



Is Sun Life Financial Inc. or Bank of Nova Scotia Better for International Exposure?

Description

Canadian investors are searching for ways to diversify their [portfolios](#) and get exposure to growth opportunities around the world.

Buying ETFs or international stocks is certainly an option. As an alternative, investors who prefer to own individual companies but don't like the risks associated with buying foreign equities can get good [global](#) exposure through some rock-solid Canadian names.

Let's take a look at **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) to see why they might be interesting picks.

Sun Life

Sun Life provides insurance, wealth management, and asset management services to individual and corporate clients. The bulk of the company's revenue comes from the Canadian and U.S. operations, but Sun Life also has an extensive international reach, and that's the part of the business that should catch the eye of investors looking to benefit from global growth.

Through its subsidiaries or partnerships, Sun Life has foreign operations in the U.K., Ireland, Hong Kong, Bermuda, India, Malaysia, Vietnam, the Philippines, Singapore, Australia, Japan, China, and Indonesia.

The emerging market operations in Asia are particularly attractive over the long term. As the middle class grows, demand for insurance and wealth management products should increase, and Sun Life's strong position in the various countries should bode well for investors.

The company reported solid 2017 results with growth in insurance sales, wealth sales, and assets under management. Underlying net income rose 9% compared to 2016.

Sun Life raised the dividend twice last year, and more increases should be on the way. The company's 2017 payout ratio was 42%, which is at the low end of its 40-50% target.

At the time of writing, the stock provides a yield of 3.5%.

Bank of Nova Scotia

Bank of Nova Scotia's international division is much larger than most people think. In fact, the global operations provide nearly 30% of the bank's net income.

The main focus is on Latin America with Mexico, Peru, Chile, and Colombia being the core areas of interest. These countries represent the heart of the Pacific Alliance trade bloc.

As with Sun Life, Bank of Nova Scotia is well positioned to benefit from rising incomes in its target markets. The Pacific Alliance countries are home to more than 200 million consumers, who should boost loan and investment product demand, as their economic situation improves.

The bank has a strong track record of dividend growth, and that trend is expected to continue. Investors who buy the stock today can pick up a yield of 4.2%.

Is one more attractive?

Sun Life and Bank of Nova Scotia are top-quality Canadian names that should be solid picks for a buy-and-hold portfolio. At this point, I would probably split a new investment between the two stocks to get quality exposure to emerging market growth in both Asia and Latin America.

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

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