

John Hancock  
Global Focused Strategies Fund

Quarterly portfolio holdings 7/31/18



## Fund's investments

### As of 7-31-18 (unaudited)

	Rate (%)	Maturity date		Par value^	Value
<b>Foreign government obligations 18.0%</b>					<b>\$6,650,851</b>
(Cost \$6,580,849)					
<b>Brazil 10.9%</b>					<b>4,011,020</b>
Federative Republic of Brazil					
Bill (A)	8.252	07-01-20	BRL	6,353,000	1,450,484
Bill (A)	9.159	07-01-21	BRL	8,095,000	1,663,803
Note	10.000	01-01-23	BRL	3,365,000	896,733
<b>Greece 7.1%</b>					<b>2,639,831</b>
Republic of Greece					
Bond (B)	3.375	02-15-25	EUR	754,000	875,830
Bond	3.500	01-30-23	EUR	733,000	875,158
Bond (B)	4.375	08-01-22	EUR	721,000	888,843
<b>Corporate bonds 10.5%</b>					<b>\$3,902,204</b>
(Cost \$3,947,886)					
<b>Argentina 0.9%</b>					<b>316,925</b>
Cablevision SA	6.500	06-15-21		250,000	248,793
Pampa Energia SA	7.375	07-21-23		70,000	68,132
<b>Brazil 0.7%</b>					<b>269,780</b>
Petrobras Global Finance BV	4.375	05-20-23		280,000	269,780
<b>Cayman Islands 0.7%</b>					<b>256,764</b>
MAF Global Securities, Ltd. (5.500% to 9-7-22, then 5 Year U.S. Swap Rate + 3.476%) (C)	5.500	09-07-22		270,000	256,764
<b>Colombia 0.7%</b>					<b>265,269</b>
Bancolombia SA (4.875% to 10-18-22, then 5 Year CMT + 2.929%)	4.875	10-18-27		270,000	265,269
<b>Guatemala 0.7%</b>					<b>269,714</b>
Comunicaciones Celulares SA	6.875	02-06-24		260,000	269,714
<b>Hong Kong 1.4%</b>					<b>525,873</b>
China Resources Gas Group, Ltd.	4.500	04-05-22		260,000	263,552
Shimao Property Holdings, Ltd.	8.375	02-10-22		250,000	262,321
<b>Kazakhstan 0.7%</b>					<b>267,927</b>
KazMunayGas National Company JSC	3.875	04-19-22		270,000	267,927
<b>Mexico 1.4%</b>					<b>504,684</b>
Petroleos Mexicanos	3.500	01-30-23		270,000	256,559
Unifin Financiera SAB	7.250	09-27-23		250,000	248,125
<b>Netherlands 0.4%</b>					<b>151,972</b>
Teva Pharmaceutical Finance Netherlands III BV	2.200	07-21-21		163,000	151,972
<b>Russia 0.8%</b>					<b>276,203</b>
Gazprom OAO	6.510	03-07-22		260,000	276,203
<b>Turkey 0.7%</b>					<b>266,383</b>
Turk Telekomunikasyon AS	3.750	06-19-19		270,000	266,383
<b>United Arab Emirates 0.7%</b>					<b>271,361</b>
Oztel Holdings SPC, Ltd.	5.625	10-24-23		270,000	271,361
<b>United Kingdom 0.7%</b>					<b>259,349</b>
Liquid Telecommunications Financing PLC	8.500	07-13-22		250,000	259,349

	Shares	Value
<b>Common stocks 17.4%</b>		<b>\$6,414,842</b>
(Cost \$6,267,710)		
<b>France 1.6%</b>		<b>580,013</b>
Danone SA	2,722	213,709
TOTAL SA	5,616	366,304
<b>Germany 0.4%</b>		<b>151,870</b>
Suedzucker AG	4,300	62,747
Symrise AG	986	89,123
<b>Ireland 0.5%</b>		<b>180,837</b>
Glanbia PLC	4,473	73,583
Kerry Group PLC, Class A	1,010	107,254
<b>Italy 1.0%</b>		<b>369,532</b>
Eni SpA	19,198	369,532
<b>Netherlands 1.6%</b>		<b>567,940</b>
Heineken NV	2,256	227,949
Royal Dutch Shell PLC, A Shares	9,926	339,991
<b>Norway 0.3%</b>		<b>89,611</b>
Orkla ASA	10,590	89,611
<b>Spain 0.9%</b>		<b>342,668</b>
Repsol SA	17,276	342,668
<b>Switzerland 1.5%</b>		<b>566,547</b>
Chocoladefabriken Lindt & Spruengli AG	1	80,103
Givaudan SA	50	117,035
Nestle SA	4,533	369,409
<b>United Kingdom 1.9%</b>		<b>707,183</b>
BP PLC	44,501	334,443
Unilever NV	6,461	372,740
<b>United States 7.7%</b>		<b>2,858,641</b>
Chevron Corp.	2,758	348,253
Comerica, Inc.	1,215	117,782
Cullen/Frost Bankers, Inc.	998	110,269
East West Bancorp, Inc.	1,614	104,490
Exxon Mobil Corp.	4,172	340,060
First Horizon National Corp.	6,107	109,254
FNB Corp.	8,310	106,617
Hancock Holding Company	2,212	111,153
IBERIABANK Corp.	1,411	117,254
Occidental Petroleum Corp.	4,081	342,518
Prosperity Bancshares, Inc.	1,554	109,013
Signature Bank	898	98,520
Sterling Bancorp	4,634	102,875
SVB Financial Group (D)	360	110,837
Synovus Financial Corp.	2,054	101,509
Texas Capital Bancshares, Inc. (D)	1,146	104,057
Umpqua Holdings Corp.	4,716	100,451
Webster Financial Corp.	1,732	111,766
Wintrust Financial Corp.	1,208	105,978
Zions Bancorporation	2,050	105,985

