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## **Model Portfolios Services**

This Form ADV Part 2A Brochure provides information about the qualifications and business practices of John Hancock Advisers, LLC, a Delaware limited liability company (“JHA” or the “Adviser”), d/b/a John Hancock Investments. If you have any questions about the contents of this Brochure, please contact us at (617) 663-3000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about JHA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JHA is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

The following changes have been made to this brochure since its last update on January 23, 2019:

Item 4: the disclosure regarding the committees of JHA has been updated.

Item 4: Assets Under Management has been updated.

Item 6: Disclosure regarding performance based fees of another product advised by JHA has been included.

Item 8. Risk disclosure has been updated.

Item 15: Disclosure regarding custody of other products advised by JHA has been included.

## Item 3 – Table of Contents

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## **Item 4 – Advisory Business**

JHA is a limited liability company founded in 2002 and is an indirect subsidiary of Manulife Financial Corporation (“MFC”), a diversified international management and holding company with interests in companies that are active in, among other things, financial services and insurance. MFC is a publicly traded company based in Toronto, Canada that trades as ‘MFC’ on the Toronto Stock Exchange, New York Stock Exchange (the “NYSE”), and the Philippine Stock Exchange, and under '945' in Hong Kong.

JHA provides discretionary and non-discretionary advice to clients using model portfolios in a variety of investment styles (“Model Portfolios”). JHA also provides discretionary investment advisory services as a “manager of managers” to certain open-end and closed-end registered investment companies, including exchange traded funds, in the John Hancock family of funds, (together, the “John Hancock Funds”) that are offered to retail investors and to John Hancock Worldwide Investors, PLC, a non-U.S. collective investment scheme authorized as an Undertaking for Collective Investment in Transferable Securities (UCITS).

This brochure is limited to Model Portfolios services.

### **Description of Investment Advisory Services**

JHA provides discretionary and non-discretionary investment advisory services by providing the Model Portfolios to banks, broker-dealers and other financial services firms. When JHA provides the Model Portfolios to another financial services firm that determines when and if to use the Model Portfolios in whole or in part, that firm, and not its clients, is JHA’s client (“Non-discretionary Accounts”). If you are a client of a financial services firm and your firm has discretion over your account in using the Model Portfolios, you are receiving this brochure for informational purposes only. JHA is not responsible for overseeing the services provided to you by your financial services firm.

When JHA provides the Model Portfolios to another financial services firm that delegates investment discretion over its clients’ accounts to JHA, then that firm’s clients are also JHA’s clients (“Discretionary Accounts”).

With respect to Discretionary Accounts, JHA selects mutual funds and ETFs for possible inclusion in a Model Portfolio, and Manulife Asset Management (U.S.) LLC (“MAM”), an affiliate of JHA, recommends allocations of funds and ETFs for a particular Model. JHA reviews the mutual funds and ETFs, and the allocations for conformance to a Model’s stated objectives. JHA may, from time to time, make changes to funds and ETFs, and allocations within a Model. JHA also may request the construction of a new Model. JHA also evaluates proposed changes to the funds and ETFs in a Model, and to the allocations of funds and ETFs for a particular Model, and determines whether to approve them. JHA periodically evaluates the performance of the Model Portfolios and of the affiliate providing recommendations to JHA.

The mutual funds and ETFs included in the Model Portfolios are selected based on criteria such as convictions in their investment process and investment teams, performance, length of existence, fee structure, and consistency with stated investment objectives.

For Non-discretionary Accounts, the recommendations in the Model Portfolios at times will reflect recommendations that JHA or its affiliate is also providing to its or their discretionary clients. JHA or its affiliate may have already traded for Discretionary Clients and its other clients before a financial services firm using the Model Portfolios has received or has had the opportunity to evaluate or act on the Model Portfolios. The financial services firm's trades ultimately placed for its clients may be effected at different prices, and may result in their clients receiving prices that are less favorable than the prices JHA or its affiliate obtained for its or their discretionary client accounts. JHA is not able to control the financial services firm's trading and cannot control the market impact of these trades as it could for its own discretionary client accounts.

