

**John Hancock Personal Financial Services, LLC**  
**200 Berkeley Street**  
**Boston, MA 02116**  
**(617) 663-3000**

March 29, 2019

This Form ADV Part 2A Brochure provides information about the qualifications and business practices of John Hancock Personal Financial Services, LLC, (“JHPFS”). If you have any questions about the contents of this Brochure, please contact us at 855-969-5737. 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 JHPFS also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

**Item 2 – Material Changes**

No material changes have been made to this brochure since its last update on March 28, 2018. However, certain non-material updates have been made as follows:

- Item 1 – The address of the JHPFS has been updated.
- Item 4 – Asset Under Management has been updated.
- Item 5– The description of Account Balance was clarified.

**Item 3 – Table of Contents**

Item 1– Cover Page.....1

Item 2 – Material Changes ..... 2

Item 3 – Table of Contents..... 2

Item 4 – Advisory Business ..... 3

Item 5 – Fees and Compensation ..... 4

Item 6 – Performance-Based Fees and Side-By-Side Management ..... 5

Item 7 – Types of Clients ..... 5

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss ..... 6

Item 9 – Disciplinary Information ..... 8

Item 10 – Other Financial Industry Activities and Affiliations..... 8

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... 9

Item 12 – Brokerage Practices ..... 10

Item 13 – Review of Accounts..... 10

Item 14 – Client Referrals and Other Compensation ..... 11

Item 15 – Custody..... 11

Item 16 – Investment Discretion ..... 111

Item 17 – Voting Client Securities ..... 111

Item 18 – Financial Information..... 12

## **Item 4 – Advisory Business**

JHPFS is a Delaware limited liability company founded in 2014. JHPFS' owner is The Manufacturers Investment Corporation, which is an indirect, wholly-owned 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 listed on the Toronto Stock Exchange, the New York Stock Exchange, the Stock Exchange of Hong Kong and the Philippine Stock Exchange under the ticker symbol MFC.

JHPFS provides discretionary investment management services through a service program (the "OnTarget Service") as described below. JHPFS and its affiliates also provides discretionary services to other programs that are not described in the brochure. This brochure is limited to the OnTarget Service.

### **About The OnTarget Service**

The OnTarget Service is a discretionary investment management service offered only to persons residing in the United States who are participants in retirement plans for which John Hancock Retirement Plan Services LLC ("JHRPS") is the recordkeeper. The OnTarget Service invests eligible assets in a fund-specific portfolio. The fund-specific portfolio is developed and maintained based on personalized information provided to the OnTarget Service and according to asset allocation and diversification principles. Investment strategies are long term.

The OnTarget Service is designed for the sole objective of managing a participant's retirement account for which JHRPS is the recordkeeper and does not provide the participant with a comprehensive financial plan. The OnTarget Service does not provide advice with respect to other accounts or financial goals the participant may have. There is no guarantee that the advisory services offered through the OnTarget Service will result in the participant's retirement savings objectives being met.

The investment options eligible for inclusion in the fund-specific portfolio for the OnTarget Service are limited to those chosen for a participant's plan by the plan sponsor or the plan's fiduciary. These must be investments that can be purchased and sold without restriction by the participant's employer or the plan's fiduciary and that the participant has not restricted from the OnTarget Service. Employer stock is not eligible for the OnTarget Service.

Once a participant enrolls, the OnTarget Service will manage eligible assets, including future contributions, in the participant's retirement plan account on a discretionary basis, and the participant will not be able to make any exchanges of eligible assets among investment options within that account or otherwise direct the management of assets. The OnTarget Service will determine the eligible assets to be bought or sold, the amount of eligible assets to be bought or sold, and, if applicable, the broker-dealer to be used and the commissions to be paid. If your plan

offers Automatic Increase in combination with OnTarget, your contribution rate may be increased annually by a percentage determined by your plan's fiduciary, until you reach a rate determined by your plan's fiduciary or the legal limit, whichever is less.

A terminated participant who continues to maintain a balance in the retirement plan and remains enrolled in the OnTarget Service after terminating from service will still be enrolled in the service upon rehire. Upon rehire the participant's future investment election will be changed to the retirement plan's qualified default investment alternative until the next scheduled OnTarget Service quarterly account rebalance.

JHPFS may terminate a participant from the OnTarget Service for any reason including not providing JHPFS with information it has requested that is deemed necessary, or appropriate, to manage the participant's account. A participant may terminate the OnTarget Service for his or her account upon notice to JHPFS and payment of all outstanding fees to JHPFS.

