



1 Industry Titan Stock to Buy in 2020

Description

There's not a lot of 2020 left in 2020. Just three more months, and then the year, which brought so much chaos to humanity, will be behind us. The economic repercussions of the pandemic and the market crash that ensued will likely stay with us for a very long time, but there is hope that we will at least start moving towards an eventual recovery.

The chances are that the year will leave us a parting "gift" — another market crash that, depending on its severity, could cripple the slowly recovering market for a very long time. But it might be possible that another crash is not as sharp as the one in March, and we might be looking at a shallow drop followed by a protracted recovery.

If that's the case, then you might want to pick an undervalued stock now, instead of waiting for a crash that may or may not get you a more desirable price. To play it safe, you may want to look into industry titans — companies that have deep roots in their respective markets and that will weather the long-stretching economic downturn with a bit more poise.

An insurance titan

One company you may want to look at for 2020 is **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)). With a market cap of about \$37.3 billion, it's the largest player in the industry. It's a multinational financial company based in Canada that trades on TSX, NYSE, Philippines, and Hong Kong stock markets. While it's primarily an insurance company, it offers other financial products as well, like investments, group retirements, banking, and wealth management.

The product it offers varies from country to country. It has a strong presence locally, in the U.S., and in Asia. While not very helpful in the current scenario, this massive global footprint is, in general, a powerful strategy. The company is well positioned to benefit from some of the ripest emerging markets.

Currently, about 7.8 million people participate in Manulife's retirement plans: 22% from Canada, 40% from the U.S., and 34% from Asia. It has about \$693 billion worth of assets under management.

A decent stock

Manulife is a decent stock for multiple reasons. It's a Dividend Aristocrat that's currently offering a very [juicy yield](#) of 6%. The payout ratio is stable as well (54%), and the company has been increasing its dividends at a decent rate. In the past five years, it has increased the payouts by 55%.

The stock is currently undervalued. It's trading at a price to book of 0.7 and price to earnings of just 6.3 times. The share price is currently 32% of its pre-pandemic high. Manulife has never been a compelling growth stock, so you might not see a lot of capital appreciation in the future. But even if just reclaims its pre-pandemic valuation, that would give you about 50% value appreciation.

Foolish takeaway

Rapid growth is usually the trade-off when you invest in well-established titans that have gone through their growth phase. But even a little capital growth every year, combined with generously increasing payouts, can make this company a decent long-term holding. It might not yield your desired results in a couple of years, but if you are willing to hold [it for decades](#), it might become a strong pillar in your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/08

Date Created

2020/10/02

Author
adamothonman

default watermark

default watermark