

Segregated Funds Audited Financial Statements

December 31, 2009



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 ("CLHIA") relating to segregated funds.

Mortgages and Real Estate

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

Reinvestment of Earnings

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

Manulife Short-Term Securities Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
199,017	Manulife Canadian Money Market Fund	1,990,167	1,990,168
	Total Investment 99.6%	1,990,167	1,990,168
	Other Assets/(Liabilities) 0.4%	7,061	7,061
	Total Net Assets	1,997,228	1,997,229

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Money Market Fund			
64,375,000	Government of Canada T-Bill, 0.53%, Nov-25-2010	64,043,866	64,052,123
59,620,000	Government of Canada T-Bill, 0.59%, Sep-30-2010	59,279,172	59,307,247
39,800,000	Province of Manitoba, 0.83%, Mar-02-2010	39,800,000	39,827,151
39,750,000	Manulife Bank of Canada, 1.44%, Mar-15-2010	39,750,000	39,776,607
39,770,000	Government of Canada T-Bill, 0.54%, Oct-28-2010	39,565,185	39,594,444
39,710,000	Government of Canada T-Bill, 0.64%, Aug-05-2010	39,467,769	39,560,509
33,955,000	Government of Canada T-Bill, 0.57%, Jun-10-2010	33,770,285	33,870,559
29,800,000	International Bank of Recon. & Dev., 1.12%, Jan-31-2010	29,800,000	29,854,865
29,800,000	Province of Ontario, FRN, 1.43%, Apr-02-2013	29,790,558	29,790,556
24,815,000	Royal Bank of Canada, 1.08%, Feb-11-2010	24,815,000	24,851,810
24,850,000	Canadian Imperial Bank of Commerce, 0.45%, Mar-22-2010	24,795,579	24,825,541
24,790,000	Government of Canada T-Bill, 0.56%, Jul-08-2010	24,657,621	24,718,894
23,900,000	Corporation Receivables Trust, 0.40%, Feb-22-2010	23,883,748	23,886,369
19,500,000	Prime Trust, 0.40%, Feb-22-2010	19,486,740	19,488,879
17,850,000	GE Capital Canada Funding, 0.50%, Mar-17-2010	17,806,982	17,831,668
14,900,000	Bank of Nova Scotia, 1.23%, Jan-04-2010	14,900,000	14,945,692
13,900,000	Honda Canada Finance Inc., 0.50%, Jan-13-2010	13,877,204	13,897,720
13,900,000	CRISP Trust, 0.45%, Feb-08-2010	13,884,432	13,893,499
13,550,000	Prime Trust, 0.43%, Feb-17-2010	13,535,637	13,542,499
11,700,000	Canada Master Trust, 0.43%, Feb-17-2010	11,687,364	11,693,545
10,790,000	Province of Ontario, 0.60%, Sep-15-2010	10,734,432	10,744,663
10,579,000	Province of Ontario, 0.55%, Aug-25-2010	10,532,347	10,541,550
10,000,000	Suncor Energy Inc., 0.40%, Jan-20-2010	9,996,700	9,995,490
9,400,000	Toyota Credit Canada Inc., 0.36%, Feb-08-2010	9,387,310	9,396,480
9,100,000	Suncor Energy Inc., 0.42%, Mar-22-2010	9,090,627	9,091,668

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

The Fund is classified as a Canadian Money Market Fund investing in corporate paper, bank paper and money market securities, issued or guaranteed by the government of Canada, provinces or municipalities to achieve the objective of providing interest income while preserving capital and maintaining liquidity. The Fund's activities expose it to a variety of financial risks. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks.

Risk management is an integral part of the investment manager's philosophy. All holdings have at least a minimum of upper medium grades set by recognized rating agencies. There is an allowed maximum of 10% per issuer (corporate and bank names) and credit quality is monitored based on research provided by credit analysts. The investment manager for the Fund has the final decision-making authority on investment decisions.

Currency Risk

Please refer to note 4 for a definition of currency risk. As at December 31, 2009 and December 31, 2008, the Fund's assets did not have a significant exposure to currency risk.

Interest Rate Risk

Please refer to note 4 for a definition of interest rate risk. The portfolio manager diversifies between corporate, bank and government securities maintaining corporate and bank issuers to shorter maturities. The portfolio manager monitors interest rates and uses this information to position this money market portfolio accordingly. The Fund has investment restrictions that prohibit it from investing more than 10% of its assets in any single issuer.

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

December 31, 2009

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non-Interest Bearing	Total
Investments	-	-	85	-	-	85
Cash and cash equivalents	1,906	-	-	-	-	1,906
Other assets	-	-	-	-	-	-
Liabilities	-	-	-	-	1	1

December 31, 2008

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non-Interest Bearing	Total
Investments	-	-	-	-	-	-
Cash and cash equivalents	2,075	-	-	-	-	2,075
Other assets	-	-	-	-	13	13
Liabilities	-	-	-	-	12	12

Management's best estimate of the effect on net assets due to an increase or decrease by 0.25% in prevailing interest rates, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$1,891 (\$1,611 - 2008). In practice, the actual results may differ and the difference could be material.

Discussion of Financial Risk Management (audited) (continued)

Other Market Risk

Please refer to note 4 for a definition of other market risk. As at December 31, 2009 and December 31, 2008, the Fund did not have any other significant market risk.

Credit Risk

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

As at December 31, the Fund invested in debt instruments and derivatives, as applicable, with the following credit ratings:

	2009	2008
Portfolio by Rating Category	Percentage	Percentage
AAA/Aaa/Bonds A++	48.17	98.36
AA/Aa/Bonds A+	33.16	0.54
A/Bonds A	0.00	1.10
BBB/Baa/Bonds B++	4.72	0.00
BB/Ba/Bonds B+	0.00	0.00
B/Bonds B	0.00	0.00
CCC/Caa	0.00	0.00
CC/Ca	0.00	0.00
C/Bonds Lower than B	0.00	0.00
Not Rated	13.95	0.00
Total	100.00	100.00

Liquidity Risk

Please refer to note 4 for a definition of liquidity risk. As at December 31, 2009 and December 31, 2008, 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 2 (a) for a definition of the levels of classification.

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	-	-	-	-
Bonds	-	85	-	85
Short term	-	1,680	226	1,906
Derivatives	-	-	-	-
Total Financial Assets	-	1,765	226	1,991

Level 3 Reconciliation

The table below is a reconciliation of Level 3 fair value measurements from January 1, 2009 to December 31, 2009.

Fair value measurements using level 3 inputs (\$000's)

	Equities	Bonds	Short term	Derivatives	Total
Balance at January 1, 2009	-	-	-	-	-
Purchases	-	-	311	-	311
Sales	-	-	-	-	-
Net transfers in (out)	-	-	(85)	-	(85)
Gains (losses)	-	-	-	-	-
Change in unrealized appreciation/depreciation	-	-	-	-	-
Balance at December 31, 2009	-	-	226	-	226
Total change in unrealized appreciation during the period for assets held at December 31, 2009	-	-	-	-	-

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	1,990	2,076
Cash and short-term investments	-	-
Distribution receivable	1	5
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	6	1
	1,997	2,082
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	1,997	2,082
Net assets	1,997	2,082

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	27	81
Interest	-	-
Management fee distribution received	-	-
	27	81
Expenses		
Management fees	7	7
Fund administration expenses	15	16
	22	23
Net investment income (loss)	5	58
Realized and unrealized gain (loss)	-	-
Net increase (decrease) in net assets resulting from operations	5	58

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	2,082	2,133
Net increase (decrease) in net assets resulting from operations	5	58
Transactions with unitholders		
Unitholders' contributions	67	70
Unitholders' withdrawals	(269)	(295)
Transfers (to) from other funds	112	116
Net increase (decrease) from unitholders' transactions	(90)	(109)
Net assets, end of year	1,997	2,082

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	3.32	3.31	150,669	145,763	1.09	1.05	1.06	1.07	1.07
Individual Investor 235	3.32	3.31	407,159	422,067	1.09	1.05	1.06	1.07	1.07
Individual Accumulator 209	4.18	4.16	33,877	48,533	0.82	0.79	0.79	0.80	0.80

See accompanying Notes to the Financial Statements.

