

JOHN HANCOCK PREFERRED INCOME FUND II
Form N-Q
December 24, 2014

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811- 21202

John Hancock Preferred Income Fund II
(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: October 31, 2014

ITEM 1. SCHEDULE OF INVESTMENTS

Preferred Income Fund II

Quarterly portfolio holdings 10/31/14

Fund's investments Preferred Income Fund II

As of 10-31-14 (unaudited)

	Shares	Value
Preferred securities (a)		
144.7% (94.3% of		\$666,327,359
Total investments)		
(Cost \$643,461,870)		
Consumer staples 3.2%	14,565,007	
Food and staples retailing 3.2%		
Ocean		
Spray		
Cranberries,	160,000	14,565,007
Inc.,		
Series A,		
6.250% (S)		
Financials 87.0%		400,789,128
Banks 28.3%		
Barclays		
Bank		
PLC,	360,000	9,208,800
Series 3, 7.100%		
Barclays		
Bank		
PLC,	340,000	8,775,400
Series 5,		
8.125% (Z)		
BB&T		
Corp.,	320,000	7,280,000
5.200% (Z)		
BB&T		
Corp.,	440,000	10,709,600
5.625% (Z)		
HSBC		
Finance		
Corp.,		
Depository	725,000	18,378,750
Shares,		
Series B,		
6.360% (Z)		
HSBC		
USA,		
Inc.,	50,000	1,273,500
6.500% (Z)		
RBS		
Capital		
Funding		
Trust	398,000	9,512,200
V,		
5.900%		

RBS Capital Funding Trust VII, 6.080% Royal Bank of Scotland Group PLC, Series L, 5.750%	145,000	3,507,550
The PNC Financial Services Group, Inc., 5.375%	70,000	1,671,600
The PNC Financial Services Group, Inc. (6.125% to 5-1-22, then 3 month LIBOR + 4.067%) U.S. Bancorp (6.000% to 4-15-17, then 3 month LIBOR + 4.861%) (Z)	145,000	3,949,800
U.S. Bancorp (6.500% to 1-15-22,	200,000	5,412,000
	570,000	16,706,700

then
 3
 month
 LIBOR
 +
 4.468%) (Z)
 Wells
 Fargo
 & 250,000 6,245,000
 Company,
 6.000%
 Wells
 Fargo
 & 565,000 16,594,050
 Company,
 8.000% (Z)
 Capital markets 8.6%
 Morgan
 Stanley
 (6.375%
 to
 10-15-24,
 then 70,000 1,764,700
 3
 month
 LIBOR
 +
 3.708%)
 Morgan
 Stanley
 Capital
 Trust 272,000 6,952,320
 III,
 6.250% (Z)
 Morgan
 Stanley
 Capital
 Trust 155,000 3,952,500
 IV,
 6.250% (Z)
 Morgan
 Stanley
 Capital
 Trust 290,000 7,331,200
 V,
 5.750% (Z)
 Morgan
 Stanley
 Capital
 Trust 52,400 1,334,628
 VII,

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6.600%		
State		
Street		
Corp.,	60,000	1,464,600
5.250%		
The		
Goldman		
Sachs	660,000	17,067,600
Group,		
Inc.,		
6.125% (Z)		
Consumer finance 1.5%		
Navient		
Corp.,	177,500	3,821,575
6.000% (Z)		
SLM		
Corp.,	64,000	3,146,240
Series A, 6.970%		
Diversified financial services 18.2%		
Deutsche		
Bank		
Contingent		
Capital	173,000	4,482,430
Trust		
II,		
6.550%		
Deutsche		
Bank		
Contingent		
Capital	420,000	11,512,200
Trust		
III,		
7.600% (Z)		
General		
Electric		
Capital	348,000	8,320,680
Corp.,		
4.700% (Z)		
ING		
Groep	770,000	19,611,900
NV,		
7.050% (Z)		
JPMorgan		
Chase		
Capital	795,000	20,447,400
XXIX,		
6.700% (Z)		
Merrill	322,000	8,252,860
Lynch		
Preferred		
Capital		

Trust III, 7.000% Merrill Lynch Preferred Capital	180,000	4,624,200
Trust IV, 7.120% Merrill Lynch Preferred Capital	250,000	6,435,000
Trust V, 7.280% Insurance 16.1% Aegon NV, 6.375% (Z)	425,000	10,850,250
Aegon NV, 6.500% American Financial Group, Inc., 7.000% (Z)	220,000	5,605,600
MetLife, Inc., Series B, 6.500% (Z)	284,000	7,443,640
Prudential Financial, Inc., 5.750% Prudential PLC, 6.500% (Z)	780,000	20,241,000
RenaissanceRe Holdings, Ltd., Series C, 6.080%	145,000	3,639,500
	103,000	2,671,820
	15,000	382,350

