



## TFSA Shoppers: Manulife Financial (TSX:MFC) Could Power You to Riches!

### Description

Are you actively looking to make some [additions to your TFSA](#)? If so, then perhaps you need to take a fresh look at **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)).

Here are a few key reasons to consider Manulife for your portfolio.

### Manulife's international segment continues to show strong growth

As the largest insurer in Canada, Manulife benefits from its favourable market position in Canada, where one in three Canadians is customers of the financial behemoth. That market position, however, has also helped push the insurance market toward saturation in the domestic market, resulting in Manulife needing to look toward other avenues of growth.

Over the course of the past few years, that growth has come in the form of Manulife's expansion into markets in Asia, which continues to experience an explosion in wealth generation. Additionally, a rapidly growing middle class has both the financial means and desire to invest in the products Manulife offers.

Unfortunately, expanding into dozens of regional markets throughout Asia would be both costly and time-consuming, so Manulife took a different route. The company forged a series of agreements in various markets with prominent financial institutions to become the preferred, if not the exclusive vendor of financial products within those regional markets, allowing it to quickly advance throughout the continent.

To say that Manulife's expansion into Asia was a success would be an understatement. Manulife continues to post positive results and strong growth from the region, resulting in double-digit growth with each passing quarter. By example, in the most recent quarter, the company reported a 22% boost in core earnings from Asian markets when compared to the same quarter last year, which not only topped expectations, but also offset the drop in net income that was witnessed in Canada

## Manulife is embracing technology and slashing costs

One of the more memorable moments of the past years was Manulife CEO Roy Gori noting that the use of technology within the insurance industry would finally bring the industry out from the “dark ages”, and over the course of the most recent quarter, it would seem that Manulife met that goal.

Manulife recently launched a goals-based investment solution, which is reliant on AI for analytics and processing, and the solution hit the one millionth transaction milestone in the most recent quarter.

Adopting technology often comes at the cost of reducing costs, and Manulife did announce a series of cost-cutting initiatives last year that included approximately 700 job cuts. Various other efficiencies that are set to reduce costs by \$1 billion over the course of the next few years.

## Manulife’s float and dividend should never be discounted

The insurance business model can be simplified down to three key points. Clients pay premiums to the insurer for the coverage they receive. The insurer, in turn, pays out an amount back to the client when a claim is filed. Finally, the difference between the premium received and claim paid out is something known as the float, which insurers can invest in the market as another means of growing revenue.

Also worth noting is the impact of rising interest rates. While rate hikes appears to have been suspended for the moment, the benchmark rate does remain at its highest level in a decade at 1.75%. Even a small interest rate hike of 25-basis points could provide the insurer, which has over \$900 million in assets under management, upwards of \$50 million in additional income.

Manulife is a market leader in the domestic market with a growing yet diversified international segment that’s still experiencing double-digit growth with each passing quarter. The company also provides an impressive quarterly dividend that carries an appetizing 4.75% yield while advancing its business further through the adoption of technology.

In other words, Manulife is an incredible long-term investment that should be a [core holding](#) of every portfolio.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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1. NYSE:MFC (Manulife Financial Corporation)
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