HANCOCK JOHN INCOME SECURITIES TRUST /MA
Form N-CSR
January 06, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811- 4186

John Hancock Income Securities Trust
(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210
(Address of principal executive offices) (Zip code)

Salvatore Schiavone
Treasurer

601 Congress Street

Boston, Massachusetts 02210
(Name and address of agent for service)

Registrant's telephone number, including area code: 617-663-4497

Date of fiscal year end: October 31

Date of reporting period: October 31, 2010

ITEM 1. REPORT TO STOCKHOLDERS.

Management's discussion of

Fund performance

By MFC Global Investment Management (U.S.), LLC

U.S. bonds gained ground during the 12 months ended October 31, 2010. The economy delivered solid growth rates during the first half of the period, but the recovery lost momentum in the last six months, and a sovereign debt crisis in Europe further clouded the economic outlook. These developments sparked a flight to quality, and the resulting increase in demand for the relative safety of Treasury securities sent their yields down to levels not seen in decades. At the same time, the low interest-rate environment led many investors to seek out higher-yielding investments, providing a lift to corporate bonds and commercial mortgage-backed securities. High-yield corporate bonds were the best performers overall, while residential mortgage-backed securities lagged.

For the year ended October 31, 2010, John Hancock Income Securities Trust produced a total return of 19.90% at net asset value (NAV) and 23.85% at market value. The Fund's NAV return and its market performance differ because the market share price is subject to the dynamics of secondary market trading, which could cause it to trade at a discount or premium to the Fund's NAV share price at any time. By comparison, the average UBS leveraged closed-end investment-grade bond fund returned 23.47% at NAV and 28.24% at market value. The Fund lagged the UBS peer group because it had a lower stake in corporate bonds than its best-performing peers and a higher stake in U.S. government securities, which underperformed corporate bonds. The Fund's benchmark, the Barclays Capital Government/Credit Bond Index, returned 8.48%. The Fund's outperformance of its benchmark index was driven primarily by the Fund's allocations within the bond market, particularly an outsized position in corporate bonds. Top contributors among the Fund's corporate holdings included television broadcaster Nexstar Broadcasting, Inc., satellite radio company Canadian Satellite Radio Holdings, Inc. and semiconductor manufacturer Freescale Semiconductor, Inc . On the downside, one of the weaker performers was electric utility TXU Corp. Over the last six months of the period, we made some adjustments to the Fund to reduce its overall risk profile. We lowered its position in corporate bonds, taking profits after the substantial rally in the group, and shifted these assets into Treasury bonds and mortgage-backed securities, which had become more attractive on a relative-value basis.

This commentary reflects the views of the portfolio managers through the end of the Fund's period discussed in this report. The managers' 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.

The major factors in this Fund's performance are interest rates and credit rate risk. When interest rates rise, bond prices usually fall. Generally, an increase in the Fund's average maturity will make it more sensitive to interest-rate risk. Higher-yielding bonds are riskier than lower-yielding bonds, and their value may fluctuate more in response to market conditions.

Portfolio summary

Portfolio Composition[1]

Corporate Bonds	62%	Asset-Backed Securities	1%
U.S. Government & Agency Obligations	26%	Common Stocks	1%

Collateralized Mortgage Obligations	6%	Short-Term Investments & Other	1%
Preferred Securities	3%		

Sector Composition[1,2]

U.S. Government & Agency Obligations	26%	Consumer Staples	4%
Financials	23%	Utilities	4%
Consumer Discretionary	9%	Telecommunication Services	4%
Energy	7%	Health Care	3%
Industrials	7%	Information Technology	1%
Mortgage Bonds	6%	Short-Term Investments & Other	1%
Materials	5%		

Quality Composition[1,3]

AAA	28%	B	9%
AA	2%	CCC	4%
A	13%	Equity	4%
BBB	32%	Not Rated	1%
BB	6%	Short-Term Investments & Other	1%

[1] As a percentage of the Fund's total investments on 10-31-10.

[2] 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.

[3] Ratings are from Moody's Investor Services, Inc. If not available, we have used S&P ratings. In the absence of ratings from these agencies, we have used Fitch, Inc. ratings. "Not Rated" securities are those with no ratings available. They may have internal

ratings similar to those shown. All are as of 10-31-10 and do not reflect subsequent downgrades, if any.

Fund□s investments

As of 10-31-10

	Rate (%)	Maturity date	Par value	Value
Corporate Bonds 90.65%				**$155,251,940**
(Cost $143,544,694)				
Consumer Discretionary 11.86%				**20,312,300**
Auto Components 0.38%				
Allison Transmission, Inc. (S)(Z)	11.000	11-01-15	$600,000	651,000
Auto Manufacturers 0.36%				
Volvo Treasury AB (S)(Z)	5.950	04-01-15	555,000	$610,829
Commercial Services & Supplies 0.07%				
Interactive Data Corp. (S)	10.250	08-01-18	110,000	120,313
Consumer Finance 0.62%				
Nissan Motor Acceptance Corp. (S)(Z)	4.500	01-30-15	1,000,000	1,069,989
Food Products 0.10%				
Simmons Foods, Inc. (S)	10.500	11-01-17	165,000	168,713
Hotels, Restaurants & Leisure 3.70%				
Greektown Superholdings, Inc. (S)	13.000	07-01-15	1,713,000	1,888,583

International Game Technology	5.500	06-15-20	200,000	211,302
Jacobs Entertainment, Inc. (Z)	9.750	06-15-14	600,000	562,500
Little Traverse Bay Bands of Odawa Indians (S)	10.250	02-15-14	500,000	170,625
MGM Resorts International (S)	9.000	03-15-20	100,000	109,375
MTR Gaming Group, Inc.	12.625	07-15-14	185,000	193,325
MTR Gaming Group, Inc., Series B (Z)	9.000	06-01-12	390,000	347,100
Pokagon Gaming Authority (S)	10.375	06-15-14	500,000	520,000
Seminole Indian Tribe of Florida (S)(Z)	6.535	10-01-20	650,000	584,825
Turning Stone Resort Casino Enterprises (S)(Z)	9.125	09-15-14	1,540,000	1,586,200
Waterford Gaming LLC (S)(Z)	8.625	09-15-14	257,000	169,365
Household Durables 0.23%				
Whirlpool Corp. (Z)	8.600	05-01-14	335,000	398,883
Internet & Catalog Retail 0.20%				
Expedia, Inc. (S)(Z)	5.950	08-15-20	340,000	345,313
Media 5.13%				
AMC Entertainment, Inc.	8.750	06-01-19	125,000	133,906
Cablevision Systems Corp.	8.625	09-15-17	135,000	152,381
Canadian Satellite Radio Holdings, Inc. (Z)	12.750	02-15-14	979,000	885,995
CBS Corp.	5.900	10-15-40	225,000	218,226
CCH II LLC/CCH II Capital Corp.	13.500	11-30-16	306,006	366,442

Media (continued)	Rate (%)	Maturity date	Par value	Value
CCO Holdings LLC/CCO Holdings Capital Corp. (S)	8.125	04-30-20	$145,000	$156,600
Cinemark USA, Inc.	8.625	06-15-19	180,000	194,175
Clear Channel Worldwide Holdings, Inc.	9.250	12-15-17	410,000	442,800
DirecTV Holdings LLC (Z)	7.625	05-15-16	1,055,000	1,181,600
DirecTV Holdings LLC	6.350	03-15-40	220,000	234,906
Grupo Televisa SA	6.625	01-15-40	310,000	342,754
News America Holdings, Inc. (Z)	7.750	01-20-24	1,020,000	1,297,615
News America Holdings, Inc. (Z)	7.600	10-11-15	1,000,000	1,209,469
Nexstar Broadcasting, Inc. (Z)	7.000	01-15-14	84,000	79,800
Nexstar Broadcasting, Inc., PIK (0.500% until 1-15-11, then cash at 7.000%) (Z)	0.500	01-15-14	255,360	237,485
Regal Cinemas Corp.	8.625	07-15-19	115,000	122,763
Regal Entertainment Group	9.125	08-15-18	100,000	106,375
Time Warner Cable, Inc. (Z)	6.750	07-01-18	605,000	726,099
United Business Media, Ltd. (S)	5.750	11-03-20	275,000	278,967
Viacom, Inc.	7.875	07-30-30	350,000	413,501

Multiline Retail 0.10%				
Sears Holdings Corp. (S)	6.625	10-15-18	175,000	174,563
Personal Products 0.20%				
Revlon Consumer Products Corp.	9.750	11-15-15	320,000	333,600
Specialty Retail 0.13%				
Hillman Group, Inc. (S)	10.875	06-01-18	210,000	224,700
Textiles, Apparel & Luxury Goods 0.64%				
Burlington Coat Factory Warehouse Corp.	11.125	04-15-14	535,000	563,088
Levi Strauss & Company	7.625	05-15-20	500,000	526,250
Consumer Staples 5.54%				**9,486,556**
Beverages 0.94%				
Anheuser-Busch InBev Worldwide, Inc. (Z)	4.125	01-15-15	1,000,000	1,085,172
PepsiCo, Inc.	7.900	11-01-18	395,000	529,619
Commercial Services & Supplies 0.35%				
ARAMARK Corp.	8.500	02-01-15	565,000	593,250
Food & Staples Retailing 0.67%				
CVS Caremark Corp. (6.302% to 6-1-12, then 3 month LIBOR + 2.065%) (Z)	6.302	06-01-37	1,230,000	1,140,825
Food Products 1.66%				
Bunge Ltd. Finance Corp. (Z)	8.500	06-15-19	350,000	427,249
Bunge Ltd. Finance Corp. (Z)	5.350	04-15-14	1,040,000	1,116,625
Corn Products International, Inc.	4.625	11-01-20	175,000	181,289

Corp. Pesquera Inca SAC (S)	9.000	02-10-17	230,000	242,363
Grupo Bimbo SAB de CV (S)(Z)	4.875	06-30-20	470,000	491,832
JBS Finance II, Ltd. (S)	8.250	01-29-18	360,000	380,700
Household Products 0.27%				
Yankee Acquisition Corp. (Z)	8.500	02-15-15	455,000	472,631

	Rate (%)	Maturity date	Par value	Value
Tobacco 1.65%				
Alliance One International, Inc.	10.000	07-15-16	$1,000,000	$1,100,000
Lorillard Tobacco Company (Z)	6.875	05-01-20	560,000	600,940
Reynolds American, Inc. (Z)	7.250	06-01-13	1,000,000	1,124,061
Energy 10.91%				**18,685,723**
Energy Equipment & Services 0.41%				
MidAmerican Energy Holdings Company (Z)	8.480	09-15-28	550,000	705,841
Gas Utilities 0.31%				
DCP Midstream LLC (S)(Z)	9.750	03-15-19	405,000	536,420
Oil, Gas & Consumable Fuels 10.19%				
Anadarko Petroleum Corp. (Z)	6.375	09-15-17	440,000	488,834
Anadarko Petroleum Corp.	5.950	09-15-16	330,000	361,063

Arch Coal, Inc.	8.750	08-01-16	100,000	112,250
Bumi Investment Pte, Ltd. (S)	10.750	10-06-17	190,000	198,233
ConocoPhillips (Z)	4.400	05-15-13	1,000,000	1,086,711
Drummond Company, Inc.	7.375	02-15-16	430,000	442,900
El Paso Pipeline Partners Operating Company LLC	6.500	04-01-20	280,000	305,453
Energy Transfer Partners LP (Z)	9.700	03-15-19	330,000	435,741
Energy Transfer Partners LP (Z)	8.500	04-15-14	1,000,000	1,190,247
Enterprise Products Operating LLC (7.000% to 6-1-17, then 3 month LIBOR + 2.778%) (Z)	7.000	06-01-67	695,000	674,150
Enterprise Products Operating LLC, Series B (7.034% to 1-15-18, then 3 month LIBOR + 2.680%) (Z)	7.034	01-15-68	590,000	609,175
Gibson Energy ULC/GEP Midstream Finance Corp.	10.000	01-15-18	265,000	268,975
Kinder Morgan Energy Partners LP (Z)	7.750	03-15-32	195,000	231,804
Linn Energy LLC (S)	8.625	04-15-20	200,000	216,000
MarkWest Energy Partners LP, Series B (Z)	8.500	07-15-16	545,000	579,063
McMoRan Exploration Company (Z)	11.875	11-15-14	340,000	379,100
Motiva Enterprises LLC (S)	6.850	01-15-40	280,000	330,464
Niska Gas Storage US LLC (S)	8.875	03-15-18	395,000	431,538
NuStar Logistics LP (Z)	7.650	04-15-18	845,000	1,028,410

NuStar Logistics LP	4.800	09-01-20	210,000	213,603
ONEOK Partners LP (Z)	6.150	10-01-16	705,000	824,450
Pan American Energy LLC (S)	7.875	05-07-21	145,000	153,700
Petro-Canada (Z)	9.250	10-15-21	1,000,000	1,400,493
Plains All American Pipeline LP (Z)	4.250	09-01-12	600,000	629,651
Regency Energy Partners LP/Regency Energy Finance Corp.	9.375	06-01-16	295,000	330,400
Spectra Energy Capital LLC (Z)	6.200	04-15-18	1,000,000	1,154,579
Thermon Industries, Inc. (S)	9.500	05-01-17	100,000	105,750
Williams Partners LP (Z)	7.250	02-01-17	1,740,000	2,074,806
Woodside Finance, Ltd. (S)(Z)	4.500	11-10-14	1,100,098	1,185,919
Financials 31.49%				**53,935,953**
Capital Markets 3.23%				
Credit Suisse New York (Z)	5.300	08-13-19	415,000	460,572
Credit Suisse New York (Z)	4.375	08-05-20	555,000	571,021
Jefferies Group, Inc. (Z)	6.875	04-15-21	905,000	963,223

 See notes to financial statements

	Rate (%)	**Maturity date**	**Par value**	**Value**
Capital Markets (continued)				

Macquarie Group, Ltd. (S)(Z)	7.300	08-01-14	$270,000	$305,188
Macquarie Group, Ltd. (S)	6.000	01-14-20	340,000	354,303
Morgan Stanley (Z)	7.300	05-13-19	485,000	559,378
Morgan Stanley	5.550	04-27-17	500,000	532,372
Northern Trust Corp. (Z)	6.500	08-15-18	225,000	273,685
The Goldman Sachs Group, Inc. (Z)	6.150	04-01-18	760,000	851,011
Commercial Banks 5.30%				
Barclays Bank PLC	5.140	10-14-20	275,000	272,000
Barclays Bank PLC (6.860% to 6-15-32, then 6 month LIBOR + 1.730%) (S)(Z)	6.860	(Q)	1,655,000	1,613,625
BPCE SA (12.500% to 9-30-19, then 3 month LIBOR + 12.980%) (S)	12.500	(Q)	330,000	377,626
Chuo Mitsui Trust & Banking Company, Ltd. (5.506% to 4-15-15, then 3 month LIBOR + 2.490%) (S)(Z)	5.506	(Q)	940,000	934,366
Commonwealth Bank of Australia (S)(Z)	5.000	03-19-20	555,000	605,183
National City Bank (P)(Z)	0.663	06-07-17	575,000	516,790
Regions Financial Corp. (Z)	7.750	11-10-14	1,000,000	1,094,334
Santander Issuances SA (6.500% to 11-15-14, then 3 month LIBOR + 3.920%) (S)(Z)	6.500	08-11-19	600,000	627,988
State Bank of India/London (S)	4.500	07-27-15	330,000	344,726
The Royal Bank of Scotland Group PLC	4.875	03-16-15	330,000	355,292
Wachovia Bank NA (Z)	6.600	01-15-38	325,000	360,599

