COMMENTARY

Pioneer Floating Rate Fund

Performance Analysis & Commentary | December 2017

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

Fourth Quarter Review

- The Fund's Class A shares returned 0.79% at net asset value in the fourth quarter, and Class Y shares returned 0.86%, while the Fund's benchmark, the Standard & Poor's/Loan Syndications Trading Association (S&P/LSTA) Leveraged Performing Loan Index, returned 1.22%.
- The Fund's allocation to corporate high-yield bonds was a detractor from benchmark-relative performance this quarter, as high yield underperformed loans during the three-month period.
- Both the portfolio's underweight to telecommunications as well as security selection within the sector contributed positively to the Fund's benchmark-relative returns.
- We are broadly constructive to the loan market. On the supply side, we expect continued paydowns and an increase in issuer-friendly repricing terms, in the absence of meaningful merger-and-acquisition volumes.

The Fund's benchmark, the S&P/LSTA Leveraged Performing Loan Index, returned 1.22% for the fourth quarter of 2017. The performance of bank loans this quarter was mixed by rating tier, as CCC-rated loans were the top performers, returning 2.85%, followed by Bs and BBs, both of which returned 1.09%. Defaulted names posted a return of –6.74%, resulting in the S&P/LSTA Leveraged Performing Loan Index outperforming the S&P/LSTA Leveraged Loan Index by nine basis points (0.09%).

The S&P/LSTA Leveraged Performing Loan Index ended the fourth quarter with an average price of $98.11, a slight increase from $97.91 at the end of September. The leveraged loan market saw its average spread continue to trend narrower from the end of the third quarter, as the average spread stood at ICE LIBOR (London Interbank Offered Rate) +390 basis points as of September 30, 2017, and decreased to ICE LIBOR +381 basis points by the end of the year. (A basis point is equal to 1/100th of a percentage point, or 0.01%). Some of the spread differential was due to the base rates changing as ICE LIBOR increased. The yield-to-maturity remained flat, at 5.19%. (Loan spreads are the interest rates over and above the ICE LIBOR rate charged to borrowers by banks.)

Loan-market fundamentals remained strong and default rates continued to be relatively low during the fourth quarter, with a default rate of 1.72% (issuer based) as of December 31, 2017. Default rates have remained below 2.00% since the end of 2016, though we saw a slight uptick in the fourth quarter versus the third quarter, as eight issuers defaulted over the three-month period. Overall, the lower default rates are attributable to the recent uptick in refinancings, which has pushed the maturity wall for loans further out. The weighted average maturity in the loan market remains above 5.00 years, at 5.16, which is the longest it's been since December 2014.

ICE LIBOR rates ticked up this quarter as the Federal Reserve (the Fed) hiked interest rates in December, its fourth rate increase since December 2016. The one-month ICE LIBOR closed the fourth quarter at 1.56%, and the three-month wound up at 1.69%. With rates securely above ICE LIBOR floors of 1.00%, all loans should continue to benefit from higher coupon resets as they come due. (ICE 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.)

Sector Allocation and Security Selection

The Fund underperformed its benchmark this quarter, with the portfolio's allocation to corporate high-yield bonds detracting from relative performance as high-yield corporates lagged the return of bank loans during the three-month period. Given that lower-quality loans outperformed during the quarter, loan-quality selection was another detractor from the Fund's benchmark-relative returns, given the portfolio's underweight to CCC- and below-rated bank loans.

On the positive side, both the portfolio's underweight to telecommunications as well as security selection within the sector contributed positively to the Fund's benchmark-relative returns this quarter. In addition, the Fund's small position in insurance-linked catastrophe bonds (1.4%) was a slight contributor to benchmark-relative performance. Since the end of the third quarter, we have started to see an improvement in catastrophe bond prices as damage estimates on the successive major natural disasters that occurred in August and September have been refined to show that the share of losses to insurance and reinsurance contracts were not as bad as initially feared. We remain constructive on insurance-linked bonds, as they are uncorrelated with the financial markets. In the long term, that can provide diversification* benefits that may help enhance the risk-return profile of the Fund.

Although defaults picked up slightly in the loan space this quarter, the Fund did not experience a default in 2017.

Current Outlook and Positioning

We are broadly constructive to the loan market. On the supply side, we expect continued paydowns and an increase in issuer-friendly repricing terms, in the absence of meaningful merger-and-acquisition volumes. We may see some additional supply reduction from bond refinancings, but we expect to see continued demand for the loan asset class following the Fed's interest-rate increases.

