



3 Reasons to Buy Sun Life Now

Description

Sun Life Financial Inc. ([TSX: SLF](#))([NYSE: SLF](#)) is hitting multi-year highs this week and I think the stock is set to run much higher.

As Canada's third largest insurance company behind **Manulife** ([TSX: MFC](#)) ([NYSE: MFC](#)) and **Great-West Lifeco** ([TSX: GWO](#)), Sun Life has steadily recovered from the beating it took during the great recession.

In fact, Sun Life's shares have doubled in the past two years. In the middle of the crisis, the company didn't cut its dividend. Patient investors got paid to wait and have since benefitted from maintaining a long-term outlook.

Today, Sun Life is well positioned to continue its recovery and I believe it will significantly reward investors in the coming years.

Here are three reasons to put Sun Life in your portfolio now.

1. Asian operations

Sun Life knows the greatest opportunity for growth in the life insurance business lies in countries with an expanding middle class. This is exactly why it has focused heavily on building a presence in India.

This week, news came that its strategy will be rewarded. The new Indian government plans to dramatically increase the amount of foreign investment and ownership permitted in India's \$60 billion insurance industry. In fact, foreign companies like Sun Life will be able to own up to 49% of their Indian operations. This is almost double the current limit.

The opportunity for growth in India is massive and the new rules will allow foreign companies to invest the funds needed to expand their product offerings and distribution networks.

As India's sixth largest private insurance company, **Birla Sun Life** is well positioned to take advantage of the new rules.

Sun Life also has operations in other growing markets including China, Indonesia, Malaysia, and the Philippines.

2. Strong equity markets

Sun Life isn't just an insurance company. It also has a large wealth management division that continues to grow at a healthy clip.

The recovery in the equity markets continues to benefit Sun Life's wealth management operations for both its clients and its own invested funds. Assets under management in the first quarter increased by 17.6% compared to 2013. Premiums and deposits increased 7.3% for the same period.

Total assets under management as of March 31, 2014 were \$671 billion, a record high.

3. Interest rate increases

In the wake of the financial crisis, governments around the world have cut interest rates to near-zero levels. This action has driven up bond prices, thus reducing the interest rate companies earn on bond investments.

Insurance companies need higher interest rates to deliver better returns on their invested funds, so the current environment is difficult. Canada is unlikely to increase rates soon, but the recovery in the U.S. economy is continuing and the U.S. will probably begin to move rates higher in 2015.

Once the interest-rate trend looks set to begin its reversal, Sun Life's shares will get a significant boost from investors trying to get in early.

In my opinion, now is the time to make the move.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SLF (Sun Life Financial Inc.)

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