

# Segregated Funds Semi-Annual Financial Statements

**June 30, 2009**





# 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 ("CLHIA") 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, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
207,981	Manulife Canadian Money Market Fund	2,079,810	2,079,811
	<b>Total Investment 99.8%</b>	2,079,810	2,079,811
	<b>Other Assets/(Liabilities) 0.2%</b>	3,460	3,460
	<b>Total Net Assets</b>	<b>2,083,270</b>	<b>2,083,271</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>Manulife Canadian Money Market Fund</b>			
117,170,000	Government of Canada T-Bill, 0.54%, Feb-18-2010	116,640,654	116,641,150
79,355,000	Government of Canada T-Bill, 0.48%, May-13-2010	78,988,635	78,996,731
74,395,000	Government of Canada T-Bill, 0.54%, Jun-10-2010	74,001,406	74,004,642
39,800,000	Province of Manitoba, 0.83%, Sep-02-2009	39,800,000	39,826,337
39,750,000	Manulife Financial Corporation, 1.44%, Sep-15-2009	39,750,000	39,775,092
29,800,000	Province of Ontario, FRN, 1.43%, Apr-02-2013	29,789,094	29,907,742
29,750,000	Government of Canada T-Bill, 0.45%, Mar-18-2010	29,652,420	29,654,978
29,500,000	Toyota Credit Canada Inc., 1.45%, Jul-14-2009	29,393,800	29,484,829
24,815,000	Royal Bank of Canada, 1.09%, Aug-11-2009	24,815,000	24,852,769
22,700,000	Honda Canada Finance, 1.30%, Jul-13-2009	22,628,268	22,690,328

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

The Fund invests exclusively in the units of a single unit trust. Therefore, the financial risks associated with the Fund are determined by the investment characteristics of the underlying unit trust. The disclosure below is based on a look through analysis of the securities of the underlying unit trust.

The Fund is classified as a Canadian Money Market Fund, investing in corporate paper, bank paper and money market securities, issued or guaranteed by the Government of Canada, its provinces or municipalities to achieve the objective of providing a high level of interest income while preserving capital and maintaining liquidity. 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. All holdings have at least a minimum of upper medium grades set by recognized rating agencies. There is an allowed maximum of 10% per issuer (corporate and bank names) and credit quality is monitored based on research provided by credit analysts. Maximum overall terms are 90 or 180 days based on the Fund's mandate. The investment manager for the Fund has the final decision-making authority on investment decisions.

### Currency Risk

Please refer to note 4 for a definition of currency risk. As at June 30, 2009, the Fund's assets did not have a significant exposure to currency risk.

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

**Interest Rate Risk**

Please refer to note 4 for a definition of interest rate risk. The portfolio manager diversifies between corporate, bank and government securities maintaining corporate and bank issuers to shorter maturities. The portfolio manager monitors interest rates and uses this information to look at future trends in order to position the portfolio accordingly. This is a money market portfolio, therefore interest sensitivity is not as large of a factor as with a Fixed Income portfolio. The Fund has investment restrictions that prohibit it from investing more than 10% of its assets in any single issuer.

The table below includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

June 30, 2009

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non Interest Bearing	Total
Investments	-	-	88	-	-	88
Cash and cash equivalents	1,992	-	-	-	-	1,992
Other Assets	-	-	-	-	4	4
Liabilities	-	-	-	-	4	4

Management's best estimate of the effect on net assets due to an increase or decrease by 0.25% in prevailing interest rates, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$2,134. In practice, the actual results may differ and the difference could be material.

**Other Market Risk**

Please refer to note 4 for a definition of other market risk. As at June 30, 2009, the Fund did not have any other significant market risk.

**Credit Risk**

Please refer to note 4 for a definition of credit risk. Impairment provisions have been provided for any losses that have been incurred by the balance sheet date. The Fund's main credit risk concentration arises from short term paper. The investment manager's independent compliance team monitors the Fund regularly for any credit related limits and restrictions that are part of the Fund's investment policy statement. The Fund manager analyzes credit concentration based on industry and geographical location of the assets held by the Fund. The Fund minimizes its credit risk by monitoring counterparty creditworthiness.

As at June 30, 2009, the Fund invested in debt instruments and derivatives, as applicable, with the following credit ratings:

Portfolio by Rating Category	Percentage
AAA/Aaa/Bonds A++	64.75
AA/Aa/Bonds A+	35.25
A/Bonds A	0.00
BBB/Baa/Bonds B++	0.00
BB/Ba/Bonds B+	0.00
B/Bonds B	0.00
CCC/Caa	0.00
CC/Ca	0.00
C/Bonds Lower than B	0.00
Not Rated	0.00
<b>Total</b>	<b>100.00</b>

**Liquidity Risk**

Please refer to note 4 for a definition of liquidity risk. As at June 30, 2009, all of the Fund's liabilities were current. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

**Statements of Net Assets** (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	2,080	2,076
Cash and short-term investments	-	-
Distribution receivable	3	5
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	1
	<b>2,083</b>	<b>2,082</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	-	-
<b>Net assets</b>	<b>2,083</b>	<b>2,082</b>

**Statements of Operations** (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	19	47
Interest	-	-
Management fee distribution received	-	-
	<b>19</b>	<b>47</b>
<b>Expenses</b>		
Management fees	3	4
Fund administration expenses	7	8
	<b>10</b>	<b>12</b>
<b>Net investment income (loss)</b>	<b>9</b>	<b>35</b>
Realized and unrealized gain (loss)	-	-
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>9</b>	<b>35</b>

**Statements of Changes in Net Assets** (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>2,082</b>	<b>2,133</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>9</b>	<b>35</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	33	36
Unitholders' withdrawals	(116)	(138)
Transfers (to) from other funds	75	103
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(8)</b>	<b>1</b>
<b>Net assets, end of period</b>	<b>2,083</b>	<b>2,169</b>

**Financial Statements - Supplementary Schedules** (unaudited)

For the periods ended June 30, 2009 and December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	3.32	3.31	157,065	145,763	1.05	1.05	1.06	1.07	1.07
Individual Investor 235	3.32	3.31	417,126	422,067	1.05	1.05	1.06	1.07	1.07
Individual Accumulator 209	4.18	4.16	41,641	48,533	0.79	0.79	0.79	0.80	0.80

See accompanying notes to the financial statements.

# Manulife Bond Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
806,447	Manulife Canadian Bond Fund	7,878,941	8,798,019
	<b>Total Investment 100.7%</b>	7,878,941	8,798,019
	<b>Other Assets/(Liabilities) (0.7%)</b>	(60,051)	(60,051)
	<b>Total Net Assets</b>	<b>7,818,890</b>	<b>8,737,968</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>Manulife Canadian Bond Fund</b>			
40,339,000	Government of Canada, 3.50%, Jun-01-2013	42,188,049	42,205,082
13,514,000	Province of British Columbia, 4.25%, Jun-18-2014	14,368,849	14,274,568
13,778,000	Province of Quebec, 4.50%, Dec-01-2018	13,674,491	14,036,958
12,975,000	Canada Housing Trust, 4.55%, Dec-15-2012	13,865,474	13,873,259
12,130,000	Province of Quebec, 4.50%, Dec-01-2017	11,991,555	12,506,273
11,273,000	Province of Alberta, 4.40%, Dec-03-2012	11,654,929	11,976,435
11,751,634	Royal Office Finance, 5.21%, Nov-12-2032	11,751,517	11,229,686
10,419,000	Government of Canada, 4.00%, Jun-01-2017	11,037,655	11,086,076
10,000,000	Government of Canada T-Bill, 0.32%, Nov-12-2009	9,986,900	9,988,297
8,933,000	Province of Quebec, 5.50%, Dec-01-2014	9,534,174	9,931,888

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

The Fund invests exclusively in the units of a single unit trust. Therefore, the financial risks associated with the Fund are determined by the investment characteristics of the underlying unit trust. The disclosure below is based on a look through analysis of the securities of the underlying unit trust.

