



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 August, 2005

The Canadian bond market, as measured by Scotia Capital Market Universe Index, returned 1.28% in August. The yield curve declined, with the largest drop at the longer end of the curve. Thirty-year Canada bond yields fell 15 basis points, ten-year Canada bond yields fell nine basis points. Interest rates declined in the United States more sharply than in Canada: ten-year Treasuries rallied by 27 basis points, taking the spread between U.S. and Canadian ten-year bonds from -41 basis points at the end of July to -23 basis points at the end of August. Canadian equities rose over the month, with the S&P/TSX Index up 2.50%. Five of the ten sectors advanced, led by Energy at 10.95% and Utilities at 6.55%. The laggards were Health Care at -2.26% and Financials at -1.38%.

Corporate spreads in the United States and Canada remained unchanged in August. The Fund's Canadian equity component outperformed the benchmark, due primarily to stock selection in Energy, Financials, and Consumer Discretionary. A modest increase in exposure to Resources left the Fund overweight in Resources, at market weight in Industrials and interest-sensitive sectors, and underweight in Consumer Discretionary.

The futures market is still quite confidently expecting a 25-basis-point rate hike on September 7 from the Bank of Canada and a 25-basis-point hike from the Fed on September 20. The Fund's equity component continues 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 Market Commentary August 2005

During August, the Fairway Global Preferred Securities Trust performed well, with approximately half of the monthly return coming from income and the other half coming from capital appreciation.



August was a quiet month for preferreds as the summer doldrums continued, without any major credit events. New issuances dried up as many underwriters seemed to be relaxing and enjoying their summer vacations. Corporate executives, we believe, were doing the same. That said, we do expect the new issuances of preferreds to pick up in September.

During the month, we made no major changes to the portfolio.

Holdings aiding performance for the month included Swedish Exp. Credit, Great Plains Energy and Renaissancere Holdings Ltd. Holdings detracting from performance included our automobile companies, such as General Motors and Ford.

On the economic front, the Federal Reserve again raised short-term interest rates a quarter point to 3.5%, as expected at its stated measured pace. This lifted the Fed Funds rate to its highest level in nearly four years. While the Fed stuck to its script about rising rates, Federal Reserve Chairman Greenspan warned investors later in the month that their risk appetite was fueling higher stock and housing prices, and any increase in their caution could cause those prices to drop. This marked some of his strongest comments about the market since 1996, when he talked about "irrational exuberance."

FAIRWAY INVESTMENT GRADE INCOME FUND (FGF.UN)

Top 10 Holdings

as of August 31st, 2005

MFC Global
Investment Management

John Hancock
JOHN HANCOCK ADVISERS

	% Of Mkt Value
FPC Capital I PRF	2.70%
USB Capital VI PRF	2.30%
Bell Canada 5.0% Feb/15/2017 MTN	2.10%
The Thompson Corp 5.20% Dec/01/14	2.10%
CU Inc 5.10% Nov/18/2014 MTN	2.10%
Virginia Power Capital Trust II PRF	2.00%
YPG Holdings Inc 5.71% Apr/21/2014	2.00%
FPL Group Capital Turst I PRF	2.00%
HBOS Capital Funding N1 LP	1.90%
Sun Life Assurance Of Canada 6.15% Jun/30/2002	1.90%

Portfolio Details

as of August 31, 2005

