



Should You Buy Sun Life Financial (TSX:SLF) Stock Today?

Description

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) took a beating during the Great Recession, but the company has bounced back and is attracting new investor interest.

Let's take a look at the current situation to see if Sun Life deserves to be on your [buy list](#) today.

New opportunities

Sun Life ran into trouble with its former U.S. annuities business during the financial crisis. The company subsequently sold the division and has since focused on driving revenue from less-volatile sources. The biggest move has been the acquisition of a number of companies to build an institutional asset management business specializing in fixed income and real estate.

Sun Life recently closed its purchase of a majority interest in BentallGreenOak. The deal expands the company's global real estate investment management and advisory capabilities and creates the real estate pillar in the new alternative asset management division, SLC Management, which has more than \$200 billion of assets under management. The group is targeting pension funds, endowments, and insurance companies.

Asia

Sun Life has long-standing subsidiaries or partnerships established in a number of key Asian countries, including India, China, Indonesian, Vietnam, Malaysia, and the Philippines. The region holds significant potential for Sun Life, as middle-class wealth expands and demand increases for insurance and investment products.

Sun Life Asia accounted for 16% of Q1 2019 underlying net income.

Outlook

Management is targeting annual underlying earnings-per-share growth of 8-10% over the next few years with return on equity of 12-14% and a dividend-payout ratio of 40-50%.

Growth is set to come from strategic acquisitions and organic investments. As of the end of Q1 2019 Sun Life had \$2.1 billion in cash and total capital-deployment potential of \$5.7 billion.

Sun Life maintained its quarterly dividend of \$0.42 per share during the financial crisis and resumed payout hikes in 2015. Since then, the distribution has increased to \$0.525 per share, and ongoing hikes should be on the way.

At the time of writing, the stock provides a [yield](#) of 3.8%.

Should you buy?

Sun Life is back on track and the shift into the alternative asset management space should make the business less risky when global markets hit a rough patch.

If you are searching for a quality financial pick that isn't a bank, Sun Life deserves to be on your radar today.

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