

Midquarter 2022 Outlook

Market *Intelligence*

The latest thinking from our network

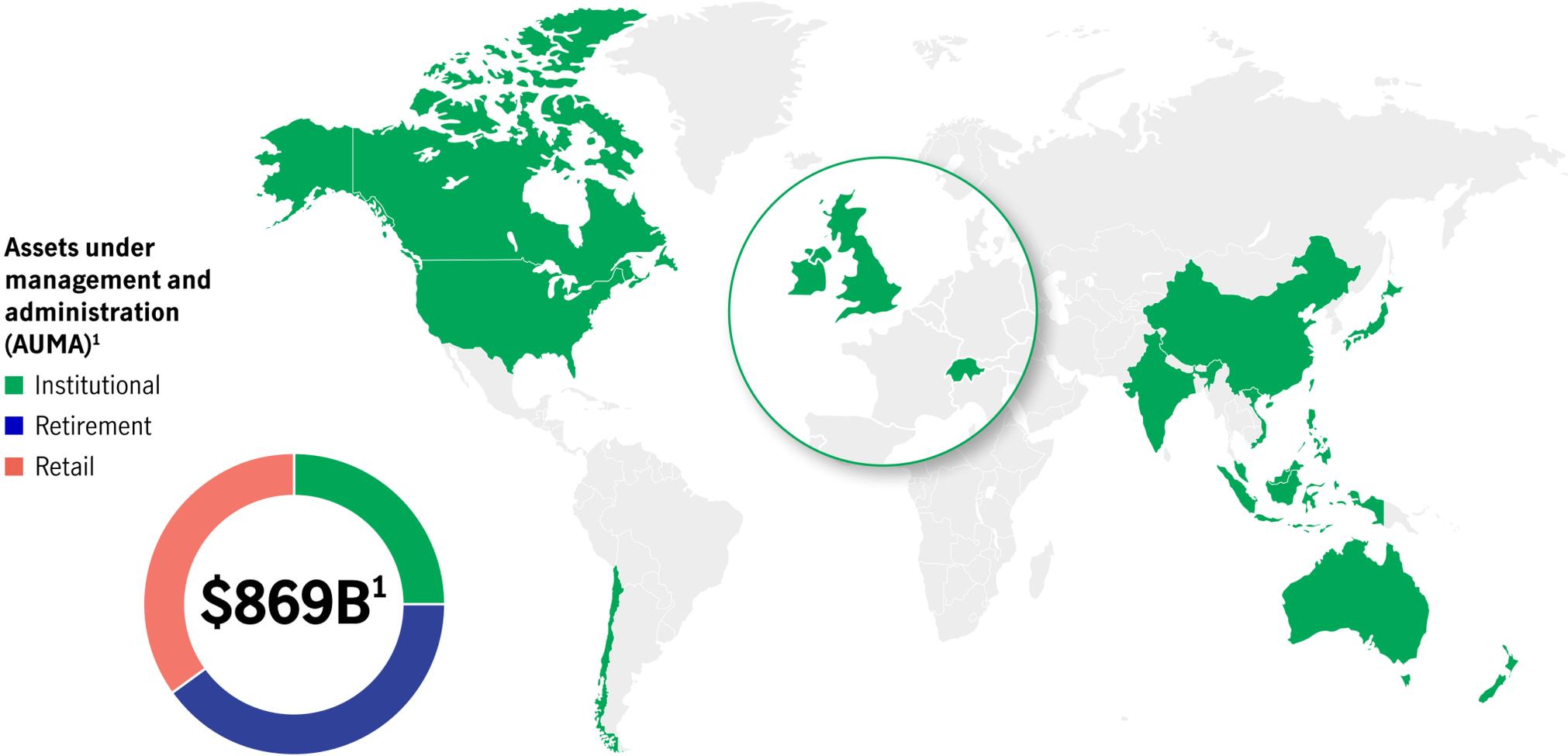
A company of  **Manulife** Investment Management

What you'll find

Combining local insight with global scale

As part of Manulife Investment Management, we draw on more than a century of financial stewardship and the full resources of our parent company to serve individuals, institutions, and retirement plan members worldwide. Our leading capabilities in public and private markets are strengthened by an investment footprint that spans five continents. We're committed to investing responsibly across our businesses, and we believe in supporting financial well-being through our workplace retirement plans.

Manulife Investment Management



¹ MFC statistical package, assets under management and administration, as of 12/31/21. ² Manulife Investment Management, as of 12/31/21.

At a glance

Manulife's global wealth and asset management business²

600+
investment professionals

5
continents

120+
years operating in Asia and North America

250K
retirement plans globally

15M
customers globally



2021 signatory

Complementing in-house capabilities with specialized expertise

While our in-house asset management teams offer a range of world-class capabilities, leveraging those talents is just the beginning of the story. We scour the world for specialized expertise at unaffiliated managers whose skill sets we can tap to complement our own. The result is that we're able to offer investors a variety of options in each category, a unique approach that we believe truly serves the best interests of our investors.

Equity		Fixed income	Liquid alts	ESG focused	ESG integrated
				Asset allocation	Private assets

Mutual funds | SMAs | ETFs | Model portfolios | Private assets | 529 plans | CITs | UCITS

Representative sampling of subadvisors. All logos are the property of their respective owners. Manulife Investment Management is an affiliated asset manager. Not all strategies incorporate environmental, social, and governance (ESG) factors to the same degree.

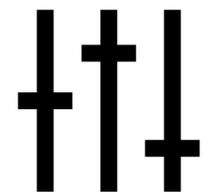
Insight that leverages the best thinking from across our network

A natural by-product of our manager research is timely investment insight from across the industry. Leveraging the intellectual capital from our in-house asset management teams at Manulife Investment Management along with our network of unaffiliated asset managers allows us to uncover real-time opportunities and risks. We then combine that bottom-up input with top-down perspective from global macro research firms to deliver a focused collection of actionable investment ideas.

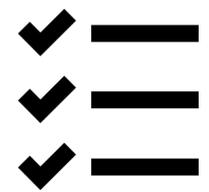
How we formulate our 12- to 18-month outlook



We conduct a quantitative assessment of asset manager, broker-dealer, and asset allocation and macro research provider views across 17 distinct asset classes.

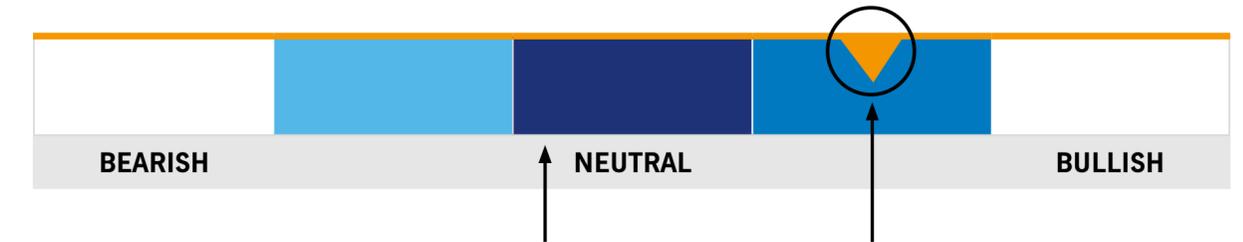


We analyze, evaluate, and weight these views in light of manager biases, market fundamentals, and global macroeconomic factors.



We develop our asset class views in the context of a global multi-asset portfolio, highlighting our most compelling ideas for clients while focusing on risk management.

How to read our views



Darker shading indicates a greater concentration of views within our network.

A golden caret indicates our current 12- to 18-month outlook for the asset class.

Looking for *more*?

Visit our *Market Intelligence* page for weekly video updates, related blog posts, and more from our investment strategists.

U.S. equity: quality and value for a midcycle environment

Fundamentals will come back into the spotlight as economic growth normalizes.

Our position

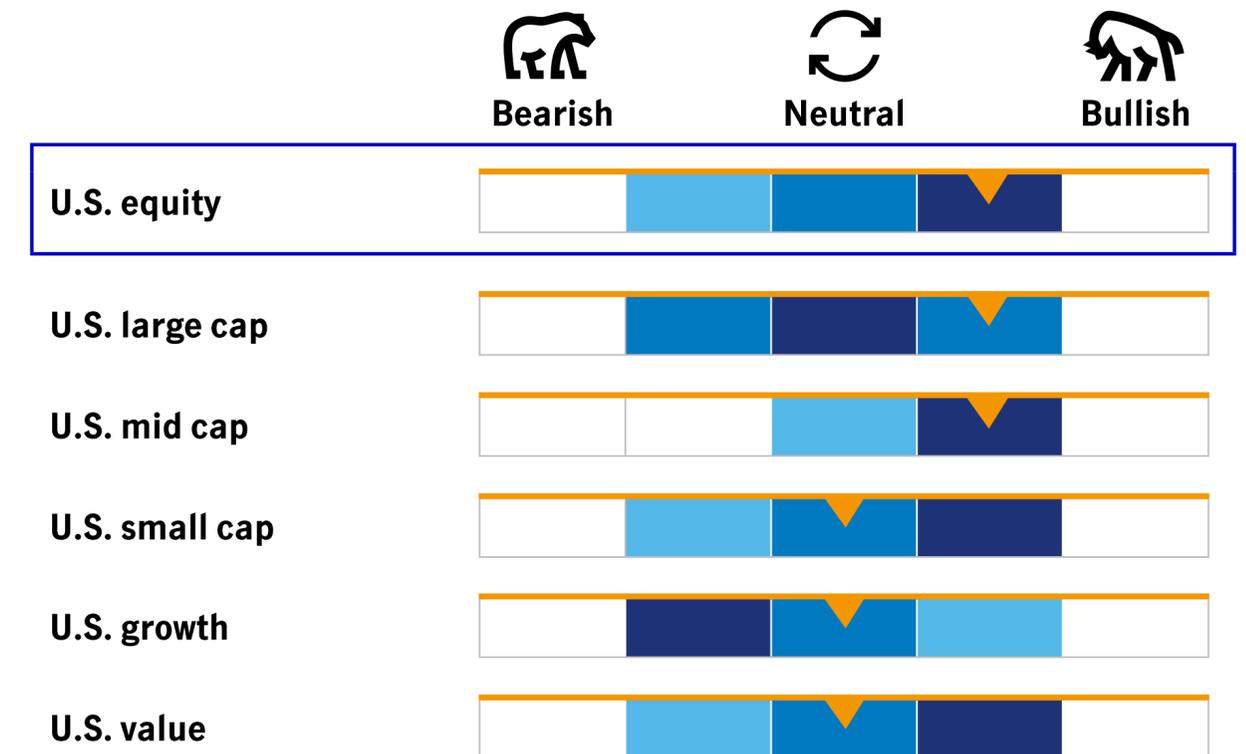
Our 12–18 month view: **SLIGHTLY BULLISH**

We've been slightly bullish on U.S. large- and mid-cap equities since mid-2019 and currently see mid-cap stocks as the best opportunity for offense within U.S. equities. We've been bullish on the quality factor since the third quarter of 2018 and began pairing that with the value factor in Q1 2021.

