

Segregated Funds Audited Financial Statements



Life Insurance

December 31, 2011

Manulife Certificate

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

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

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

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General Provisions (unaudited)

Investment Policy and Restrictions

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

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

Mortgages and Real Estate

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

Reinvestment of Earnings

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

Manulife Short-Term Securities Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
176,044	Manulife Canadian Money Market Fund	1,760,440	1,760,441
	Total Investment 100.5%	1,760,440	1,760,441
	Other Assets/(Liabilities) (0.5%)	(9,425)	(9,425)
	Total Net Assets	1,751,015	1,751,016

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Money Market Fund			
90,255,000	Government of Canada, 0.87%, Jun-21-2012	89,863,129	89,865,356
75,380,000	Government of Canada Treasury Bills, 0.89%, May-24-2012	75,054,969	75,054,972
69,805,000	Government of Canada Treasury Bills, 0.75%, May-10-2012	69,085,704	69,098,773
67,510,000	Government of Canada Treasury Bills, 1.12%, Apr-12-2012	67,124,697	67,165,296
40,800,000	The Toronto-Dominion Bank, 1.18%, Aug-15-2012	40,435,656	40,498,153
39,800,000	Province of Manitoba, 1.68%, Mar-02-2012	39,800,000	39,854,933
39,900,000	Bank of Nova Scotia, 1.17%, May-17-2012	39,666,585	39,724,298
39,890,000	Bank of Montreal, 1.18%, Jun-07-2012	39,652,655	39,683,953
34,905,000	Government of Canada Treasury Bills, 0.84%, Nov-22-2012	34,611,449	34,642,094
29,800,000	International Bank for Reconstruction & Development, 1.58%, Jan-31-2012	29,800,000	29,880,051
29,800,000	Province of Ontario, 2.27%, Apr-02-2013	29,796,365	29,796,355
29,920,000	Canadian Imperial Bank of Commerce, 0.99%, Jul-06-2012	29,755,141	29,769,616
29,920,000	Government of Canada, 0.91%, Oct-25-2012	29,674,058	29,697,232
24,815,000	Royal Bank of Canada, 1.93%, Feb-13-2012	24,815,000	24,878,006
20,000,000	Royal Bank of Canada, 1.33%, Jan-23-2012	20,000,000	20,007,288
18,940,000	Government of Canada, 0.14%, Jul-05-2012	18,849,846	18,857,395
14,955,000	Government of Canada Treasury Bills, 1.15%, Jun-07-2012	14,810,385	14,881,293
13,860,000	Government of Canada, 1.03%, Feb-17-2012	13,789,175	13,841,710
165,000	Government of Canada Treasury Bills, 0.57%, Mar-01-2012	164,541	164,756

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	1,760	1,942
Cash and short-term investments	-	-
Distribution receivable	2	2
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	1,762	1,944
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	11	30
	11	30
Net assets	1,751	1,914
* Investments, at average cost	1,760	1,942

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	27	19
Interest	-	-
Management fee distribution received	-	-
	27	19
Expenses		
Management fees	7	7
Fund administration expenses	14	15
	21	22
Net investment income (loss)	6	(3)
Realized and unrealized gain (loss)	-	-
Net increase (decrease) in net assets resulting from operations	6	(3)

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	1,914	1,997
Net increase (decrease) in net assets resulting from operations	6	(3)
Transactions with unitholders		
Unitholders' contributions	65	64
Unitholders' withdrawals	(458)	(235)
Transfers (to) from other funds	224	91
Net increase (decrease) from unitholders' transactions	(169)	(80)
Net assets, end of year	1,751	1,914

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Individual Investor 234	449	501	500	482	534	3.32	3.31	3.32	3.31	3.22	135,364	151,482	150,669	145,763	165,901
Individual Investor 235	1,231	1,320	1,350	1,397	1,419	3.32	3.31	3.32	3.31	3.22	371,093	399,184	407,159	422,067	440,832
Individual Accumulator 209	83	92	142	202	178	4.20	4.18	4.18	4.16	4.04	19,801	22,053	33,877	48,533	44,048

Product	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Individual Investor 234	1.15	1.13	1.09	1.05	1.06
Individual Investor 235	1.15	1.13	1.09	1.05	1.06
Individual Accumulator 209	0.86	0.85	0.82	0.79	0.79

Financial Statements - Financial Highlights (audited) (continued)

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

PTRs are not disclosed for money market funds.
See accompanying Notes to the Financial Statements.

Manulife Bond Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
721,760	Manulife Canadian Bond Fund	7,143,375	8,338,282
	Total Investment 96.0%	7,143,375	8,338,282
	Other Assets/(Liabilities) 4.0%	344,525	344,525
	Total Net Assets	7,487,900	8,682,807

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Bond Fund			
24,371,000	Government of Canada, 3.25%, Jun-01-2021	26,730,996	27,096,978
18,872,000	CDP Financial Inc., 4.60%, Jul-15-2020	19,138,183	21,066,746
19,244,000	Canada Housing Trust, 1.85%, Dec-15-2016	19,218,405	19,459,818
15,031,000	Government of Canada, 3.50%, Jun-01-2013	15,642,510	15,564,689
10,658,000	Province of Quebec, 4.50%, Dec-01-2018	10,577,930	12,116,460
9,993,000	Province of Ontario, 4.20%, Mar-08-2018	10,963,320	11,194,448
10,619,000	Province of British Columbia, 3.25%, Dec-18-2021	10,823,605	11,021,730
9,014,064	Royal Office Finance LP, 5.21%, Nov-12-2032	9,013,974	10,763,825
9,408,000	Province of Ontario, 4.40%, Jun-02-2019	10,442,410	10,668,774
8,556,000	Canada Housing Trust, 3.80%, Jun-15-2021	9,409,033	9,569,756
8,009,000	Province of Quebec, 4.50%, Dec-01-2020	8,580,592	9,081,947
8,295,000	Canada Housing Trust, 3.15%, Jun-15-2015	8,524,606	8,810,276
8,222,000	Sun Life Capital Trust, 6.87%, Dec-31-2011	8,537,676	8,221,789
6,900,000	Province of British Columbia, 4.30%, Jun-18-2042	7,602,180	8,129,618
6,897,000	PSP Capital Inc., 4.57%, Dec-09-2013	6,964,844	7,306,520
6,896,000	African Development Bank, 4.00%, Jun-18-2013	6,889,449	7,157,050
5,853,000	Greater Toronto Airports Authority, 5.96%, Nov-20-2019	6,897,513	7,080,441
6,500,000	Canada Housing Trust, 1.85%, Dec-15-2016	6,574,100	6,572,995
5,585,000	Province of Nova Scotia, 4.40%, Jun-01-2042	5,602,359	6,531,838
5,207,000	Province of Quebec, 5.00%, Dec-01-2038	5,622,744	6,504,283
6,014,000	Cadillac Fairview Finance Trust, 3.24%, Jan-25-2016	6,013,699	6,290,466
5,876,000	The Bear Stearns Cos LLC, 4.35%, Jul-20-2012	6,050,047	5,957,160
5,740,000	Government of Canada, 2.00%, Mar-01-2014	5,872,594	5,867,117
5,120,000	Royal Bank of Canada, 4.93%, Jul-16-2025	5,537,696	5,838,004
5,397,000	The Toronto-Dominion Bank, FRN, 5.38%, Nov-01-2017	5,671,923	5,554,608

