

# Investor Day 2017

HONG KONG | HO CHI MINH CITY

June 21, 2017  
Hong Kong



## Agenda

Time	Speaker	Presentation
9:05 am	Donald Guloien	<b>Delivering on commitments, driving shareholder value &amp; preparing for the future</b>
9:20 am	Roy Gori	<b>A compelling opportunity and clear priorities to win</b>
9:40 am	Steve Roder	<b>Commitment to shareholder value creation</b>
10:10 am		Q&A Session
10:45 am	Roy Gori & Phil Witherington	<b>Executing on our Asia opportunity</b>
11:30 am		Q&A Session
11:55 am	Various	Labs
12:25 pm		Lunch with Guest Speaker
1:40 pm	Linda Mantia	<b>Driving Customer Centricity and Innovation</b>
2:10 pm		Q&A Session
2:25 pm	Various	Labs
3:05 pm	Kai Sotorp	<b>A global wealth and asset management platform with solid growth momentum</b>
3:35 pm		Q&A Session
3:50 pm	Various	Labs



## Caution regarding forward-looking statements

From time to time, MFC makes written and/or oral forward-looking statements, including in this presentation. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation include, but are not limited to, statements with respect to demographic and market trends and their expected benefit, core ROE expansion over the medium term and the drivers of such expansion, our expected dividend payout ratio, annual core earnings per share growth over the medium term and dividend growth over time. The forward-looking statements in this presentation also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "suspect", "outlook", "expect", "intend", "estimate", "anticipate", "believe", "plan", "forecast", "objective", "seek", "aim", "continue", "goal", "restore", "embark" and "endeavour" (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts' expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include the factors identified in the "Caution regarding forward-looking statements" in our most recent annual and interim reports. Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found under "Risk Factors" in our most recent Annual Information Form, under "Risk Management", "Risk Factors" and "Critical Accounting and Actuarial Policies" in our most recent Management's Discussion and Analysis, in the "Risk Management" note to our most recent consolidated financial statements and elsewhere in our filings with Canadian and U.S. securities regulators.

The forward-looking statements in this presentation are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

# Delivering on commitments, driving shareholder value & preparing for the future



**Donald A. Guloien**  
Chief Executive Officer



## Key messages



### **We have a powerful franchise**

with operations in **both large and faster growing markets**



Decisive actions have been taken to  
**position us for success**



This is reflected in our  
**strong performance**

# Manulife is a leading global financial services company

Among **top 10** life insurers in the world<sup>1</sup>

**C\$47 billion** market capitalization<sup>1</sup>

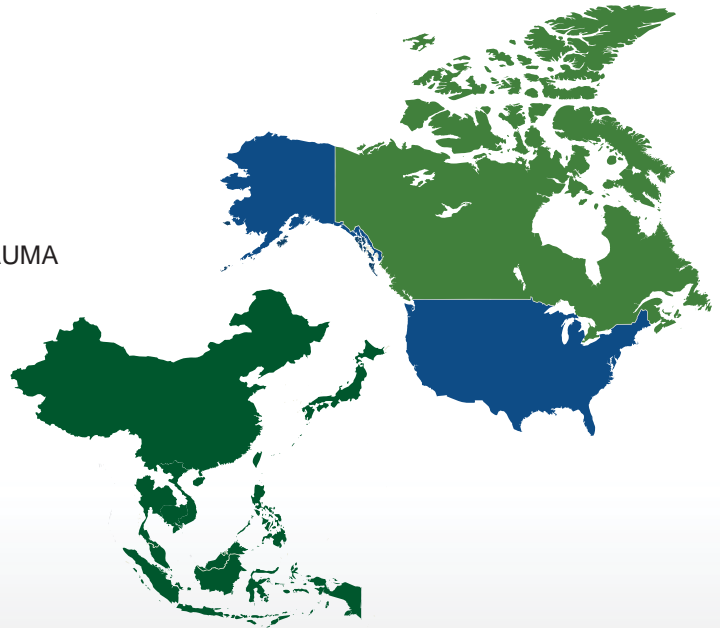
**C\$1 trillion** in total AUMA as of Q1 2017

**+28%** p.a.<sup>2</sup> growth in global Wealth and Asset Management AUMA

Presence in **12 markets** across fast growing **Asia** region

Over **22 million** customers<sup>3</sup>

**35,000** employees<sup>3</sup>



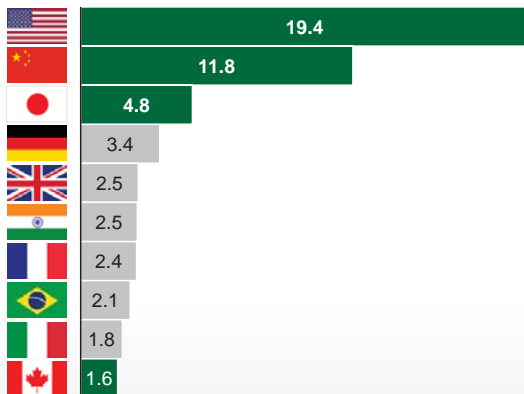
<sup>1</sup> As at December 30, 2016; Global life insurers ranked by market capitalization in U.S. dollars; Source: Bloomberg. <sup>2</sup> Compound Annual Growth Rate ("CAGR") of Assets Under Management and Administration ("AUMA") from December 31, 2012 to December 31, 2016. <sup>3</sup> As of December 31, 2016.



## We have a major presence in...

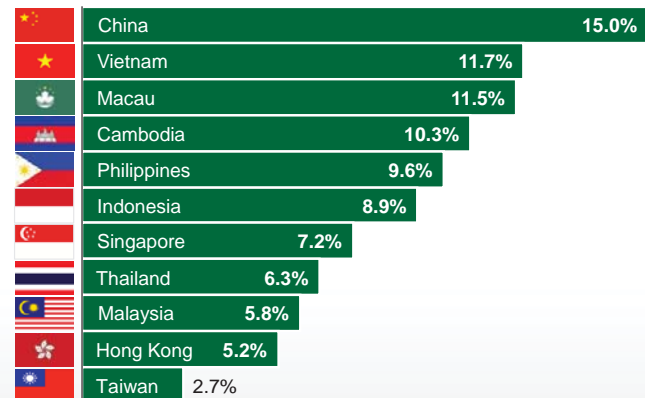
... four of the world's 10 largest economies

**Gross Domestic Product**  
(US\$ trillion, 2017P, current prices)



...and in many of the fastest growing markets

**Gross Domestic Product Growth**  
(10-year CAGR, 2006-2016, US\$, current prices)



Source: International Monetary Fund, World Economic Outlook, April 2017.



## We have a leading franchise in Asia

- Pan-Asian platform, presence in 12 markets with over 8 million customers
- ~1/3 of MFC's core earnings, >80% of NBV
- Leading professional agency force and high quality bank partnerships
- Integrated insurance and wealth
- Proven digital capabilities



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## Strong Canadian franchise provides foundation for Manulife's global growth

- We serve 1 in 3 Canadian adults
- Balanced franchise with diverse range of products and services
- Investing in higher return business and improving customer experience
- First to market with wellness solutions
- Increasing emphasis on solutions to meet multiple customer needs

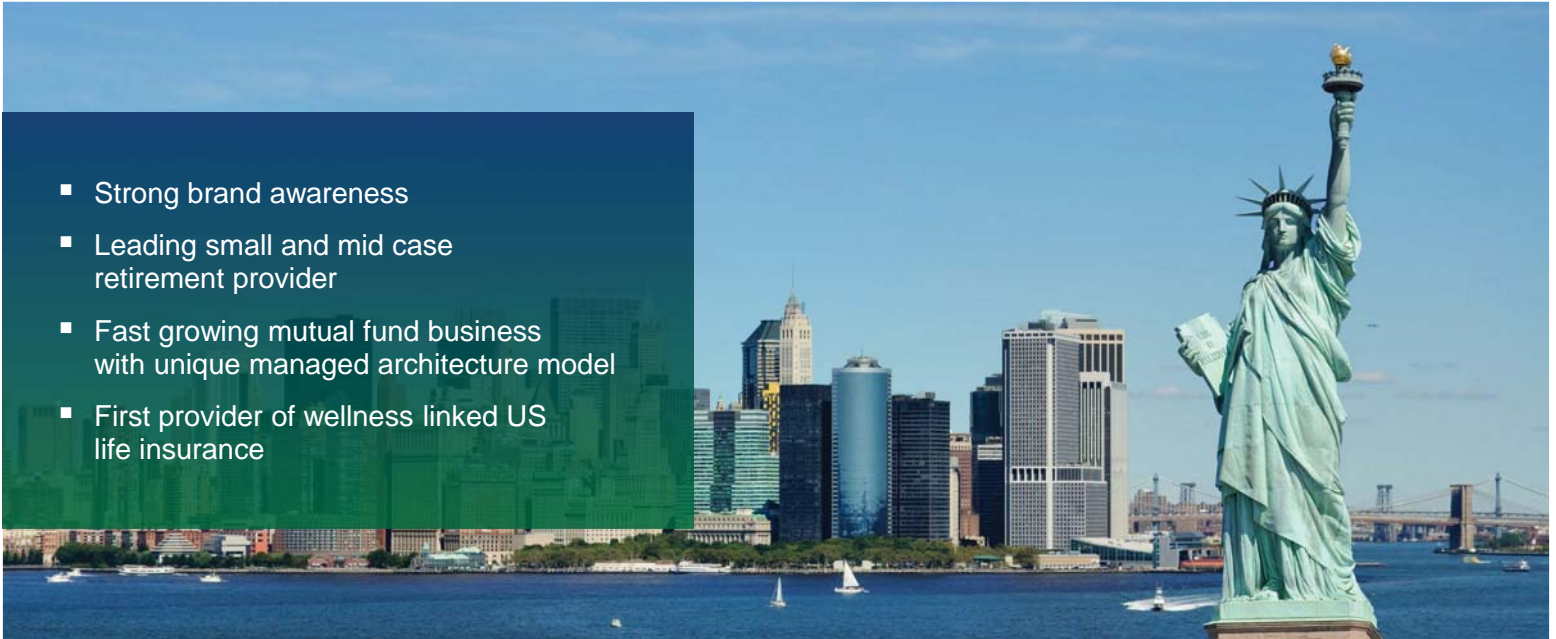


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## John Hancock brand increasingly known for innovative wealth management and insurance solutions

- Strong brand awareness
- Leading small and mid case retirement provider
- Fast growing mutual fund business with unique managed architecture model
- First provider of wellness linked US life insurance



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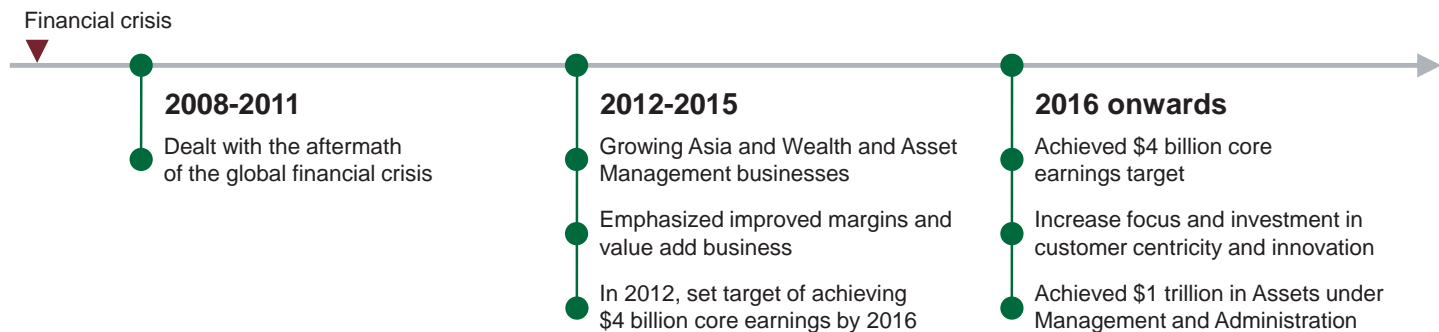
## Rapidly growing our global wealth and asset management businesses with retail investments, retirement and institutional advisory offerings

- World class investment platform with strong investment performance
- 29 consecutive quarters of positive net flows
- Fast growing mutual fund businesses in the U.S., Canada, and Asia
- Leading retirement businesses in Canada, the U.S., Hong Kong and Indonesia



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# Strategic decisions taken since the financial crisis have put us in a strong financial position



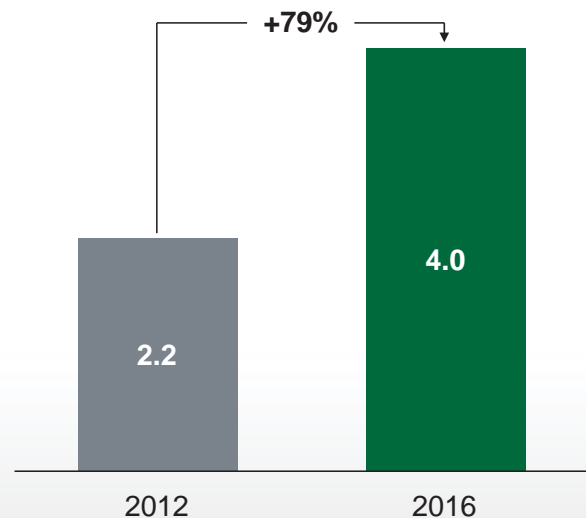
## Bolstered capabilities and scale:



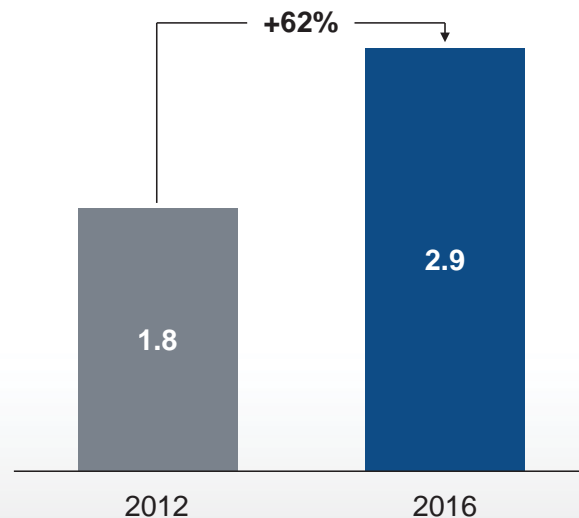
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## Strong core earnings and net income growth

### Core Earnings



### Net Income

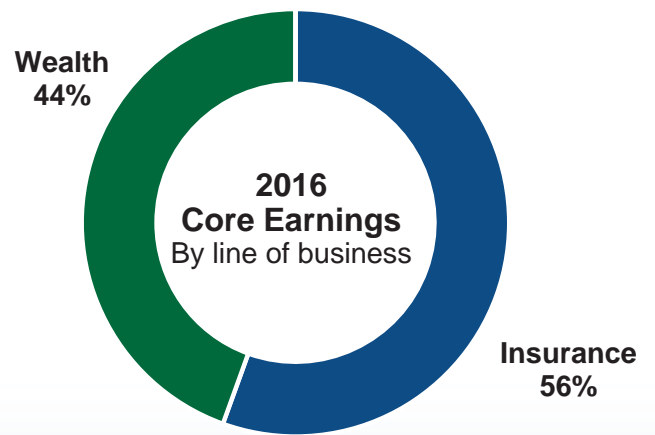
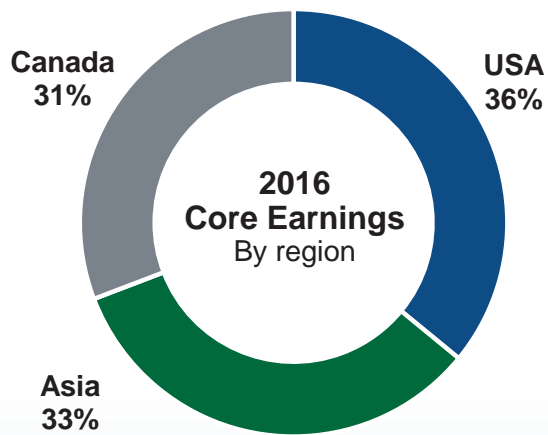


Note: All figures in CAD billions.

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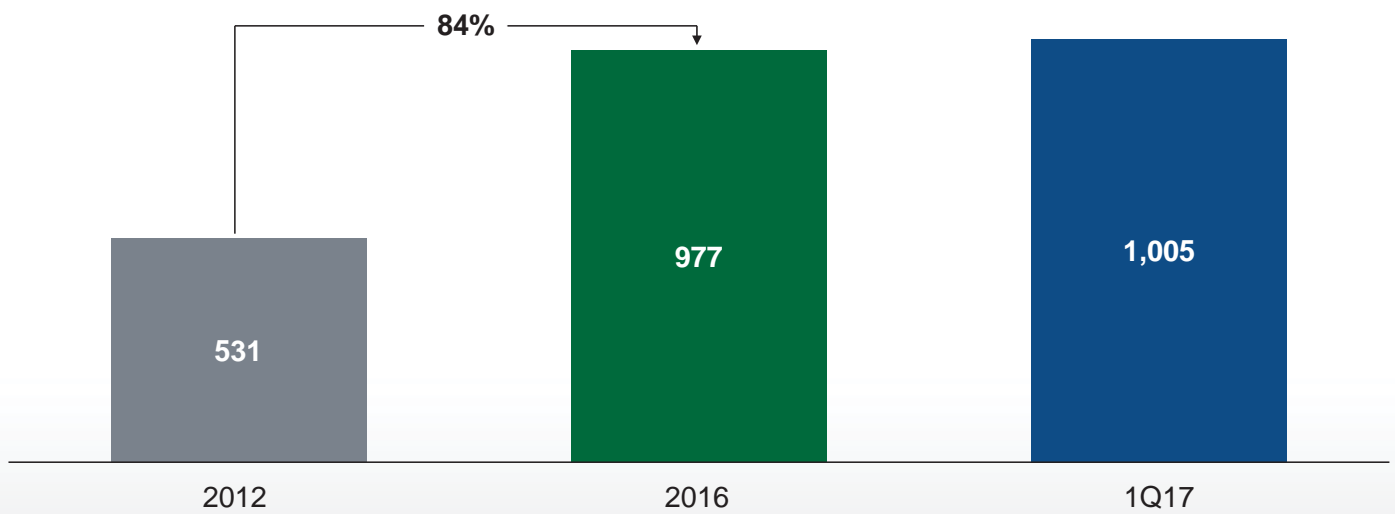


## Balanced earnings profile by geography and businesses



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## Achieved \$1 trillion in assets under management and administration

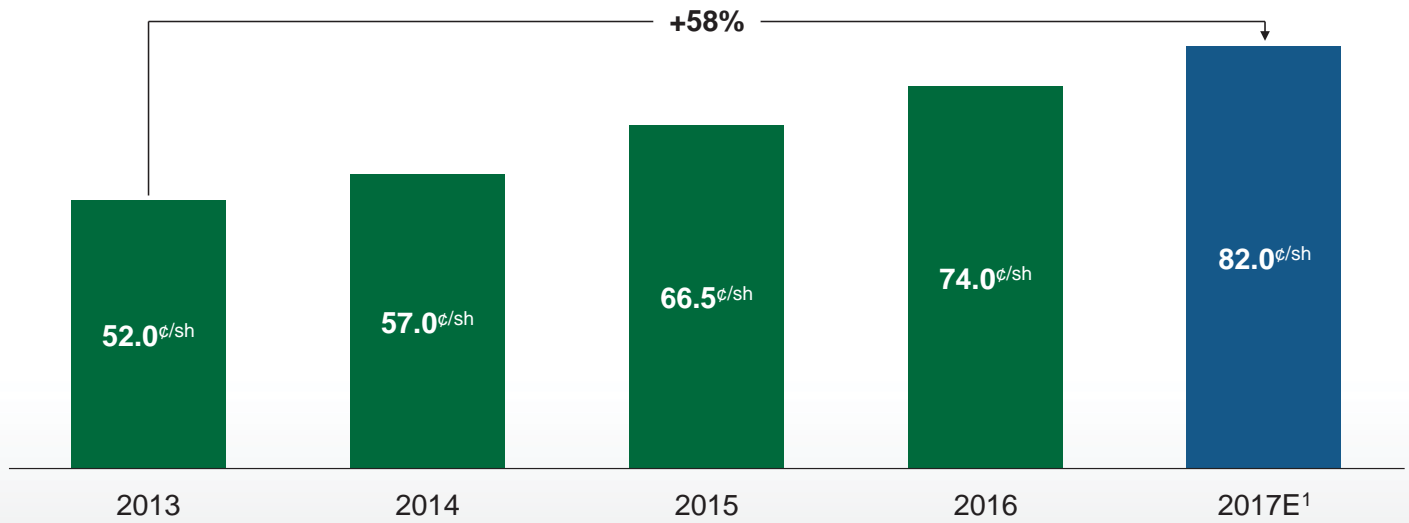


All figures in CAD billions. Percent increase is on a Canadian dollar basis.

