John Hancock Investment Management

Quarterly commentary

All data is as of June 30, 2019 Q2 2019

# John Hancock Global Absolute Return Strategies Fund

On or about August 30, 2019, Nordea Investment Management will replace Standard Life Investments Limited as the fund's manager. Additionally, the fund will be named John Hancock Multi-Asset Absolute Return Fund.

A: JHAAX C: JHACX I: JHAIX R2: JHARX R6: JHASX

| Objective | Use for | Morningstar category |
|---|---|---|
| Long-term absolute return | Core alternative holding | Multialternative |

## Highlights

- The fund posted a positive absolute return and outpaced its cash benchmark, the ICE BofA ML U.S. Dollar 6-Month Deposit Offered Rate Constant Maturity Index.
- The fund's duration and credit strategies, led by an emerging-market income position, contributed favorably to performance.
- On the whole, equity strategies weighed down performance, and the fund's emerging-market equity position was the most significant detractor for the quarter.

## Market review and outlook

A change in the outlook for U.S. Federal Reserve (Fed) policy drove positive returns across many of the world's financial markets. The combination of slowing global growth and relatively low inflation prompted the Fed to adopt a more dovish tone in its communications, fueling expectations that rate cuts could be coming in the next few months. Certain equity markets rallied in response, as the improving rate outlook led investors to look past the more immediate concerns of weak economic data and the ongoing trade dispute between the United States and China. The bond market also benefited from the prospect of multiple rate cuts, causing the yield on the 10-year U.S. Treasury note to fall to its lowest level since late 2016. Credit-sensitive market segments were further aided by improved investor sentiment, leading to robust gains for both investment-grade corporate issues and high-yield bonds.

## Contributors and detractors

Duration and credit strategies contributed to the fund's positive return, as global interest rates declined. At the individual strategy level, the most significant contributor to performance was the fund's emerging-markets income position. Exposure to European and U.S. interest rates also proved favorable for the fund. High-yield credit was another contributor.

Most of the fund's equity positions fared worse. The most significant detractor was the fund's emerging-market equity strategy. The fund's global equity oil majors strategy also declined, along with the price of crude. Meanwhile, the fund's outright short position in Australian banks suffered losses. The fund's European equity strategy declined for the quarter, as effects from poor security selections weighed on results.

## Portfolio changes

We closed the fund's U.S. equity large- versus small-cap strategy. Large caps have been trading at the upper end of their historic range against small caps, and, in our view, small caps are no longer relatively expensively valued. We also reduced exposure to European equity in light of deteriorating global trade dynamics. Near the end of the quarter, we rolled the fund's long U.S. dollar versus Korean won and long Indian rupee versus Swiss franc strategies into a long Indian rupee versus Korean won strategy. Meanwhile, we closed the fund's long Japanese yen versus Australian dollar strategy after it delivered positive returns. In addition, we closed the fund's U.S. duration strategy after it performed well on the back of prospects for Fed interest-rate cuts and opened a long U.S. inflation strategy. We closed the fund's Chinese equity strategy after it delivered positive returns and closed the fund's outright short Australian banks equity position.

## Managed by

Aberdeen Standard Investments

Asset manager that provides innovative solutions in global multi-asset portfolios with special expertise in absolute return investing and disciplined risk management

Aymeric N. Forest, CFA
On the fund since 2019.
Investing since 1997

## Average annual total returns[1]

%

| | QTD | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | LIFE OF FUND | LIFE OF FUND DATE |
|---|---|---|---|---|---|---|---|---|
| Class I without sales charge | 1.54 | 6.01 | 4.44 | 2.07 | 1.29 | — | 2.71 | 12/20/11 |
| Class A without sales charge | 1.36 | 5.77 | 4.08 | 1.75 | 0.97 | — | 2.37 | 12/20/11 |
| Class A with sales charge | -3.71 | 0.48 | -1.12 | 0.03 | -0.06 | — | 1.67 | 12/20/11 |
| ICE BofA ML USD 6-Mo Dep Off Rate Cons Mat Index | 0.84 | 1.64 | 2.83 | 1.77 | 1.22 | — | 1.02 | — |
| MSCI World Index | 4.00 | 16.98 | 6.33 | 11.77 | 6.60 | — | 11.27 | — |
| Multialternative category | 1.11 | 5.22 | 1.37 | 2.14 | 0.72 | — | 1.71 | — |

| EXPENSE RATIOS[2] | GROSS | NET (WHAT YOU PAY) | CONTRACTUAL THROUGH |
|---|---|---|---|
| Class I | 1.35% | 1.34% | 6/30/2020 |
| Class A | 1.65% | 1.64% | 6/30/2020 |

**The past performance shown here reflects reinvested distributions and the beneficial effect of any expense reductions, and does not guarantee future results. With sales charge figures reflect the maximum sales charge, which is 5.0%. 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. For the most recent month-end performance, visit jhinvestments.com.**

## Top 10 positions by risk[3]

%

| | | | | | |
|---|---|---|---|---|---|
| 1. | US real yields | **7.81** | 6. | Short UK Inflation | **5.39** |
| 2. | European forward-start interest rates | **7.68** | 7. | US steepener | **5.26** |
| 3. | Long USD v KRW | **6.89** | 8. | Emerging markets income | **5.19** |
| 4. | Long JPY v CAD | **5.68** | 9. | US equity large cap v technology | **5.09** |
| 5. | US equity | **5.48** | 10. | Long NOK v EUR | **4.82** |

### What you should know before investing

*Absolute return funds are not designed to outperform stocks and bonds in strong markets. There is no guarantee of a positive return, of the fund achieving its objective, or that volatility-reducing strategies will be successful. The use of hedging and derivatives could produce disproportionate gains or losses and may increase costs. 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. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. Investments in higher-yielding, lower-rated securities include a higher risk of default. The stock prices of midsize and small companies can change more frequently and dramatically than those of large companies. Please see the fund's prospectus for additional risks.*

**Request a prospectus or summary prospectus from your financial advisor, 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 consider carefully before investing.**



**1** The Intercontinental Exchange (ICE) Bank of America Merrill Lynch (BofA ML) U.S. Dollar (USD) 6-Month Deposit Offered Rate Constant Maturity Index represents the average rate of interest at which a selection of banks in London is prepared to lend to one another in U.S. dollars for a maturity of six months. The MSCI World Index tracks the performance of publicly traded large- and mid-cap stocks of developed-market companies. It is not possible to invest directly in an index. **2** "Net (what you pay)" represents the effect of a fee waiver and/or expense reimbursement and is subject to change. **3** Allocations and positions are as of 5/31/19 and are subject to change at any time. Since the managers use derivatives to implement many of the fund's investment strategies, breaking down the portfolio by its physical allocation doesn't give a full picture of how the fund is invested. Instead, looking at the portfolio in terms of each investment strategy's contribution to overall risk presents a clearer picture of how the fund is positioned. Risk is reflected by standard deviation. Note that individual positions may be listed as one sector or currency versus (v) another. This indicates that the fund is positioned to benefit if the first investment listed outperforms the second.