Wachovia Bank NA (Z)	5.850	02-01-37	390,000	387,618
Wells Fargo Bank NA (Z)	5.750	05-16-16	450,000	510,832
Westpac Banking Corp. (Z)	4.875	11-19-19	565,000	614,178
Consumer Finance 2.75%				
American Express Credit Corp., Series C (Z)	7.300	08-20-13	670,000	766,172
Capital One Financial Corp. (Z)	6.750	09-15-17	1,000,000	1,203,152
Capital One Financial Corp. (Z)	6.150	09-01-16	730,000	810,226
Discover Bank	7.000	04-15-20	270,000	297,996
Discover Financial Services (Z)	10.250	07-15-19	585,000	748,046
Ford Motor Credit Company LLC (Z)	8.000	12-15-16	140,000	163,944
Ford Motor Credit Company LLC	7.500	08-01-12	90,000	96,643
Nelnet, Inc. (7.400% to 9-29-11, then 3 month LIBOR + 3.375%) (Z)	7.400	09-29-36	715,000	631,569
Diversified Financial Services 9.16%				
American Honda Finance Corp. (S)(Z)	7.625	10-01-18	655,000	837,133
Astoria Depositor Corp., Series B (S)	8.144	05-01-21	1,000,000	1,002,500
Bank of America Corp.	4.500	04-01-15	340,000	354,064
Beaver Valley Funding (Z)	9.000	06-01-17	498,000	552,307
Bosphorus Financial Services, Ltd. (P)(S)(Z)	2.176	02-15-12	187,500	184,383
Citigroup, Inc. (Z)	6.375	08-12-14	810,000	909,278

Citigroup, Inc. (Z)	6.125	11-21-17	1,935,000	2,153,725
Citigroup, Inc. (Z)	5.850	12-11-34	300,000	296,163
Crown Castle Towers LLC (S)(Z)	4.883	08-15-20	760,000	774,378
ERAC USA Finance Company (S)(Z)	6.375	10-15-17	465,000	543,906
General Electric Capital Corp. (Z)	6.000	08-07-19	335,000	378,453
Harley-Davidson Funding Corp. (S)	6.800	06-15-18	300,000	326,273

Diversified Financial Services (continued)	Rate (%)	Maturity date	Par value	Value
Harley-Davidson Funding Corp. (S)(Z)	5.750	12-15-14	$290,000	$312,495
Hyundai Capital Services, Inc. (S)(Z)	6.000	05-05-15	430,000	472,007
International Lease Finance Corp. (S)	7.125	09-01-18	290,000	319,000
JPMorgan Chase & Company (Z)	6.000	01-15-18	765,000	873,238
JPMorgan Chase & Company (Z)	3.700	01-20-15	590,000	623,896
JPMorgan Chase & Company, Series 1 (7.900% to 4-30-18, then 3 month LIBOR + 3.470%) (Z)	7.900	(Q)	655,000	698,237
Merrill Lynch & Company, Inc. (Z)	7.750	05-14-38	495,000	540,980
Merrill Lynch & Company, Inc. (Z)	6.875	04-25-18	1,000,000	1,122,354
Nationstar Mortgage/Nationstar Capital				

Corp. (S)	10.875	04-01-15	485,000	438,925
Pinafore LLC (S)	9.000	10-01-18	135,000	144,450
The Bear Stearns Companies LLC	7.250	02-01-18	1,000,000	1,220,192
USB Realty Corp. (6.091% to 1-15-12, then 3 month LIBOR + 1.147%) (S)(Z)	6.091	(Q)	800,000	608,000
Insurance 6.06%				
Aflac, Inc. (Z)	8.500	05-15-19	385,000	492,932
Aflac, Inc. (Z)	6.900	12-17-39	230,000	249,129
AXA SA (6.379% to 12-13-36, then 3 month LIBOR + 2.256%) (S)	6.379	(Q)	175,000	164,500
CNA Financial Corp.	7.350	11-15-19	360,000	405,725
CNA Financial Corp. (Z)	6.500	08-15-16	825,000	913,507
Hartford Financial Services Group, Inc.	6.625	03-30-40	190,000	184,371
Liberty Mutual Group, Inc. (S)(Z)	7.800	03-15-37	705,000	705,000
Liberty Mutual Group, Inc. (S)(Z)	7.500	08-15-36	885,000	885,854
Lincoln National Corp. (Z)	8.750	07-01-19	695,000	896,175
Lincoln National Corp. (6.050% until 4-20-17, then 3 month LIBOR + 2.040%) (Z)	6.050	04-20-67	370,000	342,250
Massachusetts Mutual Life Insurance Company (S)(Z)	8.875	06-01-39	210,000	278,115
MetLife, Inc. (Z)	6.750	06-01-16	335,000	401,582
MetLife, Inc.	5.875	02-06-41	171,875	181,616

New York Life Insurance Company (S)(Z)	6.750	11-15-39	540,000	642,445
Prudential Financial, Inc. (Z)	7.375	06-15-19	210,000	254,534
QBE Insurance Group, Ltd. (S)(Z)	9.750	03-14-14	486,000	587,587
Teachers Insurance & Annuity Association of America (S)(Z)	6.850	12-16-39	605,000	711,973
Unum Group	7.125	09-30-16	395,000	455,996
UnumProvident Finance Company PLC (S)(Z)	6.850	11-15-15	605,000	684,366
W.R. Berkley Corp. (Z)	5.600	05-15-15	365,000	394,596
Willis North America, Inc.	7.000	09-29-19	495,000	540,503
Real Estate Investment Trusts 5.65%				
AMB Property LP (Z)	6.625	12-01-19	490,000	554,880
Biomed Realty LP (S)	6.125	04-15-20	135,000	146,763
Brandywine Operating Partnership LP (Z)	7.500	05-15-15	345,000	389,521
Developers Diversified Realty Corp. (Z)	7.500	04-01-17	465,000	497,988
Dexus Property Group (S)(Z)	7.125	10-15-14	495,000	562,605
Duke Realty LP	8.250	08-15-19	265,000	318,820

	Rate (%)	Maturity date	Par value	Value
Real Estate Investment Trusts (continued)				

Duke Realty LP (Z)	6.750	03-15-20	$590,000	$665,531
Health Care, Inc. (Z)	6.200	06-01-16	505,000	577,545
Healthcare Realty Trust, Inc. (Z)	8.125	05-01-11	175,000	180,916
Healthcare Realty Trust, Inc. (Z)	6.500	01-17-17	540,000	593,258
Host Hotels & Resorts, Inc. (S)	6.000	11-01-20	270,000	270,000
HRPT Properties Trust (Z)	6.650	01-15-18	480,000	519,323
Mack-Cali Realty LP (Z)	7.750	08-15-19	330,000	397,489
ProLogis (Z)	6.625	05-15-18	975,000	1,047,338
ProLogis (Z)	5.625	11-15-15	385,000	408,312
Reckson Operating Partnership LP	7.750	03-15-20	200,000	213,523
Simon Property Group LP (Z)	10.350	04-01-19	345,000	487,689
Simon Property Group LP (Z)	4.375	03-01-21	700,000	717,211
Vornado Realty Trust (Z)	4.250	04-01-15	755,000	782,812
WEA Finance LLC / WT Finance Australia Property, Ltd. (S)	6.750	09-02-19	290,000	341,678
Health Care 3.60%				**6,169,304**
Health Care Equipment & Supplies 1.24%				
Alere, Inc. (S)	8.625	10-01-18	185,000	198,413
Covidien International Finance SA (Z)	5.450	10-15-12	930,000	1,012,365
Hospira, Inc. (Z)	6.050	03-30-17	485,000	561,446
Inverness Medical Innovations, Inc.	7.875	02-01-16	335,000	350,913

Health Care Providers & Services 2.05%				
BioScrip, Inc.	10.250	10-01-15	285,000	301,388
Express Scripts, Inc. (Z)	6.250	06-15-14	935,000	1,077,986
Gentiva Health Services, Inc. (S)	11.500	09-01-18	70,000	76,475
Medco Health Solutions, Inc. (Z)	7.125	03-15-18	545,000	669,677
Medco Health Solutions, Inc.	4.125	09-15-20	175,000	176,476
Sun Healthcare Group, Inc. (Z)	9.125	04-15-15	1,000,000	1,077,500
WellPoint, Inc.	5.800	08-15-40	135,000	135,367
Pharmaceuticals 0.31%				
Catalent Pharma Solutions, Inc., PIK	9.500	04-15-15	425,756	432,142
Valeant Pharmaceuticals International (S)	6.750	10-01-17	95,000	99,156
Industrials 9.17%				**15,705,145**
Aerospace & Defense 0.66%				
Bombardier, Inc. (S)	7.750	03-15-20	240,000	266,400
Colt Defense LLC (S)	8.750	11-15-17	250,000	187,813
Embraer Overseas, Ltd. (Z)	6.375	01-15-20	380,000	418,000
Kratos Defense & Security Solutions, Inc.	10.000	06-01-17	230,000	255,300
Airlines 2.77%				
America West Airlines	8.057	07-02-20	203,983	216,222
Continental Airlines, Inc. (Z)	8.307	04-02-18	161,785	165,021
Continental Airlines, Inc.	6.648	09-15-17	163,409	171,580

Continental Airlines, Inc. (Z)	6.545	02-02-19	220,778	232,920
Continental Airlines, Inc.	5.983	04-19-22	545,011	576,349
Delta Air Lines, Inc. (Z)	6.821	08-10-22	654,109	706,438
Delta Air Lines, Inc.	6.718	01-02-23	697,244	709,445
Delta Air Lines, Inc.	6.200	07-02-18	225,000	240,750

	Rate (%)	Maturity date	Par value	Value
Airlines (continued)				
Northwest Airlines, Inc. (Z)	7.027	11-01-19	$428,748	$451,257
Northwest Airlines, Inc.	6.264	11-20-21	542,610	556,175
United Air Lines, Inc.	10.400	11-01-16	190,032	214,736
United Air Lines, Inc. (Z)	9.750	01-15-17	433,035	508,816
Building Materials 0.60%				
Voto-Votorantim Overseas Trading Operations NV (S)	6.625	09-25-19	450,000	490,500
Voto-Votorantim, Ltd. (S)	6.750	04-05-21	490,000	539,613
Building Products 0.17%				
Masco Corp.	7.125	03-15-20	285,000	299,154
Commercial Services & Supplies 0.12%				

ACCO Brands Corp.	10.625	03-15-15	95,000	107,231
Garda World Security Corp. (S)	9.750	03-15-17	100,000	106,500
Construction & Engineering 0.20%				
Tutor Perini Corp. (S)	7.625	11-01-18	335,000	340,025
Electrical Equipment 0.13%				
Coleman Cable, Inc.	9.000	02-15-18	205,000	214,481
Industrial Conglomerates 1.01%				
Hutchison Whampoa International, Ltd. (S)(Z)	6.500	02-13-13	365,000	402,672
Hutchison Whampoa International, Ltd. (S)(Z)	5.750	09-11-19	615,000	680,444
Odebrecht Finance, Ltd. (S)	7.500	09-14-15	100,000	101,250
Textron, Inc.	5.600	12-01-17	505,000	548,287
Machinery 0.48%				
Terex Corp.	10.875	06-01-16	275,000	313,500
The Manitowoc Company, Inc. (Z)	7.125	11-01-13	500,000	503,750
Marine 0.61%				
Navios Maritime Holdings, Inc. (Z)	9.500	12-15-14	1,000,000	1,037,500
Road & Rail 1.24%				
CSX Corp. (Z)	6.300	03-15-12	1,000,000	1,068,053
Kansas City Southern de Mexico SA de CV	8.000	02-01-18	335,000	365,595
RailAmerica, Inc.	9.250	07-01-17	212,000	234,790
Western Express, Inc. (S)	12.500	04-15-15	485,000	463,175

Trading Companies & Distributors 0.88%				
Aircastle, Ltd.	9.750	08-01-18	190,000	208,050
GATX Corp. (Z)	8.750	05-15-14	950,000	1,125,852
United Rentals North America, Inc.	10.875	06-15-16	150,000	171,000
Transportation Infrastructure 0.30%				
Asciano Finance, Ltd. (S)	4.625	09-23-20	510,000	506,501
Information Technology 1.01%				**1,725,865**
Electronic Equipment, Instruments & Components 1.01%				
Equinix, Inc.	8.125	03-01-18	165,000	174,900
Fiserv, Inc. (Z)	6.800	11-20-17	460,000	533,465
Freescale Semiconductor, Inc. (Z)	8.875	12-15-14	1,000,000	1,017,500

	Rate (%)	Maturity date	Par value	Value
Materials 6.81%				**$11,658,637**
Chemicals 1.40%				
American Pacific Corp. (Z)	9.000	02-01-15	$245,000	245,613
Braskem Finance, Ltd. (S)	7.000	05-07-20	410,000	440,340
Incitec Pivot Finance LLC (S)	6.000	12-10-19	345,000	365,768
Lyondell Chemical Company (S)	8.000	11-01-17	100,000	109,500

Mosaic Company (S)(Z)	7.625	12-01-16	480,000	521,133
Solutia, Inc.	7.875	03-15-20	280,000	309,050
Sterling Chemicals, Inc. (Z)	10.250	04-01-15	400,000	404,000
Construction Materials 0.06%				
Severstal Columbus LLC (S)	10.250	02-15-18	100,000	106,000
Containers & Packaging 0.34%				
Graphic Packaging International, Inc.	9.500	06-15-17	205,000	226,013
Graphic Packaging International, Inc.	7.875	10-01-18	105,000	111,038
Solo Cup Company	10.500	11-01-13	85,000	88,825
U.S. Corrugated, Inc.	10.000	06-12-13	160,000	148,800
Metals & Mining 2.97%				
Allegheny Technologies, Inc. (Z)	9.375	06-01-19	280,000	336,157
ArcelorMittal (Z)	9.850	06-01-19	540,000	696,648
Commercial Metals Company (Z)	7.350	08-15-18	310,000	329,735
FMG Resources Pty, Ltd. (S)	7.000	11-01-15	60,000	61,500
Gerdau Trade, Inc. (S)	5.750	01-30-21	330,000	341,963
Rain CII Carbon LLC (S)(Z)	11.125	11-15-15	1,015,000	1,078,438
Rio Tinto Alcan, Inc. (Z)	6.125	12-15-33	415,000	463,860
Teck Resources, Ltd. (Z)	10.750	05-15-19	1,100,000	1,405,250
Vale Overseas, Ltd.	6.875	11-10-39	320,000	367,322

Paper & Forest Products 2.04%

Boise Paper Holdings LLC	8.000	04-01-20	100,000	108,000
Georgia-Pacific LLC (S)	5.400	11-01-20	580,000	585,800
International Paper Company (Z)	9.375	05-15-19	385,000	508,404
International Paper Company (Z)	7.950	06-15-18	530,000	648,043
PE Paper Escrow GmbH (S)	12.000	08-01-14	100,000	115,983
Verso Paper Holdings LLC, Series B (Z)	9.125	08-01-14	1,000,000	1,030,000
Westvaco Corp. (Z)	7.950	02-15-31	475,000	505,454
Telecommunication Services 4.34%				**7,436,507**

