JOHN HANCOCK PREMIUM DIVIDEND FUND
Form N-CSR
December 24, 2014

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811- 05908

John Hancock Premium Dividend Fund
(Exact name of registrant as specified in charter)

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

Salvatore Schiavone

Treasurer

601 Congress Street

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

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

Date of fiscal year end:	October 31
Date of reporting period:	October 31, 2014

ITEM 1. REPORT

John Hancock

Premium Dividend Fund

Ticker: PDT Annual report 10/31/14

Managed distribution plan

The fund has adopted a managed distribution plan (Plan). Under the Plan, the fund makes monthly distributions of an amount equal to $0.09 per share, which will be paid monthly until further notice. This fixed amount was based on an annual distribution rate of 7.32% of the fund's net asset value (NAV) of $14.76 and an annual distribution rate of 8.36% of the fund's closing share price of $12.92 on September 26, 2014. The fund may make additional distributions (i) for purposes of not incurring federal income tax on investment company taxable income and net capital gain, if any, not included in such regular distributions and (ii) for purposes of not incurring federal excise tax on ordinary income and capital gain net income, if any, not included in such regular monthly distributions.

The Plan provides that the Board of Trustees of the fund may amend the terms of the Plan or terminate the Plan at any time without prior notice to the fund's shareholders. The Plan will be subject to periodic review by the fund's Board of Trustees.

You should not draw any conclusions about the fund's investment performance from the amount of the fund's distributions or from the terms of the Plan. The fund's total return at NAV is presented in the Financial highlights.

With each distribution that does not consist solely of net investment income, the fund will issue a notice to shareholders and an accompanying press release that will provide detailed information regarding the amount and composition of the distribution and other related information. The amounts and sources of distributions reported in the notice to shareholders are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes. The fund may at times distribute more than its net investment income and net realized capital gains; therefore, a portion of your distribution may result in a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the fund is paid back to you. A return of capital does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income."

A message to shareholders

Dear fellow shareholder,

The economic expansion that began in 2009 continues, with moderate GDP growth in the United States and the unemployment rate down considerably from its peak. However, the scene outside the United States had become less robust by the end of the period. China's economy, a key driver of global demand, was slowing, while Japan's GDP contracted in the second quarter, and the International Monetary Fund warned of another eurozone recession unless more was done to stimulate economic growth there. Meanwhile, bond markets around the world have turned in positive performance as investors pursue yield where they can find it, and the risks of rising interest rates and central bank tightening have been pushed further out into the future.

Whether markets are stable or volatile, we believe investors are well served by sticking to a commonsense, diversified approach, one that includes a mix of equities, fixed-income, and alternative strategies that can offer added diversification potential. Although events like those taking place in Ukraine and the Middle East serve as reminders that all market environments carry risk, we believe the biggest risk investors face in today's market is not staying invested.

A new look

I am pleased to introduce you to our redesigned shareholder reports. As part of an effort to elevate the educational substance in our communications, we undertook an initiative to make our reports more engaging and easier to navigate. Included in the changes are a performance snapshot that shows your fund's performance against that of a comparative index, and a Q&A with your fund's lead portfolio manager. We hope these enhancements give you better insight into your fund's activity and performance.

On behalf of everyone at John Hancock Investments, I'd like to take this opportunity to thank you for the continued trust you've placed in us.

Sincerely,

Andrew G. Arnott
President and Chief Executive Officer
John Hancock Investments

This commentary reflects the CEO's views as of October 31, 2014. They are subject to change at any time. For more up-to-date information, you can visit our website at jhinvestments.com.

John Hancock
Premium Dividend Fund

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Your fund at a glance

INVESTMENT OBJECTIVE

The fund seeks to provide high current income, consistent with modest growth of capital.

AVERAGE ANNUAL TOTAL RETURNS AS OF 10/31/14 (%)

The index shown is a blended index that is 70% Bank of America Merrill Lynch Preferred Stock DRD Eligible Index and 30% S&P 500 Utilities Index.

The Bank of America Merrill Lynch Preferred Stock DRD Eligible Index consists of investment-grade fixed rate U.S. dollar denominated preferred securities and fixed-to-floating rate securities. The index includes securities having a minimum remaining term of at least one year, both Dividend Received Deduction (DRD) eligible and non-DRD eligible preferred stock and senior debt.

