Trust must be earned

# Pioneer Multi-Asset Ultrashort Income Fund

**Performance Analysis and Market Commentary** | December 31, 2023

## Average Annual Total Returns for Class Y Shares

| | Month-to-Date | Quarter-to-Date | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|
| **Pioneer Multi-Asset Ultrashort Income Fund (MYFRX)** | 0.68% | 1.76% | 7.45% | 3.15% | 2.44% | 1.94% |
| **ICE BofA US 3-Month Treasury Bill Index (Benchmark)** | 0.47% | 1.37% | 5.01% | 2.15% | 1.88% | 1.25% |

Gross and Net expense ratio: 0.45%

**Call 1-800-225-6292 or visit amundi.com/us 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.** Class Y shares are not subject to sales charges and are available for limited groups of investors, including institutional investors. Initial investments are subject to a $5 million investment minimum, which may be waived in some circumstances. All results are historical and assume the reinvestment of dividends and capital gains. Periods of less than one year are actual, not annualized. Other share classes are available for which performance and expenses will differ.

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 Otherwise, fee waivers can be rescinded at any time.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 and financial statements for more information.

## Market Review

**Q4 2023**

— Fourth quarter market performance in 2023 culminated in a Christmas rally, as investors increasingly embraced the soft-landing scenario for the US economy in response to better-than-expected growth and earnings, continued strong employment, and lower inflation. The “higher for longer” narrative of the third quarter gave way to a more dovish Federal Reserve (Fed), which was encouraged by declines in both headline and core inflation, with November year-over-year core Personal Consumption Expenditures (PCE) inflation coming in at 3.2%. The US labor market continued to normalize but remained solid, with unemployment declining to 3.7%, and consumer spending was surprisingly resilient despite concerns over reduced excess savings.

— US Treasury yields declined dramatically, as the market forecasted no further rate increases in 2023 and priced in six 25 basis point (bps) Fed Funds rate cuts during 2024. The yield curve inversion deepened; the spread difference between the 2-year and the 10-year Treasury rose from its low of 16 bps at the end of October to a year end level of 37 bps. The 10-year yield fell from 4.58% at the end of September (and from its mid-October peak of 4.98%) to 3.86%. All risky assets outperformed Treasuries. The S&P 500 Index (SPX) returned 11.7% over the quarter. Falling Treasury yields drove strong returns for the Bloomberg US Aggregate Index, for a 6.82% total return, more than offsetting losses sustained through September. The Bloomberg US Aggregate Index outperformed Treasuries by 0.88% for the quarter, as corporates led performance, with an 8.5% total return and a 2.0% excess return for the Bloomberg US Corporate Investment Grade Index. Agency mortgage-backed securities (MBS) rallied with a 7.5% total return and a 1.3% return over Treasuries for the Bloomberg US MBS Index, while commercial MBS (CMBS), as measured by the Bloomberg US CMBS Erisa Eligible Index, delivered a 0.73% excess return. Asset-backed securities (ABS), as measured by the Bloomberg US Aggregate ABS Index, posted a 0.37% excess return. The Bloomberg US Corporate High Yield Index returned 7.1% and bank loans, as measured by the Morningstar LSTA US Leveraged Loan Index, returned 2.9%. Emerging market (EM) sovereigns, as measured by the JP Morgan EMBI Plus Index, returned 10.5%, while EM corporates, as measured by the JP Morgan CEMBI Broad Diversified Index, rose 5.5%. The US Dollar Index weakened -4.2% over the quarter.

## Market Review

### Year 2023

— Despite concerns about elevated inflation, Fed rate hikes, the collapse of three regional banks in March, and increased geopolitical tensions around the world, the US economy remained resilient in 2023 and defied consensus expectations of a recession. Strong consumption drove growth and benefited from robust employment. Corporate earnings were better than expected; even as higher interest rates pressured borrowing costs for consumers and companies. US inflation moderated faster than expected, with year-over-year Consumer Price Index declining from 6.4% in January 2023 to 3.1% as of November. Progress on the inflation front allowed the Fed to pause after a rate increase in July and to pivot to a bias towards rate cuts in December.

