



2 Reasons to Buy Manulife Financial Corp. and Sun Life Life Financial Inc.

Description

Hurricanes Harvey, Irma, and Maria devastated the southeastern and eastern parts of the U.S. in August and September. Lives have been upturned, as entire neighborhoods in the Houston area were submerged following the mass flooding caused by Harvey.

The financial cost is massive, with Hurricane Harvey's financial impact surpassing even Hurricane Katrina — the storm which ravaged the southeast in 2005. Projections have put the total cost to as much as \$200 billion when all is said and done. U.S. insurer **Travelers Companies Inc.** reported an underwriting loss of almost \$250 million in the third quarter due to the storm.

Today, we are going to look at two Canadian finance and insurance companies that investors should consider as much of the industry reels from the effects of the hurricanes.

Good domestic and international growth

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#)) is a Toronto-based multinational insurance company which also specializes in financial services. Its stock has increased 10.3% in 2017 as of close on November 8. **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) is another financial services and insurance company based in Toronto. Shares of Sun Life have declined 4% in 2017. I have previously [compared both stocks](#) as options going forward for investors.

Finance and insurance was a bright spot when Statistics Canada released GDP numbers for August. Although the broader Canadian economy shrank in August, the finance and insurance sector posted an increase of 0.2%.

Manulife and Sun Life have also benefited from growth strategies focused on Asia. In September, I covered the [rising middle class in Asia](#) and how this important trend could be huge for both companies looking ahead. The Asian population is expected to represent over 60% of the global middle class by 2030, and demand for insurance will rise with that trend.

Positive quarterly results

Both companies released third-quarter results after trading concluded on November 8.

Manulife Financial reported net income of \$1.11 billion, or \$0.54 per share, compared to \$1.12 billion, or \$0.55 per share, in the third quarter of 2016. The company took a provision due to the hurricanes, coming to \$240 million. But CEO Roy Gori was enthusiastic about the strong growth in Asia — a promising trend that should power results into the foreseeable future.

Sun Life reported net income of \$817 million compared to \$737 million in the third quarter of 2016. Revenue dropped to \$5.6 billion from \$7.9 billion in the previous year — a change which leadership attributed to the rise in interest rates. Sun Life was pleased with the roll-out of its new online life insurance sign-up, which drove growth. Its business in Asia also strengthened over the quarter.

In my August article which compared both companies, I picked Sun Life going forward. Since then, Manulife has climbed 7%, and Sun Life stock has risen 3%. Sun Life also offers the higher dividend at \$0.44 per share, representing a 3.5% dividend yield.

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3. TSX:SLF (Sun Life Financial Inc.)

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