



MUTUAL FUNDS

John Hancock Balanced Fund

QUARTERLY PORTFOLIO HOLDINGS

1.31.2009

John Hancock Balanced Fund

Securities owned by the Fund on
January 31, 2009 (Unaudited)

Issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
Bonds 17.09%					\$120,829,908
(Cost \$127,403,492)					
Airlines 0.18%					1,290,212
Delta Air Lines, Inc., Sec Pass Thru Ctf Ser A	6.821%	08/10/22	A-	1,870	1,290,212
Auto Parts & Equipment 0.08%					555,000
Allison Transmission, Inc., Gtd Sr Note (S)	11.000	11/01/15	B-	1,000	555,000
Broadcasting & Cable TV 0.86%					6,068,584
Comcast Cable Communications Holdings, Inc., Sr Note	8.375	03/15/13	BBB+	2,000	2,162,236
Time Warner Cable, Inc., Gtd Sr Note	6.750	07/01/18	BBB+	4,000	3,906,348
Casinos & Gaming 0.07%					495,000
Isle of Capris Casinos, Inc., Gtd Sr Sub Note	7.000	03/01/14	CCC+	1,000	495,000
Computer Hardware 1.09%					7,713,871
Hewlett-Packard Co., Sr Note	4.500	03/01/13	A	5,000	5,205,595
IBM Corp., Sr Sub Note	8.000	10/15/38	A+	2,000	2,508,276
Consumer Finance 0.24%					1,701,480
SLM Corp., Sr Note Ser MTN	8.450	06/15/18	BBB-	2,000	1,701,480
Department Stores 0.11%					766,743
Macy's Retail Holdings, Inc., Gtd Note	7.875	07/15/15	BBB-	1,000	766,743
Diversified Chemicals 0.30%					2,137,860
El Du Pont de Nemours & Co.	5.875	01/15/14	A	2,000	2,137,860
Diversified Financial Services 0.57%					4,017,029
ERAC USA Finance Co., Gtd Sr Note (S)	6.375	10/15/17	BBB	700	455,338
General Electric Capital Corp., Sr Note Ser A	6.125	02/22/11	AAA	1,000	1,033,812
Subordinated Debt (6.375% to 11/15/17 then variable)	6.375	11/15/67	AA+	1,000	647,775
JPMorgan Chase & Co., Subordinated Debt	5.250	05/01/15	A	2,000	1,880,104
Electric Utilities 2.67%					18,905,256
AES Eastern Energy LP, Sr Pass Thru Ctf Ser 1999-A	9.000	01/02/17	BB+	1,700	1,574,537
Appalachian Power Co., Sr Note	4.950	02/01/15	BBB	3,000	2,617,200
Beaver Valley Funding, Sec Lease Obligation Bond	9.000	06/01/17	BBB	904	862,208
Duke Capital LLC, Sr Note	5.668	08/15/14	BBB	5,000	4,395,845

