529 Static Portfolio Quarterly commentary

Equity Portfolio

A: JHEAX / 56501V842 C2: JHEDX / 56501V685 F: JHEPX / 280911637

Objective
Long-term capital appreciation

Use for
Adding a targeted option to a 529 education savings portfolio

Morningstar category
Static Large Growth

Quarterly commentary

Highlights

- After a choppy October, U.S. stock prices surged higher in November and December, finishing off a strong year for the major equity indexes.
- Investment-grade bonds also ended the year with a rally amid declining interest rates, enabling them to post a gain for the year.
- The portfolio posted a gain but underperformed its blended benchmark.

Market review and outlook

After a choppy October, U.S. stock prices surged higher in November and December, finishing off a strong year for the major equity indexes. The powerful rally was driven partly by the U.S. Federal Reserve (Fed) signaling that disinflationary trends were sufficient to project a shift to monetary easing in 2024. This news, along with resilient late-cycle expansion of the U.S. economy and a sharp decline in U.S. Treasury yields, provided a favorable backdrop for higher-risk assets, with a small group of well-known large-cap growth stocks leading the way. Also, corporate earnings announced in Q4 were better than expected.

After a series of rapid increases in short-term interest rates that began in March 2022, the Fed paused in July 2023 and remained on hold through year end. Continued favorable news on inflation was a key factor in the central bank's decision to stand pat. From a peak year-over-year inflation rate of 9.1% in June 2022, U.S. inflation moderated to just 3.4% in December 2023, much closer to the Fed's 2% target.

The conflict in Israel and Gaza is having spillover effects across the Middle East, a vulnerable region, where a significant portion of global trade passes through. While the impact on energy and transportation prices has been mild so far compared with the earlier inflation spike triggered by the pandemic and Russia's invasion of Ukraine, it's a reminder that the path back to low inflation is a fragile one.

Contributors and detractors

The portfolio recorded a gain but trailed its blended benchmark, comprising a 70% weighting in the Russell 3000 Index and a 30% weighting in the MSCI All Country World ex USA Index. International Growth Fund (Wellington) was the portfolio's largest relative detractor by a wide margin. Security selection was the main driver of relative underperformance, especially in the financials, healthcare, and consumer discretionary sectors; performance of the Real Assets Fund (T. Rowe Price) also weighed on results this quarter. Within the fund's natural resources substrategy, an underweight in specialty chemicals, paired with weak selection, dragged. Conversely, Capital Appreciation Fund (John Hancock) was a key contributor, aided by a significant overweight in strong-performing chip stock NVIDIA Corp. Also helping to lift relative performance was Equity Income Fund (T. Rowe Price), where stock selection in the financials sector contributed.

Overall, a structural underweight in large caps versus the Russell 3000 Index was timely, given their underperformance compared with mid and small caps during the quarter.

Portfolio changes

We made no significant changes to the portfolio during the period.

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.

Managed by

T.RowePrice
INVEST WITH CONFIDENCE

Long-tenured manager offering expertise across asset classes and a risk-aware style of investing built on fundamental, in-house research on a global scale

On the fund since 2001.
Investing since 2001

Average annual total returns[1,2,3]

%

	Qtd	1 yr	3 yr	5 yr	10 yr	Life of fund	Life of fund date
Class A without sales charge	10.80	21.63	4.94	11.28	7.97	7.63	6/3/02
Class A with sales charge	6.37	16.76	3.53	10.15	7.39	7.36	6/3/02

EXPENSE RATIOS	TOTAL
Class A	1.23%

The performance data shown represents past performance and does not guarantee future results. With sales charge figures reflect the maximum sales charge, which is 4.0%. Returns for periods shorter than one year are cumulative, and results for other share classes will vary. Investment returns in John Hancock Freedom 529's portfolios and the value of an investor's units will fluctuate and may be worth more or less than the original cost when redeemed. Current performance may be lower or higher than the performance cited. Performance current to the most recent month end is available at jhinvestments. com/529. Diversification cannot assure a profit or protect against loss in a declining market.

Note: performance for periods prior to 11/14/2019 reflects the prior maximum sales charge and expenses of the portfolios. Please see the Plan Disclosure Document for more details.

What you should know before investing

Investing involves risks, including the potential loss of principal. There is no guarantee that a portfolio's investment strategy will be successful or that education expenses will be met. Even if you contribute the maximum amount, there is no assurance that the money in your account will be sufficient to cover all the education expenses your beneficiary may incur or that the rate of return on your investment will match or exceed the rate at which education expenses may rise. The impact of inflation on education expenses is uncertain and could exceed the return on investments in your account. Please see the Plan Disclosure Document for additional risks.

If your state or your designated beneficiary's state offers a 529 plan, you may want to consider what, if any, potential state income-tax or other state benefits it offers, such as financial aid, scholarship funds, and protection from creditors, before investing. State tax or other benefits should be one of many factors to be considered prior to making an investment decision. Please consult with your financial, tax, or other financial professional about how these state benefits, if any, may apply to your specific circumstances. You may also contact your state 529 plan or any other 529 education savings plan to learn more about their features. **Please contact your financial professional or call 866-222-7498 to obtain a Plan Disclosure Document or prospectus for any of the underlying funds. The Plan Disclosure Document contains complete details on investment objectives, risks, fees, charges, and expenses, as well as more information about municipal fund securities and the underlying investment companies that should be considered before investing. Please read the Plan Disclosure Document carefully prior to investing.**

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1 Year-to-date returns are cumulative. All other performance is an average annual total return except for portfolios that are less than one year old, in which case the inception-to-date returns are cumulative **2** Class A units of each portfolio will also be charged an annual program management fee of 0.25%, an annual trust fee of 0.05%, and an annual distribution and service fee. Please see the Plan Disclosure Document for more details. **3** Returns for Enrollment Portfolio, Equity Portfolio, Fixed Income Portfolio, and Future Trends Portfolio reflect the current maximum front-end sales charge and assumes an inception date of 6/3/2002. For certain accounts established prior to 6/3/2002, a grandfathered sales charge of 3.50% generally applies to subsequent contributions, reflecting the maximum initial sales charge at the time of original purchase. Performance for these accounts would differ from those shown, reflecting the lower sales charge. Please see the Plan Disclosure Document for more details.

John Hancock Freedom 529
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