With the Fed having raised rates three times in 2017, the market expects at least two more increases in 2018. In fact, some well-known research firms and banks expect up to four rate increases this year. As of quarter-end, both one- and three-month ICE LIBOR rates are well above the 0.75% and 1.00% ICE 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, as softness in market values often provides opportunities. In fact, the share of loans in the S&P/LSTA Leveraged Performing Loan Index priced at par (face value) or higher rose to 66% in December, up from 64% in September.

Repricings continue to be a concern, however, as they dominated the new-issue market in the fourth quarter. There have not been a lot of new issues in the market of late (with the exception of September), and so we have been running the portfolio with a little higher allocation to cash (due to redemptions).

We will continue to be cautious about 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. With year-end paydowns, we do have cash available to put to work.

Loan default rates remain well below historical averages, and we think those rates should remain stable, but we anticipate defaults to increase in the retail sector due to consumers' continued migration to online shopping. As a result, the Fund remains underweight in retail, which is also an asset-lite sector. In addition, the Fund is underweight to technology, a sector that has long-term technical risk. Meanwhile, the Fund continues to be overweight to asset-intensive industries such as building materials and industrial equipment.

With much of the loan universe priced near par, thus resulting in an asymmetrical return in the event of a default, we believe the key going forward is to avoid "blowups." We believe the Fund is well positioned, given the portfolio's biases toward higher-quality loans and asset-rich companies.

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

Performance Review

Pioneer Floating Rate Fund's Class A shares returned 0.79% at net asset value in the fourth quarter, and Class Y shares returned 0.86%, while the Fund's benchmark, the Standard & Poor's/Loan Syndications Trading Association (S&P/LSTA) Leveraged Performing Loan Index, returned 1.22%.

Average Annual Total Return (Class A shares)

December 31, 2017	(at NAV)	(at POP)	Pioneer Floating Rate Fund Linked Benchmark*	S&P/LSTA Leveraged Performing Loan Index
1 year	3.17%	–1.47%	4.33%	4.33%
3 years	3.52%	1.94%	4.77%	4.84%
5 years	3.12%	2.17%	4.24%	4.34%
10 years	3.89%	3.42%	4.88%	5.07%

Average Annual Total Return (Class Y shares)

December 31, 2017	(at NAV)	Pioneer Floating Rate Fund Linked Benchmark*	S&P/LSTA Leveraged Performing Loan Index
1 year	3.50%	4.33%	4.33%
3 years	3.82%	4.77%	4.84%
5 years	3.48%	4.24%	4.34%
10 years	4.18%	4.88%	5.07%

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

Class A shares: Gross, 1.04%

Class Y shares: Gross, 0.82%; Net 0.70

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.

The net expense ratio reflects the contractual expense limitation currently in effect through March 1, 2018, for Class Y shares. There can be no assurance that Amundi Pioneer will extend the expense limitation beyond such time. Please see the prospectus and financial statements for more information.

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 10/1/07 through 9/30/16, and the S&P/LSTA Index's returns from 10/1/16 through the most recent period as indicated.

Top 10 Holdings

		% of Portfolio as of December 31, 2017
1.	United States Treasury Floating Rate Note, 4/30/18	3.79%
2.	United States Treasury Floating Rate Note, 1/31/18	1.73%
3.	Charter Communications Operating, 1st Lien TL-B, L+3.00%, 4/15/25	0.86%
4.	US Treasury Bills, 0.00%, 1/11/18	0.52%
5.	Post Holdings, Series A Incremental Term Loan, 5/17/24	0.51%
6.	Envision Healthcare, Initial Term Loan, 11/17/23	0.49%
7.	Scientific Games International, Initial Term B-4 Loan, 8/14/24	0.49%
8.	Air Canada, 1st Lien TL-B, L+2.25%, 10/6/23	0.46%
9.	American Airlines, 2017 Replacement Term Loan, 6/27/20	0.45%
10.	Zekelman Industries, Term Loan, 6/8/21	0.43%

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.

Individuals are encouraged to seek advice from their financial, legal, tax, and other appropriate advisers before making any investment or financial decisions or purchasing any financial, securities or investment-related product or service, including any product or service described in these materials. Amundi Pioneer does not provide investment advice or investment recommendations.

Amundi Pioneer
ASSET MANAGEMENT