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Issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
Electric Utilities (continued)					
Duke Energy Carolinas LLC, 1st Ref Mtg	5.250%	01/15/18	A	1,000	\$1,011,068
Florida Power Corp., 1st Ref Mtg	5.800	09/15/17	A-	1,205	1,276,571
Kansas City Power & Light Co., Sr Note	6.500	11/15/11	BBB	1,000	1,021,377
Oncor Electric Delivery, Bond (S)	5.950	09/01/13	BBB+	1,000	978,010
Pacific Gas & Electric Co., Sr Note	5.625	11/30/17	BBB+	5,000	5,168,440
Food Distributors 0.58%					4,082,216
Kraft Foods, Inc., Sr Note	6.125	08/23/18	BBB+	4,000	4,082,216
Health Care Distributors 0.05%					386,548
Covidien International Finance SA, Gtd Sr Note	6.000	10/15/17	A-	380	386,548
Health Care Services 0.14%					1,001,450
UnitedHealth Group, Inc., Sr Note	5.500	11/15/12	A-	1,000	1,001,450
Household Products 0.78%					5,523,790
Clorox Co., Sr Note	5.000	03/01/13	BBB+	5,000	5,043,790
Yankee Acquisition Corp., Gtd Sr Sub Note	8.500	02/15/15	B-	1,000	480,000
Industrial Conglomerates 0.78%					5,546,625
Grupo Kuo SAB de CV, Gtd Sr Note (S)	9.750	10/17/17	BB-	1,000	750,000
Koninklijke (Royal) Philips Electronics N.V., Sr Note	5.750	03/11/18	A-	5,000	4,796,625
Integrated Oil & Gas 0.30%					2,089,700
Shell International Finance BV	6.375	12/15/38	AA+	2,000	2,089,700
Integrated Telecommunication Services 0.70%					4,944,400
Verizon Communications, Inc., Sr Note	5.550	02/15/16	A	5,000	4,944,400
Investment Banking & Brokerage 1.03%					7,303,730
Bear Stearns Cos., Inc., Sr Note	7.250	02/01/18	A+	1,000	1,064,451
Goldman Sachs Group, Inc., Jr Sub Note	6.750	10/01/37	A-	1,000	760,142
Merrill Lynch & Co., Inc., Jr Sub Bond	7.750	05/14/38	A	1,000	947,737
Morgan Stanley, Sr Note	6.000	04/28/15	A	5,000	4,531,400
Life & Health Insurance 0.45%					3,175,760
Prudential Financial, Inc., Sr Note Ser D	5.150	01/15/13	A+	3,500	3,175,760

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Issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
Multi-Line Insurance 0.20%					\$1,425,452
American International Group, Sr Note	5.850%	01/16/18	A-	2,000	1,425,452
Multi-Utilities 0.30%					2,118,966
CalEnergy Co., Inc., Sr Bond	8.480	09/15/28	BBB+	2,000	2,118,966
Oil & Gas Drilling 0.14%					1,021,136
Marathon Oil Canada Corp., Sr Sec Note	8.375	05/01/12	BBB+	1,000	1,021,136
Oil & Gas Exploration & Production 1.08%					7,643,950
Devon Energy Corp.	5.625	01/15/14	BBB+	3,000	3,053,520
XTO Energy, Inc., Subordinated Debt	5.500	06/15/18	BBB	5,000	4,590,430
Oil & Gas Storage & Transportation 0.81%					5,723,310
Kinder Morgan Energy Partners LP, Sr Bond	7.750	03/15/32	BBB	14	13,924
Sr Bond	5.950	02/15/18	BBB	5,000	4,778,120
NGPL PipeCo LLC, Sr Note (S)	7.119	12/15/17	BBB-	1,000	931,266
Paper Products 0.46%					3,238,920
International Paper Co., Sr Note	7.950	06/15/18	BBB	4,000	3,238,920
Pharmaceuticals 0.59%					4,161,261
Abbott Laboratories, Sr Note	5.600	11/30/17	AA	1,000	1,068,783
Schering-Plough Corp., Sr Note	6.000	09/15/17	A-	3,000	3,092,478
Railroads 0.82%					5,774,016
Burlington Northern Santa Fe Corp., Sr Note	5.750	03/15/18	BBB	2,000	1,966,512
CSX Corp., Sr Note	5.500	08/01/13	BBB-	3,000	2,850,069
Union Pacific Corp., Sr Note	5.750	11/15/17	BBB	1,000	957,435
Soft Drinks 0.18%					1,240,161
Pepsico, Inc., Sr Note	7.900	11/01/18	A+	1,000	1,240,161
Specialty Chemicals 0.66%					4,658,470
Ecolab, Inc., Sr Note	4.875	02/15/15	A	5,000	4,218,470
Momentive Performance, Gtd Sr Note	9.750	12/01/14	B-	1,000	440,000
Specialty Stores 0.08%					531,790
Staples, Inc.	9.750	01/15/14	BBB	500	531,790