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## Strong underlying performance driving annual dividend increases

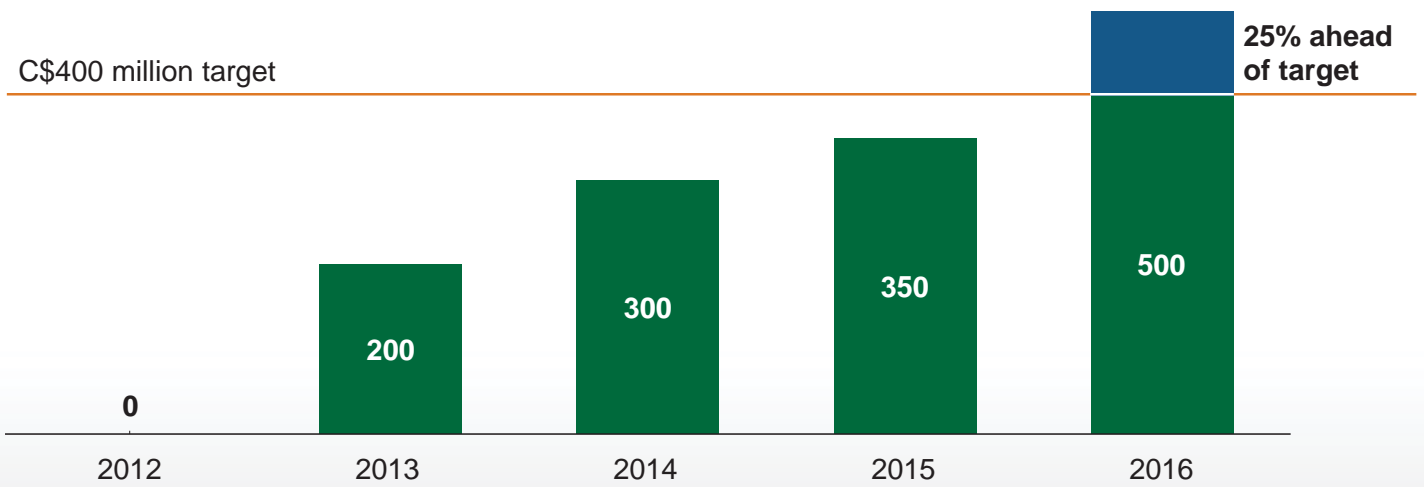


Annual Dividend: Cents per common shares in Canadian dollars. <sup>1</sup> Assumes no further dividend increases.

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## Exceeded Efficiency and Effectiveness target by 25%, allowing us to accelerate investments for the future

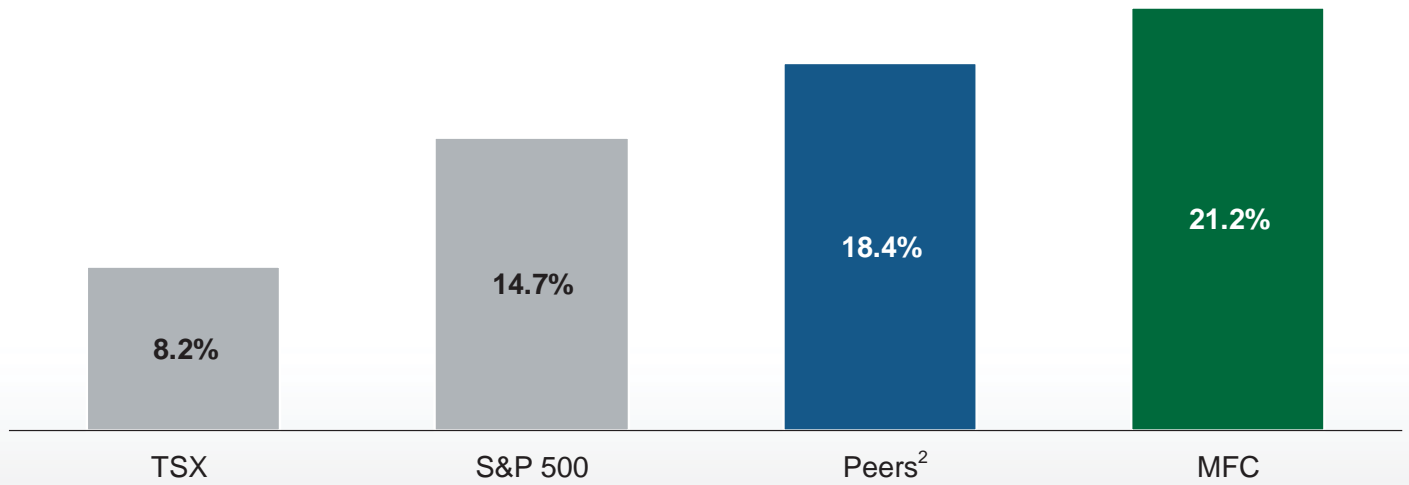


Note: Annual pre-tax savings in CAD millions.

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## Delivered strong total returns<sup>1</sup> for our shareholders

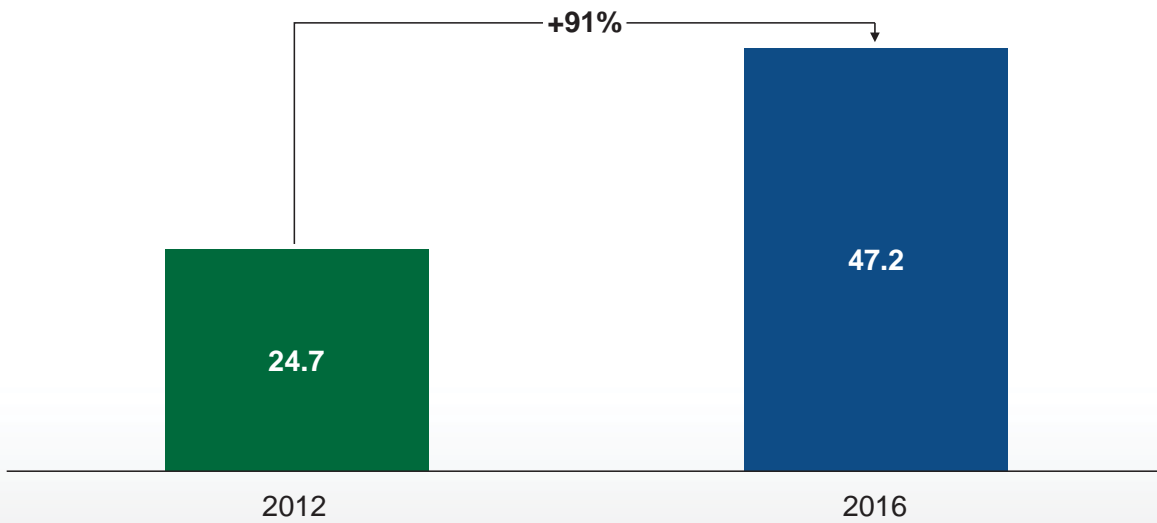


<sup>1</sup> Annualized total shareholder returns for the five years ended December 31, 2016. <sup>2</sup> Peers include Aflac, Ameriprise Financial, MetLife, Power Financial Corp, Principal Financial Group, Prudential Financial, Prudential plc, Sun Life Financial, AIA Group, Allianz SE, Assicurazioni Generali, Aviva plc, AXA SA, Zurich Insurance Group.

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## Our market capitalization has nearly doubled over the last 4 years



Note: All figures in CAD billions.

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## We are delivering on our objectives



### Delivering on commitments

Achieved the \$4 billion 2016 core earnings target

Exceeded our Efficiency & Effectiveness target, saving \$500 million



### Driving shareholder value

Delivered strong shareholder returns; 21% over the last 5 years

Raised our dividend for three consecutive years, by a cumulative 58%



### Preparing for the future

Expanding the ways we directly engage with our customers

Business positioned strongly for future development but with more work to do

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# A compelling opportunity and clear priorities to win



**Roy Gori**  
President



## Key messages

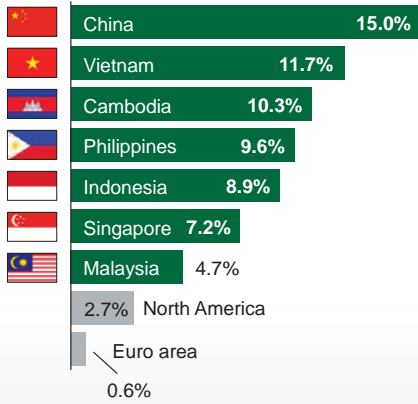
- Strong foundation for continued growth
- Well positioned to capitalize on significant opportunities
- Focused on few clear priorities to drive performance



# Powerful megatrends are fuelling a huge opportunity in Asia

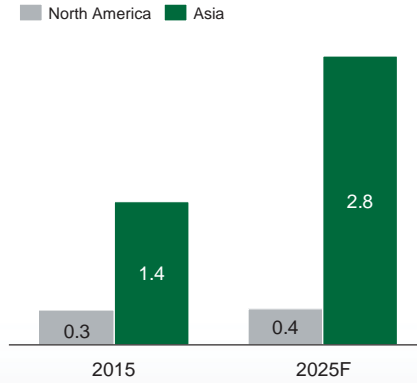
## We operate in many of the fastest growing markets in the world

(10-year CAGR, 2006-2016, US\$, current prices)<sup>1</sup>



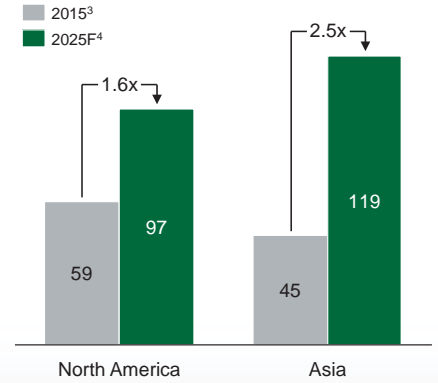
## Middle class emergence will drive demand for financial solutions

(Middle class population, billions)<sup>2</sup>



## Net household wealth in Asia is expected to double by 2025

(Household wealth, US\$ trillions)



<sup>1</sup> Source: International Monetary Fund, World Economic Outlook, April 2017. <sup>2</sup> Source: The Unprecedented Expansion of the Global Middle Class, Homi Kharas, Brookings Institute. <sup>3</sup> Source: Economic Intelligence Unit. <sup>4</sup> Source: Manulife & Oliver Wyman estimates.

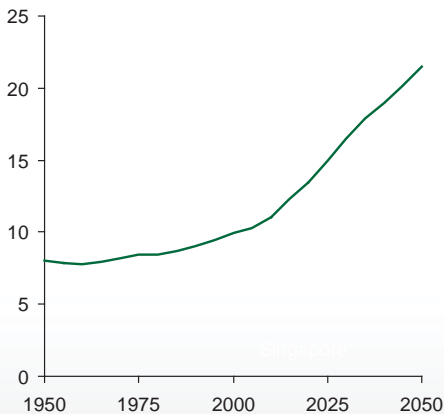
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# As the world ages, demand for retirement and asset management solutions will grow globally

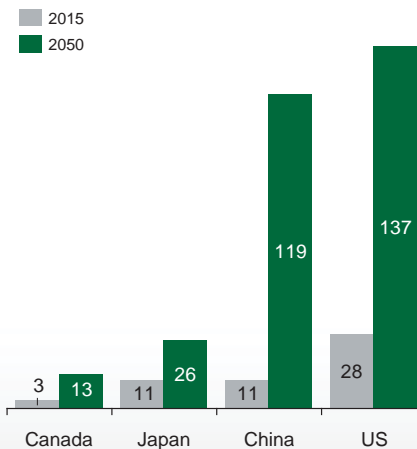
## The 60 and older demographic is the fastest growing in the world

(Percentage of the population aged 60 and over)<sup>1</sup>



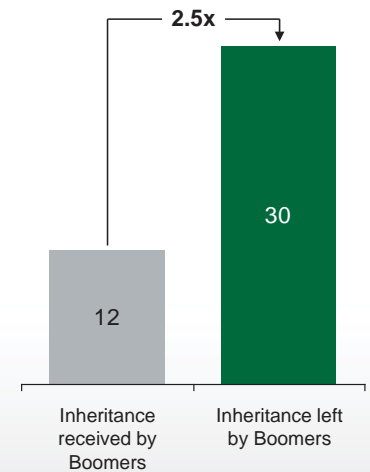
## The retirement gap is projected to expand at a rapid pace

(US\$ trillions)<sup>2</sup>



## The transfer of wealth in North America is expected to be sizable

(US\$ trillions)<sup>3</sup>



<sup>1</sup> Source: United Nations – World Population Prospects: The 2015 Revision, Key Findings and Advance Tables. <sup>2</sup> Source: World Economic Forum: "We'll Live to 100 – How can we afford it?" <sup>3</sup> Source: Accenture Consulting: The "Greater" Wealth Transfer.

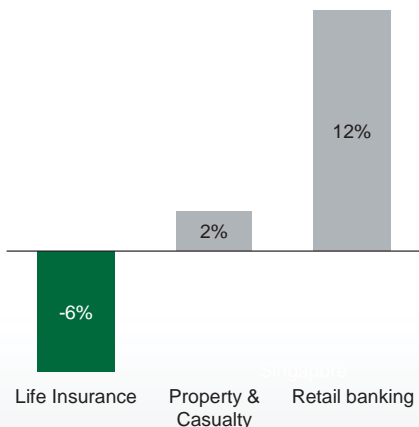
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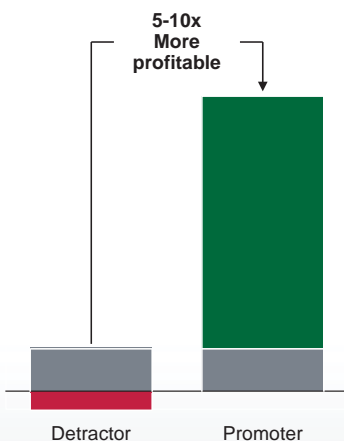
# Insurers and asset managers lag in providing positive customer experiences, creating a strong opportunity in the digital space

## Insurance & wealth customers not satisfied with the experience

(Net Promoter Scores by industry)<sup>1</sup>



## Customer advocates are much more profitable than detractors



## End-to-end digitization is key to improving customer experiences



**~66%**

of positive experiences driven by front-end sales process



**>50%**

of negative experiences driven by back-end admin processes

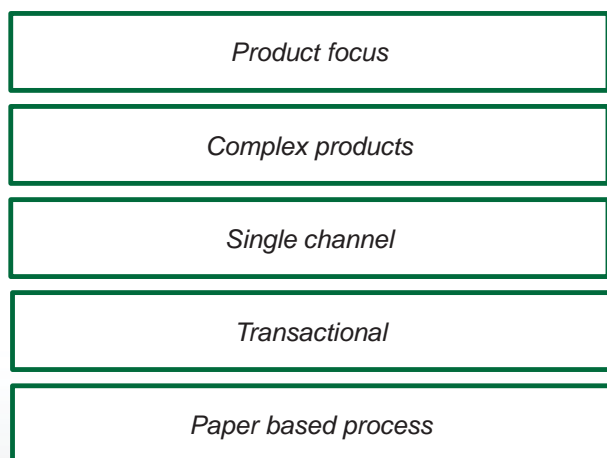


Most customers prefer omni-channel interactions across multiple touchpoints

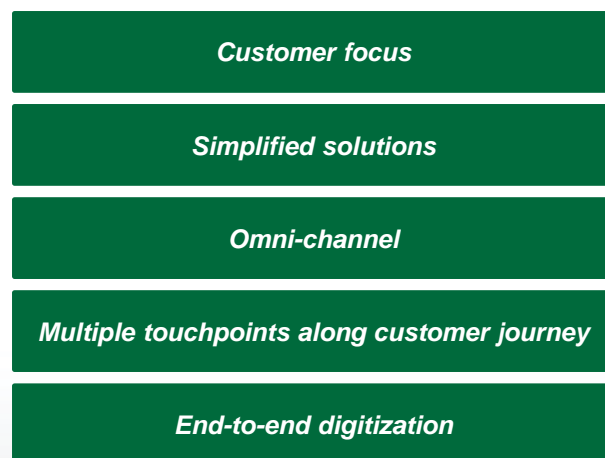
<sup>1</sup> Source: Bain Consulting: 2016 NPS Global Benchmarks.

# We are well underway in re-orientating our business to shift our focus on the customer and digital transformation

## TRADITIONAL MODEL



## NEW MODEL



# We continue to face challenges, but they are manageable

## We are proactively engaged in managing the challenges we face

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- Low interest rate environment
- Evolving accounting/capital standards
- Increasing regulatory oversight
- Legacy businesses

## Several secular challenges also present opportunities to differentiate

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- Increasing customer expectations
- Traditional channels not engaging younger demographic
- Technology is redefining the competitive landscape
- Wealth and asset management clients demanding more value for their money

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## Key focus areas

1. Portfolio optimization
2. Accelerate Asia and Wealth and Asset Management
3. Expenses and operational efficiency
4. Customer and digitization
5. High performing team and culture

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# Commitment to shareholder value creation



**Steve Roder**  
Chief Financial Officer



## Key messages



**Strong progress** on key financial metrics



**Total shareholder return has been robust**  
over the last five years, but we are not satisfied

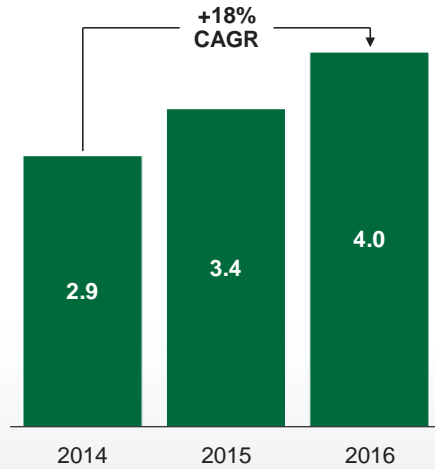


Our **Total Shareholder Return discipline** is used to:  
inform strategic decisions, allocate capital and determine executive compensation

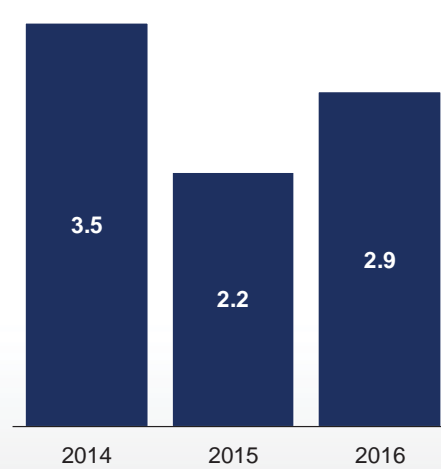


# We achieved \$4 billion of Core Earnings in 2016, delivering on the target set in 2012

**Core Earnings**  
(C\$ billions)



**Shareholders' Net Income**  
(C\$ billions)

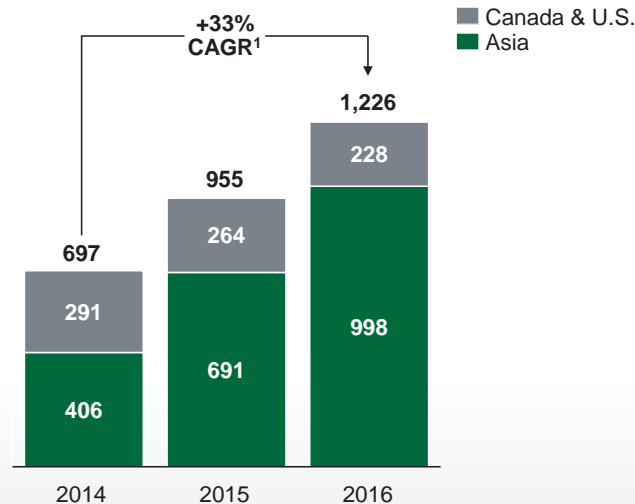


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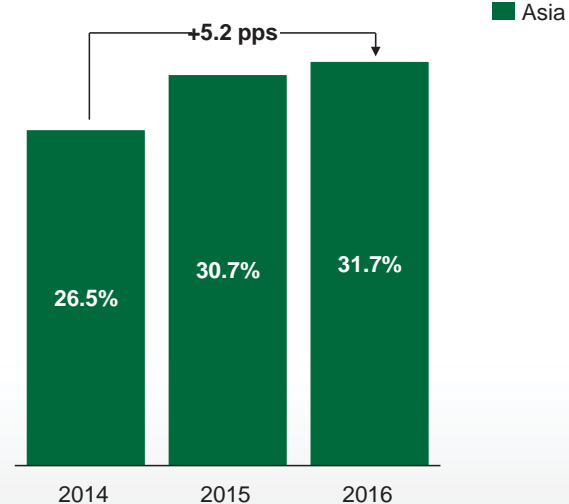


# We have delivered strong NBV growth, driven by improved margins in Japan and scale benefits in Other Asia

**New Business Value**  
(C\$ millions)



**Asia NBV Margin**  
(%)



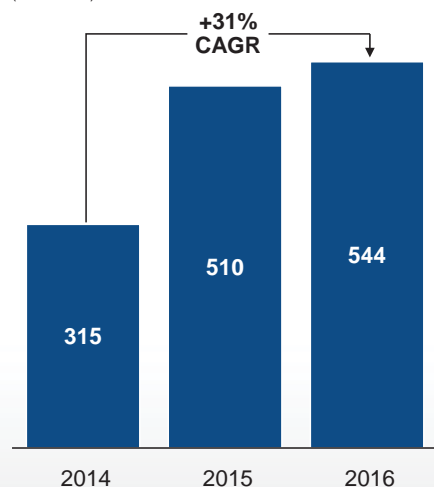
<sup>1</sup> Growth in new business value stated on a Canadian dollar basis.

