



Why Sun Life Financial Inc. and Toronto-Dominion Bank Are Wise Investment Choices

Description

It's not difficult to ascertain corporate strength when company fundamentals are strong. **Sun Life Financial Inc.** ([TSX: SLF](#))([NYSE: SLF](#)) and **Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)) consistently perform through all kinds of economic cycles and are solid dividend-paying stocks that consistently reward investors.

Here are five core strengths of these two Canadian corporate giants and why they are wise investment choices.

1. Sales growth

For Q2 2014, Sun Life's Canadian operations wealth businesses had sales of \$3 billion, up from \$2 billion in Q2 2013. Sales of individual insurance products increased 14%, while sales in the company's defined contribution pension business increased 92%.

In Q3 2014, (the three months ended July 31, 2014), TD had revenues of \$7.51 billion versus \$7.44 billion in Q2, and \$7.09 billion in Q3 2013.

2. Earnings growth

For Q2 2014, Sun Life's operating net income from continuing operations was \$488 million versus \$431 million in Q2 2013. Reported net income from continuing operations was \$425 million versus \$391 million in Q2 2013.

In Q3 2014, TD Bank's reported net income was \$2.12 billion, versus \$1.52 billion in Q3 2013. Its adjusted net income was \$2.17 billion, versus \$1.58 billion in Q3 2013.

3. Strong company management

Sun Life's President & CEO is Dean Connor. He's also a member of the company's board. He joined Sun Life in 2006. He was appointed President of Sun Life's Canadian operations in 2008. In 2010, he

became Chief Operating Officer. Prior to Sun Life he worked for 28 years at Mercer Human Resource Consulting.

TD Bank has had strong leadership from Chief Executive Officer Ed Clark since late 2002. He will retire as President and CEO effective November 1, 2014. TD has had its succession plans long in place. On April 3, 2013, the bank announced that Bharat Masrani would be appointed Group President and Chief Executive Officer effective November 1, 2014. He is currently Chief Operating Officer and has more than 26 years of banking experience.

4. Growth initiatives

Sun Life is increasing its presence in Asia, where the company sees significant opportunities for further growth. Sun Life began business in Malaysia and Vietnam in 2013. Sun Life of Canada (Philippines), Inc. was the leading life insurance company in the Philippines in 2013, for the third consecutive year.

Strengthening its leadership position in credit cards, TD Bank became the primary credit card issuer for Aeroplan on January 1, 2014. Moreover, in 2013, the bank opened its 100th location in New York City and ended the fiscal year with 108. Customer acquisition growth was strong in Q3 2014 for the bank's U.S. Retail division and TD is focused on increasing its market share in its Canadian Retail operations.

5. Basic business models

Even with its different divisions and geographic reach, both of these companies have simple business models. Each offers financial products and services. That's it. This manifests itself in a myriad of ways. However, it does not dilute the fundamental fact that TD's core business is banking and Sun Life's core business is insurance.

Each company understands its business precisely. This is why each is so successful and why each offers the potential for greater returns to investors. As Warren Buffett said, "Never invest in a business you can't understand."

CATEGORY

1. Investing

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1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:SLF (Sun Life Financial Inc.)
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