

Segregated Funds Semi-annual Financial Statements

June 30, 2011



Strong Reliable
Trustworthy
Forward-thinking

Manulife Certificate

The Manufacturers Life Insurance Company, referred to in this document as **Manulife Financial**, certifies that the Semi-annual Financial Statements provide brief and plain disclosure of all material facts relating to the financial statements of: the Manulife Short-Term Securities Fund, the Manulife Bond Fund, the Manulife Diversified Investment Fund, the Manulife Equity Fund, the Equity Growth Fund, the Monarch Growth Fund, the Maritime Life FLAC Equity Fund, the Maritime Life Separate Investment Fund, and the Maritime Life Champion Growth Fund (collectively referred to as the funds) and the variable nature of the life insurance contracts that contain these funds.

The funds that are available to you depend on the contract you own. The underlying investments of the funds may be units of mutual funds, pooled funds or other selected investments.

Subject to any applicable death and maturity guarantee, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the policy owner and may increase or decrease in value according to the fluctuations in the market value of the assets of the segregated fund.

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General Provisions

Investment Policy and Restrictions

The funds have been established to provide benefits which will vary in amount depending on the market value of the assets of each of the funds. The investment policies and restrictions may change from time to time and, if required by your life insurance contract, you will be notified in writing of any material changes.

The funds are managed in compliance with the individual variable insurance contract guidelines established by the Canadian Life and Health Insurance Association relating to segregated funds.

Mortgages and Real Estate

Mortgages or real estate are not eligible investments for any of the funds.

Reinvestment of Earnings

The realized asset earnings in the funds are reinvested in the funds and increase the value of the units. The owner of the contract acquires no direct claim on the fund assets but only on the contract benefits.

Manulife Short-Term Securities Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|------------------|
| 189,681 | Manulife Canadian Money Market Fund | 1,896,808 | 1,896,809 |
| | Total Investment 99.8% | 1,896,808 | 1,896,809 |
| | Other Assets/(Liabilities) 0.2% | 3,892 | 3,892 |
| | Total Net Assets | 1,900,700 | 1,900,701 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|--|---|-------------------|-----------------|
| Manulife Canadian Money Market Fund | | | |
| 109,675,000 | Government of Canada T-Bill, 1.09%, Dec-22-2011 | 108,999,906 | 109,004,850 |
| 99,750,000 | Government of Canada T-Bill, 1.36%, Jan-19-2012 | 98,561,259 | 98,636,082 |
| 60,505,000 | Government of Canada T-Bill, 1.36%, Nov-24-2011 | 59,778,488 | 59,818,192 |
| 59,820,000 | Government of Canada T-Bill, 1.45%, Apr-12-2012 | 58,983,716 | 59,058,700 |
| 49,860,000 | Government of Canada T-Bill, 1.34%, May-10-2012 | 49,216,695 | 49,254,012 |
| 39,800,000 | Province of Manitoba, 1.70%, Sep-02-2011 | 39,800,000 | 39,853,599 |
| 39,900,000 | Government of Canada T-Bill, 1.11%, Nov-10-2011 | 39,675,563 | 39,705,981 |
| 34,900,000 | The Bank of Nova Scotia, 1.32%, Aug-09-2011 | 34,674,197 | 34,851,076 |
| 29,800,000 | International Bank for Reconstruction & Development, 1.60%, Aug-01-2011 | 29,800,000 | 29,882,407 |
| 29,800,000 | Province of Ontario, FRN, 2.29%, Apr-02-2013 | 29,794,901 | 29,794,901 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Manulife Short-Term Securities Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Money Market Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Money Market Fund seeks to achieve a consistent level of interest income while preserving capital and maintaining liquidity. The underlying fund invests primarily in money market securities guaranteed by the Government of Canada, its provinces or municipalities, corporations and chartered banks.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 1,897 | 1,942 |
| Cash and short-term investments | - | - |
| Distribution receivable | 2 | 2 |
| Receivable from investment units sold | - | - |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | 2 | - |
| | 1,901 | 1,944 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | - | 30 |
| | - | 30 |
| Net assets | 1,901 | 1,914 |
| * Investments, at average cost | 1,897 | 1,942 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | 14 | 7 |
| Interest | - | - |
| Management fee distribution received | - | - |
| | 14 | 7 |
| Expenses | | |
| Management fees | 4 | 3 |
| Fund administration expenses | 7 | 7 |
| | 11 | 10 |
| Net investment income (loss) | 3 | (3) |
| Realized and unrealized gain (loss) | - | - |
| Net increase (decrease) in net assets resulting from operations | 3 | (3) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 1,914 | 1,997 |
| Net increase (decrease) in net assets resulting from operations | 3 | (3) |
| Transactions with unitholders | | |
| Unitholders' contributions | 35 | 33 |
| Unitholders' withdrawals | (93) | (58) |
| Transfers (to) from other funds | 42 | 59 |
| Net increase (decrease) from unitholders' transactions | (16) | 34 |
| Net assets, end of period | 1,901 | 2,028 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|-----------------------------------|-------------------------|-------|-------|-------|-------|---|------|------|------|------|---------------------------------|---------|---------|---------|---------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 474 | 501 | 500 | 482 | 534 | 3.31 | 3.31 | 3.32 | 3.31 | 3.22 | 143,129 | 151,482 | 150,669 | 145,763 | 165,901 |
| Individual Investor 235 | 1,342 | 1,320 | 1,350 | 1,397 | 1,419 | 3.31 | 3.31 | 3.32 | 3.31 | 3.22 | 405,088 | 399,184 | 407,159 | 422,067 | 440,832 |
| Individual Accumulator 209 | 83 | 92 | 142 | 202 | 178 | 4.19 | 4.18 | 4.18 | 4.16 | 4.04 | 19,801 | 22,053 | 33,877 | 48,533 | 44,048 |

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|-----------------------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 1.13 | 1.13 | 1.09 | 1.05 | 1.06 |
| Individual Investor 235 | 1.13 | 1.13 | 1.09 | 1.05 | 1.06 |
| Individual Accumulator 209 | 0.85 | 0.85 | 0.82 | 0.79 | 0.79 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|--|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Money Market Fund | N/A | N/A | N/A | N/A | N/A |

See accompanying Notes to the Financial Statements

Manulife Bond Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|------------------|
| 747,447 | Manulife Canadian Bond Fund | 7,393,221 | 8,490,844 |
| | Total Investment 98.6% | 7,393,221 | 8,490,844 |
| | Other Assets/(Liabilities) 1.4% | 118,836 | 118,836 |
| | Total Net Assets | 7,512,057 | 8,609,680 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|------------------------------------|---|-------------------|-----------------|
| Manulife Canadian Bond Fund | | | |
| 19,511,000 | CDP Financial Inc., 4.60%, Jul-15-2020 | 19,786,196 | 20,525,005 |
| 15,540,000 | Government of Canada, 3.50%, Jun-01-2013 | 16,172,217 | 16,102,073 |
| 11,282,000 | Government of Canada, 4.00%, Jun-01-2041 | 12,271,045 | 12,224,027 |
| 11,019,000 | Province of Quebec, 4.50%, Dec-01-2018 | 10,936,218 | 11,801,156 |
| 9,337,188 | Royal Office Finance LP, 5.21%, Nov-12-2032 | 9,337,094 | 10,056,158 |
| 10,000,000 | Government of Canada T-Bill, 0.96%, Jul-11-2011 | 9,997,100 | 9,997,364 |
| 9,631,000 | Financement Quebec, 3.50%, Dec-01-2016 | 9,952,900 | 9,920,096 |
| 8,576,000 | Canada Housing Trust, 3.15%, Jun-15-2015 | 8,813,384 | 8,853,800 |
| 8,280,000 | Province of Quebec, 4.50%, Dec-01-2020 | 8,870,932 | 8,722,612 |
| 8,500,000 | Sun Life Capital Trust, 6.87%, Dec-31-2011 | 8,826,350 | 8,706,665 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Manulife Bond Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Bond Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Bond Fund seeks to provide investors with interest income. This fund invests primarily in securities guaranteed by the Government of Canada, its provinces or municipalities, corporations and chartered banks.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 8,491 | 8,412 |
| Cash and short-term investments | - | - |
| Distribution receivable | - | 368 |
| Receivable from investment units sold | 132 | 1 |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 8,623 | 8,781 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | 13 | 21 |
| | 13 | 21 |
| Net assets | 8,610 | 8,760 |
| * Investments, at average cost | 7,393 | 7,456 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | - | - |
| Interest | - | - |
| Management fee distribution received | - | - |
| | - | - |
| Expenses | | |
| Management fees | 32 | 26 |
| Fund administration expenses | 64 | 65 |
| | 96 | 91 |
| Net investment income (loss) | (96) | (91) |
| Realized and unrealized gain (loss) | 204 | 400 |
| Net increase (decrease) in net assets resulting from operations | 108 | 309 |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 8,760 | 8,823 |
| Net increase (decrease) in net assets resulting from operations | 108 | 309 |
| Transactions with unitholders | | |
| Unitholders' contributions | 180 | 132 |
| Unitholders' withdrawals | (450) | (497) |
| Transfers (to) from other funds | 12 | 26 |
| Net increase (decrease) from unitholders' transactions | (258) | (339) |
| Net assets, end of period | 8,610 | 8,793 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|-----------------------------------|----------------------|-------|-------|-------|-------|---|------|------|------|------|------------------------------|-----------|-----------|-----------|-----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 1,826 | 1,878 | 1,843 | 1,757 | 1,896 | 6.06 | 5.89 | 5.61 | 5.30 | 5.12 | 301,364 | 318,924 | 328,572 | 331,778 | 370,086 |
| Individual Investor 235 | 6,749 | 6,830 | 6,906 | 6,773 | 7,008 | 6.06 | 5.89 | 5.61 | 5.30 | 5.12 | 1,114,100 | 1,159,794 | 1,231,031 | 1,278,890 | 1,367,598 |
| Individual Accumulator 203 | 45 | 43 | 69 | 64 | 61 | 8.38 | 8.09 | 7.61 | 7.10 | 6.78 | 5,335 | 5,321 | 9,071 | 9,038 | 9,004 |

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|-----------------------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 2.15 | 2.15 | 2.07 | 2.00 | 2.01 |
| Individual Investor 235 | 2.15 | 2.15 | 2.07 | 2.00 | 2.01 |
| Individual Accumulator 203 | 0.84 | 0.84 | 0.82 | 0.79 | 0.80 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|------------------------------------|--|-------|--------|--------|--------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Bond Fund | 58.87 | 91.70 | 197.12 | 362.45 | 289.27 |