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Issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
Steel 0.29%					\$2,030,142
Nucor Corp., Sr Note	5.000%	06/01/13	A+	2,000	2,030,142
Tobacco 0.50%					\$3,557,080
Altria Group Inc., Gtd Sr Note	8.500	11/10/13	BBB	3,235	3,557,080
Asset backed securities 0.06%					\$400,000
(Cost \$999,993)					
Dominos Pizza Master Issuer LLC, Mtg Pass Thru Ctf Ser 2007-1-M1 (S)	7.629	04/25/37	BB	1,000	400,000
Collateralized mortgage obligations 0.36%					\$2,542,153
(Cost \$2,469,963)					
Countrywide Alternative Loan Trust, Mtg Pass Thru Ctf Ser 2005-17 Class 1X3 IO	2.888	06/25/35	AAA	61,408	1,160,997
DSL A Mortgage Loan Trust, Mtg Pass Thru Ctf Ser 2005-AR5 Class X2 IO	0.151	08/19/45	AAA	11,984	284,620
Residential Accredited Loans, Inc., Mtg Pass Thru Ctf Ser 2005-Q02 Class X IO	1.210	09/25/45	AAA	19,566	270,015
Wells Fargo Mortgage-Backed Securities Trust, Mtg Pass Thru Ctf Ser 2006-AR12-1A1 (P)	6.033	09/25/36	A3	1,344	826,521
Issuer				Shares	Value
Common stocks 57.70%					\$407,933,670
(Cost \$480,464,660)					
Agricultural Products 3.60%					25,443,518
Archer-Daniels-Midland Co.				540,670	14,803,544
Bunge, Ltd.				247,787	10,639,974
Airlines 0.52%					3,698,124
Delta Air Lines, Inc. (I)				535,960	3,698,124
Asset Management & Custody Banks 0.19%					1,309,734
BlackRock, Inc.				12,038	1,309,734
Automotive Retail 1.60%					11,274,255
Autozone, Inc. (I)				84,839	11,274,255
Biotechnology 4.55%					32,168,220
Amgen, Inc. (I)				96,614	5,299,278
Biogen Idec, Inc. (I)				28,849	1,403,504
Cephalon, Inc. (I)				121,857	9,404,923
Genentech, Inc. (I)				13,363	1,085,610
Genzyme Corp. (I)				82,002	5,651,578
Gilead Sciences, Inc. (I)				154,512	7,844,574
OSI Pharmaceuticals, Inc. (I)				41,538	1,478,753
Communications Equipment 1.14%					8,064,423
Corning, Inc.				797,668	8,064,423
Computer & Electronics Retail 1.04%					7,362,647
Best Buy Co., Inc.				262,764	7,362,647
Computer Hardware 0.51%					3,610,878
Apple, Inc. (I)				40,063	3,610,878

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Securities owned by the Fund on January 31, 2009 (Unaudited)

Issuer	Shares	Value
Computer Storage & Peripherals 1.65%		\$11,664,487
Brocade Communications Systems, Inc. (I)	658,482	2,508,816
EMC Corp. (I)	829,318	9,155,671
Data Processing & Outsourced Services 1.96%		13,832,432
Fiserv, Inc. (I)	422,511	13,414,724
Wright Express Corp. (I)	35,824	417,708
Diversified Financial Services 0.21%		1,488,040
Bank of America Corp.	95,130	625,955
JPMorgan Chase & Co.	33,794	862,085
Diversified Metals & Mining 0.82%		5,803,058
Freeport-McMoRan Copper & Gold, Inc. (Class B)	99,344	2,497,508
Silver Standard Resources, Inc.	165,858	3,305,550
Electric Utilities 1.99%		14,078,227
American Electric Power Co., Inc.	48,597	1,523,516
Exelon Corp.	122,207	6,626,063
FPL Group, Inc.	65,811	3,392,557
Pepco Holdings, Inc.	142,397	2,536,091
Gas Utilities 0.65%		4,567,001
Equitable Resources, Inc.	133,421	4,567,001
Gold 4.01%		28,382,119
Barrick Gold Corp.	692,319	25,955,039
Goldcorp, Inc.	14,815	438,080
Newmont Mining Corp.	50,000	1,989,000
Health Care Distributors 2.57%		18,183,040
McKesson Corp.	411,381	18,183,040
Health Care Services 2.30%		16,282,835
Express Scripts, Inc. (I)	107,848	5,797,909
Kinetic Concepts, Inc. (I)	186,063	4,484,118
Laboratory Corp. of America Holdings (I)	101,365	6,000,808
Heavy Electrical Equipment 0.67%		4,707,918
ABB, Ltd., SADR	360,760	4,707,918
Home Improvement Retail 0.36%		2,562,092
Home Depot, Inc.	119,001	2,562,092
Industrial Gases 0.03%		238,865
Brazil Ethanol, Inc. (I)(S)	111,100	238,865
Insurance Brokers 1.16%		8,215,712
Marsh & McLennan Companies, Inc.	125,173	2,419,594
Willis Group Holdings, Ltd.	234,092	5,796,118
Integrated Oil & Gas 1.51%		10,672,547
Suncor Energy, Inc.	554,418	10,672,547
Internet Software & Services 0.94%		6,673,240
eBay, Inc. (I)	555,178	6,673,240
Investment Banking & Brokerage 2.01%		14,237,194
Charles Schwab Corp.	924,116	12,558,737