JHA will provide trade instructions to a provider of a wrap program for Discretionary Accounts and its other clients in the same security in a manner that is fair to all clients over time.

JHA has a committee governance structure that provides oversight of certain of the services JHA provides to the Model Portfolios. The services overseen by the JHA committees include investment, operational, legal, compliance, risk oversight, disclosure oversight and proxy voting. Each of the JHA Committees that oversee the Model Portfolios are listed below.

1. Risk and Investment Operations ("RIO") Committee
2. Trade Oversight Committee
3. Disclosure Review Committee
4. Investment Committee

### **Compliance Support and Oversight**

JHA also provides the Model Portfolios with ongoing compliance support and oversight through programs designed to ensure that there are adequate procedures in place to detect, correct, and report on control weaknesses that could potentially result in a violation of Federal securities laws.

### **Wrap Fee Programs**

JHA provides discretionary portfolio management services to wrap fee programs.

### **Assets Under Management**

As of December 31, 2018, JHA managed approximately \$182,854,442,183 of assets on a

discretionary basis including closed end funds, UCITS, model portfolios and open end mutual funds such as fund of funds and exchange traded funds. As of December 31, 2018, JHA managed approximately \$594,029,058 of assets on a nondiscretionary basis including model portfolios.

JHA does not generally provide continuous and regular supervisory or management services on a non-discretionary basis except for Non-discretionary Accounts in its Model Portfolios business. JHA treats these assets as non-discretionary assets of JHA given that JHA did not implement any model portfolio for any intermediary account.

## **Item 5 – Fees and Compensation**

When JHA acts as discretionary manager with respect to model portfolios for separate managed account programs sponsored by an intermediary, participants in the program will typically pay a single fee or fees (a “wrapped fee”) that cover the investment advisory services provided by JHA as well as other services provided by the intermediary that sponsors the program. These other services can include, for example, performance monitoring, custody, brokerage and/or other administrative services. JHA is not responsible for the specific fee arrangements negotiated between the intermediary and each client participating in the program, and program participants should reference the sponsor’s brochure that describes the program and the client’s account documentation for the specific fees, terms, and conditions applicable to the program.

JHA receives a portion of the fees paid by the managed account program client for advisory services provided to the program. These fees generally are asset-based fees that are paid quarterly by the intermediary as a component of the wrapped fee, although in certain programs, our fees may be billed separately from brokerage, custody and other fees.

JHA fees are negotiated with each program intermediary and will vary depending on the amount of assets in the program, the level and scope of services provided, the relationship, and whether or not the program uses proprietary products, among other considerations. JHA fees typically do not exceed 0.50% per annum on the value of the client assets allocated to the Model Portfolios. These fees are in addition to the fees, expenses or charges of any ETF or mutual fund in which the Model Portfolio invests.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

JHA is the investment adviser to a UCITS fund for which it receives performance based fees. This fund is managed by a subadviser that is not affiliated with JHA. The fees JHA

receives from its other clients are not based on its performance. JHA has procedures to identify and address any conflicts of interest that this arrangement may present.

## **Item 7 – Types of Clients**

JHA offers the Model Portfolios to a variety of clients, who may include individuals who are U.S. residents, banks, broker-dealers, other investment advisers, pension and profit sharing plans, trusts, estates, non-profit organizations, corporations, partnerships, other type of business entities, and wrap fee program clients of third-party financial intermediaries.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

This Item 8 describes various methods of analysis and investment strategies, as well as the primary risks associated with these investment strategies. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Clients and other investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. Clients and other investors should read carefully all applicable information materials and offering/governing documents for further information on the various risks prior to investing in any product.

The Adviser develops and manages investment mandates and products involving multiple strategies and asset classes, including strategies that permit the Adviser to allocate all or a portion of the portfolio management for the Models to affiliated investment advisers selected by the Adviser. Multi-asset strategies generally use a variety of asset classes and/or investment styles, and generally employ ETFs and mutual funds. The Adviser conducts pre-investment due diligence and ongoing manager due diligence with respect to investment philosophies and processes, investment performance, consistency with stated investment objectives and fee structures.

