

JOHN HANCOCK PREMIUM DIVIDEND FUND
Form N-CSRS
July 05, 2012

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

FORM N-CSR

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

Investment Company Act file number 811-05908

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

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

Salvatore Schiavone
Treasurer

601 Congress Street

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

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

Date of fiscal year end: October 31

Date of reporting period: April 30, 2012

ITEM 1. SCHEDULE OF INVESTMENTS

Portfolio summary

Top 10 Issuers (32.6% of Total Investments on 4-30-12)^{1,2}

Bank of America Corp.	6.2%	Nexen, Inc.	2.8%
CH Energy Group, Inc.	3.8%	PPL Electric Utilities Corp.	2.8%
Southern California Edison Company	3.4%	MetLife, Inc.	2.6%
Alabama Power Company	3.0%	Qwest Corp.	2.6%
Wells Fargo & Company	2.9%	Duquesne Light Company	2.5%

Sector Composition^{1,3}

Utilities	53.1%	Consumer Staples	2.0%
Financials	28.6%	Materials	0.3%
Energy	8.8%	Industrials	0.2%
Telecommunication Services	7.0%		

¹ As a percentage of the Fund's total investments on 4-30-12.

² Cash and cash equivalents not included.

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

Fund's investments

As of 4-30-12 (unaudited)

	Shares	Value
Preferred Securities 89.6% (60.8% of Total Investments)		\$622,471,984
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(Cost \$609,070,059)		
Consumer Staples 2.9%		20,084,388
Food & Staples Retailing 2.9%		
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Ocean Spray Cranberries, Inc., Series A, 6.250% (S)	224,250	20,084,388
Energy 5.2%		36,011,780
Oil, Gas & Consumable Fuels 5.2%		
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Apache Corp., Series D, 6.000% (Z)	136,500	7,250,880
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Nexen, Inc., 7.350%	1,135,000	28,760,900
Financials 42.2%		293,008,940
Capital Markets 2.5%		
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Credit Suisse Guernsey, 7.900% (Z)	175,000	4,593,750
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Lehman Brothers Holdings, Inc., Depositary Shares, Series D, 5.670% (I)	162,700	1,627
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Morgan Stanley Capital Trust III, 6.250% (Z)	105,000	2,567,250
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The Goldman Sachs Group, Inc., Series B, 6.200% (Z)	397,000	9,952,790
Commercial Banks 11.8%		
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Barclays Bank PLC, Series 3, 7.100%	192,500	4,762,450

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Barclays Bank PLC, Series 5, 8.125%	310,000	7,917,400
PNC Financial Services Group, Inc., 6.125% (I)	271,600	6,871,480
Santander Finance Preferred SA Unipersonal, Series 10, 10.500% (Z)	259,600	6,791,136
Santander Holdings USA, Inc., Series C, 7.300% (Z)	500,000	12,500,000
U.S. Bancorp (6.500% to 1-15-22, then 3 month LIBOR + 4.468%)	324,500	8,780,970
U.S. Bancorp, 6.000% (I)	160,000	4,128,000
Wells Fargo & Company, 8.000% (L)(Z)	1,017,000	30,042,180

Consumer Finance 6.8%

HSBC Finance Corp., Depositary Shares, Series B, 6.360% (Z)	109,136	2,696,751
HSBC USA, Inc., 2.858% (L)(Z)	503,000	24,898,500
SLM Corp., Series A, 6.970% (Z)	445,500	20,038,590

Diversified Financial Services 15.3%

Bank of America Corp., 6.375% (Z)	1,160,000	27,608,000
Bank of America Corp., 6.625% (L)(Z)	360,000	8,967,600

See notes to financial statements

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	Shares	Value
Diversified Financial Services (continued)		