	Contracts/Notional amount	Value
<b>Purchased options 4.7%</b>		<b>\$1,728,360</b>
(Cost \$1,851,874)		
<b>Calls 1.8%</b>		<b>665,624</b>
Exchange Traded Option on Euro STOXX 50 Price Index (Expiration Date: 3-15-19; Strike Price: EUR 3,450.00; Notional Amount: 590) (D)	59	122,046
Exchange Traded Option on Euro STOXX Index (Expiration Date: 6-21-19; Strike Price: EUR 115.00; Notional Amount: 14,300) (D)	286	113,707
Over the Counter Option on 10 Year Interest Rate Swap. Receive a fixed rate of 2.740% and pay a floating rate based on 3-month LIBOR (Expiration Date: 10-12-27; Strike Rate: 2.740%; Counterparty: Morgan Stanley & Company, Inc.) (D)(E)	5,340,000	378,088
Over the Counter Option on Euro STOXX Banks Price Index (Expiration Date: 9-24-18; Strike Price EUR 111.38; Counterparty: Deutsche Bank) (D)(E)	4,183	32,079
Over the Counter Option on Euro STOXX Banks Price Index (Expiration Date: 9-24-18; Strike Price EUR 112.34; Counterparty: Merrill Lynch) (D)(E)	2,878	19,704
<b>Puts 2.9%</b>		<b>1,062,736</b>
Over the Counter Option on 10 Year Interest Rate Swap. Receive a floating rate based on 3-month LIBOR and pay a fixed rate of 2.740% (Expiration Date: 10-12-27; Strike Rate: 2.740%; Counterparty: Morgan Stanley & Company, Inc.) (D)(E)	5,340,000	580,807
Over the Counter Option on 10 Year Interest Rate Swap. Receive a floating rate based on 3-month LIBOR and pay a fixed rate of 3.125% (Expiration Date: 6-9-20; Strike Rate: 3.125%; Counterparty: Goldman Sachs and Company) (D)(E)	16,000,000	466,701
Over the Counter Option on Euro STOXX Banks Price Index (Expiration Date: 9-24-18; Strike Price EUR 112.60; Counterparty: Morgan Stanley & Company, Inc.) (D)(E)	5,958	12,792
Over the Counter Option on Euro STOXX Banks Price Index (Expiration Date: 9-24-18; Strike Price EUR 112.78; Counterparty: Deutsche Bank) (D)(E)	1,103	2,436

	Yield* (%)	Maturity date	Par value^	Value
<b>Short-term investments 40.9%</b>				<b>\$15,136,429</b>
(Cost \$15,135,457)				
<b>Certificate of deposit 8.1%</b>				<b>3,000,377</b>
Bank of Montreal	2.060	08-17-18	500,000	499,998
Natixis SA	2.350	08-01-18	1,000,000	1,000,018
Standard Chartered PLC	2.480	10-23-18	1,000,000	1,000,351
The Toronto-Dominion Bank	2.320	11-19-18	500,000	500,010
<b>Commercial paper 9.4%</b>				<b>3,487,898</b>
Bank Nederlandse Gemeenten NV	2.103	08-20-18	500,000	499,432
Caisse des Depots et Consignations	2.187	10-26-18	500,000	497,376
DekaBank Deutsche Girozentrale	2.267	10-24-18	500,000	497,246
Nationwide Building Society	2.257	08-14-18	1,000,000	999,215
NRW Bank	1.996	08-21-18	500,000	499,409
UBS AG	2.478	01-10-19	500,000	495,220
<b>Time deposits 11.1%</b>				<b>4,110,095</b>
BNP Paribas SA	1.850	08-01-18	1,003,313	1,003,313
Credit Agricole SA	1.800	08-01-18	601,141	601,141
DBS Bank, Ltd.	2.100	08-23-18	500,000	500,000
KBC Bank NV	1.900	08-01-18	1,003,430	1,003,430
Sumitomo Mitsui Financial Group, Inc.	1.850	08-01-18	1,002,211	1,002,211
<b>U.S. Government 8.1%</b>				<b>2,993,254</b>
U.S. Treasury Bill (F)	1.866	09-13-18	3,000,000	2,993,254

	Yield (%)	Shares	Value
<b>Money market funds 4.2%</b>			<b>1,544,805</b>
Federated Government Obligations Fund, Institutional Class	1.7714(G)	1,544,805	1,544,805
<b>Total investments (Cost \$33,783,776) 91.5%</b>			<b>\$33,832,686</b>
<b>Other assets and liabilities, net 8.5%</b>			<b>3,136,076</b>
<b>Total net assets 100.0%</b>			<b>\$36,968,762</b>

The percentage shown for each investment category is the total value of the category as a percentage of the net assets of the fund.

^All par values are denominated in U.S. dollars unless otherwise indicated.

#### **Currency Abbreviations**

BRL Brazilian Real

EUR Euro

#### **Security Abbreviations and Legend**

CMT Constant Maturity Treasury

LIBOR London Interbank Offered Rate

(A) Zero coupon bonds are issued at a discount from their principal amount in lieu of paying interest periodically. Rate shown is the effective yield at period end.

(B) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration.

(C) Perpetual bonds have no stated maturity date. Date shown as maturity date is next call date.

(D) Non-income producing security.

(E) For this type of option, notional amounts are equivalent to number of contracts.

(F) All or a portion of this security is segregated at the custodian as collateral for certain derivatives.

(G) The rate shown is the annualized seven-day yield as of 7-31-18.

\* Yield represents either the annualized yield at the date of purchase, the stated coupon rate or, for floating rate securities, the rate at period end.

The fund had the following sector composition as a percentage of net assets on 7-31-18:

Foreign government obligations	18.0%
Energy	10.4%
Financials	6.4%
Purchased options	4.7%
Consumer staples	4.4%
Telecommunication services	3.5%
Utilities	0.9%
Real estate	0.7%
Consumer discretionary	0.7%
Materials	0.5%
Health care	0.4%
Short-term investments and other	49.4%
<b>TOTAL</b>	<b>100.0%</b>

## DERIVATIVES

### FUTURES

Open contracts	Number of contracts	Position	Expiration date	Notional basis*	Notional value*	Unrealized appreciation (depreciation)
5-Year U.S. Treasury Note Futures	45	Long	Oct 2018	\$5,108,555	\$5,090,625	\$(17,930)
Euro STOXX 50 Index Dividend Futures	111	Long	Dec 2022	1,591,314	1,595,208	3,894
FTSE 100 Index Futures	16	Long	Sep 2018	1,591,274	1,613,587	22,313
H-Shares Index Futures	23	Long	Aug 2018	1,620,291	1,612,393	(7,898)
Mini MSCI Emerging Markets Index Futures	21	Long	Sep 2018	1,192,344	1,151,115	(41,229)
MSCI India Index Futures	25	Long	Sep 2018	1,639,335	1,716,350	77,015
S&P 500 Index E-Mini Futures	21	Long	Sep 2018	2,922,558	2,957,955	35,397
STOXX Europe 600 Index Futures	31	Long	Sep 2018	692,625	707,412	14,787
Euro STOXX 50 Index Futures	34	Short	Sep 2018	(1,373,568)	(1,399,074)	(25,506)
Euro-BOBL Futures	17	Short	Sep 2018	(2,616,511)	(2,616,256)	255
						<b>\$61,098</b>

\* Notional basis refers to the contractual amount agreed upon at inception of open contracts; notional value represents the current value of the open contract.

