

I. Introduction

Manulife Financial Corporation is a Canadian insurance company operating internationally primarily in the area of life insurance, with involvement in numerous other financial services. The company is the largest in the insurance industry in Canada, the second largest in North America, and the world's fifth largest based on market capitalization.

Often considered the pioneer in the digitization of insurance services, Manulife has built a strong future for itself in numerous markets through technological readiness and innovation. The company now manages over \$807 Billion in assets, spreading across the stable foundations of North America as well as the developing industries of emerging markets in Asia.

With valuable opportunities for entry and growth in both the short and long term, Manulife Financial Corporation is a powerful investment opportunity with guaranteed returns, resting in an optimal undervalued position and waiting to fulfill its immense market potential.

Value Proposition

There are three core reasons for investing in Manulife Financial Corporation.

1	MFC holds strong fundamentals with peerless valuations, financial performance, and an internationally successful business model
2	Manulife has a highly successful near and long-term political, and economic future, guaranteeing low-risk, stable profit alongside powerful growth opportunities.
3	Manulife harbors excellent market potential coupled with its high performance that is working quickly and consistently to actualize that potential.

Additionally, a strong and optimistic technical outlook for MFC encourages a short-term opportunity for strong profits that, even if met with the unlikely circumstance of failure, allow for a retreat into an even stronger long-term hold supported by powerful fundamental growth suggested by Manulife's financials, valuation, and business ventures/possibilities.

II. Key Individuals

Roy Gori is the Chief Executive Officer of Manulife Financial since October of 2017. Immediately following Gori taking office, Manulife saw an uptrend recovery over the next year and further consistent price recoveries from all significant economic downturns up to 2023. Gori previously graduated from the *University of New South Wales* (UNSW) in *Economics and Finance*, before

receiving a *Master of Business Administration (MBA) for Marketing* at the *University of Technology Sydney*.

In his career, Gori worked at Citi for over 18 years, a major financial and banking corporation, working multiple positions including Chief Financial Officer in Thailand, Director of Credit Cards and Consumer Lending, the Country Manager and Chief Executive Officer. Gori's wide experience with the company in multiple markets and nations signify an ability to bring and manage companies on an international scale, especially in the emerging markets of Asia.

Scott Hartz is the Chief Investment Officer of Manulife Financial, who had begun his career with John Hancock in the insurance industry over 40 years ago. Hartz graduated from Colby College with a B.A. in Physics and Economics, and is a Chartered Financial Analyst (CFA) and a Fellow of the Society of Actuaries (FSA). Hartz was previously Senior Vice President and head of the Bong & Corporate Finance Group, overseeing all U.S. bond assets from 2004 to 2007. At Manulife, Hartz employs his decades worth of specialist experience in the insurance industry to manage Manulife's investments effectively, guiding them through economic downturns and recoveries.

Rahul Joshi is the Chief Operations Officer at Manulife, overseeing the company's global operations and procurement organizations. Prior to joining the leadership at Manulife, Joshi served as the Senior Vice President of Customer Care for Walmet's US eCommerce organization, expanding the business significantly in terms of high growth, customer contact channels and fraud loss performance. Joshi also worked internationally in various different markets across multiple experiences and operating positions at Citi. Joshi holds a Master of Science in Management from North Carolina State University and a Bachelor of Engineering in Mechanical Engineering from the University of Pune, India.

Karen Leggett is the Chief Marketing Officer for Manulife Financial, previously serving as a Global Client Partner at Ernst & Young in the firm's Financial Services Advisory practice. She also served as the Chief Marketing Officer at National Bank of Canada, leading Digital, Analytics, Innovation, and Corporate Development in emerging markets. Leggett holds an Executive MBA from Richard Ivey School of Business and a Bachelor of Commerce from Concordia University. Her combined experience in working in finance and emerging market development makes her extremely suitable in Manulife's international ventures in Asia, a major contributor to its future growth.

