

# JHancock3 Disciplined Value A JVLAX

**Morningstar's Take** | 03-17-10 | by Jonathan Rahbar

**This fund is standing out. Look to John Hancock Disciplined Value's core principles for the answers to its success.**

This fund's lead manager Mark Donovan is an old hand when it comes to hunting out good values. Donovan has been plying his trade for nearly 30 years and was a founding member of the fund's subadvisor Boston Partners, which was purchased by Robeco Investment Management in 2003. David Pyle was named a comanager in 2005 after joining the team as an analyst in 2000.

Every stock in the portfolio endures a rigorous assessment of quantitative and fundamental factors before gaining entry. Management focuses on three elements during its process: valuation, company fundamentals, and business momentum. Every company must stand out according to each of the three principles to warrant an investment. That's why the managers chose to invest in Wells Fargo WFC in the depths of the financial crisis, citing a low historic multiple of book value, strong deposits, and low borrowing costs. The team contrasts that move with Lehman Brothers, which looked cheap on a valuation basis, but struggled to gain access to capital, and was coming under heavy scrutiny for questionable decisions made by its executives that ultimately led to the firm's bankruptcy. Donovan and Pyle play their holdings close to the chest, looking to protect on the downside by continuously monitoring industry dynamics and changes in momentum.

Management's approach has yielded stellar results in both short and longer periods. The fund's three- and five-year trailing returns land solidly in the large-value category's top quartile. But also consider that the fund's returns have landed in the better half of the group in 100% of the rolling 10-year periods on management's watch since its inception in January 1997 through the end of February 2010. The managers' long and proven track record, thorough process, and attention to risk have positioned this offering squarely among the best in the pack.

**Morningstar Rating**



**Kudos**

- Strong, consistent track record.
- Donovan is a very experienced manager.
- Modest fees.

**Risks**

- Its value-oriented approach can cause the fund to lag when growthier fare rally.

**Strategy**

Management employs quantitative and fundamental analysis to build a complete portfolio of stocks with cheap valuations (based mainly on good price-to-cash flow measures), solid company fundamentals with skilled management teams, and strong business momentum.

**Management**

Mark Donovan has run this fund since its January 1997 inception. David Pyle, who worked as an analyst since 2000, was named a comanager on the fund in mid-2005 when Donovan's longtime comanager, Wayne Sharp, announced his plans to retire later in the year. The managers are supported by Robeco Boston Partners' team of fundamental and quantitative analysts.

**Role in Portfolio**

With its large-cap focus and value orientation, this fund is suitable as a core holding. Investors looking for exposure to growth sectors will want to pair it with a growth-leaning offering, though.

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Year	Total Return (%)	+/-Category
2009	26.05	1.92
2008	-33.26	3.83
2007	4.21	2.79

Data through 12-31-09

# John Hancock Disciplined Value Fund

Average annual total returns as of 3/31/10					Ticker symbols	
Class A shares	1-year	3-year	5-year	10-year	Class A	<b>JVLAX</b>
Without sales charge	52.68%	-2.62%	4.14%	5.84%	Class B	<b>JVBLX</b>
With 5% maximum sales charge	45.04%	-4.27%	3.07%	5.30%	Class C	<b>JVLCX</b>
					Class I	<b>JVLIX</b>

On 12/19/08, through a reorganization, the Fund acquired all of the assets of the Robeco Boston Partners Large Cap Value Fund (the predecessor fund). The predecessor fund offered its Investor share class, inception date 1/16/97, in exchange for Class A shares. Class A shares were first offered on 12/22/08, the returns prior to this date are those of the predecessor fund's Investor share class that have been recalculated to apply the gross fees and expenses of the Fund's Class A shares.

Performance reflects a gross annual fund operating expense ratio of 1.64% for Class A shares. The adviser has contractually agreed to reimburse the amount by which the expenses attributable to such class of shares exceed 1.30% of average annual net assets. This expense reimbursement shall continue in effect until 6/30/11 and may be terminated after such date. Expenses for other share classes may 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.

**For performance data current to the most recent month end, contact your financial professional or call John Hancock Funds at 1-800-225-5291. 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 more information, contact your financial professional or John Hancock Funds at 1-800-225-5291.**

*As market leadership changes, the value-investing style may underperform other investing styles. Large-capitalization stocks as a group could fall out of favor with the market, causing the Fund to underperform investments that focus on small- or medium-capitalization stocks. Foreign investments carry additional risks, including currency fluctuations, differences in accounting standards and political instability.*

**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.**

## Morningstar Ratings™

Class A as of 3/31/10

**Overall Rating** ★★★★★  
(among 1,120 large value funds)

The Fund was rated 4 stars for the 3-, 5- and 10-year periods.

For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return that accounts for variation in a fund's monthly performance (including effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category, the next 22.5%, 35%, 22.5% and the bottom 10% receive 5, 4, 3, 2 or 1 star(s), respectively. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Past performance is no guarantee of future results.

Overall Rating is based on 3-, 5- and 10-year Morningstar Risk-Adjusted Returns and accounts for variation in a fund's monthly performance. The Fund was rated out of 1,120, 941 and 476 funds for the 3-, 5- and 10-year periods, respectively. The overall rating includes effects of sales charges, loads and redemption fees, while the load-waived rating does not. Load-waived ratings for Class A shares should only be considered by investors who are not subject to a front-end sales charge. Contact your financial professional to determine whether you are eligible to purchase the Class A shares without paying the front load. Other classes may be rated differently.



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