

PIONEER INVESTMENTS

**Pioneer High Income Trust (PHT) &
Pioneer Diversified High Income Trust (HNW)
Conference Call
October 22, 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 High Income Trust, which trades under the New York Stock Exchange symbol PHT, and Pioneer Diversified High Income Trust, which trace under the New York Stock Exchange symbol HNW.

My name is Tony Clarizio, and I'm the 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 uncertainties, some of which are significantly 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 access code, which is 67295916.

We will also be posting a transcript of this call to our Web site at www.pioneerinvestments.com.

We're pleased today to be joined by PHT Portfolio Manager Andrew Feltus. Andrew is also one of the portfolio managers on HNW as is Jon Sharkey, who is also here with us today.

In addition, we are joined by Mark Bradley, Treasurer for the Pioneer Funds.

Andrew will give us an update on PHT and the US high yield market; then both Andrew and Jon will address HNW.

As I mentioned yesterday at the beginning of another call that we did on our municipal bond funds, the credit crisis has triggered a material drop in both market prices and NAVs for most closed-end funds over the last few months.

Discounts had widened to levels not seen in more than a decade, although those discounts have come in somewhat in the last week.

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

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

Consequently, valuations are historically cheap and yields are extremely attractive.

We'd be happy to take questions at the end once Andrew and Jon have completed their remarks.

So with that, let me turn it over to Andrew Feltus.

Andrew Feltus: Thanks, Tony. And thank you everyone for taking time to hear what's going on.

Clearly, the markets are very tough these days. It's difficult for basically all asset classes.

But I think what you'll hear today is a good story - that those of you who have stayed with us have been maybe unhappy with the absolute numbers, but we are delivering fairly positive relative performance, and there's an opportunity here, and we will have the facts of what we see going on.

To start with High Income Trust, I think the first question is what's going on with the dividend? And nothing is going on with the dividend. We are earning it, the current market is allowing us to reinvest at a higher rate. And so the dividend is safe for the foreseeable future.

We actually have over-earned our income once again, and that gives us a lot of flexibility going forward, and it's not something we're going to have to worry about in the near term.

Second, we have leveraged the fund with auction rate preferreds, and that market that has remained locked up. Pioneer is continuing to look for solutions that will benefit all the stakeholders involved.

Likewise, it's a closed-end fund, so we don't need to worry about redemptions and that gives us a lot of flexibility. That allows us to take a medium-term view versus an extremely short-term view.

And most people in the market today are looking in terms of days or hours, not weeks and months.

On this product, we have the flexibility to do our credit work and make sure we're buying good companies and that we're getting paid to take that risk; that's why we've been able to deliver performance.

Year-to-date on a net asset value basis, High Income Trust is down 9.5%. That compares to the high yield index, which is down 9.57%.

Now remember, we're a leveraged fund, so you would expect to see us underperforming that index substantially, both due to the leverage and the fees that are embedded. So, we're very happy with that performance.

Do you know how we have been able to do that? We've avoided most of the disasters due to good credit picking and we've avoided the worse parts of the market. We've been underweight triple CCCs and we've been, most importantly, underweight in autos. We actually have no direct auto exposure

to Ford or GM and limited exposure to the credit companies associated with them.

Plus, we've done a good job managing our cash. And we are now reinvesting that money at a much higher rate. And it's probably a good segue to talk a little bit about the market.

At this point, the high yield market is yielding 8.5%. That is an all-time wide spread to treasury. It's also at an all-time low in our price. This is as bad as it has ever been for the high yield market. The market is pricing in somewhere between a 22% and 35% default rate.

What's been the all-time high in default? In the last cycle, we hit 10.5%, about half of that was accounted to the defaults over two years, such as the telecom market, which experienced the dot-com bubble, like many other sectors.

Before that, it was 1990. The Default rate was 12%. That was the recession and the Michael Milken times triggering a financial crisis that looks very similar to today. Either way you want to look at it, we're not looking at defaults anywhere near that level. Actually, on a trailing basis, defaults are running at 3.5%.

Now, they are clearly rising. But we don't expect to see anything near what the market is pricing in. We think we probably see something in that 4% to 5% range for 2008, and that number will continue to rise in 2009.

