INVESTMENTS

Quarterly Portfolio Update

Pioneer Funds – Commodity Alpha
30 December 2011

Commodities

Market Review

Monthly Review
In December, the European-debt crisis again overshadowed the performance of the equity and commodity markets. After a rally at the beginning of the month, prices came under pressure again in the second week of trading, due to Standard &Poor's downward adjustments in the rating outlooks of several European countries, including Germany and France. S&P announced that it would review the credit quality of 15 eurozone sovereigns to take account of the worsening of the crisis in the European Monetary Union. Germany and five other AAA-rated countries are thus facing the risk of a rating downgrade. Burdens continued to emanate from disappointments about the results of the EU summit in mid-December, which did not bring a decisive solution to the debt crisis, and increasing worries about the state of the economy.

In this environment, the Dow Jones UBS Commodity Index receded by -3.75% in USD terms in December.

Within the Dow Jones UBS-Commodity Index, Agricultural Commodities (+4.03%) and Grains (+6.13%) recorded positive performance. All the other sectors saw declines: Energy (-5.58%), Industrial Metals (-4.25%), Livestock (-4.04%) and Soft Commodities (-2.10%) closed December in negative territory. Precious Metals posted particularly weak performance, trailing at the bottom of the league with a price setback of -11.45%.

In December, the Dow Jones-UBS Commodity Index, the reference index for Pioneer Funds – Commodity Alpha, recorded negative performance of -0.19% in EUR terms. With a monthly performance of +1.21%, Pioneer Funds – Commodity Alpha outperformed the index by 1.40% (Class A, non-distributing, EUR units).

Full-year performance of the Dow Jones-UBS Commodity Index came to -10.42% in EUR terms. Over the same period, Pioneer Funds – Commodity Alpha generated a return of -13.91% (Class A, non-distributing, EUR units).

The Energy sector (-5.58%) recorded negative performance in the month under review. With the exception of gasoline (+2.50%), all commodities within this sector lost ground. Natural gas was again hit hardest, tumbling -16.32%. According to the US Department of Energy, natural-gas stocks exceeded their 5-year average and 5-year range by 12% and 4.6%, respectively. At the same time, the decline in inventories was significantly less pronounced than the average of the last five years. Mild weather in the Northeast of the United States prevented a more noticeable reduction. Despite very low levels, natural-gas prices thus had little scope for recovery.

Industrial Metals (-4.25%) generated negative returns. One positive highlight was the favourable performance of nickel, which advanced by 6.87%. All the other underlying commodities recorded downward movements. Zinc (-11.37%) was an especially poor performer, temporarily dipping to a two-month low of USD 1,832 per ton. According to the International Lead and Zinc Study Group (ILZSG), the global zinc market recorded excess supply of 308,000 tons in the first ten months of the year, with the surpluses increasing substantially year-on-year. Although the demand for zinc increased, this trend was more than offset by an even stronger surge in supply. The ILZSG believes that high excess supply will soon be history. In the coming year, the (zinc) surplus is expected to dwindle to 135,000 tons, mainly due to the closure of exhausted mines and obsolete production plants. This should favour a rebound in zinc prices.

Precious Metals (-11.45%) showed the weakest performance at the sector level in December, with both gold (-10.48%) and silver (-14.90%) losing considerable ground.

Towards the middle of the month, the downward trend in the commodity and equity markets began to take its toll on the gold price, which plunged by more than 3% or slightly under USD 60 at one point. To some extent, the price decline was due to a very firm US dollar. However, the majority of the downward slide was attributable to market participants' bearish mood, which was, among other things, due to the disappointing results of the EU summit. During the remainder of the month under review, the gold price did not really succeed in staging a recovery either. It failed to develop any momentum of its own and largely followed the lead of the equity and commodity markets.

One reason for the relative weakness of silver was less buoyant demand from China. Statistics published by the Chinese customs authorities indicated that the country imported "only" 232 tons of silver in November – the lowest level since January 2009 – while exports simultaneously climbed to a 12-month high of 170 tons. A hitherto important support of the silver price thus increasingly showed signs of waning.

Agricultural Commodities (+4.03%) recorded positive performance. The mixed picture presented by the individual sub-sectors was characterised by price advances in Grains (+6.13%) and setbacks in Soft Commodities (-2.10%) and Livestock (-4.04%).

In the Grains sub-sector, corn (+6.33%) and wheat (+6.31%) were responsible for the strong performance. The price setback in the Soft Commodities segment resulted from the downhill slide registered by coffee (-4.24%). The Arabica variety temporarily cost only 220 US cents per pound. By the end of December, coffee prices had fallen to their lowest level in twelve months.

The negative performance in the Livestock sub-sector was mainly due to the price decline recorded for lean hogs (-7.94%).

