MEMORANDUM

TO: File No. S7-27-18

FROM: Jacob Krawitz
Branch Chief, Division of Investment Management

RE: Meeting with Representatives of Federated Investors, Inc.

DATE: June 4, 2019

On June 4, 2019, Brian Johnson, Jacob Krawitz, Melissa Gainor, Daniele Marchesani, John Foley, Xanthi Gkougkousi, and Adam Lovell of the Securities and Exchange Commission (the "Commission") met with the following representatives of John Hancock Investment Management ("John Hancock"):

- Andrew Arnott (President & CEO)
- Philip Fontana (Head of Investment Product)
- Gina Walters (Head of Strategy)
- Frank Knox (Chief Compliance Officer)
- Ariel Ayanna (AVP and Counsel)
- Christopher Sechler (Secretary and Chief Legal Officer)

The participants discussed, among other things, the Commission's Fund of Funds Arrangements proposal, set forth in Investment Company Act Release No. 33329 (December 19, 2018).

Information provided by John Hancock in connection with this meeting is set forth in Annex A.

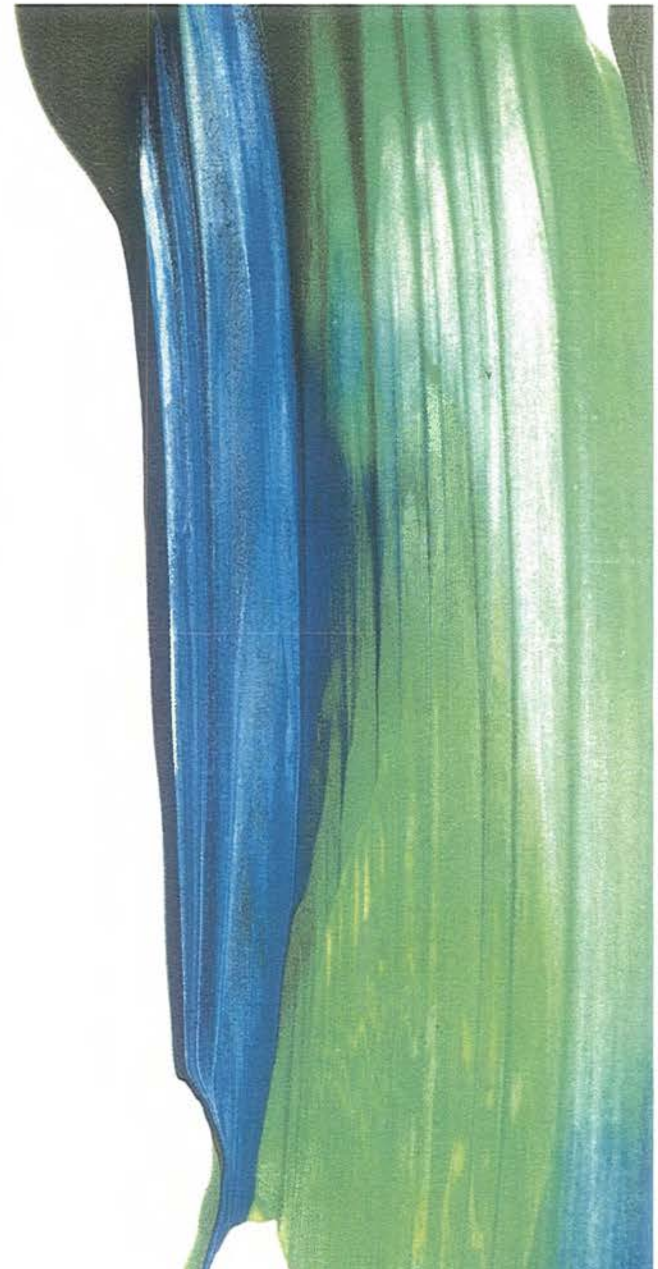
Annex A

Fund of Funds Arrangements Rule Proposal

John Hancock Investment Management

June 4, 2019

John Hancock



Executive Summary

- We applaud the SEC for its efforts to streamline and improve the regulatory framework for funds of funds.
- We agree that the current framework would benefit from modernization and standardization for all industry participants.