The real question is, what's going to happen this time? And then the longer we stay in this credit crunch - and even though we are not yet in a technical recession, we've been in recessionary conditions since the last year as far as the economy.

And we had hoped that it would turn around in the first quarter, but due to the deepening banking crisis that we saw in the last two or three months, we postponed that.

We've seen a lot of actions by the authorities, cutting interest rates, injecting liquidity into the system, injecting capital into the banks, and that goes a long way to solving the crisis. It's really the first time that we've seen a global effort. Europe particularly has moved much more rapidly than they have in the past to address these issues. And that leaves us to believe that we don't expect to have that depression scenario. We're willing to take that off the table. And given the market pricing in almost a depression-like scenario, that gives us a lot of hope.

The main issue is going to be timing; when will we see improvement in the financial markets. We expect it to be rough going because the timing is going to be slow, and that gives pressure on earnings and that gives pressure in the market, and it's going to be volatile.

But, if you give the time for the policies to work, and for the time that it comes back, hopefully, sooner rather than later, you're potentially looking at a very large gain.

But the most important thing is you're getting paid to wait at this point. The yields offered by the fund are definitely safe because we can reinvest at higher rates since we have cash to put to work. We're taking advantage of that opportunity, and hopefully, you and your clients will be able to take advantage as well.

Moving on to the Diversified High Income Trust, much of what we say really applies for this. The performance has been very strong. It's down year-to-date on an NAV basis, 7.75% roughly. That compares to the high yield market of 9.57%, and the loan market, which is -7.5%. Even if we look at our blended index, that is down 8.5%.

And what's driven that? Well, it's the core attributes of the fund, which is a combination of using high yields -- global high yields to be precise -- loans and catastrophe bond or event-linked bonds, which are bonds that are tied to the weather.

Now, those bonds have been fantastic for us. They really have done their job; they're short term. We have not had any event triggered, which means that they've earned more 500, 600, 700 type range over LIBOR and really have been the bedrock underneath the fund.

We'll be out of hurricane season in about a week. We don't see any major events on the horizon. The hurricane season is the main activity for CAT bonds and it was most likely to be triggered from the end of August to the end of October and we're through that. Those bonds have really performed as we expected.

Everything we said about the high yield portfolio applies both to the loan sector and to the global high yield sector. They have done a good job on both security selection and our asset allocation.

We don't have as much cash as we have in the High Income Trust Fund, so we don't have as much flexibility there. But we are comfortable in reinvesting in attractive opportunities. And we have actually tilted the fund more into the

high yield areas. We'll maintain the cap, but we're definitely looking for better opportunities given what the market's pricing in.

September was the worst month on record for the high yield market. It looks like October is going to be even worse. I think Jon Sharkey would say that this has been the worst year on record for the loan market.

But those are things that caused tremendous dislocations in the market, and we're looking to take advantage of those.

Jon, do you want to make some comments on the loan market?

Jon Sharkey: Over the ten previous years, bank loans had always had a positive return at year-end. That's just not going to happen this year.

In the middle of the year, we thought we could actually earn our way out with some coupons, but given that during the month of October, the bank loan index is down -15%, we're just not going to get there.

As far as this particular portfolio, what Andrew was talking about, we have taken the opportunity to sell out of certain names. We've had some pay downs and the purchase deals had had higher coupons and better credit structures - to the benefit of the funds.

And just for context, the CAT bond index at the end of September until now is only down -2.5%, and again, the bank loan index was down -15%. So those CAT bonds are definitely doing their job.

I think on a percentage basis, we had about 23% in CAT bonds, 40% in bank loans and the rest is in the global high yield portfolio.

Andrew had mentioned that high yield defaults had peaked before at 12%. Bank loans were at the worst they have ever been at 8.2%. Historical average is 3.5%; year-to-date, it's been about 3.5% on a number basis but actually on a dollar basis less than 2%.

I believe that's possibly going to go up. But if you look at what the spreads are trading in at the end of September for bank loans, it has an implied default rate of 17%. Bank loans on average on a four-year takedown are averaging LIBOR plus 1500 and yield to maturity basis LIBOR plus 862. Those are far above anything that we've ever seen.