What's inside

Range of views from our network

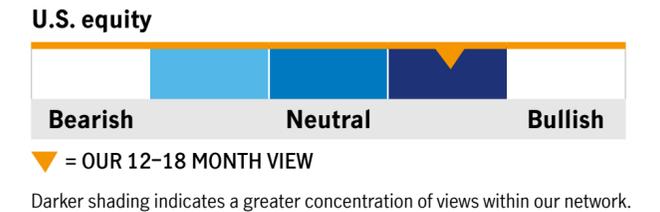
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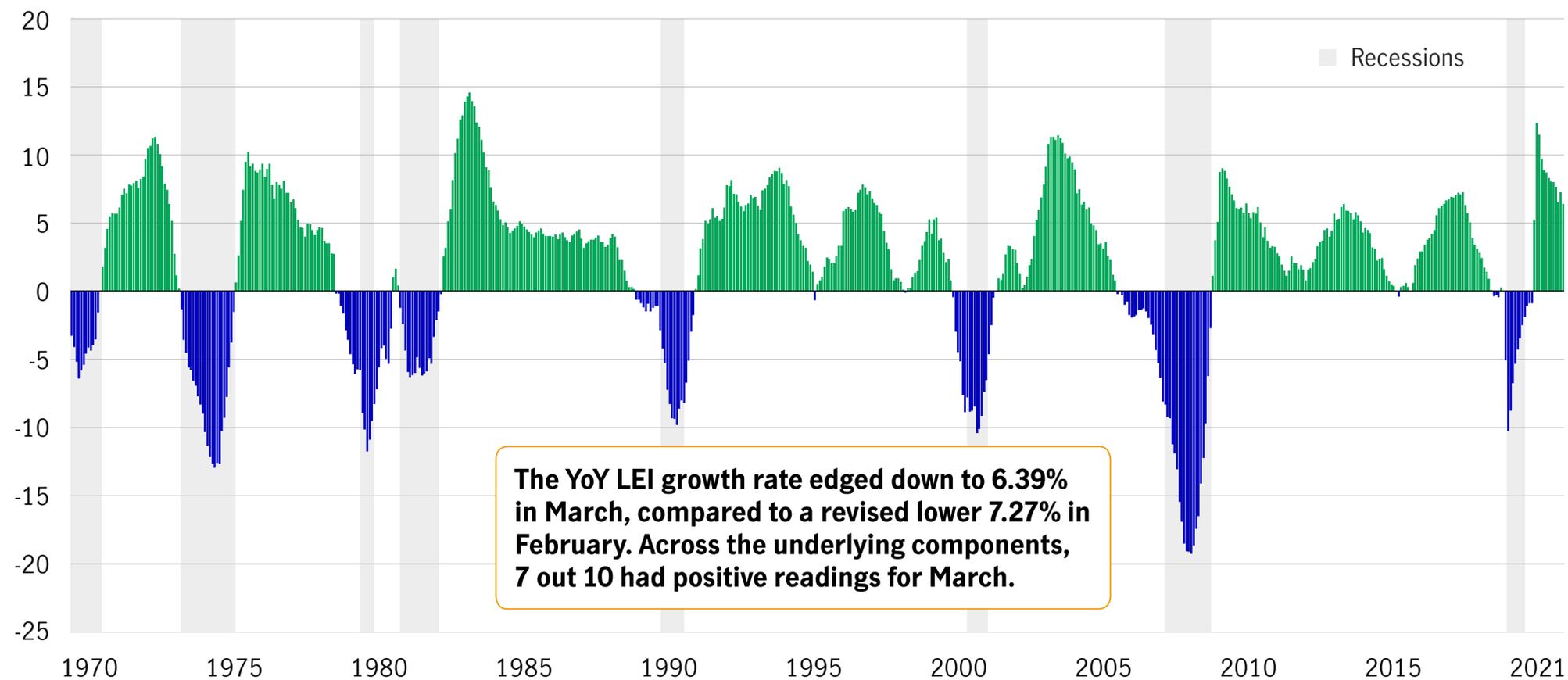
Changes to network views: The first quarter saw a continued preference for U.S. over non-U.S. equities. Within the United States, our network still favors value over growth and smaller size. Mid-cap stocks remain the largest overweight within global equities.

The year-over-year growth rate of the LEI likely peaked in 2021, but it's still in positive territory

"Economic growth is likely to continue through 2022 despite volatile stock prices and weakening business and consumer expectations."



YoY change in the LEI (%)



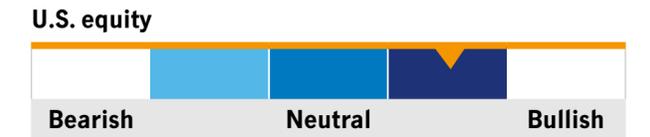
LEI (ranked by weighting in the index)

Weekly manufacturing hours worked	24%	▲
ISM index of new orders	17%	▼
Consumer expectations	16%	▼
Yield spread	12%	▲
Leading credit index	9%	▲
New orders of consumer goods and materials	8%	▲
New orders of nondefense capital goods	5%	▲
Stock prices	4%	▼
Building permits	3%	▲
Weekly unemployment claims (inverted)	2%	▲

Source: The Conference Board, as of 3/31/22. The Composite Index of Leading Indicators (LEI) is published monthly by The Conference Board and tracks 10 economic components whose changes tend to precede changes in the overall economy. It is not possible to invest directly in an index. YoY refers to year over year. Past performance does not guarantee future results.

U.S. earnings growth estimates are continuing their upward trend

“The corporate profit outlook has stayed upbeat despite the moderation in economic growth, helping to mute periodic bumps in global risk asset markets.”



▼ = OUR 12-18 MONTH VIEW
 Darker shading indicates a greater concentration of views within our network.

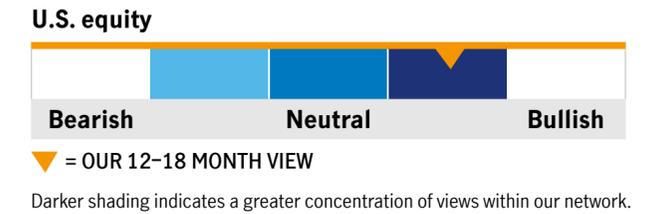


Stock prices and earnings estimates have moved higher nearly in lockstep over time



Source: FactSet, as of 4/30/22. 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. Earnings per share (EPS) is a measure of how much profit a company has generated calculated by dividing the company's net income by its total number of outstanding shares. YoY refers to year over year. Past performance does not guarantee future results.

Overweight sectors with attractive quality and value characteristics



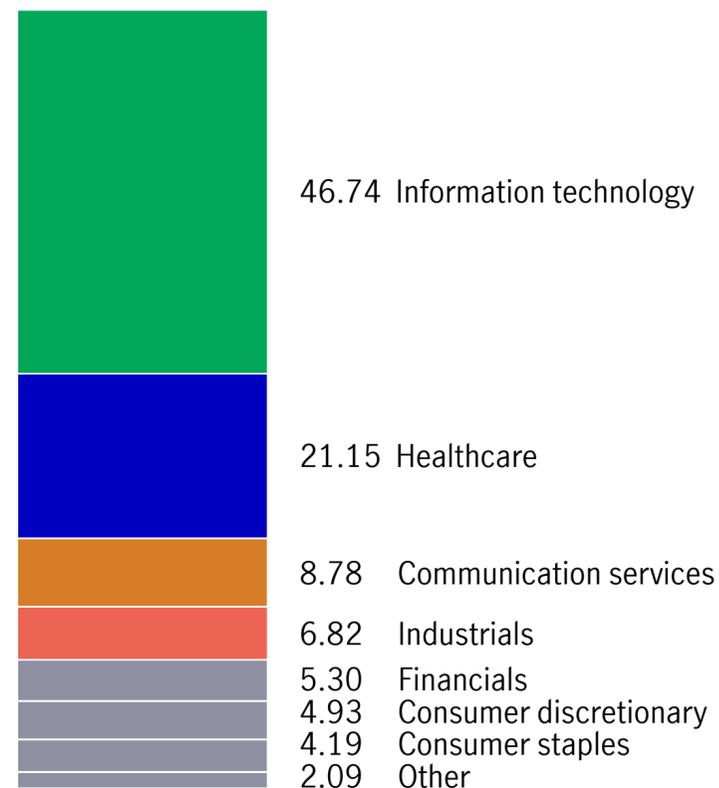
“We expect a return to quality growth leadership in 2022 as economic growth slows.”

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With economic growth decelerating and inflation still elevated, we’re emphasizing a combination of quality and value factors

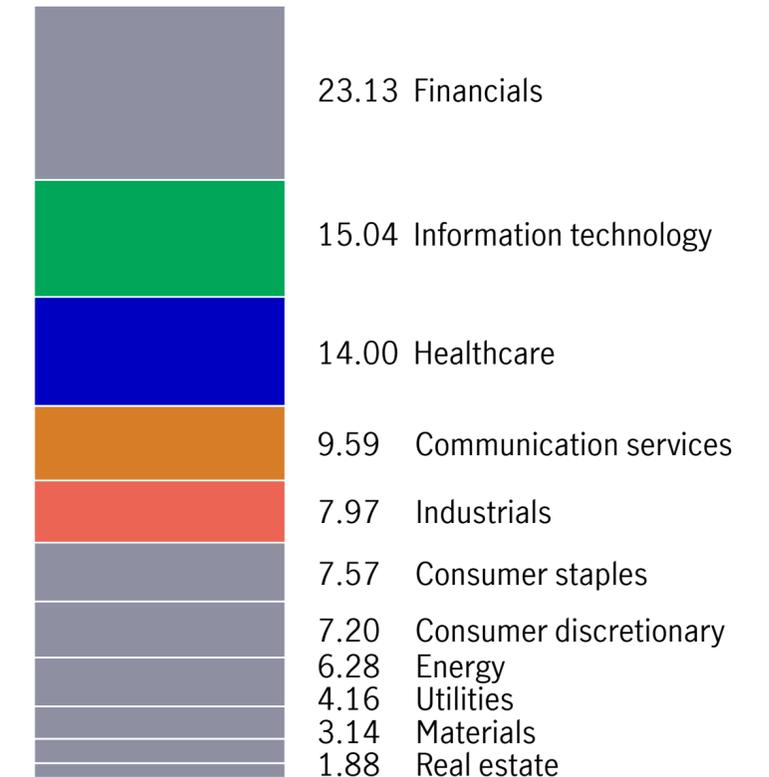
MSCI USA Quality Sector Weights

In our view, earnings growth is likely to slow as margins come under pressure. We look to top-quality sectors for strong ROE and better balance sheets.



The value factor is overweight sectors that offer greater operating leverage and strong pricing power, which should offer a degree of inflation protection.

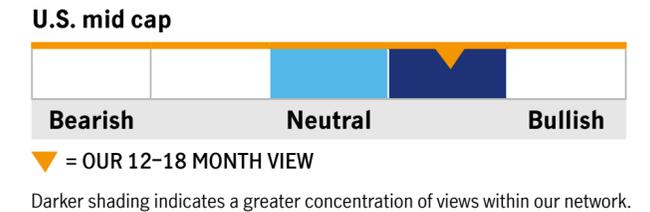
MSCI USA Value Factor Sector Weights



Source: FactSet, as of 4/30/22. Return on equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders’ equity. The MSCI USA Quality Index tracks the performance of large- and mid-cap stocks displaying higher-quality characteristics. The MSCI USA Value Index tracks the performance of large- and mid-cap U.S. stocks exhibiting overall value style characteristics. It is not possible to invest directly in an index. Past performance does not guarantee future results.

An outlook for elevated levels of inflation bodes well for mid-cap stocks

“Mid-cap stocks often combine the growth potential of a young firm with the financial stability of a company that has survived beyond its early years.”



