FORM 497

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MANUFACTURERS INVESTMENT TRUST
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MANUFACTURERS INVESTMENT TRUST
116 Huntington Avenue
Boston, Massachusetts 02116

March 26, 1999

DEAR VARIABLE ANNUITY AND VARIABLE LIFE CONTRACT OWNERS:

A Special Meeting of Shareholders of the Manufacturers Investment Trust (the "Trust") will be held at 73 Tremont Street, Boston, Massachusetts 02108, on April 27, 1999, at 10:00 a.m., Eastern Standard Time, for the purpose of considering a reorganization proposal that will combine two of the Trust's portfolios with two other Trust portfolios.

Although you are not a shareholder of the Trust, your purchase payments and the earnings on such purchase payments under your variable annuity or variable life contracts issued by The Manufacturers Life Insurance Company of North America ("Manulife North America"), The Manufacturers Life Insurance Company of New York ("Manulife New York") and The Manufacturers Life Insurance Company of America ("Manufacturers America") are invested in shares of one or more of the portfolios of the Trust through subaccounts of separate accounts established by Manulife North America, Manulife New York and Manufacturers America for such purpose. Since the value of your contract depends in part on the investment performance of the shares of the applicable portfolio of the Trust, you have the right to instruct Manulife North America, Manulife New York or Manufacturers America, as appropriate, how the shares of the Trust attributable to your contract are voted. The number of votes for which you may give instructions for any portfolio of the Trust is determined by dividing your contract value (or the reserve for a contract after its maturity date) allocated to the subaccount in which shares of such portfolio are held by the value per share of that portfolio of the Trust. Fractional votes are counted. Manulife North America, Manulife New York and Manufacturers America will vote all shares of the Trust issued to such companies in proportion to the timely instructions received from owners of the contracts participating in separate accounts registered under the Investment Company Act of 1940.

Contract owners whose assets are invested in either the Worldwide Growth Trust or the Capital Growth Bond Trust (collectively, the "Transferor Portfolios") of the Trust are being asked to consider a reorganization proposal whereby the Transferor Portfolios would merge with and into the Global Equity Trust and the Investment Quality Bond Trust (collectively, the "Acquiring Portfolios"), respectively, of the Trust. As a result of the reorganization, contract owners whose assets are invested in the Transferor Portfolios will be able to pursue substantially similar investment goals in the context of a larger fund with potentially greater economies of scale and better performance. Such larger funds should enhance the ability of portfolio managers to effect portfolio transactions on more favorable terms and give portfolio managers greater investment flexibility and the ability to select a larger number of portfolio securities, with the attendant benefits of increased diversification. It is anticipated that the investment advisory fees and the

annualized expenses as a percentage of average net assets paid by the Acquiring Portfolios generally will be comparable to or lower than those paid by the corresponding Transferor Portfolios. There are certain differences between the investment objectives, policies and restrictions of the Transferor Portfolios and the Acquiring Portfolios, as summarized in the tables beginning on page 9 and included under the caption "Investment Objectives and Policies" in the enclosed Prospectus/Proxy Statement.

The value of your investment will not be affected in the reorganization transaction. Furthermore, in the opinion of legal counsel, the transaction will not be subject to federal income taxes. The Transferor Portfolios and the Acquiring Portfolios will bear the expenses of the reorganization.

For these reasons and the additional reasons discussed in the enclosed Prospectus/Proxy Statement, the Board of Trustees of the Trust unanimously recommends that you vote FOR approval of the reorganization proposal.

Enclosed you will find a Notice of Special Meeting of Shareholders, a Prospectus/Proxy Statement for the Trust and a Voting Instructions Form for each Transferor Portfolio in which your contract values were invested as of February 28, 1999 (the record date for the Meeting). The number of shares that represent your voting interest (determined as explained above) appears on each Voting Instructions Form. The Prospectus/Proxy Statement provides background information and describes, in detail, the matters to be voted on at the Meeting.

We encourage you to read the attached materials in their entirety.

If you have any questions regarding the reorganization, please call (800) 344-1029.

Sincerely yours,

/s/ JOHN D. DESPREZ III

John D. DesPrez III
President
Manufacturers Investment Trust

MANUFACTURERS INVESTMENT TRUST
116 Huntington Avenue
Boston, Massachusetts 02116

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

March 26, 1999

To the Shareholders of
MANUFACTURERS INVESTMENT TRUST:

Notice is hereby given that a Special Meeting of Shareholders (the "Meeting") of Manufacturers Investment Trust (the "Trust"), will be held at 73 Tremont Street, Boston, Massachusetts 02108 on April 27, 1999 at 10:00 a.m., Eastern Standard Time. A Prospectus/Proxy Statement which provides information about the purpose of the Meeting is included with this notice. The Meeting will be held for the following purposes:

Item 1 To consider and act upon a proposal to approve an Agreement and Plan of Reorganization (the "Plan") of the Trust on behalf of the Worldwide Growth Trust and the Capital Growth Bond Trust portfolios (collectively, the "Transferor Portfolios") and the Global Equity Trust and the Investment Quality Bond Trust portfolios (collectively, the "Acquiring Portfolios"). The following table depicts each Transferor Portfolio and the corresponding Acquiring Portfolio into which such Transferor Portfolio will be merged:

<TABLE>
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TRANSFEROR PORTFOLIO	CORRESPONDING ACQUIRING PORTFOLIO
<S>	<C>
Worldwide Growth Trust	Global Equity Trust
Capital Growth Bond Trust	Investment Quality Bond Trust

</TABLE>

Shareholders of each Transferor Portfolio will vote separately on Item 1.

Item 2 Transaction of any other business that may properly come before the Meeting.

The Board of Trustees of the Trust has recently reviewed and unanimously endorsed the proposal set forth in the accompanying Prospectus/Proxy Statement. THE BOARD OF TRUSTEES OF THE TRUST RECOMMENDS THAT SHAREHOLDERS VOTE FOR ITEM 1.

Approval of the Plan will require the affirmative vote of the holders of at least a "majority of the outstanding voting securities" (as defined in this Prospectus/Proxy Statement) of each of the Transferor Portfolios. By approving the Plan, shareholders of the Transferor Portfolios will be deemed to have waived certain of the Trust's investment limitations solely insofar as they might be deemed to apply to the transactions contemplated by the Plan.

Each shareholder of record at the close of business on February 28, 1999 is entitled to receive notice of and to vote at the Meeting.

Sincerely yours,

/s/ JAMES D.GALLAGHER

James D. Gallagher
Secretary

March 26, 1999
Boston, Massachusetts

Rule 497(b) Prospectus
File No. 333-71437

PROSPECTUS/PROXY STATEMENT DATED MARCH 16, 1999

Relating to the Acquisition of the Assets of

WORLDWIDE GROWTH TRUST
AND
CAPITAL GROWTH BOND TRUST
OF
MANUFACTURERS INVESTMENT TRUST

By and in exchange for shares of

GLOBAL EQUITY TRUST
AND
INVESTMENT QUALITY BOND TRUST
OF
MANUFACTURERS INVESTMENT TRUST
116 Huntington Avenue
Boston, Massachusetts 02116
(800) 344-1029

GENERAL

This Prospectus/Proxy Statement relates to the proposed transfer of all of the assets and liabilities of the Worldwide Growth Trust and the Capital Growth Bond Trust (collectively, the "Transferor Portfolios") of the Manufacturers Investment Trust (the "Trust") to the Global Equity Trust and the Investment Quality Bond Trust (collectively, the "Acquiring Portfolios"), respectively, of the Trust in exchange for shares of such Acquiring Portfolio (the "Reorganization"). As a result of the Reorganization, each shareholder of a Transferor Portfolio will receive that number of shares of the corresponding Acquiring Portfolio equal in value at the time of the exchange to the value of such shareholder's shares of the Transferor Portfolio at such date. The terms and conditions of the Reorganization are more fully described in this Prospectus/Proxy Statement and in the Agreement and Plan of Reorganization attached hereto as Exhibit A.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS/PROXY STATEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Prospectus/Proxy Statement, which should be retained for future reference, sets forth concisely the information about the Acquiring Portfolios that a prospective investor ought to know before investing. For a more detailed discussion of the investment objectives, policies, restrictions and risks of the Acquiring Portfolios, see the prospectus for the Trust dated May 1, 1998, which is incorporated by reference into this Prospectus/Proxy Statement. A copy of the prospectus may be obtained without charge by writing to the Trust at the address noted above or by calling toll free (800) 344-1029. A Statement of Additional Information dated March 16, 1999 (the "Statement of Additional Information") containing additional information about the Reorganization and the Trust has been filed with the Securities and Exchange Commission (the "Commission") and is incorporated by reference into this Prospectus/Proxy Statement. A copy of the Statement of Additional Information may be obtained without charge by writing to the Trust at the address noted above or by calling toll free (800) 344-1029. If shareholders have any questions regarding the Reorganization, please call (800) 344-1029.

The Trust is a no-load, open-end management investment company, commonly known as a mutual fund, registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust currently offers shares in 36 investment portfolios. The shares of the Trust are divided into 36 series corresponding to the investment portfolios. Each Transferor Portfolio and each Acquiring Portfolio is a series of the Trust. In this Prospectus/Proxy Statement, for simplicity, certain actions are described as being taken by either a Transferor Portfolio or an Acquiring Portfolio, each of which is a portfolio of the Trust, although all actions are actually taken by the Trust on behalf of the applicable portfolio.

The Trust does not sell its shares directly to the public, but sells its shares generally only to insurance companies and their separate accounts as the underlying investment medium for variable contracts and group annuity contracts ("contracts"). Only shares of a particular portfolio are entitled to vote on matters which affect only the interests of that portfolio. As of the record date for the Special Meeting of Shareholders, the shares of the Transferor Portfolios were legally owned by The Manufacturers Life Insurance Company of North America ("Manulife North America"), The Manufacturers Life Insurance Company of New York

("Manulife New York"), The Manufacturers Life Insurance Company of America ("Manufacturers America") and The Manufacturers Life Insurance Company (U.S.A.) ("Manufacturers U.S.A."). The ultimate parent of each of Manulife North America, Manulife New York, Manufacturers America and Manufacturers U.S.A., is The Manufacturers Life Insurance Company ("Manulife"), a Canadian mutual life insurance company whose principal address is 200 Bloor Street East, Toronto, Ontario, Canada M4W 1E5.

Manulife North America is a stock life insurance company organized under the laws of Delaware. Manulife North America holds shares of the Transferor Portfolios attributable to variable annuity contracts in The Manufacturers Life Insurance Company of North America Separate Account A and variable life contracts in The Manufacturers Life Insurance Company of North America Separate Account B, both of which are separate accounts registered under the 1940 Act, as well as in an unregistered separate account.

Manulife New York is a stock life insurance company organized under the laws of New York. Manulife New York holds shares of the Transferor Portfolios attributable to variable annuity contracts in The Manufacturers Life Insurance Company of New York Separate Account A and variable life contracts in The Manufacturers Life Insurance Company of New York Separate Account B, both of which are separate accounts registered under the 1940 Act, as well as in an unregistered separate account.

Manufacturers America is a stock life insurance company organized under the laws of Pennsylvania and redomesticated under the laws of Michigan. Manufacturers America holds shares of the Transferor Portfolios attributable to variable annuity contracts in Separate Account Two and variable life contracts in Separate Accounts Three and Four, all of which are separate accounts registered under the 1940 Act.

Manufacturers U.S.A. is a stock life insurance company organized under the laws of Pennsylvania and redomesticated under the laws of Michigan whose principal address is 200 Bloor Street East, Toronto, Ontario, Canada M4W 1E5. Manufacturers U.S.A. holds shares of the Trust in various unregistered separate accounts.

Manulife North America, Manulife New York, Manufacturers America and Manufacturers U.S.A. have the right to vote upon matters that may be voted upon at a special shareholders' meeting. The companies will vote all shares of the Portfolios issued to such companies in proportion to the timely instructions received from owners of the contracts ("contractholders" or "contract owners") participating in separate accounts described above which are registered under the 1940 Act. The companies, in connection with their solicitation of voting instructions, are furnishing this Prospectus/Proxy Statement to the owners of contracts participating in registered separate accounts holding shares of the Portfolios to be voted on the Proposal included in this Prospectus/Proxy Statement.

NO PERSON, INCLUDING ANY DEALER OR SALESPERSON, HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, UNLESS THE INFORMATION OR REPRESENTATION IS SET FORTH IN THIS PROSPECTUS/PROXY STATEMENT. IF ANY SUCH

INFORMATION IS GIVEN, IT SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRUST, THE ADVISER OR ANY SUBADVISERS TO THE TRUST OR THE PRINCIPAL UNDERWRITER OF THE CONTRACTS. THIS PROSPECTUS/PROXY STATEMENT IS NOT AN OFFER TO SELL SHARES OF THE TRUST IN ANY STATE WHERE SUCH OFFER OR SALE WOULD BE PROHIBITED.

AN INVESTMENT IN ANY OF THE PORTFOLIOS IS NOT A DEPOSIT OF ANY BANK AND IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

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SUMMARY

The following is a summary of certain information contained in this Prospectus/Proxy Statement. This summary is qualified by reference to the more complete information contained elsewhere in this Prospectus/Proxy Statement, the prospectus of the Trust and the Agreement and Plan of Reorganization attached to this Prospectus/Proxy Statement as Exhibit A. Shareholders should read this entire Prospectus/Proxy Statement carefully.

PROPOSED TRANSACTION. The Board of Trustees of the Trust (the "Board"), including all of the Trustees who are not "interested persons" of the Trust (the "Independent Trustees"), has unanimously approved an Agreement and Plan of Reorganization (the "Plan") providing for the transfer of all of the assets and liabilities of each Transferor Portfolio to the corresponding Acquiring Portfolio in exchange for shares of such corresponding Acquiring Portfolio.

Subject to its approval by the shareholders of the Transferor Portfolios and the owners of the variable contracts issued by such shareholders, the Plan provides for the tax-free reorganization of the Transferor Portfolios, including (a) the transfer of all of the assets, subject to all of the liabilities, of the Transferor Portfolios in exchange for the Acquiring Portfolio shares; (b) the liquidation of the Transferor Portfolios; and (c) the distribution to Transferor Portfolio shareholders of such Acquiring Portfolio shares. As a result of the Reorganization, each holder of shares of each Transferor Portfolio specified in the table below will become a holder of shares of the Acquiring Portfolio listed opposite such Transferor Portfolio (each Transferor or Acquiring Portfolio being referred to herein as the "corresponding" Transferor or Acquiring

Portfolio to the respective Acquiring or Transferor Portfolio listed opposite its name).

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TRANSFEROR PORTFOLIO	ACQUIRING PORTFOLIO
<S>	<C>
Worldwide Growth Trust	Global Equity Trust
Capital Growth Bond Trust	Investment Quality Bond Trust

</TABLE>

The total value of all shares of each Acquiring Portfolio issued in the Reorganization will equal the total value of the net assets of the corresponding Transferor Portfolio being acquired by such Acquiring Portfolio. The number of full and fractional shares of an Acquiring Portfolio received by a shareholder of the corresponding Transferor Portfolio will be equal in value to the value of that shareholder's shares of the corresponding Transferor Portfolio as of the close of regularly scheduled trading on the New York Stock Exchange on the closing date of the Reorganization (the "Effective Time of the Reorganization"). The Effective Time of the Reorganization is expected to occur on April 30, 1999 or on such later day as the parties may mutually agree (the "Exchange Date"). As a result, shareholders should carefully consider the information about the Acquiring Portfolios presented in this Prospectus/ Proxy Statement in connection with voting on the Reorganization.

There are certain differences between the investment objectives, policies and restrictions of the Acquiring Portfolios and the corresponding Transferor Portfolios, as discussed below. See "Investment Objectives and Policies." The fee structure of the Transferor Portfolios will also change, as discussed below. The existing purchase, redemption and dividend policies of the Transferor Portfolios will remain substantially unchanged. The consummation of the Reorganization is contingent on the satisfaction of the conditions described below under "Information About the Reorganization -- Agreement and Plan of Reorganization."

If the Reorganization were to have been consummated as of December 31, 1998, the approximate resulting aggregate net assets of the Acquiring Portfolios would be (1) $969,269,523 in the case of the Global Equity Trust and (2)

$377,222,690 in the case of the Investment Quality Bond Trust.

No gain or loss will be recognized by the Transferor Portfolios or the Acquiring Portfolios or shareholders of the Transferor Portfolios for federal income tax purposes as a result of the Reorganization. For further information about the tax consequences of the Reorganization, see "Information about the Reorganization -- Federal Income Tax Consequences."

Under Massachusetts law, shareholders of the Trust could, under certain circumstances, be held personally liable for the obligations of the Trust.

However, the Declaration of Trust disclaims shareholder liability for acts or obligations of the Trust, and requires that notice of such disclaimer be given in each agreement, obligation, or instrument entered into or executed by the Trust or the Trustees. Moreover, the Declaration of Trust provides for indemnification out of the Trust property for all losses and expenses of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder's incurring financial loss on account of shareholder liability is considered by the Trust to be remote, since it is limited to circumstances in which the disclaimer is inoperative, inadequate insurance existed (e.g., fidelity bonding and errors and omissions insurance) and the Trust itself is unable to meet its obligations.

INVESTMENT MANAGEMENT. Manulife Securities Services, LLC ("Manulife Securities") currently serves as investment adviser to the Trust and each of its portfolios. Manulife Securities, a wholly-owned subsidiary of Manulife North America, is a Delaware limited liability company whose principal offices are located at 73 Tremont Street, Boston, Massachusetts 02108. In addition, each portfolio of the Trust has a separate subadviser which is responsible for the day-to-day decision making. Each of the subadvisers to the portfolios of the Trust is registered as an investment adviser under the Investment Advisers Act of 1940 or is otherwise exempt from registration.

The following table illustrates the current management arrangements for the Transferor Portfolios and the management arrangements to be in effect for the corresponding Acquiring Portfolios upon consummation of the Reorganization:

CURRENT MANAGEMENT ARRANGEMENTS			MANAGEMENT ARRANGEMENTS UPON CONSUMMATION OF THE REORGANIZATION		
Transferor Portfolio	Investment Adviser	Subadviser	Acquiring Portfolio	Investment Adviser	Subadviser
Worldwide Growth Trust	Manulife Securities	Founders*	Global Equity Trust	Manulife Securities	Morgan Stanley
Capital Growth Bond Trust	Manulife Securities	MAC**	Investment Quality Bond Trust	Manulife Securities	Wellington

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* Founders Asset Management, LLC ("Founders").

** Manufacturers Adviser Corporation ("MAC"), an indirect wholly owned subsidiary of Manulife.

SUBADVISORY ARRANGEMENTS. It is anticipated that following consummation of the Reorganization and pursuant to existing agreements with Manulife Securities, each of Morgan Stanley Asset Management Inc. ("Morgan Stanley") and Wellington Management Company LLP ("Wellington Management") will continue to serve in its current capacity.

MORGAN STANLEY

Morgan Stanley has been the subadviser to the Global Equity Trust since October 1, 1996. Morgan Stanley, a wholly-owned subsidiary of Morgan Stanley, Dean Witter, Discover & Co., conducts a worldwide portfolio management business, providing a broad range of portfolio management services to customers in the United States and abroad. Its principal offices are located at 1221 Avenue of the Americas, New York, New York 10020.

Morgan Stanley, Dean Witter, Discover & Co. is a global financial services firm with three major businesses: securities, asset management and credit services.

Frances Campion has been primarily responsible for the portfolio management of the Global Equity Trust since January 1, 1997. Ms. Campion joined Morgan Stanley in January 1990 as a global equity fund manager and is now a Managing Director of Morgan Stanley & Co. Incorporated. Her responsibilities include day to day management of the Global Equity Portfolio of Morgan Stanley Institutional Fund, Inc. Prior to joining Morgan Stanley, Ms. Campion was a U.S. equity analyst with Lombard Odler Limited where she had responsibility for the management of global portfolios. Ms. Campion has eleven years global investment experience. She is a graduate of University of College, Dublin.

WELLINGTON MANAGEMENT

Wellington Management is subadviser to the Investment Quality Bond Trust. Founded in 1933, Wellington Management is a Massachusetts limited liability partnership whose principal business address is 75 State Street, Boston, Massachusetts 02109. Wellington Management is a professional investment counseling firm which provides investment services to investment companies, employee benefit plans, endowments, foundations and other institutions and individuals.

Thomas L. Pappas, Senior Vice President of Wellington Management, has served as portfolio manager to the Investment Quality Bond Trust since March 1994. Mr. Pappas has been a portfolio manager with Wellington Management since 1987.

INVESTMENT OBJECTIVES AND POLICIES. The following table sets forth the investment objective and approach of each Transferor Portfolio and its corresponding Acquiring Portfolio. There are certain differences in the investment objectives and approaches of the portfolios that should be considered.

<TABLE>
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PORTFOLIO	INVESTMENT OBJECTIVE AND APPROACH
<S>	<C>
Worldwide Growth Trust	Seeks to achieve long-term growth capital by normally investing at least 65% of its total assets in equity securities of growth companies in a variety of markets throughout the world.
Global Equity Trust	Seeks to achieve long-term capital appreciation by investing primarily in equity securities throughout the world, including U.S. issuers and emerging markets.
Capital Growth Bond Trust	Seeks to achieve growth of capital by investing in medium-grade or better debt securities, with income as a secondary consideration.
Investment Quality Bond Trust	Seeks to achieve a high level of current income consistent with the maintenance of principal and liquidity by investing primarily in a diversified portfolio of investment grade corporate bonds and U.S. Government bonds with intermediate to longer term maturities. Up to 20% of the portfolio's assets may be invested in non-investment grade fixed income securities.

</TABLE>

The investment objectives and policies of each Transferor Portfolio are set forth below, together with a discussion of the primary differences, if any, from those of its corresponding Acquiring Portfolio. Each Transferor Portfolio and

Acquiring Portfolio has a stated investment objective which it pursues through separate investment policies. The differences in objectives and policies among the portfolios can be expected to affect the return of each portfolio and the degree of market and financial risk to which each Transferor Portfolio and corresponding Acquiring Portfolio is subject.

The investment objective of each Acquiring Portfolio represents fundamental policies of each such Acquiring Portfolio and may not be changed without the approval of the holders of a majority of the outstanding shares of the Acquiring Portfolio. Except for certain investment restrictions, the policies by which an Acquiring Portfolio seeks to achieve its investment objective may be changed by the Trust's Board without the approval of shareholders.

The following is a description of the investment objective and policies of each Transferor Portfolio and the corresponding Acquiring Portfolio. More complete descriptions of the money market instruments in which the Transferor Portfolios and Acquiring Portfolios may invest and of the options, futures, currency and other derivative transactions that certain Transferor Portfolios and Acquiring Portfolios may engage in are set forth in the Statement of Additional Information. A description of the debt security ratings used by the Transferor Portfolios and Acquiring Portfolios and assigned by Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's Corporation ("Standard & Poor's") is included in the Appendix to this Prospectus/Proxy Statement.

Because the value of securities and the income derived therefrom may fluctuate according to the earnings of the issuers and changes in economic and market conditions, there can be no assurance that the investment objective of any of the Transferor Portfolios or Acquiring Portfolios will be achieved.

WORLDWIDE GROWTH TRUST AND GLOBAL EQUITY TRUST

Worldwide Growth Trust

The investment objective of the Worldwide Growth Trust is long-term growth of capital. The Worldwide Growth Trust seeks to attain this objective by investing, under normal circumstances, at least 65% of the portfolio's total assets in equity securities of growth companies in a variety of markets throughout the world.

The Worldwide Growth Trust will emphasize common stocks of both emerging and established growth companies that generally have proven performance records and strong market positions. The portfolio's holdings will usually consist of investments in companies in various countries throughout the world, but it will always invest at least 65% of its total assets in three or more countries. The portfolio will not invest more than 50% of its total assets in the securities of any one foreign country.

The Worldwide Growth Trust has the ability to purchase securities in any foreign country as well as in the United States. Foreign investments of the portfolio may include securities issued by companies located in countries not considered to be major industrialized nations. Such countries are subject to

more economic, political and business risk than major industrialized nations, and the securities they issue are expected to be more volatile and more uncertain as to payments of interest and principal. Investments of the portfolio may include securities created through the Brady Plan, a program under which heavily indebted countries have restructured their bank debt into bonds.

Since the Worldwide Growth Trust's assets will be invested primarily in foreign securities and since substantially all of the portfolio's revenues will be received in foreign currencies, the portfolio's net asset values will be affected by changes in currency exchange rates. The portfolio will pay dividends in dollars and will incur currency conversion costs.

The Worldwide Growth Trust may invest in convertible securities, preferred stocks, bonds, debentures, and other corporate obligations when the subadviser believes that these investments offer opportunities for capital appreciation. Current income will not be a substantial factor in the selection of these securities.

The portfolio will only invest in bonds, debentures, and corporate obligations -- other than convertible securities and preferred stocks -- rated investment grade (BBB or higher) at the time of purchase or, if unrated, of comparable quality in the opinion of the subadviser. Convertible securities and preferred stocks purchased by the portfolio may be rated in medium and lower categories by Moody's or Standard & Poor's (Ba or lower by Moody's and BB or lower by Standard & Poor's), but will not be rated lower than B. The portfolio may also invest in unrated convertible securities and preferred stocks in instances in which the subadviser believes that the financial condition of the issuer or the protection afforded by the terms of the securities limits risk to a level similar to that of securities eligible for purchase by the portfolio rated in categories no lower than B. At no time will the portfolio have more than 5% of its total assets invested in any fixed-income securities (excluding preferred stocks) which are unrated or are rated below investment grade either at the time of purchase or as a result of a reduction in rating after purchase. The portfolio is not required to dispose of debt securities whose ratings are downgraded below these ratings subsequent to the portfolio's purchase of the securities, unless such a disposition is necessary to reduce the portfolio's holdings of such securities to less than 5% of its total assets.

Up to 100% of the assets of the Worldwide Growth Trust may be invested temporarily in U.S. Government obligations, commercial paper, bank obligations, repurchase agreements, and negotiable U.S. dollar-denominated obligations of domestic and foreign branches of U.S. depository institutions, U.S. branches of foreign depository institutions, and foreign depository institutions, in cash, or in other cash equivalents, if the subadviser determines it to be appropriate for purposes of enhancing liquidity or preserving capital in light of

prevailing market or economic conditions. The portfolio may also acquire certificates of deposit and bankers' acceptances of banks which meet criteria established by the Trust's Trustees. While the portfolio is in a defensive position, the opportunity to achieve capital growth will be limited, and, to the extent that this assessment of market conditions is incorrect, the portfolio will be foregoing the opportunity to benefit from capital growth resulting from increases in the value of equity investments.

The Worldwide Growth Trust may invest in the securities of small and medium-sized companies. The subadviser considers small and medium-sized companies to be those which are still in the developing stages of their life cycles and are attempting to achieve rapid growth in both sales and earnings. Investments in small sized companies involve greater risk than is customarily associated with more established companies. For a description of these risks see "Additional Information on Investment Policies and Techniques and Risk Factors -- Small Company and Emerging Growth Securities."

The Worldwide Growth Trust will be subject to special risks as a result of its ability to invest up to 100% of its total assets in foreign securities. These risks are described under the caption "Additional Information on Investment Policies and Techniques and Risk Factors -- Foreign Securities." Moreover, substantial investments in foreign securities may have adverse tax implications as described under "Additional Information About the Trust -- Tax Matters."

The Worldwide Growth Trust is currently authorized to use all of the various investment strategies referred to as "Hedging and Other Strategic Transactions" under "Additional Information on Investment Policies and Techniques and Risk Factors." The Statement of Additional Information contains a description of these strategies and of certain risks associated therewith.

Global Equity Trust

The investment objective of the Global Equity Trust is long-term capital appreciation. The Global Equity Trust seeks to attain this objective by investing the portfolio's assets primarily in common and preferred stocks, convertible securities, rights and warrants to purchase common stocks, American and Global Depository Receipts and other equity securities of issuers throughout the world, including issuers located in the U.S. and emerging market countries.

Under normal circumstances, at least 65% of the value of the total assets of the Global Equity Trust will be invested in equity securities and at least 20% of the value of the portfolio's total assets will be invested in the common stocks of U.S. issuers. The portfolio may also invest in money market

instruments. Although the portfolio intends to invest primarily in securities listed on stock exchanges, it will also invest in equity securities that are traded over-the-counter or that are not admitted to listing on a stock exchange or dealt in on a regulated market. As a result of the absence of a public trading market, such securities may pose liquidity risks.

The subadviser's approach is oriented to individual stock selection and is value driven. In selecting stocks for the portfolio, the subadviser initially identifies those stocks that it believes to be undervalued in relation to the issuer's assets, cash flow, earnings and revenues, and then evaluates the future value of such stocks by running the results of an in-depth study of the issuer through a dividend discount model. In selecting investments, the subadviser utilizes the research of a number of sources, including an international affiliate of the subadviser. Portfolio holdings are regularly reviewed and subjected to fundamental analysis to determine whether they continue to conform to the subadviser's value criteria. Equity securities which no longer conform to such investment criteria will be sold. Although the portfolio will not invest for short-term trading purposes, investment securities may be sold from time to time without regard to the length of time they have been held.

The Global Equity Trust may engage in forward foreign currency exchanges and when-issued or delayed delivery securities.

The Global Equity Trust will be subject to special risks as a result of its ability to invest up to 100% of its total assets in foreign securities. These risks, including the risks of the possible increased likelihood of expropriation or the return to power of a communist regime which would institute policies to expropriate, nationalize or otherwise confiscate investments are described under the caption "Additional Information on Investment Policies and Techniques and Risk Factors -- Foreign Securities." Moreover, substantial investments in foreign securities may have adverse tax implications as described under "Additional Information About the Trust -- Tax Matters."

The Global Equity Trust is currently authorized to use all of the various investment strategies referred to as "Hedging and Other Strategic Transactions." The Statement of Additional Information contains a description of these strategies and of certain risks associated therewith.

Differences between the Worldwide Growth Trust and the Global Equity Trust

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WORLDWIDE GROWTH TRUST	GLOBAL EQUITY TRUST	COMMENT
<S>	<C>	<C>
Authorized to invest in any country, including the United States.	Authorized to invest in any country, including the United States; under normal circumstances, invests at least 20% of the value of the portfolio's total assets in the common stocks of U.S. issuers.	The Global Equity Trust will, under normal circumstances, have at least 20% of its portfolio invested in the United States, whereas the Worldwide Growth Trust is not required to maintain this level of investment. (Historically, however, the Worldwide Growth Trust has invested more than 20% of its assets in the United States.)
Emphasizes the common stocks of both emerging and established growth companies (i.e., growth investing).	Emphasizes common stocks of undervalued companies (i.e., value investing).	The Global Equity Trust seeks to invest in undervalued companies, whereas the Worldwide Growth Trust seeks to invest in growth companies.

</TABLE>

CAPITAL GROWTH BOND TRUST AND INVESTMENT QUALITY BOND TRUST

Capital Growth Bond Trust

The investment objective of the Capital Growth Bond Trust is to achieve growth of capital by investing debt securities of medium-grade or better debt securities, with income as a secondary consideration.

The Capital Growth Bond Trust differs from most "bond" funds in that its primary objective is capital appreciation, not income. Opportunities for capital appreciation will usually exist only when the levels of prevailing interest rates are falling. During periods when the subadviser expects interest rates to decline, the portfolio will invest primarily in intermediate-term and long-term corporate and government debt securities. However, during periods when the subadviser expects interest rates to rise or believes that market or economic conditions otherwise warrant such action, the portfolio may invest

substantially all its assets in short-term debt securities to preserve capital and maintain income. The portfolio may also maintain a portion of its assets temporarily in cash or short-term debt securities pending selection of particular long-term investments.

The Capital Growth Bond Trust will be carefully positioned in relation to the term of debt obligations and the anticipated movement of interest rates. It is contemplated that at least 75% of the value of the portfolio's total investment in corporate debt securities, excluding commercial paper, will be represented by debt securities which have, at the time of purchase, a rating within the four highest grades as determined by Moody's (Aaa, Aa, A or Baa), Standard & Poor's (AAA, AA, A or BBB), or Fitch's Investors Service ("Fitch's") (AAA, AA, A or BBB) and debt securities of banks and other issuers which, although not rated as a matter of policy by either Moody's, Standard & Poor's, or Fitch's, are considered by the subadviser to have investment quality comparable to securities receiving ratings within such four highest grades. Although the portfolio does not intend to acquire or hold debt securities of below investment-grade quality, shareholders should note that even bonds of the lowest categories of investment-grade quality may have speculative characteristics, and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher-grade bonds. It should be further noted that should an obligation in the portfolio drop below investment grade, the portfolio will make every effort to dispose of it promptly so long as to do so would not be detrimental to the portfolio.

Government obligations in which the Capital Growth Bond Trust may invest include those of foreign governments provided they are denominated in U.S. dollars. The portfolio may purchase securities on a forward-commitment, when-issued or delayed-delivery basis.

The Capital Growth Bond Trust may purchase corporate debt securities which carry certain equity features, such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer or participations based on revenues, sales, or profits. The portfolio will not exercise any such conversion, exchange or purchase rights if, at the time, the value of all equity interests so owned would exceed 10% of the value of the portfolio's total assets.

The Capital Growth Bond Trust will be subject to certain risks as a result of its ability to invest up to 100% of its total assets in the following types of foreign securities: (i) U.S. dollar denominated obligations of foreign branches of U.S. banks, (ii) securities represented by American Depository Receipts ("ADRs") listed on a national securities exchange or traded in the U.S. over-the-counter market, (iii) securities of a corporation organized in a jurisdiction

other than the U.S. and listed on the New York Stock Exchange or NASDAQ or (iv) securities denominated in U.S. dollars but issued by non U.S. issuers and issued under U.S. Federal securities regulations (for example, U.S. dollar denominated obligations issued or guaranteed as to principal or interest by the Government of Canada or any Canadian Crown agency). Moreover, substantial investments in foreign securities may have adverse tax implications.

The Capital Growth Bond Trust is currently authorized to use all of the investment strategies referred to as "Hedging and Other Strategic Transactions." However, it is not presently contemplated that any of these strategies will be used to a significant degree by the portfolio. The Statement of Additional Information contains a description of these strategies and of certain risks associated therewith.

Investment Quality Bond Trust

The investment objective of the Investment Quality Bond Trust is to provide a high level of current income consistent with the maintenance of principal and liquidity.

The Investment Quality Bond Trust seeks to achieve its objective by investing the portfolio's assets primarily in investment grade corporate bonds and U.S. Government bonds with intermediate to longer term maturities. Investment management will emphasize sector analysis, which focuses on relative value and yield spreads among security types and among quality, issuer, and industry sectors, call protection and credit research. Credit research on corporate bonds is based on both quantitative and qualitative criteria established by the subadviser, such as an issuer's industry, operating and financial profiles, business strategy, management quality, and projected financial and business conditions. The subadviser will attempt to maintain a highly steady and possibly growing income stream.

At least 65% of the Investment Quality Bond Trust's assets will be invested in:

(1) marketable debt securities of domestic issuers and foreign issuers (payable in U.S. dollars) rated at the time of purchase "A" or better by Moody's or Standard & Poor's (or, if unrated, of comparable quality as determined by the subadviser);

(2) securities issued or guaranteed as to principal or interest by the U.S. Government or its agencies or instrumentalities, including mortgage backed securities; and

(3) cash and certain cash equivalent securities.

The balance of the Investment Quality Bond Trust's investments may include: domestic and foreign debt securities rated below "A" by Moody's and Standard & Poor's (and unrated securities of comparable quality as determined by the subadviser), preferred stocks, convertible securities (including those issued in the Euromarket) and securities carrying warrants to purchase equity securities, privately placed debt securities, asset-backed securities and privately issued mortgage securities. At least 65% of the Investment Quality Bond Trust's assets will be invested in bonds and debentures.

In pursuing its investment objective, the Investment Quality Bond Trust may invest up to 20% of its assets in domestic and foreign high yield (high risk) corporate and government debt securities, commonly known as "junk bonds" (i.e., rated "Ba" or below by Moody's or "BB" or below by Standard & Poor's, or if unrated, of comparable quality as determined by the subadviser). No minimum rating standard is required for a purchase by the portfolio. Domestic and foreign high yield debt securities involve comparatively greater risks, including price volatility and risk of default in the payment of interest and principal, than higher-quality securities.

The Investment Quality Bond Trust may also invest in debt securities carrying the fourth highest quality rating ("Baa" by Moody's or "BBB" by Standard & Poor's) and unrated securities of comparable quality as determined by the subadviser. While such securities are considered investment grade quality and are deemed to have adequate capacity for payment of principal and interest, investments in such securities involve a higher degree of risk than that associated with investments in debt securities in the higher rating categories; such securities lack outstanding investment characteristics and in fact have speculative characteristics as well. For example, changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade bonds. While the Investment Quality Bond Trust may only invest up to 20% of its assets in bonds rated below "Baa" by Moody's or "BBB" by Standard & Poor's (or, if unrated, of comparable quality as determined by the subadviser), it is not required to dispose of bonds that may be downgraded after being purchased by the Investment Quality Bond Trust, even though such downgrade may cause the portfolio to exceed this 20% maximum.

The Investment Quality Bond Trust is currently authorized to use all of the various investment strategies referred to as "Hedging and Other Strategic Transactions." The Statement of Additional Information contains a description of these strategies and of certain risks associated therewith. The Investment Quality Bond Trust will be subject to certain risks as a result of its ability to invest up to 20% of its assets in foreign securities. These risks are described

under the caption "Additional Information on Investment Policies and Techniques and Risk Factors -- Foreign Securities" in this Prospectus. Moreover, substantial investments in foreign securities may have adverse tax implications as described under "Additional Information About the Trust -- Tax Matters."

Differences between the Capital Growth Bond Trust and the Investment Quality Bond Trust

<TABLE>

CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	COMMENT
Differs from most bond funds in that its primary investment objective is capital appreciation, not income.	Stated fundamental investment objective is to provide a high level of current income.	The Investment Quality Bond Trust seeks current income, not capital appreciation.
Stated fundamental investment objective is to achieve growth of capital by investing in medium-grade or better debt securities, with income as a secondary consideration.	Stated fundamental investment objective is to provide a high level of current income consistent with the maintenance of principal and liquidity.	Because the Investment Quality Bond Trust's investment approach is not contained in its objective, it is non- fundamental and can be changed by the Trust's Board without shareholder approval, unlike the investment approach of the Capital Growth Bond Trust.

CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	COMMENT
Does not invest in debt securities rated below BBB or unrated securities of similar quality.	Authorized to invest up to 35% of its total assets in debt securities rated below A, and may invest up to 20% of its assets in high yield (high risk) debt securities rated below investment grade (commonly known as "junk bonds") and unrated securities of similar quality. Historically, however, the Investment Quality Bond Trust has not invested more than 15% of its assets in high yield (high risk) debt securities.	The Investment Quality Bond Trust is subject to the additional risks associated with investing in lower rated securities.

ADDITIONAL INVESTMENT TRUST PORTFOLIOS. In addition to the Transferor Portfolios and the Acquiring Portfolios referred to above, the Trust currently offers the following thirty-two additional portfolios.

Pacific Rim Emerging Markets Trust
Science & Technology Trust
International Small Cap Trust
Emerging Small Company Trust (formerly, Emerging Growth Trust)
Pilgrim Baxter Growth Trust
Small/Midcap Trust
International Stock Trust
Small Company Value Trust
Equity Trust
Growth Trust
Quantitative Equity Trust
Equity Index Trust
Blue Chip Growth Trust
Real Estate Securities Trust

Value Trust
International Growth and Income Trust

Growth and Income Trust
Equity-Income Trust
Balanced Trust
Aggressive Asset Allocation Trust
High Yield Trust
Moderate Asset Allocation Trust
Conservative Asset Allocation Trust
Strategic Bond Trust
Global Government Bond Trust
U.S. Government Securities Trust
Money Market Trust
Lifestyle Aggressive 1000 Trust
Lifestyle Growth 820 Trust
Lifestyle Balanced 640 Trust
Lifestyle Moderate 460 Trust
Lifestyle Conservative 280 Trust

FEES AND EXPENSES. The tables which follow set forth the ratios of expenses to average net assets and expense examples for each of the Transferor Portfolios and the corresponding Acquiring Portfolios for the fiscal year ended December 31, 1998, and the pro forma expense ratios and expense examples for the shares of the corresponding Acquiring Portfolios as if the Reorganization had occurred at the commencement of the fiscal year ended December 31, 1998, based upon the fee arrangements that will be in place upon the consummation of the Reorganization. Therefore, the tables describe the fees and expenses a shareholder can expect to incur if the Reorganization is consummated.

ANNUAL FUND OPERATING EXPENSES
(AS A PERCENTAGE OF AVERAGE DAILY NET ASSETS)
FOR FISCAL YEAR ENDED DECEMBER 31, 1998

	WORLDWIDE GROWTH TRUST	GLOBAL EQUITY TRUST	PRO FORMA (UNAUDITED)
Advisory Fee.....................	1.00%	0.90%	0.90%
Other Expenses*..................	0.21%	0.11%	0.11%
Total Annual Operating Expenses.......................	1.21%	1.01%	1.01%

	CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	PRO FORMA (UNAUDITED)
Advisory Fee...............	0.65%	0.65%	0.65%
Other Expenses*............	0.07%	0.07%	0.07%
Total Annual Operating Expenses.................	0.72%	0.72%	0.72%

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* "Other Expenses" include custody fees, registration fees, legal fees, audit fees, trustees' fees, insurance fees and other miscellaneous expenses. Advisory fees are reduced or Manulife Securities reimburses the Trust if the total of all expenses (excluding advisory fees, taxes, portfolio brokerage commissions, interest, litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Trust's business) applicable to a portfolio exceeds a specified annual rate (e.g., .75% in the case of the Worldwide Growth Trust and the Global Equity Trust or .50% in the case of the Capital Growth Bond Trust and the Investment Quality Bond Trust). These expense limitations continue in effect from year to year unless terminated by Manulife Securities at any year end upon 30 days' notice to the Trust.

EXAMPLES: These Examples are intended to help you compare the cost of investing in the Transferor Portfolios with the cost of investing in other mutual fund portfolios. The Examples assume that you invest $10,000 in a particular portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year and that such portfolio's operating expense levels remain the same as set forth in the table above. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Worldwide Growth Trust and Global Equity Trust

	WORLDWIDE GROWTH TRUST (UNAUDITED)	GLOBAL EQUITY TRUST (UNAUDITED)	PRO FORMA (UNAUDITED)
1 Year.................	$ 123	$ 103	$ 103
3 Years................	$ 384	$ 322	$ 322
5 Years................	$ 665	$ 558	$ 558
10 Years...............	$1,466	$1,236	$1,236

Capital Growth Bond Trust and Investment Quality Bond Trust

	CAPITAL GROWTH BOND TRUST (UNAUDITED)	INVESTMENT QUALITY BOND TRUST (UNAUDITED)	PRO FORMA (UNAUDITED)
1 Year.................	$ 74	$ 74	$ 74
3 Years................	$ 230	$ 230	$ 230
5 Years................	$ 401	$ 401	$ 401
10 Years...............	$ 894	$ 894	$ 894

THE EXAMPLES ASSUME REINVESTMENT OF ALL DIVIDENDS AND DISTRIBUTIONS. THE EXAMPLES SET FORTH ABOVE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES OR ANNUAL RETURN OF SHARES OF AN ACQUIRING PORTFOLIO; ACTUAL EXPENSES AND ANNUAL RETURN MAY BE GREATER OR LESS THAN THOSE SHOWN. There can be no assurance that the foregoing pro forma expense ratios would have been the actual expense ratios for the corresponding Acquiring Portfolios had the Reorganization been consummated when assumed above, or that the foregoing pro forma expense ratios reflect the actual expense ratios that will be incurred by the corresponding Acquiring Portfolios indicated above if the Reorganization is consummated. The purpose of these tables is to assist investors in understanding the expenses an investor in each of the Transferor Portfolios and corresponding Acquiring Portfolios will bear. The variable contracts issued by Manulife North America, Manulife New York and Manufacturers America provide for charges not reflected in the above table.

