

Pioneer Bond Fund

Performance Analysis and Market Commentary | December 31, 2024

Average Annual Total Returns for Class Y Shares

	Month-To-Date	Quarter-To-Date	Year-To-Date	1-Year	3-Year	5-Year	10-Year
Pioneer Bond Fund (PICYX)	-1.62%	-3.04%	2.90%	2.90%	-1.91%	0.69%	2.09%
Bloomberg US Aggregate Bond Index (Benchmark)	-1.64%	-3.06%	1.25%	1.25%	-2.41%	-0.33%	1.35%

¹The Fund's performance benchmark is shown. Information on any additional benchmark for regulatory purposes can be found in the prospectus.

Gross and Net expense ratio: 0.47%

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 Otherwise, fee waivers can be rescinded at any time.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

- Financial markets entered the fourth quarter priced for substantial Federal Reserve (Fed) policy easing well into 2025 and were whipsawed by the Fed's policy shifts from September's dovish 50 basis point (bps) rate cut to December's hawkish policy pivot. When the dust settled, the 10-year Treasury note yield climbed nearly 80bps to 4.6%. Higher long-term Treasury yields translated into a -3.1% decline to the Bloomberg US Aggregate Bond Index (the Bloomberg Index). The S&P 500 Index (SPX) posted a 2.4% total return on the continued strength in large-cap technology equities, while on an equally-weighted basis, the S&P 500 Equal Weight Index posted a -1.9% loss.
- Within the Bloomberg Index' major sector components, agency mortgage-backed securities (MBS) modestly underperformed comparable Treasuries, while investment grade corporates and securitized credit (asset-backed securities and commercial MBS) significantly outperformed on a duration-adjusted basis. All told, the Bloomberg Index outperformed comparable Treasuries by 18bps during the quarter. Among the fixed income market's "plus" sectors, emerging market debt posted negative returns (sovereigns -1.5%, as measured by the Bloomberg EM Sovereign Index, and corporates -0.8%, as measured by the Bloomberg EM Corporate Index), while leveraged loans (2.3%, as measured by the Morningstar/LSTA US Leveraged Loan Index) and US high yield corporates (0.2% as measured by the Bloomberg US High Yield Index) generated positive total returns.

Performance Review

- In the fourth quarter, Pioneer Bond Fund's Class Y shares returned -3.04%, compared to the -3.06% return of the Fund's benchmark, the Bloomberg Index.
- Sector allocation contributed, benefiting from the 3.7% allocation to catastrophe bonds, the 8% exposure to non-agency MBS, the 9% overweight to financials, and the 1% commercial loan obligations (CLO) allocation. Catastrophe bonds benefited from high premiums, while non-agency MBS continued to benefit from limited supply and resilient home prices. Financials benefited from better-than-expected earnings, and CLOs have continued to see strong demand from banks amid declining loan defaults.
- Security selection benefited from strong performance within industrials, financials and to a lesser extent, agency MBS. Within industrials, a US aircraft manufacturer and a US gaming firm contributed, while financials benefited from outperformance of the surplus notes of US insurance firms. Agency MBS modestly benefited from the higher coupon bias in the Portfolio.
- The lower relative quality of the Portfolio's holdings within industrials and financials was modestly positive.
- The relative long duration position of 0.58 years was the primary detractor to relative returns during the period as yields rose across the 1+ years part of the curve.
- The yield curve steepener underperformed and was a relative detractor to returns as the 3-30 years part of the curve modestly flattened.
- The underweight exposures to agencies and local authorities were modest detractors to relative returns during the quarter.

Market Outlook and Positioning

- The consensus outlook for the US economy in 2025 is a "Goldilocks" scenario in which the economy grows at its long-term potential of 2%, the unemployment rate stays steady, inflation continues to decline, the Fed is relatively inactive, and the Trump administration successfully executes on major campaign initiatives. While the above is certainly possible, we expect that actual policy implementation and outcomes will likely deviate from current expectations as the year progresses. After another year of solid and above-trend domestic growth, we believe that near-term growth has more downside risk than upside. A cooling labor market will likely weigh on income growth, which in turn, could result in slower consumer spending. We also see the risks to a further rise in the unemployment rate, as the pace of hiring has slowed sharply and now rests below pre-COVID levels. With job-finding rates down, any uptick in layoffs will likely have an outsized impact on the unemployment rate. The sequencing of policy implementation by the Trump administration may also impact the growth trajectory. Lower net immigration and broader tariffs can be implemented relatively quickly, but we believe these could weigh on economic activity and may put upward pressure on inflation as well. While changes in tax policy and lighter regulatory touch would be positive for growth, it would take several months to enact these and may deter sustained business investment until enacted.
- In our view, after a volatile year for Treasury yields, 2025 opened with fixed income markets 1) seeking to offer solid nominal and inflation adjusted compensation that may help buffer against potential macro and monetary policy uncertainties and 2) positioned to reclaim their longer-term role of pursuing income generation and potentially being a Portfolio diversifier.* We believe intermediate-maturity duration exposure is particularly attractive. Ten-year Treasury yields are once again higher than short-term money market rates and are elevated relative to history on both a nominal and inflation adjusted basis, at 4.6% and 2.3% respectively. Given an average expected short-term rate of 3.9% over the next ten years, the implicit 10-year Treasury "term premium" of 0.7% over average expected short-term rates is also at its highest since 2011. We also believe investors have misinterpreted the Fed's recent "policy pivot" as a change in how it intends to respond to potential 2025 outcomes. Barring a material upside surprise in inflation, we believe the Fed is likely to deliver more than the 40bps of rate cuts currently reflected in interest rate markets for this year. We have this in mind as we weigh the potential for slower-than-expected growth during the first half of the year. Specific to sector exposures, the yield premiums for traditional credit risk are relatively small when compared to long-term history. With issuer credit curves still compressed, we continue to prefer higher-quality and shorter to intermediate-term maturities in credit sensitive sectors. We believe agency MBS remain relatively attractive, and we have recently increased exposure to the sector following underperformance. Alternatives to traditional fixed income markets such as securitized credit and insurance-linked securities (ILS) continue to represent attractive avenues to enhance prospective income and return, in our view. To be sure, we will continue to augment these positioning views throughout the year with our relative value investment approach focused on active security selection and sector allocation.
- We are positioned to reflect our views about relative value, as well as seeking to mitigate tail risk of an economic downturn. Fund duration stands higher than the benchmark, and, with the market offering low spreads, the Portfolio has close to its lowest credit risk in the history of the Portfolio.

