



ESG
INVESTING

Combining financial
returns with positive impact

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

John Hancock[®]
INVESTMENTS

Three things to know about ESG investing

U.S. assets invested according to ESG principles increased by 33% from 2014 to 2016.

1 | It's mainstream investing

Environmental, social, and governance (ESG) investing used to be considered a niche market. No longer. People everywhere are concerned about their society, their environment, and corporate governance issues. Over the past 20 years, ESG investing has grown from 55 funds that mostly excluded polluting corporations to more than 1,000 funds representing a diversity of approaches.

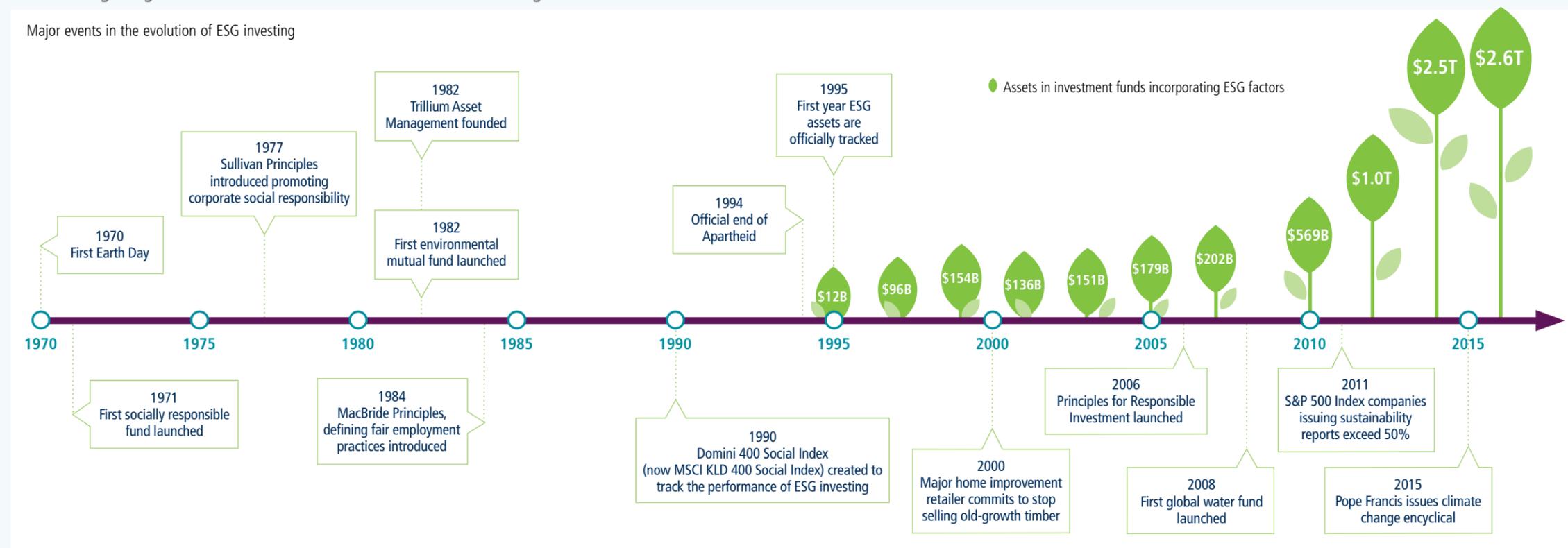
2 | It's making a difference

By rewarding companies that score well on ESG issues or by engaging directly through corporate activism, investors have helped shape corporate behavior worldwide. One testament to the growing impact of ESG investing is the creation of Principles for Responsible Investment, a leading proponent of ESG investing, with nearly 1,750 signatories representing roughly \$70 trillion in invested assets.¹