The S&P 500 Utilities Index is a capitalization-weighted index that consists of companies in the S&P 500 Index that are primarily involved in water, electrical power, and natural gas distribution industries.

It is not possible to invest directly in an index.

The current annualized distribution rates are the latest monthly distribution rate as an annualized percentage of net asset value or closing market price and are 7.00% at net asset value and 7.90% at closing market price on 10-31-14.

The fund's monthly distributions may be from net investment income, capital gains, or return of capital. Of the distributions paid through 10-31-14, it is currently estimated that the fund's distributions consisted of 74% net investment income and 26% capital gains. These amounts are estimates, and the actual amounts and sources of distributions for tax reporting purposes may change upon final determination of tax characteristics and may be subject to changes based on tax regulations. John Hancock will send shareholders an IRS Form 1099-DIV for the calendar year that will tell them how to report these distributions for federal income tax purposes. The total returns for the fund include all distributions reinvested.

The performance data contained within this material represents past performance, which does not guarantee future results.

PERFORMANCE HIGHLIGHTS OVER THE LAST TWELVE MONTHS

Security selection aided performance

Stock selection contributed to the fund's strong performance.

Utilities holdings performed well

The fund benefited from holdings in the utilities sector, the source of many of its best performers.

Energy and telecom holdings detracted

Falling oil prices hurt some energy-related holdings, while concerns about future dividends hurt certain telecommunications investments.

PORTFOLIO COMPOSITION AS OF 10/31/14 (%)

A note about risks

As is the case with all closed-end funds, shares of this fund may trade at a discount to the fund's net asset value (NAV). An investment in the fund is subject to investment and market risks, including the possible loss of the entire principal invested. There is no guarantee prior distribution levels will be maintained and distributions may include a substantial return of capital, which may increase the potential gain or reduce the potential loss of a subsequent sale. Fixed-income investments are subject to interest-rate and credit risk; their value will normally decline as interest rates rise or if a creditor, grantor, or counterparty is unable or unwilling to make principal, interest, or settlement payments. Investments in higher-yielding, lower-rated securities include a higher risk of default. An issuer of securities held by the fund may default, have its credit rating downgraded, or otherwise perform poorly, which may affect fund performance. Certain market conditions, including reduced trading volume, heightened volatility, and rising interest rates, may impair liquidity, the ability of the fund to sell securities or close derivative positions at advantageous prices. The fund's use of leverage creates additional risks, including greater volatility of the fund's NAV, market price, and returns. There is no assurance that the fund's leverage strategy will be successful. The fund will normally invest at least 25% of its managed assets in securities of companies in the utilities industry. Such an investment focus makes the fund more susceptible to factors adversely affecting the utilities industry than a more broadly diversified fund. Sector investing is subject to greater risks than the market as a whole.

Discussion of fund performance

An interview with Portfolio Manager Gregory K. Phelps, John Hancock Asset Management

Gregory K. Phelps
Portfolio Manager
John Hancock Asset Management

Dividend-paying securities performed quite well during the 12-month period ended October 31, 2014. What factors contributed to their success?

At the outset of the period, many dividend-paying securities including the preferred securities and utility common stocks that the fund emphasizes were under significant pressure due to concern that interest rates were poised to move higher. Investors were worried that the U.S. Federal Reserve (Fed) would cease its third round of quantitative easing. Meanwhile, better-than-expected economic data further fueled rate worries. Against that backdrop, investor demand for preferred securities and utility common stocks withered, with a bout of year-end tax-loss selling adding further stress.

In the first half of 2014, however, preferred securities and utility common stocks having entered the new year priced cheaply when viewed on a historical basis performed quite well, largely benefiting from resurgent demand. Investors' appetite for higher-yielding alternatives to U.S. government securities bolstered that demand, which overwhelmed the meager supply of newly issued securities in both categories. Falling interest rates further boosted demand and improving company fundamentals also helped.

Many dividend-paying securities held their ground during the volatile summer months of 2014, despite heightened uncertainty about the strength of the global economy, violent flare-ups in the Middle East and Ukraine, and periodic concern that the Fed might raise interest rates sooner than advertised. Those concerns eased when the Fed released its October statement.

Can preferred securities and utility common stocks continue on this path?

