



SIMPLIFIED PROSPECTUS

November 22, 2011

OFFERING SERIES I SECURITIES

MANULIFE LONG TERM BOND FUND

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. Neither the securities described in this document nor the Fund are registered with the U.S. Securities and Exchange Commission. Certain securities of the Fund may be offered in the United States under an exemption from registration.

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Introduction

In this document, as the context requires:

- *dealer* refers to both the dealer and the representative registered in your province or territory who advises you on your investments
- *Fund* refers to the Manulife Long Term Bond Fund offered under this simplified prospectus
- *MAML* refers to Manulife Asset Management Limited
- *Manulife Corporate Class* or *Manulife Corporate Classes* refers to one or more mutual funds managed by MAML that are each a separate class of mutual fund shares of MIX Corp., each of which is offered under a simplified prospectus dated August 19, 2011
- *Manulife Fund* or *Manulife Funds* refers to one or more mutual funds (including the Fund) managed by MAML which are trust funds and have MAML as Trustee, each of which (other than the Fund offered by this document) is offered under a simplified prospectus dated August 19, 2011
- *Manulife Managed Solution* or *Manulife Managed Solutions* refers to one or more of the asset allocation funds, namely, Manulife Simplicity Conservative Portfolio, Manulife Simplicity Moderate Portfolio, Manulife Simplicity Balanced Portfolio, Manulife Simplicity Global Balanced Portfolio, Manulife Simplicity Growth Portfolio, Manulife Simplicity Aggressive Portfolio, Manulife Leaders Balanced Income Portfolio, Manulife Leaders Balanced Growth Portfolio, Manulife Leaders Opportunities Portfolio, Manulife Leaders Balanced Income Class, Manulife Leaders Balanced Growth Class and Manulife Leaders Opportunities Class, each of which is offered under a simplified prospectus dated August 19, 2011
- *Manulife Mutual Funds, MMF, we, us, Manager* and *our*, refers to Manulife Mutual Funds, a division of MAML
- *MIX Corp.* refers to Manulife Investment Exchange Funds Corp., a mutual fund corporation
- *NI 81-102* refers to National Instrument 81-102 – Mutual Funds
- *NI 81-107* refers to National Instrument 81-107 – Independent Review Committee for Investment Funds
- *Registered Plan* refers to each of RESPs, RRSPs (including LIRAs, LRSPs and RLSPs), RRIFs (including LIFs, LRIFs, RLIFs and PRIFs), DPSPs, RDSPs and TFSAs, each as defined under *Optional services*, (collectively, *Registered Plans*)
- *securities* of the Fund refers to units of the Fund
- *securityholders* of the Fund refers to unitholders of the Fund
- *Series* refers to classes of units of a Manulife Fund
- *Series I* refers to the I series of securities of the Fund

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. It contains information about the Fund and the risks of investing in mutual funds generally, as well as the institutional names of those responsible for the investment management of the Fund.

Additional information about the Fund is available in the following documents:

- The annual information form (AIF) for the Fund
- The most recently filed fund facts of the Fund
- The most recently filed annual financial statements of the Fund
- Any interim financial statements of the Fund filed after the annual financial statements
- The most recently filed annual management report of fund performance
- Any interim management report of fund performance filed after that annual management report of fund performance

These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can obtain a copy of these documents, at your request, and at no cost:

- By calling us toll-free at 1 888 588 7999
- By faxing us at 416 581 8427
- From your dealer
- On our website at www.manulifemutualfunds.ca
- By contacting us at manulifemutualfunds@manulife.com

These documents and other information about the Fund are also available at www.sedar.com.

What is a mutual fund and what are the risks of investing in a mutual fund?

WHAT IS A MUTUAL FUND?

A mutual fund is a pool of money contributed by investors with similar investment goals and managed by investment professionals. People who contribute money become securityholders of the mutual fund. Securityholders share the mutual fund's income, expenses, and any gains or losses the mutual fund makes on its investments generally in proportion to the value of the securities they own.

A mutual fund may be set up either as a mutual fund trust such as a Manulife Fund or as a corporate mutual fund such as a Manulife Corporate Class. Each Manulife Corporate Class is a separate class of shares of MIX Corp., a mutual fund corporation. Investors contribute to the fund and receive units, in the case of a mutual fund trust, or shares, in the case of a mutual fund corporation. The Manulife Funds are suitable for both taxable accounts and registered plans. Due to the tax deferral benefits of investing in a multi-class mutual fund corporation, the Manulife Corporate Classes are primarily suitable for taxable accounts.

The Manulife Managed Solutions are unlike conventional mutual funds that invest in stocks, bonds, cash and/or derivatives or a combination thereof. Each of the Manulife Managed Solutions is a mutual fund that invests primarily in a selection of other mutual funds, referred to as "underlying funds". These Funds are designed to simplify the

investment process by offering a professionally designed and selected mix of underlying funds. Each Manulife Managed Solution shares many of the same features as a typical mutual fund, including its own investment objective and strategies and the same general risks as investing in a typical mutual fund.

Mutual fund investing generally offers four main advantages over individual investing:

- Professional full-time investment management, to choose and monitor securities
- Diversification - to reduce the risk of 'putting all your eggs in one basket'
- Liquidity - you can buy and sell mutual funds at any time
- Convenience - the mutual fund manager does all the record-keeping for you, providing regular reports on your investments and the appropriate tax forms

Mutual funds invest in different securities depending on the investment objective of the fund. For instance, some mutual funds invest only in short-term, fixed income securities that mature in one year or less while others invest in equity securities of foreign companies which offer global diversification. We offer a variety of mutual funds for the many types of investments you might wish to make.

Fixed income securities

Fixed income securities earn a fixed amount of money, called interest, at regular intervals. A bond is a good example. A 5% bond purchased for \$1,000 will pay \$50 a year in interest until it matures.

Equities

Equities, also called stocks or shares in a company, may or may not earn dividends for investors. Some investors buy a stock because it regularly pays out a dividend. Others buy stocks primarily for long-term growth. When a stock is sold, any gain is generally called a capital gain.

A mutual fund may earn interest, or other amounts taxed as ordinary income (including income from securities lending activities), dividends, capital gains or a combination of these on its investments. The fund distributes earnings and/or return of capital or pays dividends to securityholders according to the number of securities held. These distributions or dividends may be made monthly, quarterly or annually. You can receive the earnings, return of capital or dividends in cash or reinvest them in more securities. They must be reinvested in additional securities if you hold your mutual fund securities in a Registered Plan.

The right mutual fund for you may not be the right mutual fund for another investor since everyone invests for different reasons. Some investors have short-term goals, like saving for a vacation, while others have long-term goals, like a financially secure retirement or a child's education. Many investors have short, medium and long-term goals, and different investments to help meet each one.

GENERAL RISKS COMMON TO ALL MUTUAL FUNDS

Every investor has a different tolerance for risk. No one likes to think about risk when it comes to investing, because you invest to make money, not to lose it. However, to be comfortable with your investments and to be able to sleep at night you should think about your risk comfort level before you invest.

This section and the next, *Specific risks that apply to the Fund*, describe the risks associated with investing in mutual funds. As you read the description, keep in mind your risk comfort level and your various investment objectives to help determine whether the Fund is right for you.

Fluctuation

Like all investments, mutual funds involve risk. Changes in interest rates, economic and stock market conditions or new company information, for example, may influence the value of securities held by a mutual fund. The price of a mutual fund security will generally vary with the value of the securities it holds. When you redeem mutual fund securities, their value may be less than your original investment. Changes in rates and market conditions may also cause the value of securities of the mutual fund to change from day to day.

No guarantees

Your investment in the Fund is not guaranteed. Unlike bank accounts or GICs, mutual fund securities are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See *Purchases, switches and redemptions* on page 12 for more information.

SPECIFIC RISKS THAT APPLY TO THE FUND

The risks described below apply to the Fund.

Asset-backed and mortgage-backed securities risk

Asset-backed securities are debt obligations that are backed by pools of consumer or business loans. Some asset-backed securities are short-term debt obligations, called asset-backed commercial paper (“ABCP”). Mortgage-backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. If there are changes in the market’s perception of the issuers of these types of securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In addition, for ABCP, there is a risk that there may be a mismatch in timing between the cash flow of the underlying assets backing the security and the repayment obligation of the security upon maturity. In the use of mortgage-backed securities, there are also risks that there may be a drop in the interest rates charged on mortgages, a mortgagor may default in its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

Counterparty risk

The 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.

Credit risk

Some borrowers are less likely to pay off a loan than others. These borrowers will have a low credit rating assigned by specialized credit rating agencies. The Fund may invest in securities issued by these borrowers to earn the higher returns that these securities offer. However, the Fund faces a higher possibility of loss if the borrower defaults on payment.

