



Manulife Financial Corp.: A Growth Play Unlike Any Other

Description

Insurance investments can be some of the most lucrative additions to your portfolio, provided the right company is selected. **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) is the largest and most well-known insurer in the country, counting on one in three Canadians as clients.

Manulife has an eye for growth

While there's no shortage of reasons to consider an investment in Manulife, one major reason to consider an investment is Manulife's aggressive plans.

Manulife is the largest insurer in Canada, and the insurance market is arguably already saturated, meaning that Manulife and other companies have been forced to look beyond Canada for additional growth.

Asia is currently experiencing one of the largest wealth-creation events in history, as a massive middle class is emerging that has the income and appetite to invest in the products that Manulife offers.

To capitalize on that opportunity, Manulife forged a series of agreements with banks in the region, including DBS of Singapore and Standard Chartered in Hong Kong. The agreements, which can last as long as 15 years or more, establish Manulife as the exclusive insurer for the banks to recommend when clients are shopping for insurance products.

Those partnerships have proven incredibly successful for Manulife; double-digit growth in several Asian markets is not uncommon.

Manulife continues to post strong results

In the most recent quarter, Manulife reported net income of \$1,350 million with fully diluted earnings per share hitting \$0.66, representing a significant increase over the \$1,045 million, or \$0.51 per share, reported in the same quarter last year. In terms of core earnings, Manulife realized \$1,101 million, or \$0.53 per share diluted, in the quarter, bettering the \$905 million, or \$0.44, posted in the same quarter last year.

The Asia division saw strong growth in the quarter, contributing \$408 million to core earnings, reflecting an increase over the \$371 million in the previous quarter. This accounts for a 31% increase in annualized premium equivalent sales and a 53% increase in new business value over the same quarter last year.

That's not to say the other divisions didn't fare well. The U.S. division also saw strong growth in the quarter, improving core earnings by \$126 million over the same quarter last year, coming in at \$515 million. The Canadian division contracted in the quarter, reporting core earnings of \$319 million for the quarter — down from the \$338 million reported in the same quarter last year.

Does Manulife belong in your portfolio?

The growth we are seeing from Asia isn't going to end anytime soon, and Manulife has preempted the competition and is well positioned to profit from that growth for years to come. This factor alone makes Manulife an intriguing option. Once the favourable results that company continues to report are taken into consideration, Manulife begins to resemble a great buy with a P/E of just 15.37.

But there's still more to love about Manulife.

Manulife pays shareholders a quarterly dividend of \$0.205, which works out to a respectable 3.42% yield at the current stock price. Manulife has steadily increased that dividend over the years with the growth in the past three years alone edging just shy of 60%.

Manulife is, in my opinion, a great long-term investment for investors looking to diversify their portfolios with a stock that has a strong following at home and a growing presence abroad.

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Date

2025/07/28

Date Created

2017/06/29

Author

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