Diversified Telecommunication Services 2.67%

Affinion Group Holdings, Inc. (S)	11.625	11-15-15	235,000	241,756
Axtel SAB de CV (S)	9.000	09-22-19	160,000	147,800
BellSouth Corp. (Z)	6.300	12-15-15	675,072	737,815
Frontier Communications Corp. (Z)	8.500	04-15-20	635,000	733,425
Intelsat Jackson Holdings SA	11.500	06-15-16	365,000	396,938
Qwest Corp. (Z)	8.375	05-01-16	330,000	397,650
Telecom Italia Capital SA (Z)	6.175	06-18-14	1,110,000	1,240,273
West Corp. (Z)	11.000	10-15-16	630,000	680,400

	Rate (%)	Maturity date	Par value	Value
Wireless Telecommunication Services 1.67%				
America Movil SAB de CV (Z)	5.000	03-30-20	$440,000	$480,987
Digicel Group, Ltd. (S)(Z)	8.875	01-15-15	1,080,000	1,096,200
NII Capital Corp.	10.000	08-15-16	230,000	260,763
Sprint Capital Corp. (Z)	6.900	05-01-19	1,000,000	1,022,500
Utilities 5.92%				**10,135,950**
Electric Utilities 4.55%				
Allegheny Energy Supply Company LLC (S)(Z)	5.750	10-15-19	460,000	482,538
Aquila, Inc. (Z)	11.875	07-01-12	515,000	592,214
BVPS II Funding Corp. (Z)	8.890	06-01-17	590,000	693,676
Commonwealth Edison Company (Z)	5.800	03-15-18	525,000	611,607
Exelon Corp. (Z)	4.900	06-15-15	985,000	1,085,185
FirstEnergy Solutions Corp. (Z)	4.800	02-15-15	370,000	399,660
FPL Energy National Wind LLC (S)(Z)	5.608	03-10-24	270,256	282,382
ITC Holdings Corp. (S)(Z)	5.875	09-30-16	175,000	199,508
ITC Holdings Corp. (S)(Z)	5.500	01-15-20	415,000	457,056
Oncor Electric Delivery Company LLC (S)	5.000	09-30-17	820,000	911,908
PNPP II Funding Corp. (Z)	9.120	05-30-16	322,000	349,248
Teco Finance, Inc. (Z)	6.572	11-01-17	298,000	346,097

Texas Competitive Electric Holdings Company LLC, Series A (Z)	10.250	11-01-15	1,000,000	620,000
TXU Corp. (Z)	7.460	01-01-15	293,787	270,469
Waterford 3 Funding Corp. (Z)	8.090	01-02-17	470,896	480,055
Independent Power Producers & Energy Traders 0.73%				
AES Eastern Energy LP, Series 199-A (Z)	9.000	01-02-17	837,190	879,050
NRG Energy, Inc. (S)	8.250	09-01-20	355,000	376,300
Multi-Utilities 0.29%				
Sempra Energy (Z)	6.500	06-01-16	415,000	500,675
Water Utilities 0.35%				
Indiantown Cogeneration LP, Series A9 (Z)	9.260	12-15-10	55,351	55,504
Midwest Generation LLC, Series B (Z)	8.560	01-02-16	541,465	542,818
Convertible Bonds 0.52%				**$886,875**
(Cost $811,144)				
Consumer Discretionary 0.52%				**886,875**
Media 0.52%				
XM Satellite Radio, Inc. (S)	7.000	12-01-14	750,000	886,875
Term Loans (M) 0.27%				**$455,181**
(Cost $521,699)				
Consumer Discretionary 0.27%				**455,181**
Hotels, Restaurants & Leisure 0.27%				
East Valley Tourist Development Authority	12.000	08-06-12	524,704	455,181

	Rate (%)	Maturity date	Par value	Value
Capital Preferred Securities 0.66%				**$1,137,125**
(Cost $1,174,061)				
Financials 0.66%				
Capital Markets 0.39%				
State Street Capital Trust IV (P)(Z)	1.292	06-15-37	$905,000	667,737
Commercial Banks 0.27%				
Sovereign Capital Trust VI (Z)	7.908	06-13-36	480,000	469,388
U.S. Government & Agency Obligations 37.56%				**$64,326,494**
(Cost $63,041,396)				
U.S. Government 9.89%				**16,936,057**
U.S. Treasury Bonds				
Bond	4.500	08-15-39	2,530,000	2,752,956
Bond	4.375	05-15-40	1,485,000	1,582,921
U.S. Treasury Notes				
Note	2.625	08-15-20	4,195,000	4,199,589
Note	1.750	07-31-15	3,075,000	3,167,004
Note	1.250	08-31-15	3,225,000	3,244,150
Note	1.250	09-30-15	1,980,000	1,989,437
U.S. Government Agency 27.67%				**47,390,437**
Federal Home Loan Mortgage Corp.				

30 Yr Pass Thru Ctf	6.500	06-01-37	67,122	74,063
30 Yr Pass Thru Ctf	6.500	10-01-37	131,359	144,695
30 Yr Pass Thru Ctf	6.500	11-01-37	242,695	268,471
30 Yr Pass Thru Ctf	6.500	12-01-37	121,203	133,432
30 Yr Pass Thru Ctf	6.500	12-01-37	82,218	90,565
30 Yr Pass Thru Ctf	6.500	03-01-38	248,534	273,611
30 Yr Pass Thru Ctf	6.500	04-01-39	3,297,784	3,626,403
30 Yr Pass Thru Ctf	6.500	09-01-39	219,447	241,314
30 Yr Pass Thru Ctf	4.500	03-01-39	3,485,419	3,650,458
30 Yr Pass Thru Ctf	4.000	09-01-40	6,223,397	6,413,836
Federal National Mortgage Association				
15 Yr Pass Thru Ctf	4.000	06-01-24	1,345,892	1,411,548
15 Yr Pass Thru Ctf	4.000	06-01-24	3,183,092	3,338,371
15 Yr Pass Thru Ctf	1.800	03-15-13	1,015,000	1,019,664
30 Yr Pass Thru Ctf	5.500	02-01-36	2,223,787	2,397,525
30 Yr Pass Thru Ctf	5.500	12-01-36	7,255,383	7,799,549
30 Yr Pass Thru Ctf	5.500	06-01-37	1,284,089	1,379,996
30 Yr Pass Thru Ctf	5.500	06-01-38	2,555,842	2,742,742
30 Yr Pass Thru Ctf	4.000	08-01-40	7,595,000	7,839,871
30 Yr Pass Thru Ctf	4.000	10-01-40	2,745,136	2,833,642
30 Yr Pass Thru Ctf	4.000	10-01-40	838,573	867,968
Government National Mortgage Association				
30 Yr Pass Thru Ctf	5.500	11-15-38	777,000	842,713
Collateralized Mortgage Obligations 9.54%				**$16,348,306**
(Cost $23,149,088)				
Commercial & Residential 8.35%				**14,312,598**
American Home Mortgage Assets				
Series 2006-6, Class XP IO	2.482	12-25-46	9,764,994	472,206
American Tower Trust				
Series 2007-1A, Class D (S)	5.957	04-15-37	865,000	924,747

	Rate (%)	Maturity date	Par value	Value
Banc of America Funding Corp.				
Series 2006-B, Class 6A1 (P)	5.805	03-20-36	$693,882	$504,950
Bear Stearns Adjustable Rate Mortgage Trust				
Series 2005-1, Class B2 (P)	3.731	03-25-35	789,898	78,933
Bear Stearns Alt-A Trust				
Series 2005-3, Class B2 (P)	2.774	04-25-35	544,208	20,359
Bear Stearns Commercial Mortgage Securities, Inc.				
Series 2006-PW14, Class D (S)	5.412	12-11-38	655,000	169,923
Citigroup/Deutsche Bank Commercial Mortgage Trust				
Series 2005-CD1, Class C (P)	5.222	07-15-44	295,000	202,782
Countrywide Alternative Loan Trust				
Series 2006-OA12, Class X IO	2.916	09-20-46	13,989,848	575,146
First Horizon Alternative Mortgage Securities				
Series 2004-AA5, Class B1 (P)	2.289	12-25-34	408,838	49,119
GSR Mortgage Loan Trust				
Series 2006-4F, Class 6A1	6.500	05-25-36	2,868,650	2,426,413
Series 2004-9, Class B1 (P)	3.607	08-25-34	801,410	311,870
Harborview Mortgage Loan Trust				
Series 2005-11, Class X IO	2.366	08-19-45	3,446,706	130,306
Series 2005-2, Class X IO	2.361	05-19-35	14,410,950	644,998
Series 2005-8, Class 1X IO	2.409	09-19-35	5,806,772	223,561
Series 2007-3, Class ES IO	0.350	05-19-47	14,836,240	97,177
Series 2007-4, Class ES IO	0.350	07-19-47	17,488,625	97,936
Series 2007-6, Class ES IO (S)	0.342	08-19-37	11,868,700	76,672
Harborview Net Interest Margin Corp.				

Series 2006-9A, Class N2 (H)(I)(S)		11-19-36	323,137	0
IndyMac Index Mortgage Loan Trust				
Series 2004-AR13, Class B1	5.296	01-25-35	$320,043	$27,730
Series 2005-AR18, Class 1X IO	2.290	10-25-36	11,884,628	401,700
Series 2005-AR18, Class 2X IO	1.992	10-25-36	11,352,587	354,201
Series 2005-AR5, Class B1 (P)	2.795	05-25-35	425,673	11,473
JPMorgan Chase Commercial Mortgage Securities Corp.				
Series 2006-LDP7, Class AM (P)	5.872	04-15-45	535,000	532,501
Series 2005-LDP4, Class B (P)	5.129	10-15-42	2,035,000	1,527,729
Merrill Lynch Mortgage Investors Trust				
Series 2006-AF1, Class MF1 (H)	6.306	08-25-36	686,158	1,359
MLCC Mortgage Investors, Inc.				
Series 2006-3, Class 2A1 (P)	6.059	10-25-36	884,243	833,834
Series 2007-3, Class M1 (P)	5.511	09-25-37	365,426	156,840
Series 2007-3, Class M2 (P)	5.511	09-25-37	134,861	55,428
Series 2007-3, Class M3 (P)	5.511	09-25-37	91,358	34,480
Morgan Stanley Capital I				
Series 2008-HQ8, Class AM (P)	5.437	03-12-44	1,020,000	1,025,605
Series 2006-IQ12, Class E (H)(P)	5.538	12-15-43	640,000	98,400
Provident Funding Mortgage Loan Trust				
Series 2005-1, Class B1 (P)	2.970	05-25-35	399,335	104,672
Thornburg Mortgage Securities Trust				
Series 2004-1, Class II2A (P)	2.118	03-25-44	649,669	628,311
Washington Mutual, Inc.				
Series 2005-AR1, Class X IO	1.640	01-25-45	20,047,801	594,273
Series 2005-AR12, Class 1A2 (P)	2.723	10-25-35	356,518	346,673
Series 2005-AR4, Class B1 (P)	2.723	04-25-35	1,483,027	305,268
Series 2005-6, Class 1CB	6.500	08-25-35	352,377	265,023

 See notes to financial statements

	Rate (%)	Maturity date	Par value	Value
U.S. Government Agency 1.19%				**$2,035,708**
Federal National Mortgage Association				
Series 2009-47, Class EI IO	5.000	08-25-19	$1,211,756	135,723
Series 398, Class C3 IO	4.500	05-25-39	1,810,016	251,929
Series 401, Class C2 IO	4.500	06-25-39	1,177,108	163,938
Series 402, Class 3 IO	4.000	11-25-39	1,253,349	266,593
Series 402, Class 4 IO	4.000	10-25-39	2,228,004	400,465
Series 402, Class 7 IO	4.500	11-25-39	2,056,489	281,673
Series 402, Class 8 IO	4.500	11-25-39	2,515,047	342,314
Government National Mortgage Association				
Series 2010-78, Class AI IO	4.500	04-20-39	1,883,639	193,073
Asset Backed Securities 1.62%				**$2,769,463**
(Cost $2,722,307)				
Asset Backed Securities 1.62%				**2,769,463**
ContiMortgage Home Equity Loan Trust				
Series 1995-2, Class A-5	8.100	08-15-25	38,812	36,648
DB Master Finance LLC				
Series 2006-1, Class-M1 (S)	8.285	06-20-31	340,000	336,780
Dominos Pizza Master Issuer LLC (S)				
Series 2007-1, Class M1	7.629	04-25-37	1,000,000	962,150
Hertz Vehicle Financing LLC				
Series 2009-2A, Class A2 (S)	5.290	03-25-16	760,000	841,939
Novastar Home Equity Loan (P)				
Series 2004-4, Class M3	1.336	03-25-35	645,000	591,946
			Shares	**Value**
Common Stocks 1.18%				**$2,026,357**

(Cost $2,369,394)		
Consumer Discretionary 0.05%		**84,924**
Hotels, Restaurants & Leisure 0.05%		
Greektown Superholdings, Inc. (I)	768	84,924
Health Care 0.31%		**525,787**
Pharmaceuticals 0.31%		
Johnson & Johnson	8,258	525,787
Information Technology 0.30%		**521,820**
Semiconductors & Semiconductor Equipment 0.30%		
Intel Corp.	26,000	521,820
Materials 0.52%		**893,826**
Paper & Forest Products 0.52%		
Smurfit-Stone Container Corp. (I)	38,862	893,826
Preferred Securities 4.17%		**$7,149,752**
(Cost $6,960,216)		
Consumer Discretionary 0.97%		**1,657,686**
Hotels, Restaurants & Leisure 0.97%		
Greektown Superholdings, Inc., Series A (I)(Z)	14,991	1,657,686

	Shares	Value

Consumer Staples 0.59%		**$1,019,923**
Food & Staples Retailing 0.59%		
Ocean Spray Cranberries, Inc., Series A, 6.250% (S)(Z)	12,500	1,019,923
Energy 0.16%		**273,365**
Oil, Gas & Consumable Fuels 0.16%		
Apache Corp., Series D, 6.000%	4,697	273,365
Financials 1.86%		**3,191,578**
Diversified Financial Services 0.46%		
Bank of America Corp., Series MER, 8.625% (Z)	26,575	682,978
Citigroup Capital XIII (7.875% to 10-30-15, then 3 month LIBOR + 6.370%)	3,900	103,350
Real Estate Investment Trusts 1.40%		
Apartment Investment & Management Company, Series T, 8.000% (Z)	55,000	$1,405,250
Public Storage, Inc., Depositary Shares, Series W, 6.500% (Z)	40,000	1,000,000
Telecommunication Services 0.59%		**1,007,200**
Wireless Telecommunication Services 0.59%		
Telephone & Data Systems, Inc., Series A, 7.600% (Z)	40,000	1,007,200
Short-Term Investments 0.80%		**$1,377,000**
(Cost $1,377,000)		
	Par value	**Value**
Repurchase Agreement 0.10%		**$177,000**
Repurchase Agreement with State Street Corp. dated 10-29-		

10 at 0.010% to be repurchased at $177,000 on 11-1-10, collateralized by $185,000 Federal Home Loan Mortgage Corp., 0.515% due 11-26-12 (valued at $185,000, including interest)			$177,000	177,000

	Rate (%)	Maturity date	Par value	Value
Short-Term Securities 0.70%				**$1,200,000**
Federal Home Loan Bank Discount Notes	0.100	11-01-10	$1,200,000	1,200,000
Total investments (Cost $245,670,999)146.97%				**$251,728,493**
Other assets and liabilities, net (46.97%)				**($80,453,335)**
Total net assets 100.00%				**$171,275,158**

The percentage shown for each investment category is the total value of that category as a percentage of the net assets of the Fund.

