

Pioneer Strategic Income Fund

Performance Analysis and Commentary

December 2011

Fourth Quarter Review

- The Fund's Class A shares returned 2.32% at net asset value during the fourth quarter, while the Fund's benchmark, the Barclays Capital U.S. Universal Index (the Barclays Index), returned 1.45%.
- Asset allocation drove the Fund's benchmark-relative outperformance during the quarter, adding 171 basis points (bps) to performance. The portfolio's 36% overweight to corporates (including bank loans and convertibles) contributed 155 bps, primarily reflecting the 134 bps added by a 24% portfolio overweight to industrials.
- 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.

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 quarter, with the 10-year Treasury yield declining from 1.93% to 1.87% and the 30-year Treasury yield dropping from 2.92% to 2.89%.

Agency mortgaged-backed securities (MBS) returned 0.88%, for an excess return of 0.25% (excess returns are defined as returns relative to like-duration Treasuries). Investment-grade corporates returned 1.93% (0.82% excess return). From a sector perspective, financials returned 1.22% (0.29% excess return), while industrials returned 2.28% (1.12% excess return), and utilities returned 2.24% (0.95% excess return).

As for other asset classes, high-yield corporates posted a strong 6.18% return, or 5.40% on an excess return basis during the quarter, as spreads narrowed from 841 bps to 723 bps. High-yield convertibles returned 4.79%. As the inflation outlook weakened, floating-rate bank loans underperformed high-yield corporates, returning 3.08%. Non-agency MBS/ABS (asset-backed securities), as represented by the Bank of America Merrill Lynch (BofA ML) Floating Rate Non-Agency ABS Index, also faltered during the quarter, returning 0.11%, as investor concerns about forced selling by European banks increased. Municipals posted positive returns for the quarter, with the market returning 2.12% (-0.26% excess return); high-yield municipals returned 0.79% (-2.16% excess return). Emerging market corporates continued to underperform U.S. high yield, returning 3.73% during the quarter.

The U.S. dollar (USD) rallied strongly against Euro-zone currencies, 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

Asset allocation drove the Fund's outperformance of the Barclays Index during the quarter, adding 171 bps to performance. The portfolio's 36% overweight to corporates (including bank loans and convertibles) contributed 155 bps, primarily reflecting the 134 bps added by a 24% overweight to industrials. Lower-quality issues within industrials accounted for 90 bps of that 134 bps, including 63 bps from the high-yield component within industrials. Financials, to which the Fund had a 10% overweight, added another 12 bps to relative performance, and utilities added 9 bps. The portfolio's 23% underweight to Treasuries contributed 14 bps to performance, while a 24% underweight to agency MBS added 9 bps.

Non-agency MBS/ABS/commercial MBS hurt performance by -7 bps. Municipals, which accounted for 6% of the portfolio's holdings, slightly underperformed Treasuries, reducing Fund performance by -3 bps. Security selection also hurt the Fund's relative performance by -38 bps, primarily reflecting the -29 bps attributable to the negative effect of some American Airlines municipal holdings (no longer in the portfolio). Yield-curve positioning detracted from the Fund's performance by -24 bps, due to the Fund's short-duration positioning (1+ year).

Finally, the Fund's 8.5% non-dollar currency exposure contributed 7 bps to performance, reflecting the positive effects of the portfolio's Australian and Canadian dollar positions.

Current Outlook and Positioning

We believe the U.S. economy will experience modest growth of more 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 holds a significant overweight to corporate bonds, because we believe they offer the most attractive value among fixed-income asset classes. 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 (the Fed's) commitment to continued low interest rates, coupled with modest economic growth, may continue to support risky assets such as corporate bonds, and particularly high-yield corporate bonds. High-yield spreads remain wide to long-term averages, while projected defaults remain well below long-term averages.

As senior, secured securities, we believe corporate bank loans to be intriguing investments, in light of "all-in" yields of 6%, average dollar prices of \$92 to \$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 offer value, too, given our preference for equities over fixed income. We also find municipal bonds attractive relative to Treasuries, particularly at the long end of the yield curve, where the ratio of municipal yields to Treasury yields stands at very high levels. Many states and municipalities have made the cuts necessary to balance their budgets, while at the same time benefiting from higher tax revenues as the economy recovers.

In international bond markets, we 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.

The Fund remains underweight to developed government bonds, based on our view that they have poor fundamentals and unattractive valuations. Europe and the United States continue to suffer from high deficits and high and growing debt-to-GDP ratios. Furthermore, "Operation Twist"—the Fed's program of buying longer-maturity Treasuries—has contributed to negative real yields across the Treasury yield curve. As of December 31, 2011, no Treasury security offers yields that exceed the rate of inflation, as measured by the Consumer Price Index. In the long run, we believe U.S. Treasuries represent an unattractive investment, even though they are currently being supported by the Fed.

Finally, we continue to maintain a cautious stance towards Euro-zone markets. The Euro-zone is falling into recession and has not yet found a comprehensive solution to its sovereign-debt and banking crises. We will continue to be highly selective with respect to the Fund's debt investments in Europe and, for the time being, we plan to maintain a near-zero exposure to the euro in the portfolio.

Introducing multisectorbond.com

To help demonstrate the benefits of "active portfolio management," Pioneer Investments recently launched a new online interactive tool for Pioneer Strategic Income Fund. The site, multisectorbond.com, allows visitors to investigate the Fund's management strategy and investment approach through a helpful hands-on program. Of course, we urge those who may be considering an investment in Pioneer Strategic Income Fund, or any other Pioneer fund, to consult with an investment advisor before making any financial commitment.

Performance Review

Pioneer Strategic Income Fund Class A shares returned 2.32% at net asset value during the fourth quarter, while the Fund's benchmark, the Barclays Capital U.S. Universal Index (the Barclays Index), returned 1.45%. Over the full calendar year ended December 31, 2011, the Fund's Class A shares returned 3.12%, while the Barclays Index returned 7.40%.

Average Annual Total Returns (Class A shares)

December 31, 2011	(at NAV)	(at POP)	Barclays Capital U.S. Universal Index
1 year	3.12%	-1.56%	7.40%
3 years	14.57%	12.81%	7.72%
5 years	7.17%	6.20%	6.39%
10 Years	8.47%	7.96%	6.01%

Expense Ratio

(As of prospectus dated February 1, 2011)

Gross	1.10%
Net	1.10%

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.

The NAV results represent the percent change in net asset value per share. Returns would have been lower had sales charges been reflected.

The POP performance data reflects 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:

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 underlying securities and their inability to meet their debt obligations.

Pre-payment 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.

The securities issued by U.S. Government sponsored entities (i.e., FNMA, Freddie Mac) are neither guaranteed nor issued by the U.S. 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 pre-payments.

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

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.

The Barclays Capital U.S. Universal Index is the union of the U.S. Aggregate Index, the U.S. 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 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.

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

1. JPMorgan Chase, 1.00%, 12/20/16	1.19%
2. Canada Housing Trust No. 1, 3.75%, 3/15/20	0.75%
3. United States Treasury (N/B), 4.50%, 8/15/39	0.70%
4. Canadian Government Bond, 2.00%, 6/1/16	0.69%
5. United States Treasury, 4.375%, 11/15/39	0.60%
6. Freddie Mac Gold Pool, 5.00%, 11/01/39	0.57%
7. Intel, 2.95%, 12/15/35	0.48%
8. JPMorgan Chase, 7.90%, 4/29/49	0.48%
9. Massachusetts Health & Educational Facilities, 5.50%, 11/15/36	0.46%
10. Citigroup Capital XIII, 7.875%, 10/30/40	0.45%

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

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