### FORWARD FOREIGN CURRENCY CONTRACTS

Contract to buy	Contract to sell	Counterparty (OTC)	Contractual settlement date	Unrealized appreciation	Unrealized depreciation
ARS 4,587,900 USD	150,154	JPMorgan Chase & Co.	9/25/2018	\$8,349	—
AUD 190,000 USD	139,979	JPMorgan Chase & Co.	9/25/2018	1,210	—
BRL 4,334,400 USD	1,147,122	JPMorgan Chase & Co.	9/6/2018	2,809	—
BRL 2,018,300 USD	529,599	Deutsche Bank AG	9/25/2018	4,960	—
CHF 44,181 USD	45,159	Morgan Stanley & Company, Inc.	8/23/2018	—	\$(455)
CHF 156,370 USD	158,464	Societe Generale Paris	8/23/2018	—	(244)
COP 264,100,000 USD	89,444	Barclays Capital	9/25/2018	1,705	—
COP 847,150,000 USD	292,232	JPMorgan Chase & Co.	9/25/2018	149	—
CZK 2,258,600 USD	102,202	Citigroup	9/25/2018	1,292	—
EUR 487,482 USD	578,283	Bank National Paris	8/23/2018	—	(7,299)
EUR 8,300 USD	9,632	Barclays Capital	8/23/2018	91	—
EUR 518,747 USD	609,267	JPMorgan Chase & Co.	8/23/2018	—	(1,662)
EUR 180,000 USD	210,089	Royal Bank of Canada	8/23/2018	744	—
GBP 318,528 USD	430,410	Societe Generale Paris	8/23/2018	—	(11,936)
GBP 199,000 USD	264,549	Royal Bank of Canada	9/25/2018	—	(2,746)
HUF 81,365,000 USD	294,010	Citigroup	9/25/2018	3,684	—
IDR 10,123,500,000 USD	702,533	Barclays Capital	9/25/2018	—	(3,951)
INR 22,970,000 USD	336,245	Bank National Paris	8/28/2018	—	(2,050)
INR 17,476,000 USD	253,378	Barclays Capital	9/25/2018	63	—
JPY 8,200,000 USD	74,574	Royal Bank of Canada	8/23/2018	—	(1,129)
JPY 245,500,000 USD	2,247,829	Barclays Capital	9/13/2018	—	(45,800)
JPY 109,000,000 USD	988,857	Deutsche Bank AG	9/13/2018	—	(11,174)
KRW 270,000,000 USD	252,089	Bank National Paris	9/7/2018	—	(9,421)
MXN 11,641,500 USD	570,290	Bank National Paris	9/25/2018	48,718	—
MYR 827,450 USD	205,547	Barclays Capital	9/25/2018	—	(1,279)
NOK 27,398 USD	3,435	Citigroup	8/23/2018	—	(73)
PEN 442,100 USD	134,275	Citigroup	9/25/2018	520	—
PEN 149,580 USD	45,410	JPMorgan Chase & Co.	9/25/2018	197	—
RON 973,350 USD	241,091	Citigroup	9/25/2018	4,491	—
RUB 21,083,000 USD	328,134	Barclays Capital	9/25/2018	7,455	—
THB 13,299,000 USD	404,532	Citigroup	9/25/2018	—	(4,275)
TRY 1,172,280 USD	238,032	Citigroup	9/25/2018	—	(5,620)
USD 104,080 AUD	140,000	Barclays Capital	9/25/2018	45	—
USD 1,021,141 AUD	1,380,000	Royal Bank of Canada	9/26/2018	—	(4,342)
USD 1,941,010 AUD	2,621,000	JPMorgan Chase & Co.	10/3/2018	—	(6,704)
USD 1,031,075 AUD	1,400,000	Royal Bank of Canada	10/3/2018	—	(9,291)

**FORWARD FOREIGN CURRENCY CONTRACTS (continued)**

	Contract to buy	Contract to sell	Counterparty (OTC)	Contractual settlement date	Unrealized appreciation	Unrealized depreciation
USD	1,122,902	BRL 4,334,400	Deutsche Bank AG	9/6/2018	—	\$(27,029)
USD	395,583	BRL 1,541,536	Bank National Paris	9/17/2018	—	(12,992)
USD	198,942	BRL 777,504	JPMorgan Chase & Co.	9/17/2018	—	(7,131)
USD	701,344	BRL 2,734,829	Bank National Paris	9/24/2018	—	(23,057)
USD	75,680	BRL 297,587	Bank National Paris	10/2/2018	—	(3,089)
USD	113,743	BRL 447,000	JPMorgan Chase & Co.	10/2/2018	—	(4,574)
USD	158,268	BRL 630,000	Deutsche Bank AG	10/2/2018	—	(8,488)
USD	151,367	BRL 594,510	Merrill Lynch	10/2/2018	—	(5,995)
USD	262,467	BRL 1,000,000	Barclays Capital	10/11/2018	—	(2,018)
USD	576,630	BRL 2,228,963	Deutsche Bank AG	10/11/2018	—	(12,898)
USD	705,834	BRL 2,750,000	JPMorgan Chase & Co.	10/22/2018	—	(20,807)
USD	319,287	BRL 1,245,700	Barclays Capital	10/30/2018	—	(9,639)
USD	189,482	BRL 738,981	Deutsche Bank AG	10/30/2018	—	(5,645)
USD	1,024,863	CAD 1,360,000	Deutsche Bank AG	9/26/2018	—	(21,592)
USD	741,756	CHF 734,926	JPMorgan Chase & Co.	8/23/2018	—	(1,865)
USD	454,329	CNY 3,050,000	Bank National Paris	8/10/2018	\$7,180	—
USD	138,470	EUR 116,530	JPMorgan Chase & Co.	8/23/2018	1,979	—
USD	6,154,813	EUR 5,171,783	Morgan Stanley & Company, Inc.	8/23/2018	97,145	—
USD	424,167	EUR 360,000	RBC Dominion Securities	8/23/2018	2,503	—
USD	197,841	EUR 170,000	Societe Generale Paris	8/23/2018	—	(1,279)
USD	697,027	EUR 597,000	Deutsche Bank AG	9/25/2018	—	(3,936)
USD	334,334	EUR 282,000	Bank National Paris	10/17/2018	2,655	—
USD	133,198	GBP 100,000	Royal Bank of Canada	8/23/2018	1,821	—
USD	401,984	GBP 296,892	Societe Generale Paris	8/23/2018	11,935	—
USD	1,289,842	GBP 970,000	Morgan Stanley & Company, Inc.	9/25/2018	13,721	—
USD	240,981	GBP 181,900	JPMorgan Chase & Co.	10/12/2018	1,492	—
USD	666,336	HKD 5,220,000	JPMorgan Chase & Co.	10/12/2018	225	—
USD	1,837,280	INR 125,800,000	Bank National Paris	8/28/2018	6,994	—
USD	196,071	INR 13,610,000	Bank National Paris	10/12/2018	—	(900)
USD	74,922	JPY 8,200,000	Societe Generale Paris	8/23/2018	1,477	—
USD	239,860	JPY 26,200,000	JPMorgan Chase & Co.	9/13/2018	4,858	—
USD	835,838	KRW 914,000,000	Bank National Paris	9/7/2018	14,364	—
USD	116,375	NOK 940,937	JPMorgan Chase & Co.	8/23/2018	909	—
USD	1,024,682	NOK 8,290,000	Morgan Stanley & Company, Inc.	9/26/2018	6,093	—
USD	567,166	TWD 17,260,000	HSBC	10/12/2018	139	—
ZAR	6,122,600	USD 448,728	Barclays Capital	9/25/2018	12,955	—
					<b>\$274,927</b>	<b>\$(302,385)</b>