IO Interest Only Security Interest Tranche of Stripped Mortgage Pool

LIBOR London Interbank Offered Rate

PIK Paid In Kind

(H) Defaulted security. Currently, the issuer is in default with respect to interest payments.

(I) Non-income producing security.

(M) Term loans are variable rate obligations. The coupon rate shown represents the rate at period end unless the investment is unsettled.

(P) Variable rate obligation. The coupon rate shown represents the rate at period end.

(Q) Perpetual bonds have no stated maturity date.

(S) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration. Rule 144A securities amounted to $47,810,039 or 27.91% of the Fund s net assets as of 10-31-10.

(Z) All or a portion of this security is segregated as collateral pursuant to the Committed Facility Agreement. Total collateral value at 10-31-10 was $123,547,727.

At 10-31-10, the aggregate cost of investment securities for federal income tax purposes was $246,350,479 Net unrealized appreciation aggregated $5,378,014, of which $17,182,398 related to appreciated investment securities and $11,804,384 related to depreciated investment securities.

The portfolio had the following country concentration as a percentage of investments on 10-31-10:

United States	88%
Canada	2%
Australia	2%
Luxembourg	1%
Cayman Islands	1%
United Kingdom	1%
Mexico	1%
Bermuda	1%
Other Countries	2%
Short-Term Investments	1%

F I N A N C I A L S T A T E M E N T S

Financial statements

Statement of assets and liabilities 10-31-10

This Statement of Assets and Liabilities is the Fund's balance sheet. It shows the value of what the Fund owns, is due and owes. You'll also find the net asset value for each common share.

Assets	
Investments, at value (Cost $245,670,999)	$251,728,493
Cash	562
Cash held at broker for futures contracts	54,450
Receivable for investments sold	927,743
Dividends and interest receivable	3,457,361
Other receivables	20,403
Total assets	**256,189,012**

Liabilities

Payable for investments purchased	1,285,261
Committed Facility Agreement payable (Note 8)	83,500,000
Payable for futures variation margin	9,898
Interest payable (Note 8)	10,674
Payable to affiliates	
Accounting and legal services fees	3,244
Transfer agent fees	12,500
Trustees fees	12,860
Other liabilities and accrued expenses	79,417
Total liabilities	**84,913,854**

Net assets

Capital paid-in	$182,892,240
Undistributed net investment income	977,458
Accumulated net realized loss on investments, futures contracts and swap agreements	(18,554,248)
Net unrealized appreciation on investments and futures contracts	5,959,708
Net assets	**$171,275,158**

Net asset value per share

Based on 11,559,635 shares of beneficial interest outstanding unlimited number of shares authorized with no par value	$14.82

FINANCIAL STATEMENTS

Statement of operations For the year ended 10-31-10

This Statement of Operations summarizes the Funds investment income earned, expenses incurred in operating the Fund. It also shows net gains (losses) for the period stated.

Investment income

Interest	$16,232,910
Dividends	301,402

Total investment income	**16,534,312**
Expenses	
Investment management fees (Note 5)	1,297,790
Accounting and legal services fees (Note 5)	24,755
Transfer agent fees	99,782
Trustees fees (Note 5)	50,228
Printing and postage	61,190
Professional fees	174,149
Custodian fees	40,348
Interest expense (Note 8)	1,074,179
Stock exchange listing fees	24,035
Other	37,128
Total expenses	**2,883,584**
Net investment income	**13,650,728**
Realized and unrealized gain (loss)	
Net realized gain (loss) on	
Investments	459,525
Futures contracts (Note 3)	(270,905)
Swap contracts (Note 3)	(1,260,170)
	(1,071,550)
Change in net unrealized appreciation (depreciation) of	
Investments	15,789,811
Futures contracts (Note 3)	(83,694)
Swap contracts (Note 3)	1,219,458
	16,925,575
Net realized and unrealized gain	**15,854,025**
Increase in net assets from operations	**$29,504,753**

Statements of changes in net assets

These Statements of Changes in Net Assets show how the value of the Fund's net assets has changed during the last two periods. The difference reflects earnings less expenses, any investment gains and losses, distributions, if any, paid to shareholders and the net of Fund share transactions.

Increase (decrease) in net assets	**Year ended 10-31-10**	**Year ended 10-31-09**
From operations		
Net investment income	$13,650,728	$13,454,313
Net realized gain (loss)	(1,071,550)	(6,980,423)
Change in net unrealized appreciation (depreciation)	16,925,575	37,934,387
Increase in net assets resulting from operations	**29,504,753**	**44,408,277**
Distributions to shareholders		
From net investment income	(13,367,891)	(12,871,827)
From Fund share transactions (Note 6)	**1,079,434**	**1,059,251**
Total increase	**17,216,296**	**32,595,701**
Net assets		
Beginning of year	154,058,862	121,463,161
End of year	**$171,275,158**	**$154,058,862**
Undistributed net investment income	**$977,458**	**$1,010,933**

 See notes to financial statements

F I N A N C I A L   S T A T E M E N T S

Statement of cash flows 10-31-10

This Statement of Cash Flows shows cash flow from operating and financing activities for the period stated.

	For the year ended 10-31-10
Cash flows from operating activities	
Net increase in net assets from operations	$29,504,753
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Long-term investments purchased	(209,995,663)
Long-term investments sold	185,081,475
Increase in short-term investments	(1,084,000)
Net amortization of premium (discount)	871,693
Decrease in dividends and interest receivable	219,630
Decrease in payable for investments purchased	(105,337)
Increase in receivable for investments sold	(295,513)
Decrease in cash held at broker for futures contracts	7,650
Decrease in other receivables	16,001
Decrease in prepaid arrangement fees	63,907
Net change in unrealized (appreciation) depreciation of swap contracts	(1,219,458)
Decrease in payable for futures variation margin	(10,586)
Decrease in payable to affiliates	(8,932)
Increase in interest payable	5,389
Decrease in other liabilities and accrued expenses	(12,817)
Net change in unrealized (appreciation) depreciation on investments	(15,789,811)
Net realized gain on investments	(459,525)
Net cash used in operating activities	**($13,211,144)**
Cash flows from financing activities	
Borrowings from credit facility agreement payable	25,500,000
Distributions to common shareholders net of reinvestments	(12,288,457)
Net cash provided by financing activities	**$13,211,543**
Net increase in cash	**$399**
Cash at beginning of period	**$163**
Cash at end of period	**$562**
Supplemental disclosure of cash flow information	

Cash paid for interest	**$1,068,790**
Noncash financing activities not included herein consist of reinvestment of distributions	**1,079,434**

Financial highlights

The Financial Highlights show how the Fund's net asset value for a share has changed since the end of the previous period.

COMMON SHARES Period ended	**10-31-10**	**10-31-09**	**10-31-08**[1]	**12-31-07**	**12-31-06**	**12-31-05**
Per share operating performance						
Net asset value, beginning of period	**$13.42**	**$10.67**	**$14.53**	**$15.22**	**$15.30**	**$16.19**
Net investment income[2]	1.19	1.18	1.05	1.34	1.26	1.20
Net realized and unrealized gain (loss) on investments	1.37	2.70	(3.92)	(0.69)	(0.03)	(0.81)
Distributions to Auction Preferred Shares (APS)			(0.15)	(0.42)	(0.38)	(0.25)
Total from investment operations	**2.56**	**3.88**	**(3.02)**	**0.23**	**0.85**	**0.14**
Less distributions to common shareholders						
From net investment income	(1.16)	(1.13)	(0.84)	(0.92)	(0.93)	(1.03)
Net asset value, end of period	**$14.82**	**$13.42**	**$10.67**	**$14.53**	**$15.22**	**$15.30**
Per share market value, end of period	**$14.76**	**$12.94**	**$9.67**	**$12.85**	**$14.75**	**$13.68**
Total return at net asset value (%)[3]	**19.90**	**39.06**	**(21.36)**[4]	**1.97**	**6.24**	**1.36**[5]
Total return at market value (%)[3]	**23.85**	**47.95**	**(19.41)**[4]	**(6.94)**	**15.15**	**(6.42)**
Ratios and supplemental data						
Net assets applicable to common shares, end of period (in millions)	$171	$154	$121	$165	$172	$172
Ratios (as a percentage of average						

net assets):						
Expenses (excluding interest expense)	1.12	1.40	1.41[6]	1.16[7]	1.17[7]	1.16[7]
Interest expense (Note 8)	0.66	0.85	0.76[6]	—	—	—
Expenses (including interest expense)	1.78	2.25	2.17[6]	1.16[7]	1.17[7]	1.16[7]
Net investment income	8.44	10.56	9.37[6]	8.87[8]	8.30[8]	7.62[8]
Portfolio turnover (%)	79	94	40	54	94	148

Senior securities

Total value of APS outstanding (in millions)	—	—	—	$90	$90	$90
Involuntary liquidation preference per unit (in thousands)	—	—	—	25	25	25
Average market value per unit (in thousands)	—	—	—	25	25	25
Asset coverage per unit[9]	—	—	—[10]	$71,228	$73,375	$72,470
Total debt outstanding end of period (in millions) (Note 8)	$84	$58	$58	—	—	—
Asset coverage per $1,000 of APS[11]	—	—	—	$2,851	$2,928	$2,928
Asset coverage per $1,000 of debt[12]	$3,051	$3,656	$3,094	—	—	—

[1] For the ten-month period ended 10-31-08. The Fund changed its fiscal year end from December 31 to October 31.
[2] Based on the average daily shares outstanding.
[3] Total return based on net asset value reflects changes in the Fund's net asset value during each period. Total return based on market value reflects changes in market value. Each figure assumes that dividend and capital gain distributions, if any, were reinvested. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares traded during the period.
[4] Not annualized.
[5] Unaudited.
[6] Annualized.
[7] Ratios calculated on the basis of expenses relative to the average net assets of common shares. Without the exclusion of preferred shares, the annualized ratio of expenses would have been 0.76%, 0.77% and 0.77% for the periods ended 12-31-07, 12-31-06 and 12-31-05, respectively.
[8] Ratios calculated on the basis of net investment income relative to the average net assets of common shares. Without the exclusion of preferred shares, the annualized ratio of net investment income would have been 5.82%, 5.45%, and 5.06% for the periods ended 12-31-07, 12-31-06 and 12-31-05, respectively.
[9] Calculated by subtracting the Fund's total liabilities from the Fund's total assets and dividing that amount by the number of APS outstanding, as of the applicable 1940 Act Evaluation Date, which may differ from the financial reporting date.
[10] In May 2008, the Fund entered into a Credit Facility Agreement with a third-party commercial bank in order to redeem the

APS. The redemption of all APS was completed on 6-12-08.

11 Asset coverage equals the total net assets plus APS divided by the APS of the Fund outstanding at period end.

12 Asset coverage equals the total net assets plus borrowings divided by the borrowings of the Fund outstanding at period end (Note 8).

Notes to financial statements

Note 1 Organization

John Hancock Income Securities Trust (the Fund) is a closed-end diversified management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act).

Note 2 Significant accounting policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Events or transactions occurring after the end of the fiscal period through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Security valuation. Investments are stated at value as of the close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 P.M., Eastern Time. The Fund uses a three-tier hierarchy to prioritize the pricing assumptions, referred to as inputs, used in valuation techniques to measure fair value. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes significant observable inputs. Observable inputs may include quoted prices for similar securities, interest rates, prepayment speeds and credit risk. Prices for securities valued using these techniques are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes significant unobservable inputs when market prices are not readily available or reliable, including the Funds own assumptions in determining the fair value of investments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the values by input classification of the Funds investments as of October 31, 2010, by major security category or type:

INVESTMENTS IN SECURITIES	TOTAL MARKET VALUE AT 10-31-10	LEVEL 1 QUOTED PRICE	LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS
U.S. Government & Agency Obligations	**$64,326,494**		$64,326,494	
Corporate Bonds	**155,251,940**		154,933,775	$318,165
Convertible Bonds	**886,875**		886,875	
Term Loans	**455,181**		455,181	
Capital Preferred Securities	**1,137,125**		1,137,125	

Collateralized Mortgage Obligations	**16,348,306**	—	15,078,594	1,269,712
Asset-Backed Securities	**2,769,463**	—	2,769,463	—
Common Stocks	**2,026,357**	$1,941,433	—	84,924
Preferred Securities	**7,149,752**	4,472,143	1,019,923	1,657,686
Short-Term Investments	**1,377,000**	—	1,377,000	—
Total Investments in Securities	**$251,728,493**	**$6,413,576**	**$241,984,430**	**$3,330,487**
Other Financial Instruments				
Futures	**($97,786)**	**($97,786)**	—	—

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	ASSET-BACKED SECURITIES	COLLATERALIZED MORTGAGE OBLIGATIONS	CORPORATE BONDS	COMMON STOCKS	PREFERRED SECURITIES	TOTAL
Balance as of 10-31-09	$750,000	$6,578,122	$884,400	—	—	$8,212,522
Accrued discounts/ premiums	—	116	—	—	—	116
Realized gain (loss)	—	2,606,354	999	—	—	2,607,353
Change in unrealized appreciation (depreciation)	—	(3,153,200)	31,165	—	$135,926	(2,986,109)
Net purchases (sales)	—	(2,991,952)	(33,999)	$84,924	1,521,760	(1,419,267)
Net transfers in and/out of Level 3	(750,000)	(1,769,728)	(564,400)	—	—	(3,084,128)
Balance as of 10-31-10	—	**$1,269,712**	**$318,165**	**$84,924**	**$1,657,686**	**$3,330,487**
Change in unrealized at period end*	—	($154,531)	$31,165	—	$135,926	$12,560

*Change in unrealized appreciation (depreciation) attributable to Level 3 securities held at the period end. This balance is included in the change in unrealized appreciation (depreciation) on the Statement of Operations.

During the year ended October 31, 2010, there were no significant transfers in or out of Level 1 or Level 2 assets.

In order to value the securities, the Fund uses the following valuation techniques. Equity securities held by the Fund are valued at the last sale price or official closing price on the principal securities exchange on which they trade. In the event there were no sales during the day or closing prices are not available, then securities are valued using the last quoted bid or evaluated price. Debt obligations are valued based on the evaluated prices provided by an independent pricing service, which utilizes both dealer-supplied and electronic data processing techniques, taking into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data. Certain securities traded only in the over-the-counter market are valued at the last bid price quoted by brokers making markets in the securities at the close of trading. Certain short-term securities are valued at amortized cost. Other portfolio securities and assets, where market quotations are not readily available, are valued at fair value, as determined in good faith by the Fund□s Pricing Committee, following procedures established by the Board of Trustees.

