



## Should You Buy Manulife Financial Corp. or Sun Life Financial Inc. Today?

### Description

**Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) are two of the largest financial services companies in the world, providing both insurance and wealth management products and services.

Both of their stocks represent very attractive long-term investment opportunities today, but the laws of diversification state that we cannot own both, so let's take a closer look at each company's earnings results in the first nine months of fiscal 2015, their stocks' valuations, and their dividends to determine which is the better buy today.

### Manulife Financial Corp.

Manulife's stock has fallen a little over 1% year-to-date, including a decline of about 1% since it released its earnings results on November 12 for its three- and nine-month periods ending on September 30, 2015. Here's a summary of eight of the most notable statistics from the first nine months of fiscal 2015 compared with the same period in fiscal 2014:

1. Core earnings increased 18.1% to \$2.57 billion
2. Diluted core earnings per share increased 13.5% to \$1.26
3. Revenue before realized and unrealized losses and premiums ceded under the Closed Book reinsurance transaction increased 20.7% to \$33.18 billion
4. Net premium income increased 32.8% to \$17.21 billion
5. Investment income increased 6% to \$8.57 billion
6. Other revenue increased 15% to \$7.4 billion
7. Assets under management and administration increased 34% to \$887.98 billion
8. Book value per common share increased 19.5% to \$18.98

At today's levels, Manulife's stock trades at 12.5 times fiscal 2015's estimated earnings per share of \$1.76 and 10.7 times fiscal 2016's estimated earnings per share of \$2.06, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 17.2, its five-year average multiple of 99.8, and the industry average multiple of 23.9.

In addition, Manulife pays a quarterly dividend of \$0.17 per share, or \$0.68 per share annually, giving its stock a 3.1% yield. It is also important to note that it has increased its dividend for two consecutive years.

### Sun Life Financial Inc.

Sun Life's stock has risen about 5% year-to-date, including a decline of about 1.5% since it released its earnings results on November 4 for its three- and nine-month periods ending on September 30, 2015. Here's a summary of eight of the most notable statistics from the first nine months of fiscal 2015 compared with the same period in fiscal 2014:

1. Underlying net income increased 13.9% to \$1.66 billion
2. Underlying earnings per share increased 13.9% to \$2.71
3. Total adjusted revenue decreased 3% to \$17.3 billion
4. Net premium revenue decreased 6.2% to \$6.84 billion
5. Net investment income increased 7.5% to \$3.96 billion
6. Fee income increased 18.4% to \$3.89 billion
7. Total assets under management increased 21.2% to \$846.16 billion
8. Book value per common share increased 15.7% to \$30.03

At current levels, Sun Life's stock trades at 12.4 times fiscal 2015's estimated earnings per share of \$3.55 and 11.5 times fiscal 2016's estimated earnings per share of \$3.84, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 12.6, its five-year average multiple of 17.3, and the industry average multiple of 23.9.

Additionally, Sun Life pays a quarterly dividend of \$0.39 per share, or \$1.56 per share annually, giving its stock a 3.55% yield. It is also very important for investors to note that it has increased its dividend twice in 2015.

### Which financial services stock is the better buy today?

Here's how each company ranks when comparing their earnings results, their stocks' valuations, and their dividends:

Metric	Manulife	Sun Life
Earnings Strength	1	2
Forward Valuations	1	2
Dividend Yield	2	1
<b>Average Ranking</b>	<b>1.33</b>	<b>1.67</b>

As the chart above shows, Sun Life has a higher dividend yield, but Manulife reported stronger earnings results in the first nine months of fiscal 2015 and its stock trades at more attractive forward

valuations, giving it the edge in this match up. All Foolish investors should strongly consider establishing positions today.

## 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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