

Segregated Funds Audited Financial Statements

December 31, 2010



Strong Reliable
Trustworthy
Forward-thinking

Manulife Certificate

The Manufacturers Life Insurance Company, referred to in this document as **Manulife Financial**, certifies that the Audited 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 (unaudited)

Investment Policy and Restrictions

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

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

Mortgages and Real Estate

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

Reinvestment of Earnings

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

Manulife Short-Term Securities Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
194,189	Manulife Canadian Money Market Fund	1,941,893	1,941,894
	Total Investment 101.5%	1,941,893	1,941,894
	Other Assets/(Liabilities) (1.5%)	(28,264)	(28,264)
	Total Net Assets	1,913,629	1,913,630

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Money Market Fund			
124,800,000	Government of Canada T-Bill, 1.03%, Jun-09-2011	123,891,255	123,932,949
74,850,000	Government of Canada T-Bill, 1.09%, May-26-2011	74,466,219	74,467,703
64,870,000	Government of Canada T-Bill, 1.20%, Sep-01-2011	64,176,989	64,234,067
45,550,000	Government of Canada T-Bill, 1.40%, Nov-24-2011	44,935,651	44,961,897
39,800,000	Province of Manitoba, 1.70%, Mar-02-2011	39,800,000	39,855,564
39,750,000	Manulife Bank, FRN, 2.30%, Mar-15-2011	39,750,000	39,792,502
39,915,000	Government of Canada T-Bill, 1.06%, Apr-28-2011	39,730,194	39,779,860
29,800,000	International Bank of Recon. & Dev., 1.59%, Jan-31-2011	29,800,000	29,882,820
29,800,000	Province of Ontario, FRN, 1.43%, Apr-02-2013	29,793,461	29,793,462
26,680,000	Yellow Media Inc., 1.20%, Jan-20-2011	26,649,318	26,663,344
25,000,000	Government of Canada T-Bill, 0.99%, Apr-14-2011	24,892,000	24,892,000
24,950,000	Government of Canada T-Bill, 0.98%, Mar-31-2011	24,847,206	24,890,593
24,950,000	Government of Canada T-Bill, 1.05%, May-12-2011	24,813,025	24,856,543
24,950,000	Government of Canada T-Bill, 1.13%, Feb-03-2011	24,734,931	24,785,445
24,815,000	Royal Bank of Canada, 1.93%, Feb-11-2011	24,815,000	24,749,247
19,960,000	Government of Canada T-Bill, 1.34%, Sep-29-2011	19,696,728	19,763,992
17,133,000	Enbridge Inc., 1.20%, Jan-11-2011	17,120,664	17,127,393
16,550,000	Government of Canada T-Bill, 0.76%, Mar-17-2011	16,425,544	16,524,357
15,600,000	Enbridge Inc., 1.24%, Jan-25-2011	15,585,648	15,587,243
15,000,000	Enbridge Inc., 1.18%, Jan-06-2011	14,985,450	14,997,575
13,000,000	Suncor Energy Inc., 1.16%, Jan-20-2011	12,990,900	12,992,141
8,310,000	Enbridge Inc., 1.19%, Jan-10-2011	8,302,937	8,307,555
5,090,000	Government of Canada T-Bill, 0.88%, Jan-20-2011	5,084,121	5,084,202

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	1,942	1,990
Cash and short-term investments	-	-
Distribution receivable	2	1
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	6
	1,944	1,997
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	30	-
	30	-
Net assets	1,914	1,997

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	19	27
Interest	-	-
Management fee distribution received	-	-
	19	27
Expenses		
Management fees	7	7
Fund administration expenses	15	15
	22	22
Net investment income (loss)	(3)	5
Realized and unrealized gain (loss)	-	-
Net increase (decrease) in net assets resulting from operations	(3)	5

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	1,997	2,082
Net increase (decrease) in net assets resulting from operations	(3)	5
Transactions with unitholders		
Unitholders' contributions	64	67
Unitholders' withdrawals	(235)	(269)
Transfers (to) from other funds	91	112
Net increase (decrease) from unitholders' transactions	(80)	(90)
Net assets, end of year	1,914	1,997

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Individual Investor 234	3.31	3.32	151,482	150,669	1.13	1.09	1.05	1.06	1.07
Individual Investor 235	3.31	3.32	399,184	407,159	1.13	1.09	1.05	1.06	1.07
Individual Accumulator 209	4.18	4.18	22,053	33,877	0.85	0.82	0.79	0.79	0.80

See accompanying Notes to the Financial Statements.

Manulife Bond Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
758,326	Manulife Canadian Bond Fund	7,455,645	8,411,880
	Total Investment 96.0%	7,455,645	8,411,880
	Other Assets/(Liabilities) 4.0%	347,850	347,850
	Total Net Assets	7,803,495	8,759,730

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Bond Fund			
24,396,000	CDP Financial Inc., 4.60%, Jul-15-2020	24,740,097	25,449,913
20,325,000	Government of Canada T-Bill, 0.88%, Jan-20-2011	20,313,441	20,313,694
17,657,000	Province of Ontario, 3.15%, Sep-08-2015	18,233,431	17,983,025
13,778,000	Province of Quebec, 4.50%, Dec-01-2018	13,674,491	14,680,573
14,041,000	Government of Canada, 3.00%, Dec-01-2015	14,722,472	14,420,751
13,687,000	Province of Ontario, 4.20%, Jun-02-2020	14,487,696	14,120,801
13,545,000	Government of Canada, 3.75%, Sep-01-2011	14,042,587	13,764,168
13,280,000	Government of Canada T-Bill, 0.76%, Mar-17-2011	13,244,536	13,251,935
12,353,000	Province of Quebec, 4.50%, Dec-01-2020	13,234,617	12,962,471
11,674,196	Royal Office Finance, 5.21%, Nov-12-2032	11,674,079	12,525,216
12,042,000	Province of Quebec, 3.50%, Dec-01-2016	12,444,484	12,276,824
10,723,000	Canada Housing Trust, 3.15%, Jun-15-2015	11,019,813	10,991,712
9,520,000	Government of Canada, 4.25%, Jun-01-2018	10,503,696	10,409,019
8,916,000	PSP Capital Inc., 4.57%, Dec-09-2013	9,003,704	9,490,459
8,914,000	African Development Bank, 4.00%, Jun-18-2013	8,905,532	9,291,323
7,981,000	Province of Quebec, 5.00%, Dec-01-2038	8,618,229	8,683,569
7,142,000	Canada Housing Trust, 3.55%, Sep-15-2013	7,534,010	7,423,519
6,988,000	Citigroup Finance Canada Inc., 4.90%, Nov-13-2012	7,102,782	7,204,542
6,870,000	Government of Canada, 2.00%, Sep-01-2012	6,944,883	6,913,961
5,844,000	Province of Ontario, 5.50%, Jun-02-2018	6,652,099	6,618,769
5,773,000	Province of British Columbia, 4.95%, Jun-18-2040	6,068,578	6,415,699
6,006,000	Government of Canada, 3.00%, Jun-01-2014	6,267,328	6,189,299
5,481,000	Province of Saskatchewan, 4.65%, Sep-05-2017	5,456,281	5,969,109
5,372,000	Canadian Pacific Railways, 6.45%, Nov-17-2039	5,760,131	5,836,860
5,397,316	Ontario School Boards Financing Corporation, 5.38%, Jun-25-2032	5,397,316	5,723,157