While we think it's unlikely that dividend-paying securities will produce the types of gains over the next 12 months that they enjoyed during the past year, we believe they have a lot working in their favor. The Fed is not expected to raise rates before late next year, given current labor and inflation data in the United States. With the European Central Bank's efforts to try to jump-start the continent's weakening economy by keeping rates low, we would expect global investors to continue to seek U.S. income-producing investments as higher-yielding alternatives to European sovereign debt. That, in turn, should result in low and stable U.S. Treasury yields that ultimately would support dividend-paying securities. Furthermore, investors wary of putting more money into common stocks, whose valuations may be reflecting a best-case economic scenario, may turn to preferreds. A jolt on the geopolitical or global economic front could stir added demand for income-producing assets. With the fear of an imminent rate hike put to rest for the time being, utility common stocks could be good performers during the fourth quarter of 2014, historically one of the strongest quarters over the years, given the growing demand for energy as winter takes hold.

Why did the fund do so well during the period?

Much of the fund's outperformance stems from security selection. Furthermore, the fund had low exposure to some larger-cap names that underperformed during the period, and had larger exposure to some small- and mid-cap utility common stocks that outperformed. In addition, the fund owned relatively few lower-coupon securities, which were hurt when investors began to anticipate higher interest rates and, as such, gravitated toward higher-yielding securities.

What holdings contributed to performance?

The utilities sector was the source of many of the fund's best performers for the year, with preferred securities Duke Energy Corp., DTE Energy Company, PPL Corp., and NextEra Energy Capital Holdings, Inc. leading the way. Each posted impressive total returns, helped by investors' search for higher-yielding defensive stocks that provide constant dividends and stable earnings from industries not highly correlated with the larger economic cycle. Investors' appetite for higher-yielding investments overall also boosted demand as bond yields remained at surprisingly low levels throughout much of the period. The comparative lack of supply also helped; many utilities redeemed their outstanding preferred shares years ago.

SECTOR COMPOSITION AS OF 10/31/14 (%)

What positions hurt the fund's performance?

Energy-related holdings, such as Chevron Corp. and ConocoPhillips, pulled performance down. They performed poorly in the final months of the period in conjunction with the slide in oil prices. Positions in AT&T, Inc. and Verizon Communications, Inc. also lagged, pressured by worries that their intensive capital expenditures would threaten their dividends.

Can you explain the fund's use of leverage?

As of October 31, 2014, the fund had $383.7 million outstanding under its committed line of credit for investing purposes. The primary aim of this line is to support the fund's yield by investing in securities whose distribution rates exceed the fund's borrowing costs. The fund has entered into interest rate swaps which would help offset some of the increased costs of leverage the fund may experience if interest rates rise.

Where are you finding opportunities of late?

Although we took advantage of opportunities to purchase new names we liked when we felt they were attractively valued, there weren't any major changes to the portfolio during the period. That said, a handful of the fund's higher-coupon holdings were redeemed by their issuers; we redeployed the proceeds from these calls in a few areas. We added to the fund's energy common stock holdings when the stocks came under pressure and, therefore, seemed attractively valued.

We also added to some of the fund's energy-related preferred securities, such as PPL Corp. It's our view that the demand for oil will pick up and the price will stabilize as we enter the fourth quarter. We added to the fund's positions in higher-coupon preferred securities issued by JPMorgan Chase & Company and Wells Fargo & Company when they, too, seemed comparatively cheap during the

TOP 10 ISSUERS AS OF 10/31/14 (%)

Bank of America Corp.	4.4
PPL Corp.	3.8
MetLife, Inc., Series B	3.2
Interstate Power & Light Company	3.2
Wells Fargo & Company	3.1
Entergy, Inc.	2.9
SCE Trust	2.8
DTE Energy Company	2.7
Alabama Power Company	2.6
Qwest Corp.	2.6
TOTAL	**31.3**

As a percentage of total investments.
Cash and cash equivalents are not included.

global market's October sell-off. We liked the fact that we could invest the fund in these stable, large U.S. financial institutions at attractive prices.

