



10 things every investor should know about investing

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1

Investing can help your savings catch up to your financial goals

2

Investing in U.S. stocks is one of the best ways to build wealth

3

International stocks can help you cast a wider net

4

Bonds can play a role in a diversified portfolio

5

Alternative investments may help you win by not losing

6

There's no wrong time to invest

7

Diversification is a time-tested way to help mitigate risk*

8

Active and passive strategies can play a role

9

Your emotions can be your worst enemy

10

Your advisor is your greatest resource

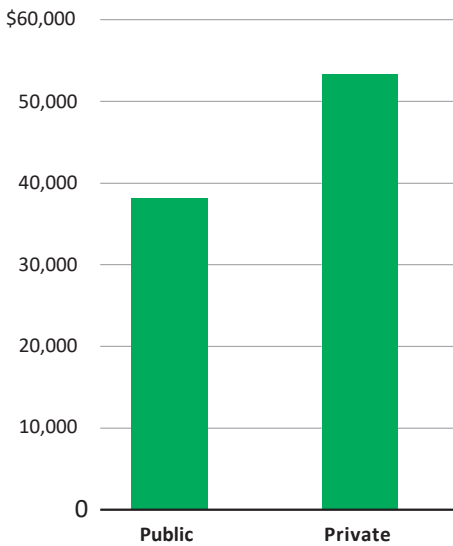
*Diversification does not guarantee a profit or eliminate the risk of a loss.

Principle 1: Investing can help your savings catch up to your financial goals

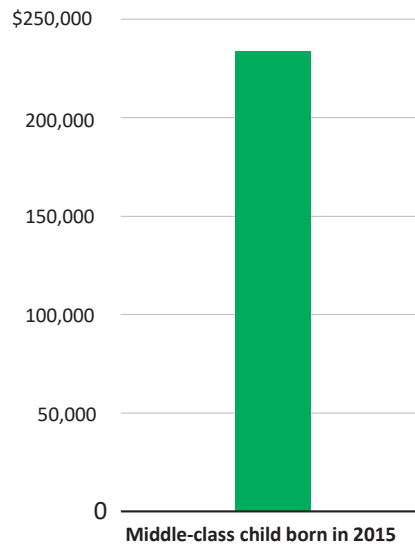
We all invest to try to reach our financial goals. For many of us, they may be to raise children, send them to college and be able to retire comfortably. But unless your income is extremely high, to achieve these and other goals you'll need a lot more money than you can earn through your paycheck. You need to save a portion of your income, and you need your savings to grow. In other words, you need to invest.

Life's financial goals are often too big for savings alone

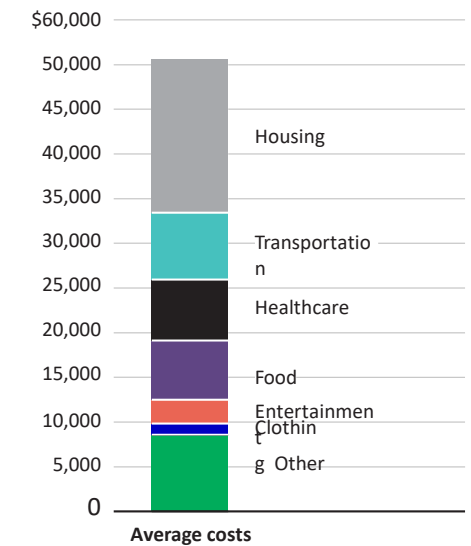
Average annual cost of a 4-year college program
\$43,280–\$54,880¹



Raising a child until age 18
\$233,610²



Single year in retirement
\$50,637³



Sources: ¹ *Annual Survey of Colleges*, College Board NCES, IPEDS fall 2020 enrollment data. Costs, based on four years, include tuition, room and board, books, transportation and other college-related expenses; ² *Expenditures on Children by Families*, U.S. Department of Agriculture, January 2017, latest data available; ³ *Consumer Expenditure Survey*, 2018-2019, U.S. Bureau of Labor Statistics, September 2020.

The key to bridging the gap is your rate of return

How many years will it take to **double your money?**

Remember the Rule of 72!