Manulife Bond Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
780,673	Manulife Canadian Bond Fund	7,628,504	8,424,243
	Total Investment 95.5%	7,628,504	8,424,243
	Other Assets/(Liabilities) 4.5%	398,833	398,833
	Total Net Assets	8,027,337	8,823,076

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Bond Fund			
21,275,000	Canada Housing Trust, 2.75%, Dec-15-2014	21,235,641	21,029,160
16,907,000	Government of Canada, 3.50%, Jun-01-2013	17,680,407	17,583,132
13,514,000	Province of British Columbia, 4.25%, Jun-18-2014	14,368,849	14,262,127
13,778,000	Province of Quebec, 4.50%, Dec-01-2018	13,674,491	14,086,731
12,975,000	Canada Housing Trust, 4.55%, Dec-15-2012	13,865,474	13,833,630
11,726,482	Royal Office Finance, 5.21%, Nov-12-2032	11,726,365	11,566,354
11,000,000	Government of Canada, 2.00%, Sep-01-2012	11,119,900	11,021,742
10,621,000	Province of Quebec, 4.50%, Dec-01-2019	10,793,439	10,731,694
8,916,000	PSP Capital Inc., 4.57%, Dec-09-2013	9,003,704	9,476,295
9,213,000	Government of Canada, 3.00%, Jun-01-2014	9,391,138	9,351,356
8,914,000	African Development Bank, 4.00%, Jun-18-2013	8,905,532	9,237,416
8,023,000	Canadian Imperial Bank of Commerce, 3.05%, Jun-13-2013	8,018,748	8,090,733
7,992,000	Province of British Columbia, 4.10%, Dec-18-2019	7,991,076	7,879,583
6,124,000	Government of Canada, 5.75%, Jun-01-2029	7,617,841	7,390,735
6,988,000	Citigroup Finance Canada Inc., 4.90%, Nov-13-2012	7,102,782	7,133,207
7,163,000	Canada Housing Trust, 3.75%, Mar-15-2020	7,134,200	6,993,911
6,900,000	Government of Canada T-Bill, 0.22%, Apr-01-2010	6,895,170	6,896,187
6,647,000	GE Capital Canada Funding, 5.53%, Aug-17-2017	6,688,748	6,892,664
5,773,000	Province of British Columbia, 4.95%, Jun-18-2040	6,068,578	5,997,828
5,619,000	Government of Canada, 3.75%, Sep-01-2011	5,904,805	5,843,269
5,481,000	Province of Saskatchewan, 4.65%, Sep-05-2017	5,456,281	5,784,360
5,451,000	Province of Ontario, 4.30%, Mar-08-2017	5,753,214	5,645,137
5,408,000	American Express Canada Credit Corp., 4.85%, Oct-03-2014	5,427,397	5,570,481
5,168,000	African Development Bank, 4.85%, Jul-24-2012	5,161,178	5,502,233
5,528,327	Ontario School Boards Financing Corporation, 5.38%, Jun-25-2032	5,528,327	5,449,662

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

The Fund is classified as a Canadian Fixed Income Fund investing in bonds guaranteed by the government of Canada, provinces, municipalities, corporations, and chartered banks to achieve the objective of interest income. The Fund may also hold Canadian T-Bills and other money market instruments. The Fund's activities expose it to a variety of financial risks. Please refer to note 4 in the accompanying Notes to the Financial Statements for an explanation of the various risks.

Risk management is an integral part of the investment manager's philosophy. The Fund invests in a variety of corporate bonds to diversify. Portfolio duration and yield curve exposures are monitored and managed closely and carefully. The investment management team's portfolio manager and investment analyst make investment decisions concerning the holdings in the Fund; the portfolio manager holds the final decision-making authority.

Currency Risk

Please refer to note 4 for a definition of currency risk. The Fund has investments in global bonds that are denominated in Canadian currency. These bonds (called Maple bonds) give investors the opportunity to invest in foreign companies without the risk of currency exchange fluctuations. As at December 31, 2009 and December 31, 2008, the Fund's assets did not have a significant exposure to currency risk.

Interest Rate Risk

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

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

December 31, 2009

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non-Interest Bearing	Total
Investments	174	1,135	2,125	5,023	16	8,473
Cash and cash equivalents	269	-	-	-	-	269
Other assets	-	-	-	-	89	89
Liabilities	-	-	-	-	407	407

December 31, 2008

\$000's	Less than 1 year	1-3 years	3-5 years	> 5 years	Non-Interest Bearing	Total
Investments	351	1,001	1,934	5,351	12	8,649
Cash and cash equivalents	3	-	-	-	-	3
Other assets	-	-	-	-	107	107
Liabilities	-	-	-	-	678	678

Management's best estimate of the effect on net assets due to an increase or decrease by 0.25% in prevailing interest rates, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$132,886 (\$135,200 - 2008). In practice, the actual results may differ and the difference could be material.

Discussion of Financial Risk Management (audited) (continued)

Other Market Risk

Please refer to note 4 for a definition of other market risk. As at December 31, 2009 and December 31, 2008, the Fund did not have any other significant market risk.

Credit Risk

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

As at December 31, the Fund invested in debt instruments and derivatives, as applicable, with the following credit ratings:

	2009	2008
Portfolio by Rating Category	Percentage	Percentage
AAA/Aaa/Bonds A++	35.90	30.07
AA/Aa/Bonds A+	16.43	26.29
A/Bonds A	37.31	37.07
BBB/Baa/Bonds B++	10.36	6.51
BB/Ba/Bonds B+	0.00	0.06
B/Bonds B	0.00	0.00
CCC/Caa	0.00	0.00
CC/Ca	0.00	0.00
C/Bonds Lower than B	0.00	0.00
Not Rated	0.00	0.00
Total	100.00	100.00

Liquidity Risk

Please refer to note 4 for a definition of liquidity risk. As at December 31, 2009 and December 31, 2008, 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 2 (a) for a definition of the levels of classification.

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	-	-	-	-
Bonds	-	8,473	-	8,473
Short term	-	137	-	137
Derivatives	-	-	-	-
Total Financial Assets	-	8,610	-	8,610

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	8,424	8,081
Cash and short-term investments	-	-
Distribution receivable	392	481
Receivable from investment units sold	5	34
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	2	-
	8,823	8,596
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	26
	-	26
Net assets	8,823	8,570

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	392	481
Interest	-	-
Management fee distribution received	-	-
	392	481
Expenses		
Management fees	52	53
Fund administration expenses	128	131
	180	184
Net investment income (loss)	212	297
Realized and unrealized gain (loss)	320	(47)
Net increase (decrease) in net assets resulting from operations	532	250

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	8,570	8,975
Net increase (decrease) in net assets resulting from operations	532	250
Transactions with unitholders		
Unitholders' contributions	265	302
Unitholders' withdrawals	(561)	(954)
Transfers (to) from other funds	17	(3)
Net increase (decrease) from unitholders' transactions	(279)	(655)
Net assets, end of year	8,823	8,570

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	5.61	5.30	328,572	331,778	2.07	2.00	2.01	2.02	2.03
Individual Investor 235	5.61	5.30	1,231,031	1,278,890	2.07	2.00	2.01	2.02	2.03
Individual Accumulator 203	7.61	7.10	9,071	9,038	0.82	0.79	0.80	0.80	0.80

See accompanying Notes to the Financial Statements.