OnTarget provides a participant with discretionary investment management services, as described in this Brochure, electronically through the use of a website. A participant should carefully consider whether his or her participation in OnTarget is appropriate for his or her confidence and facility in participating in a web-based investment program.

#### Assets Under Management

As of December 31, 2018, JHPFS had approximately \$1.1 billion under management on a discretionary basis.

### **Item 5 – Fees and Compensation**

#### **The OnTarget Service**

Unless the plan or plan sponsor pays a participant's fee, in whole or in part, participants who enroll in the Service will be charged an annual advisory fee based on the following schedule:

<b><u>Account Balance</u></b>	<b><u>%</u></b>
On the first \$50,000	.50
On the next \$50,000	.40
On the next \$150,000	.30
On amounts over \$250,000	.20

The "Account Balance" used in determining the fee is the average daily balance of "eligible assets," as defined in the OnTarget Investment Advisory Service Agreement, in a participant's accounts. Eligible assets do not include the participant's company stock and other investments that have been restricted per the rules of the Plan.

The fee is payable monthly in arrears, will be calculated on the basis of JHPFS's then current fee schedule, and will be deducted directly from each participant's plan account on the business day following the fee calculation. Participants may choose to terminate their participation in the Service at any time with no additional charge, and fees for periods of less than a full month will be calculated on a *prorata* basis.

JHPFS will provide each participant with at least thirty (30) days' notice of any changes in the above-listed fee schedule. To the extent that OnTarget Service fees are paid in whole or in part by the plan or plan sponsor, the plan or plan sponsor may choose to reduce or eliminate these subsidies at any time. JHPFS will seek to notify participants as soon as practicable after it becomes aware of such change. In the event a subsidy is eliminated or reduced, the fees described above will apply.

JHPFS may from time to time in its sole discretion make exceptions to the fee schedule set forth above.

The OnTarget Service will include mutual funds and/or other investment options available under a participant's plan ("Funds"), some or all of which may be managed by affiliates of JHPFS who receive advisory fees from the Funds.

The OnTarget annual advisory fee is in addition to fees and expenses charged by the Funds. All investments in the Funds are subject to the terms of each of the applicable prospectuses, including associated fees and operating fund expenses, which a participant ultimately bears.

Participants enrolling in the OnTarget Service will receive or have received a copy of the current prospectus or other available descriptions of the investment alternatives, which contain more complete information, including management fees and operating expenses.

Mutual funds may assess redemption fees against a participant's account if purchases and sales of fund shares are effected within a specified period of time. Applicable plan administrative fees such as loan origination fees will continue to be assessed in accordance with the governing retirement plan account documents.

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

JHPFS does not receive performance-based fees for advisory services provided to clients. Therefore, JHPFS does not engage in side-by-side management of clients with performance-based fees.

## **Item 7 – Types of Clients**

### **OnTarget Service**

As discussed in the "Advisory Business" section above, the OnTarget Service is offered only to persons residing in the United States who are participants in retirement plans for which JHRPS is

the recordkeeper. The plan's named fiduciary must authorize JHPFS to offer the OnTarget Service to participants in the plan. The plan's named fiduciary may terminate such authorization at any time.

The OnTarget Service does not require a minimum account balance.

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

JHPFS selected Morningstar Investment Management LLC ("Morningstar") (SEC File No. 801-56896) to act as an independent financial expert for the OnTarget Service. The plan sponsor or the plan's fiduciary selects the investment options for the plan. The investment options are tested by Morningstar to determine whether the plan has a sufficient investment option lineup to ensure that appropriate portfolios can be constructed for participants through combinations of the available investment options. Once the asset allocation targets for a portfolio are built, Morningstar then determines which funds to use to meet their asset class targets and standards for quality. The selection process relies on both quantitative and qualitative measures. The selection criteria include: manager experience, performance record, manager history, alpha (excess returns provided by the manager), style consistency and fund type.

A participant will be assigned a fund-specific portfolio based on his or her financial situation, time horizon and other information the participant and the plan sponsor have provided (such as assets held outside the retirement account, a partner's financial information, brokerage holdings, etc.). In some cases, Morningstar may adjust the participant's proposed strategy if the participant has excluded certain funds and/or has assets frozen in a fund. The participant is responsible for the accuracy of the information that the participant provides. If the information is inaccurate, the resulting recommendation might not be appropriate for the participant. The OnTarget Service will rely on this information in making an initial recommendation and in managing the participant's account and does not independently verify the information. There may be other factors that the OnTarget Service does not take into account that could be relevant in making the initial recommendation and managing the participant's account. It is the participant's responsibility to notify the OnTarget Service promptly of any change that may affect the manner in which the OnTarget Service should allocate or invest the eligible assets in the participant's account.

