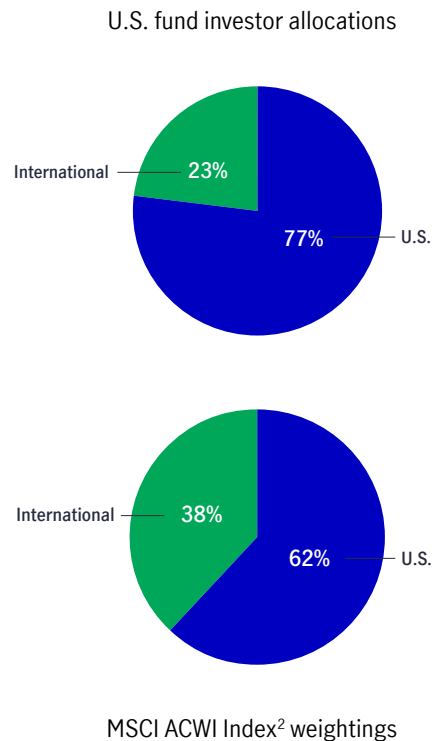


# International stocks: a passport to portfolio diversification

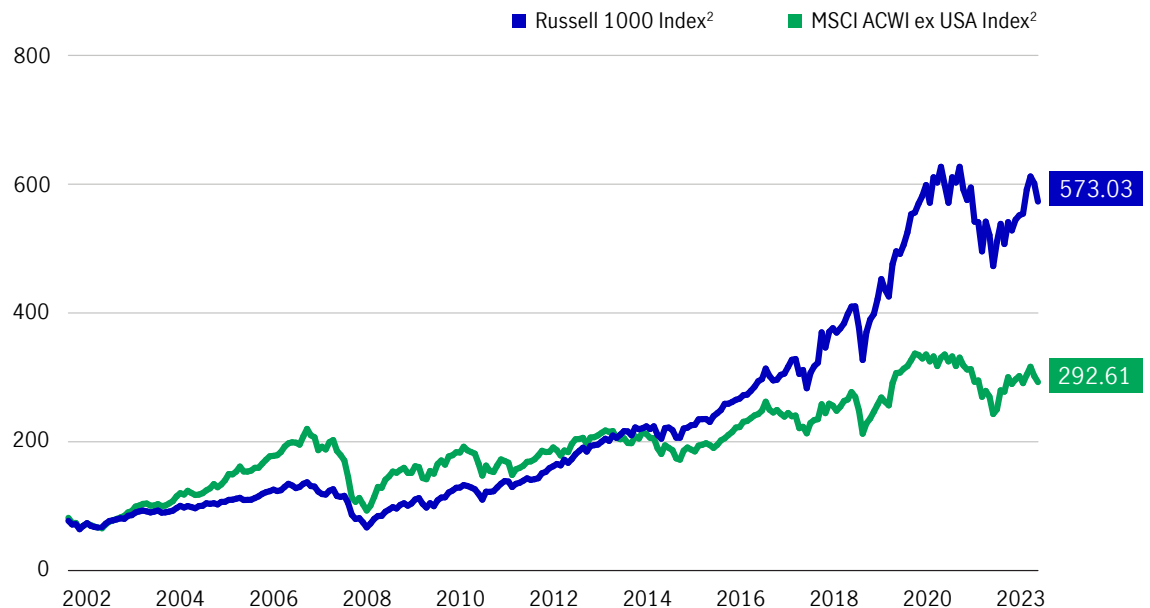
Investors who suffer from home bias—overweighting in U.S. equities—may be missing out on the diversification benefits of investing overseas. They may be concerned about currency risks, or they may simply be chasing the outperformance of familiar U.S. companies. However, they’re missing the complete global opportunity set at a time when U.S. stocks have historically elevated valuations relative to international developed equities.

## U.S. investors are underweight in international equities based on world market cap<sup>1</sup>



## U.S. vs. international developed

Hypothetical growth of \$10,000 (\$)



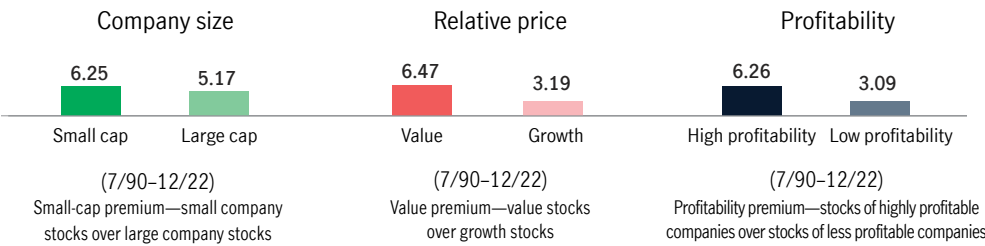
## Valuations<sup>3</sup>

	Current P/E	20-year average
Russell 1000 Index <sup>2</sup>	20.86	18.57
MSCI ACWI ex USA Index <sup>2</sup>	12.99	14.18
As % of U.S.	62.25%	76.35%

