

Investment Policy Statement**Ideal Income Balanced Fund****Investment Objective**

The investment objective of the Ideal Income Balanced Fund is to accommodate the needs of contractholders who are drawing upon their assets for income purposes but still wish to attain long-term capital growth. To achieve this objective, the Fund invests in a diversified portfolio of Canadian and foreign equities and/or equity-type securities and fixed income securities.

Investment Strategy

The Ideal Income Balanced Fund invests in a diversified portfolio comprised primarily of equities and fixed income securities denominated in Canadian or foreign currency. These securities can come from Canadian or foreign issuers.

The equity portion of the Fund is composed of a diversified selection of equities, such as common shares, preferred shares and trust units, (for example Royalty Trusts Units, Income Trusts Units and real estate Investment trusts (REITs)). Moreover the Fund may invest in units of other funds, some of which are also managed by us.

The Fund's asset mix will be based on a 12 to 18 month outlook for capital markets, and will emphasize quality and liquidity in its holdings. The Fund manages the impact of market volatility by diversifying its asset mix.

Whenever the Fund invests in foreign securities, it will ensure that it will respect the permitted foreign property limit.

The Fund may use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, or gain exposure to other currencies.

The Fund may hold a portion of its assets in cash or money market investments for strategic reasons.

The Fund may also enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool.

The Ideal Income Balanced Fund's portfolio is structured within these parameters:

Asset Category	Minimum (%)	Maximum (%)
Total Equities	40	60
Total Fixed Income	40	60
Government Bonds	0	60
Investment Grade Corporate Bonds	40	60
High Yield Bonds and Leveraged Loans	0	15
Cash and Short-Term Securities	0	20

The percentages listed above are approximate due to continuous market fluctuations and administrative efficiencies. As a result, the actual percentages invested in the asset classes on any given day may not exactly conform to the percentages set forth above. Rebalancing will be done at the discretion of the portfolio advisor and portfolio sub-advisor.

*Manulife reserves the right to change the above targets, ranges and/or to remove, replace or add additional funds to the Segregated Fund's portfolio as deemed necessary to achieve and continue to adhere to the Segregated Fund's investment objective.

Risks

The risks of investing in the Fund can include but are not limited to the following:

- Asset-Backed and Mortgage-Backed Securities Investment Risk
- Credit Risk
- Derivative Risk
- Foreign Currency Risk
- Foreign Investment Risk
- Income Trust Risk
- Interest Rate Risk
- Liquidity Risk
- Risk of Price Change
- Series Risk
- Substantial Contractholder Risk
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

Descriptions of these risks can either be found in the Information Folder or can be provided upon request.

Where can I get more information or help?

For more information, please read the Information Folder and Contract, or you may contact us at:

Manulife
500 King St. N
Waterloo, ON N2J 4C6

www.manulifeim.ca

Canada, Outside of Quebec
1-888-790-4387

Quebec & French Business
1-800-355-6776

For information about handling issues you are unable to resolve with us, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at **www.olhi.ca**.

For information about additional protection that is available for all life insurance contractholders, contact Assuris, a company established by the Canadian life insurance industry. See **www.assuris.ca** for details.

For information regarding how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.org**.

Manulife Investment Management

Manulife Investment Management is a trade name of The Manufacturers Life Insurance Company. The Manufacturers Life Insurance Company (Manulife) is the issuer of insurance contracts containing Manulife segregated funds and the guarantor of any guarantee provisions therein.

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