



Buy Manulife Financial Corp., Get International Growth

Description

If there were one word to describe the insurance market in Canada, it would be *saturated*. **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) is the largest insurer in the country. Its storied past goes back well over a century.

Typically, insurers collect premiums from clients and then pay out claims where required back to clients. The difference between the premium and the payout is referred to a float, and insurers that invest that float can realize huge bumps in revenue.

Manulife currently counts on one in three Canadians as clients, but the opportunities for cross-selling products with that much market penetration and saturation will eventually wane over time.

Manulife realized this years ago and expertly expanded heavily into different regions — especially into Asia.

Manulife's Asia operation is a gem

Manulife has a presence in nearly every country in Asia, and that presence has been a major contributor to the bottom line. Parts of Asia are experiencing the largest explosion of wealth ever seen, resulting in an emerging class of consumers that have the income and willingness to buy the financial products that Manulife offers.

Manulife's approach to this wealth explosion is nothing short of a masterstroke. Manulife approaches local banks in the region and strikes up deals with them to exclusively sell Manulife products to their customers. The deals themselves can span up to 15 years and have proven to be immensely successful; a handful of regional heavyweights, including DBS Bank in Singapore, FTB and Standard Chartered Bank have agreed to sell Manulife products.

Quarterly results

Manulife announced results for the second fiscal of 2017 earlier this month. The results continue to show the strength of the company and long-term potential of Manulife's expansion into Asia.

Overall, Manulife had a great quarter. Double-digit growth was witnessed across all divisions, culminating in Manulife's 30th consecutive quarter of positive wealth and asset management growth.

Net income for the quarter came in at \$1,255 million, handily beating the figure from the same quarter last year by \$551 million. Core earnings hit \$1,174 million in the quarter, which was an impressive 41% higher than in the same quarter last year.

The Asia division continued to be a major contributor to Manulife's growth, with the division noting a 16% increase in new business over the same quarter last year, and margins for new business inching higher to 30.6%.

Manulife offers investors a quarterly dividend in the amount of \$0.205 per share, which, at the current stock price, results in a respectable 3.22% yield. Given Manulife's impressive performance over the past few quarters, there's little reason to doubt that the company will not hike the dividend further, as the company has increased the dividend on an annual (or better) basis for the past several years.

Why should you buy Manulife?

Manulife is a great investment. The company has a massive moat, a commanding market share in Canada, and what appears to be a winning formula for expansion into Asia.

Even better, the company's solid (and rising) dividend can provide a steady stream of income and growth to investors for the foreseeable future, making Manulife a great option to buy and forget.

CATEGORY

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2. Dividend Stocks
3. Investing

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Author

dafxentiou

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