$$\frac{72}{\text{Rate of return}} = \text{Years to double your money}$$

Saver	
$\frac{72}{2.60\%}$	= 27.7 years

Average return of **cash** since 1928

Investor	
$\frac{72}{9.55\%}$	= 7.5 years

Average return of **large-cap U.S. stocks** since 1928

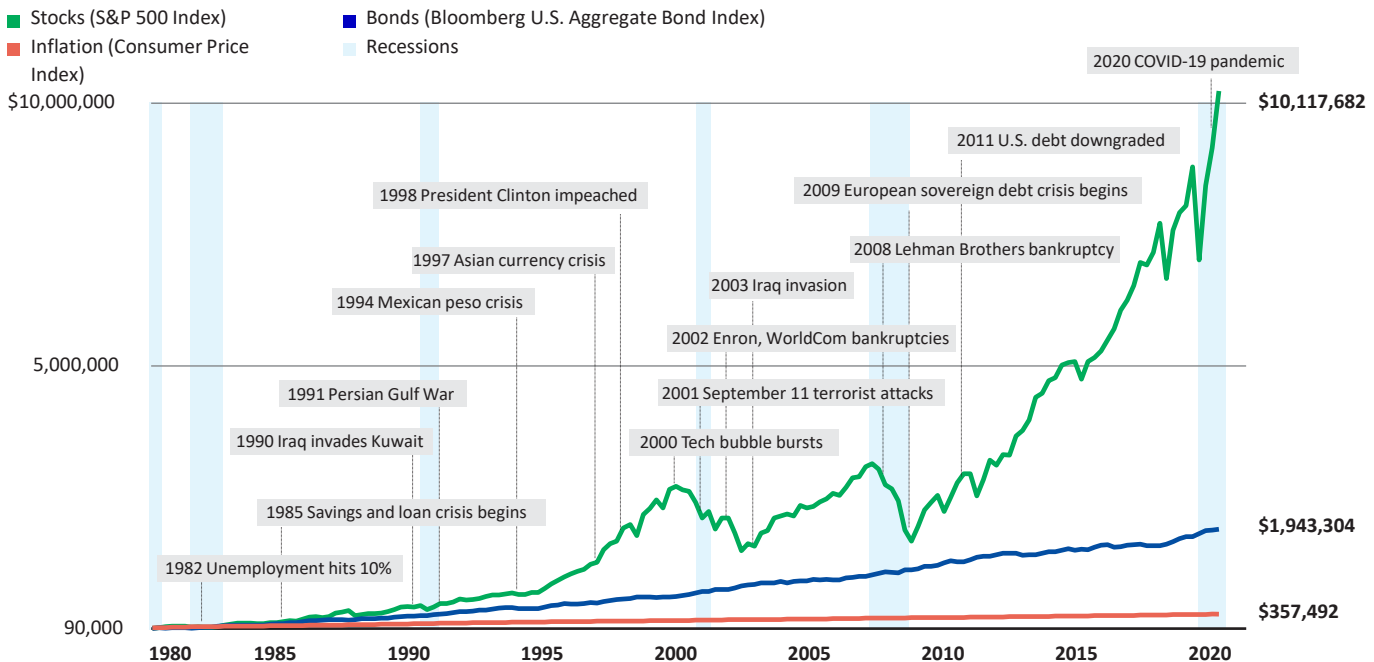
Source: Bloomberg, 2020. Stocks are represented by the S&P 500 Index. It is not possible to invest directly in an index. Cash is represented by the Bloomberg U.S. Treasury Bill Index.

Principle 2: Investing in U.S. stocks is one of the best ways to build wealth*

One thing is certain about stocks: Over the long term, they have offered one of the best ways to build wealth, and U.S. companies have performed particularly well over time.

Stocks have outpaced bonds and inflation over time, despite a litany of volatility-inducing events

Growth of \$100,000, 1980–2020

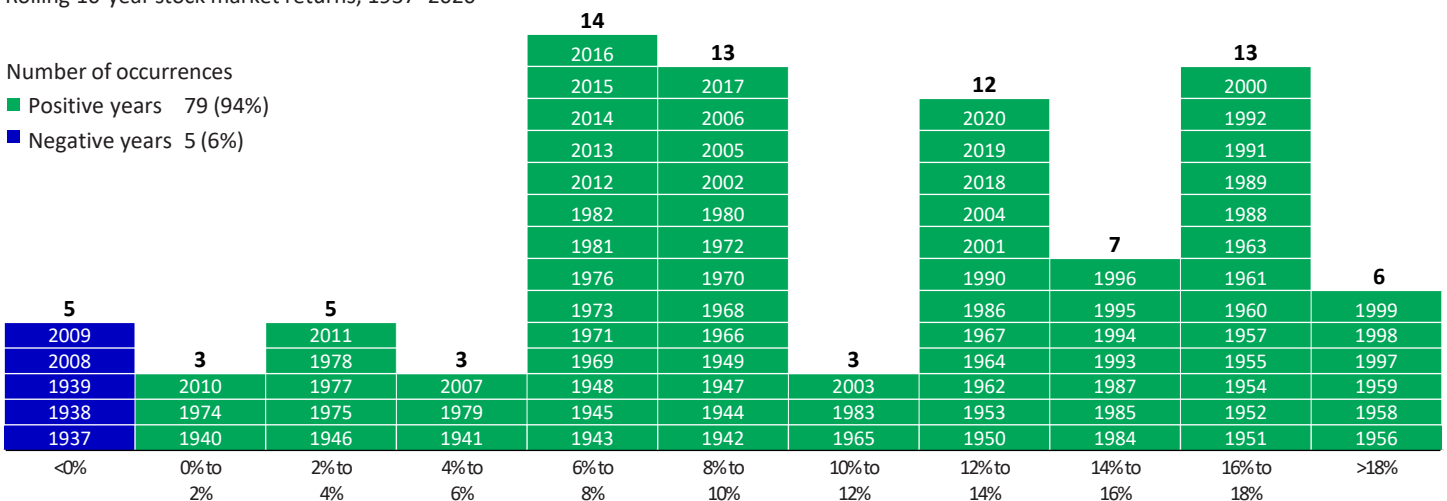


Source: Bloomberg, John Hancock Investment Management, 2020. Stocks are represented by the S&P 500 Index, which tracks the performance of 500 of the largest publicly traded companies in the United States. Bonds are represented by the Bloomberg U.S. Aggregate Bond Index, which tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets. Inflation is represented by the Consumer Price Index, which is a comprehensive measure used for estimation of price changes in a basket of goods and services representative of consumption expenditure in an economy. It is not possible to invest directly in an index.

