

**529 Static Portfolio** Quarterly commentary

# Equity Portfolio

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

Objective	Use for	Morningstar category
Long-term capital appreciation	Adding a targeted option to a 529 education savings portfolio	Static Large Growth

## Quarterly commentary<sup>1</sup>

### Highlights

- In the first quarter of 2025, the bellwether S&P 500 Index recorded a mid-single-digit decline after posting yet another fresh all-time high in mid-February.
- Postelection optimism gave way to investor concern about the impact of a flurry of executive actions by the new administration, especially related to trade and tariffs.
- The Fed kept its key overnight lending rate unchanged following three rate cuts in the final four months of 2024.

### Market review and outlook

In the first quarter of 2025, the bellwether S&P 500 Index recorded a mid-single-digit decline after posting yet another fresh all-time high in mid-February. Postelection optimism gave way to investor concern about the impact of a flurry of executive actions by the new administration, disruption to government programs, and a spike in uncertainty stemming from shifting policy priorities, especially related to trade and tariffs. Amid rising volatility, the index gained 2.78% in January before falling in February (-1.30%) and March (-5.63%). It was particularly dragged down by growth stocks and small-cap stocks.

During the quarter, the U.S. Federal Reserve (Fed) kept its key overnight lending rate unchanged following three rate cuts in the final four months of 2024. The central bank indicated that further reductions would depend on real progress on inflation or unexpected weakness in labor. New data showed that inflation climbed 2.80% in February from a year earlier—higher than the Fed's 2.00% target—as underlying price pressure intensified. Meanwhile, confidence and sentiment among U.S. consumers continued to slip, mostly reflecting a gloomier outlook for inflation and the economy's path ahead.

Against this backdrop, the S&P 500 Index returned -4.27% in the first quarter. However, international developed-market stocks gained 6.94%, as measured by the MSCI EAFE Index, buoyed partly by strength in Germany (+16.00%), where February brought elections and optimism that the new administration led by Friedrich Merz would pursue a pro-growth agenda. The MSCI Emerging Markets Index notched a 2.93% advance. Some emerging European markets, including Poland (+31%), Greece (+23%), and the Czech Republic (+29%), posted strong returns, bolstered by an improved outlook for the eurozone following Germany's plans to boost spending on defense and infrastructure. China (+15%) was also a standout performer; however, Taiwan (-13%) and India (-3.00%) were relatively weak.

This commentary reflects the views of the portfolio managers named 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.

<sup>1</sup> It is not possible to invest in an index. Index definitions can be found within the "What you should know before Investing" section on the last page of this commentary.

Investment-grade bonds rebounded during the quarter as U.S. Treasury yields eased. Long-term Treasuries and Treasury Inflation-Protected Securities did particularly well amid growing economic growth and inflation concerns. The Bloomberg U.S. Aggregate Bond Index rose 2.78%.

Almost every measure of consumer and business sentiment, or soft data, has notably deteriorated amid rising uncertainty around trade policy. While sentiment usually lags hard data, such as employment and spending, today's soft data signals a far more dire outlook than the hard data implies. The real concern is whether businesses and consumers will continue to face this level of uncertainty for a prolonged period. With trade disputes lasting for nearly a year and a half during President Trump's first term, the sentiment could be right this time around, foreshadowing a deeper economic slowdown. Given the heightened risk, we continued to lower U.S. equity exposure while adding to European equities on an upside potential related to Germany's increased fiscal spending on defense and infrastructure and a more unified commitment from leaders across the eurozone on improving competitiveness.

### Contributors and detractors

The portfolio recorded a slight loss for the quarter but outpaced 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 (net). An out-of-benchmark stake in the Real Assets Fund (T. Rowe Price) notably contributed for the quarter, as this asset class outperformed core equities, driven by the precious metals and energy groups. Exposure to non-U.S. stocks also added value in a period during which U.S. equities lagged. International Growth Fund (John Hancock) was a key relative contributor, aided by security selection in the industrials sector. Equity Income Fund (T. Rowe Price) also provided a relative performance boost, largely on the strength of security selection within industrials and consumer staples. On the other hand, Disciplined Value Fund (John Hancock) detracted, mainly due to stock selection in information technology, communication services, and financials.

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%

	Qtd	1 yr	3 yr	5 yr	10 yr	Since inception	Inception date
Class A without sales charge	-0.17	4.55	5.98	14.94	8.75	7.81	6/3/02
Class A with sales charge (Maximum initial sales charge 4.00%)	-4.17	0.37	4.54	14.00	8.19	7.55	6/3/02

## EXPENSE RATIOS

TOTAL

Class A

1.23%

The performance data shown represents past performance and does not guarantee future results. 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](http://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.

Equity Portfolio blended Index: MSCI ACWI ex-U.S. Net Index, 30.00%; Russell 3000 Index, 70.00% The MSCI All Country World Net Index (ACWI) ex-U.S. Index tracks the performance of publicly traded large- and mid-cap stocks of companies in 22 developed markets and 23 emerging markets. The Russell 3000 Index tracks the performance of 3,000 publicly traded large-, mid-, and small-cap companies in the United States. It is not possible to invest directly in an index.

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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**2** 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 **3** Class A units of each portfolio will also be charged an annual program management fee of 0.25%, an annual trust fee of 0.04%, and an annual distribution and service fee. In addition, each portfolio bears its pro rata share of the investment management fees and other expenses of the underlying mutual funds in which the portfolio invests. Please see the Plan Disclosure Document for more details. Performance does not reflect the annual Account maintenance fee of \$15; if reflected, performance would be lower. **4** For certain accounts established before 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.



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