MANAGED BY

Gregory K. Phelps
On the fund since 1995
Investing since 1981
Mark T. Maloney
On the fund since 1997
Investing since 1976

The views expressed in this report are exclusively those of Gregory K. Phelps, John Hancock Asset Management, and are subject to change. They are not meant as investment advice. Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Fund's investments

As of 10-31-14

	Shares	Value
Preferred securities 103.1% (68.9% of Total investments) (Cost $760,943,587)		$788,789,959
Consumer staples 2.7%		20,413,769
Food and staples retailing 2.7%		
Ocean Spray Cranberries, Inc., Series A, 6.250% (S)	224,250	20,413,769
Financials 56.7%		433,617,175
Banks 20.1%		
Barclays Bank PLC, Series 3, 7.100% (Z)	192,500	4,924,150
Barclays Bank PLC, Series 5, 8.125% (Z)	310,000	8,001,100
BB&T Corp. (Callable 11-1-17), 5.200%	105,000	2,388,750
BB&T Corp. (Callable 6-1-18), 5.200% (Z)	235,000	5,393,250
BB&T Corp., 5.625% (Z)	763,900	18,593,326
HSBC Finance Corp., Depositary Shares,	454,000	11,508,900

Series B, 6.360% (Z)		
HSBC USA, Inc., 2.858%	313,000	15,606,180
Santander Holdings USA, Inc., Series C, 7.300%	500,000	12,750,000
The PNC Financial Services Group, Inc., 5.375%	175,000	4,179,000
The PNC Financial Services Group, Inc. (6.125% to 5-1-22, then 3 month LIBOR + 4.067%) (Z)	311,600	8,487,984
U.S. Bancorp, 5.150% (Z)	545,000	12,442,350
U.S. Bancorp (6.000% to 4-15-17, then 3 month LIBOR + 4.861%)	160,000	4,329,600
U.S. Bancorp (6.500% to	351,000	10,287,810

1-15-22, then 3 month LIBOR + 4.468%) (Z)		
Wells Fargo & Company, 6.000%	205,000	5,120,900
Wells Fargo & Company, 8.000% (Z)	1,017,000	29,869,290
Capital markets 11.4%		
Morgan Stanley (6.375% to 10-15-24, then 3 month LIBOR + 3.708%)	150,000	3,781,500
Morgan Stanley, 6.625% (Z)	469,865	11,972,160
Morgan Stanley (7.125% to 10-15-23, then 3 month LIBOR + 4.320%) (Z)	300,000	8,178,000
State Street Corp., 5.250% (Z)	1,025,000	25,020,250
State Street Corp. (5.900%	25,000	652,500

to 3-15-24, then 3 month LIBOR + 3.108%)		
The Bank of New York Mellon Corp., 5.200% (Z)	432,000	10,298,880
The Goldman Sachs Group, Inc., 5.950% (Z)	860,000	20,683,000
The Goldman Sachs Group, Inc., Series B, 6.200% (Z)	250,000	6,237,500
Consumer finance 2.9%		
SLM Corp., Series A, 6.970%	445,500	21,900,780
Diversified financial services 14.3%		
Bank of America Corp., 6.375% (Z)	980,000	24,725,400
Bank of America Corp., 6.625% (Z)	360,000	9,295,200
Bank of America Corp., Depositary Shares,	630,000	15,831,900

Series D, 6.204%		
Citigroup, Inc., Depositary Shares, Series AA, 8.125% (Z)	338,830	9,676,985
Deutsche Bank Contingent Capital Trust II, 6.550% (Z)	287,000	7,436,170
Deutsche Bank Contingent Capital Trust III, 7.600% (Z)	662,000	18,145,420

SEE NOTES TO FINANCIAL STATEMENTS8

	Shares	Value
Financials (continued)		
Diversified financial services (continued)		
JPMorgan Chase & Company, 5.450% (Z)	522,000	$11,979,900
JPMorgan Chase & Company, 5.500% (Z)	230,000	5,310,700
JPMorgan Chase & Company, 6.300%	245,000	6,115,200
JPMorgan Chase & Company, 6.700%	35,000	900,550
Insurance 6.5%		
Aegon NV, 6.500%	75,000	1,911,000
MetLife, Inc., Series B, 6.500% (Z)	1,410,000	36,589,500
Principal Financial Group, Inc., Series B (6.518% to 6-30-35, then higher of 10 year CMT, 30 year	55,000	1,408,000

CMT or 3 month LIBOR + 2.100%)		
Prudential Financial, Inc., 5.750%	50,000	1,255,000
Prudential PLC, 6.750% (Z)	175,000	4,523,750
W.R. Berkley Corp., 5.625%	170,000	4,098,700
Real estate investment trusts 1.5%		
Kimco Realty Corp., 6.000%	10,000	254,700
Senior Housing Properties Trust, 5.625% (Z)	425,000	10,000,250
Ventas Realty LP, 5.450%	63,000	1,551,690
Industrials 0.4%		3,411,450
Machinery 0.4%		
Stanley Black & Decker, Inc., 5.750%	135,000	3,411,450
Telecommunication services 6.5%		49,845,180
Diversified telecommunication services 4.1%		
Qwest Corp., 6.125%	107,500	2,530,550
Qwest Corp., 7.375% (Z)	1,021,000	26,933,980
	73,000	1,890,700