The Fund is classified as a Canadian Fixed Income Fund investing in bonds guaranteed by the Government of Canada, its provinces or municipalities, corporations, and chartered banks to achieve the objective of a high level of interest income. The Fund may also hold Canadian T-Bills and other money market instruments. 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 Fund invests in a variety of corporate bonds to diversify along a wide variety of credits. Portfolio duration and yield curve exposures are monitored and managed closely and carefully. The investment management team's portfolio manager and investment analyst make investment decision concerning the holdings in the Fund however the portfolio manager holds the final decision-making authority.

### Currency Risk

Please refer to note 4 for a definition of currency risk. The Fund has investments in global bonds that are denominated in Canadian currency. Such bonds are referred to as Maple bonds, which give investors the opportunity to invest in foreign companies without the risk of currency exchange fluctuations. As at June 30, 2009, the Fund's assets did not have a significant exposure to currency risk.

**Discussion of Financial Risk Management** (unaudited) (continued)**Interest Rate Risk**

Please refer to note 4 for a definition of interest rate risk. The Fund's overall interest rate risk is managed through managing the portfolio duration. In addition to maintaining the duration of the Fund within the range permitted by the investment guidelines, the investment manager maintains a desired level of interest rate sensitivity that matches the prevailing market volatility and the expected magnitude and direction of interest rates. The Fund has investment restrictions that prohibit it from investing more than 10% of its assets in any single issuer.

The table below includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

June 30, 2009

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non Interest Bearing	Total
Investments	155	783	2,642	5,217	-	8,797
Cash and cash equivalents	63	-	-	-	-	63
Other Assets	-	-	-	-	148	148
Liabilities	-	-	-	-	210	210

Management's best estimate of the effect on net assets due to an increase or decrease by 0.25% in prevailing interest rates, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$137,772. In practice, the actual results may differ and the difference could be material.

**Other Market Risk**

Please refer to note 4 for a definition of other market risk. As at June 30, 2009, the Fund did not have any other significant market risk.

**Credit Risk**

Please refer to note 4 for a definition of credit risk. The Fund's main credit risk concentration arises from debt securities. The investment manager's independent compliance team monitors the Fund regularly for any credit-related limits and restrictions that are part of the Fund's investment policy statement. The Fund has investment restrictions that prohibit it from investing more than 10% with any single non-government issuer. The investment manager analyzes credit concentration based on industry and geographical location of the assets that the Fund holds. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The delivery of securities sold is made only when the broker has received payment. The payment for purchases is made only when the securities have been received by the broker. If either party fails to meet its obligations, the trade in question will not take place.

As at June 30, 2009, the Fund invested in debt instruments and derivatives, as applicable, with the following credit ratings:

Portfolio by Rating Category	Percentage
AAA/Aaa/Bonds A++	37.77
AA/Aa/Bonds A+	15.56
A/Bonds A	37.54
BBB/Baa/Bonds B++	9.13
BB/Ba/Bonds B+	0.00
B/Bonds B	0.00
CCC/Caa	0.00
CC/Ca	0.00
C/Bonds Lower than B	0.00
Not Rated	0.00
<b>Total</b>	<b>100.00</b>

**Liquidity Risk**

Please refer to note 4 for a definition of liquidity risk. As at June 30, 2009, all of the Fund's liabilities were current. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	8,798	8,081
Cash and short-term investments	-	-
Distribution receivable	-	481
Receivable from investment units sold	-	34
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	<b>8,798</b>	<b>8,596</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	60	26
	<b>60</b>	<b>26</b>
<b>Net assets</b>	<b>8,738</b>	<b>8,570</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	-	-
Interest	-	-
Management fee distribution received	-	-
	-	-
<b>Expenses</b>		
Management fees	24	26
Fund administration expenses	61	66
	<b>85</b>	<b>92</b>
<b>Net investment income (loss)</b>	<b>(85)</b>	<b>(92)</b>
Realized and unrealized gain (loss)	407	206
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>322</b>	<b>114</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>8,570</b>	<b>8,975</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>322</b>	<b>114</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	132	158
Unitholders' withdrawals	(303)	(498)
Transfers (to) from other funds	17	18
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(154)</b>	<b>(322)</b>
<b>Net assets, end of period</b>	<b>8,738</b>	<b>8,767</b>

### Financial Statements - Supplementary Schedules (unaudited)

For the periods ended June 30, 2009 and December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	5.50	5.30	329,040	331,778	2.00	2.00	2.01	2.02	2.03
Individual Investor 235	5.50	5.30	1,257,020	1,278,890	2.00	2.00	2.01	2.02	2.03
Individual Accumulator 203	7.42	7.10	9,055	9,038	0.79	0.79	0.80	0.80	0.80

See accompanying notes to the financial statements.

# Manulife Diversified Investment Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
3,145,045	SEAMARK Pooled Balanced Fund	40,247,420	40,589,945
	<b>Total Investment 99.1%</b>	40,247,420	40,589,945
	<b>Other Assets/(Liabilities) 0.9%</b>	377,069	377,069
	<b>Total Net Assets</b>	<b>40,624,489</b>	<b>40,967,014</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>SEAMARK Pooled Balanced Fund</b>			
17,000,000	Canada Housing Trust, 4.80%, Jun-15-2012	17,027,374	18,264,800
18,000,000	Province of Ontario, 4.70%, Jun-02-2037	17,149,500	17,758,620
10,000,000	Province of Ontario, 6.50%, Mar-08-2029	12,199,615	11,930,000
158,850	Toronto-Dominion Bank	5,640,053	9,545,297
188,480	Royal Bank of Canada	4,762,556	8,965,994
5,810,000	Government of Canada, 8.00%, Jun-01-2027	8,797,183	8,796,340
8,215,000	Toronto-Dominion Bank, 5.14%, Nov-19-2012	8,268,468	8,781,178
5,560,000	Province of Quebec, 9.38%, Jan-16-2023	7,983,604	8,062,000
6,689,000	Government of Canada, 5.00%, Jun-01-2037	8,396,367	7,990,011
307,400	Fortis Inc.	8,644,290	7,811,034

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

Manulife Diversified Investment Fund is a Fund which invests fully in the units of the underlying SEAMARK Pooled Balanced Fund. In this context the Manulife Diversified Investment Fund falls under the category of 'Fund of 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 asset mix at any time will be the result of a bottom-up approach driven by the availability of attractive individual investments at reasonable valuations.

### Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may be applicable to the underlying fund which will also affect the segregated fund. Please refer to note 5c) for an explanation of the management of financial risks for Fund of Funds.