3 | It does not mean sacrificing performance

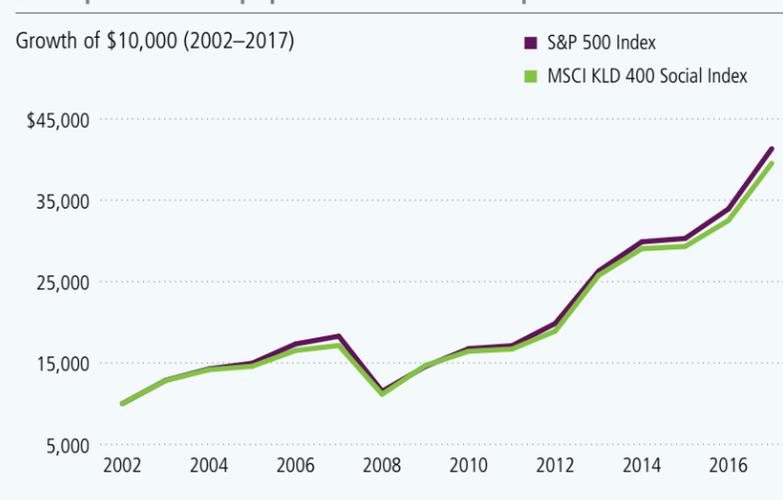
One early criticism of ESG investing was that eliminating certain stocks would hinder performance. However, investment results suggest otherwise. Moreover, academic research has found that high sustainability companies have outperformed low sustainability companies in terms of both stock market performance and return on equity.²

ESG investing has grown in both its influence and its assets under management



Source: "Report on US Sustainable, Responsible and Impact Investing Trends 2016," The Forum for Sustainable and Responsible Investment, 2016. Please note that ESG funds include mutual funds, variable annuity funds, closed-end funds, exchange-traded funds, alternative investment funds, and other pooled products but exclude separate account vehicles and community investing institutions. Developed to apply pressure to South Africa, the Sullivan Principles eventually gained wide adoption among U.S. companies. The MacBride Principles are a corporate code of conduct for U.S. companies doing business in Northern Ireland. The United Nations-supported Principles for Responsible Investment is an international network of investors working to put six principles for responsible investment into practice.

ESG equities have kept pace with traditional equities over time



Source: MSCI, Standard & Poor's, 2017. The MSCI KLD 400 Social Index is a capitalization-weighted index of 400 U.S. securities that provides exposure to companies with outstanding ESG ratings and excludes companies whose products have negative social or environmental impacts. The S&P 500 Index tracks the performance of 500 of the largest publicly traded companies in the United States. It is not possible to invest directly in an index. Past performance does not guarantee future results.

Consider this:

55% of investors consider a company's social and environmental impact important to their investment decisions. That figure rises dramatically among women and younger investors.

Do you agree that social or environmental impact is important to your investment decisions?

By gender:



By demographic:

Millennials:	88%
Generation X:	71%
Baby boomers:	57%
Age 73+:	46%

Source: "2017 U.S. Trust Insights on Wealth and Worth Survey," U.S. Trust, 2017.

¹ Principles for Responsible Investment, 2017.

² "The Impact of Corporate Sustainability on Organizational Processes and Performance," Eccles, Ioannou, and Serafeim, 2013.