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Bank of America Corp., 8.200% (Z)	35,000	\$886,200
Bank of America Corp., Depository Shares, Series D, 6.204% (L)(Z)	960,000	23,020,800
Bank of America Corp., Series MER, 8.625% (Z)	102,000	2,627,520
Citigroup Capital VII, 7.125%	35,000	885,500
Citigroup Capital VIII, 6.950%	30,000	746,100
Citigroup Capital XII (8.500% to 3-30-15, then 3 month LIBOR + 5.870%) (Z)	291,500	7,503,210
Citigroup, Inc., 8.125% (Z)	338,830	9,778,634
Deutsche Bank Contingent Capital Trust II, 6.550% (L)(Z)	287,000	6,985,580
Deutsche Bank Contingent Capital Trust III, 7.600% (L)(Z)	662,000	17,020,020
Insurance 4.7%		
MetLife, Inc., Series B, 6.500% (L)(Z)	1,061,000	26,843,300
Principal Financial Group, Inc., Series B (6.518% to 6-30-35, then higher of 10 year Constant Maturity Treasury (CMT), or 30 year CMT or 3 month LIBOR + 2.100%)	55,000	1,418,450
Prudential PLC, 6.750% (Z)	176,100	4,490,550
Real Estate Investment Trusts 1.1%		
Kimco Realty Company, Depository Shares, Series F, 6.650%	174,760	4,403,952
Public Storage, Inc., 6.125%	24,000	616,560
Wachovia Preferred Funding Corp., Series A, 7.250%	90,500	2,399,155

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Thriffs & Mortgage Finance 0.0%

Federal Home Loan Mortgage Corp., Series Z (Higher of 3 month LIBOR + 4.160% or 7.875%) (I)	55,000	68,750
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Federal National Mortgage Association, Series S (Higher of 3 month LIBOR + 4.230% or 7.750%) (I)	159,500	196,185
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Telecommunication Services 6.2% **43,294,980**

Diversified Telecommunication Services 3.8%

Qwest Corp., 7.375% (L)(Z)	1,021,000	26,627,680
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Touch America Holdings, Inc., 6.875% (I)	161,778	0
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Wireless Telecommunication Services 2.4%

Telephone & Data Systems, Inc., 6.625% (Z)	285,000	7,207,650
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Telephone & Data Systems, Inc., 6.875% (Z)	170,000	4,584,900
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United States Cellular Corp., 6.950%	185,000	4,874,750
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Utilities 33.1% **230,071,896**

Electric Utilities 24.8%

Alabama Power Company, 5.200% (L)(Z)	1,178,600	30,419,666
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Carolina Power & Light Company, 5.440% (Z)	11,382	1,136,066
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Duquesne Light Company, 6.500%	519,900	25,800,038
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Entergy Arkansas, Inc., 6.450%	350,000	8,793,750
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Entergy Mississippi, Inc., 6.250%	667,000	16,758,375
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FPC Capital I, Series A, 7.100% (Z)	240,000	6,153,600
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HECO Capital Trust III, 6.500% (Z)	181,000	4,622,740
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NextEra Energy Capital Holdings, Inc., 5.700%	160,000	4,127,984
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NSTAR Electric Company, 4.780% (Z)	100,000	10,056,250
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	Shares	Value
Electric Utilities (continued)		

NSTAR Electric Company, 4.250%	13,347	\$1,201,230
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PPL Electric Utilities Corp., Depository Shares, 6.250% (Z)	1,150,000	28,715,500
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Southern California Edison Company, 6.125% (Z)	195,000	19,603,604
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Southern California Edison Company, Series C, 6.000% (Z)	150,877	15,082,993
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Independent Power Producers & Energy Traders 1.3%

Constellation Energy Group, Inc., Series A, 8.625% (Z)	326,000	8,707,460
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Multi-Utilities 7.0%

Baltimore Gas & Electric Company, Series 1993, 6.700% (Z)	20,250	2,074,359
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Baltimore Gas & Electric Company, Series 1995, 6.990% (Z)	134,000	13,655,444
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BGE Capital Trust II, 6.200%	616,000	15,504,720
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Consolidated Edison Company of New York, Inc., Series A, 5.000%	25,180	2,642,893
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Consolidated Edison Company of New York, Inc., Series C, 4.650%	15,490	1,562,786
Consolidated Edison Company of New York, Inc., Series D, 4.650%	5,000	504,688
DTE Energy Company, 6.500%	126,000	3,470,040
Interstate Power & Light Company, Series B, 8.375% (Z)	132,800	3,841,904
Union Electric Company, 3.700% (Z)	12,262	1,044,569
Virginia Electric & Power Company, 6.980% (Z)	45,500	4,591,237
Common Stocks 57.8% (39.2% of Total Investments)		\$402,033,390
(Cost \$339,558,650)		
Energy 7.8%		54,145,505
Oil, Gas & Consumable Fuels 7.8%		
BP PLC, ADR (L)(Z)	100,000	4,341,000
Chevron Corp. (Z)	112,000	11,934,720
ConocoPhillips (L)(Z)	155,000	11,102,650
Royal Dutch Shell PLC, ADR	69,000	4,936,260
Spectra Energy Corp. (L)(Z)	315,000	9,683,100
Total SA, ADR	252,500	12,147,775
Industrials 0.4%		2,545,400
Industrial Conglomerates 0.4%		
General Electric Company (L)(Z)	130,000	2,545,400