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	8,412	8,424
Cash and short-term investments	-	-
Distribution receivable	368	392
Receivable from investment units sold	1	5
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	2
	8,781	8,823
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	21	-
	21	-
Net assets	8,760	8,823

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	368	392
Interest	-	-
Management fee distribution received	-	-
	368	392
Expenses		
Management fees	59	52
Fund administration expenses	130	128
	189	180
Net investment income (loss)	179	212
Realized and unrealized gain (loss)	253	320
Net increase (decrease) in net assets resulting from operations	432	532

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	8,823	8,570
Net increase (decrease) in net assets resulting from operations	432	532
Transactions with unitholders		
Unitholders' contributions	255	265
Unitholders' withdrawals	(820)	(561)
Transfers (to) from other funds	70	17
Net increase (decrease) from unitholders' transactions	(495)	(279)
Net assets, end of year	8,760	8,823

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Individual Investor 234	5.89	5.61	318,924	328,572	2.15	2.07	2.00	2.01	2.02
Individual Investor 235	5.89	5.61	1,159,794	1,231,031	2.15	2.07	2.00	2.01	2.02
Individual Accumulator 203	8.09	7.61	5,321	9,071	0.84	0.82	0.79	0.80	0.80

See accompanying Notes to the Financial Statements.

Manulife Diversified Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
2,786,074	SEAMARK Pooled Balanced Fund	35,747,016	39,757,274
	Total Investment 99.3%	35,747,016	39,757,274
	Other Assets/(Liabilities) 0.7%	295,068	295,068
	Total Net Assets	36,042,084	40,052,342

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
SEAMARK Pooled Balanced Fund			
20,000,000	Canada Housing Trust, 4.80%, Jun-15-2012	20,469,476	20,900,000
13,900,000	Province of Ontario, 6.50%, Mar-08-2029	16,938,737	17,841,206
907,031	Seamark Pooled Fund	9,070,312	9,070,312
5,500,000	Hydro-Quebec	8,631,000	8,637,255
5,560,000	Province of Quebec, 9.38%, Jan-16-2023	7,983,604	8,331,882
109,995	Toronto-Dominion Bank	3,905,431	8,167,129
8,000,000	Canada Housing Trust, 2.75%, Dec-15-2015	7,981,920	8,025,280
144,270	Royal Bank of Canada	4,016,306	7,548,206
6,417,000	GE Capital Canada Funding, 5.68%, Sep-10-2019	6,417,328	6,920,414
161,150	Suncor Energy Inc.	2,657,342	6,168,822
103,430	Research in Motion Limited	8,128,908	6,006,180
75,350	Canadian Imperial Bank of Commerce	5,165,695	5,902,166
5,000,000	Encana Corp.	4,986,900	5,616,100
5,097,000	Metropolitan Life GL	5,094,604	5,332,359
112,655	Canadian Natural Resources Limited	3,892,568	4,996,249
4,400,000	Toronto-Dominion Bank, 5.14%, Nov-19-2012	4,428,638	4,647,104
48,900	BHP Billiton Limited	3,260,956	4,519,252
91,200	Tenaris SA	3,636,452	4,442,854
96,640	Goldcorp Inc.	4,355,518	4,433,843
454,600	ING Groep NV	4,404,658	4,426,501
4,145,000	CDP Financial Inc., 4.60%, Jul-15-2020	4,136,461	4,352,001
103,250	Astral Media Inc.	2,155,484	4,336,500
113,100	TransCanada Corporation	3,854,716	4,296,669
127,500	ShawCor Ltd.	3,428,617	4,221,525
196,725	Shaw Communications	2,198,204	4,200,079

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	39,757	42,474
Cash and short-term investments	-	-
Distribution receivable	339	305
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	40,096	42,779
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	44	48
	44	48
Net assets	40,052	42,731

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	1,272	1,342
Interest	2	-
Management fee distribution received	-	-
	1,274	1,342
Expenses		
Management fees	343	315
Fund administration expenses	618	616
	961	931
Net investment income (loss)	313	411
Realized and unrealized gain (loss)	1,194	4,561
Net increase (decrease) in net assets resulting from operations	1,507	4,972

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	42,731	40,731
Net increase (decrease) in net assets resulting from operations	1,507	4,972
Transactions with unitholders		
Unitholders' contributions	938	1,034
Unitholders' withdrawals	(5,177)	(3,987)
Transfers (to) from other funds	53	(19)
Net increase (decrease) from unitholders' transactions	(4,186)	(2,972)
Net assets, end of year	40,052	42,731

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Individual Investor 234	51.32	49.54	173,529	188,193	2.71	2.62	2.52	2.54	2.56
Individual Investor 235	51.32	49.54	435,111	471,583	2.71	2.62	2.52	2.54	2.56
Individual Accumulator 209	219.18	208.65	18,962	25,162	1.30	1.26	1.21	1.22	1.23
Individual Accumulator 203	219.18	208.65	21,078	23,128	1.30	1.26	1.21	1.22	1.23

See accompanying Notes to the Financial Statements.