The expense ratio of the Global Equity Trust is lower than that of the Worldwide Growth Trust, while the expense ratio of the Investment Quality Bond Trust is substantially the same as that of the Capital Growth Bond Trust.

The Board of Trustees of the Trust, including all of the Independent Trustees, has unanimously concluded that (i) the Reorganization is in the best interests of each Transferor Portfolio, as well as its shareholders and the contractholders whose contract values are invested in shares thereof; and (ii) the interests of existing shareholders of the Transferor Portfolios and contractholders would not be diluted as a result of the Reorganization. The Trust's Board has unanimously recommended to shareholders approval of the Reorganization. See "Information About the Reorganization -- Reasons for the Reorganization."

PURCHASE AND REDEMPTION. The purchase and redemption procedures with respect to the Transferor Portfolios are identical to those of the corresponding Acquiring Portfolios. Shares of the Trust are offered continuously, without sales charge, at prices equal to the respective net asset values of the portfolio being purchased. The Trust sells its shares directly without the use of

any underwriter. Shares of the Trust are sold and redeemed at their net asset value next computed after a purchase payment or redemption request is received by the shareholder from the contractholder or after any other purchase or redemption order is received by the Trust. Depending upon the net asset values at that time, the amount paid upon redemption may be more or less than the cost of the shares when they were purchased. Payment for shares redeemed will be made as soon as possible, but in any event within seven days after receipt of a request for redemption.

DIVIDENDS AND DISTRIBUTIONS. The dividends and distributions procedures with respect to the Transferor Portfolios are identical to those of the corresponding Acquiring Portfolios. The Trust intends to declare as dividends substantially all of the net investment income, if any, of each of the Acquiring Portfolios. For dividend purposes, net investment income of each of the Acquiring Portfolios, will consist of all payments of dividends (other than stock dividends) or interest received by such portfolio less the estimated expenses of such portfolio (including fees payable to Manulife Securities). Dividends from the net investment income and the net realized short-term and long-term capital gains, if any, for each Acquiring Portfolio, will be declared not less frequently than annually and reinvested in additional full and fractional shares of that Acquiring Portfolio or paid in cash.

FEDERAL INCOME TAX CONSEQUENCES. The Trust will have received an opinion from Simpson Thacher & Bartlett, counsel to the Trust in connection with the Reorganization, to the effect that, based upon certain facts, assumptions and representations, the Reorganization will constitute a tax-free reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code"). If the Reorganization constitutes a tax-free reorganization, no gain or loss will be recognized by the Transferor Portfolios or the Acquiring Portfolios or the shareholders of the Transferor Portfolios as a result of the Reorganization. See "Information About the Reorganization -- Federal Income Tax Consequences."

PRINCIPAL RISK FACTORS. The risks associated with an investment in an Acquiring Portfolio, in general, are those typically associated with investing in a managed portfolio of the specific types of instruments in which such Acquiring Portfolio invests. Both of the Acquiring Portfolios may invest to varying degrees in the securities of foreign issuers and the Investment Quality Bond Trust may invest in high yield (high risk) securities which entail certain additional risks. Further information relating to these and other risks associated with an investment in the Acquiring Portfolios is set forth below under "Additional Information on Investment Policies and Techniques and Risk Factors."

WORLDWIDE GROWTH TRUST AND GLOBAL EQUITY TRUST

Risks of investment in these portfolios relate primarily to fluctuations in stock prices and risks associated with foreign investing.

CAPITAL GROWTH BOND TRUST AND INVESTMENT QUALITY BOND TRUST

Risks of investment in these portfolios relate primarily to exposure to interest rate and credit risks with respect to fixed-income securities. Investment in the Investment Quality Bond Trust includes the additional risks associated with its ability to invest up to 20% of its assets in high yield (high risk) debt securities, commonly known as "junk bonds," including the greater risk of default by the issuers of such bonds, and its ability to invest up to 20% of its assets in foreign securities.

INFORMATION ABOUT THE REORGANIZATION

AGREEMENT AND PLAN OF REORGANIZATION. The following summary of the Plan is qualified in its entirety by reference to the form of the Plan attached to this Prospectus/Proxy Statement as Exhibit A. The Plan provides that each Acquiring Portfolio will acquire all of the assets, subject to all of the liabilities, of the corresponding Transferor Portfolio in exchange for shares of such Acquiring Portfolio. Subject to the satisfaction of the conditions described below, such acquisitions shall take place on April 30, 1999 (the "Exchange Date"), or such later date as may be agreed upon by the parties. The net asset value per share for each Acquiring Portfolio and each Transferor Portfolio will be determined by dividing each Acquiring Portfolio's assets, less liabilities, by the total number of its outstanding shares. Portfolio assets will be valued in accordance with the valuation practices of the Acquiring Portfolios. See "General Information -- Shares of the Trust" in the Prospectus.

The number of full and fractional shares of an Acquiring Portfolio received by a shareholder of the corresponding Transferor Portfolio will be equal in value to the value of that shareholder's shares of the corresponding Transferor Portfolio as of the close of regularly scheduled trading on the New York Stock Exchange on the Exchange Date of the Reorganization. As promptly as practicable after the Exchange Date, each Transferor Portfolio will liquidate and distribute pro rata to its shareholders of record as of the close of regularly scheduled trading on the New York Stock Exchange on the Exchange Date the shares of the corresponding Acquiring Portfolio received by that Transferor Portfolio in the Reorganization. Such liquidation and distribution will be accomplished by the establishment of accounts on the share records of the Acquiring Portfolios in the names of the shareholders of the corresponding Transferor Portfolio, each account representing the respec-

tive pro rata number of shares of such Acquiring Portfolio due the shareholder. After such distribution, the Trust shall take all necessary steps under Massachusetts law, the Trust's Declaration of Trust and any other applicable law to effect a complete dissolution of each Transferor Portfolio.

The Board has determined, with respect to the Transferor Portfolios and the Acquiring Portfolios, that the interests of shareholders and of contractholders whose contract values are invested in shares of such portfolios will not be diluted as a result of the Reorganization and that participation in the Reorganization is in the best interests of such portfolios and such shareholders and contractholders.

Certain of the existing investment limitations of the Transferor Portfolios that require shareholder approval for amendment prohibit each Transferor Portfolio from engaging in activities such as investing more than a stated percentage of its assets in an issuer's securities. By approving the Plan, the shareholders of the Transferor Portfolios will be deemed to have agreed to waive any such limitations solely insofar as they might be deemed to apply to the Reorganization.

The consummation of the Reorganization is subject to the conditions set forth in the Plan, including that the holders of at least a majority of the outstanding voting securities of each Transferor Portfolio entitled to vote approve the Reorganization and that the Commission grant exemptive relief from certain provisions of the 1940 Act that otherwise would preclude consummation of the Reorganization. As used in this Prospectus/Proxy Statement, a "majority of the outstanding voting securities" means the affirmative vote of the lesser of (1) 67% or more of the voting securities of a portfolio present at the Meeting, if the holders of more than 50% of the outstanding voting securities of such portfolio are present or represented by proxy or (2) more than 50% of the outstanding voting securities of the portfolio. On November 13, 1998, the Trust filed an Application with the Commission requesting exemption from certain provisions of the 1940 Act as they relate to the proposed Reorganization. Manulife, Manufacturers Securities, Manulife North America, Manulife New York, Manufacturers America, Manufacturers U.S.A. and Manufacturers Adviser Corporation also are parties to the Application. Copies of the Application may be obtained from the Commission in the manner explained below. See "Additional Information About the Trust." In addition, the proposal to approve the Plan will not be submitted to shareholders of the Transferor Portfolios, and the Special Meeting of Shareholders therefore will not be held, until such time as the Commission has granted the exemptive relief referred to in the preceding sentence. There can be no assurance that the Commission will grant such

exemptive relief or that it will be granted in time for the Special Meeting of Shareholders to be held on April 27, 1999, as scheduled.

The Plan may be terminated and the Reorganization abandoned at any time prior to the Effective Time of the Reorganization, before or after approval by the shareholders of the Transferor Portfolios, by either the Transferor Portfolios or the Acquiring Portfolios if (i) any material condition or covenant set forth in the Plan has not been fulfilled or waived by the party entitled to its benefits, or (ii) there has been a material breach or default by the other party or (iii) the Board determines that proceeding with the Reorganization is not in the best interests of the Transferor Portfolios or the Acquiring Portfolios, respectively, or their respective shareholders or contractholders. The Plan provides that either party may waive compliance with any of the covenants or conditions made therein for its benefit, except for certain conditions regarding the receipt of regulatory approvals.

The expenses of the Reorganization (other than registration fees payable for the registration of shares of the Acquiring Portfolios in connection with the Reorganization, which will be payable by such Acquiring Portfolios), including the cost of a proxy soliciting agent that has been retained will be borne by the Transferor Portfolios and the Acquiring Portfolios. See "Voting Information."

Approval of the Plan will require a majority of the outstanding voting securities of each Transferor Portfolio. See "Voting Information." If the

Reorganization is not approved by the shareholders of each Transferor Portfolio or is not consummated for any other reason, the Board will consider other possible courses of action. See "Voting Information." THE BOARD HAS UNANIMOUSLY RECOMMENDED APPROVAL OF THE PLAN.

Shareholders of each Transferor Portfolio will receive shares of the corresponding Acquiring Portfolio in accordance with the procedures provided for in the Plan as described above. Each such share will be fully paid and nonassessable when issued (except as noted under "Summary -- Proposed Transaction") and transferable without restrictions and will have no preemptive or conversion rights.

DESCRIPTION OF THE SECURITIES TO BE ISSUED. The Trust has an unlimited number of authorized shares of beneficial interest, par value $0.01 per share. These authorized shares may be divided into series and classes thereof. The Declaration of Trust authorizes the Board to issue shares in different series. In addition, the Declaration of Trust authorizes the Board to create new series and to name the rights and preferences of the shareholders of each of the series. The Board does not need additional shareholder action to divide the shares into separate series or to name the shareholders' rights and preferences.

Each Transferor Portfolio and Acquiring Portfolio is a series of the Trust. Currently, none of the Trust series issues multiple classes of shares, although they may do so in the future. Each share of each series represents an equal proportionate interest in that series with each other share of that series. The shares of each series of the Trust participate equally in the earnings, dividends and assets of the particular series. Fractional shares have proportionate fractional rights to full shares. Expenses of the Trust which are not attributable to a specific series are allocated to all series of the Trust in a fair and equal manner, as determined by management of the Trust. Generally, shares of each series will vote separately. Shares of all series will vote together when the 1940 Act requires it, for example, to elect the Trustees or to select independent accountants. The Trust is not required to hold shareholder meetings annually, although shareholder meetings may be called from time to time. There are no conversion or preemptive rights in connection with shares of the Trust.

REASONS FOR THE REORGANIZATION. The principal purpose of the Reorganization is to provide a means by which shareholders of each of the Transferor Portfolios, in combination with the corresponding Acquiring Portfolios, can pursue substantially similar investment objectives and policies in the context of a larger fund with better investment performance and potentially greater economies of scale.

In determining whether to approve the Reorganization and recommend its approval to shareholders, the Board (including the Independent Trustees (with the advice and assistance of independent legal counsel), made an inquiry into a number of matters and considered the following factors, among others: (1) expense ratios and available information regarding the fees and expenses of each Transferor Portfolio and each corresponding Acquiring Portfolio (historical and pro forma), as well as of similar funds; (2) the compatibility of the investment objective, policies and restrictions of each Transferor Portfolio and each corresponding Acquiring Portfolio; (3) the advantages to each Transferor Portfolio of investing in larger asset pools with potentially greater diversification; (4) the historical performance of each Transferor Portfolio and each Acquiring Portfolio; (5) the investment experience, expertise and resources of each subadviser to the Transferor Portfolios and the Acquiring Portfolios; (6) the terms and conditions of the Reorganization and whether the Reorganization would result in dilution of shareholder or contractholder interests; (7) any direct and indirect costs to be incurred by each Transferor Portfolio and each corresponding Acquiring Portfolio as a result of the Reorganization; (8) the tax consequences of the Reorganization; and (9) possible alternatives to the Reorganization.

In reaching the decision to recommend approval of the Reorganization, the Board concluded that the participation of each Transferor Portfolio and each corresponding Acquiring Portfolio in the Reorganization is in the best interests of each Transferor Portfolio and each corresponding Acquiring Portfolio, as well as the best interests of shareholders and the contractholders whose contract values are invested in shares of the Transferor Portfolios and the Acquiring Portfolios, and that the interests of existing shareholders and contractholders will not be diluted as a result of this transaction. Their conclusion was based on a number of factors, including the following:

1. The expense ratios of the Acquiring Portfolios are comparable or lower

than those of the corresponding Transferor Portfolios.

2. The Reorganization will permit shareholders of each Transferor Portfolio to pursue similar investment goals in the context of a larger fund immediately following consummation of the Reorganization. It is anticipated that the combined Transferor and Acquiring Portfolios will experience more rapid asset growth in the future than would have been the case for the Transferor Portfolios standing alone. Such larger funds should enhance the ability of portfolio managers to effect portfolio transactions on more favorable terms and give portfolio managers greater investment flexibility and the ability to select a larger number of portfolio securities, with the attendant benefits of increased diversification.

3. (a) The one year annualized return as of December 31, 1998 of the Global Equity Trust exceeded that of the Worldwide Growth Trust. The historical performance of these portfolios could not be compared meaningfully for any longer period, as the inception date for the Worldwide Growth Trust was January 1, 1997.

   (b) While the ten year annualized return as of December 31, 1998 of the Capital Growth Bond Trust exceeded that of the Investment Quality Bond Trust, the one year annualized return and the five year annualized return as of December 31, 1998 of the Investment Quality Bond Trust exceeded that of the Capital Growth Bond Trust.

FEDERAL INCOME TAX CONSEQUENCES. As a condition to the consummation of the Reorganization, the Transferor Portfolios and the Acquiring Portfolios will have received an opinion from Simpson Thacher & Bartlett to the effect that, based on the facts and assumptions stated therein, for federal income tax purposes: (1) the Reorganization will constitute a reorganization within the meaning of Section 368(a)(1) of the Code with respect to each Transferor Portfolio and its corresponding Acquiring Portfolio; (2) no gain or loss will be recognized by any of the Transferor Portfolios or the corresponding Acquiring

Portfolios upon the transfer of all of the assets and liabilities, if any, of each Transferor Portfolio to its corresponding Acquiring Portfolio solely in exchange for shares of the Acquiring Portfolio or upon the distribution of the shares of the Acquiring Portfolio to the holders of shares of the Transferor Portfolio solely in exchange for all of their shares of the Transferor Portfolio; (3) no gain or loss will be recognized by shareholders of any of the Transferor Portfolios upon the exchange of such Transferor Portfolio's shares solely for shares of the corresponding Acquiring Portfolio; (4) the holding period and tax basis of the shares of each Acquiring Portfolio received by each holder of shares of the corresponding Transferor Portfolio pursuant to the Reorganization will be the same as the holding period and tax basis of the shares of the Transferor Portfolio held by the shareholder (provided the shares of the Transferor Portfolios were held as a capital asset on the date of the Reorganization) immediately prior to the Reorganization; and (5) the holding period and tax basis of the assets of each of the Transferor Portfolios acquired by its corresponding Acquiring Portfolio will be the same as the holding period and tax basis of those assets to each of the Transferor Portfolios immediately prior to the Reorganization.

CAPITALIZATION. The following tables show the capitalization of each Transferor Portfolio and the corresponding Acquiring Portfolio as of December 31, 1998, and on a pro forma combined basis as of that date for the Reorganization giving effect to the proposed acquisition of assets at net asset value.

<TABLE>
<CAPTION>

	WORLDWIDE GROWTH TRUST	GLOBAL EQUITY TRUST	PRO FORMA FOR REORGANIZATION
DECEMBER 31, 1998			
Net Assets.............	$40,705,902	$928,563,621	$ 969,269,523
Net Asset Value Per Share................	$ 15.15	$ 20.38	$ 20.38
Shares Outstanding.....	2,687,308	45,570,323	47,567,669

</TABLE>

<TABLE>
<CAPTION>

	CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	PRO FORMA FOR REORGANIZATION

DECEMBER 31, 1998			
Net Assets.............	$65,111,946	$312,110,744	$ 377,222,690
Net Asset Value Per Share................	$ 12.09	$ 12.46	$ 12.46
Shares Outstanding.....	5,386,315	25,049,137	30,274,815

VOTING INFORMATION

Proxies from the shareholders of each Transferor Portfolio are being solicited by the Board for the Special Meeting of Shareholders to be held on April 27, 1999 at 73 Tremont Street, Boston, Massachusetts 02108, at 10:00 a.m., Eastern Standard Time, or at such later time as necessary by adjournment. All valid proxies will be voted in accordance with the specification thereon, or in the absence of specification, for approval of the Plan. Approval of the Plan will require a majority of the outstanding voting securities of each Transferor Portfolios.

Voting instructions may be revoked at any time prior to the voting of the shares represented thereby by: (i) mailing written instructions addressed to the Secretary of the Trust at 116 Huntington Avenue, Boston, Massachusetts 02116 or (ii) signing and returning a new voting instructions form, in each case if received by the Trust by April 26, 1999. ALL PROPERLY EXECUTED VOTING INSTRUCTIONS RECEIVED BY APRIL 26, 1999 WILL BE VOTED AS SPECIFIED IN THE VOTING INSTRUCTIONS, OR, IF NO SPECIFICATION IS MADE, IN FAVOR OF THE PROPOSALS REFERRED TO IN THIS PROSPECTUS/PROXY STATEMENT.

In the event the necessary quorum to transact business or the vote required to approve a Proposal is not obtained at the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting in accordance with applicable law, to permit further solicitation of proxies. Any such adjournment as to a matter will require the affirmative vote of the holders of a majority of the Trust's shares present in person or by proxy at the Meeting and entitled to vote thereon. The persons named as proxies will vote in favor of such adjournment those proxies which they are entitled to vote in favor of the Proposals and will vote against any such adjournment those proxies to be voted against the Proposals.

Abstentions are counted as shares eligible to vote at the Meeting in determining whether a quorum is present, but do not count as votes cast with respect to the Reorganization proposal. Under the 1940 Act, the affirmative vote necessary to approve a matter under consideration may be determined with reference to a percentage of votes present at the Meeting, which would have the effect of treating abstentions as if they were votes against the Reorganization proposal.

The cost of the preparation and distribution of these proxy materials will be borne by the Transferor Portfolios and the Acquiring Portfolios. In addition to the solicitation of proxies by the use of the mails, proxies may be solicited by officers and employees of the Trust, or of its agents or affiliates, personally or by telephone. Brokerage houses, banks and other fiduciaries may be requested to forward soliciting materials to their principals and to obtain

authorization for the execution of proxies. For those services, they will be reimbursed by the Transferor Portfolios and the Acquiring Portfolios for their out-of-pocket expenses.

Under the Plan, shareholders of each Transferor Portfolio will receive shares of the corresponding Acquiring Portfolio, as described above, with an aggregate net asset value equal to the value of the shareholder's investment in each Transferor Portfolio at the effective time of the transaction. This method of valuation is also consistent with interpretations of Rule 22c-1 under the 1940 Act by the Commission's Division of Investment Management. Any shareholder of a Transferor Portfolio may redeem shares at the then-current net asset value prior to the Exchange Date.

Shareholders of the Transferor Portfolios of record at the close of business on February 28, 1999 (the "Record Date") will be entitled to vote at the Meeting or any adjournment of the Meeting. The holders of 30% of the shares outstanding of each such Transferor Portfolio at the close of business on that date present in person or represented by proxy will constitute a quorum for the Meeting; however, as noted above under "Information About the Reorganization -- Agreement and Plan of Reorganization," a majority of the outstanding voting securities of each Transferor Portfolio at the close of business on that date is required to approve the Reorganization. Shareholders are entitled to one vote for each share held and fractional votes for fractional shares held. Shares of the Transferor Portfolios are sold only to Manulife North America, Manulife New York, Manufacturers America and Manufacturers U.S.A. and to the separate accounts of these insurance companies mentioned earlier. Although, as of the Record Date, Manulife North America, Manulife New York, Manufacturers America and Manufacturers U.S.A. legally owned all of the shares of the Transferor Portfolios, the companies will vote all shares of the Transferor Portfolios issued to such companies in proportion to the timely instructions received from owners of the contracts participating in the separate accounts described above which are registered under the 1940 Act.

As of the Record Date, the number of votes eligible to be cast at the Meeting with respect to each Transferor Portfolio is as follows:

PORTFOLIO	NUMBER OF ELIGIBLE VOTES*	VOTES HELD BY MANULIFE NORTH AMERICA	VOTES HELD BY MANULIFE NEW YORK	VOTES HELD BY MANUFACTURERS AMERICA	VOTES HELD BY MANUFACTURERS U.S.A.
Worldwide Growth Trust	2,615,332	2,325,091	165,607	124,634	--
Capital Growth Bond Trust	5,371,413	939,991	71,069	4,358,270	2,083

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* Represents number of shares issued and outstanding as of February 28, 1999.

Trustees and officers of the Trust, in the aggregate, own, or have the right to provide voting instructions for, less than 1% of each portfolio's outstanding shares.

As of February 28, 1999, (i) Manulife North America and Manulife New York owned 88.9% and 6.3% of the Worldwide Growth Trust's shares, respectively, and (ii) Manulife North America and Manufacturers America owned 17.5% and 81.2% of the Capital Growth Bond Trust's shares, respectively.

The votes of the shareholders of the Acquiring Portfolios are not being solicited to approve the Reorganization, since their approval or consent is not required with respect to the Reorganization.

The Plan was approved for the Transferor Portfolios and the Acquiring Portfolios by unanimous vote of the Board, including in each case all of the Trustees then serving who were not interested persons of the Trust (other than in their capacity as Trustees of the Trust).

ADDITIONAL INFORMATION ON INVESTMENT POLICIES AND TECHNIQUES AND RISK FACTORS

INVESTMENT RESTRICTIONS GENERALLY. The Trust is subject to a number of restrictions in pursuing its investment objectives and policies. The following is a brief summary of certain restrictions that may be of interest to contractholders. Some of these restrictions are subject to exceptions not stated here. Such exceptions and a complete list of the investment restrictions applicable to the individual portfolios and to the Trust are set forth in the

Statement of Additional Information under the caption "Investment Restrictions." Except for the restrictions specifically identified as fundamental, all investment restrictions described in this Prospectus/Proxy Statement and in the Statement of Additional Information are not fundamental, so that the Board may change them without shareholder approval. Fundamental policies may not be changed without the affirmative vote of a majority of the outstanding voting securities of a portfolio.

INDUSTRY CONCENTRATION. As a matter of fundamental policy, each Acquiring Portfolio and Transferor Portfolio is prohibited from investing more than 25% of its total assets in the securities of issuers having their principal activities in any particular industry (with exceptions for U.S. Government securities and certain other obligations).

BORROWING. As a matter of fundamental policy, each Acquiring Portfolio and Transferor Portfolio is prohibited from borrowing money, except for temporary or emergency purposes (but not for leveraging) and then not in excess of 33 1/3% of the value of the total assets of the portfolio at the time the borrowing is made. In addition, each Acquiring Portfolio and Transferor Portfolio may borrow in connection with reverse repurchase agreements, mortgage dollar rolls and other similar transactions. Reverse repurchase agreements and mortgage dollar rolls may be considered a form of borrowing and will be treated as a borrowing for purposes of the restriction on borrowing in excess of 33 1/3% of the value of the total assets of a portfolio. A portfolio will not purchase securities while borrowings (other than reverse repurchase agreements, mortgage dollar rolls and similar transactions) exceed 5% of total assets.

ISSUER DIVERSIFICATION. As a matter of fundamental policy, each Acquiring Portfolio and Transferor Portfolio is prohibited from purchasing securities of any issuer if the purchase would cause more than 5% of the value of a portfolio's total assets to be invested in the securities of any one issuer (excluding U.S. Government securities) or cause more than 10% of the voting securities of the issuer to be held by a portfolio, except that up to 25% of the value of each Acquiring Portfolio or Transferor Portfolio's total assets may be invested without regard to this restriction.

INVESTMENTS IN REAL ESTATE-RELATED SECURITIES. As a matter of fundamental policy, each Acquiring Portfolio and Transferor Portfolio may not purchase or sell real estate, except that each Acquiring Portfolio and Transferor Portfolio may invest in mortgages and mortgage backed securities and securities issued by companies which invest in real estate or interests therein.

INVESTMENTS IN COMMODITIES. As a matter of fundamental policy, each Acquiring Portfolio and Transferor Portfolio may not purchase or sell com-

modities or commodity contracts except that each Acquiring Portfolio and Transferor Portfolio may purchase and sell futures contracts on financial instruments and indices and options on such futures contract and futures contracts on foreign currencies and options on such futures contracts.

INVESTMENTS IN ILLIQUID SECURITIES. Restrictions that apply to the Acquiring Portfolios and the Transferor Portfolios and that are not fundamental include prohibitions on knowingly investing more than 15% of the net assets of any portfolio in "illiquid" securities (including repurchase agreements maturing in more than seven days but excluding master demand notes).

PLEDGING ASSETS. Restrictions that apply to the Acquiring Portfolios and the Transferor Portfolios and that are not fundamental include prohibitions on pledging, hypothecating, mortgaging or transferring more than 10% of the total assets of any portfolio as security for indebtedness (except that the applicable percent is 15% in the case of the Worldwide Growth Trust).

INVESTMENTS IN OTHER FUNDS. Restrictions that apply to the Acquiring Portfolios and the Transferor Portfolios and that are not fundamental include prohibitions on purchasing securities of other investment companies, other than in connection with a merger, consolidation or reorganization, if the purchase would cause more than 10% of the value of a portfolio's total assets to be invested in investment company securities.

HIGH YIELD (HIGH RISK) SECURITIES.

GENERAL

The Investment Quality Bond Trust, unlike the Capital Growth Bond Trust, may invest up to 20% of its assets in "high yield" (high risk) securities. Securities rated below investment grade and comparable unrated securities offer yields that fluctuate over time, but generally are superior to the yields offered by higher rated securities. However, securities rated below investment grade also involve greater risks than higher rated securities. Under rating agency guidelines, medium- and lower-rated securities and comparable unrated securities will likely have some quality and protective characteristics that are outweighed by large uncertainties or major risk exposures to adverse conditions. Certain of the debt securities in which the Investment Quality Bond Trust may invest may have, or be considered comparable to securities having, the lowest ratings for non-subordinated debt instruments assigned by Moody's or Standard & Poor's (i.e., rated Caa or lower by Moody's or CCC or lower by Standard & Poor's). These securities are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse

business, financial or economic conditions, and/or to be in default or not current in the payment of interest or principal. Such securities are considered speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Accordingly, it is possible that these types of factors could, in certain instances, reduce the value of securities held by the Investment Quality Bond Trust with a commensurate effect on the value of the Investment Quality Bond Trust's shares.

Because the Investment Quality Bond Trust will invest primarily in fixed-income securities, the net asset value of its shares can be expected to change as general levels of interest rates fluctuate, although the market values of securities rated below investment grade and comparable unrated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities. Except to the extent that values are affected independently by other factors such as developments relating to a specific issuer, when interest rates decline, the value of a fixed-income portfolio can generally be expected to rise. Conversely, when interest rates rise, the value of a fixed-income portfolio can generally be expected to decline.

CORPORATE DEBT SECURITIES

While the market values of securities rated below investment grade and comparable unrated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities, the market values of certain of these securities also tend to be more sensitive to individual corporate developments and changes in economic conditions than higher-rated securities. In addition, such securities generally present a higher degree of credit risk. Issuers of these securities are often highly leveraged and may not have more traditional methods of financing available to them, so that their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. The risk of loss due to default by such issuers is significantly greater than with investment grade securities because such securities generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness.

FOREIGN SOVEREIGN DEBT SECURITIES

Investing in foreign sovereign debt securities will expose the Investment Quality Bond Trust, unlike the Capital Growth Bond Trust, to the direct or indirect consequences of political, social or economic changes in the developing and emerging countries that issue the securities. The ability and willingness of sovereign obligors in developing and emerging countries or the governmental authorities that control repayment of their external debt to pay principal and interest on such debt when due may depend on general

economic and political conditions within the relevant country. Countries such as those in which the Investment Quality Bond Trust may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty or instability. Additional factors which may influence the ability or willingness to service debt include, but are not limited to, a country's cash flow situation, the availability of sufficient foreign exchange on the date a payment is due, the relative size of its debt service burden to the economy as a whole, and its government's policy towards the International Monetary Fund, the World Bank and other international agencies.

The ability of a foreign sovereign obligor to make timely payments on its external debt obligations will also be strongly influenced by the obligor's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of these commodities or imports. To the extent that a country receives payment for its exports in currencies other than dollars, its ability to make debt payments denominated in dollars could be adversely affected. If a foreign sovereign obligor cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks, and multilateral organizations, and inflows of foreign investment. The commitment on the part of these foreign governments, multilateral organizations and others to make such disbursements may be conditioned on the government's implementation of economic reforms and/or economic performance and the timely service of its obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds, which may further impair the obligor's ability or willingness to timely service its debts. The cost of servicing external debt will also generally be adversely affected by rising international interest rates, because many external debt obligations bear interest at rates which are adjusted based upon international interest rates. The ability to service external debt will also depend on the level of the relevant government's international currency reserves and its access to foreign exchange. Currency devaluations may affect the ability of a sovereign obligor to obtain sufficient foreign exchange to service its external debt.

As a result of the foregoing, a governmental obligor may default on its obligations. If such an event occurs, the Investment Quality Bond Trust may have limited legal recourse against the issuer and/or guarantor. Remedies

must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign sovereign debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial bank debt will not contest payments to the holders of other foreign sovereign debt obligations in the event of default under their commercial bank loan agreements.

Sovereign obligors in developing and emerging countries are among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. These obligors have in the past experienced substantial difficulties in servicing their external debt obligations, which led to defaults on certain obligations and the restructuring of certain indebtedness. Restructuring arrangements have included, among other things, reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements or converting outstanding principal and unpaid interest to Brady Bonds, and obtaining new credit to finance interest payments. Holders of certain foreign sovereign debt securities may be requested to participate in the restructuring of such obligations and to extend further loans to their issuers. There can be no assurance that the Brady Bonds and other foreign sovereign debt securities in which the Investment Quality Bond Trust may invest will not be subject to similar restructuring arrangements or to requests for new credit which may adversely affect its holdings. Furthermore, certain participants in the secondary market for such debt may be directly involved in negotiating the terms of these arrangements and may therefore have access to information not available to other market participants.

FOREIGN SECURITIES. Each of the Acquiring Portfolios and the Transferor Portfolios, to the extent stated above under the description of such portfolios, may invest in securities of foreign issuers. Such foreign securities may be denominated in foreign currencies. The Global Equity Trust may, without limitation, invest up to 100% of its assets in securities issued by foreign entities and/or denominated in foreign currencies.

Securities of foreign issuers include obligations of foreign branches of U.S. banks and of foreign banks, common and preferred stocks, debt securities issued by foreign governments, corporations and supranational organizations, and American Depository Receipts, European Depository Receipts and Global Depository Receipts ("ADRs," "EDRs" and "GDRs"). ADRs are U.S. dollar-denominated securities backed by foreign securities deposited in a U.S. securities depository. ADRs are created for trading in the U.S. markets. The value of an ADR will fluctuate with the value of the underlying security, reflect any changes in exchange rates and otherwise involve risks associated with investing in foreign securities. ADRs in which the Acquiring Portfolios

and Transferor Portfolios may invest may be sponsored or unsponsored. There may be less information available about foreign issuers of unsponsored ADRs.

Securities of foreign issuers also include EDRs and GDRs, which are receipts evidencing an arrangement with a non-U.S. bank similar to that for ADRs and are designed for use in non-U.S. securities markets. EDRs and GDRs are not necessarily quoted in the same currency as the underlying security.

Foreign securities may be subject to foreign government taxes which reduce their attractiveness. See "Additional Information About the Trust -- Tax Matters." In addition, investing in securities denominated in foreign currencies and in the securities of foreign issuers, particularly non-governmental issuers, involves risks which are not ordinarily associated with investing in domestic issuers. These risks include political or economic instability in the country involved and the possibility of imposition of currency controls. Since the Acquiring Portfolios and the Transferor Portfolios may invest in securities denominated or quoted in currencies other than the United States dollar, changes in foreign currency exchange rates may affect the value of investments in the Acquiring Portfolios and the Transferor Portfolios and the unrealized appreciation or depreciation of investments insofar as United States investors are concerned. Foreign currency exchange rates are determined by forces of supply and demand on the foreign exchange markets. These forces are, in turn, affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Acquiring Portfolios and the Transferor Portfolios may incur transaction charges in exchanging foreign currencies.

There may be less publicly available information about a foreign issuer than about a domestic issuer. Foreign issuers, including foreign branches of U.S. banks, are subject to different accounting and reporting requirements which are generally less extensive than the requirements applicable to domestic issuers. Foreign stock markets (other than Japan) have substantially less volume than the United States exchanges and securities of foreign issuers are generally less liquid and more volatile than those of comparable domestic issuers. There is frequently less governmental regulation of exchanges, broker-dealers and issuers than in the United States, and brokerage costs may be higher. In addition, investments in foreign companies may be subject to the possibility of nationalization, withholding of dividends at the source, expropriation or confiscatory taxation, currency blockage, political or economic instability or diplomatic developments that could adversely affect the value of those investments. Finally, in the event of a default on any foreign obligation, it may be difficult for the Trust to obtain or to enforce a judgment against the issuer.

Foreign markets, especially emerging markets, may have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of a portfolio is uninvested and no return is earned thereon. The inability of a portfolio to make intended security purchases due to settlement problems could cause the portfolio to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result in losses to a portfolio due to subsequent declines in values of the portfolio securities or, if the portfolio has entered into a contract to sell the security, possible liability to the purchaser. Certain foreign markets, especially emerging markets, may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. A portfolio could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the portfolio of any restrictions on investments.

In addition to the foreign securities listed above, the Worldwide Growth Trust and the Investment Quality Bond Trust may also invest in foreign sovereign debt securities, which involve certain additional risks. See "Additional Information on Investment Policies and Techniques and Risk Factors," and High Yield (High Risk) Securities -- Foreign Sovereign Debt Securities" above.

SMALL COMPANY AND EMERGING GROWTH SECURITIES. The Worldwide Growth Trust may invest in small-sized and emerging growth companies (collectively, "small-sized companies"). Investing in securities of small-sized companies may involve greater risks since these securities may have limited marketability and, thus, may be more volatile. Because small-sized companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy or sell significant amounts of such shares without an unfavorable impact on prevailing prices. In addition, small-sized companies are typically subject to a greater degree of changes in earnings and business prospects than are larger, more established companies. There is typically less publicly available information concerning small-sized companies than for larger, more established companies. Companies with small market capitalizations may also be dependent upon a single proprietary product or market niche, may have limited product lines, markets or financial resources, or may depend on a limited management group. Although investing in securities of small-sized companies offers potential for above-average returns if the companies are successful, the risk exists that the companies will not succeed and the prices of the companies' shares could significantly decline in value. Therefore, an investment in a portfolio that invests in small-sized company securities may

involve a greater degree of risk than an investment in other mutual funds that seek capital appreciation by investing in better-known, larger companies.

WARRANTS. Subject to certain restrictions, each of the Acquiring Portfolios and the Transferor Portfolios may purchase warrants, including warrants traded independently of the underlying securities. Warrants are rights to purchase securities at specific prices valid for a specific period of time. Their prices do not necessarily move parallel to the prices of the underlying securities, and warrant holders receive no dividends and have no voting rights or rights with respect to the assets of an issuer. Warrants cease to have value if not exercised prior to the expiration date.

LENDING SECURITIES. Each Acquiring Portfolio and Transferor Portfolio may lend its securities so long as such loans do not represent in excess of 33 1/3% of a portfolio's total assets. This is a fundamental policy. The procedure for lending securities is for the borrower to give the lending portfolio collateral consisting of cash, cash equivalents or securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The lending portfolio may invest the cash collateral and earn additional income or receive an agreed upon fee from a borrower which has delivered cash equivalent collateral. The Trust anticipates that its securities will be loaned only under the following conditions: (1) the borrower must furnish collateral equal at all times to the market value of the securities loaned and the borrower must agree to increase the collateral on a daily basis if the securities increase in value; (2) the loan will be made in accordance with New York Stock Exchange rules, which presently require the borrower, after notice, to redeliver the securities within five business days; and (3) the portfolio making the loan may pay reasonable service, placement, custodian or other fees in connection with loans of securities and share a portion of the interest from these investments with the borrower of the securities. As with other extensions of credit there are risks of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially.

WHEN-ISSUED SECURITIES ("FORWARD COMMITMENTS"). In order to help ensure the availability of suitable securities, each of the Acquiring Portfolios and the Transferor Portfolios may purchase debt securities on a "when-issued" or on a "forward delivery" basis, which means that the obligations will be delivered to the portfolio at a future date, which may be a month or more after the date of commitment (referred to as "forward commitments"). It is expected that, under normal circumstances, a portfolio purchasing securities on a when-issued or forward delivery basis will take delivery of the securities, but the portfolio may sell the securities before the settlement date, if such action is deemed advisable. In general, a portfolio does not pay for the securities or start earning interest on them until the obligations are scheduled

to be settled, but it does, in the meantime, record the transaction and reflect the value each day of the securities in determining its net asset value. At the time delivery is made, the value of when-issued or forward delivery securities may be more or less than the transaction price, and the yields then available in the market may be higher than those obtained in the transaction. While awaiting delivery of the obligations purchased on such bases, a portfolio will establish a segregated account consisting of cash or high quality debt securities equal to the amount of the commitments to purchase when-issued or forward delivery securities. The availability of liquid assets for this purpose and the effect of asset segregation on a portfolio's ability to meet its current obligations, to honor requests for redemption and to have its investment portfolio managed properly will limit the extent to which the portfolio may purchase when-issued or forward delivery securities. Except as may be imposed by these factors, there is no limit on the percent of a portfolio's total assets that may be committed to such transactions.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS. Each of the Acquiring Portfolios and the Transferor Portfolios may enter into repurchase agreements and reverse repurchase agreements. Repurchase agreements involve the acquisition by a portfolio of debt securities subject to an agreement to resell them at an agreed-upon price. Under a repurchase agreement, at the time the portfolio acquires a security, it agrees to resell it to the original seller (a financial institution or broker/dealer which meets the guidelines established by the Trustees) and must deliver the security (and/or securities that may be added to or substituted for it under the repurchase agreement) to the original seller on an agreed-upon date in the future. The repurchase price is in excess of the purchase price. The arrangement is in economic effect a loan collateralized by securities.

The Trustees have adopted procedures that establish certain creditworthiness, asset and collateralization requirements for the counterparties to a portfolio's repurchase agreements. The Trustees will regularly monitor the use of repurchase agreements and the subadvisers will, pursuant to procedures adopted by the Trustees, continuously monitor the amount of collateral held with respect to a repurchase transaction so that it equals or exceeds the amount of the obligation.

A portfolio's risk in a repurchase transaction is limited to the ability of the seller to pay the agreed-upon sum on the delivery date. In the event of bankruptcy or other default by the seller, there may be possible delays and expenses in liquidating the instrument purchased, decline in its value and loss of interest. Securities subject to repurchase agreements will be valued every business day and additional collateral will be requested if necessary so that the

value of the collateral is at least equal to the value of the repurchase obligation, including the interest accrued thereon.

Each Acquiring Portfolio and Transferor Portfolio may enter into "reverse" repurchase agreements. Under a reverse repurchase agreement, a portfolio may sell a debt security and agree to repurchase it at an agreed upon time and at an agreed upon price. The portfolio retains record ownership of the security and the right to receive interest and principal payments thereon. At an agreed upon future date, the portfolio repurchases the security by remitting the proceeds previously received, plus interest. The difference between the amount the portfolio receives for the security and the amount it pays on repurchase is deemed to be payment of interest. The portfolio will maintain in a segregated custodial account cash, Treasury bills or other U.S. Government securities having an aggregate value equal to the amount of such commitment to repurchase including accrued interest, until payment is made. In certain types of agreements, there is no agreed-upon repurchase date and interest payments are calculated daily, often based on the prevailing overnight repurchase rate. While a reverse repurchase agreement may be considered a form of leveraging and may, therefore, increase fluctuations in a portfolio's net asset value per share, each portfolio will cover the transaction as described above.

MORTGAGE DOLLAR ROLLS. Each Acquiring Portfolio and Transferor Portfolio may enter into mortgage dollar rolls. Under a mortgage dollar roll, a portfolio sells mortgage-backed securities for delivery in the future (generally within 30 days) and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities on a specified future date. During the roll period, the portfolio forgoes principal and interest paid on the mortgage-backed securities. A portfolio is compensated by the difference between the current sale price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale. A portfolio may also be compensated by receipt of a commitment fee. A portfolio may only enter into covered rolls. A "covered roll" is a specific type of dollar roll for which there is an offsetting cash or cash equivalent security position which matures on or before the forward settlement date of the dollar roll transaction. Dollar roll transactions involve the risk that the market value of the securities sold by the portfolio may decline below the repurchase price of those securities. While a mortgage dollar roll may be considered a form of leveraging, and may, therefore, increase fluctuations in a portfolio's net asset value per share, each portfolio will cover the transaction as described above.

HEDGING AND OTHER STRATEGIC TRANSACTIONS. Each of the Acquiring Portfolios and the Transferor Portfolios may be authorized to use a variety of investment strategies described below for hedging purposes only, including

hedging various market risks (such as interest rates, currency exchange rates and broad or specific market movements) and managing the effective maturity or duration of debt instruments held by the portfolio. The description in this Prospectus/Proxy Statement of each Acquiring Portfolio and each Transferor Portfolio indicates which, if any, of these types of transactions may be used by each such portfolio. Limitations on the portion of a portfolio's assets that may be used in connection with the investment strategies described below are set out in the Statement of Additional Information.

