PIONEER INVESTMENTS
Pioneer Municipal High Income Trust (MHI) &
Pioneer Municipal High Income Advantage Trust (MAV)
Conference Call
October 21, 2008
4:00 pm EST

Tony Clarizio: Good afternoon and thank you for taking the time to join us for today's conference call.

The subject today is Pioneer Municipal High Income Trust which trades under the New York Stock Exchange symbol MHI and Pioneer Municipal High Income Advantage Trust which trades under the New York Stock Exchange symbol MAV.

My name is Tony Clarizio and I'm a Senior Product Manager here at Pioneer.

Before we begin I'd like to read to you that this call will include statements that contain forward-looking information. Such statements are necessarily subject to risks and uncertainty some of which are significant in scope and by their very nature beyond the control of the fund and its investment advisor, Pioneer Investment Management, Inc.

There could be no assurance that such statements will prove to be accurate and actual results and future events could differ in a material fashion from those anticipated in such statements.

Historical results are not necessarily indicative of future performance.

With that said this call will be available on replay for one week by dialing 800-642-1687 and you will need the ID number for access which is 67208015 (sic).

Also we will post a transcript of this call to our web site at www.Pioneerinvestments.com.

With that we're pleased to be joined today by David Eurkus, Portfolio Manager for both MHI and MAV, and Mark Bradley who's the Treasurer for Pioneer's funds.

David Eurkus will give us an update on MHI and MAV and the municipal bond market in general.

As you know the credit crisis and ensuing market turmoil has triggered a material drop in both market prices and NAVs for most closed-end funds over the last few months.

Discounts have widened to levels that I haven't seen in more than a decade. In the last couple of days we've seen discounts retrace a bit.

Things are moving rapidly as events and reactions are compressed into days, not weeks and not months anymore.

The impact has been widespread across almost all asset classes and in particular leveraged closed-end funds.

Municipals have not been spared from the volatility and consequently valuations are cheap and tax equivalent yields are compelling.

With that let me turn it over to David Eurkus.

David Eurkus: Tony, thank you. Good afternoon everyone. As you know MHI and MAV have been in the market since the second half of 2003.

As we have discussed in the past, a confluence of events has significantly impacted the municipal bond market, starting this past February when liquidity dried up in the preferred share market.

We then had a second wave with the sudden implosion and total absence of liquidity due to the ongoing credit crunch and fiscal crisis.

But even more severe this time because it was precipitated by one of the largest closed-end taxable money market funds breaking the buck which caused a huge run on taxable and some tax-free money market funds. It was followed by another large institutional money market fund here in town which had to shut down because of huge redemptions in a short period of time.

All this illiquidity and these credit issues are primarily driven from the taxable bond market, not the municipal market - but rather from the mortgage market writing down losses; the defaults are occurring on huge scales by financial institutions and pension funds and this has really caused the liquidity crunch which has required the Fed as you know in the last month or so to really step up and come to the rescue to provide substantial amounts of liquidity domestically; central banks around the world are doing the same.

So we have not seen credit problems in municipals and really not a general credit problem in the taxable bond market, but rather an illiquidity problem in the overnight market as it relates to LIBOR and BMA rates. There’s been a total liquidity lock for quite some time.

There are other factors that really caused a lot of issues causing municipals to really underperform on a relative value basis to the point now in the last few days where its become the cheapest ratio ever recorded in the history of the financial markets of the United States.

As we know, just as a refresher, the cheapest ever ratios of AAA municipals to treasuries occurred in 1986 when Bob Packwood, Senator from Oregon, proposed taxing municipals. We came in that Monday and the municipal market sold off about 12 points in a day and the ratios for the first time went through parity and got to 112% of treasuries.

And then we had a touch of that at 115% this spring with the removal of liquidity in the weekly auction markets.

And then more recently in the last four to six weeks with the lack of liquidity crisis upon us, the ratios skyrocketed to approximately 150%.

So this sudden collapse of values - and again not because of any major defaults or credit problems - but really because of this huge liquidity issue overnight out to a week in the taxable bond market caused huge dislocation where literally one could not sell many assets in the tax-exempt sector.