Key Challenges under the Proposal

- PMs ability to act in the best interest of shareholders will be hampered.
- Retirement investors will be disadvantaged relative to large, institutional investors.
- Underlying fund shares could be deemed illiquid, with serious implications for funds of funds' liquidity risk management.

John Hancock Investment Management

- Committed to delivering real investment value to our shareholders
- A unique manager-of-managers approach since 1988; one of the oldest in the industry
  - 7th largest manager-of-managers in the world[1]
- Part of a global financial organization with $849B in assets under management[2]
- Sixth largest provider of target date and target risk mutual funds in the industry
  - Second largest provider of Target Risk funds in the industry

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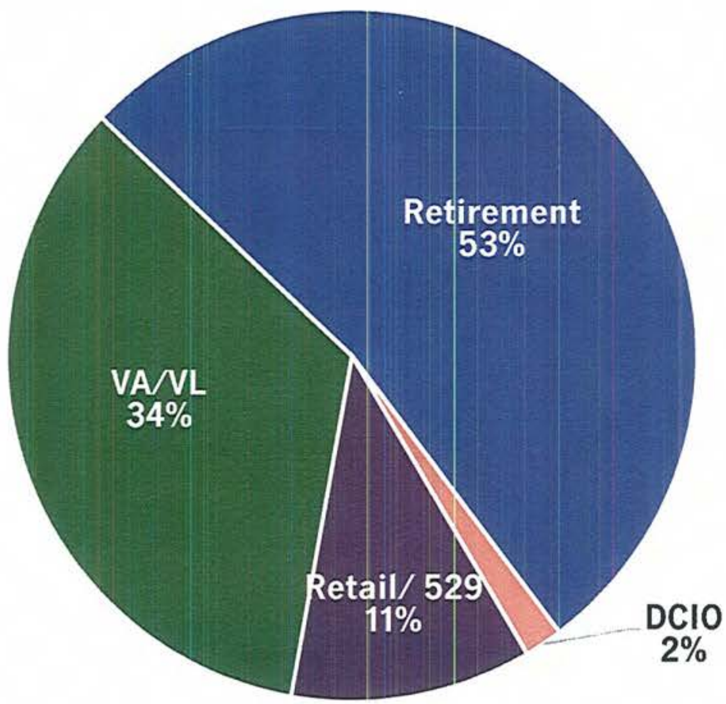
[1] Based on P&I survey results as of 12/31/2018 – published on May 29, 2019. In USD.
[2] As of 03/31/2019. In USD.

John Hancock Funds of Funds Breakdown

- John Hancock sponsors 55 funds of funds across 7 different target date and target risk suites.
- John Hancock funds of funds has approximately $72.8 billion in assets under management.

FOF AUM by business unit



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Benefits of Fund of Funds Investments

- Funds of funds allow shareholders to efficiently and conveniently gain exposure to a variety of underlying funds, strategies, markets, and asset classes.

- Many John Hancock funds of funds are "open-architecture," meaning that they invest in both affiliated and unaffiliated underlying funds.

- Open-architecture funds of funds also allow shareholders to diversify their investments across a range of managers.

