John Hancock
Small Company Fund

Semiannual report 9/30/17

A message to shareholders

Dear shareholder,

Wherever stock investors look today, the markets seem to exhibit undiminished strength. Three bellwether U.S. indexes—the Dow Jones Industrial Average, the S&P 500 Index, and the NASDAQ Composite Index—simultaneously hit all-time highs more than once in recent months. While stock markets are setting records, investors have reason to be vigilant. U.S. stocks haven't experienced a drop of even 5% in more than a year. This degree of calm in a rising market is rare, and as the bull market advances, many stocks are moving deeper into overvalued territory, suggesting that market leaders are vulnerable to any setbacks.

Advancing the interests of fund shareholders

One of our primary goals is to advance the interests of our fund shareholders wherever possible. To that end, we recently announced our third round of expense reductions this year, targeting six mutual funds and two closed-end funds that together represent more than $7 billion in assets under management. Details can be found at jhinvestments.com.

In addition, we are proud to report that in May fund researcher Morningstar, Inc. formally recognized our shareholder-friendly initiatives by upgrading our parent pillar rating—a key component of the Morningstar Analyst Rating system—to positive, the highest possible rating. Morningstar evaluates select funds and their parent firms based on intensive research, including on-site due diligence. They focused on such factors as whether our portfolio managers invest meaningfully in the funds they manage, the quality of our risk management, our corporate culture, and our commitment to recognizing shareholder interests—in other words, how effective we are as stewards of investor capital. We're proud to have been recognized by Morningstar for our efforts and we're committed to continue our work of furthering the interests of our shareholders.

On behalf of everyone at John Hancock Investments, I'd like to take this opportunity to welcome new shareholders and to thank existing shareholders for the continued trust you've placed in us.

Sincerely,

Andrew G. Arnott
President and Chief Executive Officer
John Hancock Investments

This commentary reflects the CEO's views, which are subject to change at any time. Investing involves risks, including the potential loss of principal. Diversification does not guarantee a profit or eliminate the risk of a loss. It is not possible to invest directly into an index. For more up-to-date information, please visit our website at jhinvestments.com.

John Hancock
Small Company Fund

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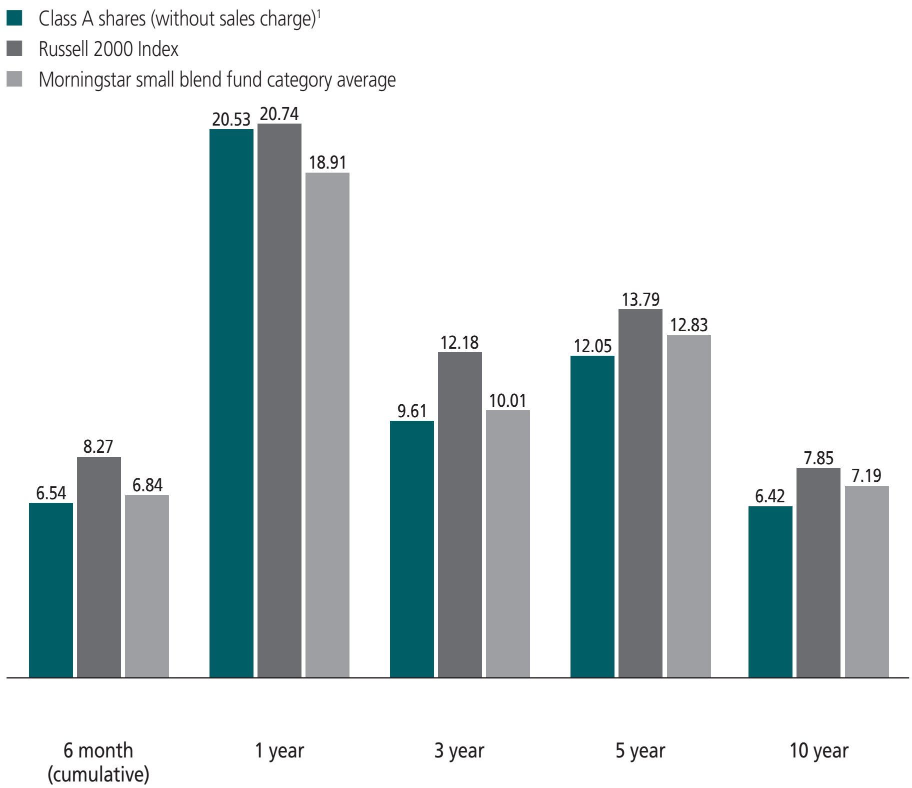
Your fund at a glance

INVESTMENT OBJECTIVE

The fund seeks maximum long-term total return.

AVERAGE ANNUAL TOTAL RETURNS AS OF 9/30/17 (%)



The Russell 2000 Index is an index that measures performance of the 2,000 smallest companies in the Russell 3000 Index.

It is not possible to invest directly in an index. Index figures do not reflect expenses or sales charges, which would result in lower returns.

Figures from Morningstar, Inc. include reinvested distributions and do not take into account sales charges. Actual load-adjusted performance is lower.

1 On 12-11-09, through a reorganization, the fund acquired all of the assets of the FMA Small Company Portfolio (the predecessor fund). On that date, the predecessor fund offered its Investor shares in exchange for Class A shares of John Hancock Small Company Fund, which were first offered on 12-14-09. Class A shares' returns shown prior to this date are those of the predecessor fund's Investor shares..

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. Performance of the other share classes will vary based on the difference in the fees and expenses of those classes. Shares will fluctuate in value and, when redeemed, may be worth more or less than their original cost. Current month-end performance may be lower or higher than the performance cited, and can be found at jhinvestments.com or by calling 800-225-5291. For further information on the fund's objectives, risks, and strategy, see the fund's prospectus.

PERFORMANCE HIGHLIGHTS OVER THE LAST SIX MONTHS

Growth outpaced value

Value-oriented companies lagged their growth-oriented counterparts for the period, posing a headwind for the fund's valuation-conscious approach.

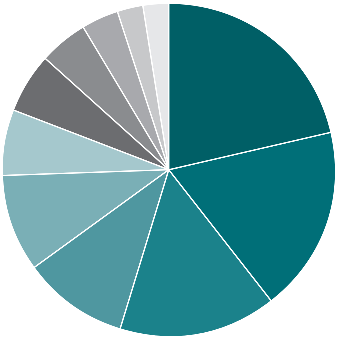
The fund's underweight in healthcare detracted

The fund's more limited exposure to the healthcare sector detracted, especially biotechnology stocks, which did not tend to meet our valuation and quality criteria.

Finding cyclical opportunities

Toward period end, as data began to suggest a synchronized global expansion, we began to move the portfolio in a somewhat more economically sensitive direction by adding to cyclical stocks.

SECTOR COMPOSITION AS OF 9/30/17 (%)



Financials	21.4
Industrials	18.1
Information technology	15.4
Consumer discretionary	10.2
Health care	9.4
Real estate	6.6
Utilities	5.7
Materials	4.6
Energy	3.8
Consumer staples	2.5
Short-term investments and other	2.3

As a percentage of net assets.

A note about risks

The stock prices of small companies can change more frequently and dramatically than those of large companies. The value of a company's equity securities is subject to changes in the company's financial condition and overall market and economic conditions. Frequent trading may increase fund transaction costs. Sector investing is subject to greater risks than the market as a whole. Investments focused in one sector may fluctuate more than investments in a wider variety of sectors. Please see the fund's prospectus for additional risks.

Discussion of fund performance

An interview with Portfolio Manager Kathryn A. Vorisek, Mesirow Financial Investment Management, Inc.

Kathryn A. Vorisek
Portfolio Manager
Mesirow Financial

How did the fund perform during the six months ended September 30, 2017?

The fund generated solid results on an absolute basis, but lagged its benchmark, the Russell 2000 Index, for the reporting period. Relative to the benchmark, we primarily attribute this performance shortfall to a few big-picture market trends that were poorly suited to our investment approach. We have confidence in this approach over longer stretches of time, but during the past six months, challenging conditions made it difficult for the fund to keep pace with the broader small-cap stock market.

What made these conditions difficult to navigate for your management strategy?

As a reminder to shareholders, we typically favor attractively valued, higher-quality small-cap companies. During the six-month period, however, value-oriented companies tended to lag their growth-oriented counterparts. This left the fund poorly positioned in a couple of ways.

For example, we kept the fund significantly underweighted in the healthcare sector by avoiding the biotechnology industry. Most biotech companies tend to have very high valuations and low or no profits, making the stocks ill-suited to our approach. Many of these benchmark components that the fund did not own were good performers this period. In other words, even though stock selection in healthcare was positive, the fund's substantial underexposure to a key industry in an outperforming sector hampered relative results to an even greater extent.

Our valuation-conscious management approach also led us to a modest overweighting in the energy sector, where a number of stocks struck us as unfairly penalized in an environment of persistently low energy prices. These investments remained weak throughout the reporting period, and the fund's slight overweighting in the group weighed on performance relative to the benchmark.

A secondary challenge for the fund was that stocks with lower-quality characteristics, such as increased volatility or reduced profitability, tended to outperform this period. These are not the types of stocks that we typically consider for investment, as we believe higher-quality stocks offer better long-term performance potential, although they generally underperformed over the six months ended September 30, 2017.

"... during the past six months, challenging conditions made it difficult for the fund to keep pace with the broader small-cap stock market."

Which individual stocks were notable detractors?

The fund's biggest individual detractor was Diebold Nixdorf, Inc., a manufacturer of automatic teller machines. This company formed as the result of a 2016 merger between Diebold, the leading ATM provider in the U.S., and Nixdorf, the European leader. Ongoing challenges integrating the two firms appear to have weighed on the stock, as Diebold Nixdorf lowered its 2017 revenue and earnings forecasts. At period end, the fund continued to hold the stock, as we liked Diebold Nixdorf's discounted valuation and the potential to generate long-term shareholder value, once it is able to move past its near-term difficulties.

Telecommunication-focused manufacturer Inphi, Inc. also detracted. Inphi, a maker of semiconductor components for telecom equipment customers, experienced a decline in revenue growth associated with the company's business in China. We saw increased risk with the stock and sold it from the fund during the period.

Other relative detractors were Nexstar Media Group, Inc. and ProAssurance Corp. Nexstar, a television broadcasting company, was hurt by industrywide challenges surrounding subscriber payments for large content providers. Meanwhile, ProAssurance, a provider of professional liability

TOP 10 HOLDINGS AS OF 9/30/17 (%)

IDACORP, Inc.	1.9
Chemical Financial Corp.	1.6
ALLETE, Inc.	1.6
ITT, Inc.	1.6
Capitol Federal Financial, Inc.	1.5
IBERIABANK Corp.	1.5
Itron, Inc.	1.5
MasTec, Inc.	1.5
Simmons First National Corp., Class A	1.5
Albany International Corp., Class A	1.5
TOTAL	**15.7**

As a percentage of net assets.
Cash and cash equivalents are not included.

insurance, struggled as the company had to set aside more money for claims than the market had previously expected. We began winding down the ProAssurance position, but still held a small amount at period end.