Manulife Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
8,425,738	Manulife Canadian Core Fund	102,592,294	112,545,949
	Total Investment 100.2%	102,592,294	112,545,949
	Other Assets/(Liabilities) (0.2%)	(255,386)	(255,386)
	Total Net Assets	102,336,908	112,290,563

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
199,731	Magna International Inc.	6,001,332	10,368,036
201,664	Vermilion Energy Inc.	7,273,894	9,320,910
165,495	Barrick Gold Corporation	7,231,712	8,791,094
139,823	Bank of Nova Scotia	6,768,131	7,983,893
125,128	Teck Cominco Limited, Class B	3,118,974	7,731,659
129,034	Bank of Montreal	6,918,051	7,416,874
74,134	Agrium Inc.	5,488,276	6,783,261
101,752	Canadian National Railway Company	6,236,840	6,751,245
203,373	Enplus Resources Fund	5,015,493	6,237,450
108,301	Enbridge Inc.	5,014,265	6,094,097
6,000,000	Government of Canada T-Bill, 0.99%, Apr-14-2011	5,981,340	5,982,900
122,852	Cameco Corporation	3,351,720	4,950,936
105,946	Baytex Energy Trust	3,947,377	4,938,143
83,797	Research in Motion Limited	4,339,405	4,866,092
240,438	Crew Energy Inc.	4,165,732	4,592,366
133,295	Pacific Rubiales Energy Corp.	2,919,089	4,498,706
301,306	Inter Pipeline Fund	3,954,366	4,495,486
218,144	Trican Well Service Ltd.	3,269,156	4,393,420
533,482	Gran Tierra Energy Inc.	3,717,059	4,315,869
156,477	Alimentation Couche-Tard Inc., Class B	3,931,773	4,234,268
148,474	Finning International Inc.	3,350,772	4,022,161
265,066	Athabasca Oil Sands Corporation	3,075,905	3,999,846
255,322	JDS Uniphase Corporation	3,123,550	3,677,096
191,955	IAMGOLD Corporation	2,808,461	3,407,201
344,239	Celestica Inc.	3,241,945	3,321,906

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	112,546	104,535
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	153	263
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	112,699	104,798
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	408	288
	408	288
Net assets	112,291	104,510

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	1,809	1,305
Interest	18	97
Management fee distribution received	-	-
	1,827	1,402
Expenses		
Management fees	945	768
Fund administration expenses	1,859	1,668
	2,804	2,436
Net investment income (loss)	(977)	(1,034)
Realized and unrealized gain (loss)	17,286	21,710
Net increase (decrease) in net assets resulting from operations	16,309	20,676

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	104,510	88,222
Net increase (decrease) in net assets resulting from operations	16,309	20,676
Transactions with unitholders		
Unitholders' contributions	2,800	3,016
Unitholders' withdrawals	(11,115)	(7,294)
Transfers (to) from other funds	(213)	(110)
Net increase (decrease) from unitholders' transactions	(8,528)	(4,388)
Net assets, end of year	112,291	104,510

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Individual Investor 234	4.68	4.02	7,309,911	7,904,728	2.94	2.84	2.73	2.76	2.77
Individual Investor 235	4.68	4.02	13,750,964	14,684,934	2.94	2.84	2.73	2.76	2.77
Individual Accumulator 203	28.48	24.12	409,015	488,762	1.53	1.47	1.42	1.43	1.44
Variable Payout Annuity	9.40	7.91	65	744	0.84	0.82	0.79	0.79	0.80
Equity 65	30.46	25.55	9,438	11,019	0.56	0.54	0.52	0.53	0.53
Sun Alliance (Acadia Equity Linked)	8.10	7.11	240,328	265,119	0.68	0.65	0.60	0.64	0.64

See accompanying Notes to the Financial Statements.

Equity Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
93,527	Manulife Canadian Core Fund	1,132,351	1,249,275
	Total Investment 101.4%	1,132,351	1,249,275
	Other Assets/(Liabilities) (1.4%)	(17,851)	(17,851)
	Total Net Assets	1,114,500	1,231,424

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
199,731	Magna International Inc.	6,001,332	10,368,036
201,664	Vermilion Energy Inc.	7,273,894	9,320,910
165,495	Barrick Gold Corporation	7,231,712	8,791,094
139,823	Bank of Nova Scotia	6,768,131	7,983,893
125,128	Teck Cominco Limited, Class B	3,118,974	7,731,659
129,034	Bank of Montreal	6,918,051	7,416,874
74,134	Agrium Inc.	5,488,276	6,783,261
101,752	Canadian National Railway Company	6,236,840	6,751,245
203,373	Enerplus Resources Fund	5,015,493	6,237,450
108,301	Enbridge Inc.	5,014,265	6,094,097
6,000,000	Government of Canada T-Bill, 0.99%, Apr-14-2011	5,981,340	5,982,900
122,852	Cameco Corporation	3,351,720	4,950,936
105,946	Baytex Energy Trust	3,947,377	4,938,143
83,797	Research in Motion Limited	4,339,405	4,866,092
240,438	Crew Energy Inc.	4,165,732	4,592,366
133,295	Pacific Rubiales Energy Corp.	2,919,089	4,498,706
301,306	Inter Pipeline Fund	3,954,366	4,495,486
218,144	Trican Well Service Ltd.	3,269,156	4,393,420
533,482	Gran Tierra Energy Inc.	3,717,059	4,315,869
156,477	Alimentation Couche-Tard Inc., Class B	3,931,773	4,234,268
148,474	Finning International Inc.	3,350,772	4,022,161
265,066	Athabasca Oil Sands Corporation	3,075,905	3,999,846
255,322	JDS Uniphase Corporation	3,123,550	3,677,096
191,955	IAMGOLD Corporation	2,808,461	3,407,201
344,239	Celestica Inc.	3,241,945	3,321,906

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	1,249	1,189
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	1,249	1,189
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	18	-
	18	-
Net assets	1,231	1,189

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	20	15
Interest	-	49
Management fee distribution received	-	-
	20	64
Expenses		
Management fees	16	13
Fund administration expenses	-	-
	16	13
Net investment income (loss)	4	51
Realized and unrealized gain (loss)	200	238
Net increase (decrease) in net assets resulting from operations	204	289

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	1,189	956
Net increase (decrease) in net assets resulting from operations	204	289
Transactions with unitholders		
Unitholders' contributions	8	13
Unitholders' withdrawals	(170)	(69)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(162)	(56)
Net assets, end of year	1,231	1,189

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Nalaco Growth "R"	303.57	256.45	4,057	4,635	1.36	1.31	1.26	1.27	1.33

See accompanying Notes to the Financial Statements.