Manulife Diversified Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
3,070,480	SEAMARK Pooled Balanced Fund	39,316,263	42,473,953
	Total Investment 99.4%	39,316,263	42,473,953
	Other Assets/(Liabilities) 0.6%	256,633	256,633
	Total Net Assets	39,572,896	42,730,586

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
SEAMARK Pooled Balanced Fund			
23,800,000	Canada Housing Trust, 4.80%, Jun-15-2012	24,342,814	25,424,826
18,300,000	Canada Housing Trust, 3.15%, Jun-15-2014	18,506,685	18,544,122
18,000,000	Province of Ontario, 4.70%, Jun-02-2037	17,149,500	17,766,000
188,480	Royal Bank of Canada	4,762,556	10,630,272
8,215,000	Toronto-Dominion Bank, 5.14%, Nov-19-2012	8,268,468	8,837,451
128,295	Toronto-Dominion Bank	4,555,182	8,462,338
294,765	Fortis Inc.	8,288,986	8,453,860
7,000,000	Province of Ontario, 6.50%, Mar-08-2029	8,539,730	8,431,500
5,560,000	Province of Quebec, 9.38%, Jan-16-2023	7,983,604	8,053,660
7,520,000	Bank of Nova Scotia, 4.94%, Apr-15-2019	7,704,240	7,967,816
187,950	Suncor Energy Inc.	3,099,270	6,993,620
213,200	Tim Hortons Inc.	6,782,511	6,850,116
304,950	Shaw Communications Inc., Class B	3,407,509	6,608,267
6,417,000	GE Capital Canada Funding, 5.68%, Sep-10-2019	6,417,328	6,556,570
210,125	Sun Life Financial Inc.	5,886,413	6,356,281
144,600	MacDonald Dettwiler & Associates Ltd.	6,401,037	6,159,960
86,600	Research in Motion Limited	7,558,996	6,151,198
87,900	Canadian Imperial Bank of Commerce	6,026,073	5,990,385
496,700	Yamana Gold Inc.	6,028,440	5,960,400
299,600	Manulife Financial Corporation	6,288,546	5,791,268
226,550	Nexen Inc.	7,146,476	5,713,591
97,744	Canadian National Railway Company	2,249,938	5,604,641
162,900	TELUS Corporation	8,528,829	5,556,519
215,150	Gildan Activewear Inc.	2,092,846	5,529,355
530,400	ING Groep NV	5,139,091	5,445,694

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	42,474	39,437
Cash and short-term investments	-	-
Distribution receivable	305	1,351
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	42,779	40,788
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	48	57
	48	57
Net assets	42,731	40,731

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	1,342	2,601
Interest	-	63
Management fee distribution received	-	-
	1,342	2,664
Expenses		
Management fees	315	378
Fund administration expenses	616	726
	931	1,104
Net investment income (loss)	411	1,560
Realized and unrealized gain (loss)	4,561	(8,414)
Net increase (decrease) in net assets resulting from operations	4,972	(6,854)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	40,731	52,468
Net Increase (decrease) in net assets resulting from operations	4,972	(6,854)
Transactions with unitholders		
Unitholders' contributions	1,034	1,157
Unitholders' withdrawals	(3,987)	(5,994)
Transfers (to) from other funds	(19)	(46)
Net increase (decrease) from unitholders' transactions	(2,972)	(4,883)
Net assets, end of year	42,731	40,731

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	49.54	44.01	188,193	199,739	2.62	2.52	2.54	2.56	2.57
Individual Investor 235	49.54	44.01	471,583	500,526	2.62	2.52	2.54	2.56	2.57
Individual Accumulator 209	208.65	182.83	25,162	30,162	1.26	1.21	1.22	1.23	1.23
Individual Accumulator 203	208.65	182.83	23,128	24,315	1.26	1.21	1.22	1.23	1.23

See accompanying Notes to the Financial Statements.

Manulife Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
9,223,582	Manulife Canadian Core Fund	112,206,882	104,534,545
	Total Investment 100.0%	112,206,882	104,534,545
	Other Assets/(Liabilities) (0.0%)	(24,815)	(24,815)
	Total Net Assets	112,182,067	104,509,730

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
397,170	Royal Bank of Canada	18,458,172	22,400,388
205,660	Canadian Natural Resources Limited	13,860,109	15,630,160
214,700	Bank of Montreal	9,234,661	11,990,995
197,393	National Bank of Canada	9,748,603	11,890,954
502,850	Talisman Energy Inc.	8,713,271	9,901,117
142,718	Toronto-Dominion Bank	7,904,086	9,413,679
228,710	Teck Cominco Limited, Class B	3,620,697	8,421,102
151,724	Bank of Nova Scotia	6,825,680	7,467,855
99,628	Research in Motion Limited	6,818,110	7,076,577
392,984	IAMGOLD Corporation	4,424,979	6,488,166
94,570	Canadian Imperial Bank of Commerce	5,604,775	6,444,946
60,952	Niko Resources Ltd.	4,217,966	5,997,677
268,336	Alimentation Couche-Tard Inc., Class B	4,958,452	5,586,756
363,792	Red Back Mining Inc.	3,512,044	5,456,880
273,530	Sino-Forest Corporation	4,466,030	5,301,011
139,757	Suncor Energy Inc.	5,126,457	5,200,358
94,635	Petrobank Energy & Resources Ltd.	4,162,348	4,846,258
81,110	Canadian National Railway Company	4,078,852	4,650,847
260,980	Pacific Rubiales Energy Corp.	2,933,459	4,032,141
92,301	MacDonald Dettwiler & Associates Ltd.	2,769,517	3,932,023
243,580	Silver Wheaton Corp.	2,748,465	3,868,050
194,854	Manulife Financial Corporation	5,134,840	3,766,528
3,750,000	Government of Canada T-Bill, 0.19%, Apr-01-2010	3,747,713	3,748,200
58,630	Inmet Mining Corporation	2,343,912	3,739,421
87,480	IGM Financial Inc.	3,351,324	3,710,027

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	104,535	88,104
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	263	184
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	104,798	88,288
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	288	66
	288	66
Net assets	104,510	88,222

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	1,305	1,323
Interest	97	55
Management fee distribution received	-	-
	1,402	1,378
Expenses		
Management fees	768	1,173
Fund administration expenses	1,668	2,535
	2,436	3,708
Net investment income (loss)	(1,034)	(2,330)
Realized and unrealized gain (loss)	21,710	(61,901)
Net increase (decrease) in net assets resulting from operations	20,676	(64,231)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	88,222	161,356
Net Increase (decrease) in net assets resulting from operations	20,676	(64,231)
Transactions with unitholders		
Unitholders' contributions	3,016	3,339
Unitholders' withdrawals	(7,294)	(12,175)
Transfers (to) from other funds	(110)	(67)
Net increase (decrease) from unitholders' transactions	(4,388)	(8,903)
Net assets, end of year	104,510	88,222

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Individual Investor 234	4.02	3.24	7,904,728	8,257,548	2.84	2.73	2.76	2.77	2.78
Individual Investor 235	4.02	3.24	14,684,934	15,137,717	2.84	2.73	2.76	2.77	2.78
Individual Accumulator 203	24.12	19.21	488,762	532,181	1.47	1.42	1.43	1.44	1.45
Variable Payout Annuity	7.91	6.25	744	1,515	0.82	0.79	0.79	0.80	0.80
Equity 65	25.55	20.15	11,019	21,077	0.54	0.52	0.53	0.53	0.54
Sun Alliance (Acadia Equity Linked)	7.11	5.87	265,119	299,482	0.65	0.60	0.64	0.64	0.62

See accompanying Notes to the Financial Statements.

