



## 3 Top Canadian Financial Stocks for Your TFSA Portfolio

### Description

Financial stocks make up an important part of the TSX Index, and investors often turn to the sector when searching for core positions to build their [TFSA retirement portfolios](#).

Let's take a look at three companies that give you diversified exposure.

#### **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#))

Royal Bank is one of the 10 largest global banks by market capitalization and has a presence in 36 countries. Canadian operations generate 61% of revenue, the U.S. business contributes 23%, and the international arm kicks in 16%.

Earnings are spread out across a number of business segments. In fiscal Q3 2018, personal and commercial banking activities generated 48% of earnings, capital markets added 22%, wealth management produced 18%, investor and treasury services provided 6%, and insurance rounded things out with 6%. In total, Royal Bank reported Q3 net income of \$3.1 billion, representing a gain of 11% over the same period last year.

Rising interest rates are giving the wealth management and personal and commercial banking operations a boost, and investors should see Royal Bank meet its annual earnings-per-share growth guidance of 7-10% over the medium term. The company just raised the dividend by 4%. The new distribution provides a [yield](#) of 3.8%.

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

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

Investors with an eye on emerging markets should be attracted to Sun Life's strong position in key countries, including India, China, Malaysia, Indonesia, Vietnam, and the Philippines. Middle-class expansion should drive demand for insurance and investment products in the coming decades, and the Asia Pacific region is expected to be a much larger contributor to Sun Life's bottom line.

Sun Life Asia accounted for 19% of Q2 2018 underlying net income. Sun Life Canada contributed 31%, the U.S. provided 16%, and 6% came from the United Kingdom. Sun Life Asset Management, which includes the U.S.-based MFS division, generated 28% of the second-quarter profits.

Sun Life raised its dividend earlier this year and currently offers a 3.7% yield.

### **Intact Financial** ([TSX:IFC](#))

Intact Financial is a provider of insurance products for vehicles and property to residential and commercial customers. The company is actually the largest player in the Canadian casualty and property insurance market. In the U.S., Intact Financial is a leading specialty insurance provider targeting small and medium enterprises through its OneBeacon subsidiary, which Intact Financial acquired last year.

Growth potential is significant in the American market, and investors could see additional deals in the coming years as Intact Financial expands its presence south of the border.

The dividend provides a yield of 2.7%.

### **The bottom line**

An equal investment in Royal Bank, Sun Life, and Intact Financial would provide diversification across the financial sector as well as exposure to international markets.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:RY (Royal Bank of Canada)
2. TSX:IFC (Intact Financial Corporation)
3. TSX:RY (Royal Bank of Canada)
4. TSX:SLF (Sun Life Financial Inc.)

### **PARTNER-FEEDS**

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