Verizon Communications, Inc., 5.900%		
Wireless telecommunication services 2.4%		
Telephone & Data Systems, Inc., 5.875%	100,000	2,318,000
Telephone & Data Systems, Inc., 6.625% (Z)	285,000	7,159,200
Telephone & Data Systems, Inc., 6.875% (Z)	170,000	4,282,300
United States Cellular Corp., 6.950% (Z)	185,000	4,730,450
Utilities 36.8%		281,502,385
Electric utilities 30.2%		
Alabama Power Company, 5.200% (Z)	1,175,000	29,692,250
Duke Energy Corp., 5.125% (Z)	180,000	4,368,600
Duquesne Light Company, 6.500%	519,900	26,972,412
Entergy Arkansas, Inc., 6.450%	650,000	16,331,250
Entergy Mississippi, Inc., 6.250%	667,000	16,508,250

Gulf Power Company, 5.600%	51,250	4,791,726
HECO Capital Trust III, 6.500%	181,000	4,715,050
Interstate Power & Light Company, 5.100%	1,440,000	36,144,000
NextEra Energy Capital Holdings, Inc., 5.125% (Z)	175,000	3,967,250

	Shares	Value
Utilities (continued)		
Electric utilities (continued)		
NextEra Energy Capital Holdings, Inc., 5.700% (Z)	320,000	$8,060,800
NSTAR Electric Company, 4.250% (Z)	13,347	1,254,618
NSTAR Electric Company, 4.780%	100,000	9,580,000
PPL Capital Funding, Inc., 5.900%	1,435,000	34,942,250
SCE Trust I, 5.625%	252,000	6,163,920
SCE Trust II, 5.100%	1,188,500	26,467,895
Union Electric Company, 3.700%	12,262	1,122,357
Multi-utilities 6.6%		
Baltimore Gas & Electric Company, Series 1993, 6.700%	20,250	2,040,188
Baltimore Gas & Electric Company, Series 1995, 6.990%	134,000	13,513,069
BGE Capital	690,000	17,629,500

Trust II, 6.200% (Z)		
DTE Energy Company, 5.250%	235,000	5,743,400
DTE Energy Company, 6.500% (Z)	180,000	4,833,000
Integrys Energy Group, Inc. (6.000% to 8-1-23, then 3 month LIBOR + 3.220%)	255,000	6,660,600
Common stocks 44.6% (29.8% of Total investments) (Cost $216,680,192)		$341,364,261
Energy 5.6%		43,135,170
Oil, gas and consumable fuels 5.6%		
Chevron Corp. (Z)	80,000	9,596,000
ConocoPhillips (Z)	150,000	10,822,500
Royal Dutch Shell PLC, ADR	33,000	2,369,070
Spectra Energy Corp. (Z)	520,000	20,347,600
Materials 0.2%		1,425,000
Metals and mining 0.2%		
Freeport-McMoRan Copper & Gold, Inc.	50,000	1,425,000
Telecommunication services 3.9%		29,533,600
Diversified telecommunication services 3.9%		

AT&T, Inc. (Z)	415,000	14,458,600
Verizon Communications, Inc. (Z)	300,000	15,075,000
Utilities 34.9%		267,270,491
Electric utilities 14.8%		
American Electric Power Company, Inc. (Z)	200,000	11,668,000
Duke Energy Corp. (Z)	275,000	22,591,250
Northeast Utilities	550,000	27,142,500
OGE Energy Corp.	330,000	12,305,700
Pinnacle West Capital Corp.	50,000	3,073,500
PPL Corp.	240,000	8,397,600
The Southern Company (Z)	75,000	3,477,000
UIL Holdings Corp. (Z)	310,000	12,753,400
Xcel Energy, Inc. (Z)	347,000	11,614,090