Equity Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
104,879	Manulife Canadian Core Fund	1,269,276	1,188,638
	Total Investment 100.0%	1,269,276	1,188,638
	Other Assets/(Liabilities) 0.0%	488	488
	Total Net Assets	1,269,764	1,189,126

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
397,170	Royal Bank of Canada	18,458,172	22,400,388
205,660	Canadian Natural Resources Limited	13,860,109	15,630,160
214,700	Bank of Montreal	9,234,661	11,990,995
197,393	National Bank of Canada	9,748,603	11,890,954
502,850	Talisman Energy Inc.	8,713,271	9,901,117
142,718	Toronto-Dominion Bank	7,904,086	9,413,679
228,710	Teck Cominco Limited, Class B	3,620,697	8,421,102
151,724	Bank of Nova Scotia	6,825,680	7,467,855
99,628	Research in Motion Limited	6,818,110	7,076,577
392,984	IAMGOLD Corporation	4,424,979	6,488,166
94,570	Canadian Imperial Bank of Commerce	5,604,775	6,444,946
60,952	Niko Resources Ltd.	4,217,966	5,997,677
268,336	Alimentation Couche-Tard Inc., Class B	4,958,452	5,586,756
363,792	Red Back Mining Inc.	3,512,044	5,456,880
273,530	Sino-Forest Corporation	4,466,030	5,301,011
139,757	Suncor Energy Inc.	5,126,457	5,200,358
94,635	Petrobank Energy & Resources Ltd.	4,162,348	4,846,258
81,110	Canadian National Railway Company	4,078,852	4,650,847
260,980	Pacific Rubiales Energy Corp.	2,933,459	4,032,141
92,301	MacDonald Dettwiler & Associates Ltd.	2,769,517	3,932,023
243,580	Silver Wheaton Corp.	2,748,465	3,868,050
194,854	Manulife Financial Corporation	5,134,840	3,766,528
3,750,000	Government of Canada T-Bill, 0.19%, Apr-01-2010	3,747,713	3,748,200
58,630	Inmet Mining Corporation	2,343,912	3,739,421
87,480	IGM Financial Inc.	3,351,324	3,710,027

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	1,189	955
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	1
	1,189	956
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	-	-
Net assets	1,189	956

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	15	14
Interest	49	16
Management fee distribution received	-	-
	64	30
Expenses		
Management fees	13	19
Fund administration expenses	-	-
	13	19
Net investment income (loss)	51	11
Realized and unrealized gain (loss)	238	(662)
Net increase (decrease) in net assets resulting from operations	289	(651)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	956	1,653
Net Increase (decrease) in net assets resulting from operations	289	(651)
Transactions with unitholders		
Unitholders' contributions	13	16
Unitholders' withdrawals	(69)	(62)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(56)	(46)
Net assets, end of year	1,189	956

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Nalaco Growth "R"	256.45	194.65	4,635	4,908	1.31	1.26	1.27	1.33	1.36

See accompanying Notes to the Financial Statements.

Monarch Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
1,100,602	Manulife Canadian Core Fund	13,309,512	12,473,559
	Total Investment 100.3%	13,309,512	12,473,559
	Other Assets/(Liabilities) (0.3%)	(31,952)	(31,952)
	Total Net Assets	13,277,560	12,441,607

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
397,170	Royal Bank of Canada	18,458,172	22,400,388
205,660	Canadian Natural Resources Limited	13,860,109	15,630,160
214,700	Bank of Montreal	9,234,661	11,990,995
197,393	National Bank of Canada	9,748,603	11,890,954
502,850	Talisman Energy Inc.	8,713,271	9,901,117
142,718	Toronto-Dominion Bank	7,904,086	9,413,679
228,710	Teck Cominco Limited, Class B	3,620,697	8,421,102
151,724	Bank of Nova Scotia	6,825,680	7,467,855
99,628	Research in Motion Limited	6,818,110	7,076,577
392,984	IAMGOLD Corporation	4,424,979	6,488,166
94,570	Canadian Imperial Bank of Commerce	5,604,775	6,444,946
60,952	Niko Resources Ltd.	4,217,966	5,997,677
268,336	Alimentation Couche-Tard Inc., Class B	4,958,452	5,586,756
363,792	Red Back Mining Inc.	3,512,044	5,456,880
273,530	Sino-Forest Corporation	4,466,030	5,301,011
139,757	Suncor Energy Inc.	5,126,457	5,200,358
94,635	Petrobank Energy & Resources Ltd.	4,162,348	4,846,258
81,110	Canadian National Railway Company	4,078,852	4,650,847
260,980	Pacific Rubiales Energy Corp.	2,933,459	4,032,141
92,301	MacDonald Dettwiler & Associates Ltd.	2,769,517	3,932,023
243,580	Silver Wheaton Corp.	2,748,465	3,868,050
194,854	Manulife Financial Corporation	5,134,840	3,766,528
3,750,000	Government of Canada T-Bill, 0.19%, Apr-01-2010	3,747,713	3,748,200
58,630	Inmet Mining Corporation	2,343,912	3,739,421
87,480	IGM Financial Inc.	3,351,324	3,710,027

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	12,474	10,192
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	48	1
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	12,522	10,193
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	80	23
	80	23
Net assets	12,442	10,170

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Distribution from underlying fund	156	152
Interest	-	6
Management fee distribution received	-	-
	156	158
Expenses		
Management fees	62	91
Fund administration expenses	-	-
	62	91
Net investment income (loss)	94	67
Realized and unrealized gain (loss)	2,543	(7,074)
Net increase (decrease) in net assets resulting from operations	2,637	(7,007)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	10,170	17,753
Net Increase (decrease) in net assets resulting from operations	2,637	(7,007)
Transactions with unitholders		
Unitholders' contributions	347	386
Unitholders' withdrawals	(712)	(962)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(365)	(576)
Net assets, end of year	12,442	10,170

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

Class of units	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Class A units	61.85	48.72	202,420	209,234	0.57	0.55	0.56	0.58	0.58

See accompanying Notes to the Financial Statements.

