

# Pioneer Global High Yield Fund

*Performance Analysis and Commentary*

December 2011

## Fourth Quarter Review

- Pioneer Global High Yield Fund Class A shares returned 3.98% at net asset value in the fourth quarter, while the Fund's benchmarks, the Bank of America Merrill Lynch (BofA ML) Global High Yield and Emerging Markets Plus Index and the BofA ML High Yield Master II Index, returned 4.67% and 6.18%, respectively.
- U.S. economic data surprised on the upside during the quarter – fueled by stronger-than-expected consumption – as the economy overcame ongoing concerns about the Euro-zone crisis. Risk markets rallied but remained volatile, with periodic sell-offs.
- The primary reason behind the Fund's underperformance of its benchmarks during the quarter was asset allocation.

Improving economic data in the U.S., including gross domestic product (GDP) growth estimated at better than 3%, was fueled by stronger-than-expected consumption in the fourth quarter, as the economy overcame ongoing concerns about the Euro-zone crisis. Risk markets rallied during the quarter, particularly in the U.S., as the Standard & Poor's 500 Index (the S&P 500) returned 11.80% over the three months ended December 31, 2011. Consumption, along with consumer confidence, improved during the fourth quarter, buoyed by stronger employment data: weekly unemployment claims had declined to below 400,000 in the final weeks of 2011, while non-farm payrolls had risen by 200,000 as of year-end.

Treasury yields fell slightly during the fourth quarter, with the 10-year Treasury yield declining from 1.93% to 1.87%. The BofA ML Global High Yield and Emerging Markets Plus Index, one of the Fund's benchmarks, returned 4.67% in U.S. dollars (USD), unhedged, during the quarter. U.S. high yield featured the best performance globally during the quarter, returning 6.18% (as measured by the Fund's other benchmark, the BofA ML High Yield Master II Index), as U.S. economic data surprised to the upside and investors sought out U.S. investments. Spreads tightened from 841 basis points (bps) to 723 bps during the quarter, and CCCs outperformed, returning 8.07%, easily besting BBs and single Bs, which returned 5.54% and 6.30%, respectively.

On a local market basis, European high yield returned 4.04%; on a USD basis, however, that return fell to 1.08%. Emerging market sovereigns returned 4.79%, while emerging market corporates returned 4.35% on a local market basis and 3.73% on a USD basis. Risky emerging market corporates returned 5.59% locally, for a 4.75% USD return, while high-yield convertibles returned 4.79%. As the inflation outlook weakened, however, floating-rate bank loans underperformed high-yield corporates, as bank loans returned 3.08%. Non-agency mortgage-backed and asset-backed securities (MBS/ABS), as represented by floating-rate non-agency ABS, also faltered, returning 0.11% for the quarter as investor concerns rose about forced selling by European banks. High-yield municipals returned 0.79%, for an excess return of -2.16%.

In currencies, the USD rallied strongly against Euro-zone currencies during the quarter, gaining 3.29% against the euro. But the USD underperformed certain commodities-oriented currencies, such as the Canadian and Australian dollars.

## Sector Allocation and Security Selection

The Fund's underperformance of its benchmarks during the quarter was driven by asset class allocation and security selection. Asset class allocation hurt performance by roughly -51 bps, reflecting weakness in the Fund's non-benchmark allocations, including the portfolio's 5% non-agency MBS/ABS exposure, which accounted for -28 bps of underperformance. The Fund's 8.5% exposure to bank loans hurt performance by -14 bps, and a 2.5% exposure to event-linked (catastrophe) bonds cost another -10 bps of underperformance. Security selection in the portfolio accounted for -10 bps of underperformance during the quarter, reflecting the negative effect (-80 bps) of American Airlines municipal issues.

The Fund's underweight, relative to the benchmarks, to non-USD currency – especially to the euro – added 32 bps to performance; however, the portfolio's 4.5% exposure to the euro hurt performance by -15 bps relative to other U.S. high-yield managers. In addition, the Fund's 20% overweight to U.S. high yield helped benchmark-relative performance.