I just want to remind everybody that, historically, bank loans have recovered 70 cents on the dollar. If you look at the way yields are today, it would really be implying that you're having almost a 20% default rate and a 50-cent recovery rate, and that's just never happened. And even in the last downturn over a cumulative effect, all the defaults were - at a five-year cycle, I don't think even 25%.

So, we're trying to position the portfolio, with more quality names, where you have hard assets

Caller #1: Hi guys. I'm glad to talk to you today. And I really appreciate the kind of vetting you do with your investment. I believe definitely that if the rest of the banking community vetted their loans to individuals the way you guys vetted your investment, we'd all be in a lot better in the world.

Moving right along, I'm interested in PHT. And my question is, there are some minimal exposures with some financials and financial services organization like WaMu underneath PHT, for example. How are you guys

handling those kinds of situations where you're dealing with an organization which has changed hands or gone away?

Andrew Feltus: Financials are clearly at the heart of the crisis, and it creates opportunity, as well as basically wrecking the whole market. That's the reason we're there. We think that financials are tough to analyze and actually get your hands around, but it's very tough to say that there isn't value there.

So what we've been doing is focusing on the highest quality, the survivors, the Wells Fargo of the world, the Citibanks of the world, the Goldman Sachs of the world, where you're getting 12% yield. They've already received injections of capital from the Fed. They're going to be winners.

And we're keeping the exposure small. We are a little bit early. You mentioned WaMu, which was one that we started early, thinking that it would be okay because of their defaults, but we backed out of it very quickly.

If we sense that we are wrong, we'll just move on to the next idea, and WaMu falls in that category.

We've had a little bit more luck with the higher quality guys. I think that's where we're going to focus.

But the high yield universe is in financial turmoil. It's really much more focused on financials. And we're not going to be making very large bets in that space with either one of these funds.

Caller #1: I noticed the net asset value changes on a daily basis, are you guys marketing some market or how is that net asset value determined?

Andrew Feltus: Everything is mark-to-market. It's done independently. Both the accounting and the pricing service are independent of us. So, the extent we control is through the decisions we make on a day-to-day basis.

Caller #1: Understood. Thank you very much for taking the time.

Caller #2: I would just like to state first that I really believe you all deserve the gold star for shareholder communication. I know I'm reiterating what others have said before me, but I just want you to know that.

Tony Clarizio: Thank you.

Caller #2: Well, you're very welcome, and it's well deserved. Andrew has addressed the questions that I had. The focus of my interest has to do with the dividend, as it does the most. And I'm wondering, at what point would you see the overall -- and I guess in terms of absolute dollars -- of the dividend increasing as a result of this rate received on reinvestment?

Andrew Feltus: Well, as far as the offset by the higher rates repaying on our borrowing cost in general, our goal has always been to maintain a stable rate.

And what you saw over the last couple of years is that a lot of our competitors cut their rates, if we're in that situation and we feel its sustainable over a long period, we'll raise it. But, we've always been conservative with it, and our goal is to keep it as stable as possible. But, we also want to be conservative in case there are defaults in the portfolio. And we know it's important to all our shareholders to maintain that stability. So that's our first goal.

We haven't really talked about raising it. We'll probably end up paying a bonus at year-end of whatever we haven't distributed. But, it's something that we could do in the future, if we feel we're strong in our position.

Caller #2: OK. I appreciate that. Again, with respect to taking advantage of these astronomical yields that are available, does it make sense, at some point, to consider a new issue for PHT or HNW?

Andrew Feltus: Well, right now, the entire sector is trading at discount, and we would like to increase our assets under management, but the market really isn't demanding that.

If the market would return to normal, then yes, it makes a lot of sense, given the current yield environment.

Caller #2: All right, very good. Thank you so much.

Caller #3: Good afternoon. Again, you guys have done a wonderful job. I had a couple of questions. The first is on the Pioneer High Income Trust, PHT. In earning your interest to pay out a dividend, are you utilizing the UNII that you had a few months ago? Or was it clean earnings that are being used to pay the dividend?

Andrew Feltus: It's clean earnings at this point because the UNII will probably have to pay out of bonus dividend at year-end. The tax authorities require that. But we're very comfortable with the position of the dividend.

