COOL TECHNOLOGIES, INC.
Form 424B3
January 03, 2018

As filed pursuant to Rule 424(b)(3)

Registration No. 333-216023

PROSPECTUS

COOL TECHNOLOGIES, INC.

50,000,000 shares of Common Stock

This placement transactions and at varying prices. The prices at which Bellridge may sell the shares will be determined by the prevailing market price for the shares or in privately negotiated transactions. See “Plan of Distribution” for additional information.

Our commoprospectus relates to the resale, from time to time, of up to 50,000,000 shares of our common stock by Bellridge Capital, LP, a Delaware limited partnership (“Bellridge”). The shares of common stock being offered by Bellridge are issuable pursuant to a securities purchase agreement we entered into with Bellridge on December 6, 2016, which we refer to in this prospectus as the Equity Purchase Agreement.

See the section of this prospectus entitled “Bellridge Transaction” for a description of the Equity Purchase Agreement and the section entitled “Selling Stockholder” for additional information about Bellridge. We will not receive any proceeds from the sales of shares of our common stock by Bellridge; however, we may receive gross proceeds of up to $5,000,000 under the Equity Purchase Agreement.

Bellridge is an “underwriter” within the meaning of Section 2(a)(11) of the Securities Act of 1933, as amended. Bellidge may offer the shares pursuant to this prospectus for resale in a number of different ways through public or private n stock is quoted on the OTCQB under the symbol "WARM". On November 22, 2017, the last reported sales price for our common stock as reported on the OTCQB was $0.07 per share.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE SECTION ENTITLED "RISK FACTORS" IN THIS PROSPECTUS BEGINNING ON PAGE 6.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

The date of this prospectus is December 12, 2017.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements". Forward-looking statements reflect the current view about future events. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this prospectus relating to our business strategy, our future operating results and liquidity and capital resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward–looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products and services; our ability to protect our intellectual property rights; the impact of any infringement actions or other litigation brought against us; competition from other providers and products; our ability to develop and commercialize new and improved products and services; our ability to raise capital to fund continuing operations; changes in government regulation; our ability to complete customer transactions and capital raising transactions; and other factors (including the risks contained in the section of this prospectus entitled "Risk Factors") relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law we do not intend to update any of the forward-looking statements to conform these statements to actual results.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference in this prospectus. This summary does not contain all of the information that you should consider in making your investment decision. You should read the entire prospectus carefully, especially the discussion regarding the risks of investing in our securities under the heading "Risk Factors" beginning on page 6 of this prospectus and our financial statements and related notes incorporated by reference in this prospectus, before investing in our securities. In this prospectus, "HPEV," the "Company," "we," "us," and "our" refer to HEPV, Inc., as our company was formerly known as until August 20, 2015, and "Cool Technologies, Inc." after such date.

Overview

We were incorporated on July 22, 2002 in the State of Nevada under the name Bibb Corporation. On September 3, 2010, we changed our name to Z3 Enterprises, Inc. ("Z3") and on April 5, 2012, to HPEV, Inc. On August 20, 2015, we changed our name to Cool Technologies, Inc. Our 95% owned subsidiary, Ultimate Power Truck, LLC ("UPT"), was formed on April 17, 2014 in the State of Florida.

On March 29, 2011, we entered into a share exchange agreement (which was amended on June 14, 2011) with HPEV, Inc., a Delaware corporation ("the Share Exchange Agreement") to acquire 100 shares, constituting all of the issued and outstanding shares of HPEV, Inc. in consideration for the issuance of 22,000,000 shares of common stock. Upon closing of the share exchange on April 15, 2011, HPEV, Inc. became our wholly owned subsidiary. There was a change of control of our company on April 15, 2011 as a result of the issuance of 21,880,000 shares of our common stock to the original shareholders of HPEV, Inc. pursuant to the terms of the Share Exchange Agreement. An additional 120,000 shares were issued during the fourth quarter of 2011 which completed the issuance of 22,000,000 shares of common stock under the terms of the amended Share Exchange Agreement.

We have developed and intend to commercialize thermal dispersion technologies in various product platforms and a parallel power input gearbox, around which we have designed a mobile generator system that can be retrofit onto new and existing trucks. In preparation, we have applied for trademarks for one of our technologies and its acronym.

Our technologies are divided into two distinct but complementary categories: heat dispersion technology and mobile power generation (MG).

We plan to commercialize thermal dispersion technologies based on proprietary composite heat structures and heat pipe architecture in various product platforms such as electric motors, pumps, turbines, bearings and vehicle components. We believe that our technologies can help increase the efficiency and lifespan as well as help meet regulatory emissions standards for heat producing equipment and components.

We believe that the simplicity of the heat pipe architecture as well as the fact that it provides effective new applications for existing manufacturing processes should enhance the cost structure in several large industries including motor/generator and engine manufacturing.

We also plan to commercialize an integrated parallel power input system that can be retrofit onto new and existing American trucks. The integrated system enables work trucks to run an on-board generator to deliver mobile electric power. When the generator is enhanced by our thermal technology, we believe it should be able to output more power than any other generator of its size on the market.

The markets we intend to serve with our mobile generation system include consumer, industrial and military markets, both in the U.S. and worldwide.

We opened our UPT headquarters in Largo, Florida in May 2014. We use the facility to perform research and development for our mobile generator business and it will serve as a sales showroom in the future.

As of November 22, 2017, we have seven US patents, one Mexican patent, four pending patent applications (2 in Canada, 1 in Brazil and 1 US) and one US provisional patent application, all in the area of composite heat structures, motors, and related structures, heat pipe architecture, applications (commonly referred to as 'thermal' or 'heat dispersion technology') and a parallel vehicle power platform. We also have a patent cooperation treaty ("PCT") application filed for a heat pipe cooled brake system, a parallel power input gearing system (“PPIG”) and radial vent thermal technology.

We hope to commercialize our patents by integrating our technology with Original Equipment Manufacturer (OEM) partners, by licensing our thermal technologies and applications to electric motor, generator, pump and vehicle component (brake, resistor, caliper) manufacturers; and by licensing or marketing a mobile electric power system powered by our proprietary gearing system to commercial vehicle and fleet owners.

On October 7, 2016, our Board of Directors and the holders of all of the issued and outstanding shares of Series B Stock of the Company representing 66 2/3% of the voting stock of the Company adopted resolutions which authorized the Company to act on a proposal to effect a reverse stock split on the issued and outstanding shares of common stock of the Company on a 15:1 basis (the “Reverse Split”). In lieu of pursuing FINRA’s approval for its contemplated Reverse Split, the Company (with Bellridge’s consent), filed an amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada increasing its authorized shares of common stock, from 140,000,000 shares to 350,000,000 shares, effective March 22, 2017. The Company currently believes that the increase in authorized share capital eliminates the need for any other type of corporate action such as a reverse stock split.

Our corporate headquarters are located at 8875 Hidden River Parkway, Suite 300, Tampa, Florida 33637 and our telephone number is (813) 975-7467.

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Bellridge Transaction

Equity Purchase Agreement

On December 6, 2015, we entered into an Equity Purchase Agreement and a registration rights agreement (the “Registration Rights Agreement”) with Bellridge, pursuant to which Bellridge has agreed to purchase from us up to $5,000,000 in shares of our common stock, subject to certain limitations from time to time over a 36-month period commencing on the date of effectiveness of a registration statement which provides for the resale of such shares pursuant to the Registration Agreement. The shares issuable to Bellridge under the Equity Purchase Agreement are being offered pursuant to this prospectus. The likelihood that the Company will receive the full amount of proceeds available under the Agreement and its reliance on Bellridge as a source of funding will depend on a number of factors, including the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. At a price per share of $0.07, the Company would have to issue 71,428,572 shares to access the full $5,000,000 available under the agreement with Bellridge. No fees or commissions are required to be paid upon the sale to Bellridge of these shares.

Upon the effectiveness of a registration statement which provides for the resale of the shares, we may direct Bellridge, at our sole discretion and subject to certain conditions, to purchase a minimum of $25,000 and a maximum of $500,000 of shares (each a “Draw Down”) that is no more than 300% of the average trading volume of our common stock during the 10-day period immediately prior to the Draw Down. The purchase price of the shares under the Equity Purchase Agreement is the average of the lowest trade price of our common stock during the ten trading days immediately prior to each Draw Down notice plus a 20% discount.

We will control the timing and amount of any sales of common stock to Bellridge but we may not request a Draw Down less than ten business days apart.

The proceeds received by us under the Equity Purchase Agreement are expected to be used for general corporate purposes. The Equity Purchase Agreement limits our sales of shares of common stock to Bellridge to no more than the number of shares that would result in the beneficial ownership by Bellridge, at any single point in time, of more than 4.99% of the then outstanding shares of our common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days’ prior notice to us. These ownership limitations do not prevent Bellridge from selling some of its shares and then receiving additional shares in a Draw Down.

As consideration for its commitment to purchase shares of common stock pursuant to the Equity Purchase Agreement, we agreed to issue to Bellridge 1,317,176 shares of common stock.

As of November 22, 2017, there were 152,586,983 shares of our common stock issued and outstanding. If all of the 50,000,000 shares offered by Bellridge under this prospectus were issued and outstanding as of such date, such shares would represent approximately 32.8% of the total common stock outstanding. Assuming a price per share of $0.07 and the sale of all 50,000,000 shares to Bellridge, the Company would only be able to raise net proceeds of $3,500,000.

The actual number of shares to be purchased by Bellridge under the Equity Purchase Agreement and ultimately offered for resale by Bellridge is variable, depending on the market price of our common stock at the time of each sale. Accordingly, we cannot predict the actual total number of shares to be issued to Bellridge.

On November 20, 2017, we entered into an amendment to the Equity Purchase Agreement with Bellridge to delete the requirement that our common stock have a price of at least $0.06 per share to effectuate a Draw Down. All other terms of the Equity Purchase Agreement remain in effect.

There are substantial risks to our stockholders as a result of the sale and issuance of common stock to Bellridge under the Equity Purchase Agreement. These risks include substantial dilution, significant declines in our stock price and our inability to draw sufficient funds when needed. See “Risk Factors.” Issuance of our common stock to Bellridge under the Equity Purchase Agreement will not affect the rights or privileges of our existing stockholders, except that the economic and voting interests of our existing stockholders will be diluted as a result of any such issuance. Although the number of shares of common stock that our existing stockholders own will not decrease, the shares owned by our existing stockholders will represent a smaller percentage of our total outstanding shares after any such issuance to Bellridge.

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SUMMARY OF THE OFFERING

The following is a summary of the shares being offered by this prospectus:

Common stock offered by the selling stockholder	Up to 50,000,000 shares of common stock which we may sell to Bellridge under the Equity Purchase Agreement.
Common stock outstanding prior to the offering	152,586,983 shares
Common stock to be outstanding after the offering	202,586,983 shares
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock by Bellridge; however, we may receive proceeds of up to $5,000,000 under the Equity Purchase Agreement for the sale of such shares to Bellridge. We intend to use the net proceeds from this offering for working capital purposes. We have agreed to bear the expenses relating to the registration of the shares for the selling stockholder.
Risk Factors	You should carefully read "Risk Factors" in this prospectus for a discussion of factors that you should consider before deciding to invest in our common stock.

The number of shares of our common stock that will be outstanding immediately after this offering is based on 152,586,983 shares of common stock outstanding as of November 22, 2017 and excludes an aggregate of 76,594,168 shares of common stock issuable upon the exercise of stock options and warrants which were outstanding as of November 22, 2017, and the conversion of preferred stock.

RISK FACTORS

An investment in the Company's common stock involves a high degree of risk. You should carefully consider the risks described below as well as other information provided to you in this prospectus, including information in the section of this document entitled "Forward Looking Statements." There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment.

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RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our independent auditors have expressed their concern as to our ability to continue as a going concern.

As a result of our financial condition, we have received a report from our independent registered public accounting firm for our financial statements for the years ended December 31, 2016 and 2015 that includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern. As of September 30, 2017, we have incurred net losses of $44,222,918 since inception and have not fully commenced operations, raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to generate revenue, achieve profitable operations and repay our obligations when they come due. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty. We are negotiating additional funding arrangements to support completion of the initial phases of our business plan: to license its thermal technologies and applications, including submersible dry-pit applications; to license and sell mobile generation retrofit kits (our Ultimate Power Truck business) driven by our proprietary gearing system. There can be no assurance, however, that we will be successful in accomplishing these objectives.

Our limited operating history makes evaluating our business and future prospects difficult, and may increase the risk of your investment.

We have a very limited operating history on which investors can base an evaluation of our business, operating results and prospects. We have no operating history with respect to commercializing our heat pipe technology and licensing it to motor and generator manufacturers or selling mobile generators or translating our thermal technology from testing and one-off applications into mass market production. Consequently, it is difficult to predict our future revenues, if any, and appropriately budget for our expenses, and we have limited insight into trends that may emerge and affect our business.

We have only recently begun the final commercialization of our complete mobile power generation system. Completion of the initial commercialization of the mobile power generation system is dependent upon the availability of sufficient funds, final engineering, component procurement, and build out and testing. This limits our ability to accurately forecast the cost of the new vehicle installations or retrofits or to determine a precise date on which the commercial platform for vehicle installations or retrofits will be released. In addition, we may also need to do extensive testing to ensure that the installations and retrofits are in compliance with applicable National Highway Traffic Safety Administration safety regulations and EPA regulations prior to full distribution to our licensees. If the markets for mobile power generation installations or retrofits and/or electric motors enhanced with thermal technology and/or mobile generators do not develop as we expect or develop more slowly than we expect, our business, prospects, financial condition and operating results will be harmed.

We have a history of operating losses and expect to continue incurring losses for the foreseeable future.