— US Treasury yields took a dramatic path over the year; short-term yields rose in response to the cumulative 1% increase in the Fed Funds rate. Longer-term yields were volatile with ten-year Treasury yield travelling from a start of 3.83% to a low of 3.29% in April on concerns about the impact of regional bank failures, up to 4.98% in October as markets priced in “higher for forever” interest rates, and back down to 3.86% to end the year as inflation decelerated and the Fed pivoted to possible rate cuts. The US yield curve inversion from the 2-year to the 30-year was similar at the beginning and end of the year, punctuated by a moderation of that inversion as 10-year Treasury yields peaked in October.

— All spread sectors outperformed Treasuries, with corporates trouncing securitized sectors. The Bloomberg US Aggregate Index delivered a total return of 5.53%, which was 0.64% above duration-adjusted Treasuries. The Bloomberg US Corporate Investment Grade Index returned 8.5% for a 4.6% return above like-duration Treasuries. ABS delivered a 1.2% excess return and CMBS posted a 1.1% excess return. The Bloomberg US MBS Index lagged other spread sectors with a 0.7% excess return. Agency MBS performance was challenged during the first ten months of the year as volatile interest rates and lower investor demand (the Fed’s quantitative tightening and bank selling) weighed on performance, but excess returns rebounded sharply along with other spread assets in November and December. High yield, as represented by the ICE BofA US High Yield Index, and bank loans returned 13.5% and 13.2%, respectively for the year. EM sovereigns returned 10.3% for the year, while EM corporates gained 9.1%. The SPX returned 26.3% with significant gains posted in large-cap technology. The US dollar fell 2.7% over the year, reflecting the 5% decline sustained in November and December on the back of building Fed rate cut expectations.

## Performance Review

— Pioneer Multi-Asset Ultrashort Income Fund’s Class Y shares outperformed its benchmark, the ICE BofA US 3-Month Treasury Bill Index for the 2023 fourth quarter and calendar year.

— Credit assets generally outperformed like-duration Treasuries, leading to outperformance in most non-government sectors.

— The Fund’s securitized exposures, including allocations to residential mortgage-backed securities (RMBS), collateralized loan obligations (CLOs), and ABS, were particularly strong contributors to relative returns for both the quarter and the year. While CMBS detracted from the quarter, it was a strong contributor to returns for the year.

— Investment grade corporates, particularly financials, saw a strong rally in November and December leading to positive nominal and relative returns for the year. Industrial and utility sectors also contributed on the margin despite modest portfolio weightings. Similarly, despite modest exposures, an allocation to bank loans contributed to returns for the quarter and the year.

— Insurance-linked securities detracted for the month but generated a slightly positive contribution for the year.

— Interest rates were volatile over the year, and while the portfolio’s yield-curve positioning contributed during December’s rate rally, it detracted from the overall year’s performance.

## Market Outlook and Positioning

- The Fed's policy "pivot" and the substantial easing of financial conditions since October have no doubt helped lower the risk of a US economy hard landing/recession in 2024. Though lower, we still view the probability of a 2024 recession as higher than normal and elevated relative to other economic outcomes. And the interest rates markets appear to agree. Fed funds rate futures contracts priced in a year-end 2024 Fed funds rate of 3.75% or more than 150 bps lower than the current Fund rates. While we are comfortable with market pricing of the cumulative rate cuts in 2024, we disagree with market pricing of a first 25 bps rate cut in March given current economic activity and a view that monthly core PCE inflation is likely to reaccelerate in the next few months. We continue to view duration risk as relatively attractive for portfolios but less so than in October and have repositioned accordingly. Investment grade corporate bond spreads reached year-to-date lows of just below 100bps in December. Less relative value in the sector justifies an overall lower allocation to spread risk. We prefer to reduce spread risk by shortening duration and moving up in quality within spread sectors, rather than increasing Treasury exposures, as the Fed's pivot raises the possibility of an elongated time period before spreads materially widen in response to a recessionary environment. Agency MBS remains relatively attractive with spreads still near historical averages.