So it caused the ratios to expand to record levels and real severe underperformance as Tony mentioned in primarily the closed-end funds where discounts absolutely increased at a huge rate in a very short period of time - meaning that the discounts, many of which were at premiums in the middle of this year, fell to as much as down 20, 25, 30, 35% in a short period of time and also a lot of underperformance in the open-end both investment grade and certainly the open-end high yield municipal asset class .

The $2.5 trillion of municipal bonds outstanding really got lost in a major way.

Then another thing that occurred in a dramatic fashion, as you know, earlier this year is the realization that all these synthetic insurers, MBIA, Ambac, FGIC and so forth had tremendous insurance exposure to these taxable mortgage pools. The rating agencies threatened to remove their AAA rating unless they could come up with significant amounts of additional capital which they didn't do.

And consequently half of outstanding municipal bonds and, about $600 billion, were downgraded from AAA.

So the entire municipal market was re-priced in the last several months down an average of 60 basis points - just from going from AAA to the average underlying rating of single A.

Overall, given the absence of liquidity the credit markets and the pounding that the taxable market (ex Treasuries) has taken, the municipal bond market has been seriously impacted as well.

And ironically its been, next to Treasuries, one of the safest markets which makes it even more compelling and that's why the incredibly cheap ratios are very compelling right now. We believe this is probably the most outstanding buying opportunity we will have in our lifetimes and in the next several decades. This is truly unique because of the confluence of events that were driven primarily from the illiquidity in the overnight marketplace.

The ratios are historically cheap but lately, the market has improved a lot. There's been tremendous buying going on when these ratios approached the 125% - 130% range.

The buying has been primarily by individuals - as you've seen the State of California successfully underwrite $4.5 billion six-month to one-year notes, the bulk of it would be purchased by individuals within the state.

And Connecticut came up with a deal almost entirely purchased by individual orders. And a New York deal also.

There was huge buying going on as interest rates went from yields of 5% to 5.25 to 5.50 for a AAA bond.

And in fact it was such a violent correction that it's really hard to comprehend, which made municipals artificially go down much too fast. The pricing service didn't know what to do and this caused total confusion.

AAA Harvard, MIT, Princeton University bonds on their own in the last six weeks went from a yield of approximately 4.75% to over 6%. You had more than 100 basis point rise in less then four weeks on just the AAA scale. That was the magnitude of the correction.

Not because Harvard, MIT or any other outstanding schools, colleges and universities are in trouble financially, albeit it's the opposite, they're in great shape with huge amounts of funds.

Positions in hospital-healthcare, public and private schools, transportation, power and energy are still the same. Those things are very important. You've heard me say that on and off again since we started the funds.

The most important aspect to say here is that this asset class now presents an historically cheap buying opportunity for the intermediate to long term. This is an opportunity that came in the early 80s which was the last time we had significant double digit rates and short rates were a little bit higher than long term rates and you had a negative real rate of return because back then inflation was running at a higher rate than the coupons in the market.

This time it's the opposite of inflation. It's actually floating - when you've had this huge spike in tax-exempt rates while the only market that really rallied precipitously was the treasury market when a flight to quality occurred.

Who would have ever thought six months ago that you'd have a three month treasury go from about 5% to less than 1%?

So we think that going forward with the election coming on, there's no way you're going to see any significant change in tax rates. They will continue to remain high. That's going to add even more value to the tax-exempt market because now as we speak you see substantial amounts of buyers - not only the individuals - but also taxable bond funds are buying municipal bonds because the taxable equivalent yields are unprecedented. We've never had them this high before ever.

And the fact that we're in a low inflationary environment- the economy obviously is slowing, possibly in a recession, and recovery probably won't happen until 2010.

So the environment is perfect for a reloading of this particular asset class to lock in a significantly higher tax adjusted, taxable equivalent yields on an asset class that we believe continues to be the safest after Tresauries. All the major global domestic investment firms are literally overweighting municipal bonds to realize what we believe is an attractive buying opportunity.

People are a little complacent because they've heard the same story for the last four or five months. The municipal market got worse; everything was getting worse and worse as liquidity issues really sort of became more pronounced with the Fed and the central banks having to step in.

