



What Is the Better Investment: Manulife Financial Corporation or Sun Life Financial Inc.?

Description

Manulife Financial Corporation ([TSX:MFC](#))([NYSE:MFC](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) are two of the largest financial services companies on the market with a similar set of service offerings in multiple countries.

With two companies so similar in terms offerings, a deeper look is needed to pick one as a recommendation.

The case for Manulife

Manulife currently trades just over \$23, sitting off of a 52-week high of \$24.20. Year-to-date, the stock is up approximately 4.5%, with this extending to over 5% when looking at a full year. The five-year investment provides a respectable 41% return.

In the most recent quarter Manulife reported net income of \$723 million and announced a 10% increase to dividends. The quarterly dividend is currently set to \$0.17 per share.

Manulife has a record of being focused on aggressive growth and expansion. Last year Standard Life PLC was purchased in a deal worth \$4 billion. This added over a million customers. In the U.S. Manulife operates as John Hancock Financial and recently completed the purchase of New York Life's retirement plan services business. This deal alone expanded the plan's assets by 60% to over \$130 billion.

Given the strong balance sheet, rise in dividends, and aggressive expansion, consensus among analysts is an outperform rating with a price target in the \$25-28 range.

The case for Sun Life

Sun Life is currently priced just shy of \$43, near the 52-week high of \$43.44. Year-to-date performance is 1.8%, and over the course of a full year, this further improves to 3.9%. Longer term, the five-year change in price comes in at 47%.

During the most recent quarter, Sun Life reported net income of \$441 million. A dividend of \$0.38 is distributed on a quarterly basis, which, like Manulife, was increased in the last quarter.

Sun Life's main focus for growth is on international markets. In the most recent quarter Sun Life's Asian Business group of reported income of \$68 million, which is more than double the figure for the same quarter last year. Increased revenues are expected to continue in that region.

In the U.S., Sun Life recently completed the acquisition of Prime Advisors Inc., a U.S.-based investment portfolio manager with approximately \$17 billion in assets, and The Bentall Kennedy Group, a real estate investment advisor group with assets of \$32 billion.

Analysts continue to issue an outperform rating on Sun Life, citing a price target of \$48. Assuming that the international groups continue to perform or improve as they have in the most recent quarter, investors should start to see some returns.

And the better Investment goes to...

Both companies boast a solid balance sheet, aggressive expansion in a multitude of markets, and a consistent (and increasing) quarterly dividend. Should the day come when interest rates begin to rise in the U.S., both of these companies will benefit significantly.

Either of the companies would represent a solid addition to a portfolio, but in my opinion Sun Life is a better buy. The growth in the international groups and the potential revenues and exposure that will come with the recent acquisitions is something that should send prices and dividends climbing.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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