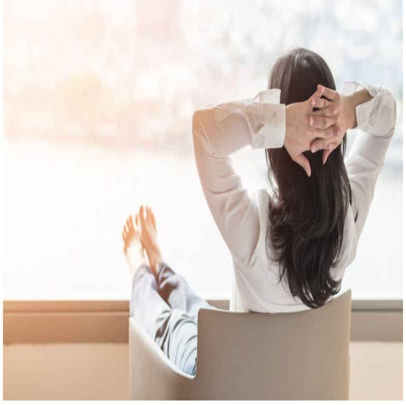

TFSA Investors: 2 Dividend Stocks to Buy Before 2020

Description

All the way back in September 2017, I discussed the rising middle class in Asia. This demographic development is fertile ground for the growth of many sectors, but it has been particularly good for the insurance industry.

In mainland China, for example, income from insurance premiums grew at an average annual rate of 13% from 2013 to 2017. A forecast by Swiss Re projected that this would double between 2020 and 2029. In India, gross written premiums for general insurance grew at an annual rate of 15% over this same time span.

Swiss Re estimated that 11 of the largest economies in Asia-Pacific were under-protected by a whopping $58 trillion, as of 2014. Unsurprisingly, insurance providers in the developed world have moved swiftly to fill this need. Today, I want to look at two Canada-based financial services and insurance providers that are betting big on this market. These are the kind of equities investors should be targeting as we look ahead to the 2020s.

Sun Life Financial

Sun Life Financial (TSX:SLF)(NYSE:SLF) is a Toronto-based company and one of the largest life insurance providers in the world. Shares of Sun Life have climbed 32% in 2019 as of close on October 2. The stock has achieved average annual returns of 10% over the past five years.

In the first six months of fiscal 2019, Sun Life reported insurance sales of $1.43 billion, compared to $1.29 billion in the prior year. Insurance sales in Asia rose 12% year over year in the second quarter whereas wealth sales dropped 28% due to turbulent market conditions in India. Agency sales in Asia have grown 21% from the previous year.

Shares of Sun Life still boast a favourable price-to-earnings (P/E) ratio of 14 and a price-to-book (P/B) of 1.6. The stock also offers a quarterly dividend of $0.525 per share, representing a 3.6% yield.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is another Toronto-based company in the financial services and insurance sector. The stock has increased 26.9% in 2019 as of close on October 2. Manulife released its second-quarter 2019 results on August 7.

Net income rose to $1.47 billion in Q2 2019 on the back of Manulife's growing footprint in Asia. New business in Asia climbed 9% to $364 million while business was flat in Canada at $65 million. Core business in Asia rose 15% to $471 million. Recent reports indicate that Manulife and Sun Life are one of several dozen insurers who are bidding for the Singapore and Vietnam operations of Aviva plc, a UK-based insurer.

Manulife stock still possesses a favourable P/E ratio of 8.3 and a P/B of 1 at the time of this writing. The company last announced a quarterly dividend of $0.25 per share. This represents a 4.2% yield, making it an attractive addition for investors on the hunt for beefier income.

Both companies are geared up for big growth due to their aggressive strategies in Asia.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SLF (Sun Life Financial Inc.)

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