



Sun Life (TSX:SLF): Why I'm Buying the Post-Earnings Dip

Description

Sun Life ([TSX:SLF](#))([NYSE:SLF](#)) is a Toronto-based company that provides insurance, wealth, and asset management solutions to individuals and corporations around the world. Back in January, I'd looked at **Manulife**, another [top Canadian insurance](#) and financial services provider. The global insurance industry has been powered by the rise of the middle class in developing nations around the world. Today, I want to discuss why I'm excited to snatch up this TSX stock after its recent earnings release.

How has Sun Life performed in a tumultuous 2022?

Shares of Sun Life have plunged 11% in 2022 as of close on May 11. This has pushed the top TSX stock into negative territory in the year-over-year period. I'd [discussed](#) why Sun Life was a strong target in an uncertain environment when this year got started.

This TSX stock took a major hit during the market pullback in the late winter and early spring of 2020. However, Sun Life managed to more than double from those lows to a 52-week high of \$74.22 in the late winter of 2022.

Should investors be encouraged by its recent earnings report?

The company released its first-quarter 2022 earnings on May 11. It reported total underlying net income of \$843 million in Q1 2022 — down from \$850 million in the previous year. Fortunately, its Canada-based segment delivered 5% underlying net income growth to \$298 million. It posted insurance sales growth of 42% to \$332 million. This growth was powered by large case group benefit sales in Sun Life Health, while wealth sales rose 11% to \$5 billion.

In the United States, Sun Life saw net income drop 20% year over year to \$169 million. Insurance sales fell 4% to \$148 million. Elevated group life mortality rates during the COVID-19 pandemic continued to have an impact. Meanwhile, the quarter saw a spike in long-term disability claims in Group Benefits.

Sun Life's crucial Asia region faced challenges to start the year. It suffered a 4% decline in underlying net income. Hong Kong's business activity was negatively impacted by renewed COVID-19 restrictions. Asia insurance sales dropped 7% year over year to \$319 million. However, Asia wealth sales increased 7% to \$4 billion. On the business front, Sun Life bolstered its reach in Asia. It announced that it will expand its partnership with CIMB Niaga, which is the second-largest privately owned bank in Indonesia. This will allow Sun Life to provide all insurance solutions to the bank's customers from 2025 through 2039.

Here's why I'm buying Sun Life stock today

Shares of this top TSX stock currently possess a [very favourable](#) price-to-earnings ratio of 9.4. It last had an RSI of 30, putting Sun Life just outside technically oversold territory. Better yet, the board of directors announced a 4.5% hike to its quarterly dividend to \$0.69 per common share. That represents a solid 4.2% yield. I'm looking to snatch up this undervalued dividend stock, as the company is still geared up for big earnings growth for the long haul.

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