Concerns regarding the Limited Redemption Provision

- The Limited Redemption Provision would negatively impact shareholders by reducing funds' investment flexibility and harming their ability to effectively implement their strategies.
  - During the 3-year period between 1/1/16 and 12/31/18, John Hancock funds of funds redeemed more than 3% of an underlying fund's outstanding shares on over 350 discrete occasions.
  - Many John Hancock funds of funds were designed specifically to take advantage of this flexibility, and the platform includes a number of affiliated underlying funds that have no shareholders *other than* John Hancock funds of funds.
  - As of 12/31/18, 28 of 55 John Hancock funds of funds held more than 3% of at least 1 underlying fund.
- A fund's inability to fully redeem underlying positions could compromise PMs' ability to protect shareholders in response to the market, or to make allocation adjustments in the ordinary course to follow a target-date glide path or meet shareholder redemptions.
  - PMs may choose to avoid investments that could subject a fund to the Limited Redemption Provision.
    - Limiting the available investment universe;
    - Reducing diversification; and
    - Making it difficult for smaller underlying funds to remain viable.
- The Limited Redemption Provision would disparately impact open-architecture funds of mutual funds relative to funds of affiliated funds and funds of exchange-traded funds.

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Example #1: JH Alternative Asset Allocation Fund

- In 2013, John Hancock Alternative Asset Allocation Fund ("AAA Fund") held approximately $40 million dollars in outstanding shares of an unaffiliated underlying fund, representing approximately 4% of that fund's outstanding shares.
- The underlying fund experienced outflows of over $500 million from other direct shareholders, causing AAA Fund's holding to balloon as a percentage of the underlying fund, leading AAA Fund to redeem in a single day.
- Under the Limited Redemption Provision, timely redemption would not have been possible, unduly disadvantaging AAA Fund relative to other direct shareholders of the underlying fund.
  - AAA Fund is largely owned by retail shareholders. Direct holders of underlying funds often include other large model allocators and institutional investors that would not be subject to the Limited Redemption Provision.
- For a fund that focuses on smaller, highly specialized underlying funds that may be otherwise difficult for retail investors to access, this type of constraint on the PMs investment flexibility would make it difficult, if not impossible, to successfully execute AAA Fund's strategies.

Example #2: JH Technical Opportunities Fund

- In 2018, John Hancock Technical Opportunities Fund, which is held as an affiliated underlying fund by a number of John Hancock funds of funds, announced the retirement of its lead portfolio manager, leading the John Hancock funds of funds to redeem.
- At the time, John Hancock funds of funds held in aggregate 89% of the Fund's assets, amounting to approximately $420 million.
- Under the Limited Redemption Provision, this redemption would take 73 months, as the amount the funds of funds could redeem would be reduced each month as the Fund's assets under management decreased.
- This example highlights a PM change as a scenario that could cause a manager to determine that redemption from a particular underlying fund position is in the best interest of shareholders. Other circumstances that might reasonably lead to a fund of funds to redeem include:
  - Changes in investment manager or subadvisor;
  - Changes in investment objective or strategies;
  - Changes in fee structure; or
  - Fund of fund liquidation or reorganization.

Example #3: JH Managed Volatility Portfolios

- The John Hancock Managed Volatility Portfolios (the "MVPs") are sold to insurance companies and their separate accounts as underlying investment options for variable annuity and variable life insurance contracts and by qualified plans.
- The MVPs are designed to seek to diversify risk, manage volatility of returns, and limit the magnitude of portfolio loses, in part through the use of futures.
    - Under the proposal, this strategy would subject the MVPs to the Limited Redemption Provision.
- The Limited Redemption Provision could prevent the MVPs from timely reallocating its investments in changing market conditions, interfering with the ability of their strategies to work as intended.
- The Limited Redemption Provision could also cause the MVPs to close outstanding futures positions at inopportune times to the detriment of shareholders (for example, if the MVPs are unable to redeem from underlying funds).

Proposal to Codify Exemptive Order Conditions

- A robust compliance regime has developed around the exemptive order/participation agreement structure to ensure that funds of funds do not exercise undue influence on either affiliated or unaffiliated underlying funds.
- For example, John Hancock has a Trade Oversight Committee that meets regularly to review proposed redemptions and other types of fund events to ensure appropriateness and compliance with policies and procedures.
- The PMs of the John Hancock funds of funds also have a fiduciary duty to act in the best interest of fund shareholders and have investment discretion.
- Exemptive orders and participation agreements are largely standardized across the industry.
- We propose that the standard exemptive order conditions be codified with certain modifications:
  - Prior written notification and acknowledgment in place of participation agreements; and
  - Advisor monitoring and reporting to Board in place of direct Board monitoring.

