

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007



Pioneer Investments recently hosted a web conference call with HARALD STAUDINGER, Lead Portfolio Manager of Pioneer Funds – Global Select. During this call Harald discussed the funds:

- Investment philosophy and process
- Active risk management strategy
- Strong track record of performance

He also discussed his current portfolio positioning and how we aim to generate outperformance while actively managing risk.

Investment Philosophy

Key characteristics

In terms of the distinguishing characteristics of Pioneer Funds - Global Select, I feel that the investment process is very transparent and through the quantitative orientation is very repeatable in the future. It is a global bottom-up stock selection process with a very strong emphasis on risk management. The stock selection alpha generation takes place through a combination of the quantitative selection model and a qualitative fundamental overlay, which underpins the final investment decision.

The longer-term aim of the Portfolio is not only to generate outperformance against the MSCI World Index and global equity markets, but also to provide a more attractive risk/return profile. We want to achieve superior performance with a low risk profile. We aim to achieve this through currency overlay management and through the offshore strategies which we use during the investment process.

The investment philosophy should always make a clear point of what inefficiencies we identify in the equity markets and what kind of instruments we will employ to exploit these inefficiencies. The opportunities that we identify now, and in the future, are a combination of some economic observations and the psychological effects on the markets, which are human observations.

The economic reality observed in the market is that there seems to be a strong tendency for company fundamentals to revert to the mean over time and that many companies are not able to sustain above average margins and growth rates over the



Pioneer Funds – Global Select

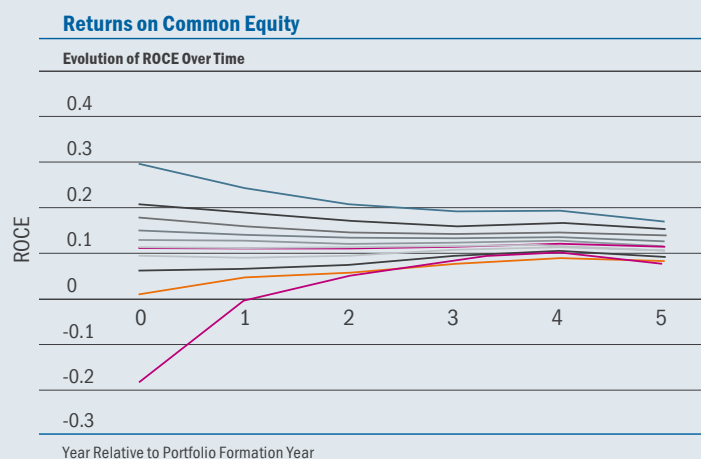
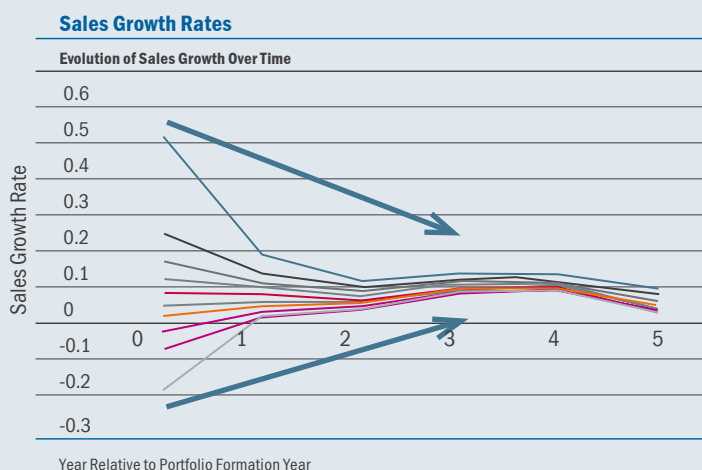
Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

long-term. Investors have a tendency to extrapolate recent company performance into the future when valuing a stock with buy low, sell high expectations.

As a result, there is a discrepancy between the economic reality and the perception of the market participants. There is a systematic mis-pricing that the companies which look attractive at the moment are systemically overpriced and those companies that do not look attractive at the moment are systematically underpriced. It is this kind of systematic mis-pricing that we want to exploit through our investment process.