Repurchase agreements. The Fund may enter into repurchase agreements. When a Fund enters into a repurchase agreement, it receives collateral which is held in a segregated account by the Fund□s custodian. The collateral amount is marked-to-market and monitored on a daily basis to ensure that the collateral held is in an amount not less than the principal amount of the repurchase agreement plus any accrued interest. In the event of a default by the counterparty, realization of the collateral proceeds could be delayed, during which time the collateral value may decline.

Security transactions and related investment income. Investment security transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is accrued as earned. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds from litigation. Dividend income is recorded on the ex-date, except for certain foreign dividends where the ex-date may have passed, which are recorded when the Fund becomes aware of the dividends. Interest income includes coupon interest and amortization/accretion of premiums/discounts on debt securities. Debt obligations may be placed in a non-accrual status and related interest income may be reduced by stopping current

accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful.

Payment-in-kind bonds. The Fund may invest in payment-in-kind bonds (PIK Bonds). PIK Bonds allow the issuer, at its option, to make current interest payments on the bonds either in cash or in additional bonds. The market prices of PIK Bonds are affected to a greater extent by interest rate changes and thereby tend to be more volatile than securities which pay cash interest periodically. The Fund accrues income on these securities and this income is required to be distributed to shareholders. Because no cash is received at the time income accrues on these securities, the Fund may need to sell other investments to make distributions.

Real estate investment trusts. From time to time, the Fund may invest in real estate investment trusts (REITs) and, as a result, will estimate the components of distributions from these securities. Distributions from REITs received in excess of income are recorded as a reduction of cost of investments and/or as a realized gain.

Stripped securities. Stripped mortgage backed securities are financial instruments that derive their value from other instruments so that one class receives the entire principal from the underlying mortgage assets (PO or principal only), while the other class receives the interest cash flows (IO or interest only). Both PO and IO investments represent an interest in the cash flows of an underlying stripped mortgage backed security. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Fund may fail to fully receive its initial investment in an IO security. The market value of these securities can be extremely volatile in response to changes in interest rates. In addition, these securities present additional credit risk such that the Fund may not receive all or part of its principal because the counterparty or issuer has defaulted on its obligation.

Overdrafts. Pursuant to the custodian agreement, the Fund□s custodian may, in its discretion, advance funds to the Fund to make properly authorized payments. When such payments result in an overdraft, the Fund is obligated to repay the custodian for any overdraft, including any costs or expenses associated with the overdraft. The custodian has a lien, security interest or security entitlement in any Fund property, that is not segregated, to the maximum extent permitted by law to the extent of any overdraft.

Expenses. The majority of expenses are directly attributable to an individual fund. Expenses that are not readily attributable to a specific fund are allocated among all funds in an equitable manner, taking into consideration, among other things, the nature and type of expense and the fund□s relative assets. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Federal income taxes. The Fund intends to qualify as a regulated investment company by complying with the applicable provisions of the Internal Revenue Code and will not be subject to federal income tax on taxable income that is distributed to shareholders. Therefore, no federal income tax provision is required.

For federal income tax purposes, the Fund has a capital loss carryforward of $17,851,774 available to offset future net realized capital gains as of October 31, 2010. The following table details the capital loss carryforward available as of October 31, 2010.

CAPITAL LOSS CARRYFORWARD EXPIRING AT OCTOBER 31

2012	2013	2014	2015	2016	2017	2018
$2,123,466	$2,443,482	$3,342,775	$1,351,797	$1,367,076	$6,785,450	$437,728

As of October 31, 2010, the Fund had no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure. The Fund□s federal tax return is subject to examination by the Internal Revenue Service for a period of three years.

Distribution of income and gains. Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-date. The Fund generally declares and pays dividends quarterly and capital gain distributions, if any, annually. The tax character of distributions for the years ended October 31, 2010 and October 31, 2009 was as follows:

	OCTOBER 31, 2010	OCTOBER 31, 2009
Ordinary Income	$13,367,891	$12,871,827

As of October 31, 2010, the components of distributable earnings on a tax basis included $987,438 of undistributed ordinary income.

Such distributions and distributable earnings, on a tax basis, are determined in conformity with income tax regulations, which may differ from accounting principles generally accepted in the United States of America. Material distributions in excess of tax basis earnings and profits, if any, are reported in the Fund□s financial statements as a return of capital.

Capital accounts within financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences, if any, will reverse in a subsequent period. Book-tax differences are primarily attributable to pay-downs, defaulted bonds, derivative transactions and amortization and accretion on debt securities.

Statement of cash flows. Information on financial transactions that have been settled through the receipt and disbursement of cash is presented in the Statement of Cash Flows. The cash amount shown in the Statement of Cash Flows is the amount included in the Fund's Statement of Assets and Liabilities and represents the cash on hand at its custodian and does not include any short-term investments.

Note 3 Derivative instruments

The Fund may invest in derivatives, including futures contracts and swap contracts, in order to meet its investment objectives. The use of derivatives may involve risks different from, or potentially greater than, the risks associated with investing directly in securities. Specifically, derivatives expose the Fund to the risk that the counterparty to an over-the-counter (OTC) derivatives contract will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. OTC derivatives transactions typically can only be closed out with the other party to the transaction. If the counterparty defaults, the Fund will have contractual remedies, but there is no assurance that the counterparty will meet its contractual obligations or that the Fund will succeed in enforcing them.

Futures. A futures contract is a contractual agreement to buy or sell a particular commodity, currency, or financial instrument at a pre-determined price in the future. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values and/or interest rates and potential losses in excess of the Fund's initial investment.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities. The amount of required margin is generally based on a percentage of the contract value; this amount is the initial margin for the trade. The margin deposit must then be maintained at the established level over the life of the contract.

Futures contracts are marked-to-market daily and an appropriate payable or receivable for the change in value (variation margin) is recorded by the Fund.

During the year ended October 31, 2010, the Fund used futures contracts to manage duration of the portfolio. The following table summarizes the contracts held at October 31, 2010. The range of futures contracts absolute notional amounts held by the Fund during the year ended October 31, 2010 was $2.7 million to $7.5 million.

OPEN CONTRACTS	NUMBER OF CONTRACTS	POSITION	EXPIRATION DATE	VALUE (USD)	UNREALIZED APPRECIATION (DEPRECIATION)
U.S. Treasury 30-Year Bond Futures	10	Long	Dec 2010	$1,309,375	($36,903)
U.S. Treasury 5-Year Note Futures	27	Short	Dec 2010	(3,282,609)	(40,154)

U.S. Treasury 10-Year Note Futures	23	Short	Dec 2010	(2,904,469)	(20,729)
					($97,786)

Interest rate swaps. Interest rate swaps represent an agreement between a Fund and counterparty to exchange cash flows based on the difference between two interest rates applied to a notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The Fund settles accrued net interest receivable or payable under the swap contracts on a periodic basis. Swaps are marked-to-market daily based upon values from third party vendors or broker quotations, and the change in value is recorded as unrealized appreciation/ depreciation of swap contracts.

Entering into swap agreements involves, to varying degrees, elements of credit, market and documentation risk that may amount to values that are in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for the swap, that a counterparty may default on its obligation or delay payment under the swap terms. The counterparty may disagree or contest the terms of the swap. Market risks may also accompany the swap, including interest rate risk. The Fund may also suffer losses if it is unable to terminate or assign outstanding swaps or reduce its exposure through offsetting transactions.

There were no open interest rate swap contracts at October 31, 2010.

Fair value of derivative instruments by risk category

The table below summarizes the fair value of derivatives held by the Fund at October 31, 2010 by risk category:

RISK	STATEMENT OF ASSET AND LIABILITIES LOCATION	FINANCIAL INSTRUMENTS LOCATION	ASSET DERIVATIVES FAIR VALUE	LIABILITY DERIVATIVES FAIR VALUE
Interest rate contracts	Payable for futures	Futures□	□	($97,786)
Total			□	**($97,786)**

Reflects cumulative appreciation/depreciation of futures as disclosed in Note 3. Only the period end variation margin is separately disclosed on the Statement of Assets and Liabilities.

Effect of derivative instruments on the Statement of Operations

The table below summarizes the net realized gain (loss) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the year ended October 31, 2010:

RISK	STATEMENT OF OPERATIONS LOCATION	FUTURES CONTRACTS	SWAP CONTRACTS	TOTAL
Interest rate contracts	Net realized loss	($270,905)	($1,260,170)	($1,531,075)
Total		**($270,905)**	**($1,260,170)**	**($1,531,075)**

The table below summarizes the net change in unrealized appreciation (depreciation) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the year ended October 31, 2010:

RISK	STATEMENT OF OPERATIONS LOCATION	FUTURES CONTRACTS	SWAP CONTRACTS	TOTAL
Interest rate contracts	Change in unrealized appreciation (depreciation) of	($83,694)	$1,219,458	$1,135,764
Total		**($83,694)**	**$1,219,458**	**$1,135,764**

Note 4 Guarantees and indemnifications

Under the Funds organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Funds maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss from such claims is considered remote.

Note 5 Fees and transactions with affiliates

John Hancock Advisers, LLC (the Adviser) serves as investment adviser for the Fund. The Adviser is an indirect wholly owned subsidiary of Manulife Financial Corporation (MFC).

Management fee. The Fund has an investment management contract with the Adviser under which the Fund pays a daily management fee to the Adviser equivalent, on an annual basis, to the sum of (a) 0.650% of the first $150,000,000 of the Funds average daily net assets and the value attributable to the committed facility agreement (collectively, managed assets), (b) 0.375% of the next $50,000,000, (c) 0.350% of the next $100,000,000 and (d) 0.300% of the Funds average daily managed assets in excess of $300,000,000. The Adviser has a subadvisory agreement with MFC Global Investment Management (U.S.), LLC, an indirectly owned subsidiary of MFC and an affiliate of the Adviser. The Fund is not responsible for payment of the subadvisory fees.

The investment management fees incurred for the year ended October 31, 2010, were equivalent to an annual effective rate of 0.54% of the Funds managed assets.

Accounting and legal services. Pursuant to the service agreement the Fund reimburses the Adviser for all expenses associated with providing the administrative, financial, legal, accounting and recordkeeping services of the Fund, including the preparation of all tax returns, periodic reports to shareholders and regulatory reports, among other services. The accounting and legal services fees incurred for the year ended October 31, 2010, amounted to an annual rate of 0.01% of the Funds average daily net assets.

Trustee expenses. The Trust compensates each Trustee who is not an employee of the Adviser or its affiliates. These Trustees may, for tax purposes, elect to defer receipt of this compensation under the John Hancock Group of Funds Deferred Compensation Plan (the Plan). Deferred amounts are invested in various John Hancock funds and remain in the funds until distributed in accordance with the Plan. The investment of deferred amounts and the offsetting liability are included within other receivables and payable to affiliates Trustees fees, respectively, in the accompanying Statement of Assets and Liabilities.

Note 6 Fund share transactions

Transactions in Fund shares for the year ended October 31, 2010 and for the year ended October 31, 2009, were as follows:

	Year ended 10-31-10		Year ended 10-31-09	
	Shares	Amount	Shares	Amount
Distributions reinvested	77,303	$1,079,434	95,623	$1,059,251

Note 7 Leverage risk

The Fund utilizes a Committed Facility Agreement (CFA) to increase its assets available for investment. When the Fund leverages its assets, common shareholders bear the fees associated with the facility and have the potential to benefit or be disadvantaged from the use of leverage. The Advisers fee is also increased in dollar terms from the use of leverage. Consequently, the Fund and the Adviser may have differing interests in determining whether to leverage the Funds assets. Leverage creates risks that may adversely affect the return for the holders of common shares, including:

 the likelihood of greater volatility of net asset value and market price of common shares

 fluctuations in the interest rate paid for the use of the credit facility

 increased operating costs, which may reduce the Funds total return

 the potential for a decline in the value of an investment acquired through leverage, while the Funds obligations under such leverage remains fixed

 the Fund is more likely to have to sell securities in a volatile market in order to meet asset coverage or other debt compliance requirements

To the extent the income or capital appreciation derived from securities purchased with funds received from leverage exceeds the cost of leverage, the Funds return will be greater than if leverage had not been used, conversely, returns would be lower if the cost of the leverage exceeds the income or capital appreciation derived.

Note 8 Committed facility agreement

Effective June 2, 2009, the Fund entered into a CFA with a subsidiary of BNP Paribas (BNP) that allowed it to borrow up to an initial limit of $58 million and to invest the borrowings in accordance with its investment practices. The Fund incurred a $145,000 arrangement fee upon execution of the CFA which was amortized during the first 270 days of the agreement. On December 17, 2009, the Fund entered into an amendment to the CFA, increasing the amount the Fund can borrow under the CFA from $58 million to $90 million. Under the terms of the amendment, the Fund paid a one time arrangement fee of 0.25% on the increased amount of the committed financing upon execution of the amendment which was amortized during the first 270 days of the amendment.

Borrowings under the CFA are secured by the assets of the Fund as disclosed in the Fund's investments. Interest charged is at the rate of one month LIBOR (reset daily) plus 0.85% and

is payable monthly. The Fund also pays a commitment fee of 0.60% per annum on the unused portion of the facility. Commitment and arrangement fees for the year ended October 31, 2010 amounted to $54,275 and $143,907, respectively, and are included in the interest expense in the Statement of Operations. As of October 31, 2010, the Fund had borrowings of $83,500,000 at an interest rate of 1.10%, which are reflected in the Committed facility agreement payable on the Statement of asset and liabilities. During the year ended October 31, 2010, the average borrowing under the CFA and the effective average interest rate were $77,045,205 and 1.12%, respectively.

The Fund may terminate the agreement with 270 days' notice and, if the Board of Trustees determines that the elimination of all indebtedness leveraging the Fund's investments is in the best interest of the Fund's shareholders, the Fund may terminate the agreement with 60 days' notice. In addition, if certain asset coverage and collateral requirements, minimum net assets or other covenants are not met, the CFA could be deemed in default and result in termination.

On October 30, 2009, the Fund entered into an agreement with BNP that allows BNP to borrow a portion of the pledged collateral (Lent Securities) in an amount not to exceed the lesser of: (i) outstanding borrowings owed by the Fund to BNP and (ii) thirty three and one third percent of the Fund's total assets. The Fund can designate any security within the pledged collateral as ineligible to be a Lent Security and can recall any of the Lent Securities. The Fund also has the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair market value of such Lent Securities against the current borrowings under the CFA. There has been no lending activity under this agreement during the year.

Note 9 — Purchase and sale of securities

Purchases and sales of securities, other than short-term securities and U.S. Treasury obligations, aggregated to $157,632,617 and $134,868,656, respectively, for the year ended October 31, 2010. Purchases and sales of U.S. Treasury obligations aggregated to $52,363,046 and $50,212,819, respectively, for the year ended October 31, 2010.

Auditors' report

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of John Hancock Income Securities Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of John Hancock Income Securities Trust (the "Fund") at October 31, 2010, and the results of its operations, the changes in its net assets, its cash flows and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Funds management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of October 31, 2010 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where securities purchased confirmations had not been received, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
December 23, 2010

Tax information

Unaudited

For federal income tax purposes, the following information is furnished with respect to the distributions of the Fund, if any, paid during its taxable year ended October 31, 2010.