Quarterly Review
In the fourth quarter of 2011, the commodity markets were torn between good and bad news from the financial markets. Nervousness, uncertainties and continuous changes in the newsflow prevented the emergence of a stable directional trend. The focus was on uncertainties associated with the European sovereign-debt crisis, the slowdown in global growth and concerns about the outlook for the Chinese economy. All these factors would have a negative effect on the future demand for commodities.

Against this backdrop, the Dow Jones-UBS Commodity Index closed the quarter with a slight gain of 0.35% in USD terms. Since the US dollar appreciated noticeably against the euro over the same period, the reference index of the Pioneer Funds – Commodity Alpha, the Dow Jones UBS-Commodity Index, recorded positive performance of +3.71% in EUR terms. With a quarterly performance of +0.77%, Pioneer Funds – Commodity Alpha (Class A, non-distributing, EUR units) significantly underperformed its reference index.

Sector Analysis and Performance

Monthly Review
We reduced our underweight in the **Energy sector** noticeably, so that we are now only slightly underweight here. In connection with this, the greatest increase referred to our crude oil exposure, although we were still underweight in this commodity after the expansion. We retained a small short position in natural gas, which thus turned into the commodity with the most pronounced underweight in this sector.

In the **Metals sector**, we also scaled back our underweight in Industrial Metals and moved to a virtually neutral position at the sector level. We remained underweight in aluminium and copper, while switching from a slightly underweight to an overweight position in zinc.
In Precious Metals, we held a slight underweight. In this context, we retained our overweight in silver and were underweight in gold.

Within **Agricultural Commodities**, there were hardly any changes in Grains. Following the increase in our exposure in the Energy sector, Agricultural Commodities became the sector with the most visible underweight. We increased our underweight in soybeans and slightly expanded our exposure to other grain crops.

Soft Commodities remained the sector with the strongest overweight, although we reduced its weighting somewhat. This was most clearly discernible in cotton, where we cut back our overweight substantially. We made no major changes to our positioning in Vegetable Oil, where we are still underweight. In the Livestock sub-sector, our positioning has remained virtually unchanged. Here, we are still overweight in lean hogs and underweight in live cattle.

A look at the sectors in terms of contribution to relative performance:

The Energy sector made a clearly positive contribution, with the (short) position in natural gas giving performance a particularly strong boost.

In the Metals sector, both industrial and precious metals helped lift total performance slightly. Among industrial metals, aluminium recorded positive performance.
In the Precious Metals sub-sector, the Portfolio's overweight in silver detracted. However, the resultant negative performance contribution was more than offset by our positioning in gold (where we were underweight).

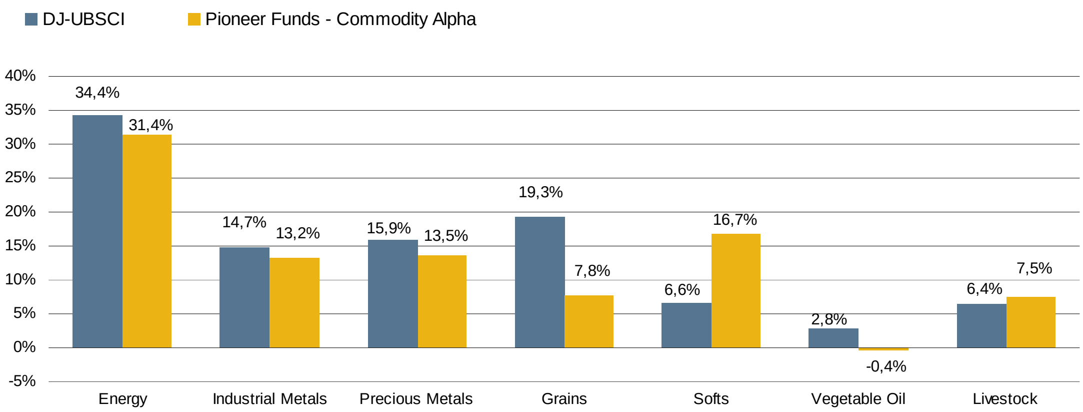
The Agricultural Commodities sector placed a burden on returns. Here, the Portfolio suffered from negative performance contributions from all sub-sectors (Wheat, Soft Commodities, Vegetable Oil and Livestock), with our underweight in soybeans detracting the most.

Quarterly Review

Over the fourth quarter, the Energy sector was the biggest positive contributor to performance, while the Softs and Base Metals sub-sectors were the main detractors. At the single-commodity level, natural gas was the biggest contributor, followed by gold. Crude oil was the main detractor over the quarter.

In terms of weightings, the biggest changes over the quarter took place in the Grains sub-sector where we went from a slight overweight to the strongest underweight of all the sub-sectors. Another reduction took place in Soft Commodities, which nonetheless remained our biggest overweight. On the other hand, Energy and Base Metals saw increases in their weightings of about the same magnitude, accompanied by reductions in the underweight positions of both sub-sectors.