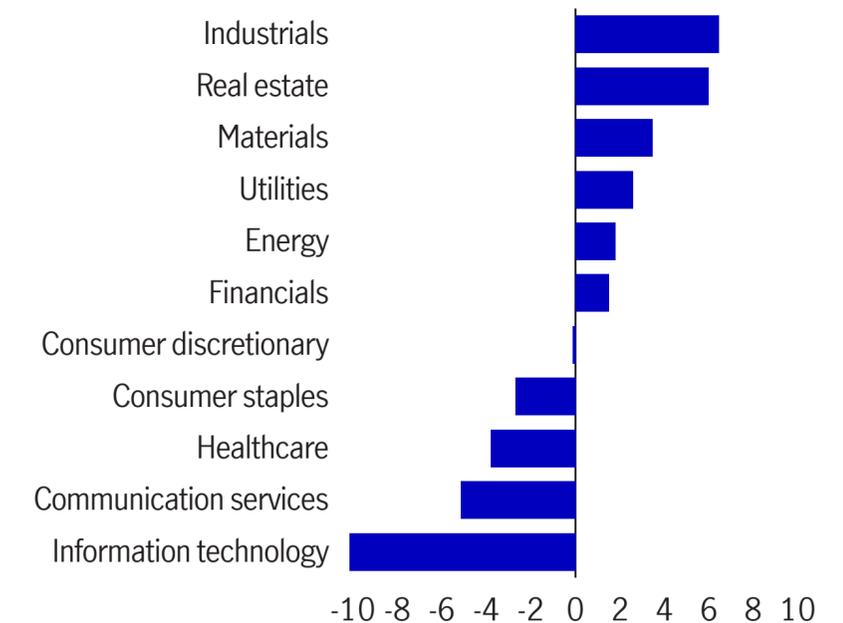
U.S. equities—and mid caps in particular—have tended to perform well during periods of higher inflation

Average rolling 12-month total return across headline CPI (%)

	<1	1-2	2-3	3-4	>4
Russell 1000 Value Index	-8.19	13.30	17.97	14.54	10.78
Russell 1000 Growth Index	-0.57	16.21	18.03	12.92	10.70
Russell Midcap Index	-6.11	14.55	19.39	17.79	10.78
Russell 2000 Index	-7.57	11.70	19.55	15.09	8.09

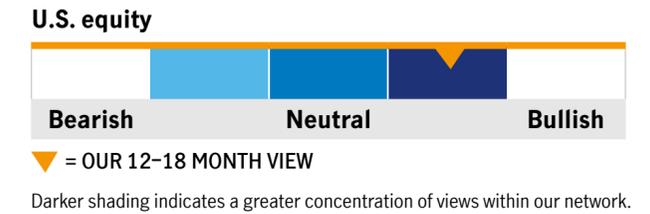
Industrials can be an important return driver in periods of strong growth and higher inflation

Mid-cap vs. large-cap sector weights (%)



Source: FactSet, Federal Reserve Bank of St. Louis, as of 4/30/22. The Consumer Price Index (CPI) tracks the average change of prices over time by urban consumers for a market basket of goods and services. The Russell 1000 Value Index tracks the performance of publicly traded large-cap companies in the United States with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Growth Index tracks the performance of publicly traded large-cap companies in the United States with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index tracks the performance of 2,000 publicly traded small-cap companies in the United States. The Russell Midcap Index tracks the performance of approximately 800 publicly traded mid-cap companies in the United States. It is not possible to invest directly in an index. Past performance does not guarantee future results.

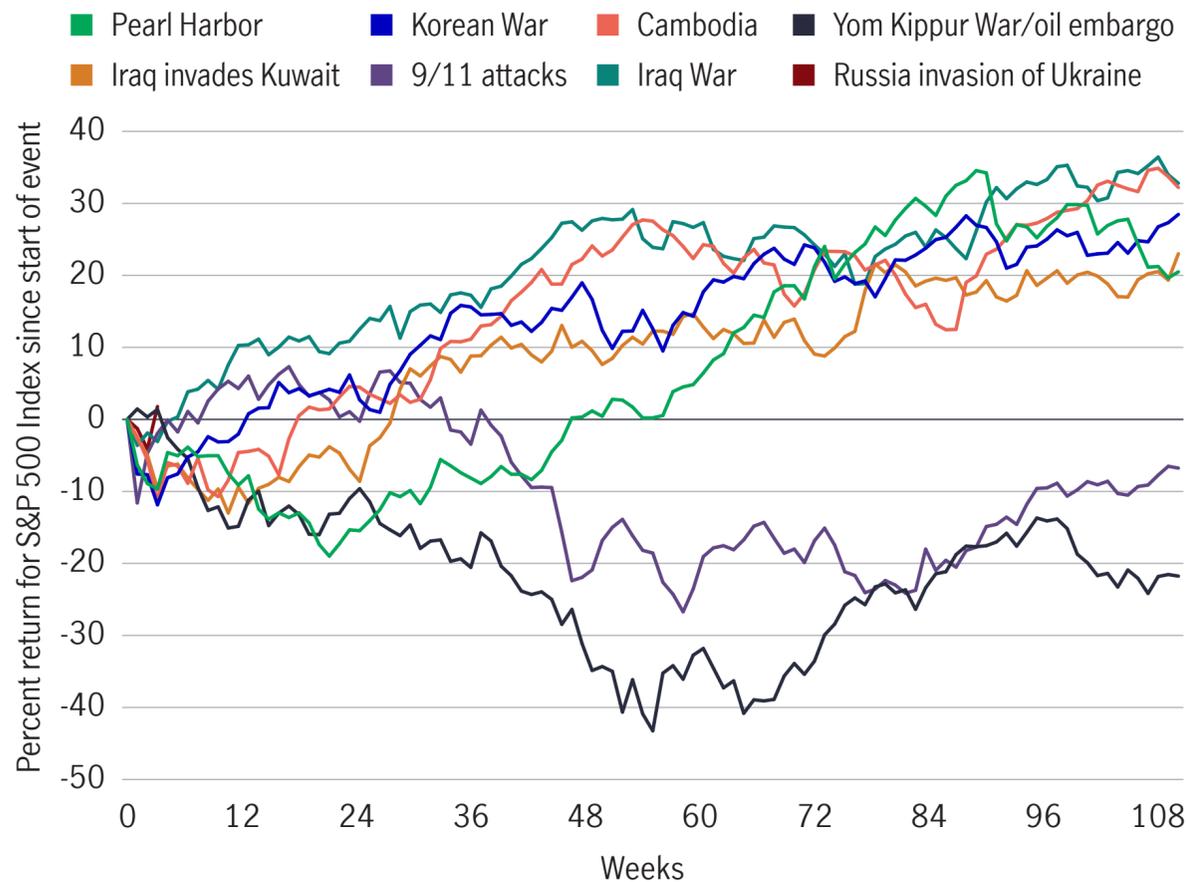
Markets have looked past geopolitical turmoil, particularly when the economy is solid



“The U.S. economy has enough momentum that it will be able to grow well above trend despite intensified inflation pressures from the Ukraine conflict.”

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Although geopolitical turmoil has often had negative short-term consequences, markets tend to bounce back fairly quickly



Event	Start date	Weeks to trough	Drawdown %	1 year after event (% cumulative return)	2 years after event (% cumulative return)
Pearl Harbor	12/7/41	21	-18.99	0.21	20.49
Korean War	6/25/50	4	-11.86	12.59	28.47
Invasion of Cambodia (Vietnam War)	4/29/70	4	-11.28	27.53	32.21
Yom Kippur War/oil embargo	10/6/73	53	-40.88	-43.25	-21.76
Iraq invades Kuwait	8/2/90	11	-13.00	12.27	23.01
9/11 attacks	9/11/01	56	-11.60	-18.56	-6.76
Iraq War	3/20/03	2	-3.60	23.89	32.80
Russia invasion of Ukraine	2/24/22	?	?	?	?
Average		22	-15.89	2.10	15.50

Source: FactSet, 4/30/22. Drawdown is a measure of stock market declines from a peak to a subsequent trough. Stock market performance is reflected by the S&P 500 Index, which tracks the performance of 500 of the largest publicly traded companies in the United States. It is not possible to invest in an index. Past performance does not guarantee future results.

International equity: emphasizing secular growth with cyclical upside

A staggered economic recovery abroad calls for an emphasis on bottom-up fundamentals.

Our position

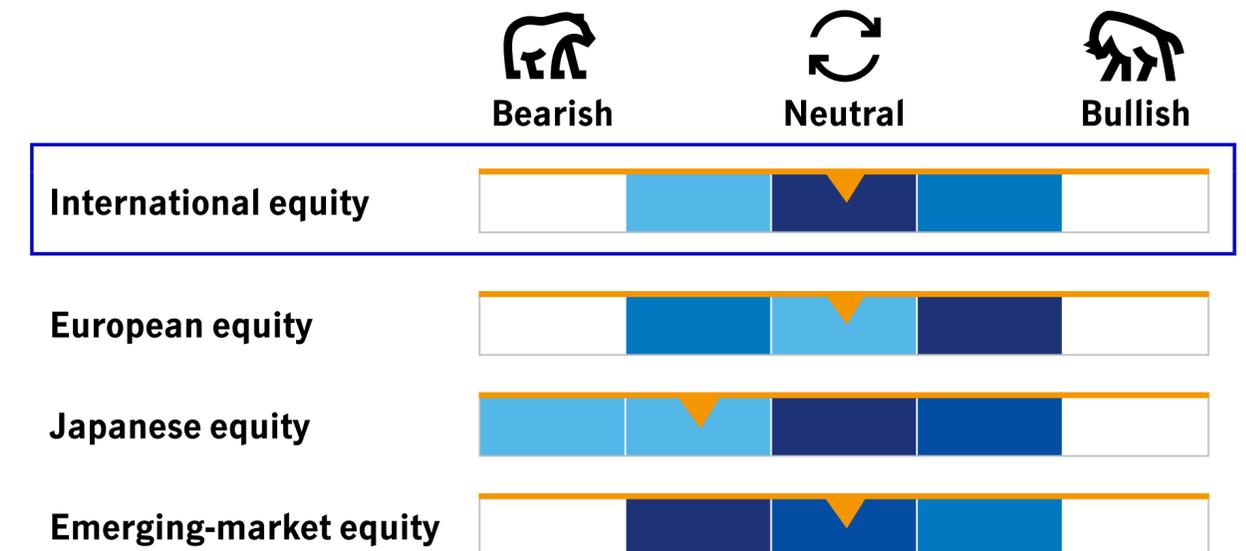
Our 12–18 month view: NEUTRAL

In Q3 2021, we moved both European equities and emerging-market equities to neutral. Instead of having a geographic view, we're emphasizing longer-term secular growth companies that have cyclical upside. We've been underweight in Japan since mid-2018 due to its more defensive profile.

What's inside

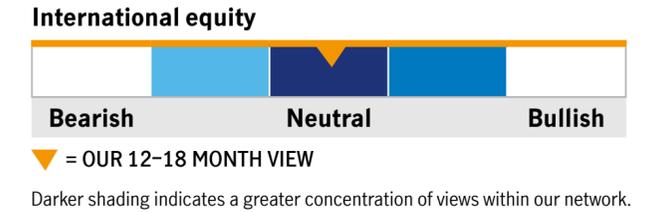
Range of views from our network

Darker shading indicates a greater concentration of views within our network.