2SEE NOTES TO FUND'S INVESTMENTS

Preferred Income Fund II

	Shares	Value
Financials (continued)		
Insurance (continued)		
The Phoenix Companies, Inc., 7.450%	216,500	\$5,341,055
W.R. Berkley Corp., 5.625%	740,000	17,841,400
Real estate investment trusts 14.2%		
Duke Realty Corp., Depository Shares, Series K, 6.500% (Z)	110,000	2,791,800
Duke Realty Corp., Depository Shares, Series L, 6.600% (Z)	109,840	2,780,050
Kimco Realty Corp., 6.000% (Z)	720,000	18,338,400
Public Storage, 5.200%	255,000	5,859,900
Public Storage, 5.750% (Z)	335,000	8,358,250
Public Storage, 6.350% (Z)	175,000	4,536,000
Public Storage, Depository Shares, Series Q, 6.500%	122,000	3,202,500
Public Storage, Series P, 6.500%	56,000	1,460,480

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Senior Housing Properties Trust, 5.625% (Z)	550,000	12,941,500
Ventas Realty LP, 5.450%	210,000	5,172,300
Thrifts and mortgage finance 0.1%		
Federal National Mortgage Association, Series S, 8.250% (I)	75,000	318,750
Industrials 1.8%		8,212,750
Machinery 1.8%		
Stanley Black & Decker, Inc., 5.750% (Z)	325,000	8,212,750
Telecommunication services 13.3%		61,373,556
Diversified telecommunication services 6.1%		
Qwest Corp., 6.125%	30,000	706,200
Qwest Corp., 6.875%	62,500	1,598,125
Qwest Corp., 7.000%	60,000	1,539,000
Qwest Corp., 7.375% (Z)	567,500	14,970,650
Qwest Corp., 7.500%	172,500	4,605,750
Verizon Communications Inc., 5.900% (Z)	185,000	4,791,500
Wireless telecommunication services 7.2%		
Telephone &	161,300	4,051,856

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Data Systems, Inc., 6.625% (Z) Telephone & Data Systems, Inc., 6.875% Telephone & Data Systems, Inc., 7.000% United States Cellular Corp., 6.950% (Z) Utilities 39.4% Electric utilities 27.2% Duke Energy Corp., 5.125% Duquesne Light Company, 6.500% Entergy Arkansas, Inc., 5.750% (Z) Entergy Arkansas, Inc., 6.450% Entergy Louisiana LLC, 5.250% Entergy Louisiana LLC, 5.875% (Z) Entergy Louisiana LLC, 6.000% (Z)	85,000	2,141,150
	283,000	7,216,500
	772,500	19,752,825
		181,386,918
	720,000	17,474,400
	98,450	5,107,586
	66,400	1,689,216
	100,000	2,512,500
	220,000	5,500,000
	186,750	4,778,933
	186,438	4,737,390

Entergy Mississippi, Inc., 6.000%	186,500	4,774,400
Entergy Mississippi, Inc., 6.200%	103,294	2,633,997
FPL Group Capital Trust I, 5.875% (Z)	255,000	6,617,250
Gulf Power Company, 5.750% (Z)	146,000	3,762,420
HECO Capital Trust III, 6.500% (Z)	187,750	4,890,888
Interstate Power & Light Company, 5.100%	50,000	1,255,000
NextEra Energy Capital Holdings, Inc., 5.125%	73,000	1,654,910
NextEra Energy Capital Holdings, Inc., 5.700% (Z)	665,000	16,751,350
NSTAR Electric Company, 4.780%	15,143	1,450,699

SEE NOTES TO FUND'S INVESTMENTS3

Preferred Income Fund II

	Shares	Value
Utilities (continued)		
Electric utilities (continued)		
PPL Capital Funding, Inc., 5.900% (Z)	1,125,000	\$27,393,750
SCE Trust I, 5.625%	105,000	2,568,300
SCE Trust II, 5.100% (Z)	420,000	9,353,400
SCE Trust III (5.750% to 3-15-24, then 3 month LIBOR + 2.990%)	20,000	540,800
Multi-utilities 12.2%		
Baltimore Gas & Electric Company, Series 1995, 6.990% (Z)	39,870	4,020,642
BGE Capital Trust II, 6.200% (Z)	535,000	13,669,250
DTE Energy Company, 5.250%	384,000	9,384,960
DTE Energy Company, 6.500%	346,000	9,290,100
	225,372	5,886,717