Source: Nissim/Penman (1999), Ratio Analysis and Equity Valuation

Investment Process

The investment process is threefold. The investment universe consists of all stocks in the MSCI World Index, but we also have the freedom to include companies from the growth markets of Eastern Europe and Emerging Asia to have wider investment “opportunities set” for the Portfolio. All the stocks in the investment universe have a market liquidity of at least US\$1 million daily trading volume.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

Step 1 – Quantitative analysis

The first step of the investment process is the quantitative scoring model on a sector level that separates the investment universe into ten different sectors. Within these sectors, we use a scoring model to identify a specific profile of company. We focus on companies with low valuations relative to their sector and relative to their own history that have signs of positive price momentum.

Step 2 – Qualitative analysis

The second step of the investment process involves qualitative fundamental analysis. Our Investment Analysts in our investment hubs in Dublin, Boston and Singapore identify the “opportunity set” for inclusion in the Portfolio, companies with low market expectations and low valuations that have the potential to revert to the mean over time.

Step 3 – Risk analysis

The third step of the investment process is dealing with risk, the risk relative to the benchmark and the absolute risk.

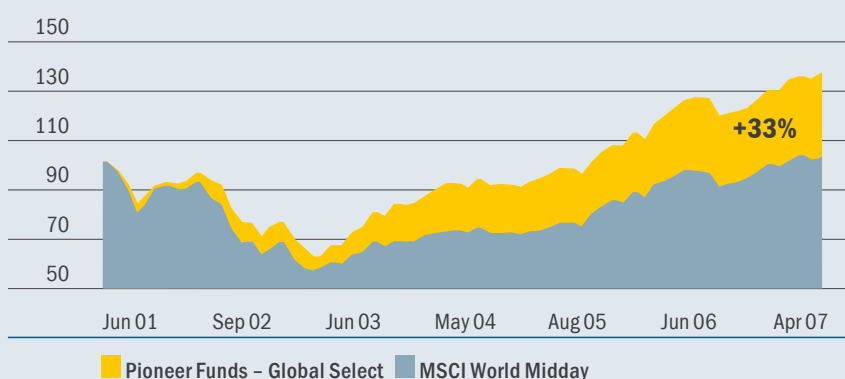
Significant Outperformance versus Benchmark

Activest GlobalSelect¹ was launched in June 2001 and as you can see from the graph below

Source: Pioneer Investments as at 30 April 2007. Based on Class A Euro Non Distributing. This Sub-Fund was created to absorb another fund offered by Pioneer Investments, Activest GlobalSelect on the 30 of March 2007. Until 30 of March 2007, the performance disclosed above is that of the Activest GlobalSelect C. Although the Activest GlobalSelect has an investment policy and management process similar to that of the Sub-Fund there can be no assurance that performance data of Activest GlobalSelect are representative of the future performance of the Sub-Fund.

Significant Outperformance versus Benchmark

25 June 01 – 30 April 07



¹On the 30th March 2007, Activest GlobalSelect was absorbed by Pioneer Funds - Global Select.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

the Portfolio has generated significant outperformance against its benchmark. The outperformance amounts to more than 30% versus its benchmark, the MSCI World Index in each calendar year over the past six years.

No Country Allocation Constraints

In terms of the country allocation it is very important to understand that the Portfolio purely focuses on stock selection. There is no top-down element in the construction of the Portfolio. Therefore, we want to make sure that the countries and regions that fulfil our selection criteria are strongly represented in the final Portfolio. At present, we are finding many attractive investment opportunities in Asia and Japan. This is reflected in our current country allocation. We are having a hard time finding attractive investment opportunities in the US market. At present, we have a strong overweight in Asian equities, a strong underweight in US equities and an equal weighting in European equities compared to the benchmark.

Overweight in Consumer Discretionary, Materials and Telecoms

The same is true for the sector allocation of the Portfolio. We are finding a lot of attractive opportunities in the Consumer Discretionary, Materials and in the Telecoms sectors at present. We hold a strong underweight in the Financials and Utilities sectors due to a lack of opportunities in the current market.