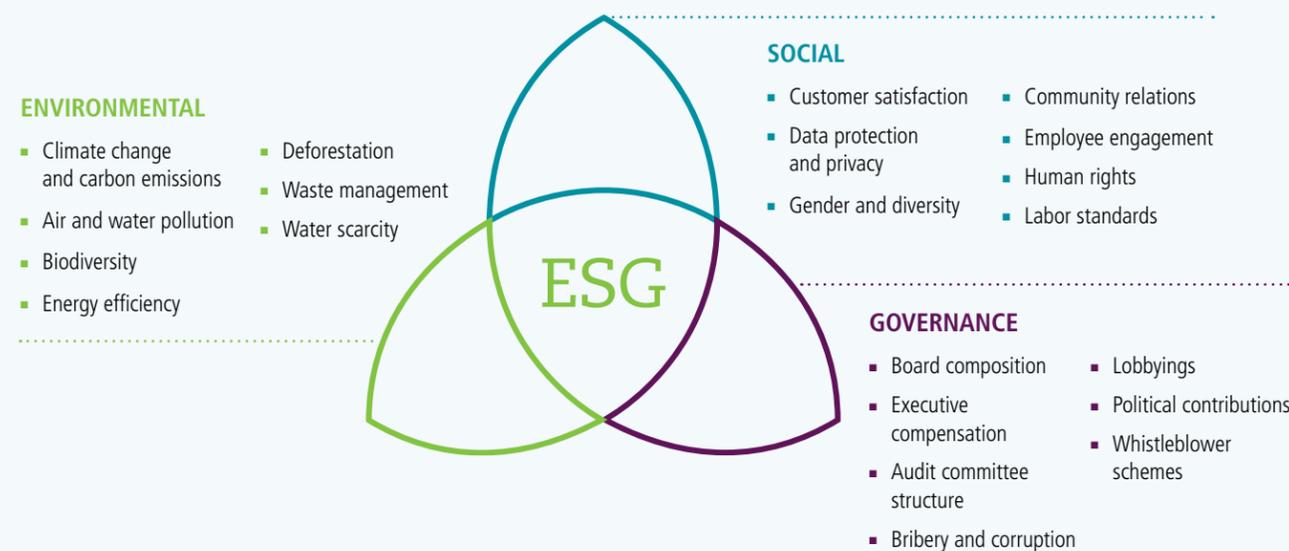
Different ways to make a difference

The practice of integrating ESG issues into investment research has evolved significantly from the days of merely excluding companies on the basis of moral values. A variety of methods are now being used by both value-motivated and values-motivated investors in considering ESG issues across asset classes.

From traditional investing to philanthropy, investors have a variety of ways to make a difference and balance the goals of investment returns with social impact.



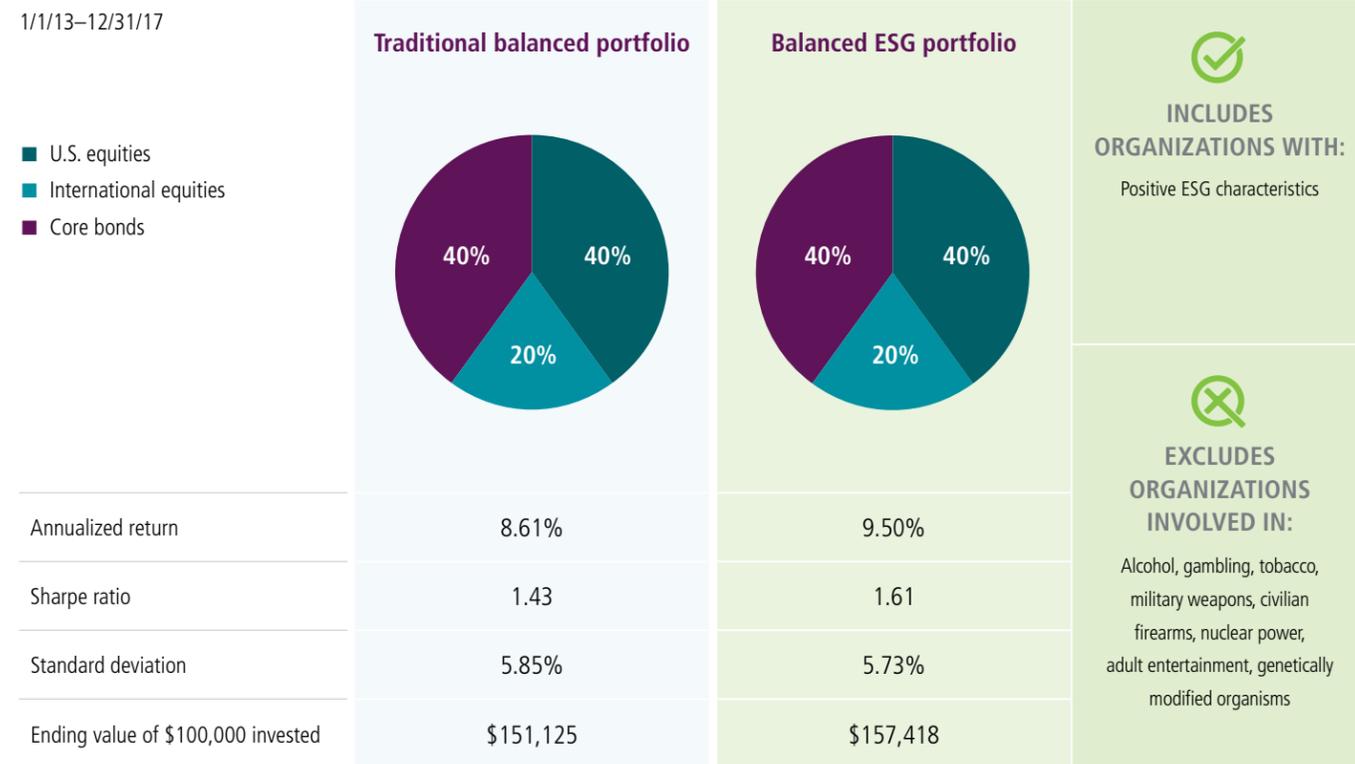
Today's ESG issues are high on the agenda of CEOs, corporate boards, and ESG investors around the world