And again as we know 80% of all people buy high and sell low, the same has being true here.

People literally in the last week were giving away some securities which were quickly gobbled up by both tax-exempt individuals and taxable bond funds.

So in fact the market has really started to improve a bit. The bottom we think has been found.

So that's out for the next three to five years because given the global environment we believe could easily remain in a low inflationary environment and the taxable equivalents are quite compelling. It is one of the safer asset class even though the economies will be slowing and revenues from states, cities and towns will be contracting somewhat and there may be some down grades.

But overall, factoring in almost 15 to 30% discount on the asset class even if you were to see a modest increase into local issuers defaulting or having some financial problems, that would in no way take away from the longer term total return because some of the tax swapping done and the huge discount on bonds just in the last five weeks where we saw a 5% 30-year bond go from a price of around par to now in the mid 70s; a 25 point drop in the last couple months. It’s unprecedented.

So we believe there is huge room for principal appreciation going forward here particularly with the economies of the world slowing and clearly the Fed is on hold and continuing to ease here.

So with that I’ll close, maybe take a few questions and Tony, turn it back to you.

Tony Clarizio: Thanks David. We can open it up for questions now Operator.

Operator:

Caller 1,your line is open.

Caller 1: Hi. Yes, I had a question about the closed-end fund structure and the discounts involved in the pricing there.

And I do understand that a lot of the closed-end funds that use leverage have been hit and subject to a lot of discounts recently.

And I would guess that has to do with the leverage component.

Can you talk about the leverage component within your funds and if there are any types of covenants related to the leverage that would require any types of adjustments or sales of securities in the fund or any type of ratio test that must be met?

Mark Bradley: This is Mark Bradley, the Treasurer of the funds. I can address a portion of that certainly.

Yes, these two funds do employ leverage but the leverage as you're aware magnifies movements up and down.

There are certain ratios that do need to be maintained for a variety of different purposes, including the 1940 Act under which these funds are registered. There are certain covenants that we have to maintain debt ratios or certain asset quality as it relates to our rating agency tests. There are various SEC and IRS compliance tests that we need to meet.

We are monitoring these things very closely. We have adjusted some of our holdings to maintain our ratings and to make sure that we are in compliance with all our different tests. Nothing significant, we're not feeling a particular amount of pressure. We are seeing things start to improve in terms of the rates that we're paying on our preferred issues. Those rates spiked up two, three weeks ago and have steadily come down since.

Does that adequately answer your question?

Caller 1: Yeah, I guess. Could you speak a little bit more to your cost of debt and what that rate is currently and the term structure of the different debt components of the fund?

David Eurkus: Well Mark let me. We have 28% leverage on MHI and about 35% on MAV and a little bit higher.

But the point is that financing costs, again for the second time, spiked up because of BMA and the liquidity issue - when these huge money market funds broke the buck and literally the BMA municipal rate -which resets on the weekly preferreds - had been about 1.6% and spiked up to over 8% very quickly.

So financing costs did go up as they did in the first liquidity punch we had at the end of February and early March of this year and then quickly dropped down.

Since the spike in the rates that Mark had just mentioned, the BMA rate has followed and has gone from over 8% back down to about 3.5% and will reset to back around 2.5%.

Caller 1: And that rate applies to all the leverage that's used within the funds?

David Eurkus: Yes.

Caller 1: Okay, great. Thank you.

Caller 2: One of the press releases that I thought I saw was that you were paying as high as 11% on one of the funds and 8% on the other. Is that correct?

Tony Clarizio: Right. Probably two weeks ago we were paying max rates on MAV and MHI that were in that vicinity. They had reached double digits, 10, 11, even 12%.

But as you know these are weekly auctions on these funds and they reset accordingly.

And the last few auctions those rates have come in quite a bit. In fact the latest ones we have here are anywhere from, you know, 3.6 to 5% give or take.

Caller 2: It was my impression that virtually there are no successful auctions, that every weekly auction is failing.

Is that not the case?

Tony Clarizio: That’s correct. And what happens when auctions fail is the rates reset at what they call the maximum rate. So that is a result of the failing auction.

