COMMENTARY

Pioneer High Yield Fund

Performance Analysis & Commentary | June 2017

Fund Ticker Symbols: **TAHYX** (Class A); **TYHYX** (Class Y)

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Second Quarter Review

- The Fund's Class A shares returned 1.85% at net asset value in the second quarter, and Class Y shares returned 1.92%, while the Fund's benchmarks, the Bank of America Merrill Lynch (BofA ML) US High Yield Index and the BofA ML All Convertibles Speculative Quality Index, returned 2.14% and 1.44%, respectively.
- Detractors from the Fund's benchmark-relative performance in the second quarter included security selection within utilities, an overweight to the underperforming energy sector, and out-of-benchmark allocations to bank loans, convertibles, and catastrophe bonds.
- We believe the US economy may deliver gross domestic product (GDP) growth in excess of 2% in 2017. While the benefits of President Trump's proposed policies of lower taxes and higher infrastructure spending, if enacted, should be realized more in 2018 than in 2017, solid employment may continue to support consumption and the housing market.

Despite increased political uncertainty and mixed economic data in the US, robust first quarter corporate revenue and earnings, strong global economic growth, a resounding victory in the French elections by the pro-European Union Emmanuel Macron, and softer inflation data drove strong second quarter performance in both the credit markets and in US Treasuries.

Corporate credit markets gained ground on strong earnings reports, in spite of stretched valuations and a moderating outlook for domestic economic growth, as first quarter GDP disappointed and skepticism rose regarding President Trump's ability to implement his pro-growth tax and stimulus policies.

US Treasuries also gained ground in the second quarter, as lower-than-expected consumer price inflation and personal consumption expenditure inflation, and reduced inflation expectations due to the delays in passing President Trump's stimulus programs contributed to falling intermediate- and long-term yields. Average US Treasury yields fell over the second quarter, on lower inflation expectations. The 10-year Treasury yield fell from 2.39% to 2.30%, reflecting a drop in break-evens from 1.97% to 1.74%.

The BofA ML US High Yield Index returned 2.14% for the second quarter. While narrower spreads and a flatter yield curve contributed to the benchmark's return, coupon income was a key driver of performance. (Credit spreads are commonly defined as the differences in yield between Treasuries and other types of fixed-income securities with similar maturities.) High-yield spreads narrowed 32 basis points (bps) during the quarter. (A basis point is equal to 1/100th of a percentage point). Within high yield, health care has been one of the strongest sectors year to date, returning 7.80%. Energy returned –2.06% in June, the final month of the quarter, due to weakness in oil prices. This in turn has caused the sector's year-to-date return to lag, at 0.94%. In fact, energy has had two consecutive months of generating negative excess returns. (Excess returns represent investment performance generated by a security or portfolio that exceed the "riskless" performance of a security generally perceived by the market to be risk-free, such as a certificate of deposit or a government-issued bond.)

Broken out by rating buckets, performance was mixed during the second quarter, with the CCC & lower-rated tier returning 1.70% and single B's returning 1.76%, while BB's finished the quarter up by 2.59%.

Sector Allocation and Security Selection

The Fund underperformed the BofA ML US High Yield Index in the second quarter. Detractors from the Fund's benchmark-relative performance in the second quarter included security selection within utilities, an overweight to the underperforming energy sector, and out-of-benchmark allocations to bank loans, convertibles, and catastrophe bonds.

Security selection among corporates was a positive contributor to relative returns overall this quarter, with the Fund's holdings in the banking, energy, and services sectors leading the way. Security selection within banking was strong for the Fund in the second quarter, led by positions in issuers such as RBS and Wells Fargo. Despite the negative impact on benchmark-relative performance from the Fund's energy overweight, security selection results within energy were strong enough to give the Fund a positive overall relative return in the sector. Within energy, strong security selection results were largely due to the portfolio's overweight to midstream names, and a slight overweight to exploration & production names. The Fund is underweight services and refiners, which tend to trade with more beta to oil prices. (Beta is statistical measurement of an investment's sensitivity to market movements in relation to an index.) As noted earlier, security selection within utilities was a negative factor in the Fund's benchmark-relative performance, as the portfolio is invested in higher-beta names such as Talen Energy, an east coast-based utility that was affected by low demand following a warmer winter as well as a cooler summer (thus far).

The Fund's out-of-benchmark allocations to bank loans and catastrophe bonds underperformed the high-yield benchmark during the period, and an out-of-benchmark allocation to convertible bonds was also a detractor from relative returns. Within convertible bonds, the Fund's allocations to technology & electronics and services issuers were the primary performance detractors.