Risk	Applicable
Currency Risk	√
Interest Rate Risk	√
Other Market Risk	√
Credit Risk	√
Liquidity Risk	

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	40,590	39,437
Cash and short-term investments	-	-
Distribution receivable	396	1,351
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	<b>40,986</b>	<b>40,788</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	19	57
	<b>19</b>	<b>57</b>
<b>Net assets</b>	<b>40,967</b>	<b>40,731</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	738	894
Interest	-	-
Management fee distribution received	-	-
	<b>738</b>	<b>894</b>
<b>Expenses</b>		
Management fees	146	197
Fund administration expenses	286	376
	<b>432</b>	<b>573</b>
<b>Net investment income (loss)</b>	<b>306</b>	<b>321</b>
Realized and unrealized gain (loss)	1,653	(1,417)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>1,959</b>	<b>(1,096)</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>40,731</b>	<b>52,468</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>1,959</b>	<b>(1,096)</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	530	592
Unitholders' withdrawals	(2,253)	(3,639)
Transfers (to) from other funds	-	(46)
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(1,723)</b>	<b>(3,093)</b>
<b>Net assets, end of period</b>	<b>40,967</b>	<b>48,279</b>

### Financial Statements - Supplementary Schedules (unaudited)

For the periods ended June 30, 2009 and December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	46.21	44.01	193,162	199,739	2.52	2.52	2.54	2.56	2.57
Individual Investor 235	46.21	44.01	481,695	500,526	2.52	2.52	2.54	2.56	2.57
Individual Accumulator 209	193.25	182.83	27,078	30,162	1.21	1.21	1.22	1.23	1.23
Individual Accumulator 203	193.25	182.83	23,616	24,315	1.21	1.21	1.22	1.23	1.23

See accompanying notes to the financial statements.

# Manulife Equity Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
9,452,157	Manulife Canadian Core Fund	115,105,619	93,500,739
	<b>Total Investment 100.1%</b>	115,105,619	93,500,739
	<b>Other Assets/(Liabilities) (0.1%)</b>	(116,634)	(116,634)
	<b>Total Net Assets</b>	<b>114,988,985</b>	<b>93,384,105</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>Manulife Canadian Core Fund</b>			
246,480	Canadian Natural Resources Limited	16,622,182	15,082,111
314,850	Royal Bank of Canada	13,555,381	14,977,415
699,580	Talisman Energy Inc.	12,015,753	11,689,982
213,713	National Bank of Canada	10,242,868	11,487,074
116,568	Research in Motion Limited	7,930,426	9,637,842
184,420	Bank of Montreal	7,614,067	9,040,268
147,758	Toronto-Dominion Bank	8,176,988	8,878,778
134,717	EnCana Corp.	8,770,953	7,769,129
204,050	Suncor Energy Inc.	9,330,877	7,217,249
82,030	Niko Resources Ltd.	5,669,671	6,562,400

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

Manulife Equity Fund is a Fund which invests fully in the units of the underlying Manulife Canadian Core Fund. In this context the Manulife Equity Fund falls under the category of 'Fund of 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 table below indicates the financial instrument risks that may be applicable to the underlying fund which will also affect the segregated fund. Please refer to note 5c) for an explanation of the management of financial risks for Fund of Funds.

Risk	Applicable
Currency Risk	√
Interest Rate Risk	
Other Market Risk	√
Credit Risk	
Liquidity Risk	

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	93,501	88,104
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	184
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	<b>93,501</b>	<b>88,288</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	117	66
	<b>117</b>	<b>66</b>
<b>Net assets</b>	<b>93,384</b>	<b>88,222</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	-	-
Interest	99	-
Management fee distribution received	-	-
	<b>99</b>	<b>-</b>
<b>Expenses</b>		
Management fees	342	640
Fund administration expenses	742	1,383
	<b>1,084</b>	<b>2,023</b>
<b>Net investment income (loss)</b>	<b>(985)</b>	<b>(2,023)</b>
Realized and unrealized gain (loss)	8,267	6,855
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>7,282</b>	<b>4,832</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>88,222</b>	<b>161,356</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>7,282</b>	<b>4,832</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	1,573	1,777
Unitholders' withdrawals	(3,601)	(7,477)
Transfers (to) from other funds	(92)	(75)
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(2,120)</b>	<b>(5,775)</b>
<b>Net assets, end of period</b>	<b>93,384</b>	<b>160,413</b>

### Financial Statements - Supplementary Schedules (unaudited)

For the periods ended June 30, 2009 and December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	3.51	3.24	8,092,793	8,257,548	2.73	2.73	2.76	2.77	2.78
Individual Investor 235	3.51	3.24	14,914,340	15,137,717	2.73	2.73	2.76	2.77	2.78
Individual Accumulator 203	20.92	19.21	512,894	532,181	1.42	1.42	1.43	1.44	1.45
Variable Payout Annuity	6.84	6.25	438	1,515	0.79	0.79	0.79	0.80	0.80
Equity 65	22.06	20.15	17,245	21,077	0.52	0.52	0.53	0.53	0.54
Sun Alliance (Acadia Equity Linked)	6.28	5.87	261,223	299,482	0.60	0.60	0.64	0.64	0.62

See accompanying notes to the financial statements.

# Equity Growth Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
105,428	Manulife Canadian Core Fund	1,277,203	1,042,897
	<b>Total Investment 100.0%</b>	1,277,203	1,042,897
	<b>Other Assets/(Liabilities) 0.0%</b>	456	456
	<b>Total Net Assets</b>	<b>1,277,659</b>	<b>1,043,353</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>Manulife Canadian Core Fund</b>			
246,480	Canadian Natural Resources Limited	16,622,182	15,082,111
314,850	Royal Bank of Canada	13,555,381	14,977,415
699,580	Talisman Energy Inc.	12,015,753	11,689,982
213,713	National Bank of Canada	10,242,868	11,487,074
116,568	Research in Motion Limited	7,930,426	9,637,842
184,420	Bank of Montreal	7,614,067	9,040,268
147,758	Toronto-Dominion Bank	8,176,988	8,878,778
134,717	EnCana Corp.	8,770,953	7,769,129
204,050	Suncor Energy Inc.	9,330,877	7,217,249
82,030	Niko Resources Ltd.	5,669,671	6,562,400

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

Equity Growth Fund is a Fund which invests fully in the units of the underlying Manulife Canadian Core Fund. In this context the Equity Growth Fund falls under the category of 'Fund of 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 table below indicates the financial instrument risks that may be applicable to the underlying fund which will also affect the segregated fund. Please refer to note 5c) for an explanation of the management of financial risks for Fund of Funds.

Risk	Applicable
Currency Risk	√
Interest Rate Risk	
Other Market Risk	√
Credit Risk	
Liquidity Risk	

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	1,043	955
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	1
	<b>1,043</b>	<b>956</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	-	-
<b>Net assets</b>	<b>1,043</b>	<b>956</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	-	-
Interest	49	-
Management fee distribution received	-	-
	<b>49</b>	-
<b>Expenses</b>		
Management fees	6	10
Fund administration expenses	-	-
	<b>6</b>	<b>10</b>
<b>Net investment income (loss)</b>	<b>43</b>	<b>(10)</b>
Realized and unrealized gain (loss)	86	70
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>129</b>	<b>60</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>956</b>	<b>1,653</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>129</b>	<b>60</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	10	11
Unitholders' withdrawals	(52)	(53)
Transfers (to) from other funds	-	-
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(42)</b>	<b>(42)</b>
<b>Net assets, end of period</b>	<b>1,043</b>	<b>1,671</b>

### Financial Statements - Supplementary Schedules (unaudited)

For the periods ended June 30, 2009 and December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Nalaco Growth "R"	222.32	194.65	4,690	4,908	1.26	1.26	1.27	1.33	1.36

See accompanying notes to the financial statements.

# Monarch Growth Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
1,103,764	Manulife Canadian Core Fund	13,367,578	10,918,437
	<b>Total Investment 99.9%</b>	13,367,578	10,918,437
	<b>Other Assets/(Liabilities) 0.1%</b>	6,530	6,530
	<b>Total Net Assets</b>	<b>13,374,108</b>	<b>10,924,967</b>

## Top 10 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
<b>Manulife Canadian Core Fund</b>			
246,480	Canadian Natural Resources Limited	16,622,182	15,082,111
314,850	Royal Bank of Canada	13,555,381	14,977,415
699,580	Talisman Energy Inc.	12,015,753	11,689,982
213,713	National Bank of Canada	10,242,868	11,487,074
116,568	Research in Motion Limited	7,930,426	9,637,842
184,420	Bank of Montreal	7,614,067	9,040,268
147,758	Toronto-Dominion Bank	8,176,988	8,878,778
134,717	EnCana Corp.	8,770,953	7,769,129
204,050	Suncor Energy Inc.	9,330,877	7,217,249
82,030	Niko Resources Ltd.	5,669,671	6,562,400

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

Monarch Growth Fund is a Fund which invests fully in the units of the underlying Manulife Canadian Core Fund. In this context the Monarch Growth Fund falls under the category of 'Fund of 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 table below indicates the financial instrument risks that may be applicable to the underlying fund which will also affect the segregated fund. Please refer to note 5c) for an explanation of the management of financial risks for Fund of Funds.

