JHancock Disciplined Value Mid Cap I JVMIX

Proven and open.

Morningstar's Take JVMIX

Morningstar Rating	★★★★★
Morningstar Analyst Rating	Silver

Morningstar Pillars

Process	Above Average
Performance	—
People	High
Parent	Above Average
Price	—

Role In Portfolio
Core

Fund Performance

Year	Total Return (%)	+/- Category
YTD	21.18	-2.31
2020	5.91	3.28
2019	30.14	4.96
2018	-14.74	-1.88
2017	15.64	2.42

Data through 8-31-21

6-28-21 | by Alec Lucas

John Hancock Disciplined Value Mid Cap's veteran manager and refined process merit a Morningstar Analyst Rating of Silver for its cheapest shares, while its priciest one stays at Bronze.

Steven Pollack has distinguished himself in nearly 20 years running this strategy. Indeed, through May 2021, the institutional shares' 11.3% annualized gain on his watch topped all its mid-cap value and mid-cap blend current and former Morningstar Category peers combined (the fund has spent time in both groups). Pollack, who has no plans to retire soon, envisions taking on a comanager for several years before he does.

Pollack uses subadvisor Boston Partners' firmwide process, which focuses on companies with attractive relative valuations, positive momentum, and sound business fundamentals, but he has refined his application of it. He is now more inclined to buy several promising names within an industry rather than just one, and that's increased the portfolio's number of holdings from around 80 early in his tenure to about 150 recently. In aerospace and defense, for example, the fund spread its hefty 6.1% stake, as of April 2021, across nine stocks, many of which are poised to benefit from a postpandemic aviation recovery.

Pollack will also opportunistically buy large-cap stocks that plummet to mid-cap range, as he did with ConocoPhillips COP and Capital One Financial COF in March 2021. Once bought, though, Pollack has no market-cap-based threshold for selling and will hold a stock as long as he likes its prospects.

Hanging on to large-cap stocks helps increase this now $27 billion strategy's capacity. Although the strategy's size limits its flexibility to buy small caps, there are no signs of strained capacity currently, and the strategy is smaller relative to its mid-cap investment universe than in 2017. Plus, as this strategy's limited availability between early 2014 and early 2019 shows, Boston Partners is also good about closing strategies to new investors to preserve capacity.

Those who have yet to investor here should consider it while they still can.

Process Pillar Above Average | Alec Lucas 06/28/2021

The fund receives an Above Average Process Pillar rating for consistent execution of Boston Partners' proven, firmwide approach. Centered on companies with attractive relative valuations, positive momentum, and sound business fundamentals, the process begins with the firm's quantitative analyst team ranking stocks and ADRs in the market-cap range of the Russell Midcap Index based on a 13-factor model. Value-oriented factors, such as price/free cash flow and enterprise value/EBITDA, account for 40% of the model's weighting; momentum indicators, including sales and earnings revisions, another 40%; and signs of healthy fundamentals, like a robust return on assets, the final 20%.

The fundamental analysts then focus on stocks placing in the model's top two deciles. They also examine stocks that score poorly or can't be scored--such as spin-offs--but nonetheless look compelling from a qualitative standpoint. They aim to identify a catalyst that will unlock a company's value, whether a new product, management change, or restructuring.

Based on analysts' recommendations and his own preference for cash-generative businesses, manager Steven Pollack buys stocks trading at about a 20% discount to the analysts' price targets over a one- to two-year horizon. He sells stocks that appreciate as anticipated, show declining fundamentals, or experience negative momentum that seems likely to persist.

In the early to mid-2000s, lead manager Steven Pollack invested in about 80-100 stocks, but since the financial crisis he has reduced security-specific risk by spreading his bets on across a roughly 150-stock portfolio. He now caps top positions around 2% of assets and is more inclined to buy several promising names within an industry rather than just one.

Pollack isn't afraid to depart materially from the Russell Midcap Value Index's sector weightings. He invested heavily in technology stocks between early 2004 and mid-2018. The fund's overweighting in this sector peaked in October 2017, when its 20.6% stake was nearly 14 percentage points more than index's. Industrials have been a favorite since, especially stocks within aerospace and defense. The fund's 6.1% industry stake as of April 2021 was 4.7 percentage points more than the index's. Pollack thinks firms like top-25 holding Howmet

Aerospace HWM will benefit from a postpandemic aviation recovery.

Pollack typically avoids stocks beset by uncertainty or setbacks, and that contributed to the now mid-cap value fund's time in the mid-cap blend category between late 2016 and mid-2019.

The now $27 billion strategy had been closed to new investors since early 2014 but reopened in March 2019 after outflows freed up some capacity. Relative to its investment universe, the fund's current size is smaller than at its 2017 peak.

Performance Pillar | Alec Lucas 06/28/2021
The fund's focus on firms with attractive relative valuations, positive momentum, and sound fundamentals has led to a stellar record. From lead manager Steven Pollack's July 2001 start through May 2021, the institutional shares' 11.3% annualized gain beat the Russell Midcap Value Index by 1.2 percentage points and outpaced all of its mid-cap value and mid-cap blend current and former category peers combined (the fund has spent time in both groups). Its risk-adjusted results were also superior.

Pollack's aversion to declining fundamentals and businesses facing major headwinds has led to success in varied conditions. A financials underweighting throughout the 2007-09 credit crisis didn't spare the fund from catastrophic loss, but its peak-to-trough 51.3% drop was 9.4 percentage points better than the index's. Similarly, the fund edged the index during the 2015-16 correction and early 2020's bear market. It has also outpaced the index in rallies, like 2013 and 2017.