We were incorporated in 2002 and in March 2011, we began commercialization of our technologies and research and development activities. We incurred cumulative net losses of $44,222,918 as of September 30, 2017. We cannot anticipate when, if ever, our operations will become profitable. We expect to incur significant net losses as we develop and commercialize our technologies and pursue our business strategy. We intend to invest significantly in our business before we expect cash flow from operations to be adequate to cover our operating expenses. If we are unable to execute our business strategy and grow our business, for any reason, our business, prospects, financial condition and results of operations will be adversely affected.

If we are unable to obtain additional funding, our business operations will be harmed.

We will require additional funds to implement our complete product development and to commercialize our products. We anticipate that we will require a minimum of $3,200,000 with anticipated expenses of $1.4 million for public company filings, consultants, vendors and professional fees and salaries) to fund our planned activities for the next twelve months. We may issue additional equity securities to raise needed capital. We may be unable to secure such funding when needed in adequate amounts or on acceptable terms, if at all. Any additional equity financing may involve substantial dilution to our then existing stockholders. The inability to raise the additional capital will restrict our ability to develop and conduct business operations.

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Additionally, after the effectiveness of a registration statement covering an additional 50,000,000 shares, we may direct Bellridge to purchase up to $5,000,000 worth of shares of our common stock under the Equity Purchase Agreement over a 36-month period. However, there can be no assurance that we will be able to receive any or all of the additional funds from Bellridge because the Equity Purchase Agreement contains limitations, restrictions and other provisions that could limit our ability to cause Bellridge to buy common stock from us, including that Bellridge shall not own more than 4.99% of our common stock under the Purchase Agreement. This ownership limitation does not prevent Bellridge from selling some of its shares and then receiving additional shares in a Draw Down.

Our reliance on Bellridge as a source of funding will depend on a number of factors, including the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient funding from Bellridge were to prove unavailable or prohibitively dilutive, we will need to raise additional funds in order to commercialize our products.

The market for mobile power generation is relatively new.

Mobile Power Generation is evolving, as more hybrid and electric vehicles are sold and low power generation systems are incorporated in internal combustion trucks. Significant increases in the electrical output of existing mobile power systems, new government regulations or changes in consumer demand and behavior may slow the growth of our business and negatively impact our financial results.

If we are unable to keep up with rapid technological changes in our field, we will be unable to operate profitably.

Our industry is characterized by extensive research efforts and rapid technological progress. If we fail to anticipate or respond adequately to technological developments, our ability to operate profitably could suffer. We cannot assure you that research and discoveries by other companies will not render our technologies or potential products or services uneconomical or result in products superior to those we develop or that any technologies, products or services we develop will be preferred to any existing or newly-developed technologies, products or services.

Many of our potential competitors are better established and have significantly greater resources which may make it difficult for us to compete in the markets in which we intend to sell our products.

The market for the products we develop is highly competitive. Many of our potential competitors are well established with larger and better resources, longer relationships with customers and suppliers, greater name recognition and greater financial, technical and marketing resources than we have. Increased competition may result in price reductions, reduced gross margins, loss of market share and loss of licensees, any of which could materially and adversely affect our business, operating results and financial condition. We cannot ensure that prospective competitors will not adopt technologies or business plans similar to ours, or develop products which may be superior to ours or which may prove to be more popular. It is possible that new competitors will emerge and rapidly acquire market share. We cannot ensure that we will be able to compete successfully against future competitors or that the competitive pressures will not materially and adversely affect our business, operating results and financial condition.

We may experience significant delays in the design and implementation of our thermal technology into the motors and/or generators of the companies with which we have research and development agreements which could harm our business and prospects.

Motor manufacturers often experience delays in the design, manufacture and commercial release of new product lines. Any delay in the financing, design, and implementation of our thermal technology into the motor and/or generator lines of companies with which we may have research and development agreements could materially damage our brand, business, prospects, financial condition and operating results.

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If we are unable to adequately control the costs associated with operating our business, including our costs of sales and materials, our business, financial condition, operating results and prospects will suffer.

If we are unable to maintain a sufficiently low level of costs for designing, marketing, selling and distributing our conversion system and thermal technologies relative to their selling prices, our operating results, gross margins, business and prospects could be adversely impacted. We have made, and will be required to continue to make, significant investments for the design and sales of our system and technologies. There can be no assurances that our costs of producing and delivering our system and technologies will be less than the revenue, if any, we may generate from sales and/or licensing. We may be required to incur substantial marketing costs and expenses to promote our systems and technologies, even though our marketing expenses to date have been relatively limited. Many of the factors that impact our operating costs are beyond our control. For example, the costs of our components could increase due to shortages if global demand for such components increases.

We will be dependent on our suppliers, some of which are single or limited source suppliers and the inability or refusal of these suppliers to deliver components at prices and volumes acceptable to us would have an adverse effect on our business.

We are currently evaluating and selecting suppliers for our conversion system. We hope to source globally from a number of suppliers, some of whom may be single source suppliers for these components. While we hope to obtain components from multiple sources whenever possible, it may not always be possible to avoid purchasing from a single source. To date, we have not qualified alternative sources for any of our single-sourced components. We may be unable to establish alternate supply relationships and obtain or engineer replacements for our single source components, in the short term or at all, or at prices favorable to us. Qualifying alternate suppliers or developing our own replacements for certain highly customized components may be time consuming and costly.

Failure to obtain reliable sources of component supply that will enable us to meet quality, price, engineering, design and production standards, as well as the production volumes required to successfully market our conversion system could negatively affect our Company's revenues and business operations. Even if we are successful in developing a high volume conversion platform and reliable sources of component supply, we do not know whether we will be able to do so in a manner that avoids significant delays and cost overruns.

If we experience significant increased demand, or need to replace our existing suppliers, there can be no assurance that additional supplies of component parts will be available when required on terms that are favorable to us, or that a supplier would allocate sufficient supplies to us in order to meet our requirements or fill our orders in a timely manner. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays to our customers, which could hurt our relationships with our customers, result in negative publicity, damage our brand and adversely affect our business, prospects and operating results.

Any significant disruption in our supplier relationships, particularly relationships with sole source suppliers, could harm our business. Furthermore, some of our suppliers may not be able to handle any commodity cost volatility and/or sharply changing volumes while still performing as we expect. To the extent our suppliers experience supply disruptions, there is a risk for delivery delays, production delays, production issues or delivery of non-conforming products by our suppliers. Even where these risks do not materialize, we may incur costs as we try to make contingency plans for such risks.

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The use of, mobile generators or incorporation of our heat pipe technology in vehicle components or electric motors and generators may not become sufficiently accepted for us to develop our business.

In order to develop our business, we must license fleet, dealer and service center and manufacturing customers. We cannot guarantee that we will be able to develop these customers or that they will enter into license agreements with us. Whether we will be able to develop a customer base will depend on a number of factors, including the level of acceptance of mobile generation by fleet owners and the general public or the desire by vehicle parts or electric motor manufacturers to enhance their products with our heat pipe technology. If we are unable to develop a customer base we will be unable to develop and grow our business.

If there are advances in other alternative vehicle technologies, or if there are improvements in existing mobile power generation systems or in heat reduction or heat transfer technology, mobile power generation installations or retrofits and our other products may decline and our business may suffer.

While we are currently unaware of innovations in or introductions of new heat reduction or heat transfer technologies or mobile generation, competitors or others may introduce new technology that offers better or equivalent results at a lower price at any time which would have a detrimental effect on our business and operations.

Our research and commercialization efforts may not be sufficient to adapt to technological changes.

As technologies change, we plan to upgrade or adapt our mobile power generation system in order to continue to provide vehicles with the latest technology. However, our installations or retrofits may not compete effectively with alternative vehicles if we are not able to source and integrate the latest technology into our mobile power generation system. We plan to offer a no-idle system, however, since we do not plan to manufacture battery cells, we are dependent on suppliers of battery cell technology for our battery packs. Any failure to keep up with advances in electric or hybrid vehicle technology would result in a decline in our competitive position which would adversely affect our business, prospects, operating results and financial condition.

A prolonged economic downturn or economic uncertainty could adversely affect our business and cause us to require additional sources of financing, which may not be available.

Economic cycles and any related fluctuation in the businesses of our potential fleet customers, electric motor manufacturers or income of the general public may have a material adverse effect on our financial condition, results of operations or cash flows. If global economic conditions deteriorate or economic uncertainty increases, our potential customers may experience lowered incomes or deterioration of their businesses, which may result in the delay or cancellation of plans to convert their vehicles, reduced license sales or reduced royalties from sales by licensees. As a consequence, our cash flow could be adversely impacted.

Any changes in business credit availability or cost of borrowing could adversely affect our business.

Declines in the availability of business credit and increases in corporate borrowing costs could negatively impact the number of mobile generators installed and the number of electric motors and generators manufactured. Substantial declines in the number of installations or retrofits by our customers could have a material adverse effect on our business, results of operations and financial condition.

If we lose any of our key management personnel, we may not be able to successfully manage our business or achieve our objectives.

Our future success depends in large part upon the leadership and performance of our management and consultants. The Company's operations and business strategy are dependent upon the knowledge and business contacts of our executive officers and our consultants. We have employment agreements with our Chief Executive Officer, Vice President and Chief Technical Officer and a consulting agreement for the services of Quentin Ponder, our Chief Financial Officer. Although, we hope to retain the services of all of our officers, if an officer should choose to leave us for any reason before we have hired additional personnel, our operations may suffer. If we should lose their services before we are able to engage and retain qualified employees and consultants to execute our business plan, we may not be able to continue to develop our business as quickly or efficiently.

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In addition, we must be able to attract, train, motivate and retain highly skilled and experienced technical employees in order to successfully develop our business. Qualified technical employees often are in great demand and may be unavailable in the time frame required to satisfy our business requirements. We may not be able to attract and retain sufficient numbers of highly skilled technical employees in the future. The loss of technical personnel or our inability to hire or retain sufficient technical personnel at competitive rates of compensation could impair our ability to successfully grow our business. If we lose the services of any of our consultants, we may not be able to replace them with similarly qualified personnel, which could harm our business.

We may incur material losses and costs as a result of product defects, warranty claims or product liability actions that may be brought against us.

We face an inherent business risk of exposure to product liability in the event that our mobile power generation system or other products fail to perform as expected or failure of our products results in bodily injury or property damage.

If flaws in the design of our products were to occur, we could experience a rate of failure in our mobile power generation system or other products that could result in significant charges for product re-work or replacement costs. Although we plan to engage in extensive quality programs and processes, these may not be sufficient to avoid conversion or product failures, which could cause us to:

- lose net revenue;
- incur increased costs such as costs associated with customer support;
- experience delays, cancellations or rescheduling of retrofits or orders for our products;
- experience increased product returns or discounts; or
- damage our reputation;

all of which could negatively affect our financial condition and results of operations.

If any of our mobile power generation systems or other products are or are alleged to be defective, we may be required to participate in a recall involving such installations or retrofits or products. A recall claim brought against us, or a product liability claim brought against us in excess of our insurance, may have a material adverse effect on our business.

Depending on the terms under which we supply products to a vehicle component or engine manufacturer, a manufacturer may attempt to hold us responsible for some or all of the repair or replacement costs of defective products under their warranties when the manufacturer asserts that the product supplied did not perform as warranted.

Developments or assertions by us or against us relating to intellectual property rights could materially impact our business.

We own significant intellectual property, including a number of patents, and intend to be involved in numerous licensing arrangements. Our intellectual property should play an important role in maintaining our competitive position in a number of the markets we intend to serve.

We will attempt to protect proprietary and intellectual property rights to our products and conversion system through available patent laws and licensing and distribution arrangements with reputable domestic and international companies. Despite these precautions, patent laws afford only limited practical protection in certain countries.

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Litigation may also be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others or to defend against claims of invalidity. Such litigation could result in substantial costs and the diversion of resources.

As we create or adopt new technology, we will also face an inherent risk of exposure to the claims of others that we have allegedly violated their intellectual property rights.

Our products could infringe on the intellectual property rights of others which may result in costly litigation and, if we do not prevail, could also cause us to pay substantial damages and prohibit us from selling or licensing our products.

Third parties may assert infringement or other intellectual property claims against us. We may have to pay substantial damages, including damages for past infringement if it is ultimately determined that our products or technology infringe a third party's proprietary rights. Further, we may be prohibited from selling or providing products before we obtain additional licenses, which, if available at all, may require us to pay substantial royalties or licensing fees. Even if claims are determined to be without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from our other business concerns. Any public announcements related to litigation or interference proceedings initiated or threatened against us could cause our business to be harmed and our stock price to decline.

We may incur losses, additional costs or even interruption of business operations as a result of fines or sanctions brought by government regulators.

Our business will be subject to various U.S. federal, state and local, and non-U.S. environmental, transportation and safety laws and regulations.

We cannot assure you that we will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or certifications, we could be fined or otherwise sanctioned by regulators.

We may face risks from doing business internationally.

If we are successful in commercializing our products, we may license, sell or distribute products outside the United States, and derive revenues from these sources. Consequently, our revenues and results of operations will be vulnerable to currency fluctuations. We will report our revenues and results of operations in United States dollars, but a significant portion of our revenues may be earned outside of the United States. We cannot accurately predict the impact of future exchange rate fluctuations on revenues and operating margins. Such fluctuations could have an adverse effect on our business, results of operations and financial condition.

Our business will also be subject to other risks inherent in the international marketplace, many of which are beyond our control. These risks include:

- laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on installations or retrofits;
- differing cultural tastes and attitudes;
- differing degrees of protection for intellectual property;
- the instability of foreign economies and governments;
- war and acts of terrorism.

Any of the foregoing could have an adverse effect on our business, financial condition and results of operations.

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We are subject to extensive financial reporting and related requirements for which our accounting and other management systems and resources may not be adequately prepared.

We are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, including the requirements of Section 404 of the Sarbanes-Oxley Act. Section 404 requires us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources.