SEE NOTES TO FINANCIAL STATEMENTS10

	Shares	Value
Utilities (continued)		
Gas utilities 1.6%		
AGL Resources, Inc. (Z)	110,550	$5,959,751
Atmos Energy Corp. (Z)	100,000	5,300,000
ONE Gas, Inc.	34,639	1,314,550
Multi-utilities 18.5%		
Alliant Energy Corp. (Z)	400,000	24,764,000
Black Hills Corp. (Z)	190,000	10,398,700
Dominion Resources, Inc. (Z)	195,000	13,903,500
DTE Energy Company (Z)	250,000	20,540,000
Integrys Energy Group, Inc. (Z)	215,000	15,626,200
National Grid PLC, ADR	210,000	15,621,900
NiSource, Inc.	445,000	18,716,700
Public Service Enterprise Group, Inc.	40,000	1,652,400
TECO Energy, Inc.	550,000	10,785,500
Vectren Corp. (Z)	215,000	9,664,250
	Par value	Value
Short-term investments 2.0% (1.3% of Total investments)		$15,091,000

(Cost $15,091,000)		
Repurchase agreement 2.0%		15,091,000
Repurchase Agreement with State Street Corp. dated 10-31-14 at 0.000% to be repurchased at $15,091,000 on 11-3-14, collateralized by $15,690,000 U.S. Treasury Notes, 0.625% due 4-30-18 (valued at $15,396,597, including interest)	15,091,000	15,091,000
Total investments (Cost $992,714,779) 149.7%		**$1,145,245,220**
Other assets and liabilities, net (49.7%)		**($380,227,141)**
Total net assets 100.0%		**$765,018,079**

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

ADR American Depositary

	Receipts
CMT	Constant Maturity Treasury
LIBOR	London Interbank Offered Rate
(S)	These securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration.
(Z)	All or a portion of this security is pledged as collateral pursuant to the Credit Facility Agreement. Total collateral value at 10-31-14 was $542,210,365.
	At 10-31-14, the aggregate cost of investment securities for federal income tax purposes was $994,818,504. Net unrealized appreciation aggregated $150,426,716, of which $160,709,040

related to appreciated investment securities and $10,282,324 related to depreciated investment securities.

Financial statements

STATEMENT OF ASSETS AND LIABILITIES 10-31-14

Assets	
Investments, at value (Cost $992,714,779)	$1,145,245,220
Cash held at broker for futures contracts	1,032,000
Cash segregated at custodian for swap contracts	1,160,000
Receivable for investments sold	474,999
Dividends and interest receivable	2,673,547
Swap contracts, at value	72,028
Receivable for futures variation margin	228,433
Other receivables and prepaid expenses	14,841
Total assets	**1,150,901,068**
Liabilities	
Due to custodian	816
Credit facility agreement payable	383,700,000
Payable for investments purchased	251,650
Swap contracts, at value	1,463,507
Interest payable	211,929
Payable to affiliates	
Accounting and legal services fees	95,362
Other liabilities and accrued expenses	159,725
Total liabilities	**385,882,989**
Net assets	**$765,018,079**
Net assets consist of	
Paid-in capital	$611,129,338
Undistributed net investment income	3,125,879
Accumulated net realized gain (loss) on investments, futures contracts and swap agreements	417,637
Net unrealized appreciation (depreciation) on investments, futures contracts and swap agreements	150,345,225
Net assets	**$765,018,079**

SEE NOTES TO FINANCIAL STATEMENTS12

STATEMENT OF ASSETS AND LIABILITIES (continued)

Net asset value per share		
-		
Based on 49,590,757 shares of beneficial interest outstanding with no par value	unlimited number of shares authorized	$15.43

13SEE NOTES TO FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS For the year ended 10-31-14

Investment income	
Dividends	$61,849,246
Less foreign taxes withheld	(38,795)
Total investment income	**61,810,451**
Expenses	
Investment management fees	8,592,121
Accounting and legal services fees	1,099,189
Transfer agent fees	138,347
Trustees' fees	50,275
Printing and postage	137,861
Professional fees	146,648
Custodian fees	87,084
Stock exchange listing fees	36,799
Interest expense	2,505,704
Other	34,554
Total expenses	**12,828,582**
Less expense reductions	(27,937)
Net expenses	**12,800,645**
Net investment income	**49,009,806**
Realized and unrealized gain (loss)	
Net realized gain (loss) on	
Investments	3,146,906
Futures contracts	(889,027)
Swap contracts	(1,529,210)
	728,669
Change in net unrealized appreciation (depreciation) of	
Investments	85,192,470
Futures contracts	(793,737)
Swap contracts	739,456
	85,138,189
Net realized and unrealized gain	**85,866,858**
Increase in net assets from operations	**$134,876,664**