Morningstar's advice and account management instructions, including rebalancing instructions, may be generated by computer-based applications (algorithms) and Morningstar may not always assess each participant's account individually.

The OnTarget Service relies on historical performance and other data, all of which have limitations. Past performance of investments is no guarantee of future results. The OnTarget Service depends upon a number of factors, including the information participants provide, various assumptions and estimates, and other considerations. As a result, the forecast developed, and the analysis and actions taken under the OnTarget Service are not guarantees that participants will achieve their retirement goals.

Investments in retirement plan accounts are subject to the risks associated with investing in mutual funds and other securities, will not always be profitable, and involve risk of loss that participants should be prepared to bear. The OnTarget Service does not guarantee the results or timing of any recommendations, or that the investment objectives of the funds or the participants' accounts will be met. All investments in retirement plans are subject to the terms of the governing document for that investment option. Participants should read all prospectuses and other documents for mutual funds and other investment options. These documents describe the investment objective and policies as well as the risks of the mutual fund or other investment options.

Investing in OnTarget is also subject to the following risks:

#### Risk of Loss

Investing in mutual funds involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results. As with all investments, there is no assurance that any of the mutual funds in a participant's account will achieve their investment objective and a client could lose money by investing in them.

#### Model Risks

Morningstar may use quantitative analyses and/or models to create or manage a participant's account. Any imperfections, limitations or inaccuracies in its analyses and/or models could affect its ability to implement investment strategies. By necessity, these tools make simplifying 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, computer-based applications rebalance a participant's account based on factors other than just market conditions and may rebalance on a more frequent basis than the participant might expect. Computer based applications may also not address prolonged changes in market conditions.

#### Risks Related to the Use of Automated Investment Tools

There are risks associated with utilizing automated investment tools, such as OnTarget Service, including the following risks:

- The investment tool uses certain economic assumptions that may not be updated in a timely manner or reflect shifts in the market.
- The output of the automated investment tool depends upon the accuracy of the information inputted into the investment tool.
- There may be certain factors or variables which have not been included in the automated investment tool. To the extent some questions are over-generalized, ambiguous or

designed to fit a pre-determined option, the output may not reflect a particular participant's needs or goals.

- By only using the automated investment service, participants may not receive individually tailored investment advice.

### Cybersecurity Risk

Cybersecurity breaches may allow an unauthorized party to gain access to portfolio assets, participant data, or proprietary information, or cause JHPFS or John Hancock Trust Company, the trustee and/or custodian of all applicable retirement plans, to suffer data corruption or lose operational functionality. Similar incidents affecting mutual funds held by a participant may negatively impact performance.

### Operational Risk

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

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of JHPFS or its management persons.

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

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

### Investment Companies and Investment Advisers

John Hancock Advisers, LLC ("JHA") serves as investment adviser to the John Hancock Group of Funds. JHA is a related person of JHPFS. JHPFS may from time to time offer funds advised by JHA in its OnTarget Service program.

### Insurance Companies

MFC is the sole owner of Manufacturers Life Insurance Company, which is indirectly the sole owner of The Manufacturers Investment Corporation and JHA. The Manufacturers Investment Corporation directly owns JHPFS.



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

### Code of Ethics

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

The Code states that each Covered Employee is responsible for maintaining the very highest ethical standards when conducting company business. In general, JHPFS 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 ("CCO").

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 JHPFS to monitor various securities transactions by Covered Employees, including those in shares of any mutual funds advised by JHPFS or an affiliate of JHPFS, 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 or before acquiring shares of an exchange traded fund. 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 JHPFS at 855-969-5737.

JHPFS 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. JHPFS 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, JHPFS 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 JHPFS or a related person may also invest or otherwise have an interest in securities owned by or recommended to JHPFS's clients.

Similarly, some or all of the financial services businesses under common control with JHPFS may invest in securities that are also owned by JHPFS'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. As these situations may involve potential conflicts of interest, JHPFS 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.

