

Fixed-income fund Investment professional fact sheet

John Hancock Investment Grade Bond Fund

A: TAUSX C: TCUSX I: TIUSX R2: JIGBX R4: JIGMX R6: JIGEX

Objective

Current income and capital preservation

Strategy summary

Morningstar: Intermediate Core Bond
Benchmark: Bloomberg U.S. Aggregate Bond Index
Strategy inception: 12/31/1991
Total net assets: \$2.14 b
Typical holding period: 1.0–1.3 years
Typical holding range: 200–400 issuers
Typical portfolio turnover range: 75%–100%

Strategy

Diversified bond portfolio

Investing in corporate bonds from a range of sectors, as well as U.S. government securities

A conservative approach

Pursuing income opportunities in high-quality, medium maturity securities

Veteran team

With more than 50 years of combined investment experience between the fund's portfolio managers

Investment process

Forecast business cycle shifts

The management team conducts extensive top-down macroeconomic analysis in order to forecast any shifts in the economy ahead of the general consensus.

Identify sectors poised to outperform

The team invests the fund in a diversified portfolio of bonds, including government, corporate, and mortgage-backed securities. The team targets specific sectors that it believes offer excess return opportunities given potential business cycle shifts.

Screen for relative value opportunities

The team performs detailed fundamental analysis on each potential holding to determine its fair value relative to comparable securities.

Build a broadly diversified portfolio

Securities are added to the portfolio only after meeting rigorous criteria for valuation, risk, and return metrics, on an absolute basis and relative to the fund as a whole. The majority of the portfolio is invested in U.S. investment-grade bonds, and up to 25% of the portfolio is invested in foreign bonds, including some foreign-denominated bonds.

Adhere to a strict sell discipline

The team continually monitors the portfolio and adjusts positions as needed based on shifts in the marketplace, shifts in the business or economic cycle, and changes in relative value.

Morningstar ratings^{TM 1}

Intermediate Core Bond

	Overall	3 year	5 year	10 year
Class I	★★★★	★★★	★★★	★★★★
Class A	★★★	★★	★★★	★★★
Number of funds	405	405	372	275

Overall rating is based on 3-, 5-, and 10-year Morningstar Risk-Adjusted Returns and accounts for variation in a fund's monthly performance. Other share classes may be rated differently. Hollow stars indicate Morningstar's extended performance rating.

Managed by

Manulife
Investment Management

Established asset manager with global resources and expertise extending across equity, fixed-income, and alternative investments as well as asset allocation strategies

1 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 RatingTM 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. Star ratings do not reflect the effect of any applicable sales load. **Morningstar's extended performance** rating is calculated by adjusting the historical total returns of the oldest share class to reflect the fee structure of a younger share class, and then compounding the combined record of actual and adjusted performance into the 3-, 5-, and 10-year time periods necessary to produce Morningstar Risk-Adjusted Returns and a Morningstar Rating. Extended performance ratings do not affect actual Morningstar ratings; the overall ratings for multi-share class funds are based on actual performance only or extended performance only. Once a share class turns 3 years old, the overall Morningstar Rating will be based on actual ratings only. Adjusted historical performance is only an approximation of actual returns, and Morningstar's calculation methodology may differ from those used by other entities. Past performance does not guarantee future results.

Quarterly commentary

Highlights

- The fund's benchmark, the Bloomberg U.S. Aggregate Bond Index, registered a positive return for the fourth quarter.
- The fund also posted a positive return but underperformed the index.
- Yield curve positioning and security selection detracted from performance, while asset allocation contributed.

Market review and outlook

The fixed-income market recovered from its protracted downturn to finish the fourth quarter with a gain. Still, 2022 proved to be a historic year for bonds as elevated inflation and rising interest rates led to sharply negative returns across most categories. Although the U.S. Federal Reserve (Fed) continued to raise rates aggressively—with increases of three-quarters of a point in November and another half-point in December—the markets began to price in expectations that the current cycle of interest-rate hikes could be moving closer to a conclusion.

U.S. Treasury yields rose, but at a slower pace than they had over the first nine months of the year. Short-term debt continued to lag longer-term issues, increasing the extent of the yield curve's inversion. Yield spreads on investment-grade corporate bonds declined, leading to outperformance for the category relative to U.S. Treasuries. Spreads, while closing the year much higher than where they stood at the end of 2021, remained at levels well below those typically seen in times of recession. Securitized assets produced mixed results. Agency mortgage-backed securities (MBS) outperformed the index, but asset-backed securities (ABS) and commercial MBS lagged somewhat.

