

## Dividend Investors: Don't Ignore Sun Life Financial Inc.

### Description

**Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) is trading near its multi-year highs despite the general malaise in the market.

Here are the reasons why the stock is holding up so well.

### Interest rate outlook

Sun Life has recovered well since the bloodbath of the financial crisis, but the company is still battling with low interest rates.

Here in Canada, rates just dropped again and it doesn't look like the trend is going to reverse anytime soon. South of the border, the story is very different and that is why investors are starting to shift funds into insurance companies like Sun Life.

The U.S. is expected to begin increasing rates by the end of this year. Insurance companies like higher rates because they are required to hold a lot of money in fixed-income investments. As rates rise, the firms can earn significantly more money on the funds will eventually payout to policyholders.

Once the U.S. pulls the trigger, Sun Life and its peers should see a surge in investor interest, but the smart money is moving in early.

### International growth

Sun Life is betting big on international growth and the investments are starting to pay off.

In Q1 2015, Sun Life's total individual insurance sales in Asia jumped 28% compared to Q1 2014. Net income from the region more than doubled. The company has built strong operations in Hong Kong, Indonesia, and the Philippines where middle-class wealth is growing and the demand for insurance and investment products continues to expand.

India is the country investors should be the most excited about. Last March, the Indian government passed a new law that allows foreign insurance companies to increase their ownership positions from 26% to 49%.

Sun Life has been investing in its Birla Sun Life operation for more than 15 years and the company is among the top six private insurers in the country.

The opportunity is massive given that analysts expect the Indian insurance sector to grow from \$60 billion to as much as \$240 billion over the next 10 years.

### Dividend growth and share buybacks

Sun Life recently hiked its dividend by 6%. It is the first increase since the financial crisis and the move sends a strong message that the company is back on track and poised for growth. The \$1.52 per share dividend yields about 3.6%.

Investors are also benefitting from the company's share repurchase program. Sun Life bought back and cancelled three million shares in the first quarter.

### **Should you buy Sun Life?**

The stars are starting to align for the insurance industry and money has already begun to flow into the top names. Sun Life is well positioned for growth and long-term dividend investors should be comfortable adding the stock to their portfolios.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

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

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### **Author**

aswalker

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