



FAIRWAY INVESTMENT GRADE INCOME FUND

Investment Objective

The Investment Objectives of the fund are to provide Unitholders with stable monthly distributions, while mitigating the impact of significant interest rate increases on the value of the portfolio, and preserving and enhancing the NAV per Unit.

MFC Global Investment Management

Monthly Commentary for the Period Ending July 31, 2005

Interest rates climbed in July across the yield curve, with the short end backing up the most: short rates rose 22 basis points, ten-year Canadas 13 basis points, and long Canadas just 6 basis points. Canadian bonds significantly outperformed U.S. bonds; the ten-year spread widened by 25 basis points. The Canadian ten-year yield hit 3.95% at mid-month, boosted by a stronger-than-expected GDP release and significantly low unemployment figures, but fell back to 3.876% by month-end. In the U.S. bond market, yields rose steadily through the month. Corporate bond spreads in Canada were unchanged in July. Canadian equities rose, with the S&P/TSX Composite Total Return Index up 5.31%. Nine of the ten sectors advanced, led by Industrials returning 9.13% and Energy returning 8.51%. Information Technology, returning -0.05%, and Consumer Staples, returning 0.54%, were the poorest performers. The Bank of Canada left rates unchanged at its July meeting, but is expected to raise rates in September.

The Fund's Canadian equity component outperformed the benchmark in July, primarily as a result of stock selection in Materials and Energy. A modest increase in exposure to consumer-oriented sectors left the Canadian equity component of the portfolio at market weight in the four major areas (resources, consumers, industrials, and interest-sensitive).

Bond markets will be scrutinizing inflation and employment data for signs of a strengthening economy or inflationary pressures, which could lead to further rate increases. The Fund's Canadian equity holdings continue to compare favourably to the benchmark in terms of price-to-earnings ratio, profitability, earnings growth, surprises, and analyst estimate revision.

John Hancock Advisers LLC

Monthly Commentary for the Period Ending July 31, 2005

During July, the Global Preferred Securities Trust performed very well, given the current economic and preferred market environment in which we operated.

July was a quiet month for preferreds as the summer doldrums set in. While there have been quite a few new issuances of preferreds over the last two months, the market has held its value. Over the last few months several types of preferreds have come to market – fully taxable and tax advantaged – with the fully taxable issues generally having higher yields.

During the month, preferred yield spreads to Treasuries tightened, as Treasuries sold off and their yields rose. The 10-year Treasury bond opened the month yielding 3.92% and closed the month yielding 4.27%.

There was some volatility in the market following Federal Reserve Board Chairman Alan Greenspan's semiannual testimony before Congress. Chairman Greenspan stated that the Fed's "baseline outlook for the U.S. economy is one of sustained economic growth," and alluded to the potential of several more rate increases, due to the strength of the economy.

We believe additional interest rate increases are inevitable, with another increase coming as early as this August. We also believe increased issuance of new Treasuries, due to our large budget deficit, will also raise long-term rates.

Going forward, we see a moderate to slow growth environment, with moderate to low inflation, as the yield curve has flattened and the Fed continues to raise rates.

Within the preferred marketplace and our portfolios, autos did well, as the auto companies offered very attractive deals to consumers. This decreased their inventories and increased their cash flow. Utilities also performed well, especially the equity-linked utility securities.

FAIRWAY INVESTMENT GRADE INCOME FUND (FGF.UN)

Top 10 Holdings

as of July 31, 2005

	% Of Mkt Value
FPC Capital I PRF	2.80%
USB Capital VI PRF	2.30%
Virginia Power Capital Trust II PRF	2.10%
Bell Canada 5.0% Feb/15/2017 MTN	2.00%
CU Inc 5.10% Nov/18/2014 MTN	2.00%
HBOS Capital Funding N1 LP	2.00%
FPL Group Capital Turst I PRF	2.00%
YPG Holdings Inc 5.71% Apr/21/2014	1.90%
Sun Life Assurance Of Canada 6.15% Jun/30/2002	1.90%
The Phoenix Companies Inc	1.90%

MFC Global
Investment Management

John Hancock
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Portfolio Details

as of July 31, 2005

