

Pioneer Strategic Income Fund

Commentary | March 11, 2020

Outlook for Broad US Fixed Income Markets

- The US Bond markets have experienced an historic change, driven by Coronavirus fears and plummeting oil prices. US Treasury yields have declined almost 1% over the past month, and USD corporate bond markets have experienced a rapid and significant **spread** repricing over the past three weeks. Elements of the spread move are comparable to the sell-offs in the fourth quarter of 2018, in late 2015 and early 2016, and even some periods of 2008.
- Given that the depth and duration of the Coronavirus impact on global growth and consumer behavior remains uncertain, we expect it will take time for investment markets to establish a bottom.
- We continue to evaluate our investment themes. We have selectively started to add spread risk to the portfolio in sectors and issuers where we view spread widening has been in excess of changes in fundamental credit risk.

Focused on pursuing consistent, solid risk-adjusted returns

- The Fund aims to deliver strong performance relative to its Index (The Bloomberg Barclays US Universal Index) and peer group, with lower risk. The Fund invests across a global fixed income opportunity set, and aims to deliver compelling total returns, with similar volatility to a core bond portfolio.
- Driven by its view of relative value, the Fund's risk profile has been significantly lower than that of its peer group over the past few years, with lower non-investment grade exposures, and more diversified sector exposures. While the Fund has held a relative short duration position compared to its benchmark, this position has been significantly longer than that of major peers.
- The Fund has benefitted from longer duration position and lower non-investment grade exposure. The Fund's relative short duration position compared to its benchmark, as well as its non-Dollar exposures and higher non-investment grade exposure have been a detractor.
- The portfolio management team continues to believe that US Treasuries offer even less value, with negative real yields, and that there may be opportunities in select corporates.

Performance Attribution: Additional Information

This performance attribution seeks to identify and quantify the drivers of portfolio performance relative to that of its benchmark. Using FactSet software, we create hypothetical subportfolios by segmenting the portfolio and its benchmark, then measure the value (weight) and returns of those hypothetical subportfolios. This lets us measure the performance impact of a decision to overweight or underweight a portfolio segment. It also lets us measure the performance impact of a specific security selection within each segment.

The Bloomberg Barclays US Universal Index is unmanaged, and represents the union of the US Aggregate Index, the US High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS High Yield Index. Municipal debt. Private placements and non-dollar-denominated issues are excluded. 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 portfolio is actively managed and current information is subject to change. The sectors/holdings discussed should not be considered recommendations to buy or sell any security.

See Glossary of Frequently Used Terms, for terms in bold.

Glossary of Frequently Used Terms

Credit spreads (or spreads) – The differences in yield between Treasuries and other types of fixed-income securities with similar maturities.

Spread risk–Refers to the danger that the interest rate on a loan or bond turns out to be too low relative to an investment with a lower default **risk** for it to be a good use of funds.

Spread sectors – Nongovernmental fixed-income market sectors that offer higher yields, at greater risk, than governmental investments.

Real Yield – The yield provided by an investment once inflation is taken into account.

The views expressed are those of Amundi Pioneer and are current through 3/11/20. These views are subject to change at any time based on market or other conditions, and Amundi Pioneer disclaims any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions for strategies are based on many factors, may not be relied upon as an indication of trading intent on behalf of any strategy or portfolio.

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 securities issued by US government-sponsored entities (e.g., FNMA, Freddie Mac) are neither guaranteed nor issued by the US government. 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 prepayments. Investing in foreign and/or emerging markets securities involves risks relating to interest rates, currency exchange rates, economic, and political conditions. 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.

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

Individual 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.

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Underwriter of Pioneer mutual funds, Member SIPC

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