Management has determined that there are material weaknesses in our internal controls over financial reporting. This resulted from our relatively small number of personnel and the limited funding. However, in 2013 the funding improved dramatically which allowed us to implement changes that have significantly improved our internal controls. We have contracted with an external Certified Fraud Accountant to handle the entries into our computerized accounting system and to handle the bank accounts and reconciliations. Payroll will be handled by our financial institution. We also have an arrangement with a third party accountant to review the preparation of the financials to insure they meet the requirements of GAAP and all regulations/and or security laws, prior to submitting the financial to the audit firm of Anton & Chia.

Management believes these changes will result in adequate internal controls for the company in its present size. With growth there will be continuing evaluation as to whether these controls are adequate, and where necessary, we will upgrade the existing system and add the required personnel, including an internal audit function.

If we are unable to accomplish these objectives in a timely and effective manner, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies could be impaired. Any failure to maintain effective internal controls could have a negative impact on our ability to manage our business and on our stock price.

We may be at risk to accurately report financial results or detect fraud if we fail to maintain an effective system of internal controls.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report that contains an assessment by management on the Company's internal control over financial reporting in their annual and quarterly reports on Form 10-K and 10-Q. We cannot assure you that significant deficiencies or material weaknesses in our disclosure controls and internal control over financial reporting will not be identified in the future. Also, future changes in our accounting, financial reporting, and regulatory environment may create new areas of risk exposure. Failure to modify our existing control environment accordingly may impair our controls over financial reporting and cause our investors to lose confidence in the reliability of our financial reporting, which may adversely affect our stock price.

RISKS ASSOCIATED WITH OUR COMMON STOCK

The issuance of shares upon conversion of our preferred stock and exercise of outstanding warrants and options will cause immediate and substantial dilution to our existing stockholders.

As of November 22, 2017, there are 33 shares of Series A preferred stock ("Series A Stock") issued and outstanding (each such share of Series A Stock has the voting right of 50,000 shares of common stock) convertible into an aggregate of 1,650,000 shares of common stock and 2,727,270 shares of Series B preferred stock ("Series B Stock") issued and outstanding. For so long as the Series B Stock is issued and outstanding, the holders of Series B Stock shall vote together as a single class with the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock, with the holders of Series B Stock being entitled to 66 2/3% of the total votes on all such matters. There are also warrants to purchase an aggregate of 72,594,168 shares of common stock and options to purchase an aggregate of 4,000,000 shares of common stock outstanding. The issuance of shares upon conversion of preferred stock and exercise of warrants and options will result in substantial dilution to the interests of other stockholders.

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The holders of the Series B Stock have 66 2/3% of the voting rights of the Company.

Because the holders of the Series B Stock have 66 2/3% of the voting rights of the Company if they act together, may will be able to influence the outcome of all corporate actions requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions, which may result in corporate action with which other stockholders do not agree. If the Series B stockholders vote in favor of the foregoing action, and have sufficient voting power to approve such actions through their ownership of Series B Stock, no other stockholder approvals will be required.

Our common stock is subject to the "penny stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The SEC has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (i) that a broker or dealer approve a person's account for transactions in penny stocks; and (ii) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (i) obtain financial information and investment experience objectives of the person; and (ii) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form: (i) sets forth the basis on which the broker or dealer made the suitability determination; and (ii) that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because we do not intend to pay any cash dividends on our shares of common stock, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them at a price higher than that which they initially paid for such shares.

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The market price of our shares of common stock is subject to fluctuation.

The market prices of our shares may fluctuate significantly in response to factors, some of which are beyond our control, including:

- The announcement of new products by our competitors
- The release of new products by our competitors
- Developments in our industry or target markets
- General market conditions including factors unrelated to our operating performance

Recently, the stock market in general has experienced extreme price and volume fluctuations. Continued market fluctuations could result in extreme market volatility in the price of our shares of common stock which could cause a decline in the value of our shares.

There is a very limited trading market for our securities.

There is currently only a limited trading market for our common stock. We cannot predict the extent investor interest will lead to development of an active trading market or how liquid that trading market might become. If an active trading market does not develop or is not sustained, it may be difficult for investors to sell shares of our common stock at a price that is attractive or at all. In such a case, you may find that you are unable to achieve any benefit from your investment or liquidate your shares.

Because we are not subject to compliance with rules requiring the adoption of certain corporate governance measures, our stockholders have limited protections against interested director transactions, conflicts of interest and similar matters.

The Sarbanes-Oxley Act of 2002, as well as rule changes proposed and enacted by the SEC, the New York Stock Exchange, the Amex Equities Exchanges and NASDAQ, as a result of Sarbanes-Oxley, require the implementation of various measures relating to corporate governance. These measures are designed to enhance the integrity of corporate management and the securities markets and apply to securities which are listed on those exchanges or the NASAQ. Because we will not be seeking to be listed on any of the exchanges, we are not presently required to comply with many of the corporate governance provisions.

Although our shareholders recently appointed independent directors to the board, we do not currently have independent audit or compensation committees. Until then, the directors who are part of management have the ability, among other things, to determine their own level of compensation. Until we comply with such corporate governance measures, regardless of whether such compliance is required, the absence of such standards of corporate governance may leave our stockholders without protections against interested director transactions, conflicts of interest and similar matters and investors may be reluctant to provide us with funds necessary to expand our operations.

Our Articles of Incorporation allow for our board of directors to create new series of preferred stock without further approval by our stockholders which could adversely affect the rights of the holders of our common stock.

Our Board has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board also has the authority to issue preferred stock without further stockholder approval. As a result, our Board could authorize the issuance of a series of preferred stock that would grant to such holders (i) the preferred right to our assets upon liquidation, (ii) the right to receive dividend payments before dividends are distributed to the holders of common stock and (iii) the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our Board could authorize the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing common stockholders.

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Any of the actions described in the preceding paragraph could significantly adversely affect the investment made by holders of our common stock. Holders of common stock could potentially not receive dividends that they might otherwise have received. In addition, holders of our common stock could receive less proceeds in connection with any future sale of the Company, whether in liquidation or on any other basis.

Our officers and directors own a substantial amount of our common stock and, therefore, exercise significant control over our corporate governance and affairs which may result in their taking actions with which other shareholders do not agree.

Our executive officers and directors control approximately 20.54% of our outstanding common stock. These stockholders, if they act together, may be able to exercise substantial influence over the outcome of all corporate actions requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions, which may result in corporate action with which other stockholders do not agree. This concentration of ownership may also have the effect of delaying or preventing a change in control which might be in other stockholders' best interest but which might negatively affect the market price of our common stock.

We are in breach of our agreements with certain investors for failure to timely file a registration statement with the SEC registering shares offered and sold to such investors.

In connection with the offer and sale shares and warrants to purchase shares of common stock, the Company agreed to file a registration statement with the SEC including these shares once the Company sold an aggregate of $1 million shares. The Company sold $1 million shares in July 2013. In addition, our placement agents also have "piggyback" registration rights for shares underlying warrants issued to them. If an investor or placement agent decides to bring an action against the Company before this registration statement is deemed effective we may be faced with litigation and other costs and damages if unsuccessful in any such action.

The sale or issuance of our common stock to Bellridge may cause dilution and the sale of the shares of common stock acquired by Bellridge, or the perception that such sales may occur, could cause the price of our common stock to fall.

Under the Equity Purchase Agreement with Bellridge, upon effectiveness of the registration statement for resale of the shares, and subject to other conditions, we may direct Bellridge to purchase up to $5,000,000 of our shares of common stock over a 36-month period. The number of shares ultimately offered for sale by Bellridge under this prospectus is dependent upon the number of shares purchased by Bellridge under the Equity Purchase Agreement. Depending on market liquidity at the time, sales of shares we issue to Bellridge may cause the trading price of our common stock to decline.

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Subject to certain conditions, we generally have the right to control the timing and amount of any sales of our shares to Bellridge, except that, pursuant to the terms of the Equity Purchase Agreement**,** we would be unable to sell shares to Bellridge if Bellridge would own more than 4.99% of our common stock for stock sold to it under the Equity Purchase Agreement. This ownership limitation does not prevent Bellridge from selling some of its shares and then receiving additional shares in a Draw Down. The purchase price for the shares that we may sell to Bellridge will fluctuate based on the price of our common stock and other factors determined by us. As such, Bellridge may ultimately purchase all, some or none of the shares of our common stock offered pursuant to this prospectus and, after it has acquired shares, Bellridge may resell all, some or none of those shares. Therefore, sales to Bellridge by us pursuant to the Equity Purchase Agreement could result in substantial dilution to the interests of other holders of our common stock. Additionally, the sale of a substantial number of shares of our common stock to Bellridge, or the anticipation of such sales, could cause the trading price of our common stock to decline and could make it more difficult for us to sell equity or equity-related securities in the future.

We may, in the future, issue additional common shares, which would reduce investors' percent of ownership and may dilute our share value.

Our Articles of Incorporation authorizes the issuance of 350,000,000 shares of common stock, par value $0.001 per share, of which as of November 22, 2017, 152,586,983 shares are issued and outstanding. The future issuance of common stock may result in substantial dilution in the percentage of our common stock held by our then existing stockholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and may have an adverse effect on any trading market of our common stock.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market under Rule 144 or upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an "overhang" and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

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THE OFFERING

This prospectus relates to the resale by Bellridge, from time to time, of up to 50,000,000 shares of common stock issuable to Bellridge under the Equity Purchase Agreement.

USE OF PROCEEDS

We will not receive any proceeds from the sales of shares of our common stock by Bellridge; however, we may receive proceeds of up to $5,000,000 under the Equity Purchase Agreement over the 36-month period following the effective date of the registration statement of which this prospectus is a part assuming that we sell all of the shares available thereunder. However, there can be no assurance we will sell any or all of the shares to Bellridge or that they will resell such shares offered hereby.

We intend to use any such proceeds received for general corporate purposes. We have agreed to bear the expenses relating to the registration of the shares for the selling stockholder.

SELLING STOCKHOLDER

This prospectus relates to the possible resale by the selling stockholder, Bellridge, of shares of common stock that may be issued to Bellridge under the Equity Purchase Agreement. We are filing the registration statement of which this prospectus forms a part pursuant to the provisions of the Registration Rights Agreement, which we entered into with Bellridge on December 6, 2016 concurrently with our execution of the Equity Purchase Agreement, in which we agreed to provide certain registration rights with respect to sales by Bellridge of the shares of our common stock that may be issued to Bellridge under the Equity Purchase Agreement.

Bellridge, as the selling stockholder, may, from time to time, offer and sell pursuant to this prospectus any or all of the shares that we may issue to Bellridge under the Equity Purchase Agreement. Bellridge may sell some, all or none of its shares. We do not know how long the selling stockholder will hold the shares before selling them, and we currently have no agreements, arrangements or understandings with the selling stockholder regarding the sale of any of the shares.

The following table sets forth the shares beneficially owned, as of November 22, 2017, by the selling stockholder prior to the offering contemplated by this prospectus, the number of shares that the selling stockholder may offer and sell from time to time under this prospectus and the number of shares which the selling stockholder would own beneficially if all such offered shares are sold.

Beneficial ownership is determined in accordance with Rule 13d-3(d) promulgated by the SEC under the Exchange Act. The percentage of shares beneficially owned prior to the offering is based on 152,586,983 shares of our common stock outstanding as of November 22, 2017.

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Bellridge is not a registered broker-dealer or an affiliate of a registered broker-dealer. Neither Bellridge nor any of its affiliates has held a position or office, or had any other material relationship, with us or any of our predecessors or affiliates. The selling stockholder has acquired its shares solely for investment and not with a view to or for resale or distribution of such securities.

Name of Selling Stockholder	**Beneficial Ownership Before the Offering**	**Percentage of Ownership Before the Offering**	**Shares of Common Stock Included in Prospectus assuming the Company issues the Maximum Number of Shares Under the Equity Purchase Agreement**	**Beneficial Ownership After the Offering**	**Percentage of Ownership After the Offering(3)**
Bellridge Capital, LP (1)	51,881,632(2)	34.0%(3)	50,0000,000	1,881,632	1.2%

(1) Robert Klimov, the Managing Partner of Bellridge, is deemed to be beneficial owner of all of the shares of common stock owned by Bellridge. Mr. Klimov has sole voting and investment power over the shares being offered under the prospectus filed with the SEC in connection with the transactions contemplated under the Purchase Agreements.

BELLRIDGE TRANSACTION

On December 6, 2016, we entered into the Equity Purchase Agreement and the Registration Rights Agreement with Bellridge, pursuant to which the Company has the right to sell to Bellridge up to $5,000,000 in shares of its common stock, par value $0.001 per share.

Under the terms of the Equity Purchase Agreement, Bellridge is obligated to purchase up to $5,000,000 in shares of common stock (subject to certain limitations) from time to time over the 36-month period commencing on the date that a registration statement (the "Registration Statement") is declared effective by the SEC. The Company may direct Bellridge, at its sole discretion and subject to certain conditions, to purchase a minimum of $25,000 and a maximum of $500,000 of shares (each a "Draw Down") that is no more than 300% of the average trading volume of the common stock during the 10-day period immediately prior to the Draw Down; provided that this amount does not result in Bellridge beneficially owning in excess of 4.99% of the issued and outstanding common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days' prior notice to the Company.

The Company will control the timing and amount of any sales of common stock to Bellridge but the Company may not request a Draw Down less than ten business days apart. The purchase price of the shares under the Equity Purchase Agreement is the average of the lowest trade price of our common stock during the ten trading days immediately prior to each Draw Down notice plus a 20% discount.

On November 20, 2017, we entered into an amendment to the Equity Purchase Agreement with Bellridge to delete the requirement that our common stock have a price of at least $0.06 per share to effectuate a Draw Down. All other terms of the Equity Purchase Agreement remain in effect.

The likelihood that the Company will receive the full amount of proceeds available under the Agreement and its reliance on Bellridge as a source of funding will depend on a number of factors, including the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources.

