



## Dividend Investors: 2 Top Picks for Reliable Income

### Description

Income investors are searching for quality dividend stocks to add to their portfolios.

Let's take a look at **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be attractive right now.

#### Sun Life

Sun Life took a nasty hit during the Great Recession, but the company has bounced back and is now focused on new areas of growth.

The insurer sold off its troublesome U.S. annuities business and has switched its recent investment activity toward fee-based assets. Sun Life even set up a new division, Sun Life Investment Management, to hold the latest U.S. additions to the portfolio.

These include a real estate management company and two businesses specialized in providing fixed-income solutions for clients such as insurance companies and pension funds. The revenue stream is more secure than the annuities business was and complements the existing insurance and wealth management operations.

Sun Life is also boosting its investment overseas with a specific focus on Asia. The region offers strong growth opportunities as the middle class expands and demand rises for insurance and investment products.

The company just announced the acquisition of FWD Life Insurance Company's pension business in Hong Kong as well as a new 15-year distribution agreement with FWD to provide Sun Life pension products to FWD's agency force.

Other recent investments include an expansion of the Birla Sun Life equity stake in India from 26% to 49% and an increase in the ownership of its Vietnam partnership from 45% to 75%.

Sun Life held its dividend steady through the financial crisis and began raising it again last year. As the

new assets contribute more meaningfully to the revenue stream, investors should see the payout continue to grow. The current dividend yields 3.8%.

If you want a financial stock with a solid growth profile but are concerned about owning the banks, Sun Life is an attractive option.

## Inter Pipeline

Inter Pipeline operates a natural gas liquids (NGL) extraction business, oil sands infrastructure, conventional oil pipelines, and a liquids storage division located in Europe.

The diversified revenue stream has enabled the company to weather the oil rout quite well, and new additions to the assets base are driving funds from operations higher.

The latest deal is the \$1.35 billion acquisition of a Canadian NGL midstream business from **The Williams Companies**. The new assets provide a great complement to the existing NGL extraction business and should be immediately accretive to funds from operations when the purchase closes in the third quarter.

Inter Pipeline is getting the assets at a 45% discount to the investment Williams Canada has put into the infrastructure. Once commodity prices begin to improve, Inter Pipeline should see strong cash flow from the new division.

The stock pays a monthly distribution of \$0.13 per share. That's good for a yield of 5.6%.

## Is one a better pick?

Both stocks are solid holdings. If you only have the cash to buy one, I would give Inter Pipeline the edge for the higher yield.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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## Date

2025/08/26

## Date Created

2016/08/09

## Author

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