COMMENTARY

Pioneer Floating Rate Fund

Performance Analysis & Commentary | June 2017

Fund Ticker Symbols: **FLARX** (Class A); **FLYRX** (Class Y)

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Second Quarter Review

- The Fund's Class A shares returned 0.66% at net asset value in the second quarter, and Class Y shares returned 0.75%, while the Fund's benchmark, the Standard & Poor's/Loan Syndications Trading Association (S&P/LSTA) Leveraged Performing Loan Index*, returned 0.80%.
- The Fund's underweight to energy as well as its higher-quality bias in energy-related industries such as oil & gas benefited benchmark-relative performance in the second quarter, as the sector came under pressure due to a weakening of oil prices that started back in March.
- Security selection results were a slight detractor from the Fund's benchmark-relative performance in the second quarter.
- We are broadly constructive to the loan market. On the supply side, we expect continued pay-downs and an increase in issuer-friendly repricing terms, in the absence of meaningful mergers-and-acquisitions volume. We may see some additional supply reduction from bond refinancings, but we expect to see continued demand for the loan asset classes following the Federal Reserve's (the Fed's) multiple increases to the Federal funds rate.

The Fund's benchmark, the S&P/LSTA Leveraged Performing Loan Index, returned 0.80% for the second quarter of 2017. However, the Index's June return of –0.01% signaled the end of a 15-month run of positive returns. A drop in oil prices and continued poor results in the retail area drove the negative performance in the loan market over the quarter's final month. In fact, nine of the 10 worst-performing loan issues were within the oil & gas and retail sectors.

By loan quality, performance was mixed this quarter. B-rated loans were the top performers over the three-month period, returning 0.94%, followed by CCC and BB loans, which returned 0.70% and 0.67%, respectively. Defaulted names generated a return of –0.28% for the quarter, resulting in the Fund's benchmark index outperforming the S&P/LSTA Leveraged Loan Index by four basis points (bps), or 0.04%. (A basis point is equal to 1/100th of a percentage point).

The S&P/LSTA Leveraged Loan Index closed the second quarter with an average price of $98.02, down slightly from $98.22 at the end of the first quarter. The US leveraged loan market saw its average spread continue to narrow from the end of the first quarter, as the average spread stood at LIBOR (London Interbank Offered Rate) +415 bps on March 31, 2017, and decreased to LIBOR +393 bps by June 30, 2017. (Loan spreads are the interest rates over and above the LIBOR rate charged to borrowers by banks.)

The average yield-to-maturity increased from 4.99% to 5.07% this quarter as tighter spreads did not fully offset rising LIBOR rates. LIBOR rates ticked up as the Fed hiked interest rates in March and June, with the one-month LIBOR closing the quarter at 122 bps, and the three-month ending up at 130 bps. With rates securely above 100 bps, all loans with LIBOR floors should benefit from higher coupon resets as they come due. (LIBOR floors are designed to ensure that investors in the loans receive some minimum base level of compensation in addition to the credit spread the loan pays.)

Fundamentals in the loan market remain strong and default rates continue to fall, as the loan market default rate of 1.49% (issuer based) as of June 30, 2017, was relatively low. Defaults have remained below 2.00% for the last six months. Lower default rates are attributed to the recent uptick in refinancings, which has pushed the maturity wall further out. The weighted average maturity in the loan market is 5.17 years, the longest since December 2014.

Sector Allocation and Security Selection

The Fund's underweight to energy as well as its higher-quality bias in energy-related industries such as oil & gas benefited benchmark-relative performance in the second quarter, as the sector came under pressure due to a weakening of oil prices that started back in March.

*The Bloomberg Barclays High Yield Loans Performing Index (the Bloomberg Barclays Index) was the Fund's benchmark from inception through 9/30/16, when the Bloomberg Barclays Index ceased. As of 10/1/16, the Fund's benchmark is the Standard & Poor's/Loan Syndications & Trading Association (S&P/LSTA) Leveraged Performing Loan Index (the S&P/LSTA Index). Both the Bloomberg Barclays Index and the S&P/LSTA Index provide, or provided broad and comprehensive total return metrics of the U.S. universe of syndicated term loans.

Security selection results were a slight detractor from the Fund's benchmark-relative performance in the second quarter, with issue selection in business equipment & services and utilities having the biggest effects on relative returns. Conversely, we maintained underweights to both of those sectors in the Fund's portfolio, which contributed positively to benchmark-relative performance.

The Fund's allocation to corporate high-yield bonds was a positive contributor to relative returns during the quarter. High-yield securities, as measured by the Bank of America Merrill Lynch US High Yield Index, returned 2.14% for the quarter, and as of June 30, 2017, the Fund had a 6.5% allocation to high-yield corporates.

The Fund continues to be overweight to asset-intensive industries such as building materials and industrial equipment, while being underweight retail, which is generally an asset-lite sector and continues to struggle with the loss of market share to online retailers. The Fund is also underweight to technology, a sector that has long-term technical risk. We also continue to maintain a portfolio underweight to the oil & gas sector, which has been pressured in the wake of low crude oil prices. Overall, the bank-loan asset class has less exposure to energy than high-yield corporates.

Finally, the Fund's cash position grew during the quarter, due to a number of factors, including bonds refinancing loan positions, a new-issue calendar that on its face appeared robust but was, in reality, filled with repricings, and positive overall inflows during the period. The cash and short-term positions in the portfolio were another detractor from the Fund's benchmark-relative performance. By the end of the second quarter, bids were at or above par (face value) on the majority of higher-quality BB-rated loan names, which increased the risk of repricings of loans with no call protection. Therefore, we held cash in the portfolio in anticipation of deploying it in the new-issue calendar.