Given the Fund's high-quality bias, an underweight to securities rated CCC and below was a positive contributor to benchmark-relative performance, as was an overweight to BBB-rated securities. For much of the past year, the portfolio's higher-quality bias had been a detractor from the Fund's benchmark-relative returns, as securities rated CCC and below have outperformed their higher-quality counterparts.

Current Positioning

The Fund remains well diversified* as of quarter-end. We continue to maintain a portfolio overweight to health care. We believe there is value in the health care space as the sector continues to trade at levels overly reflective of the risks associated with the Trump administration's actions regarding health care reform and other legislation. The risks include the commitment of the Republican-controlled Congress to repealing or replacing the Affordable Care Act, as the US House of Representatives passed a vote on it in early May. The proposed legislation is now under consideration by the US Senate and faces additional changes. Within the energy sector, the Fund is overweight to the midstream and exploration & production sub-sectors, while remaining underweight energy services and refiners. While the portfolio is overweight in energy, we believe the positioning is neutral on a risk-adjusted basis. The Fund remains underweight in retail, as e-commerce continues to eat away at the profit margins of traditional retail companies.

As mentioned earlier, we have maintained a higher-quality bias in the portfolio. As such, the Fund remains underweight in securities rated CCC and below, relative to the benchmark.

We continue our practice of seeking diversification and relative value for the Fund by carrying out-of-index exposures, including bank loans, convertibles, and insurance-linked bonds. The insurance-linked bonds are uncorrelated with the financial markets, and so they can provide diversification benefits and help enhance the risk/return profile of the Fund. (Correlation represents the degree to which assets or asset class prices have moved in relation to one another. Correlation ranges from –1, where assets/asset prices always move in opposite directions, through 0, where assets/asset prices are absolutely independent, to 1, where assets/asset prices always move together.)

High Yield Market Outlook

We believe the US economy may deliver GDP growth in excess of 2% in 2017. While the benefits of President Trump's proposed policies of lower taxes and higher infrastructure spending, if enacted, should be realized more in 2018 than in 2017, solid employment may continue to support consumption and the housing market. GDP growth may strengthen through 2017, buoyed by stronger corporate profits that are benefiting from improved global growth, easy financial conditions, and lower regulation.

We believe that the markets continue to be "behind the curve" in their views on the appropriate level of interest rates. With its more hawkish June statement, the Federal Reserve (the Fed) may have recognized that it, too, has been behind the curve, and may be resolute about getting back to neutral. Both economic growth and inflation have generally met the Fed's goals, in a situation in which we are facing full employment. In addition, Fed governors have recently focused on rate normalization as a means to avoid creating asset bubbles.

We believe corporate earnings may benefit from lower taxes and less regulation, if those policies are enacted, as well as faster economic growth, which would help boost both the US credit and equity markets. Corporate fundamentals in the US remain generally positive, with strong margins and improved balance sheets. High-yield defaults remain low, with the greatest default pressure on the energy and retail sectors. Headline risk looms in retail, but the sector only accounts for three percent of the BofA ML US High Yield Index.

The high-yield market experienced a significant level of positive total returns in 2016. That strength has continued into the first half of 2017. For the full calendar year, we expect overall returns to resemble coupon clipping, with market support coming from investors' continued search for yield amid low global interest rates. Spreads are nearing their all-time cyclical tights, and there do not seem to be any looming headwinds, nor significant tailwinds to impact spreads in the near term. As such, we believe it is important to emphasize strong credit research and analysis in an effort to minimize negative event risk in the portfolio. Therefore, we are continuing to migrate the Fund's holdings towards higher-quality issuers, as we believe there is a lack of "low-hanging fruit" amongst lower-rated credits, given current valuations.

*Diversification does not assure a profit nor protect against loss.

Performance Review

Pioneer High Yield Fund's Class A shares returned 1.85% at net asset value in the second quarter, and Class Y shares returned 1.92%, while the Fund's benchmarks, the Bank of America Merrill Lynch (BofA ML) US High Yield Index and the BofA ML All Convertibles Speculative Quality Index, returned 2.14% and 1.44%, respectively.

Average Annual Total Return (Class A shares)

June 30, 2017	(at NAV)	(at POP)	BofA ML US High Yield Index	BofA ML All Convertibles Speculative Quality Index
1 year	12.61%	7.52%	12.75%	22.14%
3 years	2.58%	1.02%	4.48%	3.32%
5 years	6.64%	5.67%	6.92%	10.18%
10 years	5.67%	5.18%	7.54%	6.20%

Average Annual Total Return (Class Y shares)

June 30, 2017	(at NAV)	BofA ML US High Yield Index	BofA ML All Convertibles Speculative Quality Index
1 year	12.91%	12.75%	22.14%
3 years	2.91%	4.48%	3.32%
5 years	7.00%	6.92%	10.18%
10 years	6.09%	7.54%	6.20%

Expense Ratios (As of prospectus dated March 1, 2017)

Class A shares: Gross, 1.17%

Class Y shares: Gross, 0.87%

Call 1-800-225-6292 or visit amundipioneer.com for the most recent month-end performance results. Current performance may be lower or higher than the performance data quoted.