Caller 2: All right. And it’s a slightly different question. Your presentation implied that there are bargains in the market right now.

Does the fund have liquidity within the fund that it can take advantage of those bargains?

David Eurkus: Yes. It has both the liquidity and the use of taking advantage of tax swaps, that is bonds that we acquired as short as three months ago when rates were declining from the first sort of set back at the end of February, early March and now are able to take advantage of these huge corrections that have occurred as I said earlier of over 100 basis points just in the last four to six weeks.

Caller 2: Well taking your cash needs into account, are you going to be able to maintain your current distribution?

Mark Bradley: We believe that we have sufficient earnings even with the temporary spike in the financing rates to maintain our current distribution rates.

Caller 2: Thank you very much.

David Eurkus: You're welcome.

Caller 3: Good afternoon and thank you for a very fine discussion on the general municipal market. It agrees with the headline on this week's Barron's Muni Bonds, The Yields are Staggering, Page 26.

And incidentally if anyone wants to see the rates which our funds pay for their ARPS, Pioneer is good enough to list them every week. I see the numbers for each fund, taxable and tax-free. They're listed right on the Internet there.

Now the first question I had is for David Eurkus.

Last time I called and we were going to lower the grades on MHI to enhance earnings.

And at that point you had converted 3% to a lower grade. I was wondering if there was any more progress made on getting a lower grade for some of the investments.

David Eurkus: We did that, in fact about 3% lower. We're currently standing at about 40% below investment grade; the other 60% in investment grade.

With this most recent correction, and violent correction, we are as we speak reviewing selective credit that we really would like to add to take advantage of this huge readjustment in yields to book even higher incomes and book yields for our shareholders.

So the answer is yes, very selectively beginning to add some value in the low investment grade.

And keep in mind that on alot of these below investment grade, we are applying an average of a BB internal rating on. These are still however, quality credits. And as evidenced by the middle of this year July, some of this paper was at 6%, and now some of this paper is about 8, 8.5%, so a fantastic opportunity to take advantage of what we're talking about.

Caller 3: Well on MHI you have about 25% leverage. I guess you can go to 50% if you wanted -not that I recommend it with these ARPS changing from week to week.

David Eurkus: Right.

Caller 3: The next question I had is I'm always very interested in the UNII, the Undistributed Investment Income.

The last I saw was the annual report for MAV and it showed a 30 Cents UNII and MHI was on April 30th - the annual report said 20 Cents UNII.

And I was wondering if there's any later numbers on the UNII.

Mark Bradley: There aren't any numbers at this point. We will have a September semiannual that will be published towards the end of November. That will be the next update on the current status of that.

I will go back to the point that I made earlier that we do believe we have sufficient earnings to maintain our distributions.

Caller 3: Incidentally I don't know if you want to do anything differently but Van Kampen, Morgan Stanley, Nuveen list their UNII every month, also BlackRock. BlackRock's is already out for September.

And that's about it. Thank you again for your answers and the good report.

Tony Clarizio: Thank you.

David Eurkus: Thank you.

Caller 4: Yes, thank you. I have a couple of questions.

I assume that you can't get a higher yield on investment than the current closed-end funds are paying.

The first question is why are you not buying them back below NAV because that's the most enhanced yield you would have?

And secondly, as we look at NAV and with the obvious reasons that its down 30 or 40% since say January, can you give some comment as to how the process works that the NAV gets marked down so severely when there's not a default in the system to justify it?

David Eurkus: I would say one, most of the volatility or the activity of the equity on a closed-end fund is driven by the fact that it is listed and the whole purpose of a closed-end fund is to seek maximized income.

And so you have these overreactions going on in the equity market particularly in this unique series of events that have just occurred with some of the most outstanding equity funds with the best portfolio managers down anywhere from 35 to 50%. So, literally no prisoners have been taken so you have an extreme downside both on the NAVs of closed-ends, open-end and individual bonds in particular.

Tony Clarizio: Just to add, the NAV as you mentioned is a reflection of the underlying assets in the portfolio.