As noted under Description of Investment Advisory Services, an affiliate of JHA recommends allocations of ETFs and mutual funds for a particular Model. The asset allocation investment strategy encompasses two main sub-strategies - risk-based and objective based, which includes custom tailored solutions designed to meet distinct client objectives. Asset allocation management team typically pursues these strategies through the use of ETFs and mutual funds. A risk-based strategy allocates a pre-determined percentage of assets to underlying funds that are predominantly equity, fixed income, or liquid alternative funds. Asset allocation offers customized, objective-based asset allocation strategies, structured to meet specified investor objectives. These may include

growth, income, absolute return, or balanced asset allocation funds. They may also include risk management/protection types of strategies. The process uses proprietary expected risk and return forecasts along with multiple optimization techniques to determine the appropriate weightings of each asset class to be apportioned to each strategy's portfolios. The process includes the selection of the appropriate weights to the underlying investment vehicles. The magnitude and frequency of shorter term moves will vary based on the overall objectives of the investment strategy, with a higher frequency of trading in the more dynamically managed portfolios.

*Risk of Loss.* Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results and investors in the Model Portfolios could lose money.

*Portfolio Risks.* The Model Portfolios are subject to risks associated with the underlying ETFs, mutual funds and asset classes in which they are invested including, but not limited to: market risk, credit risk, interest rate risk, foreign/emerging markets risk, sector risk and risks associated with alternative investments.

- ETFs trade like stocks, are subject to investment risk and will fluctuate in market value.
- Risks associated with equity investing include stock values which may fluctuate in response to the activities of individual companies and general market and economic conditions. Investing involves risk including the risk of loss of principal.
- Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.
- Investments in small-cap companies involve risks and volatility greater than investments in larger, more established companies.
- Generally, large-cap companies are more mature and have limited growth potential compared to smaller companies. In addition, large companies may not be able to adapt as easily to changing market conditions, potentially resulting in lower overall performance compared to the broader securities markets during different market cycles.
- Growth securities, at times, may not perform as well as value securities or the stock market in general and may be out of favor with investors.
- The market value of fixed-rate debt instruments is determined by interest rates and will decline if interest rates go up, or increase if interest rates go down. Strategy managers can shorten duration or increase cash holdings to reduce the impact of an expected rise in interest rates, which would cause fixed-income security prices to decline.
- There are risks associated with fixed income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.
- The concentration of exposure to any one asset class, industry, or issuer limits diversification and increases risk. The strategy holds instruments from several

issuers across various sectors to reduce risk.

- Alternative investments cover a broad range of strategies and structures designed to be low or non-correlated to traditional equity and fixed-income markets with a long-term expectation of illiquidity. Alternative investments involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.
- International investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards. Risks are enhanced for emerging market issuers.
- Investments in narrowly focused sectors may exhibit higher volatility than investments with broader objectives. Investments in focused sectors are subject to market risk and economic risk.
- Loan investments may include highly leveraged transactions whereby the borrower assumes large amounts of debt in order to have the financial resources to attempt to achieve its business objectives. These transactions involve greater risk (including default and bankruptcy) than other investments. Floating rate loans generally are subject to legal or contractual restrictions on resale, may trade infrequently in the market, and the value of the loan may be impaired in the event that the fund needs to liquidate them.
- Absolute return funds are not designed to outperform stocks and bonds in strong (upward) markets.
- Dividend payments are not guaranteed and the amount, if any, can vary over time.

Asset Allocation and diversification do not assure a profit or protect against loss.

*Asset Allocation and Manager Selection Risk.* The account's investment performance depends upon the successful manager selection and allocation by the Adviser of the account's assets among ETFs and mutual funds representing different asset classes, geographical regions, industry sectors, and specific issuers and investments. The Adviser's judgments about the attractiveness, relative value, or potential appreciation of a particular sector, security, or investment strategy may prove to be incorrect, and may cause the account to incur losses. The managers selected for a portfolio may underperform the market generally or other managers that could have been selected for that portfolio. The Adviser's approach could increase a Model Portfolio's turnover rates, which may result in higher levels of realized capital gains or losses and other transaction costs. There is no guarantee that the Adviser's allocation techniques and decisions will produce the desired results.

