Manulife Investment Management

Investment Policy Statement

Manulife American Equity Index Segregated Fund

Investment Objective

The investment objective of the Fund is to achieve investment results that approximate the total return of the S&P 500 Stock index, one of the most watched indices of the American equity market.

Unless otherwise noted, the investment objective of the underlying fund is the same or substantially similar as the segregated fund objective.

Investment Strategy

Th Fund will invest in units of the Manulife Investment Management US Equity Index Pooled Fund, a pooled fund, or a substantially similar fund (the "Underlying Fund").

The Underlying Fund's assets will primarily be invested in, but not limited to:

a) Publicly traded common and preferred stocks;
b) ADRs, ADSs, EDRs, GDRs and other securities with equity characteristics;
c) ETFs;
d) Equity index futures;
e) Currency futures;
f) Cash and short-term securities.

Under normal market conditions, the Underlying Fund will invest at least 90% of its net assets at time of purchase in the constituent securities of the S&P 500 Index.

The Underlying Fund will not acquire or hold fixed income securities.

The Underlying Fund may hold foreign securities.

The Underlying Fund may hold some of its assets in cash or in money market instruments, including Canadian and U.S. government obligations, other investment funds and repurchase agreements, or make other short-term investments to either maintain liquidity or for short-term defensive purposes when it is in the best interests of the unitholders to do so. Under normal market conditions, the Underlying Fund is permitted to hold a maximum of 10% of net assets in cash and short-term securities, at time of purchase.

The Underlying Fund may use ETFs to gain market exposure and for other investment purposes, consistent with the investment objectives of the Underlying Fund. With respect to U.S. ETFs, the Underlying Fund may only invest in a class of stock of an ETF that is regularly traded on an established exchange and the ETF must be structured as a "Regulated Investment Company" (RIC) for U.S. tax purposes. Holdings in a single U.S. ETF are limited to 5% of the class of shares owned.

The Underlying Fund may, but is not required to, engage in exchange-traded or OTC options, forwards or futures for investment or hedging purposes, so long as such exposure is consistent with the investment objectives of the Underlying Fund. Total return swaps may be used to replicate securities that may not be invested in directly.

The Underlying Fund may engage in securities lending.

The Underlying Fund may engage in repurchase and reverse repurchase agreements.

The Underlying Fund may make Related Party Investments.

Risks

Where a segregated fund invests in units of an underlying fund, the segregated fund may be exposed to the risks associated with the underlying fund. Below is a list of principal risks for the Underlying Fund in which the Segregated Fund invests.

Counterparty Risk

A Fund may enter into a derivative contract(s) with one or more counterparties. Investment in a derivative contract will expose the Fund to the credit risk associated with the counterparty. Securityholders will have no recourse against the assets of the counterparty or its affiliate(s) with respect to any aspect of the derivative contract or payments thereunder.

Currency Risk

Movements in exchange rates may affect the Canadian dollar value of a Fund's securities that are priced in foreign currencies. For example, if a security is priced in a foreign currency and the value of that currency decreases relative to the Canadian dollar, then the value of that security converted into Canadian dollars will decrease. The opposite can also be true. Where appropriate, the Funds may use currency hedging to mitigate the effects of such currency movements.

Cybersecurity Risk

Technology is used in virtually all aspects of the Manager's business and operations and those of a Fund and other service providers. The Manager has a robust and evolving information security program that features policies, processes, technologies and dedicated professionals that protect information, systems and networks. Despite this, there can be no assurances that these measures will be successful in every instance in protecting our networks and information assets against attacks. The Manager and its service providers may not be able to anticipate or to implement effective preventive measures against all disruptions or privacy and security breaches, especially as attack techniques change frequently, increase in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources. The Manager and its service providers may be the target of cyber-attacks that could result in violation of privacy laws or information security regulations, or could materially disrupt network access or business operations. This may result in the disclosure of confidential information, unauthorized access to sensitive information, or the destruction or corruption of data and financial loss to the Funds and securityholders.

Derivative Risk

Each Fund, other than Manulife Dollar-Cost Averaging Fund and Manulife Money Market Fund may use derivatives for hedging and non-hedging purposes, provided their use is consistent with the Fund's investment objective and Canadian securities laws.