Individual securities contributing to the Fund's performance during the quarter included WESCO convertibles, Brazilian beef producers Marfrig and Minerva, Berau Capital Resources, and Pilgrim's Pride. Underperforming issues in the portfolio included the aforementioned American Airlines municipal issues (no longer in the portfolio), Agy Holdings, Vedanta Resources, and Lantheus Medical Imaging.

## Current Outlook and Positioning

We believe the U.S. economy will experience modest growth of better than 2% in 2012, a rate consistent with slow, protracted recoveries from “balance sheet”-caused recessions. Consumption data has exceeded expectations, reflecting an improving employment situation, the benefits of the payroll tax cut enacted at the beginning of 2011, and declining gasoline prices that also occurred earlier in the year. While Europe may enter (or already be in) a recession, growth in emerging markets may be nearing a bottom and could improve in response to the lagged effects of monetary easing among emerging countries that began last August.

The greatest risk to our forecast is the possible contagion effects of the European sovereign-debt and banking crisis. We believe the European Union must effect a comprehensive solution that includes recapitalizing the banks, ensuring funding for troubled sovereigns, achieving a workable fiscal and economic integration, and improving labor competitiveness in southern Europe, before the crisis can be defused.

The Fund continues to have an overweight to U.S. high yield. We believe corporations, particularly in the U.S., have both attractive valuations and strong fundamentals. Revenue growth and tight cost controls may allow U.S. companies, as they have over the past few years, to enjoy continued improvement in their earnings and balance sheets. Moreover, the Federal Reserve Board’s commitment to continued low interest rates, coupled with modest economic growth, should continue to support risky assets such as high-yield corporate bonds.

Within the U.S., high-yield spreads remain wide compared with long-term averages, while projected defaults remain well below long-term averages. As senior, secured securities, we also find corporate bank loans intriguing, in light of “all-in” yields of 6%, average prices of \$93, and minimal interest rate risk. Although the convertibles market has been shrinking as corporations opt to finance in the bond market at record-low yields, we believe convertibles still offer value, given our preference for equities over fixed income.

We also find emerging market corporate bonds attractive. While they underperformed relative to U.S. high-yield corporates and, more dramatically, relative to emerging market sovereigns in 2011, emerging market corporates offer the opportunity to invest not only in the positive secular growth story of the emerging markets, but also in companies that are global players in their markets.

Finally, the Fund will continue to have a low exposure to European high yield, based on our fundamental view that the U.S. will experience stronger relative growth, particularly in light of the Euro-zone’s deficit reduction measures and growing sovereign and banking sector risks. The Fund also will continue to underweight the euro, both on a valuation basis and because the currency continues to have high correlation with risky assets. We believe, however, that the USD may weaken relative to currencies of developed and emerging market countries that have exhibited more disciplined monetary and fiscal policies.

We believe the Fund’s ability to invest in the most attractive high-yield bond opportunities globally, including those from emerging markets, gives it the potential for superior returns, with limited volatility, by taking advantage of market inefficiencies that may not be available to portfolios with more limited mandates.

The portfolio uses a three-legged approach: the first leg is traditional U.S. high-yield investing, which offers the breadth and depth of the highly developed markets in the U.S.; the second leg is emerging markets investing, which provides us with the flexibility to give the Fund exposure to some of the world’s best companies that are located in emerging economies; the third leg is international high-yield or non-dollar high-yield investing. By investing in non-dollar-denominated high-yield assets, we are able to reduce the portfolio’s overall volatility. Typically, when risky assets fall in value, the dollar falls, and holding non-dollar-denominated assets often serves to offset that effect.

## Performance Review

Pioneer Global High Yield Fund Class A shares returned 3.98% at net asset value in the fourth quarter, while the Fund's benchmarks, the Bank of America Merrill Lynch (BofA ML) Global High Yield and Emerging Markets Plus (GHY and EMP) Index and the BofA ML High Yield Master II Index, returned 4.67% and 6.18%, respectively.