#### **Item 12 – Brokerage Practices**

The OnTarget Service does not utilize the services of broker- dealers. John Hancock Trust Company, as trustee and/or custodian of the applicable retirement plan effects all transactions.

#### **Item 13 – Review of Accounts**

##### **OnTarget Service**

At least annually, JHPFS will ask participants to update the information they provided to the OnTarget Service. It is important for participants to do so. Based on the information participants provide, the fund-specific portfolio to which the OnTarget Service manages their eligible assets may be changed. On a quarterly basis, if appropriate, the OnTarget Service will rebalance accounts to the recommended asset allocation. Over time, the OnTarget Service will generally reallocate a participant's account to a more conservative fund- specific portfolio, absent any other changes to the participant's personal or financial situation.

Distributions, withdrawals, and loans will be satisfied according to plan rules, and may temporarily impact the OnTarget Service's ability to closely track the fund-specific portfolio. Transfers to an alternate payee pursuant to a qualified domestic relations order will be governed by court order and plan rules, but such a transfer will immediately terminate the OnTarget Service's obligation to manage the portion of the account transferred.

Participants will receive confirmations of all transactions in their accounts attributable to the OnTarget Service as well as an annual progress report. In addition, they will continue to receive all reports with respect to their accounts that they would receive if they were not enrolled in the OnTarget Service. In addition, participants are able to electronically access an annual OnTarget Service progress report and will receive this brochure and other documents electronically.

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

JHPFS does not directly or indirectly compensate any person for client referrals.

#### **Item 15 – Custody**

JHPFS is deemed to have indirect custody of the retirement plan accounts enrolled in the OnTarget Service because its affiliate, John Hancock Trust Company, is the named custodian for the applicable retirement plan. JHPFS participants will receive account statements from John Hancock Trust Company and should carefully review those statements.

#### **Item 16 – Investment Discretion**

##### **OnTarget Service**

The OnTarget Service is a discretionary investment management service. As discussed above, JHPFS selected Morningstar to act as an independent financial expert for the OnTarget Service. Morningstar has developed the investment models for the OnTarget Service, which models are outside the control of JHPFS. In order to avoid potential conflicts of interest, all investment decisions, including the allocation of a participant's retirement plan assets among the various investment options, will be based upon information provided by Morningstar. This enables JHPFS to offer objective, on-going investment management of a participant's retirement plan assets through many of the investment options in the universe of eligible investment options in the participant's retirement plan. JHPFS assumes fiduciary responsibility for this role.

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

Participants are responsible for exercising shareholder and other rights with respect to investment options in their account, to the extent permitted by their plans. Neither JHPFS nor the OnTarget Service is authorized to exercise any shareholder rights on their behalf unless required by law. The OnTarget Service will not advise participants on the voting of proxies for fund shares held in

their accounts. In addition, the OnTarget Service will not advise participants on legal proceedings, including bankruptcies and class actions, involving investment options.

## **Item 18 – Financial Information**

JHPFS 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.

### **OnTargetSM Investment Advisory Service Agreement**

#### **SUMMARY**

**Roles and Responsibilities.** John Hancock Personal Financial Services, LLC (“JHPFS”) has selected Morningstar Investment Management LLC (“Morningstar”) to act as an independent financial expert for the OnTarget investment management service (the “Service”). Morningstar has developed the investment models for the Service, which models are outside the control of JHPFS. In order to avoid potential conflicts of interest, all investment decisions, including the allocation of your retirement plan assets among the various investment options, will be based upon information provided by Morningstar. This enables JHPFS to offer objective, ongoing investment management of your retirement plan assets. JHPFS assumes fiduciary responsibility for this role. JHPFS is registered as an investment adviser with the United States Securities and Exchange Commission. Under this Agreement, JHPFS agrees to provide you with the Service as described below.

**Service Description.** OnTarget is a discretionary investment management service that invests eligible assets (as defined below), in a fund-specific portfolio, which will be developed and maintained based on personalized information provided to the Service and according to asset allocation and diversification principles. The Service will be administered by your retirement plan recordkeeper John Hancock Retirement Plan services LLC (“JHRPS”). Once you enroll, the Service will manage eligible assets, including future contributions, in your retirement plan account on a discretionary basis, and you will not be able to make any exchanges of eligible assets among investment options within that account or otherwise direct the management of assets while enrolled in the Service. You will, however, be able to impose reasonable restrictions on the management of the account at any time. Whether a particular restriction is reasonable will depend on an analysis of the relevant facts and circumstances by the Service. If a particular restriction sought to be imposed by you is deemed to be unreasonable, you will be notified and given an opportunity to restate a restriction more reasonably. If you are unable or unwilling to modify or withdraw an unreasonable restriction, you will be removed from the program. Eligible assets in your plan account will be allocated to a portfolio of investment options managed in accordance with a recommended fund-specific portfolio. When appropriate, the eligible assets in your account will be reallocated among various investment options chosen from the universe of eligible investment options in your retirement plan. You will be assigned a fund-specific portfolio based on your financial situation, time horizon and other information you have

