

JOHN HANCOCK PREMIUM DIVIDEND FUND  
Form N-CSRS  
June 27, 2014

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 811-05908

John Hancock Premium Dividend Fund  
(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: April 30, 2014

ITEM 1. REPORTS TO STOCKHOLDERS.

---

# Portfolio summary

## Top 10 Issuers (30.6% of Total Investments on 4-30-14)<sup>1,2</sup>

|                                  |      |                       |      |
|----------------------------------|------|-----------------------|------|
| Bank of America Corp.            | 4.5% | U.S. Bancorp          | 2.7% |
| PPL Corp.                        | 3.5% | Wells Fargo & Company | 2.7% |
| MetLife, Inc., Series B          | 3.2% | DTE Energy Company    | 2.7% |
| Interstate Power & Light Company | 3.1% | Alabama Power Company | 2.7% |
| SCE Trust                        | 2.9% | Qwest Corp.           | 2.6% |

## Sector Composition<sup>1,3</sup>

|                            |       |                                |      |
|----------------------------|-------|--------------------------------|------|
| Utilities                  | 48.6% | Consumer Staples               | 1.8% |
| Financials                 | 38.5% | Industrials                    | 0.3% |
| Telecommunication Services | 7.0%  | Short-Term Investments & Other | 0.3% |
| Energy                     | 3.5%  |                                |      |

<sup>1</sup> As a percentage of total investments on 4-30-14.

<sup>2</sup> Cash and cash equivalents not included.

<sup>3</sup> The fund normally will invest at least 25% of its managed assets in securities of companies in the utilities industry. Such an investment focus makes the fund more susceptible to factors adversely affecting the utilities industry than a more broadly diversified fund. Sector investing is subject to greater risks than the market as a whole.

6 Premium Dividend Fund | **Semiannual report**

## Fund's investments

As of 4-30-14 (unaudited)

|   | Shares  | Value                |
|---|---------|----------------------|
| <b>Preferred Securities 105.5% (69.6% of Total Investments)</b>                           |         | <b>\$781,793,067</b> |
| <hr/>   |         |                      |
| (Cost \$764,296,273)  |         |                      |
| <b>Consumer Staples 2.7%</b>  |         | <b>19,972,266</b>    |
| <b>Food &amp; Staples Retailing 2.7%</b>  |         |                      |
| <hr/>   |         |                      |
| Ocean Spray Cranberries, Inc., Series A,<br>6.250% (S)                                    | 224,250 | 19,972,266           |
| <b>Financials 58.3%</b>   |         | <b>432,131,553</b>   |
| <b>Banks 17.7%</b>  |         |                      |
| <hr/>   |         |                      |
| Barclays Bank PLC, Series 3, 7.100% (Z)   | 192,500 | 4,941,473            |
| <hr/>   |         |                      |
| Barclays Bank PLC, Series 5, 8.125% (Z)   | 310,000 | 8,032,100            |
| <hr/>   |         |                      |
| BB&T Corp., 5.625% (Z)  | 800,000 | 18,680,000           |
| <hr/>   |         |                      |
| BB&T Corp., (Callable 11-1-17), 5.200%  | 120,000 | 2,640,000            |
| <hr/>   |         |                      |
| BB&T Corp., (Callable 6-1-18), 5.200% (Z)   | 235,000 | 5,172,350            |
| <hr/>   |         |                      |
| PNC Financial Services Group, Inc., 5.375%  | 175,000 | 3,969,000            |
| <hr/>   |         |                      |
| PNC Financial Services Group, Inc. (6.125% to<br>5-1-22, then 3 month LIBOR + 4.067%) (Z) | 311,600 | 8,369,576            |
| <hr/>   |         |                      |
| Santander Finance Preferred SA Unipersonal,<br>Series 10, 10.500% (Z)                     | 259,600 | 6,796,328            |
| <hr/>   |         |                      |
| Santander Holdings USA, Inc., Series C,<br>7.300%   | 500,000 | 12,660,000           |
| <hr/>   |         |                      |
| U.S. Bancorp, 5.150% (Z)  | 700,000 | 15,834,000           |
| <hr/>   |         |                      |

## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|  |         |           |
|--|---------|-----------|
| U.S. Bancorp (6.000% to 4-15-17, then<br>3 month LIBOR + 4.861%) | 160,000 | 4,432,000 |
|--|---------|-----------|

---

|  |         |            |
|--|---------|------------|
| U.S. Bancorp (6.500% to 1-15-22, then<br>3 month LIBOR + 4.468%) (Z) | 351,000 | 10,126,350 |
|--|---------|------------|

---

|                                   |           |            |
|-----------------------------------|-----------|------------|
| Wells Fargo & Company, 8.000% (Z) | 1,017,000 | 30,032,010 |
|-----------------------------------|-----------|------------|

### Capital Markets 11.4%

---

|                        |         |            |
|------------------------|---------|------------|
| Morgan Stanley, 6.625% | 469,865 | 11,746,625 |
|------------------------|---------|------------|

---

|                            |         |           |
|----------------------------|---------|-----------|
| Morgan Stanley, 7.125% (Z) | 300,000 | 8,190,000 |
|----------------------------|---------|-----------|

---

|                                |           |            |
|--------------------------------|-----------|------------|
| State Street Corp., 5.250% (Z) | 1,095,000 | 25,787,250 |
|--------------------------------|-----------|------------|

---

|                            |        |         |
|----------------------------|--------|---------|
| State Street Corp., 5.900% | 25,000 | 649,000 |
|----------------------------|--------|---------|

---

|  |         |            |
|--|---------|------------|
| The Bank of New York Mellon Corp.,<br>5.200% (Z) | 505,000 | 11,857,400 |
|--|---------|------------|

---

|   |         |            |
|---|---------|------------|
| The Goldman Sachs Group, Inc., 5.950% (Z) | 860,000 | 19,926,200 |
|---|---------|------------|

---

|  |         |           |
|--|---------|-----------|
| The Goldman Sachs Group, Inc., Series B,<br>6.200% (Z) | 250,000 | 6,167,500 |
|--|---------|-----------|

See notes to financial statements

**Semiannual report** | Premium Dividend Fund 7

|  | Shares  | Value        |
|--|---------|--------------|
| <b>Consumer Finance 6.6%</b>                                   |         |              |
| HSBC Finance Corp., Depository Shares,<br>Series B, 6.360% (Z) | 459,000 | \$11,470,410 |
| HSBC USA, Inc., 2.858%   | 313,000 | 15,183,630   |
| SLM Corp., Series A, 6.970%                                    | 445,500 | 22,016,610   |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

