

## Should You Invest in Manulife Financial (TSX:MFC)?

### Description

While most people will recognize **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) as the financial behemoth that the company is, few of us actually realize the extent of its size and scope and how much of a lucrative investment option the insurer is at the moment.

### Two minutes with Manulife

Like other insurers, Manulife's business model revolves around three key points: premiums, claims and the all-important float. Clients purchase their insurance, paying what is known as a premium to Manulife for that coverage. When a client needs to be reimbursed for something under their coverage, they file a claim, and Manulife pays out any amounts. Because there are thankfully more premiums coming in than claims going out, that leaves a considerable difference in Manulife's favour, which is called the float. That float is invested by Manulife to reap even more profits.

In terms of size, Manulife is the largest insurer in the country, with \$935 billion in assets under management, serving one in three Canadians. Unfortunately, that favourable share of the domestic market has put Manulife in a dominant position in what has become a saturated market. There is after all only so much cross-selling a company can do, right?

To continue its expansion, Manulife reached out to foreign markets in recent years, particularly Asia, which represents a unique opportunity for investment at the moment as Asian economies are witnessing an unprecedented growth of wealth that comes with a desire to purchase the financial products that Manulife offers.

To quickly accomplish this, Manulife forged agreements with institutions in markets across Asia, becoming the preferred, if not the exclusive seller of financial products for those institutions.

To say those efforts have been successful would be an understatement, as the Asia segment of the company continues to post double digits with each passing quarter, including a 29% increase in new business value reported in the most recent quarter when compared to the same period last year.

### Quarterly results

In terms of overall results, Manulife reported results for third quarter earlier this month that saw the company post an impressive \$1,573 million in net income for the quarter, which was an improvement of \$468 million over the same quarter last year. An increase in core earnings, driven by business growth was the primary reason behind the improvement, but not the only areas where Manulife excelled in the quarter.

The strong results also resulted in the company announcing an impressive 14% hike to its already impressive quarterly dividend, bringing the yield to an appetizing 4.59%.

One of the things that Manulife previously announced was the stated intent of the company to adopt

technology into its financial business and in many ways usher in a [new era of business that uses technology](#) as part of process, reaping in both new revenue and efficiencies and ultimately bringing the financial sector out of the dark ages.

Manulife CEO Roy Gori alluded to the progress of that initiative in the most recent quarter, including the launch of a goal-based investment solution that leverages analytics and technology, and the company, which is already employing artificial intelligence for processing some transactions, hit a one-millionth transaction milestone in the quarter.

### **Final thoughts: should you buy?**

From the most recent results, it's apparent that Manulife's business is firing on all cylinders. Strong growth in Asia coupled with improvements and automation on the domestic front is creating a unique mix of revenue streams that should be considered a core holding of nearly every portfolio.

If for no other reason, the recently hiked dividend puts the well-diversified Manulife near the top of the list of companies that are [buy-and-forget candidates](#).

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Bank Stocks
2. Investing

### **Date**

2025/09/11

### **Date Created**

2018/11/21

### **Author**

dafxentiou

default watermark