

In recent years, investors allocated to popular quality strategies in the large blend style box to access higher growth. Quality strategies benefited from low rates and expanding multiples. In recent months, this trend has reversed, with higher rates and rapid multiple contraction contributing to underperformance. Investors should consider rotating from quality to value in large blend to capitalize on higher rates and undemanding valuations.

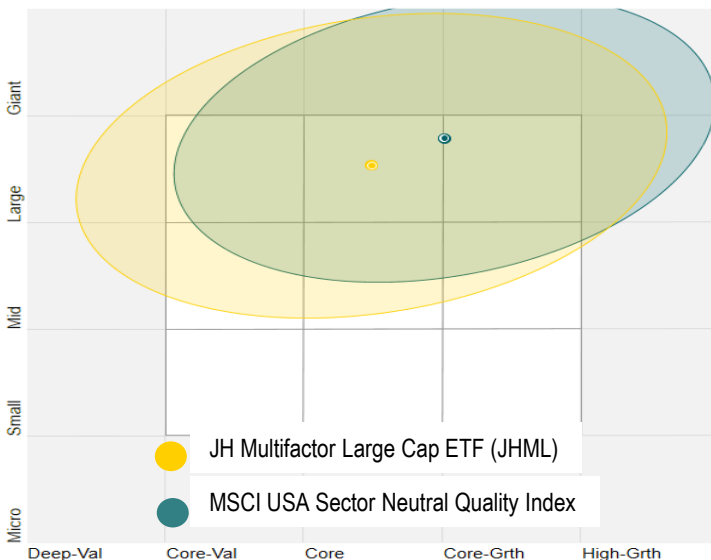
1. Investors have been favoring value and blend strategies across large and mid caps.

### U.S. equity flows (\$M)

Category	Q4	YTD	1 Year	2 Year
Large Blend	8,032.9	120,191.6	120,191.6	248,143.3
Mid-Cap Blend	6,313.3	11,717.8	11,717.8	26,524.0
Mid-Cap Value	-914.0	-4,798.8	-4,798.8	-7,935.1
Large Value	-4,228.3	40,218.3	40,218.3	98,377.7
Mid-Cap Growth	-10,889.3	-30,778.9	-30,778.9	-48,519.4
Large Growth	-17,074.1	-63,721.1	-63,721.1	-109,605.2

Source: Morningstar, as of 12/31/22.

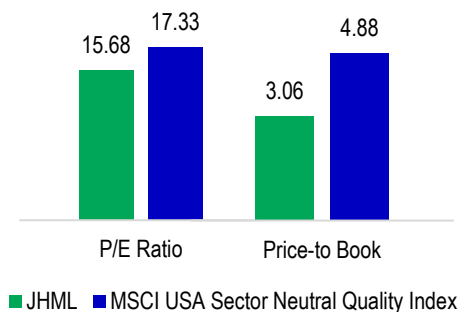
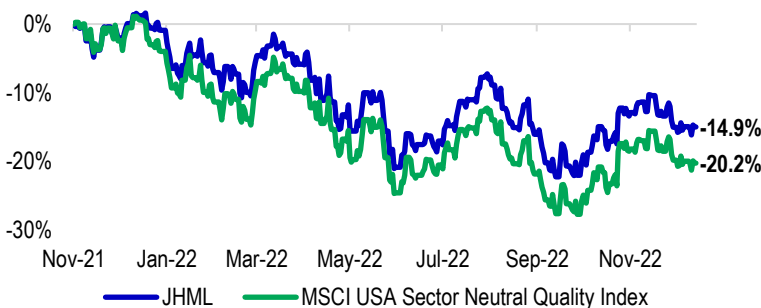
2. Popular quality strategies such as those that provide exposure to the MSCI USA Sector Neutral Quality Index plot toward the growth side of the blend style box.



- The MSCI USA Sector Neutral Quality Index pursues a portfolio construction approach that combines quality factors with similar sector weights to broad benchmarks, tilting the portfolio toward growth without overweighting higher growth sectors.
- JHML’s multifactor approach emphasizes factors (small cap, lower relative price, and higher profitability) that academic research has linked to higher expected returns. **This approach tilts JHML’s portfolio to the value side of the large blend style box.**

Source: Morningstar, as of 12/31/22.

3. Supported by valuations, JHML has outperformed since the NASDAQ peaked on November 19, 2021.



Source: Morningstar, as of 12/31/22.

# John Hancock Multifactor Large Cap ETF (JHML)

Average annual total returns as of 12/31/22 (%)<sup>1</sup>

	QTD	YTD	1-Yr	3-Yr	5-Yr	Since Inception	Gross/net expense
JH Multifactor Large Cap ETF (NAV)	9.33	-15.94	-15.94	7.60	8.89	11.45	0.32/0.29
JH Multifactor Large Cap ETF (Mkt. Price)	9.32	-15.94	-15.94	7.63	8.87	11.46	0.32/0.29
Large Cap Blend Morningstar Category	8.33	-16.92	-16.92	6.24	7.65	-	-
John Hancock Dimensional Large Cap Index	9.42	-15.72	-15.72	7.92	9.22	11.80	-
Russell 1000 Index	7.24	-19.13	-19.13	7.35	9.13	11.69	-
MSCI USA Sector Neutral Quality Index	10.09	-20.67	-20.67	5.39	7.97	10.59	-

<sup>1</sup> "Net (what you pay)" which represents the effect of a fee waiver and/or expense reimbursement contractual through 8/31/23, and is subject to change. The fund's Morningstar category average is a group of funds with similar investment objectives and strategies and is the equal-weighted return of all funds per category.

Market performance is determined using the bid/ask midpoint at 4 p.m., Eastern time, when the NAV is typically calculated; your returns may differ if you traded shares at other times. NAV is calculated by dividing the total value of all the securities in the fund's portfolio plus cash, interest, and receivables, minus any liabilities, by the number of fund shares outstanding. 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. 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.

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The John Hancock Dimensional Large Cap Index is a rules-based index of large-cap U.S. stocks that have been selected based on sources of expected returns. Securities eligible for inclusion in the index are classified according to their market capitalization, as defined by free-float market cap; relative price, as defined by price/book; and profitability, as defined by operating income over book, and are weighted accordingly in favor of smaller, less expensive, more profitable companies. The index is reconstituted and rebalanced on a semiannual basis. Index performance assumes reinvestment of dividends and, unless otherwise indicated, does not reflect the management fees, operating expenses, transaction costs, and other expenses that apply to an ETF. Past performance does not guarantee future results. The Russell 1000 Index tracks the performance of approximately 1,000 publicly traded large-cap companies in the United States. It is not possible to invest directly in an index. The MSCI USA Sector Neutral Quality Index aims to reflect the performance of securities that exhibit stronger quality characteristics relative to their peers within the same GICS® sector.

**Request a prospectus or summary prospectus from your financial professional, by visiting [jhinvestments.com/etf](http://jhinvestments.com/etf), 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.**



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