Other Proposed Alternatives

- If the Commission chooses not to codify existing exemptive order conditions, we propose a number of alternatives that we believe are more workable than the proposed rule (although any form of Limited Redemption Provision could challenge the continued viability of certain product lines):
  - In lieu of the Limited Redemption Provision, a 20% cap on a fund of fund's investment in unaffiliated underlying funds.
  - Exceptions to the Limited Redemption provision for:
    - Investment decisions made in accordance with applicable compliance policies and procedures. Such decisions could be due to, for example:
      - Repositioning in connection with changes to underlying fund managers, fees, or strategies;
      - Meeting shareholder redemption requests;
      - Liquidation; or
      - Merger.
    - Affiliated underlying funds; and
    - Exceptions for 3% exceedances due solely to redemptions by other underlying fund shareholders.
  - Making the Limited Redemption Provision optional at the reasonable election of the underlying fund.

Bios

Andy Arnott, President and Chief Executive Officer
John Hancock Investment Management

Andrew Arnott is President and Chief Executive Officer of John Hancock Investment Management, and was named Head of Wealth and Asset Management, United States and Europe, for John Hancock and Manulife in 2018. Mr. Arnott brings a wealth of organizational and industry expertise to this role, including more than 25 years of experience in the asset management industry. Since 2012, he has led all aspects of John Hancock Investment Management's business, from investments, sales, marketing, finance, and product development to operations and technology. Mr. Arnott serves as Trustee and President of the trusts for the John Hancock Group of Funds, with general responsibility for overseeing day-to-day management of fund business and operations.

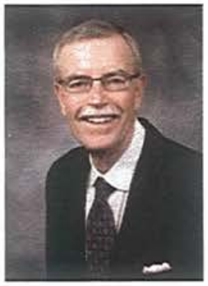
Ariel Ayanna, Assistant Vice President and Counsel
John Hancock Investment Management

Ariel Ayanna is Assistant Vice President and Counsel for John Hancock Investment Management. Mr. Ayanna is the lead attorney responsible for servicing numerous John Hancock mutual funds, including the target date funds of funds, as well as all of the John Hancock closed-end funds.

Phil Fontana, Vice President, Head of Investment Product U.S.
John Hancock Investment Management

The U.S. Investment Product team is responsible for successfully developing, managing, executing and optimizing investment product offerings across all lines of business in the U.S. This includes the selection, development, and ongoing review of a wide range of products, including mutual funds, exchange-traded funds (ETFs), retail and institutional separately managed accounts, retirement portfolios, and private asset products. This suite of products represents more than 27 asset manager relationships, 75 portfolio teams, and 111 distinct investment strategies.

Bios Cont.



Francis V. Knox, Vice President and Chief Compliance Officer
John Hancock Investment Management

Frank Knox is Vice President and Chief Compliance Officer for John Hancock Investment Management, including the John Hancock Group of Funds, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC.

Christopher Sechler, Secretary and Chief Legal Officer
John Hancock Investment Management

Christopher (Kit) Sechler is Secretary and Chief Legal Officer for the John Hancock Group of Funds. Mr. Sechler is responsible for the John Hancock Investment Management legal department and the legal support provided for 215 John Hancock mutual funds, ETFs and closed-end funds.

Gina Walters, Head of Strategy, Implementation and Innovation
John Hancock Investment Management

Gina Walters is Head of Strategy, Implementation and Innovation for Wealth & Asset Management in the U.S. and Europe. In this role, Gina is responsible for helping to shape our strategic direction and is also responsible for market research. She helps to provide direction, analysis and subject matter expertise on key initiatives and also develops and implements solutions that are aligned with the interests of the Fund's shareholders and the broader organization.