



Manulife Financial (TSX:MFC): Retire Early With This Cash-Rich Dividend Stock

Description

According to many research reports, Asia is poised to experience the fastest billionaire population growth in the world in the next five years, despite potential economic headwinds on the horizon.

This insight is critical for investment managers that want to thrive in the long term because the super-rich are increasingly looking for tailored and innovative financial solutions to preserve and grow their wealth.

The stock and the play

Enter **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), one of the largest insurance companies and investment managers in North America. Manulife has staked its success on three key themes:

- [Investing heavily in Asia](#) and riding the wave of a rapidly growing middle class;
- Attracting new customers through its banking arm in Canada; and
- Embracing technology and innovative digital solutions.

Cracking the Asia code

According to recent research by Knight Frank LLP, the number of Asian billionaires will increase by 27% by 2023, making up more than one-third of the world's total billionaire population. To put that super-charged growth in perspective, the billionaire population growth rates for North America and Europe are only 17% and 18%, respectively.

Manulife is no stranger to Asia. In fact, it has been there since 1897, when it sold its first insurance policy in Shanghai, China. That equates to a 125-year history in a region that many North American companies have not been able to figure out. The culture and ways of doing business in the eastern part of the world are very different from the west, and [Manulife has cracked that code](#).

Manulife has used its long history in the region to deepen its roots, most recently with a joint venture

this year with India's Mahindra and Mahindra, a firm with more than six million customers and growing rapidly. Manulife also continues to build in China and is also active in Japan, Vietnam, and several other key Asian countries.

It also helps that Roy Gori, Manulife's CEO, has spent a significant portion of his career working in Asia, first as Citibank's Head of Retail Banking for the Asia-Pacific region and then with Manulife as the Asian divisional CEO. If any leader can crack Asia, it is Roy.

Manulife operates as a retail bank as well

You can bet your bottom dollar that Manulife also has a Canadian banking licence, and it is rapidly scaling to provide everyday banking solutions that appeal specifically to millennials, who will represent 50-75% of the Canadian population by 2025.

Manulife's banking arm is completely branchless, which means it avoids costly real estate and can spend its energy designing customer-friendly products, like its 1.2% interest-bearing savings account.

Manulife will never be a retail banking powerhouse like **RBC** or **TD**, but that is not the goal. The goal is simply to entice customers away from comparable online banks or credit unions such as Tangerine, Simplii Financial, or First Ontario Credit Union, and then offer more services to them over time.

Conquering the digital world

Manulife CEO Roy Gori has famously said that he wants to bring the dull insurance industry out of the "dark ages."

Roy has gone on the digital offensive, and an example of this fresh thinking is Manulife's recently inked partnership with Ireland's Blink Innovation. Blink and Manulife will collaborate to develop bespoke travel insurance solutions that customers can access with their smartphones.

Blink monitors global flight disruptions as they happen, which will allow Manulife to offer its customers an innovative real-time travel insurance purchasing service to cover the risk of flight delays.

Complimentary services will also be provided to customers purchasing the insurance, such as access to airport lounges, hotel rebooking options, and instant payment if flights are delayed for more than three hours.

This partnership is a masterstroke from Manulife, because the travel insurance market is growing rapidly, and unpredictable global weather patterns make travel disruption more likely.

The final verdict

Manulife's razor-sharp focus on these three key themes will ensure growth in cash flow and dividends for many years to come.

With a stock price of around \$22 a share at the time of writing, Manulife should be an extremely compelling investment proposition for smart investors who are focused on the long term.

CATEGORY

1. Investing

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Author

rahimbhayani

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