# 4 Reasons to Buy Sun Life Financial Inc. Right Now

## Description

**Sun Life Financial Inc.** (TSX: SLF) (NYSE: SLF) has recovered well after the shock of the Great Recession, and the long-term opportunities are looking good for continued growth.



Patient investors have been rewarded for sticking with Canada's third-largest insurance company during the crisis, but the decision was certainly a tough one. Sun Life's stock dropped by more than 60% as the shares plummeted from $50 to below $20. Today the company trades for about $40 and investors looking to put new money to work are wondering if Sun Life is a good bet.

Let's look at four reasons why I think long-term investors should consider Sun Life for their portfolios.

**1. International growth**

The greatest opportunity for growth in life insurance sales and wealth management services lies in markets with an expanding middle class. This is why Sun Life has focused on Asian markets to build a foundation for long-term growth.

India has been a priority for several years and the investment is paying off. Birla Sun Life is now India's sixth-largest insurance company. The joint venture is targeting India's $60 billion insurance industry by expanding its network throughout the country.

India's new government plans to increase the limit on foreign ownership in the insurance sector. The new rules will allow Sun Life to nearly double its investment at a time when demand for life insurance and wealth management is increasing.

Sun Life also has strong operations in China and the Philippines. Hong Kong offers a great opportunity for the company to expand its pension business, and the growing middle class in the Philippines is demanding more wealth management services.

Sun Life is also expanding in Indonesia, Vietnam, and Malaysia.

Asia only represented 7% of revenue in Q2 2014, but investors with a long-term approach shouldn't discount the huge potential in these markets.

**2. Asset management strength**

Sun Life's Boston-based MFS Investment Management is a world-class fund manager. Assets under management at MFS increased by 24% in Q2 2014 compared to the same period a year ago.

The rebound in equity markets has been a boon for the company and it is now making an aggressive push into key international regions. MFS is adding investment offices and staff in strategic areas around the globe in an effort to broaden its distribution footprint and maximize revenue from new product offerings.

**3. Canadian baby boomers**

Canada represented 44% of Sun Life's Q2 revenue and the company is looking to tap the country's retirement market for further growth. The sector offers a huge opportunity in this country for both wealth management and insurance products because the baby boomers are now between the ages of 50 and 68.

The Sun life brand is very strong in Canada. The company is the market leader in both group benefits (GB) revenue and assets under management (AUM) related to group retirement services (GRS). Sun Life is also the industry leader in customer retention rates.



**4. A good alternative to the banks**

Sun Life trades at about 14 times earnings and pays a dividend of $1.44 per share that yields about 3.7%. This is comparable to the top Canadian banks. The advantage I see with Sun Life is that you get exposure to wealth management growth without taking on the risks tied to Canadian retail debt.

**The bottom line**

If you think the Canadian housing market is headed for a hard landing, it might be best to switch some of the bank investments into Sun Life. You get a comparable dividend, upside potential in Asia, and very little exposure to the Canadian mortgage market.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:SLF (Sun Life Financial Inc.)

**Category**

1. Investing

**Date**
2025/08/26
**Date Created**
2014/10/30

**Author**
aswalker