



Why Manulife Stock Remains a Top Pick Today

Description

As inflation concerns pick up in the market, portfolio diversification becomes a key focal point of many investors. Indeed, having companies that may benefit from rising interest rates in one's portfolio sounds like a good idea right about now. In this context, **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) and Manulife stock is an [intriguing choice](#).

Here's why this company could be one of the best long-term picks for investors right now.

Excellent growth driving Manulife stock higher

Manulife stock has indeed recovered nicely from its recent pandemic lows. However, as Manulife stock continues to hover around \$25 per share, investors may note that this stock hasn't really gone anywhere in a few years.

Indeed, the company's stable business model is something that works in the favor of defensive investors right now. And the company's relatively high dividend yield of 4.6% has something to do with this. Long-term investors are factoring in dividend income and dividend growth as a primary total return driver. In other words, this stock doesn't need to do much for investors to earn a very juicy return.

For those who bought the pandemic dip, congratulations. For those who didn't, the company's fundamentals suggest this stock deserves another look.

Manulife generated 67% year-over-year profit growth. This earnings growth has stabilized the company's dividend toward a longer-term average. However, Manulife's valuation of around nine times earnings is dirt cheap. Compared to banks and other major players in the financials space, Manulife stock is too cheap to ignore right now.

The business model remains attractive today

Insurance companies such as Manulife have very simple business models. They charge their customer base premiums and reinvest those premiums in assets which generate reasonable long-term returns. The difference between what they're able to earn on their float and their payouts determines their profit level.

With more than \$1.3 trillion in assets under management, Manulife is a behemoth. Indeed, the company's market cap under \$48 billion combined with its massive portfolio of assets indicates the scale of this business.

As Manulife continues to expand into Asia, investors can expect this scale to continue to grow. As far as growth plays in the insurance space go, Manulife remains a top pick of mine. I think the company's exposure to great geographic growth areas, as well as the company's world-class management team, make this stock one worth considering today.

Indeed, investors will have a hard time finding a better company than Manulife trading at these valuations. Manulife stock is a high-value play trading at a discount today. What's not to like?

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TICKERS GLOBAL

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