Risk	Applicable
Currency Risk	√
Interest Rate Risk	
Other Market Risk	√
Credit Risk	
Liquidity Risk	

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	10,918	10,192
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	1
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	7	-
	<b>10,925</b>	<b>10,193</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	23
	<b>-</b>	<b>23</b>
<b>Net assets</b>	<b>10,925</b>	<b>10,170</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Distribution from underlying fund	-	-
Interest	-	-
Management fee distribution received	-	-
	<b>-</b>	<b>-</b>
<b>Expenses</b>		
Management fees	27	49
Fund administration expenses	-	-
	<b>27</b>	<b>49</b>
<b>Net investment income (loss)</b>	<b>(27)</b>	<b>(49)</b>
Realized and unrealized gain (loss)	956	797
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>929</b>	<b>748</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>10,170</b>	<b>17,753</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>929</b>	<b>748</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	179	185
Unitholders' withdrawals	(353)	(417)
Transfers (to) from other funds	-	-
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(174)</b>	<b>(232)</b>
<b>Net assets, end of period</b>	<b>10,925</b>	<b>18,269</b>

### Financial Statements - Supplementary Schedules (unaudited)

For the periods ended June 30, 2009 and December 31

Class of units	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Class A units	53.28	48.72	204,929	209,234	0.55	0.55	0.56	0.58	0.58

See accompanying notes to the financial statements.

# Maritime Life FLAC Equity Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
<b>CANADIAN COMMON STOCK</b>							
<b>Consumer Discretionary 4.83%</b>				<b>Merchandising 2.56%</b>			
74	Metro Inc., Class A	2,483	2,803	50	Canadian Tire Corporation Limited	2,293	2,750
991	Sino-Forest Corporation	14,201	12,249	202	Finning International Inc.	2,782	3,369
329	Thomson Reuters Corporation	9,538	11,137	75	Loblaw Companies Limited	2,492	2,606
		<b>26,222</b>	<b>26,189</b>	201	Rona Inc.	2,527	2,555
				270	The Jean Coutu Group (PJC) Inc.	2,067	2,633
						<b>12,161</b>	<b>13,913</b>
<b>Energy 0.95%</b>				<b>Oil &amp; Gas 28.21%</b>			
511	Red Back Mining Inc.	3,931	5,182	542	Canadian Natural Resources Limited	39,902	33,165
		<b>3,931</b>	<b>5,182</b>	662	EnCana Corp.	40,937	38,178
				581	Ensign Energy	9,916	9,831
<b>Financial Services 27.11%</b>				499	Imperial Oil Limited	20,223	22,415
75	Bank of Montreal	3,130	3,677	100	Nexen Inc.	2,340	2,527
263	Bank of Nova Scotia	11,877	11,419	40	Niko Resources Ltd.	2,578	3,185
66	Canadian Imperial Bank of Commerce	4,307	3,838	70	Petrobank Energy & Resources Ltd.	2,632	2,365
150	CI Financial Inc.	2,865	2,861	55	Petro-Canada	1,493	2,471
572	Great-West Lifeco Inc.	17,523	13,042	654	Suncor Energy Inc.	20,662	23,132
80	Home Capital Group Inc.	2,561	2,404	946	Talisman Energy Inc.	20,063	15,808
70	IGM Financial Inc.	2,649	2,872			<b>160,746</b>	<b>153,077</b>
427	National Bank of Canada	20,744	22,951	<b>Telecommunication Services 2.49%</b>			
875	Power Corporation of Canada	17,872	23,485	457	BCE Inc.	14,743	10,968
810	Power Financial Corporation	23,862	22,210	173	Corus Entertainment Inc., Class B	2,777	2,559
537	Royal Bank of Canada	24,395	25,502			<b>17,520</b>	<b>13,527</b>
87	Sun Life Financial Inc.	2,487	2,731	<b>Transportation Services 3.61%</b>			
169	Toronto-Dominion Bank	9,299	10,155	392	Canadian National Railway Company	19,492	19,588
		<b>143,571</b>	<b>147,147</b>			<b>19,492</b>	<b>19,588</b>
				<b>Total Canadian Common Stock 94.95%</b>			
<b>Industrial Products 0.51%</b>						<b>513,893</b>	<b>515,368</b>
65	SNC-Lavalin Group Inc.	2,448	2,783	<b>Transaction Costs (Note 2)</b>			
		<b>2,448</b>	<b>2,783</b>			<b>(286)</b>	
				<b>Total Common Stock 94.95%</b>			
<b>Information Technology 6.13%</b>						<b>513,607</b>	<b>515,368</b>
531	Celestica Inc.	4,053	4,184	<b>Cash &amp; Other Investments 4.89%</b>			
97	MacDonald Dettwiler & Associates Ltd.	2,760	2,561			<b>26,542</b>	<b>26,543</b>
321	Research in Motion Limited	25,196	26,540	<b>Other Assets/(Liabilities) 0.16%</b>			
		<b>32,009</b>	<b>33,285</b>			<b>853</b>	<b>853</b>
				<b>Total Net Assets</b>			
<b>Materials 18.55%</b>						<b>541,002</b>	<b>542,764</b>
292	Agrium Inc.	17,842	13,563				
280	Alamos Gold Inc.	2,520	2,671				
515	Barrick Gold Corporation	16,603	20,100				
324	Cameco Corporation	7,053	9,636				
60	First Quantum Minerals Ltd.	1,990	3,363				
411	Goldcorp Inc.	16,110	16,617				
295	IAMGold Corporation	2,536	3,475				
70	Inmet Mining Corporation	2,424	2,958				
461	Kinross Gold Corporation	9,448	9,773				
78	Potash Corporation of Saskatchewan Inc.	10,501	8,438				
415	Quadra Mining Ltd.	3,288	3,619				
239	Silver Wheaton Corp.	2,468	2,290				
225	Teck Cominco Limited, Class B	3,010	4,174				
		<b>95,793</b>	<b>100,677</b>				

## Discussion of Financial Risk Management (unaudited)

### Financial Instrument Risk

The Fund is classified as a Canadian Equity Fund investing in Canadian Large Cap equities but may also hold Canadian T-Bills and other financial instruments 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. Portfolios are diversified not only across sectors and specific securities, but also according to a wide variety of market and macroeconomic risk factors. The investment manager monitors specific risks and tests for portfolio sensitivity to different economic scenarios.

The investment manager uses quantitative research and techniques designed to enhance portfolio performance and operate within risk thresholds. There is a formal risk review process whereby the investment manager's Chief Investment Officer and portfolio managers meet to monitor risk factors every month.