Which stocks contributed to relative performance?

The fund's top relative contributor for the period was MiMedx Group, Inc., a medical technology company with a focus on wound care treatment. MiMedx shares rose in response to two positive trends. First, the firm started to see revenue growth tied to an earlier move to boost its sales force. Second, MiMedx's margins began to improve in line with better expense management. During the period, we sold the fund's stake in MiMedx because the stock reached our target price.

"As more and more reports seemed to suggest a synchronized global expansion, we became more confident about increasing the fund's exposure to cyclical stocks."

Another positive was Bottomline Technologies, Inc., a maker of specialized software that enables business-to-business payments. As the firm's customers have increasingly adopted the company's new products, Bottomline has seen better financial results.

Also adding value was Trade Desk, Inc., a maker of software for clients to create and manage their digital advertising campaigns. We originally found several things attractive about this stock. First, the company has significantly increased its market share relative to its competitors. Second, it has benefited from being part of a growing industry. Trade Desk's shares rose sharply early during the six-month period, as the firm announced very strong first-quarter financial results. As with MiMedx, this stock reached our target price, and we ultimately sold it from the fund in search of other opportunities offering what we saw as a better risk/reward trade-off.

What changes did you make to the fund?

Over the course of the period, we've seen steady improvement in economic data on a global basis. As more and more reports seemed to suggest a synchronized global expansion, we became more confident about increasing the fund's exposure to cyclical stocks. We saw these economically sensitive businesses as well positioned to benefit if global economic conditions continued their improvement trend.

As a result, we increased the fund's allocation to industrials and banks, while selling some holdings in more defensive categories, such as consumer staples, a sector that tends to be less influenced by economic cycles.

Also, to take advantage of what we saw as more favorable economic conditions globally, we have more recently pursued selected investment opportunities in companies that have revenue exposure outside the U.S. to broaden the fund's geographic exposure. At period end, roughly 40% of the fund was invested in companies with non-U.S. revenue sources.

MANAGED BY

Kathryn A. Vorisek
On the fund and its predecessor since 1998
Investing since 1984

Leo Harmon, CFA
On the fund and its predecessor since 2006
Investing since 1993

Mesirow Financial®

Can you tell us about an upcoming change to the fund?

Pending shareholder approval, effective as of the close of business on or about February 16, 2018, the fund will be merged into John Hancock Small Cap Core Fund and Mesirow Financial will no longer manage the fund.

The views expressed in this report are exclusively those of Kathryn A. Vorisek, Mesirow Financial Investment Management, Inc., and are subject to change. They are not meant as investment advice. Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

A look at performance

TOTAL RETURNS FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	Average annual total returns (%) with maximum sales charge			Cumulative total returns (%) with maximum sales charge		
	1-year	5-year	10-year	6-month	5-year	10-year
Class A[1]	14.51	10.91	5.88	1.20	67.83	77.06
Class I[1,2]	20.92	12.40	6.68	6.69	79.43	90.98
Class R1[1,2]	20.14	11.66	6.14	6.36	73.57	81.45
Class R2[1,2]	20.42	11.95	6.37	6.50	75.84	85.50
Class R3[1,2]	20.19	11.76	6.21	6.38	74.38	82.74
Class R4[1,2]	20.74	12.24	6.52	6.61	78.10	87.99
Class R5[1,2]	20.93	12.45	6.69	6.71	79.78	91.09
Class R6[1,2]	20.94	12.53	6.70	6.68	80.42	91.31
Class ADV[1,2]	20.62	12.16	6.50	6.56	77.53	87.66
Index†	20.74	13.79	7.85	8.27	90.80	112.87

Performance figures assume all distributions are reinvested. Figures reflect maximum sales charge on Class A shares of 5%. Sales charges are not applicable to Class I, Class R1, Class R2, Class R3, Class R4, Class R5, Class R6, and Class ADV shares.

The expense ratios of the fund, both net (including any fee waivers or expense limitations) and gross (excluding any fee waivers or expense limitations), are set forth according to the most recent publicly available prospectus for the fund and may differ from those disclosed in the Financial highlights tables in this report. Had the contractual fee waivers and expense limitations not been in place, gross expenses would apply. The expense ratios are as follows:

	Class A	Class I	Class R1	Class R2	Class R3	Class R4	Class R5	Class R6	Class ADV
Gross (%)	1.47	1.16	1.82	1.57	1.72	1.42	1.12	1.07	1.42
Net (%)	1.44	1.14	1.81	1.56	1.71	1.31	1.11	1.07	1.35

Please refer to the most recent prospectus and annual or semiannual report for more information on expenses and any expense limitation arrangements for each class.

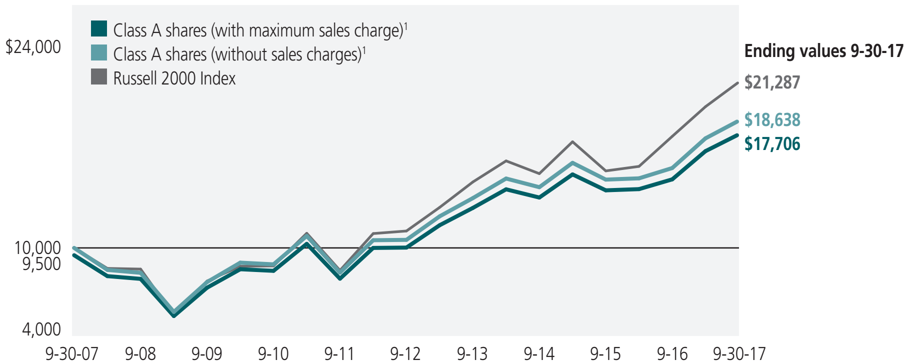
The returns reflect past results and should not be considered indicative of future performance. The return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Due to market volatility and other factors, the fund's current performance may be higher or lower than the performance shown. For current to the most recent month-end performance data, please call 800–225–5291 or visit the fund's website at jhinvestments.com.

The performance table above and the chart on the next page do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The fund's performance results reflect any applicable fee waivers or expense reductions, without which the expenses would increase and results would have been less favorable.

† *Index is the Russell 2000 Index.*

See the following page for footnotes.

This chart and table show what happened to a hypothetical $10,000 investment in John Hancock Small Company Fund for the share classes and periods indicated, assuming all distributions were reinvested. For comparison, we've shown the same investment in the Russell 2000 Index.



	Start date	With maximum sales charge ($)	Without sales charge ($)	Index ($)
Class I[1,2]	9-30-07	19,098	19,098	21,287
Class R1[1,2]	9-30-07	18,145	18,145	21,287
Class R2[1,2]	9-30-07	18,550	18,550	21,287
Class R3[1,2]	9-30-07	18,274	18,274	21,287
Class R4[1,2]	9-30-07	18,799	18,799	21,287
Class R5[1,2]	9-30-07	19,109	19,109	21,287
Class R6[1,2]	9-30-07	19,131	19,131	21,287
Class ADV[1,2]	9-30-07	18,766	18,766	21,287

The Russell 2000 Index is an index that measures performance of the 2,000 smallest companies in the Russell 3000 Index.

It is not possible to invest directly in an index. Index figures do not reflect expenses or sales charges, which would result in lower returns.

Footnotes related to performance pages

1 *Class A and Class ADV shares of the fund commenced operations on 12-14-09. Class R1, Class R3, Class R4, and Class R5 shares of the fund commenced operations on 4-30-10. Class R2 and Class R6 shares of the fund commenced operations on 3-1-12 and 9-1-11, respectively. Returns shown prior to 12-14-09 are those of FMA Small Company Portfolio's (predecessor fund) Investor shares. Returns shown prior to Class R1, Class R2, Class R3, Class R4, Class R5, and Class R6 shares' commencement dates are those of the fund's Class A shares, except that they do not include the fund's Class A shares sales charges and would be lower if they did. Returns shown prior to the commencement date of a share class would differ from the new share class only to the extent that expenses of the classes are different.*

2 *For certain types of investors, as described in the fund's prospectus.*

Your expenses

These examples are intended to help you understand your ongoing operating expenses of investing in the fund so you can compare these costs with the ongoing costs of investing in other mutual funds.

Understanding fund expenses

As a shareholder of the fund, you incur two types of costs:

- **Transaction costs**, which include sales charges (loads) on purchases or redemptions (varies by share class), minimum account fee charge, etc.
- **Ongoing operating expenses**, including management fees, distribution and service fees (if applicable), and other fund expenses.

We are presenting only your ongoing operating expenses here.

Actual expenses/actual returns

The first line of each share class in the table on the following page is intended to provide information about the fund's actual ongoing operating expenses, and is based on the fund's actual return. It assumes an account value of $1,000.00 on April 1, 2017, with the same investment held until September 30, 2017.

Together with the value of your account, you may use this information to estimate the operating expenses that you paid over the period. Simply divide your account value at September 30, 2017, by $1,000.00, then multiply it by the "expenses paid" for your share class from the table. For example, for an account value of $8,600.00, the operating expenses should be calculated as follows:

Example

[My account value $8,600.00 / $1,000.00 = 8.6] X $["expenses paid" from table] = My actual expenses

Hypothetical example for comparison purposes

The second line of each share class in the table on the following page allows you to compare the fund's ongoing operating expenses with those of any other fund. It provides an example of the fund's hypothetical account values and hypothetical expenses based on each class's actual expense ratio and an assumed 5% annualized return before expenses (which is not the fund's actual return). It assumes an account value of $1,000.00 on April 1, 2017, with the same investment held until September 30, 2017. Look in any other fund shareholder report to find its hypothetical example and you will be able to compare these expenses. Please remember that these hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Remember, these examples do not include any transaction costs, therefore, these examples will not help you to determine the relative total costs of owning different funds. If transaction costs were included, your expenses would have been higher. See the prospectus for details regarding transaction costs.