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	8,338	8,412
Cash and short-term investments	-	-
Distribution receivable	347	368
Receivable from investment units sold	16	1
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	8,701	8,781
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	18	21
	18	21
Net assets	8,683	8,760
* Investments, at average cost	7,143	7,456

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	347	368
Interest	-	-
Management fee distribution received	-	-
	347	368
Expenses		
Management fees	57	59
Fund administration expenses	127	130
	184	189
Net investment income (loss)	163	179
Realized and unrealized gain (loss)	354	253
Net increase (decrease) in net assets resulting from operations	517	432

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	8,760	8,823
Net increase (decrease) in net assets resulting from operations	517	432
Transactions with unitholders		
Unitholders' contributions	291	255
Unitholders' withdrawals	(967)	(820)
Transfers (to) from other funds	82	70
Net increase (decrease) from unitholders' transactions	(594)	(495)
Net assets, end of year	8,683	8,760

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Individual Investor 234	1,951	1,878	1,843	1,757	1,896	6.26	5.89	5.61	5.30	5.12	311,635	318,924	328,572	331,778	370,086
Individual Investor 235	6,699	6,830	6,906	6,773	7,008	6.26	5.89	5.61	5.30	5.12	1,069,954	1,159,794	1,231,031	1,278,890	1,367,598
Individual Accumulator 203	47	43	69	64	61	8.72	8.09	7.61	7.10	6.78	5,348	5,321	9,071	9,038	9,004

Product	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Individual Investor 234	2.18	2.15	2.07	2.00	2.01
Individual Investor 235	2.18	2.15	2.07	2.00	2.01
Individual Accumulator 203	0.86	0.84	0.82	0.79	0.80

Financial Statements - Financial Highlights (audited) (continued)

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Manulife Canadian Bond Fund	141.49	91.70	197.12	362.45	289.27

See accompanying Notes to the Financial Statements.

Manulife Diversified Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
2,498,903	SEAMARK Pooled Balanced Fund	32,156,127	34,035,053
	Total Investment 99.0%	32,156,127	34,035,053
	Other Assets/(Liabilities) 1.0%	340,010	340,010
	Total Net Assets	32,496,137	34,375,063

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
SEAMARK Pooled Balanced Fund			
4,282,034	SEAMARK Pooled US Equity Fund	59,117,756	58,672,424
2,959,521	SEAMARK Pooled International Equity Fund	36,564,883	36,538,248
15,150,000	Canada Housing Trust, 4.80%, Jun-15-2012	15,643,619	15,403,687
1,481,432	SEAMARK Pooled Money Market Fund	14,814,318	14,814,318
8,000,000	Province of Ontario, 6.50%, Mar-08-2029	9,748,913	11,377,440
5,500,000	Province of Quebec, 8.50%, Apr-01-2026	7,960,917	8,757,155
8,000,000	Canada Housing Trust, 3.60%, Jun-15-2013	8,280,913	8,290,480
7,317,000	GE Capital Canada Funding Co., 5.68%, Sep-10-2019	7,404,115	8,184,723
6,600,000	Province of Ontario, 4.70%, Jun-02-2037	6,913,930	8,009,232
79,710	The Toronto-Dominion Bank	2,830,146	6,081,076
116,830	Royal Bank of Canada	3,696,141	6,072,823
5,500,000	Canada Housing Trust, 3.15%, Jun-15-2014	5,746,125	5,769,225
5,000,000	Encana Corporation, 5.80%, Jan-18-2018	4,986,900	5,755,400
5,097,000	Metropolitan Life Global Funding I, 4.85%, May-30-2013	5,094,604	5,284,468
4,480,000	Canadian Imperial Bank of Commerce, FRN, 4.11%, Apr-30-2020	4,710,720	4,685,632
4,145,000	CDP Financial Inc., 4.60%, Jul-15-2020	4,136,461	4,625,032
113,030	Canadian Natural Resources Limited	4,090,134	4,312,095
3,400,000	TD Capital Trust, FRN, 7.24%, Dec-31-2018	3,400,000	4,062,864
134,700	Suncor Energy Inc.	2,421,504	3,957,486
3,748,000	Sun Life Financial Inc., FRN, 4.95%, Jun-01-2036	3,746,501	3,825,035
3,489,000	HSBC Bank Canada, 3.56%, Oct-04-2017	3,489,000	3,624,321
238,095	Quadra FNX Mining Ltd.	3,303,029	3,590,473
100,155	Astral Media, Inc., Class A	2,090,872	3,554,501
3,000,000	Province of British Columbia, 4.30%, Jun-18-2042	2,980,770	3,532,830
3,119,000	Enbridge Inc., 4.77%, Sep-02-2019	3,117,534	3,445,559

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	34,035	39,757
Cash and short-term investments	-	-
Distribution receivable	327	339
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	13	-
	34,375	40,096
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	-	44
	-	44
Net assets	34,375	40,052
* Investments, at average cost	32,156	35,747

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	1,188	1,272
Interest	-	2
Management fee distribution received	-	-
	1,188	1,274
Expenses		
Management fees	317	343
Fund administration expenses	583	618
	900	961
Net investment income (loss)	288	313
Realized and unrealized gain (loss)	(1,672)	1,194
Net increase (decrease) in net assets resulting from operations	(1,384)	1,507

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	40,052	42,731
Net increase (decrease) in net assets resulting from operations	(1,384)	1,507
Transactions with unitholders		
Unitholders' contributions	855	938
Unitholders' withdrawals	(5,113)	(5,177)
Transfers (to) from other funds	(35)	53
Net increase (decrease) from unitholders' transactions	(4,293)	(4,186)
Net assets, end of year	34,375	40,052

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Individual Investor 234	7,866	8,905	9,324	8,791	11,321	49.21	51.32	49.54	44.01	51.43	159,830	173,529	188,193	199,739	220,136
Individual Investor 235	19,661	22,329	23,364	22,029	26,949	49.21	51.32	49.54	44.01	51.43	399,511	435,111	471,583	500,526	524,015
Individual Accumulator 209	2,884	4,156	5,250	5,515	8,299	213.23	219.18	208.65	182.83	210.72	13,527	18,962	25,162	30,162	39,383
Individual Accumulator 203	3,889	4,620	4,826	4,446	5,948	213.23	219.18	208.65	182.83	210.72	18,237	21,078	23,128	24,315	28,228

Financial Statements - Financial Highlights (audited) (continued)

Product	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Individual Investor 234	2.75	2.71	2.62	2.52	2.54
Individual Investor 235	2.75	2.71	2.62	2.52	2.54
Individual Accumulator 209	1.32	1.30	1.26	1.21	1.22
Individual Accumulator 203	1.32	1.30	1.26	1.21	1.22

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
SEAMARK Pooled Balanced Fund	11.96	30.11	23.98	13.91	39.97

See accompanying Notes to the Financial Statements.