- The portfolio by prospectus must have at least 80% of its assets in investment grade (IG) securities, and is currently positioned even more conservatively with a bit over 90% in IG. The portfolio management team has been preparing for potential economic weakness and has been scrupulous on the debtors of our bonds.

- To help mitigate future volatility, we have increased our liquidity levels overall, holding 17%+ in cash and cash equivalents. Currently, the portfolio has less than 10% in below-IG bonds, and we are very selective in this exposure, targeting areas we believe are of better quality than recognized by the market (such as seasoned US housing exposure). A large portion of the securitized credit exposure is tied to the US housing market, which is holding up very well in our view given the constrained new home supply levels (if market weakness caused the Fed to cut, we believe housing could get a boost from lower mortgage rates).

- We believe the Fund is well positioned for continued Fed rate volatility, which we believe skews toward rate cuts in 2024. We have marginally increased overall duration and reduced the Fund's exposure to floating-rate securities based on this outlook.

- We are maintaining a significant portfolio allocation to highly liquid securities such as repurchase agreements, Treasuries, and other money market instruments, which allows us to opportunistically add credit if market volatility presents itself.

**The S&P 500 Index** measures the performance of the broad US stock market. **The Bloomberg US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. Indices are unmanaged and their returns assume reinvestment of dividends and do not reflect any fees or expenses. 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.

### Glossary of Frequently Used Terms

**Advanced Refunding Bond (usually applies only to municipal bond funds) –** A bond issued to retire, or pre-refund, another outstanding bond more than 90 days in advance of the original bond's maturity date.
**Basis Point –** A unit of measure used to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form. In most cases, it refers to changes in interest rates and bond yields.
**Beta –** measures an investment's sensitivity to market movements in relation to an index. A beta of 1 indicates that the security's price has moved with the market. A beta of less than 1 means that the security has been less volatile than the market. A beta of greater than 1 indicates that the security's price has been more volatile than the market.
**Breakeven(s) –** The difference(s) between the yield of a nominal bond and an inflation-linked bond of the same maturity.
**Carry** – The cost or benefit of owning that asset.
**Correlation –** The degree to which assets or asset class prices have moved in relation to one another. Correlation ranges from -1 (always moving in opposite directions) through 0 (absolutely independent) to 1 (always moving together).
**Credit spreads (or spreads) –** The differences in yield between Treasuries and other types of fixed-income securities with similar maturities.
**Credit Risk Transfer Securities** – Securities that transfer a portion of the risk associated with credit losses within pools of conventional residential mortgage loans from the government-sponsored entities (GSEs), Fannie Mae and Freddie Mac, to the private sector.
**Dot Plot –** The Fed's "dot" plot/projection is a quarterly chart summarizing the outlook for the federal funds rate for each of the FOMC's members.
**Duration –** A measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates, expressed as a number of years.
**Dividend Yield –** Refers to a stock's annual dividend payments to shareholders, expressed as a percentage of the stock's current price.
**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.
**Goldilocks –** An economy that is not too hot or cold, in other words sustains moderate economic growth, and that has low inflation, which allows a market-friendly monetary policy.
**Hedge** – An investment utilized to help reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in a related security to help guard against a swift change in price, such as purchasing a "put" (sell) or "call" (buy) option contract on a stock in which the investor already owns shares outright.
**Insurance-linked securities –** Investments sponsored by property-and-casualty insurers to help mitigate the risk of having to pay claims in the wake of natural disasters.
**Liquidity Premium** – Any form of additional compensation that is required to encourage investment in assets that cannot be easily and efficiently converted into cash at fair market value.
**Interest Rate Coverage Ratio** – A debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
**Loan Spread –** The interest rates over and above the LIBOR rate charged to borrowers by banks.
**Loan-to-Value (LTV) Ratio** – A measure comparing the amount of a mortgage with the appraised value of the property. The higher the down payment, the lower the LTV ratio.
**Municipal-to-Treasury Yield Ratio (municipal bond funds only) –** A measure of municipal bond valuation. The higher the Municipal-to-Treasury ratio, the more attractive municipals are relative to Treasuries.
**Mark to Market –** Involves recording the price or value of a security, portfolio, or account to reflect the current market value rather than the book value.
**Prepayment Risk –** The risk involved with the premature return of principal on a fixed-income security. When principal is returned early, future interest payments will not be paid on that part of the principal.
**Real Yield –** The yield provided by an investment once inflation is taken into account.
**Reinsurance --** coverage provided to insurance companies.
**Rate-on-Line –** The the premium/coupon paid by the re/insurance company for coverage.
**Standard Deviation –** A statistical measure of the historic volatility of a portfolio; a lower standard deviation indicates historically less volatility.
**Sharpe Ratio –** A measure of risk-adjusted return that describes how much excess return an investor receives in exchange for the volatility of holding a riskier asset.
**Spread sectors –** Nongovernmental fixed-income market sectors that offer higher yields, at greater risk, than governmental investments.
**Tail Risk –** The additional risk of an asset or portfolio of assets moving more than 3 standard deviations from the current price, above the risk of a normal distribution.
**Tax-Equivalent Yield –** The pretax yield that a taxable bond needs to possess for its yield to be equal to that of a tax-free municipal bond.
**Subordinated Capital/Financing –** Financing ranked behind that held by secured lenders with regard to the order of repayment. Subordinated financing can be a mix of debt and equity instruments. Equity components may include options and warrants. Debt components may include asset-backed securities.
**Yield Curve (Curve)–** A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.
**Yield to Maturity –** The total return anticipated on a bond if the bond is held until the end of its lifetime.
**Yield to Worst (YTW) –** The lowest potential yield that can be received on a bond without the issuer actually defaulting.