SHAREHOLDER EXPENSE EXAMPLE CHART

		Account value on 4-1-2017	Ending value on 9-30-2017	Expenses paid during period ended 9-30-2017[1]	Annualized expense ratio
Class A	Actual expenses/actual returns	$1,000.00	$1,065.40	$7.40	1.43%
	Hypothetical example for comparison purposes	1,000.00	1,017.90	7.23	1.43%
Class I	Actual expenses/actual returns	1,000.00	1,066.90	5.85	1.13%
	Hypothetical example for comparison purposes	1,000.00	1,019.40	5.72	1.13%
Class R1	Actual expenses/actual returns	1,000.00	1,063.60	9.31	1.80%
	Hypothetical example for comparison purposes	1,000.00	1,016.00	9.10	1.80%
Class R2	Actual expenses/actual returns	1,000.00	1,065.00	8.02	1.55%
	Hypothetical example for comparison purposes	1,000.00	1,017.30	7.84	1.55%
Class R3	Actual expenses/actual returns	1,000.00	1,063.80	8.80	1.70%
	Hypothetical example for comparison purposes	1,000.00	1,016.50	8.59	1.70%
Class R4	Actual expenses/actual returns	1,000.00	1,066.10	6.68	1.29%
	Hypothetical example for comparison purposes	1,000.00	1,018.60	6.53	1.29%
Class R5	Actual expenses/actual returns	1,000.00	1,067.10	5.70	1.10%
	Hypothetical example for comparison purposes	1,000.00	1,019.60	5.57	1.10%
Class R6	Actual expenses/actual returns	1,000.00	1,066.80	5.70	1.10%
	Hypothetical example for comparison purposes	1,000.00	1,019.60	5.57	1.10%
Class ADV	Actual expenses/actual returns	1,000.00	1,065.60	6.94	1.34%
	Hypothetical example for comparison purposes	1,000.00	1,018.40	6.78	1.34%

[1] Expenses are equal to the fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

Fund's investments

AS OF 9-30-17 (unaudited)

	Shares	Value
Common stocks 97.7%		**$348,810,353**
(Cost $298,989,733)		
Consumer discretionary 10.2%		**36,318,701**
Auto components 1.2%		
Visteon Corp. (A)	34,540	4,275,016
Diversified consumer services 1.2%		
Adtalem Global Education, Inc.	115,620	4,144,977
Hotels, restaurants and leisure 2.2%		
Boyd Gaming Corp.	154,105	4,014,435
Extended Stay America, Inc.	197,880	3,957,600
Media 1.7%		
Nexstar Media Group, Inc., Class A	69,075	4,303,373
WideOpenWest, Inc. (A)	118,810	1,791,655
Specialty retail 2.5%		
DSW, Inc., Class A	35,915	770,801
Lithia Motors, Inc., Class A	39,310	4,729,386
Party City Holdco, Inc. (A)	248,345	3,365,075
Textiles, apparel and luxury goods 1.4%		
Wolverine World Wide, Inc.	172,145	4,966,383
Consumer staples 2.5%		**8,802,738**
Food and staples retailing 1.2%		
Performance Food Group Company (A)	143,180	4,044,835
Household products 1.3%		
Central Garden & Pet Company, Class A (A)	127,935	4,757,903
Energy 3.8%		**13,763,855**
Energy equipment and services 2.6%		
Forum Energy Technologies, Inc. (A)	264,215	4,201,019
Patterson-UTI Energy, Inc.	243,695	5,102,973
Oil, gas and consumable fuels 1.2%		
Callon Petroleum Company (A)	396,785	4,459,863
Financials 21.4%		**76,460,511**
Banks 13.4%		
Ameris Bancorp	92,300	4,430,400
Chemical Financial Corp.	112,540	5,881,340
FNB Corp.	332,200	4,660,766
IBERIABANK Corp.	66,460	5,459,689
Independent Bank Group, Inc.	66,585	4,015,076
Old National Bancorp	261,290	4,781,607
Simmons First National Corp., Class A	92,190	5,337,801
Sterling Bancorp	214,010	5,275,347
Western Alliance Bancorp (A)	73,760	3,915,181

	Shares	Value
Financials (continued)		
Banks (continued)		
Wintrust Financial Corp.	52,085	$4,078,776
Capital markets 1.2%		
Legg Mason, Inc.	111,465	4,381,689
Insurance 5.3%		
American Equity Investment Life Holding Company	172,440	5,014,555
Argo Group International Holdings, Ltd.	66,105	4,065,452
Kemper Corp.	68,935	3,653,555
ProAssurance Corp.	31,015	1,694,970
The Hanover Insurance Group, Inc.	44,925	4,354,580
Thrifts and mortgage finance 1.5%		
Capitol Federal Financial, Inc.	371,410	5,459,727
Health care 9.4%		**33,469,827**
Biotechnology 1.2%		
Ligand Pharmaceuticals, Inc. (A)	32,495	4,424,194
Health care providers and services 1.3%		
Acadia Healthcare Company, Inc. (A)	94,535	4,514,992
Health care technology 2.7%		
Allscripts Healthcare Solutions, Inc. (A)	353,130	5,025,040
Omnicell, Inc. (A)	88,910	4,538,856
Life sciences tools and services 1.2%		
PRA Health Sciences, Inc. (A)	54,115	4,121,940
Pharmaceuticals 3.0%		
Pacira Pharmaceuticals, Inc. (A)	92,365	3,468,306
Prestige Brands Holdings, Inc. (A)	82,210	4,117,899
Supernus Pharmaceuticals, Inc. (A)	81,465	3,258,600
Industrials 18.1%		**64,675,545**
Aerospace and defense 2.5%		
Aerojet Rocketdyne Holdings, Inc. (A)	117,390	4,109,824
Curtiss-Wright Corp.	45,875	4,795,773
Building products 2.0%		
American Woodmark Corp. (A)	38,955	3,749,419
JELD-WEN Holding, Inc. (A)	99,560	3,536,371
Commercial services and supplies 1.0%		
The Brink's Company	42,845	3,609,691
Construction and engineering 1.5%		
MasTec, Inc. (A)	115,215	5,345,976
Machinery 5.9%		
Albany International Corp., Class A	92,700	5,320,980
Barnes Group, Inc.	72,265	5,090,347
Crane Company	63,535	5,082,165
ITT, Inc.	128,570	5,691,794

	Shares	Value
Industrials (continued)		
Road and rail 1.5%		
Saia, Inc. (A)	83,110	$5,206,842
Trading companies and distributors 3.7%		
BMC Stock Holdings, Inc. (A)	201,960	4,311,846
MRC Global, Inc. (A)	263,430	4,607,391
Univar, Inc. (A)	145,770	4,217,126
Information technology 15.4%		**55,077,961**
Electronic equipment, instruments and components 6.9%		
II-VI, Inc. (A)	120,070	4,940,881
Itron, Inc. (A)	69,090	5,351,021
Littelfuse, Inc.	18,290	3,582,645
Sanmina Corp. (A)	95,660	3,553,769
Tech Data Corp. (A)	43,985	3,908,067
VeriFone Systems, Inc. (A)	170,280	3,453,278
IT services 3.6%		
Blackhawk Network Holdings, Inc. (A)	114,965	5,035,467
DST Systems, Inc.	69,705	3,825,410
Virtusa Corp. (A)	105,635	3,990,890
Semiconductors and semiconductor equipment 2.4%		
Brooks Automation, Inc.	130,330	3,956,819
Power Integrations, Inc.	64,675	4,734,210
Software 1.5%		
Bottomline Technologies, Inc. (A)	166,745	5,307,493
Technology hardware, storage and peripherals 1.0%		
Diebold Nixdorf, Inc.	150,460	3,438,011
Materials 4.6%		**16,446,388**
Chemicals 2.4%		
Ferro Corp. (A)	167,600	3,737,480
Ingevity Corp. (A)	75,355	4,707,427
Metals and mining 2.2%		
Allegheny Technologies, Inc. (A)	150,410	3,594,799
Commercial Metals Company	231,565	4,406,682
Real estate 6.6%		**23,528,673**
Equity real estate investment trusts 6.6%		
Brandywine Realty Trust	178,289	3,118,275
Chesapeake Lodging Trust	196,950	5,311,742
Columbia Property Trust, Inc.	29,830	647,821
DiamondRock Hospitality Company	336,755	3,687,467
Education Realty Trust, Inc.	58,040	2,092,417
Physicians Realty Trust	225,255	3,993,771
STAG Industrial, Inc.	170,265	4,677,180

	Yield (%)	Shares	Value
Utilities 5.7%			**$20,266,154**
Electric utilities 4.3%			
ALLETE, Inc.		74,455	5,754,627
IDACORP, Inc.		77,535	6,817,653
PNM Resources, Inc.		69,530	2,802,059
Gas utilities 1.4%			
Spire, Inc.		65,530	4,891,815
Short-term investments 2.3%			**$8,049,272**
(Cost $8,049,272)			
Money market funds 2.3%			**8,049,272**
State Street Institutional U.S. Government Money Market Fund, Premier Class	0.9244(B)	8,049,272	8,049,272
Total investments (Cost $307,039,005) 100.0%			**$356,859,625**
Other assets and liabilities, net 0.0%			**108,086**
Total net assets 100.0%			**$356,967,711**

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

Security Abbreviations and Legend

(A) Non-income producing security.

(B) The rate shown is the annualized seven-day yield as of 9-30-17.

At 9-30-17, the aggregate cost of investments for federal income tax purposes was $307,490,797. Net unrealized appreciation aggregated to $49,368,828, of which $55,024,600 related to gross unrealized appreciation and $5,655,772 related to gross unrealized depreciation.

Financial statements

STATEMENT OF ASSETS AND LIABILITIES 9-30-17 (unaudited)

Assets	
Investments, at value (Cost $307,039,005)	$356,859,625
Receivable for investments sold	7,388,143
Receivable for fund shares sold	410,211
Dividends and interest receivable	302,378
Receivable due from advisor	218,048
Other receivables and prepaid expenses	74,420
Total assets	**365,252,825**
Liabilities	
Payable for investments purchased	7,677,277
Payable for fund shares repurchased	276,321
Payable to affiliates	
Accounting and legal services fees	8,631
Transfer agent fees	30,124
Distribution and service fees	319
Trustees' fees	84
Other liabilities and accrued expenses	292,358
Total liabilities	**8,285,114**
Net assets	**$356,967,711**
Net assets consist of	
Paid-in capital	$275,077,373
Accumulated net investment loss	(368,733)
Accumulated net realized gain (loss) on investments	32,438,451
Net unrealized appreciation (depreciation) on investments	49,820,620
Net assets	**$356,967,711**

Net asset value per share	
Based on net asset values and shares outstanding-the fund has an unlimited number of shares authorized with no par value	
Class A ($252,136,196 ÷ 8,275,973 shares)[1]	$30.47
Class I ($96,994,428 ÷ 3,102,759 shares)	$31.26
Class R1 ($472,680 ÷ 15,981 shares)	$29.58
Class R2 ($927,554 ÷ 30,434 shares)	$30.48
Class R3 ($250,887 ÷ 8,412 shares)	$29.82
Class R4 ($78,113 ÷ 2,536 shares)	$30.80
Class R5 ($100,110 ÷ 3,197 shares)	$31.31
Class R6 ($5,952,433 ÷ 189,092 shares)	$31.48
Class ADV ($55,310 ÷ 1,801 shares)	$30.71
Maximum offering price per share	
Class A (net asset value per share ÷ 95%)[2]	$32.07

[1] Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

[2] On single retail sales of less than $50,000. On sales of $50,000 or more and on group sales the offering price is reduced.

