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PRESENTATION

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Awesome. So we'll get started here again. My pleasure to introduce our next guest speaker, Phil Witherington, Chief Executive Officer of Manulife Financial. Hey, Phil. Nice to see you as always.

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Hey, Mike. Thank you for hosting us. It's great to be back a year on.

QUESTIONS AND ANSWERS

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Thank you for joining us today and I'd love to start with maybe just your sort of high-level reflections. I think you've been the CEO for about a year and a few months now. I know it's been an interesting journey for you, for sure, a lot of changes. Maybe just talk about some of the ups and downs as you reflect back on that first sort of 18 months.

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Wow, the ups and downs. It has been an action-packed year. I mean, it was -- a year ago, we were here. I was three months into the role, and reflecting back on what we have achieved since then, one of the milestones was the release of a refreshed enterprise strategy, and that was very deliberate.

It's a strategy that is right up to date with what's happening in the external environment, where Manulife is today, and it really emphasizes priorities such as being AI-powered, empowering customer health, wealth, and longevity, so right up to date.

And a year in from the release of that strategy, we are already seeing the emergence of strong financial and operating results. So just look at this year, for example, year-to-date, core EPS up 14%. Year-to-date contractual service margin, the value we generate from new insurance sales, up 16%. This year, we've already returned $2.6 billion of capital to shareholders through dividends and share buybacks, so really strong financial performance.

But the strategic milestones alongside that have been really important. We announced the entry into the India life insurance market through a joint venture with Mahindra. That's a really important, big strategic milestone.

We announced and completed our largest acquisition in a decade with the acquisition of Comvest Credit Partners, and that's already accretive to our earnings and a material contributor to net flows of the organization.

And more recently, and the list could go on, but I'll just give one more example, last month, when we released our second-quarter results, we announced our third long-term care transaction, and that was an innovative transaction. It's good for shareholders. It's good for Manulife. And actually, a very limited impact on ongoing future earnings. So that's all positive.

But I think you were asking me to be balanced in my perspective, what's gone right, what's not gone to expectations. And one area that, in the interest of balance that I will call out and own, is that relative to where I was a year ago when I sat on this stage, I am less -- or we are as an organization, less far down the line on our progress towards 18%-plus core ROE than I would like to have been at this stage.

Now, a base scenario is still that we get to ROE of 18% in 2027. But there are certain things, certain headwinds that we had not anticipated when we set that target. We've had some long-term disability experience in our Canada segment. We've seen a weakening of the Canadian dollar relative to the U.S. dollar and we have more capital in U.S. dollars, so that's increased the denominator. And we've seen some variability in U.S. life experience as well. But to get to 18% over the course of the next 12 to 18 months, it's reasonable. I believe we can get there. It's a base scenario.

And we essentially need Asia and Global Wealth and Asset Management to continue to grow at mid-teens growth rates. We need to see a normalization of disability experience in Canada, and we need to continue our deployment of capital, which share buybacks alongside dividends are important elements of that.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

That's very helpful. Thanks for that insight. Maybe switching gears to the segments, and I'd love to start with the Asia business, which is obviously very topical for investors these days. The segments performed very well. Can you maybe talk about some of the larger trends and where you're most optimistic in your Asia business?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Yeah, we've seen very strong performance in our Asia business and it's coming from multiple markets and it's driving strong double-digit earnings growth, actually above 20%. And I would expect typically mid-teens for our Asia segments. That's been very strong, but that's been supported by consistent new business growth, again across multiple markets.

The trends in the region, I think, are important in contributing to that growth and when I reflect on the trends, maybe I just highlight three. The first is the aging populations of Asia and the impact that that has in driving demand for the products and services that we offer. So driving demand for protection, driving demand for retirement solutions, driving demand for health solutions, wealth management solutions. So that demand is really important, that aging population dynamic.

The second trend that I will call out is the rise of Asia regional financial centers on the world stage. So Hong Kong and Singapore and the role that they play in global wealth management and capturing wealth flows is incredible. And actually, just this year, Hong Kong has overtaken Switzerland as the largest cross-border wealth hub in the world. That's an incredible milestone.