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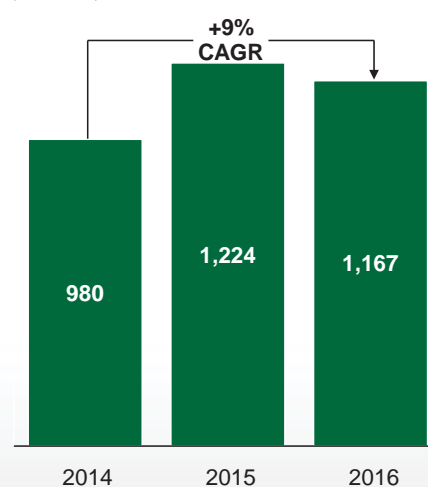


# Assets under management and administration have grown, driven by strong net flows, investment performance and recent acquisitions

**Wealth and Asset Management  
Assets Under Management and Administration<sup>1</sup>**  
(C\$ billions)



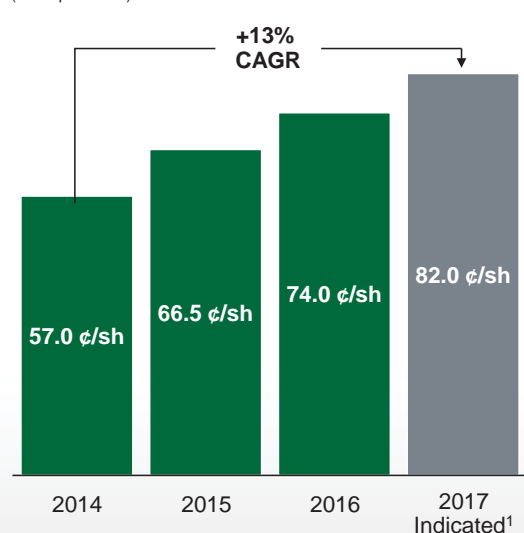
**Wealth and Asset Management  
Core EBITDA**  
(C\$ millions)



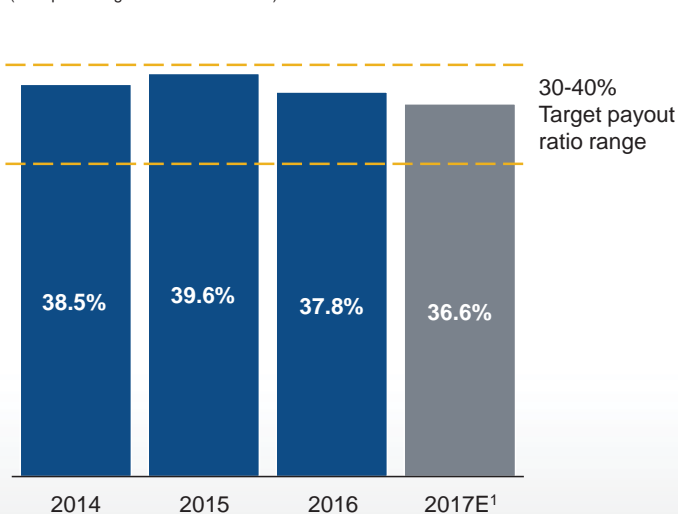
<sup>1</sup> WAM assets under management and administration ("AUMA") do not include assets managed by Manulife Asset Management ("MAM") for non-WAM affiliates such as Insurance and Other Wealth businesses and general fund assets.

# We have increased dividends in line with earnings growth and maintained our payout ratio

**Annual dividend**  
(cents per share)



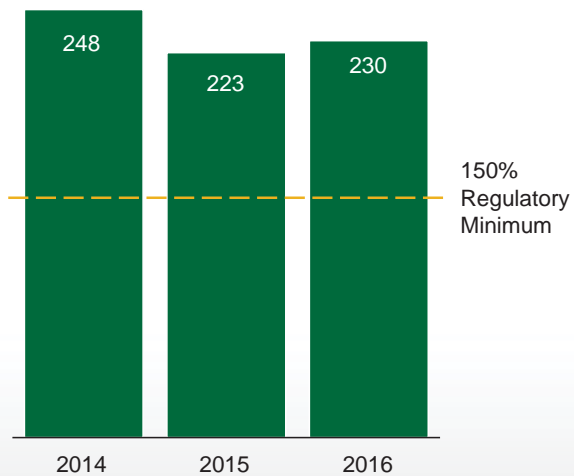
**Dividend Payout ratio**  
(As a percentage of diluted core EPS)



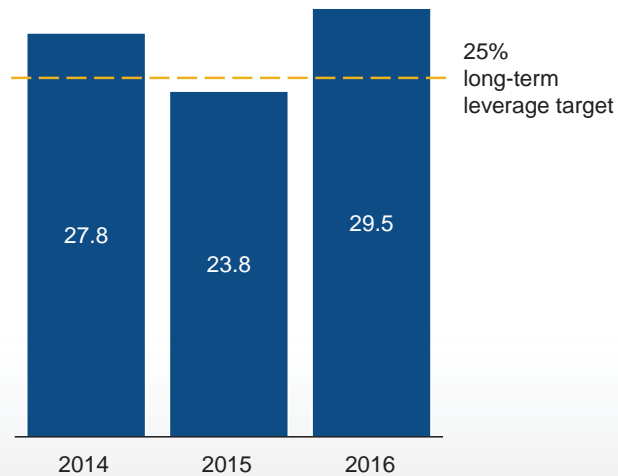
<sup>1</sup> 2017 based on annualized Q4 2016 dividend and consensus 2017 Core EPS forecast.

# We have maintained strong capital levels

**MCCSR<sup>1</sup> Ratio**  
(%)



**Financial Leverage Ratio**  
(%)

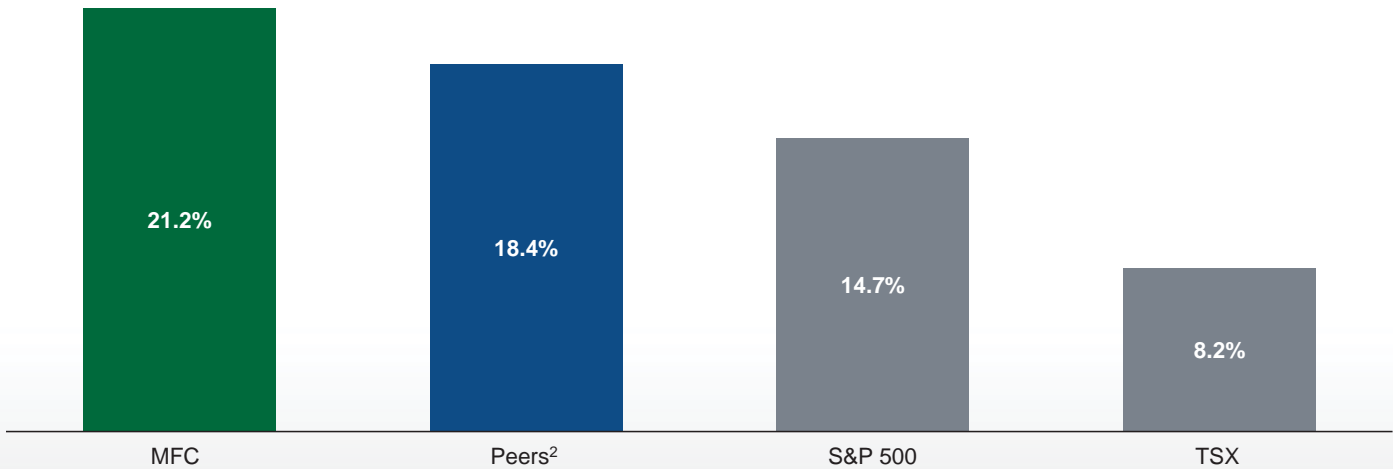


<sup>1</sup> Minimum Continuing Capital and Surplus Requirements (MCCSR) of The Manufacturers Life Insurance Company (MLI).

# Our roadmap to higher shareholder returns

# Our shareholder returns over the past five years have been strong...

## Annualized Total Shareholder Returns<sup>1</sup> (5 years ended December 31, 2016)

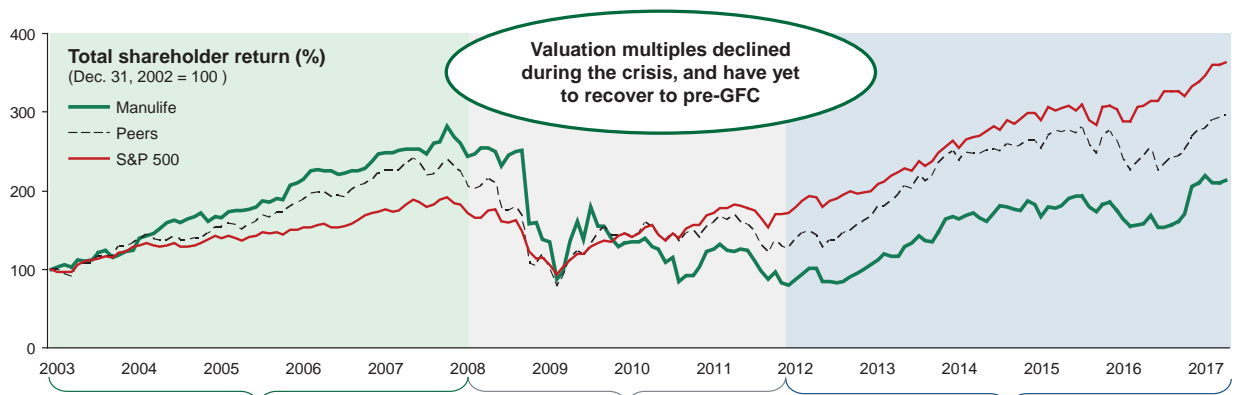


<sup>1</sup> Source: Bloomberg. <sup>2</sup> Peers include Aflac, Ameriprise Financial, MetLife, Power Financial Corp, Principal Financial Group, Prudential Financial, Prudential plc, Sun Life Financial, AIA Group, Allianz SE, Assicurazioni Generali, Aviva plc, AXA SA, Zurich Insurance Group

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## ...however, we have yet to return to pre-crisis levels



### Annual TSR decomposition for each period highlighted above (%)

Book value growth	11%	3%	11%
Valuation expansion	17%	(27)%	7%
Dividends/Change in Shares	(10)%	(1)%	2%
<b>Total Shareholder Return</b>	<b>21%</b>	<b>(25)%</b>	<b>20%</b>
Peers	18%	(13)%	17%

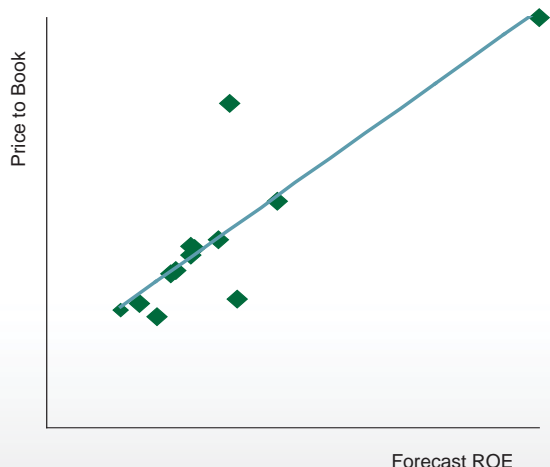
<sup>1</sup> Source: BCG, Bloomberg. <sup>2</sup> Peers include Aflac, Ameriprise Financial, MetLife, Power Financial Corp, Principal Financial Group, Prudential Financial, Prudential plc, Sun Life Financial, AIA Group, Allianz SE, Assicurazioni Generali, Aviva plc, AXA SA, Zurich Insurance Group

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# Lifeco valuations are driven by ROE, as well as dividends, earnings growth and risk considerations

## While ROE is a key valuation driver...



## ... shareholders also value...

- ✓ Dividends/Return of Capital
- ✓ Reasonable levels of financial risk
- ✓ Strong EPS growth

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## We conducted a bottom up analysis on each line of business using key performance metrics that align to the valuation drivers...

**Profitability**

- Core ROE
- Lifetime return on capital

**Cash Generation**

- Cash generated vs. capital allocated
- Cash available for distribution or reinvestment

**Growth Outlook**

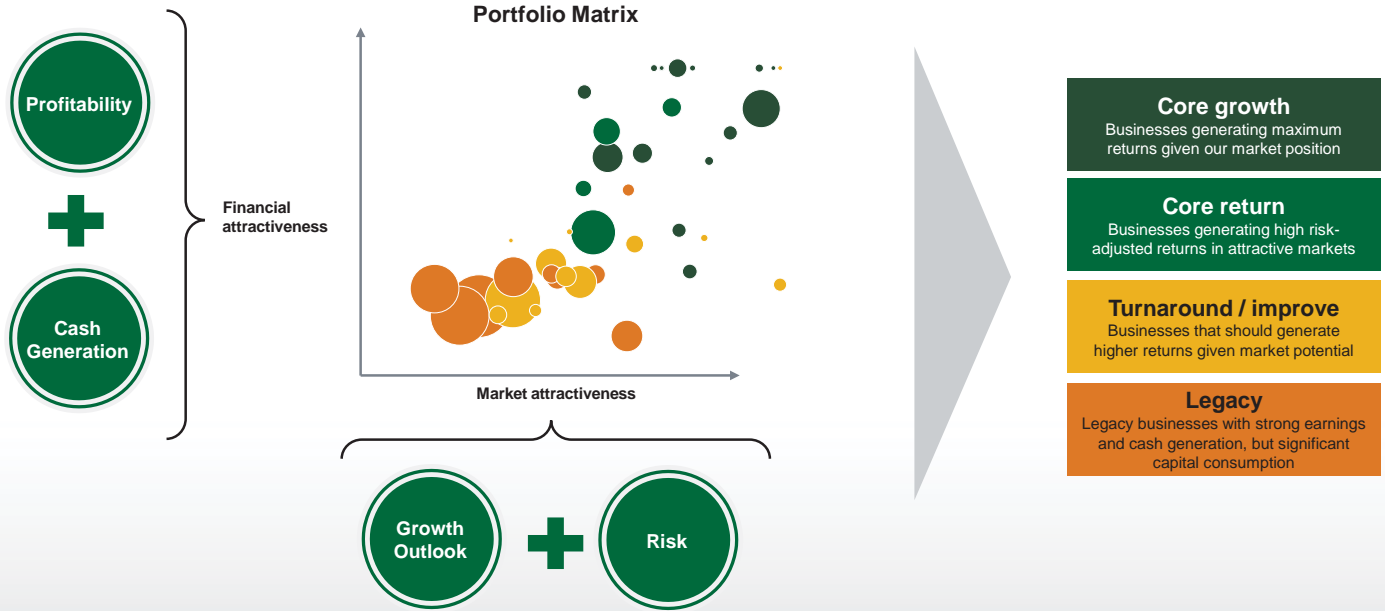
- Market size
- Relative share of market
- Anticipated market growth rate

**Risk**

- Market sensitivity
- Insurance risks
- Non-financial risks

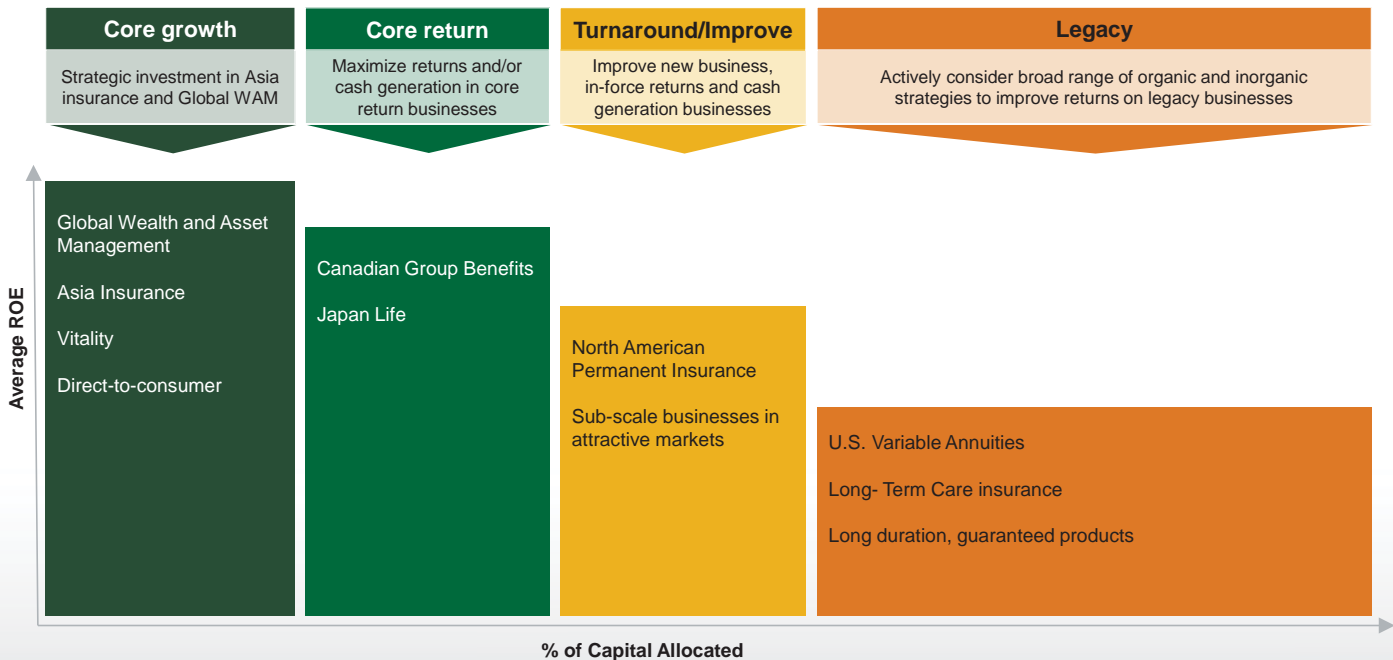
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...resulting in a portfolio matrix that allowed us to categorize each line of business by their potential impact on shareholder return...



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## We have created a path to improve shareholder return



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# U.S. Wealth and Asset Management generates favourable returns, with strong cash flow and low risk profile

## Profitability



- High return on tangible equity
- Low capital requirements
- Further potential to expand returns with additional scale

## Cash Generation



- Stable cash flow in pension business
- Steadily increasing mutual fund, ETF earnings as a result of scale efficiencies
- Cash flow conversion close to 100%

## Growth Outlook



- Retirement Plan Services: leading player in small case segment, with increasing presence in fast-growing mid plan markets
- Mutual fund, ETF/UCITS markets are large and growing rapidly

## Risk



- Sensitivity to equity markets
- Significant competition risk, but little or no insurance and regulatory risk

## CORE GROWTH

### Strategic actions

- Invest to grow at or faster than the market
- Further develop digital offering
- Expand product capabilities and increase scale

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# Digital evolution/transformation in Canadian life insurance creates opportunities for greater efficiency and differentiated solutions

## Profitability



- Large and relatively long duration in-force earnings
- Increased new business profitability
- Near-term ROE challenged by capital consumption
- New innovative products with a better risk/return profile

## Cash Generation



- Stable and significant source of cash flow
- Cash return modest relative to amount of capital allocated

## Growth Outlook



- Strong market share and brand
- Relatively mature market, with modest growth
- Compelling market opportunity in new products (e.g. Vitality) and digital solutions/channels

## Risk



- Medium to high financial risk due to interest rate sensitivity of liability cash flows
- Significant insurance and medium regulatory risk

## TURNAROUND / IMPROVE

### Strategic actions

- Leverage analytics to expand distribution and improve underwriting efficiency
- Further develop digital offering
- Expand product capabilities
- Optimize capital consumption and expense base

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# Legacy businesses offer long-term cash flows, useful for the funding growth in higher return businesses and dividends to shareholders

## Profitability



- ROE generally lower than average due to higher capital consumption
- However, strong earnings on in-force blocks are expected over long time horizon

## Cash Generation



- Significant cash flow can fund dividends and investments in higher growth businesses
- Stable cash generation in most in-force blocks of business

## Growth Outlook



- Growth largely limited by risk appetite (e.g. long term care, annuities)

## Risk



- High market risk in some blocks, largely mitigated through hedging
- High policyholder behaviour and other insurance risks in some blocks

## Legacy

### Strategic actions

- Thoughtfully exit or slow sales in least attractive businesses
- Consider structural changes to operational and business models to improve expense efficiencies
- Optimize capital consumption
- Drive expense efficiencies through digitization, analytics, etc.
- Consider strategic alternatives to divest or accelerate run-off

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# We have launched a comprehensive review of our legacy businesses & are exploring strategic alternatives through Balance Sheet Optimization

## Early wins

- ✓ Exchanged \$8 billion in reserves from a capital intensive, lower return closed block for New York Life's retirement business
- ✓ Reinsured remaining 10% of fixed deferred annuity block, giving us a US\$3.5 billion reserve credit
- ✓ In-force management of level term insurance policies to generate US\$200-\$300 million of additional earnings over time as premium changes are rolled out
- ✓ \$250 million initial surplus benefit from external financing of redundant reserves, with further ongoing benefits expected

## In-flight activities

- Have engaged in discussions with counterparties on select legacy life and annuity blocks in Canada and the U.S.
- Ongoing efforts to be revisited as situations evolve

## Longer-term opportunities

- Interest in U.S. variable annuity blocks is improving, but transactions not value creating at current bids
- Seeing early signs of emerging interest in select blocks of Long-Term Care business, however transactions are not likely in the near term

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# Recent changes to executive compensation to drive shareholder returns

**Annual Incentive Plan (AIP) measures our ability to deliver superior returns today while growing the business that will deliver the greatest future returns**

**Medium and long-term incentives directly linked to shareholder value creation**



**50% for delivering financial success today**



**30% for profitably growing our highest return businesses:** Asia Insurance and Global Wealth and Asset Management



**20% for transforming the organization's culture** to deliver superior returns by focusing on customer, employee engagement and key strategic initiatives

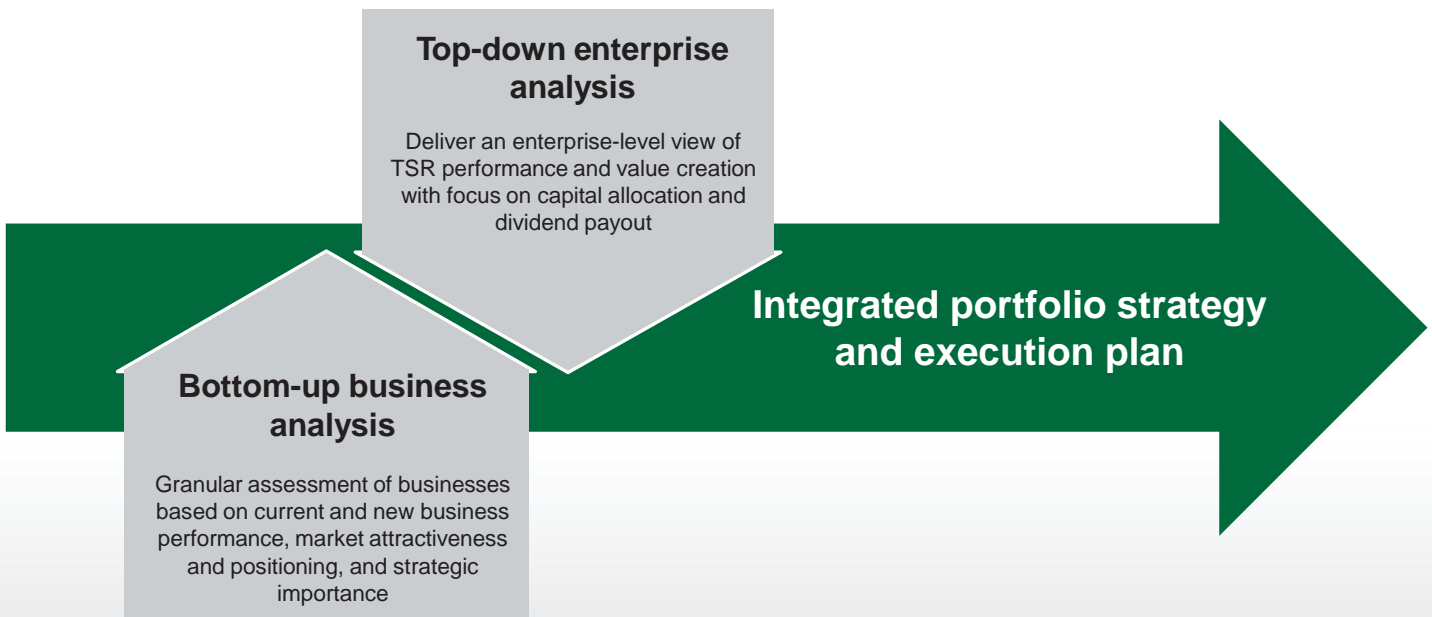


Greater focus on **performance share units (PSUs)** to drive alignment with shareholders