Maritime Life FLAC Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK							
Consumer Discretionary 7.74%							
80	Dorel Industries	2,703	2,575	20	Potash Corporation of Saskatchewan Inc.	2,510	2,282
900	Emera Inc.	20,973	22,563	368	Quadra Mining Ltd.	5,131	5,336
1,142	Sino-Forest Corporation	16,616	22,063	223	Silver Wheaton Corp.	2,311	3,521
		40,292	47,201	150	Teck Cominco Limited, Class B	2,573	5,505
				1,413	Yamana Gold Inc.	20,178	16,899
						118,316	124,890
Energy 2.83%							
430	Cenovus Energy Inc.	12,638	11,382	Merchandising 2.43%			
193	Pacific Rubiales Energy Corp.	2,490	2,972	418	Alimentation Couche-Tard Inc., Class B	7,915	8,674
193	Red Back Mining Inc.	1,485	2,872	53	Canadian Tire Corporation Limited	2,755	3,040
		16,613	17,226	201	Rona Inc.	2,527	3,101
						13,197	14,815
Financial Services 26.27%				Oil & Gas 18.86%			
115	Bank of Montreal	5,516	6,416	319	Canadian Natural Resources Limited	23,485	24,139
186	Bank of Nova Scotia	8,425	9,149	711	Enbridge Inc.	29,938	34,519
43	Canadian Imperial Bank of Commerce	2,806	2,922	430	EnCana Corp.	13,890	14,642
150	CI Financial Inc.	2,872	3,281	799	Nexen Inc.	20,344	20,087
80	Home Capital Group Inc.	2,561	3,335	40	Niko Resources Ltd.	2,578	3,929
70	IGM Financial Inc.	2,649	2,956	58	Petrobank Energy & Resources Ltd.	2,279	2,960
50	Industrial Alliance Insurance and Financial Services Inc.	1,467	1,606	235	Suncor Energy Inc.	8,439	8,721
383	National Bank of Canada	18,606	23,041	157	Talisman Energy Inc.	3,192	3,069
1,000	Power Financial Corporation	29,117	30,990	80	TransCanada Corporation	2,818	2,892
1,006	Royal Bank of Canada	51,593	56,698			106,963	114,958
300	Toronto-Dominion Bank	18,131	19,782	Telecommunication Services 4.32%			
		143,743	160,176	610	BCE Inc.	19,008	17,660
				111	Quebecor Inc., Class B	3,068	3,009
Industrial Products 5.76%				90	Rogers Communications Inc., Class B	3,024	2,930
590	Bombardier Inc., Class B	2,407	2,826	80	TELUS Corporation	2,649	2,723
541	Magna International Inc., Class A SV	28,475	28,770			27,749	26,322
65	SNC-Lavalin Group Inc.	2,448	3,505	Transportation Services 3.10%			
		33,330	35,101	281	Canadian National Railway Company	14,256	16,059
				50	Canadian Pacific Railways	2,580	2,835
Information Technology 5.57%						16,836	18,894
320	Celestica Inc.	2,443	3,165	Total Canadian Common Stock 97.37%			
75	MacDonald Dettwiler & Associates Ltd.	2,134	3,194			551,931	593,545
389	Research in Motion Limited	30,315	27,603	Transaction Costs (Note 2)			
		34,892	33,962			(313)	
Materials 20.49%				Total Common Stock 97.37%			
49	Agrium Inc.	2,994	3,171			551,618	593,545
245	Barrick Gold Corporation	7,936	10,143	Cash & Other Investments 2.46%			
356	Cameco Corporation	9,780	12,036			14,995	14,994
454	Cascades Inc.	3,310	4,059	Other Assets/(Liabilities) 0.17%			
203	Eldorado Gold Corporation	2,434	3,019			1,064	1,064
37	First Quantum Minerals Ltd.	1,573	2,969	Total Net Assets			
375	FNX Mining Company Inc.	3,640	4,316			567,677	609,603
234	Gammon Gold Inc.	2,795	2,700				
63	Goldcorp Inc.	2,469	2,603				
193	Hudbay Minerals Inc.	2,783	2,609				
1,438	IAMGold Corporation	25,716	23,713				
43	Inmet Mining Corporation	1,489	2,733				
244	Jaguar Mining Inc.	2,743	2,862				
3,083	Lundin Mining Corp.	14,530	13,164				
50	Pan American Silver Corporation	1,421	1,250				

Concentration of Risk (audited)

Securities	As at December 31, 2009			As at December 31, 2008		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	551,931	593,545	97.37	590,233	458,998	93.78
Total U.S. Common Stock	-	-	-	-	-	-
Total Global Equities	-	-	-	-	-	-
Transaction Costs	(313)	-	-	(206)	-	-
Total Short Term	-	-	-	-	-	-
Cash & Other Investments	14,995	14,994	2.46	29,319	29,319	5.99
Other Assets/(Liabilities)	1,064	1,064	0.17	1,111	1,111	0.23
Total Net Assets	567,677	609,603	100.00	620,457	489,428	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, 2009 and December 31, 2008, 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 \$29,677 (\$22,950 - 2008). 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, 2009 and December 31, 2008, 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, 2009 and December 31, 2008, 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 2 (a) for a definition of the levels of classification.

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

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	594	459
Cash and short-term investments	15	29
Dividend receivable	1	1
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	610	489
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	-	-
Other liabilities	-	-
	-	-
Net assets	610	489

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Dividends	13	13
Interest	-	1
Revenue from securities lending (Note 2(f))	-	-
Management fee distribution received	-	-
	13	14
Expenses		
Management fees	-	-
Fund administration expenses	3	4
Transaction costs (Note 2)	2	3
	5	7
Net investment income (loss)	8	7
Realized and unrealized gain (loss)	118	(328)
Net increase (decrease) in net assets resulting from operations	126	(321)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	489	896
Net Increase (decrease) in net assets resulting from operations	126	(321)
Transactions with unitholders		
Unitholders' contributions	4	4
Unitholders' withdrawals	(9)	(90)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(5)	(86)
Net assets, end of year	610	489

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

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

Fund Name	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Maritime Life FLAC Equity Fund	257.92	204.41	2,369	2,403	0.49	0.59	0.50	0.63	0.69

Reconciliation of Trading Net Asset Value and Trading Net Asset Value Per Units to GAAP Valuation Basis (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 2(b) for details).

Fund Name	December 31, 2009				December 31, 2008				
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	
Maritime Life FLAC Equity Fund	610,967	(1,364)	609,603	257.34	491,098	(1,670)	489,428	203.71	

See accompanying Notes to the Financial Statements.

Maritime Life Separate Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK			
Consumer Discretionary 3.31%			
700	Metro Inc., Class A	25,030	27,440
1,350	Thomson Reuters Corporation	55,967	45,765
		80,997	73,205
Energy 4.53%			
1,625	Cenovus Energy Inc.	25,562	43,014
600	Crescent Point Energy Corp.	14,223	23,670
2,332	Just Energy Income Fund	17,997	33,581
		57,782	100,265
Financial Services 31.85%			
600	Bank of Montreal	18,979	33,474
1,875	Bank of Nova Scotia	46,148	92,231
997	Canadian Imperial Bank of Commerce	43,608	67,732
1,500	DundeeWealth Inc.	14,740	20,625
1,100	Great-West Lifeco Inc.	22,825	29,502
1,400	Industrial Alliance Insurance and Financial Services Inc.	29,101	44,968
600	Intact Financial Corporation	16,857	22,128
3,578	Manulife Financial Corporation	78,056	69,055
1,150	Power Financial Corporation	20,032	35,639
2,478	Royal Bank of Canada	73,043	139,647
900	Sun Life Financial Inc.	29,778	27,153
1,850	Toronto-Dominion Bank	77,944	121,989
		471,111	704,143
Industrial Products 1.25%			
1,000	Toromont Industries Ltd.	25,372	27,740
		25,372	27,740
Materials 14.26%			
1,200	Agrium Inc.	63,296	77,652
2,275	Barrick Gold Corporation	78,011	94,185
1,800	Goldcorp Inc.	60,217	74,358
750	Inmet Mining Corporation	32,337	47,670
1,800	Yamana Gold Inc.	13,059	21,528
		246,920	315,393
Merchandising 4.33%			
1,800	Alimentation Couche-Tard Inc., Class B	22,165	37,350
1,600	Reitmans Ltd.	31,790	26,656
700	Shoppers Drug Mart Corporation	34,453	31,773
		88,408	95,779
Oil & Gas 23.08%			
1,200	Altagas Income Trust	20,894	22,524
1,005	ARC Energy Trust	21,156	20,047
1,000	Canadian Natural Resources Limited	47,950	75,670
900	Enbridge Inc.	36,493	43,695
1,625	EnCana Corp.	28,094	55,331
1,200	Husky Energy Inc.	37,488	36,024
2,000	Nexen Inc.	61,771	50,280
3,466	Suncor Energy Inc.	67,673	128,623
2,175	Talisman Energy Inc.	21,017	42,521
1,100	Vermilion Energy	25,283	35,640
		367,819	510,355

