

A look at Manulife's Participating Account – 2024 Annual Report

**Investment performance, asset quality
and company strength**



The premiums your clients pay for participating policies are put into an account called the participating (par) account. The money in this account is used to pay things like operating expenses and death benefits for participating policies. What remains is invested. The performance of these par account investments over the long term is important as it affects the values of a participating policy.

As at December 31, 2024, the total participating account assets were \$15.98* billion, and the company had 307,522 participating life insurance policies in force. Dividends paid to participating policy holders in 2024 were \$473.63 million.

Participating account performance

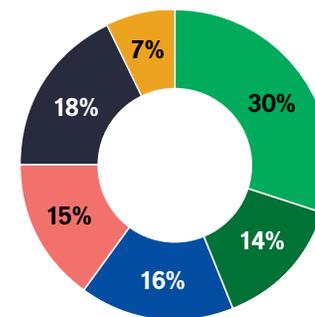
The balance in the participating account is impacted by many different factors, such as taxes, mortality, expenses, etc. Investment performance within a participating account is the most variable factor and it is also the one most likely to impact the values of a policy. That is why it is important for you to understand the investment objectives – and the results – of the participating account.

Investment strategy

Investment strategies are established at the asset segment level. Assets supporting participating policies are managed to achieve a target return, designed to maximize dividends, subject to established risk tolerances. Target allocations by asset class and by risk level within these classes are established to ensure investment portfolios are diversified and suitable in relation to the liabilities they support. The target return investment strategy utilizes fixed income assets, including public and private bonds and commercial mortgages, and in some segments alternative long-duration assets, including equities and real estate. Alternative long-duration assets are included to enhance long-term investment return and reduce aggregate risk through diversification. Fixed income assets are managed to specified target return fixed income benchmarks. Assets are usually limited to Canadian investments.

The following shows the asset mix of the Manulife participating account as at December 31, 2024.**

Invested asset mix – December 31, 2024



- 30% Bonds and short term securities
- 14% Real estate
- 16% Public equities
- 15% Private equities
- 18% Mortgages
- 7% Private debt

* This includes all twelve sub-accounts comprised in the participating account.

** Except as otherwise indicated, references to the Manulife participating (par) account and par fund in this document apply to the Closed Performax, Pre-2009 Open, Post-2017 Open and Post-2021 Open participating sub-accounts only. As of December 31, 2024, the combined invested assets in these sub-accounts were \$12.98 billion.

Investment performance

The following shows the historical results and annualized returns for the participating account (after the deduction of investment expenses*) relative to other economic indicators.

Effective Jan 1, 2023, we started reporting the participating account returns mark-to-market to align with regulatory guidelines. Mark-to-market returns included in this table reflect the market value of the assets as at December 31st of every year. Up to and including 2022, we only reported the Participating account smoothed yield, however we have included the last 5 years of mark-to-market return for historical perspective.

Year	Par Account MTM Return (%)	Par Account Smoothed Yield (%)	S&P/TSX Composite Total Return Index ¹ (%)	iShares Canadian Universe Bond Index ² (%)	5-Year GIC ³ (%)	Consumer Price Index ³ (%)
1985	-	12.4	25.1	21.2	10.8	4.4
1986	-	12.7	9.0	14.7	9.7	4.2
1987	-	12.5	5.9	4.0	9.6	4.1
1988	-	12.1	11.1	9.8	10.1	4.0
1989	-	12.0	21.4	12.8	10.3	5.2
1990	-	12.8	-14.8	7.5	11.2	5.0
1991	-	12.4	12.0	22.1	9.3	3.8
1992	-	9.9	-1.4	9.8	7.7	2.1
1993	-	8.8	32.5	18.1	6.4	1.7
1994	-	7.5	-0.2	-4.3	7.4	0.2
1995	-	8.5	14.5	20.7	7.1	1.8
1996	-	11.0	28.3	12.3	5.7	2.2
1997	-	10.6	15.0	9.6	4.7	0.8
1998	-	10.2	-1.6	9.2	4.4	1.0
1999	-	9.4	31.7	-1.1	4.8	2.6
2000	-	9.5	7.4	10.3	5.3	3.2
2001	-	9.1	-12.6	8.1	4.0	0.7
2002	-	8.6	-12.4	8.7	3.9	3.9
2003	-	8.0	26.7	6.7	2.9	2.0
2004	-	8.1	14.5	7.2	2.8	2.1