**Diversified Financial Services 14.4%**

|   |           |            |
|---|-----------|------------|
| Bank of America Corp., 6.375% (Z)                                 | 1,010,000 | 25,462,100 |
| Bank of America Corp., 6.625% (Z)                                 | 360,000   | 9,226,800  |
| Bank of America Corp., Depositary Shares,<br>Series D, 6.204% (Z) | 630,000   | 15,712,200 |
| Citigroup, Inc., Depositary Shares, Series AA,<br>8.125% (Z)      | 338,830   | 10,005,650 |
| Deutsche Bank Contingent Capital Trust II,<br>6.550% (Z)          | 287,000   | 7,548,100  |
| Deutsche Bank Contingent Capital Trust III,<br>7.600% (Z)         | 662,000   | 18,205,000 |
| JPMorgan Chase & Company, 5.450% (Z)                              | 630,000   | 14,250,600 |
| JPMorgan Chase & Company, 5.500% (Z)                              | 230,000   | 5,218,700  |
| JPMorgan Chase & Company, 6.700%                                  | 35,000    | 887,600    |

**Insurance 6.7%**

|   |           |            |
|---|-----------|------------|
| Aegon NV, 6.500%  | 81,512    | 2,073,665  |
| MetLife, Inc., Series B, 6.500% (Z)   | 1,430,000 | 36,350,600 |
| Principal Financial Group, Inc., Series B<br>(6.518% to 6-30-35, then higher of 10 year<br>CMT, 30 year CMT or 3 month LIBOR +<br>2.100%) | 55,000    | 1,408,000  |
| Prudential Financial, Inc., 5.750%  | 50,000    | 1,229,000  |
| Prudential PLC, 6.750% (Z)  | 180,103   | 4,626,846  |
| W.R. Berkley Corp., 5.625%  | 170,000   | 3,833,500  |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

**Real Estate Investment Trusts 1.5%**

|   |         |           |
|---|---------|-----------|
| Kimco Realty Corp., 6.000%                  | 10,000  | 241,900   |
| Senior Housing Properties Trust, 5.625% (Z) | 425,000 | 9,630,500 |
| Ventas Realty LP, 5.450%                    | 63,000  | 1,540,980 |

**Industrials 0.5%** **3,352,050**

**Machinery 0.5%**

|                                      |         |           |
|--------------------------------------|---------|-----------|
| Stanley Black & Decker, Inc., 5.750% | 135,000 | 3,352,050 |
|--------------------------------------|---------|-----------|

**Telecommunication Services 6.7%** **49,820,840**

**Diversified Telecommunication Services 4.2%**

|                                      |           |            |
|--------------------------------------|-----------|------------|
| Qwest Corp., 6.125%                  | 107,500   | 2,468,200  |
| Qwest Corp., 7.375% (Z)              | 1,021,000 | 27,270,910 |
| Verizon Communications, Inc., 5.900% | 73,000    | 1,833,030  |

**Wireless Telecommunication Services 2.5%**

|  |         |           |
|--|---------|-----------|
| Telephone & Data Systems, Inc., 5.875%     | 100,000 | 2,185,000 |
| Telephone & Data Systems, Inc., 6.625% (Z) | 285,000 | 7,087,950 |
| Telephone & Data Systems, Inc., 6.875% (Z) | 170,000 | 4,282,300 |
| United States Cellular Corp., 6.950% (Z)   | 185,000 | 4,693,450 |

8 Premium Dividend Fund | **Semiannual report**

See notes to financial statements

|                        | <b>Shares</b> | <b>Value</b>         |
|------------------------|---------------|----------------------|
| <b>Utilities 37.3%</b> |               | <b>\$276,516,358</b> |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

**Electric Utilities 32.7%**

|  |           |            |
|--|-----------|------------|
| Alabama Power Company, 5.200% (Z)                        | 1,180,000 | 29,806,800 |
| Baltimore Gas & Electric Company, Series 1993,<br>6.700% | 20,250    | 2,040,188  |
| Baltimore Gas & Electric Company, Series 1995,<br>6.990% | 134,000   | 13,513,069 |
| Duke Energy Corp., 5.125% (Z)                            | 180,000   | 4,262,400  |
| Duquesne Light Company, 6.500%                           | 519,900   | 25,865,025 |
| Entergy Arkansas, Inc., 6.450%                           | 350,000   | 8,662,500  |
| Entergy Mississippi, Inc., 6.250%                        | 667,000   | 17,508,750 |
| Gulf Power Company, 5.600%                               | 51,250    | 4,661,341  |
| HECO Capital Trust III, 6.500%                           | 181,000   | 4,841,750  |
| Interstate Power & Light Company, 5.100%                 | 1,440,000 | 34,761,600 |
| NextEra Energy Capital Holdings, Inc.,<br>5.700% (Z)     | 320,000   | 7,878,400  |
| NextEra Energy Capital Holdings, Inc., 5.125% (Z)        | 300,000   | 6,687,000  |
| NSTAR Electric Company, 4.250% (Z)                       | 13,347    | 1,161,189  |
| NSTAR Electric Company, 4.780% (Z)                       | 100,000   | 9,946,880  |
| PPL Capital Funding, Inc., 5.900%                        | 1,345,000 | 32,414,500 |
| SCE Trust I, 5.625%                                      | 232,000   | 5,491,440  |
| SCE Trust II, 5.100%                                     | 1,250,000 | 27,212,500 |
| Union Electric Company, 3.700%                           | 12,262    | 1,052,233  |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

---

|   |        |           |
|---|--------|-----------|
| Virginia Electric & Power Company, 6.980% | 45,500 | 4,565,643 |
|---|--------|-----------|

**Multi-Utilities 4.6%**

---

|                                  |         |            |
|----------------------------------|---------|------------|
| BGE Capital Trust II, 6.200% (Z) | 690,000 | 17,381,100 |
|----------------------------------|---------|------------|

---

|                            |         |           |
|----------------------------|---------|-----------|
| DTE Energy Company, 5.250% | 245,000 | 5,708,500 |
|----------------------------|---------|-----------|

---

|                                |         |           |
|--------------------------------|---------|-----------|
| DTE Energy Company, 6.500% (Z) | 180,000 | 4,654,800 |
|--------------------------------|---------|-----------|

---

|                                     |         |           |
|-------------------------------------|---------|-----------|
| Integrus Energy Group, Inc., 6.000% | 255,000 | 6,438,750 |
|-------------------------------------|---------|-----------|

---

**Common Stocks 45.6% (30.1% of Total Investments) \$338,013,030**

(Cost \$232,342,383)

**Energy 5.3% 39,542,720**

**Oil, Gas & Consumable Fuels 5.3%**

---

|                   |        |           |
|-------------------|--------|-----------|
| Chevron Corp. (Z) | 60,000 | 7,531,200 |
|-------------------|--------|-----------|

---

|                    |         |            |
|--------------------|---------|------------|
| ConocoPhillips (Z) | 150,000 | 11,146,500 |
|--------------------|---------|------------|

---

|                            |        |           |
|----------------------------|--------|-----------|
| Royal Dutch Shell PLC, ADR | 33,000 | 2,598,420 |
|----------------------------|--------|-----------|