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
Telecommunication Services 8.73%			
800	Astral Media Inc., Class A NV	31,859	26,528
1,245	BCE Inc.	39,804	36,043
1,000	Quebecor Inc., Class B	17,855	27,110
1,400	Rogers Communications Inc., Class B	54,357	45,584
1,100	TELUS Corporation	60,130	37,444
3,800	Yellow Pages Income Fund	20,450	20,368
		224,455	193,077
Transportation Services 3.14%			
820	Canadian National Railway Company	27,551	46,863
400	Canadian Pacific Railways	18,645	22,680
		46,196	69,543
Utilities 2.23%			
900	Fortis Inc.	21,871	25,812
962	Keyera Facilities Income Fund	15,605	23,420
		37,476	49,232
Total Canadian Common Stock 96.71%		1,646,536	2,138,732
GLOBAL EQUITIES			
Great Britain 1.24%			
3,900	Trinidad Drilling Ltd.	20,202	27,339
		20,202	27,339
Total Global Equities 1.24%		20,202	27,339
Transaction Costs (Note 2)		(2,151)	
Total Common Stock 97.95%		1,664,587	2,166,071
Cash & Other Investments 1.92%		42,418	42,414
Other Assets/(Liabilities) 0.13%		2,968	2,968
Total Net Assets		1,709,973	2,211,453

Concentration of Risk (audited)

Securities	As at December 31, 2009			As at December 31, 2008		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	1,646,536	2,138,732	96.71	1,644,178	1,668,705	97.64
Total U.S. Common Stock	-	-	-	-	-	-
Total Global Equities	20,202	27,339	1.24	-	-	-
Transaction Costs	(2,151)	-	-	(2,074)	-	-
Total Short Term	-	-	-	-	-	-
Cash & Other Investments	42,418	42,414	1.92	24,142	24,142	1.41
Other Assets/(Liabilities)	2,968	2,968	0.13	16,334	16,334	0.95
Total Net Assets	1,709,973	2,211,453	100.00	1,682,580	1,709,181	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. 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, 2009 and December 31, 2008, 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.

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 \$106,937 (\$83,435 - 2008). 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, 2009 and December 31, 2008, 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, 2009 and December 31, 2008, 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 2 (a) for a definition of the levels of classification.

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	2,166	1,669
Cash and short-term investments	42	24
Dividend receivable	6	5
Receivable from investment units sold	-	18
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	2,214	1,716
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	4
Payable for management fees (Inc. all GST)	3	3
Other liabilities	-	-
	3	7
Net assets	2,211	1,709

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Dividends	68	60
Interest	-	1
Revenue from securities lending (Note 2(f))	-	-
Management fee distribution received	-	-
	68	61
Expenses		
Management fees	36	46
Fund administration expenses	-	-
Transaction costs (Note 2)	2	4
	38	50
Net investment income (loss)	30	11
Realized and unrealized gain (loss)	519	(973)
Net increase (decrease) in net assets resulting from operations	549	(962)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	1,709	2,860
Net increase (decrease) in net assets resulting from operations	549	(962)
Transactions with unitholders		
Unitholders' contributions	54	65
Unitholders' withdrawals	(101)	(254)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(47)	(189)
Net assets, end of year	2,211	1,709

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

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

Class of units	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
SEIO	145.12	109.46	14,434	14,750	1.89	1.89	1.91	-	1.91
SIVA	145.85	109.83	838	905	1.89	1.89	1.91	-	1.91

Reconciliation of Trading Net Asset Value and Trading Net Asset Value Per Units to GAAP Valuation Basis (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 investment funds are required to provide a reconciliation between the Trading NAV that is used to value client transactions, and the GAAP NAV that is required for financial reporting purposes (refer to note 2(b) for details).

Class of units	December 31, 2009				December 31, 2008			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
SEIO	2,094,722	(5,234)	2,089,488	144.76	1,614,616	(4,602)	1,610,014	109.15
SIVA	122,275	(310)	121,965	145.48	99,450	(283)	99,167	109.52

See accompanying Notes to the Financial Statements.

Maritime Life Champion Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2009

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK											
Consumer Discretionary 2.27%											
2,568	Saputo Inc.			54,347	78,966						
1,684	Thomson Reuters Corporation			67,356	57,088						
				121,703	136,054					984,102	1,152,855
Energy 1.01%											
2,276	Cenovus Energy Inc.			53,030	60,246						
				53,030	60,246					201,865	204,927
Financial Services 19.09%											
2,943	Bank of Montreal			150,299	164,190						
3,188	Brookfield Asset Management Inc., Class A			78,425	74,408						
1,810	Canadian Imperial Bank of Commerce			118,977	122,990						
1,269	Intact Financial Corporation			37,531	46,801						
450	National Bank of Canada			26,024	27,072						
4,021	Power Corporation of Canada			117,261	117,092						
5,481	Royal Bank of Canada			233,669	308,909						
4,289	Toronto-Dominion Bank			238,116	282,817						
				1,000,302	1,144,279					167,336	221,988
Industrial Products 2.72%											
8,017	Bombardier Inc., Class B			37,036	38,401						
900	Magna International Inc., Class A SV			41,458	47,862						
1,424	SNC-Lavalin Group Inc.			53,531	76,782						
				132,025	163,045					46,107	49,351
Information Technology 2.62%											
2,210	Research in Motion Limited			137,912	156,822						
				137,912	156,822					46,107	49,351
Materials 14.41%											
1,626	Agnico-Eagle Mines Ltd.			92,835	92,341						
865	Agrium Inc.			45,006	55,974						
4,662	Barrick Gold Corporation			164,353	193,007						
1,797	Cameco Corporation			50,541	60,757						
2,708	Goldcorp Inc.			94,319	111,867						
463	Inmet Mining Corporation			23,921	29,428						
1,396	Potash Corporation of Saskatchewan Inc.			120,927	159,298						
4,385	Teck Cominco Limited, Class B			127,877	160,930						
				719,779	863,602					46,107	49,351
Merchandising 1.47%											
410	Canadian Tire Corporation Limited			22,114	23,514						
1,423	Shoppers Drug Mart Corporation			61,474	64,590						
				83,588	88,104					46,107	49,351
Oil & Gas 19.23%											
1,478	Bonavista Energy Trust			28,332	32,915						
2,149	Canadian Natural Resources Limited			115,497	162,615						
2,975	Canadian Oil Sands Trust			91,141	88,625						
1,558	Enbridge Inc.			57,703	75,641						
3,616	EnCana Corp.			93,166	123,125						
1,778	Husky Energy Inc.			51,786	53,376						
511	Imperial Oil Limited			19,153	20,752						
1,896	Nexen Inc.			54,646	47,665						
1,306	Petrobank Energy & Resources Ltd.			57,376	66,645						
6,496	Suncor Energy Inc.			214,273	241,067						
										3,647,749	4,241,273
Telecommunication Services 3.42%											
7,019	Talisman Energy Inc.				106,657	137,221					
2,855	TransCanada Corporation				94,372	103,208					
Transportation Services 3.70%											
2,889	BCE Inc.				92,337	83,637					
2,738	Rogers Communications Inc., Class B				76,698	89,149					
1,488	Shaw Communications Inc.				32,830	32,141					
Utilities 0.82%											
742	Fortis Inc.				19,166	21,281					
1,197	Transalta Corp.				26,941	28,070					
Total Canadian Common Stock 70.76%											
U.S. COMMON STOCK											
316	3M Company				21,524	27,315					
200	American Express Company				7,530	8,475					
430	AmerisourceBergen Corporation				11,336	11,719					
163	Apple Computers				26,491	35,948					
1,050	Applied Materials Inc.				14,654	15,308					
1,066	AT&T Inc.				30,867	31,273					
1,400	Chesapeake Energy Corp.				37,393	37,891					
648	Chevron Corporation				50,756	52,194					
1,261	Cisco Systems				31,436	31,595					
261	Colgate-Palmolive Company				18,653	22,435					
256	Computer Science Corp.				12,963	15,414					
700	ConocoPhillips				39,320	37,386					
323	Constellation Energy Group Inc.				11,001	11,869					
197	CVS Corporation				7,659	6,639					
240	DeVry Inc.				13,651	14,252					
419	Du Pont & Co.				14,955	14,761					
1,000	Ford Motor Company				7,742	10,456					
245	Freemport-McMoRan				13,428	20,588					
504	GameStop Corp., Class A				14,270	11,573					
1,757	General Electric Company				25,008	27,822					
147	Goldman Sachs Group Inc.				23,165	25,936					
57	Google Inc.				28,581	36,986					
466	Hewlett-Packard Company				22,155	25,103					
521	Honeywell International Inc.				19,497	21,364					
400	Illinois Tool Works Inc.				21,100	20,086					
953	Intel Corporation				18,215	20,337					
250	International Business Machines Corp.				31,131	34,232					
410	Johnson & Johnson				26,537	27,605					
858	JPMorgan Chase & Co.				33,566	37,419					
299	Kellogg Company				14,902	16,648					
500	Masco Corporation				7,599	7,227					

