



MUTUAL FUNDS

Fund Commentary

Q1 | 2008

John Hancock Regional Bank Fund

FROM THE MFC GLOBAL INVESTMENT MANAGEMENT (U.S.), LLC PORTFOLIO MANAGEMENT TEAM

The performance data contained within this material represents past performance, which does not guarantee future results. The return and principal value of an investment will fluctuate, so that shares, when redeemed, may be worth more or less than the original cost. The Fund's current performance may be higher or lower and is subject to substantial changes. For performance data current to the most recent month end, contact your financial professional or call John Hancock Funds at 1-800-225-5291.

FUND RESULTS

The Fund decreased 6.72% for the first quarter of 2008, but was well ahead of the S&P 1500 Bank Index, which fell by 11.56%.*

MARKET ENVIRONMENT

The economy continued to weaken in the first quarter, with further deterioration in the housing and mortgage markets. The S&P 500 fell 9.44% for the quarter, with many sectors experiencing declines. The Federal Reserve continued to lower interest rates and took other measures to add liquidity to the market. The federal government announced a fiscal stimulus package and proposed various programs to assist struggling homeowners.

PERFORMANCE REVIEW

Financial stocks fell during the first quarter, with liquidity issues straining some companies and others working to shore up capital. The Fund performed better than its benchmark due to its underweight in the thrift and mortgage finance segment and its overweights in the money center banks and the custody banks. In addition, positive stock selection in the regional banks and diversified banks helped performance this quarter.

Earnings for the banks and thrifts were generally disappointing as companies wrote down assets and built loan loss reserves. Net interest margins remain under pressure, but should stabilize or improve as the year progresses as a result of the steeper yield curve, the Fed's

easing campaign, better spreads on loans and less competition for deposits.

The Fund was helped by names perceived to be more conservative, such as mid-cap banks WestAmerica Bancorp, Hancock Holding, Cullen/Frost Bankers and Independent Bank Corp. North Carolina-based BB&T Corp. was a standout among the larger regional banks after reporting stronger-than-peer earnings for 2007. Some of our thrift names also had solid showings in the quarter, including Washington Federal, Hudson City Bancorp and Peoples United Financial.

The Fund's performance was negatively impacted by companies with outsized mortgage- or construction-related exposure, including Wachovia Corp, East West Bancorp and Colonial Bancgroup. In addition, Bank of New York Mellon, one of last year's strong performers, declined due to uncertainty surrounding a Russian lawsuit.

OUTLOOK

We're still cautious on the near-term fundamental outlook for the U.S. bank and thrift sector and believe that the first half of 2008 will be particularly challenging. However, we do see some potential catalysts for the Fund. Bank stocks tend to outperform the market when the Fed is lowering rates. Also, bank stocks have historically done better than the overall market before fundamentals begin to improve. Finally, we believe consolidation will return to the sector later this year and into next year.

SCORECARD

| Investment | Period's performance ... and what's behind the numbers |
|----------------------|--|
| WestAmerica | ▲ Conservatively managed mid-cap bank shines in difficult environment |
| Cullen/Frost Bankers | ▲ Texas remains one of the stronger areas in the country |
| Wachovia | ▼ Worries about higher losses in its mortgage portfolio caused the stock price to fall |