*Risks Involved in the Development of Model Portfolios.* Certain models may be used in an effort to enhance returns and manage risk. Any imperfections, errors or limitations in these models could limit any benefit to the account from the use of the models, or could result in incorrect outputs or in investment outcomes different from or opposite to those expected or desired by the Adviser. There can be no assurance that the models will behave as expected in all market conditions. In addition, computer programming used to create models, or the data on which such models operate, might contain one or more errors.



Human and technological errors may occur in connection with designing, writing, testing, maintaining and/or monitoring the Model Portfolios or model portfolios created by other third parties. Model Portfolios may use instruments that are not liquid, are subject to trading halts, suspensions or termination of trading, create tax, performance or other issues for investors or do not provide the investment exposure sought by the investment strategy underlying the particular Model Portfolio.

Any imperfections, limitations, inaccuracies or incorrect assumptions underlying the model portfolios may materially adversely affect the ability of an Institutional Client or of JHA or any other investment adviser to implement the Model Portfolio. Inaccuracies in assumptions may include, without limitation, assumptions regarding the global economy and financial markets, interest rates, and regulatory changes. In developing model portfolios, providers may simplify assumptions that may limit their effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most current information available. In addition, models may also not address prolonged changes in market conditions.

*Risks Related to the Use of Computer Based Applications.* The Model Portfolios and other model portfolios commissioned by JHA may be developed based on computer based applications, which are commonly referred to as algorithms. There are risks associated with utilizing computer based applications to create model portfolios, including, without limitation, the following:

- Computer based applications generally use certain economic assumptions that may not be updated in a timely manner or reflect shifts in the market, and may not accurately predict future market movements or characteristics.
- The use of computer based applications may affect a model's exposure to certain sectors or types of investments, notwithstanding whether such sectors or investments are in or out of favor in the market.
- The output of the computer based applications depends upon the accuracy of the information input into the investment tool.
- There may be certain factors or variables which have not been included in the computer based application. To the extent some questions are over-generalized, ambiguous or designed to fit a pre-determined option, the output may not reflect needs or goals of a model provider user, separate account program sponsor or underlying client relying on the output or model portfolio created using the output.
- Computer based applications may have errors, omissions, imperfections and malfunctions, and human judgment plays a role in building, utilizing, testing, modifying, and implementing the algorithms and formulas used in computer based applications. Errors in the application may be difficult to detect and may go undetected for long periods of time and some errors may never be detected. While this risk may be mitigated by testing, there is no assurance that the algorithm will always work as intended.

- Computer based applications are subject to technical issues including programming and data inaccuracies, are based on assumptions, and rely on data that is subject to limitations (e.g., inaccuracies, staleness), any of which could adversely affect their effectiveness or predictive value.

In addition, model programs based on computer based applications may rebalance a client's account based on factors other than just market conditions and may rebalance on a more frequent basis than non-algorithmically created model portfolios.

*Cybersecurity and Operational Risk.* Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause a Model Portfolio, JHA or other service providers to incur regulatory penalties, reputational damage, litigation costs, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which a fund invests, and thereby cause the fund's investments to lose value.

Cyber-events have the potential to materially affect a Model Portfolio and JHA 's relationships with accounts, shareholders, clients, customers, employees, products, and service providers. There is no guarantee that JHA will be able to prevent or mitigate the impact of all cyber-events.

A Model Portfolio is exposed to operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the fund's service providers, counterparties, or other third parties, failed or inadequate processes and technology or system failures.

JHA will accept reasonable investment restrictions on the management of a Discretionary Account. JHA will monitor Discretionary Accounts for adherence to the selected Model Portfolio.

