



MUTUAL FUNDS

Fund Commentary

Q4 | 2009

John Hancock Income Securities Trust

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

FUND PERFORMANCE

The Fund returned 5.15% at net asset value during the fourth quarter of 2009, outperforming the -0.21% return of the Barclays Capital U.S. Government/Credit Index and the 3.21% average return of closed-end leveraged investment-grade funds tracked by UBS.

MARKET ENVIRONMENT

U.S. bonds produced mixed results in the fourth quarter of 2009. The economic news released during the quarter painted a picture of uneven but improving economic conditions. The U.S. economy enjoyed its first positive quarter of growth in more than a year, expanding at a 2.2% annual rate in the third quarter of 2009; the unemployment rate fell back modestly after reaching a 26-year high of 10.2% during the quarter; and retail sales and industrial production figures showed gradual signs of improvement.

As the economy made further progress toward recovery, corporate bonds continued to generate positive returns. High-yield corporate bonds remained the top performers in the bond market in the fourth quarter, capping their best calendar-year performance ever. Mortgage-backed securities advanced modestly, while Treasury bonds declined amid increased issuance and concerns about higher inflation as economic conditions improved.

PORTFOLIO REVIEW

While the broad bond market indexes posted relatively flat returns in the fourth quarter, the portfolio generated

a solid gain, outperforming its UBS peer group average as well as the broad bond indexes. The Fund's emphasis on corporate bonds, including a notable weighting in high-yield corporate securities, was the main driver of the portfolio's favorable performance.

We continued to increase the Fund's corporate bond holdings in the fourth quarter, expanding our position to approximately two-thirds of the portfolio. We have been especially focusing on the lower-rated segments of the corporate market, with a substantial weightings in BBB-rated bonds as well as below-investment-grade securities. The Fund's best contributors in the fourth quarter included bonds issued by satellite radio provider Canadian Satellite Radio, broadcaster Nexstar Broadcasting, and paper producer Verso Paper. On the downside, the most notable detractor was Little Traverse Bay Bands of Odawa Indians, who operate a small casino in northern Michigan.

OUTLOOK

As we move into 2010, we expect the economic recovery to continue to progress at a gradual pace. Although we don't anticipate any change in the Fed's interest-rate policy in the coming year, we do expect the bond market to begin to anticipate the Fed's eventual removal of its liquidity measures and accommodative monetary policy. We intend to maintain our emphasis on corporate bonds; we believe the environment remains favorable for corporate securities to continue their outperformance in 2010, although to a lesser degree than in 2009.

This commentary reflects the views of the portfolio managers through 12/31/09 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 | SIPC

601 Congress Street ■ Boston, MA 02210-2805

1-800-843-0090 ■ 1-800-554-6713 TDD ■ www.jhfunds.com

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