### Currency Risk

Please refer to note 4 for a definition of currency risk. As at June 30, 2009, 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. The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

### Other Market Risk

Please refer to note 4 for a definition of other market risk. The investment manager has buy and sell targets on all securities in the portfolios and monitors these on an actual time basis. In addition, a dedicated risk management team monitors each security and the overall portfolio. The investment manager's compliance department monitors the Fund for adherence to investment guidelines. It is the principal responsibility of the lead portfolio manager for the investment manager to adhere to client guidelines and restrictions. 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 \$25,768. In practice, the actual trading 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, 2009, 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, 2009, all of the Fund's liabilities were current. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

## Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	515	459
Cash and short-term investments	27	29
Dividend receivable	1	1
Receivable from investment units sold	-	-
Management fee distribution receivable {Note 2(c)(iii)}	-	-
Other assets	-	-
	<b>543</b>	<b>489</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>543</b>	<b>489</b>

## Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Dividends	7	6
Interest	-	1
Revenue from securities lending {Note 2(f)}	-	-
Management fee distribution received	-	-
	<b>7</b>	<b>7</b>
<b>Expenses</b>		
Management fees	-	-
Fund administration expenses	1	2
Transaction costs (Note 2)	1	1
	<b>2</b>	<b>3</b>
<b>Net investment income (loss)</b>	<b>5</b>	<b>4</b>
Realized and unrealized gain (loss)	56	20
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>61</b>	<b>24</b>

## Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>489</b>	<b>896</b>
<b>Net Increase (decrease) in net assets resulting from operations</b>	<b>61</b>	<b>24</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	2	2
Unitholders' withdrawals	(9)	(87)
Transfers (to) from other funds	-	-
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(7)</b>	<b>(85)</b>
<b>Net assets, end of period</b>	<b>543</b>	<b>835</b>

**Financial Statements - Supplementary Schedules (unaudited)**

For the periods ended June 30, 2009 and December 31

Net asset value per unit, and Management expense ratio are all presented in this table on a Trading Valuation Basis (Note 2)

Fund Name	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Maritime Life FLAC Equity Fund	230.05	204.41	2,363	2,403	0.59	0.59	0.50	0.63	0.69

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

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 2 for details on the accounting policy change). Section 3855 requires that bid prices be used to value investments held rather than using the closing sale prices currently used for the purposes of determining Trading NAV.

Fund Name	June 30, 2009				December 31, 2008			
	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
Maritime Life FLAC Equity Fund	543,499	(735)	542,764	229.74	491,098	(1,670)	489,428	203.71

See accompanying notes to the financial statements.

# Maritime Life Separate Investment Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
<b>CANADIAN COMMON STOCK</b>			
<b>Consumer Discretionary 3.14%</b>			
700	Metro Inc., Class A	25,030	26,516
1,050	Thomson Reuters Corporation	45,868	35,543
		<b>70,898</b>	<b>62,059</b>
<b>Energy 1.16%</b>			
2,032	Just Energy Income Fund	14,051	22,921
		<b>14,051</b>	<b>22,921</b>
<b>Financial Services 31.21%</b>			
900	Bank of Montreal	28,469	44,118
1,875	Bank of Nova Scotia	46,148	81,413
775	Canadian Imperial Bank of Commerce	28,846	45,066
1,300	DundeeWealth Inc.	12,281	11,167
1,100	Great-West Lifeco Inc.	22,825	25,080
1,400	Industrial Alliance Insurance and Financial Services Inc.	29,101	36,050
600	Intact Financial Corporation	16,857	20,346
3,420	Manulife Financial Corporation	77,410	69,050
1,150	Power Financial Corporation	20,032	31,533
2,530	Royal Bank of Canada	73,474	120,154
700	Sun Life Financial Inc.	22,473	21,973
1,850	Toronto-Dominion Bank	77,944	111,167
		<b>455,860</b>	<b>617,117</b>
<b>Health Care 0.95%</b>			
1,200	Biovail Corporation	16,410	18,732
		<b>16,410</b>	<b>18,732</b>
<b>Industrial Products 2.50%</b>			
7,400	Bombardier Inc., Class B	38,048	25,530
1,000	Toromont Industries Ltd.	25,372	23,840
		<b>63,420</b>	<b>49,370</b>
<b>Materials 13.33%</b>			
1,200	Agrium Inc.	63,296	55,740
1,675	Barrick Gold Corporation	54,072	65,375
1,800	Goldcorp Inc.	60,217	72,774
550	Inmet Mining Corporation	21,682	23,243
4,500	Yamana Gold Inc.	32,647	46,350
		<b>231,914</b>	<b>263,482</b>
<b>Merchandising 3.44%</b>			
1,800	Alimentation Couche-Tard Inc., Class B	22,165	25,236
1,600	Reitmans Ltd.	31,790	22,848
400	Shoppers Drug Mart Corporation	21,354	19,984
		<b>75,309</b>	<b>68,068</b>
<b>Oil &amp; Gas 26.99%</b>			
1,200	Altagas Income Trust	20,894	19,248
1,000	Canadian Natural Resources Limited	47,950	61,190
800	Crescent Point Energy Trust	18,964	27,424
600	Enbridge Inc.	23,344	24,216
1,625	EnCana Corp.	53,656	93,714
1,200	Husky Energy Inc.	37,488	39,036
2,000	Nexen Inc.	61,771	50,540

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
1,575	Petro-Canada	51,695	70,749
1,450	Suncor Energy Inc.	15,978	51,287
1,975	Talisman Energy Inc.	17,307	33,002
1,000	TransCanada Corporation	36,974	31,240
1,100	Vermilion Energy	25,283	31,922
		<b>411,304</b>	<b>533,568</b>
<b>Telecommunication Services 8.57%</b>			
800	Astral Media Inc., Class A NV	31,859	23,712
1,245	BCE Inc.	39,804	29,880
1,000	Quebecor Inc., Class B	17,855	19,800
1,400	Rogers Communications Inc., Class B	54,357	41,860
1,100	TELUS Corporation	60,130	33,935
3,800	Yellow Pages Income Fund	20,450	20,292
		<b>224,455</b>	<b>169,479</b>
<b>Transportation Services 3.51%</b>			
1,020	Canadian National Railway Company	34,271	50,969
400	Canadian Pacific Railways	18,645	18,480
		<b>52,916</b>	<b>69,449</b>
<b>Utilities 2.65%</b>			
1,200	Fortis Inc.	29,161	30,492
1,108	Keyera Facilities Income Fund	18,038	21,983
		<b>47,199</b>	<b>52,475</b>
<b>Total Canadian Common Stock 97.45%</b>		<b>1,663,736</b>	<b>1,926,720</b>
<b>GLOBAL EQUITIES</b>			
<b>Great Britain 0.97%</b>			
3,900	Trinidad Drilling Ltd.	20,202	19,110
<b>Total Global Equities 0.97%</b>		<b>20,202</b>	<b>19,110</b>
<b>Transaction Costs (Note 2)</b>		<b>(2,225)</b>	
<b>Total Common Stock 98.42%</b>		<b>1,681,713</b>	<b>1,945,830</b>
<b>Cash &amp; Other Investments 1.47%</b>		<b>28,989</b>	<b>28,991</b>
<b>Other Assets/(Liabilities) 0.11%</b>		<b>2,137</b>	<b>2,137</b>
<b>Total Net Assets</b>		<b>1,712,839</b>	<b>1,976,958</b>

**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 above-average dividend income, with an acceptable level of volatility. 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 begins with portfolio construction. The investment manager's main concern is the absolute portfolio risk, seeking good diversification by automatically scaling down any position which 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, 2009, 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. The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

**Other Market Risk**

Please refer to note 4 for a definition of other market risk.