Yet, performance hasn't been bulletproof. Lack of utilities exposure hurt in 2018. The fund can also struggle when deep-value stocks lead the way. Indeed, it underperformed the index each calendar year between 2002 and 2005, lagged in 2009's junk-led rally following that year's March 9 bottom, and trailed again in 2016. In each of those periods, value stocks beat their growth counterparts--often by a wide margin.

People Pillar High | Alec Lucas 06/28/2021
Management experience and team stability combine to earn the fund a High People rating.

Lead manager Steven Pollack of subadvisor Boston Partners has nearly 40 years of industry experience. He started as an analyst at Hughes Investments in the late 1980s, and during his 12 years there, Pollack worked his way up to portfolio manager of a more than $5 billion defined-benefit plan while also overseeing external managers. In mid-2000, Pollack joined Boston Partners and by July 2001 had taken over this mid-cap value strategy. Joseph Feeney, a co-founder of Boston Partners and the firm's co-CEO and CIO, has been a comanager here since late 2005 but is not involved in the strategy on a daily basis. Pollack invests at least $500,000 in the fund; Feeney, who has more than $4 million across the Boston Partners lineup, invests at least $100,000 here.

Based in Boston Partners' Los Angeles office, Pollack draws on the firm's central research bench of 21 fundamental analysts and nine quantitative analysts. These two teams have a good mix of firm veterans and newer additions. Ten fundamental analysts and one quantitative analyst have been with Boston Partners less than five years. Analysts who join the firm rarely leave voluntarily for another asset manager. Long-short generalist Patrick Regan was one of the few to do so in 2010, but he subsequently rejoined Boston Partners.

Parent Pillar Above Average | Madeline Hume 08/05/2020
Manulife Financial Corp is investing in wealth and asset management. One of Canada's Big Three life insurance companies, Manulife operates primarily in Canada, the United States, and Asia. As the profitability of life insurance has come under pressure, Manulife has united its investment and wealth-management groups into a single, global segment and showcased it as a high-potential business. Manulife entrusted this initiative to key individuals from its U.S. outfit, John Hancock Investments, thanks to the group's established culture of investing excellence.

Since the CEO of John Hancock, Andrew Arnott, stepped into the role in 2012, the firm's manager research team has abided by an ethos to deliver best-in-class strategies from third-party managers. Accordingly, in-house teams run less than half of John Hancock's money, though like many insurance-adjacent asset managers it relies on its affiliate to run a large portion of its fixed-income business.

Today, John Hancock oversees 55% of Manulife's global assets under management or advisement, but most of the firm's asset growth now comes from outside the U.S. Manulife's presence in Asia, where the firm has yet to establish a stable manager research team, bears monitoring. But global head of product Leo Zerilli has proved capable of executing a turnaround. Manulife retains its Above Average rating.

Price Pillar | Alec Lucas 06/28/2021
It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.

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Average annual total returns[1] (as of 9/30/21)							
	1 year	5 year	10 year	Life of fund	Inception date	Gross expense ratios (%)	Net expense ratios[2] (%)
Class I (without sales charge)	43.54	11.04	14.94	10.29	6/2/97	0.87	0.86
Class A (without sales charge)	43.13	10.77	14.63	10.03	6/2/97	1.12	1.11
Class A (with 5% maximum sales charge)	36.01	9.64	14.04	9.79	6/2/97	1.12	1.11
Russell Midcap Value Index	42.40	10.59	13.93	10.19	—		

The past performance shown here reflects reinvested distributions and the beneficial effect of any expense reductions, and does not guarantee future results. Returns for periods shorter than one year are cumulative, and results for other share classes will vary. Shares will fluctuate in value and, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance cited. For the most recent month-end performance, visit jhinvestments.com. The fund recently experienced negative short-term performance due to market volatility associated with the COVID-19 pandemic.

1 Returns prior to the commencement date of Class A and Class I shares are those of Robeco Boston Partners Mid Cap Value Fund (the predecessor fund) and have not been adjusted for expenses; otherwise, returns would vary. **2** Reflects the effect of a contractual fee waiver and/or expense reimbursement through 7/31/23, and is subject to change.

The Russell Midcap Value Index tracks the performance of publicly traded mid-cap companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index.

Morningstar Ratings: mid-cap value fund category, as of 9/30/21

Morningstar Ratings Class I shares	★★★★★ Overall	★★★★ 3 year	★★★★ 5 year	★★★★★ 10 year

As of 9/30/21, the fund's Class I shares received a 5-star overall rating out of 391 funds in the Morningstar mid-cap value fund category. The fund was rated 4, 4, and 5 stars out of 391, 348, and 250 funds for the 3-, 5-, and 10-year periods, respectively.

For each managed product, including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts, with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return that accounts for variation in a fund's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. Exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes. The top 10.0% of funds in each category, the next 22.5%, 35.0%, 22.5%, and bottom 10.0% receive 5, 4, 3, 2, or 1 star(s), respectively. The overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The rating formula most heavily weights the 3-year rating using the following calculation: 100% 3-year rating for 36 to 59 months of total returns, 60% 5-year rating/40% 3-year rating for 60 to 119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. For complete performance information, visit jhinvestments.com. Other share classes may be rated differently. Past performance does not guarantee future results.

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The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties that may cause analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

The stock prices of midsize and small companies can change more frequently and dramatically than those of large companies. Value stocks may decline in price. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. Large company stocks could fall out of favor, and illiquid securities may be difficult to sell at a price approximating their value. Please see the fund's prospectus for additional risks.

Request a prospectus or summary prospectus from your financial representative, by visiting jhinvestments.com, or by calling us at 800-225-5291. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should consider carefully before investing.