This commentary reflects the views of the named portfolio managers and is subject to change as market and other conditions warrant. No forecasts are guaranteed. This commentary is provided for informational purposes only and is not an endorsement of any security, mutual fund, sector, or index. The subadvisor, the advisor (John Hancock Investment Management LLC), and their affiliates, employees, and clients, may hold or trade the securities mentioned in this commentary. Diversification does not guarantee a profit or eliminate the risk of a loss.

Contributors and detractors

The fund's underperformance was partially a result of its yield curve positioning, where it lost ground through the impact of rate moves on certain holdings in MBS. Security selection also detracted, but to a very limited extent. On the other hand, asset allocation contributed positively. An overweight position in investment-grade corporates helped results, as did a corresponding underweight in U.S. Treasuries. The fund lost some relative performance through overweights in ABS and nonagency MBS.

Portfolio changes

We increased the fund's allocation to agency MBS, which we continue to view as a defensive category with a favorable risk-and-reward profile and attractive valuations. The fund's allocation to investment-grade corporates declined somewhat, continuing the process of risk reduction that we pursued throughout 2022. Within the corporate segment, we remained focused on shorter-term debt with one- to five-year maturities. The fund's allocations to securitized assets and U.S. Treasuries were largely stable. We continued to position the portfolio defensively, with a slightly short duration and neutral yield curve posture versus the benchmark. (Duration is a measure of interest-rate sensitivity.) We maintained an emphasis on bottom-up security selection, as we believe this will be a more important driver of return than asset allocation in a challenging, low-growth environment.

With that said, we think much of the increase in yields is in the rearview mirror. Inflation declined for the second consecutive month in November, indicating that higher rates could be starting to have an impact. While we believe the downtrend in price pressures is likely to continue, we're also keenly aware of the Fed's desire to reduce inflation closer to its target rate; we're therefore alert for a scenario in which the Fed keeps rates elevated for longer than investors are anticipating. We would welcome this development, since higher yields would provide support for total returns across the fixed-income market.

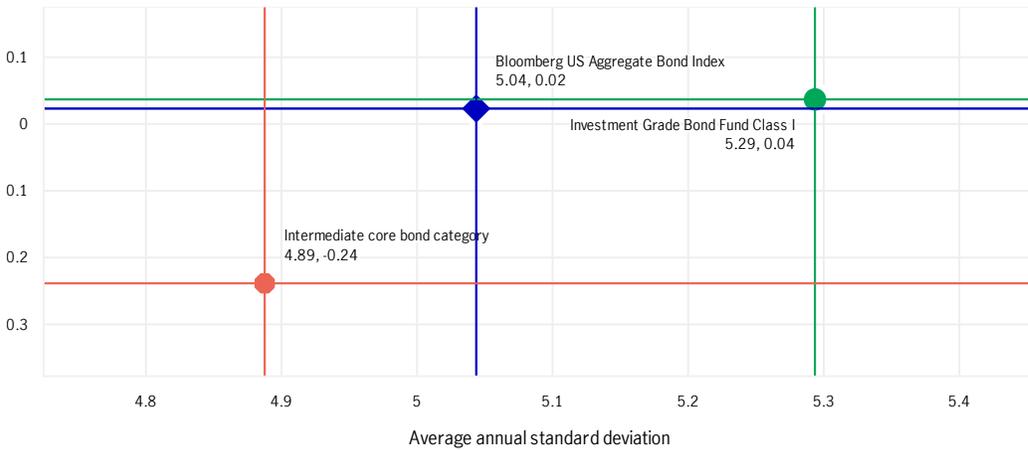
Morningstar rankings²

Class I vs. Intermediate Core Bond

Quartile	Rank/number of funds				
	1 year	3 year	5 year	10 year	
1st				42 of 275	
2nd		179 of 405	128 of 372		
3rd					
4th	364 of 453				
Percentile rank	83%	42%	33%	16%	

