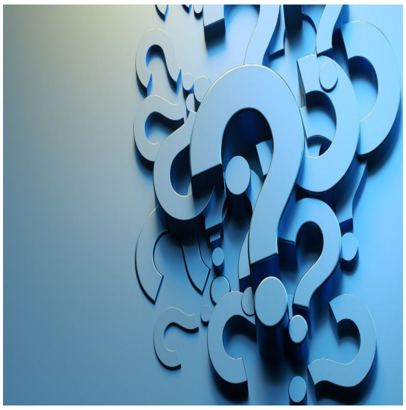

Should You Invest in Manulife Financial Stock After Earnings?

Description

The markets are moving fast, with events south of the border unsettling investors. The end of the week saw vaccine hope leach from the **TSX Composite Index**, down 1.13%. Meanwhile, coronavirus cases are rising in Canada, further crimping investor sentiment. But stocks rallied again Friday morning, with the index back up 0.88%, as it rode a boost in the materials sector.

A highly volatile week for stocks

Midweek already seems like an aeon ago. As we revisit **Manulife Financial** (TSX:MFC)(NYSE:MFC), which just reported earnings, let's recap the events of the last couple of days on the markets. Monday was a roller coaster of a day, with **Pfizer** trumpeting a vaccine candidate with 90% efficacy. Tech stocks dived, oil and gas jumped, and investors breathed a huge sigh of relief. But fresh lockdowns and vaccine doubt have erased that lead.

Taking an holistic view of the markets can help when singling out stocks to cherry-pick for a multi-year portfolio. From growth in Asia to the ongoing trend in digitalization, Manulife ticks more boxes than a newcomer might suspect. As an all-rounder well able to weather the pandemic, Manulife provides some wide-moat muscle to a portfolio.

Analysts were looking for EPS of $0.53 this quarter from the life insurance giant. That's a year-on-year quarterly loss of 10%. Things weren't quite that bad, with core EPS reported at $0.73. The stock was up slightly come Friday, despite an overall year-on-year loss. Again, losses in the insurance industry are no surprise this year. Growth in Asia also helped to round out a consensus moderate buy thesis.

A cheap stock with big ambitions

Eschewing managerial involvement and building a personal investment portfolio yourself needn't be a stressful activity. Stepping outside of the comfort zone of ETFs and other managed baskets of stocks has its risks, to be sure. But the benefit of picking outperforming names for a TFSA, RRSP, or other investment vehicle can be rewarding in the long term.

For instance, Manulife has the dual benefit of being a consistent payer of a fairly rich dividend, while packing recovery upside potential. A desirable 5.4% dividend yield is covered by a low payout ratio of 41%. Investors looking for nicely valued dividend-growth stocks should add this name to a wish list.

How much upside could this name have? Let's look at the price targets. Consensus estimates see Manulife priced as low as $21 and as high as around $42. A moderately optimistic projection sees the insurance blue-chip stock selling for $27. At the moment, Manulife has a price tag of around $20. That technically gives Manulife only negligible downside potential according to analyst consensus.

On the flipside, enticing capital gains between 65% and 100% could be on offer, depending on how bullish one is on a post-pandemic recovery. While a vaccine breakthrough is baked-in to some extent, the uncertainty still facing the markets is calculably high. This week saw Manulife gain 10% on average amid the market's vaccine bullishness. In short, anyone buying value stocks should make note of this name.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

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
3. Stocks for Beginners

Date
2025/07/22

Date Created
2020/11/15
Author
vhetherington