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At a price per share of $0.07, the Company would have to issue 71,428,572 shares to access the full $5,000,000 available under the agreement with Bellridge. No fees or commissions are required to be paid upon the sale to Bellridge of these shares. However, 50,000,000 shares are being registered. Accordingly, assuming a price per share of $0.07 and the sale of all 50,000,000 shares to Bellridge, the Company would only be able to raise net proceeds of $3,500,000.

As consideration for its commitment to purchase shares of common stock pursuant to the Equity Purchase Agreement, the Company issued Bellridge 1,250,000 shares of Common Stock on February 16, 2017.

The Equity Purchase Agreement also provides for liquidated damages of $100 per trading day ($200 after five trading days) if the Company does not timely deliver the shares sold to Bellridge.

The Equity Purchase Agreement terminates if the common stock is delisted, the Company files for creditor protection or the Registration Statement is not declared effective by the SEC in 210 days from the execution of the Equity Purchase Agreement. The Company may also terminate the Equity Purchase Agreement upon five trading days' notice if Bellridge fails to timely fund a Draw Down.

Bellridge is not obligated to purchase more than $500,000 of common stock in any single purchase. There is no upper limit on the price per share that Bellridge could be obligated to pay for shares of common stock under the Equity Purchase Agreement. Actual sales of shares of common stock to Bellridge under the Equity Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including (among others) market conditions, the trading price of the Common Stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

Effect of Performance of the Equity Purchase Agreement on Our Stockholders

All shares of common stock to be issued to Bellridge pursuant to the Equity Purchase Agreement that are covered by this prospectus are expected to be freely tradable. It is anticipated that shares registered in this offering will be sold over a period of up to 36 months from the effective date of the registration statement. The sale by Bellridge of a significant amount of shares registered in such offering at any given time could cause the market price of our common stock to decline and to be highly volatile. Bellridge may ultimately acquire all, some or none of the shares of common stock not yet issued but registered in an offering. After it has acquired such shares, it may sell all, some or none of such shares. Therefore, sales to Bellridge by us under the Equity Purchase Agreement may result in substantial dilution to the interests of other holders of our common stock. However, we have the right to control the timing and amount of any sales of our shares to Bellridge under the Equity Purchase Agreement.

As of November 22, 2017, there were 152,586,983 shares of our common stock issued and outstanding. If all of the 50,000,000 shares offered by Bellridge under this prospectus were issued and outstanding as of the date hereof (without taking into account the 4.99% limitation), such shares would represent approximately 32.8% of the total common stock outstanding.

The number of shares ultimately offered for resale by Bellridge will be dependent upon the number of shares we sell to Bellridge under the Equity Purchase Agreement. The following table shows the number of shares that could be issued at various prices assuming we sell the $5,000,000 in shares under the Equity Purchase Agreement.

Assumed Average Purchase Price	Number of Shares Issuable at Assumed Prices (1)	Percentage of Outstanding Shares After Giving Effect to the Issuance to Bellridge (1)	Proceeds from the Sale of Shares to Bellridge Under the Purchase Agreement
$ 0.04	125,000,000	81.92%	$ 5,000,000
$ 0.06	83,333,333	54.61%	$ 5,000,000
$ 0.10	50,000,000	32.77%	$ 5,000,000
$ 0.20	25,000,000	16.38%	$ 5,000,000
$ 0.40	12,500,000	8.19%	$ 5,000,000

(1) The denominator is based on 152,586,982 shares outstanding as of November 22, 2017, including the number of shares set forth in the adjacent column which we would have sold to Bellridge. The numerator is based on the number of shares issuable under the Equity Purchase Agreement at the corresponding assumed purchase price set forth in the adjacent column.

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There are substantial risks to our stockholders as a result of the sale and issuance of common stock to Bellridge under the Equity Purchase Agreement. These risks include substantial dilution and declines in our stock price. See “Risk Factors.” Issuances of our common stock to Bellridge under the Equity Purchase Agreement will not affect the rights or privileges of our existing stockholders, except that the economic and voting interests of our existing stockholders will be diluted as a result of any such issuance. Although the number of shares of common stock that our existing stockholders own will not decrease, the shares owned by our existing stockholders will represent a smaller percentage of our total outstanding shares after any such issuance to Bellridge.

Representations and Warranties; Indemnification

The Equity Purchase Agreement includes customary representations and warranties by us and Bellridge. In addition, we have agreed to customary indemnification of Bellridge in connection with the Equity Purchase Agreement.

Negative Covenants

During the term of the Equity Purchase Agreement, Bellridge will not execute short sales.

Liquidated Damages; Buy In

In accordance with the Equity Purchase Agreement, the Company must pay Bellridge in cash as liquidated damages, \$100 per trading day (and \$200 after five trading days) for (i) each \$1,000 of Draw Down Shares (based upon the VWAP of the common stock), that the stock legend is not timely removed and (ii) for each \$1,000 that Draw Down Shares (based upon the closing price of the Common Stock on the applicable settlement date) are not timely delivered.

Note Purchase Agreement and Notes

On December 6, 2016, we also entered into a note purchase agreement (the “Note Purchase Agreement”) which provides for the purchase by Bellridge of up to an aggregate of \$150,000 principal amount of convertible promissory notes (the “Notes”). The Notes have a 5% original issue discount and bear interest at 5% per annum (or the lesser of 22% per annum or the maximum amount permitted by applicable law in the event of a default as described in the Notes). On December 7, 2016, \$85,000 was paid pursuant to the initial Note (after the deduction of \$10,000 for Bellridge’s legal expenses); said Note is due on December 5, 2017. On December 28, 2016, after the filing by the Company of a registration statement with the SEC, the Company issued Bellridge another Note in the original principal amount of $50,000 for $47,500.

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The Notes may be prepaid in whole or in part by the Company at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Notes are convertible into common stock (“Conversion Shares”) at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than $0.06 per share. If the price per share of the common stock closes at less than $0.06 for any five out of ten consecutive trading days after the sooner to occur of the filing of the registration statement, of which this prospectus forms a part (the “Market Price Decline Period”), or six months from the date of the Note, the Company has the right to pre-pay the Note at an amount equal to 125% of the then principal and interest due on the Note. However, if the Company fails to prepay the Note in its entirety during the thirty days following a Market Price Decline Period, then the conversion price floor of $0.06 per share will no longer be applicable.

If the Company fails to timely deliver shares to Bellridge upon conversion of the Notes, Bellridge will be entitled to liquidated damages of $10 per trading day for each $1,000 being converted (and $20 per day after the tenth trading day). If the Company fails to timely deliver share certificates and Bellridge is required by its brokerage firm to purchase, or its brokerage firm otherwise purchases, common stock to deliver in satisfaction of a sale by Bellridge of the Conversion Shares which Bellridge was entitled to receive, then the Company will (A) pay in cash the amount by which (x) Bellridge’s total purchase price for the common stock so purchased exceeds (y) the product of (1) the aggregate number of shares of common stock that Bellridge was entitled to receive from the conversion multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed and (B) at the option ight: 1.3; margin-top: 0pt; padding-left: 8.0pt; font-size: 8pt; border-bottom: solid #ccc 1pt;
"> 94,860 2,100,200 Evans Bancorp, Inc. (Z) 69,760 1,718,886 FCB Financial Holdings, Inc., Class A (I) 221,342 7,525,628 Fifth Third Bancorp 452,067 7,951,859 First Bancorp, Inc. 266,499 5,740,388 First Bancshares, Inc. 210,000 3,626,700 First Business Financial Services, Inc. 60,700 1,424,629 First Citizens BancShares, Inc., Class A (L) (Z) 15,038 3,893,489 First Community Corp. (Z) 136,228 1,905,830 First Connecticut Bancorp, Inc. 202,450 3,352,572

SEE NOTES TO FINANCIAL STATEMENTS
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	Shares	Value
Financials (continued)		
Banks (continued)		
First Financial Bancorp	146,045	$2,840,575
First Merchants Corp.	118,683	2,958,767
First Security Group, Inc. (I)	83,942	1,930,666
Flushing Financial Corp.	139,050	2,764,314
FNB Corp. (L) (Z)	767,513	9,624,613
German American Bancorp, Inc. (L) (Z)	40,060	1,280,718
Glacier Bancorp, Inc. (L) (Z)	223,556	5,942,118
Great Western Bancorp, Inc.	159,455	5,029,211
Hamilton State Bancshares, Inc. (I)	500,000	3,779,404
Hancock Holding Company (L) (Z)	245,752	6,416,585
HCSB Financial Corp. (I)	22,238,470	2,286,109
Heritage Commerce Corp.	387,733	4,082,828
Heritage Financial Corp.	194,590	3,420,892
Heritage Oaks Bancorp	650,719	5,166,709
Horizon Bancorp	179,816	4,520,574
	104,350	1,356,550

Howard Bancorp, Inc. (I)		
Independent Bank Corp.	125,407	1,819,656
Independent Bank Corp. (MA)(L) (Z)	195,961	8,955,418
JPMorgan Chase & Co.	222,625	13,833,918
KeyCorp	667,659	7,377,632
M&T Bank Corp. (L) (Z)	117,579	13,901,365
Mackinac Financial Corp.	40,000	440,400
MainSource Financial Group, Inc.	185,504	4,090,363
MB Financial, Inc. (L) (Z)	183,150	6,644,682
Merchants Bancshares, Inc.	56,125	1,710,690
MutualFirst Financial, Inc.	100,539	2,749,742
National Commerce Corp. (I)	50,542	1,178,639
Northrim BanCorp, Inc.	99,739	2,622,138
Old National Bancorp (L) (Z)	464,937	5,825,661
Old Second Bancorp, Inc.	202,363	1,382,139
Pacific Continental Corp.	183,645	2,885,063
PacWest Bancorp (L) (Z)	71,112	2,828,835
Park National Corp. (L) (Z)	42,113	3,865,131
Park Sterling Corp.	585,931	4,154,251
	122,945	2,678,972

Peoples Bancorp, Inc.		
QCR Holdings, Inc.	48,822	1,327,470
Regions Financial Corp.	384,335	3,270,691
Renasant Corp.	159,629	5,160,806
Sandy Spring Bancorp, Inc.	68,417	1,988,198
SBT Bancorp, Inc.	37,879	733,337
Shore Bancshares, Inc.	183,579	2,157,053
Southern First Bancshares, Inc. (I)	131,586	3,171,223
Southwest Bancorp, Inc.	110,118	1,864,298

SEE NOTES TO FINANCIAL STATEMENTS

	Shares	Value
Financials (continued)		
Banks (continued)		
State Bank Financial Corp.	53,182	$1,082,254
Stock Yards Bancorp, Inc.	66,324	1,872,327
Sun Bancorp, Inc. (I)	126,066	2,604,524
SunTrust Banks, Inc.	278,451	11,438,767
Talmer Bancorp, Inc., Class A (L) (Z)	551,228	10,567,041
The Community Financial Corp.	62,497	1,383,684
The First of Long Island Corp.	38,215	1,095,624
The PNC Financial Services Group, Inc.	129,086	10,506,310
Towne Bank	157,857	3,417,595
TriCo Bancshares	202,536	5,589,994
U.S. Bancorp	310,100	12,506,333
Union Bankshares Corp.	206,490	5,102,368
United Bankshares, Inc. (L) (Z)	74,856	2,807,849
Washington Trust Bancorp, Inc.	123,905	4,698,478
Wells Fargo & Company (L) (Z)	238,300	11,278,739
Westbury Bancorp, Inc. (I)	88,349	1,722,806
Yadkin Financial Corp.	382,462	9,595,972
	265,769	6,678,775

Zions Bancorporation (L) (Z)		
Capital markets 4.6 %		
Ares Capital Corp. (L) (Z)	171,449	2,434,576
Fifth Street Finance Corp. (L) (Z)	976,087	4,734,022
Golub Capital BDC, Inc.	166,116	3,001,716
Intermediate Capital Group PLC	379,010	2,483,223
KKR & Company LP	233,755	2,884,537
The Blackstone Group LP	132,582	3,253,562
TriplePoint Venture Growth BDC Corp. (Z)	207,177	2,194,004
Insurance 0.6 %		
Gjensidige Forsikring ASA	165,452	2,756,575
Thrifts and mortgage finance 7.2 %		
Bank Mutual Corp.	161,841	1,242,939
BSB Bancorp, Inc. (I)(Z)	177,195	4,013,467
First Defiance Financial Corp.	110,515	4,293,508
Georgetown Bancorp, Inc.	65,000	1,323,400
HomeStreet, Inc. (I)	208,636	4,156,029
Provident Financial Holdings, Inc.	97,339	1,781,304
Provident Financial Services, Inc. (L) (Z)	65,253	1,281,569
	112,188	2,639,784

Southern Missouri Bancorp, Inc.		
United Community Financial Corp.	634,588	3,858,295
United Financial Bancorp, Inc.	111,109	1,442,195
WSFS Financial Corp.	221,361	7,125,611

SEE NOTES TO FINANCIAL STATEMENTS

	Shares	Value
Preferred securities 8.3% (6.7% of Total investments)		$38,241,629
(Cost $35,146,451)		
Financials 8.3%		38,241,629
Banks 1.3 %		
HomeTown Bankshares Corp., 6.000% (I)	1,050	1,594,320
OFG Bancorp, Series C, 8.750%	1,671	1,436,329
SB Financial Group, Inc., 6.500%	250,000	2,912,500
Capital markets 1.8 %		
JMP Group LLC, 7.250% (Z)	80,000	1,982,400
JMP Group LLC, 8.000% (Z)	82,428	2,073,064
TriplePoint Venture Growth BDC Corp., 6.750% (Z)	168,000	4,253,760
Real estate investment trusts 3.8 %		
American Homes 4 Rent (5.500% to 3-31-21, then 10.000% thereafter)	100,000	2,653,000
Arbor Realty Trust, Inc., 7.375% (Z)	100,000	2,545,000
	84,140	2,234,758

