

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

Form N-2

April 17, 2009

As filed with the Securities and Exchange Commission on April 17, 2009

1933 ACT FILE NO. 33-_____

1940 ACT FILE NO. 811-21409

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

(Check appropriate box or boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PRE-EFFECTIVE AMENDMENT NO. _____

POST-EFFECTIVE AMENDMENT NO. _____

AND

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF

1940

AMENDMENT NO. 5

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

(Exact Name of Registrant as Specified in Charter)

60 State Street, Boston, MA 02109

Address of Principal Executive Offices (Number, Street, City, State, Zip Code)

(617) 742-7825

(Registrant's Telephone Number, including Area Code)

Dorothy E. Bourassa, Esq., Secretary, Pioneer Municipal High Income Advantage Trust

60 State Street, Boston, MA 02109

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

Copies of Communications to:

Roger P. Joseph, Esq.

Bingham McCutchen LLP

One Federal Street

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Boston, MA 02110

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box)

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o when declared effective pursuant to section 8(c)

Calculation of Registration Fee under the Securities Act of 1933

Title of Securities Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price Per Unit (1)	Proposed Aggregate Maximum Offering Price (1)	Amount of Registration Fee
Common Shares	100,000	\$9.12	\$912,000	\$50.89
Subscription Rights	-	-	-	-

(1) Estimated solely for the purpose of calculating the registration fee as required by Rule 457(c) under the Securities Act, based upon the average of the high and low sales prices reported on the New York Stock Exchange consolidated reporting system of \$9.12 on April 15, 2009.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer is not permitted.

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

Preliminary Prospectus

Subject to Completion, Dated [____], 2009

[____] Common Shares

Issuable Upon Exercise of Rights to Subscribe for Such Common Shares

Pioneer Municipal High Income Advantage Trust (the "Fund") is issuing transferable rights (the "Rights") to its shareholders of record as of [____], 2009 (the "Record Date"). These Rights will allow shareholders and other persons who obtain Rights from shareholders (such shareholders and other persons together, "Rightholders") to subscribe to new common shares of beneficial interest, no par value, of the Fund ("Shares") in an aggregate amount of approximately [____] Shares (the "Offer"). For every [__] Rights that you receive, you may buy one new common share of the Fund ([__]-for-[__]). You will receive [__] Right for each whole share you own on the Record Date. If you receive less than [__] Rights in total, you will be entitled to buy one new share. Rightholders who fully exercise their Rights may purchase shares not acquired by other Rightholders in this offering, subject to the limitations and the allotment as described in this prospectus (the "Over-Subscription Privilege").

The Rights are transferable and will be listed for trading on the New York Stock Exchange (the "NYSE") under the symbol [____] during the course of the Offer.

The Fund's Shares are listed, and the Shares issued in this Offer will be listed, on the NYSE under the symbol "MAV." On [____], 2009, the last reported net asset value per share of the Fund's common shares was \$[____] and the last reported sales price of a Share on the NYSE on that date was \$[____].

The subscription price per Share will be the [greater/lesser] of: (i) [__]% of the net asset value ("NAV") per share of the Fund on [____], 2009 (the "Expiration Date") or (ii) [__]% of the volume weighted average share price of the Fund on the NYSE on the Expiration Date and the [__] preceding business days (the "Subscription Price").

The Offer will expire at 5:00 p.m., Eastern time, on [____], 2009, unless extended as described in this prospectus. Rightholders who choose to exercise their Rights will not know the Subscription Price at the time they exercise their Rights.

If you do not exercise your Rights, you will, upon the completion of the Offer, own a smaller proportional interest in the Fund than you do now. In addition, because the Subscription Price per common share may be less than the then current NAV per common share, the completion of the Offer may result in an immediate dilution of the net asset value per common share for all existing shareholders. Such dilution could be substantial. If such dilution occurs, shareholders will experience a decrease in the net asset value per common share held by them, irrespective of whether they exercise all or any portion of their Rights. The distribution to shareholders of transferable Rights, which may themselves have intrinsic value, will afford such shareholders the potential of receiving cash payment upon the sale of the Rights, receipt of which may be viewed as partial compensation for the potential economic dilution of their interests. The Fund cannot state precisely the extent of this dilution because the Fund does not know what the NAV will be when the Offer expires, how many Rights will be exercised or the exact expenses of the Offer. Volatility in the market price of shares of the Fund may increase or decrease during the Offer. No assurance

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can be given that a market for the Rights will develop, or as to the value, if any, that the Rights will have. For further information on the effects of dilution. See "Special Considerations and Risk Factors" on page [__].