The Fund designates the maximum allowable for the corporate dividends received deduction for the fiscal year ended October 31, 2010.

The Fund designates the maximum amount allowable of its net taxable income as qualified dividend income as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003. This amount will be reflected on Form 1099-DIV for the calendar year 2010.

Shareholders will be mailed a 2010 Form 1099-DIV in January 2011. This will reflect the total of all distributions that are taxable for calendar year 2010.

Additional information

Unaudited

Investment objective and policy

The Fund is a closed-end diversified management investment company, common shares of which were initially offered to the public on February 14, 1973, and are publicly traded on the NYSE. The Funds investment objective is to generate a high level of current income consistent with prudent investment risk. The Fund invests, primarily in a diversified portfolio of freely marketable debt securities and may invest an amount not exceeding 20% of its assets in income-producing preferred and common stock. Under normal circumstances, the Fund will invest at least 80% of net assets in income securities. Income securities will consist of the following: (i) marketable corporate debt securities, (ii) governmental obligations and (iii) cash and commercial paper. Net assets is defined as net assets plus borrowings for investment purposes. The Fund will notify shareholders at least 60 days prior to any change in this 80% investment policy.

It is contemplated that at least 75% of the value of the Fund's total assets will be represented by debt securities, which have at the time of purchase a rating within the four highest grades as determined by Moody's Investors Service, Inc. or Standard & Poor's Corporation. The Fund intends to engage in short-term trading and may invest in repurchase agreements.

Bylaws and Declaration of Trust

In November 2002, the Board of Trustees adopted several amendments to the Fund's bylaws, including provisions relating to the calling of a special meeting and requiring advance notice of shareholder proposals or nominees for Trustee. The advance notice provisions in the bylaws require shareholders to notify the Fund in writing of any proposal which they intend to present at an annual meeting of shareholders, including any nominations for Trustee, between 90 and 120 days prior to the first anniversary of the mailing date of the notice from the prior year's annual meeting of shareholders. The notification must be in the form prescribed by the bylaws. The advance notice provisions provide the Fund and its Trustees with the opportunity to thoughtfully consider and address the matters proposed before the Fund prepares and mails its proxy statement to shareholders. Other amendments set forth the procedures that must be followed in order for a shareholder to call a special meeting of shareholders. Please contact the Secretary of the Fund for additional information about the advance notice requirements or the other amendments to the bylaws.

On August 21, 2003, shareholders approved the amendment of the Fund's bylaws effective August 26, 2003, to provide for the issuance of preferred shares.

On March 31, 2008, the shareholders approved an amendment to the Fund's Declaration of Trust to permit the Fund's Board of Trustees to delegate the authority to declare dividends to a Dividend Committee consisting of officers, employees or agents of the Fund.

Effective September 9, 2008, the Fund's bylaws were amended with respect to notice requirements for Trustee nominations and other proposals by the Fund's shareholders. These provisions require the disclosure of the nominating shareholder and the nominee's investment interests as they relate to the Fund, as well as the name of any other shareholder supporting the nominee for election as a Trustee or the proposal of other business. In order for notice to be proper, such notice must disclose the economic interests of the nominating shareholder and nominee, including his or her holdings of shares in the Fund, the intent upon which those shares were acquired, and any hedging arrangements (including leveraged or short positions) made with respect to the shares of the Fund. Additionally, any material interest that the shareholder has in the business to be brought before the meeting must be disclosed.

Dividends and distributions

During the year ended October 31, 2010, dividends from net investment income totaling $1.16 per share were paid to shareholders. The dates of payments and the amounts per share were as follows:

PAYMENT DATE	INCOME DIVIDEND
December 31, 2009	$0.2914
March 31, 2010	0.2755

June 30, 2010	0.3027
September 30, 2010	0.2916
Total	$1.1612

Dividend reinvestment plan

The Fund offers its common shareholders a Dividend Reinvestment Plan (the Plan), which offers the opportunity to earn compounded yields. Any holder of common shares of record of the Fund may elect to participate in the Plan and receive the Fund□s common shares in lieu of all or a portion of the cash dividends. The Plan is available to all common shareholders without charge. Mellon Investor Services (the Plan Agent) will act as agent for participating shareholders.

Shareholders may join the Plan by notifying the Plan Agent by telephone, in writing or by visiting the Plan Agent□s Web site at www.melloninvestor.com showing an election to reinvest all or a portion of dividend payments. If received in proper form by the Plan Agent prior to the record date for a dividend, the election will be effective with respect to all dividends paid after such record date. Shareholders whose shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan.

The Board of Trustees of the Fund has authorized the Dividend Committee to declare dividends from net investment income payable in cash or, in the case of shareholders participating in the Plan, partially or entirely in the Fund□s common shares. The number of shares to be issued for the benefit of each shareholder will be determined by dividing the amount of the cash dividend, otherwise payable to such shareholder on shares included under the Plan, by the per share net asset value of the common shares on the date for payment of the dividend, unless the net asset value per share on the payment date is less than 95% of the market price per share on that date, in which event the number of shares to be issued to a shareholder will be determined by dividing the amount of the cash dividend payable to such shareholder, by 95% of the market price per share of the common shares on the payment date. The market price of the common shares on a particular date shall be the mean between the highest and lowest sales price on the NYSE on that date. Net asset value will be determined in accordance with the established procedures of the Fund. However, if as of such payment date the market price of the common shares is lower than such net asset value per share, the number of shares to be issued will be determined on the basis of such market price. Fractional shares, carried out to four decimal places, will be credited to the shareholder□s account. Such fractional shares will be entitled to future dividends.

The shares issued to participating shareholders, including fractional shares, will be held by the Plan Agent in the name of the participant. A confirmation will be sent to each shareholder promptly, normally within five to seven days, after the payment date of the dividend. The confirmation will show the total number of shares held by such shareholder before and after the dividend, the amount of the most recent cash dividend that the shareholder has elected to reinvest and the number of shares acquired with such dividend.

Participation in the Plan may be terminated at any time by contacting the Plan Agent by telephone, in writing or by visiting the Plan Agent□s Web site, and such termination will be effective immediately. However, notice of termination must be received prior to the record date of any distribution to be effective for that distribution. Upon termination,

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certificates will be issued representing the number of full shares of common shares held by the Plan Agent. A shareholder will receive a cash payment for any fractional share held.

The reinvestment of dividends will not relieve participants of any federal, state or local income tax, which may be due with respect to such dividend. Dividends reinvested in common shares will be treated on your federal income tax return as though you had received a dividend in cash in an amount equal to the fair market value of the shares received, as determined by the prices for common shares of the Fund on the NYSE as of the dividend payment date. Distributions from the Fund's long-term capital gains will be processed as noted above for those electing to reinvest in common shares and will be taxable to you as long-term capital gains. The confirmation referred to above will contain all the information you will require for determining the cost basis of shares acquired and should be retained for that purpose. At year end, each account will be supplied with detailed information necessary to determine total tax liability for the calendar year. All correspondence or additional information concerning the Plan should be directed to the Plan Agent, Mellon Bank, N.A., c/o Mellon Investor Services, P.O. Box 358015, Pittsburgh, PA 15252-8015 (Telephone: 1-800-852-0218).

Certain modifications to the Plan have been approved by the Board of Trustees on December 7, 2010. These modifications will be provided to shareholders at least 90 days prior to implementation.

Shareholder communication and assistance

If you have any questions concerning the Fund, we will be pleased to assist you. If you hold shares in your own name and not with a brokerage firm, please address all notices, correspondence, questions or other communications regarding the Fund to the transfer agent at:

Mellon Investor Services
Newport Office Center VII
480 Washington Boulevard
Jersey City, NJ 07310
Telephone: 1-800-852-0218

If your shares are held with a brokerage firm, you should contact that firm, bank or other nominee for assistance.

Board Consideration of and Continuation of Investment Advisory Agreement and Subadvisory Agreement

The Board of Trustees (the Board, the members of which are referred to as Trustees) of John Hancock Income Securities Trust (the Fund) met in-person on May 2–4 and June 6–8, 2010 to consider the approval of the Fund's investment advisory agreement (the Advisory Agreement) with John Hancock Advisers, LLC (the Adviser), the Fund's investment adviser. The Board also considered the approval of the investment subadvisory agreement (the Subadvisory Agreement) among the Adviser, MFC Global Investment Management (U.S.), LLC (the Subadviser) and the Fund. The Advisory Agreement and the Subadvisory Agreement are referred to as the Agreements.

Activities and composition of the Board

The Board consists of eleven individuals, nine of whom are Independent Trustees. Independent Trustees are generally those individuals who are unaffiliated with the Fund, the Adviser and the Subadviser. The Trustees are responsible for the oversight of operations of the Fund and perform the various duties required of directors of investment companies by the Investment Company Act of 1940, as amended (the 1940 Act). The Independent Trustees have retained independent legal counsel to assist them in connection with their duties. The Board has appointed an Independent Trustee as Chairperson. The Board has established four standing committees that are composed entirely of Independent Trustees: the Audit Committee; the Compliance Committee; the Nominating, Governance and Administration Committee; and the Contracts/Operations Committee. Additionally, Investment Performance Committee A is a standing committee of the Board that is composed of Independent Trustees and one Trustee who is affiliated with the Adviser. Investment Performance Committee A oversees and monitors matters relating to the investment performance of the Fund. The Board has also designated a Vice Chairperson to serve in the absence of the Chairperson, who also serves as Chairman of the Board's Nominating, Governance and Administration Committee. The Board also designates working groups or ad hoc committees as it deems appropriate.

The approval process

Pursuant to the 1940 Act, the Board is required to consider the continuation of the Agreements on an annual basis. Throughout the year, the Board, acting directly and through its committees, regularly reviews and assesses the quality of the services that the Fund receives under these Agreements. In this regard, the Board reviews reports of the Adviser at least quarterly, which include, among other things, Fund performance reports and compliance reports. In addition, the Board meets with portfolio managers and senior investment officers at various times throughout the year. The Board considers at each of its meetings factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by the Adviser and Subadviser to the Fund and its shareholders.

Prior to the May 2–4, 2010 meeting, the Board requested and received materials specifically relating to the Agreements. The materials provided in connection with the May meeting included information independently compiled and prepared by Morningstar, Inc. (Morningstar) on Fund fees and expenses, and the investment performance of the Fund. This Fund information is assembled in a format that permits comparison with similar information from a category of relevant funds (the Category) and a peer group of comparable funds (the Peer Group) as determined by Morningstar, and its benchmark index. Other material provided for the Fund review included (a) information on the profitability of the Agreements to the Adviser and a discussion of any additional benefits to the Adviser and its affiliates that result from being the Adviser or Subadviser to the Fund; (b) a general analysis provided by the Adviser and the Subadviser concerning investment advisory fees charged to other clients, such as institutional clients and other investment companies, under similar investment mandates, as well as the performance of such other clients; (c) the impact of economies of scale; and (d) a summary of aggregate amounts paid by the Fund to the Adviser.

At an in-person meeting held on May 2–4, 2010, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the May 2–4, 2010 meeting, the Board presented the Adviser and Subadviser with questions and requests for additional information and the Adviser and Subadviser responded to these requests with additional written information in advance of the June 6–8, 2010 Board meeting. The Board also reviewed these additional materials relating to its consideration of the Agreements.

At an in-person meeting held on June 6–8, 2010, the Board, including the Independent Trustees, formally considered the continuation of the Advisory Agreement between the Adviser and the Fund and the Subadvisory Agreement among the Adviser, the Subadviser and the Fund, each for an additional one-year term. The Board considered all factors it believed relevant with respect to the Fund, including, among other factors: (a) the nature, extent and quality of the services provided by the Adviser and the Subadviser; (b) the investment performance of the Fund and portfolio management of the Subadviser; (c) the advisory fees and the cost of the services and profits to be realized by the Adviser and certain affiliates from their relationship with the Fund; (d) economies of scale; and (e) other factors.

The Board also considered other matters important to the approval process, such as payments made to the Adviser or its affiliates relating to the distribution of Fund shares and other services. The Board reviewed services related to the valuation and pricing of Fund portfolio holdings. Other important matters considered by the Board were the direct and indirect benefits to the Adviser, the Subadviser, and their affiliates from their relationship with the Fund and advice from independent legal counsel with respect to the review process and materials submitted for the Board's review. Each Trustee may have attributed different weights to the various items considered.

The key factors considered by the Board and the conclusions reached are described below.

Nature, extent and quality of services

The Board, including the Independent Trustees, reviewed the nature, extent and quality of services provided by the Adviser and the Subadviser, including the investment advisory services and the resulting performance of the Fund. The Board reviewed the Adviser's and Subadviser's senior management personnel responsible for investment operations, including the senior investment officers. The Board also reviewed the materials provided by the Fund's portfolio management team discussing Fund performance and the Fund's investment objective, strategies and outlook.

The Board considered the ability of the Adviser and the Subadviser, based on their resources, reputation and other attributes, to attract and retain qualified investment professionals, including research, advisory, and supervisory personnel. It considered the background and experience of senior management and investment professionals responsible for managing the Fund. The Board considered the investment philosophy, research and investment decision-making processes of the Adviser and the Subadviser responsible for the daily investment activities of the Fund, including, among other things, portfolio trading capabilities, use of technology, commitment to compliance and approach to training and retaining portfolio managers and other research, advisory and management personnel.

The Board considered the Subadviser's history and experience with the Fund. The Board considered the Adviser's execution of its oversight responsibilities. The Board further considered the culture of compliance, resources dedicated to compliance, compliance programs, record of compliance with applicable laws and regulation, with the Fund's investment policies and restrictions and with the applicable Code of Ethics, and the responsibilities of the Adviser's and Subadviser's compliance departments.

In addition to advisory services, the Board considered the quality of the administrative and non-investment advisory services provided to the Fund by the Adviser under a separate agreement.

The Board noted that the Adviser and its affiliates provide the Fund with certain administrative, transfer agency, shareholder and other services (in addition to any such services provided to the Fund by third parties) and officers and other personnel as are necessary for the operations of the Fund. The Board reviewed the structure and duties of the Adviser's administration, accounting, legal and compliance departments and considered the Adviser's policies and procedures for assuring compliance with applicable laws and regulations.

The Board also received information about the nature, extent and quality of services and fee rates offered by the Adviser and Subadviser to their other clients, including other registered investment companies, institutional investors and separate accounts. The Board reviewed a general analysis provided by the Adviser and the Subadviser concerning investment advisory fees charged to such other clients under similar investment mandates, the services provided to such other clients as compared to the services provided to the Fund, the performance of such other clients, and other factors relating to such other clients. The Board considered the significant differences between the Adviser's and Subadviser's services to the Fund and those services they provide to other clients which, to the extent the other client is not a closed-end fund, may generally be attributable to the more burdensome regulatory and legal obligations of closed-end funds and the higher turnover of closed-end fund assets.