Bluerock Residential Growth REIT, Inc., 8.250%				
FelCor Lodging Trust, Inc., Series A, 1.950% (Z)			86,950	2,190,271
Invesco Mortgage Capital, Inc. (7.750% to 12-27-24, then 3 month LIBOR + 5.180%)			150,000	3,675,000
Sotherly Hotels LP, 7.000%			99,475	2,511,744
Sotherly Hotels LP, 8.000%			60,000	1,527,000
Thrifts and mortgage finance 1.4 %				
Flagstar Bancorp, Inc., Series C, 9.000% (I)			5,000	6,652,483

	Rate (%)	Maturity date	Par value^	Value
Corporate bonds 10.3% (8.4% of Total investments)				$47,455,467
(Cost $48,943,726)				
Financials 10.3%				47,455,467
Banks 7.2 %				
Avenue Financial Holdings, Inc. (6.750% to	6.750	12-29-24	5,000,000	5,125,000

1-1-20, then 3 month LIBOR + 4.950%) (S)				
Avidbank Holdings, Inc. (P)(S)	6.875	11-15-25	3,000,000	3,000,000
Cadence Financial Corp. (6.500% to 3-11-20, then 3 month LIBOR + 4.663%) (S)	6.500	03-11-25	5,000,000	4,025,000
First Business Financial Services, Inc.	6.500	09-01-24	5,000,000	5,010,885
Northeast Bancorp (P)	6.750	07-01-26	5,000,000	5,000,000
Popular, Inc.	7.000	07-01-19	6,000,000	5,880,000
VantageSouth Bancshares, Inc.	7.625	08-12-23	5,000,000	5,330,092
Diversified financial services 1.2 %				
NewStar Financial, Inc.	7.250	05-01-20	5,935,000	5,519,550
Thrifts and mortgage finance 1.9 %				
Flagstar Bancorp, Inc. (S)	6.125	07-15-21	6,000,000	5,999,940
Nationstar Mortgage LLC	6.500	07-01-21	3,000,000	2,565,000

SEE NOTES TO FINANCIAL STATEMENTS

	Shares	Value
Warrants 0.3% (0.2% of Total investments)		$1,218,906
(Cost $1,437,378)		
Financials 0.3%		1,218,906
Banks 0.3 %		
Comerica, Inc. (Expiration Date: 11-14-18; Strike Price: $29.40) (I)	93,762	1,218,906

	Rate (%)	Maturity date	Par value^	Value
Certificate of deposit 0.0% (0.0% of Total investments)				$78,920
(Cost $78,044)				
Country Bank for Savings	1.000	08-27-16	1,975	1,976
First Bank Richmond	0.990	12-05-16	20,395	20,413
First Bank System, Inc.	0.549	04-03-17	4,960	4,958
First Federal Savings Bank of Louisiana	0.100	01-06-17	3,039	3,039
Home Banks	1.739	11-04-21	18,927	19,802
Hudson Savings	0.700	04-24-17	2,158	2,163
Machias Savings Bank	0.500	05-26-17	1,965	1,965
Midstate Federal Savings and Loan	1.000	05-30-17	2,009	2,009
Milford Federal Savings and Loan Bank	0.100	10-24-16	2,034	2,026
	0.300	06-08-17	1,902	1,895

Milford Federal Savings and Loan Bank				
Mount McKinley Savings Bank	0.180	12-02-16	1,700	1,697
Mt. Washington Bank	0.650	10-31-17	1,899	1,899
MutualOne Bank	0.900	09-08-17	4,011	4,011
Newburyport Five Cent Savings Bank	0.200	10-20-16	2,093	2,091
Newton Savings Bank	1.000	05-30-17	1,946	1,946
OBA Federal Savings and Loan	0.390	12-15-17	1,338	1,338
Plymouth Savings Bank	0.200	04-21-17	1,938	1,932
Salem Five Cents Savings Bank	0.250	12-15-16	1,730	1,730
Sunshine Federal Savings and Loan Association	0.500	05-10-17	2,025	2,030

	Yield*	Maturity date	Par value	Value
Short-term investments 0.9% (0.7% of Total investments) (Cost $4,111,000)				$4,111,000
U.S. Government Agency 0.9%				4,111,000
Federal Home Loan Bank	0.100	07-01-16	4,111,000	4,111,000

Discount
Note

Total investments (Cost $437,601,448) 123.9%	**$569,665,747**
Other assets and liabilities, net (23.9%)	**($109,811,051)**
Total net assets 100.0%	**$459,854,696**

SEE NOTES TO FINANCIAL STATEMENTS

The percentage shown for each investment category is the total value of the category as a percentage of the net assets of the fund unless otherwise indicated.
^All par values are denominated in U.S. dollars unless otherwise indicated.

Key to Security Abbreviations and Legend

LIBOR	London Interbank Offered Rate
(I)	Non-income producing security.
(L)	A portion of this security is on loan as of 6-30-16, and is a component of the fund's leverage under the Liquidity Agreement. The value of securities on loan amounted to $96,251,498.
(P)	Variable rate obligation. The coupon rate shown represents the rate at period end.
(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 Liquidity Agreement. Total collateral value at 6-30-16 was $125,356,780.

* Yield represents either the annualized yield at the date of purchase, the stated coupon rate or, for floating rate securities, the rate at period end.

At 6-30-16, the aggregate cost of investment securities for federal income tax purposes was $438,633,354. Net unrealized appreciation aggregated to $131,032,393, of which $148,101,970 related to appreciated investment securities and $17,069,577 related to depreciated investment securities.

SEE NOTES TO FINANCIAL STATEMENTS

Financial statements

STATEMENT OF ASSETS AND LIABILITIES 6-30-16 (unaudited)

Assets	
Investments, at value (Cost $437,601,448)	$569,665,747
Cash	449,245
Receivable for investments sold	4,016,793
Dividends and interest receivable	1,630,537
Receivable for exchange cleared swaps	288,535
Receivable due from advisor	71,471
Other receivables and prepaid expenses	13,024
Total assets	**576,135,352**
Liabilities	
Liquidity agreement payable	110,000,000
Payable for investments purchased	6,003,884
Interest payable	96,475
Payable to affiliates	
Administrative services fees	119,118
Trustees' fees	888
Other liabilities and accrued expenses	60,291
Total liabilities	**116,280,656**
Net assets	**$459,854,696**
Net assets consist of	
Paid-in capital	$329,796,752
Accumulated distributions in excess of net investment income	(8,173,682)
Accumulated net realized gain (loss) on investments, foreign currency transactions and swap agreements	6,871,419
Net unrealized appreciation (depreciation) on investments, translation of assets and liabilities in foreign currencies and swap agreements	131,360,207
Net assets	**$459,854,696**
Net asset value per share	
Based on 18,596,108 shares of beneficial interest outstanding unlimited number of shares authorized with no par value	$24.73

SEE NOTES TO FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS For the six months ended 6-30-16 (unaudited)

Investment income	
Dividends	$7,627,311
Interest	1,339,658
Less foreign taxes withheld	(72,490)
Total investment income	**8,894,479**
Expenses	
Investment management fees	3,178,170
Administrative services fees	702,030
Transfer agent fees	18,903
Trustees' fees	22,357
Printing and postage	97,534
Professional fees	37,965
Custodian fees	29,279
Stock exchange listing fees	11,822
Interest expense	576,984
Other	52,116
Total expenses	**4,727,160**
Less expense reductions	(441,507)
Net expenses	**4,285,653**

Net investment income	**4,608,826**
Realized and unrealized gain (loss)	
Net realized gain (loss) on	
Investments and foreign currency transactions	6,013,894
Swap contracts	(125,305)
	5,888,589
Change in net unrealized appreciation (depreciation) of	
Investments and translation of assets and liabilities in foreign currencies	(22,835,328)
Swap contracts	(736,094)
	(23,571,422)
Net realized and unrealized loss	**(17,682,833)**
Decrease in net assets from	**($13,074,007)**

operations

SEE NOTES TO FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN NET ASSETS

	Six months ended 6-30-16		Period ended 12-31-15[1]		Year ended 10-31-15	
	(unaudited)					
Increase (decrease) in net assets						
From operations						
Net investment income	$4,608,826		$1,786,584		$9,617,423	
Net realized gain	5,888,589		1,666,603		18,431,156	
Change in net unrealized appreciation (depreciation)	(23,571,422	)	6,657,768		10,137,624	
Increase (decrease) in net assets resulting from operations	**(13,074,007**	)	**10,110,955**		**38,186,203**	
Distributions to shareholders						
From net investment income	(13,746,322	)[2]	(1,929,428	)	(8,650,917	)
From net realized gain			(4,938,454	)	(14,669,856	)
Total distributions	**(13,746,322**	)	**(6,867,882**	)	**(23,320,773**	)
From fund						

share transactions			
Issued pursuant to Dividend Reinvestment Plan	818,349	420,331	727,485
Repurchased	(207,864)		
Total from Fund share transactions	**610,485**	**420,331**	**727,485**
Total increase (decrease)	**(26,209,844)**	**3,663,404**	**15,592,915**
Net assets			
Beginning of period	486,064,540	482,401,136	466,808,221
End of period	**$459,854,696**	**$486,064,540**	**$482,401,136**
Undistributed (accumulated distributions in excess of) net investment income	**($8,173,682)**	**$963,814**	**$1,141,870**
Share activity			
Shares outstanding			
Beginning of period	18,572,612	18,556,827	18,528,511
Issued pursuant to Dividend Reinvestment Plan	33,496	15,785	28,316
Shares repurchased	(10,000)		
End of	**18,596,108**	**18,572,612**	**18,556,827**

period

1 For the two-month period ended 12-31-15. The fund changed its fiscal year end from October 31 to December 31.

2 A portion of the distributions may be deemed a tax return of capital at year-end.

SEE NOTES TO FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS For the six months ended 6-30-16 (unaudited)

Cash flows from operating activities	
Net decrease in net assets from operations	($13,074,007)
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Long-term investments purchased	(31,539,023)
Long-term investments sold	40,361,013
Increase in short-term investments	(3,838,037)
Net amortization of premium (discount)	(3,237)
Increase in receivable for investments sold	(3,496,154)
Decrease in dividends and interest receivable	238,111
Increase in other receivables and prepaid expenses	(13,024)
Decrease in receivable due from advisor	5,280
Increase in receivable for exchange cleared swaps	(13,198)
Increase in payable for investments purchased	6,003,884
Decrease in payable to affiliates	(9,737)
Decrease in other liabilities and accrued expenses	(45,341)
Increase in interest payable	5,660
Net change in unrealized (appreciation) depreciation on investments	22,830,341
Net realized gain on investments	(6,011,434)
Net cash provided by operating activities	**$11,401,097**
Cash flows from financing activities	
Distributions to common shareholders	($12,927,973)
Fund shares repurchased	(207,864)
Net cash used in financing activities	**($13,135,837)**
Net decrease in cash	**($1,734,740)**
Cash at beginning of period	**$2,183,985**
Cash at end of period	**$449,245**
Supplemental disclosure of cash flow information:	
Cash paid for interest	**$571,324**
Noncash financing activities not included herein consists of reinvestment of distributions:	$818,349

SEE NOTES TO FINANCIAL STATEMENTS

Financial highlights

COMMON SHARES Period Ended	**6-30-16[1]**	**12-31-15[2]**	**10-31-15**	**10-31-14**	**10-31-13**	**10-31-12**	**10-31-11**
Per share operating performance							
Net asset value, beginning of period	$26.17	$26.00	$25.19	$23.01	$18.91	$15.67	$16.90
Net investment income[3]	0.25	0.10	0.52 [4]	0.35	0.29	0.17	0.08
Net realized and unrealized gain (loss) on investments	(0.95)	0.44	1.55	3.01	4.99	3.97	(0.49)
Total from investment operations	**(0.70)**	**0.54**	**2.07**	**3.36**	**5.28**	**4.14**	**(0.41)**
Less distributions to common shareholders							
From net investment income	(0.74) [5]	(0.10)	(0.47)	(0.35)	(0.22)	(0.17)	(0.09)
From net realized gain		(0.27)	(0.79)	(0.83)	(0.96)	(0.75)	(0.82)
From tax return						(0.02)	

of capital							
Total distributions	**(0.74)**	**(0.37)**	**(1.26)**	**(1.18)**	**(1.18)**	**(0.94)**	**(0.91)**
Anti-dilutive impact of repurchase plan	[6,7]					0.04 [6]	0.09 [6]
Net asset value, end of period	$24.73	$26.17	$26.00	$25.19	$23.01	$18.91	$15.67
Per share market value, end of period	$25.64	$28.03	$26.77	$22.97	$22.20	$18.03	$14.29
Total return at net asset value (%)[8,9]	**(2.62)** [10]	**2.05** [10]	**8.60**	**15.16**	**29.03**	**27.70**	**(1.81)**
Total return at market value (%)[9]	**(5.73)** [10]	**6.16** [10]	**22.63**	**8.84**	**30.56**	**33.51**	**0.76**
Ratios and supplemental data							
Net assets applicable to common shares, end of period (in millions)	$460	$486	$482	$467	$426	$350	$298
Ratios (as a percentage of average net assets):							

Expenses before reductions	2.09[11]	2.02[11]	1.99	1.99	1.88	1.53	1.52
Expenses including reductions[12]	1.90[11]	1.83[11]	1.80	1.81	1.71	1.38	1.37
Net investment income	2.04[11]	2.15[11]	2.03[4]	1.43	1.37	0.94	0.48
Portfolio turnover (%)	6	2	18	15	20	19	23
Senior securities							
Total debt outstanding end of period (in millions)	$110	$110	$110	$110	$95		
Asset coverage per $1,000 of debt[13]	$5,180	$5,419	$5,385	$5,244	$5,487		

1 Six months ended 6-30-16. Unaudited.

2 For the two-month period ended 12-31-15. The fund changed its fiscal year end from October 31 to December 31.

3 Based on average daily shares outstanding.

4 Net investment income per share and the percentage of average net assets reflects special dividends received by the fund, which amounted to $0.04 and 0.15%, respectively.

5 A portion of the distributions may be deemed a tax return of

capital at year-end.

