

## Why Genworth MI Canada Inc. Rose 3.5% in a Day

### Description

**Genworth MI Canada Inc.** (TSX:MIC), the country's largest private residential mortgage insurer through its Genworth Financial Mortgage Insurance Company Canada subsidiary, announced its second-quarter earnings results after the market closed on Tuesday, and its stock responded by rising 3.5% on Wednesday. Let's take a closer look at the results and the fundamentals of its stock to determine if it could continue higher from here and if we should consider adding it to our portfolios today.

### Breaking down the Q2 performance

Here's a quick breakdown of 10 of the most notable financial statistics from Genworth's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q2 2017	Q2 2016	Change
Transactional premiums written	\$161 million	\$170 million	(5.3%)
Premiums earned	\$168 million	\$158 million	6.3%
Net earnings	\$150 million	\$91 million	64.8%
Fully diluted earnings per share (EPS)	\$1.61	\$0.99	62.6%
Net operating income	\$126 million	\$99 million	27.3%
Fully diluted operating EPS	\$1.36	\$1.07	27.1%
Operating return on equity	14%	12%	200 basis points
Total investments	\$6.3 billion	\$6.23 billion	1.2%
Total shareholders' equity	\$3.84 billion	\$3.65 billion	5.3%
Total assets	\$6.72 billion	\$6.61 billion	1.6%

### Can it continue higher from here?

It was a good quarter overall for Genworth, and it capped off a quality first half of the year for the company, in which its premiums earned increased 7.7% year over year to \$336 million, and its operating EPS increased 22.2% year over year to \$2.53. Its second-quarter operating EPS also crushed the consensus estimate of analysts polled by **Thomson Reuters**, which called for \$1.09.

With all of this being said, I think the market reacted correctly by sending its stock higher by 3.5% yesterday. I also think the stock will continue higher in the trading sessions ahead, because it still trades at very inexpensive valuations, including just 8.5 times fiscal 2017's estimated operating EPS of \$4.39. It also sports a dividend yield of 4.7%, and it's currently on pace for 2017 to mark the eighth consecutive year in which it has raised its annual dividend payment, making it a value, high-yield, and dividend-growth play. Foolish investors should take a closer look and consider beginning to scale in to long-term positions in Genworth today.

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