Monarch Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
1,082,613	Manulife Canadian Core Fund	13,102,410	14,460,890
	Total Investment 100.0%	13,102,410	14,460,890
	Other Assets/(Liabilities) (0.0%)	(353)	(353)
	Total Net Assets	13,102,057	14,460,537

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
199,731	Magna International Inc.	6,001,332	10,368,036
201,664	Vermilion Energy Inc.	7,273,894	9,320,910
165,495	Barrick Gold Corporation	7,231,712	8,791,094
139,823	Bank of Nova Scotia	6,768,131	7,983,893
125,128	Teck Cominco Limited, Class B	3,118,974	7,731,659
129,034	Bank of Montreal	6,918,051	7,416,874
74,134	Agrium Inc.	5,488,276	6,783,261
101,752	Canadian National Railway Company	6,236,840	6,751,245
203,373	Enerplus Resources Fund	5,015,493	6,237,450
108,301	Enbridge Inc.	5,014,265	6,094,097
6,000,000	Government of Canada T-Bill, 0.99%, Apr-14-2011	5,981,340	5,982,900
122,852	Cameco Corporation	3,351,720	4,950,936
105,946	Baytex Energy Trust	3,947,377	4,938,143
83,797	Research in Motion Limited	4,339,405	4,866,092
240,438	Crew Energy Inc.	4,165,732	4,592,366
133,295	Pacific Rubiales Energy Corp.	2,919,089	4,498,706
301,306	Inter Pipeline Fund	3,954,366	4,495,486
218,144	Trican Well Service Ltd.	3,269,156	4,393,420
533,482	Gran Tierra Energy Inc.	3,717,059	4,315,869
156,477	Alimentation Couche-Tard Inc., Class B	3,931,773	4,234,268
148,474	Finning International Inc.	3,350,772	4,022,161
265,066	Athabasca Oil Sands Corporation	3,075,905	3,999,846
255,322	JDS Uniphase Corporation	3,123,550	3,677,096
191,955	IAMGOLD Corporation	2,808,461	3,407,201
344,239	Celestica Inc.	3,241,945	3,321,906

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

The table below indicates the financial instrument risks that may apply to the underlying fund which will also affect the segregated fund. Please refer to note 5b 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 (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	14,461	12,474
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	27	48
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	14,488	12,522
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	27	80
	27	80
Net assets	14,461	12,442

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Distribution from underlying fund	231	156
Interest	-	-
Management fee distribution received	-	-
	231	156
Expenses		
Management fees	75	62
Fund administration expenses	-	-
	75	62
Net investment income (loss)	156	94
Realized and unrealized gain (loss)	2,193	2,543
Net increase (decrease) in net assets resulting from operations	2,349	2,637

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	12,442	10,170
Net increase (decrease) in net assets resulting from operations	2,349	2,637
Transactions with unitholders		
Unitholders' contributions	315	347
Unitholders' withdrawals	(645)	(712)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(330)	(365)
Net assets, end of year	14,461	12,442

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Class of units	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Class A units	73.55	61.85	196,939	202,420	0.59	0.57	0.55	0.56	0.58

See accompanying Notes to the Financial Statements.

Maritime Life FLAC Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK				Oil & Gas 21.18%			
Consumer Discretionary 2.12%				71	Baytex Energy Trust	2,340	3,309
93	Dollarama Inc.	2,353	2,677	128	Calfrac Well Services Ltd.	4,080	4,381
57	Metro Inc., Class A	2,351	2,576	787	Canadian Natural Resources Limited	28,793	34,856
140	Sino-Forest Corporation	2,607	3,259	273	Enbridge Inc.	11,587	15,351
98	Tim Hortons Inc.	3,341	4,028	1,014	Suncor Energy Inc.	32,808	38,725
		10,652	12,540	67	TransCanada Corporation	2,405	2,542
Energy 5.76%				1,307	Trican Well Service Ltd.	25,542	26,323
917	Pacific Rubiales Energy Corp.	21,453	30,930			107,555	125,487
340	Precision Drilling Corporation	2,717	3,264	Telecommunication Services 5.11%			
		24,170	34,194	658	BCE Inc.	20,471	23,254
Financial Services 24.30%				154	TELUS Corporation	5,915	7,004
124	Bank of Montreal	6,051	7,123			26,386	30,258
200	Bank of Nova Scotia	9,112	11,410	Transportation Services 1.66%			
43	Canadian Imperial Bank of Commerce	2,806	3,364	43	Canadian National Railway Company	2,503	2,850
324	GMP Capital Inc.	3,994	3,920	40	Canadian Pacific Railways	2,119	2,585
75	Intact Financial Corporation	3,079	3,807	233	Transat A.T. Inc., Class B	4,182	4,380
341	National Bank of Canada	16,799	23,331			8,804	9,815
240	RioCan Real Estate Investment Trust	5,183	5,268	Total Canadian Common Stock 96.74%			
538	Royal Bank of Canada	27,592	28,094			490,597	573,222
1,124	Sun Life Financial Inc.	32,955	33,742	Transaction Costs (Note 2)			
323	Toronto-Dominion Bank	19,753	23,934			(348)	
		127,324	143,993	Total Common Stock 96.74%			
Industrial Products 13.76%						490,249	573,222
613	Consolidated Thompson Iron Mines Limited	7,393	8,637	Cash & Other Investments 3.13%			
522	Magna International Inc.	15,814	27,050			18,548	18,548
127	Russel Metals Inc.	2,445	2,908	Other Assets/(Liabilities) 0.13%			
1,158	Semafo Inc.	12,217	12,449			770	770
513	SNC-Lavalin Group Inc.	28,964	30,498	Total Net Assets			
		66,833	81,542			509,567	592,540
Information Technology 3.04%							
70	MacDonald Dettwiler & Associates Ltd.	3,040	3,539				
250	Research in Motion Limited	18,545	14,498				
		21,585	18,037				
Materials 18.39%							
181	Agnico-Eagle Mines Ltd.	12,677	13,837				
33	Agrium Inc.	2,016	3,020				
587	Barrick Gold Corporation	25,818	31,140				
80	Cameco Corporation	3,048	3,220				
4,653	Equinox Minerals Ltd.	26,678	28,430				
86	First Quantum Minerals Ltd.	6,740	9,273				
190	Osisko Mining Corp.	2,585	2,755				
30	Potash Corporation of Saskatchewan Inc.	3,551	4,629				
347	Sheritt International Corporation	2,968	2,929				
164	Silver Wheaton Corp.	1,798	6,389				
54	Teck Cominco Limited, Class B	1,835	3,329				
		89,714	108,951				
Merchandising 1.42%							
100	Alimentation Couche-Tard Inc., Class B	2,285	2,704				
40	Canadian Tire Corporation Limited	2,510	2,727				
110	Finning International Inc.	2,779	2,974				
		7,574	8,405				

Concentration of Risk (audited)

Securities	As at December 31, 2010			As at December 31, 2009		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	490,597	573,222	96.74	551,931	593,545	97.37
Total U.S. Common Stock	-	-	-	-	-	-
Total Global Equities	-	-	-	-	-	-
Transaction Costs	(348)	-	-	(313)	-	-
Total Fixed Income	-	-	-	-	-	-
Total Short Term	-	-	-	-	-	-
Cash & Other Investments	18,548	18,548	3.13	14,995	14,994	2.46
Other Assets/(Liabilities)	770	770	0.13	1,064	1,064	0.17
Total Net Assets	509,567	592,540	100.00	567,677	609,603	100.00

Discussion of Financial Risk Management (audited)

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 market and macroeconomic risk factors. The investment manager monitors specific risks and tests for portfolio sensitivity in different economic scenarios.