SEE NOTES TO FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS For the six months ended 9-30-17 (unaudited)

Investment income	
Dividends	$2,113,484
Interest	43,634
Total investment income	**2,157,118**
Expenses	
Investment management fees	1,550,934
Distribution and service fees	372,544
Accounting and legal services fees	27,843
Transfer agent fees	186,323
Trustees' fees	2,952
State registration fees	79,655
Printing and postage	187,584
Professional fees	114,871
Custodian fees	21,959
Other	5,694
Total expenses	**2,550,359**
Less expense reductions	(232,181)
Net expenses	**2,318,178**
Net investment loss	**(161,060)**
Realized and unrealized gain (loss)	
Net realized gain (loss) on	
Investments	15,176,538
	15,176,538
Change in net unrealized appreciation (depreciation) of	
Investments	7,056,892
	7,056,892
Net realized and unrealized gain	**22,233,430**
Increase in net assets from operations	**$22,072,370**

STATEMENTS OF CHANGES IN NET ASSETS

	Six months ended 9-30-17 (unaudited)	Year ended 3-31-17
Increase (decrease) in net assets		
From operations		
Net investment loss	($161,060)	($207,673)
Net realized gain	15,176,538	29,850,179
Change in net unrealized appreciation (depreciation)	7,056,892	22,185,956
Increase in net assets resulting from operations	**22,072,370**	**51,828,462**
From fund share transactions	**(5,607,038)**	**27,815,145**
Total increase	**16,465,332**	**79,643,607**
Net assets		
Beginning of period	340,502,379	260,858,772
End of period	**$356,967,711**	**$340,502,379**
Accumulated net investment loss	**($368,733)**	**($207,673)**

Financial highlights

CLASS A SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$28.60**	**$24.13**	**$27.75**	**$28.67**	**$24.10**	**$20.86**
Net investment loss[2]	(0.03)	(0.04)	(0.04)	(0.05)	(0.13)	(0.07)
Net realized and unrealized gain (loss) on investments	1.90	4.51	(1.77)	1.87	5.23	3.31
Total from investment operations	**1.87**	**4.47**	**(1.81)**	**1.82**	**5.10**	**3.24**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$30.47**	**$28.60**	**$24.13**	**$27.75**	**$28.67**	**$24.10**
Total return (%)[3,4]	**6.54[5]**	**18.52**	**(6.69)**	**7.28**	**21.26**	**15.53**
Ratios and supplemental data						
Net assets, end of period (in millions)	$252	$243	$214	$180	$162	$120
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.50[6]	1.45	1.46	1.43	1.47	1.54
Expenses including reductions	1.43[6]	1.43	1.43	1.43	1.47	1.50
Net investment loss	(0.18)[6]	(0.14)	(0.14)	(0.17)	(0.47)	(0.36)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Does not reflect the effect of sales charges, if any.
4 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
5 Not annualized.
6 Annualized.

CLASS I SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$29.31**	**$24.65**	**$28.22**	**$29.02**	**$24.32**	**$20.96**
Net investment income (loss)[2]	0.02	0.05	0.04	0.03	(0.04)	—[3]
Net realized and unrealized gain (loss) on investments	1.93	4.61	(1.80)	1.91	5.27	3.36
Total from investment operations	**1.95**	**4.66**	**(1.76)**	**1.94**	**5.23**	**3.36**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$31.26**	**$29.31**	**$24.65**	**$28.22**	**$29.02**	**$24.32**
Total return (%)[4]	**6.69**[5]	**18.90**	**(6.40)**	**7.61**	**21.61**	**16.03**
Ratios and supplemental data						
Net assets, end of period (in millions)	$97	$90	$39	$43	$50	$49
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.19[6]	1.15	1.15	1.14	1.15	1.18
Expenses including reductions	1.13[6]	1.13	1.13	1.13	1.14	1.11
Net investment income (loss)	0.12[6]	0.20	0.13	0.12	(0.15)	0.02
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Less than $0.005 per share.
4 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
5 Not annualized.
6 Annualized.

CLASS R1 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$27.82**	**$23.56**	**$27.23**	**$28.29**	**$23.87**	**$20.71**
Net investment loss[2]	(0.08)	(0.13)	(0.15)	(0.15)	(0.21)	(0.13)
Net realized and unrealized gain (loss) on investments	1.84	4.39	(1.71)	1.83	5.16	3.29
Total from investment operations	**1.76**	**4.26**	**(1.86)**	**1.68**	**4.95**	**3.16**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$29.58**	**$27.82**	**$23.56**	**$27.23**	**$28.29**	**$23.87**
Total return (%)[3]	**6.36[4]**	**18.08**	**(7.01)**	**6.86**	**20.84**	**15.26**
Ratios and supplemental data						
Net assets, end of period (in millions)	—[5]	$1	$1	$1	$1	$1
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.86[6]	1.80	1.95	2.84	2.94	4.37
Expenses including reductions	1.80[6]	1.79	1.80	1.80	1.80	1.80
Net investment loss	(0.58)[6]	(0.52)	(0.56)	(0.55)	(0.82)	(0.60)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
4 Not annualized.
5 Less than $500,000.
6 Annualized.

CLASS R2 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$28.63**	**$24.17**	**$27.83**	**$28.77**	**$24.21**	**$20.96**
Net investment loss[2]	(0.04)	(0.06)	(0.05)	(0.08)	(0.14)	(0.08)
Net realized and unrealized gain (loss) on investments	1.89	4.52	(1.80)	1.88	5.23	3.33
Total from investment operations	**1.85**	**4.46**	**(1.85)**	**1.80**	**5.09**	**3.25**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$30.48**	**$28.63**	**$24.17**	**$27.83**	**$28.77**	**$24.21**
Total return (%)[3]	**6.50**[4]	**18.45**	**(6.82)**	**7.18**	**21.12**	**15.51**
Ratios and supplemental data						
Net assets, end of period (in millions)	$1	$1	$1	$1	—[5]	—[5]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.60[6]	1.51	2.21	4.66	7.99	20.22
Expenses including reductions	1.55[6]	1.50	1.55	1.55	1.55	1.55
Net investment loss	(0.30)[6]	(0.22)	(0.20)	(0.29)	(0.54)	(0.39)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.

2 Based on average daily shares outstanding.

3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.

4 Not annualized.

5 Less than $500,000.

6 Annualized.

CLASS R3 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$28.04**	**$23.72**	**$27.38**	**$28.39**	**$23.94**	**$20.76**
Net investment loss[2]	(0.06)	(0.10)	(0.11)	(0.12)	(0.19)	(0.12)
Net realized and unrealized gain (loss) on investments	1.84	4.42	(1.74)	1.85	5.17	3.30
Total from investment operations	**1.78**	**4.32**	**(1.85)**	**1.73**	**4.98**	**3.18**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$29.82**	**$28.04**	**$23.72**	**$27.38**	**$28.39**	**$23.94**
Total return (%)[3]	**6.38**[4]	**18.21**	**(6.93)**	**7.02**	**20.90**	**15.32**
Ratios and supplemental data						
Net assets, end of period (in millions)	—[5]	—[5]	—[5]	—[5]	—[5]	—[5]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.75[6]	1.69	2.54	9.06	10.89	5.15
Expenses including reductions	1.70[6]	1.68	1.70	1.70	1.70	1.70
Net investment loss	(0.44)[6]	(0.41)	(0.42)	(0.43)	(0.75)	(0.56)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
4 Not annualized.
5 Less than $500,000.
6 Annualized.

CLASS R4 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$28.89**	**$24.32**	**$27.92**	**$28.79**	**$24.17**	**$20.87**
Net investment income (loss)[2]	(0.01)	0.02	—[3]	(0.01)	(0.08)	(0.03)
Net realized and unrealized gain (loss) on investments	1.92	4.55	(1.79)	1.88	5.23	3.33
Total from investment operations	**1.91**	**4.57**	**(1.79)**	**1.87**	**5.15**	**3.30**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$30.80**	**$28.89**	**$24.32**	**$27.92**	**$28.79**	**$24.17**
Total return (%)[4]	**6.61**[5]	**18.79**	**(6.58)**	**7.42**	**21.41**	**15.81**
Ratios and supplemental data						
Net assets, end of period (in millions)	—[6]	—[6]	—[6]	—[6]	—[6]	—[6]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.39[7]	1.32	4.26	19.97	18.99	18.82
Expenses including reductions	1.30[7]	1.21	1.30	1.30	1.30	1.31
Net investment income (loss)	(0.04)[7]	0.07	(0.01)	(0.05)	(0.31)	(0.17)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.

2 Based on average daily shares outstanding.

3 Less than $0.005 per share.

4 Total returns would have been lower had certain expenses not been reduced during the applicable periods.

5 Not annualized.

6 Less than $500,000.

7 Annualized.

CLASS R5 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$29.35**	**$24.68**	**$28.24**	**$29.03**	**$24.32**	**$20.96**
Net investment income (loss)[2]	0.02	0.05	0.03	0.04	(0.03)	0.01
Net realized and unrealized gain (loss) on investments	1.94	4.62	(1.78)	1.91	5.27	3.35
Total from investment operations	**1.96**	**4.67**	**(1.75)**	**1.95**	**5.24**	**3.36**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$31.31**	**$29.35**	**$24.68**	**$28.24**	**$29.03**	**$24.32**
Total return (%)[3]	**6.71**[4]	**18.92**	**(6.36)**	**7.64**	**21.65**	**16.03**
Ratios and supplemental data						
Net assets, end of period (in millions)	—[5]	—[5]	—[5]	—[5]	—[5]	—[5]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.15[6]	1.10	2.53	5.61	6.05	7.78
Expenses including reductions	1.10[6]	1.09	1.10	1.10	1.10	1.10
Net investment income	0.15[6]	0.20	0.11	0.16	(0.11)	0.05
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
4 Not annualized.
5 Less than $500,000.
6 Annualized.

CLASS R6 SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$29.51**	**$24.79**	**$28.34**	**$29.08**	**$24.34**	**$20.97**
Net investment income (loss)[2]	0.02	0.07	0.09	0.09	(0.02)	0.02
Net realized and unrealized gain (loss) on investments	1.95	4.65	(1.83)	1.91	5.29	3.35
Total from investment operations	**1.97**	**4.72**	**(1.74)**	**2.00**	**5.27**	**3.37**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$31.48**	**$29.51**	**$24.79**	**$28.34**	**$29.08**	**$24.34**
Total return (%)[3]	**6.68**[4]	**19.04**	**(6.30)**	**7.80**	**21.75**	**16.07**
Ratios and supplemental data						
Net assets, end of period (in millions)	$6	$5	$5	$1	$1	—[5]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.10[6]	1.05	1.17	4.54	7.66	18.63
Expenses including reductions	1.10[6]	1.02	1.04	0.97	1.04	1.04
Net investment income (loss)	0.15[6]	0.26	0.34	0.32	(0.06)	0.11
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
4 Not annualized.
5 Less than $500,000.
6 Annualized.

