



MUTUAL FUNDS

# Fund Commentary

Q4 | 2011

## John Hancock Bond Fund

FROM THE JOHN HANCOCK ASSET MANAGEMENT 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

In the fourth quarter of 2011, the Fund returned 1.95%, compared with the 1.18% return of its benchmark index, the Barclays Capital U.S. Government/Credit Index and the 1.32% average return of the Morningstar, Inc. intermediate-term bond fund category.\*

### MARKET ENVIRONMENT

U.S. bonds advanced modestly in the fourth quarter of 2011, capping a solid year of performance. Economic news released in the fourth quarter showed modest but steady improvement, quelling concerns from the previous quarter about a potential recession. In particular, employment figures improved notably, sending the unemployment rate down to 8.6%, its lowest reading since March 2009.

Beyond the economy, the financial markets continued to focus much of their attention on Europe and its sovereign debt crisis. Although European authorities took steps to shore up the continent's banking system, the spread of the contagion to Italy (Europe's third-largest economy) and uncertainty surrounding a resolution to the crisis weighed on investor confidence.

Interest rates were relatively stable during the quarter as upward pressure from the improving economy was offset by flight-from-Europe demand. In this environment, the riskier segments of the bond market outperformed as high-yield corporate bonds and commercial mortgage-backed securities delivered the best returns in the fourth quarter. Investment-grade corporate bonds also fared well, while Treasury bonds and residential mortgage-backed securities generated positive returns but lagged the broad bond indexes.

### PERFORMANCE REVIEW

The key factor behind the Fund's outperformance of its benchmark and peer group average in the fourth quarter was sector allocation. Exposure to both high-yield corporate bonds and commercial mortgage-backed securities contributed the most to the Fund's outperformance versus the index. An underweight position in Treasury bonds also added value during the quarter.

Another factor aiding Fund performance in the fourth quarter was the stable interest-rate environment. With rates holding steady, much of the return during the quarter came from interest payments, and the vast majority of the Fund is invested in credit-related securities that have relatively high yields. This incremental yield advantage provided a tailwind for Fund performance.

### OUTLOOK

As we enter 2012, the U.S. economy appears to have some modest but sustainable upward momentum, particularly compared with Europe and other regions of the world. We expect domestic economic growth in the coming year to be slow and steady — not a robust expansion, but not a recession, either. This environment should be favorable for corporate bonds and other credit-related securities. Valuations in the credit sectors also remain attractive as the market continues to price credit-related securities at recessionary levels. In fact, only in 2009 were yield spreads (the difference in yields) between Treasury bonds and corporate bonds wider at the start of a calendar year than they are at the beginning of 2012. As a result, we intend to maintain the Fund's meaningful exposure to the credit sectors of the bond market, while remaining underweight in the Treasury market.

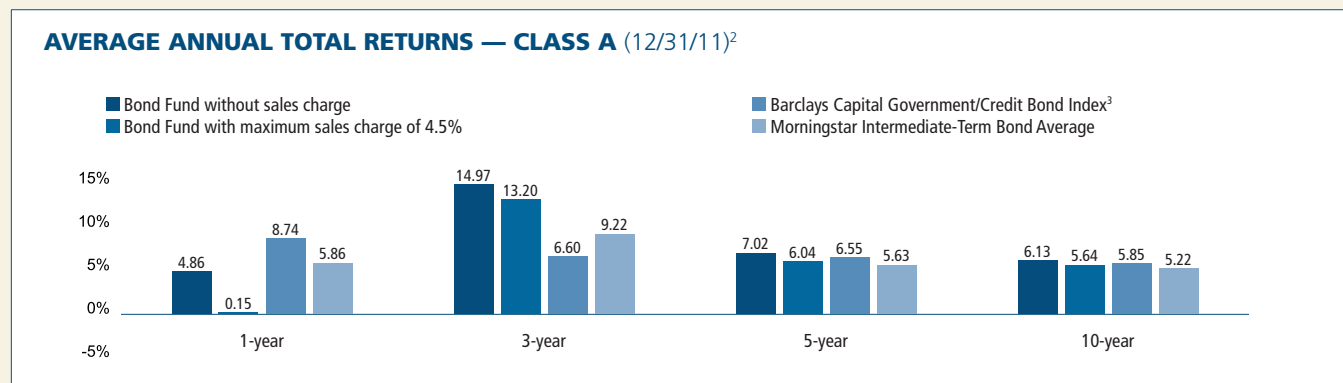
\*Performance for Class A shares only at net asset value. Please visit our Web site at [www.jhfunds.com](http://www.jhfunds.com) for performance of other share classes.

This commentary reflects the views of the portfolio managers through December 31, 2011. 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. John Hancock Asset Management, John Hancock Advisers, LLC, and their affiliates, employees and clients may hold or trade the securities mentioned in this commentary.

**TEN LARGEST ISSUERS (12/31/11)<sup>1</sup>**

FNMA.....	24.80%	JPMorgan Chase Comm. Mortg. Sec. ....	1.05%
U.S. Treasury Notes/Bonds .....	6.81%	Banc of America Commercial Mortgage .....	0.89%
LB-UBS Commercial Mortgage.....	1.56%	JPMorgan Chase.....	0.89%
Federal Home Loan Mortgage .....	1.44%	General Electric.....	0.87%
WaMu Mortgage.....	1.14%	Morgan Stanley .....	0.85%

**AVERAGE ANNUAL TOTAL RETURNS — CLASS A (12/31/11)<sup>2</sup>**



The Fund’s net annual operating expense ratio as of the current prospectus is 1.00%. The gross annual operating expense ratio of 1.05% is reduced due to a contractual expense reimbursement, which is in effect until at least 9/30/12 and may be terminated by the Adviser any time after this date. 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, contact your financial professional, call John Hancock Funds at 1-800-225-5291 or visit our Web site at [www.jhfunds.com](http://www.jhfunds.com). Please read the prospectus carefully before investing or sending money.**

*Fixed-income investments are subject to interest-rate and credit risk; their value will normally decline as interest rates rise or if the creditor is unable or unwilling to make principal or interest payments. Investments in higher-yielding, lower-rated securities involve additional risks as these securities include a higher risk of default and loss of principal. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk and their value may fluctuate in response to the market’s perception of issuer creditworthiness. The use of hedging and derivatives transactions could produce disproportionate gains or losses and may increase volatility and costs. The distribution rate and income amounts reflect past amounts distributed and may not be indicative of future rates or income amounts. Distribution rates and income amounts can change at any time. For additional information on these and other risk considerations, please see the Fund’s prospectus.*

**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 and exclude cash and cash equivalents.  
 2 Source: Morningstar, Inc. Performance for other share classes may vary, and returns assume all dividends and capital gains are reinvested.  
 3 The Barclays Capital Government/Credit Bond Index is an unmanaged index that measures the performance of U.S. government bonds, U.S. corporate bonds and Yankee bonds. It is not possible to invest directly in an index.  
 NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE  
 NOT INSURED BY ANY GOVERNMENT AGENCY