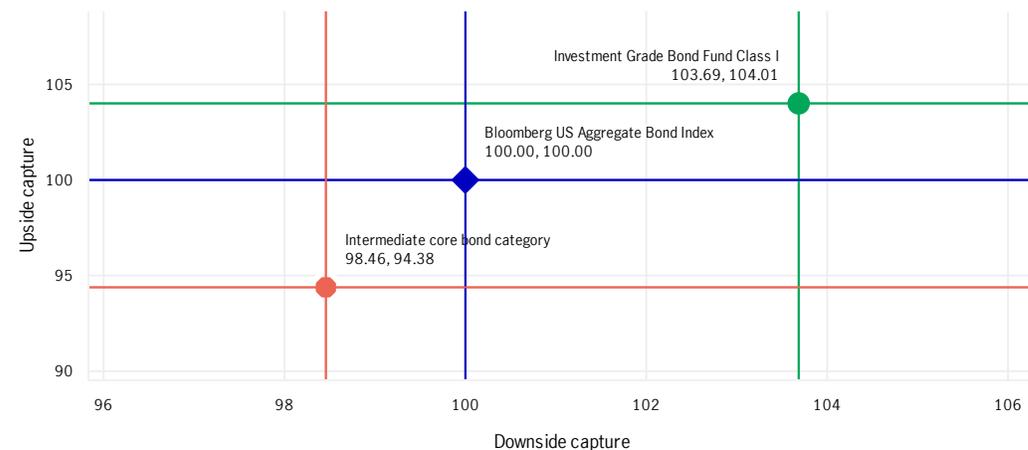
Risk and return

5 year (Std. deviation, return)



Upside/downside capture ratio

5 year (Downside, upside)



Risk and performance measures

5 year	Fund	Morningstar category
Alpha	0.02	-0.26
Beta	1.02	0.96
Sharpe ratio	0.01	-0.05
Sortino ratio	0.01	-0.06
Standard deviation (%)	5.29	4.89
Information ratio	0.02	-0.34
Tracking error (%)	1.23	0.79
Upside capture ratio (%)	104.01	94.38
Downside capture ratio (%)	103.69	98.46
R-squared (%)	94.64	97.57

Calculations are based on Class I shares.

Maturity range³

Maturity range	%
Developed Less than 1 year	0.08
1 to 3 years	3.63
3 to 5 years	8.35
5 to 7 years	8.21
7 to 10 years	13.38
10 to 15 years	5
15 to 20 years	9.71
20 to 30 years	43.77
Above 30 years	7.87

2 Rankings are based on total return and do not account for sales charges. Percentile ranks are based on absolute rank within specific fund categories and time periods. Within a category, all funds' percentile rankings range from 1 (best) to 100 (worst), with all intermediate values spread evenly over that range. The fund's absolute peer ranking may not be available for all time periods. Morningstar does not calculate an absolute peer ranking when a fund's performance has been linked to a preexisting share class. Past performance does not guarantee future results. **3** Listed holdings reflect the largest portions of the fund's total and may change at any time. They are not recommendations to buy or sell any security. Data is expressed as a percentage of net assets and excludes cash and cash equivalents. Fund characteristics will vary over time.

Average annual total returns^{4,5,6}

								%	
	Qtd	Ytd	1 yr	3 yr	5 yr	10 yr	Life of fund	Life of fund date	
Class I without sales charge	1.61	-14.15	-14.15	-2.67	0.04	1.31	4.49	1/1/92	
Class A without sales charge	1.54	-14.36	-14.36	-2.92	-0.21	1.06	4.29	1/1/92	
Class A with sales charge	-2.50	-17.79	-17.79	-4.24	-1.03	0.65	4.15	1/1/92	
Bloomberg U.S. Aggregate Bond Index	1.87	-13.01	-13.01	-2.71	0.02	1.06	4.64	—	
Intermediate core bond category	1.56	-13.34	-13.34	-2.83	-0.24	0.91	—	—	

Key facts

Average maturity (yrs)	9.24
Effective duration (yrs)	6.09
Number of holdings	726
Portfolio turnover ⁸ (%)	123

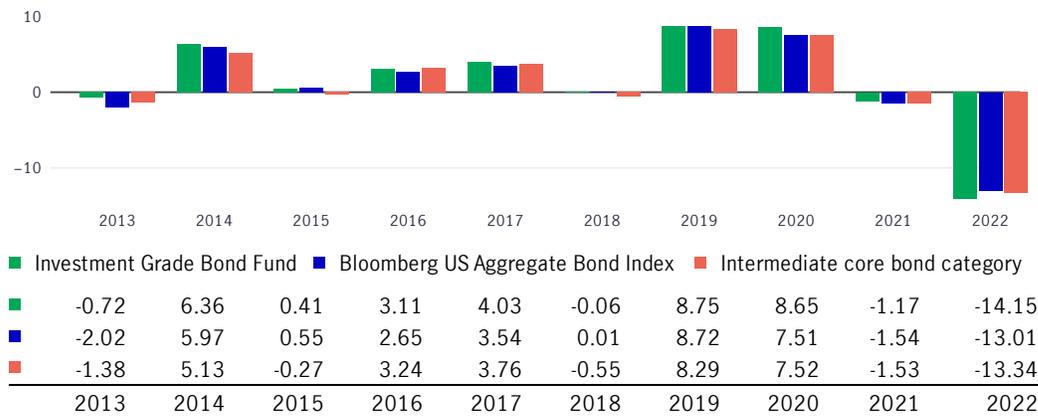
Expense ratios⁷

	Gross	Net (what you pay)	Contractual through
Class I	0.56%	0.49%	9/30/2023
Class A	0.81%	0.74%	9/30/2023