Subject to the constraints described above, an individual portfolio may (if and to the extent so authorized) purchase and sell (or write) exchange-listed and over-the-counter put and call options on securities, financial futures contracts and fixed-income indices and other financial instruments, enter into financial futures contracts (including stock index futures), enter into interest rate transactions, and enter into currency transactions (collectively, these transactions are referred to in this Prospectus/Proxy Statement as "Hedging and Other Strategic Transactions"). A portfolio's interest rate transactions may take the form of swaps, caps, floors and collars, and a portfolio's currency transactions may take the form of currency forward contracts, currency futures contracts, currency swaps and options on currencies or currency futures contracts.

Hedging and Other Strategic Transactions may be used:

- to attempt to protect against possible changes in the market value of securities held or to be purchased by a portfolio resulting from securities markets or currency exchange rate fluctuations;

- to protect a portfolio's unrealized gains in the value of its securities;

- to facilitate the sale of those securities for investment purposes;

- to manage the effective maturity or duration of a portfolio's securities; and

- to establish a position in the derivatives markets as a temporary substitute for purchasing or selling particular securities.

A portfolio may use any or all types of Hedging and Other Strategic Transactions which it is authorized to use at any time; no particular strategy will dictate the use of one type of transaction rather than another, as use of any authorized Hedging and Other Strategic Transaction will be a function of numerous variables, including market conditions. The ability of a portfolio to utilize Hedging and Other Strategic Transactions successfully will depend on, in addition to the factors described above, its subadviser's ability to predict pertinent market movements, which cannot be assured. These skills are different from those needed to select a portfolio's securities. None of the

portfolios is a "commodity pool" (i.e., a pooled investment vehicle which trades in commodity futures contracts and options thereon and the operator of which is registered with the Commodity Futures Trading Commission (the "CFTC")) and Hedging and Other Strategic Transactions involving futures contracts and options on futures contracts will be purchased, sold or entered into only for bona fide hedging, risk management or appropriate portfolio management purposes and not for speculative purposes. The use of certain Hedging and Other Strategic Transactions will require that a portfolio segregate cash, liquid high grade debt obligations or other assets to the extent a portfolio's obligations are not otherwise "covered" through ownership of the underlying security, financial instrument or currency. Risks associated with Hedging and Other Strategic Transactions are described in "Hedging and Other Strategic Transactions -- Risk Factors" in the Statement of Additional Information. A detailed discussion of various Hedging and Other Strategic Transactions, including applicable regulations of the CFTC and the requirement to segregate assets with respect to these transactions, also appears in the Statement of Additional Information.

ILLIQUID SECURITIES. Each of the Acquiring Portfolios and the Transferor Portfolios is precluded from investing in excess of 15% of its net assets in securities that are not readily marketable. Investment in illiquid securities involves the risk that, because of the lack of consistent market demand for such securities, the Trust may be forced to sell them at a discount from the last offer price.

Excluded from the 15% limitation are securities that are restricted as to resale but for which a ready market is available pursuant to exemption provided by Rule 144A adopted pursuant to the Securities Act of 1933 ("1933 Act") or other exemptions from the registration requirements of the 1933 Act. Whether securities sold pursuant to Rule 144A are readily marketable for purposes of the Trust's investment restriction is a determination to be made by the subadvisers subject to the Trustees' oversight and for which the Trustees are ultimately responsible. The subadvisers will also monitor the liquidity of Rule 144A securities held by the portfolios for which they are responsible. To the extent Rule 144A securities held by a portfolio should become illiquid because of a lack of interest on the part of qualified institutional investors, the overall liquidity of the portfolio could be adversely affected.

ADDITIONAL INFORMATION ABOUT THE TRUST

MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE. The following discussion sets forth information regarding the performance of each Transferor Portfolio and

Acquiring Portfolio for the period ended December 31, 1998.

There are several ways to evaluate a portfolio's historical performance. One can look at the total percentage change in value, the average annual percentage change or the growth of a hypothetical $10,000 investment. WITH RESPECT TO ALL PERFORMANCE INFORMATION PRESENTED, IT IS IMPORTANT TO UNDERSTAND THAT PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. RETURN AND PRINCIPAL FLUCTUATE, AND SHARES, WHEN REDEEMED, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

PERFORMANCE TABLES

The following performance table for each Transferor Portfolio and Acquiring Portfolio shows two types of total return information: CUMULATIVE TOTAL RETURN AND AVERAGE ANNUAL TOTAL RETURN. A CUMULATIVE TOTAL RETURN is an expression of a portfolio's total change in share value in percentage terms over a set period of time -- one, five and ten years (or since the portfolio's inception if less than the applicable period). An AVERAGE ANNUAL TOTAL RETURN takes the portfolio's cumulative total return for a time period greater than one year and shows what would have happened if the portfolio had performed at a constant rate each year.

Because each of the Global Equity Trust and the Investment Quality Bond Trust has had a portfolio management change, the performance table for each portfolio shows an average annual total return for the period since the current portfolio manager assumed responsibility. THE TABLES SHOW ALL CUMULATIVE AND AVERAGE ANNUAL TOTAL RETURNS, NET OF FEES AND EXPENSES OF THE TRUST, BUT DO NOT REFLECT THE INSURANCE (SEPARATE ACCOUNT) EXPENSES (INCLUDING A POSSIBLE CONTINGENT DEFERRED SALES CHARGE) OF THE VARIABLE ANNUITY AND VARIABLE LIFE PRODUCTS THAT INVEST IN THE TRUST. IF THESE WERE INCLUDED, PERFORMANCE WOULD BE LOWER.

GRAPHS -- CHANGE IN VALUE OF $10,000 INVESTMENT AND COMPARATIVE INDICES

The following performance graph for each Transferor Portfolio and Acquiring Portfolio shows the change in value of a $10,000 investment over the life of each portfolio. Each portfolio's performance is compared with the performance of one or more broad-based securities indices as a "benchmark." All performance information includes the reinvestment of dividends and capital gain distributions, as well as the deduction of ongoing management fees and portfolio operating expenses. The benchmarks used for comparison are unmanaged and include reinvestment of dividends and capital gain distributions, if any, but do not reflect any fees or expenses. Portfolios that invest in multiple asset classes are compared with a customized benchmark.

This benchmark is comprised of a set percentage allocation from each of the asset classes in which the portfolio invests.

PORTFOLIO MANAGER'S COMMENTARY

Following is a commentary by the portfolio manager regarding each Transferor Portfolio's and Acquiring Portfolio's performance during the period ended December 31, 1998. The views expressed are those of the portfolio manager as of December 31, 1998, and are subject to change based on market and other conditions. Information about a portfolio's holdings, asset allocation or country diversification is historical and is no indication of future portfolio composition, which will vary.

The following information regarding the Worldwide Growth Trust was included in the Trust's Annual Report dated December 31, 1998:

WORLDWIDE GROWTH TRUST

INVESTMENT OBJECTIVE & POLICIES: To achieve long-term growth of capital by investing, under normal circumstances, at least 65% of the Trust's total assets in equity securities of growth companies in a variety of markets throughout the world. The portfolio may purchase securities in any foreign country, as well as the US, emphasizing common stocks of both emerging and established growth companies that generally have proven performance records and strong market positions.

SUBADVISER:	Founders Asset Management, LLC
PORTFOLIO MANAGER:	Michael W. Gerding
INCEPTION DATE:	January 1, 1997

CHANGE IN VALUE OF $10,000 INVESTMENT AND COMPARATIVE INDICES

[LINE GRAPH]

<TABLE>
<CAPTION>

	WORLDWIDE GROWTH TRUST	MSCI WORLD INDEX
<S>	<C>	<C>
December 1996	10000	10000
	10120	10122
	10208	10240
March 1997	10208	10040
	10320	10370
	10912	11012
June 1997	11176	11563
	11624	12097
	11176	11290
September 1997	11696	11905
	11288	11280
	11224	11482
December 1997	11329	11623
	11547	11949
	12136	12759
March 1998	12491	13300
	12636	13432
	12878	13265
June 1998	12781	13582
	12733	13562
	11022	11756
September 1998	10909	11966
	11256	13049
	11716	13827
December 1998	12287	14505

</TABLE>

PERFORMANCE TABLE

<TABLE>
<CAPTION>

Periods Ending December 31, 1998	Average Total 1 Year	Annual Return Since Inception	Cumulative Total Return Since Inception
<S>	<C>	<C>	<C>
MSCI World Index*	24.80%	20.44%	45.05%
Worldwide Growth Trust (at net asset value)	8.46%	10.88%	22.87%

</TABLE>

* All since inception returns for the indices begin on the month-end closest to the actual inception date of the Trust.

PORTFOLIO MANAGER'S COMMENTARY

PERFORMANCE: The Worldwide Growth Trust gained 8.46%, while the MSCI World Index gained 24.80% for the year.

ENVIRONMENT: We have been dramatically underweight in the US compared to the benchmark MSCI World Index. Long-term, we believe the US is still one of the most attractive places to invest. However, we have remained cautious based on our concerns about company valuations relative to their growth rates. Many US companies have had tremendous runs during the current eight-year economic expansion and it is only natural that it may become more difficult for them to sustain earnings growth going forward. We are already seeing indications of slowing earnings growth on a company-by-company basis. We long believed that the European economy would grow faster than the US in 1998; we think that this trend will continue. But we are watching the European economy carefully since it continues to deal with high

unemployment and still has higher interest rates than many other countries. Our Japanese weighting is now 9.0%. We believe things are slowly changing in the Japanese economy, and we have found several companies there with reasonable valuations that appear to be able to grow their businesses again.

OUTLOOK: Looking ahead, we believe 1999 may be dominated by deflation throughout the world. It may weigh more heavily in the US, particularly if the domestic economy slows. We will continue to use hands-on research to focus on those companies with unique products and market niches, as well as those with quality management that can control costs. We will continue to pay close attention to the quality of a company's earnings.

The following information regarding the Capital Growth Bond Trust was included in the Trust's Annual Report dated December 31, 1998:

CAPITAL GROWTH BOND TRUST

INVESTMENT OBJECTIVE & POLICIES: To achieve growth of capital by investing in fixed income securities of medium grade or better, with income as a secondary consideration. This portfolio differs from most bond funds in that its primary objective is capital appreciation, not income. It is expected that at least 75% of the portfolio's total investment in corporate fixed income securities, excluding commercial paper, will be represented by investment grade fixed income securities.

SUBADVISER: Manufacturers Adviser Corporation

PORTFOLIO MANAGER: Cathy Addison

INCEPTION DATE: June 26, 1984

CHANGE IN VALUE OF $10,000 INVESTMENT AND COMPARATIVE INDICES

[LINE GRAPH]

<TABLE>
<CAPTION>

	CAPITAL GROWTH BOND TRUST	SALOMON BROTHERS BIG BOND INDEX-CORPORATE	LEHMAN BROTHERS AGGREGATE BOND INDEX
<S>	<C>	<C>	<C>
Jun. 1984	10000	10000	10000
Dec. 1984	11373	11682	11711
Jun. 1985	12859	12998	12995
Dec. 1985	14345	14282	14301
Jun. 1986	15949	15574	15596
Dec. 1986	17554	16489	16488
Jun. 1987	17405	16443	16461
Dec. 1987	17257	16917	16941
Jun. 1988	17873	17783	17786
Dec. 1988	18489	18268	18278
Jun. 1989	19772	19956	19958
Dec. 1989	21055	20906	20933
Jun. 1990	21747	21497	21524
Dec. 1990	22440	22807	22806
Jun. 1991	24278	23827	23824
Dec. 1991	26117	26448	26455
Jun. 1992	28885	27201	27173
Dec. 1992	27665	28455	28414
Jun. 1993	29115	30459	30376
Dec. 1993	30575	31270	31184
Jun. 1994	29889	30099	29977
Dec. 1994	29202	30379	30274
Jun. 1995	32157	33875	33739
Dec. 1995	35112	36016	35868
Jun. 1996	34307	35561	35429
Dec. 1996	35989	37318	37164
Jun. 1997	36881	38459	38319
Dec. 1997	39126	40908	40763
Jun. 1998	40523	42532	42360
Dec. 1998	42233	44476	44299

</TABLE>

PERFORMANCE TABLE

<TABLE>
<CAPTION>

	Average Annual Total Return				Cumulative Total Return		
Periods Ending December 31, 1996	1 Year	5 Year	10 Year	Since Inception	5 Year	10 Year	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Salomon Brothers BIG Bond Index (Corporate)+*	8.72%	7.30%	9.31%	10.84%	42.23%	145.47%	344.76%
Lehman Brothers Aggregate Bond Index	8.67%	7.27%	9.26%	10.81%	42.06%	142.37%	342.99%
Capital Growth Bond Trust (at net							

asset value)	7.95%	6.67%	8.61%	10.44%	38.08%	128.44%	322.33%

</TABLE>

+ Salomon Brothers Broad Investment Grade Index -- Corporate Component.
* All since inception returns for the indices begin on the month-end closest to the actual inception date of the Trust.

PORTFOLIO MANAGER'S COMMENTARY

PERFORMANCE: For 1998, the Capital Growth Bond Trust returned 7.95% compared to 8.67% for the Lehman Brothers Aggregate Index.

ENVIRONMENT: The positive performance due to the portfolio's long duration position was offset by the overweight position in corporate bonds, as spreads widened due to flight to quality trades and a deteriorating economic outlook. Crumbling global markets and their expected adverse impact on the US economy accelerated the downward trend in yields in the second half of the year. The "Asian Flu" combined with the Russian default resulted in higher borrowing costs and liquidity shortages for the emerging markets. The Federal Reserve cut interest rates by 75 basis points to contain the global financial decline and to stave off threats of an impending US recession. The

last quarter saw the reversal of the flight to quality trades as investors regained their appetite for risky assets.

OUTLOOK: Buoyed by relentless consumer spending, the US continues its steady economic growth and low inflation. The manufacturing sector is suffering due to weak external economies, sustained wage pressure, and lack of pricing power. With steady domestic growth, low inflation and worldwide deflation in commodities, the bond market seems poised for lower rates. Barring a major crisis, we see the Federal Reserve moving rates lower toward the second half of the year. Corporate spreads should tighten modestly given the continued economic strength in a low inflationary environment. The portfolio will continue to maintain a long duration versus the index in anticipation of a further interest rate drop, and an overweight position in corporate bonds in anticipation of their better relative performance.

The following information regarding the Global Equity Trust was included in the Trust's Annual Report dated December 31, 1998:

GLOBAL EQUITY TRUST

INVESTMENT OBJECTIVE & POLICIES: To achieve long-term capital appreciation by investing the portfolio's assets primarily in equity securities of issuers throughout the world, including United States issuers and emerging markets.

SUBADVISER: Morgan Stanley Asset Management Inc.

PORTFOLIO MANAGER: Frances Campion

INCEPTION DATE: March 18, 1988+

CHANGE IN VALUE OF $10,000 INVESTMENT AND COMPARATIVE INDICES

[LINE GRAPH]

<TABLE>
<CAPTION>

<S>	<C> GLOBAL EQUITY TRUST	<C> MSCI WORLD INDEX
February 1988	10000	10000
	9890	10000
	10000	10128
	9761	9927
	9870	9915
	9681	10104
	9252	9550
	9771	9957
	10209	10622
	10110	10994
December 1988	10120	11095
	10568	11498
	10439	11428

	10279	11356
	10528	11620
	10658	11337
	10887	11211
	11775	12480
	11924	12180
	12383	12526
	12024	12110
	12183	12596
December 1989	12532	13002
	12014	12397
	11864	11868
	11745	11153
	11338	10994
	12421	12154
	12594	12070
	12891	12182
	11757	11043
	10531	9882
	11093	10806
	11052	10630
December 1990	11226	10854
	11593	11254
	12462	12297
	12094	11937
	12125	12032
	12342	12307
	11618	11549
	12156	12097
	12073	12060
	12208	12379
	12373	12582
	11877	12035
December 1991	12663	12914
	12746	12677
	12818	12460
	12363	11876
	12718	12043
	13315	12524
	12948	12106
	12707	12140
	12749	12437
	12456	12326
	12110	11994
	12561	12211
December 1992	12571	12312
	12613	12355
	12791	12650
	13567	13386
	14306	14009
	15102	14334
	14975	14216
	15357	14511
	16196	15178
	16281	14900
	16568	15313
	15538	14450
December 1993	16706	15159
	17704	16162
	17747	15955
	17205	15270
	17709	15745
	17450	15788
	17644	15747
	18065	16049
	18659	16535
	17979	16103
	18206	16564
	17029	15849
December 1994	16996	16005
	16068	15768
	16057	16001
	16694	16775
	17096	17363
	17130	17515
	17073	17513
	18062	18393
	17926	17986
	18108	18514
	17687	18226
	17812	18862
December 1995	18301	19417
	18494	19772

	18665	19896
	19108	20231
	19767	20710
	19582	20732
	19570	20840
	18484	20107
	18912	20342
	19085	21143
	18981	21294
	20206	22491
December 1996	20610	22135
	20656	22405
	21176	22667
	21003	22222
	21197	22953
	22674	24373
	23792	25593
	24781	26776
	23573	24988
	24845	26350
	23920	24967
	24036	25413
December 1997	24896	25726
	25012	26447
	26964	28241
	28442	29438
	28738	29730
	28409	29361
	28025	30062
	27573	30019
	23267	26020
	23925	26485
	26160	28883
	27189	30606
December 1998	27943	32105

</TABLE>

PERFORMANCE TABLE

<TABLE>
<CAPTION>

Periods Ending December 31, 1998	Average Annual Total Return 1 Year	5 Year	10 Year	Since Inception	Oct. 1, 1996	Cumulative Total Return 5 Year	10 Year	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MSCI World Index*	24.80%	16.19%	11.21%	11.46%	20.40%	193.83%	478.38%	221.05%
Global Equity Trust (at net asset value)	12.24%	10.84%	10.69%	10.00%	18.49%	67.27%	176.13%	179.43%

</TABLE>

+ Current subadviser assignment became effective October 1, 1996.
* All since inception returns for the indices begin on the month-end closest to the actual inception date of the Trust.

PORTFOLIO MANAGER'S COMMENTARY

PERFORMANCE: For the year, the Global Equity Trust returned 12.24%, lagging the MSCI World Index return of 24.80%.

ENVIRONMENT: Stock selection in the US was the major cause of the portfolio's underperformance for the year, as the value discipline kept the portfolio out of the large growth stocks (particularly in the technology sector) which drove the market. The overweight in continental Europe was a positive contributor as Europe rallied strongly ahead because of the Euro conversion. The portfolio's Japanese stocks performed well, although Japanese and other Asian markets underperformed the US and Europe.

OUTLOOK: The flight to growth and liquidity in 1998 has meant that the large cap/mid cap valuation premium has reached historic proportions. We expect that patient exploitation of this valuation anomaly will be rewarded

over time. The portfolio is managed to reflect our bottom up value discipline. The price to cash flow ratio of the portfolio is less than 9 times, versus 14.2 times for the MSCI World Index. This provides some comfort in what seems, after the fourth quarter rally, once again an expensive equity world. Overall, the portfolio is defensively positioned for a continuation of volatile financial market conditions in 1999. The slowdown in global growth occurring outside the US, particularly in Japan, but increasingly in Europe, suggests caution is warranted. Indeed, despite aggressive global easing in monetary policy, led by the Federal Reserve, it seems a near certainty that earnings expectations for 1999 are far too optimistic.

The following information regarding the Investment Quality Bond Trust included in the Trust's Annual Report dated December 31, 1998:

INVESTMENT QUALITY BOND TRUST

INVESTMENT OBJECTIVE & POLICIES: To provide a high level of current income consistent with the maintenance of principal and liquidity by investing primarily in a diversified investment grade corporate bonds and US Government bonds with intermediate to long term maturities.

SUBADVISER: Wellington Management Company, LLP

PORTFOLIO MANAGER: Thomas L. Pappas

INCEPTION DATE: June 18, 1985**

CHANGE IN VALUE OF $10,000 INVESTMENT AND COMPARATIVE INDICES

[LINE GRAPH]

<TABLE>
<CAPTION>

<S>	<C> INVESTMENT QUALITY BOND TRUST	<C> LEHMAN BROTHERS AGGREGATE BOND INDEX	<C> CUSTOMIZED BENCHMARK
May 1985	10000	10000	10000
	9978	10000	10000
	10330	9965	9965
	10458	10152	10165
	10518	10213	10201
	10664	10428	10421
	10802	10678	10670
Dec. 1985	10872	11005	11007
	10906	11066	11077
	11182	11502	11564
	11386	11860	11931
	11392	11923	11989
	11251	11695	11785
	11408	12002	12088
	11810	12108	12158
	11996	12410	12455
	11921	12287	12340
	12130	12465	12529
	12341	12640	12691
Dec. 1986	12313	12688	12760
	12521	12867	12968
	12635	12956	13051
	12954	12897	12987
	12568	12544	12613
	12495	12495	12557
	12679	12667	12722
	12640	12657	12691
	12565	12589	12620
	12275	12321	12320
	12720	12759	12765
	12909	12861	12864
Dec. 1987	12596	13036	13063
	12992	13495	13532
	13179	13656	13697
	13086	13527	13568
	13069	13454	13484
	12999	13364	13399
	13232	13686	13708
	13162	13615	13645
	13151	13651	13688
	13419	13959	13985
	13606	14221	14230
	13454	14049	14078
Dec. 1988	13489	14065	14124
	13606	14267	14318
	13583	14165	14220
	13606	14226	14284
	13788	14523	14581
	14055	14905	14953
	14480	15358	15424

	14735	15685	15736
	14492	15453	15519
	14650	15532	15588
	14990	15914	15969
	15063	16065	16101
Dec. 1989	15014	16108	16124
	14638	15917	15909
	14686	15968	15948
	14104	15979	15953
	13938	15832	15800
	14291	16300	16276
	14522	16563	16543
	14645	16791	16743
	14278	16566	16493
	14128	16704	16610
	14060	16916	16783
	14346	17280	17142
Dec. 1990	14604	17549	17396
	14740	17767	17600
	15039	17918	17800
	15053	18042	17955
	15006	18236	18171
	15066	18342	18269
	15036	18333	18255
	15171	18588	18495
	15605	18989	18919
	16024	19375	19312
	16173	19590	19489
	16308	19770	19682
Dec. 1991	16951	20357	20339
	16667	20080	20053
	16802	20211	20189
	16682	20098	20087
	16761	20242	20200
	17169	20625	20612
	17404	20910	20920
	17828	21336	21463
	17985	21552	21647
	18204	21808	21930
	17906	21518	21577
	17906	21522	21576
Dec. 1992	18173	21865	21957
	18581	22284	22447
	18942	22674	22929
	19067	22770	23007
	19168	22929	23184
	19168	22959	23186
	19547	23374	23725
	19630	23508	23882
	20026	23919	24446
	20108	23984	24522
	20174	24072	24630
	19894	23868	24343
Dec. 93	19993	23997	24462
	20257	24321	24867
	19762	23897	24310
	19184	23307	23663
	18978	23121	23456
	18960	23118	23398
	18926	23068	23341
	19272	23527	23851
	19307	23555	23867
	19012	23209	23477
	18960	23188	23442
	18908	23137	23402
Dec. 1994	19064	23296	23570
	19410	23758	24039
	19843	24323	24644
	19982	24471	24822
	20283	24814	25195
	21115	25774	26296
	21281	25962	26515
	21207	25905	26408
	21466	26219	26775
	21688	26473	27062
	22058	26817	27443
	22409	27219	27919
Dec. 1995	22779	27601	28348
	22890	27783	28526
	22428	27299	27896
	22243	27108	27662
	22051	26956	27458
	21992	26902	27410

	22267	27263	27789
	22326	27337	27850
	22286	27290	27776
	22699	27765	28301
	23151	28381	28998
	23603	28867	29561
Dec. 1996	23367	28598	29206
	23426	28687	29243
	23485	28759	29325
	23190	28439	28941
	23574	28866	29369
	23785	29140	29661
	24102	29487	30038
	24864	30283	31014
	24568	30026	30631
	24969	30470	31129
	25265	30912	31596
	25392	31054	31765
Dec. 1997	25646	31368	32100
	26090	31769	32532
	26048	31744	32483
	26132	31852	32588
	26251	32017	32764
	26519	32321	33128
	26721	32596	33439
	26788	32665	33449
	27021	33197	33963
	27795	33974	34972
	27571	33794	34643
	27772	33986	34974
Dec. 1998	27884	34088	35063

</TABLE>

PERFORMANCE TABLE

<TABLE>
<CAPTION>

	Average Annual Total Return					Cumulative Total Return		
Periods Ending December 31, 1998	1 Year	5 Year	10 Year	Since Inception	Since** Apr. 23, 1991	5 Year	10 Year	Since Inception
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Customized Benchmark+*	9.23%	7.47%	9.52%	9.74%	8.95%	43.34%	148.26%	250.63%
Lehman Brothers Aggregate Bond Index	8.67%	7.27%	9.26%	9.51%	8.50%	42.06%	142.37%	240.88%
Investment Quality Bond Trust (at net asset value)	8.73%	6.88%	7.88%	8.12%	8.49%	39.47%	113.52%	178.84%

</TABLE>

** Current subadviser assignment became effective April 23, 1991.
 + Customized Benchmark is comprised of 50% of the return of the Lehman Brothers Government Bond Index and 50% of the return of the Lehman Brothers Corporate Bond Index.
 * All since inception returns for the indices begin on the month-end closest to the actual inception date of the Trust.

PORTFOLIO MANAGER'S COMMENTARY

PERFORMANCE: For the year, the Investment Quality Bond Trust returned 8.73% versus 9.23% for the customized benchmark of 50% Lehman Brothers Government Bond Index and 50% Lehman Brothers Corporate Bond Index.

ENVIRONMENT: Low inflation and growth prospects helped Treasury yields pierce below 6.0%, but from there Treasuries left other sectors behind rallying another 1.0% or so. Investors searched for safety in a volatile world environment as hedge funds collapsed and some foreign issuers threatened defaults. This all triggered a massive flight to quality never seen before. Corporate

bonds lagged Treasuries as credit fundamentals weakened in investors' eyes and with lower rates came increased prepayment risk to the detriment of mortgage prices.

OUTLOOK: Looking forward, we believe the panic buying of Treasuries since July, driven by fears of a worldwide recession, will reverse itself over time, especially as we cycle into a new year. Corporates, including high yield, and mortgages -- two areas which have lagged against Treasuries -- are set up to deliver much better performance. In fact, high quality corporates and mortgages offer attractive yields over 1% higher than comparable Treasuries, and many decent high yield issues yield upwards of 10% on a nominal basis. Though maintaining relative high quality in the portfolio, we will continue to search for attractively priced alternatives to Treasuries.

TAX MATTERS. For more information regarding the tax implications for the purchaser of a variable annuity or life insurance contracts who allocates investments to a portfolio of the Trust, please refer to the prospectus for the contract. The following is a general and abbreviated summary of the applicable provisions of the Code and Treasury Regulations currently in effect. It is not intended to be a complete explanation or a substitute for consultation with individual tax advisors. For the complete provisions, reference should be made to the pertinent Code sections and the Treasury Regulations promulgated thereunder. The Code and Regulations are subject to change, possibly with retroactive effect.

TAX STATUS

The Trust intends to take the steps necessary to qualify each portfolio as a regulated investment company under Subchapter M of the Code and believes that each Acquiring Portfolio and Transferor Portfolio will so qualify. As a result of qualifying as a regulated investment company, each portfolio will not be subject to U.S. Federal income tax on its net investment income (i.e., its investment company taxable income, as that term is defined in the Code, determined without regard to the deduction for dividends paid) and net capital gain (i.e., the excess of its net realized long-term capital gain over its net realized short-term capital loss), if any, that it distributes to its shareholders in each taxable year, provided that it distributes to its shareholders at least 90% of its net investment income for such taxable year. Each portfolio is subject to a nondeductible 4% excise tax calculated as a percentage of certain undistributed amounts of ordinary income and capital gain net income. To the extent possible, each portfolio intends to make sufficient distributions to avoid the application of both corporate income and excise taxes. Under current law, distributions of net investment income and net capital gain are not taxed to a life insurance company to the extent applied to increase the reserves for the company's variable annuity and life insurance contracts.

SOURCES OF GROSS INCOME

To qualify as a regulated investment company, a portfolio must, among other things, derive its income from certain sources. Specifically, in each taxable year a portfolio must derive at least 90% of its gross income from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including, but not limited to, gains from options, futures or forward contracts) derived with respect to its business of investing in stock, securities or currencies.

DIVERSIFICATION OF ASSETS

To qualify as a regulated investment company, a portfolio must also satisfy certain requirements with respect to the diversification of its assets. A portfolio must have, at the close of each quarter of the taxable year, at least 50% of the value of its total assets represented by cash, cash items, United States Government securities, securities of other regulated investment companies, and other securities which, in respect of any one issuer, do not represent more than 5% of the value of the assets of the portfolio nor more than 10% of the voting securities of that issuer. In addition, at those times not more than 25% of the value of the portfolio's assets may be invested in securities (other than United States Government securities or the securities of other regulated investment companies) of any one issuer, or of two or more issuers which the portfolio controls and which are engaged in the same or similar trades or businesses or related trades or businesses.

Because only insurance company separate accounts will own shares in the Acquiring Portfolios, each insurance company separate account will be treated as owning its proportionate share of the assets of any portfolio in which it invests, provided that the portfolio qualifies as a regulated investment company. Therefore, each Acquiring Portfolio intends to meet the additional diversification requirements that are applicable to insurance company separate accounts under Subchapter L of the Code. These requirements generally provide that no more than 55% of the value of the assets of a portfolio may be represented by any one investment; no more than 70% by any two investments; no more than 80% by any three investments; and no more than 90% by any four investments. For these purposes, all securities of the same issuer are treated as a single investment and each United States government agency or instrumentality is treated as a separate issuer.

FOREIGN INVESTMENTS

Portfolios investing in foreign securities or currencies may be required to pay withholding or other taxes to foreign governments. Foreign tax withholding from dividends and interest, if any, is generally imposed at a rate between 10% and 35%. The investment yield of any portfolio that invests in foreign securities or currencies will be reduced by these foreign taxes. A portfolio investing in securities of a passive foreign investment company may be subject to U.S. federal income taxes and interest charges (and the investment yield of a portfolio making such an investment will be reduced by these taxes and interest charges) on a portion of its distributions on and gain with respect to shares of the passive foreign investment company even if such amounts are paid as a dividend to its shareholders. Shareholders will bear the cost of these taxes and interest charges. Alternatively, a portfolio may elect to (i) treat the

passive foreign investment company as a "qualified electing fund" (assuming the company agrees to provide certain information to the Internal Revenue Service) and include annually in income its proportionate share of the company's ordinary earnings and capital gains (whether or not distributed) or (ii) mark to market its stock in the passive foreign investment company and thereby recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent of prior increases.

ADDITIONAL TAX CONSIDERATIONS

If a portfolio failed to qualify as a regulated investment company, owners of contracts based on the portfolio (i) would be treated as owning shares of the portfolio (rather than their proportionate share of the assets of such portfolio) for purposes of the diversification requirements under Subchapter L of the Code, and as a result might be taxed currently on the investment earnings under their contracts and thereby lose the benefit of tax deferral, and (ii) the portfolio would incur regular corporate federal income tax on its taxable income for that year and be subject to certain distribution requirements upon requalification. In addition, if a portfolio failed to comply with the diversification requirements of the regulations under Subchapter L of the Code, owners of contracts based on the portfolio might be taxed on the investment earnings under their contracts and thereby lose the benefit of tax deferral. Accordingly, compliance with the above rules is carefully monitored by the Manulife Securities and the subadvisers and it is intended that the portfolios will comply with these rules as they exist or as they may be modified from time to time. Compliance with the tax requirements described above may result in a reduction in the return under a portfolio, since, to comply with the above rules, the investments utilized (and the time at which such investments are entered into and closed out) may be different from that subadvisers might otherwise believe to be desirable.

OTHER INFORMATION.

DIVIDENDS

The Trust intends to declare as dividends substantially all of the net investment income, if any, of each portfolio. Dividends from the net investment income and the net capital gain, if any, for each portfolio will be declared not less frequently than annually and reinvested in additional full and fractional shares of that portfolio or paid in cash.

CUSTODIAN

State Street Bank and Trust Company ("State Street") 225 Franklin Street, Boston, Massachusetts 02110, currently acts as custodian and book-

keeping agent of all the Trust assets. State Street has selected various banks and trust companies in foreign countries to maintain custody of certain foreign securities. State Street is authorized to use the facilities of the Depository Trust Company, the Participants Trust Company and the book-entry system of the Federal Reserve Banks.

ADDITIONAL INFORMATION

Additional information concerning the operations and management of the Trust (including the Transferor Portfolios and the Acquiring Portfolios) is incorporated herein by reference from its current prospectus and current statement of additional information, each dated May 1, 1998, copies of which may be obtained without charge by contacting the Trust at the address or telephone number set forth on the cover page of this Prospectus/Proxy Statement.

The Trust is subject to the informational requirements of the Securities and Exchange Act of 1934 and the 1940 Act, and in accordance therewith, files reports, proxy material and other information about each of the Transferor Portfolios and Acquiring Portfolios with the Securities and Exchange Commission.

Such reports, proxy material and other information filed by the Trust can be inspected and copied at the Public Reference Facilities maintained by the Commission, located at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549 at prescribed rates. In addition, copies of recent information filed by the Trust may be obtained from the Commission's Internet address at http://www.sec.gov.

THE TRUST WILL FURNISH, WITHOUT CHARGE, A COPY OF THE TRUST'S ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998 TO A SHAREHOLDER UPON REQUEST. TO OBTAIN A REPORT, PLEASE CONTACT THE TRUST AT THE ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE COVER PAGE OF THIS PROSPECTUS/PROXY STATEMENT.

FINANCIAL STATEMENTS AND EXPERTS

The financial statements and financial highlights of the Acquiring Portfolios and the Transferor Portfolios for the fiscal year ended December 31, 1998 included and incorporated by reference into this Prospectus/Proxy Statement have been so included and incorporated herein in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, One Post Office

Square, Boston, Massachusetts 02109, given on the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

Certain matters concerning the issuance of shares of the Acquiring Portfolios will be passed upon by James D. Gallagher, Secretary of the Trust. Certain tax consequences of the Reorganization will be passed upon by Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, New York 10017.

APPENDIX

DEBT SECURITY RATINGS

STANDARD & POOR'S RATINGS GROUP ("S&P")

Commercial Paper:

A-1	The rating A-1 is the highest rating assigned by S&P to commercial paper. This designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign designation.
A-2	Capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as high for issuers designated "A-1".

Bonds:

AAA	Debt rated AAA has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.
AA	Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.
A	Debt rated A has a strong capacity to pay

	interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.
BBB	Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB-B-CCC-CC	Bonds rated BB, B, CCC and CC are regarded, on balance, as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. BB indicates the lowest degree of speculation and CC the highest degree of speculation. While such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
D	Bonds rated D are in default. The D category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired. The D rating is also used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

The ratings set forth above may be modified by the addition of a plus or minus to show relative standing within the major rating categories.

MOODY'S INVESTORS SERVICE, INC. ("MOODY'S")

Commercial Paper:

P-1	The rating P-1 is the highest commercial paper rating assigned by Moody's. Issuers rated P-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. P-1 repayment capacity will normally be evidenced by the following characteristics: (1) leading market positions in established industries; (2) high rates of return on funds employed; (3) conservative capitalization structures with moderate reliance on debt and ample asset protection; (4) broad margins in earnings coverage of fixed financial charges and high internal cash generation; and (5) well established access to a range of financial markets and assured sources of alternate liquidity.

P-2	Issuers rated P-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternative liquidity is maintained.

Bonds:

Aaa	Bonds which are rated Aaa by Moody's are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
Aa	Bonds which are rated Aa by Moody's are judged to be of high quality by all standards. Together with the Aaa group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.
A	Bonds which are rated A by Moody's possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa	Bonds which are rated Baa by Moody's are considered as medium grade obligations, that is, they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
B	Bonds which are rated B generally lack characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance and other terms of the contract over any long period of time may be small.
Caa	Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
Ca	Bonds which are rated Ca represent obligations which are speculative in high degree. Such issues are often in default or have other marked shortcomings.
C	Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's applies numerical modifiers "1", "2" and "3" to certain of its rating classifications. The modifier "1" indicates that the security ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking; and the modifier "3" indicates that the issue ranks in the lower end of its generic rating category.

EXHIBIT A

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Plan") made this 26th day of February, 1999, by Manufacturers Investment Trust (the "Trust"), a Massachusetts business trust, on behalf of the Worldwide Growth Trust and the Capital Growth Bond Trust (collectively, the "Transferor Portfolios") and the Global Equity Trust and the Investment Quality Bond Trust (collectively, the "Acquiring Portfolios").

The following table depicts each specific Transferor Portfolio and the corresponding Acquiring Portfolio into which such Transferor Portfolio will be merged:

TRANSFEROR PORTFOLIO	ACQUIRING PORTFOLIO
Worldwide Growth Trust	Global Equity Trust
Capital Growth Bond Trust	Investment Quality Bond Trust

WHEREAS, the Board of Trustees of the Trust has determined that the transfer of all of the assets and liabilities of each Transferor Portfolio to the corresponding Acquiring Portfolio, noted above, is in the best interests of each Transferor Portfolio and the corresponding Acquiring Portfolio, as well as the best interests of shareholders and holders of variable life and annuity contracts funded by shares of the Transferor Portfolios and the Acquiring Portfolios, and that the interests of existing shareholders and contract owners would not be diluted as a result of this transaction;

WHEREAS, the Trust intends to provide for the reorganization of the Transferor Portfolios (the "Reorganization") through the acquisition by the Acquiring Portfolios of all of the assets, subject to all of the liabilities, of the Transferor Portfolios in exchange for shares of beneficial interest, par value $.01 per share, of the Acquiring Portfolios (the "Acquiring Portfolio Shares"), the liquidation of the Transferor Portfolios and the distribution to Transferor Portfolio shareholders of such Acquiring Portfolio Shares, all pursuant to the provisions of Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Transferor Portfolios and the Acquiring Portfolios hereto agree as follows:

1. TRANSFER OF ASSETS OF THE TRANSFEROR PORTFOLIOS IN EXCHANGE FOR THE ACQUIRING PORTFOLIO SHARES AND LIQUIDATION OF THE TRANSFEROR PORTFOLIOS

(a) Plan of Reorganization.

(i) The Trust on behalf of each Transferor Portfolio listed above, will convey, transfer and deliver the assets of each Transferor Portfolio to the Acquiring Portfolio set forth opposite its name in the table above (each such Acquiring Portfolio being the "Corresponding Acquiring Portfolio" of the Transferor Portfolio set forth opposite its name, and each such Transferor Portfolio being the "Corresponding Transferor Portfolio" of the Acquiring Portfolio set forth opposite its name) all of the then existing assets of such Transferor Portfolio (consisting, without limitation, of portfolio securities and instruments, dividend and interest receivables, cash and other assets). In consideration thereof, the Trust on behalf of each Acquiring Portfolio will (A) assume and pay, to the extent that they exist on or after the Effective Time of the Reorganization (as defined in Section 1(b)(i) hereof), all of the obligations and liabilities of the Corresponding Transferor Portfolio and (B) issue and deliver to the Corresponding Transferor Portfolio full and fractional shares of beneficial interest of the Corresponding Acquiring Portfolio, with respect to each Corresponding Acquiring Portfolio equal to that number of full and fractional Acquiring Portfolio Shares as determined in Section 1(c) hereof. Any shares of capital stock (if any), par value $.01 per share, of the Transferor Portfolios ("Transferor Portfolio Shares") held in the treasury of the Trust at the Effective Time of the Reorganization shall thereupon be retired. Such transactions shall take place on the date provided for in Section 1(b) hereof (the "Exchange Date"). All computations for the Transferor Portfolios and the Acquiring Portfolios shall be performed by State Street Bank and Trust Company (the "Custodian"), as custodian and pricing agent for the Transferor Portfolios and the Acquiring Portfolios. The determination of said Custodian shall be conclusive and binding on all parties in interest.

(ii) As of the Effective Time of the Reorganization, each Transferor Portfolio will liquidate and distribute pro rata to its shareholders of record ("Transferor Portfolio shareholders") as of the Effective Time of the Reorganization the Acquiring Portfolio Shares received by such Transferor Portfolio pursuant to Section 1(a)(i) in actual or constructive exchange for the shares of the Transferor Portfolio held by the Transferor Portfolio shareholders. Such liquidation and distribution will be accomplished by the transfer of the Corresponding Acquiring Portfolio Shares then credited to the account of each Transferor Portfolio on the books of the Corresponding Acquiring Portfolio, to open accounts on the share records of the Corresponding Acquiring Portfolio in the names of the Transferor Portfolio shareholders and representing the respective pro rata number of the Acquiring Portfolio Shares due such shareholders. The Acquiring Portfolios will not issue certificates representing the Acquiring Portfolio Shares in connection with such exchange.

(iii) As soon as practicable after the Effective Time of the Reorganization, the Trust shall take all the necessary steps under Massachusetts law, the Trust's Declaration of Trust and any other applicable law to effect a complete dissolution of the Transferor Portfolios.

(b) Exchange Date and Effective Time of the Reorganization.

(i) Subject to the satisfaction of the conditions to the Reorganization specified in this Plan, the Reorganization shall occur as of the close of regularly scheduled trading on the New York Stock Exchange (the "Effective Time of the Reorganization") on the day (the "Exchange Date") which is the later of (A) the final adjournment of the meeting of the holders of Transferor Portfolio shares at which this Plan will be considered, (B) April 30, 1999 and (C) such later day as the parties may mutually agree.

(ii) All acts taking place on the Exchange Date shall be deemed to take place simultaneously as of the Effective Time of the Reorganization unless otherwise provided.

(iii) In the event that on the proposed Exchange Date (A) the New York Stock Exchange shall be closed to trading or trading thereon shall be restricted, or (B) trading or the reporting of trading on said Exchange or elsewhere shall be disrupted so that accurate valuation of the net assets of the Acquiring Portfolios or the Transferor Portfolios is impracticable, the Exchange Date shall be postponed until the first business day after the day when trading shall have been fully resumed and reporting shall have been restored.

(iv) On the Exchange Date, portfolio securities of the Transferor Portfolios shall be transferred by the Custodian to the accounts of the Corresponding Acquiring Portfolios duly endorsed in proper form for transfer, in such condition as to constitute good delivery thereof in accordance with the custom of brokers, and shall be accompanied by all necessary federal and state stock transfer stamps or a check for the appropriate purchase price thereof.

(c) Valuation.

(i) The net asset value of the shares of each Acquiring Portfolio and the net value of the assets of each Corresponding Transferor Portfolio to be

transferred in exchange therefore shall be determined as of the Effective Time of the Reorganization. The net asset value of the Acquiring Portfolio Shares shall be computed by the Custodian in the manner set forth in the Trust's Declaration of Trust or By-laws and then current prospectus and statement of additional information and shall be computed to not less than two decimal places. The net value of the assets of each Transferor Portfolio to be transferred shall be computed by the Custodian by calculating the value of the assets transferred by the Transferor Portfolio and by subtracting therefrom the amount of the liabilities assigned and transferred to the Corresponding Acquiring Portfolio, said assets and liabilities to be valued in the manner set forth in the Trust's Declaration of Trust or By-laws and then current prospectus and statement of additional information.

