ETF fixed-income fund Quarterly commentary

John Hancock Preferred Income ETF

ETF: JHPI

Objective
To seek a high level of current income, consistent with preservation of capital

Use for
Diversifying sources of income

Morningstar category
Preferred Stock

Quarterly commentary

Highlights

- U.S. bond yields were higher across the board in the second quarter, with short-term yields rising the most in response to the Fed rate hike.
- The fund's market price return underperformed its benchmark, the ICE BofA U.S. All Capital Securities Index.
- Security selection among banking names was the main positive contributor to performance, while security selection within the insurance industry was the largest detractor.

Market review and outlook

U.S. bonds declined modestly in the second quarter. After a quiet start, bond yields rose sharply in May in response to government wrangling over raising the federal debt ceiling and another short-term interest-rate increase by the U.S. Federal Reserve (Fed). The Fed rate hike was its 10th since March 2022 and pushed the federal funds rate to a 16-year high of 5.25%. By June, however, the year-over-year inflation rate declined to its lowest level in more than 2 years, which prompted the Fed to hold short-term interest rates steady at its most recent policy meeting. Nonetheless, the Fed continued to emphasize that bringing inflation under control remained its top priority and that further interest-rate increases may be necessary.

Overall, U.S. bond yields were higher across the board in the second quarter, with short-term yields rising the most in response to the Fed rate hike. On a sector basis, U.S. Treasury securities declined the most given their greater interest-rate sensitivity, while preferred securities posted positive returns due to signs of improving economic growth late in the quarter.

We maintain a favorable view of preferred securities as significantly improved yields should lead to attractive forward returns. The ability to select securities from a broader credit universe and across the capital structure will help navigate the softening landscape while focusing on risk-adjusted returns. We believe there's potential for incremental upside in addition to income as the sector had come under pressure amid concerns about the bank sector in March, resulting in yields not seen since 2009. Preferred securities are higher quality in nature and, in our view, offer value compared with higher duration and traditional investment-grade areas of the market.

Contributors and detractors

The fund's net asset value return outperformed the ICE BofA U.S. All Capital Securities Index during the second quarter, although the fund's market price return underperformed the benchmark. Security selection among banking names was the main positive contributor to performance. Additional contributors include security selection within electric utilities and consumer cyclical, along with overweight allocations to these areas. The portfolio also benefited from security selection within its preferred stock allocation.

Security selection within the insurance industry was the largest detractor from performance during the quarter. Additional detractors include security selection in the communications sector and an overweight allocation to real estate investment trusts. Lastly, the portfolio's security selection in junior subordinated preferred securities was a top asset class detractor.

Portfolio changes

We continue to position the fund defensively, a stance we've held since 2019, with overweight allocations to areas such as utilities and underweight allocations in the banking sector. Within the banking sector, the fund is overweight significant financial institutional (SFI) banks and superregional banks relative to the preferred market. SFI banks are large and have already benefited from the fallout triggered by the regional banking crisis in March. They've been subject to the most stringent capital and liquidity rules and provide broad services to clients. Large or superregional banks have been preparing for stricter regulatory requirements following their acquisitions in recent years. This group of banks has benefited from increased profitability, a tradition of strong loan underwriting, and diversified earnings.

10 largest issuers[1]

		%
1.	Bank of America Corp.	4.84
2.	Algonquin Power & Utilities Corp.	4.81
3.	Morgan Stanley	4.71
4.	The PNC Financial Services Group, Inc.	3.89
5.	NiSource, Inc.	3.30
6.	Wells Fargo & Company	3.14
7.	Energy Transfer LP	3.04
8.	Athene Holding Ltd.	2.51
9.	JPMorgan Chase & Company	2.51
10.	Citigroup, Inc.	2.20

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

Joseph H. Bozoyan, CFA
On the fund since 2021.
Investing since 1993

Caryn E. Rothman, CFA
On the fund since 2022.
Investing since 1996

James Gearhart, CFA
On the fund since 2022.
Investing since 2011

Jonas Grazulis, CFA
On the fund since 2022.
Investing since 2011

Average annual total returns[2]

%

	Qtd	Ytd	1 yr	3 yr	5 yr	10 yr	Life of fund	Life of fund date
Net Asset Value	1.52	0.52	-0.20	—	—	—	-5.40	12/15/21
Market Price	1.13	-0.15	-0.75	—	—	—	-5.36	12/15/21
ICE BofA U.S. All Capital Securities Index	1.34	2.86	1.66	—	—	—	-7.60	—
Preferred stock category	2.05	2.45	0.74	—	—	—	—	—

Expense ratios[3,4]	Gross	Net (what you pay)	Contractual through
JHPI	0.82%	0.54%	8/31/2023

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.

Market price and performance is calculated as follows: (i) for the time periods starting October 3, 2022, the NYSE Arca's Official Closing Price or, if it more accurately reflects market price at the time as of which NAV is calculated, the bid/ask midpoint as of that time and (ii) for time periods preceding October 3, 2022, 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.

What you should know before investing

Investing involves risks, including the potential loss of principal. There is no guarantee that a fund's investment strategy will be successful. 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. Preferred stock dividends are payable only if declared by the issuer's board. Preferred stock may be subject to redemption provisions. Investments in higher-yielding, lower-rated securities involve additional risks as these securities include a higher risk of default and loss of principal. REITs may decline in value, just like direct ownership of real estate. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. The use of hedging and derivatives could produce disproportionate gains or losses and may increase costs. It's possible that an active trading market for fund shares will not develop, which may hurt your ability to buy or sell fund shares, particularly in times of market stress. Trading securities actively can increase transaction costs, therefore lowering performance and taxable distributions. 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. A portfolio concentrated in one industry or sector that holds a limited number of securities may fluctuate more than a diversified portfolio. Fund distributions generally depend on income from underlying investments and may vary or cease altogether in the future. Shares may trade at a premium or discount to their NAV in the secondary market. These variations may be greater when markets are volatile or subject to unusual conditions. Please see the fund's prospectus for additional risks.

John Hancock Exchange-Traded Fund (ETF) shares are bought and sold at market price (not NAV), and are not individually redeemed from the fund. Brokerage commissions will reduce returns.

Request a prospectus or summary prospectus from your financial advisor, by visiting 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.

1 Listed holdings are a portion 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. **2** Intercontinental Exchange (ICE) Bank of America (BofA) US All Capital Securities Index tracks all fixed- to floating-rate, perpetual callable and capital securities of the ICE BofA US Corporate Index. It is not possible to invest directly in an index. **3** "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement and is subject to change. **4** "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement and is subject to change.