The views expressed are those of Amundi US and are current through December 31, 2023. These views are subject to change at any time based on market or other conditions, and Amundi US 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 portfolio.

**A Word about Risk**

The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues or adverse investor sentiment. All investments are subject to risk, including the possible loss of principal. Pioneer Multi-Asset Ultrashort Income ("MAUI") Fund has the ability to invest in a wide variety of debt securities. **The Fund may invest in underlying funds,** including ETFs. In addition to the Fund's operating expenses, you will indirectly bear the operating expenses of investments in any underlying funds. **The Fund and some of the underlying funds employ leverage,** which increases the volatility of investment returns and subjects the Fund to magnified losses if an underlying fund's investments decline in value. **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. **The Fund may invest in credit default swaps,** which may in some cases be illiquid, and they increase credit risk since the fund has exposure to both the issuer of the referenced obligation and the counterparty to the credit default swap. **The Fund may invest in subordinated securities** which may be disproportionately adversely affected by a default or even a perceived decline in creditworthiness of the issuer. **The Fund may invest in floating rate loans.** The value of collateral, if any, securing a floating rate loan can decline or may be insufficient to meet the issuer's obligations or may be difficult to liquidate. **The Fund may invest in insurance-linked securities (ILS).** The Fund could lose a portion or all of the principal it has invested in an ILS, and the right to additional interest and/or dividend payments with respect to the security, upon the occurrence of a trigger event that leads to physical or economic loss. ILS may expose the Fund to issuer (credit) default, liquidity, and other risks **The Fund may invest in zero-coupon bonds and payment in kind securities,** which may be more speculative and fluctuate more in value than other fixed income securities. The accrual of income from these securities are payable as taxable annual dividends to shareholders. **Investments in equity securities are subject to price fluctuation. International investments are subject to special risks** including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. **Investments in fixed income securities involve interest rate, credit, inflation, and reinvestment risks.** As interest rates rise, the value of fixed income securities falls. **The Fund 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. **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. **High yield bonds possess greater price volatility, illiquidity, and possibility of default. There may be insufficient or illiquid collateral securing the floating rate loans** held within the Fund. This may reduce the future redemption or recovery value of such loans. **The Fund may have disadvantaged access to confidential information** that could be used to assess a loan issuer, as Amundi US normally seeks to avoid receiving material, non-public information. **Multi-Asset Ultrashort Income Fund is not a money market fund.** These risks may increase share price volatility. There is no assurance that these and other strategies used by the Fund or underlying funds will be successful. **Please see the prospectus for a more complete discussion of the Fund's risks.**

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

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