The value of the collateral securing a floating rate loan can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. As a result, a floating rate loan may not be fully collateralized and can decline significantly in value.

Currency risk

We price the Fund in Canadian dollars. Movements in exchange rates affect the Canadian dollar value of the Fund's securities that are priced in foreign currencies. For example, a decline in the value of the currency in which a security is priced compared to the Canadian dollar would reduce the gains (in Canadian dollars) realized from an increase in the price of the foreign security.

The use of currency hedges to mitigate currency risk involves special risks including the possible default by the other party to the transaction, illiquidity and to the extent the Manager's assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if hedging had not been used. The hedging arrangements may have the effect of limiting or reducing the total returns of the Fund if the Manager's expectations concerning future events or market conditions prove to be incorrect. In addition, costs associated with the hedging program may outweigh the benefits of the arrangements in some circumstances.

Default risk

A debt issuer may fail to pay interest or principal promptly when due. This risk is typically associated with bonds that carry a below investment grade rating. The value of the Fund may decline if it holds such securities.

Derivative risk

The 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.

What is a derivative?

A derivative is a security whose value is based on the price of some other asset such as a stock, currency or index. A derivative usually takes the form of a contract between two parties. Some examples:

- An *option* is the right – but not the obligation – to buy or sell currency, commodities or

securities at an agreed price within a certain time period.

- A *forward contract* is an agreement to buy or sell currencies, commodities or securities for an agreed price at a future date or to pay an amount at a future date based on the value of a currency, commodity or security at such future time.

- A *swap* is an agreement between two parties to exchange one stream of cash flow against another stream on specified future dates. Swaps can be used to hedge certain risks such as interest rate risk, or to speculate on changes in the underlying interest.

- Like a forward contract, a *futures contract* is an agreement between two parties to buy or sell an asset at an agreed-upon price at a future date or to pay the difference in value between the contract date and the settlement date. Futures contracts are normally traded on a registered futures exchange. The exchange usually specifies certain standardized features of the contract including the basket of securities.

Mutual funds may use derivatives to:

- Offset or reduce the risk of changes in currency values, securities prices or interest rates – this is called hedging

- Lower transaction costs, provide greater liquidity, and increase the speed with which a fund can change its portfolio

- Make profits – for example, by entering into futures contracts based on stock market indices or by using derivatives to profit from declines in financial markets

There are risks as well as advantages in using derivatives:

- The price of a derivative may not accurately reflect the value of the underlying currency or security

- The cost of entering and maintaining derivative contracts may reduce a mutual fund's total return to investors

- There is no guarantee a market will exist when a fund wants to buy or sell its derivative contract, which could prevent the fund from making a profit or limiting its losses

- The other party to a derivative contract may not be able to meet its obligations and the mutual fund may experience a loss

- When a fund enters into a futures contract, it deposits money with the futures dealer as security. If the dealer goes bankrupt, the fund may lose these deposits

- Derivatives in foreign markets may be less liquid and involve greater risk of loss of deposits than derivatives traded in Canadian and U.S. markets

- If trading is halted in a derivative instrument, or in the stocks on which a stock index is based, a fund may not be able to close its derivative contract. This could prevent the fund from making a profit or limiting its losses

A hedging strategy may not be effective or may limit a fund's opportunity for gain. For example, the default by one party to the derivative transaction or an incorrect assessment of certain market movements, may result in a fund incurring greater losses than if the hedging strategy had not been adopted. Hedging strategies may also have the effect of limiting or reducing the total returns to a fund if expectations concerning future events or market conditions prove to be incorrect.

With regard to options, if utilized, the Manager reduces the risk to the Fund by primarily trading in exchange-traded options rather than over-the-counter options.

No mutual fund can use derivatives for speculative trading or to create portfolios with excess leverage.

ETF risk

The Fund may invest in exchange-traded funds (ETFs), which qualify as index participation units under NI 81-102 (see the Glossary on page 31). These ETFs seek to provide returns similar to the performance of a particular market index or industry sector index. ETFs may not achieve the same return as their benchmark market or industry sector indices due to differences in the actual weights of securities held in the ETF versus the weights in the relevant index (any such differences are usually small) and due to the operating and management expenses of the ETFs. An ETF may, for a variety of reasons, also fail to accurately track the market segment or index that underlies its investment objective. The price of an ETF can also fluctuate and the value of funds that invest in ETFs will change with these fluctuations.

Foreign market risk

Securities in countries outside Canada may fluctuate in value more than Canadian 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 on North American exchanges
- Foreign countries may impose investment regulations, exchange controls or taxes that could impact profits

As a result, if the Fund invests in foreign securities its value may fluctuate more than a fund that invests mainly in Canadian 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 gains the mutual fund has derived from movements in a particular market. A mutual fund that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada.

Interest rate risk

The value of the bonds, T-bills and other fixed income instruments in the Fund's portfolio varies with interest rates generally. When interest rates rise, the value of outstanding bonds paying a fixed rate falls. When interest rates fall, the value of bonds paying a fixed rate rises. The value of a fund that holds these securities will fluctuate with the value of the securities.

Liquidity risk

The speed and ease with which an asset can be converted into cash is often described as its liquidity. Some companies are not well known, have few securities outstanding or can be significantly affected by political and economic events. Securities issued by these companies may be “illiquid” or difficult to buy and sell and the value of funds that buy these securities may be subject to significant fluctuation. For example, smaller companies may not be listed on the stock market or traded through an organized market, they may be difficult to value because they are developing new products or services for which there is not yet a developed market or revenue stream, or they may have few securities outstanding, so a sale or purchase of securities will have a greater impact on the security price. While investments in illiquid assets can often present above average growth opportunities, they can be difficult or impossible to value and/or sell at the time and price preferred by the mutual fund. Accordingly, there is a risk that the mutual fund may have to sell such securities at a lower price, sell other securities instead to obtain cash or forego other investment opportunities. See “*Valuation Risk for Illiquid Assets*”.

In accordance with NI 81-102, there are restrictions on the amount of illiquid securities the Fund is permitted to hold.

Multiple series risk

The Fund has more than one series of securities. Each series will be charged separately for any expenses that are specifically attributable to that series. Those expenses will be deducted in calculating the net asset value per security for that series of securities, thereby reducing the net asset value per security of that series. If there are insufficient assets of a series to pay for the expenses of the series, the other assets of the Fund, including assets attributable to other series of securities, will be used to pay the expenses. As a result, the net asset value per security of the other series of securities may also be reduced. Please see *Purchases, switches and redemptions* on page 12 for more information regarding each series and how its net asset value per security is calculated.

Prepayment risk

Many types of debt securities, including floating rate loans, are subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security’s maturity. Securities subject to prepayment risk can offer less potential for gains when the credit quality of the issuer improves.

Regulatory risk

Some industries, such as financial services, health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a mutual fund that buys these investments may rise and fall substantially due to changes in these factors.

Securities lending, repurchase and reverse repurchase transaction risk

The 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 the 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 worth at least 102% of the value of the securities or reverse repurchase transactions and which is of the type permitted by the Canadian securities regulators. The value of the securities 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 Fund.

The Fund may not commit more than 50% of its securities in securities lending or repurchase and reverse repurchase transactions at any time. Securities lending transactions may be terminated at any time and all repurchase transactions must be completed within 30 days.

Substantial securityholder risk

The Fund may have one or more substantial investors, such as a financial institution, who hold a significant amount of securities of the Fund. A financial institution may, for example, buy or sell large amounts of a fund to hedge its obligations relating to a guaranteed investment product whose performance is linked to the performance of the fund. If a substantial investor decides to redeem its investment in the Fund, the Fund may be forced to sell its investments at an unfavourable market price in order to accommodate such request. The Fund may also be forced to change the composition of its portfolio significantly. Such actions may result in considerable price fluctuations to the Fund's net asset value and negatively impact on its returns.

Such risk is higher where a substantial securityholder engages in short-term trading or excessive trading. The Fund does, however, have policies and procedures designed to monitor, detect and deter inappropriate short-term or excessive trading. See page 17, *Short-term trading*.

Tax risk

There can be no assurance that the tax laws applicable to the Fund, including the treatment of mutual fund trusts under the *Income Tax Act* (Canada) (the "Tax Act"), will not be changed in a manner which could adversely affect the Fund.