**1** Morningstar mutual fund assets by category, MSCI, as of 9/30/23. **2** The MSCI All Country World Index (ACWI) tracks the performance of publicly traded large- and mid-cap stocks of companies in both developed and emerging markets. The MSCI ACWI ex USA Index tracks the performance of publicly traded large- and mid-cap stocks of companies in both developed and emerging markets, excluding the United States. The Russell 1000 Index tracks the performance of 1,000 publicly traded large-cap companies in the United States. The MSCI Europe, Australasia, and Far East (EAFE) Index tracks the performance of large- and mid-cap stocks of companies in those regions. It is not possible to invest directly in an index. **3** Morningstar, as of 9/30/23. Some values may not total 100% due to rounding. Past performance does not guarantee future results.

# John Hancock Multifactor Developed International ETF (JHMD) uses a multifactor approach

Stocks characterized by smaller capitalizations, lower relative valuations, and higher profitability have outperformed over time in non-U.S. developed equities (%)



Source: John Hancock Investment Management, Morningstar, Ibbotson, Professor Kenneth R. French, mba. tuck.dartmouth.edu/pages/faculty/ken.french/data\_library.html, 2022. Professor French's study on premiums examines the most reliable international long-term data available, which dates back to 1990 for market, company size, relative price, and profitability metrics. This data does not portray results of indexes.

A premium represents the excess return that securities with particular characteristics have historically generated. The chart above shows historical geometric mean performance for different groupings of stocks within the broad equity universe. This universe, or market, includes stocks listed on exchanges in developed markets (ex-U.S.). The research does not portray results of indexes. T-bill data is from Morningstar, Ibbotson. In order to assess returns of stocks with different characteristics, researchers Eugene Fama and Kenneth French grouped stocks according to size, relative price, and profitability. For groupings based on company size, stocks were ranked by market capitalization, where small cap represents stocks of companies comprising the bottom 10% of aggregate market cap and large cap represents stocks of companies comprising the top 90% of aggregate market cap ranked on firm size. For groupings based on relative price, stocks in each region were ranked by book-to-market equity ratios, where value represents stocks of companies in the top 30% of the universe and growth represents stocks of companies in the bottom 30% of the universe. For groupings based on profitability, stocks were ranked in each region by operating profitability (annual revenues minus the cost of goods sold, interest expense, and selling, general, and administrative expenses, divided by book equity), where high profitability represents stocks of companies in the top 30% of the universe and low profitability represents stocks of companies in the bottom 30% of the universe. Drs. Fama and French are directors of, and provide consulting services to, Dimensional Fund Advisors LP. Diversification does not guarantee a profit or eliminate the risk of a loss. Selection of other periods may produce different results, including losses. For index descriptions and methodology for John Hancock Multifactor ETFs, please visit [us.dimensional.com/john-hancock-indexes](https://us.dimensional.com/john-hancock-indexes). Past performance does not guarantee future results.

The John Hancock Dimensional Developed International Index is a rules-based index of large-cap stocks in developed markets outside of North America 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. It is not possible to directly invest in an index. Past performance does not guarantee future results.

**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. For the most recent month-end performance, visit [jhinvestments.com/etf](https://jhinvestments.com/etf).**

Investing involves risks, including the potential loss of principal. There is no guarantee that a fund's investment strategies will be successful. Foreign investing has additional risks, such as currency and market volatility and political and social instability. Large company stocks could fall out of favor. The stock prices of midsize and small companies can change more frequently and dramatically than those of large companies, and value stocks may decline in price. A portfolio concentrated in one industry or sector or that holds a limited number of securities may fluctuate more than a diversified portfolio. Shares may trade at a premium or discount to their NAV in the secondary market, and a fund's holdings and returns may deviate from those of its index. These variations may be greater when markets are volatile or subject to unusual conditions. Errors in the construction or calculation of a fund's index may occur from time to time. Please see the fund's prospectus for additional risks. John Hancock Multifactor ETF shares are bought and sold at market price (not NAV), and are not individually redeemed from the fund. Brokerage commissions will reduce returns.

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## Average annual total returns as of 9/30/23 (%)

	QTD	YTD	1 year	3 year	5 year	Since inception
John Hancock Multifactor Developed International ETF (JHMD)						
Managed by Dimensional Fund Advisors						
Multifactor Developed International ETF (NAV)	-2.93	8.57	27.54	6.47	3.14	5.41
Multifactor Developed International ETF (Market price)	-3.83	8.49	28.21	6.54	3.14	5.39
John Hancock Dimensional Developed International Index	-2.78	9.33	28.66	7.24	3.86	6.18
MSCI EAFE Index <sup>2</sup>	-4.11	7.08	25.65	5.75	3.24	5.47
Foreign large blend fund category	-4.49	5.95	22.88	4.24	2.49	—
Net (what you pay) expense ratio: 0.39%			Gross expense ratio: 0.43%			

"Net (what you pay)" represents the effect of a fee waiver and/or expense reimbursement, contractual through 8/31/24, and is subject to change.