

Yearly Portfolio Update

Pioneer Funds – Euro Short-Term

31 December 2009

Short-Term

Pioneer Funds – Euro Short-Term (Class A, non-distributing, EUR units) outperformed versus its benchmark, the MTS BOT, during 2009. The key contributors to performance were our long AAA-rated ABS strategy and our long corporate short-term bond positions, as well as our short protection via the iTraxx. Duration management, mainly via 2-year Schatz futures, also proved rewarding. In addition, the disruption in the markets experienced over the period gave rise to relative value opportunities, principally via swaps such as Eonia versus Euribor.

In terms of Portfolio positioning, we have decreased our credit exposure and currently have a short duration. However, we believe that this has limited potential and we may evaluate the opportunity of increasing duration over the coming months.

Going into 2010 the outlook is mixed. We believe that eurozone growth will be positive but it remains to be seen when and how the European Central Bank will start reducing liquidity, possibly at the end of the second quarter. If the environment is positive enough, this should then clear the way for rate increases towards the end of the year. But there is still a long way to go.

Important Information

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