Sector Positioning – December 2011



Source: Pioneer Investments. Data as at 30 December 2011. The commodity percentages shown for the sub-fund represent the sub-fund's net exposure to commodity prices through commodity futures and do not refer to direct investments in single commodities.

Monthly Attribution Summary by Sub-Sector –December 2011

Sub-Sector	DJ-UBSCI Performance in USD	Market Review	Portfolio Over/ Underweight vs. DJ-UBSCI	Portfolio Performance vs. DJ-UBSCI	Key Reasons Behind Relative Performance
Livestock	-0.26%	The negative performance in the Livestock sub-sector was mainly due to the price decline recorded for lean hogs (-7.94%).	1.12%	Slight underperformance	Overweight Lean Hogs
Industrial Metals	-0.64%	One positive highlight in the Industrial Metals sector was the favourable performance of nickel, which advanced by 6.87%. All the other underlying commodities recorded downward movements. Zinc (-11.37%) was an especially poor performer.	-1.55%	Slight outperformance	Underweights in Copper and Aluminum Overweight in Nickel
Vegetable Oil	0.13%		-3.18%	Slight underperformance	Underweight
Grains	+1.08%	Agricultural Commodities (+4.03%) recorded positive performance, characterised by price advances in Grains (+6.13%). In the Grains sub-sector, corn (+6.33%) and wheat (+6.31%) were responsible for the strong performance.	-11.50%	Underformance	Underweight Soybeans and Wheat
Precious Metals	-2.00%	Precious Metals showed the weakest performance at the sector level in December, with both gold (-10.48%) and silver (-14.90%) losing considerable ground.	-2.37%	Slight outperformance	Underweight in Gold (positive) and overweight Silver (negative)
Energy	-1.93%	With the exception of gasoline (+2.50%), all commodities within the Energy sector lost ground. Natural gas was again hit hardest, tumbling -16.32%.	-3.00%	Strong outperformance	Short position Natural Gas
Softs	-0.14%	The price setback in the Soft Commodities segment resulted from the downhill slide registered by coffee (-4.24%).	10.12%	Slight underperformance	Overweight of the whole sector

Strategy Analysis and Positioning

Monthly Review
In December, we were mainly invested in the Relative Strength Long-Only and Basis Long-Only strategies. We increased our exposure to the Basis Long strategies at the expense of the Long/Short strategies. Small allocations were also made to the Small Commodities strategy.

The Basis Long-Only and the Small Commodities strategies boosted to the Portfolio's total performance slightly, while the Relative Strength Long-Only strategy detracted.

Quarterly Review
In October and November, we were mainly invested in the Relative Strength Long-Only and Long/Short strategies. Small allocations were made to the Basis Long-Only, Long/Short and Small Commodities strategies.

The Basis Long-Only strategy made the biggest contribution to relative performance, followed by the Basis Long/Short and Small Commodities strategies. The Relative Strength Long-Only and Long/Short strategies had a negative impact on the Portfolio's total performance.

Monthly Relative Contribution by Strategy – December 2011

	Portfolio Weight	Relative Portfolio Performance
Basis (Long Only)	10-30%	Positive contribution
Basis (Long/Short)	5-20 %	Slightly positive contribution
Relative Strength (Long Only)	35-50%	Slightly negative contribution
Relative Strength (Long/Short)	5-20%	Slightly positive contribution
Small Commodities	0-15%	Positive contribution

Outlook

In January, we will not make any major changes in the allocation to the individual strategies. We will continue to invest mainly in the Long-Only strategies, but also retain small positions in the Long/Short and the Small Commodities strategies.

At the sector level, we will increase the weighting in Agricultural Commodities – with special emphasis on Grains and Livestock, while reducing our exposure to the Energy sector slightly and to Metals significantly.

The largest changes in single-commodity weightings refer to live cattle (overweight) and Brent crude (new addition to the selection universe). On the other hand, position reductions above all focus on heating oil (reduced overweight) and silver (shift from overweight to underweight). In January, Brent crude will be newly added to our reference index, the Dow Jones UBS-Commodity Index, which simultaneously defines our selection universe. As a result, Brent crude will also be taken into account in our strategies as an additional commodity as of January 2012.

After the year closed without any clear directional signals and in a market environment in which most investors were reluctant to enter new positions, January should show whether investors' risk appetite returns (rapidly). However, the underlying problems, especially those faced by the eurozone, still exist and will, in all likelihood, continue to weigh on the markets going forward. At the same time, the markets' focus seems to be increasingly moving away from the United States, even though this country is not free of problems itself. This should have a favourable effect on the US dollar, which, in turn, might also put commodity prices under pressure from the currency side. The Energy sector, by contrast, may be mainly influenced by developments in the Middle East. Should tensions between Iran and the western nations escalate further, we should see substantial price increases here. On the other hand, a stabilisation of the situation might trigger a correction in oil quotations, because they now price in significant risk premiums.