Manulife Investment Management

Investment Policy Statement

Manulife Global Managed Volatility Portfolio 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 Fund seeks a balance between income and long-term capital growth while attempting to manage overall portfolio volatility.

Investment Strategy

This Fund will invest in units of the Manulife Global Managed Volatility Portfolio, a mutual fund trust, or a substantially similar fund (the "Underlying Fund").

The Underlying Fund seeks to accomplish its objective by using an asset allocation strategy to invest primarily in exchange-traded funds and derivative instruments that provide exposure to global equity and fixed income markets. The Fund may also invest in other mutual funds or directly in equity and fixed income securities.

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 Fund in which the Segregated Fund invests.

Counterparty Risk

A Fund may enter into a derivative contract(s) with one or more counterparties. Investment in a derivative contract will expose the Fund to the credit risk associated with the counterparty. Securityholders will have no recourse against the assets of the counterparty or its affiliate(s) with respect to any aspect of the derivative contract or payments thereunder.

Currency Risk

Movements in exchange rates may affect the Canadian dollar value of a Fund's securities that are priced in foreign currencies. For example, if a security is priced in a foreign currency and the value of that currency decreases relative to the Canadian dollar, then the value of that security converted into Canadian dollars will decrease. The opposite can also be true. Where appropriate, the Funds may use currency hedging to mitigate the effects of such currency movements.

Derivative Risk

Each Fund, other than Manulife Dollar-Cost Averaging Fund and Manulife Money Market Fund may use derivatives for hedging and non-hedging purposes, provided their use is consistent with the Fund's investment objective and Canadian securities laws.

Equity Risk

An equity security represents an ownership interest in the company or entity that issued it. The value of a mutual fund that invests in equity securities (which includes stocks, shares or units) will be affected by changes in the market price of those securities. The price of an equity security is affected by developments related to the applicable issuer and by general economic and financial conditions in those countries where the issuer is located or carries on business or where the security is listed for trading. If the issuer's prospects are favourable, more investors will be willing to buy its securities, hoping to profit from the issuer's rising fortunes and the security price is likely to rise. In addition, a buoyant economy generally means a positive outlook for many issuers and the general trend for security prices may rise. The opposite may also occur if the issuer's prospects are unfavourable or the economy in general is doing poorly. The value of mutual funds that invest in equities will fluctuate with these changes. In the case of equity securities which are units of income trusts, the price will vary depending on the sector and underlying asset or business.

ETF Risk

Certain Funds may invest in securities of exchange-traded funds ("ETFs"), including ETFs managed by us, which qualify as index participation units under NI 81-102 or are otherwise permitted pursuant to NI 81-102. These ETFs seek to provide returns similar to the performance of a particular market index or industry sector index. ETFs may not achieve the same return as their benchmark market or industry sector indices due to, among other things, differences in the actual weights of securities held in the ETF versus the weights in the relevant index (any such differences are usually small) and due to the operating and management expenses of the ETFs. An ETF may, for a variety of reasons, also fail to accurately track the market segment or index that underlies its investment objective. The price of an ETF can also fluctuate and the value of Funds that invest in securities offered by ETFs will change with these fluctuations.

Foreign Market Risk

Securities in countries outside Canada or the United States may fluctuate in value more than Canadian or U.S. securities because:

- They may be affected by political or economic instability
- There may be less information about foreign issuers
- Foreign issuers may be less regulated and have lower standards of accounting and financial reporting
- Securities traded in foreign markets may be more difficult to buy and sell and their prices may vary more dramatically than securities traded in Canada or the United States
- Foreign countries may impose investment regulations, exchange controls or taxes that could impact profits

As a result, the value of Funds that invest in foreign securities may fluctuate more than Funds that invest mainly in Canadian or U.S. securities. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce any gains the Fund has derived from movements in a particular market. A Fund that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada or the United States.

Multiple Series Risk

The Funds may have multiple series of securities. Each series will be charged separately for any expenses that are specifically attributable to that series. Those expenses will be deducted in calculating the net asset value per security for that series of securities, thereby reducing the net asset value per security of that series. If there are insufficient assets of a series to pay for the expenses of the series, the other assets of the Fund, including assets attributable to other series of securities, will be used to pay the expenses. As a result, the net asset value per security of the other series of securities may also be reduced.

Regulatory Risk

Some industries, such as financial services, health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a mutual fund that buys these investments may rise and fall substantially due to changes in these factors.

Small Company Risk

Some Funds invest in small companies in accordance with their investment objectives. The valuations of smaller companies tend to be more volatile than those of large established companies. As such, the value of Funds that buy securities of smaller companies may rise and fall significantly.

Substantial Securityholder Risk

A Fund may have one or more substantial investors who hold a significant amount of securities of the Fund, such as a financial institution or a Top Fund. If a substantial investor decides to redeem its investment in a Fund, the Fund may be forced to sell its investments at an unfavourable market price in order to accommodate such request. The Fund may also be forced to change the composition of its portfolio significantly. Such actions may result in considerable price fluctuations to the Fund's net asset value and negatively impact on its returns.

Tax Risk

Canadian Tax Rules

There can be no assurance that the tax laws applicable to the Funds, including the treatment of mutual fund trusts and mutual fund corporations under the Tax Act, will not be changed in a manner which could adversely affect the Funds. The Tax Act contains rules that provide that gains realized on the disposition of property under a "derivative forward agreement," as defined, will be treated as ordinary income and losses realized on a disposition may be deducted from income. A derivative forward agreement is defined to mean an agreement to sell (or purchase) capital property where the term of the agreement exceeds 180 days or the agreement is part of a series of agreements with a term that exceeds 180 days and where the sale price (or purchase price) of the property is determined by reference to, for example, the value of other property. The Funds do not expect these rules to apply to any of their current investment strategies. However, the rules are broadly worded and there can be no guarantee that the rules will not inadvertently apply to transactions undertaken by the Funds and result in the recharacterization of capital gains to ordinary income.

The Tax Act contains "loss restriction event" ("LRE") rules that could potentially apply to certain trusts including the Manulife Funds. In general, a Manulife Fund is subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the securities of the Manulife Fund. If a LRE occurs (i) the Manulife Fund will be deemed to have a year end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the Manulife Fund at such year end will be taxed in the Fund to the extent such income is not paid or payable to securityholders of the Fund in such year, and (iii) the Manulife Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE on a go-forward basis. However, a Manulife Fund will be exempt from the application of these LRE rules if it satisfies certain investment requirements and qualifies as an "investment fund" under the rules. Based on a proposed amendment to the Tax Act, a Manulife Fund will be prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming securityholders and could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming securityholders. Accordingly, if enacted as proposed, a Manulife Fund may be limited in its ability to allocate income and capital gains to redeeming securityholders in a particular year and such amounts will be allocated to the remaining securityholders at the end of such taxation year.

U.S. Tax Rules
Certain Funds that invest in specific U.S. debt securities may be considered to be engaged in a U.S. trade or business causing such Funds to be subject to U.S. income tax. In order to mitigate these tax consequences, the Manager of such Funds has established investment guidelines for investments in such U.S. debt securities.

Underlying Fund Risk

Top Funds invest some or all of their assets in, or otherwise obtain exposure to, Underlying Funds as part of their investment strategies. These Top Funds will be subject to the risks of the Underlying Funds. If an Underlying Fund suspends redemptions, the Top Fund that invests in it will be unable to value part or all of its portfolio or redeem securities held by it.

For more information on the underlying fund(s) in which the Segregated Fund invests, please refer to the Annual Information Folder 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 contract holders, 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**.

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