



Pioneer US Agency MBS Short Duration Strategy

Performance Update and Market Commentary | June 30, 2025

Investment Philosophy

Pioneer US Agency MBS Short Duration Strategy seeks to produce returns in excess of short duration indices such as the ICE BofA US 3-Month Treasury Bill Index by actively managing a portfolio consisting primarily of AAA/agency fixed income securities and interest rate hedging instruments.

Performance Review

	1-Month	3-Month	Year-to-Date	1-Year	3-Year	5-Year	10-year	Since Inception ¹
Pioneer US Agency MBS Short Duration Strategy (Gross USD Composite)	0.60%	1.35%	2.73%	6.29%	5.65%	3.27%	2.57%	3.74%
Pioneer US Agency MBS Short Duration Strategy (Net USD Composite)	0.57%	1.26%	2.56%	5.92%	5.28%	2.91%	2.21%	3.38%
ICE BofA US 3-Month Treasury Bill Index	0.33%	1.04%	2.07%	4.68%	4.56%	2.76%	1.98%	2.64%

¹Performance inception is April 1, 1992

Performance prior to April 1, 2025 occurred while the portfolio management team was affiliated with a prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm and the decision-making process has remained intact. Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. The composite net-of-fees returns reflect net of model fees and are calculated in the same manner as gross of fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Please refer to the GIPS® Report for additional information.

Past performance is no guarantee of future results.

Market Review

- Financial markets experienced significant volatility in the second quarter of 2025, following the April 2, 2025 announcement of Liberation Day tariffs, which were substantially higher than anticipated. Investors initially responded by pricing in higher US recession risk through lower bond yields, lower equity prices, wider credit spreads and a weaker US dollar. In response to discomfort across both equity assets and the US bond market, the Trump administration stepped back and announced a 90-day pause on reciprocal tariffs for all countries except China. This decision triggered a broad recovery across asset markets throughout the remainder of the second quarter of 2025. The recovery in both US equity and credit markets gained momentum in early May 2025, when the US and China agreed to postpone existing retaliatory tariffs, while negotiating a longer-term trade agreement. The surprise agreement lowered the US tariff rate on Chinese goods from 145% to 30% and the effective global tariff rate (the average across all US imports) from a historic 24% to only 14%.
- Overall, we believe the more recent hard data indicate surprisingly stable economic activity and inflation, as tariffs are taking longer than many expected to work through supply chains. On the fiscal front, ongoing deficit spending and elevated debt balances were both cited in the overdue Moody's credit rating downgrade of the US from Aaa to Aa1 in May 2025. In terms of monetary policy, the Federal Reserve kept its policy rate unchanged in both May 2025 and June 2025, as it continued to monitor how tariffs might affect US economic activity and inflation expectations.
- Within fixed income markets, the Bloomberg US Treasury Index posted a 0.85% return for the second quarter of 2025, while the Bloomberg US Aggregate Index outperformed Treasuries, with a 1.21% return.
- Investment grade corporates, as measured by the Bloomberg US Corporates Index, rebounded from the first quarter's underperformance with a quarterly return of 1.82%, 104 basis points more than comparable Treasuries.
- Securitized credit sectors outperformed Treasuries, though to a lesser extent than corporate bonds. The agency mortgage-backed securities sector's performance, as measured by the Bloomberg US MBS Index, relative to Treasuries has not been as volatile this year. The sector outperformed Treasuries by 17 basis points in the second quarter of 2025, for a year-to-date excess return of 10 basis points.

Marketing Communication

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- The plus sectors posted strong returns for the quarter, as the Bloomberg US Corporate High Yield Bond Index rose 3.53%, the Morningstar LSTA Leveraged Loan Index returned 2.36%, the Bloomberg Emerging Markets USD Sovereign Index gained 5.62% and the Bloomberg Emerging Markets USD Corporate Index returned 1.47%.

Performance Attribution

- Allocations to conventionals and collateralized mortgage obligations contributed to returns.
- Ginnie Mae 30-years detracted slightly from returns.
- Mortgages outperformed Treasuries, as the large underperformance of the first three weeks was more than overcome over the final ten weeks of the second quarter of 2025.