The investment manager uses quantitative research and techniques designed to enhance portfolio performance and operate within risk thresholds. As part of a formal risk review process, the chief investment officer and portfolio managers meet monthly to monitor risk factors.

Currency Risk

Please refer to note 4 for a definition of currency risk. As at December 31, 2010 and December 31, 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. Because the majority of the Fund's financial assets and liabilities are non-interest bearing, the Fund is not subject to significant risk due to fluctuations in market interest rates.

Other Market Risk

Please refer to note 4 for a definition of other market risk. 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 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 \$28,661 (\$29,677 - December 31, 2009). In practice, the actual results may differ and the difference could be material.

Credit Risk

Please refer to note 4 for a definition of credit risk. As at December 31, 2010 and December 31, 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 December 31, 2010 and December 31, 2009, all of the Fund's liabilities were current. Because the Fund is exposed to daily cash redemptions of redeemable units, the majority of its assets are in investments that are traded in an active market and can be readily disposed of.

Fair Value Measurement (audited)

Fair Value of Financial Instruments

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

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	573	-	-	573
Bonds	-	-	-	-
Short term	-	-	-	-
Derivatives	-	-	-	-
Total Financial Assets	573	-	-	573

Financial Assets at fair values as at December 31, 2009 (\$000's)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	594	-	-	594
Bonds	-	-	-	-
Short term	-	-	-	-
Derivatives	-	-	-	-
Total Financial Assets	594	-	-	594

Fair Value Measurement (audited) (continued)

Level 3 Reconciliation

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

Transfers Between Level 1 and 2

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

Statements of Net Assets (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	573	594
Cash and short-term investments	19	15
Dividend receivable	1	1
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	593	610
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	-	-
Other liabilities	-	-
	593	610

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Dividends	11	13
Interest	-	-
Revenue from securities lending (Note 2(e))	-	-
Management fee distribution received	-	-
	11	13
Expenses		
Management fees	-	-
Fund administration expenses	3	3
Transaction costs (Note 2)	2	2
	5	5
Net investment income (loss)	6	8
Realized and unrealized gain (loss)	70	118
Net increase (decrease) in net assets resulting from operations	76	126

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	610	489
Net increase (decrease) in net assets resulting from operations	76	126
Transactions with unitholders		
Unitholders' contributions	4	4
Unitholders' withdrawals	(97)	(9)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(93)	(5)
Net assets, end of year	593	610

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Net asset value per unit and Management expense ratio are presented in this table on a Trading Valuation Basis (refer to note 2a)

Fund Name	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Maritime Life FLAC Equity Fund	294.02	257.92	2,018	2,369	0.50	0.49	0.59	0.50	0.63

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

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

Fund Name	December 31, 2010				December 31, 2009			
	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	593,349	(809)	592,540	293.62	610,967	(1,364)	609,603	257.34

See accompanying Notes to the Financial Statements.

Maritime Life Separate Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK			
Consumer Discretionary 7.36%			
800	Emera Inc.	19,519	25,080
2,700	Groupe Aeroplan Inc.	28,434	36,855
600	Metro Inc., Class A	21,455	27,120
1,200	Thomson Reuters Corporation	49,748	44,592
6,500	Yellow Media Inc.	36,455	40,300
		155,611	173,947
Energy 3.40%			
1,625	Cenovus Energy Inc.	26,668	53,869
572	Vermilion Energy Inc.	14,028	26,449
		40,696	80,318
Financial Services 27.83%			
550	Bank of Montreal	17,398	31,592
2,175	Bank of Nova Scotia	66,422	124,084
997	Canadian Imperial Bank of Commerce	44,840	77,970
1,000	Great-West Lifeco Inc.	20,750	26,380
900	Industrial Alliance Insurance and Financial Services Inc.	18,708	33,066
2,911	Manulife Financial Corporation	62,529	49,777
950	Power Financial Corporation	16,548	29,127
2,466	Royal Bank of Canada	75,002	128,787
800	Sun Life Financial Inc.	26,469	24,016
1,800	Toronto-Dominion Bank	75,838	133,380
		424,504	658,179
Industrial Products 1.17%			
900	Toromont Industries Ltd.	22,835	27,684
		22,835	27,684
Materials 19.45%			
700	Agrium Inc.	40,040	64,050
2,475	Barrick Gold Corporation	88,184	131,299
1,900	Goldcorp Inc.	64,794	87,039
600	Inmet Mining Corporation	25,870	46,356
1,300	Kinross Gold Corporation	23,389	24,531
375	Potash Corporation of Saskatchewan Inc.	59,424	57,866
400	Teck Cominco Limited, Class B	23,128	24,660
1,900	Yamana Gold Inc.	14,496	24,225
		339,325	460,026
Merchandising 3.72%			
900	Alimentation Couche-Tard Inc., Class B	11,083	24,336
1,500	Reitmans Ltd.	29,803	27,990
900	Shoppers Drug Mart Corporation	40,488	35,550
		81,374	87,876
Oil & Gas 22.26%			
1,673	ARC Energy Trust	35,380	42,499
2,000	Canadian Natural Resources Limited	50,129	88,580
650	Enbridge Inc.	26,872	36,550
1,625	EnCana Corp.	29,438	47,190