*Past performance does not guarantee future results.

The longer you hold stocks, the better the chance returns will be positive**

Rolling 10-year stock market returns, 1937–2020



Source: The data is calculated by John Hancock Investment Management using information presented in Bloomberg, 2020. All rights reserved. Used with permission. Stocks 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.

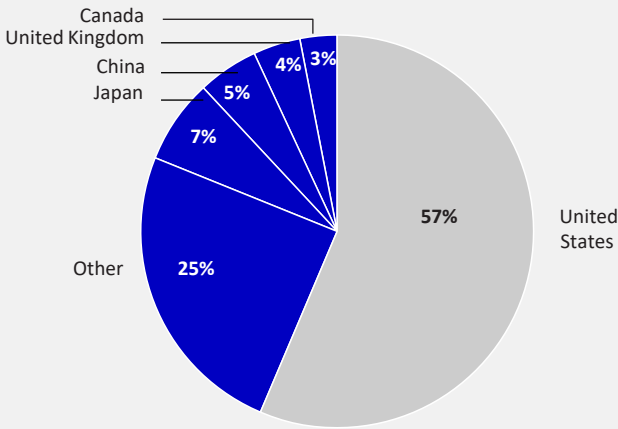
**Past performance does not guarantee future results.

Principle 3: International stocks can help you cast a wider net

While U.S. stocks can be an important part of your portfolio, we live in a global economy. There is literally a world of investment opportunities outside U.S. borders. International stocks make up almost half of the world's market value. Yet individual investors in the U.S. hold only 12% of their portfolios in international stocks. That works out to about a quarter of their stock portfolios. In other words, many U.S. investors aren't fully capturing the opportunity presented by international investing.

Nearly half the world's investment opportunities are overseas...

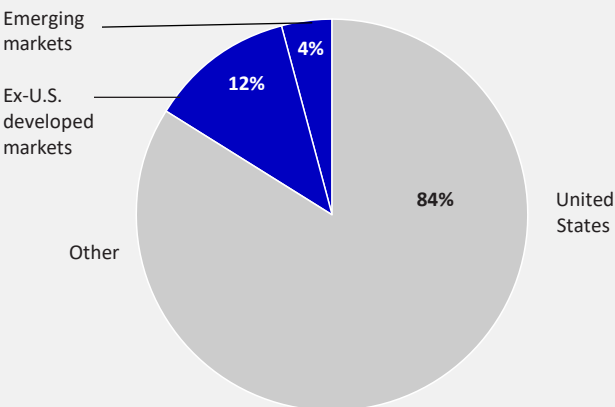
Global market capitalization (%)



Source: MSCI ACWI, 2020. Data is as of 12/31/20 and may not equal 100% due.

... yet most individual investors allocated only a small percentage to international stocks

Average international equity allocation for U.S. financial advisors' moderate risk portfolio models

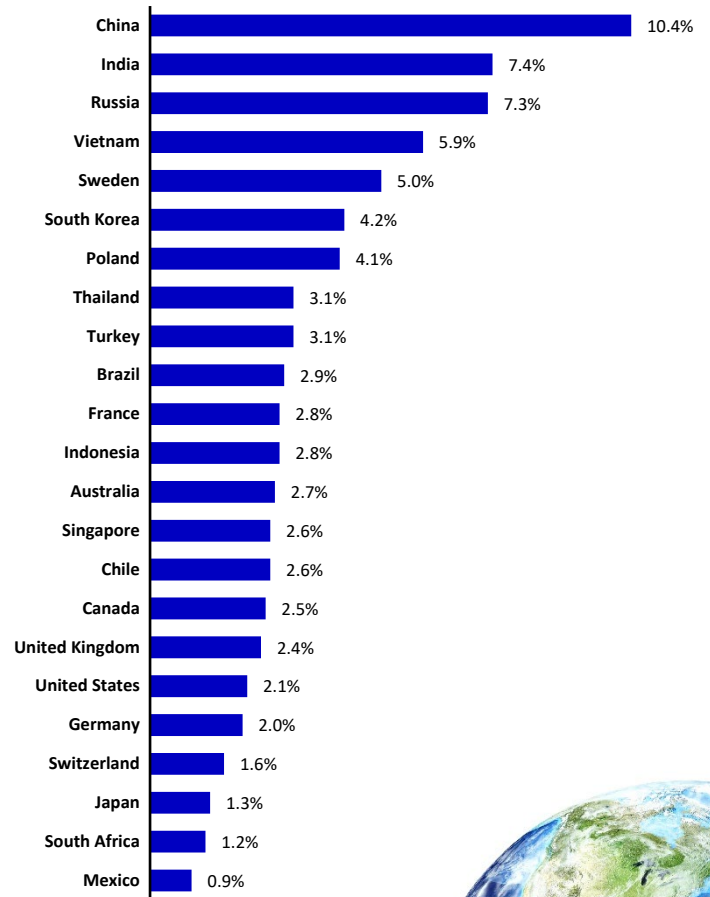


Source: *Asset Allocation for Moderate Risk Investors, 2020*, Cerulli Associates, in partnership with the Investments & Wealth Institute and the Financial Planning Association* (FPA*)