(ii) The number of Acquiring Portfolio Shares to be issued (including fractional shares, if any) by each Acquiring Portfolio in exchange for the Corresponding Transferor Portfolio's assets shall be determined by an exchange ratio computed by dividing the net value of such Transferor Portfolio's assets by the net asset value per share of such Acquiring Portfolio, both as determined in accordance with Section 1(c)(i).

(iii) All computations of value shall be made by the Custodian in accordance with its regular practice as pricing agent for the Acquiring Portfolios and the Transferor Portfolios.

2. REPRESENTATIONS AND WARRANTIES OF THE ACQUIRING PORTFOLIOS

Each of the Acquiring Portfolios represents and warrants as follows:

(a) Organization, Existence, etc. The Trust is a business trust that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and has the power to carry on its business as it is now being conducted. Each Acquiring Portfolio is a validly existing series of shares of such business trust representing interests therein under the laws of Massachusetts. Each Acquiring Portfolio and the Trust has all necessary federal, state and local authorization to own all of its properties and assets and to carry on its business as now being conducted.

(b) Registration as Investment Company. The Trust is registered under the Investment Company Act of 1940, as amended (the "Act") as an open-end investment company of the management type; such registration has not been revoked or rescinded and is in full force and effect.

(c) Current Offering Documents. The current prospectus and statement of additional information of the Trust, each dated May 1, 1998, as amended, included in the Trust's registration statement on Form N-1A filed

with the Commission, comply in all material respects with the requirements of the Securities Act of 1933, as amended (the "Securities Act") and the Act and do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Capitalization. The Trust has an unlimited number of authorized shares of beneficial interest, par value $.01 per share, of which as of January 15, 1999 there were outstanding the following numbers of shares of the Acquiring Portfolios: 45,422,874 shares of the Global Equity Trust and 25,146,929 shares of the Investment Quality Bond Trust, and no shares of such portfolios were held in the treasury of the Trust. All of the outstanding shares of the Trust have been duly authorized and are validly issued, fully paid and nonassessable (except as disclosed in the Trust's prospectus and recognizing that under Massachusetts law, shareholders of a Trust portfolio could, under certain circumstances, be held personally liable for the obligations of such Trust portfolio). Because the Trust is an open-end investment company engaged in the continuous offering and redemption of its shares, the number of outstanding shares may change prior to the Effective Time of the Reorganization. All of the issued and outstanding shares of each of the Acquiring Portfolios have been offered and sold in compliance in all material respects with applicable registration requirements of the Securities Act and applicable state securities laws.

(e) Financial Statements. The financial statements of the Trust for the fiscal year ended December 31, 1998, which have been audited by PricewaterhouseCoopers LLP, fairly present the financial position of the Acquiring Portfolios as of the dates thereof and the respective results of operations and changes in net assets for each of the periods indicated in accordance with generally accepted accounting principles ("GAAP").

(f) Shares to be Issued Upon Reorganization. The Acquiring Portfolio Shares to be issued in connection with the Reorganization will be duly authorized and upon consummation of the Reorganization will be validly issued, fully paid and nonassessable (except as disclosed in the Trust's prospectus and recognizing that under Massachusetts law, shareholders of a Trust portfolio could, under certain circumstances, be held personally liable for the obligations of such portfolio).

(g) Authority Relative to this Plan. The Trust, on behalf of the Acquiring Portfolios, has the power to enter into this Plan and to carry out its obligations hereunder. The execution and delivery of this Plan and the consummation of the transactions contemplated hereby have been duly authorized by the Trust's Board of Trustees and no other proceedings by the Trust other than those contemplated under this Plan are necessary to author-

ize its officers to effectuate this Plan and the transactions contemplated hereby. The Trust is not a party to or obligated under any provision of its Declaration of Trust or By-laws, or under any indenture or contract provision or any other commitment or obligation, or subject to any order or decree, which would be violated by or which would prevent its execution and performance of this Plan in accordance with its terms.

(h) Liabilities. There are no liabilities of the Acquiring Portfolios, whether actual or contingent and whether or not determined or determinable, other than liabilities disclosed or provided for in the Trust's Financial Statements with respect to the Acquiring Portfolios and liabilities incurred in the ordinary course of business subsequent to December 31, 1998 or otherwise previously disclosed to the Trust with respect to the Acquiring Portfolios, none of which has been materially adverse to the business, assets or results of operations of the Acquiring Portfolios.

(i) No Material Adverse Change. Since December 31, 1998, there has been no material adverse change in the financial condition, results of operations, business, properties or assets of the Acquiring Portfolios, other than those occurring in the ordinary course of business (for these purposes, a decline in net asset value and a decline in net assets due to redemptions do not constitute a material adverse change).

(j) Litigation. There are no claims, actions, suits or proceedings pending or, to the knowledge of the Trust, threatened which would adversely affect the Trust or the Acquiring Portfolios' assets or business or which would prevent or hinder consummation of the transactions contemplated hereby, there are no facts which would form the basis for the institution of administrative proceedings against the Trust or the Acquiring Portfolios and, to the knowledge of the Trust, there are no regulatory investigations of the Trust or the Acquiring Portfolios, pending or threatened, other than routine inspections and audits.

(k) Contracts. No default exists under any material contract or other commitment to which the Trust, on behalf of any Acquiring Portfolio, is subject.

(l) Taxes. The federal income tax returns of the Trust with respect to each Acquiring Portfolio, and all other income tax returns required to be filed by the Trust with respect to each Acquiring Portfolio, have been filed for all taxable years to and including December 31, 1997, and all taxes payable pursuant to such returns have been paid. To the knowledge of the Trust, no such return is under audit and no assessment has been asserted in respect of any such return. All federal and other taxes owed by the Trust with respect to the Acquiring Portfolios have been paid so far as due. The Trust and each

Acquiring Portfolio currently are, and will continue to be up until and at the Exchange Date, in compliance with Section 817(h) of the Code.

(m) No Approvals Required. Except for the Registration Statement (as defined in Section 4(a) hereof) and the approval of the Transferor Portfolios' shareholders (referred to in Section 6(a) hereof), the exemptive relief requested in the Exemptive Application (as defined in Section 4(e) hereof), no consents, approvals, authorizations, registrations or exemptions under federal or state laws are necessary for the consummation by the Trust of the Reorganization, except such as have been obtained as of the date hereof.

3. REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR PORTFOLIOS

Each of the Transferor Portfolios represents and warrants as follows:

(a) Organization, Existence, etc. The Trust is a business trust that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and has the power to carry on its business as it is now being conducted. Each Transferor Portfolio is a validly existing series of shares of such business trust representing interests therein under the laws of Massachusetts. Each Transferor Portfolio and the Trust has all necessary federal, state and local authorization to own all of its properties and assets and to carry on its business as now being conducted.

(b) Registration as Investment Company. The Trust is registered under the Act as an open-end investment company of the management type; such registration has not been revoked or rescinded and is in full force and effect.

(c) Current Offering Documents. The current prospectus and statement of additional information of the Trust, each dated May 1, 1998, as amended, included in the Trust's registration statement on Form N-1A filed with the Commission, comply in all material respects with the requirements of the Securities Act and the Act and do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Capitalization. The Trust has an unlimited number of authorized shares of beneficial interest, par value $.01 per share, of which as of January 15, 1999 there were outstanding the following numbers of shares of the Transferor Portfolios: 2,779,692 shares of the Worldwide Growth Trust and 5,432,114 shares of the Capital Growth Bond Trust, and no shares of such portfolios were held in the treasury of the Trust. All of the outstanding shares of the Trust have been duly authorized and are validly issued, fully paid and nonassessable (except as disclosed in the Trust's prospectus and recognizing that under Massachusetts law, shareholders of a Trust portfolio could, under certain circumstances, be held personally liable for the obligations of such Trust portfolio). Because the Trust is an open-end investment company engaged in the continuous offering and redemption of its shares, the number of outstanding shares may change prior to the Effective Time of the Reorganization. All such shares will, at the Exchange Date, be held by the shareholders of record of the Transferor Portfolios as set forth on the books and records of the Trust in the amounts set forth therein, and as set forth in any list of shareholders of record provided to the Acquiring Portfolios for purposes of the Reorganization, and no such shareholders of record will have any preemptive rights to purchase any Transferor Portfolio shares, and the Transferor Portfolios do not have outstanding any options, warrants or other rights to subscribe for or purchase any Transferor Portfolio shares (other than any existing dividend reinvestment plans of the Transferor Portfolios or as set forth in this Plan), nor are there outstanding any securities convertible into any shares of the Transferor Portfolios (except pursuant to any existing exchange privileges described in the current prospectus and statement of additional information of the Trust). All of each Transferor Portfolio's issued and outstanding shares have been offered and sold in compliance in all material respects with applicable registration requirements of the Securities Act and applicable state securities laws.

(e) Financial Statements. The Trust's Financial Statements fairly present the financial position of the Transferor Portfolios as of the dates thereof and the respective results of operations and changes in net assets for each of the periods indicated in accordance with GAAP.

(f) Authority Relative to this Plan. The Trust, on behalf of the Transferor Portfolios, has the power to enter into this Plan and to carry out its obligations hereunder. The execution and delivery of this Plan and the consummation of the transactions contemplated hereby have been duly authorized by the Trust's Board of Trustees and no other proceedings by the Trust other than those contemplated under this Plan are necessary to authorize its officers to effectuate this Plan and the transactions contemplated hereby. The Trust is not a party to or obligated under any provision of its Declaration of Trust or By-laws, or under any indenture or contract provision or any other commitment or obligation, or subject to any order or decree, which would be violated by or which would prevent its execution and performance of this Plan in accordance with its terms.

(g) Liabilities. There are no liabilities of the Transferor Portfolios, whether actual or contingent and whether or not determined or determinable, other than liabilities disclosed or provided for in the Trust's Financial

Statements with respect to the Transferor Portfolios and liabilities incurred in the ordinary course of business subsequent to December 31, 1998 or otherwise previously disclosed to the Trust with respect to the Transferor Portfolios, none of which has been materially adverse to the business, assets or results of operations of the Transferor Portfolios.

(h) No Material Adverse Change. Since December 31, 1998, there has been no material adverse change in the financial condition, results of operations, business, properties or assets of the Transferor Portfolios, other than those occurring in the ordinary course of business (for these purposes, a decline in net asset value and a decline in net assets due to redemptions do not constitute a material adverse change).

(i) Litigation. There are no claims, actions, suits or proceedings pending or, to the knowledge of the Trust, threatened which would adversely affect the Trust or the Transferor Portfolios' assets or business or which would prevent or hinder consummation of the transactions contemplated hereby, there are no facts which would form the basis for the institution of administrative proceedings against the Trust or the Transferor Portfolios and, to the knowledge of the Trust, there are no regulatory investigations of the Trust or the Transferor Portfolios, pending or threatened, other than routine inspections and audits.

(j) Contracts. The Trust, on behalf of the Transferor Portfolios, is not subject to any contracts or other commitments (other than this Plan) which will not be terminated with respect to the Transferor Portfolios without liability to the Trust or the Transferor Portfolios as of or prior to the Effective Time of the Reorganization.

(k) Taxes. The federal income tax returns of the Trust with respect to each Transferor Portfolio, and all other income tax returns required to be filed by the Trust with respect to each Transferor Portfolio, have been filed for all taxable years to and including December 31, 1997, and all taxes payable pursuant to such returns have been paid. To the knowledge of the Trust, no such return is under audit and no assessment has been asserted in respect of any such return. All federal and other taxes owed by the Trust with respect to the Transferor

Portfolios have been paid so far as due. The Trust and each Transferor Portfolio currently are, and will continue to be up until and at the Exchange Date, in compliance with Section 817(h) of the Code.

(l) No Approvals Required. Except for the Registration Statement (as defined in Section 4(a) hereof) and the approval of the Transferor Portfolios' shareholders referred to in Section 6(a) hereof, the exemptive relief requested by the Exemptive Application, no consents, approvals, authorizations, registrations or exemptions under federal or state laws are necessary for the

consummation by the Trust of the Reorganization, except such as have been obtained as of the date hereof.

4. COVENANTS OF THE ACQUIRING PORTFOLIOS

Each of the Acquiring Portfolios covenants to the following:

(a) Registration Statement. On behalf of the Acquiring Portfolios, the Trust shall file with the Commission a Registration Statement on Form N-14 (the "Registration Statement") under the Securities Act relating to the Acquiring Portfolio Shares issuable hereunder and the proxy statement of the Transferor Portfolios relating to the meeting of the Transferor Portfolios' shareholders referred to in Section 5(a) herein. At the time the Registration Statement becomes effective, the Registration Statement (i) will comply in all material respects with the provisions of the Securities Act and the rules and regulations of the Commission thereunder (the "Regulations") and (ii) will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at the time the Registration Statement becomes effective, at the time of the Transferor Portfolios shareholders' meeting referred to in Section 5(a) hereof, and at the Effective Time of the Reorganization, the prospectus/proxy statement (the "Prospectus") and statement of additional information (the "Statement of Additional Information") included therein, as amended or supplemented by any amendments or supplements filed by the Trust, will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Cooperation in Effecting Reorganization. The Acquiring Portfolios agree to use all reasonable efforts to effectuate the Reorganization, to continue in operation thereafter, and to obtain any necessary regulatory approvals for the Reorganization. The Acquiring Portfolios shall furnish such data and information relating to each Acquiring Portfolio as shall be reasonably requested for inclusion in the information to be furnished to the Transferor Portfolio shareholders in connection with the meeting of the Transferor Portfolios' shareholders for the purpose of acting upon this Plan and the transactions contemplated herein.

(c) Operations in the Ordinary Course. Except as otherwise contemplated by this Plan, each of the Acquiring Portfolios shall conduct its business in the ordinary course until the consummation of the Reorganization, it being understood that such ordinary course of business will include the declaration and payment of customary dividends and distributions.

(d) Exemptive Application. The Acquiring Portfolios shall use all reasonable efforts to cause the Commission to grant the exemptive relief requested in the Exemptive Application filed on November 13, 1998 by the Trust (the "Exemptive Application"), substantially in the form requested in the Exemptive Application, including filing any necessary or advisable amendments to the Exemptive Application.

5. COVENANTS OF THE TRANSFEROR PORTFOLIOS

Each of the Transferor Portfolios covenants to the following:

(a) Meeting of the Transferor Portfolios' Shareholders. The Trust shall call and hold a meeting of the shareholders of each Transferor Portfolio for the purpose of acting upon this Plan and the transactions contemplated herein. The Trust shall not hold such meeting until such time as the Commission shall have granted the exemptive relief requested in the Exemptive Application substantially in the form requested in the Exemptive Application.

(b) Portfolio Securities. With respect to the assets to be transferred in accordance with Section 1(a), each Transferor Portfolio's assets shall consist of all property and assets of any nature whatsoever, including, without limitation, all cash, cash equivalents, securities, claims and receivables (including dividend and interest receivables) owned, and any deferred or prepaid expenses shown as an asset on the Trust's books. At least five (5) business days prior to the Exchange Date, each Transferor Portfolio will provide the Trust, for the benefit of each Corresponding Acquiring Portfolio, with a list of its assets and a list of its stated liabilities. Each Transferor Portfolio shall have the right to sell any of the securities or other assets shown on the list of assets prior to the Exchange Date but will not, without the prior approval of the Trust, on behalf of the Corresponding Acquiring Portfolio, respectively, acquire any additional securities other than securities which the Corresponding Acquiring Portfolio is permitted to purchase, pursuant to its investment objective and policies or otherwise (taking into consideration its own portfolio composition as of such date). In the event that any Transferor Portfolio holds any investments that its Corresponding Acquiring Portfolio would not be permitted to hold, the Transferor Portfolio will dispose of such securities prior to the Exchange Date to the extent practicable and to the extent that its shareholders would not be materially affected in an adverse manner by such a disposition. In addition, the Trust will prepare and deliver immediately prior to the Effective Time of the Reorganization, a Statement of Assets and Liabilities of each Transferor Portfolio, prepared in accordance with GAAP (each, a "Schedule"). All securities to be listed in the Schedule for a Transferor Portfolio as of the Effective Time of the Reorganization will be owned by such Transferor Portfolio free and clear of any liens, claims, charges, options and

encumbrances, except as indicated in such Schedule, and, except as so indicated, none of such securities is or, after the Reorganization as contemplated hereby, will be subject to any restrictions, legal or contractual, on the disposition thereof (including restrictions as to the public offering or sale thereof under the Securities Act) and, except as so indicated, all such securities are or will be readily marketable.

(c) Registration Statement. In connection with the preparation of the Registration Statement, the Transferor Portfolios will cooperate with the Acquiring Portfolios and will furnish to the Trust the information relating to the Transferor Portfolios required by the Securities Act and the Regulations to be set forth in the Registration Statement (including the Prospectus and Statement of Additional Information). At the time the Registration Statement becomes effective, the Registration Statement, insofar as it relates to the Transferor Portfolios, (i) will comply in all material respects with the provisions of the Securities Act and the Regulations and (ii) will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at the time the Registration Statement becomes effective, at the time of the Transferor Portfolios' shareholders' meeting referred to in Section 5(a) and at the Effective Time of the Reorganization, the Prospectus and Statement of Additional Information, as amended or supplemented by any amendments or supplements filed by the Trust, insofar as they relate to the Transferor Portfolios, will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall apply only to statements in or omissions from the Registration Statement, Prospectus or Statement of Additional Information made in reliance upon and in conformity with information furnished by the Transferor Portfolios for use in the Registration Statement, Prospectus or Statement of Additional Information as provided in this Section 5(c).

(d) Cooperation in Effecting Reorganization. The Transferor Portfolios agree to use all reasonable efforts to effectuate the Reorganization and to obtain any necessary regulatory approvals for the Reorganization.

(e) Operations in the Ordinary Course. Except as otherwise contemplated by this Plan, each of the Transferor Portfolios shall conduct its business in the ordinary course until the consummation of the Reorganization, it being understood that such ordinary course of business will include the declaration and payment of customary dividends and distributions.

(f) Contract Terminations. Prior to the Effective Time of the Reorganization, the investment subadvisory agreement between Manulife Securities

and (i) Founders Asset Management, LLC ("Founders"), but only with respect to the Worldwide Growth Trust and (ii) Manufacturers Adviser Corporation ("MAC"), but only with respect to the Capital Growth Bond Trust, shall each be terminated, such termination to be effective prior to or as of the Effective Time of the Reorganization.

(g) Exemptive Application. The Transferor Portfolios shall use all reasonable efforts to cause the Commission to grant the exemptive relief requested in the Exemptive Application, substantially in the form requested in the Exemptive Application, including filing any necessary or advisable amendments to the Exemptive Application.

(h) Statement of Earnings and Profits. As promptly as practicable, but in any case within 60 days after the Exchange Date, the Trust on behalf of each Transferor Portfolio, shall prepare a statement of the earnings and profits of each Transferor Portfolio for federal income tax purposes, and of any capital loss carryovers and other items that the Acquiring Portfolios will succeed to and take into account as a result of Section 381 of the Code.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE TRANSFEROR PORTFOLIOS

The obligations of each Transferor Portfolio with respect to the consummation of the Reorganization are subject to the satisfaction of the following conditions:

(a) Approval by the Transferor Portfolios' Shareholders. This Plan and the transactions contemplated by the Reorganization shall have been approved by the requisite vote of the shares of each Transferor Portfolio entitled to vote on the matter ("Transferor Shareholder Approval").

(b) Covenants, Warranties and Representations. Each of the Acquiring Portfolios shall have complied with each of its covenants contained herein, each of the representations and warranties contained herein shall be true in all material respects as of the Effective Time of the Reorganization (except as otherwise contemplated herein), and there shall have been no material adverse change (as described in Section 2(i)) in the financial condition, results of operations, business, properties or assets of each of the Acquiring Portfolios since December 31, 1998.

(c) Regulatory Approval. The Registration Statement shall have been declared effective by the Commission and no stop orders under the Securities Act pertaining thereto shall have been issued, the Commission shall have granted the exemptive relief requested in the Exemptive Application substantially in the form requested in the Exemptive Application, and all other approvals, registrations, and exemptions under federal and state laws consid-

ered to be necessary shall have been obtained (collectively, the "Regulatory Approvals").

(i) Tax Opinion. The Trust shall have received the opinion of Simpson Thacher & Bartlett, dated on or before the Exchange Date, addressed to and in form and substance satisfactory to the Trust, as to certain of the federal income tax consequences under the Code of the Reorganization, insofar as it relates to each Transferor Portfolio and its Corresponding Acquiring Portfolio, and to shareholders of each Transferor Portfolio (the "Tax Opinion"). For purposes of rendering the Tax Opinion, Simpson Thacher & Bartlett may rely exclusively and without independent verification, as to factual matters, upon the statements made in this Plan, the Prospectus and Statement of Additional Information, and upon such other written representations as the President or Treasurer of the Trust will have verified as of the Effective Time of the Reorganization. The Tax Opinion will be to the effect that, based on the facts and assumptions stated therein, for federal income tax purposes: (i) the Reorganization will constitute a reorganization within the meaning of section 368(a)(1) of the Code with respect to each Transferor Portfolio and its Corresponding Acquiring Portfolio; (ii) no gain or loss will be recognized by any of the Transferor Portfolios or the Corresponding Acquiring Portfolios upon the transfer of all the assets and liabilities, if any, of each Transferor Portfolio to its Corresponding Acquiring Portfolio solely in exchange for shares of the Acquiring Portfolio or upon the distribution of the shares of the Acquiring Portfolio to the holders of the shares of the Transferor Portfolio solely in exchange for all of the shares of the Transferor Portfolio; (iii) no gain or loss will be recognized by shareholders of any of the Transferor Portfolios upon the exchange of shares of such Transferor Portfolio solely for shares of the Corresponding Acquiring Portfolio; (iv) the holding period and tax basis of the shares of the Acquiring Portfolio received by each holder of shares of the Transferor Portfolio pursuant to the Reorganization will be the same as the holding period and tax basis of shares of the Transferor Portfolio held by the shareholder (provided the shares of the Transferor Portfolio were held as a capital asset on the date of the Reorganization) immediately prior to the Reorganization; and (v) the holding period and tax basis of the assets of each of the Transferor Portfolios acquired by the Corresponding Acquiring Portfolio will be the same as the holding period and tax basis of those assets to each of the Transferor Portfolios immediately prior to the Reorganization.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE ACQUIRING PORTFOLIOS

The obligations of each Acquiring Portfolio with respect to the consummation of the Reorganization are subject to the satisfaction of the following conditions:

(a) Approval by the Transferor Portfolios' Shareholders. The Transferor Shareholder Approval shall have been obtained.

(b) Covenants, Warranties and Representations. Each of the Transferor Portfolios shall have complied with each of its covenants contained herein, each of the representations and warranties contained herein shall be true in all material respects as of the Effective Time of the Reorganization (except as otherwise contemplated herein), and there shall have been no material adverse change (as described in Section 3(h) in the financial condition, results of operations, business, properties or assets of each of the Transferor Portfolios since December 31, 1998.

(c) Portfolio Securities. All securities to be acquired by each Acquiring Portfolio in the Reorganization shall have been approved for acquisition by Manulife Securities as consistent with the investment policies of such Acquiring Portfolio.

(d) Regulatory Approval. The Regulatory Approvals shall have been obtained.

(e) Contract Terminations. The agreements referred to in Section 5(f) shall have been terminated as provided therein.

(f) Distribution of Income and Gains. The Trust on behalf of the Transferor Portfolios shall have distributed to the shareholders of each Transferor Portfolio all of such Transferor Portfolio's investment company taxable income (without regard to the deductions for dividends paid) as defined in Section 852(b)(2) of the Code for its taxable year ending on the Exchange Date and all of its net capital gain as such term is used in Section 852(b)(3) of the Code, after reduction by any capital loss carryforward, for its taxable year ending on the Exchange Date.

(g) Tax Opinion. The Trust shall have received the Tax Opinion.

8. AMENDMENTS; TERMINATIONS; NO SURVIVAL OF COVENANTS, WARRANTIES AND REPRESENTATIONS

(a) Amendments. The parties hereto may, by agreement in writing authorized by the Board of Trustees amend this Plan at any time before or after approval hereof by the shareholders of the Transferor Portfolios, but after

such approval, no amendment shall be made which substantially changes the terms hereof.

(b) Waivers. At any time prior to the Effective Time of the Reorganization, either the Transferor Portfolios or the Acquiring Portfolios may by written instrument signed by it (i) waive any inaccuracies in the representations and warranties made to it contained herein and (ii) waive compliance with any of the covenants or conditions made for its benefit contained herein, except that conditions set forth in Sections 6(c) and 7(d) may not be waived.

(c) Termination by the Transferor Portfolios. The Trust, on behalf of the Transferor Portfolios, may terminate this Plan with respect to one or more of the Transferor Portfolios at any time prior to the Effective Time of the Reorganization by notice to the Acquiring Portfolios, the Trust and Manulife Securities if (i) a material condition to the performance of one or more of the Transferor Portfolios hereunder or a material covenant of one or more of the Acquiring Portfolios contained herein shall not be fulfilled on or before the date specified for the fulfillment thereof or (ii) a material default or material breach of this Plan shall be made by one or more of the Acquiring Portfolios.

(d) Termination by the Acquiring Portfolios. The Trust, on behalf of the Acquiring Portfolios, may terminate this Plan with respect to one or more of the Acquiring Portfolios at any time prior to the Effective Time of the Reorganization by notice to the Transferor Portfolios, the Trust and Manulife Securities if (i) a material condition to the performance of one or more of the Acquiring Portfolios hereunder or a material covenant of one or more of the Transferor Portfolios contained herein shall not be fulfilled on or before the date specified for the fulfillment thereof or (ii) a material default or material breach of this Plan shall be made by one or more of the Transferor

Portfolios.

(e) Termination by the Trust. This Plan may be terminated by the Trust at any time prior to the Effective Time of the Reorganization, whether before or after approval of this Plan by the shareholders of the Transferor Portfolios, without liability on the part of any party hereto, its Directors, Trustees, officers or shareholders or Manulife Securities, on notice to the other parties in the event that the Board of Trustees determines that proceeding with this Plan is not in the best interests of the shareholders or contract owners of the Transferor Portfolios or the Acquiring Portfolios.

(f) Unless the parties hereto shall otherwise agree in writing, this Plan shall terminate without liability as of the close of business on September 1, 1999 if the Effective Time of the Reorganization is not on or prior to such date.

(g) Survival. No representations, warranties or covenants in or pursuant to this Plan, except for the provisions of Section 5(h) and Section 9 of this Plan, shall survive the Reorganization.

9. EXPENSES; INSURANCE

The expenses of the Reorganization will be borne by the Transferor Portfolios and the Acquiring Portfolios. Such expenses include, without limitation, (i) expenses incurred in connection with the entering into and the carrying out of the provisions of this Plan; (ii) expenses associated with the preparation and filing of the Registration Statement (other than registration fees payable to the Commission in respect of the registration of the Acquiring Portfolio shares registered thereby, which shall be payable by the respective Acquiring Portfolios in which such shares represent interests); (iii) fees and expenses of preparing and filing such forms as are necessary under any applicable state securities laws in connection with the Reorganization; (iv) postage; (v) printing; (vi) accounting fees; (vii) legal fees and (viii) solicitation costs relating to the Reorganization.

10. NOTICES

Any notice, report, statement or demand required or permitted by any provision of this Plan shall be in writing and shall be given by hand, certified mail or by facsimile transmission, shall be deemed given when received and shall be addressed to the parties hereto at their respective addresses listed below or to such other persons or addresses as the relevant party shall designate as to itself from time to time in writing delivered in like manner:

if to the Trust (for itself or on
behalf of the Transferor
Portfolios or the Acquiring Portfolios):

73 Tremont Street
Boston, Massachusetts 02108
Attention: James D. Gallagher, Esq.
Facsimile: (617) 266-8201

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Attention: Sarah E. Cogan, Esq.
Facsimile: (212) 455-2502

11. RELIANCE

All covenants and agreements made under this Plan shall be deemed to have been material and relied upon by the Transferor Portfolios, the Acquiring Portfolios and the Trust notwithstanding any investigation made by such party or on its behalf.

12. HEADINGS; COUNTERPARTS; GOVERNING LAW; ASSIGNMENT

(a) The section and paragraph headings contained in this Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of this Plan.

(b) This Plan may be executed in any number of counterparts, each of which shall be deemed an original.

(c) This Plan shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

(d) This Plan shall bind and inure to the benefit of the Trust, the Transferor Portfolios and the Acquiring Portfolios and their respective successors and assigns, but no assignment or transfer hereof or of any rights or obligations hereunder shall be made by any party without the written consent of the other parties. Nothing herein expressed or implied is intended or shall be construed to confer upon or give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Plan.

(e) The name "Manufacturers Investment Trust" is the designation of the Trustees under a Declaration of Trust dated September 29, 1988, as amended, and all persons dealing with the Trust must look solely to the Trust's property for the enforcement of any claims against the Trust, as neither the Trustees, officers, agents or shareholders assume any personal liability for obligations entered into on behalf of the Trust. No series of the Trust shall be liable for claims against any other series of the Trust.

IN WITNESS WHEREOF, the undersigned have executed this Plan as of the date first above written.

MANUFACTURERS INVESTMENT TRUST

on behalf of the Transferor Portfolios

BY: /s/ JOHN D. DESPREZ III

Name: John D. DesPrez III
Title: President

MANUFACTURERS INVESTMENT TRUST

on behalf of the Acquiring Portfolios

BY: /s/ JAMES BOYLE

Name: James Boyle
Title: Treasurer

[THE MANUFACTURERS LIFE INSURANCE COMPANY OF NORTH AMERICA]
[THE MANUFACTURERS LIFE INSURANCE COMPANY OF NEW YORK]
[THE MANUFACTURERS LIFE INSURANCE COMPANY OF AMERICA]

VOTING INSTRUCTIONS FORM

VOTING PURSUANT TO THESE INSTRUCTIONS WILL BE AS SPECIFIED. IF NO SPECIFICATION IS MADE AS TO AN ITEM, VOTING WILL BE FOR SUCH ITEM.

A SEPARATE VOTING INSTRUCTION FORM IS PROVIDED FOR EACH MANUFACTURERS INVESTMENT TRUST PORTFOLIO IN WHICH YOUR CONTRACT VALUES WERE INVESTED AS OF FEBRUARY 28, 1999. PLEASE SIGN, DATE AND RETURN ALL VOTING INSTRUCTION FORMS RECEIVED IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

VOTING INSTRUCTIONS MUST BE RECEIVED BY APRIL 26, 1999 TO BE VOTED FOR THE MEETING TO BE HELD ON APRIL 27, 1999.

[NAME OF TRANSFEROR PORTFOLIO]

THESE VOTING INSTRUCTIONS ARE SOLICITED BY THE [MANUFACTURERS LIFE INSURANCE COMPANY OF NORTH AMERICA] [THE MANUFACTURERS LIFE INSURANCE COMPANY OF NEW YORK] [THE MANUFACTURERS LIFE INSURANCE COMPANY OF AMERICA] IN CONNECTION WITH A SOLICITATION OF PROXIES BY THE BOARD OF TRUSTEES OF MANUFACTURERS INVESTMENT TRUST.

The undersigned hereby instructs [The Manufacturers Life Insurance Company of North America] [The Manufacturers Life Insurance Company of New York] [The Manufacturers Life Insurance Company of America] to vote the shares of Manufacturers Investment Trust (the "Trust") attributable to his or her contract at the Special Meeting of Shareholders to be held at 73 Tremont Street, Boston, Massachusetts 02108 at 10:00 a.m., April 27, 1999, and any adjournments thereof, as indicated below.

Date:

PLEASE SIGN IN BOX BELOW

If a contract is held jointly, each contract owner should sign. If only one signs, his or her signature will be binding. If the contract owner is a corporation, the President or a Vice President should sign in his or her own name, indicating title. If the contract owner is a partnership, a partner should sign in his or her own name, including that he or she is a "Partner." If the contract owner is a trust, the trustee should sign in his or her own name, indicating that he or she is a "Trustee."

Signature(s), Title(s), if applicable

INDICATE YOUR VOTE BELOW BY FILLING IN THE APPROPRIATE BOX

THIS VOTING INSTRUCTION, IF PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED BY THE CONTRACT HOLDER. IF NO DIRECTION IS MADE, THIS VOTING INSTRUCTION WILL BE VOTED FOR THE PROPOSAL. PLEASE REFER TO THE PROSPECTUS/PROXY STATEMENT FOR A DISCUSSION OF THE PROPOSAL.

	FOR	AGAINST	ABSTAIN
1. Approval of Agreement and Plan of Reorganization.	[ ]	[ ]	[ ]
2. To transact such other business as may properly come before the Meeting.			

PLEASE MARK YOUR VOTING INSTRUCTION FORM, DATE AND SIGN IT ON THE REVERSE SIDE, AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

MANUFACTURERS INVESTMENT TRUST

STATEMENT OF ADDITIONAL INFORMATION

MARCH 16, 1999

This Statement of Additional Information is available to the shareholders of the Worldwide Growth Trust and the Capital Growth Bond Trust in connection with the proposed transfer of all of the assets and liabilities of the Worldwide Growth Trust and the Capital Growth Bond Trust to, and in exchange for shares of, the Global Equity Trust and the Investment Quality Bond Trust, respectively. This Statement of Additional Information includes the Statement of Additional Information of the Trust dated May 1, 1998.

This Statement of Additional Information is not a prospectus and should be read in conjunction with the Prospectus/Proxy Statement dated March 16, 1999 (the "Prospectus/Proxy Statement"), which may be obtained without charge by writing to Manufacturers Investment Trust (the "Trust") at 116 Huntington Avenue, Boston, Massachusetts 02116, or by calling toll free 1-800-344-1029.

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STATEMENT OF ADDITIONAL INFORMATION

MANUFACTURERS INVESTMENT TRUST

This Statement of Additional Information is not a prospectus but should be read in conjunction with the Trust's Prospectus dated May 1, 1998 which may be obtained from Manufacturers Investment Trust, 116 Huntington Avenue, Boston, Massachusetts, 02116.

The date of this Statement of Additional Information is May 1, 1998.

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INVESTMENT POLICIES

The following discussion supplements "Investment Objectives and Policies" set forth in the Prospectus of Manufacturers Investment Trust (the "Trust").

MONEY MARKET INSTRUMENTS

The Money Market Trust will be invested in the types of money market instruments described below. Certain of the instruments listed below may also be purchased by the other portfolios in accordance with their investment policies and all portfolios may purchase such instruments to invest otherwise idle cash or for defensive purposes, except that the U.S. Government Securities Trust and the Equity Index Trust may not invest in the instruments described in 2. below.

1. U.S. GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS. Government obligations are debt securities issued or guaranteed as to principal or interest by the U.S. Treasury. These securities include treasury bills, notes and bonds. U.S. Government agency obligations are debt securities issued or guaranteed as to principal or interest by an agency or instrumentality of the U.S. Government pursuant to authority granted by Congress. U.S. Government agency obligations include, but are not limited to, the Student Loan Marketing Association, Federal Home Loan Banks, Federal Intermediate Credit Banks and the Federal National Mortgage Association. U.S. instrumentality obligations include, but are not limited to, the Export-Import Bank and Farmers Home Administration. Some obligations issued or guaranteed by U.S. Government agencies or instrumentalities are supported by the right of the issuer to borrow from the U.S. Treasury or the Federal Reserve Banks, such as those issued by Federal Intermediate Credit Banks; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. There are also separately traded interest components of securities issued or guaranteed by the United States Treasury. No assurance can be given that the U.S. Government will provide financial support to such U.S. Government sponsored agencies or instrumentalities in the future, since it is not obligated to do so by law. The foregoing types of instruments are hereafter collectively referred to as "U.S. Government securities."

2. CANADIAN AND PROVINCIAL GOVERNMENT AND CROWN AGENCY OBLIGATIONS. Canadian Government obligations are debt securities issued or guaranteed as to principal or interest by the Government of Canada pursuant to authority granted by the Parliament of Canada and approved by the Governor in Council, where necessary. These securities include treasury bills, notes, bonds, debentures and marketable Government of Canada loans. Canadian Crown agency obligations are debt securities issued or guaranteed by a Crown corporation, company or agency ("Crown agencies") pursuant to authority granted by the Parliament of Canada and approved by the Governor in Council, where necessary. Certain Crown agencies are by statute agents of Her Majesty in right of Canada, and their obligations, when properly authorized, constitute direct obligations of the Government of Canada. Such obligations include, but are not limited to, those issued or guaranteed by the Export Development Corporation, Farm Credit Corporation, Federal Business Development Bank and Canada Post Corporation. In addition, certain Crown agencies which are not by law agents of Her Majesty may issue obligations which by statute the Governor in Council may authorize the Minister of Finance to guarantee on behalf of the Government of Canada. Other Crown agencies which are not by law agents of Her Majesty may issue or guarantee obligations not entitled to be guaranteed by the Government of Canada. No assurance can be given that the Government of Canada will support the obligations of Crown agencies which are not agents of Her Majesty, which it has not guaranteed, since it is not obligated to do so by law.

Provincial Government obligations are debt securities issued or guaranteed as to principal or interest by the government of any province of Canada pursuant to authority granted by the Legislature of any such province and approved by the Lieutenant Governor in Council of any such province, where necessary. These securities include treasury bills, notes, bonds and debentures. Provincial Crown agency obligations are debt securities issued or guaranteed by a provincial Crown corporation, company or agency ("provincial Crown agencies") pursuant to authority granted by a provincial Legislature and approved by the Lieutenant Governor in Council of such province, where necessary. Certain provincial Crown agencies are by statute agents of Her Majesty in right of a particular province of Canada, and their obligations, when properly authorized, constitute direct obligations of such province. Other provincial Crown agencies which are not by law agents of Her Majesty in right of a particular province of Canada may issue obligations which by statute the Lieutenant Governor in Council of such province may guarantee, or may authorize the Treasurer thereof to guarantee, on behalf of the government of such province. Finally, other provincial Crown agencies which are not by law agencies of Her Majesty may issue or guarantee obligations not entitled to be guaranteed by a provincial government. No assurance can be given that the government of any province of

Canada will support the obligations of provincial Crown agencies which are not agents of Her Majesty, which it has not guaranteed, as it is not obligated to do so by law. Provincial Crown agency obligations described above include, but are not limited to, those issued or guaranteed by a provincial railway corporation, a provincial hydroelectric or power commission or authority, a provincial municipal financing corporation or agency and a provincial telephone commission or authority.

Any Canadian obligation acquired by the Money Market Trust will be payable in U.S. dollars.

3. CERTIFICATES OF DEPOSIT AND BANKERS' ACCEPTANCES. Certificates of deposit are certificates issued against funds deposited in a bank or a savings and loan. They are for a definite period of time and earn a specified rate of return. Bankers' acceptances are short-term credit instruments evidencing the obligation of a bank to pay a draft which has been drawn on it by a customer. These instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity. They are primarily used to finance the import, export, transfer or storage of goods. They are termed "accepted" when a bank guarantees their payment at maturity.

Trust portfolios may acquire obligations of foreign banks and foreign branches of U.S. banks. These obligations are not insured by the Federal Deposit Insurance Corporation.

4. COMMERCIAL PAPER. Commercial paper consists of unsecured promissory notes issued by corporations to finance short-term credit needs. Commercial paper is issued in bearer form with maturities generally not exceeding nine months. Commercial paper obligations may include variable amount master demand notes. Variable amount master demand notes are obligations that permit the investment of fluctuating amounts at varying rates of interest pursuant to direct arrangements between a portfolio, as lender, and the borrower. These notes permit daily changes in the amounts borrowed. The portfolio has the right to increase the amount under the note at any time up to the full amount provided by the note agreement, or to decrease the amount, and the borrower may prepay up to the full amount of the note without penalty. Because variable amount master demand notes are direct lending arrangements between the lender and borrower, it is not generally contemplated that such instruments will be traded, and there is no secondary market for these notes, although they are redeemable (and thus immediately repayable by the borrower) at face value, plus accrued interest, at any time. A portfolio will only invest in variable amount master demand notes issued by companies which at the date of investment have an outstanding debt issue rated "Aaa" or "Aa" by Moody's or "AAA" or "AA" by S&P and which the applicable Subadviser has determined present minimal risk of loss to the portfolio. A Subadviser will look generally at the financial strength of the issuing company as "backing" for the note and not to any security interest or supplemental source such as a bank letter of credit. A master demand note will be valued each day a portfolio's net asset value is determined, which value will generally be equal to the face value of the note plus accrued interest unless the financial position of the issuer is such that its ability to repay the note when due is in question.

5. CORPORATE OBLIGATIONS. Corporate obligations include bonds and notes issued by corporations to finance long-term credit needs.

6. REPURCHASE AGREEMENTS. Repurchase agreements are arrangements involving the purchase of obligations by a portfolio and the simultaneous agreement to resell the same obligations on demand or at a specified future date and at an agreed upon price. A repurchase agreement can be viewed as a loan made by a portfolio to the seller of the obligation with such obligation serving as collateral for the seller's agreement to repay the amount borrowed with interest. Such transactions afford an opportunity for a portfolio to earn a return on cash which is only temporarily available. Repurchase agreements entered into by the portfolio will be with banks, brokers or dealers. However, a portfolio will enter into a repurchase agreement with a broker or dealer only if the broker or dealer agrees to deposit additional collateral should the value of the obligation purchased by the portfolio decrease below the resale price.

In selecting sellers with whom the portfolio will enter into repurchase transactions, the Trustees have adopted procedures that establish certain credit worthiness, asset and collateralization requirements and limit the counterparties to repurchase transactions to those financial institutions which are members of the Federal Reserve System and for a primary government securities dealer reporting to the Federal Reserve Bank of New York's Market Reports Division or a broker/dealer which meet certain credit worthiness criteria or which report U.S. Government securities positions to the Federal Reserve Board. However, the Trustees reserve the right to change the criteria used to select such financial institutions and broker/dealers. The Trustees will regularly monitor the use of repurchase agreements and the Subadviser will, pursuant to

procedures adopted by the Trustees, continuously monitor that the collateral held with respect to a repurchase transaction equals or exceeds the amount of the obligations.

Should an issuer of a repurchase agreement fail to repurchase the underlying obligation, the loss to the portfolio, if any, would be the difference between the repurchase price and the underlying obligation's market value. A portfolio might also incur certain costs in liquidating the underlying obligation. Moreover, if bankruptcy or other insolvency proceedings should be commenced with respect to the seller, realization upon the underlying obligation by the Trust might be delayed or limited. Generally, repurchase agreements are of a short duration, often less than one week but on occasion for longer periods.

OTHER INSTRUMENTS

The following provides a more detailed explanation of some of the other instruments in which certain portfolios may invest.

1. MORTGAGE SECURITIES

Mortgage securities differ from conventional bonds in that principal is paid over the life of the securities rather than at maturity. As a result, a portfolio receives monthly scheduled payments of principal and interest, and may receive unscheduled principal payments representing prepayments on the underlying mortgages. When a portfolio reinvests the payments and any unscheduled prepayments of principal it receives, it may receive a rate of interest which is higher or lower than the rate on the existing mortgage securities. For this reason, mortgage securities may be less effective than other types of debt securities as a means of locking in long term interest rates.