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
800	Husky Energy Inc.	24,992	21,208
1,900	Nexen Inc.	58,683	43,301
3,366	Suncor Energy Inc.	68,477	128,548
3,475	Talisman Energy Inc.	44,298	76,867
1,100	TransCanada Corporation	41,065	41,734
		379,334	526,477
Telecommunication Services 8.68%			
700	Astral Media Inc., Class A NV	27,877	29,379
1,245	BCE Inc.	39,804	43,998
700	Quebecor Inc., Class B	12,499	26,334
1,200	Rogers Communications Inc., Class B	46,591	41,412
900	TELUS Corporation	49,197	40,932
16	TELUS Corporation, Class A	502	692
1,400	Transcontinental Inc., Class A	21,622	22,400
		198,092	205,147
Transportation Services 3.25%			
820	Canadian National Railway Company	27,551	54,350
350	Canadian Pacific Railways	16,314	22,617
		43,865	76,967
Utilities 1.08%			
750	Fortis Inc.	18,226	25,433
1	Keyera Facilities Income Fund	23	33
		18,249	25,466
Total Canadian Common Stock 98.20%		1,703,885	2,322,087
GLOBAL EQUITIES			
Great Britain 1.01%			
3,800	Trinidad Drilling Ltd.	19,684	23,940
		19,684	23,940
Total Global Equities 1.01%		19,684	23,940
Transaction Costs (Note 2)		(2,289)	
Total Common Stock 99.21%		1,721,280	2,346,027
Cash & Other Investments 0.70%		16,544	16,544
Other Assets/(Liabilities) 0.09%		2,101	2,101
Total Net Assets		1,739,925	2,364,672

Concentration of Risk (audited)

Securities	As at December 31, 2010			As at December 31, 2009		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	1,703,885	2,322,087	98.20	1,646,536	2,138,732	96.71
Total U.S. Common Stock	-	-	-	-	-	-
Total Global Equities	19,684	23,940	1.01	20,202	27,339	1.24
Transaction Costs	(2,289)	-	-	(2,151)	-	-
Total Fixed Income	-	-	-	-	-	-
Total Short Term	-	-	-	-	-	-
Cash & Other Investments	16,544	16,544	0.70	42,418	42,414	1.92
Other Assets/(Liabilities)	2,101	2,101	0.09	2,968	2,968	0.13
Total Net Assets	1,739,925	2,364,672	100.00	1,709,973	2,211,453	100.00

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

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

Currency Risk

Please refer to note 4 for a definition of currency risk. As at December 31, 2010 and December 31, 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. Because the majority of the Fund's financial assets and liabilities are non-interest bearing, the Fund is not subject to significant risk due to fluctuations in market interest rates.

Other Market Risk

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

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$116,104 (\$106,937 - December 31, 2009). In practice, the actual results may differ and the difference could be material.

Credit Risk

Please refer to note 4 for a definition of credit risk. As at December 31, 2010 and December 31, 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 December 31, 2010 and December 31, 2009, the majority of the Fund's liabilities were current. Because the Fund is exposed to daily cash redemptions of redeemable units, the majority of its assets are in investments that are traded in an active market and can be readily disposed of.

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

Fair Value Measurement (audited)

Fair Value of Financial Instruments

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

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

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

Financial Assets at fair values as at December 31, 2009 (\$000's)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	2,166	-	-	2,166
Bonds	-	-	-	-
Short term	-	-	-	-
Derivatives	-	-	-	-
Total Financial Assets	2,166	-	-	2,166

Level 3 Reconciliation

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

Transfers Between Level 1 and 2

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

Statements of Net Assets (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	2,346	2,166
Cash and short-term investments	17	42
Dividend receivable	6	6
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	2,369	2,214
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all HST/GST)	4	3
Other liabilities	-	-
	4	3
Net assets	2,365	2,211

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Dividends	67	68
Interest	-	-
Revenue from securities lending (Note 2(e))	-	-
Management fee distribution received	-	-
	67	68
Expenses		
Management fees	44	36
Fund administration expenses	-	-
Transaction costs (Note 2)	1	2
	45	38
Net investment income (loss)	22	30
Realized and unrealized gain (loss)	256	519
Net increase (decrease) in net assets resulting from operations	278	549

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	2,211	1,709
Net increase (decrease) in net assets resulting from operations	278	549
Transactions with unitholders		
Unitholders' contributions	64	54
Unitholders' withdrawals	(188)	(101)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(124)	(47)
Net assets, end of year	2,365	2,211

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Net asset value per unit and Management expense ratio are presented in this table on a Trading Valuation Basis (refer to note 2a))

Class of units	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
SEIO	163.97	145.12	13,643	14,434	1.95	1.89	1.89	1.91	-
SIVA	164.82	145.85	792	838	1.94	1.89	1.89	1.91	-

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

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

Class of units	December 31, 2010				December 31, 2009			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
SEIO	2,237,086	(2,744)	2,234,342	163.77	2,094,722	(5,234)	2,089,488	144.76
SIVA	130,488	(158)	130,330	164.62	122,275	(310)	121,965	145.48

See accompanying Notes to the Financial Statements.

Maritime Life Champion Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2010

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK					
Consumer Discretionary 4.00%					
733	Dollarama Inc.			21,257	21,096
1,140	Gildan Activewear Inc.			32,569	32,308
1,558	Saputo Inc.			34,711	61,494
1,894	Thomson Reuters Corporation			75,283	70,381
630	Tim Hortons Inc.			21,478	25,893
4,200	Viterra Inc.			37,789	38,976
				223,087	250,148
Energy 2.75%					
3,746	Cenovus Energy Inc.			103,405	124,180
730	Crescent Point Energy Corp.			29,690	32,259
477	Petrominerales Ltd.			13,756	15,751
				146,851	172,190
Financial Services 18.92%					
1,915	Bank of Montreal			100,275	109,998
1,000	Brookfield Asset Management Inc., Class A			30,968	33,170
2,320	Canadian Imperial Bank of Commerce			153,874	181,494
1,429	Intact Financial Corporation			44,622	72,536
1,620	National Bank of Canada			94,843	110,840
4,531	Power Corporation of Canada			131,197	125,192
5,328	Royal Bank of Canada			237,615	278,228
3,679	Toronto-Dominion Bank			209,533	272,614
				1,002,927	1,184,072
Industrial Products 2.12%					
4,800	Bombardier Inc., Class B			22,931	24,000
1,350	CAE Inc.			13,846	15,471
1,280	Magna International Inc.			31,172	66,330
449	SNC-Lavalin Group Inc.			17,359	26,693
				85,308	132,494
Information Technology 2.81%					
2,055	CGI Group Inc., Class A			31,602	35,346
98	MacDonald Dettwiler & Associates Ltd.			5,003	4,955
2,340	Research in Motion Limited			145,077	135,697
				181,682	175,998
Materials 18.27%					
1,106	Agnico-Eagle Mines Ltd.			63,438	84,554
685	Agrium Inc.			36,498	62,678
3,982	Barrick Gold Corporation			143,399	211,245
1,740	Cameco Corporation			45,852	70,035
3,990	Eldorado Gold Corporation			73,767	73,815
3,218	Goldcorp Inc.			116,508	147,417
1,230	HudBay Minerals Inc.			14,569	22,103
1,680	IAMGOLD Corporation			30,931	29,770
2,760	Kinross Gold Corporation			53,537	52,081
1,148	Potash Corporation of Saskatchewan Inc.			101,874	177,148
3,442	Teck Cominco Limited, Class B			104,459	212,199
				784,832	1,143,045
Merchandising 1.85%					
460	Canadian Tire Corporation Limited			24,903	31,363
1,250	Finning International Inc.			25,167	33,800
1,250	Loblaw Companies Limited			53,649	50,363
				103,719	115,526