provided. The Service is designed to collect information so that it can assess your financial situation and investment time horizon. Your financial situation incorporates information about your income and assets; your investment time horizon reflects when you may need access to assets in your account. In determining an appropriate asset mix for your managed assets, either when you elect the Service or during an annual review of your information, the Service also considers all non-managed retirement assets for which you provide the Service information. You are responsible for the accuracy of the information that you provide to the Service. You understand that the Service will rely on this information, along with certain information provided by the plan sponsor, in making an initial recommendation and in managing your account. It is your responsibility to notify the Service promptly of any change that may affect the manner in which the Service should allocate or invest the eligible assets in your account. At least annually, JHPFS will ask that you update your information. It is important for you to do so. Based on the information you provide, the fund-specific portfolio to which the Service manages your eligible assets may be changed. On a quarterly basis, if appropriate, the Service will rebalance your account to the recommended asset allocation. Over time, the Service will generally reallocate your account to a more conservative fund-specific portfolio, absent any other changes to your personal or financial situation. You will also continue to receive all reports with respect to your account that you would receive if you were not enrolled in the Service.

If your plan offers Automatic Increase in combination with OnTarget, your contribution rate may be increased annually by a percentage determined by your plan's fiduciary, until you reach a rate determined by your plan's fiduciary or the legal limit, whichever is less.

If you terminate your employment but continue to maintain a balance in the retirement plan and remain enrolled in OnTarget after terminating from service, you will still be enrolled in OnTarget in the event of rehire. However, your future investment election will be changed to the retirement plan's qualified default investment alternative until the next scheduled OnTarget quarterly account rebalance.

## **Terms and Conditions**

**1. Binding Agreement.** This is a legal and binding agreement ("Agreement") governing your use of OnTarget, a discretionary investment management service provided by JHPFS, a Delaware limited liability company, registered as an investment adviser with the United States Securities and Exchange Commission.

**2. Scope of the Service.** The Service will manage eligible assets, including future contributions, in your plan account on a discretionary basis. In managing your account, the Service utilizes an asset allocation model developed by Morningstar to allocate your assets among the available investment options. You will not be able to make any exchanges of eligible assets among investment options within that account or otherwise direct the investment of your eligible assets while enrolled in the Service. You will, however, be able to impose certain reasonable restrictions on the management of your assets. The Service will manage all eligible assets in your

retirement plan account, but it will not manage any of your assets outside of your retirement plan.

OnTarget may include an Automatic Increase feature. Under this feature, your contribution rate will increase annually by a percentage determined by your plan's fiduciary (generally 1 to 3 percent) until you reach the lower of the rate determined by your plan's fiduciary (generally 10-15 percent) or the legal limit. You can opt out of Automatic Increase or modify your contribution rate by contacting the Service at 1-800-294-3575 or through your Plan's website.

**3. Eligibility.** OnTarget does not require a minimum account balance in order to be eligible for the Service. Generally, assets held in investment options other than mutual funds (such as self-directed brokerage assets or employer stock) will not be eligible for the Service.

For certain plans, and with the agreement of the both JHPFS and the plan sponsor, OnTarget will be used as the Qualified Default Investment Alternative ("QDIA") of the plan. In such cases, and as permitted under the Employee Retirement Income Security Act ("ERISA"), the contributions of plan participants who are enrolled in the plan and do not make an alternative investment election will be invested in OnTarget as the QDIA for the plan.

**4. Accuracy of Information.** You are responsible for the accuracy and completeness of the information you provide to the Service, which information is used in making an initial recommendation and in managing your account. It is your responsibility to notify the Service promptly of any change that may affect the manner in which the Service should allocate or invest the eligible assets in your account.