**WRITTEN OPTIONS**
**Options on index**

Counterparty (OTC)/ Exchange-traded	Name of issuer	Exercise price	Expiration date	Number of contracts	Notional amount	Premium	Value
<b>Calls</b>							
BNP Paribas	Nikkei 225 Index	JPY 22,250.00	Aug 2018	3,240	3,240	\$11,453	\$(8,801)
BNP Paribas	S&P 500 Index	USD 2,816.29	Sep 2018	220	220	6,908	(6,908)
BNP Paribas	S&P/ASX 200 Index	AUD 6,280.00	Sep 2018	133	133	4,407	(4,407)
BNP Paribas	SMI Index	CHF 8,615.00	Aug 2018	78	78	9,846	(44,062)
BNP Paribas	Swiss Market Index	CHF 9,175.00	Sep 2018	67	67	6,777	(6,777)
Deutsche Bank AG	Euro STOXX Banks Price Index	EUR 112.78	Sep 2018	1,103	1,103	6,499	(7,149)
Deutsche Bank AG	Nikkei 225 Index	JPY 22,500.00	Sep 2018	3,040	3,040	9,026	(9,026)
Deutsche Bank AG	OMX Stockholm 30 Index	SEK 1,552.00	Aug 2018	3,860	3,860	10,882	(27,918)
Deutsche Bank AG	S&P 500 Index	USD 2,718.37	Aug 2018	243	243	9,963	(23,795)
Deutsche Bank AG	S&P/ASX 200 Index	AUD 6,198.00	Aug 2018	144	144	8,525	(8,794)

## Options on index (continued)

Counterparty (OTC)/ Exchange-traded	Name of issuer	Exercise price	Expiration date	Number of contracts	Notional amount	Premium	Value
Morgan Stanley	Euro STOXX Banks Price Index	EUR 112.60	Sep 2018	5,958	5,958	\$27,863	\$(39,488)
Morgan Stanley	Sao Paulo SE Bovespa Index	BRL 74,029.29	Dec 2018	52	52	76,532	(130,933)
Societe Generale Paris	OMX Stockholm 30 Index	SEK 1,615.00	Sep 2018	3,360	3,360	8,407	(8,407)
						<b>\$197,088</b>	<b>\$(326,465)</b>
<b>Puts</b>							
BNP Paribas	S&P 500 Index	USD 2,816.29	Sep 2018	220	220	\$6,908	\$(6,908)
BNP Paribas	S&P/ASX 200 Index	AUD 6,280.00	Sep 2018	133	133	8,597	(8,597)
BNP Paribas	SMI Index	CHF 8,615.00	Aug 2018	78	78	10,621	—
BNP Paribas	Swiss Market Index	CHF 9,175.00	Sep 2018	67	67	7,272	(7,272)
Deutsche Bank AG	Euro STOXX Banks Price Index	EUR 111.38	Sep 2018	4,183	4,183	24,610	(7,390)
Deutsche Bank AG	Nikkei 225 Index	JPY 22,250.00	Aug 2018	3,240	3,240	12,086	—
Deutsche Bank AG	Nikkei 225 Index	JPY 22,500.00	Sep 2018	3,040	3,040	9,788	(9,788)
Deutsche Bank AG	OMX Stockholm 30 Index	SEK 1,552.00	Aug 2018	3,860	3,860	11,636	—
Deutsche Bank AG	S&P 500 Index	USD 2,718.37	Aug 2018	243	243	8,870	—
Deutsche Bank AG	S&P/ASX 200 Index	AUD 6,198.00	Aug 2018	144	144	7,566	—
Merrill Lynch	Euro STOXX Banks Price Index	EUR 112.34	Sep 2018	2,878	2,878	18,678	(5,926)
Societe Generale Paris	OMX Stockholm 30 Index	SEK 1,615.00	Sep 2018	3,360	3,360	8,598	(8,598)
						<b>\$135,230</b>	<b>\$(54,479)</b>
Exchange-traded	Euro STOXX 50 Price Index	EUR 3,200.00	Mar 2019	59	590	91,628	(45,120)
						<b>\$91,628</b>	<b>\$(45,120)</b>
						<b>\$423,946</b>	<b>\$(426,064)</b>

## Interest rate swaptions

Description	Counterparty (OTC)	Floating rate index	Pay/receive floating rate	Exercise rate	Expiration date	Notional amount*	Premium	Value
<b>Puts</b>								
10-Year Interest Rate Swap	Goldman Sachs	3-Month USD LIBOR	Pay	4.125%	Jun 2020	USD 32,000,000	\$276,228	\$(167,046)
							<b>\$276,228</b>	<b>\$(167,046)</b>

\* For this type of option, notional amounts are equivalent to number of contracts.

## SWAPS

### Interest rate swaps

Counterparty (OTC)/ Centrally cleared	Notional amount	Currency	Payments made	Payments received	Fixed payment frequency	Floating payment frequency	Maturity date	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Centrally cleared	26,200,000	CAD	3 month CDOR	Fixed 1.843%	Semi-Annual	Semi-Annual	Dec 2019	—	\$(18,660)	\$(18,660)
Centrally cleared	167,000,000	SEK	Fixed -0.245%	3 month STIBOR	Annual	Quarterly	Dec 2019	—	(36,825)	(36,825)
Centrally cleared	3,690,000	CAD	3 month CDOR	Fixed 2.278%	Semi-Annual	Semi-Annual	Apr 2020	—	27,056	27,056
Centrally cleared	25,400,000	SEK	Fixed -0.117%	3 month STIBOR	Annual	Quarterly	Apr 2020	—	(2,540)	(2,540)
Centrally cleared	32,100,000	USD	Fixed 3.078%	3 month LIBOR	Semi-Annual	Quarterly	Jun 2021	—	1,891	1,891
Centrally cleared	5,070,000	CAD	Fixed 2.235%	3 month CDOR	Semi-Annual	Semi-Annual	Dec 2027	—	174,063	174,063
Centrally cleared	630,000	CAD	3 month CDOR	Fixed 2.235%	Semi-Annual	Semi-Annual	Dec 2027	\$(18,287)	1,996	(16,291)
Centrally cleared	31,500,000	SEK	3 month STIBOR	Fixed 1.048%	Annual	Quarterly	Dec 2027	—	(12,458)	(12,458)
Centrally cleared	3,800,000	SEK	Fixed 1.048%	3 month STIBOR	Annual	Quarterly	Dec 2027	5,880	962	6,842
Centrally cleared	332,000	CAD	Fixed 2.735%	3 month CDOR	Semi-Annual	Semi-Annual	Apr 2028	—	2,561	2,561
Centrally cleared	1,510,000	SEK	3 month STIBOR	Fixed 1.322%	Annual	Quarterly	Apr 2028	—	2,643	2,643
Centrally cleared	1,550,000	EUR	Fixed 1.469%	6 month EURIBOR	Annual	Semi-Annual	Sep 2047	—	44,945	44,945
Centrally cleared	141,000	EUR	6 month EURIBOR	Fixed 1.469%	Annual	Semi-Annual	Sep 2047	(3,584)	3,622	38
Centrally cleared	1,409,000	EUR	6 month EURIBOR	Fixed 1.469%	Annual	Semi-Annual	Sep 2047	(11,511)	11,903	392
Centrally cleared	1,610,000	USD	Fixed 2.740%	3 month LIBOR	Semi-Annual	Quarterly	Oct 2047	—	61,069	61,069
Centrally cleared	488,000	USD	3 month LIBOR	Fixed 2.740%	Semi-Annual	Quarterly	Oct 2047	(6,309)	(12,201)	(18,510)