Integrys Energy Group, Inc. (6.000% to 8-1-23, then 3 month LIBOR + 3.220%)			
SCANA Corp., 7.700% (Z)	538,900	13,688,060	
Common stocks 1.0% (0.7% of Total investments) (Cost \$5,474,110)			\$4,779,520
Utilities 1.0% Electric utilities 1.0%			4,779,520
FirstEnergy Corp. Rate (%)	128,000	4,779,520	
	Maturity date	Par value	Value
Capital preferred securities (b) 1.4% (0.9% of Total investments) (Cost \$5,574,000)			\$6,408,040
Utilities 1.4% Multi-utilities 1.4%			6,408,040
Dominion Resources Capital Trust III (Z)	1,400	01-15-31	5,000,000
			6,408,040
Corporate bonds 3.1% (2.0% of Total investments) (Cost \$13,387,113)			\$14,228,024
Energy 2.1% Oil, gas and consumable fuels 2.1%			9,824,688
Energy Transfer Partners LP (P)	3,257	11-01-66	10,550,000
			9,824,688
Utilities 1.0% Electric utilities 1.0%			4,403,336
Southern California Edison Company (6.250% to 2-1-22,	1,250	02-01-22	4,000,000
			4,403,336

then
3
month
LIBOR
+
4.199%) (Q) (Z)

	Par value	Value
Short-term investments 3.2% (2.1% of Total investments) (Cost \$14,748,000)		\$14,748,000
Repurchase agreement 3.2% Repurchase Agreement with State Street Corp. dated 10-31-14 at 0.000% to be repurchased at \$14,748,000 on 11-3-14, collateralized by \$15,335,000 U.S. Treasury Notes, 0.625% due 4-30-18 (valued at \$15,048,236, including interest)	14,748,000	14,748,000
Total investments (Cost \$682,645,093) 153.4%		\$706,490,943
Other assets and liabilities, net (53.4%)		(\$245,949,125)
Total net assets 100.0%		\$460,541,818

4SEE NOTES TO FUND'S INVESTMENTS

Preferred Income Fund II

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

London

LIBOR Interbank

Offered Rate

Includes

preferred

stocks and

hybrid

securities with

(a) characteristics of both equity and debt that pay dividends on a periodic basis.

Includes

hybrid

securities with

(b) characteristics of both equity and debt that trade with, and pay, interest income.

Non-income

(I) producing.

Variable rate

obligation.

The coupon

(P) rate shown represents the rate at period end.

Perpetual

bonds have no

stated maturity

date. Date

(Q) shown as maturity date is next call date.

These

(S) securities are

(Z) 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. 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 \$390,102,208. At 10-31-14, the aggregate cost of investment securities for federal income tax purposes was \$682,761,831. Net unrealized appreciation aggregated \$23,729,112, of which \$30,903,238 related to appreciated investment securities and \$7,174,126 related to depreciated investment securities.

SEE NOTES TO FUND'S INVESTMENTS5

Notes to Fund's investments

Security valuation. Investments are stated at value as of the close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 p.m., Eastern Time. In order to value the securities, the fund uses the following valuation techniques: Equity securities held by the fund are valued at the last sale price or official closing price on the exchange where the security was acquired or most likely will be sold. In the event there were no sales during the day or closing prices are not available, the securities are valued using the last available bid price. 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. Futures contracts are valued at settlement prices, which are the official closing prices published by the exchange on which they trade. Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rates supplied by an independent pricing vendor. Securities that trade only in the over-the-counter (OTC) market are valued using bid prices. Certain short-term securities with maturities of 60 days or less at the time of purchase are valued at amortized cost. Other portfolio securities and assets, for which reliable market quotations are not readily available, are valued at fair value as determined in good faith by the fund's Pricing Committee following procedures established by the Board of Trustees. The frequency with which these fair valuation procedures are used cannot be predicted and fair value of securities may differ significantly from the value that would have been used had a ready market for such securities existed.