**5. Eligible Assets.** The investment options eligible for inclusion in the fund-specific portfolio for the Service are limited to those chosen for your plan by your employer or the plan's fiduciary. These must be investments that can be purchased and sold without restriction by your employer or the plan's fiduciary and that you have not restricted from the Service. **Employer stock is not eligible for the Service. If you elect the Service and your account includes securities issued by your employer that are freely marketable without restrictions imposed by your employer ("Non-Restricted Company Stock"), you hereby direct JHPFS or JHRPS to reallocate 25% of the Non-Restricted Company Stock value among your other account investment options as determined by the Service each time your account is reviewed by the Service. However, if the Non-Restricted Company Stock balance is \$3,000 (or less) or 3% (or less) of your account balance, you hereby direct JHPFS or JHRPS to reallocate 100% of the Non-Restricted Company Stock value among your other account investment options as determined by the Service as soon as administratively possible following the review of your account pursuant to the terms of the Service. The Service shall have no responsibility and shall make no recommendations with respect to any securities issued by your employer that are not freely marketable or subject to any restrictions.** All investments in your plan are subject to the terms of the governing document for that investment option. Please read all prospectuses and other documents for mutual funds and other options.

**6. Advisory Fee.** Unless the OnTarget enrollment materials indicate that your plan sponsor or plan has agreed to pay all or a part of the OnTarget fees on behalf of all plan participants, you

will be charged an annual advisory fee based on a percentage of the average daily balance of eligible assets and Non-Restricted Company Stock in your account (“Account Balance”) as follows:

<b>Account Balance</b>	<b>Fee Rate</b>
On the first \$50,000	.50%
On the next \$50,000	.40%
On the next \$150,000	.30%
On amounts over \$250,000	.20%

For example, an account balance of \$36,000 would pay an annual fee of \$180 (or approximately \$15 per month.)

Under certain circumstances, the fees above may be subject to an alternate schedule as negotiated by your plan sponsor and JHPFS. These circumstances include:

- OnTarget being used as your Plan’s Qualified Default Investment Alternative;
- Participant enrollment in OnTarget exceeds mutually agreed upon levels; or
- Assets under management in OnTarget exceed mutually agreed upon levels.

To the extent that an alternate fee schedule has been established for your Plan, it shall be communicated to you in an accompanying document or your Plan’s website.

The advisory fee will cover ongoing management of the eligible assets in your account, the communications the Service sends to keep you informed about your account, and the related service you receive. This enables JHPFS to offer objective, on-going investment management of your retirement plan assets. JHPFS may pay all or a portion of the fees to JHRPS for administration of the Service. The fee will be deducted directly from your plan account on the business day following the fee calculation. It is payable monthly in arrears, and will be calculated on the basis of JHPFS’ then current fee schedule, as may be changed by JHPFS from time to time. Fees for periods of less than a full month will be calculated on a prorata basis. JHPFS will provide you with at least thirty (30) days’ notice of any changes in the fee schedule.

To the extent that your OnTarget Fees are paid by your plan or plan sponsor, please be aware that your plan sponsor may choose to reduce or eliminate such subsidies at any time. JHPFS will endeavor to notify you of such change as soon as practicable after we become aware of it. In the event such subsidy is eliminated, the fees described above will apply.

**7. Risks of Investing.** Investments in your retirement plan account are subject to the risks associated with investing in mutual funds and other securities, and will not always be profitable. The Service does not guarantee the results or timing of any recommendations, or that the objectives of the funds or your account will be met. Except as otherwise required by law, JHPFS will not be liable for:

- Any loss resulting from following your instructions or using inaccurate, outdated or incomplete information you provide;
- Any act or failure to act by a fund or any of its agents or any other third party; and
- Any loss in the market value of your account, except for losses resulting from JHPFS' breach of fiduciary duty, bad faith, or gross negligence.

Nothing in this Agreement governing the Service shall constitute a waiver of, or limitation on, any rights you have under federal and state laws to the extent such rights may not be waived or limited.

**8. Changes in the Service.** The Service has been made available for you to invest your eligible retirement plan assets under arrangements with your plan's named fiduciary, including an agreement between your plan's named fiduciary and JHPFS. The plan's named fiduciary may terminate this arrangement at any time. See the Termination section for more details. The Service and terms under which it is made available to you are subject to material change only by agreement between your plan's named fiduciary and JHPFS.

**9. Account Activity and Timing.** The Service will manage the eligible assets in your account so that they generally align with the appropriate fund-specific portfolio. Due to account activity you may initiate, such as loans and withdrawals, your investments may deviate from the associated fund specific portfolio. When the Service deems the difference to be significant enough, it will rebalance eligible assets in your account to bring it back in line.