### Average Annual Total Returns (Class A shares)

| December 31, 2011 | (at NAV) | (at POP) | BofA ML GHY and EMP Index | BofA ML High Yield Master II Index |
|-------------------|----------|----------|---------------------------|------------------------------------|
| 1 Year            | -2.38%   | -6.80%   | 3.45%                     | 4.38%                              |
| 3 Years           | 23.66%   | 21.78%   | 20.85%                    | 23.72%                             |
| 5 Years           | 4.47%    | 3.50%    | 7.08%                     | 7.34%                              |
| 10 Years          | 9.74%    | 9.24%    | 9.77%                     | 8.59%                              |

### Expense Ratio

(As of prospectus dated March 1, 2011)

|       |       |
|-------|-------|
| Gross | 1.15% |
| Net   | 1.10% |

### Sec Yield (Class A shares)

(As of December 31, 2011)

|                     |       |
|---------------------|-------|
| With fees waived    | 9.81% |
| Without fees waived | 9.81% |

**Call 1-800-225-6292 or visit [us.pioneerinvestments.com](http://us.pioneerinvestments.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.**

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.

**The net expense ratio reflects contractual expense limitations currently in effect through 3/1/12 for Class A shares. There can be no assurance that Pioneer will extend the expense limitations beyond such time. Please see the prospectus for more information.**

### A Word about Risk:

Investments in high-yield or lower-rated securities are subject to greater-than-average risk.

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.

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

Investments in the Fund are subject to possible loss due to the financial failure of underlying securities and their inability to meet their debt obligations.

Prepayment risk is the chance that mortgage-backed bonds will be paid off early if falling interest rates prompt homeowners to refinance their mortgages.

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 associated with falling interest rates.

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.

The Bank of America Merrill Lynch Global High Yield & Emerging Markets Plus Index tracks the performance of the below- and border-line investment-grade global debt markets denominated in the major developed market currencies. The Index includes sovereign issuers rated BBB1 and lower, along with corporate issuers rated BB1 and lower. There are no restrictions on issuer country of domicile. However, the bonds must be publicly issued in a developed market (i.e., investment-grade country). The BofA ML High Yield Master II Index is a commonly accepted measure of the performance of high-yield securities. Index returns 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 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 Pioneer or others in the 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 Pioneer investment product.

**Securities Discussed** **% of Portfolio  
as of December 31, 2011**

|  |       |
|--|-------|
| WESCO International, 6.00%, 9/15/29            | 0.93% |
| Marfrig Overseas, 9.50%, 5/4/20 (144A)         | 0.63% |
| Minerva Overseas II, 10.875%, 11/15/19 (144A)  | 0.74% |
| Berau Capital Resources, 12.50%, 7/8/15 (144A) | 0.70% |
| Pilgrim's Pride, 7.875%, 12/15/18              | 0.43% |
| AGY Holdings, 11.00%, 11/15/14                 | 0.25% |
| Vedanta Resources, 9.50%, 7/18/18 (144A)       | 0.07% |
| Lantheus Medical, 9.75%, 5/15/17               | 0.34% |

**Top 10 Holdings** **% of Portfolio  
as of December 31, 2011**

|  |        |
|--|--------|
| 1. WESCO International, 6.00%, 9/15/29             | 0.93 % |
| 2. Cincinnati Bell, 8.25%, 10/15/17                | 0.89 % |
| 3. Energisa, 9.50%, 1/29/49                        | 0.77 % |
| 4. JPMorgan Chase, 1.00%, 12/20/16                 | 0.77 % |
| 5. Massey Energy, 3.25% 8/1/15                     | 0.75 % |
| 6. Minerva Overseas II, 10.875%, 11/15/19 (144A)   | 0.74 % |
| 7. Ford Motor, 4.25%, 11/15/16                     | 0.73 % |
| 8. Offshore Group Investments, 11.50%, 8/1/15      | 0.71 % |
| 9. DynCorp International, 10.375%, 7/1/17          | 0.70 % |
| 10. Berau Capital Resources, 12.50%, 7/8/15 (144A) | 0.70 % |

The portfolio is actively managed, and current holdings may be different. The holdings listed should not be considered recommendations to buy or sell any of the securities listed.

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

The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, please consult an investment professional.

Not FDIC insured • May lose value • No bank guarantee