SEE NOTES TO FINANCIAL STATEMENTS

CLASS ADV SHARES Period ended	9-30-17[1]	3-31-17	3-31-16	3-31-15	3-31-14	3-31-13
Per share operating performance						
Net asset value, beginning of period	**$28.82**	**$24.29**	**$27.90**	**$28.78**	**$24.17**	**$20.88**
Net investment loss[2]	(0.02)	(0.08)	(0.02)	(0.03)	(0.09)	(0.04)
Net realized and unrealized gain (loss) on investments	1.91	4.61	(1.78)	1.89	5.23	3.33
Total from investment operations	**1.89**	**4.53**	**(1.80)**	**1.86**	**5.14**	**3.29**
Less distributions						
From net realized gain	—	—	(1.81)	(2.74)	(0.53)	—
Total distributions	**—**	**—**	**(1.81)**	**(2.74)**	**(0.53)**	**—**
Net asset value, end of period	**$30.71**	**$28.82**	**$24.29**	**$27.90**	**$28.78**	**$24.17**
Total return (%)[3]	**6.56**[4]	**18.65**	**(6.62)**	**7.39**	**21.37**	**15.76**
Ratios and supplemental data						
Net assets, end of period (in millions)	—[5]	—[5]	$1	$1	$1	—[5]
Ratios (as a percentage of average net assets):						
Expenses before reductions	1.44[6]	1.38	2.05	4.17	4.51	4.91
Expenses net of fee waivers	1.34[6]	1.34	1.34	1.34	1.34	1.34
Net investment loss	(0.13)[6]	(0.32)	(0.07)	(0.09)	(0.35)	(0.20)
Portfolio turnover (%)	45	123	108	79	85	97

1 Six months ended 9-30-17. Unaudited.
2 Based on average daily shares outstanding.
3 Total returns would have been lower had certain expenses not been reduced during the applicable periods.
4 Not annualized.
5 Less than $500,000.
6 Annualized.

Notes to financial statements (unaudited)

Note 1 — Organization

John Hancock Small Company Fund (the fund) is a series of John Hancock Funds III (the Trust), an open-end management investment company organized as a Massachusetts business trust and registered under the Investment Company Act of 1940, as amended (the 1940 Act). The investment objective of the fund is to seek maximum long-term total return.

The fund may offer multiple classes of shares. The shares currently offered are detailed in the Statement of assets and liabilities. Class A shares are offered to all investors. Class I shares are offered to institutions and certain investors. Class R1, Class R2, Class R3, Class R4 and Class R5 shares are available only to certain retirement plans. Class R6 shares are available only to certain retirement plans, institutions and other investors. Class ADV shares are available to investors who acquired Class A shares as a result of the reorganization of the FMA Small Company Portfolio into the fund and are closed to new investors. Shareholders of each class have exclusive voting rights to matters that affect that class. The distribution and service fees, if any, and transfer agent fees for each class may differ.

Note 2 — Significant accounting policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), which require management to make certain estimates and assumptions as of the date of the financial statements. Actual results could differ from those estimates and those differences could be significant. The fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of US GAAP.

Events or transactions occurring after the end of the fiscal period through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the fund:

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.

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.

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.

As of September 30, 2017, all investments are categorized as Level 1 under the hierarchy described above.

Security transactions and related investment income. Investment security transactions are accounted for on a trade date plus one basis for daily NAV calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is accrued as earned. Dividend income is recorded on the ex-date, except for dividends of foreign securities where the dividend may not be known until after the ex-date. In those cases, dividend income, net of withholding taxes, is recorded when the fund becomes aware of the dividends. Foreign taxes are provided for based on the fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds from litigation.

Real estate investment trusts. The fund may invest in real estate investment trusts (REITs). Distributions from REITs may be recorded as income and subsequently characterized by the REIT at the end of the fiscal year as a reduction of cost of investments and/or as a realized gain. As a result, the fund will estimate the components of distributions from these securities. Such estimates are revised when the actual components of the distributions are known.

Line of credit. The fund may borrow from banks for temporary or emergency purposes, including meeting redemption requests that otherwise might require the untimely sale of securities. Pursuant to the fund's custodian agreement, the custodian may loan money to the fund to make properly authorized payments. The fund is obligated to repay the custodian for any overdraft, including any related costs or expenses. The custodian may have a lien, security interest or security entitlement in any fund property that is not otherwise segregated or pledged, to the extent of any overdraft, and to the maximum extent permitted by law.

Effective June 29, 2017, the fund and other affiliated funds have entered into a syndicated line of credit agreement with Citibank, N.A. as the administrative agent that enables them to participate in a $750 million unsecured committed line of credit. Excluding commitments designated for a certain fund and subject to the need of other affiliated funds, the fund can borrow up to an aggregate commitment amount of $500 million, subject to asset coverage and other limitations as specified in the agreement. A commitment fee payable at the end of each calendar quarter, based on the average daily unused portion of the line of credit, is charged to each participating fund based on a combination of fixed and asset based allocations and is reflected in Other expenses on the Statement of operations. Prior to June 29, 2017, the fund had a similar agreement that enabled it to participate in a $1 billion unsecured committed line of credit. For the six months ended September 30, 2017, the fund had no borrowings under either line of credit. Commitment fees for the six months ended September 30, 2017, were $1,817.

Expenses. Within the John Hancock group of funds complex, expenses that are directly attributable to an individual fund are allocated to such fund. Expenses that are not readily attributable to a specific fund are allocated among all funds in an equitable manner, taking into consideration, among other things, the nature and type of expense and the fund's relative net assets. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Class allocations. Income, common expenses and realized and unrealized gains (losses) are determined at the fund level and allocated daily to each class of shares based on the net assets of the class. Class-specific expenses, such as distribution and service fees, if any, and transfer agent fees, for all classes, are charged daily at the class level based on the net assets of each class and the specific expense rates applicable to each class.

Federal income taxes. The fund intends to continue to qualify as a regulated investment company by complying with the applicable provisions of the Internal Revenue Code and will not be subject to federal income tax on taxable income that is distributed to shareholders. Therefore, no federal income tax provision is required.

As of March 31, 2017 the fund had no uncertain tax positions that would require financial statement recognition, derecognition or disclosure. The fund's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years.

Distribution of income and gains. Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-date. The fund generally declares and pays dividends and capital gain distributions, if any, annually.

Distributions paid by the fund with respect to each class of shares are calculated in the same manner, at the same time and in the same amount, except for the effect of class level expenses that may be applied differently to each class.

Such distributions, on a tax basis, are determined in conformity with income tax regulations, which may differ from US GAAP.

Capital accounts within the financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences, if any, will reverse in a subsequent period. Book tax differences are primarily attributable to wash sale loss deferrals.

Note 3 — Guarantees and indemnifications

Under the Trust's organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into contracts with service providers that contain general indemnification clauses. The fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the fund that have not yet occurred. The risk of material loss from such claims is considered remote.

Note 4 — Fees and transactions with affiliates

John Hancock Advisers, LLC (the Advisor) serves as investment advisor for the fund. John Hancock Funds, LLC (the Distributor), an affiliate of the Advisor, serves as principal underwriter of the fund. The Advisor and the Distributor are indirect, wholly owned subsidiaries of Manulife Financial Corporation (MFC).

Management fee. The fund has an investment management agreement with the Advisor under which the fund pays a daily management fee to the Advisor equivalent on an annual basis to the sum of: (a) 0.90% of the first $500 million of the fund's average daily net assets; (b) 0.85% of the next $500 million of the fund's average daily net assets; and (c) 0.80% of the fund's average daily net assets in excess of $1 billion. The Advisor has a subadvisory agreement with Mesirow Financial Investment Management, Inc. The fund is not responsible for payment of the subadvisory fees.

The Advisor has contractually agreed to waive a portion of its management fee and/or reimburse expenses for certain funds of the John Hancock group of funds complex, including the fund (the participating portfolios). This waiver is based upon aggregate net assets of all the participating portfolios. The amount of the reimbursement is calculated daily and allocated among all the participating portfolios in proportion to the daily net assets of each fund. During the six months ended September 30, 2017, this waiver amounted to 0.01% of the fund's average net assets (on an annualized basis). This arrangement may be amended or terminated at any time by the Advisor upon notice to the fund and with the approval of the Board of Trustees.

The Advisor has contractually agreed to reduce its management fee or, if necessary, make payment to the applicable class to maintain the operating expenses at 1.43%, 1.13%, 1.80%, 1.55%, 1.70%, 1.30%,1.10%, and 1.34% for Class A, Class I, Class R1, Class R2, Class R3, Class R4, Class R5, and Class ADV shares, respectively, excluding certain expenses such as taxes, brokerage commissions, interest expense, litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the fund's business, acquired fund fees and expenses paid indirectly and short dividend expense. The current expense limitation agreement expires on June 30, 2018, unless renewed by mutual agreement of the fund and the Advisor based upon a determination that this is appropriate under the circumstances at that time.

The advisor voluntarily agrees to reduce its management fee for the fund, or if necessary make payment to the fund, in an amount equal to the amount by which the expenses of the fund exceed 0.20% of the average net assets of the fund. For purposes of this agreement, "expenses of the fund" means all the expenses of the fund, excluding (a) taxes, (b) brokerage commissions, (c) interest expense, (d) litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the fund's business, (e) advisory fees, (f) class-specific expenses, (g) borrowing costs, (h) prime brokerage fees, (i) acquired fund fees and expenses paid indirectly, and (j) short dividend expense. This agreement will continue in effect until terminated at any time by the advisor on notice to the fund.

For the six months ended September 30, 2017, these expense reductions amounted to the following:

Class	Expense reduction	Class	Expense reduction
Class A	$168,981	Class R4	$24
Class I	60,053	Class R5	57
Class R1	264	Class R6	2,041
Class R2	530	Class ADV	46
Class R3	148	**Total**	**$232,144**

The investment management fees incurred for the six months ended September 30, 2017 were equivalent to a net annual effective rate of 0.77% of the fund's average daily net assets.

Accounting and legal services. Pursuant to a service agreement, the fund reimburses the Advisor for all expenses associated with providing the administrative, financial, legal, accounting and recordkeeping services to the fund, including the preparation of all tax returns, periodic reports to shareholders and regulatory reports, among other services. These expenses are allocated to each share class based on its relative net assets at the time the expense was incurred. These accounting and legal services fees incurred for the six months ended September 30, 2017 amounted to an annual rate of 0.02% of the fund's average daily net assets.