The future looks bright for overseas growth

In terms of growing wealth, the United States trails many other countries

Average annual percentage growth of wealth per adult in local currencies, selected countries, 2000–2019



Source: *Credit Suisse Global Wealth Report, 2019*, Credit Suisse Research Institute, October 2019.



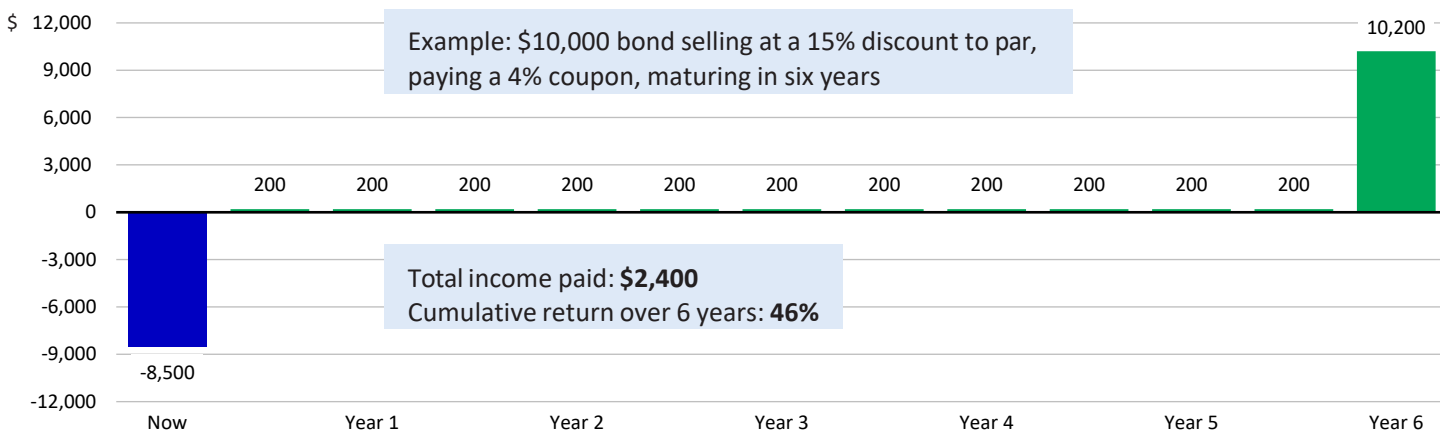
Principle 4: Bonds can play a role in a diversified portfolio

Bonds promise to return an investor's principal after a set amount of time and, in the meantime, they make regular cash payments.

Bonds offer the promise of regular cash flow, plus the return of principal

Bond investment cash flow

Cash inflow/outflow



This hypothetical scenario is for illustrative purposes only and is not a prediction of future market conditions.

Bonds compensate investors for different types of risks

	Interest-rate sensitivity	Credit sensitivity
U.S. Government bonds	●	●
Municipal bonds	●	●
Corporate bonds	●	●
High-yield corporate bonds	●	●
Foreign bonds	●	●
Bank loans	●	●

● Little ● Somewhat ● Moderate ● High

Interest-rate and credit sensitivity are provided by John Hancock Investment Management estimates and are subject to change. Interest-rate sensitivity is the measure of how sensitive the value of fixed-income investments is to changes in interest rates. Generally, the value of a fixed-income investment will decline as interest rates rise. Credit sensitivity measures the risk that an issuer will be unable or unwilling to make principal or interest payments. It is not possible to invest directly in an index. This chart does not illustrate the performance of any John Hancock fund. Asset allocation and diversification do not guarantee a profit or eliminate the risk of a loss.

Principle 5: Alternative investments may help you win by not losing

Alternative investments provide a way to limit downside risk without abandoning the markets. Many alternative assets have low correlations to the stock market and bond market, so they may provide a hedge in the event of a big market downturn.

