

JOHN HANCOCK PREFERRED INCOME FUND  
Form N-CSRS  
April 04, 2013

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21131

John Hancock Preferred Income Fund  
(Exact name of registrant as specified in charter)

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

Salvatore Schiavone  
Treasurer

601 Congress Street

Boston, Massachusetts 02210

(Name and address of agent for service)

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

Date of fiscal year end: July 31

Date of reporting period: January 31, 2013

ITEM 1. REPORTS TO STOCKHOLDERS.

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# Portfolio summary

## Top 10 Issuers (32.0% of Total Investments on 1-31-13)<sup>1,2</sup>

Entergy	3.9%	U.S. Bancorp	3.1%
Nexen, Inc.	3.8%	Merrill Lynch Preferred Capital Trusts	3.0%
JPMorgan Chase Capital	3.3%	Deutsche Bank	2.9%
Morgan Stanley Capital Trusts	3.2%	Barclays Bank PLC	2.8%
Qwest Corp.	3.2%	MetLife, Inc.	2.8%

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

Financials	57.1%	Consumer Staples	1.5%
Utilities	27.4%	Industrials	0.5%
Telecommunication Services	7.7%	Consumer Discretionary	0.1%
Energy	5.6%	Short-Term Investments	0.1%

## Country Composition<sup>1,3,4</sup>

United States	83.6%	Switzerland	1.3%
United Kingdom	5.0%	Spain	1.0%
Netherlands	4.9%	Bermuda	0.4%
Canada	3.8%		

<sup>1</sup> As a percentage of the Fund's total investments on 1-31-13.

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

<sup>3</sup> Investments focused in one sector may fluctuate more widely than investments diversified across sectors. Because the Fund may focus on particular sectors, its performance may depend on the performance of those sectors. The Fund's investments in securities of foreign issuers involve special risks such as political, economic and currency risks and differences in account standards and financial reporting.

<sup>4</sup> Each security trades in U.S. dollars.

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## Fund's investments

As of 1-31-13 (unaudited)

	Shares	Value
<b>Preferred Securities 146.7% (98.5% of Total Investments)</b>		<b>\$844,398,972</b>
<hr/>		
(Cost \$803,335,407)		
<b>Consumer Discretionary 0.1%</b>		<b>694,375</b>
<b>Media 0.1%</b>		
<hr/>		
Comcast Corp., 5.000%	27,500	694,375
<b>Consumer Staples 2.3%</b>		<b>13,187,288</b>
<b>Food &amp; Staples Retailing 2.3%</b>		
<hr/>		
Ocean Spray Cranberries, Inc., Series A, 6.250% (S)	143,000	13,187,288
<b>Energy 7.0%</b>		<b>40,298,505</b>
<b>Oil, Gas &amp; Consumable Fuels 7.0%</b>		
<hr/>		
Apache Corp., Series D, 6.000%	161,500	7,643,795

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Nexen, Inc., 7.350%	1,290,700	32,654,710
<b>Financials 85.1%</b>		<b>489,676,952</b>
<b>Capital Markets 10.8%</b>		
Credit Suisse Guernsey, 7.900% (L)(Z)	450,000	11,475,000
Morgan Stanley Capital Trust III, 6.250%	291,000	7,347,750
Morgan Stanley Capital Trust IV, 6.250% (Z)	323,000	8,123,450
Morgan Stanley Capital Trust V, 5.750%	380,000	9,443,000
Morgan Stanley Capital Trust VI, 6.600%	65,000	1,640,600
Morgan Stanley Capital Trust VII, 6.600%	47,000	1,185,340
State Street Corp., 5.250%	162,000	4,064,580
The Goldman Sachs Group, Inc., 6.125% (Z)	542,500	14,202,650
The Goldman Sachs Group, Inc., Series B, 6.200% (Z)	175,000	4,429,250
<b>Commercial Banks 21.1%</b>		
Barclays Bank PLC, Series 3, 7.100% (Z)	200,000	5,066,000
Barclays Bank PLC, Series 5, 8.125% (Z)	740,000	19,143,800
BB&T Corp., 5.625%	307,200	7,818,240
HSBC USA, Inc., 6.500%	140,234	3,532,494
PNC Financial Services Group, Inc., 5.375%	15,000	377,250
PNC Financial Services Group, Inc. (6.125% to 5-1-22, then 3 month LIBOR + 4.067%)	187,000	5,060,220

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Royal Bank of Scotland Group PLC, Series L, 5.750% (Z)	580,000	13,548,800
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Santander Finance Preferred SA Unipersonal, Series 10, 10.500%	302,000	8,377,481
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See notes to financial statements