The Fund currently employs financial leverage in the form of auction rate cumulative preferred shares ("Auction Preferred Shares"), and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the benefits associated with such leverage to the Fund's common shareholders, including enhancement of income or return. See "Special Considerations and Risk Factors" on page [__].

The Fund is a diversified, closed-end management investment company with a leveraged capital structure. The Fund's primary investment objective is to provide its common shareholders with a high level of current income exempt from regular federal income tax. As a secondary investment objective, the Fund may seek capital appreciation to the extent consistent with its primary investment objective. Distributions from sources other than interest income from the Fund's portfolio of municipal securities, including capital gain distributions, are not exempt from regular federal income tax. There can be no assurance that the Fund will achieve its investment objectives.

Normally, the Fund invests at least 80% of its net assets (plus the amount of borrowings, if any, for investment purposes) in debt securities and other obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income tax ("municipal securities"). The Fund is not limited in the portion of its assets that may be invested in municipal securities the interest income on which is a preference item for purposes of the alternative minimum tax. See "Investment Objectives and Principal Investment Strategies" on page [__].

The Fund's Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

Before buying Shares of the Fund, you should read the discussion of the material risks of investing in the Fund under "Special Considerations and Risk Factors" beginning on page [__]. Certain of these risks are summarized in "Prospectus Summary -- Special Considerations and Risk Factors" beginning on page [__].

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	Estimated Subscription Price (1)	Sales Load	Estimated Proceeds to the Fund (2)
Per Common Share	\$[__]	None	\$[__]
Total Maximum (3)	\$[__]	None	\$[__]

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- (1) This is an estimated price. The actual Subscription Price will be determined as set forth above on the Expiration Date.
- (2) Before deduction of expenses related to the Offer incurred by the Fund, which are estimated at approximately \$[_____].
- (3) Assumes all Rights offered are exercised at the Estimated Subscription Price.

The Fund may invest in municipal securities with a broad range of maturities and credit ratings, including both investment grade and below investment grade municipal securities. At least 40% of the Fund's portfolio of municipal securities is rated investment grade at the time of acquisition (that is, rated at least Baa by Moody's Investors Service, Inc. ("Moody's") or BBB by Standard & Poor's Ratings Group ("S&P") or, if unrated, determined by the Fund's investment adviser to be of comparable credit quality). No more than 60% of the Fund's portfolio of municipal securities is rated below investment grade at the time of acquisition (that is, Ba or lower by Moody's or BB or lower by S&P or, if unrated, determined by the Fund's investment adviser to be of comparable credit quality). No more than 10% of the Fund's portfolio of municipal securities will be rated at the time of acquisition lower than B by Moody's and S&P or, if unrated, determined by the Fund's investment adviser to be of comparable credit quality. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal, and are commonly referred to as "junk bonds" or "high yield securities." These securities also tend to be less liquid and may be more difficult to value. The Fund may invest in securities in any rating category, including those where the issuer is in default or bankruptcy. See "Special Considerations and Risk Factors – Risks of Investing in the Fund."

The Fund currently employs financial leverage in the form of auction rate cumulative preferred shares ("Auction Preferred Shares"), and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the benefits associated with such leverage to the Fund's common shareholders, including enhancement of income or return. See "Special Considerations and Risk Factors" on page [__].

Please read this prospectus carefully before investing and keep it for future reference. It contains important information that a prospective investor ought to know before investing in the Fund. A Statement of Additional Information ("SAI"), dated [____], 2009, containing additional information about the Fund has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference in its entirety into this prospectus. A Table of Contents for the SAI is set forth on page [__] of this prospectus. A copy of the SAI can be obtained without charge by writing to the Fund at [____], by calling 1-800-225-6292, or from the SEC's website at <http://www.sec.gov>. Copies of the Fund's Annual Report and Semi-Annual Report may be obtained upon request by writing to the Fund, by calling 1-800-225-6292, or by visiting the Fund's website at www.pioneerinvestments.com. [All questions and inquiries relating to the Offer should be directed to the Information Agent, [Name], [Address], at [Telephone Number].]