Caller #3: Do they require 100% payout of the UNII or can you keep some back for a rainy day?

Mark Bradley: Yes. The way that this is structured we actually expect the bonus to be fairly minimal this year, and we'll be able to retain a portion of our UNII to protect in the event of a downturn, like Andrew stated before. Our goal is to stay steady.

Caller #3: That's good. Now on the other fund, the Diversified High Income Trust, do you anticipate paying the same dividend utilizing some of the discount?

Andrew Feltus: Well, we have instituted a level dividend policy. And so we anticipate that dividend staying steady for the foreseeable future.

Caller #3: I noticed that you distributed 17.82 cents in August and 19.24 cents in September, which is good. If you didn't tap the reserve or the discount, you would be earning 16.97% in August and 18.32% in September. So those are good numbers whether you're utilizing the reserve or not.
So again, thank you for a good job and pay those dividends.

Andrew Feltus: Thanks.

Caller #4: And being a member of the investment community, Andrew and Jon, with my clients, it's really important that you're doing what you're doing, and I think it's critical.

I wanted to ask you, with the amount of money that you're earning here and the level policy, have you thought about buying back stock or reducing the number of shares?

Talking also about HNW, I would think that the volatility would be less, you have three separate products here, and the normal discount rate has got to be

lower. If you would address a possible buyback, and if you would talk about the high yield market and what you think you can do going forward.

Mark Bradley: This is Mark Bradley. I'll address the buyback proposal.

Let me say this, we spend a good deal of time monitoring our discounts, understanding where the best uses of our capital belong. In this market in particular, we look at where we would be better off reinvesting our money back into the market or to buy up shares of the fund.

It's fair to say at this point that we've seen more opportunities in the reinvestment market than we do in the buyback market. It just is better for the fund at this point in time.

Buyback is a tool to close discounts. It has not historically proven to be a particularly effective tool. That's one of the concerns.

The other practical result would be PHT, for significant periods of the year, sold at a premium. And again, there would be just no real sense in trying to close the gap in that regard when the fund is selling at a premium.

But we're constantly paying attention to where we are, what we can do and trying to maintain the best position we can for the shareholders.

Caller #5: Thank you for holding this call. It's very useful. I apologize I came in late, so if you've answered this question, I apologize. But it's a question for both HNW and PHT regarding the current fund leverage.

If I'm reading my charts right it looks like they're leveraged at about 35% currently. Is that accurate?

Andrew Feltus: That's accurate for PHT. For HNW, it's actually around 28%. Keep in mind, HNW does not use the auction rated preferred market for its leverage. It uses a loan.

Caller #5: So 69.5 million is the last leverage amount I have. It must be lower than that at this point.

Andrew Feltus: For HNW it has gone down, yes.

Caller #5: It has gone down, okay. Because that is my concern. I've followed a lot these high yield funds and almost all of them have gone to pretty much a 50% leverage point.

: And they're not announcing that they're deleveraging, but I believe they have to at 50%.

Andrew Feltus: If you finance with the auction rate preferred market, you do have start to delever at 50%.

So they have no choice. And so, part of the announcement or lack thereof, may simply be because they've reached the regulatory threshold and they need to act immediately.

We, just for your peace of mind, monitor our overall leverage levels on a daily basis. So, if we start to get in a precipitous position, we're able to act fairly quickly.

And within that universe of high yield funds, both of these funds are in the bottom five, as far as the absolute leverage. Given the stronger performance we've seen out of the product, that also reduces the risk of deleveraging.

Caller #5: Yeah, I have noticed that. I manage money for not only myself but some other people. I'm very keenly keeping an eye on these leverage ratios because as soon as we get close to them it seems like they drop precipitously on all of these funds. So I'm trying to run away from those that get too close, and it appears you guys are doing a good job at managing that leverage.

The other question, I think it came up during the last conference call during - or maybe at the beginning of this one, the auction rate preferred market. PHT is still utilizing the auction rates preferred, am I assuming that correctly?

Andrew Feltus: That is correct.

Caller #5: What is your plan to get away from that market, if any, and perhaps move to something more flexible like a bank loan because I believe you are paying a penalty rate by being in that market currently? Is that true?