6 The repurchase plan was completed at an average repurchase price of $20.79, $15.15 and $14.82 for 10,000, 461,253 and 1,016,051 shares, and $207,864, $6,987,727 and $15,062,318 for the periods ended 6-30-16, 10-31-12 and 10-31-11, respectively.

7 Less than $0.005 per share.

8 Total returns would have been lower had certain expenses not been reduced during the applicable periods.

9 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 distributions from income, capital gains and tax return of capital, 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.

10 Not annualized.

11 Annualized.

12 Expenses including reductions excluding interest expense were 1.64%, 1.63% 1.60%, 1.62% and 1.58% for the periods ended

6-30-16, 12-31-15, 10-31-15, 10-31-14 and 10-31-13, respectively.

13 Asset coverage equals the total net assets plus borrowings divided by the borrowings of the fund outstanding at period end (Note 8). As debt outstanding changes, the level of invested assets may change accordingly. Asset coverage ratio provides a measure of leverage.

SEE NOTES TO FINANCIAL STATEMENTS

Notes to financial statements (unaudited)

Note 1 Organization

John Hancock Financial Opportunities 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 (US GAAP), which require management to make certain estimates and assumptions as of the date of the financial statements. Actual results could differ from those estimates and those differences could be significant. The fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of US GAAP.

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 scheduled close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 p.m., Eastern Time. In case of emergency or other disruption resulting in the NYSE not opening for trading or the NYSE closing at a time other than the regularly scheduled close, the net asset value (NAV) may be determined as of the regularly scheduled close of the NYSE pursuant to the fund's Valuation Policies and Procedures. The time at which shares and transactions are priced and until which orders are accepted may vary to the extent permitted by the Securities and Exchange Commission (SEC) and applicable regulations.

In order to value the securities, the fund uses the following valuation techniques: Equity securities held by the fund are typically valued at the last sale price or official closing price on the exchange or principal market 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. Debt obligations are valued based on the evaluated prices provided by an independent pricing vendor or from broker-dealers. Independent pricing vendors utilize matrix pricing which takes 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, as well as broker supplied prices. 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.

In certain instances, the Pricing Committee may determine to value equity securities using prices obtained from another exchange or market if trading on the exchange or market on which prices are typically obtained did not open for trading as scheduled, or if trading closed earlier than scheduled, and trading occurred as normal on another exchange or market.

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. Trading in foreign securities may be completed before the scheduled daily close of trading on the NYSE. Significant events at the issuer or market level may affect the values of securities between the time when the valuation of the securities is generally determined and the close of the NYSE. If a significant event occurs, these securities may be fair valued, as determined in good faith by the fund's Pricing Committee, following procedures established by the

Board of Trustees. The fund uses fair value adjustment factors provided by an independent pricing vendor to value certain foreign securities in order to adjust for events that may occur between the close of foreign exchanges or markets and the close of the NYSE.

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 and related inputs may result in transfers into or out of an assigned level within the disclosure hierarchy.

The following is a summary of the values by input classification of the fund's investments as of June 30, 2016, by major security category or type:

	Total value at 6-30-16	**Level 1 quoted price**	**Level 2 significant observable inputs**	**Level 3 significant unobservable inputs**
Common stocks				
Banks	$421,659,509	$412,751,896	$2,842,100	$6,065,513
Capital markets	20,985,640	18,502,417	2,483,223	
Insurance	2,756,575		2,756,575	
Thrifts and mortgage finance	33,158,101	33,158,101		
Preferred securities				
Banks	5,943,149	2,912,500	3,030,649	
Capital markets	8,309,224	8,309,224		
Real estate investment trusts	17,336,773	17,336,773		
Thrifts and mortgage finance	6,652,483		6,652,483	
Corporate bonds				
Banks	33,370,977		23,030,000	10,340,977
Diversified financial services	5,519,550		5,519,550	
Thrifts and mortgage finance	8,564,940		8,564,940	
Warrants	1,218,906	1,218,906		
Certificate of deposit	78,920		78,920	
Short-term investments	4,111,000		4,111,000	
Total investments in securities	**$569,665,747**	**$494,189,817**	**$59,069,440**	**$16,406,490**
Other financial instruments				
Interest rate swaps	**($698,298)**		($698,298)	

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

Investments in securities	**Common stocks**	**Corporate bonds**	**Total**
Balance as of 12-31-15	$3,580,376	$13,128,221	$16,708,597
Realized gain (loss)			
Change in unrealized appreciation (depreciation)	261,290	212,756	$474,046
Purchases	2,223,847		2,223,847
Sales		(3,000,000)	(3,000,000)
Transfers into Level 3			
Transfers out of Level 3			
Balance as of 6-30-16	**$6,065,513**	**$10,340,977**	**$16,406,490**
Change in unrealized at period end*	$261,290	$202,452	$463,742

*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.

The valuation techniques and significant unobservable inputs used in the fair value measurement of the fund's Level 3 securities are outlined in the table below:

	Fair value at 6-30-16	**Valuation technique**	**Significant unobservable inputs**	**Input/range**
Common stock	$6,065,513	Market Approach	Book value per share Price-to-book value multiple Discount for lack of marketability	$0.10 - $5.68 (weighted average $3.58) 1.17x - 1.48x (weighted average 1.36x) 10%
Corporate bonds	$10,340,977	Market Approach	Yield	642bps - 645bps (weighted average 644bps)
Total	**$16,406,490**			

A change to unobservable inputs of a fund's Level 3 securities may result in changes to the fair value measurement, as follows:

Significant unobservable input	**Impact to valuation if input increases**	**Impact to valuation if input decreases**
Book value per share	Increase	Decrease
Discount	Decrease	Increase
Price-to-book value multiple	Increase	Decrease
Yield	Decrease	Increase

Security transactions and related investment income. Investment security transactions are accounted for on a trade date plus one basis for daily NAV calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is accrued as earned. 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. 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. Distributions received on securities that represent a tax return of capital or capital gain are recorded as a reduction of cost of investments and/or as a realized gain if amounts are estimable. 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.

Foreign currency translation. Assets, including investments and liabilities denominated in foreign currencies, are translated into U.S. dollar values each day at the prevailing exchange rate. Purchases and sales of securities, income and expenses are translated into U.S. dollars at the prevailing exchange rate on the date of the transaction. The effect of changes in foreign currency exchange rates on the value of securities is reflected as a component of the realized and unrealized gains (losses) on investments.

Funds that invest internationally generally carry more risk than funds that invest strictly in U.S. securities. Risks can result from differences in economic and political conditions, regulations, market practices (including higher transaction costs), accounting standards and other factors. Foreign investments are also subject to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.

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 December 31, 2015, 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.

Managed distribution plan. In March 2010, the Board of Trustees approved a managed distribution plan. On July 1, 2015, the Board of Trustees approved an amendment to the managed distribution plan (the Managed Distribution Plan). Under the current Managed Distribution Plan, the fund makes quarterly distributions of an amount equal to $0.3701 per share.

Distributions under the Managed Distribution Plan may consist of net investment income, net realized capital gains and, to the extent necessary, return of capital. Return of capital distributions may be necessary when the fund's net investment income and net capital gains are insufficient to meet the minimum distribution. In addition, the fund also may make additional distributions to avoid federal income and excise taxes.

The Board of Trustees may terminate or reduce the amount distributed under the Managed Distribution Plan at any time. The termination or reduction may have an adverse effect on the market price of the fund's shares.

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 under the Managed Distribution Plan described above.

Such distributions, on a tax basis, are determined in conformity with income tax regulations, which may differ from US GAAP. Distributions in excess of tax basis earnings and profits, if any, are reported in the fund's financial statements as a return of capital. The final determination of tax characteristics of the fund's distribution will occur at the end of the year and will subsequently be reported to shareholders.

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 partnerships and investments in passive foreign investment companies.

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.

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 over-the-counter (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 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.

Cleared swaps are cleared on an exchange or central clearinghouse. Cleared transactions generally present less counterparty risk to a fund than OTC transactions. The exchange or clearinghouse stands between the fund and the broker to the contract and therefore, credit risk is generally limited to the failure of the clearinghouse and the clearing member.

Cleared swap contracts are subject to clearinghouse rules, including initial and variation margin requirements, daily settlement of obligations and the clearinghouse guarantee of payments to the broker. There is, however, still counterparty risk due to the potential insolvency of the broker with respect to any margin held in the brokers' customer accounts. While clearing members are required to segregate customer assets from their own assets, in the event of insolvency, there may be a shortfall in the amount of margin held by the broker for its clients. Collateral or margin requirements for cleared derivatives are set by the broker or applicable clearinghouse. Margin for exchange-cleared transactions are detailed in the Statement of assets and liabilities as Receivable for exchange-cleared swaps.

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 produce outcomes 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. In addition to interest rate risk, market risks may also impact the swap. The fund may also suffer losses if it is unable to terminate or assign outstanding swaps or reduce its exposure through offsetting transactions.

During the six months ended June 30, 2016, the fund used interest rate swaps to manage against anticipated interest rate changes. The following table summarizes the interest rate swap contracts held as of June 30, 2016:

Counterparty	USD notional amount	Payments made by fund	Payments received by fund	Maturity date	Market value
Exchange Cleared Swaps					
	$5,000,000	Fixed 1.2945%	3-Month LIBOR (a)	Aug 2019	($91,592)
	10,000,000	Fixed 1.4265%	3-Month LIBOR (a)	Aug 2019	(229,337)
	5,000,000	Fixed 1.5940%	3-Month LIBOR (a)	Dec 2020	(143,948)
	5,000,000	Fixed 1.7895%	3-Month LIBOR (a)	Aug 2022	(233,421)
Total	**$25,000,000**				**($698,298)**

(a) At 6-30-16, the 3-Month LIBOR rate was 0.6541%

No interest rate swap positions were entered into or closed during the six months ended June 30, 2016.

Fair value of derivative instruments by risk category

The table below summarizes the fair value of derivatives held by the fund at June 30, 2016 by risk category:

Risk	Statement of assets and liabilities location	Financial instruments location	Asset derivatives fair value	Liabilities derivatives fair value
Interest rate	Swap contracts, at value	Interest rate swaps^		($698,298)

^ Reflects cumulative appreciation/depreciation on swap contracts. Variation margin for cleared swaps and appreciation/depreciation for OTC swaps are shown separately 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 six months ended June 30, 2016:

	Statement of operations location - Net realized gain (loss) on:
Risk	**Swap contracts**
Interest rate	($125,305)

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 June 30, 2016:

	Statement of operations location - Change in unrealized appreciation (depreciation)
Risk	**Swap contracts**
Interest rate	($736,094)

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.

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 advisory agreement with the Advisor under which the fund pays a daily management fee to the Advisor, equivalent on an annual basis to the sum of (a) 1.15% of the first $500 million of the fund's average daily gross assets, including the assets attributed to the Liquidity Agreement (LA) (see Note 8) (collectively, gross managed assets), and (b) 1.00% of the fund's average daily gross managed assets in excess of $500 million. 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 Advisor has contractually agreed to waive a portion of its management fee and/or reimburse expenses for certain funds of the John Hancock group of funds complex, including the fund (the participating portfolios). This waiver is based upon aggregate net assets of all the participating portfolios. The amount of the reimbursement is calculated daily and allocated among all the participating portfolios in proportion to the daily net assets of each fund. During the six months ended June 30, 2016, this waiver amounted to 0.01% of the fund's average gross managed assets (on an annualized basis). This arrangement may be amended or terminated at any time by the Advisor upon notice to the fund and with the approval of the Board of Trustees.

The expense reductions described above amounted to $20,289 for the six months ended June 30, 2016.

Expenses waived or reimbursed in the current fiscal period are not subject to recapture in future fiscal periods.

The investment management fees, including the impact of the waivers and reimbursements as described above, incurred for the six months ended June 30, 2016 were equivalent to a net annual effective rate of 1.13% of the fund's average daily gross managed assets.

Administrative services. The fund has an administration agreement with the Advisor under which the Advisor provides certain administrative services to the fund and oversees operational activities of the fund. The compensation for the period was at an annual rate of 0.25% of the average weekly gross managed assets of the fund. The Advisor agreed to limit the administrative services fee to 0.10% of the fund's average weekly gross assets. Accordingly, the expense reductions related to administrative services fees amounted to $421,218 for the six months ended June 30, 2016. The Advisor reserves the right to terminate this limitation in the future with the Trustees' approval. The administrative services fees incurred for the six months ended June 30, 2016 amounted to an annual rate of 0.10% of the fund's average weekly gross managed assets.

Trustee expenses. The fund compensates each Trustee who is not an employee of the Advisor or its affiliates. These Trustees receive 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

In May 2009, the Board of Trustees approved a share repurchase plan, which was subsequently reviewed and approved by the Board of Trustees each year in December. Under the current share repurchase plan, the fund may purchase in the open market up to 10% of its outstanding common shares as of December 31, 2015. The current share repurchase plan will remain in effect between January 1, 2016 and December 31, 2016. During the six months ended June 30, 2016, the fund repurchased 0.05% of shares outstanding. The weighted average discount per share on the repurchases amounted to 8.27% for the six months ended June 30, 2016. Shares repurchased and corresponding dollar amounts are included in the Statements of changes in net assets. The antidilutive impact of these share repurchases is included on the Financial highlights.

Note 7 Leverage risk

The fund utilizes a LA to increase its assets available for investment. When the fund leverages its assets, common shareholders bear the fees associated with the LA 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 NAV and market price of common shares;
- fluctuations in the interest rate paid for the use of the Liquidity agreement;
- 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
- 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 LA 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 Liquidity agreement

The fund has entered into a LA with State Street Bank & Trust Company (SSB) that allows it to borrow up to $125.0 million (maximum facility amount) and includes a securities lending provision. The amounts outstanding at June 30, 2016 are shown in the Statement of assets and liabilities as Liquidity agreement payable.

