Canadians: Do You Have This Top 10 TSX Stock in Your Portfolio?

Description

It has been said that there are only two certainties in life: death and taxes. For those of you who are seasoned investors, I think it's safe to say that capital losses are another certainty.

Manulife (TSX:MFC)(NYSE:MFC) is the largest of three major Canadian life insurers by market capitalization, capturing 33% of the market and placing it ahead of **Sun Life** and **Great-West Life.**

Its business also provides financial protection and wealth-management services through the brand Manulife Financial in Canada and Asia, and John Hancock in the United States. The company was founded in 1887 and the first president of the company was former Prime Minister Sir John A. Macdonald.

Fast forward to 2017, Manulife has over $1 trillion in assets under management, with more than 34000 employees serving 28 million customers around the world.

Manulife is a good investment based on its appetite for risk and increasing operating cash flows.

Appetite for risk

Manulife has been the first in many categories due to its willingness to embrace change and cater to the needs of its customers.

The first noted example of this was in 1940, when Manulife became the first North American company to offer insurance to controlled diabetics. This was considered an innovative move at the time, as people with diabetes were viewed as too-expensive-to-insure at the time.

The company made waves again in 2016, when it became the first Canadian insurer to offer life insurance to those who are HIV positive. Manulife is taking a risk with this offering, as HIV is still considered a deadly disease, although new data suggests it is chronic in nature.

Manulife would pay up to $2 million upon death for HIV-positive people between the ages of 30 and 65 that meet its criteria. By taking these risks, Manulife has positioned itself as an innovative insurance company willing to find new and creative ways of increasing its bottom line. As an investor, this is good news, as innovation is the key to growth.

Increasing operating cash flows

Manulife is a lean, mean, money-making machine!

The company has achieved stellar operating efficiencies with operating cash flows increasing from $10.3 billion in fiscal 2015 to $19.2 billion in fiscal 2018.

An increasing operating cash flow is a good sign for investors, as it indicates the company is generating an increasing amount of cash from its main line of business.

The 33% market share is impressive, as the competition in the insurance industry is intense, which means that for a company to get ahead it needs to sell more premiums, cut costs or do a bit of both.

Summary

There's a reason why insurance companies rarely go bankrupt.

With the six figure salaries it pays its actuaries, every imaginable trait of a person's lifestyle, character, personal life and professional life are quantified and entered into complex formulas that do a cost-benefit analysis of giving the person insurance.

It is with this data-centric approach that Manulife and other insurance companies are able to do so well. Given Manulife's appetite for risk (as seen by its innovative insurance policies) and its increasing operating cash flows, it's clearly a business that is poised to deliver significant growth for its investors.

If you're looking to diversify your TFSA or RRSP, look no further than Manulife!

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