Four Dimensional Approach to Risk Management

In terms of risk management, we believe it is very important to manage not only the relative risk of the Portfolio against the benchmark but also the absolute risk of the Portfolio. We feel this is a distinguishing characteristic of our portfolio. We currently hold approximately 180 different stocks in the Portfolio. This limits the impact of company specific risk and portfolio risk through the high level of diversification.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

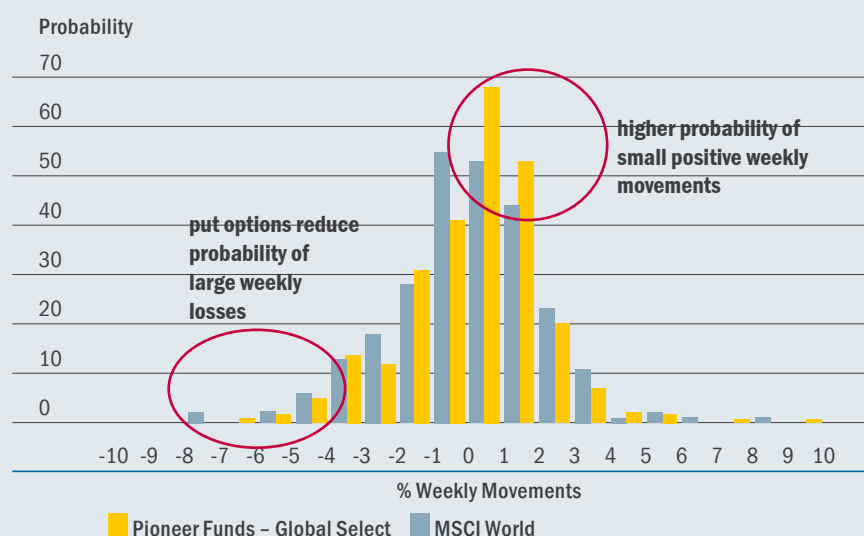
June 2007

Downside protection is offered in volatile markets through our options strategy. The first instrument we use for risk management is to control the impact of currency movements on global equity portfolios. We believe that there is an optimal level of foreign currency exposure for each investor. For example, the optimal foreign currency exposure in an equity fund is about 50%. This ensures that the impact of foreign currency movements on the volatility of the Portfolio is optimal in terms of its diversification effect but the negative impact of volatility in terms of increasing the risk is limited.

If I touch on the options strategies, they can generally be used to change the risk profile of the Portfolio by protecting it against downside market risk. We do not have any instruments in our Portfolio to protect against terrorist attacks, natural disasters or against any large political uncertainty. We cannot hedge against these specific risks but we are very aware of their negative impact on the volatility of the market. We manage risk through option strategies, hedging approximately 10% of the Portfolio against market volatility.

The next chart shows you the frequency or the probability of weekly movements in Pioneer Funds - Global Select and in the MSCI World Index over the past five years.

Implementation of Put Option Significantly Reduces Return Volatility



Source: Pioneer Investments and Bloomberg. Data refers to Activest GlobalSelect. Based on 5 year weekly data as at 31 October 2006. Based on Class A EUR Non Distributing.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

If you have a look on the left hand side of the chart, you can see that the probability of very high negative weekly price movements has been significantly lower in Pioneer Funds - Global Select compared to the MSCI World Index. We want to ensure that in periods of equity market volatility Pioneer Funds - Global Select achieves superior results. This is something we have achieved over the past five years through our option strategies limiting downside risk.

Strong Risk Adjusted Performance

In terms of performance and risk numbers, we have prepared a table that gives you some indication of the Portfolio's performance over the past year and over different time periods. In some periods the Portfolio has outperformed the MSCI World Index but also other local indices. Additionally, Pioneer Funds - Global Select has outperformed with a very low risk profile. Therefore, if you look at 3-year annualised returns, Pioneer Funds - Global Select returned 14.51%, outperforming the MSCI World Index by 2.52% and the 3-year annualised volatility of Pioneer Funds - Global Select was 9.26% compared to a higher figure of 10.06% for the MSCI World Index.

Source: Pioneer Investments and Bloomberg as at 30 April 2007. This Sub-Fund was created to absorb another fund offered by Pioneer Investments, Activest GlobalSelect on the 30 of March 2007. Activest GlobalSelect returns are used for performance purposes from the inception date of Class C EUR ND of Activest GlobalSelect on 25 June 2001 until the inception on 30 of March 2007 of the Sub-Fund. Although Activest GlobalSelect has an investment policy and management process similar to that of the Sub-Fund there can be no assurance that performance data of Activest GlobalSelect are representative of the future performance of the Sub-Fund.