Manulife Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
7,693,698	Manulife Canadian Core Fund	93,638,310	89,669,284
	Total Investment 100.3%	93,638,310	89,669,284
	Other Assets/(Liabilities) (0.3%)	(240,014)	(240,014)
	Total Net Assets	93,398,296	89,429,270

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
93,497	The Toronto-Dominion Bank	7,065,441	7,132,886
231,134	Suncor Energy Inc.	9,105,281	6,790,717
87,380	Royal Bank of Canada	4,273,011	4,542,012
76,668	Intact Financial Corporation	4,146,403	4,487,378
10,759	Apple Inc.	3,974,694	4,431,490
86,757	Bank of Nova Scotia	4,895,232	4,409,858
160,071	U.S. Bancorp	4,044,686	4,403,548
93,434	Barrick Gold Corp.	4,151,528	4,311,979
62,086	Canadian Tire Corporation Limited, Class A	3,955,993	4,091,467
69,034	Baytex Energy Corp.	2,687,833	3,932,867
80,039	Vermilion Energy Inc.	2,886,956	3,631,369
172,393	Cisco Systems, Inc.	3,119,741	3,169,866
88,680	Endo Pharmaceuticals Holdings Inc.	3,032,261	3,114,190
90,065	Magna International Inc.	2,993,030	3,062,210
50,930	Triumph Group Inc.	2,355,302	3,027,478
159,456	Inter Pipeline Fund, Class A	2,092,715	2,970,665
219,670	Athabasca Oil Sands Corporation	2,690,338	2,743,678
38,837	Agrium Inc.	3,031,715	2,655,674
13,956	International Business Machines Corp.	2,428,814	2,609,866
49,765	Open Text Corporation	2,410,332	2,599,226
81,973	Alimentation Couche Tard Inc., Class B	2,162,118	2,598,544
107,305	Methanex Corporation	3,194,276	2,502,353
222,348	Crew Energy Inc.	3,600,228	2,501,415
1,141,868	Old Mutual PLC	2,474,678	2,431,063
29,200	Domtar Corp.	2,323,156	2,380,092

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	89,669	112,546
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	123	153
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	89,792	112,699
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	363	408
	363	408
Net assets	89,429	112,291
* Investments, at average cost	93,638	102,592

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	991	1,809
Interest	-	18
Management fee distribution received	-	-
	991	1,827
Expenses		
Management fees	978	945
Fund administration expenses	1,896	1,859
	2,874	2,804
Net investment income (loss)	(1,883)	(977)
Realized and unrealized gain (loss)	(13,375)	17,286
Net increase (decrease) in net assets resulting from operations	(15,258)	16,309

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	112,291	104,510
Net increase (decrease) in net assets resulting from operations	(15,258)	16,309
Transactions with unitholders		
Unitholders' contributions	2,532	2,800
Unitholders' withdrawals	(9,866)	(11,115)
Transfers (to) from other funds	(270)	(213)
Net increase (decrease) from unitholders' transactions	(7,604)	(8,528)
Net assets, end of year	89,429	112,291

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Individual Investor 234	26,882	34,181	31,753	26,779	48,559	4.00	4.68	4.02	3.24	5.58	6,727,336	7,309,911	7,904,728	8,257,548	8,710,066
Individual Investor 235	52,152	64,300	58,989	49,092	89,363	4.00	4.68	4.02	3.24	5.58	13,051,025	13,750,964	14,684,934	15,137,717	16,029,317
Individual Accumulator 203	8,691	11,650	11,787	10,221	19,134	24.70	28.48	24.12	19.21	32.55	351,916	409,015	488,762	532,181	587,794
Variable Payout Annuity	-	1	6	9	11	-	9.40	7.91	6.25	10.53	-	65	744	1,515	1,080
Equity 65	253	288	281	425	826	26.68	30.46	25.55	20.15	33.84	9,477	9,438	11,019	21,077	24,399
Sun Alliance (Acadia Equity Linked)	1,521	1,947	1,886	1,757	3,538	6.76	8.10	7.11	5.87	10.31	224,841	240,328	265,119	299,482	343,092

Financial Statements - Financial Highlights (audited) (continued)

Product	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Individual Investor 234	2.99	2.94	2.84	2.73	2.76
Individual Investor 235	2.99	2.94	2.84	2.73	2.76
Individual Accumulator 203	1.55	1.53	1.47	1.42	1.43
Variable Payout Annuity	-	0.84	0.82	0.79	0.79
Equity 65	0.58	0.56	0.54	0.52	0.53
Sun Alliance (Acadia Equity Linked)	0.69	0.68	0.65	0.60	0.64

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Manulife Canadian Core Fund	121.32	199.70	130.68	131.24	125.88

See accompanying Notes to the Financial Statements.

Equity Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
80,400	Manulife Canadian Core Fund	973,193	937,053
	Total Investment 100.0%	973,193	937,053
	Other Assets/(Liabilities) (0.0%)	(154)	(154)
	Total Net Assets	973,039	936,899

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
93,497	The Toronto-Dominion Bank	7,065,441	7,132,886
231,134	Suncor Energy Inc.	9,105,281	6,790,717
87,380	Royal Bank of Canada	4,273,011	4,542,012
76,668	Intact Financial Corporation	4,146,403	4,487,378
10,759	Apple Inc.	3,974,694	4,431,490
86,757	Bank of Nova Scotia	4,895,232	4,409,858
160,071	U.S. Bancorp	4,044,686	4,403,548
93,434	Barrick Gold Corp.	4,151,528	4,311,979
62,086	Canadian Tire Corporation Limited, Class A	3,955,993	4,091,467
69,034	Baytex Energy Corp.	2,687,833	3,932,867
80,039	Vermilion Energy Inc.	2,886,956	3,631,369
172,393	Cisco Systems, Inc.	3,119,741	3,169,866
88,680	Endo Pharmaceuticals Holdings Inc.	3,032,261	3,114,190
90,065	Magna International Inc.	2,993,030	3,062,210
50,930	Triumph Group Inc.	2,355,302	3,027,478
159,456	Inter Pipeline Fund, Class A	2,092,715	2,970,665
219,670	Athabasca Oil Sands Corporation	2,690,338	2,743,678
38,837	Agrium Inc.	3,031,715	2,655,674
13,956	International Business Machines Corp.	2,428,814	2,609,866
49,765	Open Text Corporation	2,410,332	2,599,226
81,973	Alimentation Couche Tard Inc., Class B	2,162,118	2,598,544
107,305	Methanex Corporation	3,194,276	2,502,353
222,348	Crew Energy Inc.	3,600,228	2,501,415
1,141,868	Old Mutual PLC	2,474,678	2,431,063
29,200	Domtar Corp.	2,323,156	2,380,092

