



## Why Manulife Stock Is 1 of the Best Ways to Play Chinese Growth

### Description

Investors on the prowl for world-class growth plays often look east for such [growth](#). Indeed, the Chinese economy is growing at a rapid rate. Accordingly, companies looking to capitalize on sky-high Chinese growth are always on my radar.

One such company that I'm keeping a close eye on right now in this regard is **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)).

Let's discuss why this is the case, and why investors should get excited about this rather "boring" insurance company right now.

### Manulife wheeling and dealing in China

Manulife is well known as one of the North American insurers with high exposure to the Chinese growth market. However, recent news is that Manulife is looking to add to its exposure in China.

The company recently announced it is planning to take full control of Teda Investment Holding Co., its joint venture in China. Manulife [currently owns](#) a 49% stake in the joint venture. Should the sale of the remaining 51% stake be approved, Manulife would pay \$272 million to acquire Teda in a deal that is not public yet.

Teda has not offered comment on this or confirmed whether talks or an offer are in place. However, this deal looks intriguing on its face. The Chinese wealth management and insurance markets are growing rapidly. Coming out of the pandemic, expectations are that Chinese growth will continue to vastly outpace Western growth rates. This is as attractive a time to be in China as ever.

That said, there are risks pertaining to this deal. Let's look at what investors in Manulife may want to consider with this deal right now.

## Foreign ownership of Chinese companies difficult

The Chinese government has made it very clear it will not allow majority foreign ownership of any sensitive industry or company. While insurance may be out of this purview, it remains to be seen whether Chinese regulators would actually allow such a deal to go through.

Now, Manulife does have some high-profile backers on this deal. The likes of **JPMorgan** and **Blackrock** are reportedly in on the deal. Manulife shareholders may sleep well at night knowing this deal has some high-profile backing.

However, as we've seen of late, Chinese regulatory risk is a big deal. I'm not so sure this deal will go through in this environment.

## Bottom line

Deal or no deal, Manulife is a stock to watch based on its current positioning in China. I think the exposure this stock provides to Chinese growth is impressive. Accordingly, Manulife is my top pick in the insurance space for this reason.

Long-term investors seeking meaningful growth in this otherwise slow-growth sector can't go wrong with Manulife right now. This is a stock to put in one's portfolio and forget about for a decade or two.

### CATEGORY

1. Investing

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### TICKERS GLOBAL

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