



Manulife Financial Corp. Is a Buy Regardless of What Happens With John Hancock

Description

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) is a great business with promising growth prospects. It's a smart buy for investors looking to benefit from the trend of rising interest rates.

It's been reported that the management team is interested in either spinning off its U.S. segment, John Hancock, or creating an IPO of its own.

As fellow Fool contributor Will Ashworth pointed out, there has been a huge wave of layoffs in the financial services industry of late. Although John Hancock provides a way for Canadian investors to get a strong U.S. presence, this business isn't where Manulife's true growth potential lies. Many investors want Manulife to get rid of it to potentially boost long-term returns.

Full speed ahead with the Asian business

The management team has its targets set on Asia, where about US\$30 trillion worth of wealth will be passed down to the next generation, according to pundits. Manulife has made the right moves to get a front-row seat to this explosive growth with its exclusive deals made with Asian banks.

Manulife made two partnerships with firms based in Hong Kong and Singapore. These partnerships will allow Manulife to get exclusive access to the clientele, so that means Manulife's products are going to be pushed without having to worry about alternative recommendations.

Manulife's Asian business accounted for \$408 million to core earnings, which was up about 10% from the previous quarter. Manulife has some very strong momentum coming from Asia.

Going forward, we can expect even more contributions from the Asian business, as the management team looks to get more exclusive partnerships done with other banks across Asia.

John Hancock sale in the cards?

Many shareholders want Manulife to simply sell John Hancock rather than to spin it off or start an IPO.

The stock of Manulife has still yet to recover from the plunge which happened during the Great Recession, and many investors are starting to become impatient. They want better returns, and John Hancock hasn't been a bright spot of late; many pundits consider it to be a low-return asset.

I think John Hancock is set to ride some major tailwinds over the next few years once Trump's agenda come to fruition. Although Canada and Asia are two higher-margin areas to growth, I don't think it's a good time to be selling John Hancock now because the low-interest rate environment is soon going to be in the rear-view mirror, and the business is well positioned to thrive over the next few years.

Bottom line

Shareholders just want better results, and John Hancock hasn't been delivering of late. The Asian and Canadian businesses look far more promising, but I'm not so sure a sale, spin off, or IPO of John Hancock would be the best move over the long term.

Regardless of what happens, Manulife is a terrific buy at current levels. It has great growth prospects in Asia and is set to ride major tailwinds in its John Hancock business if the company decides to keep things as is.

If a spin off, sale, or IPO happens, Manulife's stock will rally over the short term since this is what shareholders want. It's a win-win situation at this point for long-term shareholders.

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