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	937	1,249
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	937	1,249
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	-	18
	-	18
Net assets	937	1,231
* Investments, at average cost	973	1,132

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	10	20
Interest	-	-
Management fee distribution received	-	-
	10	20
Expenses		
Management fees	15	16
Fund administration expenses	-	-
	15	16
Net investment income (loss)	(5)	4
Realized and unrealized gain (loss)	(146)	200
Net increase (decrease) in net assets resulting from operations	(151)	204

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	1,231	1,189
Net increase (decrease) in net assets resulting from operations	(151)	204
Transactions with unitholders		
Unitholders' contributions	10	8
Unitholders' withdrawals	(153)	(170)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(143)	(162)
Net assets, end of year	937	1,231

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Nalaco Growth "R"	937	1,231	1,189	955	1,652	264.06	303.57	256.45	194.65	326.51	3,548	4,057	4,635	4,908	5,060

Product	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Nalaco Growth "R"	1.38	1.36	1.31	1.26	1.27

Financial Statements - Financial Highlights (audited) (continued)

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Manulife Canadian Core Fund	121.32	199.70	130.68	131.24	125.88

See accompanying Notes to the Financial Statements.

Monarch Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
1,061,627	Manulife Canadian Core Fund	12,847,680	12,373,160
	Total Investment 100.1%	12,847,680	12,373,160
	Other Assets/(Liabilities) (0.1%)	(17,706)	(17,706)
	Total Net Assets	12,829,974	12,355,454

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Core Fund			
93,497	The Toronto-Dominion Bank	7,065,441	7,132,886
231,134	Suncor Energy Inc.	9,105,281	6,790,717
87,380	Royal Bank of Canada	4,273,011	4,542,012
76,668	Intact Financial Corporation	4,146,403	4,487,378
10,759	Apple Inc.	3,974,694	4,431,490
86,757	Bank of Nova Scotia	4,895,232	4,409,858
160,071	U.S. Bancorp	4,044,686	4,403,548
93,434	Barrick Gold Corp.	4,151,528	4,311,979
62,086	Canadian Tire Corporation Limited, Class A	3,955,993	4,091,467
69,034	Baytex Energy Corp.	2,687,833	3,932,867
80,039	Vermilion Energy Inc.	2,886,956	3,631,369
172,393	Cisco Systems, Inc.	3,119,741	3,169,866
88,680	Endo Pharmaceuticals Holdings Inc.	3,032,261	3,114,190
90,065	Magna International Inc.	2,993,030	3,062,210
50,930	Triumph Group Inc.	2,355,302	3,027,478
159,456	Inter Pipeline Fund, Class A	2,092,715	2,970,665
219,670	Athabasca Oil Sands Corporation	2,690,338	2,743,678
38,837	Agrium Inc.	3,031,715	2,655,674
13,956	International Business Machines Corp.	2,428,814	2,609,866
49,765	Open Text Corporation	2,410,332	2,599,226
81,973	Alimentation Couche Tard Inc., Class B	2,162,118	2,598,544
107,305	Methanex Corporation	3,194,276	2,502,353
222,348	Crew Energy Inc.	3,600,228	2,501,415
1,141,868	Old Mutual PLC	2,474,678	2,431,063
29,200	Domtar Corp.	2,323,156	2,380,092

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	12,373	14,461
Cash and short-term investments	-	-
Distribution receivable	-	-
Receivable from investment units sold	-	27
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	12,373	14,488
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	3	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	15	27
	18	27
Net assets	12,355	14,461
* Investments, at average cost	12,848	13,102

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	137	231
Interest	-	-
Management fee distribution received	-	-
	137	231
Expenses		
Management fees	81	75
Fund administration expenses	-	-
	81	75
Net investment income (loss)	56	156
Realized and unrealized gain (loss)	(1,796)	2,193
Net increase (decrease) in net assets resulting from operations	(1,740)	2,349

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	14,461	12,442
Net increase (decrease) in net assets resulting from operations	(1,740)	2,349
Transactions with unitholders		
Unitholders' contributions	312	315
Unitholders' withdrawals	(678)	(645)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(366)	(330)
Net assets, end of year	12,355	14,461

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Class of units	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Class A units	12,361	14,484	12,519	10,193	17,749	64.37	73.55	61.85	48.72	81.89	192,031	196,939	202,420	209,234	216,741

Class of units	Management expense ratio (%) (refer to Note 3b)				
	2011	2010	2009	2008	2007
Class A units	0.60	0.59	0.57	0.55	0.56

Financial Statements - Financial Highlights (audited) (continued)

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Manulife Canadian Core Fund	121.32	199.70	130.68	131.24	125.88

See accompanying Notes to the Financial Statements.

Maritime Life FLAC Equity Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
16,223	Manulife Canadian Equity Fund	572,223	486,904
	Total Investment 100.0%	572,223	486,904
	Other Assets/(Liabilities) (0.0%)	(189)	(189)
	Total Net Assets	572,034	486,715

Top 25 Holdings of Underlying Fund (unaudited)

No. of Units/Shares	Investment	Average Cost (\$)	Fair Value (\$)
Manulife Canadian Equity Fund			
244,370	The Toronto-Dominion Bank	16,131,457	18,642,987
318,090	Bank of Nova Scotia	13,213,185	16,168,515
264,190	Goldcorp Inc.	11,223,029	11,944,030
254,440	Potash Corp of Saskatchewan Inc.	12,731,102	10,714,468
271,860	Canadian Natural Resources Limited	9,300,089	10,371,459
9,600,000	Government of Canada Treasury Bills, 0.89%, May-24-2012	9,563,010	9,566,592
194,990	Crescent Point Energy Corp.	8,068,321	8,755,051
168,770	Valeant Pharmaceuticals International Inc.	6,674,319	8,043,578
137,760	Royal Bank of Canada	6,371,520	7,160,765
1,052,540	SEMAFO Inc.	10,083,658	6,946,764
16,810	Apple Inc.	4,521,286	6,923,816
182,380	Teck Resources Limited, Class B	5,430,976	6,549,266
62,940	Randgold Resources Limited	5,498,427	6,542,940
217,820	Suncor Energy Inc.	8,374,568	6,399,552
440,230	Eldorado Gold Corporation	4,829,443	6,172,025
9,120	Google Inc., Class A	4,758,738	5,990,774
157,450	Freeport-McMoRan Copper & Gold Inc.	6,996,650	5,891,084
72,680	Canadian National Railway Company	2,926,346	5,825,302
73,710	Anadarko Petroleum Corporation	3,507,574	5,721,955
157,410	Halliburton Company	6,287,938	5,524,590
111,680	Baker Hughes Incorporated	6,537,626	5,524,485
118,740	MEG Energy Corp.	4,563,526	4,936,022
110,260	Dollarama Inc.	3,212,527	4,906,570
216,230	Standard Chartered PLC	5,717,854	4,789,428
217,500	EMC Corp	5,272,745	4,764,614

