

Investment Policy Statement**Ideal Templeton Sustainable Global Balanced Segregated Fund****Investment Objective**

Unless otherwise noted, the investment objective of the Underlying Fund is the same or substantially similar as the segregated fund objective.

The fundamental investment objective is to seek current income and long-term capital appreciation by investing primarily in debt instruments and equity securities of issuers anywhere in the world while following a sustainable investment approach.

Investment Strategy

This Fund will invest in units of the Templeton Sustainable Global Balanced Fund, a mutual fund trust, or a substantially similar fund (the “Underlying Fund”).

The sub-advisors of the Underlying Fund will generally keep the Underlying Fund’s asset class allocations within the following ranges:

- 40 – 60% equity securities
- 40 – 60% fixed income securities

The sub-advisors may review and adjust the Underlying Fund’s asset class allocations in their sole discretion, based on their assessment of economic conditions and the prospects for each of these asset classes. The sub-advisors employ fundamental analysis and follow a value investment style in selecting investments for the Underlying Fund’s portfolio.

The sub-advisors may, from time to time, concentrate the Underlying Fund’s investments in a particular sector.

The Underlying Fund may invest in China A-securities directly through Stock Connect.

The Underlying Fund may invest in investment-grade and non-investment-grade debt instruments.

The Underlying Fund may invest more than 10% of its net assets in securities issued or guaranteed by a single Permitted Issuer. See “Investment in Foreign Sovereign Debt” on page 60 of the Prospectus of the Underlying Fund for more details.

The Underlying Fund may, from time to time, seek to hedge some or all of its exposure to changes in currency exchange rates.

The Underlying Fund may invest in Mainland China through the Bond Connect or directly.

The Underlying Fund may, in accordance with applicable securities regulations or as permitted by the exemptions from these regulations, and as further described elsewhere (see “What does the Fund invest in?” on page 59 of the Prospectus of the Underlying Fund for more details):

- use derivatives for hedging and non-hedging purposes;
- enter into securities lending agreements, repurchase agreements and/or reverse repurchase agreements; and
- engage in short selling, subject to providing 60 days’ notice to investors,

provided that if the Underlying Fund does so, it will do so in conjunction with its other investment strategies in a manner considered appropriate to pursuing its investment objectives and enhancing its returns.

The Underlying Fund may invest a portion of its assets in securities of other mutual funds, including ETFs, that may be managed by us or by an affiliate of ours.

The Underlying Fund may temporarily depart from its investment objectives or strategies by investing all or a portion of its assets in cash, money market instruments, and/or money market mutual funds. The portfolio advisor may take this action for defensive purposes, for liquidity purposes, or for other reasons.

Strategies for sustainable investment

Of the investment strategies described under “Strategies for Sustainable Investment” on page

60 of the Prospectus of the Underlying Fund, the Underlying Fund employs the following:

- ESG integration
- exclusionary screening
- inclusionary screening
- proxy voting
- issuer engagement

The equity sub-advisor utilizes a proprietary approach to assess ESG factors and seeks to assign an ESG rating to the issuers that comprise the Underlying Fund’s investment universe. Issuers are assigned scores from 1 (exceptional sustainability profile) to 5 (unacceptable sustainability risk). The ESG rating assigned to an issuer by the equity sub-advisor is based on a broad range of factors, but with particular emphasis on:

- greenhouse gas emissions; and
- board gender diversity

The fixed-income sub-advisor employs a proprietary rating methodology to assess the sustainability practices of each sovereign issuer within the Underlying Fund's investment universe, and seeks to assign an ESG rating to the sovereign issuers that comprise the Underlying Fund's investment universe. Issuers are assigned scores based on factors including:

- a variety of sub-categories that the sub-advisor has determined to have significant impacts on macroeconomic conditions; and
- any expected improvement or deterioration in the country's ESG practices

In analyzing the aforementioned ESG sub-categories, the fixed-income sub-advisor uses

baseline rankings from a set of recognized third-party index providers. The fixed-income sub-advisor then uses proprietary internal research to determine whether a particular country's sub-category rankings are expected to improve or deteriorate.

The fixed-income sub-advisor employs ratings provided by MSCI to assess the sustainability practices of each corporate issuer within the Underlying Fund's investment universe.

The Underlying Fund's equity portfolio will not invest in the securities of an issuer that:

- is assigned a 5 rating, or has not been assigned a rating, by the equity sub-advisor

The Underlying Fund's fixed-income portfolio will not invest in the securities of an issuer that:

- has not been assigned a rating by the fixed-income sub-advisor;
- has been sanctioned by the Office of Foreign Asset Control, the European Union or the United Nations;
- is a sovereign issuer whose rating is in the bottom decile of its peer group; or
- is a corporate issuer whose rating is in the bottom decile of its peer group

The sub-advisors will, on a quarterly basis at least, rebalance the Underlying Fund's portfolio so that:

- the average ESG rating assigned by the equity sub-advisor to the issuers in the Underlying Fund's equity portfolio is higher than the average ESG rating assigned by the equity sub-advisor to the issuers that comprise the equity component of the Underlying Fund's benchmark index;
- the weighted average ESG rating assigned by the fixed-income sub-advisor to the sovereign issuers in the Underlying Fund's fixed-income portfolio is higher than the weighted average ESG rating assigned by the fixed-income sub-advisor to the remaining sovereign issuers that comprise the fixed-income portfolio's investment universe, excluding those issuers excluded from that universe for reasons given elsewhere in this section; and
- the weighted average ESG rating assigned by the fixed-income sub-advisor to the corporate issuers in the Underlying Fund's fixed-income portfolio is higher than the weighted average ESG rating assigned by the fixed-income sub-advisor to the remaining corporate issuers that comprise the fixed-income portfolio's investment universe, excluding those issuers excluded from that universe for reasons given elsewhere in this section

The equity sub-advisor engages with issuers in the Underlying Fund's equity portfolio, either proactively or in response to a particular event. Issuer engagement is prioritized based on factors such as the severity or materiality of the issue and the size of the Underlying Fund's investment, but will include the following:

- an issuer assigned a 4 rating will be prioritized for engagement;
- an issuer whose greenhouse gas emissions are in the bottom quintile of its peer group will be encouraged to establish an emissions reduction target or to move out of the bottom quintile within three years; and
- an issuer with no females on its board will be encouraged to add a female board member within three years

Risks

Where a segregated fund invests in units of an underlying fund, the segregated fund may be exposed to the risks associated with the Underlying Fund. Unless otherwise noted, the risks associated with investing in units of the underlying fund is the same or substantially similar as the risks of investing in the segregated fund. For a comprehensive disclosure of the risks of investing in the segregated fund, refer to the simplified prospectus or other disclosure documents of the underlying fund.

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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