



Earnings Review: How Did Manulife Perform in Q3 of 2021?

Description

Canadian financial heavyweight **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) released its Q3 results after the market close yesterday. The company reported a net income of \$1.6 billion in the quarter, or \$0.76 per share. In the prior-year period, its adjusted EPS stood at \$0.73 per share.

Its net income, however, reduced by \$476 million compared to Q3 of 2021. Manulife confirmed its net income in the September quarter of 2021 also included investment gains that offset a \$532 million charge from a previously announced URR, or Ultimate Reinvestment Rate reduction.

The company's core earnings rose by 10% to \$1.5 billion, while core ROE, or return on equity, stood at 12% in Q3. Similar to other companies, the ROE measures a company's income level as a percentage of its shareholder equity. As a rule of thumb, an ROE multiple of over 10% indicates the company is in a position to cover its cost of capital.

Manulife's NBV, or new business value, rose 22% to \$539 million APE, or annualized premium equivalent, sales rose 5% to \$1.4 billion. The NBV is defined as the present value of future profits sold in a particular period, while the APE is the total amount of premiums sold in the quarter.

Key wins for Manulife in Q3

Manulife continues to expand its footprint in Asia and experienced sales momentum in the United States. It launched Singapore's first market-flexible digital retirement plan in partnership with DBS Bank. This product offers the customer options to customize a plan that serves financial and retirement needs.

In Canada, the company's group benefits team launched a digital process of collecting medical evidence required to review short-term absence claims from doctors. Manulife also rolled out **Microsoft** Azure's machine learning tech in North America to leverage large data sets and mine customer insights to drive business growth and enhance the customer experience.

Further, Manulife iFunds, which is an online investment platform, continued to gain momentum in

Malaysia, where sales have increased at a significant clip year over year.

Manulife CFO Phil Witherington [stated](#), "The impact of the pandemic continues to vary across the globe with North American markets beginning to experience a recovery, while many markets in Asia implemented further restrictions in the third quarter. Despite the challenging environment, Asia generated double-digit NBV growth and Global WAM was supported by strong net inflows of \$9.8 billion in the quarter and delivered an 18% increase in core earnings compared with the prior year quarter."

The stock is poised to outperform the TSX

Manulife Financial is one of the largest Canadian companies with [a market cap of](#) \$48.5 billion. In the last 10 years, the stock has gained 187% in dividend-adjusted returns, easily outpacing the TSX, which is up 145% in this period. Despite its stellar gains, Manulife stock continues to trade at an attractive valuation and offers investors a tasty dividend yield of 4.6%. So, an investment of \$10,000 in Manulife will allow you to derive \$460 in dividends every year.

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2. Investing

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