and most recently contributed as a Senior Investment Strategist within the Retirement Solutions (RS) team. RS served as the centre for lifecycle investing, bringing together expertise in research, portfolio management, strategy and technology. Farzan was a member of the team that launched Canada's first institutional target date fund in 2008 and was ultimately responsible for leading the firms Canadian Defined Contribution strategy. He was also responsible for representing the global target date fund franchise and delivering solutions drawing from the firm's broader investment capabilities to institutional investors, consultants and financial professionals across the Americas.

Farzan holds a Bachelor's degree in Economics and Finance from Wilfrid Laurier University and an MBA from Queen's University.

Jason Zhang, CFA
Portfolio Manager
SLGI Asset Management Inc.

Joined industry in 2007
Joined Sun Life Global Investments in 2022

Main responsibilities

Jason joined Sun Life Global Investments in 2022. He is a member of our Asset Allocation Committee and a Portfolio Manager for our Granite series of funds and other select strategies. Jason has more than a decade of comprehensive experience in multi-asset portfolio management. This includes managing Target Date and Target Risk portfolios, determining the glidepath, strategic asset mix & manager allocations. He has an in-depth understanding of macroeconomic principles and global capital markets, manager research and selection, and asset/liability modeling.

Experience and qualifications

Prior to joining Sun Life Global Investments, Jason was a Managing Director, Portfolio Manager, Multi-Asset Solution Team, at Manulife Investment Management, providing day-to-day monitoring and portfolio management of the multi-asset solutions team's Canadian-based asset allocation portfolios.

Jason is a CFA Charterholder. He also holds a Bachelor's degree in Applied Mathematics from Peking University, a Master's degree in Statistics and Actuarial Sciences from Western University, and a Master's degree in Quantitative Finance from the University of Waterloo.