When JHA does not have discretion over another firm's client accounts, JHA will not monitor these accounts that use Model Portfolios. JHA will not customize a Model Portfolio for these clients' needs and the client's own financial services firm will customize the Model in its sole discretion.

## **Item 9 – Disciplinary Information**

Not applicable.

## **Item 10 – Other Financial Industry Activities and Affiliations**

JHA is an indirect, majority-owned subsidiary of MFC. As such, JHA is affiliated with a number of investment advisers, investment companies, broker-dealers and insurance companies. Except as noted below, JHA does not believe that these relationships are material to JHA's Model Portfolios business.

### Broker-Dealers

John Hancock Distributors LLC ("JHD") is the distributor of the John Hancock Variable Insurance Trust ("JHVIT"), a no-load, open-end investment company, advised by John Hancock Investment Management Services, LLC ("JHIMS"), that serves as the underlying investment medium for variable annuity and variable life contracts issued by JH Life USA and affiliated entities. John Hancock Funds, LLC ("JHF LLC") is the distributor of all of the Trusts advised by JHA other than John Hancock Exchange-Traded Fund Trust. JHD and JHF, LLC are each related persons of JHA. JHF, LLC and JHD are broker-dealers registered with the SEC and are regulated by Financial Industry Regulatory Authority ("FINRA").

### Investment Companies

JHA serves as investment adviser to the John Hancock Funds, and JHIMS, an affiliated investment adviser, serves as investment adviser to JHVIT.

### Insurance Companies

MFC is the sole owner of Manufacturers Life Insurance Company, which is indirectly the sole owner of John Hancock Life Insurance Company (U.S.A.), which in turn wholly owns, directly or indirectly, a number of subsidiaries, including the following: JHF, LLC, Manulife Asset Management (U.S.) LLC, John Hancock Life & Health Insurance Company, John Hancock Life Insurance Company of New York, The Berkeley Financial Group, LLC, Hancock Natural Resource Group, Inc., Hancock Capital Investment Management, LLC and John Hancock Signature Services, LLC.

### Investment Advisers

JHA has entered into sub-advisory agreements with Manulife Asset Management (North America) Limited and Manulife Asset Management (U.S.) LLC (the "Affiliated Sub-Advisers"), each of which is controlled by MFC.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Code of Ethics

JHA's Code of Ethics (the "Code") establishes standards of business conduct for JHA and its "Covered Employees" (which includes all officers and employees with access to non-public portfolio information) and all persons who provide investment advice on behalf of JHA and are subject to the supervision and control of JHA ("Supervised Persons").

The Code states that each Covered Employee is responsible for maintaining the very highest ethical standards when conducting company business. In general, JHA and its Covered Employees are required to (i) at all times place the interests of clients first; (ii) ensure that all personal securities transactions are conducted consistent with this Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of a position of trust and responsibility; (iii) not take inappropriate advantage of their positions or engage in manipulative practices such as front running or manipulative market timing; (iv) comply with all applicable federal securities laws; and (v) promptly report any violation of the Code to the Chief Compliance Officer.

The Code is designed to prevent abuses in the investment advisory business that can arise when conflicts of interest exist between the employees of an investment adviser and its clients. When conflicting interests cannot be reconciled, the Code makes clear that, first and foremost, Covered Employees owe a fiduciary duty to John Hancock clients. The Code contains specific rules prohibiting defined types of conflicts. Since every potential conflict cannot be anticipated by the Code, it also contains general provisions prohibiting conflict situations.

The Code is also designed to permit JHA to monitor various securities transactions by Covered Employees, including those in shares of any mutual funds advised by JHA in which they may have a direct or indirect beneficial ownership interest. Under the Code and subject to limited exceptions, Covered Employees must obtain the approval of the CCO or his designee before acquiring any covered security in an IPO or limited offering. However, any Covered Employee who participates in, or has prior knowledge of, purchase or sale recommendations made to a fund generally is prohibited from acquiring any covered security in an IPO.

The Code includes sections on policies in and outside the Code, reporting requirements and other disclosures inside and outside the Code, reporting violations, interpretation and enforcement, exemptions and appeals, education of employees and recordkeeping.