Underlying fund risk

Certain mutual funds (the "Top Funds") invest some or all of their assets in other mutual funds (the "underlying funds") as part of their investment strategies. If an underlying fund suspends redemptions, the Top Fund that invests in it will be unable to value part of

its portfolio or redeem securities held by it. In addition, a Top Fund may become a large investor in an underlying fund. In such cases, the underlying fund is subject to the risk that the applicable Top Fund may have to redeem a significant number of securities in the underlying fund within a short period of time to meet redemptions at the Top Fund level. As a result, the underlying fund may have to change its portfolio significantly in order to meet such purchase or redemption requests. This can affect the performance of the underlying fund and, in turn, the value of the Top Fund that is investing in it.

Valuation risk for illiquid assets

A mutual fund may, from time to time, own some securities which are, or which are deemed to be, illiquid assets. The valuation of these investments is determined daily. Illiquid assets may or may not be available for sale in the public market place. Illiquid assets available for sale in the public market place are valued using the exchange specific closing price unless there was no trading activity for the investment in which case the mid (average of bid and ask) price may be used. For illiquid assets where no published market exists, valuations are determined using the Manager’s Fair Valuation Policy (see additional information in the annual information form under Valuation of Securities and Calculation of Net Asset Value). The valuation of illiquid assets that have not had recent trading activity or for which market quotations are not publicly available has inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. The Fair Value process is subjective to a degree and, to the extent that these valuations are inaccurate, investors in the mutual fund may gain a benefit or suffer a loss when they purchase or redeem securities of a mutual fund that invests in illiquid assets.

Organization and management details of the Fund

Manager

Manulife Mutual Funds, a division of
 Manulife Asset Management Limited
 200 Bloor Street East
 North Tower 3
 Toronto, Ontario
 M4W 1E5
 1 888 588 7999
 www.manulifemutualfunds.ca

The manager:

- Manages the overall activities and operations of the Fund
- Provides or arranges for investment management, fund accounting and administrative services, including registrar and transfer agency services, to the Fund. Certain of such administrative services may be provided from countries outside of Canada
- Promotes sales of the Fund’s securities

For more information, please refer to the Fund’s AIF.

Portfolio Advisor

Manulife Asset Management Limited
 Toronto, Ontario

MAML is the portfolio advisor for the Fund. A portfolio advisor manages the investment portfolio of the Fund.

<p>Trustee Manulife Asset Management Limited Toronto, Ontario</p>	<p>The trustee of the Fund holds the assets of the Fund in trust on behalf of securityholders.</p>
<p>Principal Distributor Manulife Asset Management Limited Toronto, Ontario</p>	<p>The principal distributor markets and sells the Fund through brokers and dealers.</p>
<p>Custodian RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>RBC Dexia Investor Services Trust is the custodian for the Fund. RBC Dexia Investor Services Trust is independent of Manulife Mutual Funds.</p> <p>The custodian and its sub-custodians have physical custody of the securities in the Fund’s portfolio which are not held in a book based depository system. The custodian ensures the assets of the Fund are safely held.</p>
<p>Registrar Manulife Asset Management Limited Toronto, Ontario</p>	<p>The registrar makes arrangements to keep track of the owners of securities of the Fund, processes purchase, transfer and redemption orders, issues investor account statements and issues annual tax reporting information.</p>
<p>Auditor PricewaterhouseCoopers LLP Toronto, Ontario</p>	<p>PricewaterhouseCoopers LLP is the auditor of the Fund and is an independent chartered accounting firm.</p> <p>The auditor issues an opinion as to whether or not the annual financial statements of the Fund present fairly, in all material respects, the financial position, results of operations and changes in net assets of the Funds.</p>
<p>Independent Review Committee</p>	<p>On behalf of the Fund, we have established an independent review committee (“IRC”) pursuant to the requirements set out in NI 81-107. The IRC is comprised of three independent members and, pursuant to NI 81-107, oversees decisions relating to actual or perceived conflicts of interest involving the Fund. The IRC prepares, at least annually, a report of its activities for</p>

securityholders which will be available on our Internet site at www.manulifemutualfunds.ca or, at the request of securityholders at no cost, by calling toll-free 1 888 588 7999 or by email at manulifemutualfunds@manulife.com

Certain reorganizations of the Fund or transfers by the Fund of its assets to another mutual fund will not require the approval of securityholders provided certain criteria are met. Such criteria include, obtaining the approval of the IRC, as well as delivering a written notice to securityholders describing such activities at least 60 days before the effective date of the reorganization or transfer.

In addition, the auditors of the Fund may not be changed unless the IRC has approved the change in accordance with NI 81-107, and a written notice describing the change of auditors is sent to securityholders at least 60 days before the effective date of the change.

Additional information about fund governance and the IRC, including the names of its members, is available in the AIF relating to the Fund.

Investments in other mutual funds

The Fund may invest in other mutual funds, subject to certain conditions. MAML, as manager, will either not vote the securities of the underlying funds or will pass the voting rights directly to securityholders of the Fund. MAML may, in some circumstances, choose not to pass the vote to securityholders because of the complexity and costs associated with doing so.

Purchases, switches and redemptions

Nature of securities

When you invest in the Fund, you are buying units of a mutual fund trust. The Fund is open-ended, which means it can issue an unlimited number of series of redeemable securities, with each series consisting of an unlimited number of securities.

Series of securities

Only Series I securities of the Fund are currently offered for sale under this simplified prospectus. Series G securities, Series O and Series X securities of the Fund also exist but

are not offered under this simplified prospectus. These securities may be issued in connection with other Manulife products or to large institutional investors or accredited investors. Without your consent or notice to you, the Manager may establish additional series of securities of the Fund and may determine the rights as between those series.

All securities are entitled to participate in the Fund's assets on liquidation on a series basis. As a mutual fund structured as a trust, all securities of the Fund will be fully paid, when issued, in accordance with the terms of its declaration of trust. Further, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The Fund will be a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance to investors of securities of the Fund and the Fund will be governed by the laws of Ontario by virtue of the provisions of its declaration of trust. All securities are redeemable at their net asset value.

The price of a mutual fund security

You buy, switch or redeem a series of mutual fund securities at the NAV per security of that series. The NAV is determined for each series of the Fund at the close of regular trading on the Toronto Stock Exchange (the "TSX") each trading day. A "trading" day is any day in which the TSX is open for trading or such other time as the Manager deems appropriate. If we receive your order to buy, switch or redeem before 4:00 p.m. (Toronto time) on a trading day and all required money and documents are received in good order, it will be priced as of that date. Otherwise, it will be priced as of the next trading day. If the TSX closes earlier than 4:00 p.m. (Toronto time), we may impose an earlier deadline.

The NAV for different series of the Fund will likely differ as each series of the Fund will bear the expenses attributable to that series, including management fees.

What's the NAV?

NAV, or net asset value, per security is the price at which you will buy or sell your mutual fund securities of a particular series. Each series of the Fund has a proportionate share of the Fund's assets and liabilities, adjusted for certain liabilities and expenses that are attributable only to a particular series. The proportion is that series' NAV divided by the total NAV for all series.

We calculate NAV per security for a series, by adding up the assets of the Fund that apply to that series, subtracting the liabilities that apply to that series, and dividing the difference by the total number of securities of that series outstanding. The NAV per security will fluctuate with the value of the Fund's investments. For example, a Fund security that costs \$10 today may cost \$10.05 or \$9.95 tomorrow, because the value of the Fund's investments changes every day.

The principal differences between the various series of securities of the Fund relate to the management fee payable to the Manager, the compensation paid to dealers, distributions and the expenses payable by the series. These are described under "*Dealer*

Compensation” on page 24 and under “*Fees and Expenses*” on page 21. The various series of securities of the Fund may also differ with respect to their distribution policies. Refer to the Fund description for further details regarding the distribution policy for the Fund.

You can invest in the Fund through registered dealers. Your dealer works with you to determine your financial goals, investment time horizon, risk tolerance and present financial situation, and then creates a portfolio of mutual funds that matches your profile.

BUYING SECURITIES

If you are an eligible investor, you can buy Series I (Elite Series) securities of the Fund from us or through your registered dealer or financial advisor. There is no limit to the number of securities you can buy. Generally, your first investment must be at least \$100,000 although we may waive this minimum. The minimum limit of \$100,000 is subject to change at the discretion of the Manager. Each additional investment in the Fund must be at least \$25.

Series I securities of the Fund are not subject to sales commissions, however, you will be charged an annual service fee negotiated between you and your dealer, that is payable quarterly. Series I securities may also be available to employees of Manulife Financial and its Canadian subsidiaries and to qualified mutual funds. See page 18, *Overview of Series I securities*.

Processing your purchase order

Your dealer will forward your purchase order and payment to our office without cost to you on the same day it is received from you. If we receive your properly completed order by the close of regular trading on the TSX, we will process your order at the NAV per security for that series of securities on that date. Otherwise, we will process your order at the NAV per security for that series of securities on the next trading day. For reinvested distributions, the purchase price is the first NAV per security for that series of securities determined after the distribution payment.