## Interest rate swaps (continued)

Counterparty (OTC)/ Centrally cleared	Notional amount	Currency	Payments made	Payments received	Fixed payment frequency	Floating payment frequency	Maturity date	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Centrally cleared	600,000	USD	3 month LIBOR	Fixed 2.740%	Semi-Annual	Quarterly	Oct 2047	\$ (29,162)	\$ 6,404	\$ (22,758)
Centrally cleared	525,000	USD	Fixed 2.906%	3 month LIBOR	Semi-Annual	Quarterly	Jul 2048	—	8,655	8,655
								<b>\$ (62,973)</b>	<b>\$ 265,086</b>	<b>\$ 202,113</b>

## Credit default swaps - Seller

Counterparty (OTC)/ Centrally cleared	Reference obligation	Implied credit spread	Notional amount	Currency	USD notional amount	Received fixed rate	Fixed payment frequency	Maturity date	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Centrally cleared	CDX.NA.HY.30 5Y	3.299%	5,930,000	USD	\$ 5,930,000	5.000%	Quarterly	Jun 2023	\$ 349,216	\$ 102,274	\$ 451,490
					<b>\$ 5,930,000</b>				<b>\$ 349,216</b>	<b>\$ 102,274</b>	<b>\$ 451,490</b>

## Total return swaps

Pay/receive total return*	Reference entity	Floating rate	Payment frequency	Currency	Notional amount/contract amount	Maturity date	Counterparty (OTC)	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Pay	Kingfisher PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	34,113	Sep 2018	BNP Paribas SA	—	\$ 2,417	\$ 2,417
Pay	Marks and Spencer Group PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	76,959	Sep 2018	BNP Paribas SA	—	270	270
Pay	Tesco PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	71,639	Sep 2018	BNP Paribas SA	—	(867)	(867)
Pay	Australia and New Zealand Banking Group	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	488,918	May 2019	Citibank N.A.	—	(10,271)	(10,271)
Pay	Bank of Queensland	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	32,025	May 2019	Citibank N.A.	—	(1,569)	(1,569)
Pay	Bank of Queensland	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	17,008	May 2019	Citibank N.A.	—	(534)	(534)
Pay	Bank of Queensland	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	71,312	May 2019	Citibank N.A.	—	(2,239)	(2,239)
Pay	Bendigo and Adelaide Bank	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	9,345	May 2019	Citibank N.A.	—	(245)	(245)
Pay	Bendigo and Adelaide Bank	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	52,263	May 2019	Citibank N.A.	—	(1,958)	(1,958)
Pay	Bendigo and Adelaide Bank	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	59,845	May 2019	Citibank N.A.	—	(1,571)	(1,571)
Pay	Commonwealth Bank of Australia	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	496,061	May 2019	Citibank N.A.	—	(3,763)	(3,763)
Pay	National Australia Bank, Ltd.	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	490,041	May 2019	Citibank N.A.	—	(9,654)	(9,654)
Pay	Suncorp Group	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	34,143	May 2019	Citibank N.A.	—	(112)	(112)
Pay	Suncorp Group	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	60,960	May 2019	Citibank N.A.	—	(201)	(201)
Pay	Suncorp Group	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	71,666	May 2019	Citibank N.A.	—	(336)	(336)

## Total return swaps (continued)

Pay/receive total return*	Reference entity	Floating rate	Payment frequency	Currency	Notional amount/contract amount	Maturity date	Counterparty (OTC)	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Pay	Suncorp Group	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	80,942	May 2019	Citibank N.A.	—	\$(267)	\$(267)
Pay	Westpac Bank	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	453,995	May 2019	Citibank N.A.	—	(1,842)	(1,842)
Pay	Westpac Bank	1 month AUD Bank Bill Swap Rate - 0.15%	Monthly	AUD	46,395	May 2019	Citibank N.A.	—	(168)	(168)
Pay	Metropole Television	1 month EURIBOR - 0.11%	Monthly	EUR	75,767	Jun 2019	Deutsche Bank	—	(6,485)	(6,485)
Pay	RTL Group SA	1 month EURIBOR - 0.36%	Monthly	EUR	94,521	Jun 2019	Deutsche Bank	—	(7,852)	(7,852)
Pay	Thai Film Industries PCL	1 month EURIBOR - 0.18%	Monthly	EUR	15,532	Jun 2019	Deutsche Bank	—	(381)	(381)
Pay	Metropole Television	1 month EURIBOR - 0.40%	Monthly	EUR	37,445	Mar 2019	Goldman Sachs	—	(3,040)	(3,040)
Pay	Metropole Television	1 month EURIBOR - 0.40%	Monthly	EUR	3,396	Mar 2019	Goldman Sachs	—	(276)	(276)
Pay	RTL Group SA	1 month EURIBOR - 0.40%	Monthly	EUR	84,461	Mar 2019	Goldman Sachs	—	(273)	(273)
Pay	Thai Film Industries PCL	1 month EURIBOR - 0.40%	Monthly	EUR	58,995	Mar 2019	Goldman Sachs	—	2,684	2,684
Pay	Campbell Soup Company	1 month USD LIBOR - 0.10%	Monthly	USD	151,200	Jun 2019	Goldman Sachs	—	(2,631)	(2,631)
Pay	Conagra Brands, Inc.	1 month USD LIBOR - 0.10%	Monthly	USD	136,800	Jun 2019	Goldman Sachs	—	(4,619)	(4,619)
Pay	Flowers Foods, Inc.	1 month USD LIBOR - 0.10%	Monthly	USD	46,598	Jun 2019	Goldman Sachs	—	(286)	(286)
Pay	General Mills, Inc.	1 month USD LIBOR - 0.10%	Monthly	USD	257,894	Jun 2019	Goldman Sachs	—	(17,576)	(17,576)
Pay	Hormel Foods Corp.	1 month USD LIBOR - 0.10%	Monthly	USD	149,595	Jun 2019	Goldman Sachs	—	2,126	2,126
Pay	J.M. Smucker Company	1 month USD LIBOR - 0.10%	Monthly	USD	128,741	Jun 2019	Goldman Sachs	—	(2,392)	(2,392)
Pay	Kellogg Company	1 month USD LIBOR - 0.10%	Monthly	USD	202,604	Jun 2019	Goldman Sachs	—	(5,925)	(5,925)
Pay	McCormick & Company	1 month USD LIBOR - 0.10%	Monthly	USD	114,935	Jun 2019	Goldman Sachs	—	69	69
Pay	Mondelez International, Inc.	1 month USD LIBOR - 0.10%	Monthly	USD	364,635	Jun 2019	Goldman Sachs	—	(10,537)	(10,537)
Pay	Pilgrim's Pride Corp.	1 month USD LIBOR - 0.10%	Monthly	USD	58,431	Jun 2019	Goldman Sachs	—	1,702	1,702
Pay	The Hershey Company	1 month USD LIBOR - 0.10%	Monthly	USD	192,509	Jun 2019	Goldman Sachs	—	(14,172)	(14,172)
Pay	Card Factory PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	6,690	Apr 2019	HSBC	—	(230)	(230)
Pay	J Sainsbury PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	124,605	Apr 2019	HSBC	—	(1,292)	(1,292)
Pay	Kingfisher PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	133,674	Apr 2019	HSBC	—	10,003	10,003
Pay	Marks and Spencer Group PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	104,800	Apr 2019	HSBC	—	1,386	1,386
Pay	N. Brown Group PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	14,945	Apr 2019	HSBC	—	1,348	1,348
Pay	Tesco PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	84,335	Apr 2019	HSBC	—	(1,671)	(1,671)
Pay	Wm Morrison Supermarkets PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	167,699	Apr 2019	HSBC	—	(5,502)	(5,502)