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 \$96,336. In practice, the actual trading 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, 2009, 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, 2009, all of the Fund's liabilities were current. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

**Statements of Net Assets** (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	1,946	1,669
Cash and short-term investments	29	24
Dividend receivable	5	5
Receivable from investment units sold	-	18
Management fee distribution receivable [Note 2(c)(iii)]	-	-
Other assets	-	-
	<b>1,980</b>	<b>1,716</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	-	4
Payable for management fees (Inc. all GST)	3	3
Other liabilities	-	-
	<b>3</b>	<b>7</b>
<b>Net assets</b>	<b>1,977</b>	<b>1,709</b>

**Statements of Operations** (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Dividends	33	33
Interest	-	1
Revenue from securities lending [Note 2(f)]	-	-
Management fee distribution received	-	-
	<b>33</b>	<b>34</b>
<b>Expenses</b>		
Management fees	16	26
Fund administration expenses	-	-
Transaction costs [Note 2]	1	2
	<b>17</b>	<b>28</b>
<b>Net investment income (loss)</b>	<b>16</b>	<b>6</b>
Realized and unrealized gain (loss)	257	38
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>273</b>	<b>44</b>

**Statements of Changes in Net Assets** (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>1,709</b>	<b>2,860</b>
<b>Net Increase (decrease) in net assets resulting from operations</b>	<b>273</b>	<b>44</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	27	27
Unitholders' withdrawals	(32)	(141)
Transfers (to) from other funds	-	-
<b>Net increase (decrease) from unitholders' transactions</b>	<b>(5)</b>	<b>(114)</b>
<b>Net assets, end of period</b>	<b>1,977</b>	<b>2,790</b>

**Financial Statements - Supplementary Schedules (unaudited)**

For the periods ended June 30, 2009 and December 31

Net asset value per unit, and Management expense ratio are all presented in this table on a Trading Valuation Basis (Note 2)

Class of units	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
SEIO	126.98	109.46	14,743	14,750	1.89	1.89	1.91	-	1.91
SIVA	127.57	109.83	841	905	1.89	1.89	1.91	-	1.91

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

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 2 for details on the accounting policy change). Section 3855 requires that bid prices be used to value investments held rather than using the closing sale prices currently used for the purposes of determining Trading NAV.

Class of units	June 30, 2009				December 31, 2008				
	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	1,871,990	(2,169)	1,869,821	126.83	1,614,616	(4,602)	1,610,014	109.15	
SIVA	107,265	(128)	107,137	127.42	99,450	(283)	99,167	109.52	

See accompanying notes to the financial statements.

# Maritime Life Champion Growth Fund

## Statement of Investment Portfolio (unaudited)

As at June 30, 2009

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
<b>CANADIAN COMMON STOCK</b>				<b>Oil &amp; Gas 19.51%</b>			
<b>Consumer Discretionary 1.66%</b>				1,038	Bonavista Energy Trust	18,934	18,663
2,158	Saputo Inc.	42,939	52,375	1,929	Canadian Natural Resources Limited	95,124	118,036
1,174	Thomson Reuters Corporation	49,507	39,740	3,095	Canadian Oil Sands Trust	96,082	86,010
		<b>92,446</b>	<b>92,115</b>	1,788	Enbridge Inc.	58,955	72,164
<b>Consumer Staples 0.60%</b>				2,846	EnCana Corp.	133,747	164,129
3,273	Viterra Inc.	32,085	33,057	1,408	Husky Energy Inc.	40,312	45,802
		<b>32,085</b>	<b>33,057</b>	921	Imperial Oil Limited	33,801	41,371
<b>Energy 0.61%</b>				4,386	Nexen Inc.	129,966	110,834
1,520	Capital Power Corporation	34,799	33,926	1,096	Petrobank Energy & Resources Ltd.	48,066	37,023
		<b>34,799</b>	<b>33,926</b>	570	Petro-Canada	24,143	25,604
<b>Financial Services 17.15%</b>				4,728	Suncor Energy Inc.	151,417	167,229
2,253	Bank of Montreal	113,156	110,442	5,899	Talisman Energy Inc.	85,895	98,572
1,989	Brookfield Asset Management Inc., Class A	51,576	39,581	3,136	TransCanada Corporation	102,720	97,969
1,320	Canadian Imperial Bank of Commerce	85,586	76,758			<b>1,019,162</b>	<b>1,083,406</b>
1,809	Intact Financial Corporation	51,571	61,343	<b>Telecommunication Services 5.26%</b>			
370	National Bank of Canada	19,003	19,888	777	Astral Media Inc., Class A NV	23,528	23,030
3,381	Power Corporation of Canada	99,351	90,746	4,629	BCE Inc.	152,544	111,096
6,241	Royal Bank of Canada	249,714	296,385	3,518	Rogers Communications Inc., Class B	96,429	105,188
4,274	Toronto-Dominion Bank	228,241	256,825	2,678	Shaw Communications Inc.	60,128	52,408
		<b>898,198</b>	<b>951,968</b>			<b>332,629</b>	<b>291,722</b>
<b>Industrial Products 2.25%</b>				<b>Transportation Services 2.66%</b>			
12,367	Bombardier Inc., Class B	57,404	42,666	2,338	Canadian National Railway Company	92,224	116,830
635	Magna International Inc., Class A SV	28,542	31,337	665	Canadian Pacific Railways	28,548	30,723
1,194	SNC-Lavalin Group Inc.	42,303	51,127			<b>120,772</b>	<b>147,553</b>
		<b>128,249</b>	<b>125,130</b>	<b>Utilities 1.07%</b>			
<b>Information Technology 3.15%</b>				791	Fortis Inc.	20,015	20,099
1,572	CGI Group Inc., Class A	16,242	16,254	1,757	Transalta Corp.	39,711	39,199
1,917	Research in Motion Limited	111,457	158,498			<b>59,726</b>	<b>59,298</b>
		<b>127,699</b>	<b>174,752</b>	<b>Total Canadian Common Stock 68.65%</b>			
<b>Materials 12.12%</b>						<b>3,596,127</b>	<b>3,810,633</b>
976	Agnico-Eagle Mines Ltd.	52,715	59,800	<b>U.S. COMMON STOCK</b>			
725	Agrium Inc.	37,013	33,676	435	3M Company	29,247	30,392
3,882	Barrick Gold Corporation	131,503	151,514	160	Amazon.com Inc.	12,540	15,568
1,507	Cameco Corporation	41,453	44,818	106	Apple Computers	15,986	17,551
2,938	Goldcorp Inc.	97,558	118,783	1,719	AT&T Inc.	51,305	49,598
1,809	Kinross Gold Corporation	36,873	38,351	420	Avon Products Inc.	9,643	12,582
1,456	Potash Corporation of Saskatchewan Inc.	118,690	157,510	1,770	Bank of America Corporation	23,707	27,016
3,675	Teck Cominco Limited, Class B	103,951	68,171	488	Bemis Company Inc.	13,824	14,290
		<b>619,756</b>	<b>672,623</b>	625	Broadcom Corporation, Class A	18,154	17,990
<b>Merchandising 2.61%</b>				695	Chesapeake Energy Corp.	16,715	16,021
1,043	Alimentation Couche-Tard Inc., Class B	14,500	14,623	546	Cisco Systems	14,255	11,831
340	Canadian Tire Corporation Limited	18,218	18,700	241	Colgate-Palmolive Company	17,031	19,819
690	Finning International Inc.	9,745	11,509	282	Computer Science Corp.	13,426	14,503
1,141	Loblaw Companies Limited	36,029	39,650	352	Cooper Industries Ltd.	13,822	12,701
1,213	Shoppers Drug Mart Corporation	52,114	60,601	1,249	Corning Inc.	21,228	23,318
		<b>130,606</b>	<b>145,083</b>				

Statement of Investment Portfolio (unaudited) (continued)