Discussion of Financial Risk Management (audited)

Financial Instrument Risk

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

Financial Instrument Risk of the Underlying Fund

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	487	573
Cash and short-term investments	-	19
Distribution receivable	-	1
Receivable from investment units sold	-	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	487	593
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	-	-
Other liabilities	-	-
	487	593
Net assets		
	487	593
* Investments, at average cost	572	491

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Distribution from underlying fund	5	-
Dividends	3	11
Interest	-	-
Management fee distribution received	-	-
	8	11
Expenses		
Management fees	-	-
Fund administration expenses	3	3
Transaction costs (Note 2)	1	2
	4	5
Net investment income (loss)	4	6
Realized and unrealized gain (loss)	(67)	70
Net increase (decrease) in net assets resulting from operations	(63)	76

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	593	610
Net increase (decrease) in net assets resulting from operations	(63)	76
Transactions with unitholders		
Unitholders' contributions	3	4
Unitholders' withdrawals	(46)	(97)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(43)	(93)
Net assets, end of year	487	593

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

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Fund Name	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Maritime Life FLAC Equity Fund	487	593	611	491	899	260.50	294.02	257.92	204.41	338.60	1,868	2,018	2,369	2,403	2,655

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

Financial Statements - Financial Highlights (audited) (continued)

Investment	Portfolio Turnover Rate of the Underlying Fund(s) (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Manulife Canadian Equity Fund	86.84	62.31	45.48	64.79	48.70

See accompanying Notes to the Financial Statements.

Maritime Life Separate Investment Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK							
Consumer Discretionary 2.98%							
600	Quebecor, Inc., Class B	10,713	20,718	1,245	BCE Inc.	40,470	52,863
600	Reitmans (Canada) Limited, Class A	11,921	8,874	1,000	Rogers Communications Inc., Class B	38,826	39,240
1,100	Thomson Reuters Corporation	45,603	29,909	1,000	TELUS Corporation	54,352	57,540
		68,237	59,501			133,648	149,643
Consumer Staples 4.49%				Utilities 2.08%			
900	Alimentation Couche Tard Inc., Class B	11,083	28,485	600	Emera Inc.	14,640	19,806
600	Metro, Inc., Class A	21,455	32,388	650	Fortis Incorporated	15,795	21,671
700	Shoppers Drug Mart Corporation	31,490	28,749			30,435	41,477
		64,028	89,622				
Energy 23.49%				Total Canadian Common Stock 98.28%			
2,400	Canadian Natural Resources Limited	66,090	91,344			1,599,900	1,960,780
1,400	Enbridge Inc.	30,367	53,326	Transaction Costs (Note 2)			
1,425	Encana Corporation	25,815	26,918			(2,212)	
800	Husky Energy Inc.	24,992	19,624	Total Common Stock 98.28%			
1,900	Nexen Inc.	58,683	30,780			1,597,688	1,960,780
3,566	Suncor Energy Inc.	78,395	104,769	Cash & Other Investments 1.46%			
5,175	Talisman Energy Inc.	66,236	67,172			29,186	29,186
700	TransCanada Corporation	26,132	31,150	Other Assets/(Liabilities) 0.26%			
3,400	Trinidad Drilling Ltd.	18,568	26,282			5,287	5,287
385	Vermilion Energy Inc.	9,631	17,398	Total Net Assets			
		404,909	468,763			1,632,161	1,995,253
Financial Services 26.86%							
850	Bank of Montreal	35,609	47,473				
418	Canadian Imperial Bank of Commerce	19,166	30,828				
1,200	Genworth MI Canada Inc.	30,688	24,588				
1,700	Industrial Alliance Insurance & Financial Services Inc.	44,099	44,557				
500	Intact Financial Corporation	25,756	29,265				
-	Manulife Financial Corp.	4	4				
750	Power Financial Corporation	13,064	19,155				
2,508	Royal Bank of Canada	80,191	130,240				
1,725	Bank of Nova Scotia	52,680	87,578				
1,600	The Toronto-Dominion Bank	67,411	122,000				
		368,668	535,688				
Industrial Products 7.82%							
5,300	Bombardier Inc., Class B	30,601	21,465				
720	Canadian National Railway Company	24,191	57,650				
1,200	Finning International Inc.	29,060	26,568				
1,000	Toromont Industries Ltd.	15,579	21,320				
2,300	Transcontinental Inc., Class A	31,683	28,980				
		131,114	155,983				
Materials 23.06%							
775	Agrium Inc.	51,050	52,933				
2,375	Barrick Gold Corp.	86,410	109,559				
2,000	Enerflex Ltd.	21,106	26,460				
1,300	First Quantum Minerals Limited	28,446	26,000				
1,800	Goldcorp Inc.	61,384	81,198				
3,100	Groupe Aeroplan Inc.	33,195	36,983				
500	Inmet Mining Corporation	21,558	32,735				
425	Potash Corp of Saskatchewan Inc.	22,449	17,888				
500	Teck Resources Limited, Class B	28,649	17,925				
3,900	Yamana Gold Inc.	44,614	58,422				
		398,861	460,103				

Concentration of Risk (audited)

As at December 31, 2011

As at December 31, 2010

Securities	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	1,599,900	1,960,780	98.28	1,703,885	2,322,087	98.20
Total U.S. Common Stock	-	-	-	-	-	-
Total Global Equities	-	-	-	19,684	23,940	1.01
Transaction Costs	(2,212)	-	-	(2,289)	-	-
Total Fixed Income	-	-	-	-	-	-
Total Short Term	-	-	-	-	-	-
Cash & Other Investments	29,186	29,186	1.46	16,544	16,544	0.70
Other Assets/(Liabilities)	5,287	5,287	0.26	2,101	2,101	0.09
Total Net Assets	1,632,161	1,995,253	100.00	1,739,925	2,364,672	100.00

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

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

Risk management is an integral part of the investment manager's philosophy. For example, the Fund has investment restrictions that prohibit it from investing more than 10% of its assets in a single issuer. The investment portfolio manager monitors the portfolio's positions and market events, and diversifies the investment portfolio within the constraints of the investment mandate.

