

Yearly Portfolio Update

Pioneer Funds – Euro High Yield

31 December 2009

Bond

Pioneer Funds – Euro High Yield (Class A, non-distributing, EUR units) outperformed its benchmark, the ML Euro high Yield Constrained Index, during 2009. We started the year defensively positioned but, as the year progressed, we repositioned the Portfolio.

We gradually began to reverse our underweight positions in some cyclical sectors, which we believed would receive the greatest boost from improving global economic conditions. We increased our exposure to leveraged loans and invested in B and CCC credits where we felt the risk premium was most attractive. This strategy shift altered the average rating of the Portfolio to its current level of B. Finally, we maintained a lower-than-market-level default rate by divesting the most problematic names.

Looking ahead, we believe that benign conditions will persist during the first half of 2010, even in the face of significant new issuance and the mean reversion trend, which is expected to continue as default rates decline. We continue to believe that technical factors such as bond cash flows, as well as new investors searching for yield, will create a fairly balanced market in 2010, albeit with some minor bumps along the road.

Important Information

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Date of First Use 15 January 2010.