

Quarterly Portfolio Update

Pioneer Funds – Italian Equity

30 September 2009

Equity

Over the third quarter of the year, Pioneer Funds – Italian Equity performed in-line with its benchmark, the COMIT Global+ R Index. In absolute terms, while the Portfolio's benchmark posted gains of 19.5%, our Portfolio recorded a gain of 19.1% (Class A, non-distributing, EUR units).

At macroeconomic level, after a sluggish start to July, European equity markets ended the quarter higher, extending the strong period of performance that started from the low point on 9 March. European equity markets recorded the steepest quarterly increase since 1999, as the central banks in Europe kept interest rates at a record low and the French and German economies unexpectedly exited recession moved by stimulus programmes. European shares have risen strongly after the latest signs of US economic stabilisation. Economic data was generally positive helping to buoy investors' confidence. However, unemployment levels across the 16 countries that use the euro hit a 10-year high in September as the impact of the recession continued to be felt.

Looking to the structure of Pioneer Funds – Italian Equity, we benefited from investments within Banks, Energy and Insurance. Conversely, we lost some relative performance as a result of holdings within Capital Goods, Technology Hardware & Equipment and Utilities.

Our holding in Kerself within the Capital Goods sector was the single greatest detractor from relative performance. The company designs, manufactures, installs and distributes photovoltaic systems. It also operates in the Water Resource sector. We reduced our position in the stock over the period.

The greatest contributor to relative performance was ENI within the Energy sector. We also gained from selective Financials such as Intesa Sanpaolo and Banca Carige.

In terms of positioning our main overweight was in Capital Goods. We increased our exposure to Consumer Goods over the period in addition to Energy, mainly through integrated names such as Total. We are currently underweight Banks as we expect weak Q3 reporting due to low volumes on lending and lower spreads due to low Euribor. We are overweight Financial Services within the Financials sector. We increased our exposure to mid/small-cap names while avoiding more illiquid positions.

With regards to outlook, we believe that we are still operating in a reasonably strong equity environment, thanks to a combination of the earnings outlook over the next six months or so, the valuation that European equities are trading on, and also the liquidity environment which seems set to remain quite supportive. We also believe that we will see M&A coming back. In terms of the underlying economies, we think that there will be an improvement from the sharp declines in growth that we saw towards the end of last year/beginning of 2009. But the underlying level of nominal growth is still going to remain pretty modest.

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The Sub-Fund is actively managed, and current holdings may be different. References to individual stocks should not be taken as an investment recommendation to buy or sell any particular stock.

Performance figures are in euro. Performance data provided refers to Class A non-distributing units only, and is based upon NAV net of fees. For details of other unit Classes available, please refer to the prospectus.

Past performance does not guarantee and is not indicative of future results.

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