PSU are aligned to TSR – tied to **book value growth, ROE expansion, and relative TSR**

## TSR discipline is used to inform our strategic decisions, allocation of capital and determine executive compensation



## Summary



**Strong progress** on key financial metrics



**Total shareholder return has been robust**  
over the last five years, but we are not satisfied



Our **Total Shareholder Return discipline** is used to:  
Inform strategic decisions, allocate capital and determine executive compensation

# Executing on our Asia opportunity

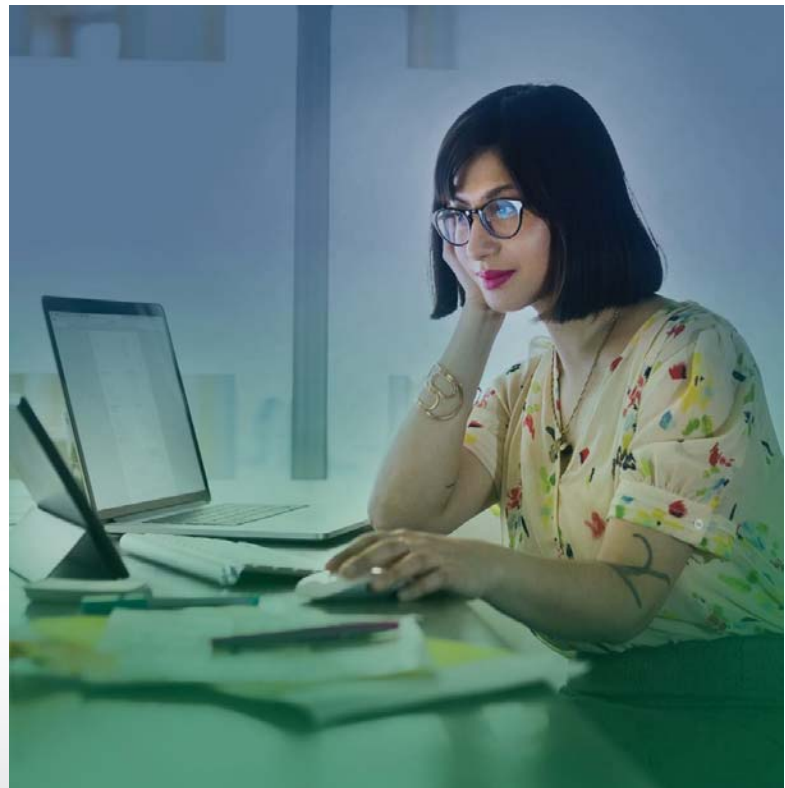


**Roy Gori**  
President, Manulife



## Agenda

- Recap from 2015 Investor day
  - Strong presence in Asia
  - Compelling market opportunity
  - Consistent and clearly defined strategy
- Delivering in Asia
  - Substantial growth across key financial metrics
  - Executing on our strategy
- Updates on key businesses in Asia



# Recap from Investor Day 2015

3



## Compelling presence in Asia



120 years in Asia



8 million customers



12 markets



70,000 leading professional agency



12,000 employees



100+ bank partners



US\$112 billion assets under management and administration<sup>1</sup>



4,000+ employees in global shared services

## Life insurance and WAM presence across Asia



<sup>1</sup> As of 1Q17. <sup>2</sup> Hong Kong and Macau. <sup>3</sup> Taiwan: WAM only. <sup>4</sup> Cambodia: Insurance only.

4

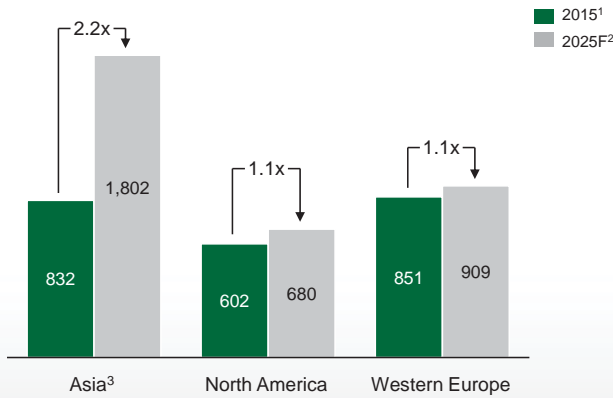


# Asian Life Insurance and Wealth market growth significantly outpacing North America and Europe

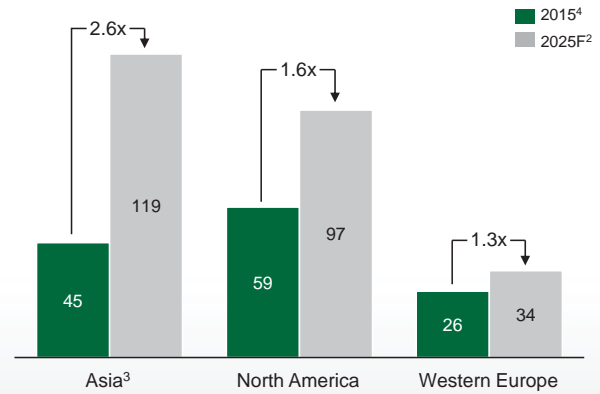
Asia Life Insurance GWP is expected to be bigger than North America and Western Europe combined by 2025

Asia Net Household Wealth is expected to more than double by 2025

**Life Insurance Gross Written Premiums**  
(US\$ billions)



**Net Household Wealth**  
(US\$ trillions)



<sup>1</sup> Source: Swiss Re Sigma 03/2016. <sup>2</sup> Source: Manulife & Oliver Wyman estimates. <sup>3</sup> Asia excludes India. <sup>4</sup> Source: Economist Intelligence Unit.



## Consistent and clearly defined strategy

	1	2	3	4	5
	<b>Unsurspassed customer experience</b>	<b>Holistic solutions and integrated wealth</b>	<b>Premium agency</b>	<b>Optimized bancassurance</b>	<b>Market leading digital engagement</b>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>Low industry NPS</li> <li>Opportunity to differentiate</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging our unique holistic solutions capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Rising customer expectations for professionalism</li> </ul>	<ul style="list-style-type: none"> <li>Low bancassurance penetration rates</li> </ul>	<ul style="list-style-type: none"> <li>Customers want to be more digitally engaged</li> </ul>
<b>Size of prize</b>	<ul style="list-style-type: none"> <li>+10 NPS points = -6% uplift in NBV<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Increasing products per customer by 0.1 = &gt;\$170 million APE</li> </ul>	<ul style="list-style-type: none"> <li>+10% productivity per agent = ~ +US\$100 million APE sales</li> </ul>	<ul style="list-style-type: none"> <li>+5 pps in penetration rate = +1m customers</li> </ul>	<ul style="list-style-type: none"> <li>Digitally engaged customers buy 20% more products</li> </ul>
<b>Focus Areas</b>	<ul style="list-style-type: none"> <li>Embedding customer culture and metrics</li> <li>Re-orienting processes around net promoter system</li> </ul>	<ul style="list-style-type: none"> <li>More comprehensive range of solutions to address customer needs</li> <li>Life, health, wealth and retirement</li> </ul>	<ul style="list-style-type: none"> <li>Continual professionalization of agency</li> <li>Sourcing, selection, training</li> <li>Digital enablement</li> </ul>	<ul style="list-style-type: none"> <li>Integrating insurance into customer engagement</li> <li>Drive protection mix</li> <li>Digital tools and processes</li> </ul>	<ul style="list-style-type: none"> <li>Scale digital platforms for omni-channel experience</li> <li>Straight through processing</li> <li>Analytics enablement</li> </ul>

<sup>1</sup> Source: Bain & Co and Manulife estimates.

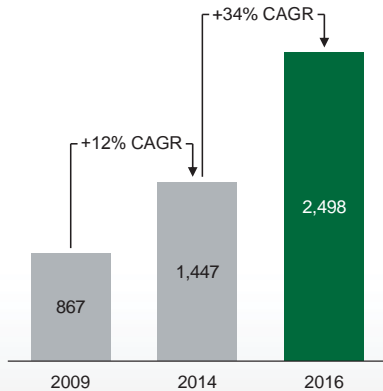


# Delivering in Asia

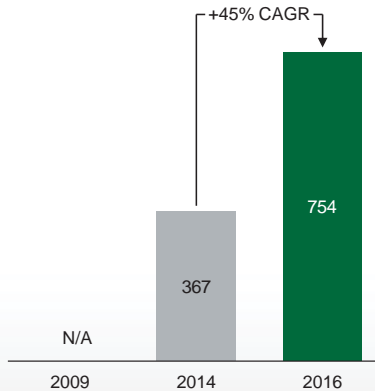
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## Transforming the performance of our business and accelerating growth

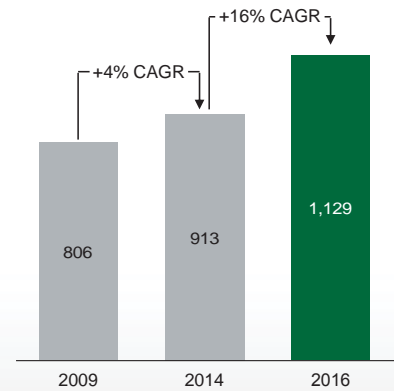
**APE Sales**  
(US\$ millions)



**New Business Value<sup>1</sup>**  
(US\$ millions)



**Core Earnings<sup>2</sup>**  
(US\$ millions)

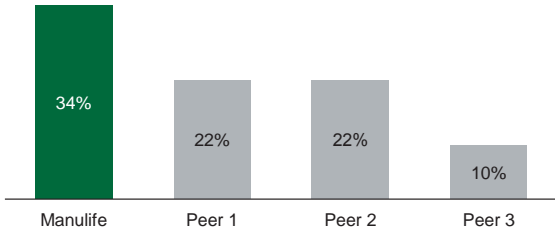


<sup>1</sup> New business value is only available from 2014. <sup>2</sup> Growth rates are calculated on a constant currency basis. Core earnings growth rates reflect an adjustment for the impact of increased dynamic hedging and the restatement of earnings on surplus.

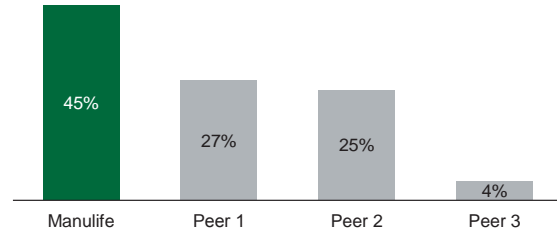
8

# Strong performance against pan-Asian peers

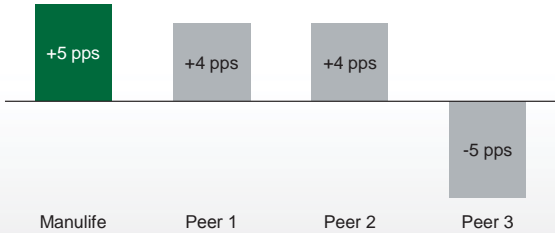
**APE Sales Growth**  
(CAGR 2014-16)



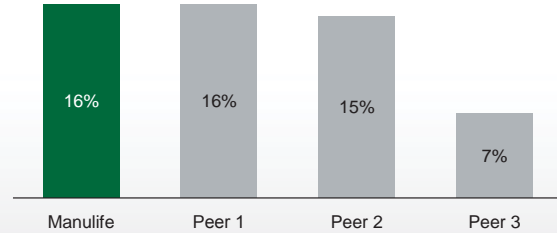
**NBV Growth**  
(CAGR 2014-16)



**NBV Margin Uplift**  
(2014-16)



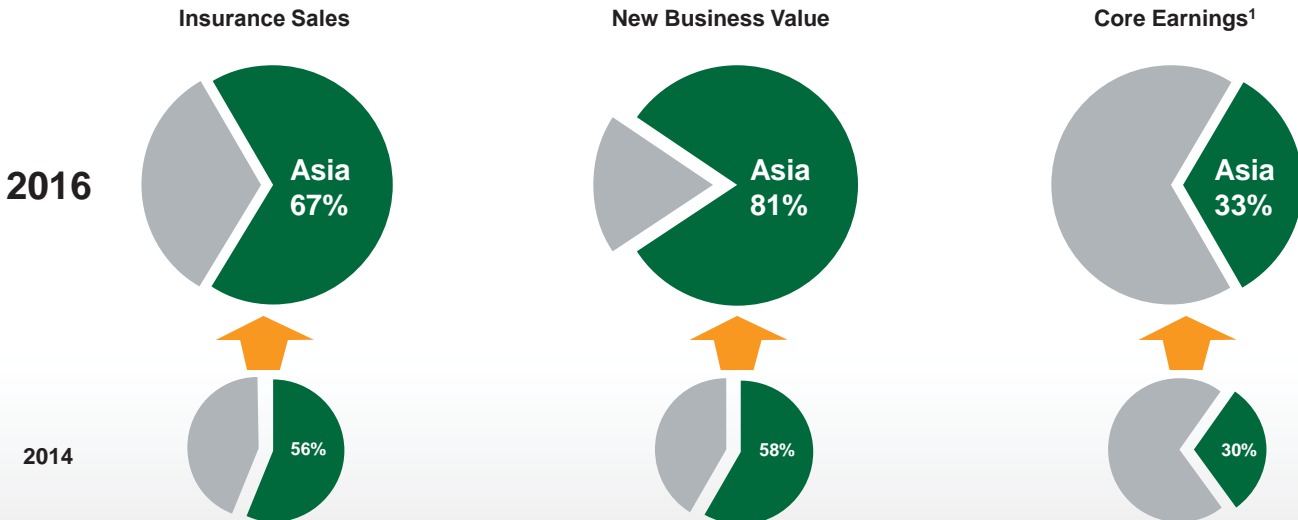
**Earnings Growth<sup>1</sup>**  
(CAGR 2014-16)



<sup>1</sup> Earnings growth rates presented are for core earnings for Manulife after adjusting for the impact of increased dynamic hedging, and operating profit after tax or underlying earnings for peers.

# Asia contributes the majority of Manulife's new business value and a significant and growing portion of core earnings

## Asia as a % of Group increasing across key metrics



<sup>1</sup> Excludes Corporate & Other segment.

# Scaling our insurance operations across Asia

## APE Sales

2014



*Few scale businesses in 2014*

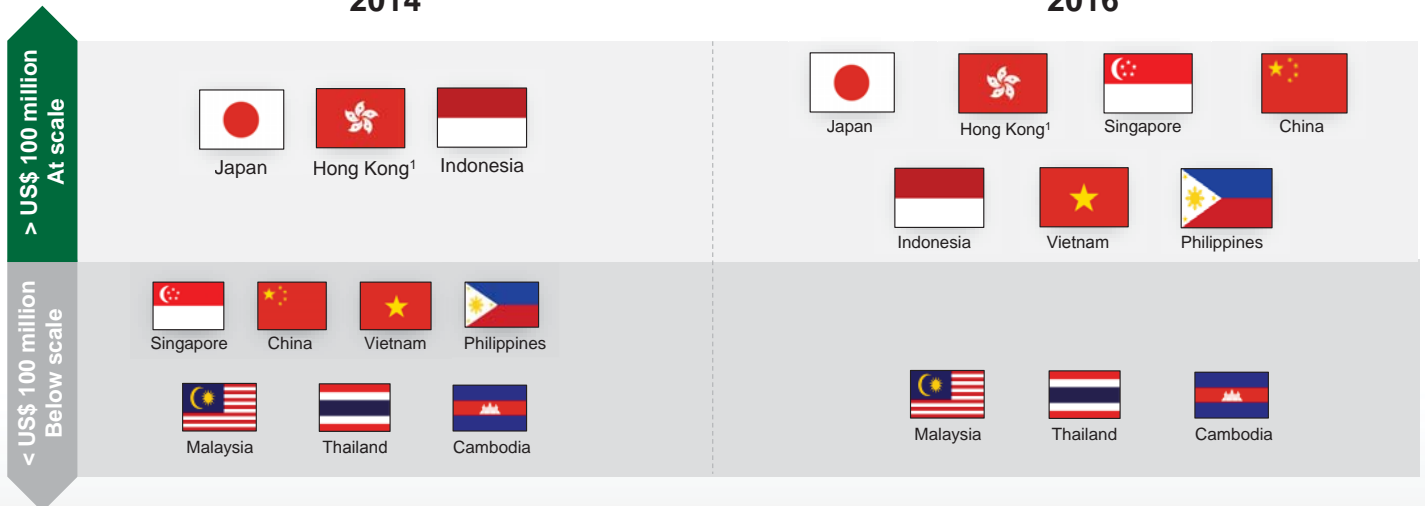
<sup>1</sup> Hong Kong and Macau.

# Scaling our insurance operations across Asia

## APE Sales

2014

2016



*Few scale businesses in 2014...*

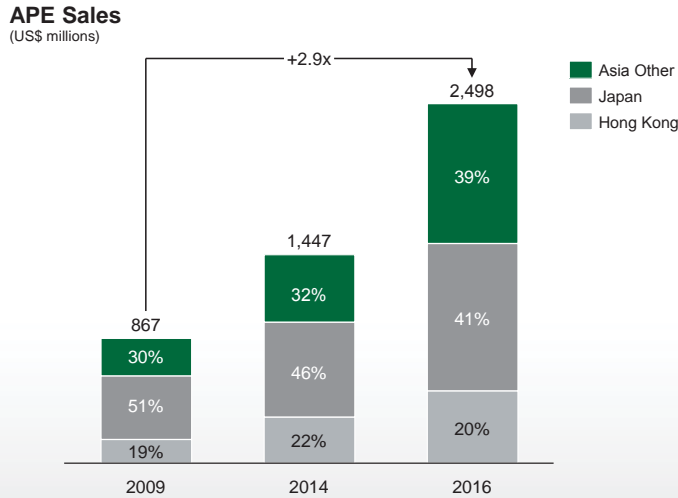
*Now predominantly at scale*

<sup>1</sup> Hong Kong and Macau.

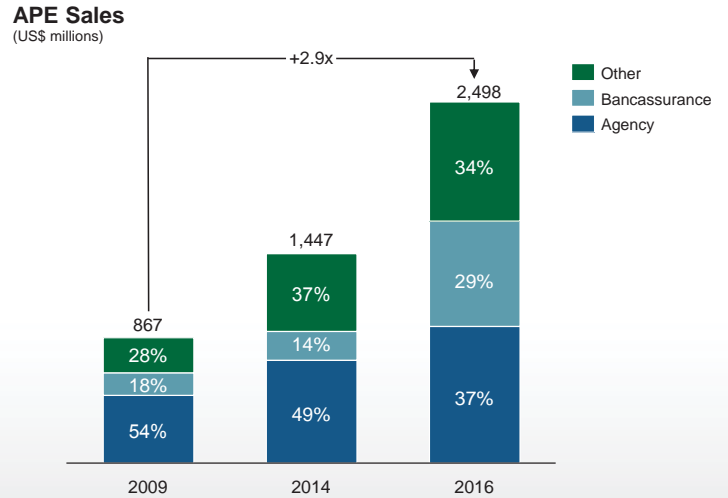


# Diversifying across geographies and distribution channels

## Growing contribution from Asia Other



## Balanced across distribution channels



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# Creating extraordinary interactions with our customers



## Improving Relationship Net Promoter Score



## Growing unique customers



14



# Meeting multiple customer needs



## Growing proportion of customers with more than one product



**30%** of customers have more than one product



**+4 pps** in one year

## Successful HK pilot for agency distribution of mutual funds



**+51%** mutual fund licensed representatives in HK



**+72%** HK agency mutual fund sales from 2015

## Leading Retirement Expert<sup>1</sup>



**#1** MPF market position



**+16% CAGR** in HK MPF AUM from 2011

<sup>1</sup> Source: Gadbury Group MPF Market Share Report as at December 31, 2016.



# Enhancing agency productivity whilst growing scale



## Delivered strong growth in Agency 2014-2016



**+35%** Agency APE sales



**+27%** Active agents



**+13%** Agent productivity



**2X** MDRT<sup>1</sup>



**+41%** NBV productivity in HK<sup>2</sup>

**+89%** NBV productivity in Indonesia<sup>2</sup>

<sup>1</sup> Million Dollar Round Table. <sup>2</sup> Incremental Mission Extraordinary results measured from the program's launch to December 31, 2016. Mission Extraordinary is Manulife's transformative program to upgrade the professionalism of our advisors including through sourcing, selection, training and digital tools.



# Optimizing our bancassurance relationships



## Exceptional bancassurance franchise

## Grown 4 fold 2014-2016



6 exclusive bancassurance partnerships, with access to **18+ million** customers



**>100** bancassurance partners in total



**5x APE sales** through exclusive bancassurance partnerships

**3x APE sales** through non-exclusive partnerships

# Digitizing Manulife



## Delivering good growth in digital engagement

## Multiple initiatives across the region, including...



**+20%** # of digitally engaged customers 2015-2016



**>100,000** policies sold



**57%** of customers are Generation Y



**WeChat Claims**



**20%** of claims<sup>1</sup> via WeChat in China



**60%** of medical claims processed within 1 day

<sup>1</sup> Individual medical claims.