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Issuer	Shares	Value
Investment Banking & Brokerage (continued)		
Goldman Sachs Group, Inc.	20,791	\$1,678,457
Managed Health Care 0.78%		5,532,322
Aetna, Inc.	178,462	5,532,322
Metal & Glass Containers 0.33%		2,316,385
Owens-Illinois, Inc. (I)	121,915	2,316,385
Multi-Line Insurance 0.12%		866,095
MetLife, Inc.	30,146	866,095
Multi-Media 0.90%		6,325,849
News Corp. (Class B)	873,736	6,325,849
Multi-Utilities 0.83%		5,839,938
CMS Energy Corp.	497,016	5,839,938
Oil & Gas Drilling 0.32%		2,248,323
Transocean, Ltd.	41,163	2,248,323
Oil & Gas Equipment & Services 0.51%		3,577,510
Dresser-Rand Group, Inc. (I)	98,462	1,918,040
Tenaris SA, ADR	83,854	1,659,470
Oil & Gas Exploration & Production 2.96%		20,948,065
Canadian Natural Resources, Ltd.	73,007	2,595,399
Denbury Resources, Inc. (I)	383,503	4,694,077
Southwestern Energy Co. (I)	431,551	13,658,589
Oil & Gas Storage & Transportation 2.33%		16,476,642
Southern Union Co.	502,954	6,483,077
Williams Cos., Inc.	706,259	9,993,565
Pharmaceuticals 1.67%		11,832,517
Pfizer, Inc.	296,785	4,327,125
Roche Holding AG	49,760	6,985,544
Shire PLC, ADR	11,904	519,848
Property & Casualty Insurance 3.01%		21,302,853
ACE, Ltd.	209,840	9,161,614
Axis Capital Holdings, Ltd.	136,510	3,311,733
Berkshire Hathaway, Inc. (Class B) (I)	2,954	8,829,506
Publishing 0.38%		2,659,714
The Washington Post Co.	6,810	2,659,714
Regional Banks 0.40%		2,791,517
PNC Financial Services Group, Inc.	85,840	2,791,517
Semiconductor Equipment 0.26%		1,853,775
MEMC Electronic Materials, Inc. (I)	136,307	1,853,775
Soft Drinks 0.96%		6,784,852
Pepsi Bottling Group, Inc.	351,729	6,784,852
Specialized Consumer Services 0.62%		4,415,925
H&R Block, Inc.	213,021	4,415,925

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Issuer	Shares	Value
Specialized Finance 1.63%		\$11,498,011
BM&F BOVESPA SA	353,297	1,018,775
NYSE Euronext	223,450	4,915,900
The Nasdaq OMX Group, Inc. (I)	254,965	5,563,336
Specialty Chemicals 1.48%		10,438,251
Ecolab, Inc. (I)	307,369	10,438,251
Systems Software 2.22%		15,704,520
Microsoft Corp.	918,393	15,704,520