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	Shares	Value
<b>Commercial Banks (continued)</b>		
Santander Holdings USA, Inc., Series C, 7.300% (Z)	368,941	\$9,304,692
U.S. Bancorp (6.000% to 4-15-17, then 3 month LIBOR + 4.861%)	240,000	6,456,000
U.S. Bancorp (6.500% to 1-15-22, then 3 month LIBOR + 4.468%) (L)(Z)	705,000	20,247,600
Wells Fargo & Company, 8.000% (L)(Z)	756,000	22,392,720
<b>Consumer Finance 5.1%</b>		
HSBC Finance Corp., Depository Shares, Series B, 6.360% (L)(Z)	685,000	17,296,250
SLM Corp., 6.000% (Z)	187,600	4,614,960
SLM Corp., Series A, 6.970% (Z)	147,391	7,141,094
<b>Diversified Financial Services 25.3%</b>		
Bank of America Corp., 8.200% (Z)	95,000	2,410,150
Bank of America Corp., Depository Shares, Series D, 6.204% (Z)	145,000	3,654,000

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Bank of America Corp., Series MER, 8.625%	82,000	2,118,060
Citigroup Capital VII, 7.125%	70,000	1,787,800
Citigroup Capital VIII, 6.950% (L)(Z)	610,000	15,487,900
Citigroup Capital XIII (7.875% to 10-30-15, then 3 month LIBOR + 6.370%)	20,000	557,200
Deutsche Bank Capital Funding Trust VIII, 6.375% (Z)	55,000	1,394,800
Deutsche Bank Capital Funding Trust X, 7.350% (Z)	111,400	2,825,104
Deutsche Bank Contingent Capital Trust II, 6.550% (Z)	252,500	6,777,100
Deutsche Bank Contingent Capital Trust III, 7.600% (L)(Z)	496,000	13,808,640
ING Groep NV, 6.125% (Z)	61,500	1,520,280
ING Groep NV, 7.050% (Z)	755,100	19,149,336
ING Groep NV, 7.200% (Z)	100,000	2,535,000
JPMorgan Chase Capital X, Series J, 7.000% (L)(Z)	487,000	12,535,380
JPMorgan Chase Capital XI, 5.875%	25,000	632,000
JPMorgan Chase Capital XXIX, 6.700% (L)(Z)	580,000	15,138,000
Merrill Lynch Preferred Capital Trust III, 7.000% (Z)	366,400	9,258,928
Merrill Lynch Preferred Capital Trust IV, 7.120% (Z)	277,000	7,019,180
Merrill Lynch Preferred Capital Trust V,		

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7.280% (Z)	367,000	9,321,800
RBS Capital Funding Trust V, 5.900% (I)	620,000	13,181,200
RBS Capital Funding Trust VII, 6.080% (I)	220,000	4,725,600
<b>Insurance 11.7%</b>		
Aegon NV, 6.375% (Z)	510,000	13,356,900
Aegon NV, 6.500% (Z)	200,000	5,030,000
American Financial Group, Inc., 7.000% (Z)	320,000	8,496,000
MetLife, Inc., Series B, 6.500% (L)(Z)	947,000	24,176,910
PLC Capital Trust V, 6.125% (Z)	256,000	6,451,200
Prudential Financial, Inc., 5.750%	33,000	836,220

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See notes to financial statements

	<b>Shares</b>	<b>Value</b>
<b>Insurance (continued)</b>		
Prudential PLC, 6.500% (Z)	154,500	\$3,972,195
Prudential PLC, 6.750%	51,000	1,298,970
RenaissanceRe Holdings Ltd., Series C, 6.080% (Z)	147,500	3,725,850
<b>Real Estate Investment Trusts 11.1%</b>		
Duke Realty Corp., Depositary Shares, Series J, 6.625%	66,525	1,687,739
Duke Realty Corp., Depositary Shares, Series K,		

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6.500% (Z)	110,000	2,777,500
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Duke Realty Corp., Depositary Shares, Series L, 6.600% (Z)	109,840	2,792,133
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Kimco Realty Corp., 6.000% (L)(Z)	836,000	21,677,480
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Public Storage, Inc., 5.200%	125,000	3,143,750
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Public Storage, Inc., 5.750%	353,404	9,093,085
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Public Storage, Inc., 6.350%	193,000	5,172,400
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Public Storage, Inc., Depositary Shares, Series Q, 6.500%	114,100	3,104,661
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Public Storage, Inc., Series P, 6.500% (Z)	57,500	1,537,550
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Senior Housing Properties Trust, 5.625%	306,000	7,521,480
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Wachovia Preferred Funding Corp., Series A, 7.250% (Z)	205,000	5,553,450
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<b>Thriffs &amp; Mortgage Finance 0.0%</b>		
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Federal National Mortgage Association, Series S, 8.250% (I)	80,000	144,800
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<b>Industrials 0.7%</b>		<b>4,288,105</b>
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<b>Machinery 0.7%</b>		
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Stanley Black & Decker, Inc., 5.750%	165,500	4,288,105
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<b>Telecommunication Services 11.5%</b>		<b>66,202,740</b>
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<b>Diversified Telecommunication Services 4.7%</b>		
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Qwest Corp., 7.000%	20,000	532,200
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Qwest Corp., 7.375% (L)(Z)	750,000	20,302,500