Currency Risk

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

Interest Rate Risk

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

Other Market Risk

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

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$98,039 (\$116,104 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Credit Risk

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

Liquidity Risk

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

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

Fair Value Measurement (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 Fund's investments. Please refer to note 9 for a definition of the levels of classification.

Financial Assets at fair values as at December 31, 2011 (\$000's)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	1,961	-	-	1,961
Bonds	-	-	-	-
Short term	-	-	-	-
Derivatives	-	-	-	-
Total Financial Assets	1,961	-	-	1,961

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

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

Level 3 Reconciliation

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

Transfers Between Level 1 and 2

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	1,961	2,346
Cash and short-term investments	29	17
Dividend receivable	5	6
Receivable from investment units sold	3	-
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	1,998	2,369
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	-
Payable for expenses (Inc. all HST/GST)	3	4
Other liabilities	-	-
	3	4
Net assets	1,995	2,365
* Investments, at average cost	1,598	1,721

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Dividends	59	67
Interest	-	-
Revenue from securities lending (Note 2(e))	-	-
Management fee distribution received	-	-
	59	67
Expenses		
Management fees	43	44
Fund administration expenses	-	-
Transaction costs (Note 2)	1	1
	44	45
Net investment income (loss)	15	22
Realized and unrealized gain (loss)	(213)	256
Net increase (decrease) in net assets resulting from operations	(198)	278

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	2,365	2,211
Net increase (decrease) in net assets resulting from operations	(198)	278
Transactions with unitholders		
Unitholders' contributions	88	64
Unitholders' withdrawals	(260)	(188)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(172)	(124)
Net assets, end of year	1,995	2,365

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Class of units	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
SEIO	1,882	2,237	2,095	1,615	2,719	149.07	163.97	145.12	109.46	170.39	12,622	13,643	14,434	14,750	15,957
SIVA	116	130	122	99	155	149.66	164.82	145.85	109.83	170.86	775	792	838	905	907

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

Fund	Portfolio Turnover Rate of the Fund (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Maritime Life Separate Investment Fund	19.79	20.15	26.89	41.15	30.57

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

Class of units	December 31, 2011				December 31, 2010			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
SEIO	1,881,631	(2,293)	1,879,338	148.89	2,237,086	(2,744)	2,234,342	163.77
SIVA	115,993	(136)	115,857	149.48	130,488	(158)	130,330	164.62

See accompanying Notes to the Financial Statements.

Maritime Life Champion Growth Fund

Statement of Investment Portfolio (audited)

As at December 31, 2011

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)	No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
CANADIAN COMMON STOCK						Materials 14.62%					
Consumer Discretionary 2.88%						456	Agnico-Eagle Mines Ltd.			26,863	16,881
1,200	ARC Resources Ltd.			29,495	30,000	835	Agrium Inc.			49,179	57,031
460	Canadian Tire Corporation Limited, Class A			24,903	30,204	3,582	Barrick Gold Corp.			136,456	165,238
740	Gildan Activewear Inc.			22,290	14,164	800	Eldorado Gold Corporation			13,553	11,176
1,280	Magna International Inc.			31,172	43,418	2,055	First Quantum Minerals Limited			50,026	41,100
1,194	Thomson Reuters Corporation			47,460	32,465	2,918	Goldcorp Inc.			113,821	131,631
300	Tim Hortons Inc.			14,757	14,799	530	Inmet Mining Corporation			32,890	34,699
				170,077	165,050	3,510	Kinross Gold Corporation			66,279	40,751
Consumer Staples 2.36%						1,500	Major Drilling Group International			18,314	23,190
1,558	Saputo Inc.			34,711	60,715	3,444	Potash Corp of Saskatchewan Inc.			101,874	144,958
984	Shoppers Drug Mart Corporation			40,424	40,413	950	Silver Wheaton Corp.			33,729	28,025
3,200	Viterra Inc.			31,358	34,336	3,062	Teck Resources Limited, Class B			92,926	109,773
				106,493	135,464	2,250	Yamana Gold Inc.			31,881	33,705
Energy 19.32%										767,791	838,158
1,608	Bonavista Energy Corp.			36,073	41,888	Telecommunication Services 4.70%					
2,260	Cameco Corporation			61,055	41,561	2,609	BCE Inc.			86,457	110,778
4,158	Canadian Natural Resources Limited			123,605	158,253	2,008	Rogers Communications Inc., Class B			71,037	78,794
4,036	Cenovus Energy Inc.			119,594	136,538	1,393	TELUS Corporation			69,689	80,153
1,430	Crescent Point Energy Corp.			59,706	64,107					227,183	269,725
3,966	Enbridge Inc.			88,681	151,065	Utilities 1.09%					
3,016	Encana Corporation			82,790	56,972	343	Canadian Utilities Limited, Class A			19,521	21,105
1,141	Imperial Oil Limited			45,497	51,767	1,242	Fortis Incorporated			35,362	41,408
2,850	Penn West Petroleum Ltd.			52,504	57,513					54,883	62,513
5,847	Suncor Energy Inc.			200,244	171,785	Total Canadian Common Stock 71.21%					
2,670	Talisman Energy Inc.			47,745	34,657					3,697,419	4,083,622
2,790	TransCanada Corporation			103,789	124,155	U.S. COMMON STOCK					
1,000	Trican Well Service Ltd.			23,403	17,540	560	Agilent Technologies Inc.			19,957	19,882
				1,044,686	1,107,801	245	American Tower Corp., Class A			12,485	14,962
Financial Services 20.10%						285	Apache Corporation			33,785	26,254
2,375	Bank of Montreal			131,346	132,644	171	Apple Inc.			54,996	70,431
2,860	Brookfield Asset Management Inc., Class A			85,826	80,051	720	Automatic Data Processing, Inc.			39,601	39,526
1,820	Canadian Imperial Bank of Commerce			120,711	134,225	325	CenturyLink, Inc.			12,162	12,292
1,000	Franco-Nevada Corporation			41,881	38,780	770	Citigroup Inc.			29,583	20,588
1,229	Intact Financial Corporation			38,376	71,933	155	Cliffs Natural Resources Inc.			14,243	9,829
1,920	National Bank of Canada			118,222	138,509	305	Colgate-Palmolive Company			24,300	28,646
3,771	Power Corporation of Canada			109,191	89,637	825	CVS Caremark Corporation			31,199	34,216
4,448	Royal Bank of Canada			198,369	230,985	290	Express Scripts, Inc.			13,392	13,180
3,094	The Toronto-Dominion Bank			179,482	235,918	620	Exxon Mobil Corporation			48,415	53,394
				1,023,404	1,152,682	300	Family Dollar Stores, Inc.			14,287	17,592
Health Care 0.79%						2,525	Fifth Third Bancorp.			27,427	32,638
950	Valeant Pharmaceuticals International Inc.			39,476	45,173	230	General Dynamics Corporation			15,768	15,534
				39,476	45,173	1,545	General Electric Company			22,855	28,141
Industrial Products 4.32%						375	Gilead Sciences, Inc.			15,291	15,610
6,800	Bombardier Inc., Class B			37,262	27,540	66	Google Inc., Class A			35,287	43,331
1,668	Canadian National Railway Company			84,307	133,557	270	Honeywell International Inc.			13,383	14,916
1,850	Finning International Inc.			44,462	40,959	280	International Business Machines Corp.			46,840	52,362
899	SNC-Lavalin Group Inc.			41,673	45,804	300	Johnson & Johnson			19,007	19,999
				207,704	247,860	1,172	Marsh & McLennan Companies, Inc.			34,603	37,689
Information Technology 1.03%						275	McDonald's Corporation			24,431	28,040
2,005	CGI Group Inc., Class A			35,330	38,476	2,000	Microsoft Corporation			52,643	52,803
440	MacDonald Dettwiler & Associates Ltd.			20,392	20,720	380	Norfolk Southern Corp.			20,484	28,158
				55,722	59,196	425	Occidental Petroleum Corporation			40,501	40,504
						575	PepsiCo, Inc.			37,464	38,794

