

FIXED  
INCOME  
FOCUS

# Investing for Income

*Reallocate for Sustainable Income Generation*

## The Need to Invest for Income

Investors face an income shortfall as traditional sources of income are no longer sufficient to meet their needs.

## Where to Find Income

To bridge the income gap, investors need to look beyond traditional portfolio allocations to explore new sources of return.

## Income-Oriented Solutions

Award winning Fixed Income solutions from Pioneer Investments ranging from core fixed income to emerging markets debt.

“ *Income shortage will be the single biggest challenge facing investors in the next 5, 10 and 20 years. It will dominate our thinking in the industry.* ”

Hugh Prendergast, Head of Strategic Product & Marketing  
Western Europe and International

**63** % OF 570  
PROFESSIONAL  
INVESTORS  
SURVEYED<sup>1</sup> IDENTIFIED  
**INCOME GENERATION**  
AS A MAIN PRIORITY

## » The Need to Invest for Income

Challenging structural trends have changed the investment landscape. Traditional sources of income can no longer meet investor needs given historically low yields. Hence, investors face an income shortfall.

### Structural Trends Driving Income Demand Higher:

#### 01. DEMOGRAPHIC CHALLENGES



- The world is getting older and living longer. We may outlive our wealth!
- More pensioners supported by fewer workers pose a great challenge to the public pension and healthcare systems of some major developed countries.

#### 02. PUBLIC DEBT MOUNTAIN



- Large public debt burdens, especially in advanced economies, are a long-lasting legacy of the global financial crisis. Demographic challenges may lead to most advanced economies experiencing pressure to reduce their burden by cutting welfare expenditure.

#### 03. INCREASED REGULATION



- Insurance companies and pensions are required to hold higher capital in reserve as risk asset classes are subject to higher capital charges resulting in a lower risk appetite and a decline in annuity rates.

#### 04. THE MIDDLE CLASS SQUEEZE



- Subdued economic growth has led to low or negative income growth for the middle class, who are now set to demand higher income from capital in pre-retirement.

*Income is increasingly difficult to find, yet the demand is becoming even greater. Income, but from where?*

## » Where to Find Income - Look Beyond Traditional Sources of Income

To generate sufficient income to meet their future needs, investors need to look beyond traditional sources of income, broaden their investment universe and consider reallocating portfolios to exploit new sources of return. We believe an active investment approach that seeks diversified sources of income while managing risk can benefit investors and help bridge the income gap.

EQUITY	<b>INCOME FROM EQUITY</b> Search for Enhanced Income Stream by Combining High Dividends and Premiums from Active Option Management with Potentially Lower Volatility than Equities
MULTI ASSET	<b>INCOME FROM MULTI-ASSET</b> Seeking Sustainable Income from a Broad Range of Asset Classes While Actively Managing Risk
FIXED INCOME	<b>INCOME FROM FIXED INCOME</b> Income Potential from Flexible, Multi-Sector, Active Management and Higher Yielding Opportunities

<sup>1</sup>The findings come from a survey, conducted by Pioneer Investments between August and December 2015, involving around 570 professional investors and intermediaries in Europe and Asia.

# FIXED INCOME

## Focus on: Fixed Income

*A wide range of strategies to address the search for income*

We offer a diversified spectrum of award-winning<sup>1</sup> fixed income solutions ranging from core fixed income to emerging markets debt aiming to provide a steady stream of income (through annual coupons).

Our Fixed Income range offers solutions for investors seeking to achieve:

- ✓ Steady Stream of Income
- ✓ Multiple Sources of Return
- ✓ Volatility Management

To address the search for income, investors should consider Fixed Income products that offer a combination of the following:

<b>FIXED ANNUAL COUPON</b>	Payable over the life of the bond which is not influenced by economic conditions
<b>TRANSPARENCY</b>	Visibility of a maturity date and value which are known at the outset making them useful liability matching instruments
<b>LOWER VOLATILITY</b>	Traditionally lower than equities along with risk diversification
<b>DIVERSIFICATION</b>	A wide range of investment opportunities to suit most risk/reward profiles

## Flexible Income Solutions to Address Different Investor Objectives

ASSET CLASS	SOLUTION	MORNINGSTAR RATING™	FUND SIZE (Mil)	FUND INCEPTION	YTM (%)	EFFECTIVE DURATION (Yrs)	AVERAGE CREDIT QUALITY
FLEXIBLE FIXED INCOME	PF – Euro Strategic Bond	****	€2,842	08/06/2004	4.43	0.57	BB-
	PF – Strategic Income	****	\$3,581	04/04/2003	4.26	5.07	A-
EM DEBT	PF – Emerging Markets Bond	***	\$3,755	04/07/2000	6.74	5.38	BB-
	PF – Emerging Markets Bond Short-Term	-	\$1,161	03/06/2015	4.37	1.92	BB

The correct legal name of the sub-funds referenced above is with the prefix 'Pioneer Funds'.

Source: Pioneer Investments and MorningstarDirect as at 31 January 2017. Performance data provided refers to Class A EUR Non-Distributing only, and is based on NAV net of fees. Copyright © 2017 Morningstar UK Limited. All Rights Reserved. The information contained herein: (1) may not be copied or distributed; and (2) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

» Find out about our Equity and Multi-Asset solutions online at [www.pioneerinvestments.com](http://www.pioneerinvestments.com)

## IMPORTANT INFORMATION

<sup>1</sup>Fixed Income Manager of the Year Awarded by Global Investor Magazine in 2015 and 2014.

Unless otherwise stated, all information contained in this document is from Pioneer Investments and is as of 16 February 2017.

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