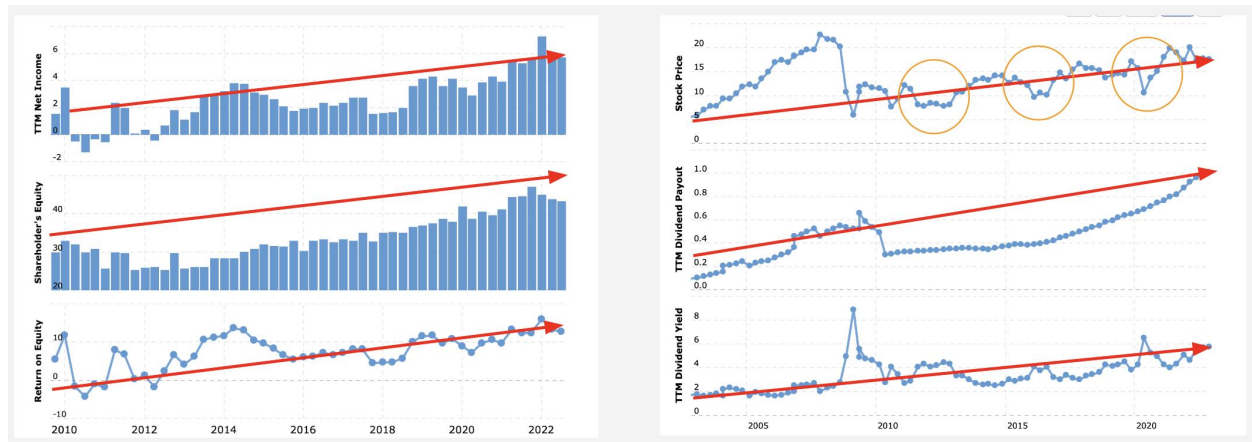
III. Fundamental Analysis

Profitability & Returns

Manulife has a statistically high degree of profitability supported by the nature of its business and business model, scoring a net margin of 47.00%, which is over 37% higher than the standard industry average of 2-10%. Its operating and gross margin likewise outperform the

industry with a value of 66.23% (*operating*), signaling a more effective business model, superb management of expenses and investments compared to its competitors, and significant competitive advantages allowing it to make more profits. Its historic revenue also grew significantly faster than the global insurance industry.

The company has additionally been seeing significant returns, with a growing ROE currently at 12.46%, a 5.76% high dividend yield that historically paid consistently and grew at an increasing rate, as well as a strong, steady growth of stock price since the Great Recession.



Circled areas on the stock price chart indicate repeated cyclical opportunities and recoveries by Manulife historically. Continuation of these trends in the future allow for short term entries and exits for quick returns amidst a long term growth stock.

Industry

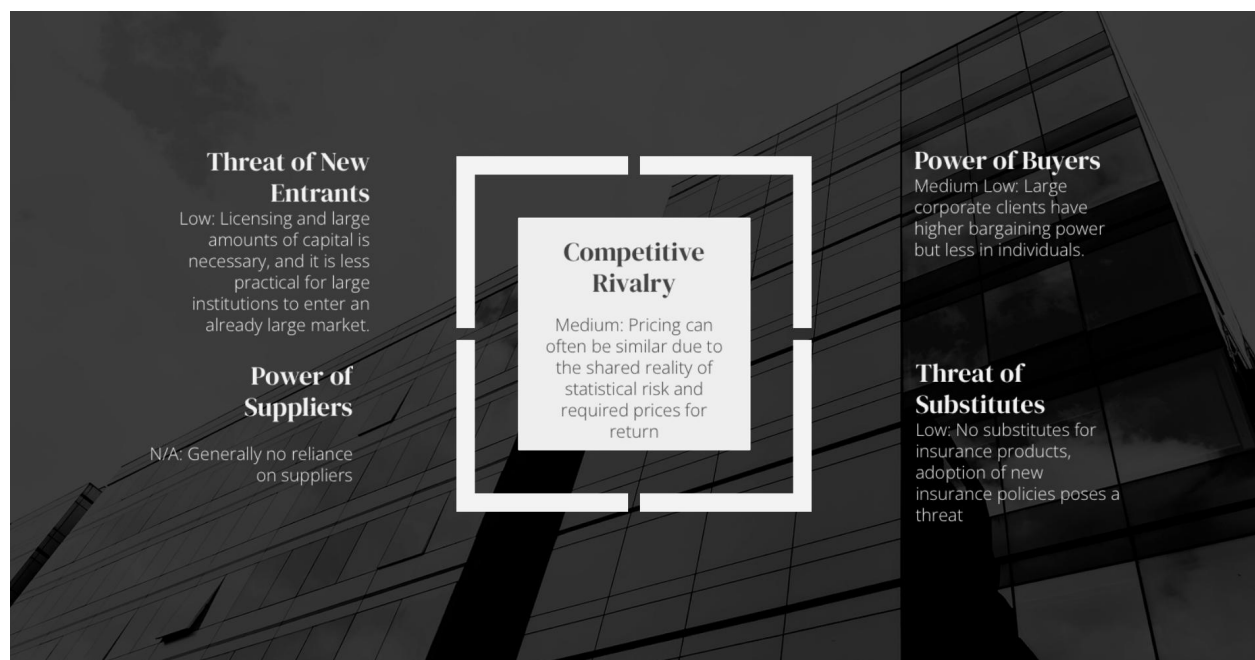
The insurance and financial services industry is expected to continuously expand in the following years. The US's life insurance industry grew 8.6% in 2022 and China's grew 27% in 2021, forecasted to more than double by 2025.