And in this case you're talking about municipal bonds and as David mentioned municipal bonds have sold off dramatically this year and have been marked down dramatically.

Mark Bradley: Well and it magnifies what David said before that we are seeing unprecedented yields available in the municipal bond market.

And the fact of the matter is in the bond market when yields are up, values are down. You see that reflected in the NAV of the fund.

Now the interesting aspect is the discount to NAV has stayed relatively flat for these two funds. They did spike up a little bit but in fact they have come back quite nicely so that as of I believe yesterday the discount on MAV was about 2.5% and MHI is 6.5%.

In the closed-end market that's quite good.

Tony Clarizio: And just one more thing to add with closed-end funds as opposed to open-end funds, they are traded on the stock exchange.

So movements can be pretty magnified. That’s why we’ve seen a lot more movement in the closed-end fund market.

Caller 4: So I think what you’re saying is that the NAV is many times are mark-to-market issues, have absolutely nothing to do with the fundamentals of the fund.

David Eurkus: That is absolutely correct.

Caller 4: Okay, then going back to the original question. For the sake of argument - if MAV is yielding 10%, is it not the best yield you can buy or is there a better yield that you could buy that doesn’t give you great enthusiasm to go buy back your own security with that kind of yield to it?

Mark Bradley: Oh, I think I see what he’s asking.

You’re asking would we not be perhaps better off instituting a share buyback program and use our cash for that rather than going into the marketplace and buying more municipals?

Caller 4: Yeah, I mean if the yield that is out there in the public marketplace for the securities that you have is higher than the yield that you’re going to buy, I don’t see any advantage of trying to out think the market when you’ve already got the market in your hands.

David Eurkus: Well we have tremendous opportunity to buy huge discounts on bonds that we feel in the high yield market will appreciate substantially in the foreseeable future.

Mark Bradley: We see it as a better opportunity in the marketplace to pick up yield and pick up total return on top of it.

Mark Bradley: And that is where the value is. Not in the repurchase market right now.

I see your point and I think that in some other asset classes that might be a valid point.

In this asset class I don't see it as the best alternative.

Caller 4: As a curious side question to that, would there be any intent to do a rights offering and to use new capital to take an advantage of what you see in the marketplace now?

Mark Bradley: We are always evaluating opportunities like that. One of the issues with doing a rights offering is that it would reduce the ratio of leverage in the fund if you issue more common shares and you're unable to acquire additional leverage to keep your ratios the same. Then you do actually impact your returns on an ongoing basis.

And part of the issue is that the leveraged market for the closed-end fund remains largely frozen particularly on the municipal side.

So we absolutely consider it but until we can see some movement in refinancing the municipal side it hardly seems practicable.

Caller 4: I know Nuveen puts out a report almost every other day in the closed-end fund refinance environment.

Have you made any specific progress in replacing the preferreds in any large amounts with any fixed rate instruments?

Mark Bradley: At this time we are still evaluating all the different choices. The things that Nuveen is putting out is new to the marketplace and we are watching that terribly closely to see if it's going to be a result that we can live with for the long term.

We think that there's promise there. But we take pause right now especially given the crisis that's gone on in the money market realm where that paper is sold. We need to have a little more time in evaluating whether that's going to be a success or not.

Caller 4: Okay, my last question, what could go wrong that we're not seeing because I see the same thing you see as an investor of 30 years and I've been buying hand over fists in the closed-end market for over two or three months now.

What are we missing?

What can go wrong that we're not evaluating?

And I say we as investors and you as management.

Tony Clarizio: From a valuation standpoint? From a yield standpoint?

Caller 4: All of the above. Where can we be wrong in this process, a greater number of defaults, things that you're not seeing?

I went back a hundred years. I mean I've done the same things you've done and as many other investors apparently have done.

You've had some bounce off the bottoms but you haven't had certainly the retracement back to anywhere near where some of these funds have come from in terms of what we all would call normalized tax-free yields but still would be above the taxable treasuries.

So I'm just questioning what are we missing? Is there anything we're missing here or is this just one of the dislocations of the market that you get once every 50 years? Say thank you very much and you buy into it.