---

|                          |         |            |
|--------------------------|---------|------------|
| Spectra Energy Corp. (Z) | 460,000 | 18,266,600 |
|--------------------------|---------|------------|

**Telecommunication Services 3.9% 28,834,500**

**Diversified Telecommunication Services 3.9%**

---

|                |         |            |
|----------------|---------|------------|
| AT&T, Inc. (Z) | 415,000 | 14,815,500 |
|----------------|---------|------------|

---

|                                  |         |            |
|----------------------------------|---------|------------|
| Verizon Communications, Inc. (Z) | 300,000 | 14,019,000 |
|----------------------------------|---------|------------|

**Utilities 36.4% 269,635,810**

**Electric Utilities 16.4%**

---

|                                       |         |            |
|---------------------------------------|---------|------------|
| American Electric Power Company, Inc. | 200,000 | 10,762,000 |
|---------------------------------------|---------|------------|



Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|                       |         |            |
|-----------------------|---------|------------|
| Duke Energy Corp. (Z) | 275,000 | 20,484,750 |
| FirstEnergy Corp. (Z) | 500,000 | 16,875,000 |
| Northeast Utilities   | 550,000 | 25,993,000 |

See notes to financial statements

Semiannual report | Premium Dividend Fund 9

|                                       | Shares  | Value        |
|---------------------------------------|---------|--------------|
| <b>Electric Utilities (continued)</b> |         |              |
| OGE Energy Corp.                      | 330,000 | \$12,318,900 |
| Pinnacle West Capital Corp.           | 50,000  | 2,797,500    |
| PPL Corp.                             | 220,000 | 7,334,800    |
| The Southern Company (Z)              | 75,000  | 3,437,250    |
| UIL Holdings Corp. (Z)                | 280,000 | 10,284,400   |
| Xcel Energy, Inc. (Z)                 | 347,000 | 11,058,890   |
| <b>Gas Utilities 1.7%</b>             |         |              |
| AGL Resources, Inc. (Z)               | 110,550 | 5,969,700    |
| Atmos Energy Corp. (Z)                | 100,000 | 5,104,000    |
| ONE Gas, Inc.                         | 34,639  | 1,267,095    |
| <b>Multi-Utilities 18.3%</b>          |         |              |
| Alliant Energy Corp. (Z)              | 400,000 | 23,392,000   |
| Black Hills Corp. (Z)                 | 190,000 | 10,972,500   |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|   |                  |                        |
|---|------------------|------------------------|
| Dominion Resources, Inc. (Z)  | 195,000          | 14,145,300             |
| DTE Energy Company (Z)  | 250,000          | 19,535,000             |
| Integrus Energy Group, Inc. (Z)   | 219,262          | 13,436,375             |
| National Grid PLC, ADR (Z)  | 210,000          | 14,922,600             |
| NiSource, Inc.  | 445,000          | 16,162,400             |
| Public Service Enterprise Group, Inc.   | 40,000           | 1,638,800              |
| TECO Energy, Inc.   | 725,000          | 13,021,000             |
| Vectren Corp. (Z)   | 215,000          | 8,722,550              |
|   | <b>Par value</b> | <b>Value</b>           |
| <b>Short-Term Investments 0.5% (0.3% of Total Investments)</b>  |                  | <b>\$3,783,000</b>     |
| (Cost \$3,783,000)  |                  |                        |
| <b>Repurchase Agreement 0.5%</b>  |                  | <b>3,783,000</b>       |
| Repurchase Agreement with State Street Corp. dated 4-30-14 at 0.000% to be repurchased at \$3,783,000 on 5-1-14, collateralized by \$3,890,000 U.S. Treasury Notes, 1.375% due 12-31-18 (valued at \$3,860,825, including interest) | \$3,783,000      | 3,783,000              |
| <b>Total investments (Cost \$1,000,421,656)†151.6%</b>  |                  | <b>\$1,123,589,097</b> |
| <b>Other assets and liabilities, net (51.6%)</b>  |                  | <b>(\$382,328,781)</b> |
| <b>Total net assets 100.0%</b>  |                  | <b>\$741,260,316</b>   |

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

ADR American Depositary Receipts

CMT Constant Maturity Treasury

## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

LIBOR London Interbank Offered Rate

(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.

(Z) All or a portion of this security is pledged as collateral pursuant to the Credit Facility Agreement. Total collateral value at 4-30-14 was \$561,425,306.

† At 4-30-14, the aggregate cost of investment securities for federal income tax purposes was \$1,002,687,286. Net unrealized appreciation aggregated \$120,901,811, of which \$141,332,907 related to appreciated investment securities and \$20,431,096 related to depreciated investment securities.

10 Premium Dividend Fund | **Semiannual report**

See notes to financial statements

---

### FINANCIAL STATEMENTS

# Financial statements

## Statement of assets and liabilities 4-30-14 (unaudited)

**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 per share.**

### Assets

---

|   |                 |
|---|-----------------|
| Investments, at value (Cost \$1,000,421,656)    | \$1,123,589,097 |
| Cash  | 60,308          |
| Cash segregated at custodian for swap contracts | 1,190,000       |
| Receivable for investments sold                 | 405,711         |
| Dividends and interest receivable               | 2,432,781       |
| Swap contracts, at value                        | 280,286         |
| Other receivables and prepaid expenses          | 41,402          |

**Total assets** **1,127,999,585**

### Liabilities

---

|                                     |             |
|-------------------------------------|-------------|
| Credit facility agreement payable   | 383,700,000 |
| Payable for investments purchased   | 240,000     |
| Payable for fund shares repurchased | 659,148     |
| Swap contracts, at value            | 1,745,230   |
| Interest payable                    | 203,774     |
| Payable to affiliates               |             |
| Accounting and legal services fees  | 90,920      |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

Other liabilities and accrued expenses 100,197

**Total liabilities 386,739,269**

**Net assets \$741,260,316**

**Net assets consist of**

Paid-in capital \$612,061,452

Undistributed net investment income 4,302,522

Accumulated net realized gain (loss) on investments and swap agreements 3,193,845

Net unrealized appreciation (depreciation) on investments and swap agreements 121,702,497

**Net assets \$741,260,316**

**Net asset value per share**

Based on 49,660,357 shares of beneficial interest outstanding — unlimited number of shares authorized with no par value \$14.93

See notes to financial statements

**Semiannual report** | Premium Dividend Fund 11

FINANCIAL STATEMENTS

Statement of operations For the six-month period ended 4-30-14 (unaudited)

**This Statement of operations summarizes the fund's investment income earned, expenses incurred in operating the fund and net gains (losses) for the period stated.**

**Investment income**

Dividends \$30,619,216

Less foreign taxes withheld (29,489)

