



## 3 Reasons Sun Life Financial Inc. Is Set to Soar

### Description

**Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) has bounced back from the dark days of the financial crisis and the upward trend looks set to continue.

Let's take a look at the company to see why investors should consider adding Sun Life to their portfolios right now.

#### 1. Growth via acquisitions

Sun Life is in growth mode.

At the beginning of the year, Sun Life signed a deal to purchase Ryan Labs, a New York-based asset-management firm. The acquisition added US\$5.1 billion to the company's assets under management and significantly increased the size of Sun Life's new U.S.-based third-party asset-management unit.

In June the company announced two more deals. Sun Life snagged Bentall Kennedy Group, one of the largest North American real estate investment advisors. A few days later, the company announced an agreement to purchase Washington-based asset-management Prime Advisors. This deal adds another US\$13 billion to the investment-management unit and increases the total value of the third-party portfolio to \$50 billion.

The management of money for pension funds and smaller insurers is a growing sector and Sun Life says it is less capital intensive than the insurance division.

The three acquisitions send a strong message to investors that the company has put the problems of the Great Recession behind it.

#### 2. Growth overseas

The recent flurry of activity has been centred on the U.S., but Sun Life's international operations are also performing well.

Net income from Asia for Q1 2015 was more than double the same period the year before. Hong Kong, Indonesia, and the Philippines all contributed strong numbers and sent total individual insurance sales in Asia up by 28%.

Sun Life also has a strong presence in India. Recent changes to foreign ownership rules will allow international insurers like Sun Life to boost their holdings in local partnerships from 26% to 49%.

Birla Sun Life is already one of the top six private insurers in the country. Analysts expect the Indian insurance industry to grow from \$60 billion to \$240 billion in the next 10 years.

### 3. Dividend growth

Sun Life recently increased its dividend by 6%. The payout of \$1.52 per share now yields about 3.7% and investors should see the distribution improve on a regular basis in the coming years.

### Should You Buy Sun Life?

Most analysts believe the U.S. will begin to increase interest rate by the end of 2015 or in early 2016. That's good news for insurance companies because they need higher rates to boost returns on their investments. As a long-term holding, Sun Life looks attractive right now.

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1. Investing

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1. Editor's Choice

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

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1. Editor's Choice

#### Date

2025/08/26

#### Date Created

2015/07/09

#### Author

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