

Alternative fund Quarterly commentary

John Hancock Alternative Asset Allocation Fund

A: JAAAX C: JAACX I: JAAIX R2: JAAPX R4: JAASX R6: JAARX

Objective	Use for	Morningstar category
Long-term growth of capital	One-stop alternative allocation solution	Multistrategy

Quarterly commentary

Highlights

- Alternative assets, as a group, performed well in the volatile environment of the first quarter.
- The fund produced a modest gain and outperformed its benchmark, the HFRX Global Hedge Fund Index.
- Ten of the fund's individual holdings recorded positive returns, while three posted losses.

Market review and outlook

The world financial markets experienced mixed results in the quarter, as investors struggled to assess the impact the United States' shifting trade policy would have on inflation and global economic growth. The evolving news on this front, together with concerns about the potential for reduced spending on AI infrastructure, fueled a rotation out of U.S. technology stocks toward other areas of the market. Bonds performed reasonably well, led by the most rate-sensitive assets, as the prospect of slowing growth led to renewed hopes for policy easing by central banks. Volatility was elevated across all asset categories as investors remained highly attuned to day-to-day headlines.

Contributors and detractors

The fund uses three main strategies: absolute return, designed to have low sensitivity to fluctuations in the broader financial markets; alternative investment approaches, where the underlying managers use opportunistic techniques; and alternative markets, which includes asset classes where the drivers of performance are often unrelated to those of traditional investments. The fund's weightings in the three categories were 60%, 30%, and 7%, respectively, at the end of March. The fund held a tactical 3% position in cash given the category's attractive risk/return profile.

The alternative markets portfolio made the largest contribution to returns. The strategy's allocation to commodities benefited from the combination of supply-and-demand dynamics related to tariffs, the possibility of rising inflation, and the Chinese government's continued efforts to boost the country's economic growth. These factors, together with concerns about the fiscal health of developed-market governments, helped fuel a rally in gold, as well. Infrastructure stocks, which were boosted by rising fiscal stimulus in Europe and falling interest rates globally, further contributed to results.

The absolute return portfolio also added value. Six of the seven holdings in the strategy produced positive returns, led by Victory Market Neutral Income Fund. Virtus AlphaSimplex Managed Futures Strategy Fund was the only holding to finish with a loss.

The holdings in the alternative investment approaches portfolio combined for a negative return and offset some of the gains in the fund's other segments. Hedged Equity Fund (JPMorgan) was the leading detractor in both this portfolio and the fund as a whole, as stocks did not fall far enough for the hedging component of the fund's strategy to come into play. Seaport Long/Short Fund (Wellington) experienced a small loss, but Strategic Income Opportunities Fund (MIM) logged a modest gain.

Portfolio changes

We made two trades during the quarter. We reduced the fund's positions in cash and Seaport Long/Short Fund, and we increased its allocations to Tactical Opportunities Fund (BlackRock) and Calamos Market Neutral Income Fund.

We believe two key themes support the case for an allocation to alternative investments in the current environment. First, equity valuations—particularly in the United States—remain well above historical averages following the rally over the last two years. At the same time, the combination of high valuations, a softening labor market, and uncertainty around the direction of economic growth have led to an increase in stock market volatility. Second, uncertainty related to the inflationary impact of tariffs has the potential to limit the diversification benefit of core fixed income. In our view, these trends help highlight the continued value of alternative assets as a source of differentiated return from more traditional investment categories.

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.

10 largest holdings⁴ %

	%
1. Hedged Equity Fund (JPMorgan)	12.68
2. Multi-Asset Absolute Return Fund (Nordea Investment Management)	11.57
3. Calamos Market Neutral Income Fund	10.52
4. Seaport Long/Short Fund (Wellington)	10.19
5. Victory Market Neutral Income Fund	9.56
6. The Arbitrage Fund (Water Island Capital)	8.27
7. Diversified Macro Fund (Graham Capital)	7.82
8. Tactical Opportunities Fund (Blackrock)	7.21
9. Strategic Income Opportunities Fund (MIM)	7.03
10. Virtus AlphaSimplex Managed Futures Strategy Fund	5.22

Average annual total returns^{1,2} %

	Qtd	Ytd	1 yr	3 yr	5 yr	10 yr	Since inception	Inception date
Class I without sales charge	0.69	0.69	4.13	3.74	5.64	3.25	5.76	1/2/09
Class A without sales charge	0.57	0.57	3.76	3.41	5.33	2.94	5.46	1/2/09
Class A with sales charge (Maximum initial sales charge 5.00%)	-4.48	-4.48	-1.42	1.65	4.24	2.41	5.13	1/2/09
HFRX Global Hedge Fund Index	0.53	0.53	3.23	1.87	4.39	1.84	2.37	—
Multistrategy category	0.68	0.68	1.84	3.67	5.48	2.50	—	—
Expense ratios³			Gross				Net (what you pay)	Contractual through
Class I			1.56%				1.38%	12/31/2025
Class A			1.86%				1.68%	12/31/2025

The performance data shown represents past performance, which does not guarantee future results. 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. Performance figures assume that all distributions are reinvested. For the most recent month-end performance, visit jhinvestments.com.

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



Christopher Walsh, CFA
On the fund since 2018.
Investing since 2002



Nathan W. Thooff, CFA
On the fund since 2013.
Investing since 1999

What you should know before investing

The fund's performance depends on the advisor's skill in determining asset class allocations, the mix of underlying funds, and the performance of those underlying funds. The fund is subject to the same risks as the underlying funds and exchange-traded funds in which it invests: Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments; foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability; the securities of small companies are subject to higher volatility than those of larger, more established companies; and high-yield bonds are subject to additional risks, such as increased risk of default. 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. Currency transactions are affected by fluctuations in exchange rates. The fund's losses could exceed the amount invested in its currency instruments. Please see the fund's prospectus for additional risks.

The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It comprises an asset-weighted composite of all eligible hedge fund strategies, including, but not limited to, convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. It is not possible to invest directly in an index. The benchmark shown demonstrates how the fund's performance compares against the returns of similar investments, which may differ from the broad-based securities index shown in the fund's prospectus.

The Intercontinental Exchange (ICE) Bank of America (BoFA) U.S. High Yield Constrained Index tracks the performance of globally issued, U.S. dollar-denominated high-yield bonds with exposure to each issuer capped at 2%. It is not possible to invest directly in an index. The benchmark shown demonstrates how the fund's performance compares against the returns of similar investments, which may differ from the broad-based securities index shown in the fund's prospectus.

Request a prospectus or summary prospectus from your financial professional, by visiting jhinvestments.com, or by calling us at 800-225-5291. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

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1 1/2/09 is the inception date for the oldest class of shares, Class A shares. Class I shares were first offered on 12/31/10. Returns prior to this date are those of Class A shares and have not been adjusted for expenses; otherwise, returns would vary. **2** 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 fact sheet. **3** "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement and is subject to change. **4** 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.



John Hancock Investment Management Distributors LLC, Member FINRA, SIPC, 200 Berkeley Street, Boston, MA 02116, 800-225-5291, jhinvestments.com
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