## Total return swaps (continued)

Pay/receive total return*	Reference entity	Floating rate	Payment frequency	Currency	Notional amount/contract amount	Maturity date	Counterparty (OTC)	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Pay	Card Factory PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	58,800	Jul 2019	HSBC	—	\$(5,891)	(5,891)
Pay	Halfords Group PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	77,700	Jul 2019	HSBC	—	3,275	3,275
Pay	Kingfisher PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	31,440	Jul 2019	HSBC	—	(145)	(145)
Pay	N. Brown Group PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	48,307	Jul 2019	HSBC	—	6,505	6,505
Pay	Next PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	234,476	Jul 2019	HSBC	—	(3,077)	(3,077)
Pay	Tesco PLC	1 month GBP LIBOR - 0.25%	Monthly	GBP	43,289	Jul 2019	HSBC	—	(920)	(920)
Pay	Marks and Spencer Group PLC	1 month GBP LIBOR - 0.30%	Monthly	GBP	81,438	Jan 2019	Merrill Lynch	—	(2,869)	(2,869)
Pay	J Sainsbury PLC	1 month GBP LIBOR - 0.20%	Monthly	GBP	78,899	Sep 2018	Societe Generale Paris	—	(596)	(596)
Pay	Wm Morrison Supermarkets PLC	1 month GBP LIBOR - 0.20%	Monthly	GBP	32,364	Sep 2018	Societe Generale Paris	—	(944)	(944)
Receive	MSCI Daily	1 month USD LIBOR - 0.55%	Monthly	USD	1,587,133	Jul 2019	Goldman Sachs	—	(13,600)	(13,600)
								—	<b>\$(116,994)</b>	<b>\$(116,994)</b>

\* Fund will pay or receive the total return of the reference asset depending on whether the return is positive or negative. For contracts where the fund has elected to receive the total return of the reference asset if positive, it will be responsible for paying the floating rate and the total return of the reference asset if negative. If the fund has elected to pay the total return of the reference asset if positive, it will receive the floating rate and the total return of the reference asset if negative.

## Inflation swaps

Counterparty (OTC)/ Centrally cleared	Notional amount	Currency	USD notional amount	Payments made	Payments received	Fixed payment frequency	Floating payment frequency	Maturity date	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)	Value
Merrill Lynch International	2,460,000	USD	\$2,460,000	USD - Non-Revised CPI	Fixed 2.145%	At Maturity	At Maturity	Mar 2022	—	\$(13,042)	\$(13,042)
Merrill Lynch International	508,000	USD	508,000	USD - Fixed 2.305%	Non-Revised CPI	At Maturity	At Maturity	Mar 2047	—	14,790	14,790
Morgan Stanley & Company, Inc.	1,360,000	GBP	1,655,669	GBP - Fixed 3.660%	Non-Revised RPI	At Maturity	At Maturity	Mar 2020	—	(15,695)	(15,695)
Morgan Stanley & Company, Inc.	7,200,000	GBP	8,936,661	GBP - Fixed 3.630%	Non-Revised RPI	At Maturity	At Maturity	Apr 2020	—	(117,693)	(117,693)
Morgan Stanley & Company, Inc.	6,940,000	USD	6,940,000	USD - Non-Revised CPI	Fixed 1.490%	At Maturity	At Maturity	Sep 2021	—	(260,184)	(260,184)
Morgan Stanley & Company, Inc.	920,000	USD	920,000	USD - Non-Revised CPI	Fixed 2.010%	At Maturity	At Maturity	Nov 2021	—	(13,478)	(13,478)
Morgan Stanley & Company, Inc.	2,100,000	USD	2,100,000	USD - Non-Revised CPI	Fixed 2.028%	At Maturity	At Maturity	Oct 2022	—	(40,018)	(40,018)
Morgan Stanley & Company, Inc.	1,360,000	GBP	1,655,669	GBP - Non-Revised RPI	Fixed 3.560%	At Maturity	At Maturity	Mar 2023	—	22,763	22,763
Morgan Stanley & Company, Inc.	7,200,000	GBP	8,936,661	GBP - Non-Revised RPI	Fixed 3.565%	At Maturity	At Maturity	Apr 2023	—	179,519	179,519
Morgan Stanley & Company, Inc.	3,350,000	USD	3,350,000	USD - Non-Revised CPI	Fixed 2.258%	At Maturity	At Maturity	Apr 2023	—	(4,962)	(4,962)
Morgan Stanley & Company, Inc.	1,370,000	USD	1,370,000	USD - Fixed 1.898%	Non-Revised CPI	At Maturity	At Maturity	Sep 2046	—	185,876	185,876
Morgan Stanley & Company, Inc.	290,000	USD	290,000	USD - Fixed 2.339%	Non-Revised CPI	At Maturity	At Maturity	Nov 2046	—	6,427	6,427
Morgan Stanley & Company, Inc.	36,000	USD	36,000	USD - Fixed 2.398%	Non-Revised CPI	At Maturity	At Maturity	Apr 2048	—	189	189
			<b>\$39,158,660</b>						—	<b>\$(55,508)</b>	<b>\$(55,508)</b>

### **Derivatives Currency Abbreviations**

ARS	Argentine Peso
AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
CHF	Swiss Franc
CNY	Chinese Yuan Renminbi
COP	Colombian Peso
CZK	Czech Republic Koruna
EUR	Euro
GBP	Pound Sterling
HKD	Hong Kong Dollar
HUF	Hungarian Forint
IDR	Indonesian Rupiah
INR	Indian Rupee
JPY	Japanese Yen
KRW	Korean Won
MXN	Mexican Peso
MYR	Malaysian Ringgit
NOK	Norwegian Krone
PEN	Peruvian Nuevo Sol
RON	Romanian New Leu
RUB	Russian Ruble
SEK	Swedish Krona
THB	Thai Bhat
TRY	Turkish Lira
TWD	New Taiwan Dollar
USD	U.S. Dollar
ZAR	South African Rand

### **Derivatives Abbreviations**

CDOR	Canadian Dollar Offered Rate
CPI	Consumer Price Index
EURIBOR	Euro Interbank Offered Rate
LIBOR	London Interbank Offered Rate
RPI	Retail Price Index
STIBOR	Stockholm Interbank Offered Rate

OTC is an abbreviation for over-the-counter. See Notes to Fund's investments regarding investment transactions and other derivatives information.