Distribution and service plans. The fund has a distribution agreement with the Distributor. The fund has adopted distribution and service plans with respect to Class A, Class R1, Class R2, Class R3, Class R4 and Class ADV shares pursuant to Rule 12b-1 under the 1940 Act, to pay the Distributor for services provided as the distributor of shares of the fund. In addition, under a service plan for Class R1, Class R2, Class R3, Class R4 and Class R5 shares, the fund pays for certain other services. The fund may pay up to the following contractual rates of distribution and service fees under these arrangements, expressed as an annual percentage of average daily net assets for each class of the fund's shares.

Class	Rule 12b-1 fee	Service fee	Class	Rule 12b-1 fee	Service fee
Class A	0.30%	—	Class R4	0.25%	0.10%
Class R1	0.50%	0.25%	Class R5	—	0.05%
Class R2	0.25%	0.25%	Class ADV	0.25%	—
Class R3	0.50%	0.15%			

The fund's Distributor has contractually agreed to waive 0.10% of Rule12b-1 fees for Class R4 shares. The current waiver agreement expires on June 30, 2018, unless renewed by mutual agreement of the fund and the Distributor based upon a determination that this is appropriate under the circumstances at the time. This contractual waiver amounted to $37 for Class R4 shares for the six months ended September 30, 2017.

Sales charges. Class A shares are assessed up-front sales charges, which resulted in payments to the Distributor amounting to $456,336 for the six months ended September 30, 2017. Of this amount, $78,496 was retained and used for printing prospectuses, advertising, sales literature and other purposes, $375,800 was paid as sales commissions to broker-dealers and $2,040 was paid as sales commissions to sales personnel of Signator Investors, Inc., a broker-dealer affiliate of the Advisor.

Class A shares may be subject to contingent deferred sales charges (CDSCs). Certain Class A shares that are acquired through purchases of $1 million or more and are redeemed within one year of purchase are subject to a 1.00% sales charge CDSCs are applied to the lesser of the current market value at the time of redemption or the original purchase cost of the shares being redeemed. Proceeds from CDSCs are used to compensate the Distributor for providing distribution-related services in connection with the sale of these shares. During the six months ended September 30, 2017, CDSCs received by the Distributor amounted to $3,190 for Class A shares.

Transfer agent fees. The John Hancock Group of Funds has a complex-wide transfer agent agreement with John Hancock Signature Services, Inc. (Signature Services), an affiliate of the Advisor. The transfer agent fees paid to Signature Services are determined based on the cost to Signature Services (Signature Services Cost) of providing recordkeeping services. It also includes out-of-pocket expenses, including payments made to third-parties for recordkeeping services provided to their clients who invest in one or more John Hancock funds. In addition, Signature Services Cost may be reduced by certain fees that Signature Services receives in connection with retirement and small accounts. Signature Services Cost is calculated monthly and allocated, as applicable, to five categories of share classes: Retail Share and Institutional Share Classes of Non-Municipal Bond Funds, Class R6 Shares, Retirement Share Classes and Municipal Bond Share Classes. Within each of these categories, the applicable costs are allocated to the affected John Hancock affiliated funds and/or classes, based on the relative average daily net assets.

Class level expenses. Class level expenses for the six month ended September 30, 2017 were:

Class	Distribution and service fees	Transfer agent fees
Class A	$367,442	$138,661
Class I	—	47,135
Class R1	1,928	35
Class R2	2,272	61
Class R3	718	15
Class R4	106	5
Class R5	24	6
Class R6	—	380
Class ADV	54	25
Total	**$372,544**	**$186,323**

Trustee expenses. The Trust compensates each Trustee who is not an employee of the Advisor or its affiliates. The costs of paying Trustee compensation and expenses are allocated to each fund based on its net assets relative to other funds within the John Hancock group of funds complex.

Note 5 — Fund share transactions

Transactions in fund shares for the six months ended September 30, 2017 and for the year ended March 31, 2017 were as follows:

	Six months ended 9-30-17		Year ended 3-31-17	
	Shares	Amount	Shares	Amount
Class A shares				
Sold	669,373	$19,323,063	2,372,316	$61,488,996
Repurchased	(901,107)	(26,080,072)	(2,742,785)	(71,806,566)
Net decrease	**(231,734)**	**($6,757,009)**	**(370,469)**	**($10,317,570)**
Class I shares				
Sold	478,337	$14,209,911	2,293,124	$61,229,488
Repurchased	(433,811)	(12,877,816)	(827,753)	(22,051,241)
Net increase	**44,526**	**$1,332,095**	**1,465,371**	**$39,178,247**
Class R1 shares				
Sold	891	$24,893	6,347	$160,129
Repurchased	(9,219)	(255,824)	(14,543)	(364,899)
Net decrease	**(8,328)**	**($230,931)**	**(8,196)**	**($204,770)**

	Six months ended 9-30-17		Year ended 3-31-17	
	Shares	Amount	Shares	Amount
Class R2 shares				
Sold	1,826	$52,563	9,527	$257,486
Repurchased	(3,723)	(106,910)	(11,877)	(302,577)
Net decrease	**(1,897)**	**($54,347)**	**(2,350)**	**($45,091)**
Class R3 shares				
Sold	1,047	$29,210	1,129	$28,446
Repurchased	(169)	(4,739)	(4,527)	(115,287)
Net increase (decrease)	**878**	**$24,471**	**(3,398)**	**($86,841)**
Class R4 shares				
Sold	188	$5,510	2,235	$56,134
Repurchased	(1,264)	(36,090)	(2,646)	(72,390)
Net decrease	**(1,076)**	**($30,580)**	**(411)**	**($16,256)**
Class R5 shares				
Sold	34	$1,002	157	$4,307
Repurchased	(20)	(589)	(79)	(2,194)
Net increase	**14**	**$413**	**78**	**$2,113**
Class R6 shares				
Sold	17,606	$519,909	33,935	$897,813
Repurchased	(13,278)	(397,341)	(40,744)	(1,078,519)
Net increase (decrease)	**4,328**	**$122,568**	**(6,809)**	**($180,706)**
Class ADV shares				
Sold	464	$13,857	1,654	$43,025
Repurchased	(964)	(27,575)	(22,846)	(557,006)
Net decrease	**(500)**	**($13,718)**	**(21,192)**	**($513,981)**
Total net increase (decrease)	**(193,789)**	**($5,607,038)**	**1,052,624**	**$27,815,145**

Affiliates of the fund owned 51% of shares of the fund of Class R4 on September 30, 2017. Such concentration of shareholders' capital could have a material effect on the fund if such shareholders redeem from the fund.

Note 6 — Purchase and sale of securities

Purchases and sales of securities, other than short-term investments, amounted to $149,553,958 and $151,203,026, respectively, for the six months ended September 30, 2017.

Note 7 — Reorganization

On September 28, 2017, the Board of Trustees of the Trust voted to recommend that shareholders of the fund approve a reorganization, expected to be tax-free, of the fund into John Hancock Small Cap Core Fund (Small Cap Core), a series of John Hancock Investment Trust. Effective October 31, 2017, the fund is closed to new investors. Shareholders of record as of November 1, 2017, will be entitled to vote on the reorganization. Under the terms of the reorganization, subject to shareholder approval at a shareholder meeting scheduled to be held on or about January 26, 2018, the fund would transfer all of its assets to Small Cap Core in exchange for shares of Small Cap Core. Small Cap Core would also assume substantially all of the fund's liabilities. The shares of Small Cap Core would then be distributed to the fund's shareholders, and the fund would be terminated. If approved by the fund's shareholders, the reorganization is expected to occur as of the close of business on or about February 16, 2018 and Mesirow Financial Investment Management, Inc. will no longer manage the fund.

CONTINUATION OF INVESTMENT ADVISORY AND SUBADVISORY AGREEMENTS

Evaluation of Advisory and Subadvisory Agreements by the Board of Trustees

This section describes the evaluation by the Board of Trustees (the Board) of John Hancock Funds III (the Trust) of the Advisory Agreement (the Advisory Agreement) with John Hancock Advisers, LLC (the Advisor) and the Subadvisory Agreement (the Subadvisory Agreement) with Mesirow Financial Investment Management, Inc. (the Subadvisor), for John Hancock Small Company Fund (the fund). The Advisory Agreement and Subadvisory Agreement are collectively referred to as the Agreements. Prior to the June 19-22, 2017 in-person meeting at which the Agreements were approved, the Board also discussed and considered information regarding the proposed continuation of the Agreements at an in-person meeting held on May 22-24, 2017.

Approval of Advisory and Subadvisory Agreements

At in-person meetings held on June 19-22, 2017, the Board, including the Trustees who are not parties to any Agreement or considered to be interested persons of the Trust under the Investment Company Act of 1940, as amended (the 1940 Act) (the Independent Trustees), reapproved for an annual period the continuation of the Advisory Agreement between the Trust and the Advisor and the Subadvisory Agreement between the Advisor and the Subadvisor with respect to the fund.

In considering the Advisory Agreement and the Subadvisory Agreement, the Board received in advance of the meetings a variety of materials relating to the fund, the Advisor and the Subadvisor, including comparative performance, fee and expense information for a peer group of similar funds prepared by an independent third-party provider of mutual fund data, performance information for an applicable benchmark index; and, with respect to the Subadvisor, comparative performance information for comparably managed accounts, as applicable, and other information provided by the Advisor and the Subadvisor regarding the nature, extent and quality of services provided by the Advisor and the Subadvisor under their respective Agreements, as well as information regarding the Advisor's revenues and costs of providing services to the fund and any compensation paid to affiliates of the Advisor. At the meetings at which the renewal of the Advisory Agreement and Subadvisory Agreement are considered, particular focus is given to information concerning fund performance, comparability of fees and total expenses, and profitability. However, the Board notes that the evaluation process with respect to the Advisor and the Subadvisor is an ongoing one. In this regard, the Board also took into account discussions with management and information provided to the Board (including its various committees) at prior meetings with respect to the services provided by the Advisor and the Subadvisor to the fund, including quarterly performance reports prepared by management containing reviews of investment results and prior presentations from the Subadvisor with respect to the fund. The information received and considered by the Board in connection with the May and June meetings and throughout the year was both written and oral. The Board also considered the nature, quality, and extent of non-advisory services, if any, to be provided to the fund by the Advisor's affiliates, including distribution services. The Board considered the Advisory Agreement and Subadvisory Agreement separately in the course of its review. In doing so, the Board noted the respective roles of the Advisor and Subadvisor in providing services to the fund.

Throughout the process, the Board asked questions of and requested additional information from management. The Board is assisted by counsel for the Trust and the Independent Trustees are also separately assisted by independent legal counsel throughout the process. The Independent Trustees also received a memorandum from their independent legal counsel discussing the legal standards for their consideration of the proposed continuation of the Agreements and discussed the proposed continuation of the Agreements in private sessions with their independent legal counsel at which no representatives of management were present.