The third trend that I will highlight that we are seeing across Asia is the emergence of third-party distribution channels more strongly than we have seen before. So we have as an organization very well-established channels in proprietary agency, in exclusive bancassurance. We've seen third-party channels become more relevant. And that's built, if you like, a third leg of the stool, that we have balanced distribution across agency, bancassurance and third-party channels. And that actually creates more opportunity because it provides more access to a wider range of customer segments. So I actually see that as a positive and a strategic opportunity.

So they're the key trends that I will highlight. When I think about what's happening in some of the key markets, Hong Kong is doing incredibly well. There's strong domestic demand, and that’s the majority of our business in Hong Kong. There’s strong demand from Mainland Chinese

Visitors to Hong Kong, it's about 25% of our business. That's a stat that we gave on our recent earnings call. But Hong Kong remains a very attractive market because it has become this global financial hub on the world stage.

If we think about Japan, we have a big business in Japan, hugely successful. The Japan outlook has become more positive over the course of the last year. The macro factors from interest rate yield curve to equity markets, public policy, encouraging the people of Japan to not just hold cash but invest for the long-term. That's favourable to our business. We doubled new business in Japan, basically, if you look at our Q2 results, doubled over the course of the past year.

Mainland China, an interesting market. Huge potential in mainland China. I referenced earlier the emergence of third-party distribution channels. We have expanded over the course of the past five years from agency distribution channels into non-exclusive bank channels. That's a big opportunity -- can create some variability in new business from quarter to quarter, but the long-term trends remain intact.

And Singapore, really important financial hub in Asia. We're a market leader in Singapore, generate significant value and just to give an indication of the pace of growth that we are seeing in Singapore at the moment: in the second quarter, if you look at this year, we've seen new business CSM growth close to 40%. So really strong momentum in these businesses and they're just examples of what we're seeing across the region. Asia is a key driver of growth.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Okay, Phil, how should investors think about the mega trends that are clearly favorable for Manulife and all your peers in that region versus what Manulife is doing specifically differently than peers winning market share? And it's not an easily quantifiable dynamic but between mega trends and what you're doing specifically, what's the balance there?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

This is actually something I feel very strongly about: that just being present in Asia is not the key to success. It is necessary to differentiate ourselves and actively unlock the opportunity that exists. So when you look at the refreshed strategy that we have, a new strategic priority that we called out is Superior Distribution.

We are investing in our distribution not only to get access to a broader range of customers, but to help make our distributors more productive, we can actually sell more business, as well as being able to, of course, satisfy our customers, please customers, get them to a decision more quickly and that's in their interests and it's in our interests. So I think that's one important strategic unlock.

Another example of a strategic unlock is our AI-powered priority. Again, one of our five enterprise-wide strategic priorities, investing in AI enables us to make decisions more quickly, say underwriting decisions. If we can get back to our customers with an underwriting decision instantly, they are much more likely to buy a Manulife policy than either forget about the whole thing or go with a competitor.

So I think these factors are investments that we're making that will help drive value to our Asia business and win in a region that is naturally growing from those megatrends we discussed.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

And then maybe if you can just sticking to Asia, just touch on the MCV business in Hong Kong. And I think you guys were clear on the call that structurally the demand is there. This is not going to get derailed because of the tax dynamic that's happening now and that was never the driver of why these sales were happening in the first place.

I feel like the markets treated Manulife better than some of your non-domestic peers on that specific dynamic. And I think a large part of that is the message that was clear on the Q2 call. Maybe just remind investors, what are the structural dynamics that will keep that business growing in the long-term?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Yeah, so where I will start is actually Hong Kong. Hong Kong in total, you look at our business, we're well diversified across channels, the majority of our business is our domestic business, and the Mainland Chinese Visitor component, the stat we gave on the call, was approximately 25% of sales in 2026. So I think all of that provides for robust resilience.

