

Pioneer High Income Municipal Fund

Performance Analysis and Commentary

December 2011

Fourth Quarter Review

- Pioneer High Income Municipal Fund Class A shares returned –5.92% at net asset value in the fourth quarter, while the Fund’s benchmark, the Barclays Capital High Yield Municipal Bond Index (the Barclays Index), returned 0.79%.
- The high-yield municipal bond market posted a positive return this quarter (+0.79%) and was up by a strong 9.25% for the full calendar year. The investment-grade municipal bond market, as measured by the Barclays Capital Municipal Bond Index, slightly bettered the return of high-yield municipals, posting a return of 10.70% for the full 12 months ended December 31, 2011.
- Ten-year municipal bond-to-Treasury ratios declined in the fourth quarter, with the 30-year municipal-to-Treasury ratio remaining about the same.
- Despite the recent bankruptcy announcement of American Airlines, municipal defaults remained low during the fourth quarter.
- The strongest contributors to the Fund’s benchmark-relative performance during the quarter were education bonds and health care bonds.

The high-yield municipal bond market, as represented by the Barclays Index, generated a positive return (+0.79%) during the fourth quarter. For the full 2011 calendar year, the high-yield municipal asset class, along with investment-grade municipals, was among the best performers as compared with other fixed-income (including Treasuries!) and equity categories.

The Fund’s Class A shares underperformed the Barclays Index benchmark by 671 basis points (bps) during the quarter, due primarily to the portfolio having significant exposure to American Airlines (AMR)-related municipal bonds. On November 29, 2011, AMR Corporation, the parent company of American Airlines, filed for protection under Chapter 11 of the federal bankruptcy code. Despite AMR bankruptcy rumors and speculation in early October, the timing of the announcement was nonetheless unexpected, given AMR’s healthy cash balance, a billion-plus dollars of debt maturing through 2014, as well as a recently concluded debt deal and ongoing negotiations with pilots. American thus became the final large U.S. full-fare airline to seek court protection from creditors.

The general municipal bond market turned in a positive return of 2.12% during the fourth quarter. Driving performance in the tax-exempt market were continued stronger demand combined with subdued supply, a low default rate and the improving fiscal conditions of many state and local governments.

Although municipal-to-Treasury ratios contracted slightly, especially on 10-year Treasuries, municipal bonds remained attractive relative to Treasuries in the fourth quarter. At the end of the quarter, 10-year ratios were at 98%, with 30-year ratios at 123%.

Flows into the municipal market continued to be strong during the fourth quarter, and the start of 2012 has continued the trend. Municipal bond funds alone have seen better than \$3 billion worth of inflows since November 2011.

Sector Allocation and Security Selection

The education and health care sectors were the leading contributors to the Fund’s benchmark-relative performance in the fourth quarter. The IDR/PCR (industrial development revenue/pollution control revenue) and transportation sectors had a negative effect on the Fund’s performance.

The best-performing states in the Fund compared with the Barclays Index were Florida, West Virginia, Wisconsin, Oklahoma and Utah, while Texas and New Jersey were among the weakest.

The Fund’s top contributor holding during the quarter was an issue from West Virginia State Hospital Finance Authority (Hospital Revenue), followed by issues from Florida Development Finance Corporation (Educational Facilities Revenue), Capital Trust Agency (Florida Revenue), Public Finance Authority (Wisconsin Continuing Care Retirement Community), and Greater Orlando Aviation Authority (Florida Airport Facilities).

Holdings that detracted from the Fund's performance during the quarter included AMR-related municipal issues from Chicago (Illinois) O'Hare International Airport (Special Facilities Revenue-American Airlines), Dallas-Ft. Worth (Texas) International Airport (Facilities Revenue-American Airlines), and Alliance Airport (Texas) (Special Facilities Revenue-American Airlines). It should be noted that on November 30, 2011, we eliminated all of the Fund's positions in AMR-related unsecured municipal debt, including the three positions mentioned here.

The Fund had virtually no exposure to general obligation bonds during the quarter (0.10%); that is, bonds that are financed by municipal tax revenue. Instead, the Fund favored revenue bonds, which by definition are secured by the income-producing facilities of the borrower.

Current Outlook and Positioning

As of December 31, 2011, the largest positions in the Fund were in health care (48%), transportation (15%), IDR/PCR (12%) and education (9%). Lifecare facilities, particularly continuing care retirement communities, represent a significant portion of the Fund's exposure to the health care sector.

