



## Trump Makes Manulife Financial Corp. a Solid Long-Term Financials Play

### Description

**Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) has experienced a recent boost in its stock price due to Donald Trump's recent election as U.S. commander in chief. The company's stock has climbed dramatically since the election results—trading near its 52-week high. I'll be looking at where this stock may be headed in the long term and why this may still be a great long-term financials play at these elevated price levels.

### Strength in bond rates and interest rates make this an attractive play

Speculation about a December Fed interest rate hike due to anticipated increased infrastructure spending as well as rising bond yields have provided a significant boost to the financials sector of late. Manulife is poised to see continued strength due to a number of key factors relating to idiosyncratic organic growth as well as increased systemic strength in the financial services industry.

The overall economic U.S. and global outlook for growth, inflation, and interest rates play a huge role in determining how various institutional investors and funds determine allocations for various sectors. Manulife has over half of its shares held by institutional investors.

These factors are extremely important when considering how this company will move in correlation to the market.

### Manulife's acquisition of Standard Life Canada is one of a series of successful acquisitions

One of the strengths of Manulife has been the company's ability to successfully integrate acquisitions into its overall portfolio to boost sales via generating additional synergistic value post-acquisition. The company's 2015 acquisition of Standard Life Canada is a great recent (and local) example I'll use to illustrate this point.

In Canada, Manulife services approximately one in three Canadians, but nearly 90% of the company's clients only have one Manulife product. This merger increases the company's footprint and product offering and is anticipated to result in synergies of approximately \$100 million over the next three years, not including the revenue synergies the company will be able to obtain with existing Canadian

Manulife customers. The company is expected to finalize the merger by the end of 2017.

### Long-term outlook

I have a very bullish long-term outlook for Manulife for a number of reasons—over and above the current global economic outlook and the company’s successful acquisition strategy. Manulife’s global revenues (those outside the U.S.) are impressive with emerging markets making up a big percentage of Manulife’s total revenues. In fact, approximately 40% of the company’s revenues currently come from Asia.

Aside from the diversification of revenues, the company’s distribution opportunities provide Manulife with a long-term competitive advantage, both in terms of size and scale. The company is sufficiently large and diversified to provide better returns than the industry average over the long run, in theory.

A stable, growing dividend is the cherry on top for any long-term investor. Analysts predict a stable dividend-growth rate at about 10% per year for the next few years, as the stock price is anticipated to climb, providing yield stability.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
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