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the SAI contain “forward-looking statements.” Forward-looking statements can be identified by the words “may,” “will,” “intend,” “expect,” “estimate,” “continue,” “plan,” “anticipate,” and similar terms and the negative of such terms. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund’s actual results are the performance of the portfolio of securities the Fund holds, the conditions in the U.S. and international financial and other markets, the price at which the Fund’s shares will trade in the public markets and other factors discussed in the Fund’s periodic filings with the SEC.

Actual results could differ materially from those projected or assumed in the forward-looking statements. The Fund’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the “Special Considerations and Risk Factors” section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus. Except for the Fund’s ongoing obligations under the federal securities laws, the Fund does not intend, and it undertakes no obligation, to update any forward-looking statement.

Currently known risk factors that could cause actual results to differ materially from the Fund’s expectations include, but are not limited to, the factors described in the “Special Considerations and Risk Factors” section of this prospectus. You are urged to review carefully that section for a more complete discussion of the risks of an investment in the Fund’s common shares.

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PROSPECTUS SUMMARY

This summary highlights some information that is described more fully elsewhere in this prospectus. It may not contain all of the information that is important to you. To understand the Offer fully, you should read the entire document carefully, including the “Special Considerations and Risk Factors” section.

Purpose of the Offer The Fund is issuing Rights to purchase common shares of the Fund (“Shares”) at the Subscription Price. The Fund’s Board of Trustees has determined that the Offer would be in the best interest of the Fund and its shareholders to increase the assets of the Fund in order to more fully take advantage of current and prospective investment opportunities consistent with the Fund’s investment objectives. The Board also noted that an increase in the assets of the Fund may lower the Fund’s expense ratio slightly by spreading the Fund’s fixed costs over a larger asset base. In addition, the Board noted that an increase in the number of outstanding Shares could increase liquidity on the NYSE, where the Fund’s common shares are traded. See “The Offer – Purpose of the Offer.”

The Offer The Fund is issuing to its common shareholders of record, as of the close of business on [____], 2009 (the “Record Date”), transferable rights (“Rights”) to subscribe for an aggregate of approximately [__] shares of beneficial interest of the Fund (“Shares”), no par value per share (the “Offer”). Each shareholder will receive [__] Right for each whole share held by the shareholder as of the Record Date. Such shareholders may transfer Rights to other persons. Existing shareholders of the Fund who retain all or part of their Rights and persons acquiring Rights from such shareholders are together referred to as “Rightholders.” For every [__] Rights that are held by a Rightholder, the Rightholder may subscribe for one new Share of the Fund ([__]-for-[__]). No fractional Shares will be issued. If a shareholder receives less than [__] Rights in total, that shareholder will be entitled to subscribe for one new Share. The Right to acquire Shares during the Subscription Period (defined below) is referred to as the “Primary Subscription.”

If a Rightholder exercises all of the Rights it received in the Primary Subscription, that Rightholder also may subscribe for Shares which were not otherwise subscribed for by others in the Primary Subscription pursuant to the Over-Subscription Privilege.

A Rightholder may elect to sell his or her Rights. Assuming a market for the Rights develops, the Rights may be purchased and sold through usual brokerage channels until [____], 2009 (or, if the Offer is extended, until a comparable number of business days before the final Expiration Date). In such case, a Rightholder will need to instruct his or her broker to sell any unexercised Rights in time for the broker to execute the transaction by the close of trading on [____], 2009, or provide instructions to the Subscription Agent by 4 p.m. on [____], 2009 to sell any unexercised Rights.

The Rights will be traded on the NYSE under the symbol [____] during the course of the Offer. The Fund will use its best efforts to ensure that an adequate trading market for the Rights will exist but there is no assurance that a market for the Rights will develop. Trading in the Rights on the NYSE may be conducted until and including the close of trading on the last NYSE trading day prior to the Expiration Date. See “The Offer.”