Mutual Funds may assess redemption fees if purchases and sales of fund shares are effective within a specified period of time.

Distributions, withdrawals, and loans will be satisfied according to plan rules, and may temporarily impact the Service's ability to closely track the fund-specific portfolio. Transfers to an alternate payee pursuant to a qualified domestic relations order ("QDRO") will be governed by court order and plan rules, but such a transfer will immediately terminate the Service's obligation to manage the portion of the account transferred. On rare occasions, market conditions, systems availability, multiple transactions on the same day or in near proximity, plan rules, plan sponsor action, or other circumstances may prevent or delay the Service from processing transactions in accordance with your direction or the direction of the Service. Certain plan rules or restrictions may not be applicable while you are enrolled in the Service. Neither JHPFS, its affiliates, the plan, any plan fiduciary, nor your employer will be responsible for any losses, damages, or missed price opportunities in these circumstances.

**10. Termination.** You may choose to terminate your participation in the Service at any time, with no additional charge. If JHPFS receives your termination request before the close of the market (generally 4 p.m. Eastern time), any pending exchange transaction initiated by the



Service shall be cancelled. If your election to terminate the Service is received after the market closes (generally 4 p.m. Eastern time), and an exchange transaction initiated by the Service is pending, such exchange transaction shall proceed. Upon termination of the Service, contributions and loan repayments, if applicable, will continue to be invested in accordance with the most recent contribution elections made by the Service and your contribution rate will remain at the rate in effect at the time of termination, in each case unless you instruct otherwise. Once you terminate the Service, the tracking and enforcing of equity wash holding periods (i.e., restrictions on frequency of transfers among certain investment options) for any transactions initiated after termination will resume. Your participation terminates automatically when:

- (1) All eligible assets in your retirement plan account are withdrawn, whether through a loan, withdrawal, or distribution;
- (2) Your individual account under the plan is transferred to another plan not offering the Service;
- (3) The Service receives notice of your death, after the plan's trustee or agent has been so notified;
- (4) JHPFS notifies you that you are no longer eligible for participation in the Service or that JHPFS will no longer be able to provide discretionary investment management services to you through the Service for any reason; or
- (5) Your plan's named fiduciary directs JHPFS to discontinue the Service to you.

JHPFS may terminate this Agreement if it or JHRPS no longer provides recordkeeping services to your plan. Participation in the Service will also terminate for that portion of your account that is transferred to an alternate payee pursuant to a QDRO. Upon notification of your death, participation will terminate and your account will remain in the then-current investments until alternate direction from an authorized party is provided. Termination will not affect: (i) the validity of any action previously taken, (ii) any liabilities or obligations for transactions initiated before termination, and (iii) JHPFS' right to retain fees for services rendered. The Service will have no obligation to recommend or take any action with regard to assets in your account after termination of service. Termination of the Service does not by itself terminate your retirement plan or your participation therein.

**11. Reporting.** You will receive confirmations of all transactions in your account attributable to the Service and the other information with respect to activity in your plan account that you would receive if you were not enrolled in the Service. You will be able to access the annual OnTarget progress report electronically.

**12. Shareholder and Other Rights.** You are responsible for exercising shareholder and other rights with respect to investment options in your account, to the extent permitted by your plan. Neither JHPFS nor the Service is authorized to exercise any shareholder rights on your behalf unless required by law. The Service will not advise you on the voting of proxies for fund shares

held in your account. In addition, the Service will not advise you on legal proceedings, including bankruptcies and class actions, involving investment options.

**13. Additional Information and Acknowledgements.** The Service relies on historical performance and other data, all of which have limitations. Past performance of investments is no guarantee of future results. The Service depends upon a number of factors, including the information you provide, various assumptions and estimates, and other considerations. As a result, the forecast developed, and the analysis and actions taken under the Service are not guarantees that you will achieve your retirement goals. You acknowledge that the Service is basing its actions with respect to your account on the responses you provide and other information which you furnish to the Service, and agree that your information will be updated by you as necessary. JHPFS shall not be liable to you for any misstatement or omission contained in the information you furnish to the Service, or any loss, liability, claim, damage or expense whatsoever arising out of or attributable to such misstatement or omission. Some of the information provided in conjunction with the Service is provided by independent third parties and not by JHPFS. JHPFS does not make any guarantees or warranties, express or implied, as to the accuracy, timeliness or completeness of such information. You understand and agree that the Service does not recommend investments with respect to any individual stocks, including any company stock that may be an investment alternative under your retirement plan, and may not consider all investment alternatives available under your retirement plan, either with the understanding of your employer or because the Service has determined that adequate data does not exist for it to appropriately consider such alternatives. You also understand that JHPFS did not select the investment alternatives available to you under your plan, and providing the Service should not be considered to be approval or endorsement of the available alternatives. You understand that JHPFS provides advisory services and manages accounts for other plan participants in your plan and other plans, and for other investors. The advisory services, advice or actions JHPFS takes or provides to such other individuals and entities may differ from those provided to you. JHPFS is not obligated to recommend or disclose to you any investment recommendation or action JHPFS provides or takes on behalf of such other individuals or entities.