Changes to network views: During the first quarter, the consensus view on non-U.S. developed equities remained neutral; however, our network became incrementally more positive on Europe and more negative on emerging-market equities.

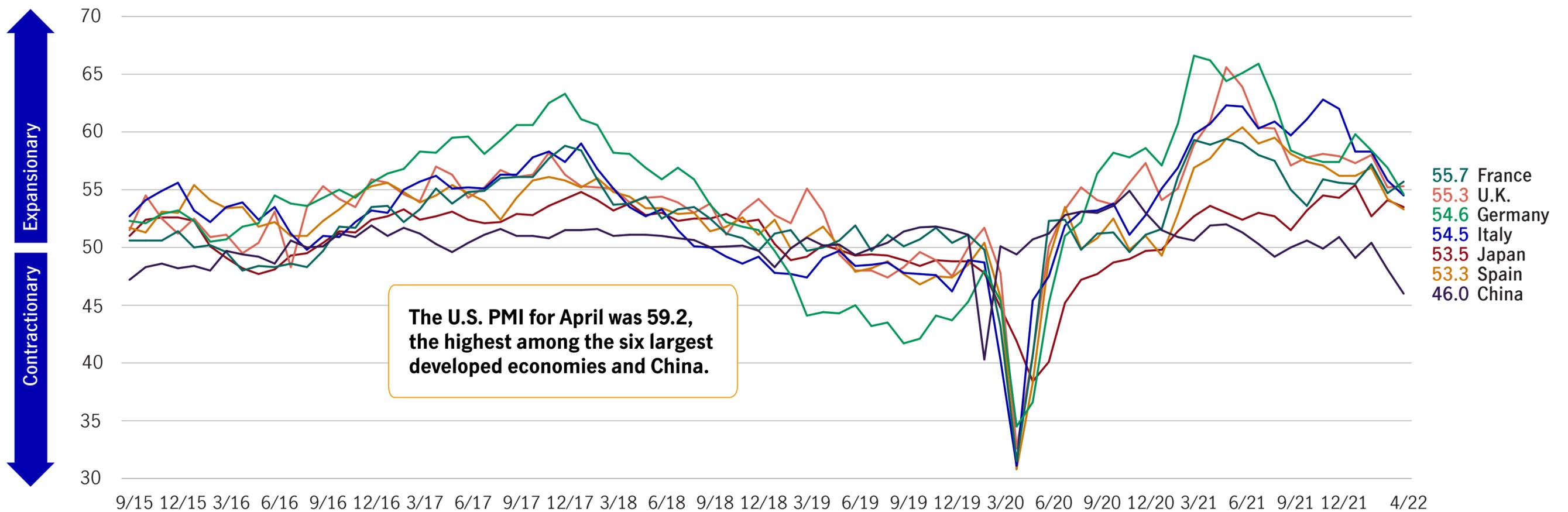
Manufacturing PMIs abroad remain largely in expansionary territory but are decelerating



“Europe faces a strong inflationary and sentiment shock as a consequence of the conflict in Ukraine.”



Manufacturing PMIs abroad are trending lower



Source: Markit, World Bank, FactSet, as of 4/30/22. The Purchasing Managers' Index (PMI) tracks the economic activity of the manufacturing sector in the United States. It is not possible to invest directly in an index. Past performance does not guarantee future results.

Non-U.S. developed-market earnings estimates have recently turned lower

“Rising relative earnings continue to underpin U.S. relative outperformance.”

International equity

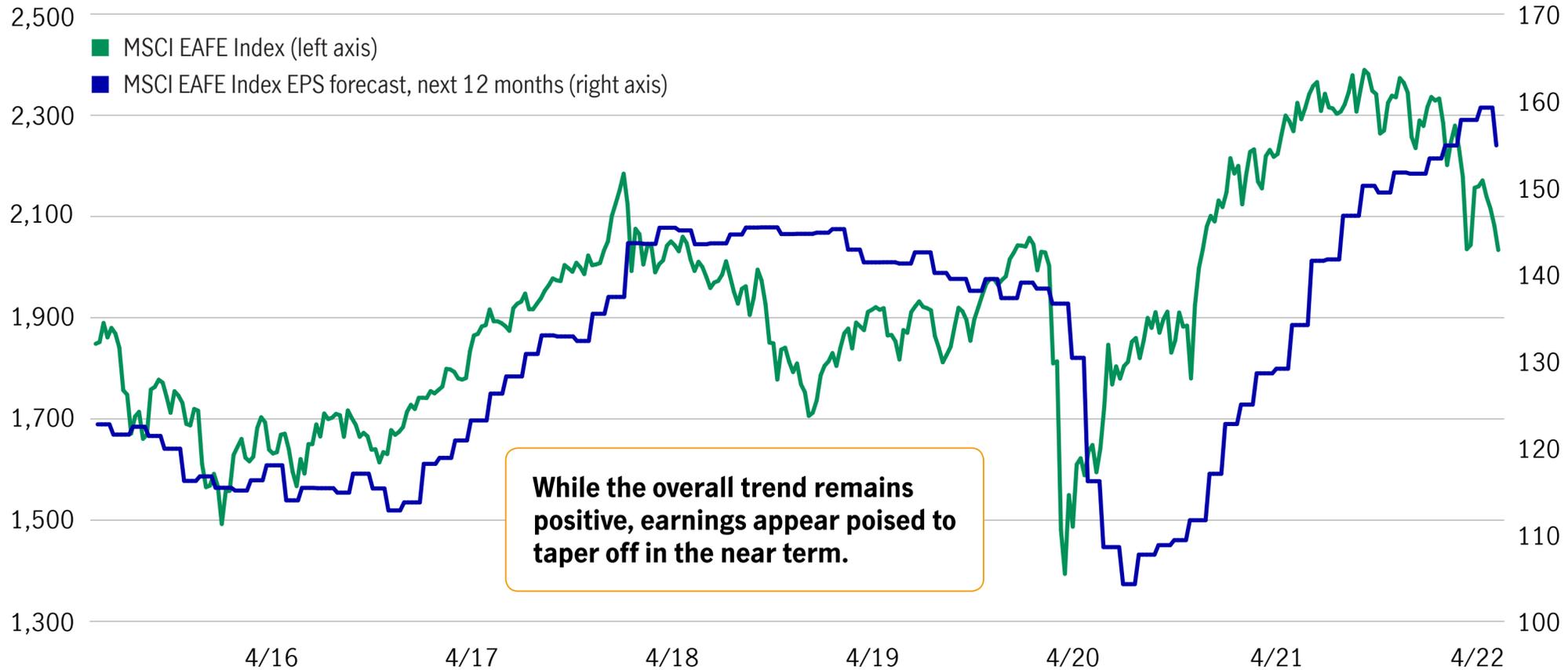


▼ = OUR 12-18 MONTH VIEW

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MSCI EAFE Index prices have followed earnings over time

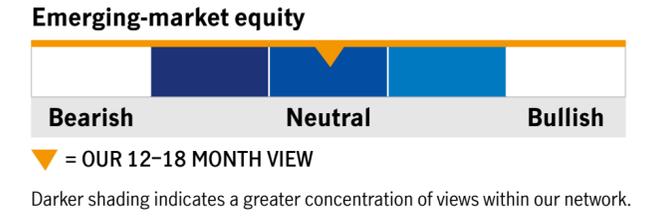


EPS growth estimates YoY (%)

	2022
Energy	76.13
Industrials	24.93
Utilities	14.12
Information technology	12.80
MSCI EAFE Index	11.39
Healthcare	9.47
Consumer staples	8.33
Consumer discretionary	5.35
Real estate	4.05
Materials	-2.33
Financials	-5.15
Communication services	-7.11

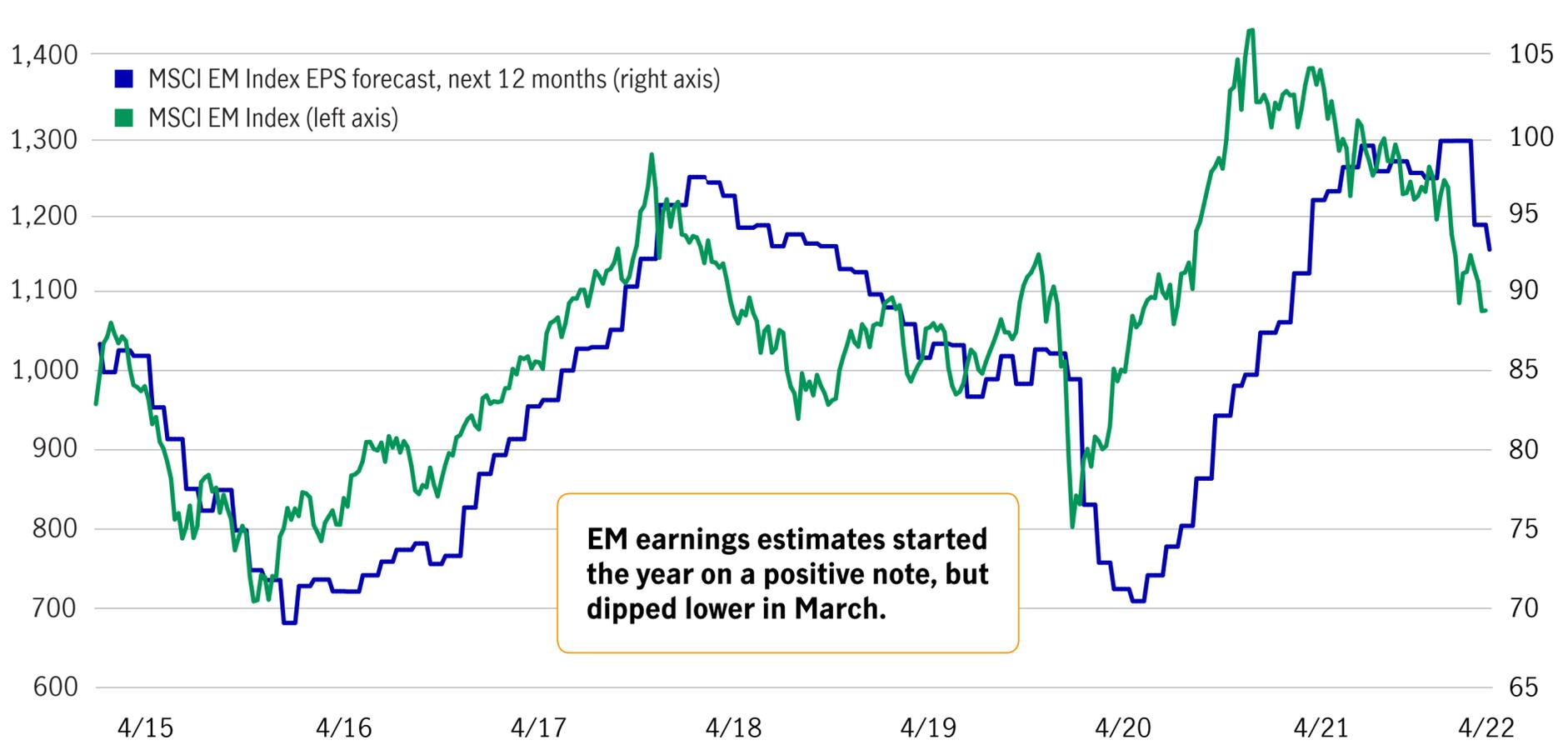
Source: FactSet, as of 4/30/22. Earnings per share (EPS) is a measure of how much profit a company has generated calculated by dividing the company's net income by its total number of outstanding shares. YoY refers to year over year. The MSCI Europe, Australasia, and Far East (EAFE) Index tracks the performance of publicly traded large- and mid-cap stocks of companies in those regions. It is not possible to invest directly in an index. Past performance does not guarantee future results.

