QUARTERLY UPDATE

# Pioneer High Income Municipal Fund

Performance Analysis and Market Commentary | March 31, 2020

## Average Annual Total Returns for Class Y Shares

| | Month | Quarter-to-Date | YTD | 1-Year | 3-Year | 5-Year | 10-Year |
|---|---|---|---|---|---|---|---|
| **High Income Municipal Fund (HIMYX)** | -8.62% | -5.26% | -5.26% | -0.06% | 4.30% | 4.19% | 5.03% |
| **Bloomberg Barclays US Municipal High Yield Bond Index (Benchmark)** | -11.00% | -6.88% | -6.88% | -0.74% | 4.41% | 4.20% | 5.97% |

Gross expense ratio: 0.66%; Net Expense Ratio: 0.55%

***Call 1-800-225-6292 or visit amundipioneer.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. Other share classes are available for which performance and expenses will differ.

The net expense ratio reflects the contractual expense limitations currently in effect through January 1, 2021, for Class Y shares. There can be no assurance that Amundi Pioneer will extend the expense limitations 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 Otherwise, fee waivers can be rescinded at any time.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 and financial statements for more information.

## Market Review

— The high-yield municipal market, as measured by the Fund's benchmark, the Bloomberg Barclays US Municipal Bond High Yield Bond Index (the Bloomberg Barclays Index), returned -11.0% in March and -6.88% for the first quarter. The high-yield municipal bond market declined along with the investment-grade municipal market during the month of March, as the pandemic spread of the COVID-19 virus, which caused severe disruptions in economic activity as well as general global economic weakness, weighed on investors.

— For comparison, the investment-grade municipal bond market, as measured by the Bloomberg Barclays Municipal Bond Index, fared better than the high-yield market, returning -3.63% for the month of March and -0.63% for the first quarter.

— Puerto Rico's municipal issues also turned negative in the first quarter, moving down in line with the broader high-yield municipal market. The Puerto Rico component of the Bloomberg Barclays Index returned -12.3% in March, which resulted in a -6.3% return Puerto Rico bonds over the full quarter. The top detractor in March within Puerto Rico issues were COFINA (sales tax) bonds, which fell by 16.2% for the month. Conversely, those bonds returned 21.4% in the fourth quarter of 2019.

— Tobacco settlement bonds were the worst-performing municipal issues in March, returning -13.0%. As the second-most liquid asset class within the municipal market (second only to Puerto Rico bonds), sales of tobacco bonds across funds and exchange-traded funds (ETFs) became the primary instrument used to meet liquidity needs during the market correction.

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

## Performance Attribution vs. Benchmark – Class Y Shares

Pioneer High Income Municipal Fund's Class Y Shares returned -5.26% in the first quarter, while the Fund's benchmark, the Bloomberg Barclays Index, returned -6.88%.

### Relative Detractors

— Overall, the Fund's exposure to tobacco bonds detracted from benchmark-relative returns in the first quarter as the sector sold off in March. We have continued to utilize tobacco bonds as a potential source of liquidity within the portfolio. We also like the potential benefits the strong fundamentals of the asset class may be able to provide over time. During the first quarter, we used the sell-off within the sector to purchase additional tobacco bonds, thus increasing the Fund's allocation.

— The Fund's allocation to Puerto Rico bonds was another detractor from benchmark-relative performance in the first quarter. As mentioned earlier, Puerto Rico has typically been a highly liquid segment of the municipal market. Given the strong returns of Puerto Rico bonds throughout 2019 and the first two months of 2020, we did not find it surprising that Puerto Rico issues underperformed in the difficult market environment we witnessed in the first quarter.

### Relative Contributors

— The Fund has been underweight versus the benchmark in Continued Care Retirement Community (CCRC) bonds, and we have continued to reduce the portfolio's exposure to the sector. The underweight to CCRCs benefited the Fund's relative returns in the first quarter. CCRC facilities require significant upfront costs to reserve a bed, and feature sizable, ongoing monthly costs. We believe CCRC bonds will underperform in a soft or weakening economic environment. Alternatively, we have preferred to seek adding bonds of affordable care facilities to the portfolio, as costs for those facilities have tended to be more in line with the average demographic of the senior population.

— The portfolio's allocation to investment-grade municipals also aided the Fund's benchmark-relative results during the first quarter. Due to a lack of supply within the high-yield municipal market of issues that would meet our strict due diligence standards for inclusion in the portfolio, we have opted to allocate a portion of the Fund's assets to investment-grade municipals. As the market deteriorated in March, we were able to use investment-grade bonds as a source of portfolio liquidity, without having to sacrifice the Fund's holdings of stronger, higher-coupon, high-yield municipal bonds.

## Market Outlook and Positioning

— We believe the recent market sell-off has been technical in nature, as investors have panicked and redeemed municipal holdings from both mutual funds and ETFs. As the high-yield municipal market has consisted of much smaller issuance than the investment-grade municipal universe, many issues are tightly held and have typically been relatively illiquid. Investors' need for liquidity to meet redemptions has caused large lists of bonds to come to the market, which has depressed valuations.

— We do not believe the first-quarter's problems were due to fundamentals. We did see weakness in some municipal sectors that we believed to be out of favor, such as the aforementioned CCRC bonds, and we do believe there are large high-yield issuers that may exhibit weakness in the near future. While we have avoided investing the Fund in many of the large venture-capital type issues that have come to the market, we may look to take advantage of any dislocations that could arise within the high-yield municipal market should issuers exhibit stress in their coupon-paying abilities.

— Overall, we think municipal bonds could still stand to benefit from their potential ability to offer attractive after-tax income to individuals, relative to the income available from taxable bonds and other investment alternatives.

— We have retained the Fund's temporary allocation to investment-grade municipals as we have continued to seek attractive high-yield opportunities that meet our strict fundamental and relative value objectives. We believe such bonds can possibly provide the Fund with total return through market-price appreciation as conditions begin to normalize.

— Based on our proprietary research and due diligence, we believe investments in select, non-rated municipal bonds may provide a yield in excess of the municipal bonds covered by the major rating agencies. In fact, we rely on our own internal ratings when it comes to all of the municipal bonds held by the Fund, rather than depending on the rating agencies.

**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 Municipal High Yield Bond Index** is an unmanaged index that measures the performance of the high-yield municipal bond market. Index returns are calculated monthly, assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. You cannot 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 –** 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
**Carry –** Represents the cost or benefit of owning an 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).
**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.
**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, it sustains moderate economic growth and features low inflation, which allows for a market-friendly central-bank 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 drop in price, such as purchasing a "put" (sell) 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.
**Loan Spread --** The interest rates over and above the LIBOR rate charged to borrowers by banks.
**Municipal-to-Treasury Yield Ratio** – A measure of municipal bond valuation. The higher the Municipal-to-Treasury ratio, the more attractive municipals are relative to Treasuries.
**Real Yield** – The yield provided by an investment once inflation is taken into account.
**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.
**Spreads (or Credit Spreads) –** The differences in yield between Treasuries and other types of fixed-income securities with similar maturities.
**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.
**Yield Curve (or 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 Pioneer and are current through 3/31/20. 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**
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. 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 value of municipal securities can be adversely affected by changes in financial condition of municipal issuers, lower revenues, and regulatory and political developments. 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. A portion of income may be subject to local, state, federal, and/or alternative minimum tax. Capital gains, if any, are subject to a capital gains tax. 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
60 State Street Boston, Massachusetts 02109
**amundipioneer.com/us**

31668-03-0420



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