David Eurkus: It is one of the most significant dislocations, not in 50 years, but since municipal yields were really recorded going back to the beginning of the century.

So we're not missing anything. We always have assumptions of what's gone wrong and so much unfortunately has already gone wrong because of the credit and financial crisis in this country right now.

The only other thing that could possibly happen is you have a long protracted global, not slowdown but recession. That's not a few quarters but several years of really horrific growth which obviously goes into debt or deflation.

And of course to get there we're all out of a job. So that's the dark side.

And that's why you're seeing the best minds, the best financial minds and all potential banks and there are a lot of quality people in the Treasury Department working diligently at these new programs that are being introduced to free up this illiquidity, this gridlock, this fear that's occurred.

We know we've been over leveraged as a country particularly here in the United States when you can go in and buy a house for $500,000 and put, you know, maybe $2,000 down.

David Eurkus: Well you do the math, that's what we're paying for right now. So deleveraging is occurring.

Caller 4: When you look at the government, our government and the world's government throwing 2 and $3 trillion at a problem and I didn't know how many zeros were in a trillion till the other day – out of curiosity -when somebody throws that kind of money into the problem arena have you given any evaluation of when it comes out the other side? The level of inflation and inflation adjusted problems that might bring on an interest rate reflected basis?

David Eurkus: Yes. Great question. We do. That is probably the most real concern we have and obviously you've picked up on it so kudos to you because you go back to every recession that's occurred and more than 13 slowdowns since1926 or '23. We've all had a recovery rate and the stock market's always led with inflation coming out 2.7.

So there's a known pattern historically. So we do see some concern out there but I think its two to three years out because this is a very unique situation.

And let me say that the U.S. economy is the largest in the world followed by Japan and then Europe as number three; and Asia particularly China and India make up the difference.

Two-thirds of the world's GDP are in the three economies which are in a recession; Asia will obviously slow from those super growth rates.

But we think because of the huge number of people on the planet and consumption and inflation rolling over and readjustments are now occurring, these write-offs and slowdowns and this huge reversal of commodity prices from energy and metals and you pretty much name it. It's putting everything really back into perspective for the beginning of a new industrial revolution which has occurred in the past, where it's going to be global in nature because clearly Asia will become a much more dominant economic force for the balance of this century.

And so with those brilliant minds throughout the world and all these central banks with these huge amounts of money still available and that present value cash flow analysis going over the next 25 to 50 years on a global basis, this 2 to $3 trillion is a drop in the bucket. This could be made up literally in a year or two of decent growth on a global basis. But the real answer is that we have to be very careful because if the economies do start to pick up a little faster than what we just said, then the Fed has got to take a lot of this high power jet fuel back out of the market, right?

Caller 4: Yeah, oh I would agree, yeah.

David Eurkus: And that's the balancing and that's probably the most important thing we have to monitor going forward for the next one to three years.

Caller 4: Okay. I appreciate your answers. Thanks very much.

David Eurkus: You're welcome.

Operator: Caller 5 your line is open.

Caller 5: Yes, good afternoon gentlemen and thank you for all your information.

I had a couple questions.. First of all I think actually the economy of Europe is greater than the economy of Japan as you were talking about before.

But in regards to leverage when you're defining leverage as 25% or 30% you mean the amount of leverage over the entire assets, not over net assets, is that correct?

Mark Bradley: That is correct.

Caller 5: So for many of us if you were 33% leveraged in our own lives we would probably think of that as 50% leveraged possibly.

Can you also tell me with your management fee - is that based on your net assets or is the net assets plus the leveraged assets?

Mark Bradley: Yeah, the term ARP in the industry is on managed assets.
So the amount of money that we're managing is the amount of money we're compensated for.

Caller 5: Right, so that would be the net assets plus the leveraged assets, correct?

Mark Bradley: Correct.

Caller 5: And one other thought I had was I can see one scenario where in the medium term things could go quite the opposite while I do agree with you that these are advantageous times in the municipal market.

Given the failure of ARPS and a lot of this other leverage, there are hundreds of these municipal funds -and as they deleverage or if they're forced to deleverage or if the ARPS do not come back down to a reasonable level; if they stay up at a certain level it doesn't make sense to pay 6% for bonds that yield 5% plus one's management fee. There could be scenarios where multiple closed-end funds have to sell-off to basically unwind their leverage.