In addition, because the underlying mortgage loans and assets may be prepaid at any time, if a portfolio purchases mortgage securities at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing yield to maturity. Conversely, if a portfolio purchases these securities at a discount, faster than expected prepayments will increase, while slower than expected payments will reduce, yield to maturity.

Adjustable rate mortgage securities, are similar to the mortgage securities discussed above, except that unlike fixed rate mortgage securities, adjustable rate mortgage securities are collateralized by or represent interests in mortgage loans with variable rates of interest. These variable rates of interest reset periodically to align themselves with market rates. Most adjustable rate mortgage securities provide for an initial mortgage rate that is in effect for a fixed period, typically ranging from three to twelve months. Thereafter, the mortgage interest rate will reset periodically in accordance with movements in a specified published interest rate index. The amount of interest due to an adjustable rate mortgage holder is determined in accordance with movements in a specified published interest rate index by adding a pre-determined increment or "margin" to the specified interest rate index. Many adjustable rate mortgage securities reset their interest rates based on changes in the one-year, three-year and five-year constant maturity Treasury rates, the three-month or six-month Treasury Bill rate, the 11th District Federal Home Loan Bank Cost of Funds, the National Median Cost of Funds, the one-month, three-month, six-month or one-year London Interbank Offered Rate ("LIBOR") and other market rates.

A portfolio will not benefit from increases in interest rates to the extent that interest rates rise to the point where they cause the current coupon of adjustable rate mortgages held as investments to exceed any maximum allowable annual or lifetime reset limits (or "cap rates") for a particular mortgage. In this event, the value of the mortgage securities in a portfolio would likely decrease. Also, the portfolio's net asset value could vary to the extent that current yields on adjustable rate mortgage securities are different than market yields during interim periods between coupon reset dates. During periods of declining interest rates, income to a portfolio derived from adjustable rate mortgages which remain in a mortgage pool will decrease in contrast to the income on fixed rate mortgages, which will remain constant. Adjustable rate mortgages also have less potential for appreciation in value as interest rates decline than do fixed rate investments.

PRIVATELY-ISSUED MORTGAGE SECURITIES. Privately-issued pass through securities provide for the monthly principal and interest payments made by individual borrowers to pass through to investors on a corporate basis, and in privately issued collateralized mortgage obligations, as further described below. Privately-issued mortgage securities are issued by private originators of, or investors in, mortgage loans, including mortgage bankers, commercial banks, investment banks, savings and loan associations and special purpose subsidiaries of the foregoing. Since privately-issued mortgage certificates are not

guaranteed by an entity having the credit status of GNMA or FHLMC, such securities generally are structured with one or more types of credit enhancement. For a description of the types of credit enhancements that may accompany privately-issued mortgage securities, see "Types of Credit Support" below. A portfolio will not limit its investments to asset-backed securities with credit enhancements.

COLLATERALIZED MORTGAGE OBLIGATIONS ("CMOS"). CMOs generally are bonds or certificates issued in multiple classes that are collateralized by or represent an interest in mortgages. CMOs may be issued by single-purpose, stand-alone finance subsidiaries or trusts of financial institutions, government agencies, investment banks or other similar institutions. Each class of CMOs, often referred to as a "tranche," may be issued with a specific fixed coupon rate (which may be zero) or a floating coupon rate, and has a stated maturity or final distribution date. Principal prepayments on the underlying mortgages may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates. Interest is paid or accrued on CMOs on a monthly, quarterly or semiannual basis. The principal of and interest on the underlying mortgages may be allocated among the several classes of a series of a CMO in many ways. The general goal sought to be achieved in allocating cash flows on the underlying mortgages to the various classes of a series of CMOs is to create tranches on which the expected cash flows have a higher degree of predictability than the underlying mortgages. As a general matter, the more predictable the cash flow is on a CMO tranche, the lower the anticipated yield will be on that tranche at the time of issuance. As part of the process of creating more predictable cash flows on most of the tranches in a series of CMOs, one or more tranches generally must be created that absorb most of the volatility in the cash flows on the underlying mortgages. The yields on these tranches are relatively higher than on tranches with more predictable cash flows. Because of the uncertainty of the cash flows on these tranches, and the sensitivity thereof to changes in prepayment rates on the underlying mortgages, the market prices of and yield on these tranches tend to be highly volatile.

CMOs purchased may be:

(1) collateralized by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. Government;

(2) collateralized by pools of mortgages in which payment of principal and interest is guaranteed by the issuer and the guarantee is collateralized by U.S. Government securities; or

(3) securities for which the proceeds of the issuance are invested in mortgage securities and payment of the principal and interest is supported by the credit of an agency or instrumentality of the U.S. Government.

STRIPS. In addition to the U.S. Government securities discussed above, certain portfolios may invest in separately traded interest components of securities issued or guaranteed by the United States Treasury. The interest components of selected securities are traded independently under the Separate Trading of Registered Interest and Principal of Securities program ("STRIPS"). Under the STRIPS program, the interest components are individually numbered and separately issued by the United States Treasury at the request of depository financial institutions, which then trade the component parts independently.

STRIPPED MORTGAGE SECURITIES. Stripped mortgage securities are derivative multiclass mortgage securities. Stripped mortgage securities may be issued by agencies or instrumentalities of the U.S. Government, or by private issuers, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing. Stripped mortgage securities have greater volatility than other types of mortgage securities in which the portfolio invests. Although stripped mortgage securities are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, the market for such securities has not yet been fully developed. Accordingly, stripped mortgage securities are generally illiquid and to such extent, together with any other illiquid investments, will not exceed 15% of a portfolio's net assets.

Stripped mortgage securities are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of stripped mortgage security will have one class receiving some of the interest and most of the principal from the mortgage assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest only or "IO" class), while the other class will receive all of the principal (the principal only or "PO" class). The yield to maturity on an IO class is extremely sensitive not only to changes in prevailing interest rates but also the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on the portfolio's yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the portfolio may fail to fully recoup its initial investment in these securities even if the securities are rated AAA by S&P.

As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. The value of the other mortgage securities described in this Prospectus, like other debt instruments, will tend to move in the opposite direction to interest rates. Accordingly, the Trust believes that investing in IOs, in conjunction with the other mortgage securities described herein, will contribute to a portfolio's relatively stable net asset value.

In addition to the stripped mortgage securities described above, the Strategic Bond, High Yield and Value Trusts may invest in similar securities such as Super POs and Levered IOs which are more volatile than POs, IOs and IOettes. Risks associated with instruments such as Super POs are similar in nature to those risks related to investments in POs. Risks connected with Levered IOs and IOettes are similar in nature to those associated with IOs. The Strategic Bond Trust may also invest in other similar instruments developed in the future that are deemed consistent with the investment objectives, policies and restrictions of the portfolio.

Under the Internal Revenue Code of 1986, as amended (the "Code"), POs may generate taxable income from the current accrual of original issue discount, without a corresponding distribution of cash to the portfolio.

INVERSE FLOATERS. The Strategic Bond, High Yield and Value Trusts may invest in inverse floaters which are also derivative mortgage securities. Inverse floaters may be issued by agencies or instrumentalities of the U.S. Government, or by private issuers, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing. Inverse floaters have greater volatility than other types of mortgage securities in which the portfolio invests (with the exception of stripped mortgage securities). Although inverse floaters are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, the market for such securities has not yet been fully developed. Accordingly, inverse floaters are generally illiquid and to such extent, together with any other illiquid investments, will not exceed 15% of a portfolio's net assets.

Inverse floaters are structured as a class of security that receives distributions on a pool of mortgage assets and whose yields move in the opposite direction of short-term interest rates and at an accelerated rate. Inverse floaters may be volatile and there is a risk that their market value will vary from their amortized cost.

2. ASSET-BACKED SECURITIES

The securitization techniques used to develop mortgage securities are also being applied to a broad range of other assets. Through the use of trusts and special purpose corporations, automobile and credit card receivables are being securitized in pass-through structures similar to mortgage pass-through structures or in a pay-through structure similar to the CMO structure. Generally the issuers of asset-backed bonds, notes or pass-through certificates are special purpose entities and do not have any significant assets other than the receivables securing such obligations. In general, the collateral supporting asset-backed securities is of shorter maturity than mortgage loans. As a result, investment in these securities should result in greater price stability for the portfolio's shares. Instruments backed by pools of receivables are similar to mortgage-backed securities in that they are subject to unscheduled prepayments of principal prior to maturity. When the obligations are prepaid, the portfolio must reinvest the prepaid amounts in securities the yields of which reflect interest rates prevailing at the time. Therefore, a portfolio's ability to maintain a portfolio which includes high-yielding asset-backed securities will be adversely affected to the extent that prepayments of principal must be reinvested in securities which have lower yields than the prepaid obligations. Moreover, prepayments of securities purchased at a premium could result in a realized loss. A portfolio will only invest in asset-backed securities rated, at the time of purchase, AA or better by S&P or Aa or better by Moody's or which, in the opinion of the investment subadviser, are of comparable quality.

As with mortgage securities, asset-backed securities are often backed by a pool of assets representing the obligation of a number of different parties and use similar credit enhancement techniques. For a description of the types of credit enhancement that may accompany privately-issued mortgage securities, see "Types of Credit Support" below. A portfolio will not limit its investments to asset-backed securities with credit enhancements. Although asset-backed securities are not generally traded on a national securities exchange, such securities are widely traded by brokers and dealers, and to such extent will not be considered illiquid securities for the purposes of the investment restriction under "Investment Restrictions" below.

TYPES OF CREDIT SUPPORT. Mortgage securities and asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. To lessen the effect of failure by obligors on underlying assets to make payments, such securities may contain elements of credit support. Such credit support falls into two categories: (i) liquidity protection and (ii) protection against losses resulting from ultimate default by an obligor on the underlying assets. Liquidity protection refers to the provision of advances, generally by the entity administering the pool of assets, to ensure that the pass-through of payments due on the underlying pool occurs in a timely fashion. Protection against losses resulting from ultimate default enhances the likelihood of ultimate payment of the obligations on at least a portion of the assets in the pool. Such protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor from third parties, through various means of structuring the transaction or through a combination of such approaches. The Trust will not pay any additional fees for such credit support, although the existence of credit support may increase the price of a security.

The ratings of mortgage securities and asset-backed securities for which third-party credit enhancement provides liquidity protection or protection against losses from default are generally dependent upon the continued creditworthiness of the provider of the credit enhancement. The ratings of such securities could be subject to reduction in the event of deterioration in the creditworthiness of the credit enhancement provider even in cases where the delinquency and loss experience on the underlying pool of assets is better than expected.

Examples of credit support arising out of the structure of the transaction include "senior-subordinated securities" (multiple class securities with one or more classes subordinate to other classes as to the payment of principal thereof and interest thereon, with the result that defaults on the underlying assets are borne first by the holders of the subordinated class), creation of "reserve funds" (where cash or investments sometimes funded from a portion of the payments on the underlying assets, are held in reserve against future losses) and "over-collateralization" (where the scheduled payments on, or the principal amount of, the underlying assets exceed those required to make payment of the securities and pay any servicing or other fees). The degree of credit support provided for each issue is generally based on historical information with respect to the level of credit risk associated with the underlying assets. Delinquency or loss in excess of that which is anticipated could adversely affect the return on an investment in such security.

3. ZERO COUPON SECURITIES AND PAY-IN-KIND BONDS

Zero coupon securities and pay-in-kind bonds involve special risk considerations. Zero coupon securities are debt securities that pay no cash income but are sold at substantial discounts from their value at maturity. When a zero coupon security is held to maturity, its entire return, which consists of the amortization of discount, comes from the difference between its purchase price and its maturity value. This difference is known at the time of purchase, so that investors holding zero coupon securities until maturity know at the time of their investment what the return on their investment will be. Certain zero coupon securities also are sold at substantial discounts from their maturity value and provide for the commencement of regular interest payments at a deferred date. The portfolios also may purchase pay-in-kind bonds. Pay-in-kind bonds are bonds that pay all or a portion of their interest in the form of debt or equity securities.

Zero coupon securities and pay-in-kind bonds tend to be subject to greater price fluctuations in response to changes in interest rates than are ordinary interest-paying debt securities with similar maturities. The value of zero coupon securities appreciates more during periods of declining interest rates and depreciates more during periods of rising interest rates.

Zero coupon securities and pay-in-kind bonds may be issued by a wide variety of corporate and governmental issuers. Although zero coupon securities and pay-in-kind bonds are generally not traded on a national securities exchange, such securities are widely traded by brokers and dealers and, to such extent, will not be considered illiquid for the purposes of the investment restriction under "Investment Restrictions" below.

Current Federal income tax law requires the holder of a zero coupon security or certain pay-in-kind bonds to accrue income with respect to these securities prior to the receipt of cash payments. To maintain its qualification as a regulated investment company and avoid liability for Federal income and excise taxes, a portfolio may be required to distribute income accrued with respect to these securities and may have to dispose of portfolio securities under disadvantageous circumstances in order to generate cash to satisfy these distribution requirements.

4. HIGH YIELD (HIGH RISK) DOMESTIC CORPORATE DEBT SECURITIES

The market for high yield U.S. corporate debt securities has undergone significant changes in the past decade. Issuers in the U.S. high yield market originally consisted primarily of growing small capitalization companies and larger capitalization companies whose credit quality had declined from investment grade. During the mid-1980's, participants in the U.S. high yield market issued high yield securities principally in connection with leveraged buyouts and other leveraged recapitalizations. In late 1989 and 1990, the volume of new issues of high yield U.S. corporate debt declined significantly and liquidity in the market decreased. Since early 1991, the volume of new issues of high yield U.S. corporate debt securities has increased substantially and secondary market liquidity has improved. During the same periods, the U.S. high yield debt market exhibited strong returns, and it continues to be an attractive market in terms of yield and yield spread over U.S. Treasury securities. Currently, most new offerings of U.S. high yield securities are being issued to refinance higher coupon debt and to raise funds for general corporate purposes.

High yield U.S. corporate debt securities in which the portfolios may invest include bonds, debentures, notes and commercial paper and will generally be unsecured. Most of these debt securities will bear interest at fixed rates. However, the portfolios may also invest in debt securities with variable rates of interest or which involve equity features, such as contingent interest or participations based on revenues, sales or profits (i.e., interest or other payments, often in addition to a fixed rate of return, that are based on the borrower's attainment of specified levels of revenues, sales or profits and thus enable the holder of the security to share in the potential success of the venture).

5. HIGH YIELD FOREIGN SOVEREIGN DEBT SECURITIES

The Strategic Bond, Investment Quality Bond and High Yield Trusts expect that a significant portion of their emerging market governmental debt obligations will consist of "Brady Bonds." In addition, the Worldwide Growth, International Small Cap, Moderate Asset Allocation and Aggressive Asset Allocation Trusts may also invest in Brady Bonds. Brady Bonds are debt securities issued under the framework of the "Brady Plan," an initiative announced by former U.S. Treasury Secretary Nicholas F. Brady in 1989 as a mechanism for debtor nations to restructure their outstanding external commercial bank indebtedness. The Brady Plan framework, as it has developed, contemplates the exchange of external commercial bank debt for newly issued bonds (Brady Bonds). Brady Bonds may also be issued in respect of new money being advanced by existing lenders in connection with the debt restructuring. Investors should recognize that Brady Bonds have been issued only recently, and accordingly do not have a long payment history. Brady Bonds issued to date generally have maturities of between 15 and 30 years from the date of issuance and have traded at a deep discount from their face value. The Trusts may invest in Brady Bonds of emerging market countries that have been issued to date, as well as those which may be issued in the future. In addition to Brady Bonds, the Trusts may invest in emerging market governmental obligations issued as a result of debt restructuring agreements outside of the scope of the Brady Plan.

Agreements implemented under the Brady Plan to date are designed to achieve debt and debt-service reduction through specific options negotiated by a debtor nation with its creditors. As a result, the financial packages offered by each country differ. The types of options have included the exchange of outstanding commercial bank debt for bonds issued at 100% of face value of such debt which carry a below-market stated rate of interest (generally known as par bonds), bonds issued at a discount from face value of such debt (generally known as discount bonds), bonds bearing an interest rate which increases over time and bonds issued in exchange for the advancement of new money by existing lenders. Discount bonds issued to date under the framework of the Brady Plan have generally borne interest computed semi-annually at a rate equal to 13/16 of one percent above the current six month LIBOR rate. Regardless of the stated face amount and stated interest rate of the various types of Brady Bonds, the portfolios will purchase Brady Bonds in secondary markets, as described below, in which the price and yield to the investor reflect market conditions at the time of purchase. Brady Bonds issued to date have traded at a deep discount from their face value. Certain sovereign bonds are entitled to "value recovery payments" in certain circumstances, which in effect constitute supplemental interest payments but generally are not collateralized. Certain Brady Bonds have been collateralized as to principal due at maturity (typically 15 to 30 years from the date of issuance) by U.S. Treasury zero coupon bonds with a maturity equal to the final maturity of such Brady Bonds, although the collateral is not available to investors until the final maturity of the Brady Bonds. Collateral purchases are financed by the International Monetary Fund (the "IMF"), the World Bank and the debtor nations' reserves. In addition, interest payments on certain types

of Brady Bonds may be collateralized by cash or high-grade securities in amounts that typically represent between 12 and 18 months of interest accruals on these instruments with the balance of the interest accruals being uncollateralized. The Trusts may purchase Brady Bonds with no or limited collateralization, and will be relying for payment of interest and (except in the case of principal collateralized Brady Bonds) principal primarily on the willingness and ability of the foreign government to make payment in accordance with the terms of the Brady Bonds. Brady Bonds issued to date are purchased and sold in secondary markets through U.S. securities dealers and other financial institutions and are generally maintained through European transactional securities depositories. A substantial portion of the Brady Bonds and other sovereign debt securities in which the portfolios invest are likely to be acquired at a discount.

6. HYBRID INSTRUMENTS

Hybrid instruments (a type of potentially high-risk derivative) have been developed and combine the elements of futures contracts or options with those of debt, preferred equity or a depository instrument (hereinafter "Hybrid Instruments"). Generally, a Hybrid Instrument will be a debt security, preferred stock, depository share, trust certificate, certificate of deposit or other evidence of indebtedness on which a portion of or all interest payments, and/or the principal or stated amount payable at maturity, redemption or retirement, is determined by reference to prices, changes in prices, or differences between prices, of securities, currencies, intangibles, goods, articles or commodities (collectively "Underlying Assets") or by another objective index, economic factor or other measure, such as interest rates, currency exchange rates, commodity indices, and securities indices (collectively "Benchmarks"). Thus, Hybrid Instruments may take a variety of forms, including, but not limited to, debt instruments with interest or principal payments or redemption terms determined by reference to the value of a currency or commodity or securities index at a future point in time, preferred stock with dividend rates determined by reference to the value of a currency, or convertible securities with the conversion terms related to a particular commodity.

Hybrid Instruments can be an efficient means of creating exposure to a particular market, or segment of a market, with the objective of enhancing total return. For example, a portfolio may wish to take advantage of expected declines in interest rates in several European countries, but avoid the transactions costs associated with buying and currency-hedging the foreign bond positions. One solution would be to purchase a U.S. dollar- denominated Hybrid Instrument whose redemption price is linked to the average three year interest rate in a designated group of countries. The redemption price formula would provide for payoffs of greater than par if the average interest rate was lower than a specified level, and payoffs of less than par if rates were above the specified level. Furthermore, the portfolio could limit the downside risk of the security by establishing a minimum redemption price so that the principal paid at maturity could not be below a predetermined minimum level if interest rates were to rise significantly. The purpose of this arrangement, known as a structured security with an embedded put option, would be to give the portfolio the desired European bond exposure while avoiding currency risk, limiting downside market risk, and lowering transactions costs. Of course, there is no guarantee that the strategy will be successful and the portfolio could lose money if, for example, interest rates do not move as anticipated or credit problems develop with the issuer of the Hybrid.

The risks of investing in Hybrid Instruments reflect a combination of the risks of investing in securities, options, futures and currencies. Thus, an investment in a Hybrid Instrument may entail significant risks that are not associated with a similar investment in a traditional debt instrument that has a fixed principal amount, is denominated in U.S. dollars or bears interest either at a fixed rate or a floating rate determined by reference to a common, nationally published Benchmark. The risks of a particular Hybrid Instrument will, of course, depend upon the terms of the instrument, but may include, without limitation, the possibility of significant changes in the Benchmarks or the prices of Underlying Assets to which the instrument is linked. Such risks generally depend upon factors which are unrelated to the operations or credit quality of the issuer of the Hybrid Instrument and which may not be readily foreseen by the purchaser, such as economic and political events, the supply and demand for the Underlying Assets and interest rate movements. In recent years, various Benchmarks and prices for Underlying Assets have been highly volatile, and such volatility may be expected in the future. Reference is also made to the discussion below of futures, options, and forward contracts for a description of certain risks associated with such investments.

Hybrid Instruments are potentially more volatile and carry greater market risks than traditional debt instruments. Depending on the structure of the particular Hybrid Instrument, changes in a Benchmark may be magnified by the terms of the Hybrid Instrument and have an even more dramatic and substantial effect upon the value of the Hybrid Instrument.

Also, the prices of the Hybrid Instrument and the Benchmark or Underlying Asset may not move in the same direction or at the same time.

Hybrid Instruments may bear interest or pay preferred dividends at below market (or even relatively nominal) rates. Alternatively, Hybrid Instruments may bear interest at above market rates but bear an increased risk of principal loss (or gain). The latter scenario may result if "leverage" is used to structure the Hybrid Instrument. Leverage risk occurs when the Hybrid Instrument is structured so that a given change in a Benchmark or Underlying Asset is multiplied to produce a greater value change in the Hybrid Instrument, thereby magnifying the risk of loss as well as the potential for gain.

Hybrid Instruments may also carry liquidity risk since the instruments are often "customized" to meet the portfolio needs of a particular investor, and therefore, the number of investors that are willing and able to buy such instruments in the secondary market may be smaller than that for more traditional debt securities. In addition, because the purchase and sale of Hybrid Instruments could take place in an over-the-counter market without the guarantee of a central clearing organization or in a transaction between the portfolio and the issuer of the Hybrid Instrument, the creditworthiness of the counter party or issuer of the Hybrid Instrument would be an additional risk factor which the portfolio would have to consider and monitor. Hybrid Instruments also may not be subject to regulation of the Commodities Futures Trading Commission ("CFTC"), which generally regulates the trading of commodity futures by U.S. persons, the SEC, which regulates the offer and sale of securities by and to U.S. persons, or any other governmental regulatory authority. The various risks discussed above, particularly the market risk of such instruments, may in turn cause significant fluctuations in the net asset value of the portfolio.

HEDGING AND OTHER STRATEGIC TRANSACTIONS

As described in the Prospectus under "Hedging and Other Strategic Transactions," an individual portfolio may be authorized to use a variety of investment strategies. These strategies will be used for hedging purposes only, including hedging various market risks (such as interest rates, currency exchange rates and broad or specific market movements), and managing the effective maturity or duration of debt instruments held by the portfolio (such investment strategies and transactions are referred to herein as "Hedging and Other Strategic Transactions"). The description in the Prospectus of each portfolio indicates which, if any, of these types of transactions may be used by the portfolio.

A detailed discussion of Hedging and Other Strategic Transactions follows below. No portfolio which is authorized to use any of these investment strategies will be obligated, however, to pursue any of such strategies and no portfolio makes any representation as to the availability of these techniques at this time or at any time in the future. In addition, a portfolio's ability to pursue certain of these strategies may be limited by the Commodity Exchange Act, as amended, applicable rules and regulations of the CFTC thereunder and the Federal income tax considerations.

GENERAL CHARACTERISTICS OF OPTIONS

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. Thus, the following general discussion relates to each of the particular types of options discussed in greater detail below. In addition, many Hedging and Other Strategic Transactions involving options require segregation of portfolio assets in special accounts, as described below under "Use of Segregated and Other Special Accounts."

A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A portfolio's purchase of a put option on a security, for example, might be designed to protect its holdings in the underlying instrument (or, in some cases, a similar instrument) against a substantial decline in the market value of such instrument by giving the portfolio the right to sell the instrument at the option exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price. A portfolio's purchase of a call option on a security, financial futures contract, index, currency or other instrument might be intended to protect the portfolio against an increase in the price of the underlying instrument that it intends to purchase in the future by fixing the price at which it may purchase the instrument. An "American" style put or call option may be exercised at any time during the option period, whereas a "European" style put or call option may be exercised only upon expiration or during a

fixed period prior to expiration. Exchange-listed options are issued by a regulated intermediary such as the Options Clearing Corporation ("OCC"), which guarantees the performance of the obligations of the parties to the options. The discussion below uses the OCC as an example, but is also applicable to other similar financial intermediaries.

OCC-issued and exchange-listed options, with certain exceptions, generally settle by physical delivery of the underlying security or currency, although in the future, cash settlement may become available. Index options and Eurodollar instruments (which are described below under "Eurodollar Instruments") are cash settled for the net amount, if any, by which the option is "in-the-money" (that is, the amount by which the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option.

A portfolio's ability to close out its position as a purchaser or seller of an OCC-issued or exchange-listed put or call option is dependent, in part, upon the liquidity of the particular option market. Among the possible reasons for the absence of a liquid option market on an exchange are: (1) insufficient trading interest in certain options, (2) restrictions on transactions imposed by an exchange, (3) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities, including reaching daily price limits, (4) interruption of the normal operations of the OCC or an exchange, (5) inadequacy of the facilities of an exchange or the OCC to handle current trading volume or (6) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the relevant market for that option on that exchange would cease to exist, although any such outstanding options on that exchange would continue to be exercisable in accordance with their terms.

The hours of trading for listed options may not coincide with the hours during which the underlying financial instruments are traded. To the extent that the option markets close before the markets for the underlying financial instruments, significant price and rate movements can take place in the underlying markets that would not be reflected in the corresponding option markets.

Over-the-counter ("OTC") options are purchased from or sold to securities dealers, financial institutions or other parties (collectively referred to as "Counterparties" and individually referred to as a "Counterparty") through direct bilateral agreement with the Counterparty. In contrast to exchange-listed options, which generally have standardized terms and performance mechanics, all of the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guaranties and security, are determined by negotiation of the parties. It is anticipated that any portfolio authorized to use OTC options will generally only enter into OTC options that have cash settlement provisions, although it will not be required to do so.

Unless the parties provide for it, no central clearing or guaranty function is involved in an OTC option. As a result, if a Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with a portfolio or fails to make a cash settlement payment due in accordance with the terms of that option, the portfolio will lose any premium it paid for the option as well as any anticipated benefit of the transaction. Thus, the subadviser must assess the creditworthiness of each such Counterparty or any guarantor or credit enhancement of the Counterparty's credit to determine the likelihood that the terms of the OTC option will be met. A portfolio will enter into OTC option transactions only with U.S. Government securities dealers recognized by the Federal Reserve Bank of New York as "primary dealers," or broker-dealers, domestic or foreign banks, or other financial institutions that are deemed creditworthy by the subadviser. In the absence of a change in the current position of the staff of the Commission, OTC options purchased by a portfolio and the amount of the portfolio's obligation pursuant to an OTC option sold by the portfolio (the cost of the sell-back plus the in-the-money amount, if any) or the value of the assets held to cover such options will be deemed illiquid.

If a portfolio sells a call option, the premium that it receives may serve as a partial hedge, to the extent of the option premium, against a decrease in the value of the underlying securities or instruments held by the portfolio or will increase the portfolio's income. Similarly, the sale of put options can also provide portfolio gains.

If and to the extent authorized to do so, a portfolio may purchase and sell call options on securities and on Eurodollar instruments that are traded on U.S. and foreign securities exchanges and in the OTC markets, and on securities indices, currencies and futures contracts. All calls sold by a portfolio must be "covered" (that is, the portfolio must own the securities

or futures contract subject to the call) or must otherwise meet the asset segregation requirements described below for so long as the call is outstanding. Even though a portfolio will receive the option premium to help protect it against loss, a call sold by the portfolio will expose the portfolio during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or instrument and may require the portfolio to hold a security or instrument that it might otherwise have sold.

Each portfolio reserves the right to invest in options on instruments and indices which may be developed in the future to the extent consistent with applicable law, the portfolio's investment objective and the restrictions set forth herein.

If and to the extent authorized to do so, a portfolio may purchase and sell put options on securities (whether or not it holds the securities in its portfolio) and on securities indices, currencies and futures contracts. A portfolio will not sell put options if, as a result, more than 50% of the portfolio's assets would be required to be segregated to cover its potential obligations under put options other than those with respect to futures contracts. In selling put options, a portfolio faces the risk that it may be required to buy the underlying security at a disadvantageous price above the market price.

GENERAL CHARACTERISTICS OF FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

If and to the extent authorized to do so, a portfolio may trade financial futures contracts (including stock index futures contracts which are described below) or purchase or sell put and call options on those contracts as a hedge against anticipated interest rate, currency or market changes, for duration management and for risk management purposes. Futures contracts are generally bought and sold on the commodities exchanges on which they are listed with payment of initial and variation margin as described below. The sale of a futures contract creates a firm obligation by a portfolio, as seller, to deliver to the buyer the specific type of financial instrument called for in the contract at a specific future time for a specified price (or, with respect to certain instruments, the net cash amount). Options on futures contracts are similar to options on securities except that an option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract and obligates the seller to deliver that position.

A portfolio's use of financial futures contracts and options thereon will in all cases be consistent with applicable regulatory requirements and in particular the rules and regulations of the CFTC and will be entered into only for bona fide hedging, risk management (including duration management) or to attempt to increase income or gains. Maintaining a futures contract or selling an option on a futures contract will typically require a portfolio to deposit with a financial intermediary, as security for its obligations, an amount of cash or other specified assets ("initial margin") that initially is from 1% to 10% of the face amount of the contract (but may be higher in some circumstances). Additional cash or assets ("variation margin") may be required to be deposited thereafter daily as the mark-to-market value of the futures contract fluctuates. The purchase of an option on a financial futures contract involves payment of a premium for the option without any further obligation on the part of a portfolio. If a portfolio exercises an option on a futures contract it will be obligated to post initial margin (and potentially variation margin) for the resulting futures position just as it would for any futures position. Futures contracts and options thereon are generally settled by entering into an offsetting transaction, but no assurance can be given that a position can be offset prior to settlement or that delivery will occur.

No portfolio will enter into a futures contract or option thereon if, immediately thereafter, the sum of the amount of its initial margin and premiums on open futures contracts and options thereon would exceed 5% of the current fair market value of the portfolio's total assets; however, in the case of an option that is in-the-money at the time of the purchase, the in-the-money amount may be excluded in calculating the 5% limitation. The value of all futures contracts sold by a portfolio (adjusted for the historical volatility relationship between such portfolio and the contracts) will not exceed the total market value of the portfolio's securities. The segregation requirements with respect to futures contracts and options thereon are described below under "Use of Segregated and Other Special Accounts."

STOCK INDEX FUTURES. A stock index futures contract (an "Index Future") is a contract to buy an integral number of units of the relevant index at a specified future date at a price agreed upon when the contract is made. A unit is the value at a given time of the relevant index.

In connection with a portfolio's investment in common stocks, a portfolio may invest in Index Futures while the subadviser seeks favorable terms from brokers to effect transactions in common stocks selected for purchase. A portfolio may also invest in Index Futures when a subadviser believes that there are not enough attractive common stocks available to

maintain the standards of diversity and liquidity set for the portfolio's pending investment in such stocks when they do become available. Through the use of Index Futures, a portfolio may maintain a pool of assets with diversified risk without incurring the substantial brokerage costs which may be associated with investment in multiple issuers. This may permit a portfolio to avoid potential market and liquidity problems (e.g., driving up or forcing down the price by quickly purchasing or selling shares of a portfolio security) which may result from increases or decreases in positions already held by a portfolio. A portfolio may also invest in Index Futures in order to hedge its equity positions.

OPTIONS ON SECURITIES INDICES AND OTHER FINANCIAL INDICES

If and to the extent authorized to do so, a portfolio may purchase and sell call and put options on securities indices and other financial indices. In so doing, the portfolio can achieve many of the same objectives it would achieve through the sale or purchase of options on individual securities or other instruments. Options on securities indices and other financial indices are similar to options on a security or other instrument except that, rather than settling by physical delivery of the underlying instrument, options on indices settle by cash settlement; that is, an option on an index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the index upon which the option is based exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option (except if, in the case of an OTC option, physical delivery is specified). This amount of cash is equal to the excess of the closing price of the index over the exercise price of the option, which also may be multiplied by a formula value. The seller of the option is obligated, in return for the premium received, to make delivery of this amount. The gain or loss on an option on an index depends on price movements in the instruments comprising the market, market segment, industry or other composite on which the underlying index is based, rather than price movements in individual securities, as is the case with respect to options on securities.

CURRENCY TRANSACTIONS

If and to the extent authorized to do so, a portfolio may engage in currency transactions with Counterparties to hedge the value of portfolio securities denominated in particular currencies against fluctuations in relative value. Currency transactions include currency forward contracts, exchange-listed currency futures contracts and options thereon, exchange-listed and OTC options on currencies, and currency swaps. A forward currency contract involves a privately negotiated obligation to purchase or sell (with delivery generally required) a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. A currency swap is an agreement to exchange cash flows based on the notional difference among two or more currencies and operates similarly to an interest rate swap, which is described below under "Swaps, Caps, Floors and Collars." A portfolio may enter into currency transactions only with Counterparties that are deemed creditworthy by the subadviser.

A portfolio's dealings in forward currency contracts and other currency transactions such as futures contracts, options, options on futures contracts and swaps will be limited to hedging and other non-speculative purposes, including transaction hedging and position hedging. Transaction hedging is entering into a currency transaction with respect to specific assets or liabilities of a portfolio, which will generally arise in connection with the purchase or sale of the portfolio's portfolio securities or the receipt of income from them. Position hedging is entering into a currency transaction with respect to portfolio securities positions denominated or generally quoted in that currency. A portfolio will not enter into a transaction to hedge currency exposure to an extent greater, after netting all transactions intended wholly or partially to offset other transactions, than the aggregate market value (at the time of entering into the transaction) of the securities held by the portfolio that are denominated or generally quoted in or currently convertible into the currency, other than with respect to proxy hedging as described below.

A portfolio may cross-hedge currencies by entering into transactions to purchase or sell one or more currencies that are expected to increase or decline in value relative to other currencies to which the portfolio has or in which the portfolio expects to have exposure. To reduce the effect of currency fluctuations on the value of existing or anticipated holdings of its securities, a portfolio may also engage in proxy hedging. Proxy hedging is often used when the currency to which a portfolio's holdings is exposed is difficult to hedge generally or difficult to hedge against the dollar. Proxy hedging entails entering into a forward contract to sell a currency, the changes in the value of which are generally considered to be linked to a currency or currencies in which some or all of a portfolio's securities are or are expected to be denominated, and to buy dollars. The amount of the contract would not exceed the market value of the portfolio's securities denominated in linked currencies.

Currency transactions are subject to risks different from other portfolio transactions, as discussed below under "Risk Factors." If a portfolio enters into a currency hedging transaction, the portfolio will comply with the asset segregation requirements described below under "Use of Segregated and Other Special Accounts."

COMBINED TRANSACTIONS

If and to the extent authorized to do so, a portfolio may enter into multiple transactions, including multiple options transactions, multiple futures transactions, multiple currency transactions (including forward currency contracts), multiple interest rate transactions and any combination of futures, options, currency and interest rate transactions, instead of a single Hedging and Other Strategic Transaction, as part of a single or combined strategy when, in the judgment of the subadviser, it is in the best interests of the portfolio to do so. A combined transaction will usually contain elements of risk that are present in each of its component transactions. Although combined transactions will normally be entered into by a portfolio based on the subadviser's judgment that the combined strategies will reduce risk or otherwise more effectively achieve the desired portfolio management goal, it is possible that the combination will instead increase the risks or hinder achievement of the portfolio management objective.

SWAPS, CAPS, FLOORS AND COLLARS

Among the Hedging and Other Strategic Transactions into which a portfolio may be authorized to enter are interest rate, currency and index swaps, the purchase or sale of related caps, floors and collars and other derivatives. A portfolio will enter into these transactions primarily to seek to preserve a return or spread on a particular investment or portion of its portfolio, to protect against currency fluctuations, as a duration management technique or to protect against any increase in the price of securities a portfolio anticipates purchasing at a later date. A portfolio will use these transactions for non-speculative purposes and will not sell interest rate caps or floors if it does not own securities or other instruments providing the income the portfolio may be obligated to pay. Interest rate swaps involve the exchange by a portfolio with another party of their respective commitments to pay or receive interest (for example, an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal). A currency swap is an agreement to exchange cash flows on a notional amount based on changes in the values of the reference indices. The purchase of a cap entitles the purchaser to receive payments on a notional principal amount from the party selling the cap to the extent that a specified index exceeds a predetermined interest rate. The purchase of an interest rate floor entitles the purchaser to receive payments of interest on a notional principal amount from the party selling the interest rate floor to the extent that a specified index falls below a predetermined interest rate or amount. The purchase of a floor entitles the purchaser to receive payments on a notional principal amount from the party selling the floor to the extent that a specific index falls below a predetermined interest rate or amount. A collar is a combination of a cap and a floor that preserves a certain return with a predetermined range of interest rates or values.

A portfolio will usually enter into interest rate swaps on a net basis, that is, two payment streams are netted out in a cash settlement on the payment date or dates specified in the instrument, with the portfolio receiving or paying, as the case may be, only the net amount of the two payments. Inasmuch as these swaps, caps, floors, collars and other similar derivatives are entered into for good faith hedging or other non-speculative purposes, they do not constitute senior securities under the Investment Company Act of 1940, as amended, (the "1940 Act") and, thus, will not be treated as being subject to the portfolio's borrowing restrictions. A portfolio will not enter into any swap, cap, floor, collar or other derivative transaction unless the Counterparty is deemed creditworthy by the subadviser. If a Counterparty defaults, a portfolio may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid. Caps, floors and collars are more recent innovations for which standardized documentation has not yet been fully developed and, for that reason, they are less liquid than swaps.

The liquidity of swap agreements will be determined by a Subadviser based on various factors, including (1) the frequency of trades and quotations, (2) the number of dealers and prospective purchasers in the marketplace, (3) dealer undertakings to make a market, (4) the nature of the security (including any demand or tender features), and (5) the nature of the marketplace for trades (including the ability to assign or offset a portfolio's rights and obligations relating to the investment). Such determination will govern whether a swap will be deemed to be within the 15% restriction on investments in securities that are not readily marketable.

Each portfolio will maintain cash and appropriate liquid assets in a segregated custodial account to cover its current obligations under swap agreements. If a portfolio enters into a swap agreement on a net basis, it will segregate assets with a daily value at least equal to the excess, if any, of the portfolio's accrued obligations under the swap agreement over the accrued amount the portfolio is entitled to receive under the agreement. If a portfolio enters into a swap agreement on other than a net basis, it will segregate assets with a value equal to the full amount of the portfolio's accrued obligations under the agreement. See also, "Use of Segregated and Other Special Accounts."

EURODOLLAR INSTRUMENTS

If and to the extent authorized to do so, a portfolio may make investments in Eurodollar instruments, which are typically dollar-denominated futures contracts or options on those contracts that are linked to the London Interbank Offered Rate ("LIBOR"), although foreign currency denominated instruments are available from time to time. Eurodollar futures contracts enable purchasers to obtain a fixed rate for the lending of funds and sellers to obtain a fixed rate for borrowings. A portfolio might use Eurodollar futures contracts and options thereon to hedge against changes in LIBOR, to which many interest rate swaps and fixed income instruments are linked.

RISK FACTORS

Hedging and Other Strategic Transactions have special risks associated with them, including possible default by the Counterparty to the transaction, illiquidity and, to the extent the subadviser's view as to certain market movements is incorrect, the risk that the use of the Hedging and Other Strategic Transactions could result in losses greater than if they had not been used. Use of put and call options could result in losses to a portfolio, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, or cause a portfolio to hold a security it might otherwise sell.

The use of futures and options transactions entails certain special risks. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related securities position of a portfolio could create the possibility that losses on the hedging instrument are greater than gains in the value of the portfolio's position. In addition, futures and options markets could be illiquid in some circumstances and certain over-the-counter options could have no markets. As a result, in certain markets, a portfolio might not be able to close out a transaction without incurring substantial losses. Although a portfolio's use of futures and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time it will tend to limit any potential gain to a portfolio that might result from an increase in value of the position. Finally, the daily variation margin requirements for futures contracts create a greater ongoing potential financial risk than would purchases of options, in which case the exposure is limited to the cost of the initial premium.

Currency hedging involves some of the same risks and considerations as other transactions with similar instruments. Currency transactions can result in losses to a portfolio if the currency being hedged fluctuates in value to a degree or in a direction that is not anticipated. Further, the risk exists that the perceived linkage between various currencies may not be present or may not be present during the particular time that a portfolio is engaging in proxy hedging. Currency transactions are also subject to risks different from those of other portfolio transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be adversely affected by government exchange controls, limitations or restrictions on repatriation of currency, and manipulations or exchange restrictions imposed by governments. These forms of governmental actions can result in losses to a portfolio if it is unable to deliver or receive currency or monies in settlement of obligations and could also cause hedges it has entered into to be rendered useless, resulting in full currency exposure as well as incurring transaction costs. Buyers and sellers of currency futures contracts are subject to the same risks that apply to the use of futures contracts generally. Further, settlement of a currency futures contract for the purchase of most currencies must occur at a bank based in the issuing nation. Trading options on currency futures contracts is relatively new, and the ability to establish and close out positions on these options is subject to the maintenance of a liquid market that may not always be available. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy.

Losses resulting from the use of Hedging and Other Strategic Transactions will reduce a portfolio's net asset value, and possibly income, and the losses can be greater than if Hedging and Other Strategic Transactions had not been used.

RISKS OF HEDGING AND OTHER STRATEGIC TRANSACTIONS OUTSIDE THE UNITED STATES

When conducted outside the United States, Hedging and Other Strategic Transactions may not be regulated as rigorously as in the United States, may not involve a clearing mechanism and related guarantees, and will be subject to the risk of governmental actions affecting trading in, or the prices of, foreign securities, currencies and other instruments. The value of positions taken as part of non-U.S. Hedging and Other Strategic Transactions also could be adversely affected by: (1) other complex foreign political, legal and economic factors, (2) lesser availability of data on which to make trading decisions than in the United States, (3) delays in a portfolio's ability to act upon economic events occurring in foreign markets during non-business hours in the United States, (4) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States and (5) lower trading volume and liquidity.