The benefits of being different types of risks

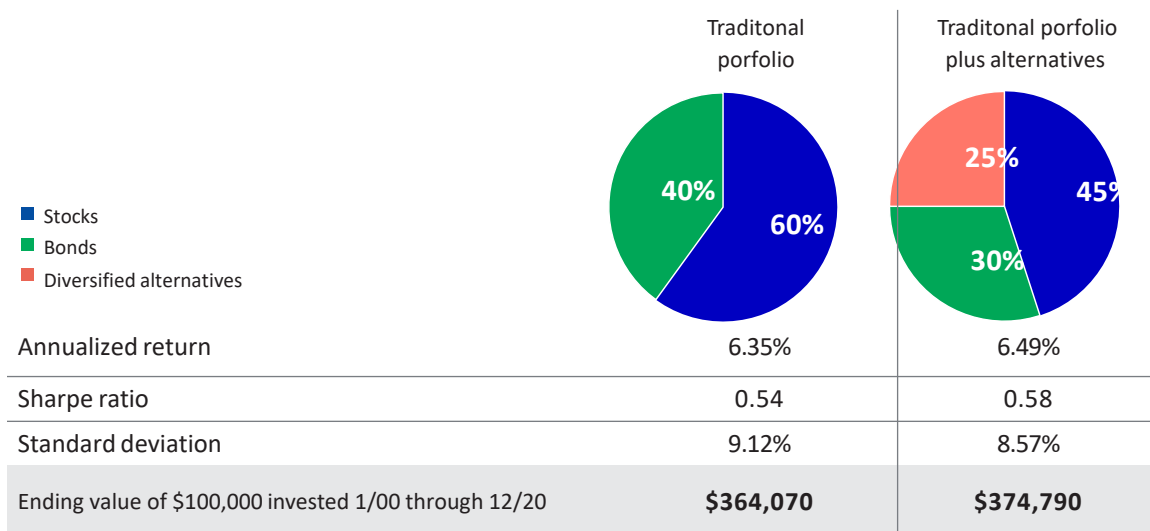
Many alternative assets and strategies have shown low correlation to stocks

		Correlation
Global REITs	Real estate investment trusts that typically own and operate income-producing property	0.63
Emerging-market bonds	Debt securities issued by developing countries, frequently with different economic drivers and rates of inflation than developed nations	0.53
Relative value	A strategy predicated on realization of a valuation discrepancy in the relationship between multiple securities	0.63
Emerging-market stocks	Stocks of nations experiencing rapid growth and industrialization, often with a nascent but growing middle class	0.77
Gold	A commodity traditionally used as a store of value and a hedge against inflation	0.04
Macro strategies	Top-down strategies in which the investment process is predicated on movements in underlying economic variables	0.23
Merger arbitrage	A strategy focused on securities of companies that are engaged in a corporate transaction	0.59
Commodities	Markets where contracts for raw materials such as wheat are exchanged	0.38
Market neutral	An investment strategy that hedges out specific market risks	0.36

Source: Morningstar Direct, as of 12/31/2020. The diversified alternatives portfolio is an equal weighting of all of the above indexes. It is not possible to invest directly in an index. Diversification does not guarantee a profit or eliminate the risk of a loss. Past performance does not guarantee future results.

Adding alternatives can help dampen portfolio volatility

A portfolio that included alternatives produced higher risk-adjusted returns



Source: FactSet, Morningstar Direct, as of 12/31/2020. The traditional portfolio plus alternatives stock allocation is represented by the S&P 500 Index, which tracks the performance of 500 of the largest publicly traded companies in the United States; bond allocation is represented by 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. Allocation to the diversified alternatives portfolio is an equal weighting of indexes that is clearly defined on the previous page. The traditional portfolio stock allocation is represented by the S&P 500 Index, and the bond allocation is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. It is not possible to invest directly in an index. Performance figures assume reinvestment of dividends and capital gains. This chart is for illustrative purposes only and does not represent the performance of any John Hancock fund. Diversification does not guarantee a profit or eliminate the risk of a loss. 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.

Principle 6: There's no wrong time to invest

As the saying goes, the key to investment success isn't timing the market, it's time in the market. So, the best time to invest is as soon as possible!

Granted, world events can make investing feel scary sometimes. At times like those, remember that the markets have been exceptionally resilient over time. Take the COVID-19 crisis which sent the world and world financial markets into a tailspin. Remember how scary it was when the market lost over 30% in March of 2020? But then, one month later, the market was up a little over 25% and a year later it was up over 77% – the shortest bear market in history.

Markets recover from crises

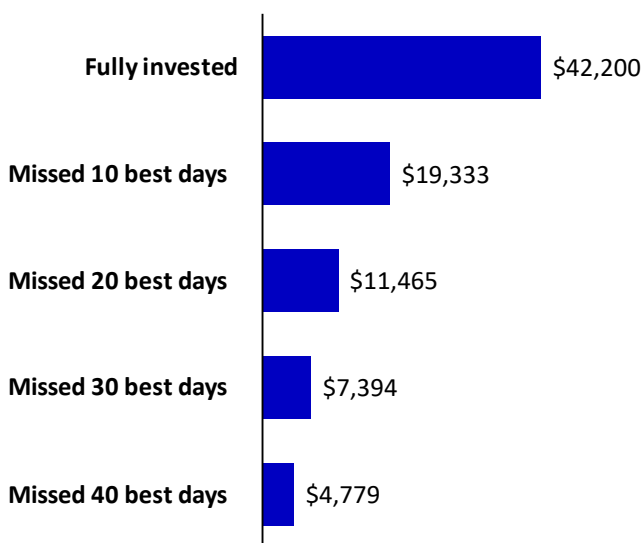
Market events and duration of recovery from the bottom of the market using S&P 500 data.