## In summary



Asia is a **core driver of growth** for Manulife



**Compelling platform** to capitalize on the opportunity – at scale and diversified



**Distribution is key to success** – professional agency and highest quality partnerships, digital capability



**Clearly articulated strategy** is delivering results

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Investor Day 2017  
Hong Kong | Ho Chi Minh City

## Executing on our Asia opportunity



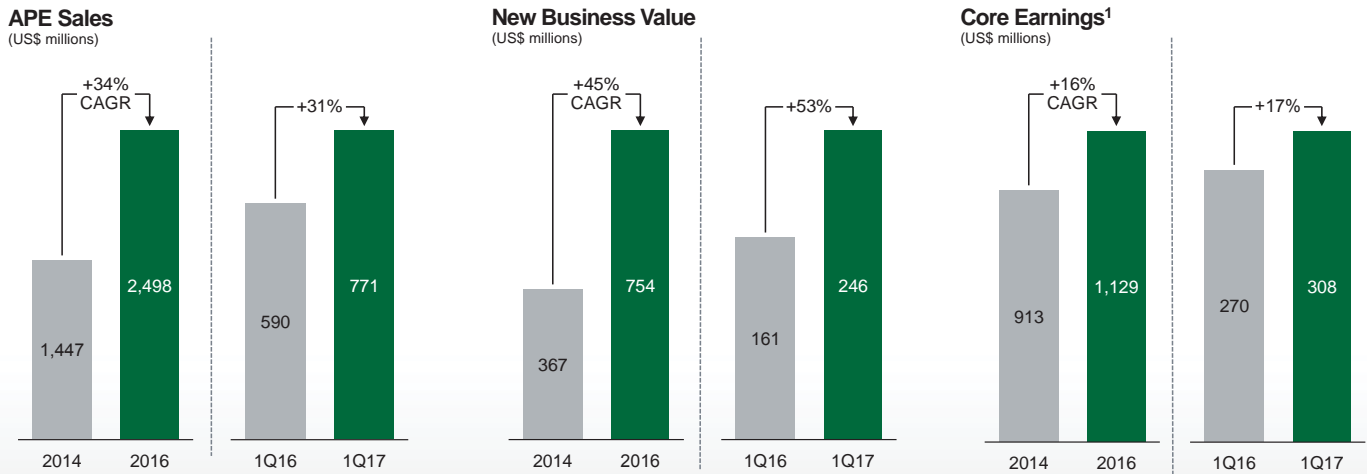
Phil Witherington  
Interim CEO, Manulife Asia



# Financial Update

21

## Continued strong momentum in 1Q17

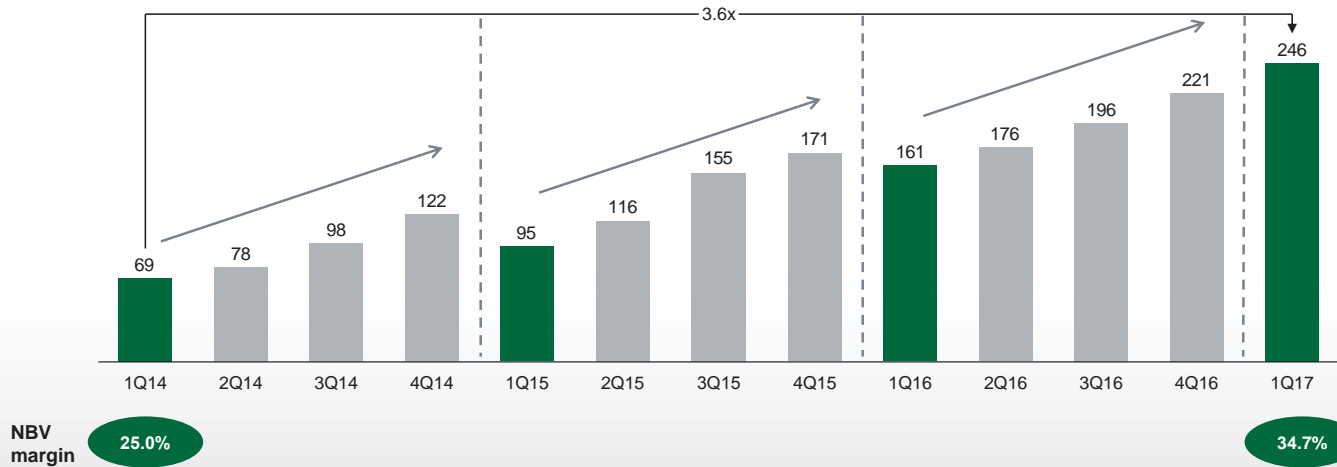


<sup>1</sup> Growth rates are on a constant currency basis. Core earnings growth rates reflect an adjustment for the impact of increased dynamic hedging and the restatement of earnings on surplus.

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# Consistent delivery on new business value growth

**New Business Value**  
(US\$ millions)

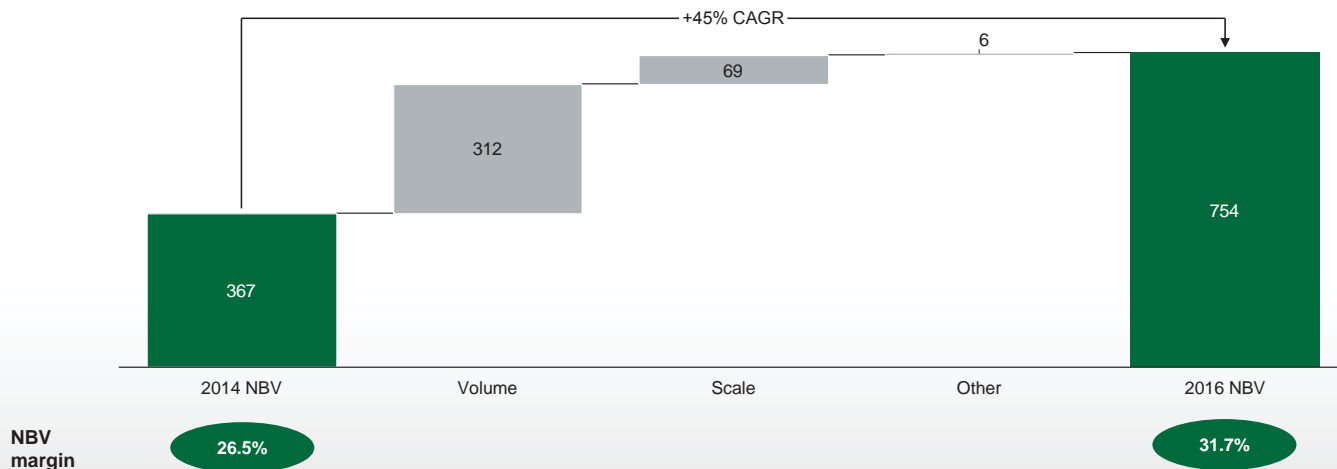


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# Volume and scale are the growth drivers of shareholder value creation

**New Business Value**  
(US\$ millions)



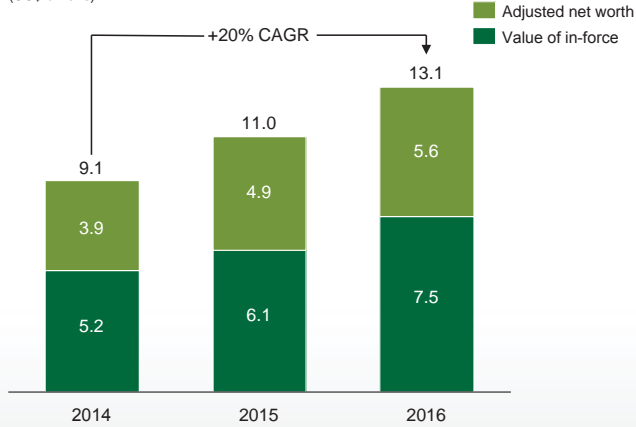
24



# Embedded Value reflects the cumulative value of in-force business and net assets

## Embedded Value ('EV')

Asia Embedded Value (US\$ billions)

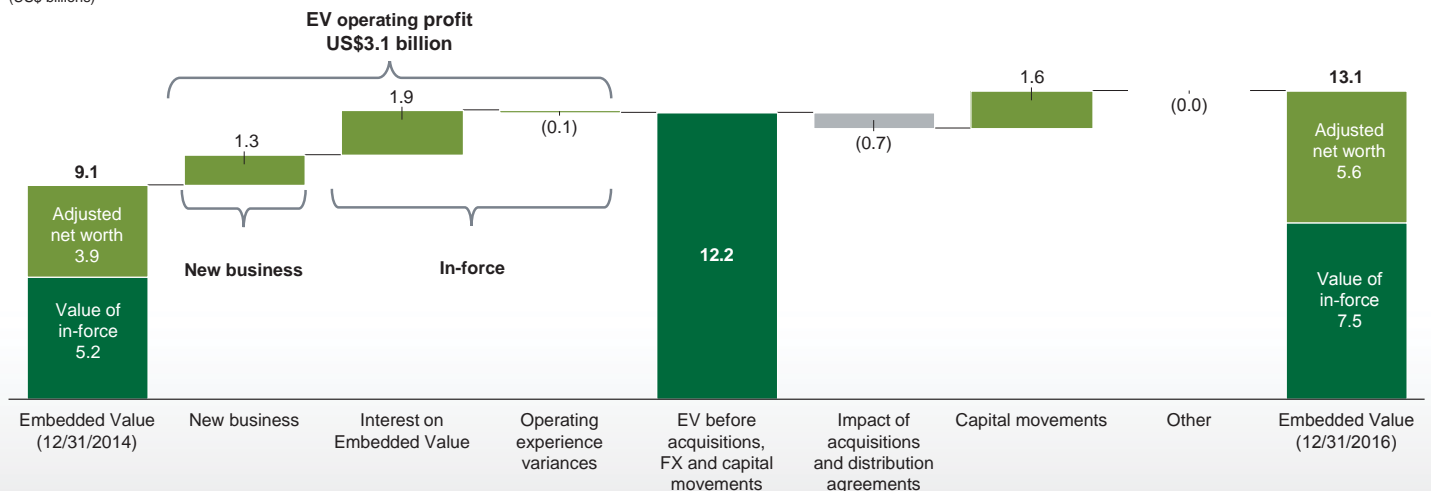


- EV consists of adjusted net worth and value of in-force
- Adjusted net worth is the realizable value of shareholders' equity
- Value of in-force is the present value of future expected earnings from in-force business, less the cost of holding capital<sup>1</sup>
- Uses local statutory reserving and capital requirements<sup>1</sup>
- NBV is the EV generated by new business written in the period
- Widely used by our peers in Asia

<sup>1</sup> Required capital for EV and distributable earnings projections are set using the capital levels documented in our EV disclosures. These capital levels are below our operating targets and are aligned with market practice for the purpose of the EV disclosure.

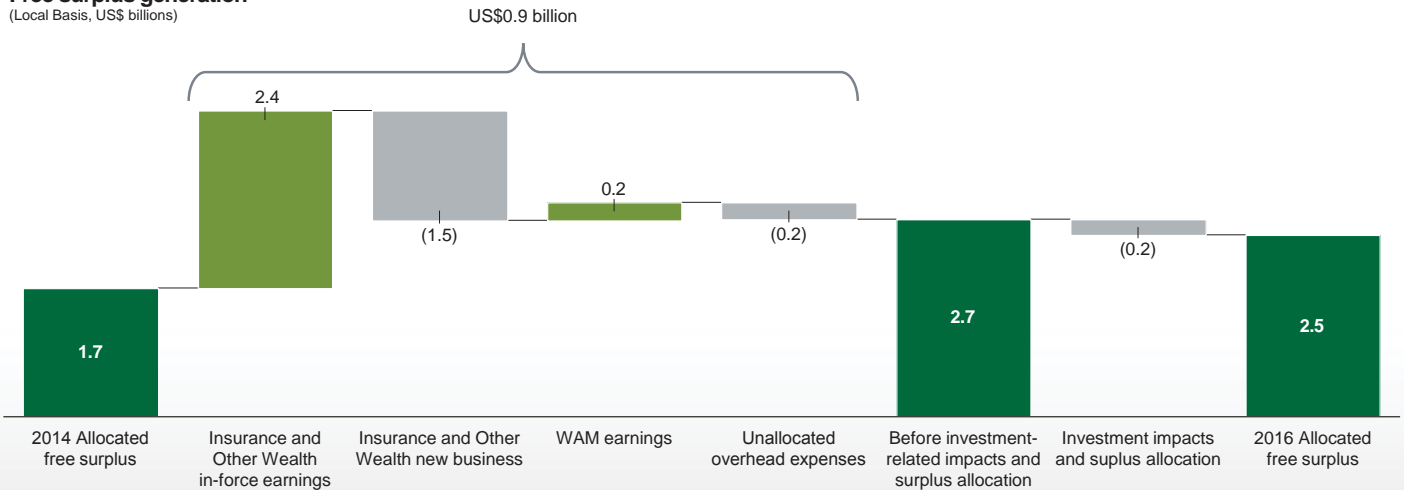
# Value generation from both new business and in-force is significant

Asia Embedded Value (US\$ billions)



# Solid free surplus generation net of impact from new business

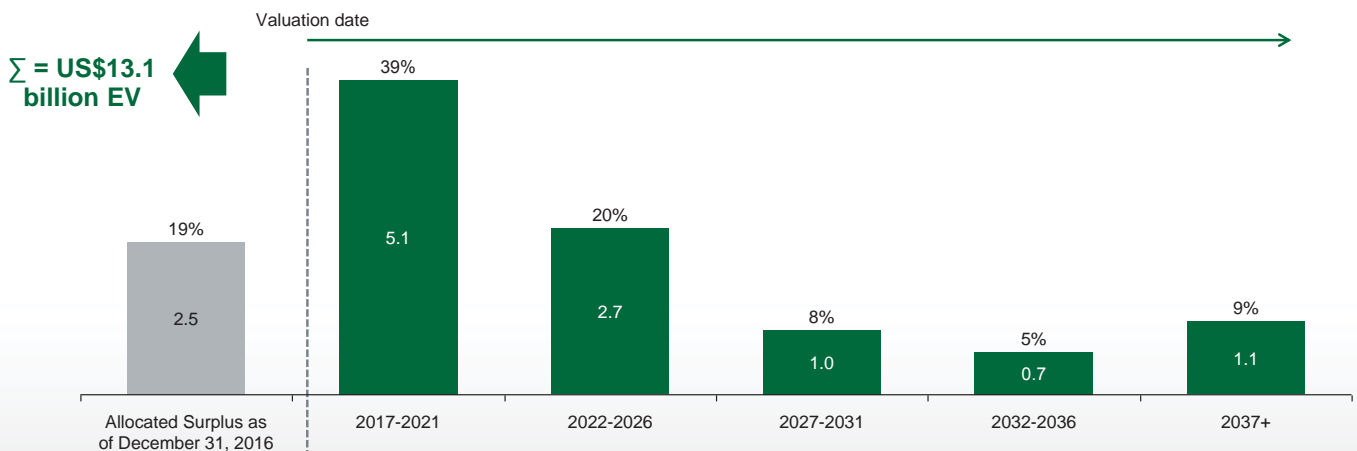
## Free surplus generation<sup>1</sup> (Local Basis, US\$ billions)



<sup>1</sup> Free surplus is the adjusted net worth in excess of required capital and is determined for EV presentation purposes based on our capital ratio operating range for each market.

# US\$5 billion in additional free surplus is expected to emerge within the next 5 years

## Discounted distributable earnings (US\$ billions)

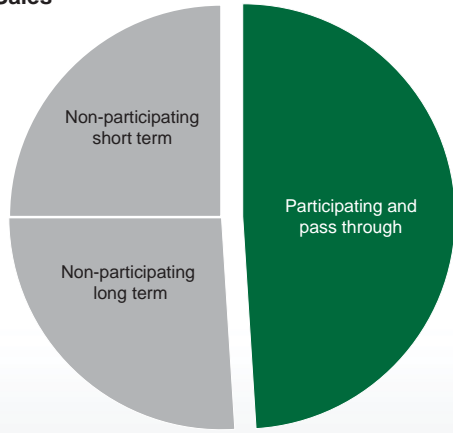


<sup>1</sup> Required capital for EV and distributable earnings projections are set using the capital levels documented in our EV disclosures. These capital levels are below our operating targets and are aligned with market practice for the purpose of the EV disclosure.



# New business mix and product risk management

**APE Sales**  
(2016)



## Participating (par) and pass through business

- Passes many risks to policyholders
- Continues to be a significant part of our business

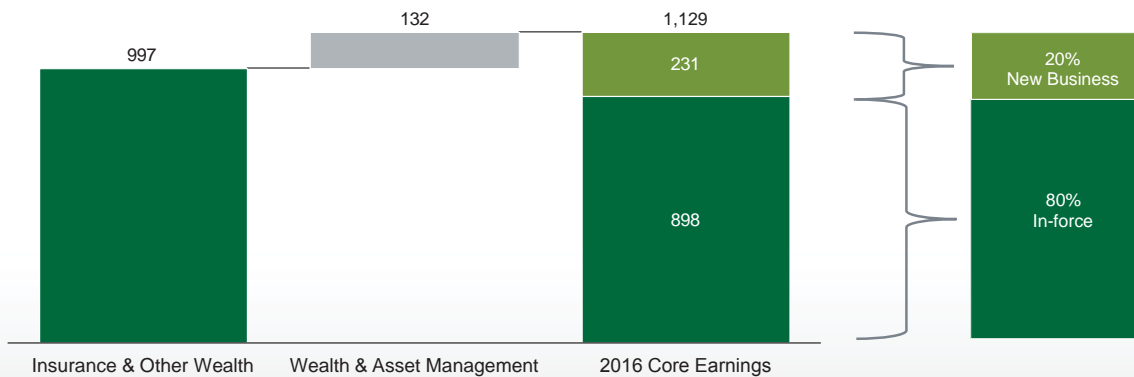
## Non-participating business

- Short-term non-par business is not interest rate sensitive
- Long-term non-par business is subject to disciplined ALM and hedging
- Long-term business generates attractive shareholder returns

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# Core earnings driven by both in-force and new business

**2016 Core Earnings**  
(US\$ millions)



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## Financial Summary



**NBV growth is strong** with improving margins



In-force portfolio is a **material driver of value**



Asia business is generating **significant free surplus**, net of new business strain on a local basis



**Quality of earnings is robust** with 80% of core earnings from in-force business

## Updates on our key businesses in Asia

# Japan: Retirement opportunity with significant money-in-motion



## Market overview and opportunities

- 3<sup>rd</sup> largest economy
- 2<sup>nd</sup> largest insurance market
- 2<sup>nd</sup> largest pool of household assets, 52% in cash<sup>1</sup>
- Aging population
- Substantial retirement opportunity:
  - 60 million people aged over 50 control 80% of household assets<sup>2</sup>
  - 1 million new retirees per annum and significant money-in-motion
  - >40% place funds away from primary bank
  - Significant need for professional advice with <25% of adults having planned for retirement<sup>3</sup>

Sizable money-in-motion from yearly lump sum pension payments<sup>4</sup>...

...the bulk of which is projected to flow into new investments and savings products each year



**US\$1 trillion**  
over the next 10 years<sup>4</sup>



**56%** of which expected in savings and investments<sup>5</sup>

<sup>1</sup> Source: Financial Industry Report, September 2016, Japan Financial Services Agency. <sup>2</sup> Source: Japanese Ministry of Finance, October 2015. <sup>3</sup> Source: McKinsey & Co, February 2017, "Life Insurance Industry in Japan". <sup>4</sup> Source: Norinchukin Research Institute Co., Ltd and Ministry of Health, Labour and Welfare. <sup>5</sup> Source: Nomura Research Institute, Ltd, December 2016.



# Japan: Business highlights and strategy to win





## Business highlights

- Grown >3x faster than life market since 2014<sup>1</sup>
- Strong leadership position in Corporate Life Insurance
  - Attractive retail retirement solutions shelf
- Diversified distribution: 2,000+ agents, 1,000+ MGAs, 70 bank/securities partners
- 40% sales from non-yen denominated products, up from 12% in 2015
- Core earnings growth despite challenging interest rate environment

## Strategy to win

- Engage target customers early in retirement journey
- Leveraging Manulife's global retirement capabilities
- Optimize diversified distribution
  - Quality captive agency with increasing focus on more affluent customers
  - Deepen MGA and bank relationships, quality wholesalers and sophisticated financial planning tools
- Leverage analytics to deepen customer relationships

	1Q14	4Q16
 <b>New Business Market share</b>	2.1%	3.4%
 <b>NBV margin</b>	14%	26%

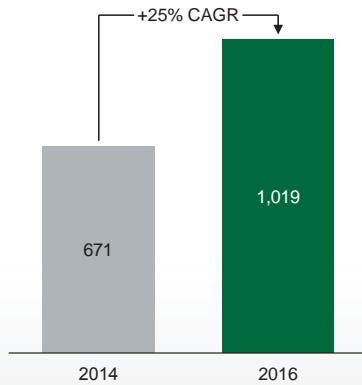
<sup>1</sup> Source: Company websites.



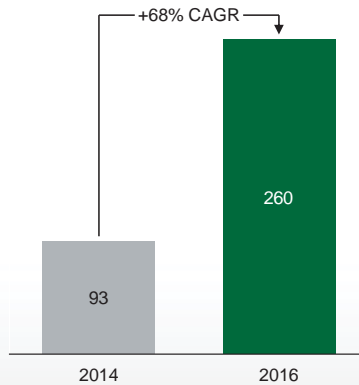
# Japan: Financial highlights



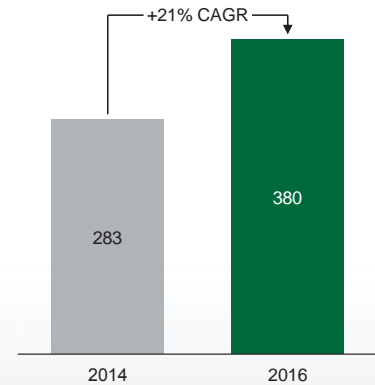
**APE Sales**  
(US\$ millions)



**New Business Value**  
(US\$ millions)



**Core Earnings<sup>1</sup>**  
(US\$ millions)



<sup>1</sup> Core earnings growth rate reflects an adjustment for the impact of increased dynamic hedging and is calculated on a constant currency basis.