USE OF SEGREGATED AND OTHER SPECIAL ACCOUNTS

Use of many Hedging and Other Strategic Transactions by a portfolio will require, among other things, that the portfolio segregate cash, liquid high grade debt obligations or other assets with its custodian, or a designated sub-custodian, to the extent the portfolio's obligations are not otherwise "covered" through ownership of the underlying security, financial instrument or currency. In general, either the full amount of any obligation by a portfolio to pay or deliver securities or assets must be covered at all times by the securities, instruments or currency required to be delivered, or, subject to any regulatory restrictions, an amount of cash or liquid high grade debt obligations at least equal to the current amount of the obligation must be segregated with the custodian or sub-custodian. The segregated assets cannot be sold or transferred unless equivalent assets are substituted in their place or it is no longer necessary to segregate them. A call option on securities written by a portfolio, for example, will require the portfolio to hold the securities subject to the call (or securities convertible into the needed securities without additional consideration) or to segregate liquid high grade debt obligations sufficient to purchase and deliver the securities if the call is exercised. A call option sold by a portfolio on an index will require the portfolio to own portfolio securities that correlate with the index or to segregate liquid high grade debt obligations equal to the excess of the index value over the exercise price on a current basis. A put option on securities written by a portfolio will require the portfolio to segregate liquid high grade debt obligations equal to the exercise price. Except when a portfolio enters into a forward contract in connection with the purchase or sale of a security denominated in a foreign currency or for other non-speculative purposes, which requires no segregation, a currency contract that obligates the portfolio to buy or sell a foreign currency will generally require the portfolio to hold an amount of that currency or liquid securities denominated in that currency equal to a portfolio's obligations or to segregate liquid high grade debt obligations equal to the amount of the portfolio's obligations.

OTC options entered into by a portfolio, including those on securities, currency, financial instruments or indices, and OCC-issued and exchange-listed index options will generally provide for cash settlement, although a portfolio will not be required to do so. As a result, when a portfolio sells these instruments it will segregate an amount of assets equal to its obligations under the options. OCC-issued and exchange-listed options sold by a portfolio other than those described above generally settle with physical delivery, and the portfolio will segregate an amount of assets equal to the full value of the option. OTC options settling with physical delivery or with an election of either physical delivery or cash settlement will be treated the same as other options settling with physical delivery.

In the case of a futures contract or an option on a futures contract, a portfolio must deposit initial margin and, in some instances, daily variation margin in addition to segregating assets sufficient to meet its obligations to purchase or provide securities or currencies, or to pay the amount owed at the expiration of an index-based futures contract. These assets may consist of cash, cash equivalents, liquid debt or equity securities or other acceptable assets. A portfolio will accrue the net amount of the excess, if any, of its obligations relating to swaps over its entitlements with respect to each swap on a daily basis and will segregate with its custodian, or designated sub-custodian, an amount of cash or liquid high grade debt obligations having an aggregate value equal to at least the accrued excess. Caps, floors and collars require segregation of assets with a value equal to a portfolio's net obligation, if any.

Hedging and Other Strategic Transactions may be covered by means other than those described above when consistent with applicable regulatory policies. A portfolio may also enter into offsetting transactions so that its combined position, coupled with any segregated assets, equals its net outstanding obligation in related options and Hedging and Other Strategic Transactions. A portfolio could purchase a put option, for example, if the strike price of that option is the same or higher than the strike price of a put option sold by the portfolio. Moreover, instead of segregating assets if it holds a futures contracts or forward contract, a portfolio could purchase a put option on the same futures contract or forward contract with a

strike price as high or higher than the price of the contract held. Other Hedging and Other Strategic Transactions may also be offset in combinations. If the offsetting transaction terminates at the time of or after the primary transaction, no segregation is required, but if it terminates prior to that time, assets equal to any remaining obligation would need to be segregated.

OTHER LIMITATIONS

No portfolio will maintain open short positions in futures contracts, call options written on futures contracts, and call options written on securities indices if, in the aggregate, the current market value of the open positions exceeds the current market value of that portion of its securities portfolio being hedged by those futures and options plus or minus the unrealized gain or loss on those open positions, adjusted for the historical volatility relationship between that portion of the portfolio and the contracts (e.g., the Beta volatility factor). For purposes of the limitation stated in the immediately preceding sentence, to the extent the portfolio has written call options on specific securities in that portion of its portfolio, the value of those securities will be deducted from the current market value of that portion of the securities portfolio. If this limitation should be exceeded at any time, the portfolio will take prompt action to close out the appropriate number of open short positions to bring its open futures and options positions within this limitation.

The degree to which a portfolio may utilize Hedging and Other Strategic Transactions may also be affected by certain provisions of the Code.

INVESTMENT RESTRICTIONS

There are two classes of investment restrictions to which the Trust is subject in implementing the investment policies of the portfolios: fundamental and nonfundamental. Nonfundamental restrictions are subject to change by the Trustees of the Trust without shareholder approval. Fundamental restrictions may only be changed by a vote of the lesser of (i) 67% or more of the shares represented at a meeting at which more than 50% of the outstanding shares are represented or (ii) more than 50% of the outstanding shares.

With respect to the submission of a change in an investment restriction to the holders of the Trust's outstanding voting securities, the matter shall be deemed to have been effectively acted upon with respect to a particular portfolio if a majority of the outstanding voting securities of the portfolio vote for the approval of the matter, notwithstanding (1) that the matter has not been approved by the holders of a majority of the outstanding voting securities of any other portfolio affected by the matter, and (2) that the matter has not been approved by the vote of a majority of the outstanding voting securities of the Trust.

All of the restrictions through restriction (8) are fundamental. Restrictions (9) through (15) are nonfundamental.

FUNDAMENTAL

The Trust may not issue senior securities, except to the extent that the borrowing of money in accordance with restriction (3) may constitute the issuance of a senior security. (For purposes of this restriction, purchasing securities on a when-issued or delayed delivery basis and engaging in Hedging and Other Strategic Transactions will not be deemed to constitute the issuance of a senior security.) In addition, unless a portfolio is specifically excepted by the terms of a restriction, each portfolio will not:

(1) Invest more than 25% of the value of its total assets in securities of issuers having their principal activities in any particular industry, excluding United States Government securities and obligations of domestic branches of U.S. banks and savings and loan associations, except that this restriction shall not apply to the Real Estate Securities Trust and the Lifestyle Trusts. (The Trust has determined to forego the exclusion from the above policy of obligations of domestic branches of U.S. savings and loan associations and to limit the exclusion of obligations of domestic branches of U.S. banks to the Money Market Trust.) For purposes of this restriction, neither finance companies as a group nor utility companies as a group are considered to be a single industry. Such companies will be grouped instead according to their services; for example, gas, electric and telephone utilities will each be considered a separate industry. Also for purposes of this restriction, foreign government issuers and supranational issuers are not considered members of any industry.

(2) Purchase the securities of any issuer if the purchase would cause more than 5% of the value of the portfolio's total assets to be invested in the securities of any one issuer (excluding United States Government securities) or cause more than 10% of the voting securities of the issuer to be held by the portfolio, except that up to 25% of the value of each portfolio's total assets may be invested without regard to these restrictions. The Global Government Bond Trust, the Emerging Growth Trust and the Lifestyle Trusts are not subject to these restrictions.

(3) Borrow money, except that each portfolio may borrow (i) for temporary or emergency purposes (not for leveraging) up to 33 1/3% of the value of the portfolio's total assets (including amounts borrowed) less liabilities (other than borrowings) and (ii) in connection with reverse repurchase agreements, mortgage dollar rolls and other similar transactions.

(4) Underwrite securities of other issuers except insofar as the Trust may be considered an underwriter under the Securities Act of 1933 in selling portfolio securities.

(5) Purchase or sell real estate, except that each portfolio may invest in securities issued by companies which invest in real estate or interests therein and each of the portfolios other than the Money Market Trust may invest in mortgages and mortgage backed securities.

(6) Purchase or sell commodities or commodity contracts except that each portfolio other than the Money Market Trust may purchase and sell futures contracts on financial instruments and indices and options on such futures contracts and each portfolio other than the Money Market Trust and U.S. Government Securities Trust may purchase and sell futures contracts on foreign currencies and options on such futures contracts.

(7) Lend money to other persons except by the purchase of obligations in which the portfolio is authorized to invest and by entering into repurchase agreements. For purposes of this restriction, collateral arrangements with respect to options, forward currency and futures transactions will not be deemed to involve the lending of money.

(8) Lend securities in excess of 33 1/3% of the value of its total assets. For purposes of this restriction, collateral arrangements with respect to options, forward currency and futures transactions will not be deemed to involve loans of securities.

NONFUNDAMENTAL

(9) Knowingly invest more than 15% of the value of its net assets in securities or other investments, including repurchase agreements maturing in more than seven days but excluding master demand notes, that are not readily marketable, except that the Money Market Trust may not invest in excess of 10% of its net assets in such securities or other investments.

(10) Sell securities short or purchase securities on margin except that it may obtain such short-term credits as may be required to clear transactions. For purposes of this restriction, collateral arrangements with respect to Hedging and Other Strategic Transactions will not be deemed to involve the use of margin.

(11) Write or purchase options on securities, financial indices or currencies except to the extent a portfolio is specifically authorized to engage in Hedging and Other Strategic Transactions.

(12) Purchase securities for the purpose of exercising control or management.

(13) Purchase securities of other investment companies (A) in reliance on Section 12(d)(1)(G) of the 1940 Act, or (B) if the purchase would cause more than 10% of the value of the portfolio's total assets to be invested in investment company securities, provided that (i) no investment will be made in the securities of any one investment company if immediately after such investment more than 3% of the outstanding voting securities of such company would be owned by the portfolio or more than 5% of the value of the portfolio's total assets would be invested in such company and (ii) no restrictions shall apply to a purchase of investment company securities in connection with a merger, consolidation or reorganization or in connection with the investment of collateral received in connection with the lending of securities in the Navigator Securities Lending Trust.* For purposes of this restriction, privately issued

collateralized mortgage obligations will not be treated as investment company securities if issued by "Exemptive Issuers." Exemptive Issuers are defined as unmanaged, fixed-asset issuers that (a) invest primarily in mortgage-backed securities, (b) do not issue redeemable securities as defined in section 2(a)(32) of the 1940 Act, (c) operate under general exemptive orders exempting them from all provisions of the 1940 Act, and (d) are not registered or regulated under the 1940 Act as investment companies. This restriction (13) shall not apply to the Lifestyle Trusts.

(14) Pledge, hypothecate, mortgage or transfer (except as provided in restriction (8)) as security for indebtedness any securities held by the portfolio except in an amount of not more than 10% (33 1/3% in the case of the Small Company Value, Blue Chip Growth, Equity-Income, International Stock and Science & Technology Trusts, 15% in the case of the International Small Cap, Growth, Balanced and Worldwide Growth Trusts and 50% in the case of the Value Trust) of the value of the portfolio's total assets and then only to secure borrowings permitted by restrictions (3) and (10). For purposes of this restriction, collateral arrangements with respect to Hedging and Other Strategic Transactions will not be deemed to involve a pledge of assets.

(15) Purchase securities of foreign issuers, except that (A) the Aggressive Asset Allocation Trust may invest up to 35% of its assets in such securities; (B) the Growth, Balanced and Science & Technology Trusts may each invest up to 30% of its assets in such securities, (C) the Equity-Income and Moderate Asset Allocation Trusts may each invest up to 25% of its assets in such securities; (D) the Pilgrim Baxter Growth and Conservative Asset Allocation Trusts each may invest up to 15% of its assets in such securities; (E) the Value Trust may invest up to 5% of its assets in foreign securities; (F) each other portfolio other than the U.S. Government Securities and Equity Index Trusts may invest up to 20% of its total assets in such securities (in the case of the Small/Mid Cap, Growth, Balanced and Value Trusts, ADRs and U.S. dollar-denominated securities are not included in the applicable percentage limit); and (G) the foregoing restriction shall not apply to the Small Company Value, International Small Cap, Worldwide Growth, Global Equity, Pacific Rim Emerging Markets, International Stock, High Yield, Global Government Bond, International Growth and Income, Strategic Bond, Capital Growth Bond, Real Estate Securities and Quantitative Equity Trusts.

*State Street Bank and Trust Company ("State Street"), the Trust's custodian, pursuant to an agreement with the Trust provides a security lending service to the Trust. In connection with the service, collateral from securities lent may be invested in the Navigator Trust. The Navigator Trust is a registered investment company managed by State Street that is sold only to mutual fund lending clients of State Street. In connection with the creation of the Navigator Trust, State Street received from the Securities and Exchange Commission exemption from certain provisions of the 1940 Act in order to permit its mutual fund clients to invest in the Navigator Trust. State Street received exemption from Section 12(d)(1) of the 1940 Act and various provisions of Section 17 of the 1940 Act.

In addition to the above policies, the Money Market Trust is subject to certain restrictions required by Rule 2a-7 under the 1940 Act. In order to comply with such restrictions, the Money Market Trust will, inter alia, not purchase the securities of any issuer if it would cause (i) more than 5% of its total assets to be invested in the securities of any one issuer (excluding U.S. Government securities and repurchase agreements fully collateralized by U.S. Government securities), except as permitted by Rule 2a-7 for certain securities for a period of up to three business days after purchase, (ii) more than 5% of its total assets to be invested in "second tier securities," as defined by Rule, or (iii) more than the greater of $1 million or 1% of its total assets to be invested in the second tier securities of that issuer.

If a percentage restriction is adhered to at the time of an investment, a later increase or decrease in the investment's percentage of the value of a portfolio's total assets resulting from a change in such values or assets will not constitute a violation of the percentage restriction, except in the case of the Money Market Trust where the percentage limitation of restriction (9) must be met at all times.

PORTFOLIO TURNOVER

The annual rate of portfolio turnover will normally differ for each portfolio and may vary from year to year. Portfolio turnover is calculated by dividing the lesser of purchases or sales of portfolio securities during the fiscal year by the monthly average of the value of the portfolio's securities (excluding from the computation all securities, including options, with maturities at the time of acquisition of one year or less). A high rate of portfolio turnover (100% or more) generally involves correspondingly greater brokerage commission expenses, which must be borne directly by the portfolio. No portfolio turnover rate can be calculated for the Money Market Trust due to the short maturities of the instruments purchased. The portfolio turnover rate may vary from year to year, as well as within a year. The portfolio turnover rates for the portfolios of the Trust for the years ended December 31, 1997 and 1996 were as follows:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
Pacific Rim Emerging Markets Trust	63%	48%
Science & Technology Trust	121%	N/A
International Small Cap Trust	74%	50%*
Emerging Growth Trust	120%	N/A
Pilgrim Baxter Growth Trust	63%	N/A
Small/Mid Cap Trust	151%	67%*
International Stock Trust	43%	N/A
Worldwide Growth Trust	84%	N/A
Global Equity Trust	33%	169%
Small Company Value Trust	81%*	N/A
Equity Trust	224%	223%
Growth Trust	179%	215%*
Quantitative Equity Trust	114%	105%
Equity Index Trust	7%	27%*
Blue Chip Growth Trust	37%	159%
Real Estate Securities Trust	148%	231%
Value Trust	43%	N/A
International Growth and Income Trust	166%	148%
Growth and Income Trust	34%	49%
Equity-Income Trust	25%	158%
Balanced Trust	219%	N/A
Aggressive Asset Allocation Trust	91%	75%
High Yield Trust	75%	N/A
Moderate Asset Allocation Trust	78%	78%
Conservative Asset Allocation Trust	86%	73%
Strategic Bond Trust	131%	165%
Global Government Bond Trust	160%	167%
Capital Growth Bond Trust	73%	58%
Investment Quality Bond Trust	47%	68%
U.S. Government Securities Trust	110%	178%

Money Market Trust	N/A	N/A
Lifestyle Aggressive 1000 Trust	67%	N/A
Lifestyle Growth 820 Trust	51%	N/A
Lifestyle Balanced 640 Trust	44%	N/A
Lifestyle Moderate 460 Trust	39%	N/A
Lifestyle Conservative 260 Trust	38%	N/A

</TABLE>

*Annualized

Prior rates of portfolio turnover do not provide an accurate guide as to what the rate will be in any future year, and prior rates are not a limiting factor when it is deemed appropriate to purchase or sell securities for a portfolio. Each portfolio of

the Trust intends to comply with the various requirements of the Code so as to qualify as a "regulated investment company" thereunder.

MANAGEMENT OF THE TRUST

The Trustees and officers of the Trust, together with information as to their principal occupations during the past five years, are listed below:

<TABLE>
<CAPTION>

NAME, ADDRESS AND AGE	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
<S>	<C>	<C>
Don B. Allen 136 Knickerbocker Road Pittsford, NY 14534 Age: 68	Trustee	Senior Lecturer, William E. Simon Graduate School of Business Administration, University of Rochester
John D. DesPrez III 73 Tremont Street Boston, MA 02108 Age: 41	President	Senior Vice President, Annuities, Manulife Financial, September 1996 to date; President and Director, Manulife North America, September 1996 to date; President, North American Funds, March 1993 to September 1996; Vice President and General Counsel, Manulife North America, 1991 to 1994
Charles L. Bardelis 297 Dillingham Ave. Falmouth, MA 02540 Age: 56	Trustee	President and Executive Officer, Island Commuter Corp. (Marine Transport)
Samuel Hoar 73 Tremont Street Boston, MA 02108 Age: 70	Trustee	Senior Mediator, Judicial Arbitration Mediation Services "JAMS/Endispute," June 1994 to date; Partner, Goodwin, Proctor and Hoar, prior to June 1994
John D. Richardson* 200 Bloor Street East Toronto, Ontario, Canada M4W 1E5 Age: 60	Chairman of Trustees	Executive Vice President and General Manager, U.S. Operations, Manulife Financial, January 1995 to date; Senior Vice President and General Manager, Canadian Operations, Manulife Financial, June 1992 to January 1995
F. David Rolwing 17810 Meeting House Road Sandy Spring, MD 20860 Age: 63	Trustee	Chairman, President and CEO, Montgomery Mutual Insurance Company, 1991 to date
Robert J. Myers 9610 Wire Avenue Silver Springs, MD 20921 Age: 85	Trustee	Consulting Actuary (self-employed), April 1983 to date; Member, Prospective Payment Assessment Commission,

June 1993 to date

</TABLE>

<TABLE>
<CAPTION>

NAME, ADDRESS AND AGE	POSITION WITH THE TRUST	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
<S>	<C>	<C>
John G. Vrysen 73 Tremont Street Boston, MA 02108 Age: 42	Vice President	Vice President, Chief Financial Officer, U.S. Operations,Manulife Financial, January 1996 to date; Vice President and Actuary, Manulife North America, January 1986 to date
James D. Gallagher 73 Tremont Street Boston, MA 02108 Age: 43	Secretary	Vice President, Legal Services, Manulife Financial, January 1996 to date; Vice President, Secretary and General Counsel, Manulife North America, June 1994 to date; Vice President and Associate General Counsel, The Prudential Insurance Company of America, 1990 to 1994
Richard C. Hirtle 73 Tremont Street Boston, MA 02108 Age: 42	Vice President and Treasurer	Vice President, Strategic Development, Annuities, Manulife Financial, December 1997 to date; Vice President, Strategic Development, Manulife North America, December 1997 to date, Vice President, Chief Financial Officer, Annuities, Manulife Financial, January 1996 to December 1997; Vice President, Treasurer and Chief Financial Officer, Manulife North America, November 1988 to December 1997

</TABLE>

*Trustee who is an "interested person," as defined in the 1940 Act.

COMPENSATION OF TRUSTEES

The Trust does not pay any remuneration to its Trustees who are officers or employees of the Adviser or its affiliates. Trustees not so affiliated receive an annual retainer of $30,000, a fee of $7,500 for each meeting of the Trustees that they attend in person and a fee of $200 for each such meeting conducted by telephone. Trustees are reimbursed for travel and other out-of-pocket expenses. The officers listed above are furnished to the Trust pursuant to the Advisory Agreement described below and receive no compensation from the Trust. These officers spend only a portion of their time on the affairs of the Trust.

<TABLE>
<CAPTION>

NAMES OF PERSON, POSITION	AGGREGATE COMPENSATION FROM TRUST FOR PRIOR FISCAL YEAR*	TOTAL COMPENSATION FROM TRUST COMPLEX FOR PRIOR FISCAL YEAR*#
<S>	<C>	<C>
Don B. Allen, Trustee	$57,500	$62,000
Charles L. Bardelis, Trustee	57,500	62,000
Samuel Hoar, Trustee	57,500	62,000
Robert J. Myers, Trustee	57,500	62,000
John D. Richardson, Trustee	--	--
F. David Rolwing, Trustee	57,500	62,000

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</TABLE>

*Compensation received for services as Trustee.

#Trust Complex includes all portfolios of the Trust as well as all portfolios of North American Funds (from January 1, 1997 to September 30, 1997) of which the predecessor to Manufacturers Securities Services, LLC was the investment adviser.

INVESTMENT MANAGEMENT ARRANGEMENTS

The following information supplements the material appearing in the Prospectus under the caption "Management of the Trust." Copies of the Advisory and Subadvisory Agreements discussed below have been filed with and are available from the Securities and Exchange Commission.

The Trust, formerly a Maryland corporation known as "NASL Series Fund, Inc." (the "Fund"), was reorganized as a Massachusetts business trust effective December 31, 1988. Pursuant to such reorganization, the Trust assumed all the assets and liabilities of the Fund and carried on its business and operations with the same investment management arrangements as were in effect for the Fund at the time of the reorganization. The assets and liabilities of each of the Fund's separate portfolios were assumed by the corresponding portfolios of the Trust. Effective December 31, 1996, Manulife Series Fund, Inc., a registered management investment company with nine portfolios, was merged into the Trust. The net assets of four of the portfolios of Manulife Series Fund, Inc. were transferred to comparable portfolios of the Trust, and the remaining five portfolios -- the Pacific Rim Emerging Markets, Real Estate Securities, Common Stock, Capital Growth and Equity Index Portfolios -- were transferred to the Trust and reconstituted as new portfolios of the Trust.

Manufacturers Securities Services, LLC ("MSS" or the "Adviser"), the successor to NASL Financial Services, Inc., is a Delaware limited liability corporation whose principal offices are located at 73 Tremont Street, Boston, Massachusetts 02108. MSS is registered as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934. It is a member of the National Association of Securities Dealers, Inc. (the "NASD"). In addition, MSS serves as principal underwriter of certain contracts issued by The Manufacturers Life Insurance Company of North America ("Manulife North America") and The Manufacturers Life Insurance Company of New York.

The Advisory Agreement and each Subadvisory Agreement (except those described below) were approved by the Trustees on September 28, 1995 and by the shareholders of the portfolios on December 5, 1995. These approvals occurred in connection with the change of control of MSS as a result of the merger of North American Life Assurance Company, the ultimate controlling parent of MSS, with The Manufacturers Life Insurance Company ("Manulife Financial") on January 1, 1996.

On December 15, 1995, the Trustees appointed Fred Alger Management, Inc. ("Alger") pursuant to a new Subadvisory Agreement with Alger ("Alger Subadvisory Agreement") to manage the Small/Mid Cap Trust. The Alger Subadvisory Agreement and an amendment to the Advisory Agreement, both to provide for the management of the Small/Mid Cap Trust, were approved by the Trustees, including a majority of the Trustees who are not parties to the agreements or interested persons of any party to such agreements. The Alger Subadvisory Agreement and the related amendment to the Advisory Agreement have been approved by the sole shareholder of the Small/Mid Cap Trust.

Effective October 1, 1996, Oechsle International Advisors, L.P. ("Oechsle International"), Wellington Management Company, LLP, Goldman Sachs Asset Management and Roger Engemann Management Co., Inc., the Subadvisers of the Global Equity, Money Market, Equity-Income and Blue Chip Growth Trusts, respectively, resigned their positions as Subadvisers of those portfolios. On September 27, 1996, the Trustees (i) appointed Morgan Stanley Asset Management Inc. ("Morgan Stanley") pursuant to a new Subadvisory Agreement with Morgan Stanley ("Morgan Stanley Subadvisory Agreement") to manage the Global Equity Trust, (ii) appointed T. Rowe Price Associates, Inc. ("T. Rowe Price") pursuant to a new Subadvisory Agreement with T. Rowe Price ("T. Rowe Price Subadvisory Agreement") to manage the Blue Chip Growth and Equity-Income Trusts, and (iii) appointed Manufacturers Adviser Corporation ("MAC") pursuant to a new Subadvisory Agreement with MAC ("MAC Subadvisory Agreement") to manage the Money Market Trust. All such Subadvisory Agreements were approved by the Trustees, including a majority of the Trustees who are not parties to the agreements or interested persons of any party to such agreements, on September 27, 1996 (with an effective date of October 1, 1996) and by the shareholders of the respective portfolios on December 20, 1996.

Also on September 27, 1996, the Trustees (i) appointed Miller Anderson & Sherrerd, LLP ("MAS") pursuant to a new Subadvisory Agreement with MAS ("MAS Subadvisory Agreement") to manage the Value and High Yield Trusts, (ii) appointed Warburg Pincus Asset Management, Inc. ("Warburg") pursuant to an agreement with Warburg ("Warburg Subadvisory Agreement") to manage the Emerging Growth Trust, (iii) appointed T. Rowe Price pursuant to the T. Rowe Price Subadvisory Agreement to also manage the Science & Technology Trust, (iv) appointed Rowe Price-Fleming International, Inc. ("Price-Fleming") pursuant to a new Subadvisory Agreement with Price Fleming ("Price-Fleming Subadvisory Agreement") to manage the International Stock Trust, (v) appointed Pilgrim Baxter & Associates, Ltd. ("PBA") to manage the Pilgrim Baxter Growth Trust pursuant to an agreement with PBA ("PBA Subadvisory Agreement"), (vi) appointed MAC pursuant to the MAC Subadvisory Agreement to also manage the Pacific Rim Emerging Markets, Real Estate Securities, Quantitative Equity, Capital Growth Bond and Equity Index Trusts and (vii) appointed the Adviser to manage the Lifestyle Trusts pursuant to an amendment to the Advisory Agreement. Such Subadvisory Agreements or amended Subadvisory Agreement and amendments to the Advisory Agreement, to provide for the management of the newly-established portfolios, were approved by the Trustees, including a majority of the Trustees who are not parties to the agreements or interested persons of any party to such agreements, on September 27, 1996.

On December 13, 1996, the Trustees appointed MAC pursuant to the amended MAC Subadvisory Agreement to also manage each of the Lifestyle Trusts. The amended MAC Subadvisory Agreement was approved by the Trustees, including a majority of the Trustees who are not parties to the agreement or interested persons of any party to such agreement, on December 13, 1996. The amended MAC Subadvisory Agreement was approved by the sole shareholder of each of the Lifestyle Trusts.

On September 26, 1997, the Trustees appointed Rosenberg Institutional Equity Management ("Rosenberg") to manage the Small Company Value Trust pursuant to an agreement with Rosenberg. This subadvisory agreement and an amendment to the Advisory Agreement, both to provide for the management of the Small Company Value Trust were approved by the Trustees, including a majority of the Trustees who are not parties to the agreement or interested persons of any party to such agreement, on September 26, 1997.

On November 17, 1997, the Trustees appointed Salomon Brothers Asset Management Inc ("SBAM") pursuant to a new subadvisory agreement with SBAM ("SBAM Subadvisory Agreement") to manage the U.S. Government Securities and Strategic Bond Trusts. In addition, on that date the Trustees approved a new subadvisory consulting agreement with Salomon Brothers Asset Management Limited ("SBAM Limited") ("Subadvisory Consulting Agreement") to provide certain advisory services to SBAM with regard to currency transactions and investments in non-dollar denominated debt securities for the benefit of the Strategic Bond Trust. The SBAM Subadvisory Agreement and Subadvisory Consulting Agreement were approved by the Trustees, including a majority of the Trustees who are not parties to the agreements or interested persons of any party to such agreements, on November 17, 1997. SBAM had previously managed the U.S. Government Securities and Strategic Bond Trusts pursuant to a Subadvisory Agreement dated January 1, 1996. SBAM Limited had previously provided certain advisory services to SBAM with regard to currency transactions and investments in non-dollar denominated debt securities for the benefit of the Strategic Bond Trust pursuant to a Subadvisory Consulting Agreement dated January 1, 1996.

On December 11, 1997, the Trustees appointed Founders Asset Management LLC ("Founders") pursuant to a new Subadvisory Agreement with Founders ("Founders Subadvisory Agreement") to manage the International Small Cap, Growth, Worldwide Growth and Balanced Trusts. The Founders Subadvisory Agreement was approved by the Trustees, including a majority of the Trustees who are not parties to the agreement or interested persons of any party to such agreement, on December 11, 1997. The predecessor to Founders, Founder Asset Management, Inc., previously managed these Trusts pursuant to a Subadvisory Agreement dated January 4, 1996, as amended June 20, 1996 and December 31, 1996.

THE ADVISORY AGREEMENT

Under the terms of the Advisory Agreement, the Adviser administers the business and affairs of the Trust. The Adviser is responsible for performing or paying for various administrative services for the Trust, including providing at the Adviser's expense (i) office space and all necessary office facilities and equipment, (ii) necessary executive and other personnel for managing the affairs of the Trust and for performing certain clerical, accounting and other office functions, and (iii) all other information and services, other than services of counsel, independent accountants or investment subadvisory services provided by any subadviser under a subadvisory agreement, required in connection with the preparation of all tax returns and

documents required to comply with the Federal securities laws. The Adviser pays the cost of any advertising or sales literature relating solely to the Trust, the cost of printing and mailing Prospectuses to persons other than current holders of Trust shares or of variable contracts funded by Trust shares and the compensation of the Trust's officers and Trustees that are officers, directors or employees of the Adviser or its affiliates. In addition, advisory fees are reduced or the Adviser reimburses the Trust if the total of all expenses (excluding advisory fees, taxes, portfolio brokerage commissions, interest, litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Trust's business) applicable to a portfolio exceeds an annual rate of .75% in the case of the International Small Cap, Global Equity, Global Government Bond, Worldwide Growth, International Growth and Income, International Stock and Pacific Rim Emerging Markets Trusts, .50% in the case of all other portfolios except for the Equity Index Trust, or .15% in the case of the Equity Index Trust of the average annual net assets of such portfolio. The expense limitation will continue in effect from year to year unless otherwise terminated at any year end by the Adviser on 30 days' notice to the Trust. In addition, in the case of the Lifestyle Trusts, the Adviser has voluntarily agreed to pay the expenses of the Lifestyle Trusts (other than the expenses of the Underlying Trusts). This voluntary expense reimbursement may be terminated at any time.

In addition to providing the services and expense limitation described above, the Adviser selects, contracts with and compensates subadvisers to manage the investment and reinvestment of the assets of the Trust portfolios, except for the Lifestyle Trusts. The Adviser monitors the compliance of such subadvisers with the investment objectives and related policies of each portfolio and reviews the performance of such subadvisers and reports periodically on such performance to the Trustees of the Trust.

As compensation for its services, the Adviser receives a fee from the Trust computed separately for each portfolio. The fee for each portfolio is stated as an annual percentage of the current value of the net assets of such portfolio. The fee, which is accrued daily and payable monthly, is calculated for each day by multiplying the daily equivalent of the annual percentage prescribed for a portfolio by the value of its net assets at the close of business on the previous business day of the Trust. The management fees each portfolio currently is obligated to pay the Adviser is as set forth in the Prospectus. No management fees are currently payable by the Lifestyle Trusts.

For the years ended December 31, 1997, 1996 and 1995 the aggregate investment advisory fee paid by the Trust under the fee schedule then in effect, absent the expense limitation provision, was $70,977,648, $46,515,018 and $33,808,255 allocated among the portfolios as follows:

PORTFOLIO	1997	1996	1995
Pacific Rim Emerging Markets Trust ..	$ 229,135	N/A	N/A
Science & Technology Trust	369,324	N/A	N/A
International Small Cap Trust	1,347,708	$ 492,152(1)	N/A
Emerging Growth Trust	2,331,739	N/A	N/A
Pilgrim Baxter Growth Trust	502,149	N/A	N/A
Small/Mid Cap Trust	2,145,327	756,997(1)	N/A
International Stock Trust	860,656	N/A	N/A
Worldwide Growth Trust	124,952	N/A	N/A
Global Equity Trust	7,256,254	6,234,116	$ 5,513,312
Small Company Value Trust	134,688(2)	N/A	N/A
Equity Trust	10,703,211	8,774,975	5,643,363
Growth Trust	935,029	119,620(3)	N/A
Quantitative Equity Trust	913,996	N/A	N/A
Equity Index Trust	42,212	N/A	N/A
Blue Chip Growth Trust	5,156,008	3,317,165	2,115,434
Real Estate Securities Trust	831,191	N/A	N/A
Value Trust	523,446	N/A	N/A
International Growth and Income Trust	1,965,899	1,327,151	450,200(4)
Growth and Income Trust	10,037,637	6,298,799	3,922,671
Equity-Income Trust	6,141,959	3,939,929	2,459,247
Balanced Trust	1,261,070	N/A	N/A
Aggressive Asset Allocation Trust ...	1,766,662	1,656,217	1,463,421

PORTFOLIO	1997	1996	1995
High Yield Trust	314,373	N/A	N/A
Moderate Asset Allocation Trust ...	4,584,121	4,764,110	4,667,061
Conservative Asset Allocation Trust	1,521,047	1,643,494	1,639,903
Strategic Bond Trust	2,240,478	1,298,996	767,448
Global Government Bond Trust	1,837,451	1,934,856	1,757,909
Capital Growth Bond Trust	315,701	N/A	N/A
Investment Quality Bond Trust	$1,047,782	$ 965,766	$ 798,045
U.S. Government Securities Trust ..	1,401,568	1,401,130	1,291,668
Money Market Trust	2,134,875	1,589,545	1,318,573
Lifestyle Aggressive 1000 Trust ...	N/A	N/A	N/A
Lifestyle Growth 820 Trust	N/A	N/A	N/A
Lifestyle Balanced 640 Trust	N/A	N/A	N/A
Lifestyle Moderate 460 Trust	N/A	N/A	N/A
Lifestyle Conservative 280 Trust ..	N/A	N/A	N/A

(1) For the period March 4, 1996 (commencement of operations) to December 31, 1996.
(2) For the period October 1, 1997 (commencement of operations) to December 31, 1997.
(3) For the period July 15, 1996 (commencement of operations) to December 31, 1996.
(4) For the period January 9, 1995 (commencement of operations) to December 31, 1995.

For the years ended December 31, 1996 and 1995, the aggregate investment advisory fee paid by the portfolios below to MAC under the fee schedule then in effect was as follows:

PORTFOLIO	1996	1995
Pacific Rim Emerging Markets Trust	$161,272	$ 95,770
Quantitative Equity Trust.....	380,315	232,477
Equity Index Trust...........	11,227	N/A
Real Estate Securities Trust..	292,384	232,449
Capital Growth Bond Trust.....	215,033	198,316

Prior to January 1, 1997, the predecessor to the Trust, Manulife Series Fund, Inc., had a direct investment advisory arrangement with MAC on behalf of the Pacific Rim Emerging Markets, Quantitative Equity, Equity Index, Real Estate Securities and Capital Growth Bond Portfolios. As of that date, the existing investment advisory agreement was replaced by a subadvisory arrangement between MAC and MSS whereby MAC serves as subadviser to the Portfolios.

THE SUBADVISORY AGREEMENTS

Under the terms of each of the current subadvisory agreements, including the SBAM Limited Consulting Agreement (collectively "Subadvisory Agreements"), the Subadviser manages the investment and reinvestment of the assets of the assigned portfolios, subject to the supervision of the Trust's Trustees. The Subadviser formulates a continuous investment program for each such portfolio consistent with its investment objectives and policies outlined in the Prospectus. Each Subadviser implements such programs by purchases and sales of securities and regularly reports to the Adviser and the Trustees of the Trust with respect to the implementation of such programs. Each Subadviser, at its expense, furnishes all necessary investment and management facilities, including salaries of personnel required for it to execute its duties, as well as administrative facilities, including bookkeeping, clerical personnel, and equipment necessary for the conduct of the investment affairs of the assigned portfolios.

As compensation for their services, the Subadvisers receive fees from the Adviser computed separately for each portfolio. The fee for each portfolio is stated as an annual percentage of the current value of the net assets of the portfolio. The fees are calculated on the basis of the average of all valuations of net assets of each portfolio made at the close of business on each business day of the Trust during the period for which such fees are paid. Once the average net assets of a portfolio exceed

specified amounts, the fee is reduced with respect to such excess. The schedule of the management fees the Adviser currently is obligated to pay the Subadvisers out of the advisory fee it receives from each portfolio is as set forth in the Prospectus.

The Prospectus refers to a subadvisory consulting agreement between SBAM and SBAM Limited which is subject to certain conditions as set forth in the Prospectus. Under that agreement SBAM Limited provides certain investment advisory services to SBAM relating to currency transactions and investments in non-dollar denominated debt securities for the benefit of the Strategic Bond Trust. SBAM pays SBAM Limited, as full compensation for all services provided under the subadvisory consulting agreement, a portion of its subadvisory fee, such amount being an amount equal to the fee payable under SBAM's subadvisory agreement multiplied by the current value of the net assets of the portion of the assets of the Strategic Bond Trust that SBAM Limited has been delegated to manage divided by the current value of the net assets of the portfolio. The Trust will not incur any expenses in connection with SBAM Limited's services. SBAM Limited is a wholly owned subsidiary of Salomon Brothers Europe Limited ("SBEL"). Salomon (International) Finance A G ("SIF") owns 100% of SBEL's Convertible Redeemable Preference Shares and 36.8% of SBEL's Ordinary Shares, while the remaining 63.2% of SBEL's Ordinary Shares are owned by Salomon Brothers Holding Company Inc. ("SBH"). SIF is wholly owned by SBH, which is in turn, a wholly owned subsidiary of Salomon Inc.

For the years ended December 31, 1997, 1996 and 1995, the Adviser paid aggregate subadvisory fees of $26,369,969, $15,882,911 and $12,007,940, respectively, allocated among the portfolios as follows:

<TABLE>
<CAPTION>

PORTFOLIO	1997	1996	1995
<S>	<C>	<C>	<C>
Pacific Rim Emerging Markets Trust	$ 107,828	N/A	N/A
Science & Technology Trust	201,450	N/A	N/A
International Small Cap Trust	760,136	$ 284,403(1)	N/A
Emerging Growth Trust	1,221,387	N/A	N/A
Pilgrim Baxter Growth Trust	286,942	N/A	N/A
Small/Mid Cap Trust	1,078,894	385,464(1)	N/A
International Stock Trust	487,128	N/A	N/A
Worldwide Growth Trust	74,971	N/A	N/A
Global Equity Trust	3,045,314	2,677,373	$2,415,918
Small Company Value Trust	76,634(2)	N/A	N/A
Equity Trust	3,354,190	2,256,365	1,628,673
Growth Trust	495,015	63,328(3)	N/A
Quantitative Equity Trust	318,784	N/A	N/A
Equity-Index Trust	16,885	N/A	N/A
Blue Chip Growth Trust	2,298,963	1,452,025	978,146
Real Estate Securities Trust	292,169	N/A	N/A
Value Trust	233,286	N/A	N/A
International Growth and Income Trust	951,446	653,719	232,320(4)
Growth and Income Trust	2,507,394	1,761,319	1,267,236
Equity-Income Trust	1,785,490	1,235,667	864,812
Balanced Trust	537,310	N/A	N/A
Aggressive Asset Allocation Trust	831,665	622 181	560,019
High Yield Trust	138,181	N/A	N/A
Moderate Asset Allocation Trust ..	1,722,433	1,454,194	1,433,417
Conservative Asset Allocation Trust	631,791	618,391	616,971
Strategic Bond Trust	847,735 +	527,906 ++	322,077+++
Global Government Bond Trust	801,544	845,379	771,716
Capital Growth Bond Trust	109,281	N/A	N/A
Investment Quality Bond Trust	362,694	334,303	276,246
U.S. Government Securities Trust .	473,424	473,786	442,603
Money Market Trust	319,605	237,108	197,786
Lifestyle Aggressive 1000 Trust ..	N/A	N/A	N/A
Lifestyle Growth 820 Trust	N/A	N/A	N/A
Lifestyle Balanced 640 Trust	N/A	N/A	N/A

</TABLE>

PORTFOLIO	1997	1996	1995
Lifestyle Moderate 460 Trust	N/A	N/A	N/A
Lifestyle Conservative 280 Trust .	N/A	N/A	N/A

(1) For the period March 4, 1996 (commencement of operations) to December 31, 1996.
(2) For the period October 1, 1997 (commencement of operations) to December 31, 1997.
(3) For the period July 15, 1996 (commencement of operations) to December 31, 1996.
(4) For the period January 9, 1995 (commencement of operations) to December 31, 1995.

+ Of this amount, $211,934 was paid by SBAM to SBAM Limited under the Subadvisory Consulting Agreement
++ Of this amount, $131,977 was paid by SBAM to SBAM Limited under the Subadvisory Consulting Agreement.
+++ Of this amount, $63,231 was paid by SBAM to SBAM Limited under the Subadvisory Consulting Agreement.

Subject to the expense limitations discussed above, the Trust is responsible for the payment of all expenses of its organization, operations and business, except those which the Adviser or Subadvisers have agreed to pay pursuant to the Advisory or Subadvisory Agreements. Expenses borne by the Trust include charges and expenses of the custodian, independent accountants and transfer, bookkeeping and dividend disbursing agent appointed by the Trust; brokers' commissions and issue and transfer taxes on securities transactions to which the Trust is a party; taxes and fees payable by the Trust; and legal fees and expenses in connection with the affairs of the Trust, including registering and qualifying its shares with regulatory authorities and in connection with any litigation.

The Advisory Agreement and each Subadvisory Agreement will continue in effect as to a portfolio for a period no more than two years from the date of its execution or the execution of an amendment making the agreement applicable to that portfolio only so long as such continuance is specifically approved at least annually either by the Trustees or by the vote of a majority of the outstanding voting securities of the Trust, provided that in either event such continuance shall also be approved by the vote of the majority of the Trustees who are not interested persons of any party to the Agreements, cast in person at a meeting called for the purpose of voting on such approval. The required shareholder approval of any continuance of any of the Agreements shall be effective with respect to any portfolio if a majority of the outstanding voting securities of the series of shares of beneficial interest of that portfolio vote to approve such continuance, notwithstanding that such continuance may not have been approved by a majority of the outstanding voting securities of (i) any other portfolio affected by the Agreement or (ii) all of the portfolios of the Trust.

If the holders of any series of shares of beneficial interest of any portfolio fail to approve any continuance of the Advisory Agreement or the Subadvisory Agreement, the Adviser or Subadviser (including SBAM Limited) may continue to act as investment adviser or subadviser with respect to such portfolio pending the required approval of the continuance of such Agreement, of a new contract with the Adviser or Subadviser or different adviser or subadviser, or other definitive action. In the case of the Adviser, the compensation received in respect of such a portfolio during such period will be no more than its actual costs incurred in furnishing investment advisory and management services to such portfolio or the amount it would have received under the Advisory Agreement in respect of such portfolio, whichever is less. In the case of the Subadvisers, the compensation received in respect of such a portfolio during such period will be no more than that permitted by Rule 15a-4 under the 1940 Act.

