



3 Reasons to Buy Sun Life Financial Inc. Today

Description

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) has nearly doubled in the past three years, but the rally might still have some legs.

Here are the reasons why I think investors should consider putting the company in their portfolios.

1. North American strength

Sun Life just reported better-than-expected Q1 2015 earnings. Net income for the first three months of the year hit \$441 million, a 10% increase over the same period in 2014.

The Canadian business continues to be supported by Sun Life's strong position in the group retirement benefits area. One deal that investors should focus on is a new \$5 billion longevity insurance agreement with **Bell Canada**.

As retirees live longer, more companies with large defined pension programs are looking for ways to de-risk the obligations. The deal with Bell shows that Sun Life is a major player in this market.

Sun Life also saw a huge boost to assets under management (AUM). In fact, global AUM jumped \$813 billion in the first quarter, a 20% increase over the same period in 2014.

The growth was partly driven by a stronger U.S. dollar, as well as continued gains at MFS, the company's U.S.-based global asset management business. AUM at MFS rose to US\$441 billion from \$421 billion in Q1 2014.

2. International opportunities

Sun Life has invested heavily in building its Asian operations. Net income from the region hit \$68 million in the first quarter, more than double the \$32 million earned in the same period a year ago.

Total individual insurance sales in Asia increased by 28% with strong gains in the Philippines, Indonesia, and Hong Kong.

One country investors should watch is India. A recent decision by the Indian government to increase foreign ownership limits in local insurance partnerships means Sun Life has an opportunity to really expand its presence.

In March a bill passed that will allow Sun Life and other foreign players to bump their ownership stakes from 26% to 49%. Sun Life has been building its Indian partnership, Birla Sun Life, for 15 years. The company is among the top six private insurers in the country. One estimate puts the current size of the sector at \$60 billion with the potential to grow to \$240 billion in the next decade.

3. Dividend growth

Sun Life just increased its dividend by 6%. Investors were spared a nasty cut during the financial crisis, but the company has waited a long time to begin moving the distribution higher. Investors should see the payout rise on a regular basis now that income levels are improving.

Sun Life pays a dividend of \$1.52 that yields about 3.8%.

Should you buy?

Sun Life is a great way to invest in Asian growth. The company also provides investors with a way to play the Canadian financial sector without taking on the big retail mortgage exposure you get with some of the banks.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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