Subscription Price	The subscription price per Share will be the [greater/lesser] of: (i) []% of the net asset value (“NAV”) per share of the Fund on [], 2009 (the “Expiration Date”) or (ii) []% of the volume weighted average share price of the Fund on the NYSE on the Expiration Date and the [] preceding business days (the “Subscription Price”). See “The Offer -- The Subscription Price.”
Subscription Period	Rights may be exercised at any time during the subscription period (the “Subscription Period”), which starts on [], 2009 and ends at 5:00 p.m., Eastern time, on [], 2009. See “The Offer -- Terms of the Offer.”
Over-Subscription Privilege	If a Rightholder subscribes for the maximum number of Shares to which he or she is entitled, the Rightholder may subscribe for Shares which were not otherwise subscribed for through the Primary Subscription by other Rightholders. Shares acquired pursuant to the Over-Subscription Privilege are subject to allotment. See “The Offer -- Over-Subscription Privilege.”
Costs of the Offer	The costs of the Offer, which are estimated to be \$[], will be borne by the Fund.
Notice of NAV Decline	The Fund will suspend the Offer until it amends this prospectus if, after the effective date of this prospectus, the Fund’s NAV declines more than []% from its NAV as of the effective date. In such event, the Fund will notify Rightholders of any such decline and permit Rightholders to cancel the exercise of their Rights. Rightholders will have their payment for additional Shares returned to them if they opt to cancel the exercise of their Rights. See “The Offer -- Notice of NAV Decline.”
How to Obtain Subscription Information	<ul style="list-style-type: none">• Contact your broker, banker or trust company.
How to Subscribe	<ul style="list-style-type: none">• [Contact [] (the “Information Agent”) at [].] Except as described under Foreign Restrictions, you may subscribe in one of two ways: <ul style="list-style-type: none">• Complete and sign the subscription certificate (“Subscription Certificate”). Mail it in the envelope provided or deliver the completed and signed Subscription Certificate by the Expiration Date to [] (the “Subscription Agent”).• Contact your broker, banker or trust company, which can arrange, on your behalf, to guarantee delivery of a properly completed and executed Subscription Certificate, pursuant to a notice of guaranteed delivery (“Notice of Guaranteed Delivery”), to the Subscription Agent by the Expiration Date. See “The Offer -- Exercise of Rights” and “The Offer -- Payment for Shares.”
Federal Income Tax Consequences	For federal income tax purposes, neither the receipt nor the exercise of the Rights will result in taxable income to Rightholders. You will not recognize a taxable loss if your Rights expire without being exercised. However, a sale of the Rights (or of Shares obtained by exercising the Rights) generally will result in the recognition of taxable income or loss. See “The Offer -- Certain Federal Income Tax Consequences of the Offer.”

Use of Proceeds	The net proceeds of the Offer, assuming all Shares are sold, is estimated to be \$[_____]. The Fund will invest the proceeds of the Offer in accordance with the Fund's investment objective and policies. Pioneer Investment Management, Inc., the Fund's investment adviser ("Pioneer"), anticipates that investment of the proceeds will occur shortly after their receipt by the Fund, depending on market conditions and the availability of appropriate investments. To the extent there is any delay in investing the proceeds of the Offer, the Fund may invest in U.S. government securities or high-quality, short-term money market instruments, cash or cash equivalents, pending investment of the proceeds. See "Use of Proceeds."
Transferability of Rights	The Rights are transferable and will be listed for trading on the NYSE under the symbol [_____] during the course of the offering. The Fund's outstanding common shares are listed, and the Shares issued in this Offer will be listed, on the NYSE under the symbol "MAV."
Foreign Restrictions	Subscription Certificates will not be mailed to shareholders whose record addresses are outside the United States. Foreign shareholders will receive written notice of the Offer as set forth in this prospectus. See "The Offer -- Foreign Restrictions."

Important Dates To Remember

Record Date	[____], 2009
Subscription Period*	[____], 2009 to [____], 2009
Expiration Date	[____], 2009
Subscription Certificates and Payment for Shares due**	[____], 2009
Notice of Guaranteed Delivery due	[____], 2009
Payment for Guarantees of Delivery due	[____], 2009
Confirmation mailed to participant	[____], 2009
Final payment for Shares***	[____], 2009

* Unless the Offer is extended.

** A Rightholder exercising Rights must deliver the (i) a Subscription Certificate or (ii) a Notice of Guarantee Delivery by the Expiration Date.

*** Additional amount due (in the event the Subscription Price exceeds the Estimated Subscription Price).

The Fund

The Fund was organized as a trust under the laws of the State of Delaware on August 6, 2003, and it is registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund has been engaged in business as a diversified, closed-end management investment company since October 20, 2003, when it completed an initial public offering of 20,500,000 common shares of beneficial interest, par value \$0.00 per share. On November 26, 2003, the Fund issued 1,984,498 common shares of beneficial interest pursuant to an over-allotment option. The Fund's common shares are traded on the NYSE under the symbol "MAV." As of [____], 2009, the Fund's NAV was \$[____] and the Fund's last reported sale price was \$[____]. On December 19, 2003, the Fund issued 3,000 Series A Auction Preferred Shares and 3,000 Series B Auction Preferred Shares, par value \$0.0001 per share. See "The Fund."

