



## 4 Great Reasons to Consider Manulife Financial Corp.

### Description

**Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) is in a unique position in the marketplace. The company counts one in three Canadians as clients and has an impressive portfolio of products on offer.

If there was one word to classify the insurance landscape in Canada, it would be *saturated*. Insurance companies such as Manulife in recent years have been exploring new avenues of expansion into foreign markets.

In the case of Manulife, expansion into foreign markets is just one reason to consider the company as an investment.

### Manulife's overseas expansion provides a lucrative source of revenue

Asia is one of the most lucrative markets for insurers to expand to. Markets in Asia are experiencing the largest explosion of wealth ever, and the emerging classes have both the desire and resources to shop for the products that Manulife offers.

Manulife's made agreements with several financial institutions in markets across Asia, becoming the exclusive provider of insurance products for customers of those banks. These arrangements have proven a lucrative source of revenue for Manulife in recent years and are likely to be a major contributor to earnings for the near future.

### Manulife is finally serious about technology

Manulife's new CEO Roy Gori hasn't been coy about his view that insurers need to adopt emerging technologies, reflecting changing patterns in the industry.

Gori also noted that most of Manulife's technology budget is being allocated to maintenance, with little regard being given to new initiatives that would bring the company forward to reflect changes in the marketplace.

One exception to that is Manulife's testing of blockchain technology last year, which could have a

massive impact on the financial sector over the next decade.

Expect more of these types of investments from Gori in the future, which will help the company advance out of the current rut many investors are frustrated with.

### **Interest rate hikes**

Of all the topics on investors' minds, the recent (and, more than likely, not the last) interest rate hike is making investors second-guess their portfolios.

Manulife stands to benefit from interest rate hikes thanks to the nature of its business model.

As an insurer, Manulife receives payments, referred to as premiums, from clients, and when Manulife reimburses a client, it's called a claim. The difference between what clients pay in the form of a premium and what is returned as a claim is called the float, and companies often invest that float to realize additional profits.

Considering that Manulife has billions in its float, even the smallest change in interest rates could mean millions more come earnings time.

### **An impressive dividend**

Manulife offers investors a quarterly dividend that pays a respectable 3.20% yield. While there are other better-paying dividends on the market, and even operating in Manulife's sector, there are two unique factors to keep in mind.

Manulife's payout ratio is significantly lower than most realize, coming in at just over 33%. This not only leaves ample room for growth, but it also provides a bit of a moat should anything go awry.

Manulife has maintained a trend of providing annual increases to the dividend over the past few years, and there's little reason to think that trend will change anytime soon.

Manulife is, in my opinion, a great long-term investment option for investors seeking dividends and growth opportunities.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

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**Date**

2025/09/11

**Date Created**

2017/09/28

**Author**

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