	Pioneer Funds - Global Select A ND	MSCI World	S&P 500	Nikkei 225	DJ Stoxx 50
Annualised Returns (3y)	14.51%	11.99%	7.54%	5.17%	15.24%
Annualised Volatility (3y)	9.26%	10.06%	11.16%	17.94%	8.71%
	Pioneer Funds - Global Select A ND	MSCI World	S&P 500	Nikkei 225	DJ Stoxx 50
1 Month	1.77%	2.53%	2.96%	-2.57%	3.90%
3 Months	2.48%	1.27%	-0.04%	-3.91%	2.74%
6 Months	6.85%	4.96%	2.16%	-2.31%	6.15%
YTD	3.47%	3.74%	2.05%	-2.78%	4.71%
1 Year	9.53%	8.24%	7.22%	-10.34%	11.71%
2 Years	45.36%	40.23%	29.28%	32.44%	44.59%
Since Inception	36.06%	1.49%	-16.04%	-13.22%	11.31%

I would like to reiterate what we want to achieve - we want to achieve outperformance with a lower risk profile than the MSCI World Index. We have achieved this since the inception of the Portfolio and we aim to continue this trend in the future.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

² Source: Pioneer Investments as at 30 April 2007. This Sub-Fund was created to absorb another fund offered by Pioneer Investments, Activest GlobalSelect on the 30 of March 2007. Activest GlobalSelect returns are used for performance purposes from the inception date of Class C EUR ND of Activest GlobalSelect on 25 June 2001 until the inception on 30 of March 2007 of the Sub-Fund. Although Activest GlobalSelect has an investment policy and management process similar to that of the Sub-Fund there can be no assurance that performance data of Activest GlobalSelect are representative of the future performance of the Sub-Fund.

Conclusion

We believe Pioneer Funds - Global Select provides investors with an ideal opportunity to invest in global equities as we do not simply focus on beta, we also aim to generate superior performance through our stock picking strategy with a clear emphasis on risk management. We have a very strong and consistent record of performance, outperforming the benchmark by 33%² since inception. An important distinguishing characteristic of the Portfolio is that we actively manage downside risk.

Questions and Answers

Why is the Portfolio unique in the global equity market?

We hope that investors share our view that there are inefficiencies in the market that can be exploited if you have a very disciplined and sophisticated investment process which is supported by a quantitative model and fundamental analysis. We have built a very sophisticated quantitative selection model combined with qualitative fundamental research performed by more than 40 Sector Specialists across our investment hubs. They analyse companies on a qualitative basis to identify the most attractive companies in the market. The qualitative support from the Investment Analysts, who understand the market and who research the different sectors, is key to our investment process. Many quantitative products do not offer such analysis.

What makes you so optimistic about Japan, where do you see the opportunities in this market?

The fact that we are overweight in Japan does not indicate that we are very optimistic about the whole market in Japan but that there are very specific investment opportunities in Japan. To put this in context, if we look at the history of the Japanese market, which was in a recession for so many years, there are still a lot of companies that hold a lot of cash in their balance sheets, with large security holdings and only a very small portion with cash generation. At present, we see improving fundamentals for these companies with more efficient balance sheets, share buybacks to eliminate excess cash with low valuations. We believe these are positive drivers and we remain optimistic that our selected stocks can generate outperformance within our investment horizon, which is about two to three years.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

Does currency hedging represent a significant part of your outperformance?

Currency hedging is not an instrument for generating outperformance. It is an instrument for reducing the portfolio risk. For example, when we invest in Japanese equities we do not want to take a big risk, we do not want to bet on the Japanese Yen, so we buy Japanese equities because we believe the local share prices are undervalued. To eliminate the impact of currency movements on the performance of the Portfolio we hedge up to 50% in foreign currency. This means that the performance of the Portfolio is not dependent on the relative weakness or performance of one currency against another. The foreign currency-hedging instrument is not used to generate outperformance but is aimed at reducing the risk profile of the Portfolio. Overall, there was a positive impact on the Portfolio in terms of performance due to the foreign currency hedging but this was not specifically intended.

What is the current size of the Portfolio and do you see any capacity constraints?

The current size of the Portfolio is €850m. We do not see any capacity constraints at present. The reason is very simple; we are investing in the most liquid market segment in the world – the MSCI World Index, which represents the top 2,000 companies from a global universe of more than 60,000 to 70,000 listed companies. We do not hold concentrated positions in the Portfolio. We have a highly diversified Portfolio, where the average weighting of stocks is not usually greater than 0.4% to 0.5%.

