



## 2 Top Picks for Income Investors

### Description

The market is in correction mode, and that means income investors can take advantage of the pullback to load up on some heavily oversold names.

Here are the reasons why I think **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) and **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) are attractive picks right now.

#### Sun Life

Sun Life had a tough run during the financial crisis, but the company has recovered nicely and is now in full growth mode.

Management sold off the risky U.S. annuities business back in 2013 and has been acquiring positions the asset-management sector as a way to drive growth without carrying the same market risks.

The latest additions are a nice complement to the existing insurance and wealth management operations in Canada and the U.S., and investors could see more tuck-in deals going forward.

Sun Life also realizes that long-term opportunities in Asia can't be ignored. The company has a strong presence in the region and is beefing up its investments in a number of locations, including India, where it plans to raise its equity stake in the Birla Sun Life partnership from 26% to 49%.

As interest rates rise in the U.S., insurance stocks should catch a bit of a tailwind. Sun Life is a good way to play that trend, and the stock also offers investors a way to invest in the financial space without taking on the housing risks faced by the Canadian banks.

Sun Life raised its dividend twice in 2015. The current quarterly distribution of \$0.39 per share yields 4%.

#### RioCan

RioCan operates about 300 shopping centres in Canada and another 49 south of the border. The

company recently signed a deal to sell the American assets for about \$2.7 billion, and that transaction should generate \$1.2 billion in net proceeds that RioCan can use to pay down debt and invest in new developments.

The REIT sector has been under pressure for the past six months as the market worries about economic headwinds here in Canada. I think the selloff in RioCan is overdone.

Some commercial property owners are going to feel the pinch, especially those holding office buildings in Alberta, but RioCan's customers are retailers, and the anchor tenants tend to be large, well-established companies that sell recession-resistant goods such as groceries, pharmaceutical products, and daily household items. These businesses are more than capable of riding out a downturn, and RioCan is unlikely to see a wave of store closures.

RioCan pays its distribution monthly. The annualized payout of \$1.41 per unit yields about 5.9%.

## CATEGORY

1. Dividend Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)
2. TSX:SLF (Sun Life Financial Inc.)

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## Date

2025/08/27

## Date Created

2016/01/25

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