



Should You Buy Sun Life Financial Inc. Right Now?

Description

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) has rebounded nicely from the dark days of the Great Recession, and investors are wondering if it is too late to buy the stock.

Let's take a look at the current situation to see if the company deserves to be in your portfolio.

Earnings

Sun Life delivered Q3 2015 net income of \$482 million, or \$0.79 per share, up from \$435 million, or \$0.71 per share in the same period last year.

Canada, Asia, and the U.S. all contributed solid results.

Canadian individual wealth sales jumped 16% to \$1.2 billion, driven by solid growth in mutual funds sales. Individual insurance sales in Canada rose by 31% compared with Q3 2014. The Canadian group benefits operations had a number of big client wins in the quarter, which helped increase year-over-year sales by 72%. The Group Retirement Services team enjoyed a similar gain, with a 71% rise in sales.

Asia delivered Q3 net income of \$77 million, up from \$51 million in 2014. Individual insurance sales rose 8% with impressive performances in the Philippines, Vietnam, and Malaysia. Strong mutual fund sales in India also drive earnings higher.

Sun Life U.S. had net income of \$64 million, up from a small loss in 2014. The U.S. Group Benefits division reported a 10% increase in overall sales, driven primarily by a 63% rise in stop-loss sales.

The U.S.-based wealth management operation, MFS, reported net income of \$204 million, up from \$137 million in Q3 2014.

Acquisitions

Sun Life is back in growth mode. The company added a number of businesses in the U.S. in the past

year with a focus on asset management. This should help diversify earnings, as the new business units will complement the existing insurance and wealth management operations.

Sun Life also just announced plans to boost its ownership of Birla Sun Life, the Indian joint venture created nearly 15 years ago. New regulations allow foreign companies to hold a maximum 49% interest in local partnerships, up from 26%. Sun Life is raising its equity position to the new limit.

The Indian insurance market is experiencing strong growth and Sun Life should benefit from higher Birla Sun Life earnings in the coming years.

Dividends

Sun Life didn't cut its dividend during the financial crisis, but investors had to wait a number of years for an increase. Earlier this year, Sun Life raised the quarterly distribution by 6% to \$0.38 per share. Management just bumped it up another penny to \$0.39. The payout currently yields about 3.5%.

Should you buy Sun Life?

Investors with a long-term outlook should consider adding the stock to their portfolios at the current price. Sun Life offers good exposure to both Asia and the U.S. and the insurance sector as a whole could catch a nice tailwind once the U.S. starts increasing interest rates.

The stock is also a way to get exposure to the Canadian financial space without worrying about the residential mortgage risk faced by some of the banks.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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