

This Top TSX Financial Stock Can Make You Rich

Description

It's a been wild ride for Canadian investors this year so far. We first witnessed a drop of more than 35% in just over one month. The market has since rebounded by jumping back up 35% in about two months.

Even with the strong run over the past two months, the **S&P/TSX Composite Index** is still down by 10% this year.

Certain industries have been hit harder than others this year, which includes the financial industry. Many top financial TSX stocks are trading well below 10% year to date. As a result, Canadian investors have the opportunity to buy some great financial companies that are now trading at a discount.

I'm going to review one of the top insurance providers in the country and explain why it would be a wise idea to add this company to your portfolio today.

Sun Life Financial

Sun Life Financial (TSX:SLF)(NYSE:SLF) is one of the largest financial service companies in the country. The \$30 billion company is known primarily for its wealth management services. It currently ranks as the second-largest insurance provider in the country.

The stock has had an impressive run since the end of the financial crisis just over a decade ago. Up until the market began dropping due to the news surrounding the COVID-19 pandemic, Sun Life had been trading at all-time highs, hovering around a price of \$65.

The stock price has rebounded extremely well over the past two months but is still well below all-time highs. At today's price, the stock is down 25% from all-time highs in February. As a result, Sun Life is trading at a significant discount today.

The stock is trading today at a forward price-to-earnings (P/E) ratio below 10, while the price-to-book (P/B) is at 1.25.

Expansion strategy in Asia

There is still plenty of uncertainty ahead in the broader market, but Sun Life has ambitious plans for the company's future growth.

The majority of net-income is driven by three regions: Canada, the U.S., and Asia. The company has <u>high expectations for Asia</u>, as management has been investing aggressively to help grow the business outside North America.

Asia currently represents roughly 20% of the company's total earnings. The Asian region is split into seven local markets: the Philippines, Hong Kong, Indonesia, Vietnam, Malaysia, India, and China.

The company reported Q1 2020 earnings a month ago and spoke to the expansion plans for Asia. Management highlighted two key areas that will help drive the growth in Asia: a demographic shift towards the middle class and an increase in investment in employee development.

Sun Life management went on to highlight that they are expecting millions of people across Asia to soon enter the middle class. This demographic shift alone should help fuel plenty of long-term growth for the company.

Management also highlighted what an increase in employee development would look like. The company explained that it would be growing the elite agency development program, which is aimed to provide financial advisors with additional skills and tools to help service high-net-worth clients.

High-yielding dividend

Sun Life shares currently pay a total annual dividend of \$2.20 per share. At today's stock price, the yield is equal to an impressive 4.6%.

If \$10,000 was invested in Sun Life shares today, that would earn shareholders a quarterly dividend check of \$115.

Sun Life not only pays a high dividend, but it's a reliable one, too. The company held strong during the last recession and kept the dividend payout stable from 2009 to 2014. The company has since been increasing its dividend every year, granting it a Dividend Aristocrat status.

Foolish bottom line

Sun Life Financial is an extremely well-rounded stock today. The high-yielding dividend provides income investors with reliability, even during economic downturns. The bright future of the business will also likely reward long-term shareholders through growth in the stock price.

For Canadians that have cash ready on the sidelines, you'd better act fast if you want to add this stock to your portfolio before it's back to an all-time high.

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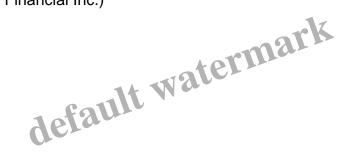
2025/08/15

Date Created

2020/06/04

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