



2 Canadian Stocks to Bet on Global Wealth Growth

Description

Rising populations and the expansion of middle-class spending power in emerging markets presents interesting [buy-and-hold](#) opportunities for investors.

Let's take a look at two Canadian companies that should benefit from the trend.

Nutrien Ltd. ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien was formed by the recent merger of Potash Corp. and Agrium. The new company is a powerhouse in the global crop nutrients market and is arguably much better positioned to compete than the two companies were individually.

Why?

The combination of the the wholesale potash, nitrogen, and phosphate operations gives Nutrien greater production capacity and better bargaining power when negotiating with foreign governments.

In addition, Agrium's large retail business provides a balanced revenue stream. The group sells seed and crop protection products to global farmers.

The company targeted US\$500 million in synergies through the merger, and investors should see the benefits emerge as the integration continues.

Fertilizer demand is expected to grow with rising population numbers and reduced arable land. At the same time, a growing global middle class is boosting demand for meat products, which in turn requires farmers to grow more crops to feed the animals people want to eat.

Potash spot prices continue to improve in major markets, and Nutrien just raised its potash and nitrogen 2018 EBITDA guidance. Phosphate guidance remains in line with the 2017 results. Full-year 2018 earning guidance also increased.

Both Agrium and Potash Corp. completed major multi-year capital programs before the merger, so

Nutrien already has the modernized operations it needs to compete. The situation is also good for investors, as there shouldn't be any significant new development projects to reduce cash flow available for distributions.

Nutrien pays a quarterly dividend of US\$0.40 per share. At the time of writing, that's good for a [yield](#) of 3%.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#))

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

Most of the company's income comes from the North American market, but investors with a buy-and-hold strategy should focus on the Asian operations. Sun Life is building a strong presence in India, China, Vietnam, Malaysia, Indonesia, and the Philippines, and those countries offer significant opportunities.

As the middle class grows in the region, demand for insurance and investment products should increase, and Sun Life's partnerships and subsidiaries are positioned well to benefit.

In addition, interest rates have probably bottomed out in North America, which should bode well for Sun Life, as it can earn a better return on the funds it has to set aside for potential claims.

The company has recovered from the hit it took during the Great Recession and is now squarely focused on growth.

Sun Life's dividend is growing and provides a yield of 3.4%.

The bottom line

Nutrien and Sun Life provide investors with an attractive way to benefit from rising global wealth growth through rock-solid Canadian companies. If you have some cash sitting on the sidelines, these stocks should be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:SLF (Sun Life Financial Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/25

Date Created

2018/05/18

Author

aswalker

default watermark

default watermark