Now, just for clarification, the tax that we had seen -- tax enforcement news we had seen being reported early in August, that was reports of mainland tax authorities pursuing tax enforcement for individuals that held assets internationally.

I think some of the clarifications since then have been very helpful. Clarification that there are no new tax rules. This is about enforcement of existing rules, and it is not targeted at Hong Kong, and it is not targeted at insurance.

And for reference, that is exactly what we see in other jurisdictions such as here at home in Canada. The tax authorities pursuing enforcement of tax collection where individuals hold international assets. So I actually think that is a good example of what we should expect to see as markets continue to develop and the regulatory environment becomes more robust.

When I think about the fundamentals that will drive future demand for insurance solutions by Mainland Chinese Visitors to Hong Kong, I think the drivers of demand remain intact, and they are compelling when you reflect on them. So the opportunity to invest in and find protection in U.S. dollars, which comes with it higher yields than RMB yields in mainland China, the opportunity to deploy their capital into long-term savings solutions that are supported by diversified participating portfolios that have access to real estate, other categories of private assets such as private equity, public equities, international bonds. The sophistication of the products in the Hong Kong market that enable generational wealth transfer of accumulated wealth. Policies can pass from one generation to the next in a simple and efficient manner. Currency denomination of policies can be switched at policy anniversary dates. So Hong Kong is a very sophisticated insurance market and therefore its natural pull, not only for mainland Chinese, but for other international wealthy individuals as well.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Thanks for that color. Maybe just on the LTC transaction with Munich Re, obviously structured differently than the previous two. Just maybe walk investors through why that was the right structure. And then you can maybe sort of dovetail that into some of the organic initiatives that you're taking to reduce risk in the LTC historical legacy blocks, and maybe what the upside is on those initiatives?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

I'm happy to touch on that Mike and for us, it was actually important to have a third LTC transaction within three years, but we didn't want it to be something that simply does what we had done with the first two. So this is different because it is a standalone long-term care transaction of biometric risk only.

And what that means is that we have reinsured the morbidity risk to Munich Re, but we have retained the asset portfolio that attaches to those liabilities. And so when we think about the earnings impact of this transaction, yes, there is $30 million of forfeited earnings, Canadian dollars of forfeited earnings, that reduces over time as the portfolio runs off, that naturally, that effectively goes to Munich Re.

But the earnings on the assets, we retain. The capital release that will come from the maturity of the asset portfolio, we retain. And the margin uplift or the yield uplift opportunity through the potential opportunities to look at how we manage that portfolio stays with Manulife.

So I think this is a really good deal for Manulife shareholders, and it demonstrates that we can de-risk or reduce risk in our portfolio with actually very modest earnings implications for shareholders. And you think about the impact of retaining those assets; we continue to generate earnings on the assets, we continue to generate capital and capital release on those assets as the portfolio matures. That's a great scenario in the context of our strategy, which is to deliver long-term growth for Manulife shareholders and sustainable growth for Manulife shareholders.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Thanks for that color. That's helpful. Maybe switching to GWAM, just in terms of the flows. You had net inflows last quarter, mostly on Institutional strength, obviously some pickup with Comvest and CQS. And then when you think about going forward, the segment's taken a little bit of a step down in earnings a couple of quarters ago, bit of a rebound last quarter.

What's the trajectory from here? I know there were some one-time-ish items in Q1 that impact the results, but just getting back to that $500-plus [million] and then resuming that strong growth trajectory that you had previously, what gets you back there?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Thank you for listening so carefully to our messaging. I appreciate that, Mike. And the performance in GWAM has been very strong. I think Q2 is a good run rate indicator for where we go from here. There was a slight dip in Q1 for various reasons. As expected, that came back in Q2.

Year-on-year earnings growth: 6%. That is after the impact of the transition to eMPF in Hong Kong, which was a one-time reduction in earnings, so I think shows tremendous resilience and we are coming up to the one-year anniversary of that. So soon, that will drop out of the run rate, which has depressed the year-on-year growth rate. But performance has been good.