Could you speak to that a little bit please?

Mark Bradley: I guess that's a fair scenario -certainly one that we've been looking at in our monitoring.

That one would take some time to play out and based on what we've seen in the last two weeks with the spike and subsequent nearly 800 point drop in those rates, it is not on the front of the burner at the moment.

Your scenario I think is correct. It is a possibility.

And frankly depending on what penalty rates some funds have written into their agreements you might see that start to happen for one or two funds.

I think most funds have a penalty rate structure that they can live within once these rates get back to where they were and maybe a little lower.

So at the moment it appears that the wave has gone by. I can't see the future any better than you can however.

Tony Clarizio: This is Tony. Just to add to that, Mark mentioned earlier these tests, these regulatory tests. We have rating agency tests as well.

But the tests for auction rate preferred which is known as the Asset Coverage Test, if you're a fund that uses auction rate preferred as these two funds do we have to maintain a minimum of 200% asset coverage ratios which equates to 50% maximum leverage in your fund.

Caller 5: Okay, thank you very much.

And very last question, what is the rate that you're keying off of? Is it a LIBOR, a weekly LIBOR, a monthly LIBOR of Fed funds?

Tony Clarizio: Right. Well for both funds we key off... a Kenny rate which is a floating municipal rate if you will.

Caller 5: Thank you very much.

Operator: Caller 6 your line is open.

Caller 6: Hi. Thanks. I had a question for you as it relates to the attractiveness of municipals currently.

And, you know, you read a lot about how that is the case today and it's based on the spreads over treasuries.

And it seems like in a lot of different asset classes that's the case. Risk premiums are high across all sorts of areas including investment grade corporates. I think they're at like 17 year high spreads. High yield bonds are also at high spreads.

How do municipals relate in attractiveness relative to those other types of fixed-income securities other than treasuries? Because I could see a scenario where by over the next couple of years or over the next year treasury yields are going to go up but maybe so that spread could get closed by treasury yield changes rather than changes within the municipal market.

How do the rates of municipals compare to investment grade relative to history?

David Eurkus: Good question. Let me give you several answers.

One, I concur more likely you will see as the system unwinds and more liquidity is provided, because of what's going on as part of the domestic and foreign central banks, that treasury rates in fact will begin to rise which is a good sign. At least liquidity is loosening up and it's going into all other fixed-income markets because as you know the credit markets are a hundred times larger than equity so everything is driven there.

So as it relates to the investment grade market - municipals are about average right now. I don't have the ratios in front of me because I just never thought of bringing them in.

But as it relates to municipals and treasuries record levels have been set, 125% to 150%.

The thing one has to continue to stay focused with is the fact that the default rates on municipals have been superior to those of the taxable bond market in general. Even if one factors in and which Moody's does when they do the reports which ended at the end of '07, even with high yield municipals included in the huge pool of investment grades, the default rate is still 0.6% going back almost to the 1930s.

And in the decade ending in ’07, the last ten years in fact the default rate fell to 0.1% so it’s actually been improving.

But there really has been a huge yield adjustment but not a significant default adjustment in either asset class.

So that will bring us to the next step of relative value in managing fixed-income money. As you know we’ve always weighted those sectors in the municipal area, of vital parts of the economy which will function whether the economy is good, bad or indifferent. Areas such as hospital/healthcare, water/sewer, private/public education, transportation and other subsets.

The same is true of items in the sectors on the taxable side that are very salient and dynamic to the function in the economy. Consumers will continue to spend. They’ll cut back on energy versus this or that.

So there’s some wonderful opportunities on the taxable side - sectors vital on the taxable side and those vital to mother America -which is how the municipal market is financed.

It has had a substantially lower default rate over an extended period of time and also a substantial recovery rate even with defaults on municipals versus taxables. We believe it still indicates a very attractive level of value in tax-exempts versus their counterparts on the taxable side.

So it’s really locking up an income stream, good call protection, a sector that’s really on a relative value basis very important for the type of business cycle we’re in -be it good or bad. In this case it’s pretty rough.

