



1 Top TSX Undervalued Stock to Buy Right Now

Description

As we (hopefully) head toward the other side of the pandemic, investors are largely looking for a top [undervalued](#) stock to put in their portfolios. As it happens, the TSX has a few great options to choose from right now.

However, picking the right one for a specific portfolio isn't that easy.

In this article, I'm going to highlight why I think **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) is a top undervalued stock to consider right now.

Excellent fundamentals driving this undervalued stock

Manulife Financial is one of the top life insurance companies around the world, with a market capitalization of approximately \$48 billion. The company provides health insurance, life insurance, annuity, pension, and more in North America and Asia.

What's increasingly important for investors to focus on with Manulife is the company's international operations. Indeed, approximately 35% of the company's revenue comes from its Asia operations. And Manulife has recently made a bigger investment in its Asian insurance arm to grow in this high-growth market.

Accordingly, Manulife's valuation of less than [seven times earnings](#) looks absurd in this context. The fact that Manulife stock pays out a dividend yield of 4.5% makes this an extremely undervalued stock to be considered today. Indeed, Manulife ticks most of the boxes for conservative long-term investors today.

Better-than-expected Q2 earnings

As an insurance company, Manulife has been hit hard by the pandemic. A reversion toward near-zero interest rates isn't a great thing for insurers. This is because companies like Manulife earn money on the spread between what they earn on their invested premiums (before claims).

However, with interest rates expected to rise soon, Manulife's outlook remains strong. Additionally, this past quarter, the company posted impressive results relative to the current environment.

The company's wealth and asset management operations saw revenue growth of nearly 50% to \$356 million in the three-month period ending on June 30. Manulife's earnings received a boost due to 7.6% growth in its Asian operations. This increase has helped the life insurer to make up for its drop in core earnings in the U.S. and Canada. Nevertheless, Manulife's earnings fell by 21% and 7% in the U.S. and Canada, respectively. This drop was expected.

Bottom line

Manulife's stock price has surged nearly 15% in the current year. However, I think there's a lot more room for this undervalued stock to run.

Indeed, given the company's current valuation and positioning coming out of this pandemic, I think Manulife could be a real long-term winner for investors at these levels. The company's strong market share in Asia and a recovery in its North American business is positive. Indeed, Manulife is a top pick on many fronts. This is a growth, value, and income play. Such a stock is simply very hard to find today.

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. Smart News
8. Yahoo CA

PP NOTIFY USER

1. chrismacdonald

2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/30

Date Created

2021/08/20

Author

chrismacdonald

default watermark

default watermark