



A message to shareholders

Andrew G. Arnott
President and CEO of John Hancock Investments
Head of Wealth and Asset Management, United States and Europe



December 2017

Stocks have delivered undeniably strong results in 2017 across market capitalizations, investment styles, and geographies. For income-oriented investors, the story has also been positive, with bonds outside the most conservative market segments wrapping up another year of robust returns. There is much to be thankful for as we edge closer to beginning the 10th year of the market's long advance.

Economic tailwinds continue

A wealth of underlying economic data suggests investor optimism could continue in 2018. The U.S. economy grew 3.3% in the third quarter of 2017, following a 3.1% advance in the second quarter. Corporate earnings have continued to reflect sustained fundamental health, and the U.S. dollar's pullback relative to global currencies has fostered a friendly backdrop for U.S.-based multinationals and international investors. The U.S. financial system is at its strongest level in a generation, unemployment remains close to historic lows, consumer confidence has risen to a 17-year high, and the housing market exhibits a long potential runway for growth. In step with these signals of domestic economic strength, the global economy continues to move forward in a synchronized fashion, which has contributed to earnings momentum across developed international and emerging markets and deepened the case for investors to seek global diversification.

Yet more policy support for the U.S. economy is on the way. The recently passed tax reform appears poised to inject substantial stimulus into U.S. businesses at the same time that industry regulations are being rolled back across large swaths of the economy, including the systemically important financials sector. One moderating factor is the U.S. Federal Reserve's (Fed's) continued tightening of monetary policy. In mid-December, Fed Chair Janet Yellen—in what is likely to be her final major policy act before ceding her leadership position to incoming Fed Chair Jerome Powell—lifted the federal funds rate by a quarter of a percentage point, the fifth such increase since the 2008 financial crisis. While this reduction in policy stimulus by itself may not cause the economy to pull back, markets will be closely attuned to any suggestion that policymakers may quicken the pace of interest-rate increases in the year ahead.

Expanding our fund lineup

One of our primary goals is to provide new and robust investment options to our shareholders wherever we see a strong need. In early November, we expanded our roster of strategic beta exchange-traded funds (ETFs) to 13 with the addition of John Hancock Multifactor Small Cap ETF (JHSC). Investors continue to look for lower-cost exposure to markets without giving up the potential to outperform traditional indexes over time. We are proud of our partnership with Dimensional Fund Advisors, a company regarded as one of the pioneers of strategic beta and small-cap investing, to design the indexes for our John Hancock Multifactor ETFs. Like our other ETFs, JHSC tracks a custom index built on three decades of research into the factors that research has linked to higher expected returns: smaller capitalization, lower valuation, and higher profitability.

Our thanks go to you

I would like to extend a heartfelt thanks to you, our shareholders. We recognize that you have no lack of options when it comes to building your portfolios, and we thank you for putting your trust in John Hancock Investments. Please accept our sincerest wishes for a healthy and happy new year.

Sincerely,



Andrew G. Arnott
President and CEO of John Hancock Investments
Head of Wealth and Asset Management, United States and Europe

Request a prospectus or summary prospectus from your financial advisor, by visiting jhinvestments.com/etf, or by calling us at 800-225-5291. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should consider carefully before investing.

John Hancock ETFs are distributed by Foreside Fund Services, LLC, and are subadvised by Dimensional Fund Advisors LP. Foreside is not affiliated with John Hancock Funds, LLC or Dimensional Fund Advisors LP. Mutual funds are distributed by John Hancock Funds, LLC. Member FINRA/SIPC.



John Hancock Funds, LLC ■ Member FINRA, SIPC
601 Congress Street ■ Boston, MA 02210-2805 ■ 800-225-5291 ■ jhinvestments.com

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE. NOT INSURED BY ANY GOVERNMENT AGENCY.
MF418597

CEO4Q17LTR 12/17