## Notes to Fund's investments (unaudited)

**Security valuation.** Investments are stated at value as of the scheduled close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 P.M., Eastern Time. In case of emergency or other disruption resulting in the NYSE not opening for trading or the NYSE closing at a time other than the regularly scheduled close, the net asset value (NAV) may be determined as of the regularly scheduled close of the NYSE pursuant to the fund's Valuation Policies and Procedures.

In order to value the securities, the fund uses the following valuation techniques: Equity securities held by the fund are typically valued at the last sale price or official closing price on the exchange or principal market where the security trades. In the event there were no sales during the day or closing prices are not available, the securities are valued using the last available bid price. Investments by the fund in open-end mutual funds are valued at their respective NAVs each business day. Debt obligations are valued based on the evaluated prices provided by an independent pricing vendor or from broker-dealers. Independent pricing vendors utilize matrix pricing which takes into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, as well as broker supplied prices. Options listed on an exchange are valued at the mean of the most recent bid and ask prices from the exchange where the option trades. Swaps and unlisted options are valued using evaluated prices obtained from an independent pricing vendor. Futures contracts are typically valued at settlement prices, which are the official closing prices published by the exchange on which they trade. Foreign index futures that trade in the electronic trading market subsequent to the close of regular trading may be valued at the last traded price in the electronic trading market as of 4:00 p.m ET., or may be fair valued based on fair value adjustment factors provided by an independent pricing vendor in order to adjust for events that may occur between the close of foreign exchanges or markets and the close of the NYSE. Foreign securities and currencies, including forward foreign currency contracts, are valued in U.S. dollars based on foreign currency exchange rates supplied by an independent pricing vendor.

In certain instances, the Pricing Committee may determine to value equity securities using prices obtained from another exchange or market if trading on the exchange or market on which prices are typically obtained did not open for trading as scheduled, or if trading closed earlier than scheduled, and trading occurred as normal on another exchange or market.

Other portfolio securities and assets, for which reliable market quotations are not readily available, are valued at fair value as determined in good faith by the fund's Pricing Committee following procedures established by the Board of Trustees. The frequency with which these fair valuation procedures are used cannot be predicted and fair value of securities may differ significantly from the value that would have been used had a ready market for such securities existed. Trading in foreign securities may be completed before the scheduled daily close of trading on the NYSE. Significant events at the issuer or market level may affect the values of securities between the time when the valuation of the securities is generally determined and the close of the NYSE. If a significant event occurs, these securities may be fair valued, as determined in good faith by the fund's Pricing Committee, following procedures established by the Board of Trustees. The fund uses fair value adjustment factors provided by an independent pricing vendor to value certain foreign securities in order to adjust for events that may occur between the close of foreign exchanges or markets and the close of the NYSE.

The fund uses a three-tier hierarchy to prioritize the pricing assumptions, referred to as inputs, used in valuation techniques to measure fair value. Level 1 includes securities valued using quoted prices in active markets for identical securities. Level 2 includes securities valued using other significant observable inputs. Observable inputs may include quoted prices for similar securities, interest rates, prepayment speeds and credit risk. Prices for securities valued using these inputs are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes securities valued using significant unobservable inputs when market prices are not readily available or reliable, including the fund's own assumptions in determining the fair value of investments. Factors used in determining value may include market or issuer specific events or trends, changes in interest rates and credit quality. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques and related inputs may result in transfers into or out of an assigned level within the disclosure hierarchy.

The following is a summary of the values by input classification of the fund's investments as of July 31, 2018, by major security category or type:

	Total value at 7-31-18	Level 1 quoted price	Level 2 significant observable inputs	Level 3 significant unobservable inputs
<b>Investments in securities:</b>				
<b>Assets</b>				
Foreign government obligations	\$6,650,851	—	\$6,650,851	—
Corporate bonds	3,902,204	—	3,902,204	—
Common stocks	6,414,842	\$2,858,641	3,556,201	—
Purchased options	1,728,360	235,753	1,492,607	—
Short-term investments	15,136,429	1,544,805	13,591,624	—
<b>Total investments in securities</b>	<b>\$33,832,686</b>	<b>\$4,639,199</b>	<b>\$29,193,487</b>	<b>—</b>
<b>Derivatives:</b>				
<b>Assets</b>				
Futures	\$153,661	\$76,646	\$77,015	—
Forward foreign currency contracts	274,927	—	274,927	—
Swap contracts	1,222,995	—	1,222,995	—
<b>Liabilities</b>				
Futures	(92,563)	(92,563)	—	—

	Total value at 7-31-18	Level 1 quoted price	Level 2 significant observable inputs	Level 3 significant unobservable inputs
Forward foreign currency contracts	(302,385)	—	(302,385)	—
Written options	(593,110)	(45,120)	(547,990)	—
Swap contracts	(741,894)	—	(741,894)	—

**Derivative instruments.** The fund may invest in derivatives in order to meet its investment objective. Derivatives include a variety of different instruments that may be traded in the over-the-counter (OTC) market, on a regulated exchange or through a clearing facility. The risks in using derivatives vary depending upon the structure of the instruments, including the use of leverage, optionality, the liquidity or lack of liquidity of the contract, the creditworthiness of the counterparty or clearing organization and the volatility of the position. Some derivatives involve risks that are potentially greater than the risks associated with investing directly in the referenced securities or other referenced underlying instrument. Specifically, the fund is exposed to the risk that the counterparty to an OTC derivatives contract will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. OTC derivatives transactions typically can only be closed out with the other party to the transaction.

**Futures.** A futures contract is a contractual agreement to buy or sell a particular currency or financial instrument at a pre-determined price in the future. Risks related to the use of futures contracts include possible illiquidity of the futures markets and contract prices that can be highly volatile and imperfectly correlated to movements in the underlying financial instrument. Use of long futures contracts subjects the funds to the risk of loss up to the notional value of the futures contracts. Use of short futures contracts subjects the funds to unlimited risk of loss.

During the period ended July 31, 2018, the fund used futures contracts to manage against anticipated changes in securities markets and interest rate changes, to gain exposure to certain securities markets and to foreign bond markets, maintain diversity of the fund and manage exposure to equity volatility.