See accompanying Notes to the Financial Statements

Manulife Diversified Investment Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|-------------------|
| 2,612,759 | SEAMARK Pooled Balanced Fund | 33,584,905 | 37,145,599 |
| | Total Investment 99.2% | 33,584,905 | 37,145,599 |
| | Other Assets/(Liabilities) 0.8% | 300,274 | 300,274 |
| | Total Net Assets | 33,885,179 | 37,445,873 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|-------------------------------------|---|-------------------|-----------------|
| SEAMARK Pooled Balanced Fund | | | |
| 12,725,000 | Canada Housing Trust, 3.60%, Jun-15-2013 | 13,171,828 | 13,195,189 |
| 11,650,000 | Canada Housing Trust, 4.80%, Jun-15-2012 | 12,030,569 | 12,033,635 |
| 10,000,000 | Canada Housing Trust, 3.15%, Jun-15-2014 | 10,291,000 | 10,332,300 |
| 8,000,000 | Province of Ontario, 6.50%, Mar-08-2029 | 9,748,913 | 10,261,840 |
| 6,600,000 | Province of Quebec, 8.50%, Apr-01-2026 | 9,553,100 | 9,719,754 |
| 950,539 | Seamark Pooled Money Market Fund | 9,505,387 | 9,505,387 |
| 8,760,000 | Government of Canada, 2.75%, Sep-01-2016 | 8,891,367 | 8,917,461 |
| 6,600,000 | Province of Ontario, 4.70%, Jun-02-2037 | 6,913,930 | 6,954,750 |
| 6,417,000 | GE Capital Canada Funding Co., 5.68%, Sep-10-2019 | 6,417,328 | 6,942,328 |
| 82,175 | The Toronto-Dominion Bank | 2,917,667 | 6,720,272 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Manulife Diversified Investment Fund is a 'fund of fund' which invests fully in the units of the underlying SEAMARK Pooled Balanced Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying SEAMARK Pooled Balanced Fund seeks to preserve investment capital while generating superior long-term returns through capital gains augmented by current income. The management team uses a bottom-up approach to select an asset mix of individual investments at reasonable valuations.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 37,146 | 39,757 |
| Cash and short-term investments | - | - |
| Distribution receivable | 307 | 339 |
| Receivable from investment units sold | - | - |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 37,453 | 40,096 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | 7 | 44 |
| | 7 | 44 |
| Net assets | 37,446 | 40,052 |
| * Investments, at average cost | 33,585 | 35,747 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | 584 | 649 |
| Interest | - | - |
| Management fee distribution received | - | - |
| | 584 | 649 |
| Expenses | | |
| Management fees | 186 | 159 |
| Fund administration expenses | 305 | 316 |
| | 491 | 475 |
| Net investment income (loss) | 93 | 174 |
| Realized and unrealized gain (loss) | (105) | (2,091) |
| Net increase (decrease) in net assets resulting from operations | (12) | (1,917) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 40,052 | 42,731 |
| Net increase (decrease) in net assets resulting from operations | (12) | (1,917) |
| Transactions with unitholders | | |
| Unitholders' contributions | 445 | 487 |
| Unitholders' withdrawals | (3,004) | (3,341) |
| Transfers (to) from other funds | (35) | 55 |
| Net increase (decrease) from unitholders' transactions | (2,594) | (2,799) |
| Net assets, end of period | 37,446 | 38,015 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|-----------------------------------|-------------------------|--------|--------|--------|--------|---|--------|--------|--------|--------|---------------------------------|---------|---------|---------|---------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 8,470 | 8,905 | 9,324 | 8,791 | 11,321 | 51.20 | 51.32 | 49.54 | 44.01 | 51.43 | 165,421 | 173,529 | 188,193 | 199,739 | 220,136 |
| Individual Investor 235 | 21,343 | 22,329 | 23,364 | 22,029 | 26,949 | 51.20 | 51.32 | 49.54 | 44.01 | 51.43 | 416,831 | 435,111 | 471,583 | 500,526 | 524,015 |
| Individual Accumulator 209 | 3,215 | 4,156 | 5,250 | 5,515 | 8,299 | 220.32 | 219.18 | 208.65 | 182.83 | 210.72 | 14,592 | 18,962 | 25,162 | 30,162 | 39,383 |
| Individual Accumulator 203 | 4,410 | 4,620 | 4,826 | 4,446 | 5,948 | 220.32 | 219.18 | 208.65 | 182.83 | 210.72 | 20,015 | 21,078 | 23,128 | 24,315 | 28,228 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|----------------------------|---|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 2.71 | 2.71 | 2.62 | 2.52 | 2.54 |
| Individual Investor 235 | 2.71 | 2.71 | 2.62 | 2.52 | 2.54 |
| Individual Accumulator 209 | 1.30 | 1.30 | 1.26 | 1.21 | 1.22 |
| Individual Accumulator 203 | 1.30 | 1.30 | 1.26 | 1.21 | 1.22 |

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|------------------------------|--|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| SEAMARK Pooled Balanced Fund | 17.45 | 30.11 | 23.98 | 13.91 | 39.97 |

See accompanying Notes to the Financial Statements

Manulife Equity Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|--------------------|
| 7,972,260 | Manulife Canadian Core Fund | 97,070,720 | 104,429,429 |
| | Total Investment 100.0% | 97,070,720 | 104,429,429 |
| | Other Assets/(Liabilities) 0.0% | 2,052 | 2,052 |
| | Total Net Assets | 97,072,772 | 104,431,481 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|------------------------------------|-----------------------------------|-------------------|-----------------|
| Manulife Canadian Core Fund | | | |
| 110,450 | Bank of Montreal | 6,180,091 | 6,776,108 |
| 81,774 | The Toronto-Dominion Bank | 6,157,768 | 6,687,478 |
| 162,283 | Suncor Energy Inc. | 6,655,892 | 6,134,297 |
| 138,384 | Barrick Gold Corp. | 6,148,780 | 6,059,835 |
| 104,863 | Magna International Inc. | 3,430,891 | 5,468,605 |
| 103,885 | Vermilion Energy Inc. | 3,747,067 | 5,298,135 |
| 67,504 | Canadian National Railway Company | 4,196,709 | 5,207,259 |
| 80,179 | Royal Bank of Canada | 4,484,383 | 4,420,268 |
| 130,131 | Tourmaline Oil Corp. | 2,966,586 | 4,169,397 |
| 104,038 | BCE Inc. | 3,691,881 | 3,934,717 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Manulife Equity Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Core Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Core Fund seeks long-term capital growth by investing primarily in equity securities of large-cap Canadian companies.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 104,429 | 112,546 |
| Cash and short-term investments | - | - |
| Distribution receivable | - | - |
| Receivable from investment units sold | 138 | 153 |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 104,567 | 112,699 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | 136 | 408 |
| | 136 | 408 |
| Net assets | 104,431 | 112,291 |
| * Investments, at average cost | 97,071 | 102,592 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | - | - |
| Interest | - | 17 |
| Management fee distribution received | - | - |
| | - | 17 |
| Expenses | | |
| Management fees | 578 | 426 |
| Fund administration expenses | 1,026 | 930 |
| | 1,604 | 1,356 |
| Net investment income (loss) | (1,604) | (1,339) |
| Realized and unrealized gain (loss) | (1,976) | (3,533) |
| Net increase (decrease) in net assets resulting from operations | (3,580) | (4,872) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 112,291 | 104,510 |
| Net increase (decrease) in net assets resulting from operations | (3,580) | (4,872) |
| Transactions with unitholders | | |
| Unitholders' contributions | 1,282 | 1,465 |
| Unitholders' withdrawals | (5,543) | (5,274) |
| Transfers (to) from other funds | (19) | (140) |
| Net increase (decrease) from unitholders' transactions | (4,280) | (3,949) |
| Net assets, end of period | 104,431 | 95,689 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|--|-------------------------|--------|--------|--------|--------|---|-------|-------|-------|-------|---------------------------------|------------|------------|------------|------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 32,000 | 34,181 | 31,753 | 26,779 | 48,559 | 4.51 | 4.68 | 4.02 | 3.24 | 5.58 | 7,089,129 | 7,309,911 | 7,904,728 | 8,257,548 | 8,710,066 |
| Individual Investor 235 | 60,247 | 64,300 | 58,989 | 49,092 | 89,363 | 4.51 | 4.68 | 4.02 | 3.24 | 5.58 | 13,346,693 | 13,750,964 | 14,684,934 | 15,137,717 | 16,029,317 |
| Individual Accumulator 203 | 10,115 | 11,650 | 11,787 | 10,221 | 19,134 | 27.69 | 28.48 | 24.12 | 19.21 | 32.55 | 365,362 | 409,015 | 488,762 | 532,181 | 587,794 |
| Variable Payout Annuity | - | 1 | 6 | 9 | 11 | - | 9.40 | 7.91 | 6.25 | 10.53 | - | 65 | 744 | 1,515 | 1,080 |
| Equity 65 | 281 | 288 | 281 | 425 | 826 | 29.76 | 30.46 | 25.55 | 20.15 | 33.84 | 9,456 | 9,438 | 11,019 | 21,077 | 24,399 |
| Sun Alliance (Acadia Equity Linked) | 1,881 | 1,947 | 1,886 | 1,757 | 3,538 | 7.72 | 8.10 | 7.11 | 5.87 | 10.31 | 243,579 | 240,328 | 265,119 | 299,482 | 343,092 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|-------------------------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Individual Investor 234 | 2.94 | 2.94 | 2.84 | 2.73 | 2.76 |
| Individual Investor 235 | 2.94 | 2.94 | 2.84 | 2.73 | 2.76 |
| Individual Accumulator 203 | 1.53 | 1.53 | 1.47 | 1.42 | 1.43 |
| Variable Payout Annuity | - | 0.84 | 0.82 | 0.79 | 0.79 |
| Equity 65 | 0.56 | 0.56 | 0.54 | 0.52 | 0.53 |
| Sun Alliance (Acadia Equity Linked) | 0.68 | 0.68 | 0.65 | 0.60 | 0.64 |

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|-----------------------------|---|--------|--------|--------|--------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Core Fund | 73.56 | 199.70 | 130.68 | 131.24 | 125.88 |

