



MUTUAL FUNDS

# Fund Commentary

Q4 | 2011

## John Hancock Investors Trust

FROM THE JOHN HANCOCK ASSET MANAGEMENT PORTFOLIO MANAGEMENT TEAM

### FUND RESULTS

The Fund returned 3.97% at net asset value in the fourth quarter of 2011, outpacing both the 1.18% return of the Fund's benchmark, Barclays Capital U.S. Government/Credit Index, and the 1.59% average return of closed-end leveraged investment-grade funds tracked by UBS.

### MARKET ENVIRONMENT

U.S. bonds advanced modestly in the fourth quarter of 2011, capping a solid year of performance. Economic news released in the fourth quarter showed modest but steady improvement, quelling concerns from the previous quarter about a potential recession. In particular, employment figures improved notably, sending the unemployment rate down to 8.6%, its lowest reading since March 2009.

Beyond the economy, the financial markets continued to focus much of their attention on Europe and its sovereign debt crisis. Although European authorities took steps to shore up the Continent's banking system, the spread of the contagion to Italy (Europe's third-largest economy) and uncertainty surrounding a resolution to the crisis weighed on investor confidence.

Despite some volatility caused by the improving economy and a continued flight of capital from Europe to the U.S., interest rates finished the quarter about where they started. The credit sectors of the bond market outperformed as high-yield corporate bonds and commercial mortgage-backed securities delivered the best returns. Investment-grade corporate bonds also fared well in the fourth quarter, while Treasury bonds and residential mortgage-backed securities generated positive returns but lagged the broad bond indexes.

### PORTFOLIO REVIEW

The Fund's outperformance of its benchmark index and peer group average resulted from its significant exposure to the credit sectors of the bond market. In particular, a substantial weighting in high-yield corporate bonds and a position in commercial mortgage-backed securities contributed the most to this outperformance. An underweight position in Treasury bonds also added value during the quarter.

The Fund's exposure to higher-yielding segments of the bond market also contributed positively to performance in the fourth quarter. With interest rates largely unchanged, the Fund's incremental yield advantage provided a tailwind for performance during the quarter.

Among individual securities, one top performer was broadcasting company Clear Channel Communications. Several of the Fund's interest-only mortgage-backed securities also generated strong returns as refinancing concerns subsided. The most significant detractors included trucking company Western Express and direct marketing firm Vertis Communications.

### OUTLOOK

As we move into 2012, interest rates are likely to remain at relatively low levels worldwide. The Federal Reserve pledged to keep its short-term rate target near zero until 2013, and the European Central Bank is expected to lower interest rates toward that same target in the coming year to stimulate economic growth. An improving economy in the U.S. and increased demand for yield in a low-interest-rate environment could be favorable for corporate bonds and other credit-related securities. Valuations in the credit sectors also remain attractive as the market continues to price these securities at recessionary levels.

**This commentary reflects the views of the portfolio managers through 12/31/11 and may include forward-looking statements. The statements may include projections, estimates and descriptions of future events. These statements are subject to a variety of risks and uncertainties, which may cause actual results to differ materially. The managers' views are subject to change as market and other conditions warrant and should not be construed as a recommendation for any securities discussed herein.**

**Unlike open-end funds, closed-end funds are not continuously offered. After a one-time public offering, shares of closed-end funds are sold in the secondary market and frequently trade at a discount to net asset value. A closed-end fund cannot predict whether its shares will trade at, below or above net asset value. Specialized funds carry additional risks.**

**Fund-specific information is provided for informational purposes only and is not intended for trading purposes.**

If you are interested in investing in any of the John Hancock closed-end funds, please contact your financial professional. Before investing, prospective investors should consider carefully a fund's objective, risks, charges and expenses. For current fund information or to request closed-end fund literature, call **1-800-843-0090** or visit our Web site at **www.jhfunds.com**.



### John Hancock Funds

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