Approval of Advisory Agreement

In approving the Advisory Agreement with respect to the fund, the Board, including the Independent Trustees, considered a variety of factors, including those discussed below. The Board also considered other factors (including conditions and trends prevailing generally in the economy, the securities markets, and the industry) and did not treat any single factor as determinative, and each Trustee may have attributed different weights to different factors. The Board's conclusions may be based in part on its consideration of the advisory and subadvisory arrangements in prior years and on the Board's ongoing regular review of fund performance and operations throughout the year.

Nature, extent, and quality of services. Among the information received by the Board from the Advisor relating to the nature, extent, and quality of services provided to the fund, the Board reviewed information provided by the Advisor relating to its operations and personnel, descriptions of its organizational and management structure, and information regarding the Advisor's compliance and regulatory history, including its Form ADV. The Board also noted that on a regular basis it receives and reviews information from the Trust's Chief Compliance Officer (CCO) regarding the fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Board observed that the scope of services provided by the Advisor, and of the undertakings required of the Advisor in connection with those services, including maintaining and monitoring its own and the fund's compliance programs, risk management programs, liquidity management programs and cybersecurity programs, had expanded over time as a result of regulatory, market and other developments. The Board considered that the Advisor is responsible for the management of the day-to-day operations of the fund, including, but not limited to, general supervision of and coordination of the services provided by the Subadvisor, and is also responsible for monitoring and reviewing the activities of the Subadvisor and other third-party service providers. The Board also considered the significant risks assumed by the Advisor in connection with the services provided to the fund including entrepreneurial risk in sponsoring new funds and ongoing risks including investment, operational, enterprise, litigation, regulatory and compliance risks with respect to all funds.

In considering the nature, extent, and quality of the services provided by the Advisor, the Trustees also took into account their knowledge of the Advisor's management and the quality of the performance of the Advisor's duties, through Board meetings, discussions and reports during the preceding year and through each Trustee's experience as a Trustee of the Trust and of the other trusts in the John Hancock group of funds complex (the John Hancock Fund Complex).

In the course of their deliberations regarding the Advisory Agreement, the Board considered, among other things:

(a) the skills and competency with which the Advisor has in the past managed the Trust's affairs and its subadvisory relationship, the Advisor's oversight and monitoring of the Subadvisor's investment performance and compliance programs, such as the Subadvisor's compliance with fund policies and objectives, review of brokerage matters, including with respect to trade allocation and best execution and the Advisor's timeliness in responding to performance issues;

(b) the background, qualifications and skills of the Advisor's personnel;

(c) the Advisor's compliance policies and procedures and its responsiveness to regulatory changes and mutual fund industry developments;

(d) the Advisor's administrative capabilities, including its ability to supervise the other service providers for the fund;

(e) the financial condition of the Advisor and whether it has the financial wherewithal to provide a high level and quality of services to the fund;

(f) the Advisor's initiatives intended to improve various aspects of the Trust's operations and investor experience with the fund; and

(g) the Advisor's reputation and experience in serving as an investment advisor to the Trust and the benefit to shareholders of investing in funds that are part of a family of funds offering a variety of investments.

The Board concluded that the Advisor may reasonably be expected to continue to provide a high quality of services under the Advisory Agreement with respect to the fund.

Investment performance. In considering the fund's performance, the Board noted that it reviews at its regularly scheduled meetings information about the fund's performance results. In connection with the consideration of the Advisory Agreement, the Board:

(a) reviewed information prepared by management regarding the fund's performance;

(b) considered the comparative performance of an applicable benchmark index;

(c) considered the performance of comparable funds, if any, as included in the report prepared by an independent third-party provider of fund data; and

(d) took into account the Advisor's analysis of the fund's performance and its plans and recommendations regarding the Trust's subadvisory arrangements generally.

The Board noted that while it found the data provided by the independent third-party generally useful it recognized its limitations, including in particular that the data may vary depending on the end date selected and the results of the performance comparisons may vary depending on the selection of the peer group. The Board noted that the fund underperformed its benchmark index and its peer group average for the one-, three-, five- and ten-year periods ended December 31, 2016. The Board took into account management's discussion of the fund's performance. The Board concluded that the fund's performance is being monitored and reasonably addressed, where appropriate.

Fees and expenses. The Board reviewed comparative information prepared by an independent third-party provider of mutual fund data, including, among other data, the fund's contractual and net management fees (and subadvisory fees, to the extent available) and total expenses as compared to similarly situated investment companies deemed to be comparable to the fund in light of the nature, extent and quality of the management and advisory and subadvisory services provided by the Advisor and the Subadvisor. The Board considered the fund's ranking within a smaller group of peer funds chosen by the independent third-party provider, as well as the fund's ranking within a broader group of funds. In comparing the fund's contractual and net management fees to those of comparable funds, the Board noted that such fees include both advisory and administrative costs. The Board noted that net management fees for the fund are equal to the peer group median and that net total expenses for the fund are higher than the peer group median.

The Board took into account management's discussion of the fund's expenses. The Board also took into account management's discussion with respect to the overall management fee, the fees of the Subadvisor, including the amount of the advisory fee retained by the Advisor after payment of the subadvisory fee, in each case in light of the services rendered for those amounts and the risks undertaken by the Advisor.The Board also noted that the Advisor pays the subadvisory fee, and that such fees are negotiated at arm's length with respect to the Subadvisor. In addition, the Board took into account that management had agreed to implement an overall fee waiver across the complex, including the fund, which is discussed further below. The Board also noted actions taken over the past several years to reduce the fund's operating expenses. The Board also noted that, in addition, the Advisor is currently waiving fees and/or reimbursing expenses with respect to the fund and that the fund has breakpoints in its contractual management fee schedule that reduces management fees as assets increase. The Board also noted that the fund's distributor, an affiliate of the Advisor, has agreed to waive a portion of its Rule 12b-1 fee for a share class of the fund. The Board reviewed information provided by the Advisor concerning the investment advisory fee charged by the Advisor or one of its advisory affiliates to other clients (including other funds in the John Hancock Fund Complex) having similar investment mandates, if any. The Board considered any differences between the Advisor's and Subadvisor's services to the fund and the services they provide to other comparable clients or funds. The Board concluded that the advisory fee paid with respect to the fund is reasonable in light of the nature, extent and quality of the services provided to the fund under the Advisory Agreement.

Profitability/Fall out benefits. In considering the costs of the services to be provided and the profits to be realized by the Advisor and its affiliates from the Advisor's relationship with the Trust, the Board:

(a) reviewed financial information of the Advisor;

(b) reviewed and considered information presented by the Advisor regarding the net profitability to the Advisor and its affiliates with respect to the fund;

(c) received and reviewed profitability information with respect to the John Hancock Fund Complex as a whole and with respect to the fund;

(d) received information with respect to the Advisor's allocation methodologies used in preparing the profitability data and considered that the Advisor hired an independent third-party consultant to provide an analysis of the Advisor's allocation methodologies;

(e) considered that the John Hancock insurance companies that are affiliates of the Advisor, as shareholders of the Trust directly or through their separate accounts, receive certain tax credits or deductions relating to foreign taxes paid and dividends received by certain funds of the Trust and noted that these tax benefits, which are not available to participants in qualified retirement plans under applicable income tax law, are reflected in the profitability information reviewed by the Board;

(f) considered that the Advisor also provides administrative services to the fund on a cost basis pursuant to an administrative services agreement;

(g) noted that affiliates of the Advisor provide transfer agency services and distribution services to the fund, and that the fund's distributor also receives Rule 12b-1 payments to support distribution of the fund;

(h) noted that the Advisor also derives reputational and other indirect benefits from providing advisory services to the fund;

(i) noted that the subadvisory fee for the fund is paid by the Advisor and is negotiated at arm's length;

(j) considered the Advisor's ongoing costs and expenditures necessary to improve services, meet new regulatory and compliance requirements, and adapt to other challenges impacting the mutual fund industry; and

(k) considered that the Advisor should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the fund and the risks that it assumes as Advisor, including entrepreneurial, operational, reputational, litigation and regulatory risk.

Based upon its review, the Board concluded that the level of profitability, if any, of the Advisor and its affiliates from their relationship with the fund was reasonable and not excessive.

Economies of scale. In considering the extent to which economies of scale would be realized as the fund grows and whether fee levels reflect these economies of scale for the benefit of fund shareholders, the Board:

(a) considered that the Advisor has contractually agreed to waive a portion of its management fee for certain funds of the John Hancock Fund Complex, including the fund (the participating portfolios) or otherwise reimburse the expenses of the participating portfolios (the reimbursement). This waiver is based upon aggregate net assets of all the participating portfolios. The amount of the reimbursement is calculated daily and allocated among all the participating portfolios in proportion to the daily net assets of each fund;

(b) reviewed the fund's advisory fee structure and concluded that: (i) the fund's fee structure contains breakpoints at the subadvisory fee level and that such breakpoints are reflected as breakpoints in the advisory fees for the fund; and (ii) although economies of scale cannot be measured with precision, these arrangements permit shareholders of the fund to benefit from economies of scale if the fund grows. The Board also took into account management's discussion of the fund's advisory fee structure; and

(c) the Board also considered the effect of the fund's growth in size on its performance and fees. The Board also noted that if the fund's assets increase over time, the fund may realize other economies of scale.

Approval of Subadvisory Agreement

In making its determination with respect to approval of the Subadvisory Agreement, the Board reviewed:

(1) information relating to the Subadvisor's business, including current subadvisory services to the Trust (and other funds in the John Hancock Fund Complex);

(2) the historical and current performance of the fund and comparative performance information relating to an applicable benchmark index and comparable funds;

(3) the subadvisory fee for the fund, including any breakpoints, and to the extent available, comparable fee information prepared by an independent third party provider of fund data; and

(4) information relating to the nature and scope of any material relationships and their significance to the Trust's Advisor and Subadvisor.

Nature, extent, and quality of services. With respect to the services provided by the Subadvisor, the Board received information provided to the Board by the Subadvisor, including the Subadvisor's Form ADV, as well as took into account information presented throughout the past year. The Board considered the Subadvisor's current level of staffing and its overall resources, as well as received information relating to the Subadvisor's compensation program. The Board reviewed the Subadvisor's history and investment experience, as well as information regarding the qualifications, background, and responsibilities of the Subadvisor's investment and compliance personnel who provide services to the fund. The Board also considered, among other things, the Subadvisor's compliance program and any disciplinary history. The Board also considered the Subadvisor's risk assessment and monitoring process. The Board reviewed the Subadvisor's regulatory history, including whether it was involved in any regulatory actions or investigations as well as material litigation, and any settlements and amelioratory actions undertaken, as appropriate. The Board noted that the Advisor conducts regular, periodic reviews of the Subadvisor and its operations, including regarding investment processes and organizational and staffing matters. The Board also noted that the Trust's CCO and his staff conduct regular, periodic compliance reviews with the Subadvisor and present reports to the Independent Trustees regarding the same, which includes evaluating the regulatory compliance systems of the Subadvisor and procedures reasonably designed to assure compliance with the federal securities laws. The Board also took into account the financial condition of the Subadvisor.

