

Alternative fund Quarterly commentary

John Hancock Seaport Long/Short Fund

A: JSFBX C: JSFTX I: JSFDX R6: JSFRX

Objective	Use for	Morningstar category
Long-term capital appreciation	Alternative equity holding	Long-Short Equity

Quarterly commentary

Highlights

- Global equities delivered strong returns in the third quarter.
- The fund, while also finishing in positive territory, didn't keep pace with its benchmark, the MSCI World Index.
- The fund's short positions lost ground in the rising market, weighing on performance.

Market review and outlook

The major equity indexes climbed to all-time highs in the third quarter as positive growth and continued interest-rate cuts by central banks raised hopes that the world economy was poised for a soft landing. The U.S. Federal Reserve joined its global peers in loosening policy with a half-point rate cut in September, a move that provided a meaningful boost to sentiment. Stocks were also propelled by China's announcement of an aggressive economic stimulus package designed to support the nation's economy and financial markets.

Contributors and detractors

At the end of September, the fund was positioned with 121% of its capital invested in long positions (down slightly from 122% at the end of the second quarter) and -71% in short positions (versus -69% at the end of June), for a net exposure of 50% long. In comparison, the fund entered the quarter with a net long position of about 53%.

The fund's long portfolio returned approximately 5.0% and underperformed the benchmark. The short portfolio lost ground with a return of -3.7%. Alibaba Group Holding Co. Ltd., KKR Corp., Broadcom, Inc., and Renesas Electronics Corp. were the leading single-stock contributors in the long portfolio. DexCom, Inc. and Samsung Electronics Co., Ltd. were the most notable detractors.

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The fund combines five distinct strategies subadvised by Wellington Management, four of which produced positive absolute returns in the quarter. In the healthcare strategy, long positions in healthcare services and small- to mid-cap biopharmaceutical companies contributed. Holdings in semiconductor stocks detracted in information technology. Positions in capital markets, insurance, and consumer finance were the leading contributors in financials. Long positions in financials and consumer discretionary were the most notable contributors in the diversified equity strategy, but longs in consumer staples detracted. The largest contributions in capital cycles came from positions in the consumer discretionary, materials, and consumer staples sectors, with holdings in information technology offsetting some of the gain. Sector and broad-market hedges detracted from results in all five strategies.

Portfolio positioning

At the underlying strategy level, the fund had net longs of 65% in healthcare, 57% in diversified equity, 58% in technology, 8% in finance, and 59% in capital cycles. In comparison, its net long positions in the five categories were 69%, 75%, 70%, -9%, and 58%, respectively, at the end of June.

The fund's largest gross long (78%), gross short (-68%), and net (10%) exposures were in the United States. The fund had 24% net exposure in Europe (including the United Kingdom), 8% in the emerging markets, 3% in Canada, 5% in Japan, and 1% in developed Asia ex-Japan. At the sector level, the largest net long positions were in healthcare (33%), financials (26%), information technology (23%), consumer discretionary (10%), and industrials (6%).

We believe the fund continued to offer a way to invest in global equities with lower risk than the overall market. The fund's beta (sensitivity to market movements) for the trailing five-year period was 0.36, meaning that it experienced well under half of the volatility of the MSCI World Index in that time.

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Investing since 1990



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Average annual total returns¹

	Qtd	Ytd	1 yr	3 yr	5 yr	10 yr	Life of fund	Life of fund date
Class I without sales charge	1.07	8.94	14.55	2.62	5.69	5.23	4.76	12/20/13
Class A without sales charge	0.93	8.64	14.17	2.32	5.38	4.91	4.44	12/20/13
Class A with sales charge (Maximum initial sales charge 5.00%)	-4.10	3.20	8.43	0.57	4.31	4.38	3.94	12/20/13
MSCI World Index	6.36	18.86	32.43	9.08	13.04	10.07	9.97	—
Long-short equity category	3.56	11.37	18.03	5.49	6.74	4.54	—	—

Expense ratios ²	Gross	Net (what you pay)	Contractual through
Class I	1.66%	1.65%	7/31/2025
Class A	1.96%	1.95%	7/31/2025

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.

Largest equity holdings long ³	%	Largest equity holdings short ³	%
1. NVIDIA Corp.	2.31	1. iShares Russell Mid-Cap Growth ETF	10.19
2. Broadcom, Inc.	1.97	2. Financial Select Sector SPDR Fund	8.70
3. Amazon.com, Inc.	1.94	3. Vanguard FTSE Developed Markets ETF	7.55
4. KKR & Company, Inc.	1.88	4. Health Care Select Sector SPDR Fund	5.50
5. Taiwan Semiconductor Manufacturing Company, Ltd.	1.75	5. iShares Russell 2000 Value ETF	4.70

What you should know before investing

The fund's strategies entail a high degree of risk. Leveraging, short positions, a non-diversified portfolio focused in a few sectors, and the use of hedging and derivatives greatly amplify the risk of potential loss and can increase costs. A non-diversified portfolio holds a limited number of securities, making it vulnerable to events affecting a single issuer. The stock prices of midsize and small companies can change more frequently and dramatically than those of large companies. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. 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. Investments in higher-yielding, lower-rated securities include a higher risk of default. 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. Please see the fund's prospectus for additional risks.

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.

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 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. ² "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement and is subject to change. ³ Listed holdings reflect the largest portions of the fund's total and may change at any time. Net exposure is calculated by subtracting the percentage of the fund's capital invested in short positions from the percentage of the fund's capital invested in long positions.