Materials 0.4% **3,140,600**

Metals & Mining 0.4%

Freeport-McMoRan Copper & Gold, Inc.	82,000	3,140,600
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See notes to financial statements

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	Shares	Value
Telecommunication Services 4.1%		\$28,258,050

Diversified Telecommunication Services 4.1%

AT&T, Inc. (L)(Z)	420,000	13,822,200
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Verizon Communications, Inc. (L)(Z)	357,500	14,435,850
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Utilities 45.1% **313,943,835**

Electric Utilities 16.9%

American Electric Power Company, Inc.	220,000	8,544,800
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Duke Energy Corp. (L)(Z)	337,500	7,232,625
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Entergy Corp.	210,000	13,767,600
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FirstEnergy Corp. (Z)	430,000	20,132,600
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Northeast Utilities (L)(Z)	680,000	25,003,600
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PNM Resources, Inc. (L)(Z)	500,000	9,380,000
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Progress Energy, Inc. (L)(Z)	380,000	20,223,600
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Southern Company	75,000	3,445,500
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UIL Holdings Corp.	280,000	9,623,600
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Gas Utilities 1.0%

AGL Resources, Inc.	70,000	2,760,100
Atmos Energy Corp. (Z)	110,000	3,583,800
ONEOK, Inc.	12,000	1,030,680

Multi-Utilities 27.2%

Alliant Energy Corp. (Z)	452,520	20,472,005
Ameren Corp. (Z)	80,000	2,623,200
Black Hills Corp. (L)(Z)	225,500	7,443,755
CH Energy Group, Inc.	597,000	39,175,140
Dominion Resources, Inc. (L)(Z)	195,000	10,177,050
DTE Energy Company (L)(Z)	390,000	21,988,200
Integrus Energy Group, Inc. (L)(Z)	240,000	13,113,600
National Grid PLC, ADR	180,000	9,736,200
NiSource, Inc. (Z)	469,200	11,565,780
OGE Energy Corp. (Z)	250,000	13,490,000
Public Service Enterprise Group, Inc.	120,000	3,738,000
TECO Energy, Inc. (L)(Z)	570,000	10,271,400
Vectren Corp. (Z)	220,000	6,479,000
Xcel Energy, Inc. (L)(Z)	700,000	18,942,000

Total investments (Cost \$948,628,709)†147.4% \$1,024,505,374

Other assets and liabilities, net (47.4%)	(\$329,390,578)
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Total net assets 100.0%	\$695,114,796
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The percentage shown for each investment category is the total value of the category as a percentage of the net assets of the Fund.

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Notes to Schedule of Investments

ADR American Depositary Receipts

LIBOR London Interbank Offered Rate

(I) Non-income producing security.

(L) All or a portion of this security is a Lent Security as of 4-30-12, and is part of segregated collateral pursuant to the Committed Facility Agreement. Total value of Lent Securities at 4-30-12 was \$277,759,530.

(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 segregated as collateral pursuant to the Committed Facility Agreement. Total collateral value at 4-30-12 was \$610,801,699.

† At 4-30-12, the aggregate cost of investment securities for federal income tax purposes was \$951,270,178. Net unrealized appreciation aggregated \$73,235,196, of which \$106,035,914 related to appreciated investment securities and \$32,800,718 related to depreciated investment securities.

