



MUTUAL FUNDS

Fund Commentary

Q1 | 2008

John Hancock Tax-Advantaged Global Shareholder Yield Fund

FROM THE PORTFOLIO MANAGEMENT TEAMS: EPOCH INVESTMENT PARTNERS, INC. AND ANALYTIC INVESTORS INC.

FUND RESULTS

The Fund returned -8.80% at net asset value (NAV) in the first quarter of 2008. The current yield at NAV is 10.73% and yield at market is 11.68%. As of March 31, 2008, the Fund is trading at a 8.16% discount compared to the Lipper peer group of global funds, which is trading at an 8.00% discount. During the first quarter, global equities, as measured by the S&P/Citigroup BMI World Index, returned -8.95%.

MARKET ENVIRONMENT

The first quarter of 2008 was the worst quarter for equities in more than a decade as the U.S. economy showed signs of significant weakening. The dollar also fell while commodity prices rallied and a leading U.S. investment bank became subject to a takeover mandated by the Federal Reserve.

PERFORMANCE REVIEW

Results for the last quarter and fiscal year 2007 for the Fund's holdings were as expected. While generally reporting in line results, holdings in the consumer discretionary sector were down significantly due to worsening U.S. economic conditions. This resulted in less downside protection than the Fund has previously experienced.

Significant positive performance came from investments in basic materials companies Southern Copper and E.I. DuPont. Continued global demand for raw materials and agricultural products led to strong operating results and better-than-market stock performance. Detracting from performance were media companies Idearc,

suffering weakening advertising markets, and U.S. telecommunications providers Verizon and Citizen. The market heavily discounted future growth from add on services, such as broadband access, in the face of slowing consumer spending.

The option portfolio continued to add value to the Fund in the first quarter as markets moved lower. Calls written on the S&P 500, Broker/Dealer and Bank Indexes were the largest contributors to the quarterly gain. Options written on the Cyclical Index slightly subtracted value.

OUTLOOK

Looking ahead, we remain extremely cautious on prospects for the U.S. economy and the likely consequences for the global economy. We believe a U.S. recession is inevitable and that repairing the financial system remains long term. All of this suggests risk aversion and market volatility will remain high for some time.

Despite this, the actions taken by the U.S. Federal Reserve will probably stave off a systemic financial collapse, and we anticipate similar policies being pursued in a number of other countries. Our free cash flow methodology has never seemed so apt as in the current environment. We believe our focus on companies that generate free cash flow and intelligently allocate it between new investments and shareholder yield should produce superior relative, if not absolute, results and position the Fund for the next stage of global growth.

This commentary reflects the views of the portfolio managers through March and may include forward-looking statements. The statements may include projections, estimates and descriptions of future events. These statements are subject to a variety of risks and uncertainties, which may cause actual results to differ materially. The managers' views are subject to change as market and other conditions warrant and should not be construed as a recommendation for any securities discussed herein.

Unlike open-end funds, closed-end funds are not continuously offered. After a one-time public offering, shares of closed-end funds are sold in the secondary market and frequently trade at a discount to net asset value. A closed-end fund cannot predict whether its shares will trade at, below or above net asset value. Specialized funds carry additional risks.

Fund specific information is provided for informational purposes only and is not intended for trading purposes.

If you are interested in investing in any of the John Hancock closed-end funds, please contact your financial professional. Before investing, prospective investors should consider carefully a fund's objective, risks, charges and expenses. For current fund information or to request closed-end fund literature, call **1-800-843-0090** or visit our Web site at **www.jhfunds.com**.



John Hancock Funds, LLC

MEMBER FINRA

601 Congress Street ■ Boston, MA 02210-2805

■ www.jhfunds.com

P14MMC 4/08