How strong is the fundamental analysis element in your process?

Do Analysts meet all the companies in your Portfolio?

I do not distinguish so much between fundamental and quantitative analysis. However, I distinguish more between quantitative and qualitative because the quantitative model is using fundamental factors. With the quantitative model, we are looking at the companies' fundamentals. We try to use all the resources available from our Research Analysts, but we do not have a policy whereby we only invest in stocks once we have met the management.

Did your exposure to options cushion the Portfolio against recent market volatility?

If we look at the market correction at the end of March, the positive impact from hedging approximately 20% of the Portfolio was an attribution of about 80 basis points. Therefore, if we had not invested in options the fall in the share price would have been higher by 80 basis points. Therefore, hedging a portion of the Portfolio was positive.

Pioneer Funds – Global Select

Web Conference Call Transcript, 05 June 2007

Global Select

June 2007

Would you adjust your screening model in light of changing market conditions?

No, there are no opportunistic elements in the weighting or in the composition of the quantitative selection model. The quantitative selection model was built based on very long-term observations of the market. We conducted some studies and back testing over long periods dating back to the 1960's. The model we use cannot ensure that we generate outperformance in each calendar year. However, we are very optimistic that on a medium-term basis as we are buying under valued companies, we should be able generate outperformance.

We are trying to improve the model in terms of using effective selection criteria. For example, one possible change in the selection process would be in the dividend yield factor, which we are using at present. The dividend yield factor generates alpha. If you buy companies with high dividend yields it can contribute to outperformance, but companies have changed their policy not only paying dividends to investors but also through share buybacks. We are currently considering expanding the dividend yield factor by including the amount of money which is given back to investors through share buybacks. This factor is not influenced by current market conditions but by simply a change, which occurs because companies are changing their investment policy.

Disclaimer

Source: Pioneer Investments. Performance data contained in the commentary as at 30 April 2007 and refers to Class A Non-Distributing units of Pioneer Funds – Global Select in Euro. Unless otherwise stated all information contained herein and all views expressed are as June 2007. The portfolio is actively managed and information may not be representative of current or future holdings. Pioneer Funds – Global Select (the "Sub-Fund") is a sub-fund of Pioneer Funds a fonds commun de placement established under the laws of the Grand Duchy of Luxembourg. The units of the Sub-Fund may not be offered for sale in the United States of America, or in any of its territories or possessions subject to its jurisdiction or to/for the benefit of a United States Person. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation or sale is not authorised, or to any person to whom it is unlawful to make such an offer solicitation or sale. Performance data relating to Activest GlobalSelect fund is provided for illustrative purposes only. On the 30th of March 2007, the Activest GlobalSelect was absorbed by Pioneer Funds – Global Select. There can be no guarantee that past performance of the Activest GlobalSelect is representative of the future performance of Pioneer Funds – Global Select. Although the Activest GlobalSelect has an investment policy and management process similar to that of the Sub-Fund there can be no assurance that performance data of Activest GlobalSelect are representative of the future performance of the Sub-Fund.

Past performance does not guarantee future results. Any views expressed herein are subject to change at any time based on market and other conditions and there can be no assurances that countries, markets or sectors will perform as expected. Investments involve certain risks, including political and currency risks. Investment return and principal value may go down as well as up and could result in the loss of all capital invested. Please read the prospectus carefully before you invest. This commentary is not a prospectus and does not constitute an offering of investment fund units. For additional information on the Sub-Fund, please request a free prospectus from Pioneer Global Investments Limited, 1 George's Quay Plaza, George's Quay, Dublin 2. Call +353 1 480 2000 Fax +353 1 449 5000.

This content of this commentary is approved by Pioneer Global Investments Limited. In the UK, it is directed at market counterparties and intermediate customers and not at private customers and it is approved for distribution by Pioneer Global Investments Limited (London Branch), 123 Buckingham Palace Road, London SW1W 9SL, authorised by the Financial Regulator in Ireland and regulated by the Financial Services Authority for the conduct of UK business. The Sub-Fund mentioned in this commentary is an unregulated collective investment scheme under the UK Financial Services and Markets Act 2000 and therefore does not carry the protection provided by the UK regulatory system.

Pioneer Investments is a trading name of the Pioneer Global Asset Management S.p.A. group of companies.