Here are the rules for buying securities of the Fund:

- We must receive payment within three trading days of purchasing securities of the Fund
- You may pay for your securities with a cheque or by wire transfer
- Any payment received by us for an order that is not accompanied by an investment direction from your dealer may be invested by us in front-end sales charge Advisor Series securities of a money market fund managed by Manulife Mutual Funds at 0% commission until such time as an investment direction is received. Upon receipt of the investment direction, no fees or charges will apply to any switch of your securities of a money market fund into securities of the Fund, other than any applicable sales commissions
- If we do not receive payment for your securities within the specified time frames, we must redeem your securities of the Fund by the end of the fourth trading day following

the day of purchase. If the proceeds are greater than the amount you owe, the Fund keeps the difference. If the proceeds are less than the amount you owe, we will pay the difference to the Fund. We may collect this difference from your dealer, who may collect it from you

■ We reserve the right to reject an order within one trading day of receiving it. If we reject your order, we will return your money immediately without interest

We will send you written confirmation of your purchase. We do not issue security certificates for the Fund.

You can get more detailed information about buying the Fund from the annual information form of the Funds.

SWITCHING SECURITIES

A switch involves moving money from the Fund to another mutual fund managed by us (or vice-versa). You can switch from Series I securities of the Fund to securities of another mutual fund managed by us of the same series (or vice-versa) through your dealer.

Switches into the Manulife Dollar-Cost Averaging Fund from the Fund or other mutual funds managed by us are not permitted.

Switching between Manulife Funds

A switch from the Fund to another Manulife Fund constitutes and has the same tax consequences as a redemption of the securities currently held and a purchase of new securities. See *Income tax considerations for investors* on page 25. For example, if you switched from Series I securities of the Fund to Series I securities of Manulife Short Term Bond Fund, we would redeem your securities of the Fund and use the proceeds to buy securities in Manulife Short Term Bond Fund. This could result in you realizing a capital gain or capital loss on your securities of the Fund if you hold your securities in a non-registered account.

Switching between Manulife Funds and Manulife Corporate Classes

If you switch between the Fund and a Manulife Corporate Class, or another Manulife-sponsored mutual fund, there will be a redemption for tax purposes of the securities of the Fund you own and switched from and a purchase of securities of the new fund. That means you may realize a capital gain as a result of the redemption. See *Income tax considerations for investors* on page 25.

When you switch securities your dealer may charge you a switch fee. The Fund may also charge you a short-term trading fee of up to 2% (of the net asset value of your securities) if you switch your securities within 90 days of buying them. See *Fees and expenses*, on page 21.

REDEEMING SECURITIES

You can redeem your Fund securities through your dealer for cash at any time.

See page 18, *Overview of Series I securities*.

Processing your redemption order

Your dealer will forward your application for redemption to our offices when he or she receives it from you. Your written redemption order must have your signature guaranteed by your dealer for your protection if the proceeds of redemption exceed \$25,000 or are being sent to a different payee, and may be required if the proceeds are being sent to a different address, unless the payee or address is the registered dealer or financial institution in trust for the payee.

If we receive your properly completed redemption order before the close of regular trading on the TSX on any trading day, we will process your order at the applicable NAV per security for that series of securities on that date. Otherwise, we will process your order at the applicable NAV per security for that series of securities on the next trading day.

Here are the rules for redeeming your securities in the Fund:

- We will pay you within three trading days of receiving all necessary documentation and the original payment for the securities to be redeemed have cleared the Canadian banking system. We will mail a cheque to the redeeming account holder unless instructed otherwise in your redemption order.
- If we do not receive all the documentation we need from you to complete the redemption order within ten (10) trading days of processing your order, we must repurchase, on your behalf, the same number of securities that you wished to redeem. The security price may be different on the date of such repurchase from the date of processing your redemption order. If the cost of the repurchase is less than the proceeds of the original redemption order, the Fund keeps the difference. If the cost of the repurchase is greater than the proceeds of the original redemption order, we will pay the Fund the difference. We may collect this difference from your dealer, who may collect it from you.

Under extraordinary circumstances, including the following, we may suspend your right to redeem securities of the Fund:

- If normal trading is suspended on a stock exchange or market on which securities or specified derivatives are traded that represent more than 50% of the Fund's total assets by value, or underlying market exposure, and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund
- With the consent of the securities regulatory authorities, if we cannot determine the value of the assets of the Fund

We explain these circumstances in greater detail in the annual information form of the Fund. If we suspend trading in the Fund and you had requested a redemption of your

securities in that Fund, you can withdraw your request or receive payment based on the first NAV per security determined after the end of the suspension.

Securities redeemed that were originally purchased through a pre-authorized chequing plan will be withheld to ensure the monies have been successfully received from your banking institution. This withholding period will be ten (10) calendar days from the pre-authorized chequing plan trade date.

We intend to observe all redemption policies that may be implemented from time to time by industry participants such as FundSERV, the provider of the transaction system used by mutual funds in Canada.

You can get more detailed information about redeeming your securities from the annual information form of the Fund.

SHORT-TERM TRADING

Manulife Mutual Funds has adopted policies and procedures to detect and deter inappropriate short-term trading. An inappropriate short-term trade is defined as a combination of a purchase and redemption, including switches between the funds managed by us, within 90 days that we believe is detrimental to other investors.

The interests of Fund investors and the Fund's ability to manage its investments may be adversely affected by short-term trading because, among other things, these types of trading activities can dilute the value of Fund securities, can interfere with the efficient management of the Fund's portfolio and can result in increased brokerage and administrative costs to the Fund. While we will actively take steps to monitor, detect and deter short-term trading, we cannot ensure that such trading activity will be completely eliminated.

Any inappropriate short-term trading, as determined by Manulife Mutual Funds, may be subject to a short-term trading fee of 2%. See *Fees and expenses*, on page 21. The fee payable will be deducted from the redemption proceeds when you redeem your securities and such fees will be paid to the Fund. We, in our sole discretion, may waive the short-term trading fee.

We may also take such additional action as we consider appropriate to prevent further similar activity by the investor. These actions may include the delivery of a warning to the investor, placing the investor/account on a watch list to monitor his or her trading activity, the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity and/or closure of the investor's account.

The restrictions imposed on short-term trading, including the short-term trading fees, will generally not apply in connection with redemptions initiated by us and redemptions initiated by investors in special circumstances as determined by us in our sole discretion, including the following:

- From money market or similar funds

- Relating to optional systematic plans, such as pre-authorized chequing plans or systematic withdrawal plans
- Initiated by us (including as part of a fund reorganization or merger) or by the Fund or another investment fund, segregated fund or investment product which has been approved by us
- Relating to securities held by the Manager upon the launch of new investment funds;
- In the case of what we, in our discretion, consider a special circumstance, such as the death of a securityholder or a hardship situation
- Relating to the payment of fees on Series I securities, Series O securities, Series G securities and Series X securities and
- Relating to securities received on the reinvestment of distributions

While these restrictions and our monitoring attempt to deter inappropriate short-term trading, we cannot ensure that such trading will be completely eliminated. We may reassess what is inappropriate short-term trading in the Fund at any time and may charge short-term trading fees or exempt transactions from such fees in our discretion.

Overview of Series I securities

Series I (Elite Series) securities are generally available for purchase by certain investors who have invested a specified minimum amount in the Fund and by employees of Manulife Financial and its Canadian subsidiaries. No portion of the management fee charged to the Fund is borne by Series I securities of the Fund. A holder of Series I securities pays a management fee directly to us.

Series I securities are available as part of Elite Pricing offered by MAML. Elite Pricing offers investors a pricing option which reduces the management fee charged to those securities based on the size of their investment in that series. The minimum amount and conditions attaching to the Series I securities are subject to change at the discretion of the Manager. See page 19, *Optional services - Buying securities that offer Elite Pricing*. Please contact us at 1 888 588 7999 for more information.

Optional services

MMF Registered Plans

You may open any of the following MMF Registered Plans:

Registered Retirement Savings Plan (group, individual and spousal)	RRSP
Locked-in Retirement Account	LIRA
Locked-in Retirement Savings Plan	LRSP
Restricted Locked-In Savings Plan	RLSP
Prescribed Retirement Income Fund	PRIF
Registered Retirement Income Fund (individual and spousal)	RRIF
Life Income Fund	LIF
Restricted Life Income Fund	RLIF
Locked-In Retirement Income Fund	LRIF

Registered Education Savings Plan (family and individual)	RESP*
Deferred Profit Sharing Plan	DPSP*
Tax-Free Savings Account	TFSA*

* Securities of the Fund are not currently offered for these MMF Registered Plans

The terms and conditions of these MMF Registered Plans are contained within the applicable application form and in the declaration of trust that appears on the reverse side of the application form. Purchases of securities in U.S. dollars are not currently eligible for MMF Registered Plans.