Statement of Investment Portfolio (audited) (continued)

As at December 31, 2009

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
349	McDonald's Corp.			22,014	22,793
170	McKesson Corporation			10,898	11,120
520	Medtronic Inc.			23,720	23,925
798	Merck & Co.			28,918	30,484
1,321	Microsoft Corporation			35,508	42,141
264	Northrop Grumman Corporation			15,239	15,418
527	Occidental Petroleum Corporation			43,541	44,825
995	Oracle Corp.			23,913	25,555
2,026	Pfizer Inc.			36,390	38,570
290	PNC Financial Services Group Inc.			15,550	16,023
59	priceline.com Incorporated			7,639	13,467
496	Procter & Gamble Company			30,287	31,458
285	Prudential Financial Inc.			15,460	14,843
170	Schlumberger Limited			10,737	11,581
307	Sempra Energy			15,531	17,987
234	Simon Property Group Inc.			18,098	19,543
526	Standard & Poor's Depository Receipts			58,828	61,349
255	Terdata Corporation			6,357	8,378
214	The Chubb Corp.			11,437	11,015
514	The Coca-Cola Company			28,674	30,647
513	The DIRECTV Group Inc., Class A			14,962	17,901
522	The Hartford Financial Services Group			15,115	12,708
380	The TJX Companies Inc.			14,938	14,536
368	The Travelers Companies Inc.			18,864	19,200
494	Time Warner Inc.			14,184	15,051
460	United Technologies Corporation			31,242	33,383
520	UnitedHealth Group Inc.			16,471	16,583
518	Verizon Communications			17,322	17,961
548	Walgreen Company			19,108	21,037
402	Wal-Mart Stores Inc.			22,174	22,480
640	Walt Disney Co.			18,655	21,602
530	WellPoint Inc.			32,000	32,295
1,059	Wells Fargo & Company			27,166	29,859
830	Xcel Energy Inc.			18,843	18,433
Total U.S. Common Stock 25.06%				1,396,868	1,502,007
Transaction Costs (Note 2)				(3,895)	
Total Common Stock 95.82%				5,040,722	5,743,280
SHORT TERM					
Treasury Bills 3.75%					
70,000	Canada	0.21%	Feb-2010	69,963	69,986
105,000	Canada	0.20%	Feb-2010	104,948	104,971
50,000	Canada	0.19%	Mar-2010	49,978	49,984
Total Short Term 3.75%				224,889	224,941
Cash & Other Investments 0.50%				30,189	30,182
Other Assets/(Liabilities) (0.07%)				(4,021)	(4,021)
Total Net Assets				5,291,779	5,994,382

Concentration of Risk (audited)

Securities	As at December 31, 2009			As at December 31, 2008		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	3,647,749	4,241,273	70.76	3,696,349	3,315,478	64.71
Total U.S. Common Stock	1,396,868	1,502,007	25.06	1,574,049	1,465,644	28.61
Total Global Equities	-	-	-	-	-	-
Transaction Costs	(3,895)			(3,675)		
Total Short Term	224,889	224,941	3.75	318,785	319,387	6.23
Cash & Other Investments	30,189	30,182	0.50	23,584	23,584	0.46
Other Assets/(Liabilities)	(4,021)	(4,021)	(0.07)	(675)	(675)	(0.01)
Total Net Assets	5,291,779	5,994,382	100.00	5,608,417	5,123,418	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, 2009 and December 31, 2008. 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, 2009		December 31, 2008	
	Total Exposure (\$)	Percentage of Net Assets (%)	Total Exposure (\$)	Percentage of Net Assets (%)
USD	1,505,303	25.11	1,469,424	28.68

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in the value of the Canadian dollar, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$75,265 (\$73,471 - 2008). 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, a risk factor is developed and applied to each security, based on qualitative and quantitative assessments. These risk factors include, but are not limited to earnings variability, earnings dispersion, management risk, financial risk, industry/business risk, valuation risk and growth risk. From these

inputs, each company is ranked in terms of risk. The investment manager's portfolio manager, institutional service team and compliance team all have a responsibility to ensure that market positions adhere to the investment goals of the client. The Fund has investment restrictions that prohibit it from investing more than 10% of its assets in any one company.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$212,064 (\$165,774 - 2008). 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 \$75,100 (\$73,282 - 2008). 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, 2009 and December 31, 2008, 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, 2009 and December 31, 2008, 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 2 (a) for a definition of the levels of classification.

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

	2009 (\$000's)	2008 (\$000's)
Assets		
Investments, at fair value	5,743	4,781
Cash and short-term investments	255	343
Dividend/Interest receivable	9	11
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(c)(iii))	-	-
Other assets	-	-
	6,007	5,135
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for management fees (Inc. all GST)	13	12
Other liabilities	-	-
	13	12
Net assets	5,994	5,123

Statements of Operations (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Income		
Dividends	125	140
Interest	2	13
Revenue from securities lending (Note 2(f))	-	-
Management fee distribution received	-	-
	127	153
Expenses		
Management fees	143	173
Fund administration expenses	-	-
Transaction costs (Note 2)	18	10
	161	183
Net investment income (loss)	(34)	(30)
Realized and unrealized gain (loss)	907	(2,043)
Net increase (decrease) in net assets resulting from operations	873	(2,073)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2009 (\$000's)	2008 (\$000's)
Net assets, beginning of year	5,123	7,278
Net Increase (decrease) in net assets resulting from operations	873	(2,073)
Transactions with unitholders		
Unitholders' contributions	851	889
Unitholders' withdrawals	(853)	(971)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(2)	(82)
Net assets, end of year	5,994	5,123

Financial Statements - Supplementary Schedules (audited)

For the years ended December 31

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

Product	Net asset value per unit (\$) (refer to Note 2d)		Units issued and outstanding		Management expense ratio (%) (refer to Note 3b)				
	2009	2008	2009	2008	2009	2008	2007	2006	2005
Champion	26.79	22.90	224,146	224,106	2.63	2.63	2.71	-	2.68

Reconciliation of Trading Net Asset Value and Trading Net Asset Value Per Units to GAAP Valuation Basis (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 2(b) for details).