Fund performance

The Board, including the Independent Trustees, reviewed and considered the performance history of the Fund. The Board was provided with reports, independently prepared by Morningstar, which included a comprehensive analysis of the Fund's performance. The Board also reviewed a narrative and statistical analysis of the Morningstar data that was prepared by the Adviser, which analyzed various factors that may affect the Morningstar rankings. The Board reviewed information regarding the investment performance of the Fund as compared to its Morningstar Category and Peer Group as well as its benchmark index (see chart below). The Board was provided with a description of the methodology used by Morningstar to select the funds in the Category and the Peer Group. The Board also considered updated performance information provided by the Adviser at its May and June 2010 meetings. The Board regularly reviews the performance of the Fund throughout the year and attaches more importance to performance over relatively longer periods of time, typically three to five years. The Board noted that the Fund significantly exceeded the performance of its Peer Group median, its Category median and its benchmark index during the past year and that performance for the 3-, 5- and 10-year periods tracked well with its comparison groups.

	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Income Securities	**47.42%**	**4.59%**	**4.26%**	**6.47%**
Barclays Capital U.S. Government Bond Index	4.52%	5.81%	4.71%	6.34%
Intermediate Government Category Median	27.97%	4.92%	4.90%	6.61%
Morningstar 15(c) Peer Group Median	27.97%	4.71%	4.60%	6.45%

The Board noted that the Subadviser remained consistent with its investment style and adhered to its investment mandates.

Expenses and fees

The Board, including the Independent Trustees, reviewed the Fund's contractual advisory fee rate payable by the Fund to the Adviser as compared with the other funds in its Category and Peer Group. The Board also received information about the investment subadvisory fee rate payable by the Adviser to the Subadviser for investment subadvisory services. The Board considered the services provided and the fees charged by the Adviser and the Subadviser to other types of clients with similar investment mandates, including separately managed institutional accounts.

In addition, the Board considered the cost of the services provided to the Fund by the Adviser. The Board received and considered expense information regarding the Fund's various components, including advisory fees, distribution fees and fees other than advisory and distribution fees, including transfer agent fees, custodian fees, administration fees and other miscellaneous fees (*e.g.,* fees for accounting and legal services). The Board considered comparisons of these expenses to the Peer Group median. The Board also considered expense information regarding the Fund's total operating expense ratio (Gross Expense Ratio) and total operating expense ratio after taking the fee waiver arrangement applicable to the Advisory Agreement rate into account (Net Expense Ratio). The Board considered information comparing the Gross Expense Ratio and Net Expense Ratio of the Fund to that of the Peer Group and Category medians. As part of its analysis, the Board reviewed the Adviser's methodology in allocating its costs to the management of the Fund. The Board considered expenses and fee rates to be higher or lower if they were over or under 10 basis points, respectively; slightly higher or slightly lower if they were above or below 6-10 basis points, respectively, and inline if they were above or below by 5 basis points.

The Board noted that the investment advisory rate was higher than the Category and Peer Group medians. The Board noted the following information about the Fund's Gross and Net Expense Ratios in relation with the Fund's Peer Group and Category:

EXPENSE RATIO		RELATION TO PEER GROUP	RELATION TO CATEGORY
Gross Expense Ratio (Class A)	2.25%	Higher	Slightly Lower

Net Expense Ratio (Class A)	1.40%	Higher	Higher

The Board also received and considered information relating to the Fund□s use of leverage and its impact on fees.

The Board received and reviewed statements relating to the Adviser□s financial condition and profitability with respect to the services it provides the Fund. The Board was also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by the Adviser for services provided to the Fund. The Board reviewed the Adviser□s profitability with respect to the Fund and other funds the Board currently oversees for the year ended December 31, 2009 compared to available aggregate profitability data provided for the year ended December 31, 2008.

The Board received and considered a detailed profitability analysis of the Adviser based on the Advisory Agreement, as well as on other relationships between the Fund and the Adviser and its affiliates. The Board also considered a comparison of the Adviser□s profitability to that of other similar investment advisers whose profitability information is publicly available. The Board reviewed the Adviser□s profitability with respect to other fund complexes managed by the Adviser and/or its affiliates. The Board reviewed the Adviser□s assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Adviser, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited.

The Board considered the profitability information with respect to the Subadviser, which is affiliated with the Adviser. In addition, as noted above, the Board considered the methodologies involved in allocating such profit to the Subadviser.

Economies of scale

The Board, including the Independent Trustees, considered the extent to which economies of scale might be realized as the assets of the Fund increase and whether there should be changes in the advisory fee rate or structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the assets of the Fund.

The Board also considered the Adviser□s overall operations and its efforts to expand the scale of, and improve the quality of, its operations. During its considerations, the Board recognized the limited significance of economies of scale with respect to closed-end funds.

The Board recognized the inherent limitations of any analysis of economies of scale, stemming largely from the Board□s understanding that most of the Adviser□s costs are not specific to individual funds, but rather are incurred across a variety of products and services. To ensure that any economies are reasonably shared with the Fund as its assets increase, the Adviser and the Board agreed to continue the existing breakpoints to the Agreement fee rate.

Other benefits to the Adviser and the Subadviser

The Board understands that the Adviser, the Subadviser, or their affiliates may derive other ancillary benefits from their relationship with the Fund, both tangible and intangible, such as their ability to leverage investment professionals who manage other portfolios, an increase in their profile in the investment advisory community, and the engagement of their affiliates and/or significant shareholders as service providers to the Fund, including for administrative, transfer agency and distribution services. The Board believes that certain of these benefits are difficult to quantify. The Board also was informed that the Subadviser may use third party research obtained by soft dollars generated by certain mutual fund transactions to assist itself in managing all or a number of its other client accounts.

Board determination

The Board, including the Independent Trustees, unanimously approved the continuation of the Advisory Agreement between the Adviser and the Fund for an additional one-year term and the Subadvisory Agreement among the Adviser, Subadviser and the Fund for an additional one-year term. Based upon its evaluation of relevant factors in their totality, the Board, including a majority of the Independent Trustees, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at a decision to approve the Agreements, the Board did not identify any single factor listed above, or any group of factors listed above, as all-important or controlling, but considered all factors together, and different Trustees may have attributed different weights to the various factors considered. The Independent Trustees were also assisted by the advice of independent legal counsel in making this determination. The Board noted that contractual fee arrangements for the Fund reflect the results of several years of review by the Board and certain predecessor Trustees, and discussions between such Trustees (and predecessor Trustees) and the Adviser. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Trustees conclusions may be based in part on their consideration of these arrangements in prior years.

Trustees and Officers

This chart provides information about the Trustees and Officers who oversee your John Hancock fund. Officers elected by the Trustees manage the day-to-day operations of the Fund and execute policies formulated by the Trustees.

Independent Trustees

Name, Year of Birth ***Position(s) held with Fund*** **Principal occupation(s) and other directorships during past 5 years**	**Trustee of the Trust since**[1]	**Number of John Hancock funds overseen by Trustee**
Patti McGill Peterson,* Born: 1943	1996	47

Chairperson (since December 2008); Principal, PMP Globalinc (consulting) (since 2007); Senior Associate, Institute for Higher Education Policy (since 2007); Executive Director, CIES (international education agency) (until 2007); Vice President, Institute of International Education (until 2007); Senior Fellow, Cornell University Institute of Public Affairs, Cornell University (19971998); Former President Wells College, St. Lawrence University and the Association of Colleges and Universities of the State of New York. Director of the following: Niagara Mohawk Power Corporation (until 2003); Security Mutual Life (insurance) (until 1997); ONBANK (until 1993). Trustee of the following: Board of Visitors, The University of Wisconsin, Madison (since 2007); Ford Foundation, International Fellowships Program (until 2007); UNCF, International Development Partnerships (until 2005); Roth Endowment (since 2002); Council for International Educational Exchange (since 2003).

James F. Carlin, Born: 1940	2005	47

Chief Executive Officer, Director and Treasurer, Alpha Analytical Laboratories (environmental, chemical and pharmaceutical analysis) (since 1985); Part Owner and Treasurer, Lawrence Carlin Insurance Agency, Inc. (since 1995); Chairman and Chief Executive Officer, Carlin Consolidated, Inc. (management/ investments) (since 1987).

William H. Cunningham, Born: 1944	2005	47

Professor, University of Texas, Austin, Texas (since 1971); former Chancellor, University of Texas System and former President of the University of Texas, Austin, Texas; Director of the following: LIN Television (since 2009); Lincoln National Corporation (insurance) (Chairman since 2009 and Director since 2006); Resolute Energy Corporation (since 2009); Nanomedical Systems, Inc. (biotechnology company) (Chairman since 2008); Yorktown Technologies, LP (tropical fish) (Chairman since 2007); Greater Austin Crime Commission (since 2001); Southwest Airlines (since 2000); former Director of the following: Introgen (manufacturer of biopharmaceuticals) (until 2008); Hicks Acquisition Company I, Inc. (until 2007); Jefferson-Pilot Corporation (diversified life insurance company) (until 2006); and former Advisory Director, JP Morgan Chase Bank (formerly Texas Commerce Bank–Austin) (until 2009).

Deborah C. Jackson,[2] Born: 1952	2008	47

Chief Executive Officer, American Red Cross of Massachusetts Bay (since 2002); Board of Directors of Eastern Bank Corporation (since 2001); Board of Directors of Eastern Bank Charitable Foundation (since 2001); Board of Directors of American Student Assistance Corp. (1996–2009); Board of Directors of Boston Stock Exchange (2002–2008); Board of Directors of Harvard Pilgrim Healthcare (health benefits company) (since 2007).

Independent Trustees (continued)

Name, Year of Birth ***Position(s) held with Fund*** **Principal occupation(s) and other directorships during past 5 years**	**Trustee of the Trust since**[1]	**Number of John Hancock funds overseen by Trustee**
Charles L. Ladner, Born: 1938	2004	47

Chairman and Trustee, Dunwoody Village, Inc. (retirement services) (since 2008); Director, Philadelphia Archdiocesan Educational Fund (since 2009); Senior Vice President and Chief Financial Officer, UGI Corporation (public utility holding company) (retired 1998); Vice President and Director for AmeriGas, Inc. (retired 1998); Director of AmeriGas Partners, L.P. (gas distribution) (until 1997); Director, EnergyNorth, Inc. (until 1995); Director, Parks and History Association (Cooperating Association, National Park Service) (until 2005).

Stanley Martin,[2] Born: 1947	2008	47

Senior Vice President/Audit Executive, Federal Home Loan Mortgage Corporation (2004–2006); Executive Vice President/Consultant, HSBC Bank USA (2000–2003); Chief Financial Officer/Executive Vice President, Republic New York Corporation & Republic National Bank of New York (1998–2000); Partner, KPMG LLP (1971–1998).

Dr. John A. Moore, Born: 1939	1996	47

President and Chief Executive Officer, Institute for Evaluating Health Risks, (nonprofit institution) (until 2001); Senior Scientist, Sciences International (health research) (until 2003); Former Assistant Administrator & Deputy Administrator, Environmental Protection Agency; Principal, Hollyhouse (consulting) (since 2000); Director, CIIT Center for Health Science Research (nonprofit research) (until 2007).

Steven R. Pruchansky,*[2] Born: 1944	2005	47

Chairman and Chief Executive Officer, Greenscapes of Southwest Florida, Inc. (since 2000); Director and President, Greenscapes of Southwest Florida, Inc. (until 2000); Member, Board of Advisors, First American Bank (since 2008); Managing Director, Jon James, LLC (real estate) (since 2000); Director, First Signature Bank & Trust Company (until 1991); Director, Mast Realty Trust (until 1994); President, Maxwell Building Corp. (until 1991).

Gregory A. Russo, Born: 1949	2009	47

Vice Chairman, Risk & Regulatory Matters, KPMG LLP ("KPMG") (2002–2006); Vice Chairman, Industrial Markets, KPMG (1998–2002).

Non-Independent Trustees[3]

Name, Year of Birth ***Position(s) held with Fund*** **Principal occupation(s) and other directorships during past 5 years**	**Trustee of the Trust since**[1]	**Number of John Hancock funds overseen by Trustee**

Hugh McHaffie,[4] Born: 1959	2010	47

Executive Vice President, John Hancock Financial Services (since 2006, including prior positions); President of John Hancock Trust and John Hancock Funds II (since 2009); Trustee, John Hancock retail funds (since 2010); Chairman and Director, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2010); Senior Vice President, Individual Business Product Management, MetLife, Inc. (1999–2006).

Non-Independent Trustees[3] (continued)

Name, Year of Birth ***Position(s) held with Fund*** **Principal occupation(s) and other directorships during past 5 years**	**Trustee of the Trust since**[1]	**Number of John Hancock funds overseen by Trustee**
John G. Vrysen, Born: 1955	2009	47

Senior Vice President, John Hancock Financial Services (since 2006); Director, Executive Vice President and Chief Operating Officer, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2005); Chief Operating Officer, John Hancock Funds II and John Hancock Trust (since 2007); Chief Operating Officer, John Hancock retail funds (until 2009); Trustee, John Hancock retail funds (since 2009).

Principal officers who are not Trustees

Name, Year of Birth ***Position(s) held with Fund*** **Principal occupation(s) and other directorships during past 5 years**	**Officer of the Trust since**
Keith F. Hartstein, Born: 1956	2005

President and Chief Executive Officer

Senior Vice President, John Hancock Financial Services (since 2004); Director, President and Chief Executive Officer, John Hancock Advisers, LLC and John Hancock Funds, LLC (since 2005); Director, MFC Global Investment Management (U.S.), LLC (since 2005); Director, John Hancock Investment Management Services, LLC (since 2006); President and Chief Executive Officer, John Hancock retail funds (since 2005); Member, Investment Company Institute Sales Force Marketing Committee (since 2003).

Andrew G. Arnott, Born: 1971 — 2009

Senior Vice President and Chief Operating Officer

Senior Vice President, John Hancock Financial Services (since 2009); Executive Vice President, John Hancock Advisers, LLC (since 2005); Executive Vice President, John Hancock Investment Management Services, LLC (since 2006); Executive Vice President, John Hancock Funds, LLC (since 2004); Chief Operating Officer, John Hancock retail funds (since 2009); Senior Vice President, John Hancock retail funds (since 2010); Vice President, John Hancock Funds II and John Hancock Trust (since 2006); Senior Vice President, Product Management and Development, John Hancock Funds, LLC (until 2009).

Thomas M. Kinzler, Born: 1955 — 2006

Secretary and Chief Legal Officer

Vice President, John Hancock Financial Services (since 2006); Secretary and Chief Legal Counsel, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2007); Secretary and Chief Legal Officer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (since 2006); Vice President and Associate General Counsel, Massachusetts Mutual Life Insurance Company (1999–2006); Secretary and Chief Legal Counsel, MML Series Investment Fund (2000–2006); Secretary and Chief Legal Counsel, MassMutual Select Funds and MassMutual Premier Funds (2004–2006).

Principal officers who are not Trustees (continued)

Name, Year of Birth *Position(s) held with Fund* Principal occupation(s) and other directorships during past 5 years	Officer of the Trust since
Francis V. Knox, Jr., Born: 1947	2005

Chief Compliance Officer

Vice President, John Hancock Financial Services (since 2005); Chief Compliance Officer, John Hancock retail funds, John Hancock Funds II, John Hancock Trust, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2005); Vice President and Chief Compliance Officer, MFC Global Investment Management (U.S.), LLC (20052008).

Charles A. Rizzo, Born: 1957 2007

Chief Financial Officer

Vice President, John Hancock Financial Services (since 2008); Senior Vice President, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2008); Chief Financial Officer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (since 2007); Assistant Treasurer, Goldman Sachs Mutual Fund Complex (20052007); Vice President, Goldman Sachs (20052007); Managing Director and Treasurer, Scudder Funds, Deutsche Asset Management (20032005).

