



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 September 30, 2005

The Canadian bond market, as measured by the Scotia Capital Market Universe (SCMU), posted a positive return of 0.12% in the third quarter. The yield curve for Government of Canada bonds flattened. The Canadian bond market outperformed its U.S. counterpart, most notably at the long end of the yield curve. In the Canadian equity market, the S&P/TSX Index rose 11.63%. The best-performing sectors were Energy, returning 26.04%, and Utilities, advancing 16.85%. The worst performers were Consumer Staples, returning 0.47%, and Information Technology, returning 2.61%.

The Fed continued its measured rate increases, bringing the rate to 3.75 at the end of the quarter. The Bank of Canada resumed tightening, with a 25-basis-point increase taking the rate to 2.75%. This pushed up short-term bond yields, but the longer end of the Canadian yield curve remained stable. The Canadian equity component outperformed the S&P/TSX Index for the quarter, primarily as a result of stock selection in Energy, Consumer Discretionary, and Financials. Sector allocation adjustments left the Canadian equity portfolio overweight in Resources, at market weight in interest-sensitives, and underweight in consumer-related and industrial sectors.

Extreme weather in the southern United States boosted oil and gas prices to record levels. In Canada, higher energy prices are favourable for Alberta, but Ontario and Quebec will suffer, contributing to wider bond spreads. The equity portfolio managers remain comfortable with the S&P/TSX fundamentals and valuations, but consider a market correction long overdue. The Fund continues to compare favourably to the benchmark in a number of key terms.

John Hancock Advisers LLC

Monthly Commentary for the Period Ending September 30, 2005

The Global Preferred Securities Trust performed well during September.

Although the markets for the most part climbed a wall of worry – high oil prices, rising short-term interest rates, a rising Federal budget deficit, inflationary fears, falling consumer sentiment, and escalating hurricane damage costs from two major storms hitting the U.S. Gulf Coast – preferreds performed well. While they did overall retreat marginally during the month – down less than 1% – our performance was positive given our currency hedge.

Preferred issuances slowed quite a bit during September, as issuers and investors tried to sift through the month's major events. We chose not to participate in the deals that did come to market, as they were not fully taxable and, we believe, carried a higher risk premium.

Overall, the higher quality and higher yielding preferreds (yielding 6-7% or more) performed better than their lower yielding counterparts. In this uncertain market, investors seem to favor higher quality issues.

Despite pressures for the Fed to take a break, it once again raised short-term interest rates at its "measured" pace from 3.5% to 3.75%, marking the 11th consecutive increase. The Fed also indicated it would continue its measured increases, despite core inflation remaining low. The central bank remained concerned that higher energy prices and other costs could add to inflationary pressures.

FAIRWAY INVESTMENT GRADE INCOME FUND (FGF.UN)

Top 10 Holdings

as of September 30, 2005

MFC Global
Investment Management

John Hancock
JOHN HANCOCK ADVISERS

	% Of Mkt Value
FPC Capital I PRF	2.70%
USB Capital VI PRF	2.20%
Bell Canada 5.0% Feb/15/2017 MTN	2.00%
The Thompson Corp 5.20% Dec/01/14	2.00%
CU Inc 5.10% Nov/18/2014 MTN	2.00%
Virginia Power Capital Trust II PRF	2.00%
YPG Holdings Inc 5.71% Apr/21/2014	2.00%
FPL Group Capital Turst I PRF	1.90%
HBOS Capital Funding N1 LP	1.90%
Sun Life Assurance of Canada 6.15% Jun/30/2002	1.90%

Portfolio Details

as of September 30, 2005