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
326	CSX Corporation	12,153	13,124
144	Diamond Offshore Drilling, Inc.	13,888	13,902
671	Exxon Mobil Corp.	53,461	54,532
130	Flowserve Corporation	11,975	10,526
237	Freeport-McMoRan	10,639	13,800
561	Gilead Sciences Inc.	28,441	30,554
164	Goldman Sachs Group Inc.	25,656	28,058
38	Google Inc.	17,513	18,623
480	H.J. Heinz Company	19,894	19,920
333	Honeywell International Inc.	12,606	12,155
1,008	Intel Corporation	18,401	19,381
151	International Business Machines Corp.	17,778	18,312
633	Johnson & Johnson	40,500	41,753
618	JPMorgan Chase & Co.	20,735	24,498
497	Kellogg Company	24,710	26,895
369	Lockheed Martin Corp.	38,564	34,591
468	McDonald's Corp.	30,238	31,245
444	McGraw-Hill Co.	13,594	15,541
1,069	Microsoft Corporation	28,893	29,539
261	Nike Inc., Class B	16,380	15,711
415	Occidental Petroleum Corporation	28,878	31,725
910	Oracle Corp.	22,783	22,670
1,690	Pfizer Inc.	29,294	29,450
535	Procter & Gamble Company	32,881	31,756
3,800	Qwest Communications International Inc.	18,306	18,288
728	Schering Plough Corp.	13,494	21,259
228	Schlumberger Limited	14,607	14,339
550	Sempra Energy	27,584	31,732
493	Southwestern Energy Company	23,395	22,242
529	St. Jude Medical Inc.	22,873	25,269
1,038	Starbucks Corporation	13,239	16,773
209	State Street Corporation	10,101	11,468
474	Stericycle Inc.	27,779	28,427
653	Stryker Corporation	29,663	30,152
495	Teradata Corporation	12,299	13,442
490	Texas Instruments Inc.	11,586	12,133
740	The Chubb Corp.	35,075	34,307
405	The Coca-Cola Company	22,097	22,580
361	Walgreen Company	12,322	12,334
556	Wal-Mart Stores Inc.	32,766	31,264
319	Waters Corporation	16,534	19,057
976	Wells Fargo & Company	21,540	27,525
1,165	Xcel Energy Inc.	26,544	24,933
344	Yum! Brands Inc.	13,752	13,333
<b>Total U.S. Common Stock 23.46%</b>		<b>1,246,294</b>	<b>1,302,298</b>
<b>Transaction Costs (Note 2)</b>		<b>(4,049)</b>	
<b>Total Common Stock 92.11%</b>		<b>4,838,372</b>	<b>5,112,931</b>

SHORT TERM

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
<b>Treasury Bills 8.37%</b>					
65,000	Canada	0.18%	Aug-2009	64,972	64,984
15,000	Canada	0.16%	Jul-2009	14,999	14,999
135,000	Canada	0.22%	Sep-2009	134,916	134,935
70,000	Canada	0.26%	Jul-2009	69,953	69,989
180,000	Canada	0.18%	Aug-2009	179,917	179,954
<b>Total Short Term 8.37%</b>				<b>464,757</b>	<b>464,861</b>
<b>Cash &amp; Other Investments 0.10%</b>				<b>5,671</b>	<b>5,595</b>
<b>Other Assets/(Liabilities) (0.58%)</b>				<b>(32,085)</b>	<b>(32,085)</b>
<b>Total Net Assets</b>				<b>5,276,715</b>	<b>5,551,302</b>

**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 manager uses a team-based approach to ensure that the portfolio is aligned to the Fund's investment goals. The team interacts daily and meets formally on a regular basis 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, 2009. 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.

June 30, 2009

Currency	Total Exposure (\$)	Percentage of Net Assets (%)
USD	1,293,354	24.51

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in the value of the Canadian dollar, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$64,668. 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. The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of 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, a risk factor is developed and applied to each security, based on qualitative and quantitative assessments. These risk factors 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 \$190,532. In practice, the actual trading 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 \$65,115. In practice, the actual trading 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, 2009, 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, 2009, all of the Fund's liabilities were current. The Fund is exposed to daily cash redemptions of redeemable units. Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

### Statements of Net Assets (unaudited)

As at June 30, 2009 and December 31, 2008

	2009 (\$000's)	2008 (\$000's)
<b>Assets</b>		
Investments, at fair value	5,113	4,781
Cash and short-term investments	470	343
Dividend/Interest receivable	9	11
Receivable from investment units sold	20	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	<b>5,612</b>	<b>5,135</b>
<b>Liabilities</b>		
Bank overdraft	-	-
Payable for investment units purchased	48	-
Payable for management fees (Inc. all GST)	13	12
Other liabilities	-	-
	<b>61</b>	<b>12</b>
<b>Net assets</b>	<b>5,551</b>	<b>5,123</b>

### Statements of Operations (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Income</b>		
Dividends	64	69
Interest	1	8
Revenue from securities lending (Note 2(f))	-	-
Management fee distribution received	-	-
	<b>65</b>	<b>77</b>
<b>Expenses</b>		
Management fees	67	94
Fund administration expenses	-	-
Transaction costs (Note 2)	11	4
	<b>78</b>	<b>98</b>
<b>Net investment income (loss)</b>	<b>(13)</b>	<b>(21)</b>
Realized and unrealized gain (loss)	416	214
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>403</b>	<b>193</b>

### Statements of Changes in Net Assets (unaudited)

For the periods ended June 30

	2009 (\$000's)	2008 (\$000's)
<b>Net assets, beginning of period</b>	<b>5,123</b>	<b>7,278</b>
<b>Net Increase (decrease) in net assets resulting from operations</b>	<b>403</b>	<b>193</b>
<b>Transactions with unitholders</b>		
Unitholders' contributions	435	456
Unitholders' withdrawals	(410)	(544)
Transfers (to) from other funds	-	-
<b>Net increase (decrease) from unitholders' transactions</b>	<b>25</b>	<b>(88)</b>
<b>Net assets, end of period</b>	<b>5,551</b>	<b>7,383</b>

**Financial Statements - Supplementary Schedules (unaudited)**

For the periods ended June 30, 2009 and December 31

Net asset value per unit, and Management expense ratio are all presented in this table on a Trading Valuation Basis (Note 2)

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Champion	24.67	22.90	225,168	224,106	2.63	2.63	2.71	-	2.68

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

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 2 for details on the accounting policy change). Section 3855 requires that bid prices be used to value investments held rather than using the closing sale prices currently used for the purposes of determining Trading NAV.

Product	June 30, 2009				December 31, 2008			
	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	5,554,986	(3,684)	5,551,302	24.65	5,131,454	(8,036)	5,123,418	22.86

See accompanying notes to the financial statements.

# Notes to the Financial Statements

For the years ended June 30, 2009 and December 31, 2008

## 1. THE FUNDS

Funds managed by Manulife Financial (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 or unit trusts or pooled funds or other selected investments and are segregated from other assets of Manulife Financial ("the Company"). The benefits payable under the Policies related to the Funds vary depending on the market value of the assets in the Funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The preparation of 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 period. Actual results could differ from those estimates.

### a) Adoption of Accounting Policy Changes

#### CICA Handbook Section 3855

The Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which establishes how financial instruments are recognized and measured for reporting purposes as well as the accounting treatment of transaction costs. The adoption of this section impacts valuation and disclosure of the net asset value of a segregated fund for financial reporting purposes (the "GAAP NAV"). Section 3855 was implemented by the company on January 1, 2007.

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. CLHIA guidelines requires the use of GAAP for financial reporting, but the CLHIA has provided an exemption to use the closing price as long as a reconciliation between Trading NAV and GAAP NAV is disclosed in the financial statements. The Company is providing a reconciliation of the Trading NAV and the GAAP NAV in each of the relevant Fund financial statements.