**Total investment income 30,589,727**

**Expenses**

Investment management fees 4,179,053

Accounting and legal services fees 532,401

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|  |                     |
|--|---------------------|
| Transfer agent fees  | 70,898              |
| Trustees' fees   | 22,311              |
| Printing and postage   | 47,605              |
| Professional fees  | 64,827              |
| Custodian fees   | 37,621              |
| Stock exchange listing fees                                    | 14,526              |
| Interest expense   | 1,246,873           |
| Other  | 21,994              |
| <b>Total expenses</b>  | <b>6,238,109</b>    |
| <b>Net investment income</b>                                   | <b>24,351,618</b>   |
| <b>Realized and unrealized gain (loss)</b>                     |                     |
| <hr/>  |                     |
| <b>Net realized gain (loss) on</b>                             |                     |
| Investments  | 5,784,259           |
| Swap contracts   | (756,950)           |
|  | <b>5,027,309</b>    |
| <b>Change in net unrealized appreciation (depreciation) of</b> |                     |
| Investments  | 55,829,470          |
| Swap contracts   | 665,991             |
|  | <b>56,495,461</b>   |
| <b>Net realized and unrealized gain</b>                        | <b>61,522,770</b>   |
| <b>Increase in net assets from operations</b>                  | <b>\$85,874,388</b> |

FINANCIAL STATEMENTS

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.

|                   |              |
|-------------------|--------------|
| <b>Six months</b> |              |
| <b>ended</b>      | <b>Year</b>  |
| <b>4-30-14</b>    | <b>ended</b> |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|   | (Unaudited)   | 10-31-13             |
|---|---|----------------------|
| <b>Increase (decrease) in net assets</b>                |   |                      |
| <hr/>   |   |                      |
| <b>From operations</b>                                  |   |                      |
| Net investment income                                   | \$24,351,618  | \$47,855,526         |
| Net realized gain                                       | 5,027,309   | 15,585,482           |
| Change in net unrealized appreciation (depreciation)    | 56,495,461  | (45,761,527)         |
| <b>Increase in net assets resulting from operations</b> | <b>85,874,388</b>                                   | <b>17,679,481</b>    |
| <b>Distributions to shareholders</b>                    |   |                      |
| From net investment income                              | (23,740,078)  | (45,307,625)         |
| From net realized gain                                  | (17,022,877)  | —                    |
| <b>Total distributions</b>                              | <b>(40,762,955)</b>                                 | <b>(45,307,625)</b>  |
| <b>From fund share transactions</b>                     |   |                      |
| Repurchased   | (4,436,010)   | —                    |
| <b>Total increase (decrease)</b>                        | <b>40,675,423</b>                                   | <b>(27,628,144)</b>  |
| <b>Net assets</b>                                       |   |                      |
| <hr/>   |   |                      |
| Beginning of period                                     | 700,584,893   | 728,213,037          |
| <b>End of period</b>                                    | <b>\$741,260,316</b>                                | <b>\$700,584,893</b> |
| <b>Undistributed net investment income</b>              | <b>\$4,302,522</b>                                  | <b>\$3,690,982</b>   |
| <b>Share activity</b>                                   |   |                      |
| <hr/>   |   |                      |
| <b>Shares outstanding</b>                               |   |                      |
| Beginning of period                                     | 50,008,453  | 50,008,453           |
| Shares repurchased                                      | (348,096)   | —                    |
| <b>End of period</b>                                    | <b>49,660,357</b>                                   | <b>50,008,453</b>    |
| See notes to financial statements                       | <b>Semiannual report</b>   Premium Dividend Fund 13 |                      |

## Statement of cash flows

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

|  | <b>For the<br/>six-month<br/>period ended<br/>4-30-14<br/>(unaudited)</b> |
|--|---|
| <b>Cash flows from operating activities</b>  |   |
| Net increase in net assets from operations   | \$85,874,388  |
| <b>Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:</b> |   |
| Long-term investments purchased  | (31,482,613)  |
| Long-term investments sold   | 31,266,118  |
| Decrease in short-term investments   | 7,880,000   |
| Decrease in cash segregated at custodian for swap contracts  | 590,000   |
| Increase in receivable for investments sold  | (264,980)   |
| Decrease in dividends and interest receivable  | 38,061  |
| Increase in unrealized appreciation/depreciation of swap contracts   | (665,991)   |
| Decrease in other receivables and prepaid expenses   | 20,025  |
| Decrease in payable for investments purchased  | (5,134,537)   |
| Decrease in payable to affiliates  | (52,127)  |
| Decrease in other liabilities and accrued expenses   | (23,328)  |
| Decrease in interest payable   | (11,507)  |
| Net change in unrealized (appreciation) depreciation on investments  | (55,829,470)  |
| Net realized gain on investments   | (5,784,259)   |
| <b>Net cash provided by operating activities</b>   | <b>\$26,419,780</b>   |
| <b>Cash flows from financing activities</b>  |   |
| Repurchase of common shares  | (\$4,436,010)   |
| Distributions to common shareholders   | (40,762,955)  |
| Increase in payable for fund shares repurchased  | 659,148   |
| <b>Net cash used in financing activities</b>   | <b>(\$44,539,817)</b>   |
| <b>Net decrease in cash</b>  | <b>(\$18,120,037)</b>   |
| <b>Cash at beginning of period</b>   | <b>\$18,180,345</b>   |

Cash at end of period \$60,308

**Supplemental disclosure of cash flow information**

Cash paid for interest \$1,258,380

14 Premium Dividend Fund | **Semiannual report**

See notes to financial statements

## Financial highlights

The Financial highlights show how the fund's net asset value for a share has changed during the period.

| COMMON SHARES Period ended                                | 4-30-14 <sup>1</sup>     | 10-31-13       | 10-31-12       | 10-31-11       | 10-31-10       | 10-31-09          |
|---|--------------------------|----------------|----------------|----------------|----------------|-------------------|
| <b>Per share operating performance</b>                    |                          |                |                |                |                |                   |
| <b>Net asset value, beginning of period</b>               | <b>\$14.01</b>           | <b>\$14.56</b> | <b>\$13.22</b> | <b>\$12.16</b> | <b>\$9.76</b>  | <b>\$8.67</b>     |
| Net investment income <sup>2</sup>                        | 0.49                     | 0.96           | 0.89           | 0.88           | 0.81           | 0.77              |
| Net realized and unrealized gain (loss)<br>on investments | 1.24                     | (0.60)         | 1.36           | 1.09           | 2.46           | 1.15              |
| <b>Total from investment operations</b>                   | <b>1.73</b>              | <b>0.36</b>    | <b>2.25</b>    | <b>1.97</b>    | <b>3.27</b>    | <b>1.92</b>       |
| <b>Less distributions to<br/>common shareholders</b>      |                          |                |                |                |                |                   |
| From net investment income                                | (0.48)                   | (0.91)         | (0.91)         | (0.91)         | (0.87)         | (0.72)            |
| From net realized gain                                    | (0.34)                   | —              | —              | —              | —              | (0.12)            |
| <b>Total distributions</b>                                | <b>(0.82)</b>            | <b>(0.91)</b>  | <b>(0.91)</b>  | <b>(0.91)</b>  | <b>(0.87)</b>  | <b>(0.84)</b>     |
| Anti-dilutive impact of repurchase plan                   | 0.01 <sup>3</sup>        | —              | —              | —              | —              | 0.01 <sup>3</sup> |
| <b>Net asset value, end of period</b>                     | <b>\$14.93</b>           | <b>\$14.01</b> | <b>\$14.56</b> | <b>\$13.22</b> | <b>\$12.16</b> | <b>\$9.76</b>     |
| <b>Per share market value, end of period</b>              | <b>\$13.50</b>           | <b>\$12.51</b> | <b>\$14.32</b> | <b>\$12.30</b> | <b>\$11.72</b> | <b>\$9.14</b>     |
| <b>Total return at net asset value (%)<sup>4</sup></b>    | <b>13.91<sup>5</sup></b> | <b>2.94</b>    | <b>17.61</b>   | <b>17.23</b>   | <b>35.08</b>   | <b>25.73</b>      |
| <b>Total return at market value (%)<sup>4</sup></b>       | <b>15.35<sup>5</sup></b> | <b>(6.54)</b>  | <b>24.32</b>   | <b>13.17</b>   | <b>39.03</b>   | <b>45.84</b>      |