Market Outlook and Positioning

- We believe that markets are underestimating the risks of another tariff surprise. We see significant risk of tariffs on many countries moving higher after the 90-day Liberation Day tariff pause expires on July 9, 2025. In particular, the administration may decide to punish a few less-cooperative countries in order to maintain negotiating leverage. A substantial increase in tariffs (and tariff uncertainty) could boost market volatility and increase downside risks to economic activity. We also suspect that many market participants are too hopeful about the Federal Reserve cutting rates preemptively to mitigate growth risks. Most Federal Open Market Committee members remain primarily concerned about inflation risks, and that inflation could pick up over the summer, as tariffs work their way through distribution channels to consumer prices. On the positive side, business tax changes in the One Big Beautiful Bill will likely stimulate investment spending once enacted. We expect slightly below-trend economic growth in the second half of 2025, with slowing consumption, offset by increased business investment. The labor market requires close monitoring, as low hiring rates mean any material increase in layoffs could trigger a sharp rise in unemployment.
- The agency mortgage-backed securities market continued to tighten in May 2025. From here, risks are two-sided, and while current mortgage-backed securities spreads are towards the tight end of their recent range, we believe the market will remain well-supported, and the sector continues to offer asset allocation and security selection opportunities:
 - **Stronger Relative Value to Investment-Grade Alternatives:** Our strongest conviction remains agency mortgage-backed securities' attractiveness, versus corporate bonds, which remain significantly tighter than agency mortgage-backed securities, compared to their respective long-term averages by nearly every metric. As a result, we are more bullish on agency mortgage-backed securities beta, as a positive contributor to an aggregate, multi-sector, or multi-asset portfolio than we are, versus mortgage-backed securities or cash benchmarks.
 - **Trending Towards a Stronger Supply/Demand Dynamic:** Easing regulatory standards, an administration more cognizant of overseas investment, and an outside chance of Fannie Mae and Freddie Mac buying have raised our expectations for mortgage-backed securities demand in 2025 into 2026. On the supply side, new and existing home sales have continued to disappoint, indicating a slowing housing market, which would in turn reduce the growth of the agency mortgage-backed securities market. Housing turnover remains near historical lows. These dynamics would make it easier to support nominally snug valuations, even if asset managers, as the recent primary sponsor of mortgage-backed securities, do not continue to receive inflows. However, we remain wary of a continued de-dollarization from overseas investors in response to geopolitical actions and trade wars.
 - **Prepayment Risks Moderate, Though Servicers are Consolidating:** May 2025's prepayment report mirrored April 2025's, with lower driving rates and faster mortgage closing times. Despite pockets of risk, broader data still indicate less risk of a refinance wave than investors are pricing into to mortgage-backed securities valuations. Meanwhile, the mortgage market awaits the efficiencies of a consolidating mortgage finance industry, with the originator and servicer with the fastest prepayments (Rocket Companies Inc) in the process of acquiring another large servicer (Mr Cooper Group Inc) to compete with the other fastest-growing financial technology company, UWM Holdings Corp. If these firms' industry-leading technology and operating efficiencies are applied to a larger share of the outstanding mortgage universe, mortgage-backed securities fundamentals could deteriorate on the margin.
- We maintain a modestly constructive view on the sector as an alternative to credit, but sit closer to neutral when benchmarked to cash or a mortgage-backed securities index. With the Basel III endgame and more Federal Reserve cuts potentially not coming until 2026, substantial demand may not be imminent, but if tailwinds for mortgage-backed securities demand have not yet arrived, we believe they are trending in that direction. In the interim, our strongest conviction is in specified pools with characteristics we find underappreciated by the market, particularly for higher coupons with the most model risk premium, as well as in agency-backed floating-rate collateralized mortgage obligations. We remain nimble to reduce on short-term outperformance and are willing to add more if spreads widen, due to technical factors or exogenous event risk.