See accompanying Notes to the Financial Statements

Equity Growth Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|------------------|
| 88,608 | Manulife Canadian Core Fund | 1,072,964 | 1,160,681 |
| | Total Investment 100.0% | 1,072,964 | 1,160,681 |
| | Other Assets/(Liabilities) 0.0% | 343 | 343 |
| | Total Net Assets | 1,073,307 | 1,161,024 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|------------------------------------|-----------------------------------|-------------------|-----------------|
| Manulife Canadian Core Fund | | | |
| 110,450 | Bank of Montreal | 6,180,091 | 6,776,108 |
| 81,774 | The Toronto-Dominion Bank | 6,157,768 | 6,687,478 |
| 162,283 | Suncor Energy Inc. | 6,655,892 | 6,134,297 |
| 138,384 | Barrick Gold Corp. | 6,148,780 | 6,059,835 |
| 104,863 | Magna International Inc. | 3,430,891 | 5,468,605 |
| 103,885 | Vermilion Energy Inc. | 3,747,067 | 5,298,135 |
| 67,504 | Canadian National Railway Company | 4,196,709 | 5,207,259 |
| 80,179 | Royal Bank of Canada | 4,484,383 | 4,420,268 |
| 130,131 | Tourmaline Oil Corp. | 2,966,586 | 4,169,397 |
| 104,038 | BCE Inc. | 3,691,881 | 3,934,717 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Equity Growth Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Core Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Core Fund seeks long-term capital growth by investing primarily in equity securities of large-cap Canadian companies.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 1,161 | 1,249 |
| Cash and short-term investments | - | - |
| Distribution receivable | - | - |
| Receivable from investment units sold | - | - |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 1,161 | 1,249 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | - | 18 |
| | - | 18 |
| Net assets | 1,161 | 1,231 |
| * Investments, at average cost | 1,073 | 1,132 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | - | - |
| Interest | - | - |
| Management fee distribution received | - | - |
| | - | - |
| Expenses | | |
| Management fees | 9 | 8 |
| Fund administration expenses | - | - |
| | 9 | 8 |
| Net investment income (loss) | (9) | (8) |
| Realized and unrealized gain (loss) | (21) | (39) |
| Net increase (decrease) in net assets resulting from operations | (30) | (47) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 1,231 | 1,189 |
| Net increase (decrease) in net assets resulting from operations | (30) | (47) |
| Transactions with unitholders | | |
| Unitholders' contributions | 8 | 9 |
| Unitholders' withdrawals | (48) | (51) |
| Transfers (to) from other funds | - | - |
| Net increase (decrease) from unitholders' transactions | (40) | (42) |
| Net assets, end of period | 1,161 | 1,100 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|-------------------|-------------------------|-------|-------|------|-------|---|--------|--------|--------|--------|---------------------------------|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Nalaco Growth "R" | 1,161 | 1,232 | 1,189 | 955 | 1,652 | 295.66 | 303.57 | 256.45 | 194.65 | 326.51 | 3,926 | 4,057 | 4,635 | 4,908 | 5,060 |

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|-------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Nalaco Growth "R" | 1.36 | 1.36 | 1.31 | 1.26 | 1.27 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|------------------------------------|--|--------|--------|--------|--------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Core Fund | 73.56 | 199.70 | 130.68 | 131.24 | 125.88 |

See accompanying Notes to the Financial Statements

Monarch Growth Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|-------------------|
| 1,060,490 | Manulife Canadian Core Fund | 12,838,986 | 13,891,458 |
| | Total Investment 100.0% | 12,838,986 | 13,891,458 |
| | Other Assets/(Liabilities) 0.0% | 1,949 | 1,949 |
| | Total Net Assets | 12,840,935 | 13,893,407 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|------------------------------------|-----------------------------------|-------------------|-----------------|
| Manulife Canadian Core Fund | | | |
| 110,450 | Bank of Montreal | 6,180,091 | 6,776,108 |
| 81,774 | The Toronto-Dominion Bank | 6,157,768 | 6,687,478 |
| 162,283 | Suncor Energy Inc. | 6,655,892 | 6,134,297 |
| 138,384 | Barrick Gold Corp. | 6,148,780 | 6,059,835 |
| 104,863 | Magna International Inc. | 3,430,891 | 5,468,605 |
| 103,885 | Vermilion Energy Inc. | 3,747,067 | 5,298,135 |
| 67,504 | Canadian National Railway Company | 4,196,709 | 5,207,259 |
| 80,179 | Royal Bank of Canada | 4,484,383 | 4,420,268 |
| 130,131 | Tourmaline Oil Corp. | 2,966,586 | 4,169,397 |
| 104,038 | BCE Inc. | 3,691,881 | 3,934,717 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Monarch Growth Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Core Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Core Fund seeks long-term capital growth by investing primarily in equity securities of large-cap Canadian companies.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 13,891 | 14,461 |
| Cash and short-term investments | - | - |
| Distribution receivable | - | - |
| Receivable from investment units sold | - | 27 |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | 4 | - |
| | 13,895 | 14,488 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | 2 | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | - | 27 |
| | 2 | 27 |
| Net assets | 13,893 | 14,461 |
| * Investments, at average cost | 12,839 | 13,102 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | - | - |
| Interest | - | - |
| Management fee distribution received | - | - |
| | - | - |
| Expenses | | |
| Management fees | 45 | 35 |
| Fund administration expenses | - | - |
| | 45 | 35 |
| Net investment income (loss) | (45) | (35) |
| Realized and unrealized gain (loss) | (266) | (443) |
| Net increase (decrease) in net assets resulting from operations | (311) | (478) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 14,461 | 12,442 |
| Net increase (decrease) in net assets resulting from operations | (311) | (478) |
| Transactions with unitholders | | |
| Unitholders' contributions | 156 | 152 |
| Unitholders' withdrawals | (413) | (233) |
| Transfers (to) from other funds | - | - |
| Net increase (decrease) from unitholders' transactions | (257) | (81) |
| Net assets, end of period | 13,893 | 11,883 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Class of units | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|----------------------|-------------------------|--------|--------|--------|--------|---|-------|-------|-------|-------|---------------------------------|---------|---------|---------|---------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Class A units | 13,888 | 14,484 | 12,519 | 10,193 | 17,749 | 71.78 | 73.55 | 61.85 | 48.72 | 81.89 | 193,482 | 196,939 | 202,420 | 209,234 | 216,741 |

| Class of units | Management expense ratio (%) (refer to Note 3b) | | | | |
|----------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Class A units | 0.59 | 0.59 | 0.57 | 0.55 | 0.56 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|------------------------------------|--|--------|--------|--------|--------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Core Fund | 73.56 | 199.70 | 130.68 | 131.24 | 125.88 |

See accompanying Notes to the Financial Statements

Maritime Life FLAC Equity Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|---------------------|--|-------------------|-----------------|
| 16,070 | Manulife Canadian Equity Fund | 567,773 | 543,674 |
| | Total Investment 100.2% | 567,773 | 543,674 |
| | Other Assets/(Liabilities) (0.2%) | (1,141) | (1,141) |
| | Total Net Assets | 566,632 | 542,533 |

Top 10 Holdings of Underlying Fund (unaudited)

| No. of Units/Shares | Investment | Average Cost (\$) | Fair Value (\$) |
|--------------------------------------|---|-------------------|-----------------|
| Manulife Canadian Equity Fund | | | |
| 266,670 | The Toronto-Dominion Bank | 17,448,252 | 21,808,273 |
| 372,050 | The Bank of Nova Scotia | 15,400,272 | 21,616,105 |
| 427,980 | Suncor Energy Inc. | 16,499,051 | 16,177,644 |
| 248,200 | Potash Corporation of Saskatchewan Inc. | 12,111,203 | 13,670,856 |
| 238,080 | Royal Bank of Canada | 11,014,749 | 13,125,350 |
| 237,910 | Goldcorp Inc. | 9,926,555 | 11,098,502 |
| 202,820 | Crescent Point Energy Corp. | 8,391,499 | 9,039,687 |
| 223,320 | Canadian Natural Resources Ltd. | 7,414,403 | 9,028,828 |
| 164,090 | Magna International Inc. | 5,494,143 | 8,557,294 |
| 545,980 | Eldorado Gold Corporation | 5,917,262 | 7,769,295 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

Maritime Life FLAC Equity Fund is a 'fund of fund' which invests fully in the units of the underlying Manulife Canadian Equity Fund. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks. The underlying Manulife Canadian Equity Fund seeks to provide investors with long-term capital growth primarily through investment in equity securities of large, established Canadian companies or the securities of Canadian companies which offer potential for capital growth.

Financial Instrument Risk of the Underlying Fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk, credit risk and liquidity risk through its holdings in the underlying fund(s), to the extent the underlying fund(s) are exposed to these risks. Please refer to note 5b for an explanation of the management of the financial risks for fund of funds. The detailed risk analysis of the underlying fund(s) are disclosed in the underlying funds' financial statements.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 544 | 573 |
| Cash and short-term investments | - | 19 |
| Distribution receivable | - | 1 |
| Receivable from investment units sold | - | - |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 544 | 593 |
| Liabilities | | |
| Bank overdraft | 1 | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | - | - |
| Other liabilities | - | - |
| | 1 | - |
| Net assets | 543 | 593 |
| * Investments, at average cost | 568 | 491 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Distribution from underlying fund | - | - |
| Dividends | 3 | 6 |
| Interest | - | - |
| Revenue from securities lending (Note 2(e)) | - | - |
| Management fee distribution received | - | - |
| | 3 | 6 |
| Expenses | | |
| Management fees | - | - |
| Fund administration expenses | 1 | 1 |
| Transaction costs (Note 2) | 1 | 1 |
| | 2 | 2 |
| Net investment income (loss) | 1 | 4 |
| Realized and unrealized gain (loss) | (5) | (27) |
| Net increase (decrease) in net assets resulting from operations | (4) | (23) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 593 | 610 |
| Net increase (decrease) in net assets resulting from operations | (4) | (23) |
| Transactions with unitholders | | |
| Unitholders' contributions | - | 1 |
| Unitholders' withdrawals | (46) | (20) |
| Transfers (to) from other funds | - | - |
| Net increase (decrease) from unitholders' transactions | (46) | (19) |
| Net assets, end of period | 543 | 568 |

During 2011, the Maritime Life FLAC Equity Fund's investment direction was changed from a portfolio fund to a fund on fund structure.