This Code will be provided to any client or prospective client upon request by contacting JHA at (617) 663-3000.

JHA has also adopted an Amended and Restated Policy Statement and Procedures on Insider Trading in accordance with Section 204A of the Advisers Act which establishes procedures to prevent the misuse of material information by its officers, directors and employees. JHA and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, JHA and its related persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law.

#### Participation or Interest in Client Transactions

From time to time, employees and principals of JHA or a related person may also invest or otherwise have an interest in securities owned by or recommended to JHA's clients.

Similarly, some or all of the financial services businesses under common control with JHA may invest in securities that are also owned by JHA's clients. Any of such persons may invest or otherwise have an interest, either directly or indirectly, in certain pooled vehicles, which, in turn, may invest in securities held in other managed accounts. This presents a conflict of interest to the extent that such businesses and persons have an incentive: (i) to recommend or otherwise favor securities or other vehicles in which they invest or otherwise have an interest where doing so would not be in a client's best interest; or (ii) to put their own interest ahead of a client's interest. As these situations can involve conflicts of interest, JHA has implemented policies and procedures relating to personal securities transactions and insider trading, that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve such conflicts appropriately if they do occur.

#### Conflicts of Interest in connection with the Model Portfolios

Certain Model Portfolios may include ETFs and mutual funds that are advised by JHA or an affiliate of JHA. Recommendation by JHA of the Model Portfolios that use John Hancock Funds raises potential conflicts of interest. To the extent that the Adviser does use John Hancock Funds as the components of the Model Portfolios, this will generate advisory and other fees for JHA when intermediary accounts and other persons utilize the Model Portfolios, and the management fees of John Hancock Funds may be higher than fees charged by other funds. Clients should review the brochure provided by the managed

account program sponsor for further information regarding the extent to which Model Portfolios provided by JHA may include ETFs and mutual funds that are advised by JHA.

In addition, JHA may engage the investment managers that are recommended or included in the Model Portfolios as subadvisers to the John Hancock Funds or have other business relationships with such investment managers. Some sponsors and intermediaries to whom JHA provides model portfolios have other business relationships with JHA or its affiliates. For example, certain intermediaries may distribute other funds or products advised by JHA or its affiliates. Any conflicts or potential conflicts of interest are overseen by the RIO and Trade Oversight Committees.

## **Item 12 – Brokerage Practices**

If called for in our contract with the sponsor, all trades for managed account programs will be executed by the sponsor of the program or an affiliate of the sponsor. Similarly, where we are engaged to provide model portfolios on a non-discretionary basis, the sponsor or other recipient of the models will be responsible for the implementation of the investment strategy and for trade execution. In these cases, JHA will not exercise discretion with respect to brokers used to execute transactions for the managed accounts, and will not receive research or other products or services (soft dollars) from brokers or other third parties in connection with such transactions. Where JHA does not exercise discretion with respect to brokers used to execute transactions for managed account clients, such clients should review the brochure provided by the managed account program sponsor for further information regarding the execution of transactions and potential conflicts of interest related thereto (if any).

## **Item 13 – Review of Accounts**

JHA reviews the performance of the Model Portfolios and Discretionary Accounts periodically and at least annually.

## **Item 14 – Client Referrals and Other Compensation**

JHA does not directly or indirectly compensate any person who is not JHA's supervised person for client referrals.

## **Item 15 – Custody**

Except in the case of fund of funds advised by JHA, JHA in its capacity as investment adviser does not maintain custody of client funds or securities. In the case of these fund

of funds, JHA holds custody of the shares of the underlying funds held by the fund of funds.

## **Item 16 – Investment Discretion**

JHA with its affiliate creates, maintains, and reviews the Model Portfolios, and has investment discretion over Discretionary Accounts.

## **Item 17 – Voting Client Securities**

JHA does not vote proxies for securities held in any client accounts managed using the Model Portfolios.

## **Item 18 – Financial Information**

JHA is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.