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
Oil & Gas 17.63%					
1,658	Bonavista Energy Trust			32,586	47,750
5,198	Canadian Natural Resources Limited			146,987	230,219
2,807	Canadian Oil Sands Trust			78,229	74,245
1,758	Enbridge Inc.			75,153	98,852
3,436	EnCana Corp.			91,515	99,781
1,141	Imperial Oil Limited			45,497	46,233
2,527	Penn West Energy Trust			55,336	60,218
776	Petrobank Energy & Resources Ltd.			20,586	19,594
5,872	Suncor Energy Inc.			194,810	224,252
3,870	Talisman Energy Inc.			60,721	85,604
3,065	TransCanada Corporation			107,989	116,286
				909,409	1,103,034
Telecommunication Services 2.48%					
2,329	BCE Inc.			74,022	82,307
1,508	Rogers Communications Inc., Class B			50,333	52,041
980	Shaw Communications Inc.			22,040	20,874
				146,395	155,222
Transportation Services 3.29%					
2,338	Canadian National Railway Company			118,172	154,963
415	Canadian Pacific Railways			19,566	26,817
1,730	WestJet Airlines Ltd.			23,140	24,272
				160,878	206,052
Utilities 1.32%					
2,442	Fortis Inc.			69,528	82,808
				69,528	82,808
Total Canadian Common Stock 75.44%				3,814,616	4,720,589
U.S. COMMON STOCK					
560	Accenture PLC			23,788	26,997
123	Apple Computers			32,924	39,451
2,930	Bank of America Corporation			51,447	38,875
360	Best Buy Co. Inc.			13,785	12,278
630	Boeing Company			41,563	40,892
340	Broadcom Corporation, Class A			15,540	14,730
1,340	Chesapeake Energy Corp.			35,744	34,532
460	Chevron Corporation			35,965	41,748
1,830	Cisco Systems			46,129	36,803
3,700	Citigroup Inc.			17,116	17,406
290	Colgate-Palmolive Company			23,036	23,181
630	ConocoPhillips			35,281	42,671
1,070	CVS Corporation			38,903	37,003
750	EMC Corporation			15,080	17,082
630	Family Dollar Stores Inc.			28,802	31,142
130	Flowserve Corporation			14,183	15,407
320	Fluor Corporation			16,420	21,092
205	Freeport-McMoRan			13,649	24,483
220	General Dynamics Corp.			15,168	15,527
1,435	General Electric Company			20,977	26,104
929	General Motors Corporation			32,654	34,040
92	Goldman Sachs Group Inc.			16,561	15,386

Statement of Investment Portfolio (audited) (continued)

As at December 31, 2010

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
250	Goodrich Corp.			20,836	21,899
50	Google Inc.			25,071	29,522
300	Hewlett-Packard Company			15,225	12,562
620	Illinois Tool Works Inc.			33,320	32,929
245	International Business Machines Corp.			32,591	35,762
430	Johnson & Johnson			27,843	26,448
1,030	JPMorgan Chase & Co.			42,293	43,446
450	McGraw-Hill Co.			16,225	16,296
540	Medco Health Solutions Inc.			28,809	32,907
650	Medtronic Inc.			29,592	23,978
450	Merck & Co.			16,340	16,130
880	MetLife Inc.			32,551	38,896
1,459	Microsoft Corporation			41,639	40,501
600	Norfolk Southern Corp.			31,969	37,477
400	Occidental Petroleum Corporation			33,077	39,028
1,775	Oracle Corp.			44,805	55,204
265	Parker-Hannifin Corporation			20,912	22,746
550	PepsiCo Inc.			35,886	35,737
1,150	Pfizer Inc.			20,625	20,028
375	Prudential Financial Inc.			21,734	21,897
520	Schlumberger Limited			30,084	43,186
1,460	Staples Inc.			38,987	33,065
355	Target Corp.			20,999	21,234
640	Texas Instruments Inc.			16,273	20,688
1,070	UnitedHealth Group Inc.			35,266	38,429
370	Wal-Mart Stores Inc.			20,406	19,846
590	Walt Disney Co.			17,350	22,006
370	WellPoint Inc.			22,414	20,925
2,080	Wells Fargo & Company			55,715	64,111
Total U.S. Common Stock 23.87%				1,413,552	1,493,713
Transaction Costs (Note 2)				(3,906)	
Total Common Stock 99.31%				5,224,262	6,214,302
SHORT TERM					
Treasury Bills 0.40%					
25,000	Canada	1.00%	Mar-2011	24,935	24,953
				24,935	24,953
Total Short Term 0.40%				24,935	24,953
Cash & Other Investments 0.50%				31,166	31,166
Other Assets/(Liabilities) (0.21%)				(12,971)	(12,971)
Total Net Assets				5,267,392	6,257,450

Concentration of Risk (audited)

Securities	As at December 31, 2010			As at December 31, 2009		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	3,814,616	4,720,589	75.44	3,647,749	4,241,273	70.76
Total U.S. Common Stock	1,413,552	1,493,713	23.87	1,396,868	1,502,007	25.06
Total Global Equities	-	-	-	-	-	-
Transaction Costs	(3,906)	-	-	(3,895)	-	-
Total Fixed Income	-	-	-	-	-	-
Total Short Term	24,935	24,953	0.40	224,889	224,941	3.75
Cash & Other Investments	31,166	31,166	0.50	30,189	30,182	0.50
Other Assets/(Liabilities)	(12,971)	(12,971)	(0.21)	(4,021)	(4,021)	(0.07)
Total Net Assets	5,267,392	6,257,450	100.00	5,291,779	5,994,382	100.00

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

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

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

Currency Risk

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

The table below indicates the currencies to which the Fund had significant exposure as at December 31, 2010 and December 31, 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.

Currency	December 31, 2010		December 31, 2009	
	Total Exposure (\$)	Percentage of Net Assets (%)	Total Exposure (\$)	Percentage of Net Assets (%)
USD	1,498,255	23.94	1,505,303	25.11

Management's best estimate of the effect on net assets due to a strengthening or weakening of 5% in the value of the Canadian dollar, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$74,913 (\$75,265 - December 31, 2009). In practice, the actual results may differ and the difference could be material.