See notes to financial statements

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FINANCIAL STATEMENTS

Financial statements

Statement of assets and liabilities 4-30-12 (unaudited)

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

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Assets

Investments, at value (Cost \$948,628,709)	\$1,024,505,374
Cash	1,889,399
Cash segregated at custodian for swap contracts	1,680,000
Dividends receivable	2,613,764
Other receivables and prepaid expenses	149,338
Total assets	1,030,837,875

Liabilities

Payable for investments purchased	1,349,812
Committed facility agreement payable	332,000,000
Swap contracts, at value	2,017,259
Interest payable	34,630
Payable to affiliates	
Accounting and legal services fees	83,557
Trustees' fees	87,837
Other liabilities and accrued expenses	149,984
Total liabilities	335,723,079

Net assets

Paid-in capital	\$616,240,054
Undistributed net investment income	3,088,356
Accumulated net realized gain on investments and swap agreements	1,926,980
Net unrealized appreciation (depreciation) on investments and swap agreements	73,859,406
Net assets	\$695,114,796

Net asset value per share

Based on 49,990,624 shares of beneficial interest outstanding — unlimited number of shares authorized with no par value	\$13.90
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FINANCIAL STATEMENTS

Statement of operations

For the six-month period ended 4-30-12
(unaudited)

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

Investment income

Dividends	\$28,366,412
Interest	140,804
Less foreign taxes withheld	(76,857)
Total investment income	28,430,359

Expenses

Investment management fees	3,918,517
Accounting and legal services fees	498,349
Transfer agent fees	91,699
Trustees' fees	29,136
Printing and postage	64,334
Professional fees	64,732
Custodian fees	45,788
Registration and filing fees	6,224
Interest expense	1,606,918
Stock exchange listing fees	21,600
Other	6,534
Total expenses	6,353,831

Net investment income **22,076,528**

Realized and unrealized gain (loss)

Net realized gain (loss) on

Investments	4,797,465
Swap contracts	(450,210)
	4,347,255

Change in net unrealized appreciation (depreciation) of

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Investments	31,556,974
Swap contracts	(915,918)
	30,641,056
Net realized and unrealized gain	34,988,311
Increase in net assets from operations	\$57,064,839

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 4-30-12 (unaudited)	Year ended 10-31-11
Increase (decrease) in net assets		
From operations		
Net investment income	\$22,076,528	\$43,896,384
Net realized gain	4,347,255	2,032,087
Change in net unrealized appreciation (depreciation)	30,641,056	52,009,703
Increase in net assets resulting from operations	57,064,839	97,938,174
Distributions to shareholders		
From net investment income	(22,641,155)	(45,272,754)
From Fund share transactions		
Issued pursuant to Dividend Reinvestment Plan	275,696	—
Total increase	34,699,380	52,665,420

Net assets

Beginning of period	660,415,416	607,749,996
End of period	\$695,114,796	\$660,415,416
Undistributed net investment income	\$3,088,356	\$3,652,983

Share activity**Shares outstanding**

Beginning of period	49,969,927	49,969,927
Issued pursuant to Dividend Reinvestment Plan	20,697	—
End of period	\$49,990,624	\$49,969,927

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See notes to financial statements

FINANCIAL STATEMENTS

Statement of cash flows

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

	For the six months ended 4-30-12 (unaudited)
Cash flows from operating activities	
Net increase in net assets from operations	\$57,064,839
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Long-term investments purchased	(49,773,300)
Long-term investments sold	37,868,984
Decrease in short-term investments	11,000,000
Net amortization of premium (discount)	14,067
Decrease in dividends receivable	652,819
Increase in payable for investments purchased	1,267,492

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Decrease in receivable for investments sold	10,022,290
Increase in cash segregated at custodian for swap contracts	(1,410,000)
Increase in other receivables and prepaid expenses	(35,094)
Increase in unrealized depreciation of swap contracts	915,918
Increase in payable to affiliates	6,253
Decrease in interest payable	(142)
Decrease in other liabilities and accrued expenses	(17,632)
Net change in unrealized (appreciation) depreciation on investments	(31,556,974)
Net realized gain on investments	(4,797,465)

Net cash provided by operating activities **\$31,222,055**

Cash flows from financing activities

Repayment of custodian overdraft	(9,767,197)
Borrowings from committed facility agreement payable	2,800,000
Repurchase of common shares	275,696
Distributions to common shareholders	(22,641,155)

Net cash used in financing activities **(\$29,332,656)**

Net decrease in cash **\$1,889,399**

Cash at beginning of period **—**

Cash at end of period **\$1,889,399**

Supplemental disclosure of cash flow information