Year	Par Account MTM Return (%)	Par Account Smoothed Yield (%)	S&P/TSX Composite Total Return Index ¹ (%)	iShares Canadian Universe Bond Index ² (%)	5-Year GIC ³ (%)	Consumer Price Index ³ (%)
2005	-	8.3	24.1	6.5	2.7	2.2
2006	-	8.2	17.3	4.1	3.2	1.6
2007	-	8.5	9.8	3.7	3.3	2.4
2008	-	7.6	-33.0	6.4	3.0	1.2
2009	-	6.4	35.1	5.4	2.0	1.3
2010	-	6.5	17.6	6.7	2.0	2.4
2011	-	6.8	-8.7	9.6	1.9	2.5
2012	-	5.1	7.2	3.6	1.6	0.8
2013	-	5.6	13.0	-1.2	1.6	1.2
2014	-	6.2	10.6	8.8	2.0	1.5
2015	-	5.7	-8.3	3.5	1.5	1.6
2016	-	5.2	21.1	1.7	1.5	1.5
2017	-	5.6	9.1	2.5	1.6	1.9
2018	-	5.3	-8.9	1.4	2.2	2.0
2019	8.0	5.4	22.9	6.9	2.0	2.2
2020	4.2	4.8	5.6	8.7	0.8	0.7
2021	8.2	5.7	25.1	-2.5	1.8	4.8
2022	0.7	5.4	-5.8	-11.7	3.5	6.3
2023	6.2	4.9	11.8	6.7	3.9	3.4
2024	8.3	4.9	21.7	4.2	3.2	1.9

Sources: ¹ S&P/TSX Index Services. ² BlackRock. ³ Bank of Canada.

* Investment expenses for 2024 is 17 basis points. Investment expenses may vary from year to year due to the number and nature of transactions required to maintain the target asset mix.

Note: Past results are not necessarily indicative of future performance and investment returns will fluctuate.

Average annualized returns

The values in this table are as at December 31, 2024

Year	Par Account MTM Return (%)	Par Account Smoothed Yield (%)	S&P/TSX Composite Total Return Index ¹ (%)	iShares Canadian Universe Bond Index ² (%)	5-Year GIC ³ (%)	Consumer Price Index ³ (%)
1	8.3	4.9	21.7	4.2	3.2	1.9
3	5.0	5.0	8.6	-0.6	3.5	3.9
5	5.5	5.1	11.1	0.8	2.6	3.4
10	-	5.3	8.7	2.0	2.2	2.6
25	-	6.6	7.2	4.5	2.6	2.2
25-year standard deviation	-	1.5	15.9	4.7	1.1	1.3
Annualized returns (since 1985)	-	8.2	8.9	6.9	4.5	2.5
Standard deviation (since 1985)	-	2.6	15.0	6.7	3.1	1.4

Sources: ¹ S&P/TSX Index Services. ² BlackRock. ³ Bank of Canada.

For more information speak to your Manulife Sales Representative or visit **Advisor Portal**.

For Illustration Purposes Only. Comparison made between Manulife Par Account, CPI, S&P/TSX Composite Total Return Index, iShare Canadian Universe Bond Index and 5-Yr GICs is for illustration purposes only. Past performances are no guarantee of future returns. Canada CPI: The Consumer Price Index (CPI) is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers. GICs: A Guaranteed Investment Certificate (GIC) is a secure investment that guarantees 100% of the original amount that you invested. Your investment earns interest, at either a fixed or a variable rate, or based on a pre-determined formula. The index is unmanaged and cannot be purchased directly by investors.

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Company strength

While a company's strength is important when choosing any insurance product, it is particularly important in participating policies because of their long term commitment.

Manulife is one of the strongest insurance companies in Canada, based on our financial strength and claims-paying ability ratings. These two factors are "rated" by a number of third-party agencies.