SEE NOTES TO FINANCIAL STATEMENTS14

STATEMENTS OF CHANGES IN NET ASSETS

	Year ended 10-31-14	Year ended 10-31-13
Increase (decrease) in net assets		
From operations		
Net investment income	$49,009,806	$47,855,526
Net realized gain	728,669	15,585,482
Change in net unrealized appreciation (depreciation)	85,138,189	(45,761,527)
Increase in net assets resulting from operations	**134,876,664**	**17,679,481**
Distributions to shareholders		
From net investment income	(48,052,477)	(45,307,625)
From net realized gain	(17,022,877)	
Total distributions	**(65,075,354)**	**(45,307,625)**
From fund share transactions		
Repurchased	(5,368,124)	
	64,433,186	**(27,628,144)**

Total increase (decrease)		
Net assets		
Beginning of year	700,584,893	728,213,037
End of year	**$765,018,079**	**$700,584,893**
Undistributed net investment income	**$3,125,879**	**$3,690,982**
Share activity		
Shares outstanding		
Beginning of year	50,008,453	50,008,453
Shares repurchased	(417,696)	
End of year	**49,590,757**	**50,008,453**

15SEE NOTES TO FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS For the year ended 10-31-14

Cash flows from operating activities	
Net increase in net assets from operations	$134,876,664
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Long-term investments purchased	(67,720,400)
Long-term investments sold	83,881,429
Increase in short-term investments	(3,428,000)
Increase in cash held at broker for futures contracts	(1,032,000)
Decrease in cash segregated at custodian for swap contracts	620,000
Increase in receivable for investments sold	(334,268)
Increase in dividends and interest receivable	(202,705)
Increase in unrealized appreciation/depreciation of swap contracts	(739,456)
Increase in receivable for futures variation margin	(228,433)
Decrease in other receivables and prepaid expenses	46,586
Decrease in payable for investments purchased	(5,122,887)
Decrease in payable to affiliates	(47,685)
Increase in other liabilities and accrued expenses	36,200
Increase in custodian overdraft	816
Decrease in interest payable	(3,352)
Net change in unrealized (appreciation) depreciation on investments	(85,192,470)
Net realized gain on investments	(3,146,906)
Net cash provided by operating activities	**$52,263,133**
Cash flows from financing activities	
Repurchase of common shares	(5,368,124)
Distributions to common shareholders	(65,075,354)
Net cash used in financing activities	**($70,443,478)**
Net decrease in cash	**($18,180,345)**
Cash at beginning of period	**$18,180,345**
Cash at end of period	
Supplemental disclosure of cash flow information	
Cash paid for interest	**$2,509,056**

SEE NOTES TO FINANCIAL STATEMENTS16

Financial highlights

COMMON SHARES Period Ended	**10-31-14**	**10-31-13**	**10-31-12**	**10-31-11**	**10-31-10**
Per share operating performance					
Net asset value, beginning of period	$14.01	$14.56	$13.22	$12.16	$9.76
Net investment income[1]	0.98	0.96	0.89	0.88	0.81
Net realized and unrealized gain (loss) on investments	1.74	(0.60)	1.36	1.09	2.46
Total from investment operations	**2.72**	**0.36**	**2.25**	**1.97**	**3.27**
Less distributions to common shareholders					
From net investment income	(0.97)	(0.91)	(0.91)	(0.91)	(0.87)
From net realized gain	(0.34)				
Total distributions	**(1.31)**	**(0.91)**	**(0.91)**	**(0.91)**	**(0.87)**
Anti-dilutive impact of repurchase plan	0.01[2]				
Net asset value, end of period	$15.43	$14.01	$14.56	$13.22	$12.16
Per share market value, end of period	$13.67	$12.51	$14.32	$12.30	$11.72
Total return at net asset value (%)[3]	22.07	2.94	17.61	17.23	35.08
Total return at market value (%)[3]	21.12	(6.54)	24.32	13.17	39.03

Ratios and supplemental data					
Net assets applicable to common shares, end of period (in millions)	$765	$701	$728	$660	$608
Ratios (as a percentage of average net assets):					
Expenses before reductions	1.79	1.77	1.85	1.98 [4]	2.26 [4]
Expenses including reductions[5]	1.79	1.77	1.85	1.87 [4]	2.26 [4]
Net investment income	6.85	6.61	6.45		