



Is it Time to Add Sun Life Financial Inc. Stock to Your TFSA Portfolio?

Description

TFSA investors are searching for top-quality Canadian companies that can provide reliable [dividends](#) and access to international growth.

Let's take a look at **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) to see if it deserves to be on your buy list.

Business units

Sun Life operates insurance, asset management, and wealth management businesses in Canada, the United States, the U.K., and Asia.

The company exited its U.S. annuities business after the financial crisis and has focused new investments on asset management opportunities in the United States as well as growing segments in Asia. The decisions have reduced investor risk in the event of another market meltdown and position Sun Life to take advantage of Asian growth.

On a geographic basis, Sun Life Canada generated 34% of 2017 underlying net income, while the U.S. group contributed 19%. Sun Life asset management, which includes the U.S.-based MFS and Sun Life Investment Management groups, added 33% of the profits. Sun Life Asia chipped in 12%, and the U.K. business provided 2%.

The balanced portfolio provides investors with diversification across business segments and geographic locations.

Asia focus

Sun Life has established businesses in India, China, Vietnam, Indonesia, Malaysia, and the Philippines. As the middle class grows in these countries, Sun Life should benefit from rising demand for insurance and wealth management products.

Underlying net income from the Asian operations hit a record \$330 million in 2017 compared to \$295

million in 2016. Individual life and health insurance sales came in at \$661 million, compared to \$628 million the previous year.

Sun Life is ranked as one of Asia's top six insurance brands.

Outlook

Sun Life is targeting medium-term underlying earnings-per-share (EPS) growth of 8-10%, which puts it pretty much in line with expectations for the big banks. The company generated EPS growth of 9% in 2017.

Dividends

Sun Life is back on track with increases to the dividend. The company raised the distribution by 5% in November last year, and that came on the heels of a 4% increase last May.

Investors could see another increase when the company reports Q1 2018 earnings on May 8. The current quarterly payout of \$0.455 per share provides an annualized [yield](#) of 3.5%.

Should you buy?

Rising interest rates should benefit Sun Life, as it will be able to generate better returns on the funds it has to set aside for potential claims.

The company is back on solid ground after a rough ride through the financial crisis, and the Asian operations have significant growth potential. If you have some cash sitting on the sidelines and are looking for a buy-and-hold dividend-growth pick for your TFSA portfolio, Sun Life looks attractive today.

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2. Investing

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