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Qwest Corp., 7.500%	232,500	6,324,000
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**Wireless Telecommunication Services 6.8%**

Telephone & Data Systems, Inc., 6.625% (Z)	233,000	5,913,540
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Telephone & Data Systems, Inc., 6.875% (Z)	103,000	2,750,100
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Telephone & Data Systems, Inc., 7.000%	340,000	9,169,800
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United States Cellular Corp., 6.950% (L)(Z)	795,000	21,210,600
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<b>Utilities 40.0%</b>		<b>230,051,007</b>
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**Electric Utilities 27.7%**

Baltimore Gas & Electric Company, Series 1995, 6.990% (Z)	40,000	4,071,252
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Duke Energy Corp., 5.125%	487,000	12,150,650
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Duquesne Light Company, 6.500% (Z)	73,650	3,719,324
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Entergy Arkansas, Inc., 5.750%	47,500	1,285,350
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Entergy Louisiana LLC, 5.250%	240,000	6,230,400
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Entergy Louisiana LLC, 5.875% (Z)	252,625	6,795,613
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Entergy Louisiana LLC, 6.000% (Z)	200,000	5,508,000
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Entergy Mississippi, Inc., 6.000% (Z)	366,400	10,116,304
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	Shares	Value
<b>Electric Utilities (continued)</b>		

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Entergy Mississippi, Inc., 6.200% (Z)	83,500	\$2,287,065
Entergy Texas, Inc., 7.875%	50,200	1,418,652
FPC Capital I, Series A, 7.100% (L)	100,000	2,536,000
FPL Group Capital Trust I, 5.875% (Z)	353,600	9,069,840
Gulf Power Company, 5.750% (Z)	134,000	3,691,700
HECO Capital Trust III, 6.500% (Z)	379,850	9,693,772
Interstate Power & Light Company, Series B, 8.375% (L)(Z)	713,350	18,368,763
NextEra Energy Capital Holdings, Inc., 5.700% (L)(Z)	850,000	22,550,500
NSTAR Electric Company, 4.780% (Z)	15,143	1,475,970
PPL Corp., 9.500%	337,000	18,218,220
SCE Trust I, 5.625%	178,500	4,614,225
SCE Trust II, 5.100%	105,000	2,588,250
Southern California Edison Company, 6.125% (Z)	91,500	9,233,265
Southern California Edison Company, Series C, 6.000% (Z)	37,500	3,773,438
<b>Multi-Utilities 12.3%</b>		
BGE Capital Trust II, 6.200% (L)(Z)	676,800	17,299,008
Dominion Resources, Inc., Series A, 8.375% (Z)	385,400	10,459,756
DTE Energy Company, 5.250%	312,000	7,987,200

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DTE Energy Company, 6.500%	295,000	7,991,550
SCANA Corp., 7.700%	681,500	18,509,540
Xcel Energy, Inc., 7.600% (Z)	331,000	8,407,400

	Rate (%)	Maturity date	Par value	Value
<b>Corporate Bonds 2.1% (1.4% of Total Investments)</b>				<b>\$12,009,400</b>

(Cost \$12,789,888)

**Energy 1.3%** **7,590,000**

**Oil, Gas & Consumable Fuels 1.3%**

Southern Union Company (L)(P)(Z)	3.316	11-01-66	\$8,800,000	7,590,000
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**Utilities 0.8%** **4,419,400**

**Electric Utilities 0.8%**

Southern California Edison Company (6.250% to 2-1-22, then 3 month LIBOR + 4.199%) (Q)	6.250	02-01-22	4,000,000	4,419,400
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See notes to financial statements

	Par value	Value
<b>Short-Term Investments 0.2% (0.1% of Total Investments)</b>		<b>\$846,000</b>

(Cost \$846,000)

**Repurchase Agreement 0.2%** **846,000**

Repurchase Agreement with State Street Corp. dated 1-31-13 at 0.010% to be repurchased at \$846,000 on 2-1-13, collateralized

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by \$835,000 U.S. Treasury Notes, 1.500% due 6-30-16 (valued at  
\$864,254, including interest)

\$846,000

846,000

**Total investments (Cost \$816,971,295)†149.0%**

**\$857,254,372**

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**Other assets and liabilities, net (49.0%)**

**(\$281,774,626)**

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**Total net assets 100.0%**

**\$575,479,746**

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

LIBOR London Interbank Offered Rate

(I) Non-income producing security.

