



Why Sun Life Financial Inc. and Nutrien Ltd. Should Be on Your RRSP Radar

Description

Canadian investors are searching for ways to set some cash aside for their [retirement years](#), and holding top-quality stocks inside an RRSP is a popular strategy for meeting savings goals.

Let's take a look at **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) and **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)) to see why they might be interesting picks.

Sun Life

Sun Life took a nasty hit during the financial crisis, but management learned a valuable lesson through the process, and the company has rebounded nicely in recent years.

What's the scoop?

Sun Life unloaded its U.S. annuities business in 2013 and has since focused new investments and acquisitions on asset-management opportunities in the United States, and insurance and wealth management growth in Asia. Exiting the annuities segment removed risk from the business model, and the continued expansion of the international operations bodes well for investors looking to benefit from middle-class growth in Asia.

Sun Life has joint-venture partnerships or subsidiaries in several countries in Asia, including India, Indonesia, Malaysia, China, Vietnam, and the Philippines. The Asian operations generated 12% of Q4 2017 underlying net income, and investors should see the region's contributions increase in the coming years.

Sun Life's full-year 2017 numbers were in line with guidance. Insurance sales, wealth sales, and assets under management all increased, and the company generated 9% year-over-year growth in underlying net income.

Management raised the dividend last year, and the company's 2017 payout ratio was 42%. That's at the low end of the 40-50% target, so there is room for additional dividend growth, especially if the company hits its medium-term earnings-per-share annual growth objective of 8-10%.

The stock has pulled back in the past month, giving investors at chance to pick up Sun Life at a reasonable price. At the time of writing, the dividend provides a [yield](#) of 3.5%.

Nutrien

The merger of Potash Corp. and Agrium created a global crop nutrients powerhouse with strong wholesale and retail operations providing the world's farmers with potash, nitrogen, and phosphate on the fertilizer side and seed and crop-protection products through the retail business.

The fertilizer market appears to be stabilizing or even entering a modest uptrend after the multi-year slump. Potash shipments, for example, are expected to hit record levels in 2018.

Long-term population growth and the ongoing consumption of farmland by urban sprawl should support continued improvements.

As Nutrien works through the integration of the Agrium and Potash Corp. assets, management hopes to fully realize \$500 million in synergies by the end of 2019.

The share price is down to about \$60 from the January high of close to \$70, so there is some nice upside potential when market sentiment shifts.

The bottom line

Sun Life and Nutrien are strategically positioned to benefit from global population and wealth growth in the coming decades. If you have some cash on the sidelines and are looking for buy-and-hold picks for your RRSP portfolio, these stocks deserve to be on your radar.

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aswalker

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