The fund uses a three-tier hierarchy to prioritize the pricing assumptions, referred to as inputs, used in valuation techniques to measure fair value. Level 1 includes securities valued using quoted prices in active markets for identical securities. Level 2 includes securities valued using other significant observable inputs. Observable inputs may include quoted prices for similar securities, interest rates, prepayment speeds and credit risk. Prices for securities valued using these inputs are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes securities valued using significant unobservable inputs when market prices are not readily available or reliable, including the fund's own assumptions in determining the fair value of investments. Factors used in determining value may include market or issuer specific events or trends, changes in interest rates and credit quality. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

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

	Total market value at 10-31-14	Level 1 quoted price	Level 2 significant observable inputs	Level 3 significant unobservable inputs
Preferred securities				
Consumer staples	\$14,565,007		\$14,565,007	
Financials	400,789,128	\$400,789,128		
Industrials	8,212,750	8,212,750		
Telecommunication services	61,373,556	56,582,056	4,791,500	
Utilities	181,386,918	174,853,776	6,533,142	
Common stocks	4,779,520	4,779,520		
Capital preferred securities	6,408,040		6,408,040	
Corporate bonds	14,228,024		14,228,024	
Short-term investments	14,748,000		14,748,000	

Total Investments in Securities	\$706,490,943	\$645,217,230	\$61,273,713
Other Financial Instruments:			
Futures	(\$480,867)	(\$480,867)	
Interest rate swaps	(\$950,278)		(\$950,278)

Repurchase agreements. The fund may enter into repurchase agreements. When the fund enters into a repurchase agreement, it receives collateral that is held in a segregated account by the fund's custodian. The collateral amount is marked-to-market and monitored on a daily basis to ensure that the collateral held is in an amount not less than the principal amount of the repurchase agreement plus any accrued interest. Collateral received by the fund for repurchase agreements is disclosed in the Fund's investments as part of the caption related to the repurchase agreement.

Repurchase agreements are typically governed by the terms and conditions of the Master Repurchase Agreement and/or Global Master Repurchase Agreement (collectively, MRA). Upon an event of default, the non-defaulting party may close out all transactions traded under the MRA and net amounts owed. In the event of a default by the counterparty, realization of the collateral proceeds could be delayed, during which time the collateral value may decline or the counterparty may have insufficient assets to pay back claims resulting from close-out of the transactions.

Derivative instruments. The fund may invest in derivatives in order to meet its investment objectives. Derivatives include a variety of different instruments that may be traded in the over-the-counter 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.

Futures. A futures contract is a contractual agreement to buy or sell a particular currency or financial instrument at a pre-determined price in the future. Risks related to the use of futures contracts include possible illiquidity of the futures markets and contract prices that can be highly volatile and imperfectly correlated to movements in the underlying financial instrument. Use of long futures contracts subjects the funds to the risk of loss up to the notional value of the futures contracts. Use of short futures contracts subjects the funds to unlimited risk of loss.

During the period ended October 31, 2014, the fund used futures contracts to manage against anticipated interest rate changes. The following table summarizes the contracts held at October 31, 2014.

Open contracts	Number of contracts	Position	Expiration date	Notional basis	Notional value	Unrealized appreciation (depreciation)
10-Year U.S. Treasury Note Futures	520	Short	Dec 2014	(\$65,226,008)	(\$65,706,875)	(\$480,867)
						(\$480,867)

Notional basis refers to the contractual amount agreed upon at inception of open contracts; notional value represents the current value of the open contract.

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.

During the period ended October 31, 2014, the fund used interest rate swaps in anticipation of rising interest rates. The following table summarizes the interest rate swap contracts held as of October 31, 2014.

Counterparty	Notional amount	Currency	USD notional amount	Payments made by fund	Payments received by fund	Maturity date	Unamortized upfront payment paid (received)	Unrealized appreciation (depreciation)
Morgan Stanley Capital Services	56,000,000	USD	56,000,000	Fixed 1.4625%	3 Month LIBOR	Aug 2016		(\$999,468)
Morgan Stanley Capital Services	56,000,000	USD	56,000,000	Fixed 0.875%	3 Month LIBOR	Jul 2017		49,190
			112,000,000					(\$950,278)

For additional information on the fund's significant accounting policies, please refer to the fund's most recent semiannual or annual shareholder report.

More information

How to contact us

Internet www.jhinvestments.com

Computershare

Mail P.O. Box 30170

College Station, TX 77842-3170

Customer service representatives **800-852-0218**

Phone Portfolio commentary **800-344-7054**

24-hour automated information **800-843-0090**

TDD line **800-231-5469**

P11Q1 10/14

This report is for the information of the shareholders of John Hancock Preferred Income Fund II.

12/14

ITEM 2. 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-Q, the registrant's principal executive officer and principal accounting 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 last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications for the registrant's principal executive officer and principal accounting officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

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 Preferred Income Fund II

By:

/s/ Andrew Arnott

Andrew Arnott

President

Date: December 12, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:

/s/ Andrew Arnott

Andrew Arnott

President

Date: December 12, 2014

By:

/s/ Charles A. Rizzo

Charles A. Rizzo

Chief Financial Officer

Date: December 12, 2014