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Composite Name: US Agency MBS Short Duration
Benchmark: ICE BOFA US 3-MONTH TREASURY BILL INDEX (Hurdle Rate)

Table with 2 rows and 4 columns: Reporting Period, Composite Creation Date, Reporting Currency, Composite Inception Date.

Table with 10 columns: Period, Composite Gross Return (%), Composite Net Model Fee Return (%), Benchmark Return (%), Composite 3-Yr Standard Deviation (%), Benchmark 3-Yr Standard Deviation (%), Number of Portfolios, Internal Dispersion (%), Composite Assets (Millions), Firm Assets (Millions).

Victory Capital Management Inc. acquired Amundi Asset Management US, Inc. on 4/1/2025 (renamed to "Pioneer Investments"). Firm assets from 2015 - 2024 are shown as "N/A" above as the composite was not part of the firm.

Compliance Statement: Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Victory Capital Management Inc. has been independently verified for the period from January 1, 2001, through December 31, 2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Firm: Victory Capital Management Inc. (VCM) is a diversified global investment adviser registered under the Investment Advisers Act of 1940 and comprises multiple investment franchises: Integrity Asset Management, Munder Capital Management, New Energy Capital Partners, NewBridge Asset Management, Pioneer Investments, RS Investments, Sophus Capital, Sycamore Capital, THB Asset Management, Trivalent Investments, Victory Income Investors, and the Victory Capital Solutions Platform. RS Investments and Sophus Capital became a part of the VCM GIPS firm effective January 1, 2017; Victory Income Investors, effective July 1, 2019; THB Asset Management, effective March 1, 2021; New Energy Capital effective November 1, 2021; and Amundi Asset Management US, Inc. (renamed to Pioneer Investments), effective April 1, 2025.

Composite Description: The Strategy seeks to produce returns in excess of the index by actively managing a portfolio consisting primarily of US agency mortgage-backed securities, along with investment grade securitized credit and interest rate hedging instruments. Important risks materially relevant to strategy include Market risk: risk of price fluctuation in the investment portfolios due to variations in market parameters: interest rates, exchange rates, securities prices, credit spreads, etc. Liquidity risk: in case of low trading volume on financial markets, any buy or sell trade on these markets may lead to important market variations/fluctuations that may impact your portfolio valuation. Counterparty risk: risk of default of a market participant to fulfil its contractual obligations vis-à-vis your portfolio. Operational risk: risk of default or error within the different service providers involved in managing and valuing your portfolio. On 4/1/2025, Victory Capital Management Inc. acquired Amundi Asset Management US, Inc. ("the Prior Firm") and renamed it Pioneer Investments. Performance prior to April 2025 occurred while members of the portfolio management team were affiliated with the Prior Firm. Such members of the portfolio management team were responsible for investment decisions at the Prior Firm and the decision making process has remained intact within the Firm. Performance results presented from 2015 to 2024 occurred while these assets were not part of the Firm. In the Firm's opinion, such performance track record conforms to the GIPS standards with respect to the portability of investment performance results. Performance records of the Prior Firm are available upon request.

Minimum Account Size: There is no minimum asset level for inclusion in this composite.

Performance Calculation: Gross-of-fees returns are presented before management and custodial fees but after all transaction costs. Composite net returns are net of model fees and are calculated, starting from composite gross returns, by geometrically subtracting the highest tier model fee for institutional segregated accounts. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

Fee Schedule: The current standard annual investment management fee schedule for institutional separate accounts is 0.35% on the first 50 million; 0.30% on the next 50 million; 0.25% on the next 100 million; 0.20% thereafter.

Internal Dispersion: Dispersion is defined as the standard deviation of the annual gross returns of all portfolios that were included in the composite for the entire year. For those years when five or fewer portfolios were included in the composite for the full year, no dispersion measure is presented.

Three-Year Annualized Standard Deviation: The Three-year Annualized Ex-Post Standard Deviation measures the volatility of gross returns for the composite and benchmark over the preceding 36-month period, and is not applicable for performance periods with less than 36 months of returns based on the composite's performance inception date.

Benchmark Description: The benchmark of the composite is ICE BOFA US 3-MONTH TREASURY BILL INDEX (Hurdle Rate).

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