Equity Risk

An equity security represents an ownership interest in the company or entity that issued it. The value of a mutual fund that invests in equity securities (which includes stocks, shares or units) will be affected by changes in the market price of those securities. The price of an equity security is affected by developments related to the applicable issuer and by general economic and financial conditions in those countries where the issuer is located or carries on business or where the security is listed for trading. If the issuer's prospects are favourable, more investors will be willing to buy its securities, hoping to profit from the issuer's rising fortunes and the security price is likely to rise. In addition, a buoyant economy generally means a positive outlook for many issuers and the general trend for security prices may rise. The opposite may also occur if the issuer's prospects are unfavourable or the economy in general is doing poorly. The value of mutual funds that invest in equities will fluctuate with these changes. In the case of equity securities which are units of income trusts, the price will vary depending on the sector and underlying asset or business.

Foreign Market Risk

Securities in countries outside Canada or the United States may fluctuate in value more than Canadian or U.S. securities because:

- They may be affected by political or economic instability
- There may be less information about foreign issuers
- Foreign issuers may be less regulated and have lower standards of accounting and financial reporting
- Securities traded in foreign markets may be more difficult to buy and sell and their prices may vary more dramatically than securities traded in Canada or the United States
- Foreign countries may impose investment regulations, exchange controls or taxes that could impact profits

As a result, the value of Funds that invest in foreign securities may fluctuate more than Funds that invest mainly in Canadian or U.S. securities. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce any gains the Fund has derived from movements in a particular market. A Fund that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada or the United States.

Securities Lending, Repurchase and Reverse Repurchase Transaction Risk

A Fund may from time to time engage in securities lending, repurchase and reverse repurchase transactions in accordance with applicable securities laws.

In a securities lending transaction, a mutual fund will lend its securities to a borrower in exchange for a fee. A repurchase agreement takes place when a mutual fund sells a security at one price and agrees to buy it back later from the same party at a higher price. The difference between the higher price and the original price is like the interest payment on a loan. A reverse repurchase agreement is the opposite of a repurchase agreement and occurs when a mutual fund buys a security at one price and agrees to sell it back to the same party at a higher price. Securities lending, repurchase transactions and reverse repurchase transactions come with certain risks. For example, if the other party to a securities lending transaction or reverse repurchase agreement cannot complete the transaction, the mutual fund may be left holding the security. Alternatively, a mutual fund could lose money if the value of the security drops. To minimize the risks of these transactions, the borrower or buyer of securities must provide collateral which is of the type and worth at least the minimum amount permitted by the Canadian securities regulators. The value of the securities used in securities lending, repurchase or the reverse repurchase transactions and the collateral will be monitored daily and the collateral adjusted appropriately by the custodian or sub-custodian of the Funds.

The Funds may not commit more than 50% of their securities on a net asset value basis in securities lending, repurchase or reverse repurchase transactions at any time. Securities lending transactions may be terminated at any time and all repurchase and reverse repurchase transactions must be completed within 30 days.

Tax Risk

Canadian Tax Rules

There can be no assurance that the tax laws applicable to the Funds, including the treatment of mutual fund trusts and mutual fund corporations under the Tax Act, will not be changed in a manner which could adversely affect the Funds. The Tax Act contains rules that provide that gains realized on the disposition of property under a “derivative forward agreement,” as defined, will be treated as ordinary income and losses realized on a disposition may be deducted from income. A derivative forward agreement is defined to mean an agreement to sell (or purchase) capital property where the term of the agreement exceeds 180 days or the agreement is part of a series of agreements with a term that exceeds 180 days and where the sale price (or purchase price) of the property is determined by reference to, for example, the value of other property. The Funds do not expect these rules to apply to any of their current investment strategies. However, the rules are broadly worded and there can be no guarantee that the rules will not inadvertently apply to transactions undertaken by the Funds and result in the recharacterization of capital gains to ordinary income.