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund.

| Fund Name | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|--------------------------------|-------------------------|------|------|------|------|---|--------|--------|--------|--------|---------------------------------|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Maritime Life FLAC Equity Fund | 543 | 593 | 611 | 491 | 899 | 291.67 | 294.02 | 257.92 | 204.41 | 338.60 | 1,863 | 2,018 | 2,369 | 2,403 | 2,655 |

| Fund Name | Management expense ratio (%) (refer to Note 3b) | | | | |
|--------------------------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Maritime Life FLAC Equity Fund | 0.50 | 0.50 | 0.49 | 0.59 | 0.50 |

Financial Statements - Financial Highlights (unaudited) (continued)

| Investment | Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) | | | | |
|--------------------------------------|--|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Manulife Canadian Equity Fund | 80.75 | 62.31 | 45.48 | 64.79 | 48.70 |

See accompanying Notes to the Financial Statements

Maritime Life Separate Investment Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Shares | Securities | Average Cost (\$) | Fair Value (\$) | No. of Shares | Securities | Average Cost (\$) | Fair Value (\$) |
|-------------------------------------|---|-------------------|-----------------|---|---|-------------------|------------------|
| CANADIAN COMMON STOCK | | | | | | | |
| Consumer Discretionary 8.25% | | | | | | | |
| 700 | Astral Media Inc., Class A | 27,877 | 26,047 | 500 | Inmet Mining Corporation | 21,558 | 34,590 |
| 2,700 | Groupe Aeroplan Inc. | 28,434 | 35,910 | 1,500 | Kinross Gold Corporation | 26,536 | 22,800 |
| 700 | Quebecor, Inc., Class B | 12,499 | 22,176 | 525 | Potash Corporation of Saskatchewan Inc. | 27,731 | 28,854 |
| 1,400 | Reitmans (Canada) Ltd., Class A | 27,816 | 21,448 | 500 | Teck Resources Ltd., Class B | 28,649 | 24,445 |
| 1,100 | Thomson Reuters Corporation | 45,603 | 39,798 | 2,300 | Yamana Gold Inc. | 19,457 | 25,783 |
| 1,400 | Transcontinental Inc., Class A | 21,622 | 20,342 | | | 354,864 | 430,172 |
| 6,500 | Yellow Media Inc. | 36,455 | 15,600 | | | | |
| | | 200,306 | 181,321 | Telecommunication Services 5.87% | | | |
| Consumer Staples 3.72% | | | | 1,145 | BCE Inc. | 36,607 | 43,304 |
| 900 | Alimentation Couche-Tard Inc., Class B | 11,083 | 25,236 | 1,000 | Rogers Communications Inc., Class B | 38,826 | 38,110 |
| 600 | Metro, Inc., Class A | 21,455 | 28,788 | 900 | TELUS Corporation | 49,197 | 47,772 |
| 700 | Shoppers Drug Mart Corporation | 31,490 | 27,790 | | | 124,630 | 129,186 |
| | | 64,028 | 81,814 | Transportation Services 2.52% | | | |
| Energy 26.08% | | | | 720 | Canadian National Railway Company | 24,191 | 55,476 |
| 1,308 | ARC Resources Ltd. | 27,789 | 32,668 | | | 24,191 | 55,476 |
| 1,800 | Canadian Natural Resources Ltd. | 45,116 | 72,558 | Utilities 1.96% | | | |
| 1,425 | Cenovus Energy Inc. | 23,386 | 51,756 | 700 | Emera Inc. | 17,080 | 22,127 |
| 1,300 | Enbridge Inc. | 26,872 | 40,690 | 650 | Fortis Inc. | 15,795 | 21,028 |
| 1,425 | EnCana Corp. | 25,815 | 42,323 | | | 32,875 | 43,155 |
| 800 | Husky Energy Inc. | 24,992 | 21,008 | Total Canadian Common Stock 99.42% | | | |
| 1,900 | Nexen Inc. | 58,683 | 41,192 | | | 1,671,570 | 2,186,276 |
| 2,966 | Suncor Energy Inc. | 60,340 | 111,818 | Transaction Costs (Note 2) | | | |
| 3,175 | Talisman Energy Inc. | 40,474 | 62,738 | | | (2,221) | |
| 1,100 | TransCanada Corporation | 41,065 | 46,442 | Total Common Stock 99.42% | | | |
| 2,500 | Trinidad Drilling Ltd. | 12,950 | 20,950 | | | 1,669,349 | 2,186,276 |
| 578 | Vermilion Energy Inc. | 14,325 | 29,442 | Cash & Other Investments 0.49% | | | |
| | | 401,807 | 573,585 | | | 10,884 | 10,879 |
| Financial Services 29.33% | | | | Other Assets/(Liabilities) 0.09% | | | |
| 850 | Bank of Montreal | 35,609 | 52,088 | | | 1,979 | 1,979 |
| 418 | Canadian Imperial Bank of Commerce | 19,166 | 31,810 | Total Net Assets | | | |
| 1,000 | Genworth MI Canada Inc. | 26,142 | 25,270 | | | 1,682,212 | 2,199,134 |
| 900 | Great-West Lifeco Inc. | 18,675 | 22,905 | | | | |
| 700 | Industrial Alliance Insurance & Financial Services Inc. | 14,551 | 28,056 | | | | |
| 500 | Intact Financial Corp., Subscription Receipts | 26,065 | 27,325 | | | | |
| 2,655 | Manulife Financial Corp. | 56,788 | 45,217 | | | | |
| 750 | Power Financial Corporation | 13,064 | 22,305 | | | | |
| 2,308 | Royal Bank of Canada | 71,277 | 126,924 | | | | |
| 500 | Sun Life Financial Inc. | 16,543 | 14,485 | | | | |
| 2,025 | The Bank of Nova Scotia | 61,841 | 117,470 | | | | |
| 1,600 | The Toronto-Dominion Bank | 67,411 | 130,848 | | | | |
| | | 427,132 | 644,703 | | | | |
| Industrial Products 2.13% | | | | | | | |
| 3,600 | Bombardier Inc., Class B | 23,976 | 24,912 | | | | |
| 700 | Enerflex Ltd. | 7,744 | 8,680 | | | | |
| 700 | Toromont Industries Ltd. | 10,017 | 13,272 | | | | |
| | | 41,737 | 46,864 | | | | |
| Materials 19.56% | | | | | | | |
| 975 | Agrium Inc. | 64,224 | 82,495 | | | | |
| 2,275 | Barrick Gold Corp. | 81,058 | 99,349 | | | | |
| 200 | First Quantum Minerals Ltd. | 24,267 | 28,120 | | | | |
| 1,800 | Goldcorp Inc. | 61,384 | 83,736 | | | | |

Concentration of Risk (unaudited)

| Securities | As at June 30, 2011 | | | As at December 31, 2010 | | |
|-----------------------------|---------------------|------------------|--------------------------|-------------------------|------------------|--------------------------|
| | Average Cost (\$) | Fair Value (\$) | Percentage Ownership (%) | Average Cost (\$) | Fair Value (\$) | Percentage Ownership (%) |
| Total Canadian Common Stock | 1,671,570 | 2,186,276 | 99.42 | 1,703,885 | 2,322,087 | 98.20 |
| Total U.S. Common Stock | - | - | - | - | - | - |
| Total Global Equities | - | - | - | 19,684 | 23,940 | 1.01 |
| Transaction Costs | (2,221) | - | - | (2,289) | - | - |
| Total Fixed Income | - | - | - | - | - | - |
| Total Short Term | - | - | - | - | - | - |
| Cash & Other Investments | 10,884 | 10,879 | 0.49 | 16,544 | 16,544 | 0.70 |
| Other Assets/(Liabilities) | 1,979 | 1,979 | 0.09 | 2,101 | 2,101 | 0.09 |
| Total Net Assets | 1,682,212 | 2,199,134 | 100.00 | 1,739,925 | 2,364,672 | 100.00 |

Discussion of Financial Risk Management (unaudited)**Financial Instrument Risk**

The Fund is classified as a Canadian Equity Fund investing in Canadian equities to achieve the objective of providing investors with capital growth and dividend income with an acceptable level of volatility. The Fund's activities expose it to a variety of financial risks. The portfolio's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Portfolio's rate of return. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks.

Risk management begins with portfolio construction. The investment manager's main concern is the absolute portfolio risk, seeking diversification by automatically reducing any investment that reaches 10% of the portfolio. Portfolios are monitored by the investment manager's compliance team to ensure that investment policies are respected.

Currency Risk

Please refer to note 4 for a definition of currency risk. As at June 30, 2011 and December 31, 2010, the Fund's assets did not have a significant exposure to currency risk.

Interest Rate Risk

Please refer to note 4 for a definition of interest rate risk. Because the majority of the Fund's financial assets and liabilities are non-interest bearing, the Fund is not subject to significant risk due to fluctuations in market interest rates.

Other Market Risk

Please refer to note 4 for a definition of other market risk. The investment portfolio manager moderates other market risk by regularly monitoring the relative weights of individual securities, sectors, and also monitors the market capitalization and trading liquidity of each of its holdings.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$109,314 (\$116,104 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Credit Risk

Please refer to note 4 for a definition of credit risk. As at June 30, 2011 and December 31, 2010, the Fund had no significant investments in debt instruments and/or derivatives.

Liquidity Risk

Please refer to note 4 for a definition of liquidity risk. As at June 30, 2011 and December 31, 2010, the majority of the Fund's liabilities were current. Because the Fund is exposed to daily cash redemptions of redeemable units, the majority of its assets are in investments that are traded in an active market and can be readily disposed of.

The Fund may, from time to time, invest in unlisted securities which are not traded in an organized market and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Fair Value Measurement (unaudited)

Fair Value of Financial Instruments

The table below categorizes the fair values of financial instruments into Level 1, 2 or 3 based on the inputs used to value the Fund's investments. Please refer to note 9 for a definition of the levels of classification.

Financial Assets at fair values as at June 30, 2011 (\$000's)

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------------------|--|--|---|--------------|
| Equities | 2,186 | - | - | 2,186 |
| Bonds | - | - | - | - |
| Short term | - | - | - | - |
| Derivatives | - | - | - | - |
| Total Financial Assets | 2,186 | - | - | 2,186 |

Financial Assets at fair values as at December 31, 2010 (\$000's)

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------------------|--|--|---|--------------|
| Equities | 2,346 | - | - | 2,346 |
| Bonds | - | - | - | - |
| Short term | - | - | - | - |
| Derivatives | - | - | - | - |
| Total Financial Assets | 2,346 | - | - | 2,346 |

Level 3 Reconciliation

As there have been no Level 3 holdings in the Fund during the period, a reconciliation has not been provided.