Event	Reaction dates	Loss during the event	1 month later	1 year later	5 years later	10 years later
Fall of France	5/9/40–6/22/40	-16.90%	0.70%	5.00%	15.70%	13.20%
Outbreak of Korean War	6/23/50–7/13/50	-12.20%	10.20%	42.20%	27.70%	18.50%
Cuban missile crisis	8/23/62–10/23/62	-9.90%	15.50%	41.10%	15.80%	11.10%
Nixon resigns	8/9/74–8/29/74	-13.40%	-6.80%	30.20%	14.60%	14.60%
Dotcom bubble	3/10/00–10/4/02	-40.62%	13.60%	31.07%	16.10%	8.36%
September 11 attacks	9/10/01–9/21/01	-11.60%	11.30%	-11.10%	8.30%	3.60%
Collapse of Lehman Brothers	9/5/08–11/20/08	-39.10%	18.30%	48.80%	21.70%	15.83%
COVID-19 pandemic	02/19/20–03/23/20	-33.79%	25.23%	77.78% ¹	TBD	TBD

Source: John Hancock Investment Management, 2020. 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. ¹As of 3/23/2021. This is a hypothetical example and does not reflect the performance of any John Hancock fund. Past performance does not guarantee future results.

The key is not missing the market's best days

20-year growth of \$10,000, 2000–2020



Source: Bloomberg, as of 12/31/2020. This table is for illustrative purposes only. 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. This is a hypothetical example and does not reflect the performance of any John Hancock fund. Past performance does not guarantee future results.

Principle 7: Diversification is a time-tested way to mitigate risk

Holding a broad mix of assets can help you reduce your portfolio’s risk without sacrificing return potential. The financial markets are unpredictable. The best-performing asset class one year may be the worst the following year, and vice versa. If you concentrate your investments in a small number of investment types, you run the risk that poor performance by one or two asset classes will decimate your savings. By contrast, diversification helps to protect you from troubles in any one kind of investment. It’s also important to note that diversification doesn’t guarantee a profit or eliminate the risk of a loss.

The markets are unpredictable

Diversification helps ensure that you don’t own too many of the worst-performing asset classes

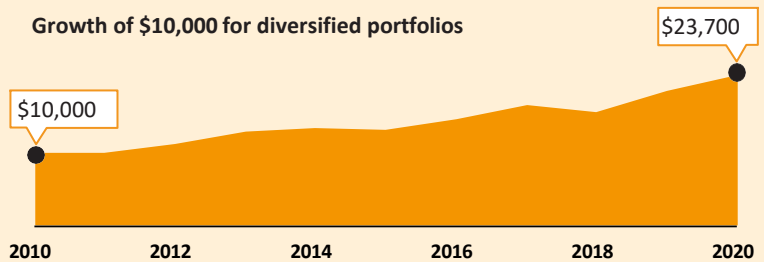
Annual returns of asset class categories

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Best performer	U.S. small-cap equity 26.85%	Investment-grade bonds 7.84%	International equity 17.39%	U.S. small-cap equity 38.82%	U.S. large-cap equity 13.24%	U.S. large-cap equity 0.92%	U.S. small-cap equity 21.31%	International equity 27.77%	Cash 1.86%	U.S. large-cap equity 31.43%	U.S. large-cap equity 20.96%
	U.S. large-cap equity 16.10%	High-yield bonds 4.38%	U.S. large-cap equity 16.42%	U.S. large-cap equity 33.11%	Investment-grade bonds 5.97%	Investment-grade bonds 0.55%	High-yield bonds 17.49%	U.S. large-cap equity 21.69%	Investment-grade bonds 0.01%	U.S. small-cap equity 25.52%	U.S. small-cap equity 19.96%
	High-yield bonds 15.19%	U.S. large-cap equity 1.50%	U.S. small-cap equity 16.35%	International equity 15.78%	U.S. small-cap equity 4.89%	Cash 0.03%	U.S. large-cap equity 12.05%	U.S. small-cap equity 14.65%	High-yield bonds -2.26%	International equity 22.13%	Diversified portfolio 11.71%
	Diversified portfolio 14.90%	Cash 0.08%	High-yield bonds 15.59%	Diversified portfolio 15.55%	Diversified portfolio 4.23%	Diversified portfolio -2.79%	Diversified portfolio 10.78%	Diversified portfolio 13.36%	Alternatives -3.84%	Diversified portfolio 18.97%	International equity 11.13%
	Alternatives 13.09%	Alternatives -0.10%	Diversified portfolio 12.91%	High-yield bonds 7.42%	High-yield bonds 2.50%	Alternatives -3.92%	Alternatives 6.21%	High-yield bonds 7.48%	U.S. large-cap equity -4.78%	High-yield bonds 14.41%	Investment-grade bonds 7.51%
	International equity 11.60%	Diversified portfolio -0.65%	Alternatives 7.48%	Alternatives 0.21%	Alternatives 2.19%	U.S. small-cap equity -4.41%	International equity 5.01%	Alternatives 5.05%	Diversified portfolio -5.77%	Alternatives 11.53%	High-yield bonds 6.17%
	Investment-grade bonds 6.54%	U.S. small-cap equity -4.18%	Investment-grade bonds 4.21%	Cash 0.05%	Cash 0.03%	High-yield bonds -4.64%	Investment-grade bonds 2.65%	Investment-grade bonds 3.54%	U.S. small-cap equity -11.01%	Investment-grade bonds 8.72%	Alternatives 1.06%
Worst performer	Cash 0.13%	International equity -13.33%	Cash 0.07%	Investment-grade bonds -2.02%	International equity -3.44%	International equity -5.25%	Cash 0.27%	Cash 0.84%	International equity -13.78%	Cash 2.25%	Cash 0.58%

