

Monthly Portfolio Update

Pioneer Funds – U.S. Pioneer Fund

30 December 2011

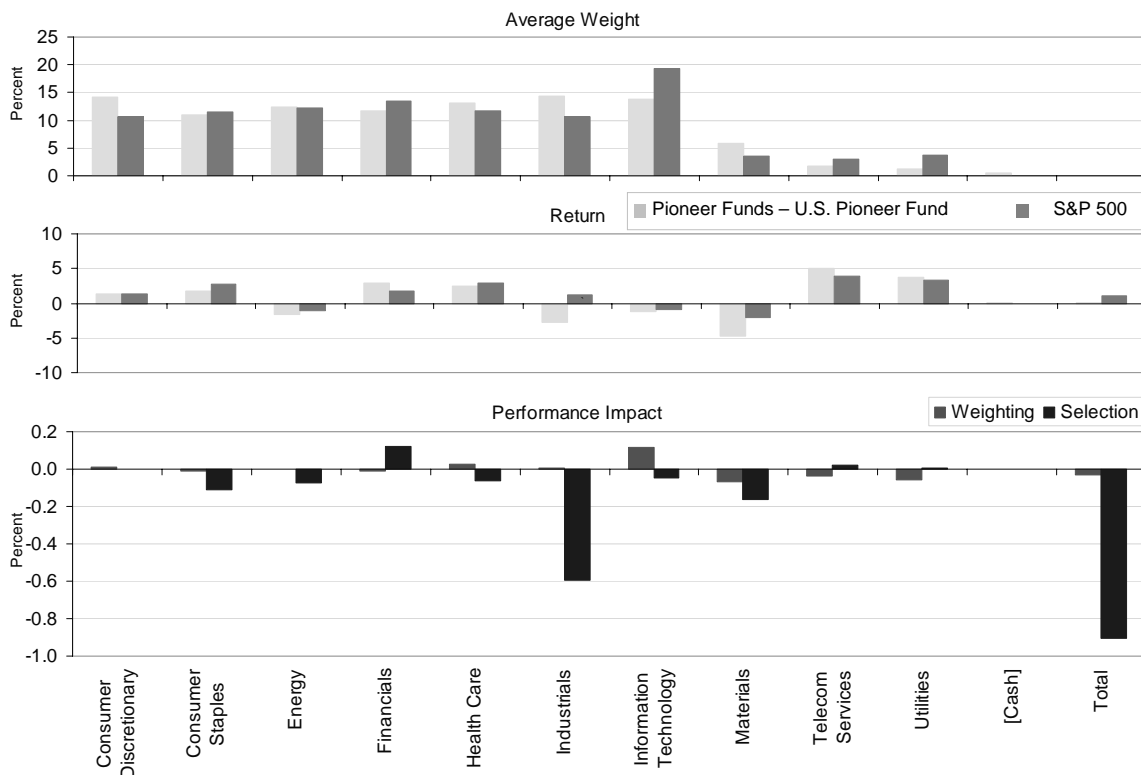
Equity

Review

Fears of a US recession declined further in December and European Central Bank (ECB) easing reduced the perceived risk of an imminent eurozone debt crisis. First-half weakness and second-half strength resulted in the S&P 500 returning 1% for the month. Defensive sectors were favoured in December: the index's relatively defensive Telecom Services (up 4%) and Utilities (+3%) sectors led the market, while the more cyclically-exposed Materials (down 2%) and Energy (-1%) sectors lagged.

Performance Analysis

Pioneer Funds – U.S. Pioneer Fund (Class A, non-distributing, USD units in USD) was flat (0.00%) in December, while its benchmark, the S&P 500 Index, returned 1.02%. In December's market environment, the Portfolio's modestly pro-cyclical positioning was not helpful, with security selection in the Industrials and Materials sectors weighing most heavily on performance. Railroad Norfolk Southern (a significant contributor over the full year) and mining company Rio Tinto were the two largest individual detractors. Conversely, our emphasis on relatively safe insurance companies in the Financials sector and underweight of a modestly lagging Information Technology sector were the two largest contributors to benchmark-relative performance.



Source: FactSet as at 30 December 2011.

Portfolio Strategy

No new names were added to the portfolio in December and none were eliminated.

Outlook and Positioning

Our 2011 expectations for the U S economy and corporate earnings were generally borne out, although "macro concerns" made investors reluctant to own cyclically-exposed stocks, even if the underlying fundamentals were good. Many stocks disappointed last year - though more with their share prices than with their earnings.

We are hesitant to make sweeping top-down predictions, and our investment process is not based on doing so, but we believe that US growth will continue in 2012. The kinds of excesses that normally precede recessions, such as too-high inventory levels, capital expenditures, or debt levels, lengthening of payables and receivables, and/or extreme valuations in real estate and financial markets, are just not present. Unemployment remains higher than we would like and growth lower, but companies are profitable and balance sheets are in good shape. Capital spending remains strong, factory orders appear solid, unemployment is falling and confidence is rising. Earnings continue to be quite strong, and the prospect is for further growth over the next several quarters.

Key drivers for growth over the next 12-24 months include pent-up demand for consumer goods, increased bank lending, continued export strength, easing commodity prices, infrastructure spending, and corporate information-technology upgrades. Notable risks include the European sovereign-debt situation and (likely) recession, the slowdown in China, the Iranian threat to close the Straits of Hormuz, and the political impasse in Washington over the US deficit. None are trivial, but none are certain to derail the economy.

Barring an external shock, our market outlook is constructive. We have had significantly better earnings growth than share price advances, and many stocks are trading near historical low price/earnings multiples. Both valuations and dividend yields are quite appealing relative to cash and bonds, and the outlook for dividend increases is good. While we certainly face challenges, we believe that currently modest valuations largely discount them, especially for the patient long-term investor.

We continue to find attractive long-term investment opportunities in most sectors, including auto-related

companies, which have been weak even though auto sales are trending up, some retail companies, railroads, health care, and regional banks. However, we are cautious about the so-called money centre banks due to their European exposure: the better-quality regional banks are just as cheap, do not have those complicating factors and have the potential for larger dividend increases. Information Technology is almost as cheap as it's ever been in terms of relative price-to-earnings multiple. We are relatively cautious on Telecoms and Utilities, especially Utilities, as valuations have been pushed up by investors seeking yields and defensive equity investments.

Important Information

Unless otherwise stated all information contained in this document is from Pioneer Investments and is as at 30 December 2011.

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Performance figures are in USD and have been converted from the Sub-Fund's base currency, the euro. Performance data provided refers to Class A units only, and is based upon NAV net of fees.

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