Interest Rate Risk

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

Other Market Risk

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

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$236,029 (\$212,064 - December 31, 2009). In practice, the actual results may differ and the difference could be material.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in U.S. equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$74,686 (\$75,100 - December 31, 2009). In practice, the actual results may differ and the difference could be material.

Credit Risk

Please refer to note 4 for a definition of credit risk. As at December 31, 2010 and December 31, 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 December 31, 2010 and December 31, 2009, all of the Fund's liabilities were current. Because the Fund is exposed to daily cash redemptions of redeemable units, the majority of its assets are in investments that are traded in an active market and can be readily disposed of.

Fair Value Measurement (audited)

Fair Value of Financial Instruments

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

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

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

Financial Assets at fair values as at December 31, 2009 (\$000's)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	5,743	-	-	5,743
Bonds	-	-	-	-
Short term	-	225	-	225
Derivatives	-	-	-	-
Total Financial Assets	5,743	225	-	5,968

Level 3 Reconciliation

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

Transfers Between Level 1 and 2

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

Statements of Net Assets (audited)

As at December 31

	2010 (\$000's)	2009 (\$000's)
Assets		
Investments, at fair value	6,214	5,743
Cash and short-term investments	56	255
Dividend/Interest receivable	10	9
Receivable from investment units sold	33	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	6,313	6,007
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	42	-
Payable for management fees (Inc. all HST/GST)	14	13
Other liabilities	-	-
	56	13
Net assets	6,257	5,994

Statements of Operations (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Income		
Dividends	125	125
Interest	1	2
Revenue from securities lending (Note 2(e))	-	-
Management fee distribution received	-	-
	126	127
Expenses		
Management fees	157	143
Fund administration expenses	-	-
Transaction costs (Note 2)	8	18
	165	161
Net investment income (loss)	(39)	(34)
Realized and unrealized gain (loss)	487	907
Net increase (decrease) in net assets resulting from operations	448	873

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2010 (\$000's)	2009 (\$000's)
Net assets, beginning of year	5,994	5,123
Net increase (decrease) in net assets resulting from operations	448	873
Transactions with unitholders		
Unitholders' contributions	819	851
Unitholders' withdrawals	(1,004)	(853)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(185)	(2)
Net assets, end of year	6,257	5,994

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Net asset value per unit and Management expense ratio are presented in this table on a Trading Valuation Basis (refer to note 2a))

Product	Net asset value per unit (\$) (refer to Note 2c)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2010	2009	2010	2009	2010	2009	2008	2007	2006
Champion	28.84	26.79	217,208	224,146	2.66	2.63	2.63	2.71	-

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

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

Product	December 31, 2010				December 31, 2009			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
Champion	6,264,093	(6,643)	6,257,450	28.81	6,004,929	(10,547)	5,994,382	26.74

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

For the periods ending December 31, 2010 and 2009

1. THE FUNDS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Valuation of investments

Underlying funds

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

Investments in portfolio funds

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

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

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

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

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

Effective January 20, 2009, the Manulife Financial adopted EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". EIC-173 requires that an entity's own credit risk and the credit risk of the counterparty be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Manulife Financial has assessed its own credit risk and the credit risk of the counterparty when determining the fair values of the funds' financial assets and financial liabilities and has determined the impact to the funds to be immaterial.

b) Investment transactions and income

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

Investment income is recorded as follows:

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

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

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

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

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

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

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

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

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

c) Calculation of unit values

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

d) Income taxes

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

e) Securities Lending

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

f) Other assets and liabilities

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

3. MANAGEMENT FEES AND EXPENSES

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

a) Management fees

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

b) Management expense ratio

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

c) Waived expenses

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

4. FINANCIAL INSTRUMENT RISK

Risks

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

Currency risk

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

Interest rate risk

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

Other market risk

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

Credit risk

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

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

Liquidity risk

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

5. MANAGEMENT OF FINANCIAL RISKS**a) Investment fund selection and monitoring process**

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

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

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

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

b) Management of the fund of funds

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

6. SIGNIFICANT OWNERSHIP IN UNDERLYING FUNDS

At December 31, 2010, each fund listed held a 20 per cent or greater ownership in the underlying fund.

Fund	Underlying Fund	Assets of underlying funds (000's)	Percentage Ownership in underlying funds
Manulife Equity Fund	Manulife Canadian Core Fund	229,100	49.1%

7. RELATED PARTY TRANSACTIONS

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

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

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

8. SECURITIES LENDING TRANSACTIONS

See note 2(e) for an explanation of securities lending. The outstanding value of the securities on loan and the collateral received by the funds as at December 31, 2010.

Fund	Outstanding Loans	Total Collateral
Maritime Life FLAC Equity Fund	66,873	63,686
Maritime Life Champion Growth Fund	291,121	277,266

9. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

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

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

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

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

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

10. CAPITAL MANAGEMENT

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

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

12. COMPARATIVE FIGURES

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

Independent Auditors' Report

To the Contract holders of Individual Variable Insurance Contracts relating to
The Manufacturers Life Insurance Company Segregated Funds.

Report on the Financial Statements

We have audited the accompanying financial statements of **The Manufacturers Life Insurance Company Segregated Funds (the "Funds")**, which comprise the statements of net assets and statements of investment portfolios as at December 31, 2010, and the statements of operations and statements of changes in net assets for the period then ended, and a summary of significant accounting policies and other explanatory information for each of the funds listed below:

Manulife Short-Term Securities Fund
Manulife Bond Fund
Manulife Diversified Investment Fund
Manulife Equity Fund
Equity Growth Fund
Monarch Growth Fund
Maritime Life FLAC Equity Fund
Maritime Life Separate Investment Fund
Maritime Life Champion Growth Fund

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

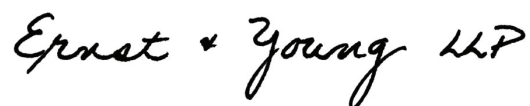
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2010, and its financial performance for the period then ended in accordance with Canadian generally accepted accounting principles.



Kitchener, Canada,
March 31, 2011.

**Chartered Accountants
Licensed Public Accountants**

About Manulife Financial

Manulife Financial is a leading Canadian-based financial services group operating in 22 countries and territories worldwide. For more than 120 years, clients worldwide have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients around the world. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in life and property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were Cdn\$475 billion (US\$478 billion) as at December 31st, 2010. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States. Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

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02/2011

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