Statement of Investment Portfolio (audited) (continued)

As at December 31, 2011

No. of Shares	Securities	Coupon %	Maturity	Average Cost (\$)	Fair Value (\$)
1,190	Pfizer Inc.			21,809	26,189
350	Philip Morris International Inc.			27,786	27,928
235	PPG Industries, Inc.			18,896	19,954
145	Praxair, Inc.			14,461	15,757
446	Prudential Financial, Inc.			25,978	22,734
235	Target Corporation			13,123	12,241
360	The Boeing Company			23,666	26,855
630	The Home Depot, Inc.			24,424	26,923
440	The Procter & Gamble Company			27,985	29,829
490	The Walt Disney Company			15,694	18,677
320	Tiffany & Co.			21,408	21,551
1,175	U.S. Bancorp			27,558	32,324
295	United Technologies Corporation			24,502	21,925
710	UnitedHealth Group Inc.			23,749	36,595
860	Verizon Communications Inc.			31,317	35,064
470	Viacom Inc., Class B			21,385	21,706
260	Wal-Mart Stores, Inc.			15,761	15,794
1,080	Wells Fargo & Company			28,566	30,271
368	Zimmer Holdings, Inc.			22,751	19,982
Total U.S. Common Stock 22.18%				1,185,208	1,271,610
GLOBAL EQUITIES					
Bermuda 0.23%					
245	Accenture PLC, Class A			10,525	13,263
				10,525	13,263
Netherlands 0.58%					
478	Schlumberger Limited.			32,465	33,203
				32,465	33,203
Total Global Equities 0.81%				42,990	46,466
Transaction Costs (Note 2)				(3,930)	
Total Common Stock 94.20%				4,921,687	5,401,698
SHORT TERM					
Treasury Bills 5.22%					
240,000	Government of Canada Treasury Bills	0.24%	Jan-2012	239,443	239,700
25,000	Government of Canada Treasury Bills	0.57%	Mar-2012	24,939	24,963
35,000	Government of Canada Treasury Bills	0.93%	Mar-2012	34,920	34,941
				299,302	299,604
Federal 0.44%					
25,000	Government of Canada	0.53%	Feb-2012	24,938	24,980
				24,938	24,980
Total Short Term 5.66%				324,240	324,584
Cash & Other Investments 0.15%				8,457	8,457
Other Assets/(Liabilities) (0.01%)				(609)	(609)
Total Net Assets				5,253,775	5,734,130

Concentration of Risk (audited)

Securities	As at December 31, 2011			As at December 31, 2010		
	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)	Average Cost (\$)	Fair Value (\$)	Percentage Ownership (%)
Total Canadian Common Stock	3,697,419	4,083,622	71.21	3,814,616	4,720,589	75.44
Total U.S. Common Stock	1,185,208	1,271,610	22.18	1,413,552	1,493,713	23.87
Total Global Equities	42,990	46,466	0.81	-	-	-
Transaction Costs	(3,930)	-	-	(3,906)	-	-
Total Fixed Income	-	-	-	-	-	-
Total Short Term	324,240	324,584	5.66	24,935	24,953	0.40
Cash & Other Investments	8,457	8,457	0.15	31,166	31,166	0.50
Other Assets/(Liabilities)	(608)	(608)	(0.01)	(12,971)	(12,971)	(0.21)
Total Net Assets	5,253,775	5,734,130	100.00	5,267,392	6,257,450	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, 2011 and December 31, 2010. Amounts shown are based on the fair value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any). The financial instruments may be denominated in a currency other than its country of residence as listed in the Statement of Investment Portfolio.

Currency	December 31, 2011		December 31, 2010	
	Total Exposure (\$)	Percentage of Net Assets (%)	Total Exposure (\$)	Percentage of Net Assets (%)
US Dollar	1,320,990	23.04	1,498,255	23.94

Management's best estimate of the effect on net assets due to a strengthening or weakening of 5% in the value of the Canadian dollar, with all other variables held constant, is a decrease or increase in the Fund's net assets, respectively by approximately \$66,050 (\$74,913 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Interest Rate Risk

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

Other Market Risk

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

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in Canadian equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$204,181 (\$236,029 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Management's best estimate of the effect on net assets due to an increase or decrease by 5% in U.S. equity prices, with all other variables held constant, is an increase or decrease in the Fund's net assets, respectively by approximately \$63,581 (\$74,686 - December 31, 2010). In practice, the actual results may differ and the difference could be material.

Credit Risk

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

Liquidity Risk

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

Fair Value Measurement (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 Fund's investments. Please refer to note 9 for a definition of the levels of classification.