The Tax Act contains “loss restriction event” (“LRE”) rules that could potentially apply to certain trusts including the Manulife Funds. In general, a Manulife Fund is subject to a LRE if a person (or group of persons) acquires more than 50[8] of the fair market value of the securities of the Manulife Fund. If a LRE occurs (i) the Manulife Fund will be deemed to have a year end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the Manulife Fund at such year end will be taxed in the Fund to the extent such income is not paid or payable to securityholders of the Fund in such year, and (iii) the Manulife Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE on a go-forward basis. However, a Manulife Fund will be exempt from the application of these LRE rules if it satisfies certain investment requirements and qualifies as an “investment fund” under the rules. Based on a proposed amendment to the Tax Act, a Manulife Fund will be prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming securityholders and could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming securityholders. Accordingly, if enacted as proposed, a Manulife Fund may be limited in its ability to allocate income and capital gains to redeeming securityholders in a particular year and such amounts will be allocated to the remaining securityholders at the end of such taxation year.

U.S. Tax Rules

Certain Funds that invest in specific U.S. debt securities may be considered to be engaged in a U.S. trade or business causing such Funds to be subject to U.S. income tax. In order to mitigate these tax consequences, the Manager of such Funds has established investment guidelines for investments in such U.S. debt securities.

Underlying Fund Risk

Top Funds invest some or all of their assets in, or otherwise obtain exposure to, Underlying Funds as part of their investment strategies. These Top Funds will be subject to the risks of the Underlying Funds. If an Underlying Fund suspends redemptions, the Top Fund that invests in it will be unable to value part or all of its portfolio or redeem securities held by it.

For more information on the underlying fund(s) in which the Segregated Fund invests, please refer to the Annual Information Folder of the underlying fund(s) or contact us for a printed copy.

Volatile Market Risk

The performance of a Fund's investment portfolio may depend to a great extent on the future course of price movements of securities and other investments. The securities markets have in recent years been characterized by great volatility and unpredictability. The performance of a Fund may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, unexpected and unpredictable events such as war and occupation, imposed economic sanctions, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. For example, the spread of coronavirus disease (COVID-19) has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and caused a slowdown in the global economy. The impact of coronavirus disease may continue to last for an extended period and could adversely affect a Fund. The effects of similar unexpected disruptive events could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also have an acute effect on individual issuers or related groups of issuers and exacerbate other pre-existing political, social and economic risks. Such impacts could also cause substantial market volatility, exchange trading suspensions and closures, affect a Fund's performance and significantly reduce the value of an investment in the Fund. Each Fund is therefore exposed to some, and at times, a substantial, degree of market risk.

In addition, as a result of continued political tensions and armed conflicts, owing to the Russian invasion of Ukraine in February of 2022, the extent and ultimate result of which are unknown at this time, Canada, the United States and the European Union, along with the regulatory bodies of a number of countries, have imposed economic sanctions on certain Russian corporate entities and individuals, and certain sectors of Russia's economy, which may result in, among other things, the continued devaluation of Russian currency, a downgrade in the country's credit rating, and/ or a decline in the value and liquidity of Russian securities, property or interests. These sanctions could also result in the immediate freeze of Russian securities and/or funds invested in prohibited assets, impairing the ability of a Fund to buy, sell, receive or deliver those securities and/or assets. These sanctions or the threat of additional sanctions could also result in Russia taking counter measures or retaliatory actions, which may further impair the value and liquidity of Russian securities. Canada, the United States and other nations or international organizations may also impose additional economic sanctions or take other actions that may adversely affect Russia-exposed issuers and companies in various sectors of the Russian economy. Any or all of these potential results could lead Russia's economy into a recession.

Where can I get more information or help?

For more information, please read the Information Folder and Contract, or you may contact us at:

Manulife
500 King St. N
Waterloo, ON N2J 4C6

www.manulifeim.ca

Canada, Outside of Quebec
1-888-790-4387

Quebec & French Business
1-800-355-6776

For information about handling issues you are unable to resolve with us, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at **www.olhi.ca**.

For information about additional protection that is available for all life insurance contract holders, contact Assuris, a company established by the Canadian life insurance industry. See **www.assuris.ca** for details.

For information regarding how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at **www.ccir-ccrra.org**.

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