**Ratios and supplemental data**

|  |                   |       |       |                   |                   |       |
|--|-------------------|-------|-------|-------------------|-------------------|-------|
| Net assets applicable to common shares,<br>end of period (in millions) | \$741             | \$701 | \$728 | \$660             | \$608             | \$488 |
| Ratios (as a percentage of average<br>net assets):                     |                   |       |       |                   |                   |       |
| Expenses before reductions   | 1.82 <sup>7</sup> | 1.77  | 1.85  | 1.98 <sup>6</sup> | 2.26 <sup>6</sup> | 2.50  |



## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|  |                   |      |      |                   |                   |      |
|--|-------------------|------|------|-------------------|-------------------|------|
| Expenses net of fee waivers and credits <sup>8</sup> | 1.82 <sup>7</sup> | 1.77 | 1.85 | 1.87 <sup>6</sup> | 2.26 <sup>6</sup> | 2.50 |
| Net investment income                                | 7.12 <sup>7</sup> | 6.61 | 6.45 | 7.00              | 7.26              | 9.21 |
| Portfolio turnover (%)                               | 3                 | 26   | 14   | 13                | 21                | 7    |

### Senior securities

---

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Total debt outstanding end of period<br>(in millions) (Note 8) | \$384   | \$384   | \$366   | \$329   | \$284   | \$250   |
| Asset coverage per \$1,000 of debt <sup>9</sup>                | \$2,932 | \$2,826 | \$2,990 | \$3,006 | \$3,140 | \$2,954 |

<sup>1</sup> Six months ended 4-30-14. Unaudited.

<sup>2</sup> Based on the average daily shares outstanding.

<sup>3</sup> The tender offer was completed at a repurchase price of \$12.74 and \$6.98 for 348,096 and 2,629,996 shares, which equals \$4,436,010 and \$18,353,857 in redemptions for the periods ended 4-30-14 and 10-31-09, respectively.

<sup>4</sup> 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.

<sup>5</sup> Not annualized.

<sup>6</sup> Includes non-recurring litigation fees which represent 0.02% and 0.13% of average net assets for the years ended 10-31-11 and 10-31-10, respectively. Insurance recovery expense reduction for the year ended 10-31-11 represents 0.11% of average net assets.

<sup>7</sup> Annualized.

<sup>8</sup> Expenses net of fee waivers and credits excluding interest expense were 1.46%, 1.41%, 1.40%, 1.37%, 1.69% and 1.73% for the periods ended 4-30-14, 10-31-13, 10-31-12, 10-31-11, 10-31-10 and 10-31-09, respectively.

<sup>9</sup> Asset coverage equals the total net assets plus borrowings divided by the borrowings of the fund outstanding at period end. As debt outstanding changes, level of invested assets may change accordingly. Asset coverage ratio provides a measure of leverage.

See notes to financial statements

Semiannual report | Premium Dividend Fund 15

# Notes to financial statements

## (unaudited)

### Note 1 — Organization

John Hancock Premium Dividend Fund (the fund) is a closed-end management investment company organized as a Massachusetts business trust and 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 as of the date

## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

of the financial statements. Actual results could differ from those estimates and those differences could be significant. 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. 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 exchange where the security was acquired or most likely will be sold. In the event there were no sales during the day or closing prices are not available, the securities are valued using the last available bid price. Swaps are valued using evaluated prices obtained from an independent pricing vendor. Foreign securities are valued in U.S. dollars, based on foreign currency exchange rates supplied by an independent pricing vendor. Securities that trade only in the over-the-counter (OTC) market are valued using bid prices. Certain short-term securities with maturities of 60 days or less at the time of purchase are valued at amortized cost. Other portfolio securities and assets, for which reliable 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. The frequency with which these fair valuation procedures are used cannot be predicted and fair value of securities may differ significantly from the value that would have been used had a ready market for such securities existed.

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 securities valued using quoted prices in active markets for identical securities. Level 2 includes securities valued using other 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 inputs are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes securities valued using significant unobservable inputs when market prices are not readily available or reliable, including the fund's own assumptions in determining the fair value of investments. Factors used in determining value may include market or issuer specific events or trends, changes in interest rates and credit quality. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

### 16 Premium Dividend Fund | Semiannual report

The following is a summary of the values by input classification of the fund's investments as of April 30, 2014, by major security category or type:

|                             | TOTAL MARKET<br>VALUE AT 4-30-14 | LEVEL 1<br>QUOTED PRICE | LEVEL 2<br>SIGNIFICANT<br>OBSERVABLE INPUTS | LEVEL 3<br>SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS |
|-----------------------------|----------------------------------|-------------------------|---|--|
| <b>Preferred Securities</b> |                                  |                         |   |  |
| Consumer Staples            | <b>\$19,972,266</b>              | —                       | \$19,972,266                                | —  |
| Financials                  | <b>432,131,553</b>               | \$432,131,553           | —   | —  |
| Industrials                 | <b>3,352,050</b>                 | 3,352,050               | —   | —  |
| Telecommunication           |                                  |                         |   |  |
| Services                    | <b>49,820,840</b>                | 47,987,810              | 1,833,030                                   | —  |
| Utilities                   | <b>276,516,358</b>               | 214,565,754             | 61,950,604                                  | —  |
| <b>Common Stocks</b>        |                                  |                         |   |  |

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|                               |                  |             |           |   |
|-------------------------------|------------------|-------------|-----------|---|
| Energy                        | 39,542,720       | 39,542,720  | —         | — |
| Telecommunication             |                  |             |           |   |
| Services                      | 28,834,500       | 28,834,500  | —         | — |
| Utilities                     | 269,635,810      | 269,635,810 | —         | — |
| <b>Short-Term Investments</b> | <b>3,783,000</b> | —           | 3,783,000 | — |

**Total Investments in**

|                   |                        |                        |                     |   |
|-------------------|------------------------|------------------------|---------------------|---|
| <b>Securities</b> | <b>\$1,123,589,097</b> | <b>\$1,036,050,197</b> | <b>\$87,538,900</b> | — |
|-------------------|------------------------|------------------------|---------------------|---|

**Other Financial**

**Investments:**

|                            |                      |   |               |   |
|----------------------------|----------------------|---|---------------|---|
| <b>Interest Rate Swaps</b> | <b>(\$1,464,944)</b> | — | (\$1,464,944) | — |
|----------------------------|----------------------|---|---------------|---|

**Repurchase agreements.** The fund may enter into repurchase agreements. When the fund enters into a repurchase agreement, it receives collateral that 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.

