



## Manulife Financial Corp.: A Great International Investment

### Description

To the casual investor, **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) might not seem the quintessential international investment; the company has a massive following in Canada, with one in three Canadians now a customer of the financial behemoth.

The impressive coverage in Canada has led to the domestic market becoming saturated, which is one of the reasons that led Manulife and others to look to [foreign markets for growth](#).

### Manulife's Asian expansion

Manulife has expanded heavily in Asia; the company now has a presence in nearly every Asian country. Asia is currently undergoing the largest wealth explosion ever, with a massive middle class emerging with both the funds and the desire to invest in Manulife's products.

Manulife has been able to expand rapidly into multiple Asian markets by signing partnership agreements with local financial institutions, thereby becoming the preferred, if not the exclusive provider of financial products.

Those partnerships have paid off.

In the most recent quarter, Manulife's Asia segment reported strong growth, with sales up 8% over the same quarter last year. Hong Kong and Singapore led growth in the region. New business value, or NBV, realized a 21% increase over the same quarter last year, coming in at \$288 million.

Another point worth noting is that by expanding into multiple Asian markets, Manulife is further diversifying, ensuring that a weakness in one market, such as Japan, which underperformed in the most recent quarter, can be offset by a growing market, such as Singapore or Vietnam.

### Improved quarterly results and dividend

The Asia segment wasn't the only area that reported gains for the quarter. Net income attributed to shareholders came in at \$1,105 million for the quarter, relatively unchanged over the same quarter last

year. Core earnings for the quarter realized an 8% improvement over the same quarter last year, coming in at \$1,085 million, or \$0.5 per diluted share.

While Asia continued to boost Manulife's results, the Canadian segment realized an 8% dip in the quarter.

Manulife's dividend is an often overlooked, yet great reason to consider investing in the company. The current quarterly dividend pays out a solid 3.07% yield, and 2017 represents the fourth consecutive year of growth for the dividend. Given the current strength in year-over-year results so far, a fifth consecutive hike is beginning to look more likely as well.

### **Interest rate impact**

Another point worth mentioning is the impact of rising interest rates. When the Bank of Canada raised rates twice earlier this year, many investors began to weigh in on how the interest rate hike would impact their portfolio.

Thanks to the nature of Manulife's business model, the company is set to benefit over the long term from those hikes.

Like other insurers, Manulife receives payments from clients referred to as *premiums*. Those premiums are then disbursed to clients when a claim is filed. Not all clients file claims, and there is a difference between the premiums received and claims paid out, which is referred to as the *float*.

Companies will often invest the float for additional profit.

When factoring in the size of Manulife's float, which is measured in the billions, you can see that even the smallest of interest rate changes could potentially turn into millions during earnings season.

In my opinion, Manulife remains an excellent long-term investment opportunity for those investors looking to diversify with a financial company that offers [strong growth and income potential](#).

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing

### **TICKERS GLOBAL**

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

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