



## Is Manulife Financial Corp. or Sun Life Financial Inc. the Better Buy 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, and both of their stocks represent great long-term investment opportunities today.

However, in order to keep our portfolios diversified, we must only buy one, so let's compare the companies' financial performance in the first quarter, their stocks' valuations, and their dividends to determine which is the better buy right now.

#### Manulife Financial Corp.

Manulife's stock has fallen over 9% year-to-date, including an increase of about 4% since it released its first-quarter earnings results on the morning of May 5. Here's a quick breakdown of eight of the most notable statistics from the report compared with the year-ago period:

1. Core earnings increased 13.6% to \$905 million
2. Diluted core earnings per common share increased 12.8% to \$0.44
3. Total revenue increased 37.3% to \$21.7 billion
4. Revenue before realized and unrealized gains on assets supporting insurance and investment contract liabilities and on macro hedging programs increased 22.8% to \$12.9 billion
5. Core return on equity remained unchanged at 9.3%
6. Assets under management and administration increased 10% to \$903.9 billion
7. Total capital increased 6.5% to \$49.4 billion
8. Book value per common share increased 3.5% to \$18.98

Manulife's stock currently trades at just 10.1 times fiscal 2016's estimated earnings per share of \$1.86 and only 8.9 times fiscal 2017's estimated earnings per share of \$2.11, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 15.5, its five-year average multiple of 90.7, and the industry average multiple of 19.1.

In addition, Manulife pays a quarterly dividend of \$0.185 per share, or \$0.74 per share annually, which gives its stock a yield of about 3.9% at today's levels. Investors must also note that the company's two

dividend hikes since the start of 2015, including its 8.8% hike in February, have it on pace for 2016 to mark the third consecutive year in which it has raised its annual dividend payment.

### Sun Life Financial Inc.

Sun Life's stock has risen over 3% year-to-date, including an increase of more than 4% since it released its first-quarter earnings results after the market closed on May 10. Here's a quick breakdown of eight of the most notable statistics from the report compared with the year-ago period:

1. Underlying net income increased 12.8% to \$582 million
2. Underlying earnings per share increased 13.1% to \$0.95
3. Total revenue increased 19.8% to \$8.8 billion
4. Adjusted revenue increased 6.7% to \$6.4 billion
5. Underlying return on equity improved 30 basis points to 12.4%
6. Total assets under management increased 5.9% to \$860.5 billion
7. Total capital increased 7.4% to \$24.5 billion
8. Book value per common share increased 5.3% to \$30.17

Sun Life's stock currently trades at just 11.8 times fiscal 2016's estimated earnings per share of \$3.78 and only 10.9 times fiscal 2017's estimated earnings per share of \$4.09, both of which are inexpensive compared with its trailing 12-month price-to-earnings multiple of 12, its five-year average multiple of 17.1, and the industry average multiple of 19.1.

In addition, Sun Life pays a quarterly dividend of \$0.405 per share, or \$1.62 per share annually, which gives its stock a yield of about 3.6% at today's levels. Investors must also note that Sun Life's three dividend hikes since the start of 2015, including its 3.8% hike earlier this month, have it on pace for 2016 to mark the second consecutive year in which it has raised its annual dividend payment.

### Which is the better buy today?

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

Metric	Manulife Financial	Sun Life Financial
Q1 Earnings Strength	1	1
Forward P/E Valuations	1	2
Dividend Yield	1	2
<b>Average Ranking</b>	<b>1</b>	<b>1.67</b>

As the chart above depicts, both companies reported strong first-quarter earnings results, but Manulife's stock trades at more attractive forward valuations and it has a higher dividend yield, giving it an easy win in this match up.

With all of this being said, I think both stocks represent very attractive long-term investment opportunities, so Foolish investors should strongly consider making one of them a core holding.

## CATEGORY

1. 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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