# Hong Kong: Asia's World City with significant retirement and health & wellness opportunity

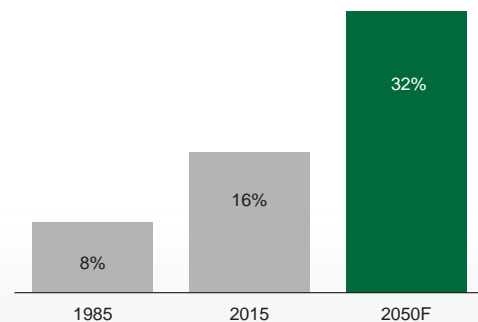


## Market overview and opportunities

- Limited public spending on social security, welfare and healthcare compared with other developed markets
- Rapidly aging population with significant retirement gap
  - US\$219,000 gap on average per retiree<sup>1</sup>
- Health market substantially underserved
  - 70% of private health expenditure out-of-pocket
  - Continued medical inflation
- Mainland Chinese Visitors represent 37% of market new premiums (2016)<sup>2</sup>
- Increased transparency and professionalism

## Rapidly increasing aging population

% of HK population aged 65 or above<sup>3</sup>



<sup>1</sup> Source: MISI survey 2013 Q3 – 2014 Q3. <sup>2</sup> Source: OCI: 3QYTD new premiums for individual business in 2016. <sup>3</sup> Source: Hong Kong Census and Statistics Department.

# Hong Kong: Business highlights and strategy to win



## Business highlights

- >2 million customers across life, health, wealth, retirement
- Leadership position in retirement space
  - #1 MPF scheme sponsor by AUM and net cash flows<sup>1</sup>
- Established position in health and wellness
  - Transforming our presence with ManulifeMove (56% Gen Y enrollees)
- Professional agency force of >7,200 agents (80% MPF licensed, selected agents licensed to sell mutual funds)
- Leveraging exclusive partnerships with DBS and Standard Chartered

## Strategy to win

- Build on retirement position and brand strength
  - Innovative pre-retiree protection and decumulation solutions
- Enhance health and wellness “beyond MOVE”
- Drive partner engagement, broaden propositions
- Accelerate agency productivity improvements
- Continue strong track record of innovation

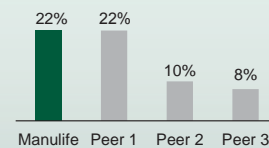


**>35** international and local awards for marketing excellence and innovation

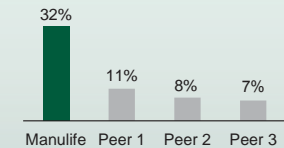
<sup>1</sup> Source: Gadbury MPF Market Share Report – Q4 2016. MPF: Mandatory Provident Fund. <sup>2</sup> For 4Q16.

### #1 MPF scheme sponsor<sup>1</sup>

Market Share by AUM



Market Share by Net Cash Flow<sup>2</sup>



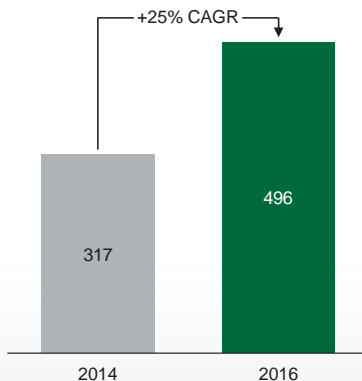
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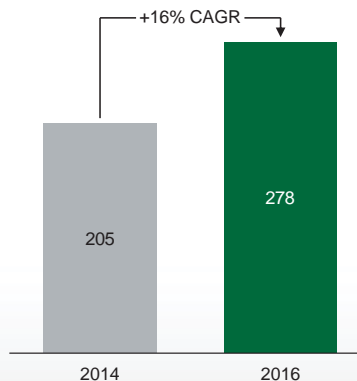
# Hong Kong: Financial highlights



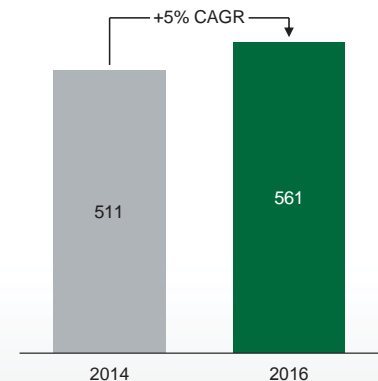
**APE Sales**  
(US\$ millions)



**New Business Value**  
(US\$ millions)



**Core Earnings**  
(US\$ millions)



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# Singapore: Asia's leading high net worth hub

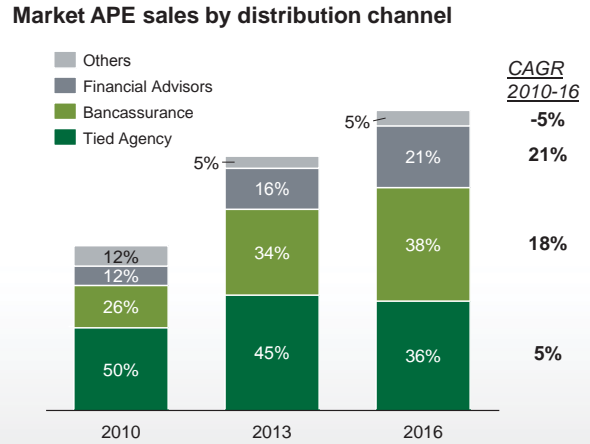


## Market overview and opportunities

- High per capita income (US\$87,100<sup>1</sup>) and high net worth hub
- US\$1 trillion in household net worth<sup>2</sup>
- Large mortality protection gap of over US\$400 billion<sup>3</sup>
- Population over 65 expected to double by 2025<sup>2</sup>
- Distribution shifting to bancassurance and financial advisors from tied agency
- Regulatory focus on promoting digitization



### Market shift to Bancassurance and Financial Advisors



<sup>1</sup> Source: Centre Intelligence agency. 2016 estimate. <sup>2</sup> Source: Department of Statistics Singapore. 2015 estimate. <sup>3</sup> Source: Swiss Re: Mortality Protection Gap Report, Asia –Pacific 2015



# Singapore: Business highlights and strategy to win



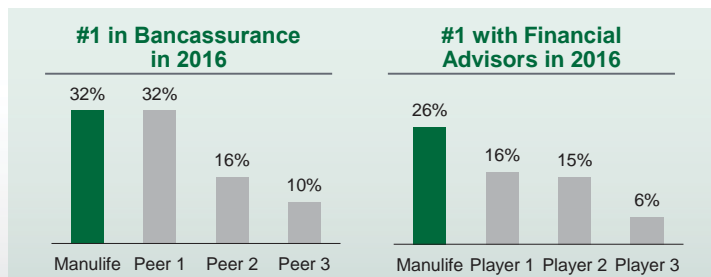
## Business highlights

- #2 life insurer in Singapore (market share 19%)<sup>1</sup>
- DBS provides access to >4.5 million customers, 85% of population
  - 2-3x more primary bank accounts than leading peers
  - >36 million ebanking transactions per month
- DBS partnership off to a great start
  - #1 in bancassurance in first quarter of partnership
  - 2016 APE sales 1.5x previous partner, 75% of sales are regular premium
  - Full digital platform integration (>90% ePOS submissions)
  - Deep collaboration, digital innovation
- #1 in financial advisory channel
  - Tied financial advisors (Manulife Financial Advisors or MFA) is a major component with >600 advisers
- Significant growth in sales to high net worth customers

<sup>1</sup> Ranking based on 2016 new business.

## Strategy to win

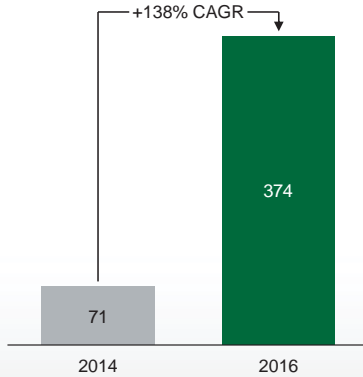
- Leverage DBS across customer segments and platforms
- Continue to diversify distribution with innovative MFA model
- Enhance agency productivity
- Expand high net worth proposition
- Capitalize on digital and analytics strengths



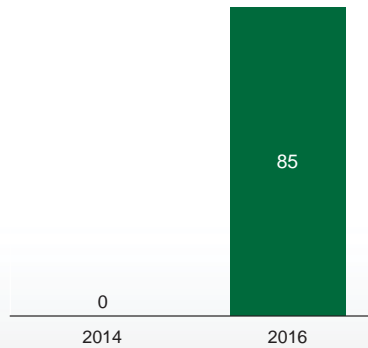
# Singapore: Financial highlights



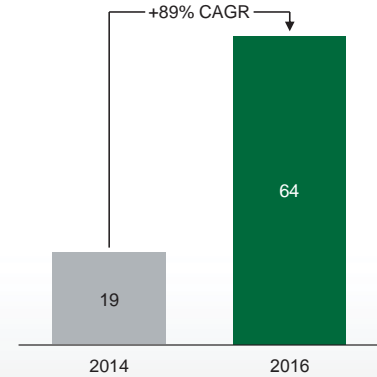
**APE Sales**  
(US\$ millions)



**New Business Value**  
(US\$ millions)



**Core Earnings<sup>1</sup>**  
(US\$ millions)



<sup>1</sup> Growth rate is calculated on a constant currency basis.



# China: Fastest growing market in Asia with favorable demographics



## Market overview and opportunities

- 2<sup>nd</sup> largest economy accounting for 15% of global GDP, contributed 33% of global GDP growth (2016)<sup>1</sup>
- World's fastest growing life insurance market (2015)<sup>2</sup>
  - Only 2% life insurance penetration<sup>2</sup>
- Liberalization by central government, CIRC commitment to support the industry
- Household wealth is expected to double by 2025<sup>3</sup>
- 100 million households reaching upper middle class and above by 2020
- Chinese consumers are digitally savvy and increasingly health conscious

## Deep dive on Jiangsu, the fastest growing province in China



Population: 80 million

Fastest growing GDP<sup>4</sup>:

- GDP US\$1.1 trillion
- +7.8% YoY

Huge and fast growing life market<sup>5</sup>:

- US\$28 billion premiums
- +49% YoY

<sup>1</sup> Source: World Economic Forum. <sup>2</sup> Source: Swiss Re Sigma 03/2016. <sup>3</sup> Source Credit Suisse. <sup>4</sup> Source: tjcn.org - Amongst the top 10 provinces. <sup>5</sup> Source: CIRC. Second biggest province in size by premiums, only marginally smaller than Guangdong.



# China: Business highlights and strategy to win



## Business overview

- Presence in 14 provinces and 51 cities, covering >70% of GDP, >60% of population
- Best-in-class agency
  - >12,000 agents, +93% productivity in 2 years
  - Digitally enabled, >90% ePOS adoption
- Early success with DBS, >90% is regular premium sales (2016)
- Strong focus on health and protection
- Proven track record of innovation
  - Leveraging WeChat for customer acquisition and claims (20% of individual claims in China)
- Issued first investment company WFOE<sup>1</sup> license
- 2016 WAM gross flows 4x 2014
- 50% NBV margin (2016) up from 19% (2014)

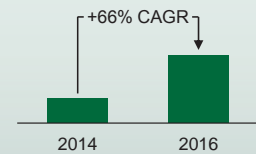
## Strategy to win

- Leverage strong geographic footprint
- Continue to expand our agency force
- Continue to deliver on targeted bancassurance partnerships, including DBS
- Capitalize on our unique WAM strengths
- Advance momentum on digital innovation

### Significant agency growth (2014-2016)

APE	↑ 120%
Productivity	↑ 93%
Active agents	↑ 65%

### Significant APE growth in Jiangsu demonstrates broadening of geographic opportunity in China



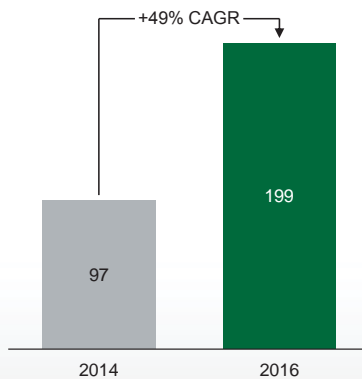
<sup>1</sup> Wholly Foreign-Owned Enterprise.



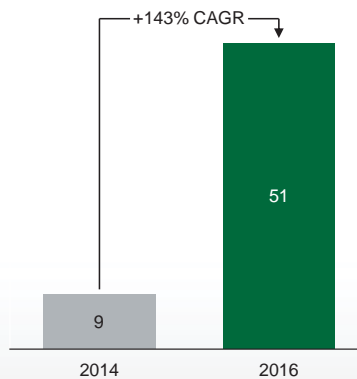
# China: Financial highlights



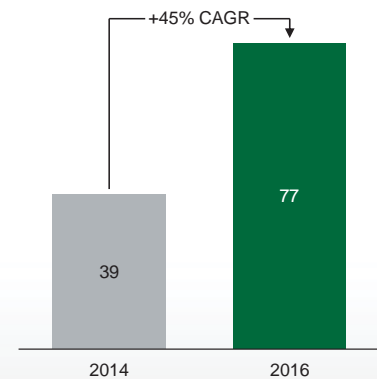
**APE Sales**  
(US\$ millions)



**New Business Value**  
(US\$ millions)



**Core Earnings<sup>1</sup>**  
(US\$ millions)



<sup>1</sup> Growth rate is calculated on a constant currency basis.





## In summary



Asia is a **core driver of growth** for Manulife



**Compelling platform** to capitalize on the opportunity – at scale and diversified



**Distribution is key to success** – professional agency and highest quality partnerships, digital capability

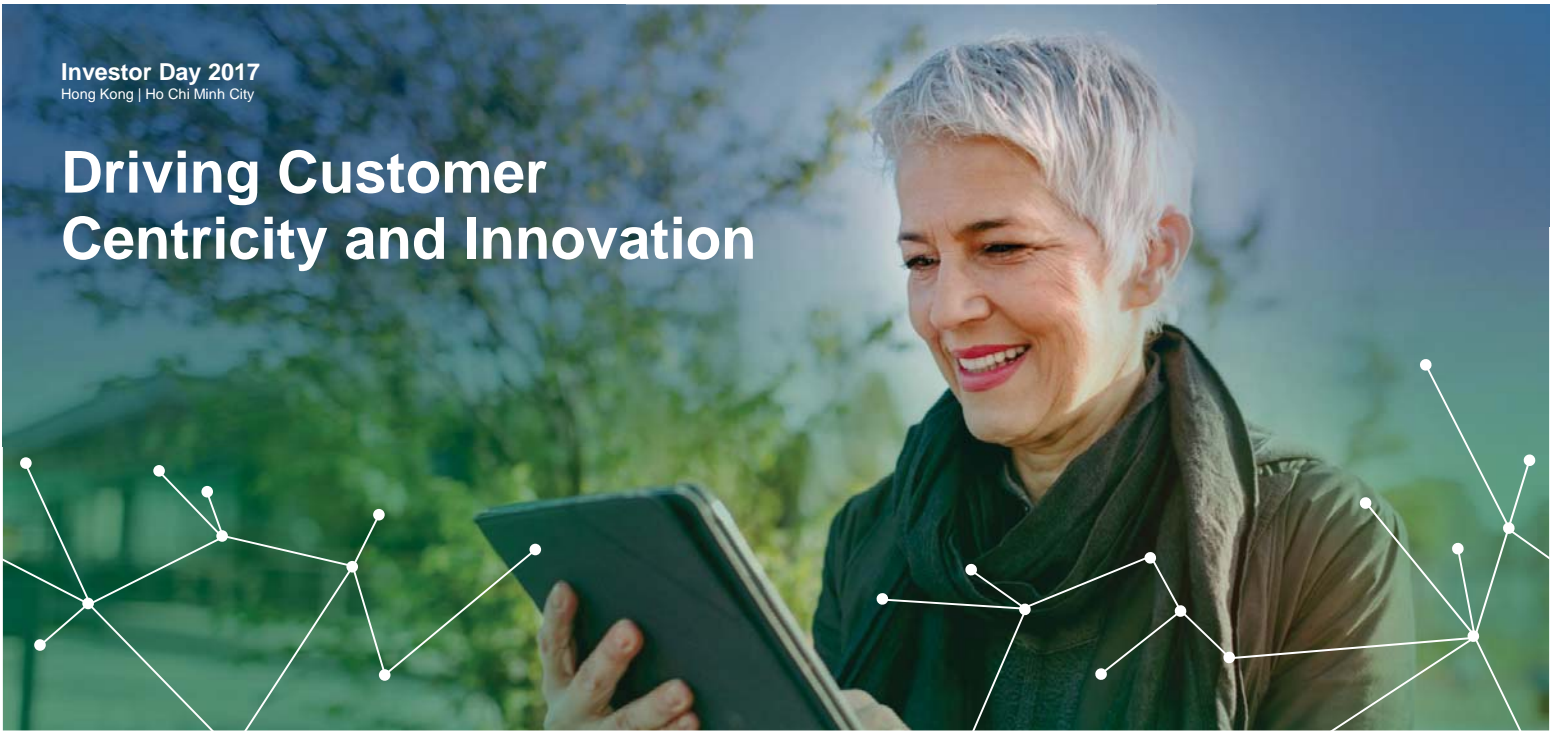


**Clearly articulated strategy** is delivering results



**Proven track record** of execution

# Driving Customer Centricity and Innovation



**Linda Mantia**  
Chief Operating Officer



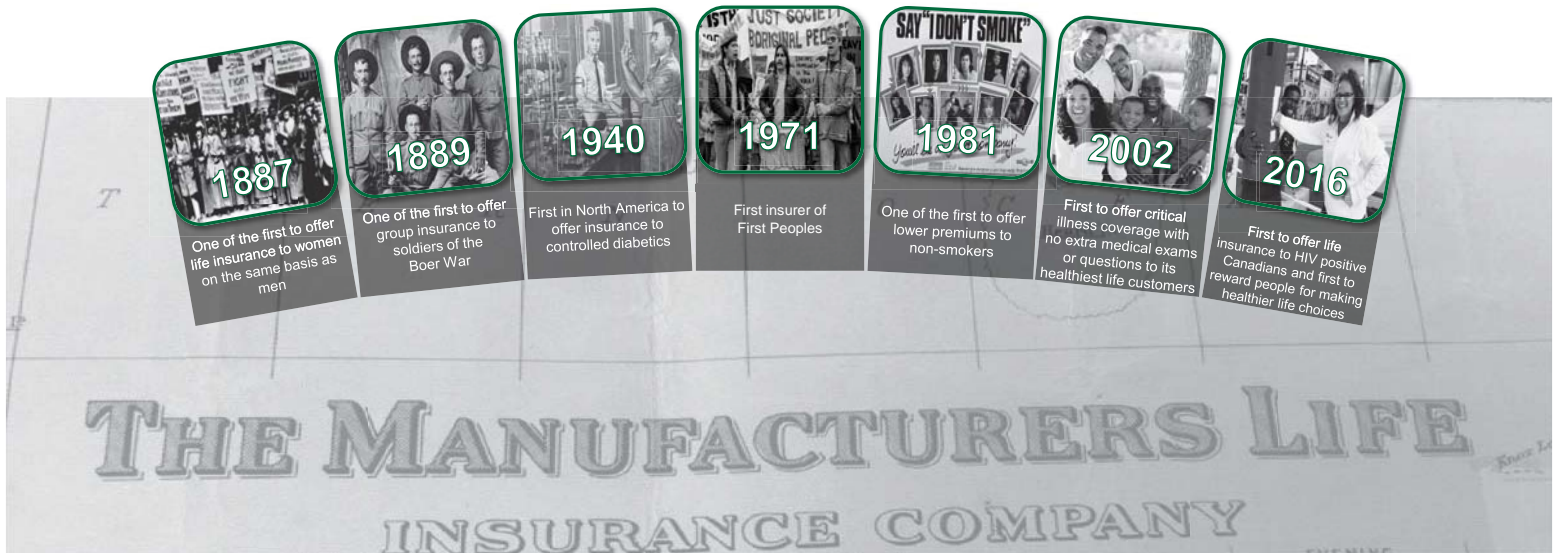
## Our strategic focus

*For discussion*



# Innovation and Client-centricity is not new for us – Manulife has been helping people for 100+ years

A company of firsts: creating products and providing advice to help our customers



3

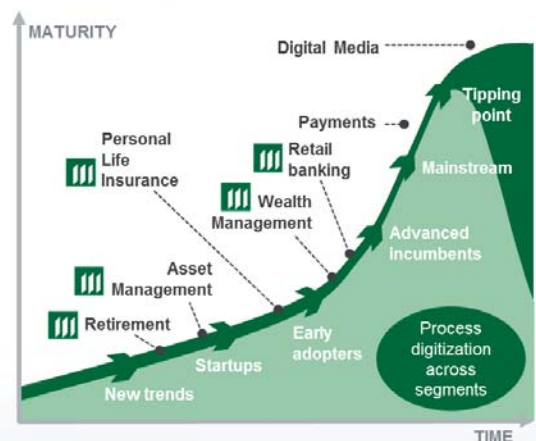


## More important than ever given the rapidly changing world

### Paradigms are shifting...

- People are living longer
- Clients expect anytime, anywhere and personalized interactions
- We are shifting from 'Products' to 'Solutions and Ecosystems'
- Confluence of new technologies enable a complete reimagining of meeting clients' needs

### Pace of Change is different...



Customer centricity and innovation are critical tenets of our Transformation

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## We are responding accordingly



**Our Purpose:** To help people achieve their dreams and aspirations, by putting customers' needs first and providing the right advice and solutions.