The Board considered the Subadvisor's investment process and philosophy. The Board took into account that the Subadvisor's responsibilities include the development and maintenance of an investment program for the fund that is consistent with the fund's investment objective, the selection of investment securities and the placement of orders for the purchase and sale of such securities, as well as the implementation of compliance controls related to performance of these services. The Board also received information with respect to the Subadvisor's brokerage policies and practices, including with respect to best execution and soft dollars.

Subadvisor compensation. In considering the cost of services to be provided by the Subadvisor and the profitability to the Subadvisor of its relationship with the fund, the Board noted that the fees under the Subadvisory Agreement are paid by the Advisor and not the fund.

The Board also relied on the ability of the Advisor to negotiate the Subadvisory Agreement with the Subadvisor, which is not affiliated with the Advisor, and the fees thereunder at arm's length. As a result, the costs of the services to be provided and the profits to be realized by the Subadvisor from its relationship with the Trust were not a material factor in the Board's consideration of the Subadvisory Agreement.

The Board also received information regarding the nature and scope (including their significance to the Advisor and its affiliates and to the Subadvisor) of any material relationships with respect to the Subadvisor, which include arrangements in which the Subadvisor or its affiliates provide advisory, distribution, or management services in connection with financial products sponsored by the Advisor or its affiliates, and may include other registered investment companies, a 529 education savings plan, managed separate accounts and exempt group annuity contracts sold to qualified plans. The Board also received information and took into account any other potential conflicts of interest the Advisor might have in connection with the Subadvisory Agreement.

In addition, the Board considered other potential indirect benefits that the Subadvisor and its affiliates may receive from the Subadvisor's relationship with the fund, such as the opportunity to provide advisory services to additional funds in the John Hancock Fund Complex and reputational benefits.

Subadvisory fees. The Board considered that the fund pays an advisory fee to the Advisor and that, in turn, the Advisor pays a subadvisory fee to the Subadvisor. As noted above, the Board also considered the fund's subadvisory fees as compared to similarly situated investment companies deemed to be comparable to the fund as included in the report prepared by the independent third party provider of fund data, to the extent available. The Board noted that the limited size of the Lipper peer group was not sufficient for comparative purposes. The Board also took into account the subadvisory fees paid by the Advisor to the Subadvisor with respect to the fund and compared them to fees charged by the Subadvisor to manage other subadvised portfolios and portfolios not subject to regulation under the 1940 Act, as applicable.

Subadvisor performance. As noted above, the Board considered the fund's performance as compared to the fund's peer group and the benchmark index and noted that the Board reviews information about the fund's performance results at its regularly scheduled meetings. The Board noted the Advisor's expertise and resources in monitoring the performance, investment style and risk-adjusted performance of the Subadvisor. The Board was mindful of the Advisor's focus on the Subadvisor's performance. The Board also noted the Subadvisor's long-term performance record for similar accounts, as applicable.

The Board's decision to approve the Subadvisory Agreement was based on a number of determinations, including the following:

(1) the Subadvisor has extensive experience and demonstrated skills as a manager;

(2) the performance of the fund is being monitored and reasonably addressed, where appropriate;

(3) the subadvisory fee is reasonable in relation to the level and quality of services being provided under the Subadvisory Agreement; and

(4) noted that the subadvisory fees are paid by the Advisor not the fund and that the subadvisory fee breakpoints are reflected as breakpoints in the advisory fees for the fund in order to permit shareholders to benefit from economies of scale if the fund grows.

* * *

Based on the Board's evaluation of all factors that the Board deemed to be material, including those factors described above, the Board, including the Independent Trustees, concluded that renewal of the Advisory Agreement and the Subadvisory Agreement would be in the best interest of the fund and its shareholders. Accordingly, the Board, and the Independent Trustees voting separately, approved the Advisory Agreement and Subadvisory Agreement for an additional one-year period.

More information

Investment advisor
John Hancock Advisers, LLC

Subadvisor
Mesirow Financial Investment Management, Inc.

Principal distributor
John Hancock Funds, LLC

Custodian
State Street Bank and Trust Company

Transfer agent
John Hancock Signature Services, Inc.

Legal counsel
K&L Gates LLP

The fund's proxy voting policies and procedures, as well as the fund proxy voting record for the most recent twelve-month period ended June 30, are available free of charge on the Securities and Exchange Commission (SEC) website at sec.gov or on our website.

The fund's complete list of portfolio holdings, for the first and third fiscal quarters, is filed with the SEC on Form N-Q. The fund's Form N-Q is available on our website and the SEC's website, sec.gov, and can be reviewed and copied (for a fee) at the SEC's Public Reference Room in Washington, DC. Call 800-SEC-0330 to receive information on the operation of the SEC's Public Reference Room.

We make this information on your fund, as well as **monthly portfolio holdings**, and other fund details available on our website at jhinvestments.com or by calling 800-225-5291.

You can also contact us:

800-225-5291
jhinvestments.com

Regular mail:
John Hancock Signature Services, Inc.
P.O. Box 55913
Boston, MA 02205-5913

Express mail:
John Hancock Signature Services, Inc.
Suite 55913
30 Dan Road
Canton, MA 02021

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Brokerage account shareholders

If you receive statements directly from your bank or broker and would like to participate in eDelivery, go to **icsdelivery/live** or contact your financial representative.

How can we help you?

Is there a simple way to keep my asset allocation strategy on track?

Can I quickly get tax information on my John Hancock investments?

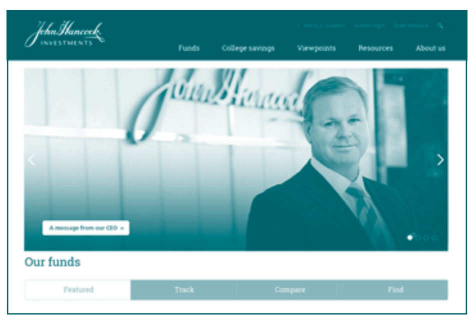
Where can I get the form to update my IRA beneficiaries?

BY PHONE

Call our customer service representatives at 800-225-5291, Monday to Thursday, 8:00 A.M.–7:00 P.M., and Friday, 8:00 A.M.–6:00 P.M., Eastern time.

ONLINE

- Bookmark **jhinvestments.com** where, in one location, you'll find answers to some of the most common shareholder questions.
- If you're looking for a simple way to maintain your asset allocation strategy, go to Forms & Applications and discover our **Asset Allocation and Automatic Rebalancing feature**.



- For tax information specific to your John Hancock investments, visit our online **Tax Center**.
- To change your **IRA beneficiaries**, simply download, complete, and return the form.
- Visit our Education and Guidance Center, run the "What will my income be after I retire?" calculator and **answer key retirement questions**.

John Hancock family of funds

DOMESTIC EQUITY FUNDS

Balanced
Blue Chip Growth
Classic Value
Disciplined Value
Disciplined Value Mid Cap
Equity Income
Fundamental All Cap Core
Fundamental Large Cap Core
Fundamental Large Cap Value
New Opportunities
Small Cap Core
Small Cap Value
Small Company
Strategic Growth
U.S. Global Leaders Growth
U.S. Growth
Value Equity

GLOBAL AND INTERNATIONAL EQUITY FUNDS

Disciplined Value International
Emerging Markets
Emerging Markets Equity
Fundamental Global Franchise
Global Equity
Global Shareholder Yield
Greater China Opportunities
International Growth
International Small Company
International Value Equity

INCOME FUNDS

Bond
California Tax-Free Income
Emerging Markets Debt
Floating Rate Income
Global Income
Government Income
High Yield
High Yield Municipal Bond
Income
Investment Grade Bond
Money Market
Short Duration Credit Opportunities
Spectrum Income
Strategic Income Opportunities
Tax-Free Bond

ALTERNATIVE AND SPECIALTY FUNDS

Absolute Return Currency
Alternative Asset Allocation
Enduring Assets
Financial Industries
Global Absolute Return Strategies
Global Conservative Absolute Return
Global Focused Strategies
Natural Resources
Redwood
Regional Bank
Seaport
Technical Opportunities

A fund's investment objectives, risks, charges, and expenses should be considered carefully before investing. The prospectus contains this and other important information about the fund. To obtain a prospectus, contact your financial professional, call John Hancock Investments at 800-225-5291, or visit our website at jhinvestments.com. Please read the prospectus carefully before investing or sending money.

ASSET ALLOCATION

Income Allocation Fund

Multi-Index Lifetime Portfolios

Multi-Index Preservation Portfolios

Multimanager Lifestyle Portfolios

Multimanager Lifetime Portfolios

EXCHANGE-TRADED FUNDS

John Hancock Multifactor Consumer Discretionary ETF

John Hancock Multifactor Consumer Staples ETF

John Hancock Multifactor Developed International ETF

John Hancock Multifactor Energy ETF

John Hancock Multifactor Financials ETF

John Hancock Multifactor Healthcare ETF

John Hancock Multifactor Industrials ETF

John Hancock Multifactor Large Cap ETF

John Hancock Multifactor Materials ETF

John Hancock Multifactor Mid Cap ETF

John Hancock Multifactor Small Cap ETF

John Hancock Multifactor Technology ETF

John Hancock Multifactor Utilities ETF

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FUNDS

ESG All Cap Core

ESG Core Bond

ESG International Equity

ESG Large Cap Core

CLOSED-END FUNDS

Financial Opportunities

Hedged Equity & Income

Income Securities Trust

Investors Trust

Preferred Income

Preferred Income II

Preferred Income III

Premium Dividend

Tax-Advantaged Dividend Income

Tax-Advantaged Global Shareholder Yield

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

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John Hancock Investments

A trusted brand

John Hancock Investments is a premier asset manager representing one of America's most trusted brands, with a heritage of financial stewardship dating back to 1862. Helping our shareholders pursue their financial goals is at the core of everything we do. It's why we support the role of professional financial advice and operate with the highest standards of conduct and integrity.

A better way to invest

We serve investors globally through a unique multimanager approach: We search the world to find proven portfolio teams with specialized expertise for every strategy we offer, then we apply robust investment oversight to ensure they continue to meet our uncompromising standards and serve the best interests of our shareholders.

Results for investors

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John Hancock Funds, LLC ■ Member FINRA, SIPC
601 Congress Street ■ Boston, MA 02210-2805
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