Investment Objectives and Principal Investment Strategies
 The Fund's primary investment objective is to provide its common shareholders with a high level of current income exempt from regular federal income tax. As a secondary investment objective, the Fund also may seek capital appreciation to the extent consistent with its primary investment objective.

Portfolio Contents

Under normal market conditions, the Fund will invest substantially all (at least 80%) of its assets (net assets plus borrowings for investment purposes) in debt securities and other obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income tax (“municipal securities”).

Municipal securities are often issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Municipal securities include private activity bonds, pre-refunded municipal securities and auction rate securities. The municipal securities in which the Fund invests may have fixed or variable principal payments and all types of interest rate payments and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features.

Although distributions of interest income from the Fund’s municipal securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions, are not. In addition, gains on sales of the common shares are not generally exempt from regular federal income tax. The Fund is not limited in the portion of its total assets that may be invested in municipal securities the interest income on which is a preference item for purposes of the alternative minimum tax for individuals or entities that are subject to such tax. All interest on municipal securities may result in or increase a corporate shareholder’s liability for federal alternative minimum tax. Shareholders should consult a tax adviser about whether an alternative minimum tax applies to them and about state and local taxes on their distributions from the Fund.

Security Selection

Pioneer anticipates that the Fund’s investments in revenue obligations will emphasize municipal securities backed by revenue from essential services, such as hospitals and healthcare, power generation, transportation, education and housing. Pioneer considers both broad economic and issuer specific factors in selecting a portfolio designed to achieve the Fund’s investment objectives. In assessing the appropriate maturity, rating and sector weightings of the Fund’s portfolio, Pioneer considers a variety of factors that are expected to influence economic activity and interest rates. These factors include fundamental economic indicators such as the rates of economic growth and inflation, Federal Reserve monetary policy and the relative value of the U.S. dollar compared to other currencies. Once Pioneer determines the preferable portfolio characteristics, Pioneer selects individual securities based upon the terms of the securities (such as yields compared to U.S. Treasuries or comparable issues), liquidity and rating, sector and issuer diversification.

Pioneer attempts to identify investment grade and below investment grade municipal securities that are trading at attractive valuations relative to the Adviser’s evaluation of the issuer’s creditworthiness and, with respect to private activity bonds, the profit potential of the corporation from which the revenue supporting the bonds is derived. Pioneer’s overall investment approach is both top-down and bottom-up. Pioneer first seeks to identify the sectors or regions of the municipal bond market that present the best relative value opportunities and then bases the Fund’s overall sector and regional weightings on that determination. Once Pioneer establishes the overall regional and sector weightings, Pioneer focuses on selecting those securities within each sector or region that meet its fundamental criteria. In determining sector weightings, the Fund’s portfolio management team also maintains frequent contact with Pioneer’s investment professionals who follow U.S. equities and those who focus on corporate fixed income investments.

In many cases, Pioneer will augment its municipal bond credit research and security selection processes with equity research analysis. Pioneer has a fundamental bias towards long-term security selection, rather than engaging in frequent “market timing” or short-term trading. There can be no assurance that this process will be successful.

Duration Management

Pioneer will actively manage the duration of the Fund’s portfolio of municipal securities based primarily on Pioneer’s outlook for interest rates. Pioneer will consider economic trends, Federal Reserve Board actions and capital markets activity, among other factors, in developing its outlook for interest rates. Pioneer believes that maintaining duration at an appropriate level offers the potential for above-average returns while limiting the risks of interest rate volatility. Duration is a measure of the expected life of a debt security that is used to determine the sensitivity of the security’s price to changes in interest rates. Pioneer will modify the average duration of the Fund’s portfolio in response to market conditions. Pioneer may employ certain strategies to reduce the Fund’s interest rate sensitivity, including investments in interest rate swap or cap transactions. There is no assurance that Pioneer will do so or that such strategies will be successful.