Emerging-market earnings estimates have hooked lower

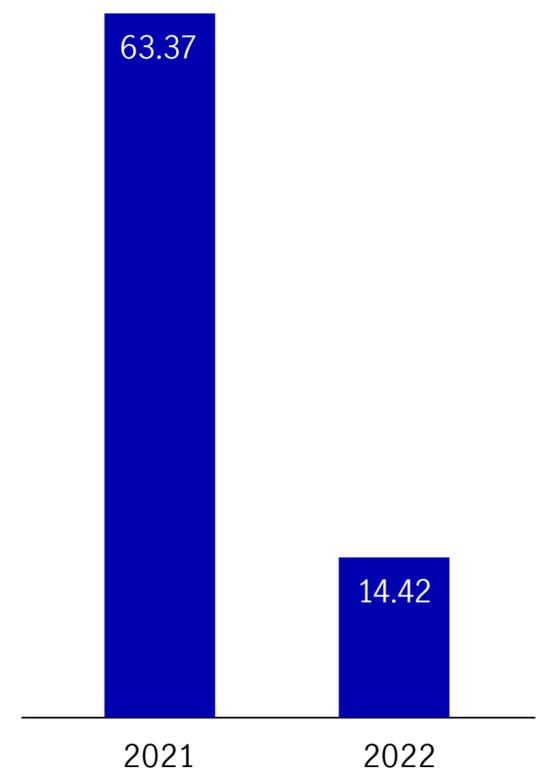


“China is still the biggest risk to global corporate profits.” **PIPER SANDLER**

EM earnings estimates declined meaningfully in March

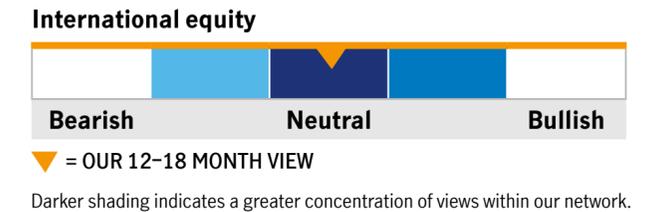


MSCI EM Index—earnings growth estimates YoY (%)



Source: FactSet, as of 4/30/22. Earnings per share (EPS) is a measure of how much profit a company has generated calculated by dividing the company's net income by its total number of outstanding shares. YoY refers to year over year. The MSCI Emerging Markets (EM) Index tracks the performance of publicly traded large- and mid-cap EM stocks. It is not possible to invest directly in an index. Past performance does not guarantee future results.

Overweight growth-oriented sectors with strong earnings potential

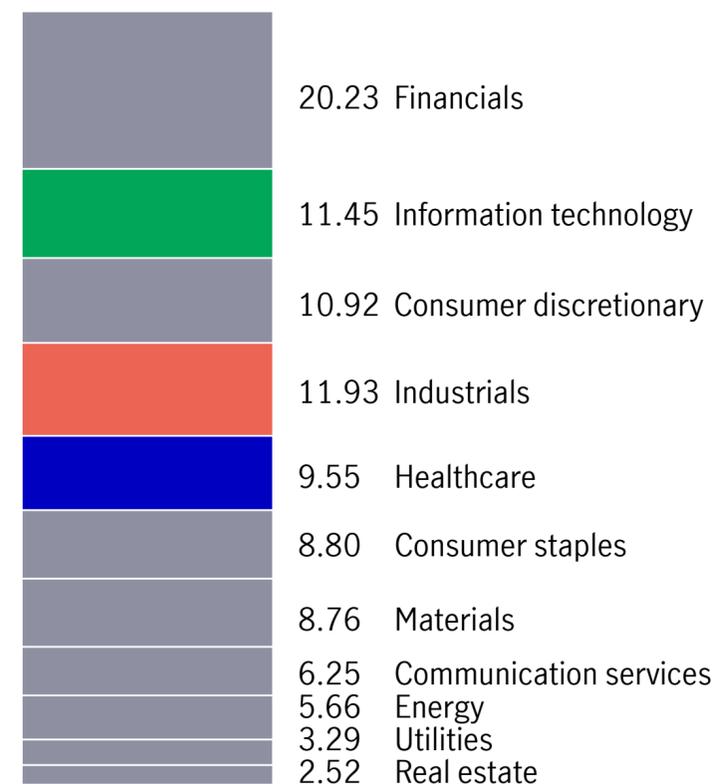


“Given higher inflation and interest rates, as well as a reduction in monetary support from central banks, we believe the rate of global growth is likely to slow and are emphasizing the quality factor.”

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Given financials’ limited earnings growth prospects, we’d consider emphasizing other sectors

MSCI ACWI ex USA Index sector weights (%)



Industrials—The sector has the second-highest 2022 earnings estimates. We see a continued recovery in capex sectorwide and in the aerospace industry, in particular.

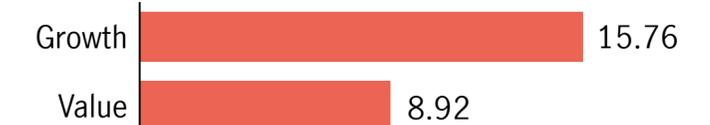
Information technology—This sector has the third-highest earnings estimates for 2022. We see innovation as a key driver of productivity as margins get squeezed on higher input costs; capex is likely to remain strong.

Healthcare—This is a top sector for quality based on 26% ROE.

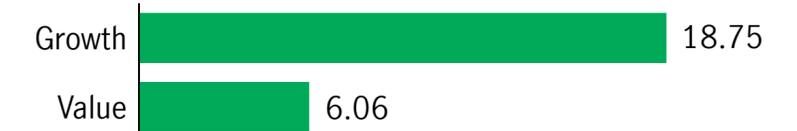
These sectors are biased toward growth in international

Sector weights in MSCI ACWI ex USA Growth Index vs. MSCI ACWI ex USA Value Index (%)

Industrials



Information technology

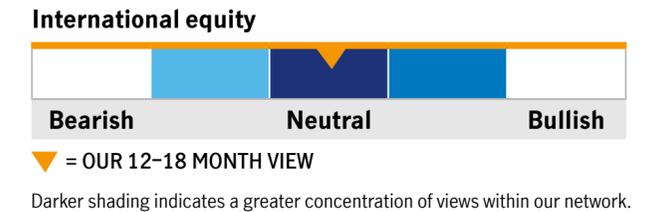


Healthcare



Source: FactSet, as of 4/30/22. The MSCI All Country World Index (ACWI) ex USA Index tracks the performance of publicly traded large- and mid-cap stocks of companies in both developed markets and emerging markets, excluding the United States. The MSCI ACWI ex USA Growth Index tracks the performance of growth stocks in the developed and emerging markets, excluding the United States. The MSCI ACWI ex USA Value Index tracks large- and mid-cap securities exhibiting overall value style characteristics across both developed and emerging markets, excluding the United States. It is not possible to invest directly in an index. Capital expenditure (capex) is funds used by a company to acquire, upgrade, and maintain physical assets such as property, industrial buildings, or equipment. There is no guarantee that any investment strategy will achieve its objectives. Past performance does not guarantee future results.

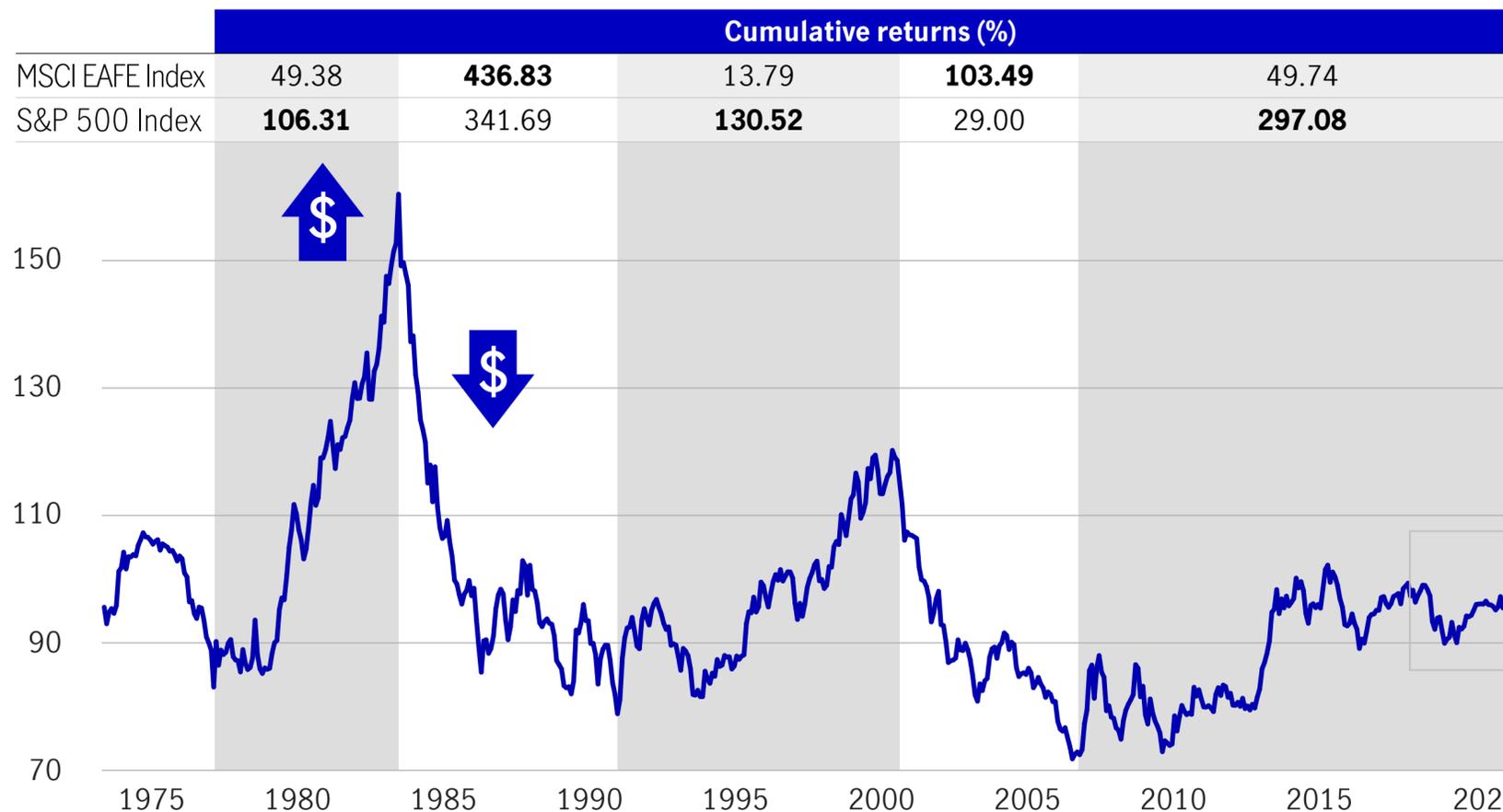
The U.S. dollar's direction may have key cross-asset implications in 2022