Transfers Between Level 1 and 2

During the period, there have been no significant transfers between Level 1 and 2.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|-------------------|-------------------|
| Assets | | |
| Investments, at fair value* | 2,186 | 2,346 |
| Cash and short-term investments | 11 | 17 |
| Dividend receivable | 6 | 6 |
| Receivable from investment units sold | - | - |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 2,203 | 2,369 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | - |
| Payable for expenses (Inc. all HST/GST) | 4 | 4 |
| Other liabilities | - | - |
| | 4 | 4 |
| Net assets | 2,199 | 2,365 |
| * Investments, at average cost | 1,669 | 1,721 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Income | | |
| Dividends | 30 | 33 |
| Interest | - | - |
| Revenue from securities lending (Note 2(e)) | - | - |
| Management fee distribution received | - | - |
| | 30 | 33 |
| Expenses | | |
| Management fees | 23 | 21 |
| Fund administration expenses | - | - |
| Transaction costs (Note 2) | - | 1 |
| | 23 | 22 |
| Net investment income (loss) | 7 | 11 |
| Realized and unrealized gain (loss) | (18) | (77) |
| Net increase (decrease) in net assets resulting from operations | (11) | (66) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|-------------------|-------------------|
| Net assets, beginning of period | 2,365 | 2,211 |
| Net increase (decrease) in net assets resulting from operations | (11) | (66) |
| Transactions with unitholders | | |
| Unitholders' contributions | 68 | 34 |
| Unitholders' withdrawals | (223) | (45) |
| Transfers (to) from other funds | - | - |
| Net increase (decrease) from unitholders' transactions | (155) | (11) |
| Net assets, end of period | 2,199 | 2,134 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund. Net asset value per unit and Management expense ratio are presented in this table on a Trading Valuation Basis (refer to note 2a))

| Class of units | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|----------------|----------------------|-------|-------|-------|-------|---|--------|--------|--------|--------|------------------------------|--------|--------|--------|--------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| SEIO | 2,075 | 2,237 | 2,095 | 1,615 | 2,719 | 163.20 | 163.97 | 145.12 | 109.46 | 170.39 | 12,712 | 13,643 | 14,434 | 14,750 | 15,957 |
| SIVA | 129 | 130 | 122 | 99 | 155 | 163.92 | 164.82 | 145.85 | 109.83 | 170.86 | 785 | 792 | 838 | 905 | 907 |

| Class of units | Management expense ratio (%) (refer to Note 3b) | | | | |
|----------------|--|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| SEIO | 2.00 | 1.95 | 1.89 | 1.89 | 1.91 |
| SIVA | 2.07 | 1.94 | 1.89 | 1.89 | 1.91 |

| Fund | Portfolio Turnover Rate of the Fund (%) (refer to Note 2g) | | | | |
|--|---|-------|-------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Maritime Life Separate Investment Fund | 7.05 | 20.15 | 26.89 | 41.15 | 30.57 |

Reconciliation of Trading Net Asset Value and Trading Net Asset Value Per Units to GAAP Valuation Basis (unaudited)

CICA Handbook Section 3855 requires that bid prices be used to value investments held rather than the closing trade prices currently used for the purposes of determining Trading NAV. All investment funds are required to provide a reconciliation between the Trading NAV that is used to value client transactions and the GAAP NAV that is required for financial reporting purposes (refer to note 2a) for details).

| Class of units | June 30, 2011 | | | | December 31, 2010 | | | |
|----------------|------------------------------|------------------------|---------------------------|--------------------------|------------------------------|------------------------|---------------------------|--------------------------|
| | Trading Valuation Basis (\$) | Valuation Impacts (\$) | GAAP Valuation Basis (\$) | | Trading Valuation Basis (\$) | Valuation Impacts (\$) | GAAP Valuation Basis (\$) | |
| | Net Asset Value | Net Asset Value | Net Asset Value | Net Asset Value Per Unit | Net Asset Value | Net Asset Value | Net Asset Value | Net Asset Value Per Unit |
| SEIO | 2,074,501 | (3,806) | 2,070,695 | 162.90 | 2,237,086 | (2,744) | 2,234,342 | 163.77 |
| SIVA | 128,678 | (239) | 128,439 | 163.62 | 130,488 | (158) | 130,330 | 164.62 |

See accompanying Notes to the Financial Statements.

Maritime Life Champion Growth Fund

Statement of Investment Portfolio (unaudited)

As at June 30, 2011

| No. of Shares | Securities | Coupon % | Maturity | Average Cost (\$) | Fair Value (\$) | No. of Shares | Securities | Coupon % | Maturity | Average Cost (\$) | Fair Value (\$) |
|-------------------------------------|--|----------|----------|-------------------|------------------|---|---|----------|----------|-------------------|------------------|
| CANADIAN COMMON STOCK | | | | | | | | | | | |
| Consumer Discretionary 1.85% | | | | | | | | | | | |
| 540 | Gildan Activewear Inc. | | | 15,427 | 18,301 | 1,206 | Agnico-Eagle Mines Ltd. | | | 71,044 | 73,349 |
| 1,894 | Thomson Reuters Corporation | | | 75,283 | 68,525 | 685 | Agrium Inc. | | | 36,498 | 57,958 |
| 2,600 | Viterra Inc. | | | 23,393 | 27,144 | 3,082 | Barrick Gold Corp. | | | 110,989 | 134,591 |
| | | | | 114,103 | 113,970 | 2,800 | Eldorado Gold Corporation | | | 47,434 | 39,732 |
| | | | | | | 331 | First Quantum Minerals Ltd. | | | 40,836 | 46,539 |
| Consumer Staples 2.74% | | | | | | | | | | | |
| 460 | Canadian Tire Corporation Ltd., Class A | | | 24,903 | 29,003 | 3,968 | Goldcorp Inc. | | | 154,778 | 184,591 |
| 1,250 | Loblaw Companies Ltd. | | | 53,649 | 48,613 | 1,680 | IAMGOLD Corporation | | | 30,931 | 30,425 |
| 1,558 | Saputo Inc. | | | 34,711 | 72,291 | 2,760 | Kinross Gold Corporation | | | 53,537 | 41,952 |
| 484 | Shoppers Drug Mart Corporation | | | 19,617 | 19,215 | 3,444 | Potash Corporation of Saskatchewan Inc. | | | 101,874 | 189,282 |
| | | | | 132,880 | 169,122 | 3,062 | Teck Resources Ltd., Class B | | | 92,926 | 149,701 |
| | | | | | | | | | | 740,847 | 948,120 |
| Energy 18.88% | | | | | | Telecommunication Services 3.91% | | | | | |
| 1,608 | Bonavista Energy Corporation | | | 36,073 | 45,780 | 2,329 | BCE Inc. | | | 74,022 | 88,083 |
| 2,110 | Cameco Corporation | | | 60,714 | 53,552 | 1,508 | Rogers Communications Inc., Class B | | | 50,333 | 57,470 |
| 3,658 | Canadian Natural Resources Ltd. | | | 103,440 | 147,454 | 980 | Shaw Communications Inc., Class B | | | 22,040 | 21,540 |
| 3,177 | Canadian Oil Sands Ltd. | | | 91,011 | 88,289 | 1,393 | TELUS Corporation | | | 69,689 | 73,940 |
| 3,436 | Cenovus Energy Inc. | | | 97,636 | 124,796 | | | | | 216,084 | 241,033 |
| 730 | Crescent Point Energy Corp. | | | 29,690 | 32,427 | Transportation Services 3.25% | | | | | |
| 3,966 | Enbridge Inc. | | | 88,681 | 124,136 | 1,968 | Canadian National Railway Company | | | 99,470 | 151,634 |
| 3,316 | EnCana Corp. | | | 91,026 | 98,485 | 815 | Canadian Pacific Railway Ltd. | | | 44,359 | 48,941 |
| 1,141 | Imperial Oil Ltd. | | | 45,497 | 51,219 | | | | | 143,829 | 200,575 |
| 727 | Penn West Petroleum Ltd. | | | 15,920 | 16,154 | Utilities 1.28% | | | | | |
| 5,647 | Suncor Energy Inc. | | | 196,638 | 212,892 | 2,442 | Fortis Inc. | | | 69,528 | 78,999 |
| 3,870 | Talisman Energy Inc. | | | 69,203 | 76,471 | | | | | 69,528 | 78,999 |
| 2,190 | TransCanada Corporation | | | 77,160 | 92,462 | Total Canadian Common Stock 71.72% | | | | | |
| | | | | 1,002,689 | 1,164,117 | | | | | 3,659,960 | 4,423,158 |
| Financial Services 19.03% | | | | | | U.S. COMMON STOCK | | | | | |
| 2,515 | Bank of Montreal | | | 137,541 | 154,119 | 150 | Abercrombie & Fitch Company, Class A | | | 8,667 | 9,672 |
| 1,000 | Brookfield Asset Management Inc., Class A | | | 30,968 | 31,990 | 560 | Accenture PLC, Class A | | | 23,788 | 32,622 |
| 1,820 | Canadian Imperial Bank of Commerce | | | 120,711 | 138,502 | 140 | American Tower Corporation, Class A | | | 6,986 | 7,059 |
| 1,429 | Intact Financial Corp. | | | 44,622 | 79,038 | 270 | Apache Corporation | | | 32,236 | 32,113 |
| 1,620 | National Bank of Canada | | | 94,843 | 126,571 | 121 | Apple Inc. | | | 34,668 | 39,136 |
| 4,111 | Power Corporation of Canada | | | 119,036 | 110,175 | 545 | Baker Hughes Inc. | | | 38,785 | 38,123 |
| 4,648 | Royal Bank of Canada | | | 207,289 | 255,594 | 1,170 | Bank of America Corporation | | | 12,380 | 12,354 |
| 3,394 | The Toronto-Dominion Bank | | | 196,885 | 277,561 | 500 | CenturyLink, Inc. | | | 20,387 | 19,484 |
| | | | | 951,895 | 1,173,550 | 110 | CF Industries Holdings, Inc. | | | 14,936 | 15,026 |
| Health Care 0.77% | | | | | | | | | | | |
| 950 | Valeant Pharmaceuticals International Inc. | | | 39,476 | 47,605 | 570 | Chevron Corporation | | | 47,520 | 56,482 |
| | | | | 39,476 | 47,605 | 335 | Citigroup Inc. | | | 12,635 | 13,439 |
| Industrial Products 2.70% | | | | | | | | | | | |
| 6,800 | Bombardier Inc., Class B | | | 37,262 | 47,056 | 290 | Colgate-Palmolive Company | | | 23,036 | 24,436 |
| 1,280 | Magna International Inc. | | | 31,172 | 66,688 | 570 | CVS Caremark Corp. | | | 20,724 | 20,639 |
| 899 | SNC-Lavalin Group Inc. | | | 41,673 | 52,861 | 940 | EMC Corporation | | | 19,999 | 24,973 |
| | | | | 110,107 | 166,605 | 310 | Family Dollar Stores, Inc. | | | 14,172 | 15,706 |
| Information Technology 1.94% | | | | | | | | | | | |
| 1,505 | CGI Group Inc., Class A | | | 23,144 | 35,819 | 130 | Flowserve Corporation | | | 14,183 | 13,776 |
| 550 | MacDonald Dettwiler & Associates Ltd. | | | 29,191 | 29,926 | 410 | Freeport-McMoran Copper & Gold, Inc. | | | 13,649 | 20,907 |
| 380 | Open Text Corporation | | | 22,530 | 23,404 | 220 | General Dynamics Corporation | | | 15,168 | 15,811 |
| 1,090 | Research In Motion Ltd. | | | 63,657 | 30,313 | 1,475 | General Electric Company | | | 21,745 | 26,797 |
| | | | | 138,522 | 119,462 | 464 | General Motors Company | | | 16,310 | 13,589 |
| | | | | | | 360 | Gilead Sciences, Inc. | | | 14,372 | 14,372 |
| | | | | | | 89 | Google Inc., Class A | | | 46,656 | 43,436 |
| | | | | | | 275 | Harman International Industries, Inc. | | | 13,947 | 12,087 |
| | | | | | | 620 | Illinois Tool Works Inc. | | | 33,320 | 33,768 |
| | | | | | | 650 | Intel Corporation | | | 14,134 | 13,877 |
| | | | | | | 245 | International Business Machines Corporation | | | 32,591 | 40,499 |