The aging population in Canada, US, China, and Japan also creates further demand within the industry, increasing Manulife's market potential as it offers health and life insurance plans internationally in these countries.

Overall, a Porter's Five Force analysis illustrates the insurance industry as extremely low risk, with high barriers to entry, few competitors, low power of buyers and low risk of substitutes for Manulife's product. Industry entities often establish long term, trusted brand relationships with their customers, meaning there is stability for Manulife in retaining its existing customers for a long period of time, with only expansion to follow from Manulife's many marketing campaigns especially in Asia.

The industry is also relatively predictable and cyclical, which creates multiple predictable short term opportunities along the business cycle for investors to profit in. Insurance companies typically use their pool of money for investment in government bond assets, due to their risk-free aspect and ability to generate returns. The prices of the bonds insurance companies possess often dictate their success on the stock market.

When their bond prices decrease, investors may become fearful of the company's lowered capacity to pay insurance claims and may result in a net loss for the company as they are forced to generate cash by selling bonds at a lower price. Ultimately, due to this rationale it could be predicted that during times of increasing interest rates, insurance companies will fare less well on the stock market, and vice versa. This creates clear entry and exit opportunities aligning with interest and discount rates.



Aforementioned Porter's Five Forces Analysis, simplified and briefed.

Market & TAM SAM SOM

Manulife is situated in a market with many potentials for expansion domestically and internationally, both competitively and alongside the entire industry.

Manulife held a 2.65% market share in the United States, and a 21.8% market share in Canada. While major growth opportunities are located in the emerging markets of Asia (evident from rapidly increasing market share in the past recent 2 years), Manulife evidently has space to compete and expand into other competitors' market shares in its domestic and home markets.



The TAM SAM SOM of Manulife Financial Corporation indicates extremely large market values and potentials for Manulife to capitalize on, and with its quick expansion and well established nature, taking large portions of all of these market levels is very much attainable by the company.

Economic & Institutional Growth

The COVID-19 pandemic has led to inflation and subsequently rising interest rates caused by the Federal Reserve, which have resulted in increased supply shortages and disruptions, increasing claims. Insurance premium growth slowed to ~1.2% vs a 4% average growth from 2010-2020. Regardless, investing currently or in the near future is a tremendous opportunity as a result of the certainty of strong recovery and the current situation as the metaphorical “trough” for MFC, the perfect low point for investment followed by uptrend growth.

In fact, through the pandemic, Manulife made a strong W-shaped recovery, an extremely fast recovery like a V-shaped recovery except with more volatility. This not only allows for quick fundamental growth, but many short term technical opportunities to invest in due to the volatility (ex. pullbacks, breakouts, etc).

Manulife also focuses on the digitization of their services, incorporating AI and other forms of technology to process and underwrite claims. This effort will likely result in significant increases in earnings in following years given the increase in demand for digital services, in addition to generally improving the productivity and effectiveness of Manulife and their operations.

Manulife is 52.46% held by institutions, meaning that there is room for institutional investors to buy in and drive up the share price in the future, especially with Manulife having such powerful financials and growing market share. For comparison, many stocks and public corporations are typically over 70% held by institutions. This aspect comparatively aligns Manulife with the institutional investing strategy, especially in the insurance and financial services industry.

Rising interest rates in the near future further support a promising outlook for Manulife’s asset management, as it allows it to further capitalize on its float with newly gained assets. The

subsequent decline and stabilization of interest rates following the recession and the beginning of inflation would further increase the value of Manulife's bond assets.

China, a major market Manulife participates in, is opening up capital markets to overseas investors, its financial services sector to global competition, and is tightening policy to ensure only licensed businesses can market their financial services. Manulife was the first to receive the WFOE license, allowing it to target and serve a broader investor base. Additionally, only 10% of China's equity fund market is currently under management, in comparison to the US's 57% under management. Manulife's overall growth is expected to be further catalyzed due to its strong presence in China's rapidly emerging market. In fact, in Hong Kong alone, one in three individuals out of the entire population are Manulife's customers.