The fund pledges its assets as collateral to secure obligations under the LA. The fund retains the risks and rewards of the ownership of assets pledged to secure obligations under the LA and may make these assets available for securities lending transactions. Under the terms of the LA, the fund may enter into securities lending transactions initiated by SSB, acting as the fund's authorized securities lending agent. All securities lent through SSB are required to be secured with cash collateral received from the securities lending counterparty in amounts at least equal to 100% of the initial market value of the securities lent. Cash collateral received by SSB, in its role as securities lending agent for the fund is credited against the amounts drawn under the LA. Any amounts credited against the LA are considered leverage and would be subject to various limitations in the LA and/or the 1940 Act. Upon return of loaned securities, SSB will return collateral to the securities lending counterparty and will cause amounts drawn under the LA to increase by the amount of collateral returned. Amounts paid by securities lending counterparties for loaned securities are retained by SSB.

In the event of a securities lending counterparty default, SSB indemnifies the fund for certain losses that may arise in connection with the default. SSB uses the collateral received from the securities lending counterparty to purchase replacement securities of the same issue, type, class and series of the loaned securities. If the value of the collateral is less than the purchase cost of the replacement securities, SSB is responsible for satisfying the shortfall but only to the extent that the shortfall is not due to any decrease in the value of the collateral. Although the risk of the loss of the securities lent is mitigated by receiving collateral from the securities lending counterparty and through SSB indemnification, the fund could experience a delay in recovering securities or could experience a lower than expected return if the securities lending counterparty fails to return the securities on a timely basis.

Interest charged is at the rate of one-month LIBOR (London Interbank Offered Rate) plus 0.60%, and is payable monthly on the collective balance of the drawdowns outstanding and the securities lending activities of the fund. As of June 30, 2016, the fund had a collective balance of $110,000,000 at an interest rate of 1.07%, which is reflected in the LA payable on the Statement of assets and liabilities. During the six months ended June 30, 2016, the average balance of the LA and the effective average interest rate were $110,000,000 and 1.05%, respectively.

The fund may terminate the LA with 60 days' notice. If certain asset coverage and collateral requirements, minimum net assets or other covenants are not met, the LA could be deemed in default and result in termination. Absent a default or facility termination event, SSB is required to provide the fund with 360 days' notice prior to terminating the LA.

Note 9 Purchase and sale of securities

Purchases and sales of securities, other than short-term investments, amounted to $31,539,023 and $40,361,013, respectively, for the six months ended June 30, 2016.

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 NAV 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.

Financial services companies can be hurt by economic declines, changes in interest rates, and regulatory and market impacts.

ADDITIONAL INFORMATION

Unaudited

Investment objective and policy

The fund is a closed-end, diversified management investment company, shares of which were initially offered to the public in August 1994. The fund's investment objective is to provide a high level of total return consisting of long-term capital appreciation and current income. The fund utilizes a credit facility agreement to increase its assets available for investments.

Under normal circumstances, the fund will invest at least 80% of its net assets plus borrowings for investment purposes in equity securities of U.S. and foreign financial services companies of any size. These companies may include, but are not limited to, banks, thrifts, finance companies, brokerage and advisory firms, real estate-related firms, insurance companies and financial holding companies. The fund will notify shareholders at least 60 days prior to any change in this 80% policy.

The use of securities lending collateral to obtain leverage in the fund's investment portfolio may subject the fund to greater risk of loss than would reinvestment of collateral in short-term, highly-rated investments. Risks associated with the fund's use of leverage are discussed under Note 7 to the financial statements.

Declaration of Trust

Effective January 22, 2016, the Board of Trustees of the fund amended and restated in its entirety the Agreement and Declaration of Trust of the fund (the "Declaration of Trust"). The amendments to the Declaration of Trust include, among other changes, provisions that: (i) clarify certain duties, responsibilities, and powers of the Trustees; (ii) clarify that, other than as provided under federal securities laws, the shareholders may only bring actions involving the fund derivatively; (iii) provide that any action brought by a shareholder related to the fund will be brought in Massachusetts state or federal court, and that, if a claim is brought in a different jurisdiction and subsequently changed to a Massachusetts venue, the shareholder will be required to reimburse the fund for expenses related to changing venue; and (iv) clarify that shareholders are not intended to be third-party beneficiaries of fund contracts. The foregoing description of the Declaration of Trust is qualified in its entirety by the full text of the Declaration of Trust, effective as of January 22, 2016, which is available by writing to the Secretary of the fund at 601 Congress Street, 11th Floor, Boston, Massachusetts 02210.

By-laws

Effective March 10, 2016, the Board of Trustees of the fund amended the By-Laws of the fund to provide that Trustees' mandatory retirement age shall be determined from time to time by a resolution of the majority of the Trustees.

Dividends and distributions

During the six months ended June 30, 2016, distributions from net investment income totaling $0.7402 per share were paid to shareholders. The dates of payments and the amounts per share were as follows:

Payment date	Income distributions[1]
March 31, 2016	$0.3701
June 30, 2016	0.3701
Total	**$0.7402**

[1] A portion of the distributions may be deemed a tax return of capital at year-end.

CONTINUATION OF INVESTMENT ADVISORY AND SUBADVISORY AGREEMENTS

Evaluation of Advisory and Subadvisory Agreements by the Board of Trustees

This section describes the evaluation by the Board of Trustees (the Board) of John Hancock Financial Opportunities Fund (the fund) of the Advisory Agreement (the Advisory Agreement) with John Hancock Advisers, LLC (the Advisor) and the Subadvisory Agreement (the Subadvisory Agreement) with John Hancock Asset Management a division of Manulife Asset Management (US) LLC (the Subadvisor). The Advisory Agreement and Subadvisory Agreement are collectively referred to as the Agreements. Prior to the June 20-23, 2016 meeting at which the Agreements were approved, the Board also discussed and considered information regarding the proposed continuation of the Agreements at an in-person meeting held on May 24-25, 2016.

Approval of Advisory and Subadvisory Agreements

At in-person meetings held on June 20-23, 2016, the Board, including the Trustees who are not considered to be interested persons of the fund under the Investment Company Act of 1940, as amended (the 1940 Act) (the Independent Trustees), reapproved for an annual period the continuation of the Advisory Agreement between the fund and the Advisor and the Subadvisory Agreement between the Advisor and the Subadvisor with respect to the fund.

In considering the Advisory Agreement and the Subadvisory Agreement, the Board received in advance of the meetings a variety of materials relating to the fund, the Advisor and the Subadvisor, including comparative performance, fee and expense information for a peer group of similar funds prepared by an independent third-party provider of fund data, performance information for an applicable benchmark index; and other pertinent information, such as the market premium and discount information, and, with respect to the Subadvisor, comparative performance information for comparably managed accounts, as applicable, and other information provided by the Advisor and the Subadvisor regarding the nature, extent and quality of services provided by the Advisor and the Subadvisor under their respective Agreements, as well as information regarding the Advisor's revenues and costs of providing services to the fund and any compensation paid to affiliates of the Advisor. At the meetings at which the renewal of the Advisory Agreement and Subadvisory Agreement are considered, particular focus is given to information concerning fund performance, comparability of fees and total expenses, and profitability. However, the Board notes that the evaluation process with respect to the Advisor and the Subadvisor is an ongoing one. In this regard, the Board also took into account discussions with management and information provided to the Board at prior meetings with respect to the services provided by the Advisor and the Subadvisor to the fund, including quarterly performance reports prepared by management containing reviews of investment results and prior presentations from the Subadvisor with respect to the fund. The Board noted the affiliation of the Subadvisor with the Advisor, noting any potential conflicts of interest. The Board also considered the nature, quality, and extent of non-advisory services, if any, to be provided to the fund by the Advisor's affiliates.

Throughout the process, the Board asked questions of and requested additional information from management. The Board is assisted by counsel for the fund and the Independent Trustees are also separately assisted by independent legal counsel throughout the process. The Independent Trustees also received a memorandum from their independent legal counsel discussing the legal standards for their consideration of the proposed continuation of the Agreements and discussed the proposed continuation of the Agreements in private sessions with their independent legal counsel at which no representatives of management were present.

Approval of Advisory Agreement

In approving the Advisory Agreement with respect to the fund, the Board, including the Independent Trustees, considered a variety of factors, including those discussed below. The Board also considered other factors (including conditions and trends prevailing generally in the economy, the securities markets, and the industry) and does not treat any single factor as determinative, and each Trustee may attribute different weights to different factors. The Board's conclusions may be based in part on its consideration of the advisory and subadvisory arrangements in prior years and on the Board's ongoing regular review of fund performance and operations throughout the year.

Nature, extent, and quality of services. Among the information received by the Board from the Advisor relating to the nature, extent, and quality of services provided to the fund, the Board reviewed information provided by the Advisor relating to its operations and personnel, descriptions of its organizational and management structure, and information regarding the Advisor's compliance and regulatory history, including its Form ADV. The Board also noted that on a regular basis it receives and reviews information from the fund's Chief Compliance Officer (CCO) regarding the fund's compliance policies and procedures established pursuant to Rule 38a-1 under the 1940 Act. The Board also considered the Advisor's risk management processes. The Board considered that the Advisor is responsible for the management of the day-to-day operations of the fund, including, but not limited to, general supervision of and coordination of the services provided by the Subadvisor, and is also responsible for monitoring and reviewing the activities of the Subadvisor and third-party service providers.

The Board also considered the differences between the Advisor's services to the fund and the services it provides to other clients that are not closed-end funds, including, for example, the differences in services related to the regulatory and legal obligations of closed-end funds.

In considering the nature, extent, and quality of the services provided by the Advisor, the Trustees also took into account their knowledge of the Advisor's management and the quality of the performance of the Advisor's duties, through Board meetings, discussions and reports during the preceding year and through each Trustee's experience as a Trustee of the fund and of the other funds in the John Hancock group of funds complex (the John Hancock Fund Complex).

In the course of their deliberations regarding the Advisory Agreement, the Board considered, among other things:

(a) the skills and competency with which the Advisor has in the past managed the fund's affairs and its subadvisory relationship, the Advisor's oversight and monitoring of the Subadvisor's investment performance and compliance programs, such as the Subadvisor's compliance with fund policies and objectives, review of brokerage matters, including with respect to trade allocation and best execution and the Advisor's timeliness in responding to performance issues;
(b) the background, qualifications and skills of the Advisor's personnel;
(c) the Advisor's compliance policies and procedures and its responsiveness to regulatory changes and fund industry developments;
(d) the Advisor's administrative capabilities, including its ability to supervise the other service providers for the fund;
(e) the financial condition of the Advisor and whether it has the financial wherewithal to provide a high level and quality of services to the fund; and
(f) the Advisor's reputation and experience in serving as an investment advisor to the fund and the benefit to shareholders of investing in funds that are part of a family of funds offering a variety of investments.

The Board concluded that the Advisor may reasonably be expected to continue to provide a high quality of services under the Advisory Agreement with respect to the fund.

Investment performance. In considering the fund's performance, the Board noted that it reviews at its regularly scheduled meetings information about the fund's performance results. In connection with the consideration of the Advisory Agreement, the Board:

(a) reviewed information prepared by management regarding the fund's performance;
(b) considered the comparative performance of an applicable benchmark index;
(c) considered the performance of comparable funds, if any, as included in the report prepared by an independent third-party provider of fund data;
(d) took into account the Advisor's analysis of the fund's performance; and

(e) considered the fund's share performance and premium/discount information.

The Board noted that, based on its net asset value, the fund outperformed its benchmark index for the one-, three- and five-year periods ended December 31, 2015. The Board also noted that, based on its net asset value, the fund outperformed its peer group average for the one-, three- and five-year periods ended December 31, 2015. The Board took into account management's discussion of the fund's performance, including the favorable performance relative to the peer group and benchmark for the one-, three- and five-year periods. The Board concluded that the fund's performance has generally outperformed the historical performance of comparable funds and the fund's benchmark index.

Fees and expenses. The Board reviewed comparative information prepared by an independent third-party provider of fund data, including, among other data, the fund's contractual and net management fees (and subadvisory fees, to the extent available) and total expenses as compared to similarly situated investment companies deemed to be comparable to the fund. The Board considered the fund's ranking within a smaller group of peer funds chosen by the independent third-party provider, as well as the fund's ranking within a broader group of funds. In comparing the fund's contractual and net management fees to those of comparable funds, the Board noted that such fees include both advisory and administrative costs.

The Board also took into account the impact of leverage on fund expenses. The Board took into account the management fee structure, including that management fees for the fund were based on the fund's total managed assets, which are attributable to common stock and borrowings. The Board noted that net management fees and total expenses for the fund are each higher than the peer group median.

The Board took into account management's discussion of the fund's expenses. The Board also took into account management's discussion with respect to the advisory/subadvisory fee structure, including the amount of the advisory fee retained by the Advisor after payment of the subadvisory fee. The Board also noted that the Advisor pays the subadvisory fee. In addition, the Board took into account that management had agreed to implement an overall fee waiver across the complex, including the fund, which is discussed further below. The Board also noted that, in addition, the Advisor is currently waiving fees and/or reimbursing expenses with respect to the fund and that the fund has breakpoints in its contractual management fee schedule that reduces management fees as assets increase. The Board reviewed information provided by the Advisor concerning the investment advisory fee charged by the Advisor or one of its advisory affiliates to other clients (including other funds in the John Hancock Fund Complex) having similar investment mandates, if any. The Board considered any differences between the Advisor's and Subadvisor's services to the fund and the services they provide to other comparable clients or funds. The Board concluded that the advisory fee paid with respect to the fund is reasonable.