Statement of Investment Portfolio (unaudited) (continued)

As at June 30, 2011

| No. of Shares | Securities | Coupon % | Maturity | Average Cost (\$) | Fair Value (\$) |
|---------------------------------------|--|----------|----------|-------------------|------------------|
| 410 | JPMorgan Chase & Co. | | | 16,835 | 16,174 |
| 1,117 | Marsh & McLennan Companies, Inc. | | | 33,073 | 33,574 |
| 800 | Medtronic, Inc. | | | 35,322 | 29,700 |
| 340 | MetLife, Inc. | | | 12,577 | 14,377 |
| 600 | Norfolk Souther Corporation | | | 31,969 | 43,336 |
| 460 | Occidental Petroleum Corporation | | | 44,076 | 46,141 |
| 1,375 | Oracle Corporation | | | 34,708 | 43,609 |
| 550 | PepsiCo, Inc. | | | 35,886 | 37,327 |
| 1,520 | Pfizer, Inc. | | | 27,870 | 30,180 |
| 140 | Praxair, Inc. | | | 13,977 | 14,627 |
| 236 | Prudential Financial, Inc. | | | 13,678 | 14,469 |
| 420 | Qualcomm Inc. | | | 22,257 | 22,988 |
| 730 | Staples, Inc. | | | 19,493 | 11,122 |
| 270 | Target Corporation | | | 15,971 | 12,211 |
| 630 | The Boeing Company | | | 41,563 | 44,913 |
| 523 | The Chubb Corporation | | | 33,234 | 31,576 |
| 250 | The Goodrich Corporation | | | 20,836 | 23,020 |
| 450 | The Home Depot, Inc. | | | 16,901 | 15,704 |
| 225 | The McGraw-Hill Companies, Inc. | | | 8,112 | 9,093 |
| 305 | The Procter & Gamble Company | | | 19,474 | 18,682 |
| 540 | The Travelers Companies, Inc. | | | 32,389 | 30,400 |
| 590 | The Walt Disney Company | | | 17,350 | 22,200 |
| 280 | United Technologies Corporation | | | 23,441 | 23,895 |
| 820 | UnitedHealth Group Inc. | | | 27,026 | 40,794 |
| 370 | WellPoint Inc. | | | 22,414 | 28,101 |
| 610 | Wells Fargo & Company | | | 15,921 | 16,500 |
| 543 | Zimmer Holdings, Inc. | | | 33,830 | 33,072 |
| Total U.S. Common Stock 21.37% | | | | 1,237,532 | 1,317,968 |
| GLOBAL EQUITIES | | | | | |
| Ireland 0.22% | | | | | |
| 590 | Warner Chilcott PLC, Class A | | | 13,537 | 13,728 |
| | | | | 13,537 | 13,728 |
| Israel 0.39% | | | | | |
| 445 | Check Point Software Technologies Ltd. | | | 22,146 | 24,395 |
| | | | | 22,146 | 24,395 |
| Netherlands 0.38% | | | | | |
| 278 | Schlumberger Ltd. | | | 16,083 | 23,148 |
| | | | | 16,083 | 23,148 |
| Total Global Equities 0.99% | | | | 51,766 | 61,271 |
| Transaction Costs (Note 2) | | | | (3,838) | |
| Total Common Stock 94.08% | | | | 4,945,420 | 5,802,397 |

| No. of Shares | Securities | Coupon % | Maturity | Average Cost (\$) | Fair Value (\$) |
|---|------------|----------|----------|-------------------|------------------|
| SHORT TERM | | | | | |
| Treasury Bills 5.50% | | | | | |
| 95,000 | Canada | 0.91% | Jul-2011 | 94,788 | 94,826 |
| 150,000 | Canada | 0.95% | Sep-2011 | 149,626 | 149,658 |
| 30,000 | Canada | 1.00% | Sep-2011 | 29,919 | 29,929 |
| 65,000 | Canada | 1.01% | Sep-2011 | 64,847 | 64,860 |
| | | | | 339,180 | 339,273 |
| Total Short Term 5.50% | | | | 339,180 | 339,273 |
| Cash & Other Investments 0.48% | | | | 29,434 | 29,424 |
| Other Assets/(Liabilities) (0.06%) | | | | (3,859) | (3,859) |
| Total Net Assets | | | | 5,310,175 | 6,167,235 |

Concentration of Risk (unaudited)

| Securities | As at June 30, 2011 | | | As at December 31, 2010 | | |
|-----------------------------|---------------------|------------------|--------------------------|-------------------------|------------------|--------------------------|
| | Average Cost (\$) | Fair Value (\$) | Percentage Ownership (%) | Average Cost (\$) | Fair Value (\$) | Percentage Ownership (%) |
| Total Canadian Common Stock | 3,659,960 | 4,423,158 | 71.72 | 3,814,616 | 4,720,589 | 75.44 |
| Total U.S. Common Stock | 1,237,532 | 1,317,968 | 21.37 | 1,413,552 | 1,493,713 | 23.87 |
| Total Global Equities | 51,766 | 61,271 | 0.99 | - | - | - |
| Transaction Costs | (3,838) | - | - | (3,906) | - | - |
| Total Fixed Income | - | - | - | - | - | - |
| Total Short Term | 339,180 | 339,273 | 5.50 | 24,935 | 24,953 | 0.40 |
| Cash & Other Investments | 29,434 | 29,424 | 0.48 | 31,166 | 31,166 | 0.50 |
| Other Assets/(Liabilities) | (3,859) | (3,859) | (0.06) | (12,971) | (12,971) | (0.21) |
| Total Net Assets | 5,310,175 | 6,167,235 | 100.00 | 5,267,392 | 6,257,450 | 100.00 |

Discussion of Financial Risk Management (unaudited)

Financial Instrument Risk

The Fund is classified as a combination of Canadian Equity Fund and U.S. Equity Fund investing in Canadian equities, U.S. equities and Canadian T-Bills to achieve the objective of capital growth. The Fund's activities expose it to a variety of financial risks. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks.

Risk management is an integral part of the investment manager's philosophy. The investment team meets regularly to review strategies and assess factors affecting the portfolio. The investment manager constantly reviews markets and the performance of individual sectors and holdings. Investment recommendations are reviewed by the investment manager's investment committee before investment decisions are implemented.

Currency Risk

Please refer to note 4 for a definition of currency risk.

The table below indicates the currencies to which the Fund had significant exposure as at June 30, 2011 and December 31, 2010. Amounts shown are based on the fair value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any). The financial instruments may be denominated in a currency other than its country of residence as listed in the Statement of Investment Portfolio.

| Currency | June 30, 2011 | | December 31, 2010 | |
|----------|---------------------|------------------------------|---------------------|------------------------------|
| | Total Exposure (\$) | Percentage of Net Assets (%) | Total Exposure (\$) | Percentage of Net Assets (%) |
| USD | 1,382,123 | 22.41 | 1,498,255 | 23.94 |

Management's best estimate of the effect on net assets due to a strengthening or weakening of 5% in the value of the Canadian dollar, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$69,106 (\$74,913 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Interest Rate Risk

Please refer to note 4 for a definition of interest rate risk. Because the majority of the Fund's financial assets and liabilities are non-interest bearing, the Fund is not subject to significant risk due to fluctuations in market interest rates.

Other Market Risk

Please refer to note 4 for a definition of other market risk. In order to manage market price risk, continuous screening is applied to each security, based on qualitative and quantitative assessments. These screens include, but are not limited to, earnings variability, earnings dispersion, management risk, financial risk, industry/business risk, valuation risk and growth risk. From these inputs, each company is ranked in terms of risk. The investment manager's portfolio manager, institutional service team and compliance team all have a responsibility to ensure that market positions adhere to the investment goals of the client. The Fund has investment restrictions that prohibit it from investing more than 10% of its assets in any one company.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$221,158 (\$236,029 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in U.S. equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$65,898 (\$74,686 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Credit Risk

Please refer to note 4 for a definition of credit risk. As at June 30, 2011 and December 31, 2010, the Fund had no significant investments in debt instruments and/or derivatives.

Liquidity Risk

Please refer to note 4 for a definition of liquidity risk. As at June 30, 2011 and December 31, 2010, all of the Fund's liabilities were current. Because the Fund is exposed to daily cash redemptions of redeemable units, the majority of its assets are in investments that are traded in an active market and can be readily disposed of.

Fair Value Measurement (unaudited)

Fair Value of Financial Instruments

The table below categorizes the fair values of financial instruments into Level 1, 2 or 3 based on the inputs used to value the Fund's investments. Please refer to note 9 for a definition of the levels of classification.

Financial Assets at fair values as at June 30, 2011 (\$000's)

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------------------|--|---|---|--------------|
| Equities | 5,802 | - | - | 5,802 |
| Bonds | - | - | - | - |
| Short term | - | 339 | - | 339 |
| Derivatives | - | - | - | - |
| Total Financial Assets | 5,802 | 339 | - | 6,141 |

Financial Assets at fair values as at December 31, 2010 (\$000's)

| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------------------|--|---|---|--------------|
| Equities | 6,214 | - | - | 6,214 |
| Bonds | - | - | - | - |
| Short term | - | 25 | - | 25 |
| Derivatives | - | - | - | - |
| Total Financial Assets | 6,214 | 25 | - | 6,239 |

Level 3 Reconciliation

As there have been no Level 3 holdings in the Fund during the period, a reconciliation has not been provided.