Financial Assets at fair values as at December 31, 2011 (\$000's)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities	5,402	-	-	5,402
Bonds	-	-	-	-
Short term	-	325	-	325
Derivatives	-	-	-	-
Total Financial Assets	5,402	325	-	5,727

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

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

Level 3 Reconciliation

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

Transfers Between Level 1 and 2

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

Statements of Net Assets (audited)

As at December 31

	2011 (\$000's)	2010 (\$000's)
Assets		
Investments, at fair value*	5,402	6,214
Cash and short-term investments	333	56
Dividend/Interest receivable	12	10
Receivable from investment units sold	-	33
Management fee distribution receivable (Note 2(b)(iii))	-	-
Other assets	-	-
	5,747	6,313
Liabilities		
Bank overdraft	-	-
Payable for investment units purchased	-	42
Payable for expenses (Inc. all HST/GST)	13	14
Other liabilities	-	-
	13	56
Net assets	5,734	6,257
* Investments, at average cost	4,922	5,224

Statements of Operations (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Income		
Dividends	142	125
Interest	2	1
Revenue from securities lending (Note 2(e))	-	-
Management fee distribution received	-	-
	144	126
Expenses		
Management fees	163	157
Fund administration expenses	-	-
Transaction costs (Note 2)	8	8
	171	165
Net investment income (loss)	(27)	(39)
Realized and unrealized gain (loss)	(476)	487
Net increase (decrease) in net assets resulting from operations	(503)	448

Statements of Changes in Net Assets (audited)

For the years ended December 31

	2011 (\$000's)	2010 (\$000's)
Net assets, beginning of year	6,257	5,994
Net increase (decrease) in net assets resulting from operations	(503)	448
Transactions with unitholders		
Unitholders' contributions	791	819
Unitholders' withdrawals	(811)	(1,004)
Transfers (to) from other funds	-	-
Net increase (decrease) from unitholders' transactions	(20)	(185)
Net assets, end of year	5,734	6,257

Financial Statements - Financial Highlights (audited)

For the years ended December 31

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

Product	Net assets (\$000's)					Net asset value per unit (\$) (refer to Note 2c)					Units issued and outstanding				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Champion	5,739	6,264	6,005	5,131	7,271	26.50	28.84	26.79	22.90	32.13	216,542	217,208	224,146	224,106	226,344

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

Fund	Portfolio Turnover Rate of the Fund (%) (refer to Note 2g) (unaudited)				
	2011	2010	2009	2008	2007
Maritime Life Champion Growth Fund	56.51	63.93	126.49	62.54	48.58

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

Product	December 31, 2011				December 31, 2010			
	Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)		Trading Valuation Basis (\$)	Valuation Impacts (\$)	GAAP Valuation Basis (\$)	
	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit	Net Asset Value	Net Asset Value	Net Asset Value	Net Asset Value Per Unit
Champion	5,739,103	(5,059)	5,734,044	26.48	6,264,093	(6,643)	6,257,450	28.81

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

For the periods ended December 31, 2011 and 2010.

1. THE FUNDS

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

Manulife Financial makes available to the contractholders, Fund Facts for each fund on its website or in print upon request without charge. The individual Fund Facts give the contractholder an idea of what each fund invests in, how it has performed and what fees or charges may apply. For more information, please contact your advisor or visit http://www.manulife.ca/Canada/ilc2.nsf/Public/Audited_Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Valuation of investments

Underlying funds

The funds' assets are carried at the quoted market value, established by the net asset value per unit of the underlying funds held. The fair value classification required under CICA Section 3862.27A for underlying fund's units will generally be Level 1, unless otherwise noted in the fund's statement of investment portfolio, and for underlying pooled fund units the fair value classification will generally be Level 2, unless otherwise noted in the Funds' statement of investment portfolio.

Investments in portfolio funds

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

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

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

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

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

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

b) Investment transactions and income

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

Investment income is recorded as follows:

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

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

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

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

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

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

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

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

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

c) Calculation of unit values

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

d) Income taxes

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

e) Securities Lending

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

f) Other assets and liabilities

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

g) Portfolio turnover rate

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

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

3. MANAGEMENT FEES AND EXPENSES

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

a) Management fees

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

b) Management expense ratio

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

c) Waived expenses

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

4. FINANCIAL INSTRUMENT RISK**Risks**

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

Currency risk

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

Interest rate risk

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

Other market risk

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

Credit risk

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

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

Liquidity risk

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

5. MANAGEMENT OF FINANCIAL RISKS

a) Investment fund selection and monitoring process

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

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

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

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

b) Management of the fund of funds

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

6. SIGNIFICANT OWNERSHIP IN UNDERLYING FUNDS

At December 31, 2011, each fund listed held a 20 per cent or greater ownership in the underlying fund.

Fund	Underlying Fund	Assets of underlying funds (000's)	Percentage Ownership in underlying funds
Manulife Equity Fund	Manulife Canadian Core Fund	146,500	61.2%

7. RELATED PARTY TRANSACTIONS

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

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

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

8. SECURITIES LENDING TRANSACTIONS

See note 2(e) for an explanation of securities lending. The outstanding value of the securities on loan and the collateral received by the funds as at December 31, 2011.

Fund	Outstanding Loans	Total Collateral
Maritime Life Separate Investment Fund	138,437	145,359
Maritime Life Champion Growth Fund	144,766	152,004

9. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS

In order to improve disclosures about fair value and liquidity risk, CICA Section 3862.27A requires that an entity classify each financial instrument into one of these three fair value levels:

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

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

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

There is no impact on actual fair value measurement or net asset value with the adoption of this Section.

10. CAPITAL MANAGEMENT

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

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board (AcSB) has confirmed International Financial Reporting Standards (IFRS) will replace current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises such as investment funds and other reporting issuers. The AcSB has deferred the IFRS changeover date for investment funds and segregated funds from the original date of January 1, 2011 to January 1, 2014. Therefore, the first time adoption of IFRS by investment companies and segregated funds will be applicable for interim and annual financial statements for periods beginning on or after January 1, 2014.

A changeover plan is being developed to meet this new timeline. The key elements of the plan include the disclosures of the qualitative and quantitative impact, if any, in the December 31, 2013 financial statements and the preparation of June 30, 2014 and December 31, 2014 financial statements in accordance with IFRS.

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

12. COMPARATIVE FIGURES

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of **The Manufacturers Life Insurance Company Segregated Funds (the "Funds")**, which comprise the statements of net assets and statements of investment portfolios as at December 31, 2011, and the statements of operations and statements of changes in net assets for the period then ended, and a summary of significant accounting policies and other explanatory information for each of the funds listed below:

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

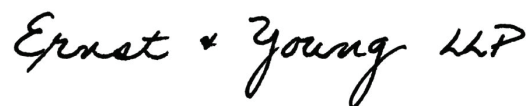
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2011, and its financial performance for the period then ended in accordance with Canadian generally accepted accounting principles.



Kitchener, Canada,
March 30, 2012.

Chartered Accountants
Licensed Public Accountants

About Manulife Financial

Manulife Financial is a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. In 2012, we celebrate 125 years of providing clients strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients. We also provide asset management services to institutional customers. Funds under management by Manulife Financial and its subsidiaries were C\$500 billion (US\$491 billion) as at December 31, 2011. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States.

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

MANULIFE FINANCIAL CAN BE FOUND ON THE INTERNET AT WWW.MANULIFE.COM.