Buying securities that offer Elite Pricing

Elite Pricing is available for Series I securities. Elite Pricing is a pricing option which offers a reduced management fee based on the size of the investment in that series.

Buying securities through a pre-authorized chequing plan

You can buy securities of the Fund through a pre-authorized chequing plan (“PAC Plan”). The first investment must be at least \$100,000. Each subsequent investment must be at least \$25. You can invest weekly, bi-weekly (every other week), monthly, bi-monthly (every other month), quarterly, semi-annually or annually. You can get an authorization form to start the plan from us or from your dealer. There is no charge for this service. You or we can change or end the plan at any time. It may take up to 72 hours to process any changes or cancellations to your PAC Plan. We may charge a handling fee for any withdrawal not honoured.

When you enroll in a PAC Plan, your dealer will send you the current simplified prospectus and any amendments that have been made. You will not be sent a copy of any renewal prospectus (and any amendments to that prospectus) unless you request that it be sent to you at the time you enroll in a PAC Plan or subsequently request it from your dealer. You can obtain copies of these documents:

- By calling us toll free at 1 888 588 7999 or sending us an email at manulifemutualfunds@manulife.com
- From our website at www.manulifemutualfunds.ca
- From your investment dealer
- From the SEDAR website at www.sedar.com.

You may exercise your statutory right to withdraw from the initial purchase under the PAC Plan. This right does not apply in respect of any subsequent purchase under the PAC Plan, but you continue to have all other statutory rights under securities law, including rights arising from any misrepresentations that may have been made, irrespective of whether you request or receive a copy of the renewal prospectus. (See “*What Are Your Legal Rights*” on page 28). You can cancel a PAC Plan at any time on written notice to us.

Buying securities for a Registered Retirement Savings Plan

We can set up an RRSP, at your request, with no set-up fee or administration fee for a monthly investment in the Fund of \$25 per month. The initial investment into the Fund must equal or exceed \$100,000.

The MMF Registered Retirement Income Fund

At the age of 71, you have the option of converting your RRSP to a RRIF. You pay no tax when you transfer your savings from a RRSP into a RRIF, but you pay income tax on the withdrawals that you make from your RRIF each year.

With a MMF RRIF, you can:

- Retain control over how your money is invested
- Control how much money you receive each year, above a certain minimum
- Bequeath your RRIF assets to your estate or your spouse
- Choose to switch to an annuity later if you wish

Talk to your financial advisor about a MMF RRIF or call us at 1 888 588 7999 for further information.

Using the Systematic Withdrawal Plan

You can set up a Systematic Withdrawal Plan (SWP) to receive regular payments from your Fund investments by redeeming securities of the Fund you own. There are no fees or charges for this service other than any applicable short-term trading fees. You can get an SWP authorization form from your dealer or from us. It may take up to 72 hours to process any changes or cancellation to the SWP.

If your regular withdrawals are greater than the net earnings of your Fund, you will eventually use up your investment.

SWPs are not available for use in certain types of registered tax plans. We may change or discontinue this service at any time.

Using the Dollar Cost Averaging Plan

The Dollar Cost Averaging Plan allows you to transfer money from the Manulife Money Fund into the Fund on a regular basis.

The Dollar Cost Averaging Plan works as follows:

- You may only dollar cost average to the Fund within the same series
- Minimum amount of first investment is \$100,000
- Dollar cost averaging may occur on any day of the month, as requested. If the date does not fall on a trading day, the transactions will be processed on the next trading day
- You may invest on a weekly, bi-weekly (every two weeks), monthly, bi-monthly (every other month), quarterly, semi-annual or annual basis
- You may modify or cancel the Dollar Cost Averaging Plan at any time by giving us 72 hours prior written notice
- We may discontinue this service at our discretion

Information You Will Receive

When you make your initial purchase, you will receive a confirmation indicating the purchase price per security and the number and series of securities you purchased. Similarly, at the time of any additional purchase, reinvestment of distributions, transfer between funds, or redemption of securities you will receive a confirmation providing details of the transaction and a summary of the securities you hold.

Upon request, you will receive audited annual financial statements of the Fund and unaudited semi-annual financial statements of the Fund, annual and semi-annual management reports of fund performance and fund facts for each series of the Fund that is sold by simplified prospectus.

Fees and expenses

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You pay some of these fees and expenses directly. Other fees and expenses are payable by the Fund, which will reduce the value of your investment in the Fund.

The consent of securityholders is required before (i) any change is made to the basis of the calculation of a fee or expense charged to the Fund or directly to its securityholders by the Fund or the Manager in connection with the holding of securities of the Fund, if such change could result in an increase in charges to the Fund or securityholders or (ii) the introduction of a fee or expense charged to the Fund or securityholders, by the Fund or the Manager in connection with the holding of securities of the Fund. In the case of such changes by an arm's length party, no prior consent is needed but securityholders will be sent a written notice at least 60 days before the effective date of the change.

If the Fund holds securities of another mutual fund:

- There are fees and expenses payable by the other mutual fund in addition to the fees and expenses payable by the Fund
- No management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the other mutual fund for the same service
- No sales or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other mutual fund if the other mutual fund is a Manulife Fund or Manulife Corporate Class and
- No sales or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a reasonable person, would duplicate a fee payable by an investor in the Fund

Fees and expenses payable by the Fund

Management fees

Series I securities of the Fund do not pay any management fee. Holders of Series I securities of the Fund pay a negotiated management fee directly to the Manager, priced primarily based on the size of the investment. The management fee is calculated daily and payable quarterly and based on the net asset value of the Series I securities of

Fees and expenses payable by the Fund

the Fund from the previous trading day. We express no opinion regarding the deductibility of the management fee you pay as a holder of Series I securities of the Fund.

The maximum annual rate of the management fee for Series I securities of the Fund is 0.80%.

GST or HST or QST, as applicable, is payable on all management fees that are paid directly by investors.

Operating expenses

The Fund pays all of its operating expenses. These include:

- Banking, custodian, safekeeping and registrar and transfer agent fees
- Interest, auditors' and legal fees and any associated taxes including commodity taxes
- Brokerage fees and commissions
- Costs of derivatives
- Securityholder servicing costs, costs of preparing and delivering financial statements, prospectuses and other reports and filings
- Regulatory fees (including those payable by the Manager solely due to its activities as the Manager of the Funds)

The Fund also pays costs and reasonable expenses related to the IRC. Such costs and expenses include compensation payable to each IRC member. Each member of the IRC currently receives \$1,750 plus expenses for each meeting (\$2,250 plus expenses in the case of the Chair) of the IRC that the member attends as well as an annual retainer in the amount of \$20,000 per member (\$25,000 for the Chair). IRC members are also reimbursed for travel expenses in connection with meeting attendance. Other fees and expenses payable in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars. All such fees are allocated among the investment funds managed by Manulife Mutual Funds or its affiliates in a manner that is considered by the IRC to be fair and reasonable to such funds.

Each series of securities of the Fund will effectively bear:

- Its proportionate share of the operating expenses listed above
- The management fee for that series of securities (except in respect of Series I securities in which case the management fee, if any, is paid directly by the investor)

Fees and expenses payable by the Fund

Generally, each series of securities of the Fund will not bear the other expenses of the Fund that are referable specifically to other series of securities. See *Multiple series risk* on page 8.

HST is payable on most operating expenses.

Fees and expenses payable directly by you

Sales charges

There is no sales charge on the purchase of Series I securities of the Fund, however, you will be charged an annual service fee negotiated between you and your dealer that is payable quarterly.

Switch fees

Up to 2% of the NAV of the switched securities, as negotiated between you and your dealer. Such switch fees do not apply to the automatic switches into the mutual funds pre-selected by you for the Manulife Dollar-Cost Averaging Fund.

Redemption fees

There is no redemption fee to redeem Series I securities of the Fund.

Registered tax plan fees

No fees are charged by us for MMF RRSPs or RRIFs.

Short term trading fee

Short-term investing in the Fund may increase portfolio transaction costs and be disruptive to a portfolio advisor's ability to effectively manage the portfolio in accordance with its investment objective and strategy. In order to discourage inappropriate short-term trading, the Fund will charge you a short-term trading fee of 2% (of the value of your securities) if you switch or redeem your securities within 90 days of buying them, unless we waive such fee in our sole discretion.