Manulife's achievement of necessary licenses in China's market and its sufficient establishment in their customer bases eliminates most risks present within this emerging market. The only remaining risk lies in complete government shutdown or military and political conflicts which would affect the entire national market. Even in the case of these occurrences, Manulife retains the ability to continue its operations in its stable foundation of North America and await future opportunities for recovery.

IV. Valuation

Relative Valuation

According to data as of March 15, 2023, Manulife's relative valuation is extremely favorable and undervalued especially when compared to its industry and sector competitors.

P/E	Manulife possesses a Trailing P/E of 7.37 and a Forward P/E of 8.38, both below the standard/average value of 25.0 and the average of the S&P 500 Index. Manulife is significantly undervalued by the market for its earnings.
P/B	Manulife has a P/B ratio (mrq) of 1.05, an acceptable P/B ratio by most standard investors.
EV/Revenue	Manulife has an EV/Revenue ratio of 3.29.

Absolute Valuation

V. Technical Analysis

Manulife Financial Corporation Weekly Price Chart (2000-Present):



Chart Patterns

As of March 14, 2023, MFC price charts can be observed to be following a completed double bottom chart pattern, a strong long term pattern with 78.55% success rate. The price has broken through the neckline and experienced a pullback to support, the expected occurrence following a double bottom pattern. This marks a strong current technical opportunity for entry as a strong uptrend is expected to follow.

Identification:

The double bottom can be identified through the observation of a common support level in which two bottoms have found support in. The overall “W” shape is fully visible, with a neckline (*blue key level*) that has been broken through by price before reaching a high and serving as an area near the support found by the subsequent pullback (*end of chart*).



Strength:

The double bottom's strength is supported by its overall alignment with the double bottom pattern rules and expected price behavior. Additionally, the pattern has occurred over the course of an entire year, which further adds to the strength of the pattern from a technical perspective. The neckline of the pattern is evidently a strong key level, having served as points of support and resistance subject to the *Break and Retest Rule* (ex. Historic points on above chart: Jan 24, 2022 & Mar 14, 2022). This key level has been tested since 2001; refer to the MFC historic price chart for further illustration.

The strength of MFC's double bottom is hindered by two aspects:

- There is a lack of a significant downtrend prior to the double bottom pattern. Double bottom patterns typically serve as a point of reversal following a large downtrend, subsequently leading to the desired outcome of a strong uptrend for price. The lack of a downtrend preceding it in this scenario can limit the optimism for the typically expected uptrend.
- The major identification factor of the support level shared by the two bottoms in the pattern is suboptimal. According to stricter, more specific identification rules, the candles of the second bottom must not exceed the support area, which is dictated by the candles of the first bottom. However, the double bottom pattern thus far has continued to behave expectedly, limiting this concern.

Indicators

RSI (Relative Strength Index) for MFC is currently 40.55, indicating a major technical undervaluation/overselling of MFC near the oscillator's low extreme of 30.

The Bollinger Bands further illustrate the oversold aspect of MFC, with price recently exceeding the bottom bollinger band in a breakout move followed by an expansion of the bands, indicating the beginning of a period of increased volatility. This follows a recent bollinger band squeeze.

From the March 13 and 14 day candles, the March 14 day candlestick illustrates strong buying pressure from a close above candlestick pattern. *See the image below depicting the two aforementioned candles.*



Volatility

Manulife possesses a slightly higher Beta of 1.11 as of March 14, 2023. This increases the degree of short term investment returns and the amount of available technical opportunities to investors in the short run. This amounts to a sensitive price change to short term opportunities and events but an overall steady, predictable, and growing long-term outlook. Fundamental investors can take approaching technical opportunities for a chance to profit, but if met with failure can still retreat to a long-term hold which is analytically guaranteed to be met with large returns.

Conclusion

Given the numerous indications present ranging from long-term chart patterns, key levels of support and resistance, to strong technical indicators, Manulife is currently an excellent entry opportunity for technical gains amidst a long-term, stable fundamental investment.

Ultimately, through peerless financial performance, undervaluation, and market potential coupled with a powerful future outlook, Manulife is evidently one of the best multipurpose investment options guaranteed to take any portfolio's returns to the next level.