The performance data quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

NAV results represent the percent change in net asset value per share. Returns would have been lower had sales charges been reflected. POP returns reflect deduction of the maximum 4.50% sales charge at the beginning of the period. All results are historical and assume the reinvestment of dividends and capital gains. Other share classes are available for which performance expenses will differ.

Class Y shares are not subject to sales charges and are available for limited groups of eligible investors, including institutional investors.

Performance results reflect any applicable expense waivers in effect during the periods shown. Without such waivers Fund performance would be lower. Waivers may not be in effect for all funds. Certain fee waivers are contractual through a specified period. Otherwise, fee waivers can be rescinded at any time. See the prospectus for more information.

A Word about Risk:

Investments in high-yield or lower-rated securities are subject to greater-than-average price volatility, illiquidity and possibility of default.

When interest rates rise, the prices of fixed-income securities in the Fund will generally fall. Conversely, when interest rates fall, the prices of fixed-income securities in the Fund will generally rise.

Investments in the Fund are subject to possible loss due to the financial failure of issuers of underlying securities and their inability to meet their debt obligations.

Prepayment risk is the chance that an issuer may exercise its right to prepay its security, if falling interest rates prompt the issuer to do so. Forced to reinvest the unanticipated proceeds at lower interest rates, the Fund would experience a decline in income and lose the opportunity for additional price appreciation.

The portfolio may invest in mortgage-backed securities, which during times of fluctuating interest rates may increase or decrease more than other fixed-income securities. Mortgage-backed securities are also subject to pre-payments.

The Fund may use derivatives, such as options, futures, inverse floating rate obligations, swaps, and others, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Derivatives may have a leveraging effect on the Fund.

At times, the Fund's investments may represent industries or industry sectors that are interrelated or have common risks, making it more susceptible to any economic, political, or regulatory developments or other risks affecting those industries and sectors.

These risks may increase share price volatility.

The Bank of America Merrill Lynch US High Yield Index is an unmanaged, commonly accepted measure of the performance of high-yield securities. The Bank of America Merrill Lynch All-Convertibles Speculative Quality Index is an unmanaged index of high-yield US convertible securities. Index returns are calculated monthly, assume reinvestment of dividends and, unlike mutual fund returns, do not reflect any fees or expenses associated with a mutual fund. It is not possible to invest directly in an index.

The views expressed in this commentary are those of the portfolio manager and are subject to change at any time. These views do not necessarily reflect the views of Amundi Pioneer or others in the Amundi Pioneer organization and should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any Amundi Pioneer investment product.

Securities Discussed

	% of Portfolio as of June 30, 2017
Wells Fargo, 7.50%, 12/31/49 (perpetual)	0.68%
Royal Bank of Scotland (RBS), Floating Rate Note, 12/31/49 (perpetual)	0.52%
Talen Energy Supply, 6.50%, 6/1/25	0.17%

Top 10 Holdings

		% of Portfolio as of June 30, 2017
1.	Sprint, 7.25%, 9/15/21	2.24%
2.	HCA, 5.375%, 2/1/25	1.45%
3.	United States Treasury Floating Rate Note, 4/30/18	1.31%
4.	Valeant Pharmaceuticals Int'l., 5.875%, 5/15/23 (144A)	1.27%
5.	Crown, Cork & Seal, 7.375%, 12/15/26	1.07%
6.	Scientific Games Int'l., 10.00%, 12/1/22	0.99%
7.	KB Home, 7.00%, 12/15/21	0.95%
8.	Lennar, 4.75%, 11/15/22	0.85%
9.	Post Holdings, 6.00%, 12/15/22 (144A)	0.81%
10.	CHS, 8.00%, 11/15/19	0.79%

The portfolio is actively managed, and current holdings may be different. The holdings listed should not be considered recommendations to buy or sell any security listed.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Contact your advisor or Amundi Pioneer Asset Management for a prospectus or summary prospectus containing this information. Read it carefully.

Neither Amundi Pioneer, nor its representatives are legal or tax advisors. In addition, Amundi Pioneer does not provide advice or recommendations. The investments you choose should correspond to your needs, goals, and risk tolerance. For assistance in determining your financial situation, please consult an investment professional.