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## We are building on our strengths to deliver on our Purpose



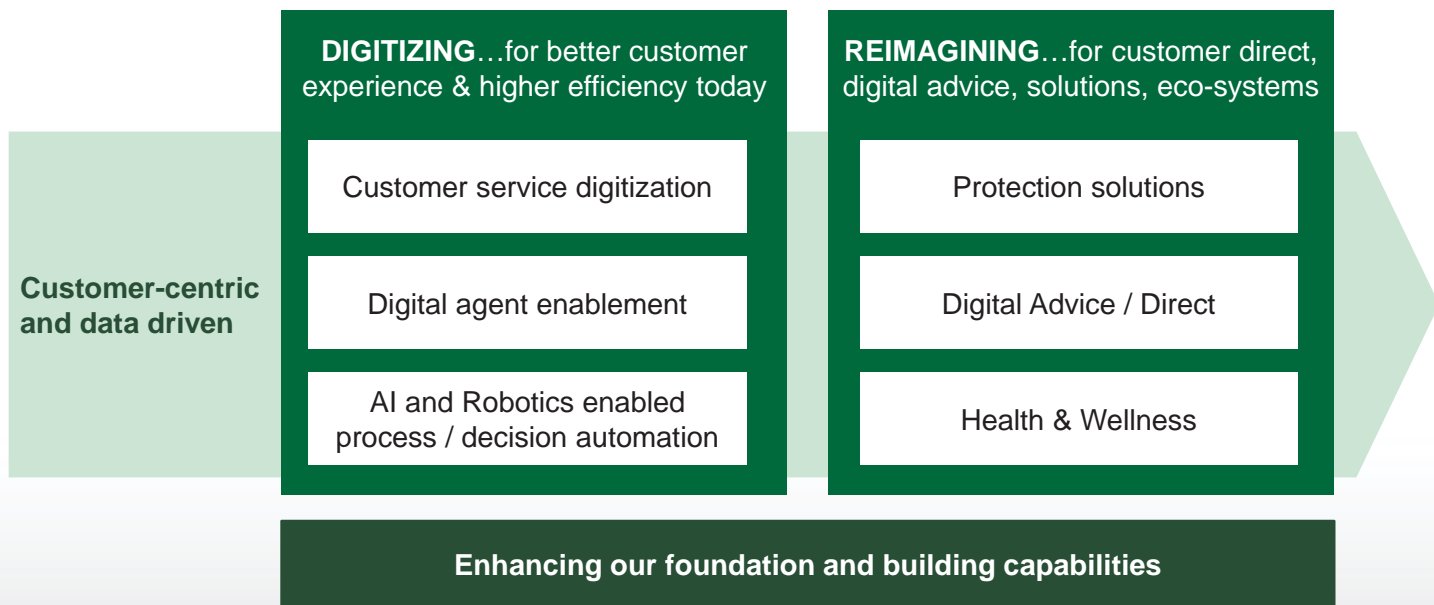
- Strengths**
- 22 million customers across 14 markets
  - Particular strength in Asia
  - Global leader in retirement space
  - Established solution set for broad protection needs
  - Recognized brands
  - Unique partnerships and investments

- Opportunities**
- Develop more client insights and depth of relationships
  - Expand from products to solutions
  - Continue building new workforce skills

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# Our focus is on two areas – digitizing to improve today’s products and imagining new client-centric solutions through innovative technologies



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## Digital will improve today’s solutions for our clients and agents and drive down our costs

### Customer service digitization

#### WeChat Claims



**20%** of medical claims processed through WeChat since April 2016 launch

**60%** within 1 day

### Digital agent enablement



Building the most professional agency force



**+16%** productivity per agent

### Robotics and process automation

~1,800 processes reviewed across the Company

~40%

770 processes categorized as low complexity; prime for robotics process automation

#### Proof points

Canada	New business enrolment
US	High volume claims administration
Asia	Straight through processing

**35-55% savings<sup>1</sup>**

<sup>1</sup> Preliminary results based on pilots across Canada, US and Asia.

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# We are reimagining how we engage with customers with direct solutions that leverage relevant ecosystems

**It's time to MOVE**

Enjoy a premium discount on your insurance policy with a daily average of just 5,000 steps a day.

**MOVE**

**IT'S NOT JUST AN APPLE.**

NOW IT'S A WAY TO EARN REWARDS.

INTRODUCING MANULIFE VITALITY: A NEW WAY TO HELP OUR CUSTOMERS LIVE HEALTHY AND EARN REWARDS.

Manulife Vitality

HealthyFood

John Hancock | Vitality

## Experience-based solutions

- From product to experience-based solutions
- Over **100,000** ManulifeMOVE policies sold to date

## High-quality and delightful experiences

- MOVE customers engaged digitally **2x** more than non-MOVE customers
- Purchased **~15%** more products than non-MOVE customers

## Strategic partnerships

- Engaging differently with tech leaders and other players to co-create and support our digital solutions

## Personalized offers

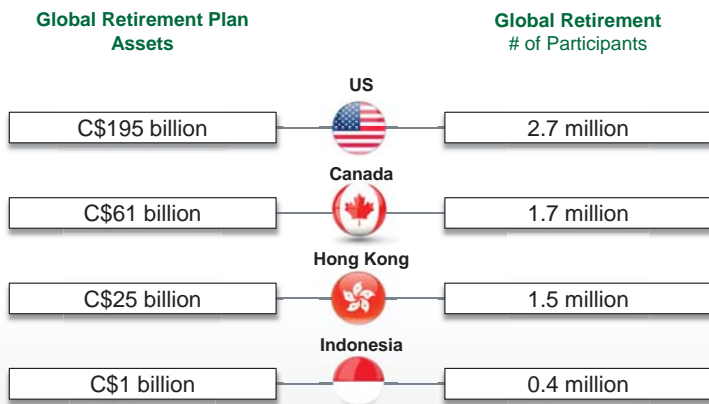
- Applying insights generated from wearables data to curate personalized experiences and offers

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# Retirement solutions is a key area of focus in our reimagining work

**We have over 6 million relationships with our plan participants<sup>1</sup>**



<sup>1</sup> As of December 31, 2016

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## We are reimagining retirement

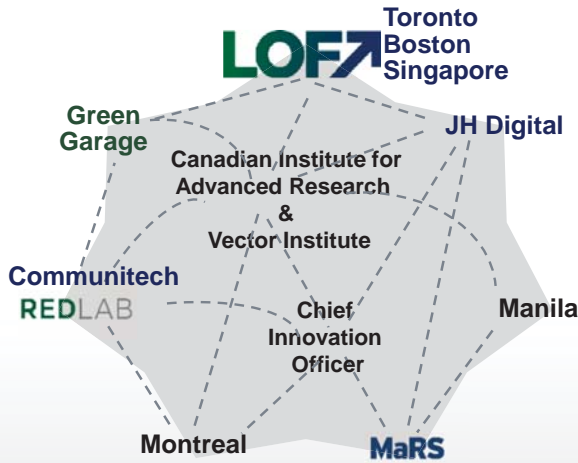
- Goals-based advice
- Personalized tools with next best actions
- Rich, engaging content

Driving incremental revenue, asset rollover, value-add products and services, plan retention



# We are enhancing our capabilities and networks as we become an innovation and data-driven enterprise

## Enhancing our innovation network



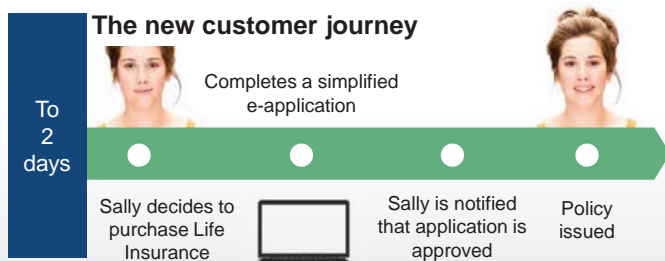
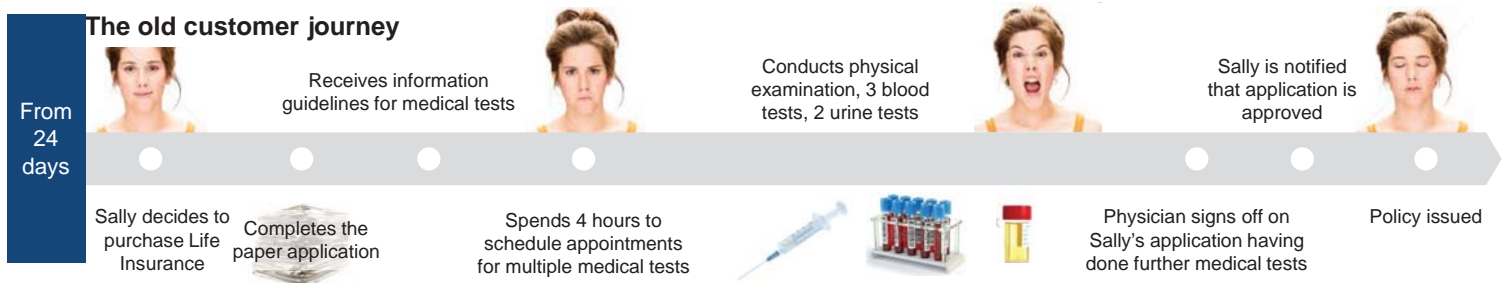
## Expanding analytics expertise globally

- Augmented actuarial and underwriting teams with specialized talent in advanced analytics
- 60 FTEs globally
- Highly skilled in variety of areas including pattern recognition, machine intelligence and learning, statistics, economics
- Partnering with leading institutions to deliver insights: Columbia University

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# Streamlining our customer interactions through advanced analytics



### Leading the industry:

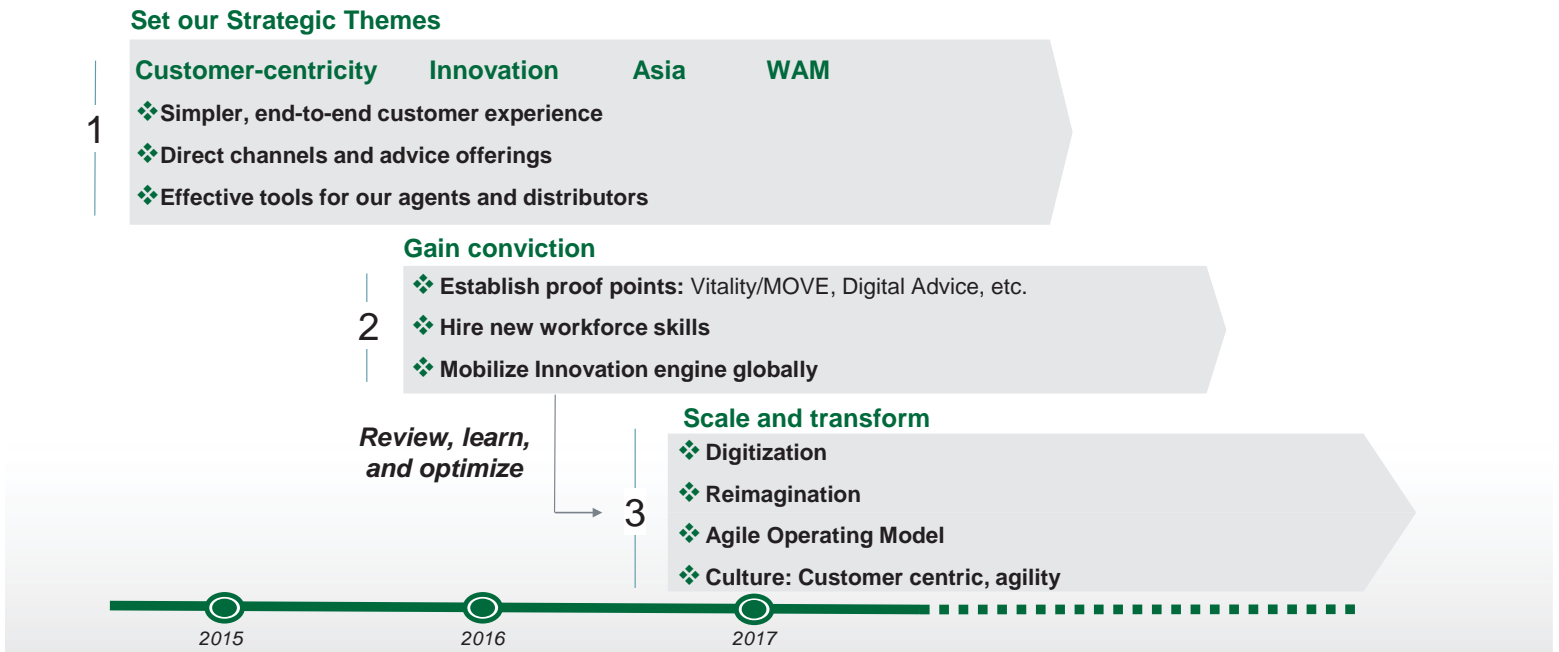
- 1<sup>st</sup>** in Canada: Underwriting up to \$1 million without fluids<sup>1</sup>
- 1<sup>st</sup>** in Canada, **2<sup>nd</sup>** in US to offer life insurance coverage to HIV positive individuals

<sup>1</sup> for amounts up to C\$1 million and ages up to 40.

12



# We have three phases to our Transformation journey



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## Summary



**Customer at the centre:** digitize today's model and reimagine our products and solutions given new capabilities



Enhance the foundation to **scale, accelerate,** and capitalize on our **global strength**



Deliver significant **operating efficiency** to fund further investment

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# A global wealth and asset management platform with solid growth momentum



**Kai Sotorp**

Global Head of Wealth and Asset Management

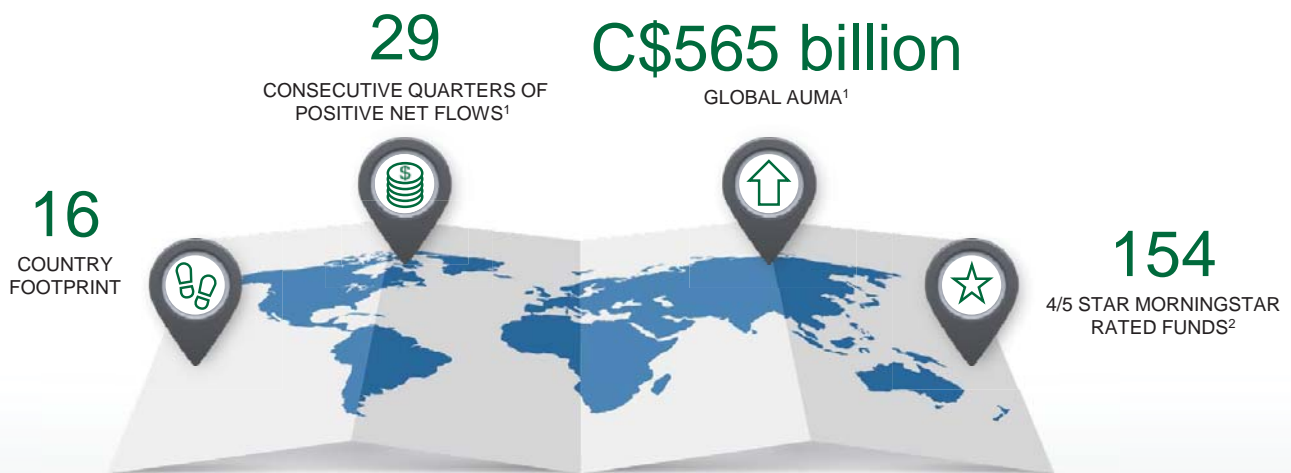


## Key Messages

- Well positioned to capitalize on areas of growth within global wealth and asset management
- Continued focus on client-centric strategy to execute on opportunity
- Diversified and complementary portfolio of wealth and asset management businesses
- Differentiated capabilities, matched by strong investment performance
- Growing retirement platforms in key markets around the globe



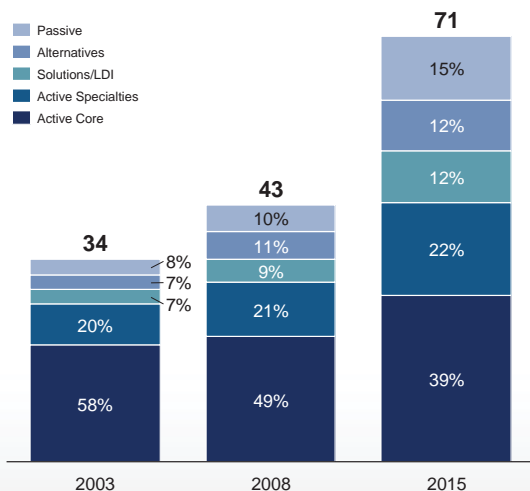
# Manulife has a strong and diversified global wealth and asset management business



<sup>1</sup> As at March 31, 2017. <sup>2</sup> As at December 31, 2016. See "Morningstar ratings disclosures" below.

## The global asset management industry continues to grow, and we are well positioned in the expected areas of growth

**Global AUM, by product<sup>1</sup>**  
(US\$ trillions)



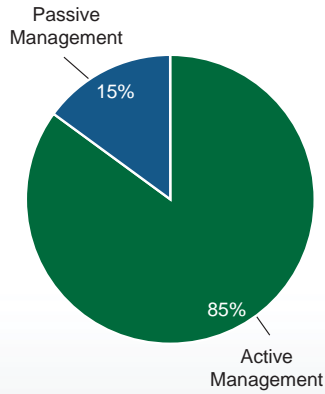
**Estimated share of global cumulative net flows<sup>1</sup>**  
(%)



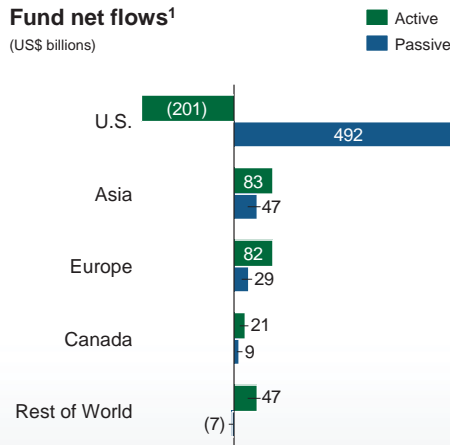
<sup>1</sup> Source: Boston Consulting Group: Global Asset Management 2016, Doubling Down on Data.

# We believe active management will remain highly relevant

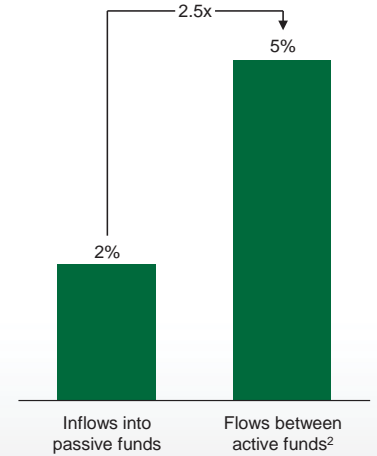
## Majority of global AUM is actively managed



## Shift to passive management has been a U.S. phenomenon



## Active-to-active fund flows are 2.5x greater than active-to-passive



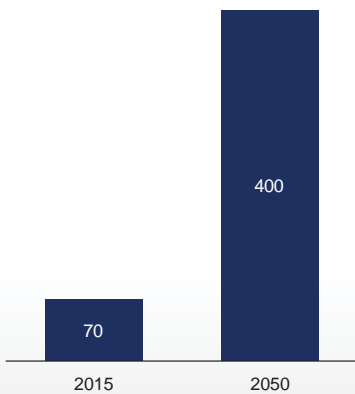
Source: BCG, Oliver Wyman. <sup>1</sup> Estimated 2016 worldwide net flows provided by Morningstar. <sup>2</sup> Relative flows between the funds of the same asset class based on the evolution of the fund AUMs controlling for market effects.



# The world is aging at a rapid pace and the size of the retirement savings gap continues to widen, presenting a significant opportunity

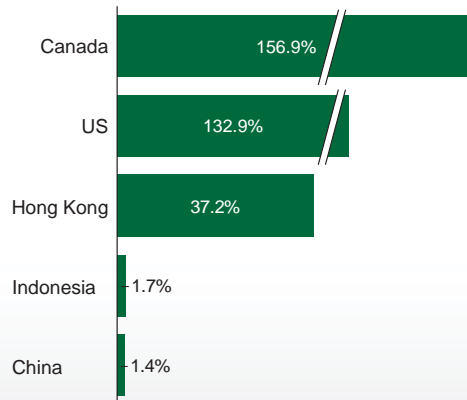
## The global retirement gap is large and growing<sup>1</sup>

### Retirement savings gap (US\$ trillions)



## Asia in particular is a huge opportunity<sup>2</sup>

### Pension investment as a % of GDP



## Individuals are simply not prepared



48% of retirement age population do not receive a pension<sup>1</sup>



Defined contribution plans account for **over 50%** of pension assets<sup>1</sup>



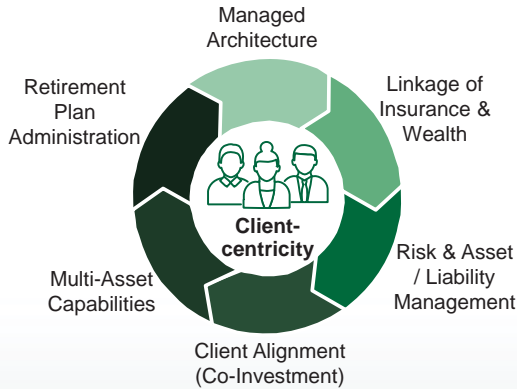
Only **16%** of investors claim to understand their financial needs in retirement<sup>3</sup>

<sup>1</sup> Source: World Economic Forum: "We'll Live to 100 – How can we afford it?" <sup>2</sup> Source: OECD: Pension Markets in Focus, 2016. <sup>3</sup> Source: Natixis 2015 global retirement index.



# Our client-centric strategy is focused on providing holistic differentiated solutions in order to enhance the customer experience

## Our strengths enable our client-centric strategy



## We have taken significant actions since 2015

- Launched strategic beta products
- Launching decumulation solutions
- Launching in-plan digital advice capabilities
- Modernizing back-office operations
- Acquired Liability Driven Investing (LDI) capabilities
- Launched Singapore REIT
- Growing multi-asset capabilities

## Expecting these positive outcomes

- Enhanced client experience
- Extended client tenure and retention
- Greater depth of relationships
- Enriched dialogue with institutional clients
- Ability to weather market trends through broad solutions suite

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# Our portfolio is comprised of a diverse set of complementary global businesses geared to take advantage of market opportunities...