The Advisory Agreement and the Subadvisory Agreements may be terminated at any time without the payment of any penalty on 60 days' written notice to the other party or parties to the Agreements, and to the Trust in the case of the Subadvisory Agreements, (i) by the Trustees of the Trust; (ii) by the vote of a majority of the outstanding voting securities of the Trust, or with respect to any portfolio, by the vote of a majority of the outstanding voting securities of the series of shares of beneficial interest of such portfolio; and (iii) by the Adviser, and in the case of the Subadvisory Agreements, by the respective Subadvisers. The Agreements will automatically terminate in the event of their assignment.

The Advisory Agreement may be amended by the Trust and the Adviser and the

Subadvisory Agreements by the Adviser and respective Subadvisers provided such amendment is specifically approved by the vote of a majority of the outstanding voting securities of the Trust (except as noted below) and by the vote of a majority of the Trustees of the Trust who are not interested persons of the Trust, the Adviser or the applicable Subadviser (including SBAM Limited) cast in person at a

meeting called for the purpose of voting on such approval. The required shareholder approval of any amendment shall be effective with respect to any portfolio if a majority of the outstanding voting securities of that portfolio vote to approve the amendment, notwithstanding that the amendment may not have been approved by a majority of the outstanding voting securities of (i) any other portfolio affected by the amendment or (ii) all the portfolios of the Trust. As noted under "Subadvisory Arrangements" in the Prospectus, the Trust has received an order from the Securities and Exchange Commission permitting the Adviser to appoint a subadviser (other than an Affiliated Subadviser) or change a subadvisory fee (other than for an Affiliated Subadviser) pursuant to an agreement that is not approved by shareholders.

AGREEMENT WITH PRIOR SUBADVISER

The Conservative, Moderate and Aggressive Asset Allocation Trusts for which Sass Investors acted as Subadviser up until December 13, 1991, and the Bond Trust (now Investment Quality Bond Trust) for which Sass Investors acted as Subadviser up until April 23, 1991, acquired certain taxable revenue bonds, the value of which has declined substantially due to the default of the bonds caused by the Conservatorship of Executive Life Insurance Company. The Trust retained legal counsel to advise it as to any potential claims it may have arising out of its purchase of such bonds. On the basis of the advice received and, to avoid any prejudice resulting from the passage of time, the Trust has sought to obtain agreements from certain persons which would toll the running of statutes of limitations that might in time bar the assertion of any claims related to its purchase of the bonds. In February 1991 the Trust entered into an agreement with Sass Investors, its principals and affiliated companies concerning any claims the Trust may have arising out of Sass Investors' performance under the Sass Subadvisory Agreement in connection with the purchase or sale of the aforementioned bonds. The parties agreed that the running of time under any statute of limitations or by way of laches with respect to any claims or defenses arising out of such purchase or sale would be tolled until thirty days after termination of the agreement by either party giving written notice to the other.

PORTFOLIO BROKERAGE

Pursuant to the Subadvisory Agreements, the Subadvisers are responsible for placing all orders for the purchase and sale of portfolio securities of the Trust. The Subadvisers have no formula for the distribution of the Trust's brokerage business, their intention being to place orders for the purchase and sale of securities with the primary objective of obtaining the most favorable overall results for the Trust. The cost of securities transactions for each portfolio will consist primarily of brokerage commissions or dealer or underwriter spreads. Bonds and money market instruments are generally traded on a net basis and do not normally involve either brokerage commissions or transfer taxes.

Occasionally, securities may be purchased directly from the issuer. For securities traded primarily in the over-the-counter market, the Subadvisers will, where possible, deal directly with dealers who make a market in the securities unless better prices and execution are available elsewhere. Such dealers usually act as principals for their own account.

In selecting brokers or dealers through whom to effect transactions, the Subadvisers will give consideration to a number of factors, including price, dealer spread or commission, if any, the reliability, integrity and financial condition of the broker-dealer, size of the transaction and difficulty of execution. Consideration of these factors by a Subadviser, either in terms of a particular transaction or the Subadviser's overall responsibilities with respect to the Trust and any other accounts managed by the Subadviser, could result in the Trust paying a commission or spread on a transaction that is in excess of the amount of commission or spread another broker-dealer might have charged for executing the same transaction. In selecting brokers and dealers, the Subadvisers will also give consideration to the value and quality of any research, statistical, quotation or valuation services provided by the broker or dealer. In placing a purchase or sale order, a Subadviser may use a broker whose commission in effecting the transaction is higher than that of some other broker if the Subadviser determines in good faith that the amount of the higher commission is reasonable in relation to the value of the brokerage and research services provided by such broker, viewed in terms of either the particular transaction or the Subadviser's overall responsibilities with respect to the Trust and any other accounts managed by the Subadviser. Brokerage and research services provided by brokers and dealers include advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling securities, the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends and portfolio strategy. Consistent with the foregoing considerations and the Rules of Fair Practice of the NASD, sales of contracts for which the broker-dealer or an affiliate thereof is responsible may be considered as a factor in the selection of such brokers or dealers. A higher cost broker-dealer will not be selected, however, solely on the basis of sales volume but will be selected in accordance with the criteria set forth above.

To the extent research services are used by the Subadvisers in rendering investment advice to the Trust, such services would tend to reduce the Subadvisers' expenses. However, the Subadvisers do not believe that an exact dollar value can be assigned to these services. Research services received by the Subadvisers from brokers or dealers executing transactions for the Trust will be available also for the benefit of other portfolios managed by the Subadvisers.

The Subadvisers manage a number of accounts other than the Trust's portfolios. Although investment recommendations or determinations for the Trust's portfolios will be made by the Subadvisers independently from the investment recommendations and determinations made by them for any other account, investments deemed appropriate for the Trust's portfolios by the Subadvisers may also be deemed appropriate by them for other accounts, so that the same security may be purchased or sold at or about the same time for both the Trust's portfolios and other accounts. In such circumstances, the Subadvisers may determine that orders for the purchase or sale of the same security for the Trust's portfolios and one or more other accounts should be combined, in which event the transactions will be priced and allocated in a manner deemed by the Subadvisers to be equitable and in the best interests of the Trust Portfolios and such other accounts. While in some instances combined orders could adversely affect the price or volume of a security, the Trust believes that its participation in such transactions on balance will produce better overall results for the Trust.

For the years ended December 31, 1997, 1996 and 1995, the Trust paid brokerage commissions in connection with portfolio transactions of $14,209.750, $13,006,480 and $6,609,957, respectively, allocated among the portfolios as follows:

<TABLE>
<CAPTION>

PORTFOLIO	1997	1996	1995
<S>	<C>	<C>	<C>
Pacific Rim Emerging Markets Trust	$ 148,339	N/A	N/A
Science & Technology Trust	71,708	N/A	N/A
International Small Cap Trust	420,472	$349,869(1)	N/A
Emerging Growth Trust	490,019	N/A	N/A
Pilgrim Baxter Growth Trust	73,688	N/A	N/A
Small/Mid Cap Trust	645,611	237,777(1)	N/A
International Stock Trust	424,132	N/A	N/A
Worldwide Growth Trust	73,362	N/A	N/A
Global Equity Trust	1,147,235	2,398,805	$2,684,254
Small Company Value Trust	111,6732	N/A	N/A
Equity Trust	5,018,862	4,407,265	861,497
Growth Trust	352,035	110,510(3)	N/A
Quantitative Equity Trust	307,370	N/A	N/A
Equity-Index Trust	266	N/A	N/A
Blue Chip Growth Trust	449,346	966,411	388,904
Real Estate Securities Trust	736,968	N/A	N/A
Value Trust	210,067	N/A	N/A
International Growth and Income Trust	700,640	871,203	374,962(4)
Growth and Income Trust	1,129,311	1,084,722	697,618
Equity-Income Trust	472,154	2,021,601	606,918
Balanced Trust	588,464	N/A	N/A
Aggressive Asset Allocation Trust .	214,279	177,940	286,517
High Yield Trust	N/A	N/A	N/A
Moderate Asset Allocation Trust ...	366,800	320,288	604,766
Conservative Asset Allocation Trust	56,949	60,089	104,521
Strategic Bond Trust	N/A	N/A	N/A
Global Government Bond Trust	N/A	N/A	N/A

Capital Growth Bond Trust	N/A	N/A	N/A
Investment Quality Bond Trust	N/A	N/A	N/A
U.S. Government Securities Trust ..	N/A	N/A	N/A
Money Market Trust	N/A	N/A	N/A
Lifestyle Aggressive 1000 Trust ...	N/A	N/A	N/A
Lifestyle Growth 820 Trust	N/A	N/A	N/A

PORTFOLIO	1997	1996	1995
Lifestyle Balanced 640 Trust	N/A	N/A	N/A
Lifestyle Moderate 460 Trust	N/A	N/A	N/A
Lifestyle Conservative 280 Trust ..	N/A	N/A	N/A

(1) For the period March 4, 1996 (commencement of operations) to December 31, 1996.
(2) For the period October 1, 1997 (commencement of operations) to December 31, 1997.
(3) For the period July 15, 1996 (commencement of operations) to December 31, 1996.
(4) For the period January 9, 1995 (commencement of operations) to December 31, 1995.

Goldman Sachs & Co., prior to October 1, 1996, was an affiliated broker of the Equity-Income Trust due to the position of Goldman Sachs Asset Management as subadviser to this Trust portfolio. Salomon Brothers Inc. is an affiliated broker of the U.S. Government Securities and Strategic Bond Trusts due to the position of SBAM as subadviser to these Trust portfolios. J.P. Morgan Securities Inc. and J.P. Morgan Securities Ltd. are affiliated brokers of the International Growth and Income Trust due to the position of J.P. Morgan Investment Management Inc. as subadviser to this Trust portfolio. Dresdner Bank is an affiliated broker of the Global Equity (prior to October 1, 1996) and Global Government Bond Trusts due to the position of Oechsle International as subadviser to these Trust portfolios. Fidelity Capital Markets is an affiliated broker of the Equity and Asset Allocation Trusts due to the position of Fidelity Management Trust Company as subadviser to these Trust portfolios. Morgan Stanley & Co. Incorporated and Morgan Stanley International are affiliated brokers of the Global Equity Trust (since October 1, 1996) due to the position of Morgan Stanley as subadviser to this Trust portfolio. Fred Alger & Company is an affiliated broker of the Small/Mid Cap Trust due to the position of Fred Alger Management, Inc. as the subadviser to the Small/Mid Cap Trust.

For the period January 1, 1996 to September 30, 1996 and for the year ended December 31, 1995, brokerage commissions were paid to GOLDMAN, SACHS & CO. by the Equity-Income portfolio as follows:

PERIOD ENDED DECEMBER 31, 1996

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Equity-Income Trust..........	$75,615	3.74%	0.01%

YEAR ENDED DECEMBER 31, 1995

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Equity-Income Trust..........	$63,836	10.52%	0.19%

For the years ended December 31, 1997, 1996 and 1995, no brokerage commissions were paid to SALOMON BROTHERS INC. by either the U.S. Government Securities or Strategic Bond portfolios.

For the years ended December 31, 1997, 1996 and 1995, brokerage commissions were paid to J.P. MORGAN SECURITIES by the International Growth and Income portfolio as follows:

YEAR ENDED DECEMBER 31, 1997

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
International Growth and Income Trust..............	$516	0.07%	0.34%

YEAR ENDED DECEMBER 31, 1996

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
International Growth and Income Trust..............	N/A	N/A	N/A

YEAR ENDED DECEMBER 31, 1995

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
International Growth and Income Trust..............	$554*	0.15%	0.41%

For the years ended December 31, 1997, 1996 and 1995, no brokerage commissions were paid to DRESDNER BANK by either the Global Equity (prior to October 1, 1996) or the Global Government Bond portfolios.

For the years ended December 31, 1997, 1996 and 1995, brokerage commissions were paid to FIDELITY CAPITAL MARKETS by the Equity and Asset Allocation portfolios as follows:

YEAR ENDED DECEMBER 31, 1997

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Equity Trust	$13,286	0.26%	0.08%
Aggressive Asset Allocation Trust ..	N/A	N/A	N/A
Moderate Asset Allocation Trust	N/A	N/A	N/A
Conservative Asset Allocation Trust	N/A	N/A	N/A

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31, 1996

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Equity Trust	N/A	N/A	N/A
Aggressive Asset Allocation Trust ..	N/A	N/A	N/A
Moderate Asset Allocation Trust	N/A	N/A	N/A
Conservative Asset Allocation Trust	N/A	N/A	N/A

YEAR ENDED DECEMBER 31, 1995

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Equity Trust	N/A	N/A	N/A
Aggressive Asset Allocation Trust .	$3,240	1.13%	0.08%
Moderate Asset Allocation Trust ...	8,815	1.46%	0.07%
Conservative Asset Allocation Trust	1,920	1.84%	0.05%

For the years ended December 31, 1997 and 1996, brokerage commissions were paid to MORGAN STANLEY by the Global Equity portfolio as follows:

YEAR ENDED DECEMBER 31, 1997

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Global Equity Trust...........	$93,584	8.16%	0.28%

YEAR ENDED DECEMBER 31, 1996

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Global Equity Trust...........	$487,347	20.32%	0.02%

For the year ended December 31, 1997 and the period March 4, 1996 (commencement of operations of the Small/Mid Cap Trust) to December 31, 1996, brokerage commissions were paid to FRED ALGER & COMPANY as follows:

YEAR ENDED DECEMBER 31, 1997

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Small/Mid Cap Trust...........	$637,395	98.73%	0.19%

YEAR ENDED DECEMBER 31, 1996

Portfolio	Commissions	% of Portfolio's Brokerage Commissions Represented for the period	% of aggregate $ amount of transactions for the period
Small/Mid Cap Trust..........	$221,408	93.12%	0.02%

PURCHASE AND REDEMPTION OF SHARES

The Trust will redeem all full and fractional portfolio shares for cash at the net asset value per share of each portfolio. Payment for shares redeemed will generally be made within seven days after receipt of a proper notice of redemption. However, the Trust may suspend the right of redemption or postpone the date of payment beyond seven days during any period when (a) trading on the New York Stock Exchange is restricted, as determined by the Securities and Exchange Commission, or such Exchange is closed for other than weekends and holidays; (b) an emergency exists, as determined by the Commission, as a result of which disposal by the Trust of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Trust fairly to determine the value of its net assets; or (c) the Commission by order so permits for the protection of security holders of the Trust.

DETERMINATION OF NET ASSET VALUE

The following supplements the discussion of the valuation of portfolio assets set forth in the Prospectus under the caption "Purchase and Redemption of Shares."

Securities held by the portfolios, except for debt instruments with remaining maturities of 60 days or less, all debt instruments held by the Money Market Trust and shares of the Underlying Portfolios held by the Lifestyle Trusts, will be valued as follows: securities which are traded on stock exchanges (including securities traded in both the over-the-counter market and on an exchange) are valued at the last sales price as of the close of the regularly scheduled trading of the New York Stock Exchange on the day the securities are being valued, or, lacking any sales, at the closing bid prices. Securities traded only in the over-the-counter market are valued at the last bid prices quoted by brokers that make markets in the securities at the close of trading on the New York Stock Exchange. Securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Trustees. Shares of the Underlying Portfolios held by the Lifestyle Trusts are valued at their net asset value as described in the Prospectus under "Purchase and Redemption of Shares."

Generally, trading in non-U.S. securities, as well as U.S. Government securities and money market instruments, is substantially completed each day at various times prior to the close of the regularly scheduled trading of the New York Stock Exchange. The values of such securities used in computing the net asset value of a portfolio's shares are generally determined as of such times. Occasionally, events which affect the values of such securities may occur between the times at which they are generally determined and the close of the New York Stock Exchange and would therefore not be reflected in the computation of a portfolio's net asset value. For instance, if a fund with portfolio securities primarily listed on foreign exchanges which trade on Saturdays or other customary U.S. national business holidays, does not price on these days, the portfolio will trade and the net asset value of the fund's redeemable securities may be significantly affected on days when the investor has no access to the fund. If events materially affecting the value of such securities occur during such period, then these securities will be valued at their fair value as determined in good faith by the Subadvisers under procedures established and regularly reviewed by the Trustees.

Debt instruments with a remaining maturity of 60 days or less held by each of the portfolios other than the Money Market Trust, and all instruments held by the Money Market Trust, will be valued on an amortized cost basis. Under this method of valuation, the instrument is initially valued at cost (or in the case of instruments initially valued at market value, at the market value on the day before its remaining maturity is such that it qualifies for amortized cost valuation); thereafter, the Trust assumes a constant proportionate amortization in value until maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price that would be received upon sale of the instrument.

The Money Market Trust uses the amortized cost valuation method in reliance upon Rule 2a-7 under the 1940 Act. As required by the Rule, the Money Market Trust will maintain a dollar weighted average maturity of 90 days or less. In addition, the Money Market Trust is permitted to purchase only securities that the Trustees determine to present minimal credit risks and which are at the time of purchase "eligible securities," as defined by the Rule. Generally, eligible securities must be rated by a nationally recognized statistical rating organization in one of the two highest rating categories for short-term debt obligations or be of comparable quality. The Money Market Trust will invest only in obligations that have remaining maturities of thirteen months or less.

The Trustees have established procedures designed to stabilize, to the extent reasonably possible, the Money Market Trust's price per share as computed for the purpose of sales and redemptions at $10.00. Such procedures include a direction to the Adviser to establish procedures which will allow for the monitoring of the propriety of the continued use of amortized cost valuation to maintain a constant net asset value of $10.00 per share. Such procedures include a directive to the Adviser that requires that on determining net asset value per share based upon available market quotations, the Money Market Trust shall value weekly (a) all portfolio instruments for which market quotations are readily available at market, and (b) all portfolio instruments for which market quotations are not readily available or are not obtainable from a pricing service, at their fair value as determined in good faith by the Trustees, although the actual calculations may be made by persons acting pursuant to the direction of the Trustees. If the fair value of a security needs to be determined, the Subadviser will provide determinations, in accordance with procedures and methods established by the Trustees of the Trust, of the fair value of securities held by the Money Market Trust for which market quotations are not readily available for purposes of enabling the Money Market Trust's Custodian to calculate net asset value. The Adviser, with the Subadviser's assistance, periodically (but no less frequently than annually) shall prepare a written report to the Trustees verifying the accuracy of the pricing system or estimate. A non-negotiable security which is not treated as an illiquid security because it may be redeemed with the issuer, subject to a penalty for early redemption, shall be assigned a value that takes into account the reduced amount that would be received if it were currently liquidated. In the event that the deviation from the amortized cost exceeds .50 of 1% or more or a difference of $.05 per share in net asset value, the Adviser shall promptly call a special meeting of the Trustees to determine what, if any, action should be initiated. Where the Trustees believe the extent of any deviation from the Money Market Trust's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, they shall take such action as they deem appropriate to eliminate or reduce to the extent reasonably practical such dilution or unfair results. The actions that may be taken by the Trustees include, but are not limited to: (a) redeeming shares in kind; (b) selling portfolio instruments prior to maturity to realize capital gains or losses or to shorten the average portfolio maturity of the Money Market Trust; (c) withholding or reducing dividends;(d) utilizing a net asset value per share based on available market quotations; (e)investing all cash in instruments with a maturity on the next business day. The Money Market Trust may also reduce the number of shares outstanding by redeeming proportionately from shareholders, without the payment of any monetary compensation, such number of full and fractional shares as is necessary to maintain the net asset value at $10.00 per share. Any such redemption will be treated as a negative dividend for purposes of the Net Investment Factor under the contracts issued by Manulife North America.

PERFORMANCE DATA

Each of the portfolios may quote total return figures in its advertising and sales materials. Such figures will always include the average annual total return for recent one year and, when applicable, five and ten year periods and where less than five or ten years, the period since the portfolio, including its predecessor prior to the reorganization of the Fund on December 31, 1988, became available for investment. In the case of the Pacific Rim Emerging Markets, Real Estate Securities, Quantitative Equity, Capital Growth Bond and Equity Index Trusts, such quotations will be for periods that include the performance of the predecessor portfolios of Manulife Series Fund, Inc. Where the period since inception is less than one year, the total return quoted will be the aggregate return for the period. The average annual total return is the average annual compounded rate of return that equates the initial amount invested to the market value of such investment on the last day of the period for which such return is calculated. For purposes of the calculation it is assumed that an initial payment of $1,000 is made on the first day of the period for which the return is calculated and that all dividends and distributions are reinvested at the net asset value on the reinvestment dates during the period. All recurring fees such as advisory fees charged to the Trust and all Trust expenses are reflected in the calculations. There are no non-recurring fees such as sales loads, surrender charges or account fees charged by the Trust. If the period since inception is less than one year, the figures will be based on an aggregate total return rather than an average annual total return.

<TABLE>
<CAPTION>

TOTAL ANNUALIZED RETURN

Trust	One Year Ended 12/31/97	Five Year Ended 12/31/97	Since Inception or 10 Years, whichever is shorter through 12/31/97	Date first Available
<S>	<C>	<C>	<C>	<C>
Pacific Rim Emerging Markets#	-34.12%	N/A	-8.01%	10/04/94
Science and Technology	N/A	N/A	10.71%	01/01/97
International Small Cap	0.79%	N/A	5.40%	03/04/96
Emerging Growth	N/A	N/A	18.23%	01/01/97
Pilgrim Baxter Growth	N/A	N/A	0.00%	01/01/97
Small/Mid Cap	15.26%	N/A	12.17%	03/04/96
International Stock	N/A	N/A	1.38%	01/01/97
Worldwide Growth	N/A	N/A	13.29%	01/01/97
Global Equity	20.80%	14.64%	9.77%	03/18/88
Small Company Value Trust	N/A	N/A	-4.48%	10/01/97
Equity	19.25%	18.80%	15.14%**	06/18/85
Growth	25.35%	N/A	25.03%	07/15/96
Quantitative Equity #	29.83%	16.54%	15.12%**	04/30/87
Equity Index #	33.53%	N/A	25.56%	02/14/96
Blue Chip Growth	26.94%	13.12%	12.81%	12/11/92
Real Estate Securities #	18.41%	15.97%	15.88%**	04/30/87
Value	N/A	N/A	22.14%	01/01/97
International Growth and Income	-0.08%	N/A	6.43%	01/09/95
Growth and Income	32.83%	18.90%	17.27%	04/23/91
Equity-Income	29.71%	N/A	17.79%	02/19/93
Balanced	N/A	N/A	17.79%	01/01/97
Aggressive. Asset Allocation	19.09%	12.60%	9.87%	08/03/89
High Yield	N/A	N/A	12.68%	01/01/97
Moderate Asset Allocation	15.87%	10.74%	8.95%	08/03/89
Conservative Asset Allocation	11.44%	8.55%	7.72%	08/03/89
Strategic Bond	10.98%	N/A	9.46%	02/19/93
Global Government Bond	2.95%	9.95%	8.88%	03/18/88
Capital Growth Bond #	8.72%	7.19%	8.53%**	06/26/84
Investment Quality Bond	9.75%	7.13%	5.75%**	06/18/85

</TABLE>

<TABLE>
<CAPTION>

TOTAL ANNUALIZED RETURN

Trust	One Year Ended 12/31/97	Five Year Ended 12/31/97	Since Inception or 10 Years, whichever is shorter through 12/31/97	Date first Available
<S>	<C>	<C>	<C>	<C>
U.S. Government Securities	8.47%	6.62%	7.24%	03/18/88
Money Market#	5.15%	4.47%	5.45%**	06/18/85
Lifestyle Aggressive 1000	N/A	N/A	10.89%	01/07/97
Lifestyle Growth 820	N/A	N/A	13.84%	01/07/97
Lifestyle Balanced 640	N/A	N/A	14.11%	01/07/97
Lifestyle Moderate 460	N/A	N/A	13.70%	01/07/97
Lifestyle Conservative 280	N/A	N/A	12.15%	01/07/97

</TABLE>

* Aggregate total return from October 1, 1997 (inception date) to December 31, 1997.

** 10 Years

Performance presented for these Trust portfolios is based upon the performance of their respective predecessor Manulife Series Fund, Inc. portfolios for periods prior to the consummation of the reorganization effective December 31, 1996. Performance presented for each of these Trust portfolios is based on the historical expenses and performance of its predecessor Manulife Series Fund, Inc. portfolio and, therefore, does not reflect for periods prior to December

31, 1996, the current Trust expenses that an investor would incur as a holder of shares of such Trust portfolio.

The Trust may also from time to time include in advertising and sales literature the following: 1) information regarding its portfolio subadvisers, such as information regarding a subadvisers specific investment expertise, client base, assets under management or other relevant information; 2) quotations about the Trust, its portfolios or its investment subadvisers that appear in various publications and media; and 3) general discussions of economic theories, including but not limited to discussions of how demographics and political trends may effect future financial markets, as well as market or other relevant information.

ORGANIZATION OF THE TRUST

SHARES OF THE TRUST

The Declaration of Trust authorizes the Trustees of the Trust to issue an unlimited number of full and fractional shares of beneficial interest having a par value of $.01 per share, to divide such shares into an unlimited number of series of shares and to designate the relative rights and preferences thereof, all without shareholder approval. The Trust currently has thirty-six series of shares as described in the Prospectus. The shares of each portfolio, when issued and paid for, will be fully paid and non-assessable and will have no preemptive or conversion rights. Holders of shares of any portfolio are entitled to redeem their shares as set forth under "Purchase and Redemption of Shares." The Trust reserves the right to later issue additional series of shares or separate classes of existing series of shares without the consent of outstanding shareholders.

Each issued and outstanding share is entitled to participate equally in dividends and distributions declared by the respective portfolio and upon liquidation in the net assets of such portfolio remaining after satisfaction of outstanding liabilities. For these purposes and for purposes of determining the sale and redemption prices of shares, any assets which are not clearly allocable to a particular portfolio will be allocated in the manner determined by the Trustees. Accrued liabilities which are not clearly allocable to one or more portfolios will also be allocated among the portfolios in the manner determined by the Trustees.

Shareholders of each portfolio of the Trust are entitled to one vote for each full share held (and fractional votes for fractional shares held) irrespective of the relative net asset values of the shares of the portfolio. All shares entitled to vote are voted by series, except that when voting for the election of Trustees and when otherwise permitted by the 1940 Act, shares are voted in the aggregate and not by series. Only shares of a particular portfolio are entitled to vote on matters determined by the

Trustees to affect only the interests of that portfolio. Pursuant to the 1940 Act and the rules and regulations thereunder, certain matters approved by a vote of a majority of all the shareholders of the Trust may not be binding on a portfolio whose shareholders have not approved such matter. There will normally be no meetings of shareholders for the purpose of electing Trustees unless and until less than a majority of the Trustees holding office has been elected by shareholders, at which time the Trustees then in office will call a shareholders' meeting for the election of Trustees. Holders of not less than two-thirds of the outstanding shares of the Trust may remove a Trustee by a vote cast in person or by proxy at a meeting called for such purpose. Shares of the Trust do not have cumulative voting rights, which means that the holders of more than 50% of the Trust's shares voting for the election of Trustees can elect all of the Trustees if they so choose. In such event, the holders of the remaining shares would not be able to elect any Trustees.

Under Massachusetts law, shareholders of the Trust could, under certain circumstances, be held personally liable for the obligations of the Trust. The Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of such disclaimer be given in each agreement, obligation, or instrument entered into or executed by the Trustees or any officer of the Trust. The Declaration of Trust provides for indemnification out of the property of a Trust portfolio for all losses and expenses of any shareholder held personally liable for the obligations of such portfolio. The Declaration of Trust also provides that the Trust shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Trust and satisfy any judgment thereon, but only out of the property of a particular portfolio. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which a particular portfolio would be unable to meet its obligations.

PRINCIPAL HOLDERS OF SECURITIES

The Trust currently has four shareholders: Manulife North America, The Manufacturers Life Insurance Company of New York, The Manufacturers Life Insurance Company of America ("Manufacturers America") and The Manufacturers Life Insurance Company (U.S.A.). Each shareholder holds Trust shares attributable to variable and variable life contracts in their separate accounts. Each shareholder will solicit voting instructions from such variable and variable life contract owners and vote all shares held in proportion to the instructions received.

Reflecting the conditions of section 817(h) and other provisions of the Code and regulations thereunder, the By-laws of the Trust provide that shares of the Trust may be purchased only by the following eligible shareholders: (a) separate accounts of Manulife North America or of other insurance companies; (b) Manulife North America; (c) MSS; (d) any corporation related in a manner specified in section 267(b) of the Code to Manulife North America or to MSS, and (e) any trustee of a qualified pension or retirement plan. As a matter of operating policy, shares of the Trust may be purchased only by the eligible shareholders of categories (a), (b) and (d).

ADDITIONAL INFORMATION CONCERNING TAXES

The following discussion is a general and abbreviated summary of certain additional tax considerations affecting a portfolio and its shareholders. No attempt is made to present a detailed explanation of all Federal, state, local and foreign tax concerns, and the discussions set forth here and in the Prospectus do not constitute tax advice. Investors are urged to consult their own tax advisors with specific questions relating to Federal, state and local or foreign taxes.

The Trust believes that each portfolio will qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result of qualifying as a regulated investment company, each portfolio will not be subject to U.S. Federal income tax on its net investment income (i.e., its investment company taxable income, as that term is defined in the Code, determined without regard to the deduction for dividends paid) and net capital gain (i.e., the excess of its net realized long-term capital gain over its net realized short-term capital loss), if any, that it distributes to its shareholders in each taxable year, provided that it distributes to its shareholders at least 90% of its net investment income for such taxable year.

A portfolio will be subject to a non-deductible 4% excise tax to the extent that the portfolio does not distribute by the end of each calendar year (a) at least 98% of its ordinary income for the calendar year; (b) at least 98% of its capital gain net income for the one-year period ending, as a general rule, on October 31 of each year; and (c) 100% of the undistributed ordinary income and capital gain net income from the preceding calendar years (if any) pursuant to the

calculations in (a) and (b). For this purpose, any income or gain retained by a portfolio that is subject to corporate tax will be considered to have been distributed by year-end. Each portfolio intends to make sufficient distributions to avoid imposition of both the corporate level tax and the excise tax.

A portfolio may make investments that produce income that is not matched by a corresponding cash distribution to the portfolio, such as investments in pay-in-kind bonds or in obligations such as certain Brady Bonds and zero-coupon securities having original issue discount (i.e., an amount in excess of the stated redemption price of the security at maturity over its issue price), or market discount (i.e., an amount equal to the excess of the stated redemption price at maturity of the security over its basis immediately after it was acquired) if the portfolio elects to accrue market discount on a current basis. In addition, income may continue to accrue for Federal income tax purposes with respect to a non-performing investment. Any such income would be treated as income earned by a portfolio and therefore would be subject to the distribution requirements of the Code. Because such income may not be matched by a corresponding cash distribution to a portfolio, such portfolio may be required to borrow money or dispose of other securities to be able to make distributions to its investors. In addition, if an election is not made to currently accrue market discount with respect to a market discount bond, all or a portion of any deduction for any interest expense incurred to purchase or hold such bond may be deferred until such bond is sold or otherwise disposed.

Certain of the portfolios may engage in hedging or derivatives transactions involving foreign currencies, forward contracts, options and futures contracts (including options, futures and forward contracts on foreign currencies) and short- sales (see "HEDGING AND OTHER STRATEGIC TRANSACTIONS"). Such transactions will be subject to special provisions of the Code that, among other things, may affect the character of gains and losses realized by a portfolio (that is, may affect whether gains or losses are ordinary or capital), accelerate recognition of income of a portfolio and defer recognition of certain of the portfolio's losses. These rules could therefore affect the character, amount and timing of distributions to shareholders. In addition, these provisions (1) will require a portfolio to "mark-to-market" certain types of positions in its portfolio (that is, treat them as if they were closed out) and (2) may cause a portfolio to recognize income without receiving cash with which to pay dividends or make distributions in amounts necessary to satisfy the distribution requirement and avoid the 4% excise tax. Each portfolio intends to monitor its transactions, will make the appropriate tax elections and will make the appropriate entries in its books and records when it acquires any option, futures contract, forward contract or hedged investment in order to mitigate the effect of these rules.

If a portfolio purchases shares in a "passive foreign investment company" (a "PFIC"), the portfolio may be subject to U.S. Federal income tax on a portion of any "excess distribution" or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the portfolio to its shareholders. Additional charges in the nature of interest may be imposed on the portfolio in respect of deferred taxes arising from such distributions or gains. If a portfolio were to invest in a PFIC and elected to treat the PFIC as a "qualified electing fund" under the Code, in lieu of the foregoing requirements, the portfolio would be required to include in income each year a portion of the ordinary earnings and net capital gain of the qualified electing fund, even if not distributed to the portfolio. Alternatively, under recently enacted legislation, a portfolio can elect to mark-to-market at the end of each taxable year its shares in a PFIC; in this case, the portfolio would recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent it did not exceed prior increases included in income. Under either election, a portfolio might be required to recognize in a year income in excess of its distributions from PFICs and its proceeds from dispositions of PFIC stock during that year, and such income would nevertheless be subject to the distribution requirements and would be taken into account for purposes of the 4% excise tax.

Since the portfolios' shareholders are the separate accounts of insurance companies, no discussion is included herein as to the U.S. Federal income tax consequences to the holder of a variable annuity or life insurance contract who allocates investments to a portfolio. For information concerning the U.S. Federal income tax consequences to such holders, see the prospectus for such contract. Holders of variable annuity or life insurance contracts should consult their tax advisors about the application of the provisions of the tax law described in this Statement of Additional Information in light of their particular tax situations.

REPORTS TO SHAREHOLDERS

The financial statements of the Trust at December 31, 1997 are incorporated herein by reference from its annual report to shareholders filed with the Securities and Exchange Commission pursuant to Section 30(b) of the 1940 Act and Rule 30b2-1.

INDEPENDENT ACCOUNTANTS

The financial statements of the Trust at December 31, 1997, including the related Financial Highlights which appear in the Prospectus, have been audited by Coopers & Lybrand L.L.P., independent accountants, as indicated in their report with respect thereto, and are included herein in reliance upon said report given on the authority of said firm as experts in accounting and auditing. Coopers & Lybrand has offices at One Post Office Square, Boston, MA 02109.

LEGAL COUNSEL

Messrs. Jones & Blouch L.L.P., 1025 Thomas Jefferson Street, N.W., Washington, DC 20007, have passed upon certain legal matters relating to the Federal securities laws.

ADDITIONAL INFORMATION REGARDING SUBADVISERS

ROSENBERG INSTITUTIONAL EQUITY MANAGEMENT

INVESTMENT PHILOSOPHY. Rosenberg believes that stock prices do not perfectly reflect the "fundamental value" of companies but rather the market's assessment of how well the company is positioned to generate future earnings and/or future cash flow. Rosenberg identifies and purchases those stocks which are undervalued (i.e., stocks which are currently cheaper than similar stocks with the same characteristics.) Rosenberg believes that the market will over time recognize the "better value" and that the mispricing will be corrected as the stocks in the Small Company Value Trust are purchased by other investors.

In determining whether or not a stock is attractive, Rosenberg considers the company's current estimated fundamental value as determined by Rosenberg's proprietary appraisal model, the company's future earnings, and investor sentiment toward the stock. The Small Company Value Trust is composed of undervalued stocks from every sector represented in the benchmark (currently, the Russell 2000 Index).

STOCK SELECTION. Fundamental valuation of stocks is key to Rosenberg's investment process, and the heart of the valuation process lies in Rosenberg's proprietary appraisal model.

An important feature of the appraisal model is the classification of companies into one or more of 166 groups of "similar" businesses. Each company is broken down into its individual business segments, and each segment is compared with similar business operations of other companies. Rosenberg appraises the company's assets, operating earnings and sales within each business segment, accepting the market's valuation of that category of business as fair. Rosenberg then integrates the segment appraisals into balance sheet, income statement, and sales valuation models for the total company, and simultaneously adjusts the segment appraisals to include appraisals for variables which are declared only for the total company, such as taxes, capital structure, and pension funding.

The difference between Rosenberg's appraisal and the market price is believed to represent an opportunity for profit. For each stock, Rosenberg develops "appraisal alphas" (i.e., the expected rate of extraordinary return) by adjusting for the rate at which the market has corrected for such valuations in the past.

A second sphere of analysis is captured by Rosenberg's proprietary earnings change model, which analyzes more than 20 variables to predict individual company earnings over a one year horizon. The value of the projected earnings change is converted to an "earnings change alpha" by multiplying the projected change by the market's historical response to changes of that magnitude.

Finally, Rosenberg's proprietary investor sentiment model quantifies investor sentiment about features of stocks which influence price. This model measures company quality and also captures market enthusiasm towards individual stocks by looking at broker recommendations and analyst estimates. Investor sentiment alphas are developed by multiplying the model's sentiment scores by the market's historical response to such scores.

Each company's earnings change alpha and investor sentiment alpha is added to its appraisal alpha to arrive at a total company alpha. Stocks with large positive total company alphas are candidates for purchase. Stocks held in a portfolio with total company alphas that are only slightly positive, zero or negative are candidates for sale.

Before trading, Rosenberg systematically analyzes the short-term price behavior of individual stocks to determine the timing of trades. Rosenberg develops a "trading alpha" for each stock (i.e., the expected short-term extraordinary return) which is designed to enable the Small Company Value Trust to purchase stocks from supply and to sell stocks into demand, greatly reducing trading costs.

OPTIMIZATION. Rosenberg's portfolio optimization system seeks to optimize the trade-off between risk and reward relative to the benchmark. It exploits the information developed by Rosenberg's stock selection models to maximize return relative to the benchmark. The optimizer recommends positions in companies which in aggregate constitute the most efficient portfolio. The optimizer simultaneously considers total company alphas, trading alphas, and risk and quantifies the expected "net benefit" to the portfolio of each recommended transaction. A stock is considered for sale when a higher alpha stock with complementary risk characteristics has been identified. In the U.S. markets, portfolios are reoptimized continuously throughout the day, allowing Rosenberg to respond immediately to investment opportunities, subject to certain limitations on short-term trading applicable by virtue of the Small Company Value Trust's intention to qualify as a regulated investment company under the Code.

TRADING. Rosenberg's trading system aggregates the recommended transaction for the Small Company Value Trust and determines the feasibility of each recommendation in light of the stock's liquidity, the expected transaction costs, and general market conditions. Trades are executed through any one of four trading strategies: traditional brokerage, networks, accommodation, and package or "basket" trades designed to facilitate large volume trading with little or no price disturbance.

Rosenberg continuously monitors trading costs to determine the impact of commission and price disturbance on the Small Company Value Trust.

Pro Forma Financial Statements

MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING STATEMENT OF ASSETS AND LIABILITIES -- DECEMBER 31, 1998 (UNAUDITED)

<TABLE>
<CAPTION>

	CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investments in securities, at value (See accompanying portfolio of investments).....	$65,199,949	$371,158,253		$436,358,202
Cash..	60	998		1,058
Receivables:				
Fund shares sold..........................	92,685	689,154		781,839
Dividends and interest....................	1,068,524	5,412,268		6,480,792
Other assets................................	272	1,068		1,340
Total assets.......................	66,361,490	377,261,741		443,623,231
LIABILITIES				
Payables:				
Investments purchased.....................	--	74,665		74,665
Dividend and interest withholding tax......	2,251	583		2,834
Custodian fee.............................	2,542	10,859		13,401
Securities lending........................	1,238,220	65,034,495		66,272,715
Other accrued expenses....................	6,531	30,395		36,926
Total liabilities..................	1,249,544	65,150,997		66,400,541
NET ASSETS..................................	$65,111,946	$312,110,744		$377,222,690
Net assets consist of:				
Undistributed net investment income (Note 2)......................................	$ 3,404,123	$ 17,104,902		$ 20,509,025
Accumulated undistributed net realized loss on investments..........................	(952,030)	(1,905,310)		(2,857,340)
Unrealized appreciation on investments.....	2,930,856	6,062,763		8,993,619
Capital shares at par value of $.01 (Note 3)......................................	53,863	250,491	$ (1,606)(A)	302,748
Additional paid-in capital................	59,675,134	290,597,898	1,606(A)	350,274,638
Net assets.........................	$65,111,946	$312,110,744		$377,222,690
Capital shares outstanding (Note 3)..........	5,386,315	25,049,137	(160,637)(B)	30,274,815
Net asset value, offering price and redemption price per share.................	$ 12.09	$ 12.46		$ 12.46
Investments in securities, at identified cost (Note 2).................................	$62,269,093	$365,095,490		$427,364,583

</TABLE>

The accompanying notes are an integral part of the financial statements.

MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1998 (UNAUDITED)

	CAPITAL GROWTH BOND TRUST	INVESTMENT QUALITY BOND TRUST	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
Investment Income:				
Interest	$3,831,261	$18,819,640		$22,650,901
Dividends	--	37,714		37,714
Total income	3,831,261	18,857,354		22,688,615
Expenses:				
Investment adviser fee	384,100	1,610,817		1,994,917
Custodian fee	26,138	123,974		150,112
Audit and legal fees	5,187	19,340		24,527
Printing and postage fees	5,986	24,721		30,707
Registration and filing fees	1,012	4,180		5,192
Trustee fees and expenses	1,988	7,437		9,425
Miscellaneous	762	4,566		5,328
Total expenses	425,173	1,795,035		2,220,208
Net investment income	3,406,088	17,062,319		20,468,407
Realized and unrealized gain(loss)on investments:				
Net realized gain(loss) on investments	(94,997)	1,251,275		1,156,278
Change in unrealized appreciation on investments	1,239,956	2,352,727		3,592,683
Net gain on investments	1,144,959	3,604,002		4,748,961
Net increase in net assets resulting from operations	$4,551,047	$20,666,321		$25,217,368

The accompanying notes are an integral part of the financial statements.

MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

PRINCIPAL AMOUNT: CAPITAL GROWTH BOND	PRINCIPAL AMOUNT: INVESTMENT QUALITY BOND	PRINCIPAL AMOUNT: PRO FORMA COMBINED	SECURITY DESCRIPTION	VALUE: CAPITAL GROWTH BOND	VALUE: INVESTMENT QUALITY BOND
			COMMON STOCKS -- 0.03%		
			INDUSTRIALS -- 0.00%		
	$ 629	$ 629	SF Holding Group		$ 1,258
			PUBLISHING -- 0.03%		
	1,380	1,380	Primedia, Incorporated		133,170
			TELECOMMUNICATIONS SERVICES -- 0.00%		
	35	35	American Mobile Satellite Corporation		1,148
	425	425	KMC Telecom Holdings, Incorporated		1,115
					2,263

			TELEPHONE -- 0.00%		
	63	63	Viatel, Incorporated		6,946

			TOTAL COMMON STOCKS		
			(Cost: $137,172)		$ 143,637
					============
			PREFERRED STOCK -- 0.08%		
			INDUSTRIALS -- 0.02%		
	17	17	SF Holding Group		73,525
			MINING -- 0.06%		
	270	270	Fairfield Manufacturing, Incorporated		259,875

			TOTAL PREFERRED STOCK		
			(Cost: $432,450)		$ 333,400
					============
			WARRANTS -- 0.00%		
			SOFTWARE -- 0.00%		
			Concentric Network Corporation		
	40	40	(Expiration Date 12/15/2007, strike price $10.86)		4,805

			TOTAL WARRANTS		
			(Cost: $0)		$ 4,805
					============
			U.S. TREASURY OBLIGATIONS -- 31.57%		
			U.S. TREASURY BONDS -- 26.74%		
$2,995,000		$ 2,995,000	6.375% due 08/15/2027	$ 3,442,363	
1,065,000		1,065,000	6.625% due 02/15/2027	1,259,693	
235,000		235,000	6.750% due 08/15/2026	281,523	

	$ 9,000,000	9,000,000	7.500% due 11/15/2016		11,179,710
	11,500,000	11,500,000	11.875% due 11/15/2003		15,009,340
	56,000,000	56,000,000	12.000% due 08/15/2013		85,496,320

				4,983,579	111,685,370
			U.S. TREASURY NOTES -- 4.83%		
1,000,000		1,000,000	4.625% due 11/30/2000	1,000,620	
3,000,000		3,000,000	5.875% due 02/28/1999	3,005,610	
6,100,000		6,100,000	6.125% due 08/15/2007	6,662,359	
1,000,000		1,000,000	6.375% due 05/15/1999	1,006,250	
5,600,000		5,600,000	6.500% due 08/31/2001	5,856,368	
800,000		800,000	7.250% due 05/15/2004	896,624	
1,500,000		1,500,000	7.500% due 02/15/2005	1,717,500	
800,000		800,000	7.875% due 11/15/2004	926,872	

				21,072,203	
			TOTAL U.S. TREASURY OBLIGATIONS		
			(Cost: $133,000,379)	$26,055,782	$111,685,370
				===========	============

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	1,148
	1,115

	2,263
	6,946

	$ 143,637
	============
	73,525
	259,875

	$ 333,400
	============

4,805

$ 4,805
============
3,442,363
1,259,693
281,523
11,179,710
15,009,340
85,496,320

116,668,949
1,000,620
3,005,610
6,662,359
1,006,250
5,856,368
896,624
1,717,500
926,872

21,072,203
$137,741,152
============

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			U.S. TREASURY NOTES -- CONTINUED		
			U.S. GOVERNMENT AGENCY OBLIGATIONS -- 12.17%		
			FEDERAL HOME LOAN MORTGAGE CORPORATION -- 2.72%		
	$ 6,509,100	$ 6,509,100	6.000% due 02/01/2003 - 11/01/2013		$ 6,533,152
	400,000	400,000	6.300% due 03/15/2023		408,124
	1,221,845	1,221,845	6.500% due 08/17/2011 - 06/25/2019		1,231,682
	3,579,597	3,579,597	7.500% due 06/01/2010 - 05/01/2028		3,677,202

					11,850,160
			FEDERAL NATIONAL MORTGAGE ASSOCIATION -- 3.80%		
	1,000,000	1,000,000	5.900% due 10/25/2019		999,060
	13,486,567	13,486,567	6.000% due 06/01/2028 - 12/01/2028		13,309,489
	1,496,241	1,496,241	6.447% due 01/01/2008		1,570,742
	685,704	685,704	7.085% due 08/01/2003		700,275

					16,579,566
			GOVERNMENT NATIONAL MORTGAGE ASSOCIATION -- 5.65%		
	4,852,510	4,852,510	6.000% due 08/15/2008 - 12/15/2013		4,901,263
	155,105	155,105	6.500% due 07/15/2008 - 05/15/2009		157,931
	9,347,495	9,347,495	7.000% due 04/15/2023 - 04/15/2026		9,565,612
	6,878,939	6,878,939	7.500% due 04/15/2002 - 07/15/2028		7,097,637
	1,632,069	1,632,069	8.000% due 06/15/2023 - 10/15/2023		1,702,444
	1,166,636	1,166,666	8.500% due 09/15/2016 - 04/15/2022		1,243,998
	778	778	9.500% due 10/15/2009		836

					24,669,721
			TOTAL U.S. GOVERNMENT AGENCY OBLIGATIONS (Cost: $52,439,238)		$ 53,099,447
					============
			FOREIGN GOVERNMENT OBLIGATIONS -- 0.78%		
			GOVERNMENT OF CANADA -- 0.78%		

	2,000,000	2,000,000	Province of Quebec, 8.625% due 01/19/2005		2,286,780
$1,000,000		1,000,000	Province of Quebec, 8.800% due 04/15/2003	$ 1,122,130	

			TOTAL FOREIGN GOVERNMENT OBLIGATIONS (Cost: $3,351,542)	$ 1,122,130	$ 2,286,780
				===========	============
			CORPORATE BONDS -- 33.45%		
			AIR TRAVEL -- 0.91%		
	150,000	150,000	Argo-Tech Corporation, 8.625% due 10/01/2007		142,500
	915,000	915,000	Continental Airlines, 6.648% due 09/15/2017		900,470
	1,300,000	1,300,000	6.900% due 01/02/2018		1,305,174
	1,600,000	1,600,000	SCL Term Aereo Santiago SA, 6.950% due 07/01/2012		1,600,000

					3,948,144
			APPAREL & TEXTILES -- 0.01%		
	25,000	25,000	Collins & Aikman Products Company, 11.50% due 04/15/2006		26,000

			AUTOMOBILES -- 0.75%		
	2,000,000	2,000,000	Chrysler Corporation, 7.450% due 02/01/2097	2,274,480	
	1,000,000	1,000,000	Ford Motor Credit Corporation, 6.375% due 04/15/2000	1,013,220	

				3,287,700	

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	VALUE

	PRO FORMA COMBINED

<S>	<C>
	$ 6,533,152
	408,124
	1,231,682
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	11,850,160
	999,060
	13,309,489
	1,570,742
	700,275

	16,579,566
	4,901,263
	157,931
	9,565,612
	7,097,637
	1,702,444
	1,243,998
	836

	24,669,721
	$ 53,099,447
	============
	2,286,780
	1,122,130

	$ 3,408,910
	============
	142,500
	900,470
	1,305,174
	1,600,000

	3,948,144
	26,000

2,274,480
1,013,220

3,287,700

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			AUTO PARTS -- 0.07%		
	$ 95,000	$ 95,000	Accuride Corporation, 9.250% due 02/01/2008		$ 95,000
	210,000	210,000	LDM Technologies, Incorporated 10.750% due 01/15/2007		205,800

					300,800
			BANKING -- 4.15%		
	1,475,000	1,475,000	BankAmerica Corporation, 9.625% due 02/13/2001		1,596,275
$1,000,000		1,000,000	Bank of New York, Incorporated 6.625% due 06/15/2003	$ 1,043,800	
1,000,000		1,000,000	Bank of Nova Scotia Halifax, 9.00% due 10/01/1999	1,026,725	
1,000,000		1,000,000	Citicorp, 7.125% due 06/01/2003	1,057,390	
	1,300,000	1,300,000	Credit National, 7.00% due 11/14/2005		1,326,000
	1,550,000	1,550,000	Export-Import Bank of Korea, 6.375% due 02/15/2006		1,319,453
	530,000	530,000	First Financial Caribbean Corporation, 7.840% due 10/10/2006		556,166
	825,000	825,000	First Republic Bank, San Francisco, 7.750% due 09/15/2012		807,209
	120,000	120,000	Grove Worldwide LLC/Capital, Incorporated 9.250% due 05/01/2008		108,000
	715,000	715,000	Korea Development Bank, 7.125% due 09/17/2001		677,591
	965,000	965,000	Liberty Financial Companies, Incorporated, 6.750% due 11/15/2008		996,440
	1,000,000	1,000,000	National Westminster Bank PLC, 9.450% due 05/01/2001		1,088,650
	2,000,000	2,000,000	NBD Bancorp, 8.250% due 11/01/2024		2,451,800
	900,000	900,000	Norwest Corporation, 6.000% due 03/15/2000		906,120
1,000,000		1,000,000	Republic New York Corporation, 9.500% due 04/15/2014	1,305,890	

	1,745,000	1,745,000	Sprint Capital Corporation, 6.875% due 11/15/2028		1,813,578

				4,433,805	13,647,282
			BROADCASTING -- 0.37%		
	250,000	250,000	Adelphia Communications Corporation 8.375% due 02/01/2008		256,250
			Century Communications Corporation,		
	600,000	600,000	Zero coupon due 01/15/2008		307,500
	20,000	20,000	8.875% due 01/15/2007		22,100
	60,000	60,000	EchoStar DBS Corporation 12.500% due 07/01/2002		69,000
	180,000	180,000	Echostar Satellite Broadcast Corporation, Step up to 13.125% due 03/15/2004		179,550
			Falcon Holding Group LP,		
	75,000	75,000	Series B, 8.375% due 04/15/2010		75,375
	150,000	150,000	Series B, Step up to 9.285% due 04/15/2010		103,125
	125,000	125,000	Frontiervision Holdings LP, Step up to 11.875% due 09/15/2007		104,375
	125,000	125,000	Frontiervision LP/Capital, Step up to 11.875% due 09/15/2007		104,531
	175,000	175,000	Granite Broadcasting Corporation,		

		8.875% due 05/15/2008	166,250
55,000	55,000	Jacor Communications Company, 8.750% due 06/15/2007	59,675

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	VALUE
	PRO FORMA COMBINED
<S>	<C>
	$ 95,000
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	300,800
	1,596,275
	1,043,800
	1,026,725
	1,057,390
	1,326,000
	1,319,453
	556,166
	807,209
	108,000
	677,591
	996,440
	1,088,650
	2,451,800
	906,120
	1,305,890
	1,813,578
	18,081,087
	256,250
	307,500
	22,100
	69,000
	179,550
	75,375
	103,125
	104,375
	104,531
	166,250
	59,675

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT	VALUE

CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
----	----	--------	--------------------	----	----
<C>	<C>	<C>	<S>	<C>	<C>
			BROADCASTING -- CONTINUED		
	$ 125,000	$ 125,000	Revlon Consumer Products Corporation 8.625% due 02/01/2008		$ 113,750
	50,000	50,000	Young Broadcasting, Incorporated 8.750% due 06/15/2007		50,250

					1,611,731
			BUSINESS SERVICES -- 0.29%		
	1,000,000	1,000,000	Federal Express Corporation 6.720% due 01/15/2022		1,047,760
	65,000	65,000	Silgan holdings, Incorporated 9.00% due 06/01/2009		65,812
	150,000	150,000	World Color Press, Incorporated 8.375% due 11/15/2008		150,000

					1,263,572
			CHEMICALS -- 0.08%		
	95,000	95,000	Huntsman Corporation, 9.500% due 07/01/2007		94,763
	100,00	100,000	Pioneer Americas Acquisition Corporation, 9.250% due 06/15/2007		80,000
	75,000	75,000	Sovereign Specialty Chemicals, 9.500% due 08/01/2007		74,625
	120,000	120,000	Texas-Petro Chemical Corporation, 11.125% due 07/01/2006		117,600

					366,988
			COAL -- 0.09%		
	400,000	400,000	P&L Coal Holdings Corporation, Series B, 9.625% due 05/15/2008		404,000

			COMPUTERS & BUSINESS EQUIPMENT -- 0.04%		
	125,000	125,000	Concentric Network Corporation, 12.750% due 12/15/2007		127,500
	100,000	100,000	Decisionone Corporation, 9.750% due 08/01/2007		46,000

					173,500
			COSMETICS & TOILETRIES -- 0.02%		
	160,000	160,000	Revlon Worldwide Corporation, Series B, zero coupon due 03/15/2001		92,000

			DRUGS & HEALTH CARE -- 1.48%		
	2,830,000	2,830,000	Allegiance Corporation, 7.000% due 10/15/2026		2,994,565
			Columbia/HCA Healthcare Corporation		
	5,000	5,000	7.000% due 07/01/2007		4,770
	195,000	195,000	7.250% due 05/20/2008		187,317
	300,000	300,000	Dailey International, Incorporated, 9.500% due 02/15/2008		138,000
	2,000,000	2,000,000	Healthsouth Corporation, 6.875% due 06/15/2005		1,914,700
	225,000	225,000	Owens & Minor, Incorporated, 10.875% due 06/01/2006		241,031
	850,000	850,000	Tenet Healthcare Corporation, 7.875% due 01/15/2003		867,000
	120,000	120,000	Universal Hospital Services, 10.25% due 03/01/2008		102,300

					6,449,683
			ELECTRICAL EQUIPMENT -- 0.20%		
	130,000	130,000	Classic Cable, Incorporated 9.875% due 08/01/2008		135,850
	225,000	225,000	Costilla Energy, Incorporated, 10.250% due 10/01/2006		157,500
	325,000	325,000	Energy Corporation of America, Incorporated, 9.500% due 05/15/2007		303,875

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	VALUE

	PRO FORMA COMBINED

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150,000
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80,000
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366,988
404,000
127,500
46,000
173,500
92,000
2,994,565
4,770
187,317
138,000
1,914,700
241,031
867,000
102,300
6,449,683
135,850
157,500
303,875

MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

PRINCIPAL AMOUNT CAPITAL GROWTH BOND	PRINCIPAL AMOUNT INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	VALUE CAPITAL GROWTH BOND	VALUE INVESTMENT QUALITY BOND
			ELECTRICAL EQUIPMENT -- CONTINUED		
	$ 120,000	$ 120,000	Fairchild Semiconductor Corporation, 10.125% due 03/15/2007		$ 120,000
	150,000	150,000	Wesco Distribution, Incorporated, 9.125% due 06/01/2008		150,000
					867,225

			ELECTRIC UTILITIES -- 1.34%		
$1,000,000		1,000,000	Baltimore Gas and Electric Company, 6.125% due 07/01/2003	$ 1,027,870	
	150,000	150,000	Calpine Corporation, 8.750% due 07/15/2007		158,751
	1,010,000	1,010,000	Cleveland Electric Illuminating Company, 7.19% due 07/01/2000		1,024,928
	700,000	700,000	Duke Energy Company, 7.50% due 04/01/1999		703,780
	1,000,000	1,000,000	Empresa Nacional De Electric, 7.325% due 02/01/2037		881,490

1,000,000		1,000,000	Northern States Power Company of Minnesota 6.375% due 04/01/2003	1,031,300	
1,000,000		1,000,000	Pacific Gas & Electric Company 6.25% due 08/01/2003	1,034,710	

				3,093,880	2,768,949
			FINANCIAL SERVICES -- 10.21%		
	425,000	425,000	Ahmanson HF & Company, 7.875% due 09/01/2004		459,867
	565,000	565,000	Allstate Financing, 7.83% due 12/01/2045		625,698
			American General Finance Corporation,		
	1,000,000	1,000,000	6.54% due 08/12/2002		1,025,370
	1,270,000	1,270,000	8.00% due 02/15/2005		1,303,376
	1,000,000	1,000,000	Amerus Capital, 8.85% due 02/01/2027		1,029,310
	100,000	100,000	Amresco Commerce Mortgage 9.875% due 03/15/2005		70,000
	2,000,000	2,000,000	Amvescap, PLC, 6.60% due 05/15/2005		2,049,040
	610,000	610,000	Associates Corporation of North America, 5.75 % due 11/01/2003		615,472
	300,000	300,000	9.125% due 04/01/2000		313,335
			BanPonce Financial Corporation,		
	2,150,000	2,150,000	6.75% due 08/09/2001		2,171,220
	260,000	260,000	6.80% due 12/21/2005		262,137
1,000,000		1,000,000	Bear Stearns Capital Trust, Incorporated 7.00% due 01/15/2027	1,003,199	
	350,000	350,000	Beneficial Corporation, 8.40% due 05/15/2008		409,455
	790,000	790,000	Cigna Corporation, 7.875% due 05/15/2027		845,371
1,000,000		1,000,000	Commercial Credit Group, Incorporated, 7.375% due 04/15/2005	1,087,650	
	200,000	200,000	Contifinancial Corporation, 8.125% due 04/01/2008		140,000
	1,200,000	1,200,000	Dime Capital Trust, 9.33% due 05/06/2027		1,296,096
1,000,000		1,000,000	Donaldson Lufkin and Jenrette, Incorporated 5.625% due 02/15/2016	988,160	
	770,000	770,000	Equitable Companies, Incorporated 7.00% due 04/01/2028		800,153
	680,000	680,000	Equitable Life Assured Society, 7.70% due 12/01/2015		756,038
1,000,000		1,000,000	Fifth Third Capital Trust, Incorporated, Series A, 8.136% due 03/15/2027	1,130,050	
	600,000	600,000	Ford Credit Auto Owner Trust, 5.81% due 03/15/2002		604,122
	600,000	600,000	General Electric Capital Corporation, 8.88% due 06/18/2003		684,012
	250,000	250,000	Globalstar LP/Globalstar Capital, 10.75% due 11/01/2004		180,000

<CAPTION>

	VALUE
	PRO FORMA COMBINED
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	150,000

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			FINANCIAL SERVICES -- CONTINUED		
$1,000,000		$ 1,000,000	Household Finance Corporation, 7.75% due 06/01/1999	$ 1,009,340	
	$ 300,000	300,000	International Lease Finance Corporation, 6.00% due 06/15/2003		$ 303,441
	225,000	225,000	Iridium Operating LLC/Iridium Capital, 11.25% due 07/15/2005		192,375
			Japan Finance Corporation,		
	1,500,000	1,500,000	8.70% due 07/30/2001		1,618,695
	500,000	500,000	9.125% due 10/11/2000		531,980
	1,000,000	1,000,000	KFW International Finance, Incorporated 9.125% due 05/15/2001		1,086,890
			Liberty Mutual Insurance Company,		
	550,000	55,0000	8.20% due 05/04/2007		630,289
	700,000	700,000	8.50% due 05/15/2025		821,436
	675,000	675,000	Lumbermans Mutual Casualty Company, 9.15% due 07/01/2026		788,656

	100,000	100,000	Olympic Financial, Ltd.,		
			11.50% due 03/15/2007		76,000
			Private Export Funding Corporation,		
	1,175,000	1,175,000	6.49% due 07/15/2007		1,265,792
	2,000,000	2,000,000	6.62% due 10/01/2005		2,133,040
	3,650,000	3,650,000	6.90% due 01/31/2003		3,880,388
	200,000	200,000	7.30% due 01/31/2002		212,718
	80,000	80,000	Rifkin Acquisitions Participation LP,		
			11.125% due 01/15/2006		88,000
1,000,000		1,000,000	Southern Company Capital Trust, Incorporated		
			8.19% due 02/01/2037	1,105,770	

	1,500,000	1,500,000	Sun Canada Financial Company,		
			7.25% due 12/15/2015		1,658,265
	80,000	80,000	Tembec Finance Corporation,		
			9.875% due 09/30/2005		83,600
	1,600,000	1,600,000	Toyota Motor Credit Corporation,		
			5.625% due 11/13/2003		1,616,208
	2,774,000	2,774,000	United States Bancorp, 7.50% due 06/01/2026		3,168,823
	2,165,000	2,165,000	United States West Capital Funding,		
			Incorporated, 6.25% due 07/15/2005		2,239,195
	275,000	275,000	Western Financial Savings,		
			8.875% due 08/01/2007		206,250

				6,324,169	38,242,113
			FOOD & BEVERAGES -- 0.63%		
	50,000	50,000	Aurora Foods, 8.75% due 07/01/2008		52,000
	50,000	50,000	9.875% due 02/15/2007		54,500
	290,000	290,000	Del Monte Foods Company,		
			Step up to 12.50% due 12/15/2007		198,650
			Joseph E. Seagram & Sons, Incorporated,		
	1,000,000	1,000,000	6.625% due 12/15/2005		994,380
	1,350,000	1,350,000	7.50% due 12/15/2018		1,357,979
	75,000	75,000	Tricon Global Restaurants, Incorporated,		
			7.65% due 05/15/2008		78,560

					2,736,069
			FUNERAL SERVICES -- 0.23%		
1,000,000		1,000,000	Service Corporation International,		
			6.75% due 06/01/2001	1,023,510	

			GAS & PIPELINE UTILITIES -- 0.72%		
1,000,000		1,000,000	Columbia Gas Systems, Incorporated,		
			7.05% due 11/28/2007	1,042,660	
	2,000,000	2,000,000	Sonat, Incorporated, 6.875% due 06/01/2005		2,083,500

				1,042,660	2,083,500

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	VALUE

	PRO FORMA COMBINED

<S>	<C>
	$ 1,009,340
	303,441
	192,375
	1,618,695
	531,980
	1,086,890
	630,289
	821,436
	788,656
	76,000
	1,265,792
	2,133,040
	3,880,388
	212,718
	88,000
	1,105,770

1,658,265
83,600
1,616,208
3,168,823
2,239,195
206,250

44,566,282
52,000
54,500
198,650
994,380
1,357,979
78,560

2,736,069
1,023,510

1,042,660
2,083,500

3,126,160

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

<TABLE>
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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
			HOMEBUILDERS -- 0.05%		
	$ 90,000	$ 90,000	Engle Homes, Incorporated, 9.25% due 02/01/2008		$ 90,000
	115,000	115,000	Standard Pacific Corporation, 8.50% due 06/15/2007		116,725

					206,725
			HOUSEHOLD PRODUCTS -- 0.30%		
$1,000,000		1,000,000	Proctor & Gamble ESOP, Series A, 9.36% due 01/01/2021	$ 1,330,400	

			INDUSTRIAL MACHINERY -- 0.06%		
	240,000	240,000	Beckman Instruments, Incorporated, 7.10% due 03/04/2003		241,394
	25,000	25,000	Numatics, Incorporated, 9.625% due 04/01/2008		23,375

					264,769
			INDUSTRIALS -- 1.89%		
	270,000	270,000	Advanced Micro Devices, Incorporated, 11.00% due 08/01/2003		286,200
	70,000	70,000	American Standard, Incorporated, 7.625% due 02/15/2010		70,700
	75,000	75,000	AMSC Acquisition Company, Incorporated, Series B, 12.25% due 04/01/2008		45,375
	80,000	80,000	Arco Chemical Company, 9.80% due 02/01/2020		80,044
	150,000	150,000	Armco, Incorporated, 8.875% due 12/01/2008		148,500
	50,000	50,000	9.00% due 09/15/2007		50,500
	150,000	150,000	Bayou Steel Corporation,		

		9.50% due 05/15/2008	141,000
870,000	870,000	Cincinnati Milacron, Incorporated, 7.875% due 05/15/2000	880,755
20,000	20,000	Consumers International, Incorporated, 10.25% due 04/01/2005	21,400
70,000	70,000	Container Corporation of America, 10.75% due 05/01/2002	72,800
		Falcon Building Products, Incorporated,	
165,000	165,000	9.50% due 06/15/2007	144,375
100,000	100,000	Series B, Step up to 10.50% due 06/15/2007	57,500
190,000	190,000	Fisher Scientific International, Incorporated, 9.00% due 02/01/2008	188,100
75,000	75,000	Galey & Lord, Incorporated, 9.125% due 03/01/2008	65,250
150,000	150,000	Gaylord Container Corporation, 9.375% due 06/15/2007	127,500
55,000	55,000	ITC Delaware Tacom, Incorporated, 9.75% due 11/15/2008	56,925
85,000	85,000	Laroche Industry, Incorporated, 9.50% due 09/15/2007	68,000
400,000	400,000	Lin Holdings Corporation, Step up to 10.00% due 03/01/2008	276,000
100,000	100,000	Mark IV Industries, Incorporated, 7.75% due 04/01/2006	99,020
150,000	150,000	Moog, Incorporated, 10.00% due 05/01/2006	153,750
180,000	180,000	Neenah Corporation, 11.125% due 05/01/2007	184,950
2,645,000	2,645,000	News America Holdings, Incorporated, 9.25% due 02/01/2013	3,276,441
55,000	55,000	Nortek, Incorporated, 8.875% due 08/01/2008	56,100
75,000	75,000	9.25% due 03/15/2007	76,875
100,000	100,000	Pindo Deli Finance Mauritius, Ltd., 10.75% due 10/01/2007	54,375
45,000	45,000	Purina Mills, Incorporated, 9.00% due 03/15/2010	45,900
1,500,000	1,500,000	USA Waste Services, Incorporated, 6.125% due 07/15/2001	1,509,300

			8,237,635

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	VALUE

	PRO FORMA COMBINED

<S>	<C>
	$ 90,000
	116,725

	206,725
	1,330,400

	241,394
	23,375

	264,769
	286,200
	70,700
	45,375
	80,044
	148,500
	50,500
	141,000
	880,755
	21,400
	72,800
	144,375

57,500
188,100
65,250
127,500
56,925
68,000
276,000
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184,950
3,276,441
56,100
76,875
54,375
45,900
1,509,300

8,237,635

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
			INSURANCE -- 1.67%		
	$ 715,000	$ 715,000	Amerus Life Holdings, Incorporated, 6.95% due 06/15/2005		$ 719,561
	1,300,000	1,300,000	Cigna Corporation, 7.40% due 05/15/2007		1,381,744
	300,000	300,000	Conseco, Incorporated, 6.80% due 06/15/2005		280,320
	1,000,000	1,000,000	Jackson National Life Insurance Company, 8.15% due 03/15/2027		1,148,430
	1,150,000	1,150,000	Ohio National Life Insurance Company, 8.50% due 05/15/2026		1,355,206
	1,150,000	1,150,000	Security Benefit Life Company, 8.75% due 05/15/2016		1,290,491

$1,000,000		1,000,000	Zurich Reinsurance Centre Holdings Incorporated 7.125% due 10/15/2023	$ 1,090,400	

				1,090,400	6,175,752
			LEISURE TIME -- 0.23%		
	200,000	200,000	AMC Entertainment, Incorporated, 9.50% due 03/15/2009		204,000
	195,000	195,000	Argosy Gaming Company, 13.25% due 06/01/2004		218,644
	55,000	55,000	Fitzgerald's Gaming Corporation, 12.25% due 12/15/2004		29,700
	110,000	110,000	Loews Cineplex Entertainment Corporation, 8.875% due 08/01/2008		113,025
	175,000	175,000	Station Casinos, Incorporated, 8.875% due 12/01/2008		177,625
	150,000	150,000	Time Warner Telecom LLC, 9.75% due 07/15/2008		156,750
	120,000	120,000	True Temper Sports, Incorporated, 10.875% due 12/01/2008		119,400

					1,019,144
			NEWSPAPERS -- 0.26%		

1,000,000		1,000,000	News America Holdings, Incorporated 8.50% due 02/15/2005	1,122,270	

			PAPER -- 0.96%		
	185,000	185,000	American Pad & Paper Company, 13.00% due 11/15/2005		106,375
	1,000,000	1,000,000	Boise Cascade Corporation, 9.90% due 10/01/2001		1,062,720
	2,850,000	2,850,000	Boise Cascade Office Products Company, 7.05% due 05/15/2005		2,675,438
	75,000	75,000	Domtar, Incorporated, 9.50% due 08/01/2016		75,359
	120,000	120,000	Grupo Industrial Durango GIDUSA, 12.625% due 08/01/2003		105,000
	275,000	275,000	Repap New Brunswick, Incorporated, 10.625% due 04/15/2005		184,250

					4,209,142
			PETROLEUM SERVICES -- 0.94%		
	100,000	100,000	Abraxas Petro/CN Abraxas, Series D, 11.50% due 11/01/2004		76,000
	125,000	125,000	Cross Timbers Oil Company, 9.25% due 04/01/2007		115,625
	1,000,000	1,000,000	Newfield Exploration Company, 7.45% due 10/15/2007		974,390
	250,000	250,000	Petroleos Mexicanos, 8.85% due 09/15/2007		222,500
	170,000	170,000	Plains Resources, Incorporated, 10.25% due 03/15/2006		170,000

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	VALUE
	PRO FORMA COMBINED
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	$ 719,561
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	1,355,206
	1,290,491
	1,090,400

	7,266,152
	204,000
	218,644
	29,700
	113,025
	177,625
	156,750
	119,400

	1,019,144
	1,122,270

	106,375
	1,062,720
	2,675,438
	75,359

105,000

184,250

4,209,142

76,000

115,625

974,390

222,500

170,000

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			PETROLEUM SERVICES -- CONTINUED		
$1,000,000		$ 1,000,000	Ultramar Corporation, 8.00% due 03/15/2005	$ 1,084,490	
	$ 1,400,000	1,400,000	YPF Sociedad Anonima, 10.00% due 11/02/2028		$ 1,436,750
				1,084,490	2,995,265
			PUBLISHING -- 0.42%		
	115,000	115,000	Big Flowers Press Holdings, Incorporated, 8.625% due 12/01/2008		116,150
	300,000	300,000	Scholastic Corporation, 7.00% due 12/15/2003		312,207
	270,000	270,000	Sullivan Graphics, Incorporated, 12.75% due 08/01/2005		274,050
	1,035,000	1,035,000	Viacom, Incorporated, 7.75% due 06/01/2005		1,122,799
					1,825,206
			REAL ESTATE -- 0.24%		
1,000,000		1,000,000	MEPCO Finance, Incorporated 7.50% due 05/01/2003	1,065,210	
			RETAIL GROCERY -- 0.03%		
	90,000	90,000	Disco SA, 9.875% due 05/15/2008		76,725
	65,000	65,000	Statler Brothers Holdings, Incorporated, 9.00% due 07/01/2004		63,050
					139,775
			RETAIL TRADE -- 0.72%		
	300,000	300,000	Duane Reade, Incorporated, 9.25 % due 02/15/2008		309,000
	120,000	120,000	Guitar Center Management Company, Incorporated, 11.00% due 07/01/2006		126,000
	2,500,000	2,500,000	J.C. Penney Company, Incorporated, 7.40% due 04/01/2037		2,717,900
					3,152,900
			SANITARY SERVICES -- 0.02%		
	105,000	105,000	Allied Waste North America, 7.625% due 01/01/2006		105,788
			SOFTWARE -- 0.14%		
			Psinet, Incorporated,		
	250,000	250,000	10.00% due 02/15/2005		245,000
	75,000	75,000	11.50% due 11/01/2008		78,562
	190,000	190,000	Verio, Incorporated, 10.375% due 04/01/2005		185,250
	100,000	100,000	11.25% due 12/01/2008		100,500

			609,312
		STEEL -- 0.13%	
75,000	75,000	Acindar Industria, Argentina, 11.25% due 02/15/2004	60,000
225,000	225,000	Alaska Steel Corporation, 9.125% due 12/15/2006	235,688
75,000	75,000	Amersteel Corporation, 8.75% due 04/15/2008	72,000
140,000	140,000	CSN Iron SA, 9.125% due 06/01/2007	85,400
115,000	115,000	Weirton Steel Corporation, 11.375% due 07/01/2004	102,350

			555,438
		TELECOMMUNICATION SERVICES -- 1.20%	
205,000	205,000	BTI Telecom Corporation, 10.50% due 09/15/2007	154,775
320,000	320,000	GCI, Incorporated, 9.75% due 08/01/2007	316,800

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	VALUE
	PRO FORMA COMBINED
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	$ 1,084,490
	1,436,750

	4,079,755
	116,150
	312,207
	274,050
	1,122,799

	1,825,206
	1,065,210

	76,725
	63,050

	139,775
	309,000
	126,000
	2,717,900

	3,152,900
	105,788

	245,000
	78,562
	185,250
	100,500

	609,312
	60,000
	235,688
	72,000
	85,400
	102,350

	555,438
	154,775

316,800

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
			TELECOMMUNICATION SERVICES -- CONTINUED		
	$ 210,000	$ 210,000	GST Telecommunications, Incorporated, 12.75% due 11/15/2007		$ 195,300
	200,000	200,000	Innova S De RL, 12.875% due 04/01/2007		130,000
	105,000	105,000	ITC Deltacom, Incorporated, 8.875% due 03/01/2008		105,525
	425,000	425,000	KMC Telecom Holdings, Incorporated, Step up to 12.50% due 02/15/2008		204,000
	425,000	425,000	NTL Incorporated, Step up to 12.38% due 10/01/2008		263,500
	105,000	105,000	Qwest Communications International, Incorporated, 7.50% due 11/01/2008		109,069
			Rogers Cantel, Incorporated,		
	100,000	100,000	8.30% due 10/01/2007		100,500
	100,000	100,000	9.375% due 06/01/2008		105,500
			Tele-Communications, Incorporated,		
	1,500,000	1,500,000	9.25% due 04/15/2002		1,667,925
	533,000	533,000	9.65% due 10/01/2003		588,256
	1,270,000	1,270,000	USA Networks, Incorporated, 6.75% due 11/15/2005		1,274,751
					5,215,901
			TELEPHONE -- 2.10%		
	275,000	275,000	Allbritton Communications Company, 8.875% due 02/01/2008		277,062
$ 591,974		591,974	BellSouth Savings, ESOT 9.19% due 07/01/2003	$ 652,035	
	1,100,000	1,100,000	Comcast Cable Communications, 8.50% due 05/01/2027		1,350,932
	1,000,000	1,000,000	Compania De Telecomunicaciones, 7.625% due 07/15/2006		953,280
	175,000	175,000	E Spire Communications, Incorporated, Step up to 10.625% due 07/01/2008		70,000
	200,000	200,000	E Spire communications Insurance, Step up to 12.75% due 04/01/2006		120,000
1,000,000		1,000,000	GTE Corporation, 8.75% due 11/01/2021	1,288,180	
	75,000	75,000	Hyperion Telecommunications, Incorporated, Series B, 12.25% due 09/01/2004		75,750
			Intermedia Communications, Incorporated,		
	80,000	80,000	8.60% due 06/01/2008		76,400
	250,000	250,000	8.875% due 11/01/2007		241,250
	200,000	200,000	IXC Communications, Incorporated, 9.00% due 04/15/2008		201,500
	50,000	50,000	Jacor Communications Company, 9.75% due 12/15/2006		55,250
	160,000	160,000	L 3 Communications Corporation, 8.00% due 08/01/2008		160,400
	245,000	245,000	Level 3 Communications, Incorporated, 9.125% due 05/01/2008		242,856
	50,000	50,000	MGC Communications, Incorporated, 13.00% due 10/01/2004		32,500
	150,000	150,000	MJD Communications, Incorporated, 9.50% due 05/01/2008		147,750
	250,000	250,000	MobileMedia Communications, Incorporated, 9.375% due 11/01/2007		25,000
	775,000	775,000	NEXTEL Communications, Incorporated, Step up to 9.75% due 10/31/2007		472,750
	400,000	400,000	Nextlink Communications, Incorporated,		

		9.45% due 04/15/2008	230,000
200,000	200,000	Paging Network, Incorporated, 10.125% due 08/01/2007	192,000

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VALUE PRO FORMA COMBINED
$ 195,300
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204,000
263,500
109,069
100,500
105,500
1,667,925
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120,000
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75,750
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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			TELEPHONE -- CONTINUED		
	$ 150,000	$ 150,000	Price Communications Wireless, 9.125% due 12/15/2006		$ 150,750
	160,000	160,000	RSL Communications PLC, 12.00% due 11/01/2008		164,800
	160,000	160,000	Telecommunications Techniques Company, 9.75% due 05/15/2008		157,600
	125,000	125,000	Viatel, Incorporated, 11.25% due 04/15/2008		127,813
	1,575,000	1,575,000	World Common, Incorporated, 7.55% due 04/01/2004		1,717,506
				$ 1,940,215	7,243,149
			TRANSPORTATION -- 0.28%		
	205,000	205,000	Iron Mountain, Incorporated, 8.75% due 09/30/2009		211,150
	195,000	195,000	Johnstown American Industries, Incorporated, 11.75% due 08/15/2005		205,725
	175,000	175,000	K& F Industry, Incorporated, 9.25% due 10/15/2007		176,750
	100,000	100,000	MTL, Incorporated, 10.00% due 06/15/2006		97,000
	470,000	470,000	Southern Railway Company, 8.75% due 10/15/2003		527,598
					1,218,223
			TOYS, AMUSEMENTS & SPORTING GOODS -- 0.22%		
$1,000,000		1,000,000	Brunswick Corporation, 7.125% due 08/01/2027	945,720	
			TOTAL CORPORATE BONDS (Cost: $142,701,380)	$27,784,429	$118,155,680
			MUNICIPAL BONDS -- 1.49%		
			ALABAMA -- 0.23%		
	1,000,000	1,000,000	Huntsville, Alabama Solid Waste Disposal, 5.95% due 10/01/2003		1,012,240
			CALIFORNIA -- 0.51%		
	2,000,000	2,000,000	Orange County, California Pension Obligation, 7.36% due 09/01/2010		2,231,000
			FLORIDA -- 0.26%		
	1,000,000	1,000,000	Miami Beach, Florida Redevelopment Agency, 8.95% due 12/01/2022		1,152,800
			MARYLAND -- 0.17%		
	705,000	705,000	Baltimore, Maryland, Series B, 6.375% due 10/15/2002		727,031
			MICHIGAN -- 0.32%		
	1,335,000	1,335,000	Detroit, Michigan, Downtown Development Authority, 6.20% due 07/01/2008		1,386,397
			TOTAL MUNICIPAL BONDS (Cost: $6,468,739)		$ 6,509,468

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	VALUE
	PRO FORMA COMBINED
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	157,600
	127,813
	1,717,506

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1,386,397

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MANUFACTURERS INVESTMENT TRUST -- CAPITAL GROWTH BOND TRUST
MANUFACTURERS INVESTMENT TRUST -- INVESTMENT QUALITY BOND TRUST

PRO FORMA COMBINING SCHEDULE OF PORTFOLIO INVESTMENTS
DECEMBER 31, 1998 (UNAUDITED) -- (CONTINUED)
(SHOWING PERCENTAGE OF TOTAL VALUE OF INVESTMENTS)

<TABLE>
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PRINCIPAL AMOUNT				VALUE	
CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND	PRO FORMA COMBINED	SECURITY DESCRIPTION	CAPITAL GROWTH BOND	INVESTMENT QUALITY BOND
<C>	<C>	<C>	<S>	<C>	<C>
			COLLATERALIZED MORTGAGE OBLIGATIONS -- 0.46%		
$1,000,000		$ 1,000,000	Residential Funding Mortgage Security I, Incorporated, Series 1996-S1, Class A12, 7.25% due 01/25/2026	$ 1,024,961	
971,317		971,317	Residential Funding Mortgage Security I, Incorporated, Series 1996-S3, Class A5, 7.25% due 01/25/2026	995,454	

			TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost: $1,974,241)	$ 2,020,415	
				===========	
			ASSET BACKED SECURITIES -- 2.98%		
	$ 600,000	600,000	AESOP Funding II LLC, Series 1998-1, Class A, 6.14% due 05/20/2006		$ 599,922
	1,500,000	1,500,000	American Express Master Trust, Series 1992, Class A, 6.60% due 05/15/2000		1,508,895
	2,110,000	2,110,000	Asset Securitization Corporation, 6.66% due 02/14/2041		2,218,918
1,000,000		1,000,000	Carco Auto Loan Master Trust, Series 1997-1, Class A, 6.689% due 08/15/2004	1,004,280	
	2,500,000	2,500,000	Chase Commercial Mortgage Securities Corporation, 6.39% due 11/18/2008		2,582,725
	530,000	530,000	Credit Suisse First Boston, 6.52% due 07/17/2007		552,822
1,000,000		1,000,000	Discover Card Master Trust I, Series 1997-2,		

			Class A, 6.792% due 04/16/2010	1,008,990	
	1,950,000	1,950,000	First Union-Lehman Brothers Commercial, 6.60% due 01/18/1999		2,026,694
	500,000	500,000	Green tree Financial Corporation, 5.98% due 08/01/2008		501,195

1,000,000		1,000,000	Mortgage Index Amortizing Trust, Series 1997-1, Class A-1, 6.682% due 08/25/2004	1,020,703	

			TOTAL ASSET BACKED SECURITIES (Cost: $12,727,727)	$ 3,033,973	$ 9,991,171
				===========	============
			SHORT TERM INVESTMENTS -- 15.19%		
1,238,220	65,034,495	66,272,715	Navigator Securities Lending Trust, 5.17%	1,238,220	65,034,495
				-----------	------------
			REPURCHASE AGREEMENTS -- 1.80%		
	3,914,000	3,914,000	Repurchase Agreement with Paribas Corporation dated 12/31/1998 at 4.80% to be repurchased at $3,916,087 on 01/04/1999, collateralized by $3,658,000 U.S. Treasury Notes, 7.75% due 02/15/2001 (valued at $3,990,277, including interest)		3,914,000
3,945,000		3,945,000	Repurchase Agreement with State Street Bank & Trust Company dated 12/31/1998 at 4.80% to be repurchased at $3,947,104 on 01/04/1999, collateralized by $3,840,000 U.S. Treasury Notes, 5.50% due 02/28/2003 (valued at $4,027,200, including interest)	3,945,000	
			TOTAL REPURCHASE AGREEMENTS	$ 3,945,000	$ 3,914,000
				===========	============
			TOTAL INVESTMENTS (Cost: $427,364,583)	$65,199,949	$371,158,253
				===========	============

<CAPTION>

	VALUE

	PRO FORMA COMBINED

<S>	<C>
	$ 1,024,961
	995,454

	$ 2,020,415
	============
	599,922
	1,508,895
	2,218,918
	1,004,280
	2,582,725
	552,822
	1,008,990
	2,026,694
	501,195
	1,020,703

	$ 13,025,144
	============
	66,272,715

	3,914,000
	3,945,000
	$ 7,859,000
	============
	$436,358,202
	============

</TABLE>

MANUFACTURERS INVESTMENT TRUST

NOTES TO PRO FORMA FINANCIAL STATEMENTS (UNAUDITED)

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1. BASIS OF COMBINATION. The Pro Forma Combining Schedule of Portfolio Investments, the Statement of Assets and Liabilities and the Statement of Operations reflect the accounts of the Manufacturers Investment Trust Investment Quality Bond ("Investment Quality Bond") and Capital Growth Bond ("Capital Growth Bond") Trusts, two of thirty six investment Portfolios offered by the Manufacturers Investment Trust (the "Trust") for the year ended December 31, 1998. These statements have been derived from the books and records of each Portfolio utilized in calculating daily net asset value at December 31, 1998.

The Pro Forma statements reflect the proposed transfer of the assets and liabilities of Capital Growth Bond in exchange for shares of Investment Quality Bond. Under generally accepted accounting principles ("GAAP"), the Investment Quality Bond will be the surviving entity for accounting purposes. The Pro Forma financial statements have been adjusted to reflect the anticipated fee arrangements for the surviving entity and do not reflect the expenses of either Portfolio in carrying out its obligations under the Agreement and Plan of Reorganization.

The Pro Forma Combining Schedule of Portfolio Investments, Statement of Assets and Liabilities and Statement of Operations should be read in conjunction with the historical financial statements of Investment Quality Bond and Capital Growth Bond incorporated by reference in the Statement of Additional Information.

Manufacturers Securities Services, LLC ("MSS"), a wholly-owned subsidiary of The Manufacturers Life Insurance Company of North America ("MNA"), serves as investment adviser to Investment Quality Bond and Capital Growth Bond for which it receives a fee for services, computed daily and paid monthly, at the annual rate 0.65% of the average daily net assets of each Trust. MNA is controlled by The Manufacturers Life Insurance Company ("Manulife Financial"), a mutual life insurance company based in Toronto, Canada.

Pro Forma Adjustments:

(A) Adjustment to reflect amount allocated to capital shares ($0.01 par value) for shares redeemed in reorganization.

(B) Adjustment to reflect reduction in outstanding shares relative to Net Asset Value upon reorganization.