**Forward foreign currency contracts.** A forward foreign currency contract is an agreement between two parties to buy and sell specific currencies at a price that is set on the date of the contract. The forward contract calls for delivery of the currencies on a future date that is specified in the contract. Risks related to the use of forwards include the possible failure of counterparties to meet the terms of the forward agreement, the failure of the counterparties to timely post collateral if applicable, and the risk that currency movements will not favor the fund thereby reducing the fund's total return.

The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked-to-market daily and the change in value is recorded by the fund as an unrealized gain or loss. Realized gains or losses, equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed, are recorded upon delivery or receipt of the currency or settlement with the counterparty.

During the period ended July 31, 2018, the fund used forward foreign currency contracts to manage against anticipated changes in currency exchange rates, gain exposure to foreign currency and to maintain diversity of the fund.

**Options.** There are two types of options, put options and call options. Options are traded either OTC or on an exchange. A call option gives the purchaser of the option the right to buy (and the seller the obligation to sell) the underlying instrument at the exercise price. A put option gives the purchaser of the option the right to sell (and the writer the obligation to buy) the underlying instrument at the exercise price. Writing puts and buying calls may increase the fund's exposure to changes in the value of the underlying instrument. Buying puts and writing calls may decrease the fund's exposure to such changes. Risks related to the use of options include the loss of premiums, possible illiquidity of the options markets, trading restrictions imposed by an exchange and movements in underlying security values. In addition, OTC options are subject to the risks of all OTC derivatives contracts.

When the fund purchases an option, the premium paid by the fund is included in the portfolio of investments and subsequently "marked-to-market" to reflect current market value. When the fund writes an option, the premium received is included as a liability and subsequently "marked-to-market" to reflect current market value of the option written.

During the period ended July 31, 2018, the fund used purchased options to manage against anticipated changes in securities markets and interest rate changes, gain exposure to certain securities markets, manage duration of the fund and to maintain diversity of the fund.

During the period ended July 31, 2018, the fund wrote option contracts to gain exposure to foreign currency and certain securities markets, to maintain diversity of the fund and to manage against anticipated changes in currency exchange rates and securities markets.

An interest rate swaption is an option to enter into an interest rate swap.

**Swaps.** Swap agreements are agreements between the fund and counterparty to exchange cash flows, assets, foreign currencies or market-linked returns at specified intervals. Swap agreements are privately negotiated in the OTC market (OTC swaps) or may be executed on a registered commodities exchange (centrally cleared swaps). Swaps are marked-to-market daily and the change in value is recorded as a component of unrealized appreciation/depreciation of swap contracts. The value of the swap will typically impose collateral posting obligations on the party that is considered out-of-the-money on the swap.

Upfront payments made/received by the fund are amortized/accreted for financial reporting purposes. A termination payment by the counterparty or the fund is recorded as realized gain or loss, as well as the net periodic payments received or paid by the fund.

Entering into swap agreements involves, to varying degrees, elements of credit, market and documentation risk that may provide outcomes that are in excess of the amounts recognized on the Statement of assets and liabilities. Such risks involve the possibility that there will be no liquid market for the swap, or that a counterparty may default on its obligation or delay payment under the swap terms. The counterparty may disagree or contest the terms of the swap. In addition to interest rate risk,

market risks may also impact the swap. The fund may also suffer losses if it is unable to terminate or assign outstanding swaps or reduce its exposure through offsetting transactions.

**Interest rate swaps.** Interest rate swaps represent an agreement between the fund and a counterparty to exchange cash flows based on the difference between two interest rates applied to a notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The fund settles accrued net interest receivable or payable under the swap contracts at specified, future intervals.

During the period ended July 31, 2018, the fund used interest rate swaps to manage duration of the fund, manage against anticipated interest rate changes, maintain diversity of the fund and gain exposure to the treasuries market.

**Credit default swaps.** Credit default swaps (CDS) involve the exchange of a fixed rate premium (paid by the Buyer), for protection against the loss in value of an underlying debt instrument, referenced entity or index, in the event of a defined credit event (such as payment default or bankruptcy). Under the terms of the swap, one party acts as a "guarantor" (the Seller), receiving the premium and agreeing to contingent payments that are specified within the credit default agreement. The fund may enter into CDS in which it may act as either Buyer or Seller. By acting as the Seller, the fund may incur economic leverage since it would be obligated to pay the Buyer the notional amount of the contract in the event of a default. The amount of loss in such case could be significant, but would typically be reduced by any recovery value on the underlying credit.

Implied credit spreads are utilized in determining the market value of CDS agreements in which the fund is the Seller at period end. The implied credit spread generally represents the yield of the instrument above a credit-risk free rate, such as the U.S. Treasury Bond Yield, and may include upfront payments required to be made to enter into the agreement. It also serves as an indicator of the current status of the payment/performance risk and represents the likelihood or risk of default for the credit derivative. Wider credit spreads represent a deterioration of the referenced entity's creditworthiness and an increased risk of default or other credit event occurring as defined under the terms of the agreement.

For CDS agreements where implied credit spreads are not reported or available, the average credit rating on the underlying index is shown. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's creditworthiness and a greater likelihood of a credit event occurring. This is also represented by a decrease in the average credit rating of the underlying index. The maximum potential amount of future payments (undiscounted) that a fund as the Seller could be required to make under any CDS agreement equals the notional amount of the agreement.

The fund used CDS as a Seller of protection during the period ended July 31, 2018, to take a long position in the exposure of the benchmark credit.

**Inflation Swaps.** In an inflation swap, one party pays a fixed rate on a notional principal amount while the other party pays a floating rate linked to an inflation index on that same notional amount. The party paying the floating rate pays the inflation adjusted rate multiplied by the notional principal amount. If the average inflation rate over the term of the swap is the same as the fixed rate of the swap, the two legs will have the same value and the swap will break even.

During the period ended July 31, 2018, the fund used inflation swaps to manage inflation duration of the fund, maintain diversity of the fund and manage against anticipated changes in inflation.

**Total return swaps.** The fund may enter into total return swap contracts to obtain synthetic exposure to a specific reference asset or index without owning, taking physical custody of, or short selling the underlying assets. Total return swaps are commitments where one party pays a fixed or variable rate premium (the Buyer) in exchange for a market-linked return (the Seller). The Seller pays the total return of a specific reference asset or index and in return receives interest payments from the Buyer. To the extent the total return of the underlying asset or index exceeds or falls short of the offsetting interest rate obligation, the Buyer will receive or make a payment to the Seller. The fund may enter into total return swaps in which it may act as either the Buyer or the Seller. Total return swap contracts are subject to the risk associated with the investment in the underlying reference asset or index. The risk in the case of short total return swap contracts is unlimited based on the potential for unlimited increases in the market value of the underlying reference asset or index.

During the period ended July 31, 2018, the fund used total return swaps to manage against anticipated changes in securities, gain exposure to certain securities markets and maintain diversity of the fund.

For additional information on the fund's significant accounting policies, please refer to the fund's most recent semiannual or annual shareholder report.

# More information

## How to contact us

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