And I'll highlight that we have already achieved our Investor Day target of 30%-plus [core] EBITDA margin. So that's a measure of efficiency in the portfolio and naturally a margin measure. So I think that's a positive move. And then in the second quarter, positive net flows and I think that's a really important milestone. I do expect variability in net flows from quarter to quarter, but to your point, when I look at the overall portfolio -- Global Wealth and Asset Management portfolio -- that we have across different lines of business; Retirement, Retail, and Institutional, as well as the geographical mix, I do see a portfolio that supports medium-term generation of positive net flows.

And why is that the case? We consistently see positive net flows from Asia. We consistently see positive net flows from our Institutional business. And look back over the past 21 quarters, 20 of those quarters have delivered positive Institutional net flows. The Canadian Wealth business consistently delivers positive net flows. The areas of the Global Wealth and Asset Management portfolio where flows are negative or offset some of that positive flow --if we look at the North American Retirement businesses, given where demographics are, retirement schemes are in outflow mode. The nature of the aging population, the maturity of the pension schemes, withdrawals are a real thing. We still have contributions, but withdrawals and redemptions are where we are in that life cycle.

And I don't think any of us would deny that the active management, retail active management, has been facing pressures in recent years. And I think what will define success is our ability to innovate. And for example, the shift away from mutual funds to ETFs.

The second quarter was our highest ETF flow quarter on record. And I think that does illustrate that it's necessary to be innovative, creative. And some of the emerging developments, the shift to tokenization, are ways in which it's possible to win in North America Retail.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Appreciate that color. Maybe just on the Comvest platform, you did allude to the opportunity there and now that some of the perceived risk around private credit has sort of diminished in terms of the investment community and how they think about it, what's your sort of long-term ambition to scale that combined business now in the private credit?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Comvest was a great acquisition. The business is thriving as part of Manulife. There are so many synergies that we're able to unlock and we said on the earnings call actually that Comvest was delivering or contributing approximately $30 million to core earnings in the second quarter. And that's already financially accretive to the organization.

And I talked about positive net flows in Institutional business, Comvest is a really -- consistently really important contributor to our Institutional net flows. And anyone following the news -- just last week, we announced the closure of our latest private credit fund and capital commitments of $5.4 billion for that fund.

That's very significant. That doesn't immediate flow into net flows because we recognize those commitments as and when we receive the funding. But I think it shows that the momentum in Comvest is very strong and there is more to come.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Okay, thanks for that. Switching to the U.S. business, you've alluded to the type of earnings that you're generating in the U.S. It's less investments spread and more from the insurance policy themselves.

Maybe just talk about the U.S. and sort of where you see things going from here. You've obviously repositioned the business in a meaningful way the last couple of years. What's in store for the U.S. for Manulife?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

The repositioning is a really important point. As we refreshed our enterprise strategy, one of our priorities is diversified portfolio, and yes, Asia and GWAM are important drivers of growth, but we clarified that both Canada and the U.S. are important markets in our portfolio and markets that we have the appetite to invest in.

So specifically on the U.S., we are investing in building continued differentiation, differentiation in wealth transfer solutions, differentiation in protection solutions, and critically important, differentiation in wellness solutions so that we encourage longevity. We help customers live longer, healthier and better lives. And that's something that in the U.S. market I believe genuinely differentiates John Hancock from its peers.

Now in terms of earnings shift, we have already seen very strong momentum in new business generation as we expand into product adjacencies and customer segment adjacencies and have built a deeper presence in distribution. So those strategic actions are delivering new business growth.

We've seen eight quarters of consistent new business growth in the U.S., double-digit new business growth, and this really sets us up for success in terms of future core earnings because we have seen the contractual [service] margin -- the CSM in the balance sheet grow, that will support CSM amortization into the earnings statement; higher earnings in the future.

And your comment on mix of earnings, yes, we will continue to see this shift from core investment margin to core insurance margin in the years to come. That will be a gradual shift, but it's a natural outcome of the new business transition that we're making.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Okay, that's great. On the ALDA portfolio, ALDA exposure, I get questions from investors on this often. Just in terms of that, the assumptions that are used, that 9% to 9.5% return long term, I know it's through the cycle, it's a long-term view.