Credit Management

The Fund may invest in municipal securities with a broad range of credit ratings, including both investment grade and below investment grade municipal securities. At least 40% of the Fund’s portfolio of municipal securities will be rated investment grade at the time of acquisition (that is, rated at least Baa by Moody’s Investors Service, Inc. (“Moody’s”) or BBB by Standard & Poor’s Ratings Group (“S&P”) or, if unrated, determined by Pioneer to be of comparable credit quality). No more than 60% of the Fund’s portfolio of municipal securities will be rated below investment grade at the time of acquisition (that is, Ba or lower by Moody’s or BB or lower by S&P or, if unrated, determined by Pioneer to be of comparable credit quality). No more than 10% of the Fund’s portfolio of municipal securities will be rated at the time of acquisition lower than B by Moody’s and S&P or, if unrated, determined by Pioneer to be of comparable credit quality. The Fund anticipates an initial allocation to below investment grade securities of approximately 50%, although the actual allocation of the Fund’s investments will be subject to market conditions at the time the Fund commences investment operations.

Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal and are commonly referred to as “junk bonds” or “high yield securities.” They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated municipal securities.

Municipal securities rated Ba or BB may face significant ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the issuer being unable to meet its financial commitments. The protection of interest and principal payments may be moderate and not well-safeguarded during both good and bad times.

Municipal securities rated B generally lack the characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be low, and such municipal securities are more vulnerable to nonpayment than obligations rated BB. Adverse business, financial or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitment on municipal securities. Municipal securities rated Caa, Ca or C by Moody's or CCC, CC or C by S&P are generally speculative to a high degree. These municipal securities may be in default or they may present elements of danger with respect to principal or interest.

Generally, the issuers are dependent upon favorable business, financial and economic conditions to meet their financial commitments on such municipal securities. The Fund may invest in high yield municipal securities of any rating, including securities that are in default at the time of purchase.

Pioneer will determine the allocation of the Fund's assets among securities with different credit ratings depending upon Pioneer's evaluation of factors such as the spread between the yields on municipal securities of different ratings, changes in default rates, general economic conditions and the outlook for fiscal issues facing municipal issuers. Generally, as the spread between the yield on investment grade and non-investment grade securities widens, the Adviser will allocate a greater portion of the Fund's assets to non-investment grade municipal securities. If the spread based on relative credit quality narrows, Pioneer may determine that high yield municipal securities no longer offer a sufficient risk premium and increase the average credit quality of the Fund's portfolio. As the economy strengthens and the default risk lessens, Pioneer may increase the Fund's investment in lower quality, non-investment grade securities. Pioneer also seeks to mitigate the risks of investing in below investment grade securities through a disciplined approach, driven primarily by fundamental research to assess an issuer's credit quality and the relative value of its securities. Moreover, with respect to below investment grade securities that are private activity bonds, Pioneer intends to emphasize securities that are backed by revenue from publicly traded companies. Pioneer believes that this focus offers the potential for an informational advantage due to the substantial reporting requirements of public companies. With respect to investments in below investment grade private activity bonds, Pioneer also seeks to leverage its corporate credit research capabilities by selecting securities for the Fund payable by revenue derived from issuers followed by its staff focusing on below investment grade corporate issuers. Pioneer believes that a prudent blend of investment grade and non-investment grade municipal securities offers investors the opportunity for high current yield without undue credit risk. Covering a broad range of sectors and issuers, below investment grade municipal securities have traded in 2003 with historically wide spreads and what Pioneer believes to be attractive valuations relative to investment grade municipal securities. High yield municipal securities also have shown low correlation to other asset classes, including corporate bonds, U.S. Treasury securities and equity securities, providing diversification potential to an investment portfolio.

Municipal Securities

Municipal securities often are issued to obtain funds for various public purposes, including refunding outstanding obligations, funding general operating expenses and lending to other public institutions and facilities. "Private activity bonds" or industrial development bonds are issued by or

on behalf of public authorities to provide financing aid to acquire sites or construct or equip facilities within a municipality for privately or publicly owned corporations. Municipal securities include both “general obligations” and “revenue obligations” and may be issued to obtain funds for various purposes.

General obligations are secured by the issuer’s pledge of its full faith, credit and taxing power. Revenue obligations are payable only from the revenues derived from a particular facility or class of facilities.

Municipal Notes

Municipal securities in the form of notes generally are used to provide for short-term capital needs in anticipation of an issuer’s receipt of other revenues or financing and typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes.

Municipal Leases, Certificates of Participation and “Moral Obligation” Bonds

The municipal securities in which the Fund may invest include municipal leases, certificates of participation and “moral obligation” bonds. A municipal lease is an obligation issued by a state or local government to acquire equipment or facilities. Certificates of participation represent interests in municipal leases. Moral obligation bonds are supported by a moral commitment of the municipality, but that credit support is not a legal obligation of the federal government or any state or local government.