Salvatore Schiavone, Born: 1965 2009

Treasurer

Assistant Vice President, John Hancock Financial Services (since 2007); Vice President, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2007); Treasurer, John Hancock retail funds (since 2010); Treasurer, John Hancock Closed-End Funds (since 2009); Assistant Treasurer, John Hancock Funds II and John Hancock Trust (since 2010); Assistant Treasurer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (20072009); Assistant Treasurer, Fidelity Group of Funds (20052007); Vice President, Fidelity Management Research Company (20052007); Assistant Treasurer, Scudder Group of Funds (20032005); Director, Deutsche Asset Management (20032005).

The business address for all Trustees and Officers is 601 Congress Street, Boston, Massachusetts 02210.

[1] Each Trustee holds office until his or her successor is elected and qualified, or until the Trustees death, retirement, resignation or removal.

[2] Member of Audit Committee.

[3] Because Messrs. McHaffie and Vrysen are senior executives or directors with the Adviser and its affiliates, each of them is considered an interested person, as defined in the Investment Company Act of 1940, of the Fund.

[4] Mr. McHaffie was appointed by the Board of Trustees effective 8-31-10.

*Effective 1-1-11, Steven R. Pruchansky will succeed Patti McGill Peterson as the Chairperson of the Board.

More information

Investment adviser
John Hancock Advisers, LLC

Subadviser
MFC Global Investment
Management (U.S.), LLC

Custodian
State Street Bank and
Trust Company

Transfer agent
Mellon Investor Services

Legal counsel
K&L Gates LLP

Independent registered
public accounting firm
PricewaterhouseCoopers LLP

Stock symbol
Listed New York Stock
Exchange: JHS

For shareholder assistance refer to page 40

You can also contact us:

1-800-852-0218
jhfunds.com

Regular mail:
Mellon Investor Services
Newport Office Center VII
480 Washington Boulevard
Jersey City, NJ 07310

The Fund's proxy voting policies and procedures, as well as the Fund's proxy voting record for the most recent twelve-month period ended June 30, are available free of charge on the Securities and Exchange Commission (SEC) Web site at www.sec.gov or on our Web site.

The Fund□s complete list of portfolio holdings, for the first and third fiscal quarters, is filed with the SEC on Form N-Q. The Fund□s Form N-Q is available on our Web site and the SEC□s Web site, www.sec.gov, and can be reviewed and copied (for a fee) at the SEC□s Public Reference Room in Washington, DC. Call 1-800-SEC-0330 to receive information on the operation of the SEC□s Public Reference Room.

We make this information on your fund, as well as **monthly portfolio holdings**, and other fund details available on our Web site www.jhfunds.com or by calling 1-800-852-0218.

The report is certified under the Sarbanes-Oxley Act, which requires mutual funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

The Fund is listed for trading on the NYSE and has filed with the NYSE its chief executive officer certification regarding compliance with the NYSE□s listing standards. The Fund also files with the SEC the certification of its chief executive officer and chief financial officer required by Section 302 of the Sarbanes-Oxley Act.

1-800-852-0218
1-800-231-5469 TDD
1-800-843-0090 EASI-Line
www.jhfunds.com

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ITEM 2. CODE OF ETHICS.

As of the end of the year, October 31, 2010, the registrant has adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its Chief Executive Officer, Chief Financial Officer and Treasurer (respectively, the principal executive officer, the principal financial officer and the principal accounting officer, the □Senior Financial Officers□). A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Stanley Martin is the audit committee financial expert and is □independent□, pursuant to general instructions on Form N-CSR Item 3.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fees

The aggregate fees billed for professional services rendered by the principal accountant(s) for the audit of the registrant’s annual financial statements or services that are normally provided by the accountant(s) in connection with statutory and regulatory filings or engagements amounted to $36,410 for the fiscal year ended October 31, 2010 and $41,819 for the fiscal year ended October 31, 2009. These fees were billed to the registrant and were approved by the registrant’s audit committee.

(b) Audit-Related Services

Audit-related fees amounted to $0 for the fiscal year ended October 31, 2010 and $0 for the fiscal year ended October 31, 2009 billed to the registrant or to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant ("control affiliates").

(c) Tax Fees

The aggregate fees billed for professional services rendered by the principal accountant(s) for the tax compliance, tax advice and tax planning (“tax fees”) amounted to $2,959 for the fiscal year ended October 31, 2010 and $2,873 for the fiscal year ended October 31, 2009. The nature of the services comprising the tax fees was the review of the registrant’s income tax returns and tax distribution requirements. These fees were billed to the registrant and were approved by the registrant’s audit committee. There were no tax fees billed to the control affiliates.

(d) All Other Fees

The all other fees billed to the registrant for products and services provided by the principal accountant were $20,020 for the fiscal year ended October 31, 2010 and $3,555 for the fiscal year ended October 31, 2009 billed to control affiliates for products and services provided by the principal accountant. The nature of the services comprising the all other fees was related to the principal accountant’s report on the registrant’s Eligible Asset Coverage. These fees were approved by the registrant’s audit committee.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The trust’s Audit Committee must pre-approve all audit and non-audit services provided by the independent registered public accounting firm (the “Auditor”) relating to the operations or financial reporting of the funds. Prior to the commencement of any audit or non-audit services to a fund, the Audit Committee reviews the services to determine whether they are appropriate and permissible under applicable law.

The trust’s Audit Committee has adopted policies and procedures to, among other purposes, provide a framework for the Committee’s consideration of audit-related and non-audit services by the Auditor. The policies and procedures require that any audit-related and non-audit service provided by the Auditor and any non-audit service provided by the Auditor to a fund service provider that relates directly to the operations and financial reporting of a fund are subject to approval by the Audit Committee before such service is provided. Audit-related services provided by the Auditor that are expected to exceed $25,000 per instance/per fund are subject to specific pre-approval by the Audit Committee. Tax services provided by the Auditor that are expected to exceed $30,000 per instance/per fund are subject to specific pre-approval by the Audit Committee.

All audit services, as well as the audit-related and non-audit services that are expected to exceed the amounts stated above, must be approved in advance of provision of the service by formal resolution of the Audit Committee. At the regularly scheduled Audit Committee meetings, the Committee reviews a report summarizing the services, including fees, provided by the Auditor.

(e)(2) Services approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X:

Audit-Related Fees, Tax Fees and All Other Fees:

There were no amounts that were approved by the Audit Committee pursuant to the de minimis exception under

Rule 2-01 of Regulation S-X.

(f) According to the registrant□s principal accountant, for the fiscal year ended October 31, 2010, the percentage of hours spent on the audit of the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons who were not full-time, permanent employees of principal accountant was less than 50%.

(g) The aggregate non-audit fees billed by the registrant's accountant(s) for services rendered to the registrant and rendered to the registrant's control affiliates for each of the last two fiscal years of the registrant were $3,086,768 for the fiscal year ended October 31, 2010 and $8,200,526 for the fiscal year ended October 31, 2009.

(h) The audit committee of the registrant has considered the non-audit services provided by the registrant□s principal accountant(s) to the control affiliates and has determined that the services that were not pre-approved are compatible with maintaining the principal accountant(s)' independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee comprised of independent trustees. The members of the audit committee are as follows:

Stanley Martin - Chairman
Deborah C. Jackson
Steven R. Pruchansky

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) Not applicable.
(b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

See attached exhibit □Proxy Voting Policies and Procedures□.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Information about the portfolio managers

Management Biographies and Fund ownership

Below is an alphabetical list of the portfolio managers who share joint responsibility for the day-to-day investment management of the Fund. It provides a brief summary of their business careers over the past five years and their range of beneficial share ownership in the Fund as of October 31, 2010.

Barry H. Evans, CFA
President, Chief Fixed Income Officer and Chief Operating Officer, MFC Global Investment Management (U.S.), LLC since 2005
Senior Vice President, John Hancock Advisers LLC (1986 □ 2005)
Began business career in 1986
Joined fund team in 2002
Fund ownership □ $10,001 □ $50,000

Jeffrey N. Given, CFA
Vice President, MFC Global Investment Management (U.S.), LLC since 2005

Second Vice President, John Hancock Advisers LLC (1993– 2005)
Began business career in 1993
Joined fund team in 1999
Fund ownership – $1 – $10,000

Howard C. Greene, CFA
Senior Vice President, MFC Global Investment Management (U.S.), LLC since 2005
Senior Vice President, John Hancock Advisers LLC (2002 – 2005)
Vice President at Sun Life Financial Services Company of Canada (1987 –2002)
Began business career in 1979
Joined fund team in 2005
Fund ownership – None

Other Accounts the Portfolio Managers are Managing

The table below indicates for each portfolio manager information about the accounts over which the portfolio manager has day-to-day investment responsibility. All information on the number of accounts and total assets in the table is as of October 31, 2010. For purposes of the table, “Other Pooled Investment Vehicles” may include investment partnerships and group trusts, and “Other Accounts” may include separate accounts for institutions or individuals, insurance company general or separate accounts, pension funds and other similar institutional accounts.

PORTOLIO MANAGER	OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGERS
Barry H. Evans, CFA	Other Investment Companies: 10 accounts with assets of approximately $11.6 billion. Other Pooled Investment Vehicles: None Other Accounts: 87 accounts with assets of approximately $358 million.
Jeffrey N. Given, CFA	Other Investment Companies: 13 accounts with assets of approximately $16.7 billion. Other Pooled Investment Vehicles: 4 accounts with assets of approximately $197.4 million. Other Accounts: 11 accounts with assets of approximately $5.1 billion.
Howard C. Greene, CFA	Other Investment Companies: 8 accounts with assets of approximately $7.9 billion. Other Pooled Investment Vehicles: 4 accounts with assets of approximately $197.4 million. Other Accounts: 11 accounts with assets of approximately $5.1 billion.

Neither the Adviser or the Subadviser receives a fee based upon the investment performance of any of the accounts included under “Other Accounts Managed by the Portfolio Managers” in the table above.

When a portfolio manager is responsible for the management of more than one account, the potential arises for the portfolio manager to favor one account over another. For the reasons outlined below, the Fund does not believe that any material conflicts are likely to arise out of a portfolio manager's responsibility for the management of the Fund as well as one or more other accounts. The Adviser and the Subadviser have adopted procedures, overseen by the Chief Compliance Officer, that are intended to monitor compliance with the policies referred to in the following paragraphs.

 The Subadviser has policies that require a portfolio manager to allocate investment opportunities in an equitable manner and generally to allocate such investments proportionately among all accounts with similar investment objectives.

 When a portfolio manager intends to trade the same security for more than one account, the policies of the Subadviser generally require that such trades for the individual accounts are aggregated so each account receives the same price. Where not possible or may not result in the best possible price, the Subadviser will place the order in a manner intended to result in as favorable a price as possible for such client.

 The investment performance on specific accounts is not a factor in determining the portfolio manager's compensation. See Compensation of Portfolio Managers below. Neither the Adviser nor the Subadviser receives a performance-based fee with respect to other accounts managed by the Fund's portfolio managers.

 The Subadviser imposes certain trading restrictions and reporting requirements for accounts in which a portfolio manager or certain family members have a personal interest in order to confirm that such accounts are not favored over other accounts.

 The Subadviser seeks to avoid portfolio manager assignments with potentially conflicting situations. However, where a portfolio manager is responsible for accounts with differing investment objectives and policies, it is possible that the portfolio manager will conclude that it is in the best interest of one account to sell a portfolio security while another account continues to hold or increase the holding in such security.

Compensation of Portfolio Managers

The Subadviser has adopted a system of compensation for portfolio managers and others involved in the investment process that is applied systematically among investment professionals. At the Subadviser, the structure of compensation of investment professionals is currently comprised of the following basic components: base salary and an annual investment bonus plan as well as customary benefits that are offered generally to all full-time employees of the Subadviser. A limited number of senior investment professionals, who serve as officers of both the Subadviser and its parent company, may also receive options or restricted stock grants of common shares of Manulife Financial. The following describes each component of the compensation package for the individuals identified as a portfolio manager for the Funds.

Base salary. Base compensation is fixed and normally reevaluated on an annual basis. The Subadviser seeks to set compensation at market rates, taking into account the experience and responsibilities of the investment professional.

Investment Bonus Plan. Only investment professionals are eligible to participate in the Investment Bonus Plan. Under the plan, investment professionals are eligible for an annual bonus. The plan is intended to provide a competitive level of annual bonus compensation that is tied to the investment professional achieving superior investment performance and aligns the financial incentives of the Subadviser and the investment professional. Any bonus under the plan is completely discretionary, with a maximum annual bonus that may be well in excess of base salary. Payout of a portion of this bonus may be deferred for up to five years. While the amount of any bonus is discretionary, the following factors are generally used in determining bonuses under the plan:

 Investment Performance: The investment performance of all accounts managed by the investment professional over one- and three-year periods are considered. The pre- tax performance of each account is measured relative to an appropriate peer group benchmark (for example a Morningstar large cap growth peer group if the fund invests primarily in large cap stocks with a growth strategy). With respect to fixed income accounts, relative yields are also used to measure performance.

 The Profitability of the Subadviser: The profitability of the Subadviser and its parent company are also considered in determining bonus awards.

 Non-Investment Performance: To a lesser extent, intangible contributions, including the investment professionals support of client service and sales activities, new fund/strategy idea generation, professional growth and development, and management, where applicable, are also evaluated when determining bonus awards.

Options and Stock Grants. A limited number of senior investment professionals may receive options to purchase shares of Manulife Financial stock. Generally, such option would permit the investment professional to purchase a set amount of stock at the market price on the date of grant. The option can be exercised for a set period (normally a number of years or until termination of employment) and the investment professional would exercise the option if the market value of Manulife Financial stock increases. Some investment professionals may receive restricted stock grants, where the investment professional is entitle to receive the stock at no or nominal cost, provided that the stock is forgone if the investment professionals employment is terminated prior to a vesting date.

The Subadviser also permits investment professionals to participate on a voluntary basis in a deferred compensation plan, under which the investment professional may elect on an annual basis to defer receipt of a portion of their compensation until retirement. Participation in the plan is voluntary.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no material changes to previously disclosed John Hancock Funds Governance Committee Charter.

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal executive officer and principal financial officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of Ethics for Senior Financial Officers is attached.

(a)(2) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

(b)(1) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and Rule 30a-2(b) under the Investment Company Act of 1940, are attached. The certifications furnished pursuant to this paragraph are not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certifications are not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Registrant specifically incorporates them by reference.

(c)(1) Proxy Voting Policies and Procedures are attached.

(c)(2) Submission of Matters to a Vote of Security Holders is attached. See attached "John Hancock Funds – Governance Committee Charter".

(c)(3) Contact person at the registrant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

John Hancock Income Securities Trust

By: /s/ Keith F. Hartstein
Keith F. Hartstein
President and
Chief Executive Officer

Date: December 17, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Keith F. Hartstein
Keith F. Hartstein
President and
Chief Executive Officer

Date: December 17, 2010

By: /s/ Charles A. Rizzo
Charles A. Rizzo
Chief Financial Officer

Date: December 17, 2010