



4 Reasons to Consider Sun Life Financial Inc. for Your Dividend Portfolio

Description

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) has recovered from the dark days of the Great Recession, and the stock deserves to be a top consideration for investors.

Here's why.

Reduced risk

Sun Life took a beating during the financial crisis because it was heavily exposed to the U.S. annuities sector. Management has since sold off that business and is focusing new investment on areas that generate stable fee-based revenue and come with much lower risk when things get ugly in global markets.

The company set up a new division, Sun Life Investment Management, and has made string of acquisitions in the United States to build up the group's portfolio.

This includes the purchase of Bentall Kennedy, a real estate investment management company, Ryan Labs, a business specializing in fixed-income solutions for pension funds, and Prime Advisors Inc., a company focused on providing customized fixed-income solutions for U.S. insurance companies.

International growth

Sun Life realizes that emerging markets represent the best opportunity for long-term growth, and it is betting on countries it knows very well.

The company recently raised its equity stake in its long-term partnership, Birla Sun Life, in India. The move comes on the heels of new regulation that allows foreign companies to increase their ownership positions from 26% to 49%.

The Indian insurance market is set to grow significantly in the coming years and Sun Life is positioned well to benefit. Birla Sun Life has built a strong brand in the country over the past 15 years and already has 60,000 advisors operating in 400 cities.

Sun Life has also raised its stake in its Vietnam partnership from 45% to 75% and holds investments in the Philippines, Indonesia, and Malaysia.

Dividend growth

Sun Life maintained its dividend throughout the financial crisis and recently began hiking the payout again. The company increased the distribution 8% in 2015 and bumped it up another notch earlier this year.

As the new assets begin to contribute to the revenue stream, investors should see continued growth in the payout. The stock currently offers a yield of 4%.

Alternative to the banks

Some investors want a solid financial stock in their dividend portfolio but are worried about risks connected to the oil patch and the Canadian housing market. Sun Life is a way to get comparable yield and strong international growth exposure without assuming the same domestic risks faced by the banks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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