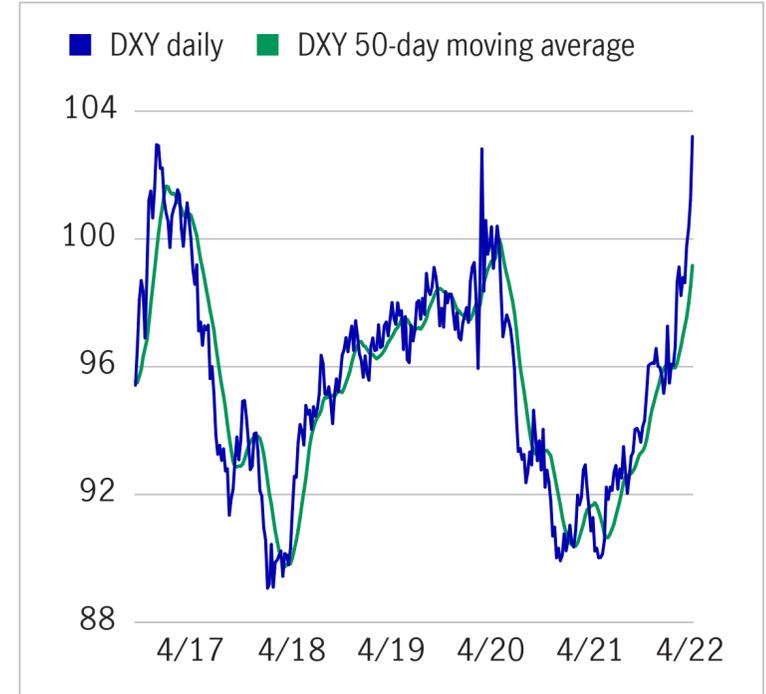
“There is an almost decade-by-decade pattern of U.S. outperformance alternating with U.S. underperformance. Except for the late 1980s, this has also neatly corresponded to multi-year U.S. dollar fluctuations.”



International stocks have been comparatively weak when the USD rises—and comparatively strong when it falls



The USD has surged in 2022.



Source: FactSet, as of 4/30/22. The U.S. Dollar Index (DXY) tracks the performance of the U.S. dollar relative to the value of a basket of world currencies. International equities are represented by the MSCI Europe, Australasia, and Far East (EAFE) Index, which tracks the performance of publicly traded large- and mid-cap stocks of companies in those regions. U.S. equities are represented by the S&P 500 Index, which 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.

Fixed income: using a risk-managed approach to credit markets

With government bond yields likely to remain rangebound, a selective allocation to credit is important to generate adequate income.

Our position

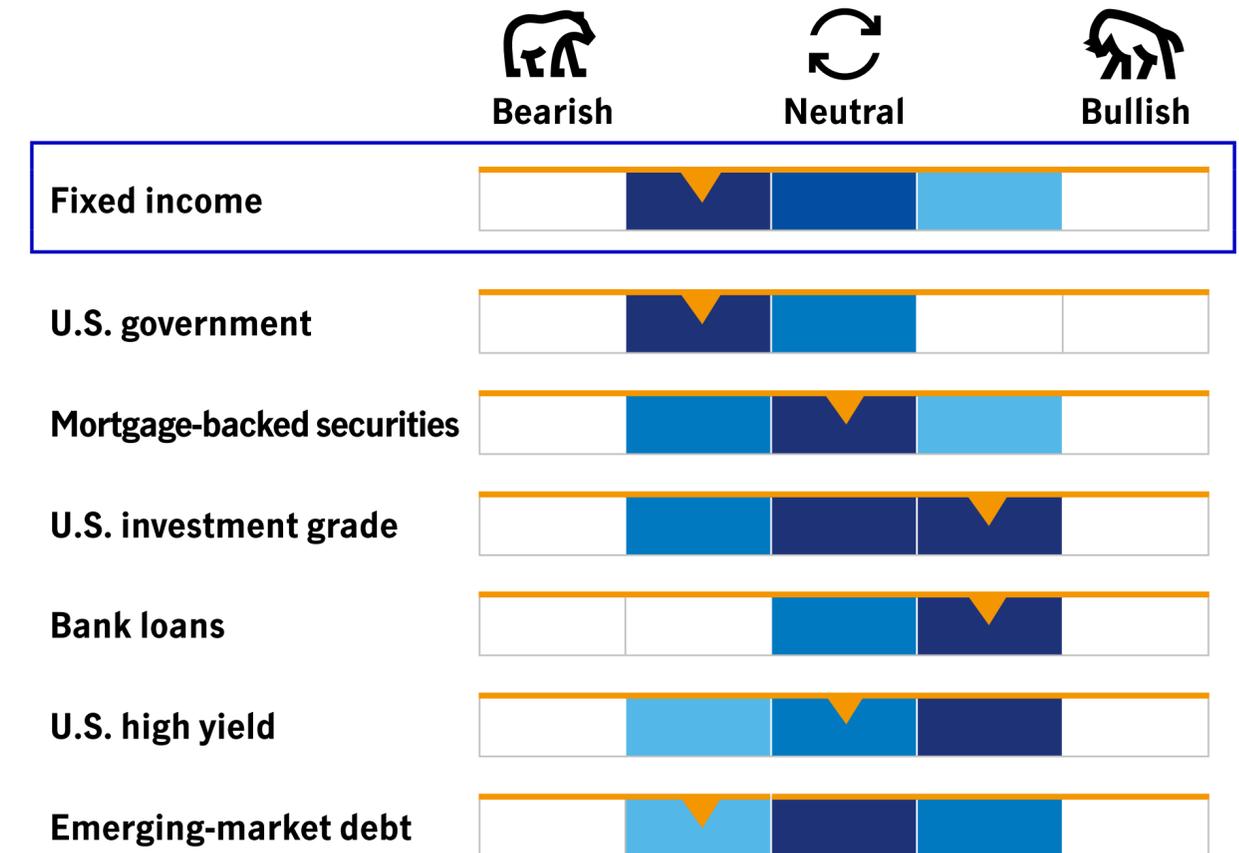
Our 12–18 month view: SLIGHTLY BEARISH

In early 2021, we downgraded our fixed-income view to slightly bearish, where it remains. In Q3 2021, we moved mortgage-backed securities from slightly positive to neutral as we saw persistently low yields limiting return potential. We continue to emphasize a mix of investment-grade corporate bonds, high-yield bonds, and bank loans.

What's inside

Range of views from our network

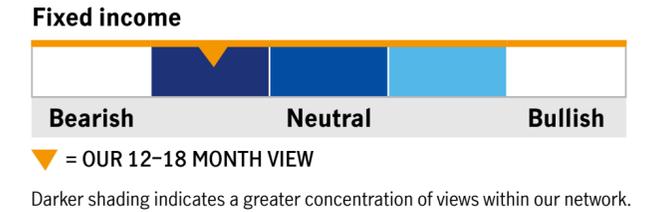
Darker shading indicates a greater concentration of views within our network.



Changes to network views: Our network continues to prefer credit risk over duration risk. High-yield bonds and bank loans remain the highest-conviction overweights. We saw some members of our network downgrading their views on emerging-market debt in the first quarter.

Bank loans and core-plus strategies have proven resilient in past tightening cycles

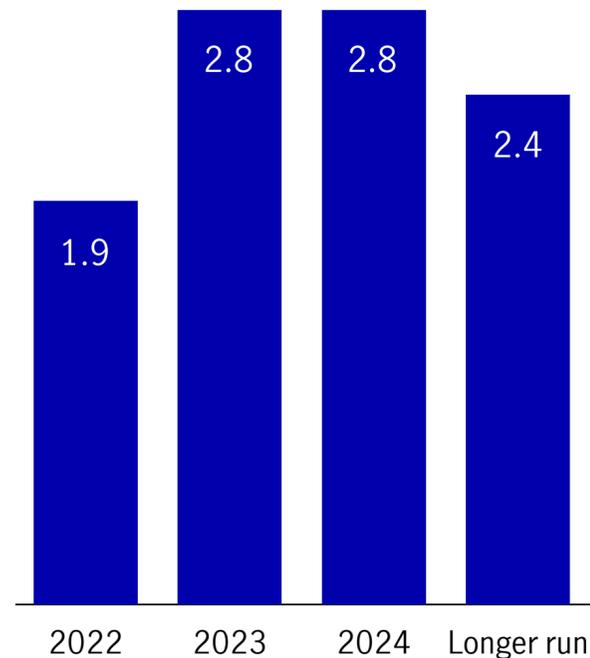
“Broad improvement in both corporate and consumer balance sheets, coupled with low default rates, should remain supportive of credit markets.”



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Fed projections on the fed funds rate (%)

The Fed is likely to raise rates multiple times in 2022.

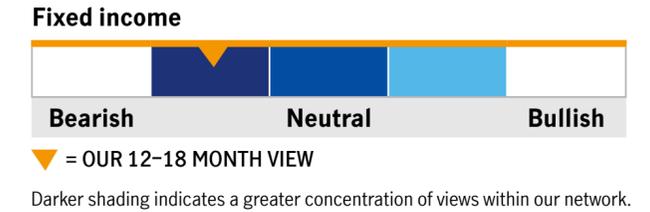


Fixed-income market performance through periods of Fed tightening (month prior to month after)

Morningstar fund category	Annualized return 5/31/04 to 6/30/06 (%)	Annualized return 11/30/15 to 12/31/18 (%)	Average of last two tightening cycles (%)
High yield bond	7.30	4.49	5.90
Multisector bond	5.75	3.18	4.46
Bank loan	4.93	3.62	4.28
Intermediate core-plus bond	3.15	2.21	2.68
Intermediate core bond	2.67	1.93	2.30
Ultrashort bond	2.66	1.39	2.02
Short-term bond	1.91	1.38	1.64
Intermediate government	2.25	0.93	1.59

Source: Morningstar Direct, as of 4/30/22. The federal funds rate is the interest rate at which a depository institution lends funds maintained at the U.S. Federal Reserve (Fed) to another depository institution overnight. Past performance does not guarantee future results.

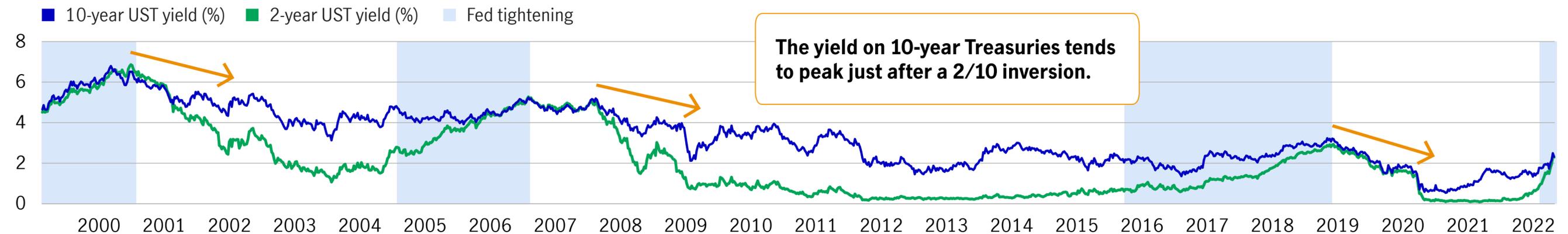
A flat or inverted yield curve usually signals a peak in U.S. Treasury yields



“Fixed-income assets always appreciated between inversions and recessions in the post-Volcker years.”