## Wealth and Asset Management global presence



## Retail investments

- Managed architecture and broad product-shelf
- Flows and assets strongly correlated with market
- Leverages institutional capabilities

## Institutional asset management

- Comprehensive suite of solutions backed by strong performance
- Expanding outcome-orientated product offering
- Longer-term nature of mandates reduces exposures to market cycle

## Retirement platforms

- Long-term relationships across client lifecycle
- Ability to build multi-product/service relationships
- Solid asset growth and earnings

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# ...supported by deep investment management capabilities that span the asset class spectrum



## PUBLIC EQUITY

Boutique teams focusing on delivering alpha via differentiated investment processes, examples:

- Global Equity
- US Core Value Equity
- Canadian Value Equity
- Asia Equity
- EAFE Equity
- Emerging Markets Equity

## PUBLIC DEBT

A long track record of expertise underpinned by a fundamental, research-driven investment approach, examples:

- Global Multi-Sector
- US Core and Core Plus
- Canadian Fixed Income
- Asia ex. Japan Fixed Income
- Japan Fixed Income
- Emerging Markets Debt

## PRIVATE PLACEMENT DEBT

Sector specialists making relative value assessments

## COMMERCIAL MORTGAGE LOANS

Deal sourcing and management through 14 regional offices across North America

## REAL ESTATE

Fully integrated real estate investment platform with property management and development expertise

## MULTI-ASSET STRATEGIES

Employing a multi-asset, multi-style approach to achieve diversification across a wide range of asset classes and outcome oriented solutions

## TIMBERLAND

World's largest timberland investment manager for institutional clients

## PRIVATE EQUITY & MEZZANINE

Long tenured team with deep industry knowledge leveraging a disciplined sourcing, pricing and monitoring process

## FARMLAND

One of the largest institutional farmland managers in North America

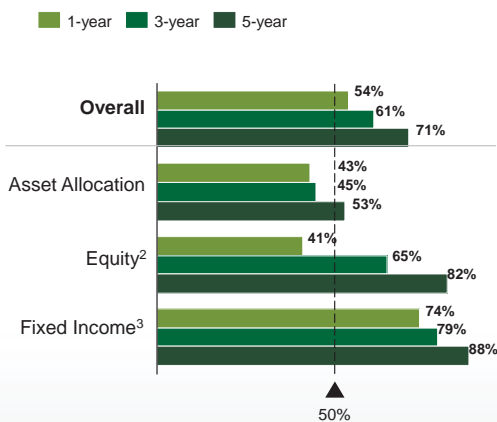
More than 425 investment professionals around the world, with offices in 16 countries and territories.



# Generating strong investment performance across both proprietary and non-proprietary traditional asset classes

## Institutional asset management performance<sup>1</sup>

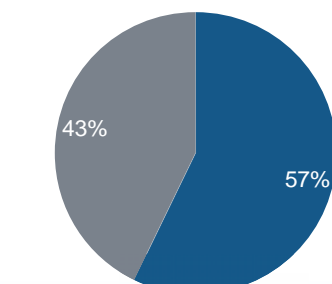
(% Assets above peer/index)



## Partnership with best-in-class managers<sup>1</sup>

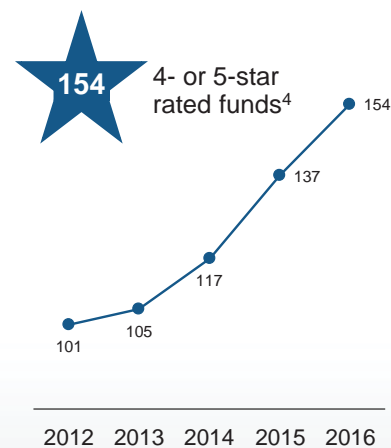
(% of assets)

Proprietary Non-Proprietary



## WAM Morningstar rated funds

(Total # of 4- or 5-star Morningstar rated funds)

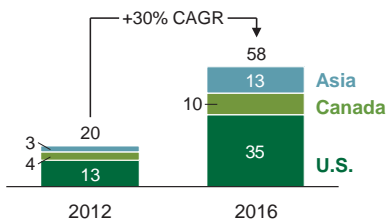


<sup>1</sup> Includes both retail and institutional managed assets by Manulife Asset Management (MAM). Investment performance is based on actively managed MAM Public Markets account-based, asset-weighted performance versus their primary internal targets, which includes accounts managed by portfolio managers of MAM. Some retail accounts are evaluated net of fees versus their respective Morningstar peer group. All institutional accounts and all other retail accounts are evaluated gross of fees versus their respective index. <sup>2</sup> Includes Farmland, Renewable Energy and Oil & Gas. <sup>3</sup> Includes money market funds. <sup>4</sup> As at December 31<sup>st</sup>; Includes both internally and externally managed funds. See "Morningstar ratings disclosures" below.



# We have translated this performance into superior growth momentum across our retail investments platforms...

## Retail investments gross flows (C\$ billions)

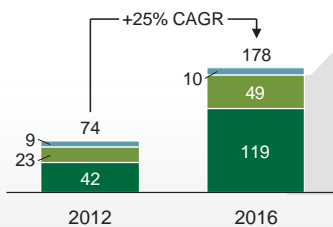


#3 in AUM growth over the past 5-years<sup>1</sup>

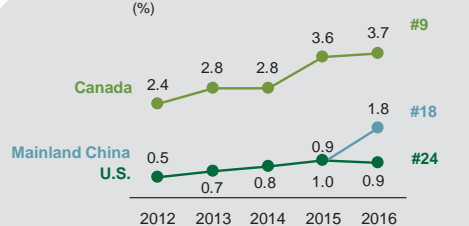


29 consecutive quarters of mutual fund net flows<sup>3</sup>

## Retail investments AUM (C\$ billions)



### Market share by AUM<sup>1</sup>

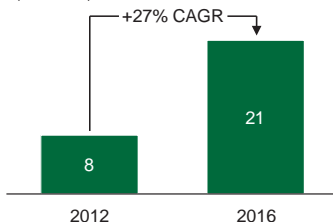


**C\$4 billion**  
net flows  
in 2016

<sup>1</sup> Source: Strategic Insight/SimFund as of December 31, 2016. Note: Mutual funds only. Includes unaffiliated funds of funds. Excludes direct sold channel. Only firms with greater than US\$15 billion in assets as of 12/11 are included. <sup>2</sup> As of December 31<sup>st</sup>, 2016 unless otherwise noted; Source (Canada): IFIC; Source (U.S.): Strategic Insight; Source (China): Strategic Insight. <sup>3</sup> Net flows in global mutual funds since 1Q10.

# ...as well as into strong flows from institutional client segments

## Institutional asset management gross flows (C\$ billions)

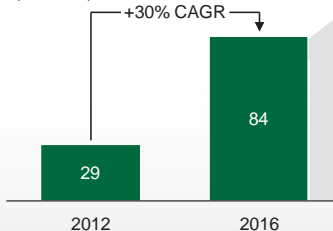


>700 institutional clients

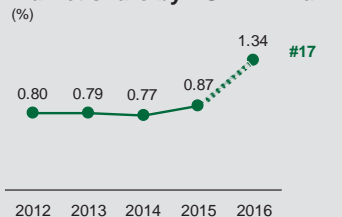


96% Of institutional AUM is outperforming peers based on 5-year performance<sup>2</sup>

## Institutional asset management AUM (C\$ billions)



### Market share by AUM<sup>1</sup>

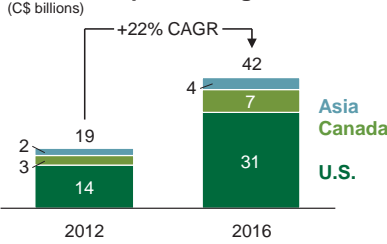


**C\$10 billion**  
net flows  
in 2016

<sup>1</sup> Worldwide Institutional AUM based on Pensions & Investments 2016 survey. Note 2015 and prior based on Manulife Asset Management AUM. 2016 AUM based on MFC AUM. <sup>2</sup> Manulife Asset Management Global Performance Report.

# As a major retirement player around the world, we operate growing multi-segment platforms in key markets

## Retirement platforms gross flows

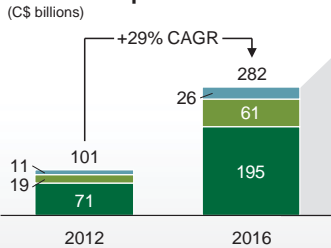


Serving **over 6 million** participants world-wide



**Over C\$100 billion** in assets acquired in past 2 years

## Retirement platforms AUMA



## Market share by AUM<sup>1</sup>



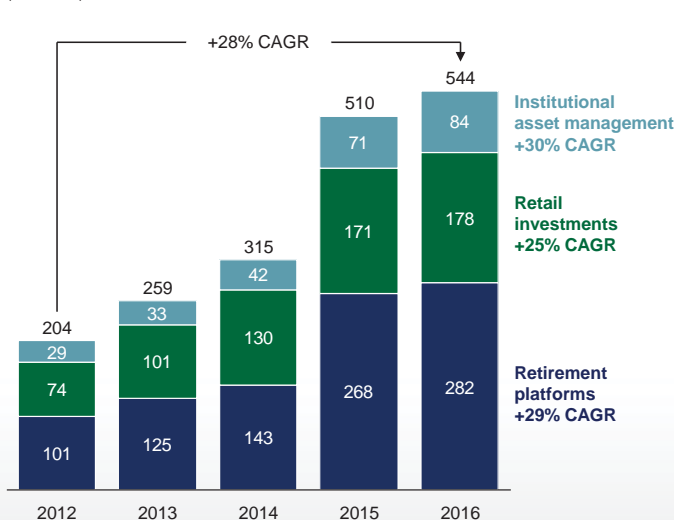
**C\$2 billion** net flows in 2016

<sup>1</sup> AUMA rankings as of December 31<sup>st</sup> 2015, unless otherwise noted; Source (Canada): 2016 Fraser Group Universe Pension Report, for capital accumulation plans; Source (U.S.): Plan Sponsor Magazine, with small-case market including all plans with less than US\$10 million in assets; Source (Hong Kong): Gadbury Group; Source (Indonesia): DPLK Association. <sup>2</sup> Hong Kong market rank as of year-end 2016. #1 MPF provider by AUM and cash flows.

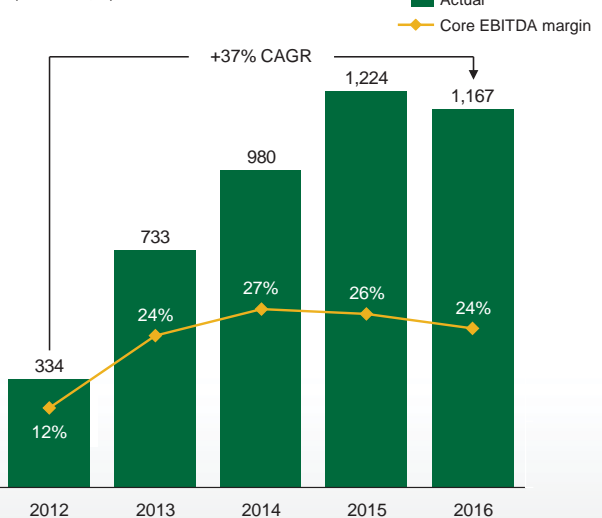


# Our diversified portfolio has delivered steady asset expansion and a positive earnings trajectory...

## WAM AUMA<sup>1</sup>



## WAM Core EBITDA and Core EBITDA margin



<sup>1</sup> WAM AUMA does not include assets managed by MAM for non-WAM affiliates such as Insurance and Other Wealth businesses and general fund assets. As of December 31, 2016 MAM managed C\$150 billion in assets for non-WAM affiliates.



## ...and we continue to make investments for future growth



### Global operations initiative

- ✓ Enhance back and middle office capabilities for scale-up
- ✓ Operational effectiveness
- ✓ Enhance infrastructure to support digital initiatives
- ✓ Improve risk control



### Building out advice

- ✓ Enrich customer experience
- ✓ Focus on "Moments of truth"
- ✓ Align solutions with client goals and aspirations
- ✓ Leverage global platform to offer shared solutions



### Focus on decumulation

- ✓ Retirement decumulation thought leader
- ✓ Develop easy-to-use client engagement platform
- ✓ Leverage proprietary data and predictive analytics
- ✓ Leverage unique asset management capabilities



### Expansion into Europe

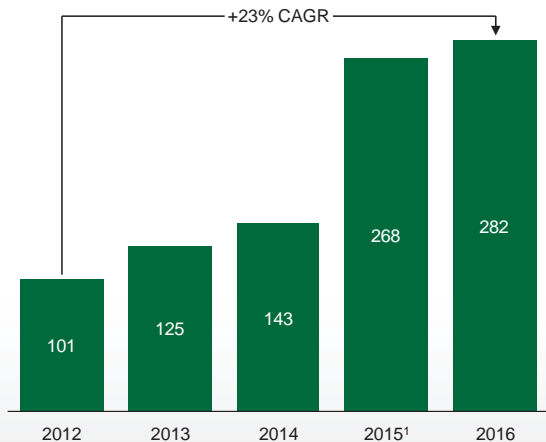
- ✓ Expanding into geographies with no insurance operations
- ✓ Distribution into institutional and wholesale channels
- ✓ Successfully execute team lift-outs
- ✓ Retail and institutional products now available through UCITS

## Spotlight on Retirement platforms

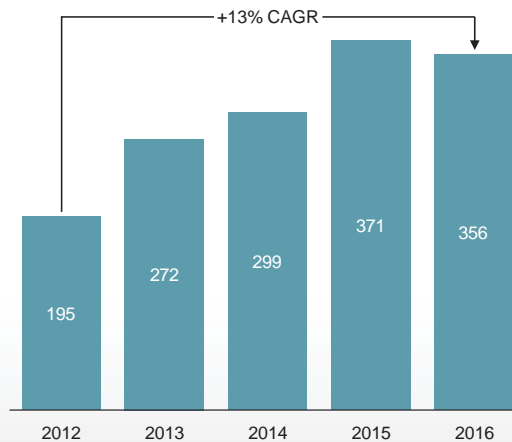


# Our retirement platforms have been delivering significant asset growth and earnings generation

**Assets under Management and Administration<sup>1</sup>**  
(C\$ billions)



**Core Earnings**  
(C\$ millions)

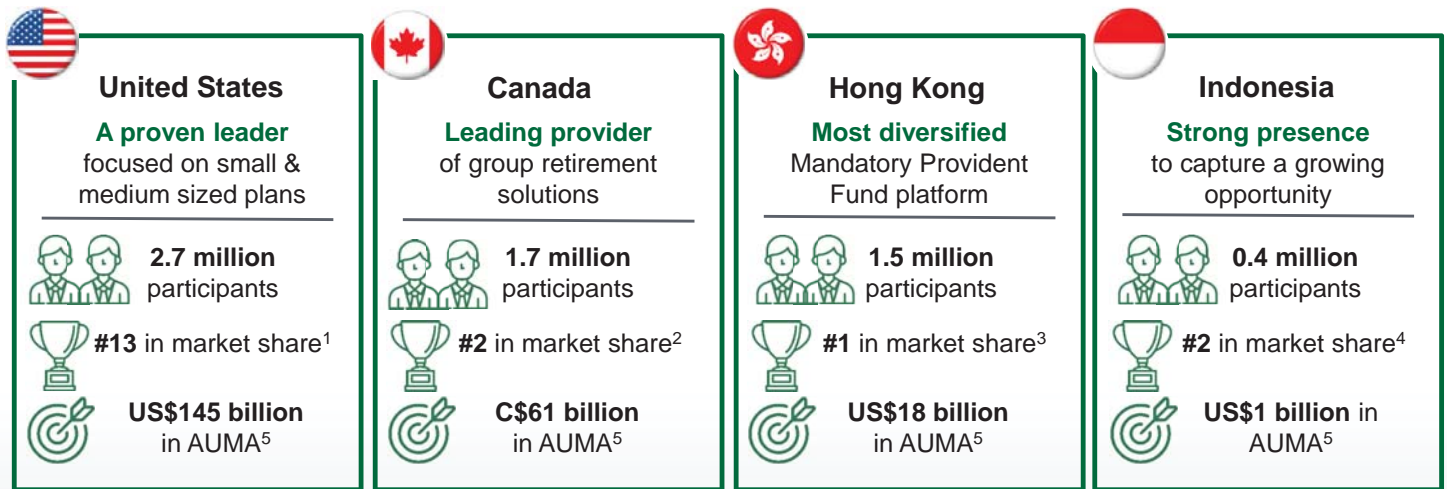


<sup>1</sup> Includes the acquisitions of Standard Life and New York Life totaling C\$32 billion and US\$56 billion in assets under management and administration, respectively.

# Our retirement platforms offer strong long-term relationships and earnings generation, and scale benefits



# We are a major player in the business, with solid retirement platforms in Canada, the U.S., Hong Kong and Indonesia...



<sup>1</sup> Pro forma: includes New York Life RPS business acquired in April 2015; Small & Mid Size market includes all plans with less than US\$100 million in assets; Source: 2016 Plan Sponsor Magazine Record Keeper Survey. <sup>2</sup> Source: LIMRA, based on September 30, 2015 YTD data. <sup>3</sup> Gadbury MPF Market Shares Report as at December 31, 2016. <sup>4</sup> Source: DPLK Association. Based on December 31, 2015 data. <sup>5</sup> As at December 31, 2016.


## ...which have been bolstered through recent acquisitions in each of our three geographies



<sup>1</sup> Year of completion of acquisition. <sup>2</sup> See "Caution regarding forward-looking statements" above.


# We are reimagining the retirement experience to service the client throughout their lifetime and provide a best-in-class customer journey

### Decumulation opportunity is sizable

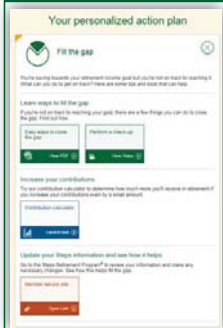


Over **US\$2 trillion** will rollover from DC plans within North America over the next **5 years**<sup>1</sup>

We believe that by providing client's with a **unique and personalized** approach to retirement we can become their **trusted advisor for life.**




### Tailored goal-based advice




**Personalized action plans** based on specific lifestyle goals and income projections

**Backed by best-in-class proprietary and third-party fund products**




### Digital & holistic financial planning



**Innovative digital tools** with next best actions, proactively meeting customer needs

**Access to in-person financial planning services** to help members optimize contributions



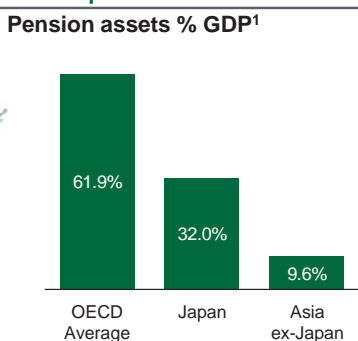
<sup>1</sup> Phoenix Marketing International, Employee Benefit Research Institute, Vanguard, Investment Company Institute, Survey of Consumer Finance, Cerulli Associates.



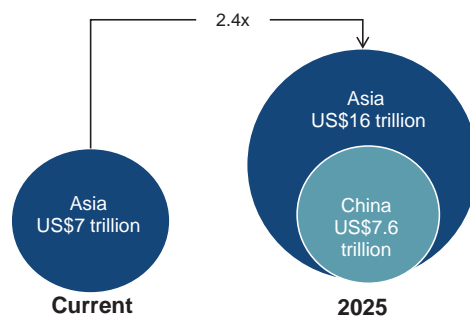
# We are uniquely positioned to further capture specific sizeable growth opportunities in Asia



Pension assets in Asia remain low compared to domestic GDP ...



... and thus significant growth potential exists<sup>2,3</sup>



### Regional Strategy for Pension Asset Growth

- Grow existing businesses in Hong Kong and Indonesia
- Pursue supplemental opportunities in markets with large state-sponsored arrangements
- Guide development of pension regulations and structures in nascent markets
- Further grow joint ventures in China



<sup>1</sup> Source: OECD. <sup>2</sup> See "Caution regarding forward-looking statements" above. <sup>3</sup> Manulife internal estimates.



# Summary



## Well positioned to capitalize

on areas of growth within global wealth and asset management



Continued focus on **client-centric strategy**  
to execute on opportunity



## Diversified and complementary portfolio

of wealth and asset management businesses



**Differentiated capabilities**, matched by  
**strong investment performance**



## Growing retirement platforms

in key markets around the globe

# Note to Users

## Performance and Non-GAAP Measures

We use a number of non-GAAP financial measures to measure overall performance and to assess each of our businesses. A financial measure is considered a non-GAAP measure if it is presented other than in accordance with generally accepted accounting principles used for the Company's audited financial statements. Non-GAAP measures referenced in this presentation include: Core Earnings (Loss); Diluted Core Earnings Per Common Share; Core Investment Gains; Constant Currency Basis (measures that are reported on a constant currency basis include percentage growth in Sales, Gross Flows, Premiums and Deposits, and Assets under Management and Administration); Premiums and Deposits; Assets under Management; Assets under Management and Administration; Capital; Embedded Value; New Business Value; New Business Value Margin; Sales; APE Sales; Gross Flows; and Net Flows. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP. For more information on non-GAAP financial measures, including those referred to above, see "Performance and Non-GAAP Measures" in our 1Q17 and 2016 Management's Discussion and Analysis.

## Morningstar ratings disclosure

Slides above note funds rated Four- or Five-Star by Morningstar. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return that accounts for variation in a fund's monthly performance (including effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category, the next 22.5%, 35%, 22.5% and bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Past performance is no guarantee of future results. The overall rating includes the effects of sales charges, loads and redemption fees, while the load-waived does not.



INVESTOR DAY 2017

Thank you



We operate as John Hancock in the United States and Manulife in other parts of the world.