Transfers Between Level 1 and 2

During the period, there have been no significant transfers between Level 1 and 2.

Statements of Net Assets (unaudited)

As at June 30, 2011 and December 31, 2010

| | 2011 (\$000's) | 2010 (\$000's) |
|---|----------------|----------------|
| Assets | | |
| Investments, at fair value* | 5,802 | 6,214 |
| Cash and short-term investments | 369 | 56 |
| Dividend/Interest receivable | 10 | 10 |
| Receivable from investment units sold | - | 33 |
| Management fee distribution receivable (Note 2(b)(iii)) | - | - |
| Other assets | - | - |
| | 6,181 | 6,313 |
| Liabilities | | |
| Bank overdraft | - | - |
| Payable for investment units purchased | - | 42 |
| Payable for expenses (Inc. all HST/GST) | 14 | 14 |
| Other liabilities | - | - |
| | 14 | 56 |
| Net assets | 6,167 | 6,257 |
| * Investments, at average cost | 4,945 | 5,224 |

Statements of Operations (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|----------------|----------------|
| Income | | |
| Dividends | 78 | 60 |
| Interest | 1 | 1 |
| Revenue from securities lending (Note 2(e)) | - | - |
| Management fee distribution received | - | - |
| | 79 | 61 |
| Expenses | | |
| Management fees | 85 | 77 |
| Fund administration expenses | - | - |
| Transaction costs (Note 2) | 3 | 5 |
| | 88 | 82 |
| Net investment income (loss) | (9) | (21) |
| Realized and unrealized gain (loss) | (27) | (348) |
| Net increase (decrease) in net assets resulting from operations | (36) | (369) |

Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

| | 2011 (\$000's) | 2010 (\$000's) |
|--|----------------|----------------|
| Net assets, beginning of period | 6,257 | 5,994 |
| Net increase (decrease) in net assets resulting from operations | (36) | (369) |
| Transactions with unitholders | | |
| Unitholders' contributions | 401 | 421 |
| Unitholders' withdrawals | (455) | (487) |
| Transfers (to) from other funds | - | - |
| Net increase (decrease) from unitholders' transactions | (54) | (66) |
| Net assets, end of period | 6,167 | 5,559 |

Financial Statements - Financial Highlights (unaudited)

For the periods ended June 30, 2011 and December 31

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for up to five years, depending on the inception date of the Fund. Net asset value per unit and Management expense ratio are presented in this table on a Trading Valuation Basis (refer to note 2a))

| Product | Net assets (\$000's) | | | | | Net asset value per unit (\$) (refer to Note 2c) | | | | | Units issued and outstanding | | | | |
|-----------------|-------------------------|-------|-------|-------|-------|--|-------|-------|-------|-------|---------------------------------|---------|---------|---------|---------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Champion | 6,176 | 6,264 | 6,005 | 5,131 | 7,271 | 28.67 | 28.84 | 26.79 | 22.90 | 32.13 | 215,409 | 217,208 | 224,146 | 224,106 | 226,344 |

| Product | Management expense ratio (%) (refer to Note 3b) | | | | |
|-----------------|---|------|------|------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Champion | 2.70 | 2.66 | 2.63 | 2.63 | 2.71 |

| Fund | Portfolio Turnover Rate of the Fund (%) (refer to Note 2g) | | | | |
|---|--|-------|--------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Maritime Life Champion Growth Fund | 24.29 | 63.93 | 126.49 | 62.54 | 48.58 |

Reconciliation of Trading Net Asset Value and Trading Net Asset Value Per Units to GAAP Valuation Basis (unaudited)

CICA Handbook Section 3855 requires that bid prices be used to value investments held rather than the closing trade prices currently used for the purposes of determining Trading NAV. All investment funds are required to provide a reconciliation between the Trading NAV that is used to value client transactions and the GAAP NAV that is required for financial reporting purposes (refer to note 2a) for details).

| Product | June 30, 2011 | | | | December 31, 2010 | | | |
|-----------------|------------------------------------|---------------------------|------------------------------|-----------------------------|------------------------------------|---------------------------|------------------------------|-----------------------------|
| | Trading Valuation Basis (\$) | Valuation Impacts (\$) | GAAP Valuation Basis (\$) | | Trading Valuation Basis (\$) | Valuation Impacts (\$) | GAAP Valuation Basis (\$) | |
| | Net Asset Value | Net Asset Value | Net Asset Value | Net Asset Value Per Unit | Net Asset Value | Net Asset Value | Net Asset Value | Net Asset Value Per Unit |
| Champion | 6,175,829 | (8,594) | 6,167,235 | 28.63 | 6,264,093 | (6,643) | 6,257,450 | 28.81 |

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

For the periods ended June 30, 2011 and December 31, 2010.

1. THE FUNDS

The funds were established under the authority of and are governed by the Insurance Companies Act (Canada). The funds are maintained in connection with certain life insurance contracts (the Policies). Each of the funds represent money from policy owners that is invested solely in underlying mutual funds, unit trusts, pooled funds or other selected investments and are segregated from other assets of Manulife Financial. The benefits payable under the Policies related to the funds vary depending on the market value of the assets in the funds.

Manulife Financial makes available to the contractholders, Fund Facts for each fund on its website or in print upon request without charge. The individual Fund Facts give the contractholder an idea of what each fund invests in, how it has performed and what fees or charges may apply. For more information, please contact your advisor or visit manulife.ca/investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (CGAAP). Preparing financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ from those estimates.

a) Valuation of investments

Underlying funds

The funds' assets are carried at the quoted market value, established by the net asset value per unit of the underlying funds held. The fair value classification required under Section 3862.27A for underlying fund's units will generally be Level 1, unless otherwise noted in the fund's statement of investment portfolio.

Investments in portfolio funds

Investments are deemed to be held for trading in accordance with CICA Section 3855, *Financial Instruments – Recognition and Measurement*, and therefore, are recorded at fair value. Investments in securities are valued at their closing bid price based on major securities exchange listings. The current value of securities not traded on major exchanges may be estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Assumptions used in these techniques may include the price paid for the security, recent news reports about the issuer and general market indicators. Their fair value is determined using a valuation model that has been tested against the prices of actual market transactions and using the manager's best estimate of the most appropriate model inputs. These are adjusted to reflect a spread for bid and ask prices to reflect costs to close-out positions, counterparty credit spread and limitations in the models.

Prior to the adoption of CICA Section 3855, segregated funds accounted for investments at fair value using the closing or last trade price. However, under Section 3855, segregated funds are required to account for investments using closing bid prices, where available. Canadian Life and Health Insurance Association ("CLHIA") guidelines require the use of Canadian generally accepted accounting principles for financial reporting, but the CLHIA has provided an exemption to use the closing price for the issuance and redemption of units (Trading NAV) as long as a reconciliation between Trading NAV and GAAP NAV is disclosed in the financial statements. Manulife Financial is providing a reconciliation of the Trading NAV and the GAAP NAV in each of the relevant Fund financial statements.

Short-term investments are valued at their bid quotations received from recognized investment dealers for financial reporting purposes.

Bonds are valued at their fair market value based on the bid price from available public quotations from recognized dealers.

Derivative instruments are valued at fair market value. Futures and forward contracts are valued at the gain/loss that would be realized if the position were to be closed at the reporting date. When the forward contracts are closed out or expire, realized gains or losses on forward contracts are recognized and are included in the Statements of Operations.

Manulife Financial has adopted EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", requiring that an entity's own credit risk and the credit risk of the counterparty be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Manulife Financial has assessed its own credit risk and the credit risk of the counterparty when determining the fair values of the funds' financial assets and financial liabilities and has determined the impact to the funds to be immaterial.

b) Investment transactions and income

Investment transactions are accounted for on the trade date for direct investments and the day following the date the order to buy or sell is executed for underlying funds. Realized gains and losses from the sale of investments and unrealized appreciation or depreciation of investments are calculated on an average cost basis.

Investment income is recorded as follows:

(i) Distributions: Dividends, interest and capital gains from underlying funds are recorded on the distribution date.

(ii) Interest/Dividends: Interest/dividends from direct investments are recorded on an accrual basis.

(iii) Management fee distribution received: Management fee distributions are amounts received from Manulife Financial and the underlying fund manager for rebates to offset the management expense ratio embedded in the cost of units purchased in the underlying fund. Management fee distributions are calculated and accrued on a daily basis. There is no increase in the net management expense ratios charged to the unitholder.

(iv) Realized and unrealized gain or losses: The market value of units of the underlying funds owned by the funds will fluctuate during the period based on the performance of the assets of the underlying funds. Realized gains or losses on investments are calculated using the average cost of the related investments. The unrealized gains or losses of the units held in the underlying funds is recorded as the difference between the opening and closing market value of the units taking into account the change in the number of units owned throughout the period as a result of unitholder transactions.

(v) Foreign exchange: The reporting currency of all funds is expressed in Canadian dollars. Foreign currency amounts are expressed in Canadian dollars as follows:

1) Market value of investments, other assets and liabilities are reported at the rate of exchange existing at the end of the period.

2) Purchases and sales of investments, income and expenses are reported at the rate of exchange existing on the respective dates of such transactions.

3) Realized and unrealized gains and losses from the translation of foreign currencies are considered to be investment transactions.