Mark Bradley: Our plan is, of course, to watch in time the appropriate exit strategy. At this time, what we're finding that, even with the penalty rate, our cost to financing is lower than it would be with the bank loan.

It is a weighing game that our trustees are constantly evaluating between the two classes of shareholders as to what the proper exit strategy would be.

The other hope that we hold out is the development of some alternative financing tools that are essentially, in our view, kind of being data tested in the marketplace right now, such as paper that can be purchased by money market mutual funds.

That solution, too, is dependent upon some of the credit markets freeing up to provide backstops for the paper.

This is one of the other ramifications of this crisis. Some of the innovation that we're trying to move forward with has been frozen up because of the inability to obtain any sort of leverage.

Caller #5: Okay. I appreciate that. Is HNW, in the case that it has a bank loan, a higher cost of funds than PHT or did you get that loan before the credit markets froze up?

Mark Bradley: We got that loan before the credit markets froze up.

Caller #5: And is that a LIBOR-based loan?

Mark Bradley: It is a LIBOR-based loan at LIBOR plus 55, which, quite frankly, you wouldn't see that. If they'd make you loans today, they wouldn't make it at that rate.

Caller #5: Now, are both PHT and HNW earning their dividend? It appears that PHT is, but HNW might be distributing some capital, is that correct?

Mark Bradley: It is possible at this time, though, as Jon Sharkey mentioned before, a bunch of things have reset at some significantly higher rates. So, we need to continue our analysis that it's probably not much at this point, but there may be.

Just remember that almost 2/3 of the portfolio is tied to LIBOR. The bank loans are floating rate. The CAT bonds are floating rate. Even if one month keeps going down, we're still locked in for three months on the other side.

Caller #5: All right. Well, thank you very much. I appreciate the calls and thank you for the job that you guys are doing. It's clearly a lot better than some of the other funds, from what I've seen.

Andrew Feltus: Thank you.

Caller #6: Just one brief question on HNW and catastrophe bonds. You mentioned three things. I was curious as to what - and do you have any bonds that would be subject to earthquakes?

Andrew Feltus: Yes, we have a diversified portfolio both by peril and by geography. So, you know, the three main geographies being US, Europe and Asia, or Japan to be precise. And likewise, diversified by peril, the most popular perils being hurricane and earthquake or wind.

Caller #7: Hi, thanks guys. I'm just kind of wondering about the auction rates again. Is it because of lack of credit available or, is it the low reset rate that's also playing a part?

Mark Bradley: There is an ongoing overall evaluation that's done by the board. Pragmatically speaking, there are just no loans to be had for this sort of investment.

Caller # 7: I guess my question is, with the previous issuers making redemptions earlier, with this being frozen up for six months or so, in the past before the credit market kind of completely froze up, I mean, is it your stand that it was just not an effective time to redeem a portion?

Mark Bradley No, I was trying to make everyone aware of the different constituencies that have to weigh in this process. I will tell you that when the markets froze up within a three-week period, we had contacted 25 separate banks about trying to raise alternative financing.

And frankly, for a variety of reasons, there was just not money available to even go forward with a proposal at that point in time.

We are trying all sorts of different things. I think that ultimately, the solution to this, if there's a solution, is completely dependent on credit starting to flow again.

Tony Clarizio: The replay number is 800-642-1687 and the access number is 67295916, and that replay is available for one week, and we will post a transcript of this call on our Web site very shortly.

With that, let me thank Andrew Feltus, Jon Sharkey and Mark Bradley for their participation and most importantly all of you for calling in today.

Have a great evening everyone. Thank you.

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Pioneer High Income Trust (PHT) - Performance as of September 30, 2008

	1- Year	3-Year	5-Year	Since Inception (4/25/02)
NAV	-11.84%	2.30%	7.32%	9.30%
Market Price	-28.23%	-3.23%	3.90%	5.96%

Pioneer Diversified High Income Trust (HNW) - Performance as of September 30, 2008

	1- Year	Since Inception (5/30/07)
NAV	-7.45%	-5.70%
Market Price	-24.61%	-28.05%

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.

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.

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