Understanding the stock market and investing

Learn about short-term investing

What's short-term investing?

Short-term investing is a strategy you can consider to help you save for goals that are 12 to 36 months away—or less.

If you plan to use your money in less than three years, you'll want to know it's going to hold its value. That may mean that you invest more in cash and cash equivalents than bonds and stocks.

Consider prioritizing investments that:

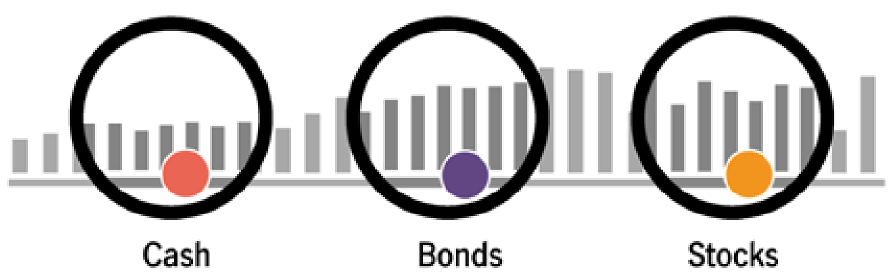
- can be easily converted to cash or remain in cash,
- don't change in value too much, if at all,
- offer some rate of return, or
- have a low risk of losing money.

What's long-term investing?

A long-term investing strategy can help you achieve financial goals further into the future than short-term goals.

The longer you have until your goal, the more risk you may be willing and able to take in your investments in the hope of greater returns.

The primary difference between the investments you choose in short- and long-term investing strategies is the amount of risk they have.



Lower—risk/potential return ______________ **Higher—risk/potential return**
Short-term strategy **Long-term strategy**

As market conditions change, so may the risk/reward potential of these investment types.
For illustrative purposes only.

Watch the third episode of *Understanding the stock market and investing* series.

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When your goals are further in the future, you can consider choosing from investments such as:

- Stocks and stock funds
- Bonds and bond funds
- Real estate and real estate funds
- Cash and cash equivalents (yes, short-term investments, too)

What are mutual funds and exchange-traded funds?

Mutual funds and exchange-traded funds (ETFs) are quite similar.

Generally, they're both fund types that include a mix of other investments—or asset classes—such as cash, bonds, and stocks.

Portfolio managers oversee the fund and select the individual investments within it.

A key difference is that ETFs tend to follow a more passive strategy, while mutual funds are often more actively managed.

Both types of funds can help with portfolio diversification since each one has a mix of different holdings. They're also frequently used in retirement plans because of their diversification characteristics and professional management.

In workplace retirement plans, the employer offering the plan chooses a list of investments, often mutual funds and ETFs, for you to select from.

All mutual funds are subject to market risk and will fluctuate in value.

Investments in exchange-traded funds (ETFs) and, in particular, certain single-stock or commodity-based ETFs may not be suitable for all investors. Participants will pay an ETF transaction fee when buying or selling ETFs in their company's qualified retirement plan with John Hancock. Refer to the fund's fact sheet for details.

Neither asset allocation nor diversification guarantees a profit or protects against a loss.

What's an index?

An index is a group of investments that represents a specific market or piece of a market.

Three of the most common indexes are:

- The S&P 500 Index, which tracks the performance of 500 of the largest publicly traded companies in the United States.
- The Dow Jones Industrial Average (DJIA), which includes 30 large companies that trade on the New York Stock Exchange and tracks their performance.
- The NASDAQ Composite, which includes nearly all stocks listed on the NASDAQ stock exchange.

Passive mutual funds and ETFs may focus on one index and seek to match their performance by investing in the same companies that are in the index. Active funds may choose an index and show their value by attempting to outperform the index.

Indexes are unmanaged and cannot be invested in directly.

For complete information about a particular investment option, please read the fund prospectus. You should carefully consider the objectives, risks, charges, and expenses before investing. The prospectus contains this and other important information about the investment option and investment company. Please read the prospectus carefully before you invest or send money. Prospectus may only be available in English.

There is no guarantee that any investment strategy will achieve its objectives. Past performance does not guarantee future results.

It is your responsibility to select and monitor your investment options to meet your retirement objectives. You should review your investment strategy at least annually. You may also want to consult your own independent investment or tax advisor or legal counsel.

It is important to note that there are material differences between investing in an ETF versus a mutual fund. ETFs trade on the major stock exchanges at any time during the day. Prices fluctuate throughout the day like stocks. ETFs generally have lower operating expenses, no investment minimums, are tax efficient, have no sales loads, and have brokerage commissions.

Mutual funds trade at closing NAV when shares are priced once a day after the markets close. Operating expenses may vary. Most mutual funds have investment minimums and are less tax efficient than ETFs; many mutual funds have sales charges and they have no brokerage commissions.

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