(vi) Transaction costs: Commissions paid to agents, advisors, brokers and dealers to acquire, issue or dispose of a direct investment are included in transaction costs and are reported on the Statements of Operations.

c) Calculation of unit values

Unit values are calculated daily before taking into consideration unitholder transactions and payments made on that day. These unitholder transactions are then reflected using that day's new unit value. Separate unit values are calculated on a daily basis for each class of units of each fund. The net asset value of each class will be the sum of that class' proportionate share of the fund's investment portfolio market value on a trade basis. A class' proportionate share of the fund's investment portfolio market value will generally be determined by comparing that class' net asset value to the aggregate net asset value of the fund as of close of business on the previous day. That amount will be adjusted further for the day's applicable unitholder transactions.

d) Income taxes

The funds are deemed to be inter-vivos trusts under the provisions of the Income Tax Act (Canada). The net income, which includes net realized capital gains and losses for the calendar year, is not subject to tax. The net income is allocated to the beneficiary at the end of the calendar year.

e) Securities Lending

Certain funds lend portfolio securities from time to time in order to earn additional revenue. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities on a future date. The loaned assets of any fund do not exceed 50 per cent of the market value of the assets of that fund, with a minimum collateral of 105 per cent maintained on the loaned securities. The market value of the loaned securities is determined on the close of any valuation date. The securities on loan are displayed in the Statements of Investment Portfolios and reported in the Statements of Net Assets. The income earned from securities lending is recorded as "Revenue from securities lending" on the Statements of Operations.

f) Other assets and liabilities

Other financial assets and financial liabilities are recorded at their fair value.

g) Portfolio turnover rate

The fund's portfolio turnover rate indicates how actively the fund's Portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The portfolio turnover rate is disclosed starting the first full year after the underlying fund's inception. The underlying fund company may not have a fiscal year end of December 31, therefore the reported portfolio turnover rates are not necessarily as at June 30, 2011 and December 31. Please contact your advisor if you require the current portfolio turnover rates or additional information on specific funds.

3. MANAGEMENT FEES AND EXPENSES

Each fund pays fees and expenses relating to its operations, such as management fees and other recoverable fund operating expenses paid by the fund, including interest expenses on overdraft incurred within the funds. The total of all the fees and expenses paid or payable by the fund, including management fees and other recoverable fund operating expenses (including harmonized sales tax) divided by the fund's average assets on a trade basis, is the management expense ratio.

a) Management fees

Management fees are calculated and accrued on a daily basis and are reimbursed monthly to Manulife Financial at a rate of 1/12th of an annual percentage of the net asset value of the funds during the month. The management fees vary from fund to fund.

b) Management expense ratio

The management expense ratio (MER) of the fund represents the aggregate management fees and other expenses for the period expressed as an annual percentage of the average daily net assets of each fund during the period.

c) Waived expenses

The management expense ratio (MER) is calculated as a fixed percentage of the average daily net assets of each fund as calculated on a trade basis. Manulife Financial waives or absorbs all expenditures related to each fund in the ordinary course of business, in excess of the contracted MER. For the current period, no expenses for funds have been waived or absorbed by Manulife Financial.

4. FINANCIAL INSTRUMENT RISK

Risks

The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks is concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. The risk management practice for each of the funds includes monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the fund's performance by employing and overseeing professional and experienced portfolio advisors who regularly monitor the fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Currency risk

Currency risk is also called exchange rate risk. It is the risk that the value of a financial instrument, including cash and cash equivalents, denominated in a currency other than Canadian dollars, will fluctuate because of changes in the foreign exchange rate. If a fund invests in any financial instruments that are denominated in a currency other than Canadian dollars, the fund may be exposed to currency risk.

Interest rate risk

Interest rate risk arises when a fund invests in interest-bearing financial instruments such as a bond. The fund is exposed to the risk that the value of such financial instruments will fluctuate because of changes in the prevailing levels of market interest rates. In general, as interest rates rise, the price of a fixed rate bond falls, and vice versa.

Other market risk

Other market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The fluctuation may be caused by factors specific to an individual investment, its issuer, or other factors affecting all instruments traded in a market or market segment. All securities may present a risk of loss of capital.

Credit risk

Credit risk is the uncertainty in a counterparty's ability to meet its obligations or commitment or the risk that the issuer will default. All fixed income securities are subject to credit risk. Credit risk is considered as part of the investment decision making process. The funds only buy and sell investments through brokers which are considered to be approved counterparties, thus minimizing the risk of default during settlement.

For each fund that is exposed to credit risk, a portfolio by Credit Rating Category table is constructed as follows: The table relies on a hierarchy program to select the credit ratings from the preferred agencies depending on availability. Using bonds as an example, the program will first look at Standard and Poor's (S&P) reports to identify a rating. If a rating is present, the program will take the S&P rating and insert it into the appropriate category. If the bond is not rated by S&P, the program will move on to Moody's Investor Service, and finally Dominion Bond Rating Service. If none of the three agencies provide a rating, this particular bond will be placed under the not rated category.

Liquidity risk

Liquidity risk is the potential that an institution will be unable to meet its obligations as they come due because it is unable to liquidate assets. The fund's main assets are actively traded securities that can be readily sold. Each fund may, from time to time, invest in securities that are not actively traded. If non-actively traded securities are significant in the fund, they will be separately identified and disclosed in the fund's Statement of Investment Portfolio.

5. MANAGEMENT OF FINANCIAL RISKS

a) Investment fund selection and monitoring process

A fund manager search is initiated when a new product is launched, when a product is enhanced, or when there is a need to replace an existing manager. Manulife Financial has formalized the fund manager selection process for its investment portfolios. The first step is to screen all potential fund managers and select only those who meet Manulife Financial's criteria for inclusion in its portfolio of funds. Screening can and often does extend beyond Canadian firms. The screening criteria include qualitative as well as quantitative measures of performance. The selection team uses a weighting of 2/3 for qualitative factors and 1/3 for quantitative factors to recommend the best fund manager for the mandate under consideration.

Ongoing monthly and quarterly monitoring throughout the year includes any organizational or fund changes announced by fund managers or news items that may affect organizational stability or fund performance, as well as analysis on the fund's rate of return to verify that it is appropriate compared to the underlying fund or fund's benchmark.

Managers are required to verify that the fund has adhered to Manulife Financial's Statement of Investment Policies.

Fund portfolios are also reviewed on a semi-annual basis to ensure that the existing platform continues to meet the current and future needs of Manulife's Canadian Division. As a result of this review, product line-ups will typically be refreshed in June and December of each year. Manulife Financial's preference is to work with fund managers to address significant issues, minimize disruption to Manulife's clients, and give fund managers a reasonable opportunity to make improvements. The termination of a fund manager relationship is determined on a case-by-case basis and depends on their response to a specific area of concern. Manulife Financial is not compensated for this service in any manner by any of Manulife's fund managers.

b) Management of the fund of funds

Because Manulife's fund of funds are not actively managed, they are not subject to the same process as the asset allocation funds. Manulife delegates the risk management to the underlying fund manager and does not receive detailed risk management information from the underlying fund manager in the ordinary course of business nor would Manulife be able to validate such information. The description in Note 5a) also applies to the management of financial risks for fund of funds. Each of these managers has established their own fund and corresponding risk management practices. Underlying fund managers' views of applicable risks may vary within like fund classifications.

6. SIGNIFICANT OWNERSHIP IN UNDERLYING FUNDS

At June 30, 2011, each fund listed held a 20 per cent or greater ownership in the underlying fund.

| Fund | Underlying Fund | Assets of underlying funds (000's) | Percentage Ownership in underlying funds |
|----------------------|-----------------------------|------------------------------------|--|
| Manulife Equity Fund | Manulife Canadian Core Fund | 175,200 | 59.6% |

7. RELATED PARTY TRANSACTIONS

Certain funds invest in underlying Manulife Financial mutual funds managed by Manulife Asset Management Limited. Manulife Asset Management Limited is a wholly owned subsidiary of Manulife Financial. All investment transactions with the corresponding underlying Manulife Asset Management Limited managed mutual funds are at quoted market values.

Certain funds invest in underlying Unit Trusts owned and managed by Manulife Financial. These funds receive distributions, as disclosed in the Statement of Operations. The distributions represent net income based on the percentage ownership in the underlying Unit Trusts.

During the year, the funds paid management fees to Manulife as disclosed in the Statements of Operations of each fund, at an exchange amount as indicated in the annual information forms.

8. SECURITIES LENDING TRANSACTIONS

See note 2(e) for an explanation of securities lending. The outstanding value of the securities on loan and the collateral received by the funds as at June 30, 2011.

| Fund | Outstanding Loans | Total Collateral |
|--|-------------------|------------------|
| Maritime Life Separate Investment Fund | 149,432 | 142,315 |
| Maritime Life Champion Growth Fund | 250,439 | 238,489 |

9. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

During 2009, the Accounting Standards Board (AcSB) issued amendments to CICA Section 3862 relating to financial instruments to improve disclosures about fair value and liquidity risk. The amendments introduced a "fair value hierarchy" for disclosures to provide information about the relative reliability of inputs used in determining fair values. The new standard requires that an entity classify each financial instrument into one of these three fair value levels:

Level 1 – for unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (Example: as prices) or indirectly (Example: derived from prices) and,

Level 3 – for inputs that are based on unobservable market data.

Section 3862.27A was adopted by Manulife Financial during 2009, and is disclosed in the "Fair Value Measurement" section of actively managed portfolio funds. This amendment resulted in additional disclosures but there was no impact on actual fair value measurement or net asset value.

10. CAPITAL MANAGEMENT

The funds have no restrictions or specific capital requirements on the subscription and redemption of units. The Statements of Changes in Net Assets identify changes in capital during the period. The capital of the fund is managed in accordance with the fund's investment objectives. This includes liquidity to be able to meet redemptions as discussed in Note 4 – Liquidity Risk.

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board (AcSB) has confirmed International Financial Reporting Standards (IFRS) will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises such as investment funds and other reporting issuers. The AcSB has deferred the IFRS changeover date for investment funds and segregated funds from the original date of January 1, 2011 to January 1, 2013. Therefore, the first time adoption of IFRS by investment companies and segregated funds will be applicable for interim and annual financial statements for periods beginning on or after January 1, 2013.

A changeover plan is being developed to meet this new timeline. The key elements of the plan include the disclosures of the qualitative and quantitative impact, if any, in the December 31, 2012 financial statements and the preparation of June 30, 2013 and December 31, 2013 financial statements in accordance with IFRS.

Based on analysis to date, with the implementation of CICA Sections 3855, 3862 and 3863, Manulife Financial has largely positioned the funds for IFRS adoption. There may be further changes to the financial statements as standards continue to evolve before the IFRS implementation date; however, the impact, if any, cannot be reasonably estimated at this time. Manulife Financial also anticipates an increase in disclosure resulting from the adoption of IFRS such as a requirement to include a statement of cash flows for each fund and potential changes in the presentation of unit holder's equity. Manulife Financial is continuing to assess evolving standards in these areas, the level of disclosure that may be required and the changes that may be needed to gather and process the required information.

12. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year financial statements. Class information has been provided for previous years in accordance with the groupings of class information that were used in that year.

About Manulife Financial

Manulife Financial is a leading Canadian-based financial services group operating in 22 countries and territories worldwide. For more than 120 years, clients worldwide have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients around the world. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in life and property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were Cdn\$481 billion (US\$498 billion) as at June 30, 2011. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States. Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

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