Product	December 31, 2009				December 31, 2008			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
Champion	6,004,929	(10,547)	5,994,382	26.74	5,131,454	(8,036)	5,123,418	22.86

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

For the periods ended December 31, 2009 and 2008

1. THE FUNDS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("CGAAP").

The preparation of financial statements in accordance with CGAAP 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) Adoption of Accounting Policy Changes

CICA Handbook Sections 3862 and 3863

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

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

During 2009, the Accounting Standards Board ("ACSB") issued amendments to CICA Section 3862 to incorporate changes to improve disclosures about fair value and liquidity risk. The amendments introduce a "fair value hierarchy" for disclosures to provide information about the relative reliability of inputs used in making the fair value measurements.

Section 3862.27A requires that an entity classify each financial instrument into one of three fair value levels as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices) and,

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

Section 3862.27A was adopted by the Company during 2009 and is disclosed in the "Fair Value Measurement" section of actively managed portfolio funds. Prior year comparative data is not required to be presented for the first year of adoption. This amendment will result in additional disclosures. However there is no impact on actual fair value measurement or net asset value.

EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

Effective January 20, 2009, the Company 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.

The Company 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 found the impact to the Funds to be immaterial.

b) Valuation of investments**(i) Underlying Funds**

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

(ii) Investments in Portfolio Funds

Investments are deemed to be categorized as held for trading in accordance with CICA Section 3855, "Financial Instruments – Recognition and Measurement", and therefore, are recorded at fair value. Investments in securities are valued at their closing bid price based on major securities exchange listings. 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 cost paid for the security, recent news reports about the issuer and general market indicators. Their fair value is determined using a valuation model that has been tested against the prices of actual market transactions and using the manager's best estimate of the most appropriate model inputs. These are adjusted to reflect 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. CLHIA guidelines require the use of CGAAP 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. The Company 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 value based on the bid price from available public quotations from recognized dealers.

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

c) Investment transactions and income**Purchase and sale of investments**

Transactions relating to the purchase and sale of an investment 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 the Company and the underlying fund manager for rebates to offset the management expense ratio embedded in the cost of units purchased in the underlying fund. Management fee distributions are calculated and accrued on a daily basis. There is no increase in the net management expense ratios charged to the unitholder as a result of the management fee distribution received.
- (iv) Realized and unrealized gain (loss) – The market value of units of the underlying funds owned by the Funds will fluctuate during the period based on the performance of the assets of the underlying funds. Realized gains (losses) on investments are calculated using the average cost of the related investments. The unrealized gain (loss) of the units held in the underlying funds is recorded as the difference between the opening and closing market value of the units taking into account the change in the number of units owned throughout the period as a result of unitholder transactions.

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

- 1) Market value of investments, other assets and liabilities at the rate of exchange existing at the end of the period.
- 2) Purchases and sales of investments, income and expenses at the rate of exchange existing on the respective dates of such transactions.
- 3) Realized and unrealized gains and losses from the translation of foreign currencies are considered to be investment transactions.

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

d) Calculation of unit values

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

e) Income taxes

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

f) 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% of the market value of the assets of that Fund, with a minimum collateral of 105% 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 continue to be displayed in the Statements of Investment Portfolios and reported in the Statements of Net Assets. The income earned from securities lending was recorded as "Revenue from securities lending" on the Statements of Operations.

g) Other assets and liabilities

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

3. MANAGEMENT FEES AND EXPENSES

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

a) Management Fees

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

b) Management Expense Ratio

The MER of the Funds represents the aggregate management fees and other expenses for the period expressed as an annual percentage of the average daily net assets of each Fund during the period.

c) Waived Expenses

The MER is calculated as a fixed percentage of the average daily net assets of each Fund as calculated on a trade basis. Manulife has undertaken to waive/absorb all expenditures related to 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.

4. FINANCIAL INSTRUMENT RISK

Risks

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

Currency risk

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

Interest rate risk

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

Other market risk

Other market risk is the risk that the value 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), whether 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 ("NR") by S&P, the program will move on to Moody's Investor Service, then Dominion Bond Rating Service, and lastly Canadian Bond Rating Service. If all four agencies provide a NR, this particular bond will be placed under the NR category.

Liquidity risk

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

5. MANAGEMENT OF FINANCIAL RISKS

a) Investment Fund Selection and Monitoring Process

A fund manager search is initiated when a new product is launched, an opportunity for product enhancement arises, or when there is a need to replace an existing manager. Manulife Financial has formalized the fund manager selection process for its investment portfolios. The first step in the process is to screen all potential fund managers, and select only those who meet Manulife Financial's criteria for inclusion in the Company's portfolio of Funds. Screening can and often does extend beyond Canadian firms. The screening criteria 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 monitoring any organizational or Fund changes announced by fund managers or news items that may affect organizational stability or Fund performance as well as analysis on the Fund's rate of return to verify that it is appropriate compared to the underlying fund or Fund's benchmark.

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

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

b) Management of the fund of funds

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

6. SIGNIFICANT OWNERSHIP IN UNDERLYING FUNDS

At December 31, 2009, each Fund listed held a 20% ownership or greater in the underlying funds:

Fund	Underlying Fund	Assets of underlying funds (\$000's)	Percentage Ownership in underlying funds
Manulife Equity Fund	Manulife Canadian Core Fund	260,100	40.2%

7. RELATED PARTY TRANSACTIONS

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

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

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

8. SECURITIES LENDING TRANSACTIONS

See note 2f) 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, 2009 are as follows:

Funds	Outstanding Loans	Total Collateral
Maritime Life FLAC Equity Fund	104,745	106,843
Maritime Life Champion Growth Fund	337,219	347,052

9. CAPITAL MANAGEMENT

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

10. COMPARATIVE FIGURES

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

Auditors' Report

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

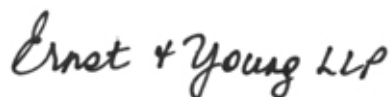
We have audited the statements of net assets and statements of investment portfolio as at December 31, 2009 and the statements of operations and changes in net assets for the period then ended for each of the Manufacturers Life Insurance Company Segregated Funds (the "Funds") listed below:

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

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2009 and the results of their operations and the changes in their net assets for the period then ended in accordance with Canadian generally accepted accounting principles.

The logo for Ernst & Young LLP is written in a cursive, handwritten-style font.

Kitchener, Canada,
March 31, 2010.

Chartered Accountants
Licensed Public Accountants

About Manulife Financial

Manulife Financial is a leading Canadian-based financial services group serving millions of customers in 22 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, the Company offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Funds under management by Manulife Financial and its subsidiaries were Cdn\$440 billion (US\$420 billion) as at December 31, 2009.

Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