Asset-Backed Securities

The Fund may invest in asset-backed securities. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables.

The repayment of certain asset-backed securities depends primarily on the cash collections received from the issuer’s underlying asset portfolio and, in certain cases, the issuer’s ability to issue replacement securities. As a result, there could be losses to the Fund in the event of credit or market value deterioration in the issuer’s underlying portfolio, mismatches in the timing of the cash flows of the underlying asset interests and the repayment obligations of maturing securities, or the issuer’s inability to issue new or replacement securities.

Tender Option Bonds

Municipal securities may also be in the form of a tender option bond, which is a municipal security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term, tax-exempt rates. The bond is typically issued with the agreement of a third party, such as a bank, broker-dealer or other financial institution, which grants the security holders the option, at periodic intervals, to tender their securities to the institution. After payment of a fee to the financial institution that provides this option, a

security holder effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. An institution may not be obligated to accept tendered bonds in the event of certain defaults or a significant downgrade in the credit rating assigned to the issuer of the bond. There is a risk that the Fund will not be considered the owner of a tender option bond for federal income tax purposes and thus will not be entitled to treat such interest as exempt from regular federal income tax. Certain tender option bonds may be illiquid.

Illiquid Securities

The Fund may invest up to 20% of its total assets in illiquid securities, which are securities that the Fund cannot dispose of within seven days in the ordinary course of business at approximately the amount at which the Fund values the securities. Pioneer anticipates that its research efforts and investment approach will result in a significant portion of the Fund's assets being invested in thinly traded securities, including both illiquid securities and liquid securities as to which the trading market is less active than comparable issues.

Derivatives

The Fund may, but is not required to, use futures, options and swaps (including credit default swaps) on securities, indices and other derivatives. A derivative is a security or instrument whose value is determined by reference to the value or the change in value of one or more securities, indices or other financial instruments. Instead of investing directly in particular securities, the Fund may gain exposure to a security, issuer, index or basket of securities, or a market, by investing through the use of instruments such as derivatives, including credit default swaps, futures contracts, synthetic instruments and other instruments that are intended to provide similar economic exposure.

Other Securities

Normally, the Fund invests substantially all of its assets to meet its investment objective. The Fund may invest the remainder of its assets in securities with remaining maturities of less than one year, equity securities, cash equivalents or may hold cash. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or may hold cash. During such periods, the Fund may not be able to achieve its investment objective. See "Investment Objectives and Principal Investment Strategies."

Information Regarding the
Investment Adviser

Pioneer, a wholly owned indirect subsidiary of UniCredit S.p.A. ("UniCredit"), serves as investment adviser to the Fund. Management fees payable under the Fund's advisory agreement with Pioneer are calculated daily at the annual rate of 0.60% of the Fund's average daily managed assets. "Managed assets" means the total assets of the Fund (including any assets attributable to leverage that may be outstanding) minus the sum of the accrued liabilities (other than liabilities representing financial leverage). The liquidation preference on any preferred shares is not a liability. See "Management of the Fund -- Investment Adviser."

Potential Conflicts of Interest. The Fund currently employs financial leverage in the form of Auction Preferred Shares. If the Fund continues to employ leverage, Pioneer will benefit because the Fund's managed assets

	<p>will increase with leverage. Pioneer will also benefit from the increase in the managed assets as the result of the Offer.</p>
Dividends and Distributions	<p>The Fund's policy is to make monthly distributions to shareholders. Monthly distributions may include net short-term capital gains. Net long term capital gains, if any, will be distributed at least annually. See "Dividends and Distributions; Automatic Dividend Reinvestment Plan."</p>
Automatic Dividend Reinvestment Plan	<p>Pursuant to the Fund's automatic dividend reinvestment plan (the "Plan"), unless a shareholder is ineligible or elects otherwise, all dividend and capital gain distributions are automatically reinvested by American Stock Transfer & Trust Company, as agent for shareholders in administering the Plan (the "Plan Agent"), in additional common shares of the Fund. Shareholders who are ineligible or who elect not to participate in the Plan will receive all dividends and distributions payable in cash paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by the Plan Agent, as dividend paying agent. See "Dividends and Distributions; Automatic Dividend Reinvestment Plan."</p>
Provision for Conversion to Open-End Trust	