Stay diversified

Those who stayed invested in a diversified portfolio throughout the last decade fared well, despite volatility along the way.

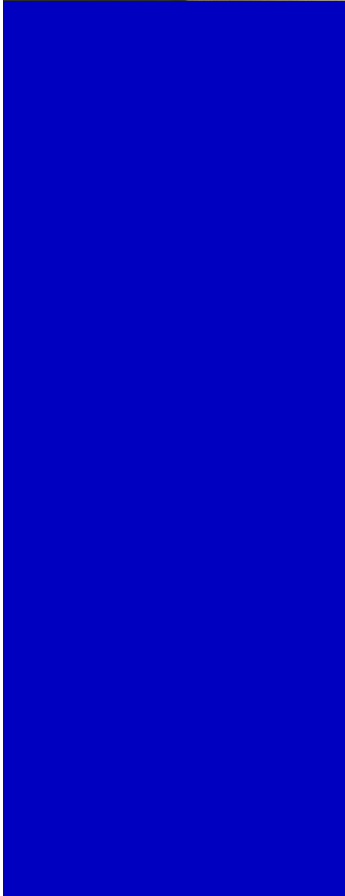
Growth of \$10,000 for diversified portfolios



Source: John Hancock Investment Management, as of 12/31/2020.

Source: Morningstar, as of 12/31/2020. Investment-grade bonds are represented by the Bloomberg U.S. Aggregate Bond Index, which tracks the performance of U.S. investment-grade bonds in government, asset-backed, and corporate debt markets. High-yield bonds are represented by the Intercontinental Exchange (ICE) Bank of America (BoFA) U.S. High Yield Master II Index, which tracks the performance of globally issued, U.S. dollar-denominated high-yield bonds. Cash is represented by the FTSE 3-Month U.S. Treasury Bill Index, which tracks the performance of the most recent three-month U.S. Treasury bill issues. International equity is represented by the MSCI All Country World Index (ACWI) ex-U.S. Index, which tracks the performance of publicly traded large- and mid-cap stocks of companies in 22 developed markets and 23 emerging markets. U.S. small-cap equity is represented by the Russell 2000 Index, which tracks the performance of 2,000 publicly traded small cap companies in the United States. U.S. large-cap equity is represented by the Russell 1000 Index, which tracks the performance of 1,000 publicly traded large-cap companies in the United States.

Alternatives are represented by an equally weighted combination of the HFRI Macro Index, the HFRI Equity Market Neutral Index, the HFRI Merger Arbitrage Index, the Morningstar real estate fund category average, the Morningstar emerging markets bond fund category average, and the Morningstar Long-Only Commodity Index. Diversified portfolio is represented by the average return of the six asset classes in the chart above, rebalanced monthly, excluding cash. It does not represent any specific index. Annual returns are based on calendar years. Indexes are unmanaged and do not take transaction costs or fees into consideration. It is not possible to invest directly in an index. Performance figures assume reinvestment of dividends and capital gains. This chart is for illustrative purposes only and does not represent the performance of any John Hancock fund. Diversification does not guarantee a profit or eliminate the risk of a loss. Past performance does not guarantee future results.



Principle 8: Active and passive strategies can play a role

Active management refers to a portfolio that is professionally managed by a portfolio manager who will, along with their staff, conduct analysis of markets and individual securities. The goal of active management is to outperform a benchmark, for example, an equity mutual fund attempting to outperform the S&P 500 index. Alternatively, passive investing tracks an index with the goal of performing in line with the index.

Fortunately, there's no need to choose between active and passive strategies. You can take advantage of the benefits offered by each approach.

