



Wealth Generation Is the Cornerstone of This Stock

Description

Investors have an affinity for one of Canada's largest insurance companies, which has a lion's share of the insurance market. The success of **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) is likewise resonating in Asia. This insurer and financial advisor is flexing its financial muscle in this part of the world.

Dividend Aristocrat

The shares of Manulife haven't really sizzled in 2019, although the 7.48% increase from the year-end price of \$19.37 isn't disappointing for loyal investors. For five consecutive years, the Canadian insurer has raised dividends, and further dividend growth is anticipated in the years ahead.

This is Manulife's excellent feat and redemption after its dividend stagnated during the post-financial crisis period. Investors are visibly pleased, because the 4.76% dividend yield adds generously to their passive income. Experts predict [Manulife's compound annual growth](#) rate to reach 15.3% in the next three to five years.

Industry prominence

The Toronto-based insurer has successfully captured 33.33% of the domestic insurable market. Hoping to achieve the same success, Manulife brought the business overseas. Since 2014, business has been flourishing in the Asian continent. Any decline in the local market can be offset by the double-digit growth abroad.

Meanwhile, the Wealth & Asset Management business is the bedrock of Manulife. It's the main reason why this insurance company and financial services provider is also among the world's largest fund managers. To the rapidly growing middle class, the catchphrase "wealth generation" is synonymous with Manulife.

When you visit Asia, you will see that the more established financial institutions have strategic tie-ups with Manulife. The insurance and financial products are well received in the regional markets the

company serves.

Today, more customers are being added to Manulife's 26 million clients worldwide. The strategy is to concentrate on high-return businesses and leverage the scale of operations at the same time. The company's endeavours in the international markets are extremely fruitful.

Catalyst for growth

Aside from the significant contribution of the international business to earnings, a rising interest rate scenario favours Manulife. You don't have to be a finance wizard to figure out why that is so in the finance and insurance sectors.

Investors should bear in mind the interest rate risk associated with insurance companies. Historically, the profitability of an insurance company is likely to increase in an environment of rising interest rates. The price-to-earnings ratios of stocks in the insurance sector usually increase in direct proportion to interest rate hikes.

Stock for wealth generation

Eagle-eyed investors have a penchant for stocks with [active- and passive-income potentials](#). Manulife fits that bill. Just look at the company's ascendancy to prominence. The company is due to report its latest quarterly earnings, and a Valentine surprise might be in the offing.

Given the successes of Manulife, it would be a good time to start building wealth at the price of \$20.79 per share. This Dividend Aristocrat is all yours for the taking.

CATEGORY

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1. Editor's Choice

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