We will monitor purchases and redemptions of securities of the Fund and if we are aware of a pattern of short-term trading that we believe, in our sole discretion, is significantly disrupting (or may potentially significantly disrupt) the management of the portfolio, we may restrict an investor from purchasing additional securities in the Fund or the number of switches an investor may make during a defined period.

The short term trading fees will not however, be applied if the switch or redemption, as the case may be, is related to a distribution (other than as described above) or a standard automatic payment or rebalancing program in place with us, or if we decide to waive the fee in special circumstances.

Fees and expenses payable directly by you

Other Fees and Expenses

Series I securities	If you are an investor in Series I securities, your dealer or financial advisor may charge you an annual service fee relating to your purchase of Series I securities. Such fee will be calculated daily and will be based on the aggregate daily net asset value of Series I securities you hold at the end of each day. This fee, along with applicable taxes, if any, will be payable on a quarterly basis by way of an automatic redemption of Series I securities.
Expenses for special services	You may pay charges for expenses incurred to provide special services at your request.
NSF charge	\$25

Investments in other mutual funds

Where the Fund invests in securities of another mutual fund, the Fund does not pay duplicate management fees on the portion of the assets that it invests in the other fund. In addition, the Fund will not pay any sales fees or redemption fees with respect to the purchase or redemption by it of securities of the other fund. However, there are fees and expenses payable by the other fund in addition to the fees and expenses payable by the Fund.

Dealer compensation

Sales commission

We do not charge a sales commission when you buy Series I securities of the Fund. The sales charge is negotiable between you and your dealer or financial advisor.

Trailer fee

No trailing commission is paid in respect of the Series I securities of the Fund.

Other sales incentives

We may assist dealers with certain of their direct costs associated with marketing mutual funds and providing educational investor conferences and seminars about mutual funds. We may also pay dealers a portion of the costs of educational conferences, seminars or courses that provide information about financial planning, investing in securities, mutual fund industry matters or mutual funds generally. We may provide dealers with marketing materials about the funds managed by Manulife Mutual Funds, other investment literature and permitted network system support. We may provide dealers non-monetary benefits of a promotional nature and of minimal value and we may engage in business promotion

activities that result in dealers receiving non-monetary benefits. We review the assistance we will provide under these programs on an individual basis.

Subject to compliance with securities regulatory authorities' mutual fund sales practices rules, we may change the terms and conditions of these trailing commissions and programs, or may stop them, at any time.

Manulife Securities Investment Services Inc. and Manulife Securities Incorporated, each a subsidiary of Manulife, which is the parent company of MAML, may sell securities of the Fund in the normal course of business.

Dealer compensation from management fees

As the Fund is new, we have not paid any broker commissions, trailer fees or other promotional activities for securities of the Fund.

Income tax considerations for investors

This information is a general summary of the Canadian federal income tax rules in effect or proposed for mutual funds and their investors at the time we prepared this prospectus. This summary assumes you are an individual (other than a trust) resident in Canada dealing at arm's length with the Fund and that you hold your Fund securities as capital property. For a more detailed discussion of income tax issues, see the Fund's annual information form. You should also consult your tax advisor about your personal tax situation.

THE FUND

The Fund is structured as a "mutual fund trust" for tax purposes. The Fund will issue units of the trust to its unitholders who invest in it.

Mutual funds earn:

- Income, principally from interest and dividends paid on the securities in their portfolios
- Capital gains, from selling securities in their portfolio for more than was paid for them

A mutual fund trust pays out distributions to its unitholders.

General

The Fund is expected to be a mutual fund trust for tax purposes and will distribute sufficient net income and net capital gains to its investors so that the Fund will not have to pay Canadian income taxes. However, income earned by the Fund from foreign sources may be subject to foreign withholding taxes. Such foreign taxes may be used by the Fund to reduce its income or the Fund may designate its foreign source income to you such that you may claim a foreign tax credit.

The discussion that follows assumes that the Fund qualifies as a unit trust and as a mutual fund trust for tax purposes. The Fund does not currently qualify as a mutual fund trust for tax purposes. However, if the Fund satisfies certain requirements regarding the distribution of its units and related matters before the 91st day after the end of its first taxation year, it may file an election under the Tax Act to be deemed to be a mutual fund trust for tax purposes effective from the date it was established. We anticipate that the Fund will satisfy the relevant requirements within this time frame. The balance of this summary assumes that the Fund will so qualify. However, there can be no assurance that this will be the case. If the Fund were to fail to qualify as a mutual fund trust for tax purposes, the income tax consequences would in some respects be different from those described in this prospectus.

FOR INVESTMENTS IN THE FUND HELD IN A NON-REGISTERED ACCOUNT

Distributions

Distributions affect fund prices

When the Fund makes a distribution of earnings or capital, the price or NAV per security of the Fund falls by the amount of the distribution. For example, if the Fund with a NAV per security of \$10.00 distributes earnings of \$1.00 per security, the price will fall to \$9.00. If you are an investor in the Fund, your net position remains the same: you have your original securities plus your distribution, either as cash or additional securities.

You must report all distributions paid or payable to you during the year in Canadian dollars, whether they are paid in cash or reinvested in additional securities. The income and capital gains distributed to you can include income and capital gains accrued or earned by the Fund before you acquired your securities. You will still be taxable on all the distributions except as described below.

Distributions from the Fund can be ordinary income, capital gains or a return of capital. You generally pay tax on these different kinds of distributions (other than capital distributions) as though you received them directly.

Distributions of capital are not included in your income; however, the amount of such distributions reduces the adjusted cost base (“ACB”) of your securities. If the ACB of your securities becomes a negative amount (i.e., less than zero) at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and your ACB will be reset to zero.

Any capital gains distribution received by you on securities of the Fund will be treated as a capital gain realized by you, one half of which will generally be included in calculating your income as a taxable capital gain.

The Fund may have a portfolio turnover rate greater than 70%. The higher the Fund’s portfolio turnover rate, the greater the trading costs payable by the Fund, and the greater the chance that you may receive a taxable capital gain for that year. There is not

necessarily a relationship between a high turnover rate and the performance of the Fund. Similarly, if the Fund has to turn over its portfolio to make a distribution of income or capital gains or a return of capital, you may also receive a taxable capital gain for the year.

The value of your securities may be attributable to income or capital gains that the Fund has earned, accrued or realized, but not yet distributed. If you purchase securities before the Fund makes a distribution of such retained income or capital gains you will have to include the amount of such distribution in computing your income for tax purposes for the year, even though it may include income or capital gains that the Fund earned before you acquired securities. In the case of capital gains distributions, this consideration may be particularly relevant to you if you purchase securities late in the year since the Fund will generally only pay capital gains distributions at the end of a year.

At the beginning of each year, we will send you a tax form or statement showing all of the income, capital gains and returns of capital that were distributed or paid to you by the Fund during the previous year.

Redemptions

In computing your income, you must take into account any capital gain or capital loss you realized on redeeming a security of the Fund, computed in Canadian dollars.

Your capital gain will be the amount by which the proceeds of disposition for the security exceeds the adjusted cost base of the security and any redemption charge. Generally, one half of your capital gain will be included in calculating income as a taxable capital gain.

If the proceeds of disposition for a security on a redemption are less than the total of the adjusted cost base of the security and any redemption charge, you will have a capital loss. Generally, one half of your capital losses can be deducted against your taxable capital gains.

The redemption of securities of the Fund to satisfy any short-term trading fee payable by you will be a taxable disposition of those securities.

Switches

If you switch from securities of the Fund to another Manulife-sponsored mutual fund or vice-versa, this will constitute a redemption of your securities and the tax treatment will be as described above under *Redemptions*. If your securities are reclassified from one series of securities of the Fund into another series of securities of the Fund, the reclassification will not result in a disposition for tax purposes and you will not realize a capital gain or capital loss on the transaction.

Calculating your Adjusted Cost Base

In order to calculate your capital gain or loss for tax purposes, you need to know the ACB of your securities before disposition. Your ACB of a security of a series of the Fund will generally be the weighted average cost of all of your securities of that series of the Fund, including securities acquired on a reinvestment of distributions.

You should keep detailed records of the purchase cost, sales charges and distributions related to your Fund securities in order to calculate the adjusted cost base of those securities. You may wish to consult a tax advisor to help you with these calculations.