**14. Eligible Participants.** The Service is offered only to persons residing in the United States and nothing herein shall be construed as an offer of the Service in other jurisdictions.

**15. Non-Solicitation.** No part of the Service should be construed as an offer to sell or buy any funds or securities. The Service does not provide legal, accounting or tax advice and should not be relied upon in that regard. The Service will include mutual funds and/or other investment options available under your plan, some or all of which may be managed by JHPFS or one of its affiliates, or with respect to which JHPFS or one of its affiliates receives administrative or record keeping fees. You will receive or have received a copy of the current prospectus or other available descriptions of the investment alternatives, which contain more complete information, including management fees and operating expenses.

**16. Personal Information.** The use and storage of any information including, without limitation, your account number, password, portfolio information, account balances and any other information available on your personal computer is your sole risk and responsibility. You are

responsible for providing and maintaining the communications and equipment (including personal computers and modems) and telephone or alternative services required for accessing and utilizing electronic or automated services, and for all communications service fees and charges incurred by you in accessing these services. You consent to the sharing of personal data about you with any of your employer, plan, administrator, record keeper, custodian or other person necessary for JHPFS to provide the Service to you.

**17. Rights Under ERISA and Advisers Act.** Nothing in this Agreement should be construed to mean you are waiving any rights to which you are statutorily entitled under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The federal securities laws impose liabilities under certain circumstances on persons who act in good faith; thus, nothing in this Agreement shall in any way constitute a waiver or limitation on any rights which the undersigned may have under federal securities laws. Under the terms of the Advisers Act, this agreement may not be assigned without your consent. Such consent shall be deemed to have been granted if you fail to object or terminate your participation in the Service after receiving notice of the pendency of an assignment.

**18. Governing Law.** This Agreement shall be governed by the laws of the Commonwealth of Massachusetts without giving effect to the choice of law provisions contained therein.

**19. Contact and Communications.** If you wish to contact the Service, please call the Service at 1-800-294-3575. You understand and agree that, for our mutual protection, JHPFS or JHRPS may monitor any or all of your communications, including keeping copies of all written correspondence and e-mails.

**20. Extraordinary Events.** JHPFS shall not be liable for any loss caused directly or indirectly by circumstances beyond its control including, without limitation, government restrictions, exchange or market rulings, suspension of trading, war, strikes, damages caused by equipment failure, communications line failure, unauthorized access, theft or systems failure.

**21. Additional Provisions.** If any provision or condition of this Agreement shall be held to be invalid or unenforceable by any court or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

**22. Agreement to Arbitrate Controversies.** Any controversy or claim arising out of or relating to this Agreement or the breach thereof, or relating to JHPFS’ business, shall be submitted to arbitration administered by the American Arbitration Association. Arbitration is final and binding on the parties and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration must be commenced by service upon the other party of a written demand for arbitration or a written notice of intention to arbitrate.

**In agreeing to arbitration, you understand that:**

- **Arbitration is final and binding on the parties.**
- **The parties are waiving their right to seek remedies in court, including the right to a jury trial.**
- **Pre-arbitration discovery is generally more limited than and different from court procedures.**
- **The arbitrator(s)' award is not required to include factual findings or legal reasoning and the parties' right to appear or to seek modification of rulings by the arbitrator(s) is strictly limited.**
- **Where more than one arbitrator is appointed, the panel of arbitrators typically may include a minority of arbitrators who are or were affiliated with the securities industry.**

The arbitration shall be conducted in the Commonwealth of Massachusetts pursuant to the Commercial Arbitration Form Rules of the American Arbitration Association, then in effect, and may occur before a panel of one or three arbitrators in accordance with the rules of the organization administering the arbitration.