Repurchase agreements are typically governed by the terms and conditions of the Master Repurchase Agreement and/or Global Master Repurchase Agreement (collectively, MRA). Upon an event of default, the non-defaulting party may close out all transactions traded under the MRA and net amounts owed. Absent an event of default, the MRA does not result in an offset of the reported amounts of assets and liabilities in the Statement of assets and liabilities. 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 or the counterparty may have insufficient assets to pay back claims resulting from close-out of the transactions. Collateral received by the fund for repurchase agreements is disclosed in the Fund's investments as part of the caption related to the repurchase agreement.

**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. Dividend income is recorded on the ex-date, except for dividends of foreign securities where the dividend may not be known until after the ex-date. In those cases, dividend income, net of withholding taxes, is recorded when the fund becomes aware of the dividends. Foreign taxes are provided for based on the fund's understanding of the tax rules and rates that exist in the foreign markets in which it invests. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds from litigation.

Semiannual report | Premium Dividend Fund 17

**Foreign taxes.** The fund may be subject to withholding tax on income and/or capital gains or repatriation taxes imposed by certain countries in which the fund invests. Taxes are accrued based upon investment income, realized gains or unrealized appreciation.

**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 may have a lien, security interest or security entitlement in any fund property that is not otherwise segregated or pledged, to the maximum extent permitted by law, to the extent of any overdraft.

**Expenses.** Within the John Hancock group of funds complex, expenses that are directly attributable to an individual fund are allocated to such 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 net 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 continue 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.

As of October 31, 2013, the fund had no uncertain tax positions that would require financial statement recognition, derecognition or disclosure. The fund's federal tax returns are 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 monthly and capital gain distributions, if any, annually.

Such distributions, 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.

Capital accounts within the 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 wash sale loss deferrals and derivative transactions.

**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 the fund's custodian and does not include any short-term investments or cash segregated at the custodian for swap contracts.

### **Note 3 — Derivative instruments**

The fund may invest in derivatives in order to meet its investment objective. Derivatives include a variety of different instruments that may be traded in the OTC market, on a regulated exchange or through a clearing facility. The risks in using derivatives vary depending upon the structure of the instruments, including the use of leverage, optionality, the liquidity or lack of liquidity of the contract, the creditworthiness of the counterparty or clearing organization and the volatility of

#### 18 Premium Dividend Fund | **Semiannual report**

---

the position. Some derivatives involve risks that are potentially greater than the risks associated with investing directly in the referenced securities or other referenced underlying instrument. Specifically, the fund is exposed to the risk that the counterparty to an 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.

Certain swaps are typically traded through the OTC market and may be regulated by the Commodity Futures Trading Commission (the CFTC). Derivative counterparty risk is managed through an ongoing evaluation of the creditworthiness of all potential counterparties and, if applicable, designated clearing organizations. The fund attempts to reduce its exposure to counterparty risk for derivatives traded in the OTC market, whenever possible, by entering into an International Swaps and Derivatives Association (ISDA) Master Agreement with each of its OTC counterparties. The ISDA gives each party to the agreement the right to terminate all transactions traded under the agreement if there is certain deterioration in the credit quality or contractual default of the other party, as defined in the ISDA. Upon an event of default or a termination of the ISDA, the non-defaulting party has the right to close out all transactions and to net amounts owed.

As defined by the ISDA, the fund may have collateral agreements with certain counterparties to mitigate counterparty risk on OTC derivatives. Subject to established minimum levels, collateral for OTC transactions is generally determined based on the net aggregate unrealized gain or loss on contracts with a particular counterparty. Collateral pledged to the fund is held in a segregated account by a third-party agent or held by the

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

custodian bank for the benefit of the fund and can be in the form of cash or debt securities issued by the U.S. government or related agencies; collateral posted by the fund for OTC transactions is held in a segregated account at the fund's custodian and is noted in the accompanying Fund's investments, or if cash is posted, on the Statement of assets and liabilities. The fund's maximum risk of loss due to counterparty risk is equal to the asset value of outstanding contracts offset by collateral received.

**Interest rate swaps.** Interest rate swaps represent an agreement between the fund and a 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 at specified, future intervals. Swap agreements are privately negotiated in the OTC market or may be executed on a registered commodities exchange (centrally cleared swaps). Swaps are marked-to-market daily and the change in value is recorded as unrealized appreciation/depreciation of swap contracts. A termination payment by the counterparty or the fund is recorded as realized gain or loss, as well as the net periodic payments received or paid by the fund. The value of the swap will typically impose collateral posting obligations on the party that is considered out-of-the-money on the swap.

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, or 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.

Semiannual report | Premium Dividend Fund 19

During the six months ended April 30, 2014, the fund used interest rate swaps in anticipation of rising interest rates. The following table summarizes the interest rate swap contracts held as of April 30, 2014.

| COUNTERPARTY                       | US NOTIONAL<br>AMOUNT | PAYMENTS MADE<br>BY FUND | PAYMENTS RECEIVED<br>BY FUND | MATURITY DATE | MARKET VALUE         |
|------------------------------------|-----------------------|--------------------------|------------------------------|---------------|----------------------|
| Morgan Stanley<br>Capital Services | \$82,000,000          | Fixed 1.4625%            | 3-Month LIBOR (a)            | Aug 2016      | (\$1,745,230)        |
| Morgan Stanley<br>Capital Services | 82,000,000            | Fixed 0.8750%            | 3-Month LIBOR (a)            | Jul 2017      | 280,286              |
| <b>Total</b>                       | <b>\$164,000,000</b>  |                          |                              |               | <b>(\$1,464,944)</b> |

(a) At 4-30-14, the 3-month LIBOR rate was 0.2234%.

No interest rate swap positions were entered into or closed during the six months ended April 30, 2014.