Adding ESG funds to your portfolio can help with more than your values

In addition to helping support companies with strong governance that are making a positive impact on the environment and society, a balanced ESG portfolio would have generated a higher absolute return and a higher risk-adjusted return—as measured by Sharpe ratio—as well as less volatility than a similar portfolio using traditional investments.

Hypothetical \$100,000 investment in two balanced portfolios



Source: Morningstar Direct, as of 12/31/17. This is for illustration purposes only and does not reflect the performance of any John Hancock fund. In the traditional balanced portfolio, U.S. equities, international equities, and core bonds are represented by the S&P 500 Index, which tracks the performance of 500 of the largest publicly traded companies in the United States; the MSCI World ex-USA Index, which tracks the performance of publicly traded large- and mid-cap stocks of developed-market companies outside the United States; and the Bloomberg Barclays U.S. Aggregate Bond Index, which tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets, respectively. In the balanced ESG portfolio, U.S. equities, international equities, and core bonds are represented by the MSCI KLD 400 Social Index, a capitalization-weighted index of 400 U.S. securities that provides exposure to companies with outstanding ESG ratings and excludes companies whose products have negative social or environmental impacts; the MSCI All Country (AC) World ESG Index, which tracks the performance of publicly traded large- and mid-cap stocks of companies with high ESG performance relative to their sector peers in 23 developed markets and 24 emerging markets; and the Bloomberg Barclays MSCI U.S. Aggregate ESG Weighted Index, which tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets, overweighting issuers that have higher ESG ratings and/or positive ratings momentum while underweighting issuers that have lower ratings and/or negative momentum, respectively. It is not possible to invest directly in an index. Sharpe ratio is a measure of excess return per unit of risk, as defined by standard deviation. A higher Sharpe ratio suggests better risk-adjusted performance. Standard deviation is a statistical measure of the historic volatility of a portfolio. It measures the fluctuation of a fund's periodic returns from the mean or average. The larger the deviation, the larger the standard deviation and the higher the risk. Past performance does not guarantee future results.

Large company stocks could fall out of favor. The stock prices of midsize and small companies can change more frequently and dramatically than those of large companies. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. A portfolio concentrated in one sector or that holds a limited number of securities may fluctuate more than a diversified portfolio. Hedging and other strategic transactions may increase volatility and result in losses if not successful. Illiquid securities may be difficult to sell at a price approximating their value. Fixed-income investments are subject to interest-rate and credit risk; their value will normally decline as interest rates rise or if an issuer is unable or unwilling to make principal or interest payments. Mortgage- and asset-backed securities may be sensitive to changes in interest rates and may be subject to early repayment and the market's perception of issuer creditworthiness. Municipal bond prices can decline due to fiscal mismanagement or tax shortfalls, or if related projects become unprofitable. The interest earned on taxable municipal securities is fully taxable at the federal level and may be taxed at the state level. Liquidity—the extent to which a security may be sold or a derivative position closed without negatively affecting its market value, if at all—may be impaired by reduced trading volume, heightened volatility, rising interest rates, and other market conditions. Fund distributions generally depend on income from underlying investments and may vary or cease altogether in the future. A fund's ESG policy could cause it to perform differently than similar funds that do not have such a policy. Please see the funds' prospectuses for additional risks.