The past performance shown here reflects reinvested distributions and the beneficial effect of any expense reductions, and does not guarantee future results. The sales charge for Class A shares, reflects the maximum sales charge of 4.0%. For Class I shares, there is no sales charge. 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.

Calendar year returns^{5,9}

Class I without sales charge



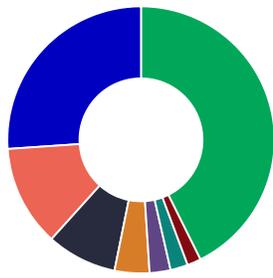
Asset mix¹⁰



4 12/31/91 is the inception date for the oldest class of shares, Class A shares. Class I shares were first offered on 7/28/03; returns prior to this date are those of Class A shares and have not been adjusted for expenses; otherwise, returns would vary. **5** Comparison against the benchmark and Morningstar category is based on Class I shares. **6** The Bloomberg U.S. Aggregate Bond Index tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets. It is not possible to invest directly in an index. **7** "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement and is subject to change. **9** Performance data shown excludes fees and expenses. The performance data would be lower if such fees and expenses were included. Past performance does not guarantee future results. **8** The portfolio turnover is as of the fund's fiscal year end and is subject to change. The fund's annual report includes further details regarding the portfolio turnover ratio. **10** Excludes any negative exposures that may result from the use of futures or forward contracts.

Quality composition¹¹

%



U.S. Government & Agency Obligations	42.67
BBB	26.09
AAA	12.24
A	8.49
Short-Term Investments & Other	4.22
AA	2.53
Not Rated	2.12
BB	1.65

10 largest issuers³

%

1. Federal National Mortgage Association	18.73	6. Government National Mortgage Association	1.02
2. United States of America	15.73	7. JPMorgan Chase & Company	0.88
3. Federal Home Loan Mortgage Corp.	10.71	8. BX Trust	0.87
4. Bank of America Corp.	1.11	9. Charter Communications Operating, LLC/Charter Communications Operating Capital C	0.76
5. Wells Fargo & Company	1.02	10. Credit Suisse Mortgage Capital Certificates	0.72

What you should know before investing

Fixed-income investments are subject to interest-rate and credit risk; their value will normally decline as interest rates rise or if an issuer is unable or unwilling to make principal or interest payments. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. Mortgage- and asset-backed securities may be sensitive to changes in interest rates and may be subject to early repayment and the market's perception of issuer creditworthiness. Liquidity—the extent to which a security may be sold or a derivative position closed without negatively affecting its market value, if at all—may be impaired by reduced trading volume, heightened volatility, rising interest rates, and other market conditions. Hedging and other strategic transactions may increase volatility and result in losses if not successful. Fund distributions generally depend on income from underlying investments and may vary or cease altogether in the future. Please see the fund's prospectus for additional risks.

Clients should carefully consider a fund's investment objectives, risks, charges, and expenses before investing. To request a prospectus or summary prospectus with this and other important information, call us at 800-225-6020, or visit us at jhinvestments.com.

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3 Listed holdings reflect the largest portions of the fund's total and may change at any time. They are not recommendations to buy or sell any security. Data is expressed as a percentage of net assets and excludes cash and cash equivalents. Fund characteristics will vary over time. **11** Ratings are from Moody's, if available, and from Standard & Poor's or Fitch, respectively, if not. Securities in the Not rated category have not been rated by a rating agency; however, the subadvisor performs its own credit analysis for many of these securities and assigns comparable ratings that are used for compliance with applicable investment policies. Prior to June 30, 2021, internal ratings provided by the subadvisor were included. Ratings composition will change. Individual bonds are rated by the creditworthiness of their issuers; these ratings do not apply to the fund or its shares. U.S. government and agency obligations are backed by the full faith and credit of the U.S. government. All other bonds are rated on a scale from AAA (extremely strong financial security characteristics) down to CCC and below (having a very high degree of speculative characteristics). "Short-term investments and other," if applicable, may include fund receivables, payables, and certain derivatives.

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