



Need International Diversification? Buy Manulife Financial Corp.

Description

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) is Canada's largest insurance provider with an international twist. The management team is always on the hunt for opportunities to expand outside Canadian borders, and if you find that your portfolio isn't as internationally diversified as you'd like, then there's a strong case for you to pick up shares of Manulife today.

Strong U.S. business

Manulife currently provides insurance products as well as wealth management services in over approximately 22 countries. Manulife's U.S. business, under the John Hancock brand, stands to realize significant tailwinds over the medium to long term thanks to a strengthening U.S. economy under the pro-business Trump administration. I believe the U.S. economy is set to take off, and interest rates may rise at a faster rate than originally anticipated.

This is great news for life insurance companies like Manulife, and it appears that the company is very well positioned to profit from a surge in consumer spending. Many American consumers who haven't increased their insurance coverage since the Financial Crisis may be starting to return over the next few years, and this could send Manulife shares substantially higher.

Asian expansion opens doors to explosive growth

In addition to the impressive U.S. business, the management team has set its sights on the Asian insurance market, which many pundits believe is a gold mine. Fellow Fool contributor Demetris Afxentiou is a [fan](#) of Manulife's Asian growth prospects. He stated that experts are speculating that over US\$30 trillion worth of wealth will be passed down to the next generation in Asia. Manulife has a front-row seat to this explosive growth potential since approximately half of Manulife's insurance sales come from Asia.

Going forward, we can expect Manulife to continue making new deals with Asian banks, which will allow Manulife to sell exclusive products to its existing customers. These exclusive long-term contracts will allow Manulife to obtain next-level growth that wouldn't be possible if the company had decided to stay confined to Canada.

What about value?

Manulife currently trades at a 15.62 price-to-earnings multiple, which I believe is incredibly cheap when you consider the long-term catalysts that could propel the stock higher.

The stock currently offers investors a bountiful 3.4% dividend yield, which is considerably higher than the company's five-year historical average yield of 3%. Given the tailwinds the company is likely to enjoy, it's possible that this dividend will be raised by a substantial amount over the next few years.

If you're a deep-value investor with a time horizon of five years or more, then look no further than Manulife. The valuation is attractive, and the catalysts could make the stock a huge winner over the next five years.

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