Profitability/indirect benefits. In considering the costs of the services to be provided and the profits to be realized by the Advisor and its affiliates (including the Subadvisor) from the Advisor's relationship with the fund, the Board:

(a) reviewed financial information of the Advisor;
(b) reviewed and considered information presented by the Advisor regarding the net profitability to the Advisor and its affiliates with respect to the fund;
(c) received and reviewed profitability information with respect to the John Hancock Fund Complex as a whole;
(d) received information with respect to the Advisor's allocation methodologies used in preparing the profitability data;
(e) considered that the Advisor also provides administrative services to the fund pursuant to an administrative services agreement;
(f) noted that the fund's Subadvisor is an affiliate of the Advisor;
(g) noted that the Advisor also derives reputational and other indirect benefits from providing advisory services to the fund;

(h) noted that the subadvisory fees for the fund are paid by the Advisor; and

(i) considered that the Advisor should be entitled to earn a reasonable level of profits in exchange for the level of services it provides to the fund and the entrepreneurial risk that it assumes as Advisor.

Based upon its review, the Board concluded that the level of profitability, if any, of the Advisor and its affiliates (including the Subadvisor) from their relationship with the fund was reasonable and not excessive.

Economies of scale. In considering the extent to which the fund may realize any economies of scale and whether fee levels reflect these economies of scale for the benefit of the fund shareholders, the Board noted that the fund has a limited ability to increase its assets as a closed-end fund. The Board took into account management's discussions of the current advisory fee structure, and, as noted above, the services the Advisor provides in performing its functions under the Advisory Agreement and in supervising the Subadvisor.

The Board also considered potential economies of scale that may be realized by the fund as part of the John Hancock Fund Complex. Among them, the Board noted that the Advisor has contractually agreed to waive a portion of its management fee and/or reimburse expenses for certain funds of the John Hancock Fund Complex, including the fund (the participating portfolios). This waiver is based upon aggregate net assets of all the participating portfolios. The amount of the reimbursement is calculated daily and allocated among all the participating portfolios in proportion to the daily net assets of each fund. The Board reviewed the fund's advisory fee structure and concluded that: (i) the fund's fee structure contains breakpoints in the advisory fees for the fund; and (ii) although economies of scale cannot be measured with precision, these arrangements permit shareholders of the fund to benefit from economies of scale if the fund grows. The Board also took into account management's discussion of the fund's advisory fee structure. The Board also considered the Advisor's overall operations and its ongoing investment in its business in order to expand the scale of, and improve the quality of, its operations that benefit the fund. The Board determined that the management fee structure for the fund was reasonable.

Approval of Subadvisory Agreement

In making its determination with respect to approval of the Subadvisory Agreement, the Board reviewed:

(1) information relating to the Subadvisor's business, including current subadvisory services to the fund (and other funds in the John Hancock Fund Complex);

(2) the historical and current performance of the fund and comparative performance information relating to an applicable benchmark index and comparable funds; and

(3) the subadvisory fee for the fund and to the extent available, comparable fee information prepared by an independent third party provider of fund data.

Nature, extent, and quality of services. With respect to the services provided by the Subadvisor, the Board received information provided to the Board by the Subadvisor, including the Subadvisor's Form ADV, as well as took into account information presented throughout the past year. The Board considered the Subadvisor's current level of staffing and its overall resources, as well as received information relating to the Subadvisor's compensation program. The Board reviewed the Subadvisor's history and investment experience, as well as information regarding the qualifications, background, and responsibilities of the Subadvisor's investment and compliance personnel who provide services to the fund. The Board also considered, among other things, the Subadvisor's compliance program and any disciplinary history. The Board also considered the Subadvisor's risk assessment and monitoring process. The Board reviewed the Subadvisor's regulatory history, including whether it was involved in any regulatory actions or investigations as well as material litigation, and any settlements and amelioratory actions undertaken, as appropriate. The Board noted that the Advisor conducts regular, periodic reviews of the Subadvisor and its operations, including regarding investment processes and organizational and staffing matters. The Board also noted that the fund's CCO and his staff conduct regular, periodic compliance reviews with the Subadvisor and present reports to the Independent Trustees regarding the same, which includes evaluating the

regulatory compliance systems of the Subadvisor and procedures reasonably designed to assure compliance with the federal securities laws. The Board also took into account the financial condition of the Subadvisor.

The Board considered the Subadvisor's investment process and philosophy. The Board took into account that the Subadvisor's responsibilities include the development and maintenance of an investment program for the fund that is consistent with the fund's investment objective, the selection of investment securities and the placement of orders for the purchase and sale of such securities, as well as the implementation of compliance controls related to performance of these services. The Board also received information with respect to the Subadvisor's brokerage policies and practices, including with respect to best execution and soft dollars.

Subadvisor compensation. In considering the cost of services to be provided by the Subadvisor and the profitability to the Subadvisor of its relationship with the fund, the Board noted that the fees under the Subadvisory Agreement are paid by the Advisor and not the fund. The Board also considered any potential conflicts of interest the Advisor might have in connection with the Subadvisory Agreement.

In addition, the Board considered other potential indirect benefits that the Subadvisor and its affiliates may receive from the Subadvisor's relationship with the fund, such as the opportunity to provide advisory services to additional funds in the John Hancock Fund Complex and reputational benefits.

Subadvisory fees. The Board considered that the fund pays an advisory fee to the Advisor and that, in turn, the Advisor pays subadvisory fees to the Subadvisor. As noted above, the Board also considered the fund's subadvisory fee as compared to similarly situated investment companies deemed to be comparable to the fund as included in the report prepared by the independent third party provider of fund data, to the extent available. The Board noted that the limited size of the Broadridge peer group was not sufficient for comparative purposes. The Board also took into account the subadvisory fee paid by the Advisor to the Subadvisor with respect to the fund and compared them to fees charged by the Subadvisor to manage other subadvised portfolios and portfolios not subject to regulation under the 1940 Act, as applicable.

Subadvisor performance. As noted above, the Board considered the fund's performance as compared to the fund's peer group and the benchmark index and noted that the Board reviews information about the fund's performance results at its regularly scheduled meetings. The Board noted the Advisor's expertise and resources in monitoring the performance, investment style and risk-adjusted performance of the Subadvisor. The Board was mindful of the Advisor's focus on the Subadvisor's performance. The Board also noted the Subadvisor's long-term performance record for similar accounts, as applicable.

The Board's decision to approve the Subadvisory Agreement was based on a number of determinations, including the following:

(1) the Subadvisor has extensive experience and demonstrated skills as a manager;
(2) the fund's performance, based on net asset value, has generally outperformed the historical performance of comparable funds and the fund's benchmark index; and
(3) the subadvisory fees are reasonable in relation to the level and quality of services being provided.

* * *

Based on the Board's evaluation of all factors that the Board deemed to be material, including those factors described above, the Board, including the Independent Trustees, concluded that renewal of the Advisory Agreement and the Subadvisory Agreement would be in the best interest of the fund and its shareholders. Accordingly, the Board, and the Independent Trustees voting separately, approved the Advisory Agreement and Subadvisory Agreement for an additional one-year period.

Shareholder meeting

The fund held its Annual Meeting of Shareholders on February 3, 2016. The following proposal was considered by the shareholders:

Proposal: To elect (1) Trustee (James R. Boyle) to serve for a 1-year term ending at the 2017 Annual Meeting of Shareholders and to elect four (4) Trustees (Craig Bromley, Deborah C. Jackson, James M. Oates, and Steven R. Pruchansky) to serve for a three-year term ending at the 2019 Annual Meeting of Shareholders. Each Trustee was elected to continue to serve as trustee by the fund's shareholders and the votes cast with respect to each Trustee are set forth below:

	Total votes for the nominee	**Total votes withheld from the nominee**
Independent Trustees		
Deborah C. Jackson	16,247,158.470	430,355.000
James M. Oates	16,266,375.899	411,137.571
Steven R. Pruchansky	16,246,856.470	430,657.000
Non-Independent Trustee		
James R. Boyle	16,253,058.470	424,455.000
Craig Bromley	16,257,925.470	419,588.000

Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are: Charles L. Bardelis, Peter S. Burgess, William H. Cunningham, Grace K. Fey, Theron S. Hoffman, Hassell H. McClellan, Gregory A. Russo, and Warren A. Thomson.

More information

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: BTO

The fund's proxy voting policies and procedures, as well as the fund 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 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, 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 or by calling 800-852-0218.

You can also contact us:

	Regular mail:
800-852-0218 **jhinvestments.com**	Computershare P.O. Box 30170 College Station, TX 77842-3170

John Hancock family of funds

DOMESTIC EQUITY FUNDS

Balanced

Blue Chip Growth

Classic Value

Disciplined Value

Disciplined Value Mid Cap

Equity Income

ESG All Cap Core

ESG Large Cap Core

Fundamental All Cap Core

Fundamental Large Cap Core

Fundamental Large Cap Value

New Opportunities

Small Cap Value

Small Company

Strategic Growth

U.S. Equity

U.S. Global Leaders Growth

Value Equity

GLOBAL AND INTERNATIONAL EQUITY FUNDS

Disciplined Value International

INCOME FUNDS

Bond

California Tax-Free Income

Core High Yield

Emerging Markets Debt

Floating Rate Income

Focused High Yield

Global Income

Government Income

High Yield Municipal Bond

Income

Investment Grade Bond

Money Market

Short Duration Credit Opportunities

Spectrum Income

Strategic Income Opportunities

Tax-Free Bond

ALTERNATIVE AND SPECIALTY FUNDS

Absolute Return Currency

Alternative Asset Allocation

Enduring Assets

Emerging Markets	Financial Industries
Emerging Markets Equity	Global Absolute Return Strategies
Global Equity	Global Conservative Absolute Return
Global Shareholder Yield	Global Focused Strategies
Greater China Opportunities	Global Real Estate
International Core	Natural Resources
International Growth	Redwood
International Small Company	Regional Bank
International Value Equity	Seaport
	Technical Opportunities

The fund's investment objectives, risks, charges, and expenses are included in the prospectus and should be considered carefully before investing. For a prospectus, contact your financial professional, call John Hancock Investments at 800-852-0218, or visit the fund's website at jhinvestments.com. Please read the prospectus carefully before investing or sending money.

ASSET ALLOCATION

Income Allocation Fund

Lifestyle Aggressive Portfolio

Lifestyle Balanced Portfolio

Lifestyle Conservative Portfolio

Lifestyle Growth Portfolio

Lifestyle Moderate Portfolio

Retirement Choices Portfolios

Retirement Living Portfolios

Retirement Living II Portfolios

EXCHANGE-TRADED FUNDS

John Hancock Multifactor Consumer Discretionary ETF

John Hancock Multifactor Consumer Staples ETF

John Hancock Multifactor Energy ETF

John Hancock Multifactor Financials ETF

John Hancock Multifactor Healthcare ETF

John Hancock Multifactor Industrials ETF

John Hancock Multifactor Large Cap ETF

John Hancock Multifactor Materials ETF

John Hancock Multifactor Mid Cap ETF

John Hancock Multifactor Technology ETF

John Hancock Multifactor Utilities ETF

John Hancock Multifactor ETF shares are bought and sold at market price (not NAV), and are not individually redeemed

CLOSED-END FUNDS

Financial Opportunities

Hedged Equity & Income

Income Securities Trust

Investors Trust

Preferred Income

Preferred Income II

Preferred Income III

Premium Dividend

Tax-Advantaged Dividend Income

Tax-Advantaged Global Shareholder Yield

from the fund. Brokerage commissions will reduce returns.

John Hancock ETFs are distributed by Foreside Fund Services, LLC, and are subadvised by Dimensional Fund Advisors LP.
Foreside is not affiliated with John Hancock Funds, LLC or Dimensional Fund Advisors LP.

Dimensional Fund Advisors LP receives compensation from John Hancock in connection with licensing rights to the John Hancock Dimensional indexes. Dimensional Fund Advisors LP does not sponsor, endorse, or sell, and makes no representation as to the advisability of investing in, John Hancock Multifactor ETFs.

John Hancock Investments

A trusted brand

John Hancock Investments is a premier asset manager representing one of America's most trusted brands, with a heritage of financial stewardship dating back to 1862. Helping our shareholders pursue their financial goals is at the core of everything we do. It's why we support the role of professional financial advice and operate with the highest standards of conduct and integrity.

A better way to invest

We build funds based on investor needs, then search the world to find proven portfolio teams with specialized expertise in those strategies. As a manager of managers, we apply vigorous oversight to ensure that they continue to meet our uncompromising standards and serve the best interests of our shareholders.

Results for investors

Our unique approach to asset management enables us to provide a diverse set of investments backed by some of the world's best managers, along with strong risk-adjusted returns across asset classes.

John Hancock
Advisers, LLC
601 Congress Street n
Boston, MA
02210-2805
800-852-0218 n
jhinvestments.com

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8/16

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)

REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	**Total Number of Shares Purchased**	**Average Price per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans**	**Maximum Number of Shares that May Yet Be Purchased Under the Plans**
Dec-15	-	-	-	1,857,261
Jan-16	10,000	$20.786	10,000	1,847,261*
Feb-16	-	-	10,000	1,847,261
Mar-16	-	-	10,000	1,847,261
Apr-16	-	-	10,000	1,847,261
May-16	-	-	10,000	1,847,261
Jun-16	-	-	10,000	1,847,261
Total	10,000	$20.786		

*In May 2009, the Board of Trustees approved a share repurchase plan, which was subsequently reviewed and approved by the Board of Trustees each year in December. Under the current share repurchase plan, the Fund may purchase in the open market up to 10% of its outstanding common shares as of December 31, 2015. The current plan is in effect between January 1, 2016 and December 31, 2016.

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) 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 - Governance Committee Charter".

(c)(2) Contact person at the registrant.

(c)(3) Registrant’s notice to shareholders pursuant to Registrant’s exemptive order granting an exemption from Section 19(b) of the Investment Company Act of 1940, as amended and Rule 19b-1 thereunder regarding distributions made pursuant to the Registrant’s Managed Distribution Plan.

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 Financial Opportunities Fund

By:

/s/ Andrew Arnott

Andrew Arnott

President

Date: August 18, 2016

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: August 18, 2016

By:

/s/ Charles A. Rizzo

Charles A. Rizzo

Chief Financial Officer

Date: August 18, 2016