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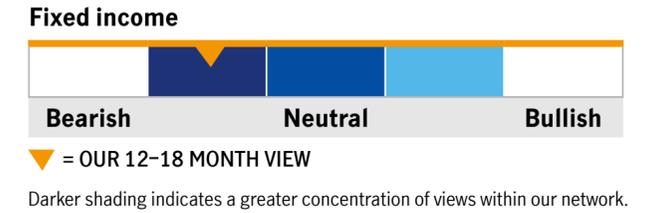
Fed tightening cycles typically conclude with an inverted yield curve



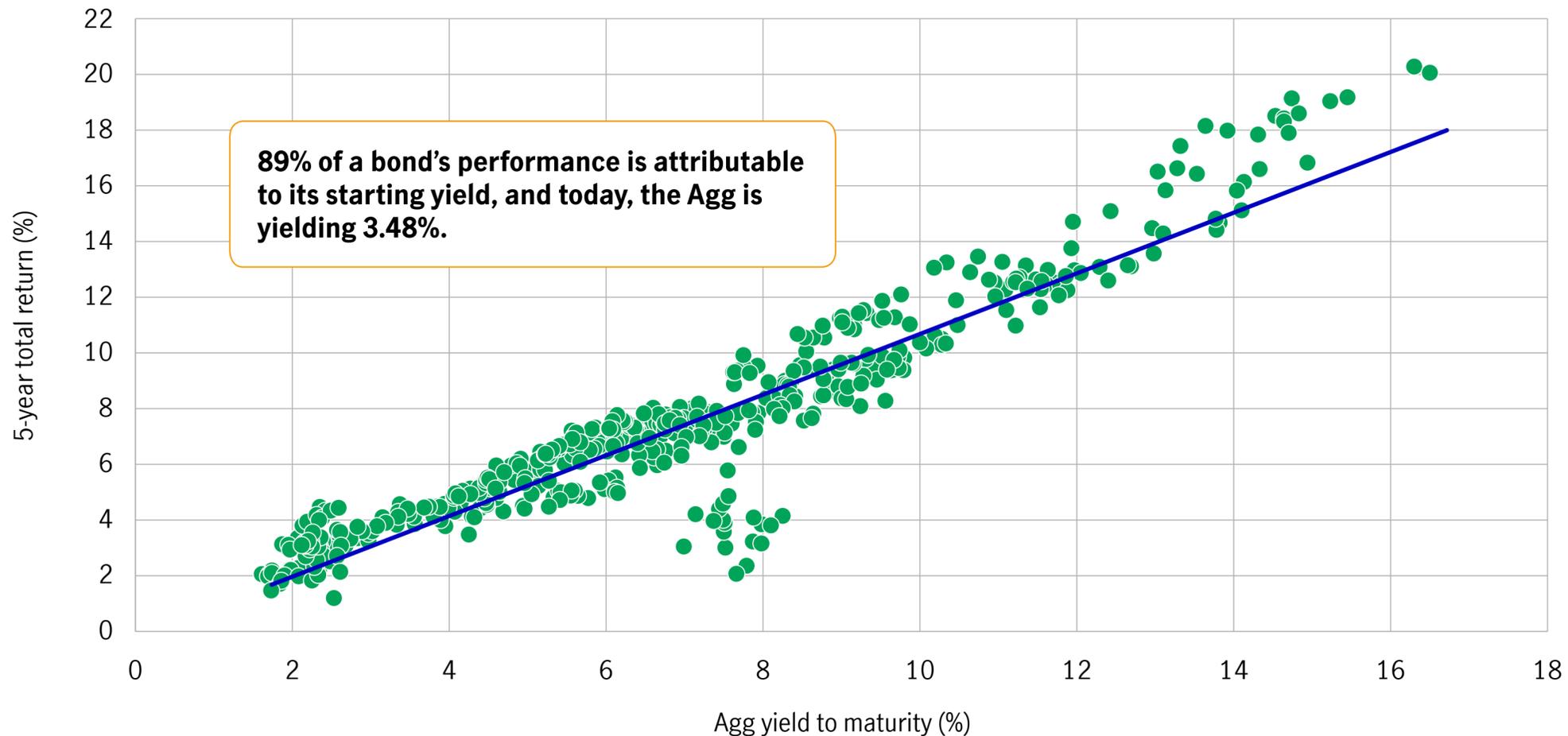
Source: FactSet, as of 4/30/22. The U.S. Treasury (UST) yield curve describes the yields on U.S. Treasury bills, notes, and bonds plotted on a graph. An inverted curve predicts a recession. Fed refers to U.S. Federal Reserve. Past performance does not guarantee future results.

Holding bonds to maturity has typically earned initial yield despite paper losses

“We don’t want to catch a falling knife, but eventually yields will look attractive enough for us to increase our recommended portfolio duration.”



Over the last 40 years, there’s been a strong relationship between starting bond yields and subsequent 5-year annualized returns

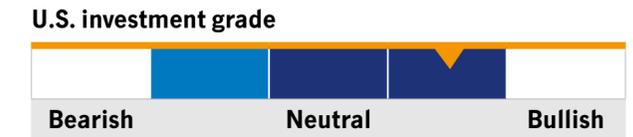


Largest Agg drawdowns

Month ended	Drawdown (%)
11/30/16	-3.28
7/31/03	-3.55
3/31/21	-3.56
8/31/13	-3.67
10/31/08	-3.83
5/31/84	-4.88
9/30/87	-4.90
6/30/94	-5.15
4/30/22	-7.57
2/29/80	-12.74

Source: FactSet, as of 4/30/22. The Bloomberg U.S. Aggregate Bond Index (Agg) tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets. It is not possible to invest directly in an index. Drawdown is a measure of market declines from a peak to a subsequent trough. Month of trough is shown. Past performance does not guarantee future results.

Careful asset class selection in credit may lead to favorable risk/reward trade-offs

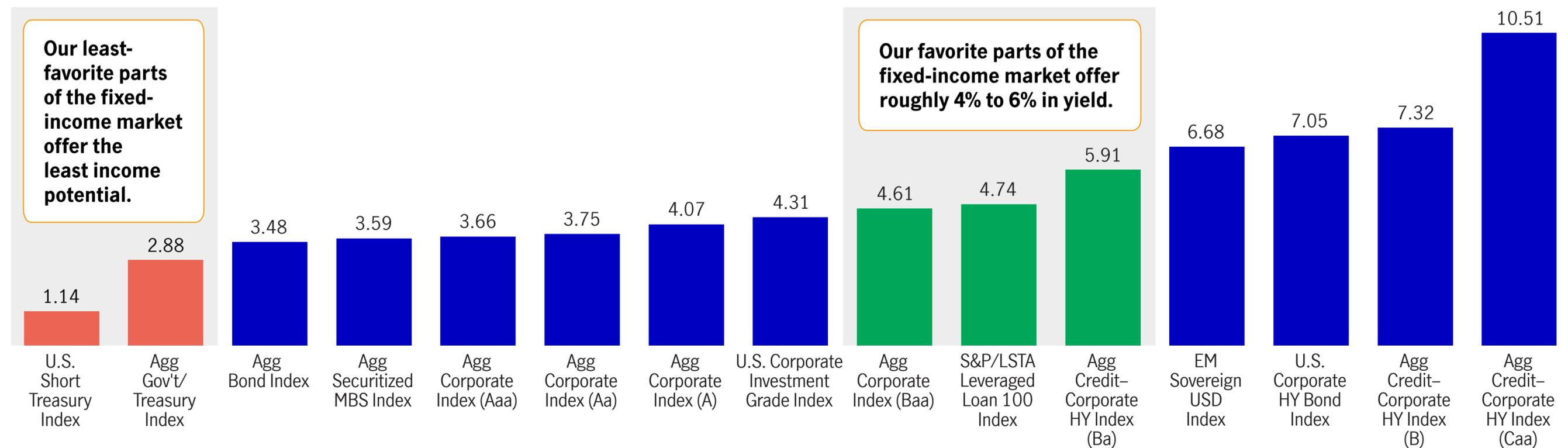


▼ = OUR 12-18 MONTH VIEW
 Darker shading indicates a greater concentration of views within our network.

“Corporate credit keeps outperforming similar-duration government bonds, and we continue to recommend an overweight stance against a backdrop of improving corporate finances as the economic recovery solidifies.”



Yield to maturity (%)

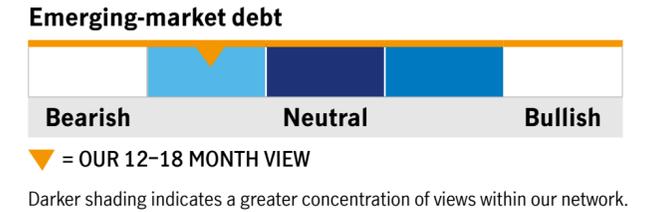


All indexes are Bloomberg except S&P/LSTA Leveraged Loan 100 Index.

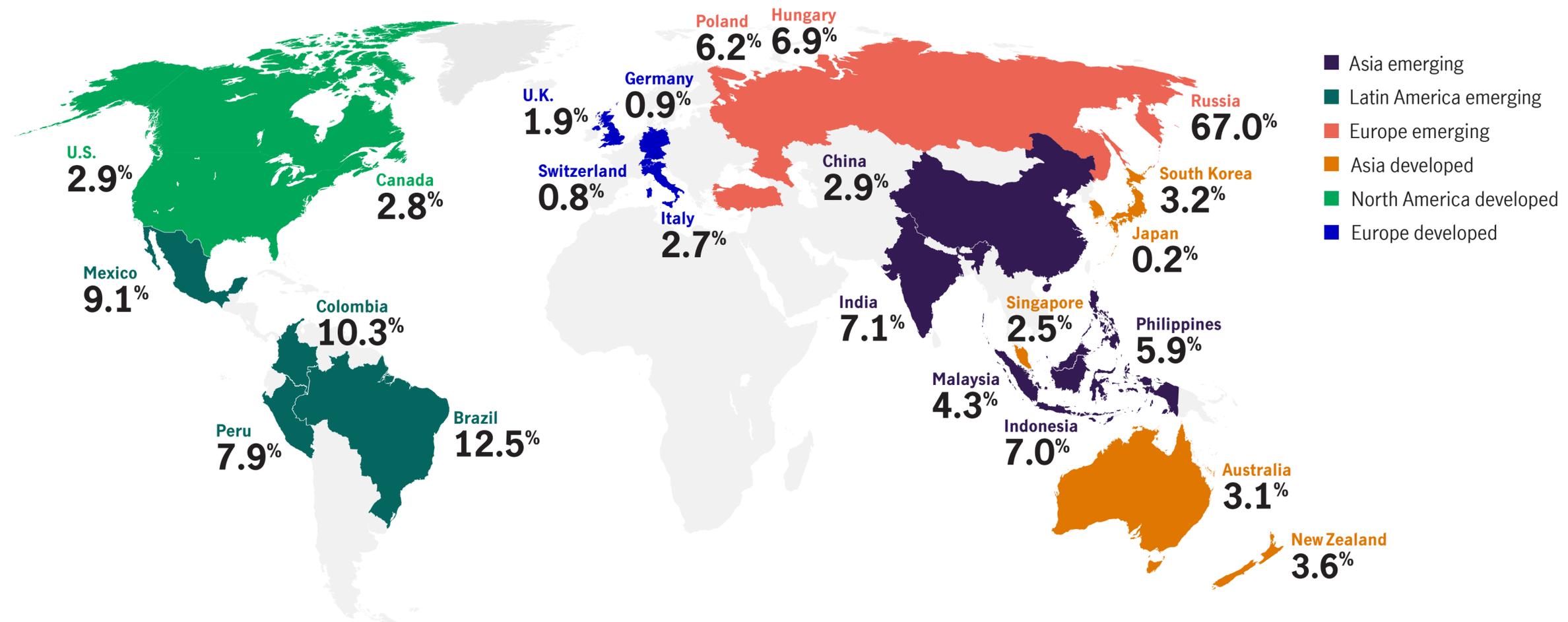
Source: FactSet, Moody's, as of 4/30/22. The U.S. Short Treasury Index tracks the performance of the U.S. Treasury bills, notes, and bonds under one year to maturity. The Aggregate (Agg) Government/Treasury Index tracks public obligations of the U.S. Treasury comprising U.S. Treasury bonds and notes across maturities ranging from one to thirty years. The Agg Bond Index tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets. The Agg Securitized Mortgage-Backed Securities (MBS) Index tracks the performance of investment-grade U.S. securitized MBS. The Agg Corporate Index tracks the performance of the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. The U.S. Corporate Investment Grade Index tracks the investment-grade, fixed-rate, taxable corporate bond market. The Agg Credit-Corporate High Yield (HY) Index is a broad-based benchmark that tracks the HY, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. The S&P/LSTA Leveraged Loan 100 Index tracks the market-weighted performance of the largest U.S. dollar-denominated institutional leveraged loans. The Emerging Markets (EM) Sovereign U.S. Dollar (USD) Index tracks the performance of USD-denominated government bonds from more than 60 emerging markets. The U.S. Corporate HY Bond Index tracks the performance of the USD-denominated, HY, fixed-rate corporate bond market. It is not possible to invest directly in an index. Past performance does not guarantee future results.