*Diversification does not assure a profit or protect against loss. See glossary of frequently used terms for definitions.

Market Outlook and Positioning

- Duration: We have taken a somewhat longer stance regarding duration risk, as we believe the Fed is likely to deliver more than the 40bps of rate cuts currently reflected in interest rate markets for this year. The Portfolio holds a relative long duration position compared to its Index, with current duration at 6.75 vs. 6.03 for the benchmark; although with the Fund's underweight to Treasuries and overweight to credit risk, the empirical duration of the Fund is closer to benchmark levels. In addition, the Portfolio continues to hold a yield curve steepener, with an overweight focused on the 5-7 year part of the curve and underweight to the long end of the curve, with the latter having greater exposure to inflation risk reflecting the rising deficit, as well as reduced global trade and aging demographics.
- Credit: Spreads across many US fixed income sectors are well inside long-term averages as investors discount a soft landing in inflation and continued economic growth. Our more defensive asset allocation primarily reflects our view of relative value. In addition, the positioning helps seek to protect against the tail risk of a recession. The Portfolio has maintained a higher quality and shorter spread duration bias over the period with respect to its credit exposure, with relatively low corporate exposure compared to the history of the Portfolio, and with the use of a credit hedge reduced high yield exposure.
- Corporates: We believe less relative value in the sector justifies an overall lower allocation to spread risk, and a flatter credit curve justifies relatively shorter spread duration. We prefer to reduce spread risk by shortening duration and moving up in quality within spread sectors, rather than increasing Treasury exposures. The team favors financials, which seek to offer higher spreads, but are more highly regulated, over industrials. In particular, we favor the banking sector, and we have generally favored European senior paper over US senior paper.
- Securitized: While still offering reasonable long-term value, securitized credit spreads have compressed relative to unsecured credit. We continue to find securitized credit relatively attractive in our view, given its higher spreads and shorter spread duration.
- An exception to this spread compression is agency MBS, which we continue to believe is ~~highlight~~ as a market opportunity. Agency MBS spreads remain attractive on a long-term basis, although trade with increased volatility. The MBS market performance has remained directional, with bonds exhibiting more sensitivity to changes in interest rates and volatility than their fundamental cash flows would imply. The outlook for supply-demand technicals remains tenuous but constructive. Asset managers have continued to increase overweights to agency MBS in publicly disclosed holdings, but they have limited additional room to add.
- With the recent outperformance of other spread assets relative to MBS, we feel it is prudent to add MBS exposure in multi-sector portfolios. Given the underperformance of low coupon issues, we are taking a barbelled approach to exposure, overweighting low coupon as well as high coupon specified pools, which may offer better prepayment risk protection.
- We continue to selectively find value in non-agency MBS and CMBS, as well as ABS although we have generally reduced exposures as spreads have compressed.
- Within non-agency MBS, prime mortgages and credit risk transfer issues benefitted from stable home prices. Credit Risk Transfer (CRT) also benefitted from lower securitization volumes and improved investor demand. Ongoing efforts by Fannie Mae and Freddie Mac to buy back certain seasoned CRT positions have supported this sector in particular. Fundamentals also matter: despite very poor affordability levels, home prices have remained stable due to low inventory and resilient demand.
- Within CMBS, multifamily exposures remain attractive in our view, gaining exposure through unguaranteed agency CMBS and commercial real estate collateralized loan obligations (CRE-CLOs). While multifamily has seen higher supply in response to increased demand, lower capital availability will limit new starts, and in the medium term, the US housing shortage and high mortgage rates favor the sector, in our view.
- Finally, we believe ABS are currently the most attractive sector given their relatively high spreads/short spread duration nature. We have modestly increased ABS exposure this year, finding opportunities in data centers (a new, upcoming category), small office equipment loans, and subprime auto. Subprime auto now faces tighter underwriting, and is attractive for its rapid deleveraging structure.

The ICE Bank of America US 3-Month Treasury Bill Index measures the performance of a single issue of outstanding Treasury bills which mature closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month, that issue is sold and rolled into a newly selected issue. **The US Treasury Index** an index based on recent auctions of US Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates. **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.

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 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.

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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. The market price of securities may fluctuate when interest rates change. 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. Investments in high-yield or lower rated securities are subject to greater-than-average price volatility, illiquidity and possibility of default. The securities issued by US Government-sponsored entities (e.g., FNMA, Freddie Mac) are neither guaranteed nor issued by the US 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.

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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