Calculating the adjusted cost base of your securities of the Fund

ACB per security = Your initial investment

Plus the cost of any additional purchases

Plus reinvested distributions

Minus the capital returned in any distributions

Minus the ACB of any previously redeemed securities

Divided by the number of securities currently held by you

FOR INVESTMENTS IN THE FUND HELD IN A REGISTERED PLAN

If you hold the Fund in a registered plan, as long as you do not make withdrawals from the plan, and provided the securities of the Fund are qualified investments for the registered plan, you pay no tax on:

- Distributions from the Fund, whether or not they are reinvested in additional securities
- Any capital gains the plan makes from redeeming securities or switching securities

You will be taxed if you withdraw money or securities of the Fund from the registered plan (other than withdrawals from a TFSA and certain permitted withdrawals from an RESP or RDSP).

Since the Fund is expected to be a mutual fund trust or registered investment for tax purposes, securities of the Fund will be qualified investments for your registered tax plan, such as an RRSP, RRIF, DPSP, RDSP, RESP or TFSA.

MANAGEMENT FEES

No portion of any management fee charged to the Fund is borne by Series I securities of the Fund. Holders of Series I securities of the Fund pay a management fee directly to us. Holders of Series I securities of the Fund should consult their own tax advisors concerning the deductibility of such fee. Holders of Series I securities should also consult their tax advisors concerning fees payable to their financial advisors and/or dealers.

What are your legal rights?

Some provinces and territories have securities laws granting you the right to cancel or withdraw your agreement to buy securities and receive a refund:

- Within two business days of receiving the simplified prospectus or
- Within 48 hours of receiving a confirmation of your order

Securities laws in some provinces and territories also allow you to cancel your agreement to buy securities and receive a refund if the simplified prospectus, annual information form, or financial statements misrepresent any facts about the Fund. If this happens and you have suffered a loss, you may also be entitled to damages.

You must usually exercise these rights within certain time limits. If you would like more details about your rights, consult with a legal advisor.

Additional information

MAML is not currently a member, and does not intend to become a member of the Mutual Fund Dealers Association (the “MFDA”); consequently, direct accountholders of MAML will not have available to them investor protection benefits that would otherwise derive from membership in the MFDA, including coverage under any investor protection plan for clients of members of the MFDA.

Manulife Investments®

Manulife Investments is the brand name describing certain Canadian subsidiaries and operating divisions of Manulife Financial Corporation that offer personal wealth management products and services in Canada. As one of Canada's leading integrated financial services providers, Manulife Investments offers a variety of products and services including segregated fund contracts, mutual funds, annuities, guaranteed interest contracts and structured products.



Investment Manager Selection and Monitoring Process

Manulife Financial has a core competency in investment management services and is known for its “manager of managers” capabilities. In Canada, the Investment Management Services (IMS) division of Manulife assists Manulife Mutual Funds in monitoring MAML itself, the portfolio advisor for the Fund. This team of professionals is responsible for ensuring that the portfolio advisor adheres to its mandate and that the Fund performs as intended over the long term.

IMS has developed a formalized, disciplined fund advisor selection and monitoring process known as i-Watch®. The first step in this process is to carefully screen all potential investment managers and select only those who meet IMS’ qualitative criteria (organization, people, investment process and brand strength) and quantitative criteria (performance and risk characteristics) for inclusion in our portfolio of mutual funds.

A formal review is conducted at least annually on all mutual funds. A mutual fund that does not meet IMS’ criteria will be put “On Watch”. IMS will notify us of its concerns, and schedule the mutual fund for quarterly formal reviews. Quarterly formal reviews will

continue until the issues that have caused the mutual fund to be put “On Watch” have been addressed.

Glossary

accrued Earnings or losses accumulated since the last distribution payment date.

capital gains and capital losses The difference between what you pay for a security and what you sell or redeem it for, less any costs of making the sale or redemption (such as a deferred sales charge). You are currently required to pay taxes on one half of capital gains and you are allowed to claim one half of capital losses against taxable capital gains.

debt instruments Securities issued to borrow money. When you buy a debt instrument (or debt security), you are lending money. The issuer or borrower agrees to pay you interest and after a certain time (the term to maturity) pays back the principal. Debt instruments include treasury bills, bonds and commercial paper.

exchange-traded fund (ETF)

An ETF is an investment fund that is traded, like an individual stock, on a stock exchange. The securities within an ETF cover various asset classes, geographical locations and economic sectors. Generally, the aim of a specific ETF is to replicate the performance of a particular index, sector or asset class. Some ETFs replicate performance on an inverse or leveraged basis.

ETFs offer many of the same advantages of a mutual fund such as diversification and professional management but because they generally use indexing as their investment strategy, they also offer the benefits of indexing: lower operating costs and the potential for high tax efficiency. ETFs also differ from traditional mutual funds as they can be bought and sold at intraday prices rather than at end-of-day prices. ETFs may qualify as index participation units under applicable Canadian mutual fund rules.

fixed income securities Securities that pay a regular stream of income. Bonds are the most common fixed income securities. Preferred securities are sometimes classified as fixed income securities.

forward contract An agreement to buy or sell currency, commodities or securities for an agreed price at a future date or to pay an amount at a future date based on the value of a currency, commodity or security at such future time.

GST Goods and Services Tax

HST Harmonized Sales Tax.

hedge A strategy for offsetting or reducing risk.

index participation unit Under applicable Canadian mutual fund rules, is a security traded on a stock exchange in Canada or the United States that is issued by an issuer the only purpose of which is to:

hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index, or invest in a manner that causes the issuer to replicate the performance of that index.

leverage The use of borrowed money for investing. Leverage can magnify the returns or the losses on an investment.

money market securities Bankers' acceptances and corporate and government debt instruments with a term of less than one year.

portfolio turnover rate The rate at which the Fund's portfolio advisor changes its portfolio investments in a year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling each security in its portfolio once in the course of its financial year. See page 25, *Income tax considerations for investors*, for the tax consequences of a high portfolio turnover rate.

QST Quebec Sales Tax.

repurchase agreement An agreement where a third party purchases a security at one price from the Fund and agrees to sell the same security back to the Fund at a higher price on a later date. It is a way for the third party to earn a profit on the spread between the price at which it purchased the security and the price at which it sells it back and for the Fund to borrow some short-term cash.

stock index A number that reflects the price movement of a group of stocks. For example, the S&P/TSX Composite Index comprises approximately 95% of market capitalization for Canadian-based, Toronto Stock Exchange listed companies.

weighted average term to maturity A measure of the average length of time until a portfolio of fixed income securities comes due. Term to maturity is the number of days until a security (such as a T-bill or bond) matures. A weighted average term to maturity multiplies the percentage of securities with the same term to maturity by the term and then adds them up.

Specific information about the Fund described in this document

This part of the simplified prospectus contains all the relevant details that you need to know about the Fund. When reading the Fund description that follows, please refer back to this section for a more complete understanding of the Fund.

What does the Fund invest in?

This section tells you the investment objective and strategies of the Fund.

Investment objective

The Fund has its own distinct investment objective. This section tells you what that investment objective is.

Investment strategies

In this section, you'll find details about the objectives and strategies of the Fund and the kinds of securities in which the Fund invests.

Investments in other mutual funds

The Fund may invest in securities of another mutual fund (including another fund managed by us) if, among other things,

- The other fund (other than a fund that issues index participation units) is subject to NI 81-102 and National Instrument 81-101
- The investment objective of the other fund is consistent with the Fund's investment objective
- MAML does not vote the Fund's holdings in the other fund
- At the time the Fund purchases securities of the other fund, the other fund holds no more than 10% of the market value of its net assets in securities of other mutual funds other than a money market fund or a fund that issues index participation units
- The securities of the other fund (other than a fund that issues index participation units) are qualified for distribution in the same jurisdiction as the Fund
- No management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the other fund for the same service
- No sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other fund if the other fund is managed by the Manager or an affiliate of the Manager of the Fund

Derivatives Relief

The Fund has been granted derivatives relief to: (a) enter into interest rate swaps and credit default swaps or, if the transaction is for hedging purposes, currency swaps or forwards, in all cases with a remaining term to maturity of greater than 3 years; (b) if cash cover is needed to cover a derivative transaction, to alternatively use as cash cover certain liquid fixed income securities, floating rate notes or Manulife money market funds; and (c) use as a "put option cover" a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap when either: (i) the Fund opens or maintains a long position in a debt-like security that has a component that is a

long position in a forward contract, or in a standardized future or forward contract; or (ii) the Fund enters into or maintains a swap position, and during the periods when the Fund is entitled to receive payments under the swap. Please see “*Investment restrictions and exemptive relief*” in the annual information form of the Fund for further details, including the conditions of this relief.

Who Should Invest in this Fund?

This section tells you the type of investment portfolio or investor the Fund may be suitable for. This is meant as a general guide only. For advice about your own circumstances, please consult your financial advisor.

