

Investment Policy Statement**Manulife Canadian 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.

This Fund aims to achieve long-term growth and preservation of capital. The Fund will invest up to all of its assets in a diversified mix of other mutual funds, and may also invest in common shares, preferred shares, treasury bills, short-term notes, debentures, and bonds.

Investment Strategy

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

The investment strategy of the Underlying Fund is to analyze the economy and markets with a view to determine which asset classes are more likely to offer attractive risk/return characteristics within a medium to long-term time frame, with the ability to make incremental shifts in the asset mix of the portfolio in an attempt to achieve high long-term, after-tax rates of return.

The portfolio approach is strategic—limiting individual asset mix changes to no more than 5% of the portfolio at any one time.

The Fund may invest up to 100% of its assets in other underlying funds in order to achieve the investment objective and investment strategies of the Fund. The underlying funds utilized serve as model portfolios for the asset classes in which they provide participation.

In addition, the Underlying Fund has target ranges for each asset class, which may be varied at the discretion of the portfolio sub-advisor. These ranges are listed below, along with the other underlying funds that currently fall into each asset class. To achieve these target ranges, the Underlying Fund may invest in either individual securities or other underlying funds, at the discretion of the portfolio sub-advisor.

	Minimum (%)	Maximum (%)
Cash and Equivalents	0	15
Fixed Income	30	50
Manulife Canadian Bond Fund		
Canadian Equities	40	50
Manulife Canadian Investment Class		
U.S. Equities	0	25
Manulife U.S. Equity Fund		
Foreign Equities	15	25
Manulife Global Small Cap Fund		
Manulife Global Equity Class		
Manulife World Investment Class		

The percentages listed above are approximate due to continuous market fluctuations and administrative efficiencies. As a result, the actual percentages invested in the Underlying Funds 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.

The Underlying Funds may be changed without notice from time to time as well as the percentage holding in each Underlying Fund.

See “Investment Objective” and “Investment Strategies” of the Underlying Fund in the prospectus for more information. Also, see “Investments in Underlying Funds” in the Prospectus for more information about investing in Underlying Funds.

The Underlying Fund may invest up to 30% of its net assets in foreign securities, however, as the Fund intends to invest certain of its assets in securities of other investment funds that may themselves invest in foreign securities, the actual exposure of the Fund to investments in foreign securities may exceed this amount.

The Underlying Fund may hold a portion of its assets in cash or short-term money market securities for administrative purposes or while searching for investment opportunities and/or due to general market, economic or political conditions.

The Underlying Fund may also invest some or all of its assets in other investment funds, including Underlying Funds and ETFs, that may or may not be managed by the Manager (or one of its affiliates or associates), in order to gain indirect exposure to appropriate markets, sectors or asset classes. The Fund may invest in investment funds managed by unaffiliated investment managers if there are no suitable investment opportunities in affiliated funds. Underlying Funds will be selected with consideration for the Underlying Fund's investment objective and strategies, past performance and volatility, among other factors. Please see "Investments in Underlying Funds" in the Prospectus of the Underlying Fund.

The portfolio may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objective of the Fund and as permitted by applicable securities legislation or by the exemption described under "Derivatives Relief" in the Prospectus of the Underlying Fund. Derivatives may be used for hedging purposes in the event of significant cash flows into or out of the Fund and to provide protection for the Fund. Derivatives may be used for non-hedging purposes in order to invest indirectly in securities or financial markets and to gain exposure to other currencies. You will find more information

about derivatives, including the types of derivatives expected to be used by the portfolio, under "Derivative Risk" in the Prospectus of the Underlying Fund.

The Portfolio may also enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool. For more information see "Securities Lending, Repurchase and Reverse Repurchase Transaction Risk" in the Prospectus of the Underlying Fund. Derivatives may be used for non-hedging purposes in order to invest indirectly in securities or financial markets and to gain exposure to other currencies. You will find more information about derivatives, including the types of derivatives expected to be used by the Underlying Fund, under "Derivative Risk" in the Prospectus of the Underlying Fund.

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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. Below is a list of principal risks for the underlying mutual fund(s) in which the Segregated Fund invests. For complete definitions of each principal risk, as well as risks common to all underlying mutual funds, refer to the general section of the mutual fund Prospectus.

- Capital Depletion Risk
- Counterparty Risk
- Credit Risk
- Currency Risk
- Derivative Risk
- Equity Risk
- ETF Risk
- Foreign Investment Risk
- Interest Rate Risk
- Multiple Series Risk
- Prepayment Risk
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk
- Small Company Risk
- Substantial Securityholder Risk
- Tax Risk
- Underlying Fund Risk

For more information on the strategies, as well as objectives and risks of the Underlying fund(s) in which the Segregated Fund invests, please refer to the Prospectus of the Underlying Fund(s) or contact us for a printed copy.

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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