The portfolio's state exposures were led by Illinois, Texas, Florida, New York and California.

As of December 31, 2011, approximately 16% of the Fund was invested in bonds that may be subject to the Alternative Minimum Tax (AMT).

As we enter 2012, the high-yield tax-exempt asset class is still characterized by deeply discounted bonds and some of the highest coupon rates within the fixed-income strata. These market qualities bode well for potentially strong returns in the high-yield municipal market as we look forward. Moreover, when those qualities are combined with the current difficulty in finding meaningful yields in other asset classes, along with what we believe may be an inevitable increase in tax rates, a compelling scenario is presented for even greater demand for the high-yield municipal asset class as appropriate investors search for relative and absolute yields, total return potential, and tax exemption.

Overall, the municipal market continues to exhibit many strong traits, including attractive valuations relative to Treasuries, higher yields (taxable equivalent yields) than their taxable counterparts, low default rates and supportive supply/demand dynamics. Expectations, however, must be tempered in our view, as the market may be tested by a number of headwinds in 2012. These include ongoing fiscal challenges faced by many states, the usual uncertainty inherent in an election year, and an accelerating rate of supply in the market.

The fact that the financial markets have stabilized and the macroeconomic outlook was more positive at year-end has created, we think, an important backdrop for investment opportunity in high-yield tax-exempt securities.

We have continued to selectively choose the Fund's credits and have been emphasizing essential service revenue bonds, such as those in the health care, transportation and education sectors. Issuers in those areas would include airlines, hospitals, continuing care retirement communities, charter schools, privatized prisons and detention centers, power plants, gaming facilities, housing and tobacco bonds.

Performance Review

Pioneer High Income Municipal Fund Class A shares returned –5.92% at net asset value in the fourth quarter, while the Fund’s benchmark, the Barclays Capital High Yield Municipal Bond Index (the Barclays Index), returned 0.79%. Over the full calendar year ended December 31, 2011, the Fund’s Class A shares returned 1.73% and the Barclays Index returned 9.25%.

Average Annual Total Returns (Class A shares)

| December 31, 2011 | (at NAV) | (at POP) | Barclays Capital High Yield Municipal Bond Index |
|-------------------|----------|----------|---|
| 1 year | 1.73% | -2.81% | 9.25% |
| 3 years | 13.38% | 11.64% | 16.06% |
| 5 years | -0.23% | -1.15% | 2.20% |
| Life (10/17/2006) | 0.21% | -0.67% | 2.37% |

Expense Ratio

(As of prospectus dated December 31, 2011)

| | |
|-------|-------|
| Gross | 0.88% |
| Net | 0.88% |

Call 1-800-225-6292 or visit 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 present 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 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 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.

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.

Investments in the Fund are subject to possible loss due to the financial failure of the issuers of the 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 Barclays Capital High Yield Municipal Bond Index measures the performance of the high-yield municipal bond market. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly in an index.

The views expressed in the 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**

| | |
|---|-------|
| West Virginia State Hospital Finance Authority, 9.125%, 10/1/41 | 2.35% |
| Florida Development Finance Corp., 7.625%, 6/15/41 | 3.84% |
| Capital Trust Agency (FL), 7.75%, 1/1/41 | 2.69% |
| Public Finance Authority (WI) CCRC, 8.25%, 6/1/46 | 2.89% |
| Greater Orlando (FL) Aviation Authority, 6.50%, 11/15/36 | 2.21% |

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

| | |
|--|-------|
| 1. Illinois Finance Authority, 8.125%, 2/15/40 | 3.98% |
| 2. Florida Development Finance Corp., 7.625%, 6/15/41 | 3.84% |
| 3. Public Finance Authority (WI) CCRC, 8.25%, 6/1/46 | 2.89% |
| 4. Capital Trust Agency (FL), 7.75%, 1/1/41 | 2.69% |
| 5. Rhode Island Health & Educational, 8.375%, 1/1/46 | 2.50% |
| 6. West Virginia Hospital Finance Authority, 9.125%, 10/1/41 | 2.35% |
| 7. Pennsylvania Economic Dev. Financing Auth., 6.00%, 6/1/31 | 2.30% |
| 8. New York City Industrial Development Agency, 5.25%, 12/1/32 | 2.25% |
| 9. Bloomington (MN) Port Authority, 9.00%, 12/1/35 | 2.24% |
| 10. Greater Orlando (FL) Aviation Authority, 6.50%, 11/15/36 | 2.21% |

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 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