Issuer, description	Credit rating (A)	Shares	Value
Preferred Stocks 0.42% (Cost \$3,000,000)			\$3,004,689
Oil & Gas Exploration & Production 0.42%			3,004,689
Lasmo America, Ltd., 8.150%	A	30,000	3,004,689

State, issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
U.S. Government & agency securities 19.97% (Cost \$137,816,535)					\$141,220,566
U.S. Government 6.96%					49,251,010
U.S. Treasury, Bond	6.000%	02/15/26	AAA	2,500	3,192,578
Inflation Indexed Note TIPS (D)	2.500	07/15/16	AAA	2,106	2,162,989
Inflation Indexed Note TIPS (D) Note	1.875	07/15/13	AAA	16,213	16,136,695
Note	4.875	04/30/11	AAA	9,000	9,787,500
Note	4.250	08/15/15	AAA	16,000	17,971,248
U.S. Government Agency 13.01%					91,969,556
Federal Home Loan Mortgage Corp., 15 Yr Pass Thru Ctf	4.500	01/01/23	AAA	4,378	4,442,763
30 Yr Pass Thru Ctf	5.500	05/01/38	AAA	3,925	4,017,665
30 Yr Pass Thru Ctf	5.500	05/01/38	AAA	813	832,171
Federal National Mortgage Assn., 15 Yr Pass Thru Ctf	7.000	07/01/11	AAA	24	24,418
15 Yr Pass Thru Ctf	6.500	08/01/16	AAA	20	20,423
15 Yr Pass Thru Ctf	5.500	08/01/22	AAA	4,592	4,740,896
15 Yr Pass Thru Ctf	5.500	01/01/23	AAA	4,725	4,878,221
15 Yr Pass Thru Ctf	5.000	03/01/23	AAA	2,692	2,758,574
15 Yr Pass Thru Ctf	4.500	12/01/17	AAA	407	416,098
15 Yr Pass Thru Ctf	4.500	03/01/23	AAA	4,545	4,614,678
30 Yr Pass Thru Ctf	8.000	01/01/31	AAA	10	10,120
30 Yr Pass Thru Ctf	7.500	04/01/31	AAA	10	10,586
30 Yr Pass Thru Ctf	7.000	06/01/31	AAA	13	13,739
30 Yr Pass Thru Ctf	7.000	06/01/32	AAA	5	4,845
30 Yr Pass Thru Ctf	5.500	02/01/37	AAA	2,798	2,866,406
30 Yr Pass Thru Ctf	5.500	06/01/37	AAA	4,579	4,690,624
30 Yr Pass Thru Ctf	5.500	09/01/37	AAA	920	942,908
30 Yr Pass Thru Ctf	5.500	09/01/37	AAA	2,661	2,726,320
30 Yr Pass Thru Ctf	5.500	12/01/37	AAA	4,880	4,999,557
30 Yr Pass Thru Ctf	5.000	03/01/38	AAA	934	950,271
30 Yr Pass Thru Ctf	5.000	03/01/38	AAA	4,924	5,008,289

John Hancock Balanced Fund

Securities owned by the Fund on January 31, 2009 (Unaudited)

State, issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
U.S. Government Agency (continued)					
30 Yr Pass Thru Ctf Note	4.950%	12/01/38	AAA	980	\$998,902
Note	6.000	05/15/11	AAA	1,500	1,641,660
Note	5.125	04/15/11	AAA	1,000	1,072,943
Note	5.000	01/01/23	AAA	2,515	2,577,366
Note	5.000	03/01/23	AAA	4,491	4,602,789
Financing Corp., Bond	9.650	11/02/18	Aaa	1,790	2,627,546
Government National Mortgage Assn., 15 Yr Pass Thru Ctf	5.500	08/15/23	AAA	8,527	8,856,286
30 Yr Pass Thru Ctf	9.000	04/15/21	AAA	3	2,939
30 Yr Pass Thru Ctf	6.500	04/15/29	AAA	149	156,765
30 Yr Pass Thru Ctf	6.000	10/15/36	AAA	4,582	4,724,539
30 Yr Pass Thru Ctf	5.500	07/20/38	AAA	2,949	3,020,304
30 Yr Pass Thru Ctf	5.500	09/15/38	AAA	9,606	9,856,569
30 Yr Pass Thru Ctf	4.500	02/15/39	AAA	2,000	2,014,375
New Valley Generation II, Pass Thru Ctf Ser 2001	5.572	05/01/20	AAA	791	847,001
Issuer	Expiration Date	Strike Price		Shares	Value
Warrants 0.00%					\$708
(Cost \$156,677)					
Paper Packaging 0.00%					708
Boise, Inc. (I)	06-18-11	\$7.50		70,816	708
Short-term investments 3.87%					\$27,370,849
(Cost \$27,382,604)					
Issuer, description	Interest rate	Maturity date	Credit rating (A)	Par value (000)	Value
U.S. Government Agency 3.87%					27,370,849
U.S. Treasury Bill	Zero	06/25/09	AAA	15,200	15,183,159
U.S. Treasury Bill	Zero	06/18/09	AAA	12,200	12,187,690
Total Investments (Cost \$778,885,204)† 99.47%					\$703,302,543
Other assets and liabilities, net 0.53%					\$3,734,261
Total net assets 100.00%					\$707,036,804

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

ADR American Depositary Receipt

IO Interest only (carries notional principal amount)

SADR Sponsored American Depositary Receipt

TIPS Treasury Inflation Protected Security

(A) Credit ratings are unaudited and are rated by Moody's Investors Service where Standard & Poor's ratings are not available unless indicated otherwise.

(D) Principal amount of security is adjusted for inflation.

(I) Non-income producing security.

(P) Variable rate obligation. The coupon rate shown represents the rate at period end.

John Hancock Balanced Fund

Securities owned by the Fund on January 31, 2009 (Unaudited)

- (S) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration.
- † At January 31, 2009, the aggregate cost of investment securities for federal income tax purposes was \$820,635,134. Net unrealized depreciation aggregated \$117,332,591, of which \$25,849,681 related to appreciated investment securities and \$143,182,272 related to depreciated investment securities.

Notes to financial statements

Security valuation

Investments are stated at value as of the close of the regular trading on New York Stock Exchange (NYSE), normally at 4:00 p.m., Eastern Time. Equity securities held by the Fund are valued at the last sale price or official closing price (closing bid price or last evaluated price if no sale has occurred) as of the close of business on the principal securities exchange (domestic or foreign) on which they trade. Debt obligations are valued based on the evaluated prices provided by an independent pricing service, which utilizes both dealer-supplied and electronic data processing techniques, which take into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data. Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rates supplied by an independent pricing service. Securities traded only in the over-the-counter market are valued at the last bid price quoted by brokers making markets in the securities at the close of trading. Equity and debt obligations, for which there are no prices available from an independent pricing service, are value based on broker quotes or fair valued as described below. Short-term debt investments that have a remaining maturity of 60 days or less are valued at amortized cost, and thereafter assume a constant amortization to maturity of any discount or premium, which approximates market value.

Other portfolio securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by the Trust's Pricing Committee in accordance with procedures adopted by the Board of Trustees. Generally, trading in non-U.S. securities is substantially completed each day at various times prior to the close of trading on the NYSE. The values of such securities used in computing the net asset value of the Fund's shares are generally determined as of such times. Occasionally, significant events that affect the values of such securities may occur between the times at which such values are generally determined and the close of the NYSE. Upon such an occurrence, these securities will be valued at fair value as determined in good faith under consistently applied procedures established by and under the general supervision of the Board of Trustees. Debt securities whose prices cannot be provided by an independent pricing service are valued at prices provided by broker-dealers.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity.