**Fair value of derivative instruments by risk category**

The table below summarizes the fair value of derivatives held by the fund at April 30, 2014 by risk category:

| RISK | STATEMENT OF ASSETS AND<br>LIABILITIES LOCATION | FINANCIAL<br>INSTRUMENTS<br>LOCATION | ASSET<br>DERIVATIVE<br>FAIR VALUE | LIABILITY<br>DERIVATIVE<br>FAIR VALUE |
|------|---|--------------------------------------|-----------------------------------|---------------------------------------|
|------|---|--------------------------------------|-----------------------------------|---------------------------------------|

## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

|                         |                          |               |           |               |
|-------------------------|--------------------------|---------------|-----------|---------------|
| Interest rate contracts | Swap contracts, at value | Interest rate | \$280,286 | (\$1,745,230) |
|                         |                          | swaps         |           |               |

### 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 six months ended April 30, 2014:

| RISK                    | STATEMENT OF OPERATIONS LOCATION | SWAP CONTRACTS |
|-------------------------|----------------------------------|----------------|
| Interest rate contracts | Net realized gain (loss)         | (756,950)      |

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 six months ended April 30, 2014:

| RISK                    | STATEMENT OF OPERATIONS LOCATION                    | SWAP CONTRACTS |
|-------------------------|---|----------------|
| Interest rate contracts | Change in unrealized<br>appreciation (depreciation) | 665,991        |

### Note 4 — Guarantees and indemnifications

Under the fund's 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 fund's 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.

20 Premium Dividend Fund | **Semiannual report**

---

### Note 5 — Fees and transactions with affiliates

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

**Management fee.** The fund has an investment management agreement with the Advisor under which the fund pays a daily management fee to the Advisor equal to 0.50% of the fund's average daily managed assets (net assets plus borrowings under the Credit Facility Agreement) (see Note 8). In addition, the fund pays to the Advisor 5.00% of the fund's daily gross income, which amounted to \$1,517,652. The Advisor has a subadvisory agreement with John Hancock Asset Management a division of Manulife Asset Management (US) LLC, an indirectly owned subsidiary of MFC and an affiliate of the Advisor. The fund is not responsible for payment of the subadvisory fees.

The investment management fees incurred for the six months ended April 30, 2014 were equivalent to a net annual effective rate of 0.79% of the fund's average daily managed assets.

**Administrative services.** The fund has an administrative agreement with the Advisor under which the Advisor oversees the custodial, auditing, valuation, accounting, legal, stock transfer and dividend disbursing services and other operational activities and maintains fund communications with shareholders. The fund pays the Advisor a monthly administration fee at an annual rate of 0.10% of the fund's average weekly managed assets.

**Trustee expenses.** The fund compensates each Trustee who is not an employee of the Advisor or its affiliates. Each independent Trustee receives from the fund and the other John Hancock closed-end funds an annual

retainer. In addition, Trustee out-of-pocket expenses are allocated to each fund based on its net assets relative to other funds within the John Hancock group of funds complex.

#### **Note 6 — Fund share transactions**

On December 18, 2013, the Board of Trustees approved a share repurchase plan. Under the share repurchase plan, the fund may purchase in the open market up to 10% of its outstanding common shares as of November 30, 2013. The current share repurchase plan will remain in effect between December 19, 2013 and December 31, 2014.

During the six months ended April 30, 2014, the fund repurchased 0.70% of its common shares outstanding under the repurchase plan. The weighted average discount per share on these repurchases amount to 10.14% for the six months ended April 30, 2014. Shares repurchased and corresponding dollar amounts are included on the Statement of changes in net assets. The anti-dilutive impacts of these share repurchases are included on the Financial highlights.

#### **Note 7 — Leverage risk**

The fund utilizes a Credit Facility Agreement (CFA) to increase its assets available for investment. When the fund leverages its assets, common shareholders bear the fees associated with the CFA and have potential to benefit or be disadvantaged from the use of leverage. The Advisor's fee is also increased in dollar terms from the use of leverage. Consequently, the fund and the Advisor may have differing interests in determining whether to leverage the fund's 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 fund's total return;
- the potential for a decline in the value of an investment acquired through leverage, while the fund's obligations under such leverage remains fixed; and

Semiannual report | Premium Dividend Fund 21

- 
- 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 fund's 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.

In addition to the risks created by the fund's use of leverage, the fund is subject to the risk that it would be unable to timely, or at all, obtain replacement financing if the CFA is terminated. Were this to happen, the fund would be required to de-leverage, selling securities at a potentially inopportune time and incurring tax consequences. Further, the fund's ability to generate income from the use of leverage would be adversely affected.

#### **Note 8 — Credit Facility Agreement**

The fund has entered into a CFA with Credit Suisse Securities (USA) LLC (CSSU), pursuant to which the fund borrows money to increase its assets available for investment. In accordance with the 1940 Act, the fund's borrowings under the CFA will not exceed 33 1/3% of the fund's managed assets (net assets plus borrowings) at the time of any borrowing.

The fund pledges a portion of its assets as collateral to secure borrowings under the CFA. Such pledged assets are held in a special custody account with the fund's custodian. The amount of assets required to be pledged by the fund is determined in accordance with the CFA. The fund retains the benefits of ownership of assets pledged to secure borrowings under the CFA. Interest charged is at the rate of three month LIBOR (London Interbank Offered Rate) plus 0.41% and is payable monthly. As of April 30, 2014, the fund had borrowings of \$383,700,000, at an interest rate of 0.63%, which is reflected in the Credit facility agreement payable on the Statement of assets and liabilities. During the six months ended April 30, 2014, the average borrowings under the CFA and the effective average interest rate were \$383,700,000 and 0.66%, respectively.

The fund may terminate the CFA with CSSU at any time. If certain asset coverage and collateral requirements or other covenants are not met, the CFA could be deemed in default and result in termination. Absent a default or facility termination event, CSSU is generally required to provide the fund with 270 calendar days' notice before terminating or amending the CFA.

#### **Note 9 — Purchase and sale of securities**

Purchases and sales of securities, other than short-term securities, amounted to \$31,482,613 and \$31,266,118, respectively, for the six months ended April 30, 2014.

#### **Note 10 — Industry or sector risk**

The fund generally invests a large percentage of its assets in one or more particular industries or sectors of the economy. If a large percentage of the fund's assets are economically tied to a single or small number of industries or sectors of the economy, the fund will be less diversified than a more broadly diversified fund, and it may cause the fund to underperform if that industry or sector underperforms. In addition, focusing on a particular industry or sector may make the fund's net asset value more volatile. Further, a fund that invests in particular industries or sectors is particularly susceptible to the impact of market, economic, regulatory and other factors affecting those industries or sectors.

## 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 December 15, 1989 and are publicly traded on the New York Stock Exchange (the NYSE). The fund's investment objective is to provide a high current income, consistent with modest growth of capital for holders of its common shares. The fund will pursue its objective by investing in a diversified portfolio comprised primarily of dividend paying preferred securities and common equity securities.

