



## Is Manulife Financial Corp. (TSX:MFC) a Top Pick for 2019?

### Description

Over the course of the past few years, **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) has, for the most part, remained an excellent long-term option for any portfolio. Canada's largest insurer has expanded into the lucrative markets of Asia, where double-digit growth has seemingly become the norm, while here at home the 131-year old company continues to innovate itself away from its complex and sometimes confusing past.

### Let's look back on 2018

If there's one word to summarize the past year as it relates to Manulife, it would be *change*. Manulife spent most of the year revamping its processes to become more streamlined and embrace new technology. Manulife CEO Roy Gori eloquently described the initiatives to add technology to the life insurance industry earlier this year as bringing the industry out of the "dark ages."

Putting that statement into perspective, Gori noted that little has changed in the application process in nearly two decades for insurance products, despite significant advancements in technology, referring to a 16-page form with over 120 questions.

The adoption of technology into Manulife's business is one area that was not only incredibly innovative, but also very intriguing with respect to where the market is heading. During the most recent quarter, Manulife launched a goal-based investment solution that employs artificial intelligence and analytics for processing transactions. Impressively, that new system traversed a milestone of one million transactions in the most recent quarter.

Unfortunately, adopting digital solutions to replace previous paper ones comes at a human cost. As part of the streamlining efforts at the company, Manulife announced a series of cuts earlier this year, which included approximately 700 jobs, or 2% of the company's workforce that are slated to be eliminated by the end of next year. The company also streamlined its logo, which was vastly different and confusing for customers and staff alike across over a dozen different markets.

The synergies from both the digital product adoption and staffing cuts are key parts of Manulife's plan

to slash \$1 billion in costs within the next four years.

## Should you invest in Manulife?

Manulife represents an [excellent long-term option](#) for investors, which can be summed up in the following three key points.

First, the company is growing. Manulife's impressive gains in net income in the most recent quarter of \$468 million were certainly an eye-opener, but the prolonged double-digit growth stemming from Asian markets is equally attractive. This point is often lost among investors who see the saturated Canadian market and believe that there are few growth options remaining.

Second, there's the current price of the stock. Trading at near \$20 with a P/E of 16.33, it's hard to argue that Manulife is not trading at a good, if not exactly attractive rate at the moment. This point is also lost when looking at the longer-term performance of the stock, which depicts a 25% drop over the course of the past year, and a slightly less concerning 5% drop over the course of the past five years.

The drop in stock price leads me to mention the third point: [dividends](#). Manulife currently provides a very appetizing quarterly dividend with a payout yield of 5.08%. Even better is the fact that Manulife has maintained handsome bumps to that dividend over the years, which has averaged over 7% in the past two-year period alone.

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dafxentiou

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