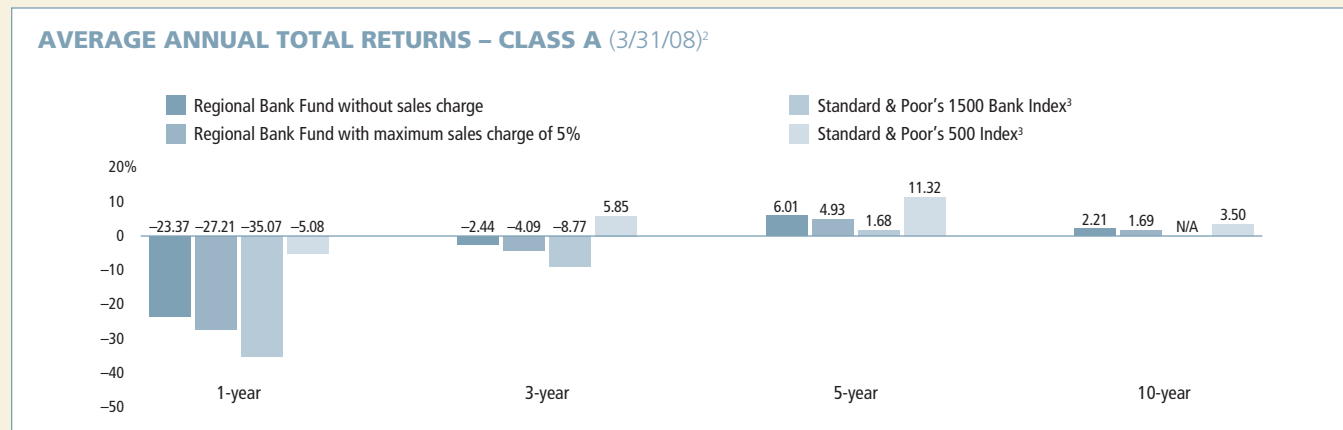
*Performance for Class A shares only at net asset value. Please visit our Web site at www.jhfunds.com for performance of other share classes.

This commentary reflects the views of the portfolio managers through March 31, 2008. The managers' views are subject to change as market and other conditions warrant. No forecasts are guaranteed. This commentary is provided for informational purposes only and is not an endorsement of any security, mutual fund, sector or index. MFC Global Investment Management (U.S.), LLC, John Hancock Advisers, LLC, and their affiliates, employees and clients may hold or trade the securities mentioned in this commentary.

TEN LARGEST EQUITY HOLDINGS (3/31/08)¹

| | | | |
|------------------------------------|-------|---------------------------------|-------|
| PNC Financial Services Group | 3.78% | U.S. Bancorp. | 3.53% |
| Cullen/Frost Bankers..... | 3.77% | Bank of America | 3.51% |
| JPMorgan Chase | 3.70% | Commerce Bancshares | 3.39% |
| State Street | 3.70% | People's United Financial | 3.38% |
| Bank of New York Mellon | 3.55% | Wells Fargo | 3.23% |

AVERAGE ANNUAL TOTAL RETURNS – CLASS A (3/31/08)²



Performance reflects a total annual fund operating expense ratio of 1.21%. There is currently no contractual expense reimbursement in effect; therefore, the net and gross expense ratio is the same figure. Expenses for other share classes will vary, which will affect returns. Performance figures assume that all distributions are reinvested. Performance quoted without sales charges would be reduced if the sales charges were applied.

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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, call your financial professional, John Hancock Funds at 1-800-225-5291 or visit our Web site at www.jhfunds.com. Please read the prospectus carefully before investing or sending money.

Investments concentrated in one industry may fluctuate more widely than investments diversified across industries. Foreign investments carry additional risks, including currency fluctuations, differences in accounting standards and political instability. The Fund may be considered a vehicle for diversification, but, on its own, does not represent a well-balanced investment program. The Fund may not be appropriate for all investors.

For more information, call your financial professional or John Hancock Funds at 1-800-225-5291.



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- 1 Listed holdings do not represent all of the holdings in the Fund. Holdings are subject to change at any time and are not recommendations to buy or sell any security. Holdings are expressed as a percentage of net assets.
- 2 Source: Morningstar, Inc. Performance for other share classes may vary, and returns assume all dividends and capital gains are reinvested. For some periods, the Fund's performance may have been influenced by investments in unusually hot industries, IPOs or other factors. Similar opportunities may or may not be available in the future.
- 3 The Standard & Poor's 1500 Bank Index is an unmanaged index of banking sector stocks in the S&P 1500 Index. The Standard & Poor's 500 Index is an unmanaged index that includes 500 widely traded common stocks. It is not possible to invest directly in an index.

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