But are you -- can you maybe provide us some color on your confidence in that number today versus maybe a year ago? It's just the consistent negative experience is something that's been flagged by a few investors and how do you sort of see that gravitating to a positive contribution at some point in the future?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

It's a great question and the alternative long-duration asset portfolio is a great match for our long-term liabilities. It extends the duration of the overall asset portfolio. We have seen in recent years lower-than-target returns. And when I reference target returns, they are very long-term expected return assumptions. And over the long-term we expect a 9% to 9.5% return.

What we've seen this year and over the past few years has been closer to 6% than 9% so still generating positive returns but lower than we would expect. I think it's really important to highlight the impact of the interest rate environment because for asset classes such as real estate, such as private equity, and even infrastructure, the higher interest rate environment does create a short-term headwind. The cost of debt, for example, is higher for those equity-like vehicles.

But in the long-term, higher interest rates support higher returns. So I do expect a convergence to our long-term assumptions over the medium term. But you asked how my view has changed from a year ago. The fact that we have seen higher long-term rates and, if anything, pressure on interest rates to rise over the course of the past year rather than stabilize or fall, my expectation is that short term, there continue to be some headwinds when it comes to ALDA returns, but my confidence in medium- and long-term has not changed.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Okay, thanks for that. I'd love to ask you about capital and M&A potential. Obviously, a LICAT of 136[%], very strong number currently. Leverage could move up potentially. We've seen it higher in the past. When you think about capital deployment, you've been very clear on your priorities, but is it a really high bar on M&A?

I know your preference is for organic growth, but if it doesn't present itself and you could potentially do something inorganically, how are you thinking about tuck-ins versus that bar for something a bit more transformational?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Great challenge. And when I reflect on my capital position, we are in a really strong position and to put a number behind it, the capital that we have above the upper end of our operating range is around $10 billion Canadian dollars. And then on top of that, we have the leverage flexibility. Our leverage ratio at the moment is around 22%, long term -- or sorry, medium-term target for leverage, 25%, and of course, we could go above that.

So there is substantial flexibility. Organic capital deployment is always our highest priority. Supporting a progressive dividend is also up there as a high priority. We currently have an active share buyback program, 2.5% share buyback program in place. We're on track to deliver on that.

But inorganic deployment, yes, that's possible. And I think we've demonstrated through the largest acquisition in a decade with Comvest Credit Partners, we're prepared to do that. What I would call out when we've done that, it's a transaction that's financially accretive and strategically relevant and that's the bar that we would be looking at for any further deployments of inorganic capital.

We do like Global Wealth and Asset Management as a place to deploy capital. We like the fee income and the diversification that that provides, but we do look for financial accretion and strategic accretion. And it's not really about bolt-ons or larger transactions. It's much more about whether there is the right transaction that delivers against those criteria, but we have the capability to move and we've got the financial strength to move if there is the right opportunity.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Great, thanks for that synopsis. Maybe I'll turn it back over to you, Phil. Any sort of key messages you want to leave with investors?

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

It's a great question and look, what I'll leave with you is that we have refreshed our strategy. It's right up to date and we are moving at pace in the execution. We've demonstrated some key milestones: the entry into India life insurance, the Comvest acquisition, the long-term care transaction, and there's much more that this management team wants to deliver.

And the final point that I will make is our portfolio is diversified. And I do believe it's an envious portfolio. We have the growth in Asia and Global WAM, but we also have the stability as well as growth opportunity here in North America. And I speak on behalf of Manulife and the leadership team when we are incredibly excited about what we can achieve in the years ahead. Watch this space.

Mike Rizvanovic - *Scotiabank GBM - Analyst*

Great. Thank you, Phil, for joining us and thank you for all the insights. Super happy to have you and appreciate your time.

Philip Witherington - *Manulife Financial Corporation - President, Chief Executive Officer*

Thank you, Mike. It's great to be here. Thank you.