The risk methodologies used in this document are based on guidelines established by the Investment Funds Institute of Canada (“IFIC”). The Fund’s risk classification as described in this document, is generally determined by comparing the Fund’s average three year standard deviation over a period of 10 years (or since the inception of the Fund, if 10 years of performance history does not exist) with the category in which it is included.

As the Fund does not have at least three years of monthly return history, the benchmark index which most closely resembles the Fund’s strategy is used as a proxy.

Should the Fund’s average standard deviation not fall within the standard deviation range indicated for that Fund’s particular category due to particular manager style, process or other qualitative factors, we may place the Fund in a higher or lower volatility classification, as appropriate.

Each mutual fund managed by us is assigned an investment risk rating in one of the following categories:

- **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- **Low to Medium** – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;
- **Medium** – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;
- **Medium to High** – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High** – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (for example, emerging markets, precious metals).

The investment risk level is determined when the fund is first created and is reviewed at least annually and/or any time a material change occurs in the fund.

Information about the methodology used by the Manager to determine the Fund's risk level is available on request, at no cost by calling toll-free at 1 888 588 7999 or by writing Client Services at Manulife Mutual Funds, a division of Manulife Asset Management Limited, 200 Bloor Street East, North Tower 3, Toronto, ON M4W 1E5.

Distribution policy

This section tells you how often the Fund pays out distributions of income and capital gains or a return of capital and how they are paid. Please see *Income tax considerations for investors* on page 25 for more information.

Manulife Long Term Bond Fund

FUND DETAILS

Type of fund	Fixed income
Nature of securities¹ / Date started	Series I securities – November 22, 2011
Eligible plans	Securities of the Fund are qualified investments for Registered Plans ²
Portfolio advisor	Manulife Asset Management Limited Toronto, Ontario

¹ Series G, Series O and Series X securities of this Fund also exist. The rights attached to the Series G, Series O and Series X securities do not materially affect the rights attached to the Series I securities of the Fund.

² Securities of the Fund are not currently offered for RESPs, TFSAs and DPSPs.

WHAT DOES THE FUND INVEST IN?

Investment Objective

- Income generation

The Fund seeks to generate income by investing primarily in long-term fixed income securities issued by Canadian governments and corporate issuers.

The fundamental investment objective of the Fund cannot be changed without the approval of investors who own securities in the Fund.

Investment Strategies

The Fund is managed using an active, value-oriented investment style that is based on fundamental research. The portfolio advisor employs top-down economic research and bottom-up credit analysis that seeks to identify “pockets of value” and minimize downside risk. Investment strategies employed include, but may not be limited to, emphasizing sector allocation, credit quality and security selection, combined with active yield-curve management, interest rate anticipation and risk containment. The portfolio advisor’s approach is largely driven by economic and fundamental analysis, which can enable it to take advantage of credit spreads by identifying overvalued and undervalued sectors. Credit analysis and security selection focuses on in-house credit analysis, and relative value analysis within each sector. Top-down macroeconomic research is used to determine the duration target versus the benchmark. The portfolio is constructed taking into account duration, yield curve and sector objectives. The Fund will invest primarily in securities with a maturity of between 10 and 30 years.

The Fund may invest up to 49% of its assets in foreign fixed income securities denominated in either foreign currencies or Canadian dollars.

The Fund's portfolio turnover rate may be greater than 70%. This means the Fund may frequently trade the securities in its portfolio, which may have implications for you as an investor:

- The Fund may earn taxable capital gains, which may be passed on to you
- Your returns may be reduced by the higher trading costs associated with frequent trading

The Fund may also invest in other investment funds, including exchange traded funds (ETFs), that may or may not be managed by the Manager (or one of its affiliates or associates) in order to gain indirect exposure to markets, sectors or asset classes.

The Fund may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objective of the Fund and as permitted by applicable securities legislation or by the exemptions described under "*Derivatives Relief*" in "*Specific information about the Fund described in this document*". Derivatives may be used for hedging purposes in the event of significant cash flows into or out of the Fund. Derivatives may be used for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies and to provide protection for the Fund. You will find more information about derivatives, including the types of derivatives expected to be used by the Fund, on page 5.

The Fund may hold a portion of its assets in cash or short-term money market securities while searching for investment opportunities and/or due to general market or economic conditions.

The Fund may also enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool. See page 8 for further information.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

See page 4 for a full discussion of the risks associated with investing in mutual funds generally and this Fund in particular.

- Asset-backed and mortgage-backed securities risk
- Counterparty risk
- Credit risk
- Currency risk
- Default risk
- Derivative risk
- ETF risk
- Foreign market risk
- Interest rate risk
- Liquidity risk
- Multiple series risk
- Prepayment risk
- Regulatory risk
- Securities lending, repurchase and reverse repurchase transaction risk

- Substantial securityholder risk*
- Tax risk
- Underlying fund risk
- Valuation risk for illiquid assets

* As of November 22, 2011, one securityholder held 100% of the outstanding securities of the Fund.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors who:

- Are looking for incremental returns but are willing to accept a higher degree of volatility relative to bond funds which additionally invest in short and medium term bonds
- Are looking for income
- Are looking to invest in primarily investment grade corporate and government bonds
- Prefer a low to medium level of investment risk
- Are investing for the medium to long term - 3 to 5 years

The risk methodologies used in this document are based on guidelines established by the Investment Funds Institute of Canada (“IFIC”). The Fund’s risk classification as described in this document, is generally determined by comparing the Fund’s average three year standard deviation over a period of 10 years (or since the inception of the Fund, if 10 years of performance history does not exist) with the category in which it is included.

Because the Fund does not have at least three years of monthly return history, the benchmark index which most closely resembles the Fund’s strategy is used as a proxy.

Should the Fund’s average standard deviation not fall within the standard deviation range indicated for the Fund’s particular category due to particular manager style, process or other qualitative factors, we may place the Fund in a higher or lower volatility classification, as appropriate.

The methodology used to determine the Fund’s investment risk classification for purposes of disclosure in this simplified prospectus and in the fund facts document is the methodology recommended by the Fund Risk Classification Task Force of IFIC. IFIC concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. However, the Manager and IFIC recognize that other types of risk, both measurable and non-measurable, may exist and we remind you that a fund’s historical performance may not be indicative of future returns and that a fund’s historical volatility may not be indicative of its future volatility. IFIC created 6 categories of volatility risk: very low, low, below average, average, above average and high. We adopted IFIC’s recommendations, however, we have classified the risk level of each mutual fund managed by us in accordance with 5 of IFIC’s 6 categories (we have combined very low

and low into one category and renamed the “below average” category to “low to medium”, “average” to “medium” and “above average” to “medium to high”). There may be times when these methods produce a result that the Manager believes is inappropriate in which case the Manager may determine the risk classification of the fund based on other factors, including, for example, the types of investments made by the fund and the liquidity of those investments.

The investment risk level is determined when the fund is first created and is reviewed at least annually and/or any time a material change occurs in the fund. Please see “*Specific information about the Fund described in this document*” for more information about the various risk categories and how the risk level of the Fund is calculated.

Information about the methodology used by the Manager to determine the Fund’s risk level is available on request, at no cost by calling toll-free at 1 888 588 7999 or by writing Client Services at Manulife Mutual Funds, a division of Manulife Asset Management Limited, 200 Bloor Street East, North Tower 3, Toronto, ON M4W 1E5.

DISTRIBUTION POLICY

We generally distribute income, if any, monthly and capital gains, if any, annually in December. When we distribute earnings, we automatically reinvest them in additional securities of the Fund, unless you tell us in writing that you would prefer cash payments.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Since this Fund is new, this information is not yet available.

MANULIFE MUTUAL FUNDS

Manulife Long Term Bond Fund

Manulife Mutual Funds
A division of Manulife Asset Management Limited
200 Bloor Street East
North Tower 3
Toronto, ON M4W 1E5

Additional information about the Fund is available in the following documents:

- The Annual Information Form (AIF) for the Fund
- The most recently filed Fund Facts of the Fund
- The most recently filed annual financial statements of the Fund
- Any interim financial statements of the Fund filed after the annual financial statements
- The most recently filed annual management report of fund performance
- Any interim management report of fund performance filed after that annual management report of fund performance

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a free copy of these documents, at your request, and at no cost:

- By calling us toll-free at 1 888 588 7999
- By faxing us at 416 581 8427
- From your dealer
- On our website at manulifemutualfunds.ca
- By contacting us at manulifemutualfunds@manulife.com

These documents and other information about the Fund, such as information circulars and material contracts, are also available at www.sedar.com.

Manulife Funds are managed by Manulife Mutual Funds. Manulife, Manulife Mutual Funds, Manulife Mutual Funds For Your Future logo, the Block Design and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company, and are used by it, and by its affiliates under license.