So it’s choosing those cash flows in the super low interest rate environment that we could be in for up to three years.

Caller 6: Okay great. And as far as the default rates on municipals go, do they tend to cycle coincidentally with investment grade default rates or just corporate bond default rates -not to the same magnitude but as far as the timing of the cycle?

David Eurkus: No, not necessarily. If my memory serves me correctly, the most recent debacle we had was back in ’02, ’03 when you had the monstrous spike in high yield taxable rates.

And the defaults increased up to about I think 5.5 to 6% for a period of time.

And throughout - municipals just had some technical defaults from the airlines, from the 9/11 attack when Delta, United and Northwest went into technical default to aggregate their high expenses for the union wages.

So I guess what I’m saying is you had a monster default and a very specific event designed default that was intentional on the part of the transport industry.

So the correlations have been very, very low.

Caller 6: Okay, thank you.

Operator: Caller 7 your line is open.

Caller 7: Hi. I had a couple of thoughts that I wanted to let you have.

In the municipal article in Barron’s it said historically municipals trade at about 85% of the yield of the treasury. They showed graphs of the 30-Year Treasury and the 30-Year AAA and we’re now at about 130% over and we should be at 85%.

So there’s a lot of room for the municipals to go up, to go back into history.

As far as what bad things could happen to the fund, if Barack Obama is elected President and he wants to spread the wealth to the poor and the medium class he is liable to say all municipal bond’s interest is taxable. I mean I don’t expect it but that’s a possibility.

As far as the liquidity, if it ever happens again - I couldn’t believe what happened eight days ago. MHI closed at $7.31 as compared to today at $9.72. That’s $1.40 or so. And the discount was 32.31%, that was eight days ago.

Ten days ago MAV had a 28% discount closing at $7.93 and today’s closed at $9.38. And the yields were ten days ago 11.35% and today it closed at 9.59%.

MHI was a $11.49 and today it’s an 8.64 yield at the end of the day.

So if we ever have another liquidity problem where usual open-ends and closed -ends had to discourage some tax-free bonds, it was unbelievable what happened. In fact one of the callers said maybe it would have been propitious for you to go in and buy at $7.31 MHI and, you know, the 33% discount and similarly 7.93 with MAV price in the market.

Tony Clarizio: Thank you. Great. Well I want to thank all of you for participating. We had some great questions today.

And I want to thank in particular David Eurkus and Mark Bradley for joining me here in Boston.

Let me repeat the replay dial-in number; 800-642-1687 and the ID number access number 67208015. That replay will be available for one week.

And with that I thank you all. Have a great evening.

END

Pioneer Municipal High Income Trust (MHI) – Performance as of September 30, 2008

	1 Year	3 Years	5 Years	Since Inception (7/17/03)
MHI - NAV	-16.40	-1.88	2.56	2.89
MHI - Mkt	-25.90	-5.90	-0.85	-0.91
Lehman US Muni Bond Index	-1.87	1.86	2.84	3.47

Pioneer Municipal High Income Advantage Trust (MAV) – Performance as of September 30, 2008

	1 Year	3 Years	Since Inception (10/20/03)
MAV - NAV	-19.50	-2.00	2.25
MAV - Mkt	-28.33	-5.37	-0.82
Lehman US Muni Bond Index	-1.87	1.86	2.99

Call 1-800-225-6292 or visit www.pioneerfunds.com for the most recent month-end performance results. Current performance may be lower or higher than the performance data quoted.

Performance data shown represents past performance. Past performance is no guarantee of future results. Investment return and market price will fluctuate, and your shares may trade below net asset value, due to such factors as interest rate changes, and the perceived credit quality of borrowers.

Total investment return does not reflect broker sales charges or commissions. All performance information is for common shares of the fund.

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 specified period. Otherwise, fee waivers can be rescinded at any time. See the prospectus and financial statements for more information.

The Lehman Brothers Municipal Bond Index is a broad measure of the municipal bond market.

Closed end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset value. Net Asset Value (NAV) is total assets less total liabilities divided by the number of common shares outstanding.