John Hancock
MUTUAL FUNDS

# John Hancock
# Disciplined Value Fund

**Semiannual Report**
9.30.09

# Managers' report

## John Hancock
# Disciplined Value Fund

**During the period, shareholders in John Hancock Classic Value Fund II approved the merger of their fund into John Hancock Disciplined Value Fund. The merger occurred after the close of business on July 10, 2009.**

**During the six months ended September 30, 2009, investors came to the conclusion that the world wasn't about to end after all — a far cry from their outlook last fall and earlier this year.** Between April and September, stock prices rose sharply almost across the board, reflecting the market's cautious optimism that the recession would end sooner rather than later and that corporate earnings would bounce back.

The equity market hit its low point in the second week of March, several weeks before the start of the period. Conditions soon improved. One of the most important turning points came in early May, when the federal government released the results of its "stress test" of U.S. banks. Many turned out to be sounder than originally feared, giving investors some level of comfort that the problems in the financial system were serious but manageable. Further adding to investors' optimism was that, following the stress tests, many of the financial companies thought to be most at risk of bankruptcy were able to raise significant amounts of capital from eager investors. In retrospect, that sign of confidence was a huge contributor to the market's upward run.

Overall during the very favorable investment backdrop of the past six months, the broad U.S. stock market, as represented by the Standard & Poor's 500 Index,

SCORECARD

| INVESTMENT | | PERIOD'S PERFORMANCE … AND WHAT'S BEHIND THE NUMBERS |
|---|---|---|
| **Wells Fargo** | | Strong deposit franchise with diverse business mix |
| **Devon Energy** | | Production gains helped this oil and gas exploration company |
| **Wal-Mart Stores** | | Despite solid earnings, the retail giant lagged higher-growth stocks |

**Portfolio Managers, Robeco Boston Partners,**
**a division of Robeco Investment Management, Inc.**
**Mark E. Donovan and David J. Pyle**

turned in a gain of 34%. Large-cap value stocks did somewhat better during the same span, rising by about 38%.

### Fund performance

For the six-month period ended September 30, 2009, John Hancock Disciplined Value Fund's Class A shares had a total return of 38.07% at net asset value (NAV). That performance beat the 35.95% return of the average large cap value fund, according to Morningstar, Inc,[1] and also modestly outpaced the 37.99% return of the benchmark Russell 1000 Value Index. Keep in mind that your return will differ from the Fund's performance if you were not invested in the Fund for the entire period or did not reinvest all distributions. Please see page one for the NAV performance of the other share classes during the period and pages six and seven for historical performance information.

**"Between April and September, stock prices rose sharply almost across the board..."**

### Benefiting from higher commodity prices

Relative to the Fund's benchmark, the Russell 1000 Value Index, strong stock selection in the energy sector added the most to our returns. Specifically, last fall and in early 2009 we took advantage of what we felt were strong value opportunities, including Devon Energy, EOG Resources and Canadian Natural Resources. These and other oil and gas exploration stocks are highly sensitive to fluctuating commodity prices. When we purchased them, we felt that the market had overreacted and the stocks had been oversold. As commodity prices rose throughout the period, all three investments returned more than 50%, outperforming the index and boosting our relative performance.

Being significantly underweighted in two underperforming sectors — telecommunication services and utilities — also helped. Sometimes, it's just as important to avoid the wrong stocks as it is to select the right ones. For example, we lacked

positions in two large communications service providers and index components, AT&T and Verizon, both of which were fairly significant laggards throughout the market's rally. We tend to be underweighted in the utilities sector because we do not often find the types of investments we regularly search for — stocks selling at attractive prices with a catalyst for future appreciation. This period was no exception, and our positioning added to the Fund's results.

Many of our strongest individual contributors came from the financials sector, even though stock selection within the group was negative overall. By a wide margin, the Fund's leading contributor was JPMorgan Chase & Co. In our view, this bank went into the financial crisis as one of the country's soundest financial institutions. What's more, the company successfully improved its competitive position through timely acquisitions at the height of the downturn. As the market's optimism increased about the health of the banking sector, shares of JPMorgan Chase gained significant ground.

### Missing low-quality gains

In contrast, security selection in consumer services and technology hampered results. Both of these sectors included a number of cash-strapped companies that many investors feared could wind up in bankruptcy. As often happens following a market downturn, the first stocks to recover are those that had previously done the worst. As the market rebounded and optimism returned, many of the recent poor performers bounced back, to the Fund's short-term detriment — although longer term, we believe that avoiding these stocks will likely be in the Fund's best interest.

The portfolio's biggest individual detractor was Omnicare, Inc., a pharmacy for nursing homes and hospitals. We believe that Omnicare is a very good business with an enviable long-term record of profitability. But the company, like the rest of the health care services industry, is operating under a cloud of uncertainty as the federal government works toward major health care reform legislation. We are optimistic about Omnicare's ability to weather the changes and believe that its valuation remains attractive relative to its risks — though we continue

SECTOR COMPOSITION[2]

| Sector | % |
|---|---|
| Financials | 28% |
| Information Technology | 14% |
| Energy | 13% |
| Health Care | 11% |
| Consumer Discretionary | 8% |
| Consumer Staples | 7% |
| Industrials | 6% |
| Utilities | 3% |
| Materials | 3% |
| Telecommunication Services | 2% |
| Short-Term Investments & Other | 5% |

to monitor the fast-evolving regulatory environment and won't hesitate to change course if necessary.

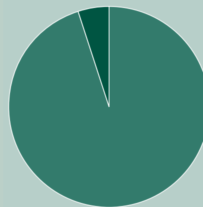
### A shift ahead?

During the past six months, nearly all stocks rose sharply. Going forward, we expect a more discriminating environment. While valuation metrics such as price/earnings (P/E) ratios have risen in anticipation of better economic times, now it's time for corporate earnings to catch up. We believe that those companies that further expand their profits may continue to do quite well. But we also see the potential for many businesses to generate disappointing earnings relative to the market's raised expectations.

**"Relative to the Fund's benchmark, the Russell 1000 Value Index, strong stock selection in the energy sector added the most to our returns."**

As we noted, lower-quality, more speculative companies tend to be the first to recover off a market downturn. This trend has been negative for the Fund's relative performance, given our emphasis on higher-quality stocks. While there is some historical precedent for lower-quality companies continuing to lead for an extended period, we're hopeful about the potential for a market rotation into the types of stocks that are normally our focus. Regardless of the market environment, we'll continue to stay true to our longstanding investment emphasis, buying fundamentally strong businesses at good prices.

PORTFOLIO DIVERSIFICATION[2]



95% Common Stocks
5% Short-Term Investments & Other

This commentary reflects the views of the portfolio management team through the end of the Fund's period discussed in this report. The team's statements reflect their own opinions. As such, they are in no way guarantees of future events and are not intended to be used as investment advice or a recommendation regarding any specific security. They are also subject to change at any time as market and other conditions warrant.

**Past performance is no guarantee of future results.**

Sector investing is subject to greater risks than the market as a whole. Because the Fund may focus on particular sectors of the economy, its performance may depend on the performance of those sectors.