While there is extra income potential, EM debt can have greater duration and currency risk

“Currently we are cautious on EM corporate debt. We recommend that investors focus on EM sovereign issuers that provide a significant yield pickup over U.S. bonds with comparable credit ratings and that are less likely to default than their corporate counterparts.”



10-year government bond yields



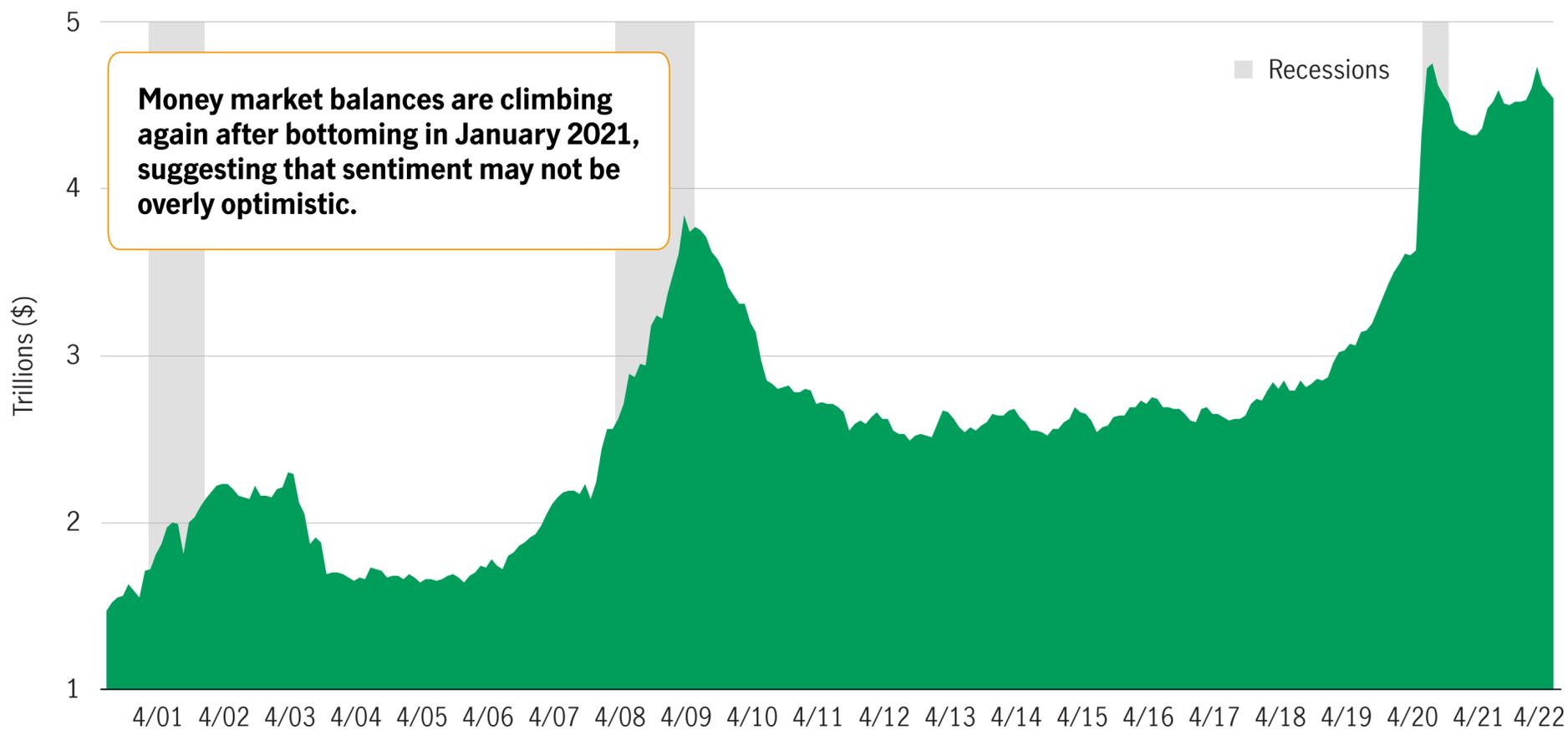
Source: FactSet, as of 4/30/22. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. Past performance does not guarantee future results.

Cash on the sidelines has fallen slightly but is still near an all-time high

“If equity markets stabilize, a balanced portfolio allows for participation in up markets and, if volatility continues, the portfolio’s bond allocation may act as a buffer.”

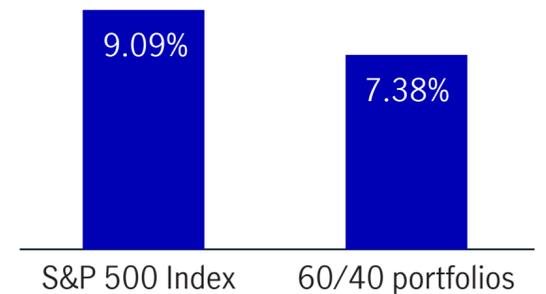
Manulife Investment Management

Money market assets have soared in the pandemic

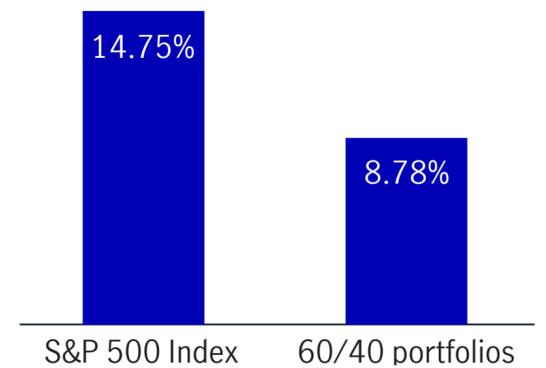


A 60/40 portfolio has provided long-term investors with a similar return to stocks, but with less risk

20-year returns



20-year standard deviation



Source: FactSet, as of 4/30/22. 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. 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.

Our top portfolio ideas to consider now

U.S. quality and value

A combination of value, which offers significant catch-up potential, and quality, which exhibits strong fundamentals, should benefit as midcycle dynamics unfold in the United States.

U.S. mid caps

Mid-cap stocks tend to perform well during periods of higher inflation and may also be helped by a relative overweight in industrials—historically, a powerhouse sector in periods of economic growth.

International cyclical growth

In international equities, we have a preference for growth-oriented sectors with strong earnings potential: technology, consumer discretionary, and industrials.

U.S. corporate credit

Investors may have a better chance to overcome inflation while still managing credit risk in Baa and Ba corporate bonds and bank loans than in short duration securities and U.S. Treasuries.

Diversification does not guarantee a profit or eliminate the risk of a loss.

Our investment strategists

As co-chief investment strategists, Emily and Matt are responsible for developing and delivering timely market and economic insight to financial professionals and institutional investors across the country. Together, they lead the development of John Hancock Investment Management's flagship quarterly market outlook, *Market Intelligence*. In doing so, they combine insight from the firm's global network of asset managers, independent research firms, broker-dealers, and banks with top-down fundamental and macro analysis. They're featured regularly on CNBC and Bloomberg TV and are quoted frequently in the financial press.



Emily R. Roland, CIMA

Co-Chief Investment Strategist

 [@emilyrroland](https://twitter.com/emilyrroland)

Emily has over 20 years of industry experience. She joined the company's investments division in 2004 and has held several positions in product management, competitive intelligence, and market and industry research. Prior to joining John Hancock, she held roles at GMO and the Boston Stock Exchange. Emily earned an M.B.A. from Boston College and a B.B.A. from James Madison University, and she holds the Certified Investment Management Analyst designation.



Matthew D. Miskin, CFA

Co-Chief Investment Strategist

 [@matthew_miskin](https://twitter.com/matthew_miskin)

Matt has over 15 years of industry experience. Prior to joining the company's investments division in 2014, he was a manager due diligence analyst at LPL Financial Research, where he was responsible for manager and asset allocation changes related to the firm's recommended list and discretionary models. Matt earned a B.S. in Finance from Elon University and an M.B.A. from Babson College, and he holds the Chartered Financial Analyst designation.

Views are those of Emily R. Roland, CIMA, and Matthew D. Miskin, CFA, of John Hancock Investment Management Distributors LLC and are subject to change. No forecasts are guaranteed. The commentary is provided for informational purposes only, is subject to change as market and other conditions warrant, and is not an endorsement of any security, mutual fund, sector, or index. Any economic or market performance is historical and is not indicative of future results. Investing involves risks, including the potential loss of principal.

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Asset manager views are compiled throughout the preceding calendar quarter through in-person discussions, reviewed research, and on-site visits. These inputs are complemented by third-party research collected during the calendar quarter. Our views reflect John Hancock Investment Management's proprietary weighting of these inputs.

A bearish reading indicates the potential for an asset to underperform its class or subclass on a risk-adjusted basis. A bullish reading indicates the potential for an asset to outperform its class or subclass on a risk-adjusted basis. A neutral reading indicates the potential for performance in line with the asset's historical averages.

Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments; foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability; value stocks may decline in price; growth stocks may be more susceptible to earnings disappointments; the securities of small companies are subject to higher volatility than those of larger, more established companies; and high-yield bonds are subject to additional risks, such as increased risk of default. 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. 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. Hedging and other strategic transactions may increase volatility and result in losses if not successful. Currency transactions are affected by fluctuations in exchange rates. This material is not intended to be, nor shall it be interpreted or construed as, a recommendation or providing advice, impartial or otherwise. John Hancock Investment Management and its representatives and affiliates may receive compensation derived from the sale of and/or from any investment made in its products and services.

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