ESG investing at John Hancock Investments

John Hancock Investments offers a range of ESG funds across asset classes. Each management team fully incorporates ESG metrics into their portfolio construction process, ensuring that the funds target attractive investment opportunities from responsible and sustainable organizations.

Average annual total returns as of 12/31/17 ¹ (%)	Expense ratios (%)				Why this fund?	
	1 year	3 year	5 year	Life of fund		Gross
John Hancock ESG All Cap Core Fund						
Managed by Trillium Asset Management				6/6/16		
Class I (without sales charge)	18.42	—	—	15.77	1.32	0.94 ²
Class A (without sales charge)	18.16	—	—	15.51	1.57	1.19 ²
Class A (with 5.0% maximum sales charge)	12.29	—	—	11.78	1.57	1.19 ²
S&P Composite 1500 Index	21.13	—	—	19.03	—	—
Share classes: A: JHKAX C: JHKCX I: JHKIX R6: JHKRX						
John Hancock ESG Core Bond Fund						
Managed by Breckinridge Capital Advisors				12/14/16		
Class I (without sales charge)	1.82	—	—	2.36	0.99	0.61 ³
Class A (without sales charge)	1.66	—	—	2.19	1.25	0.87 ³
Class A (with 4.0% maximum sales charge)	-2.42	—	—	-1.74	1.25	0.87 ³
Bloomberg Barclays U.S. Intermediate Government/Credit Index	2.14	—	—	2.25	—	—
Share classes: A: JBOAX I: JBOIX R6: JBORX						
John Hancock ESG International Equity Fund						
Managed by Boston Common Asset Management				12/14/16		
Class I (without sales charge)	30.63	—	—	29.50	1.46	1.02 ²
Class A (without sales charge)	30.34	—	—	29.10	1.72	1.28 ²
Class A (with 5.0% maximum sales charge)	23.80	—	—	22.90	1.72	1.28 ²
MSCI AC World ex-USA Index	27.77	—	—	25.04	—	—
Share classes: A: JTQAX I: JTQIX R6: JTQRX						
John Hancock ESG Large Cap Core Fund						
Managed by Trillium Asset Management				6/6/16		
Class I (without sales charge)	16.49	—	—	14.30	1.24	0.94 ²
Class A (without sales charge)	16.25	—	—	13.98	1.49	1.19 ²
Class A (with 5.0% maximum sales charge)	10.45	—	—	10.29	1.49	1.19 ²
S&P 500 Index	21.83	—	—	19.04	—	—
Share classes: A: JHJAX C: JHJCX I: JHJIX R6: JHJRX						

Ask your advisor

Ask your financial advisor how adding ESG funds to your portfolio can help you combine financial returns with positive impact.

¹ The S&P Composite 1500 Index tracks the performance of 1,500 publicly traded large-, mid-, and small-cap companies in the United States. The Bloomberg Barclays U.S. Intermediate Government/Credit Index tracks the performance of intermediate-term U.S. government bonds, U.S. corporate bonds, and Yankee bonds. The MSCI All Country (AC) World ex-USA Index tracks the performance of publicly traded large- and mid-cap stocks of developed-market and emerging-market companies outside the United States. Total returns are calculated gross of foreign withholding tax on dividends. The S&P 500 Index tracks the performance of 500 of the largest publicly traded companies in the United States. It is not possible to invest directly in an index. ² "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement through 2/28/18 and is subject to change. ³ "Net (what you pay)" represents the effect of a contractual fee waiver and/or expense reimbursement through 9/30/18 and is subject to change.

John Hancock Investments

A trusted brand

John Hancock Investments is a premier asset manager representing one of America's most trusted brands, with a heritage of financial stewardship dating back to 1862. Helping our shareholders pursue their financial goals is at the core of everything we do. It's why we support the role of professional financial advice and operate with the highest standards of conduct and integrity.

A better way to invest

We serve investors globally through a unique multimanager approach: We search the world to find proven portfolio teams with specialized expertise for every strategy we offer, then we apply robust investment oversight to ensure they continue to meet our uncompromising standards and serve the best interests of our shareholders.

Results for investors

Our unique approach to asset management enables us to provide a diverse set of investments backed by some of the world's best managers, along with strong risk-adjusted returns across asset classes.

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