(L) A portion of this security is a Lent Security as of 1-31-13, and is part of segregated collateral pursuant to the Committed Facility Agreement. Total value of Lent Securities at 1-31-13 was \$231,343,200.

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

(Q) Perpetual bonds have no stated maturity date. Date shown as maturity date is next call date.

(S) This security is exempt from registration under Rule 144A of the Securities Act of 1933. Such a security may be resold, normally to qualified institutional buyers, in transactions exempt from registration.

(Z) A portion of this security is segregated as collateral pursuant to the Committed Facility Agreement. Total collateral value at 1-31-13 was \$459,662,259.

† At 1-31-13, the aggregate cost of investment securities for federal income tax purposes was \$816,971,961. Net unrealized appreciation aggregated \$40,282,411, of which \$49,235,672 related to appreciated investment securities and \$8,953,261 related to depreciated investment securities.

The Fund had the following country concentration as a percentage of total investments on 1-31-13:

United States	83.6%
United Kingdom	5.0%
Netherlands	4.9%
Canada	3.8%
Switzerland	1.3%
Spain	1.0%
Bermuda	0.4%

See notes to financial statements

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## FINANCIAL STATEMENTS

# Financial statements

## Statement of assets and liabilities 1-31-13 (unaudited)

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

### Assets

Investments, at value (Cost \$816,971,295)	\$857,254,372
Cash	398
Cash segregated at custodian for swap contracts	2,190,000
Receivable for investments sold	1,591,767
Dividends and interest receivable	1,892,982
Other receivables and prepaid expenses	99,527

**Total assets** **863,029,046**

### Liabilities

Committed facility agreement payable	283,000,000
Payable for investments purchased	2,048,665
Swap contracts, at value	2,299,675
Interest payable	14,163
Payable to affiliates	
Accounting and legal services fees	30,489
Trustees' fees	22,960
Other liabilities and accrued expenses	133,348

**Total liabilities** **287,549,300**

**Net assets** **575,479,746**

### Net assets consist of

Paid-in capital	\$610,774,311
Undistributed net investment income	4,853,860
Accumulated net realized gain (loss) on investments and swap agreements	(78,131,827)
Net unrealized appreciation (depreciation) on investments and	

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swap agreements 37,983,402

**Net assets** **\$575,479,746**

**Net asset value per share**

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Based on 25,973,222 shares of beneficial interest outstanding — unlimited number of shares authorized with no par value \$22.16

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See notes to financial statements

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FINANCIAL STATEMENTS

**Statement of operations** For the six-month period ended 1-31-13  
(unaudited)

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

**Investment income**

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Dividends	\$26,958,691
Interest	397,498
<b>Total investment income</b>	<b>27,356,189</b>

**Expenses**

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Investment management fees	3,242,368
Accounting and legal services fees	112,704
Transfer agent fees	18,357
Trustees' fees	21,981
Printing and postage	58,121
Professional fees	44,470
Custodian fees	40,425
Interest expense	1,325,417
Stock exchange listing fees	11,796
Other	20,820
<b>Total expenses</b>	<b>4,896,459</b>

<b>Net investment income</b>	<b>22,459,730</b>
<b>Realized and unrealized gain (loss)</b>	
<hr/>	
<b>Net realized gain (loss) on</b>	
Investments	(10,908,493)
Swap contracts	(500,635)
	<b>(11,409,128)</b>
<b>Change in net unrealized appreciation (depreciation) of</b>	
Investments	13,428,729
Swap contracts	704,626
	<b>14,133,355</b>
<b>Net realized and unrealized gain</b>	<b>2,724,227</b>
<b>Increase in net assets from operations</b>	<b>\$25,183,957</b>

See notes to financial statements

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## FINANCIAL STATEMENTS

## Statements of changes in net assets

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

	Six months ended 1-31-13 (Unaudited)	Year ended 7-31-12
<b>Increase (decrease) in net assets</b>		
<hr/>		
<b>From operations</b>		
Net investment income	\$22,459,730	\$45,127,125
Net realized gain (loss)	(11,409,128)	5,553,903
Change in net unrealized appreciation (depreciation)	14,133,355	27,369,313
<b>Increase in net assets resulting from operations</b>	<b>25,183,957</b>	<b>78,050,341</b>