Under normal circumstances, the fund will invest at least 80% of its assets in dividend paying securities. The fund will notify shareholders at least 60 days prior to any change in this 80% investment policy.

The fund intends to engage in futures transactions, as permitted under its investment restrictions. It is anticipated that the fund will utilize U.S. Treasury futures to manage its interest rate exposure. The fund may sell U.S. Treasury futures contracts to attempt to hedge against rising interest rates.

#### **Dividends and distributions**

During the six months ended April 30, 2014, distributions from net investment income totaling \$0.4755 and distributions from capital gains totaling \$0.3404 per share were paid to shareholders. The dates of payments and the amounts per share were as follows:



Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

| PAYMENT DATE      | INCOME<br>DISTRIBUTIONS |
|-------------------|-------------------------|
| November 29, 2013 | \$0.0755                |
| December 19, 2013 | 0.0800                  |
| January 31, 2014  | 0.0800                  |
| February 28, 2014 | 0.0800                  |
| March 31, 2014    | 0.0800                  |
| April 30, 2014    | 0.0800                  |
| <b>Total</b>      | <b>\$0.4755</b>         |

| PAYMENT DATE      | CAPITAL GAINS<br>DISTRIBUTIONS |
|-------------------|--------------------------------|
| December 19, 2013 | \$0.3404                       |

**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:

**Computershare**  
**P.O. Box 30170**  
**College Station, TX 77842-3170**  
**Telephone: 800-852-0218**

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

**Semiannual report** | Premium Dividend Fund 23

**Shareholder meeting**

The fund held its Annual Meeting of Shareholders on February 18, 2014. The following proposal was considered by the shareholders:

**Proposal:** Election of four (4) Trustees to serve for a three-year term ending at the 2017 Annual Meeting of Shareholders. Each Trustee was re-elected by the fund's shareholders and the votes cast with respect to each Trustee are set forth below.

|                             | VOTES FOR      | VOTES WITHHELD |
|-----------------------------|----------------|----------------|
| <b>Independent Trustees</b> |                |                |
| William H. Cunningham       | 39,987,364.402 | 1,029,104.104  |
| Grace K. Fey                | 40,071,444.791 | 945,023.715    |

|                      |                |             |
|----------------------|----------------|-------------|
| Hassell H. McClellan | 40,217,578.210 | 798,890.296 |
| Gregory A. Russo     | 40,189,340.007 | 827,128.499 |

Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are: Charles L. Bardelis, Craig Bromley, Peter S. Burgess, Theron S. Hoffman, Deborah C. Jackson, James M. Oates, Steven R. Pruchansky and Warren A. Thomson.

## More information

### Trustees

James M. Oates,  
*Chairperson*

Steven R. Pruchansky,  
*Vice Chairperson*

Charles L. Bardelis\*

Craig Bromley†

Peter S. Burgess\*

William H. Cunningham

Grace K. Fey

Theron S. Hoffman\*

Deborah C. Jackson

Hassell H. McClellan

Gregory A. Russo

Warren A. Thomson†

### Officers

Andrew G. Arnott  
*President*

John J. Danello#  
*Senior Vice President, Secretary  
and Chief Legal Officer*

Francis V. Knox, Jr.  
*Chief Compliance Officer*

Charles A. Rizzo  
*Chief Financial Officer*

Salvatore Schiavone  
*Treasurer*

### Investment advisor

John Hancock Advisers, LLC

### Subadvisor

John Hancock Asset Management  
a division of Manulife Asset  
Management (US) LLC

### Custodian

State Street Bank and  
Trust Company

### Transfer agent

Computershare Shareowner  
Services, LLC

### Legal counsel

K&L Gates LLP

### Stock symbol

Listed New York Stock  
Exchange: PDT

\*Member of the  
Audit Committee

†Non-Independent Trustee

#Effective 5-29-14

**For shareholder assistance refer to page 23**

You can also contact us:

**800-852-0218**  
**jhinvestments.com**

**Regular mail:**  
Computershare  
P.O. Box 30170

## Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

College Station, TX 77842-3170

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) website at [sec.gov](http://sec.gov) or on our website.

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 website and the SEC's website, [sec.gov](http://sec.gov), and can be reviewed and copied (for a fee) at the SEC's Public Reference Room in Washington, DC. Call 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 website at [jhinvestments.com](http://jhinvestments.com) or by calling 800-852-0218.

*The report is certified under the Sarbanes-Oxley Act, which requires closed-end 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.*

**Semiannual report** | Premium Dividend Fund 25

---

PRESORTED  
STANDARD  
U.S. POSTAGE  
PAID  
MIS  
800-852-0218  
800-231-5469 TDD  
800-843-0090 EASI-Line  
[jhinvestments.com](http://jhinvestments.com)

MF184481

P2SA 4/14

6/14

ITEM 2. CODE OF ETHICS.

Not applicable at this time.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable at this time.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable at this time.

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.

Not applicable.

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

Not applicable.

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

(a) Not applicable.

(b)

| <b>Period</b> | <b>Total number of shares purchased</b> | <b>Average price per share</b> | <b>Total number of shares purchased as part of publicly announced plans*</b> | <b>Maximum number of shares that may yet be purchased under the plans</b> |
|---------------|---|--------------------------------|--|---|
| Dec-13        | -                                       | -                              | -  | 5,000,845*  |
| Jan-14        | 23,576                                  | \$12.090                       | 23,576   | 4,977,269   |
| Feb-14        | 140,515                                 | 12.516                         | 164,091  | 4,836,754   |
| Mar-14        | 135,005                                 | 12.837                         | 299,096  | 4,701,749   |
| Apr-14        | 49,000                                  | 13.452                         | 348,096  | 4,652,749   |
| <b>Total</b>  | <b>348,096</b>                          | <b>\$12.744</b>                |  |   |

\* In December 2013, the Board of Trustees approved a share repurchase plan. Under the current share repurchase plan, the Fund may purchase in the open market up to 10% of its outstanding common shares as of November 30,

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

2013. The current share repurchase plan will remain in effect between December 19, 2013 and December 31, 2014.

---

---

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

The registrant has adopted procedures by which shareholders may recommend nominees to the registrant's Board of Trustees. A copy of the procedures is filed as an exhibit to this Form N-CSR. See attached [ ]John Hancock Funds [ ] Nominating, Governance and Administration 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) 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) 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) Submission of Matters to a Vote of Security Holders is attached. See attached [ ]John Hancock Funds [ ] Nominating, Governance and Administration Committee Charter.[ ]

(c)(2) 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 Premium Dividend Fund

By: /s/ Andrew Arnott  
-----

Edgar Filing: JOHN HANCOCK PREMIUM DIVIDEND FUND - Form N-CSRS

Andrew Arnott  
President

Date: June 5, 2014

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/ Andrew Arnott  
-----  
Andrew Arnott  
President

Date: June 5, 2014

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

Date: June 5, 2014