The Fund is subject to the provisions of Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 established a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable, such as when there is little or no market activity for an investment, unobservable inputs may be used. Unobservable inputs reflect the Fund’s own assumptions about the factors that market participants would use in pricing an investment and would be based on the best information available.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund’s net assets as of January 31, 2009:

Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted Prices	\$400,709,970	-
Level 2 – Other Significant Observable Inputs	300,238,075	-
Level 3 – Significant Unobservable Inputs	2,354,498	-
Total	\$703,302,543	-

* Other financial instruments are derivative instruments not reflected in the Fund of Investments, such as futures, forwards and swap contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The following is a reconciliation of Level 3 assets, for which significant unobservable inputs were used to determine fair value:

	Investments in Securities	Other Financial Instruments
Balance as of October 31, 2008	\$3,806,743	-
Accrued discounts/premiums	-	-
Realized gain (loss)	-	-
Change in unrealized appreciation (depreciation)	(960,936)	-
Net purchases (sales)	(491,309)	-
Transfers in and/or out of Level 3	-	-
Balance as of January 31, 2009	\$2,354,498	-

Foreign currency translation

The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into U.S. dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the disposition of forward foreign currency exchange contracts and foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed, but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

The Fund may be subject to capital gains and repatriation taxes imposed by certain countries in which they invest. Such taxes are generally based upon income and/or capital gains earned or repatriated. Taxes are accrued based upon net investment income, net realized gains and net unrealized appreciation.

Risks and uncertainties

Concentration Risk

The Funds may concentrate investments in a particular industry, sector of the economy or invest in a limited number of companies. Accordingly, the concentration may make the Fund's value more volatile and investment values may rise and fall more rapidly. In addition, a fund with a concentration is particularly susceptible to the impact of market, economic, regulatory and other factors affecting the specific concentration.

Risks associated with foreign investments

Investing in securities issued by companies whose principal business activities are outside the United States may involve significant risks not present in domestic investments. For example, there is generally less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitation on the removal of Funds or other assets of the Fund, political or financial instability or diplomatic and other developments which could affect such investments. Foreign stock markets, while growing in volume and sophistication, are generally not as developed as those in the United States, and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the United States.

Fixed Income Risk:

Fixed income securities are subject to credit and interest rate risk and involve some risk of default in connection with principal and interest payments.

For more information

Trustees

Patti McGill Peterson, *Chairperson*
James R. Boyle†
James F. Carlin
William H. Cunningham*
Deborah C. Jackson*
Charles L. Ladner
Stanley Martin*
Dr. John A. Moore
Steven R. Pruchansky

†Non-Independent Trustee

*Member of the Audit Committee

Officers

Keith F. Hartstein
President and Chief Executive Officer
Thomas M. Kinzler
Secretary and Chief Legal Officer
Francis V. Knox, Jr.
Chief Compliance Officer
Charles A. Rizzo
Chief Financial Officer
Gordon M. Shone
Treasurer
John G. Vrysen
Chief Operating Officer

Investment adviser

John Hancock Advisers, LLC
601 Congress Street
Boston, MA 02210-2805

Subadviser

MFC Global Investment
Management (U.S.), LLC
101 Huntington Avenue
Boston, MA 02199

Principal distributor

John Hancock Funds, LLC
601 Congress Street
Boston, MA 02210-2805

Custodian¹

State Street Bank and Trust Company
Lafayette Corporate Center
Two Avenue de Lafayette
Boston, MA 02111

Transfer agent

John Hancock Signature Services, Inc.
P.O. Box 9510
Portsmouth, NH 03802-9510

Legal counsel

K&L Gates LLP
One Lincoln Street
Boston, MA 02111-2950

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How to contact us

Internet www.jhfunds.com

Mail

Regular mail:

John Hancock Signature Services, Inc.
P.O. Box 9510
Portsmouth, NH 03802-9510

Express mail:

John Hancock Signature Services, Inc.
Mutual Fund Image Operations
164 Corporate Drive
Portsmouth, NH 03801

Phone

Customer service representatives
EASI-Line
TDD line

1-800-225-5291
1-800-338-8080
1-800-554-6713