Current Outlook and Positioning

We are broadly constructive to the loan market. On the supply side, we expect continued pay-downs and an increase in issuer-friendly repricing terms, in the absence of meaningful mergers-and-acquisitions volume. We may see some additional supply reduction from bond refinancings, but we expect to see continued demand for the loan asset classes following the Fed's multiple increases to the Federal funds rate. Having done so twice already in 2017, the Fed is likely to raise rates, at most, once more this year. Moreover, both one- and three-month LIBOR rates are well above the 75 and 100 bps LIBOR floors.

The loan market is currently in a coupon-clipping environment, and we continue to believe loans may create solid opportunities for income-oriented investors, despite the increase in loan prices. With over 59% of performing loans priced above par as of quarter-end, and with 4% priced at 101 or higher, there is limited room for capital appreciation. Repricings continue to be a concern. There have not been a lot of new issues in the market, and so we have been holding a slightly larger portfolio allocation to cash. We plan to continue to be cautious as to where we put the Fund's money to work, and do not want to buy at a premium only to see the loan called away.

Loan default rates remain well below historical averages, and we believe default rates should remain stable. However, we anticipate defaults in the retail sector to increase due to the ongoing migration to online shopping. The Fund continues to be underweight the retail sector as a result.

With much of the loan universe priced at or near par, and with asymmetrical returns resulting from defaults, we believe the key going forward is to avoid blowups through prudent credit selection. We believe the Fund's biases toward higher-quality loans and asset-rich companies positions it well for the current environment.

As noted earlier, the portfolio continues to be overweight asset-intensive industries such as building materials and industrial equipment, while being underweight to retail, technology, and energy.

Performance Review

Pioneer Floating Rate Fund's Class A shares returned 0.66% at net asset value in the second quarter, and Class Y shares returned 0.75%, while the Fund's benchmark, the Standard & Poor's/Loan Syndications Trading Association (S&P/LSTA) Leveraged Performing Loan Index*, returned 0.80%.

Average Annual Total Return (Class A shares)

June 30, 2017	(at NAV)	(at POP)	Pioneer Floating Rate Fund Linked Benchmark*	S&P/LSTA Leveraged Performing Loan Index
1 year	4.99%	0.20%	7.69%	7.68%
3 years	2.72%	1.15%	3.78%	3.87%
5 years	3.58%	2.64%	4.75%	4.87%
10 years	3.57%	3.09%	4.49%	4.69%

Average Annual Total Return (Class Y shares)

June 30, 2017	(at NAV)	Pioneer Floating Rate Fund Linked Benchmark*	S&P/LSTA Leveraged Performing Loan Index
1 year	5.32%	7.69%	7.68%
3 years	3.09%	3.78%	3.87%
5 years	3.95%	4.75%	4.87%
10 years	3.83%	4.49%	4.69%

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

Class A shares: Gross, 1.04%

Class Y shares: Gross, 0.82%

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:

Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative. Below-investment-grade debt securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher-rated debt securities. The Fund may invest in high-yield securities of any rating, including securities that are in default at the time of purchase.

Securities with floating interest rates generally are less sensitive to interest-rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as prevailing interest rates. Unlike fixed-rate securities, floating-rate securities generally will not increase in value if interest rates decline. Changes in interest rates also will affect the amount of interest income the Fund earns on its floating-rate investments.

Investing in foreign and/or emerging market securities involves risks relating to interest rates, currency exchange rates, economic, and political conditions.

These risks may increase share price volatility.

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.

***Note:** The Bloomberg Barclays High Yield Loans Performing Index (the Bloomberg Barclays Index) was the Fund's benchmark from inception through 9/30/16, when the Bloomberg Barclays Index ceased. As of 10/1/16, the Fund's benchmark is the Standard & Poor's/Loan Syndications & Trading Association (S&P/LSTA) Leveraged Performing Loan Index (the S&P/LSTA Index). Both the Bloomberg Barclays Index and the S&P/LSTA Index provide, or provided broad and comprehensive total return metrics of the U.S. universe of syndicated term loans. Ten-year, five-year, three-year, and one-year "linked" benchmark returns shown above represent the combination of the Bloomberg Barclays Index's returns from 7/1/07 through 9/30/16, and the S&P/LSTA Index's returns from 10/1/16 through 6/30/17.

Top 10 Holdings

		% of Portfolio as of June 30, 2017
1.	United States Treasury Floating Rate Note, 4/30/18	3.73%
2.	United States Treasury Floating Rate Note, 1/31/18	1.71%
3.	US Treasury Bills, 0.00%, 9/28/17	1.47%
4.	United States Treasury Floating Rate Note, 10/31/17	0.93%
5.	US Treasury Bills, 0.00%, 7/6/17	0.79%
6.	Charter Communications Operating, Term F-1 Loan, 1/3/21	0.65%
7.	Valeant Pharmaceuticals, Series F-1, Tranche B Term Loan, 3/13/22	0.59%
8.	Post Holdings, 1st Lien, L+2.25%, 5/17/24	0.50%
9.	US Treasury Bills, 0.00%, 7/13/17	0.49%
10.	Scientific Games International, Initial Term B-3 Loan, 10/1/21	0.48%

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.