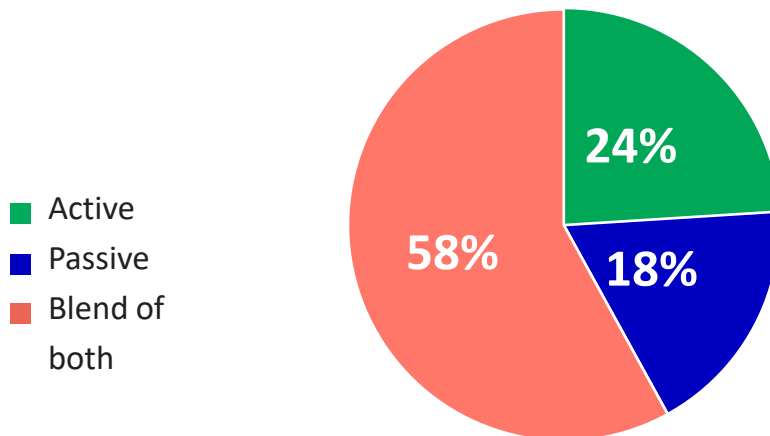
Investors can benefit from exposure to active and passive strategies

Potential benefits and applications of passive and active fund

Active funds	Passive funds
Active risk management	Low cost
Potential for outperformance	Transparent
Access to niche markets/strategies	No single person is the key to strategy
Noncorrelated sources of return	Simple way to achieve market exposure

Most advisors recommend a blend of both

What type of management do you think provides the best overall investment performance, taking into account costs associated with each style?



“58% of financial advisors recommend a blend of active and passive approaches for their clients.”

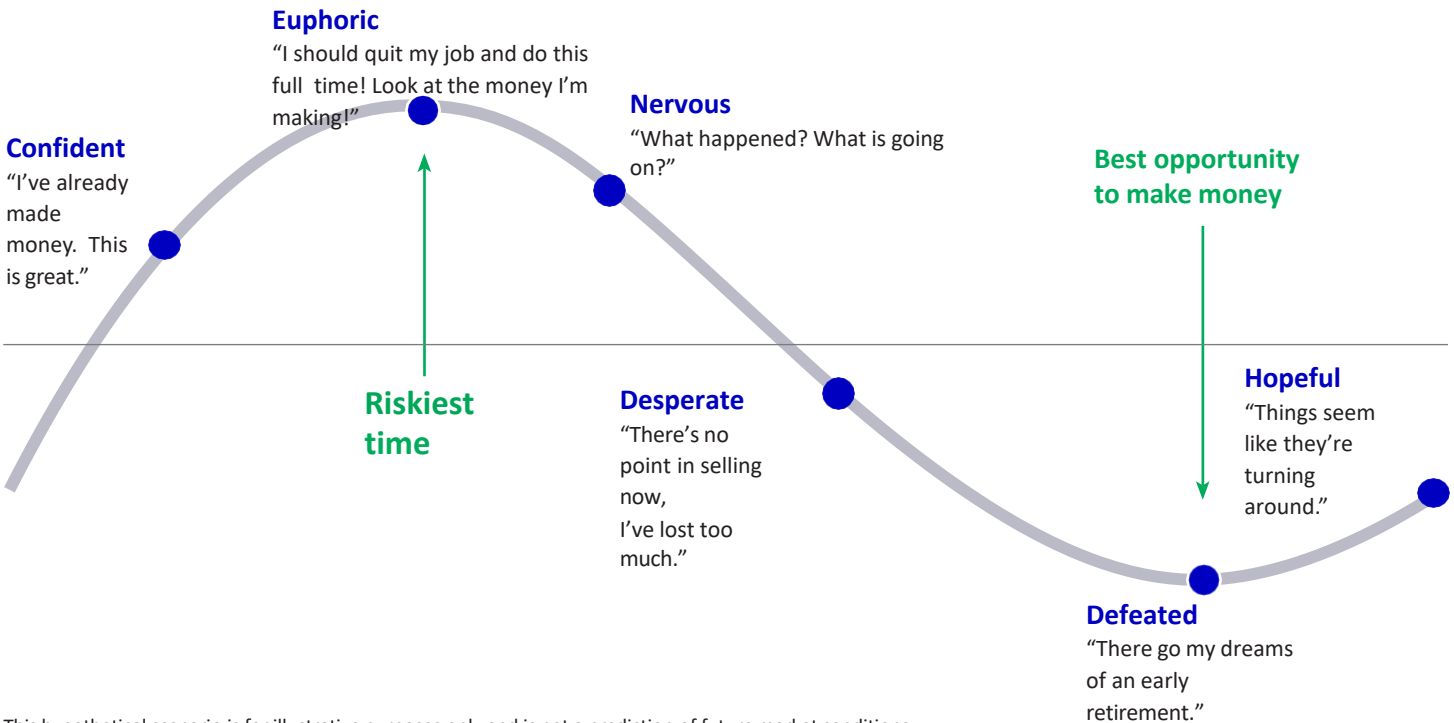
~ Trends in Investing Survey, 2021
Journal of Financial Planning

Principle 9: Emotions can be your worst enemy

It's human nature to feel emotional about your investments but acting on those emotions is typically counterproductive. Chasing performance can lead to underperformance. A better approach is to stay invested and not miss out on the market's best days.

It's natural to feel emotional about your investments

Potential benefits and applications of passive and active fund




This hypothetical scenario is for illustrative purposes only and is not a prediction of future market conditions.

Principle 10: Your advisor is your greatest resource



Has been through trying markets before



Can help you make a plan and stick to it



Knows when your plan needs to evolve



Can help protect you from yourself

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 Investment Management

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