Transaction costs, in accordance with Section 3855, are expensed and are included in "Transaction Costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers. Prior to adoption of Section 3855, transaction costs were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on the net asset value of the segregated fund in using either of these methods.

#### CICA Handbook Sections 3862 and 3863

Effective January 1, 2008, the Company adopted CICA Section 3862, "Financial Instruments -Disclosures" and CICA Section 3863, "Financial Instruments – Presentation". The new Sections 3862 and 3863 replace Section 3861 "Financial Instruments – Disclosure and Presentation". Disclosure requirements are revised and enhanced, while presentation requirements remain essentially unchanged. The new disclosure requirements expand discussion around the significance of financial instruments for the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the company is exposed to and how the Company manages those risks.

Manulife actively manages the asset allocation funds and therefore the various risk disclosures have been presented as required in CICA Section 3862. Manulife does not actively manage its fund of mutual funds and therefore the full quantitative and qualitative risk disclosures contemplated under Section 3862 have not been presented for the underlying funds. For these types of funds Manulife provides a global commentary that describes Manulife's manager of managers program that helps ensure proper selection and monitoring of the underlying fund managers (note 5 a).

#### CICA Handbook Section 1535

The CICA issued Handbook Section 1535, "Capital Disclosures", effective for fiscal years beginning on or after October 1, 2007. This new section requires expanded disclosure of information about the entity's capital. Disclosure requirements pertaining to Section 1535 are disclosed in note 9.

## **b) Valuation of investments**

### **(i) 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.

### **(ii) Investments in Portfolio Funds**

Investments are deemed to be categorized as 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. If no bid price is available on the last market day, the security is valued at the last available traded price. The current value of individual securities 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 cost 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 the spread for bid and ask prices to reflect costs to close out positions, counterparty credit spread and limitations in the models.

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

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

Derivative instruments are valued at current 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.

## **c) Investment transactions and income**

Investment transactions are accounted for on the day following the date the order to buy or sell is executed. Realized gains and losses from investment transactions 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 the Company 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 (loss) – 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. The unrealized gain (loss) 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 are expressed in Canadian dollars. Foreign currency amounts are expressed in Canadian dollars as follows:

- 1) Market value of investments, other assets and liabilities at the rate of exchange existing at the end of the period.
- 2) Purchases and sales of investments, revenue and expenses 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 relating to the acquisition, issue or disposal of an investment are included in transaction costs, reported on the Statements of Operations.

## **d) Calculation of unit values**

Unit values are calculated daily before taking into consideration unitholders' transactions and payments made on that day. These unitholders' 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.

#### **e) Income taxes**

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

#### **f) Securities lending**

Up to October 31, 2008, the Company was involved in securities lending. Certain Funds lent portfolio securities from time to time in order to earn additional revenue. These transactions involved 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 did not exceed 50% of the market value of the assets of that Fund, with a minimum collateral of 102% maintained on the loaned securities. The market value of the loaned securities was determined on the close of any valuation date. The securities on loan continued to be displayed in the Statements of Investment Portfolios and reported in the Statements of Net Assets. The income earned from securities lending was recorded as "Revenue from securities Lending" on the Statements of Operations. As of October 31, 2008, the Company temporarily ceased its securities lending activities. At June 30, 2009 there were no assets or securities on loan.

#### **g) Other assets and liabilities**

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

### **3. MANAGEMENT FEES AND EXPENSES**

Each Fund is responsible for the payment of fees and expenses relating to its operations. Such fees and expenses include management fees and other recoverable Fund operating expenses paid by the Fund, including interest expenses on overdraft incurred within the Funds. Collectively, all the fees and expenses paid or payable by the Fund, including management fees and other recoverable Fund operating expenses (including Goods and Services Taxes, ("GST")) divided by the Fund's average assets on a trade basis, is known as the Management Expense Ratio ("MER").

#### **a) Management Fees**

Management fees are calculated and accrued on a daily basis and are reimbursed monthly to the Company 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 MER of the Funds 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 MER is calculated as a fixed percentage of the average daily net assets of each Fund as calculated on a trade basis. Manulife has undertaken to waive/absorb all expenditures related to the Fund in the ordinary course of business, in excess of the contracted MER. For the current year, no expenses for funds have been waived or absorbed by Manulife.

### **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 are concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. Each of the Fund's risk management practice includes the 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 that 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, that is denominated in a currency other than Canadian dollars will fluctuate due to 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 due to changes in the prevailing levels of market interest rates. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

### Other market risk

Other market risk is the risk that the value a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all 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 ("NR") by S&P, the program will move on to Moody's Investor Service, then Dominion Bond Rating Service, and lastly Canadian Bond Rating Service. If all 4 agencies provide a NR, this particular bond will be placed under the NR category.

### Liquidity risk

Liquidity risk is the potential that an institution will be unable to meet its obligations as they come due because of an inability to liquidate assets. The Fund's assets comprise mainly of actively traded securities which can be readily sold. Each Fund may, from time to time, invest in securities that are not actively traded, and may be illiquid. If such non-actively traded securities are material 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, an opportunity for product enhancement arises, 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 in the process is to screen all potential fund managers, and select only those who meet Manulife Financial's criteria for inclusion in the Company's portfolio of Funds. Screening can and often does extend beyond Canadian firms. The screening criteria includes 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 monitoring 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.

Included in the ongoing due diligence process, managers are required to verify that the Fund has adhered to the Company's Statement of Investment Policies.

In addition to the monitoring described above, Fund portfolios are 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. The termination of a fund manager relationship is determined on a case-by-case basis and this action will largely depend upon their response to a specific area of concern. The Company'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. 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

Manulife's fund of funds are not subject to the same process as the asset allocation funds as they are not actively managed. Manulife has delegated the risk management to the underlying fund manager and does not receive a detailed level of 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. The table in the Financial Instrument Risk of the Underlying Fund section for the Funds has been completed by each underlying fund manager. Each underlying fund manager has their own unique 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, 2009, each Fund listed held a 20% ownership or greater in the underlying funds:

Fund	Underlying Fund	Assets of Underlying Fund (\$000's)	Percentage Ownership in Underlying Fund
Manulife Equity Fund	Manulife Canadian Core Fund	237,700	39.3%

## 7. RELATED PARTY TRANSACTIONS

Certain Funds invest in underlying Manulife Financial mutual funds managed by Elliott & Page Limited. Elliott & Page Limited is a wholly owned subsidiary of the Company. All investment transactions with the corresponding underlying Elliott & Page 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

As of October 31, 2008, the Company's securities lending activities ceased. As such, there are no assets or securities on loan as of June 30, 2009.

## 9. 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 including managing liquidity in order to be able to meet redemptions as discussed in note 4 – Liquidity Risk.

## 10. INTERNATIONAL FINANCIAL REPORTING STANDARDS

At December 31, 2008, the Company has developed a changeover plan to meet the timetable published by the CICA for changeover to IFRS which is to take place in 2011. The key elements of the CICA plan include disclosures of the qualitative impact in the 2008, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. Based on analysis to date, with the implementation of CICA Sections 3855, 3862 and 3863, the Company has largely positioned the Funds for IFRS adoption.

The Company expects that the main impact of the changeover to IFRS on the Funds' financial statements will be limited to additional disclosures in the financial statements. However, Funds which are more complex in structure may be impacted by IFRS differently and further analysis will be required. The Company does not anticipate that the adoption of IFRS will have an impact on the Funds financial position (NAV).

## 11. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from the 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 utilized in that year.



## About Manulife Financial

Manulife Financial is a leading Canadian-based financial services group serving millions of customers in 22 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, the Company offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Funds under management by Manulife Financial and its subsidiaries were Cdn\$421 billion (US\$362 billion) as at June 30, 2009.

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](http://www.manulife.com).

