

USD A Non-Distributing

\$

European Equity

Morningstar Rating™ a a a

**Key Facts**

ISIN Number	LU0132185280
Domiciled	Luxembourg
Fund Size (Mil)	\$4,338.1
Fund Inception	04/07/2000
First Nav Date (A Class)	27/12/2001

Fees and Expenses	
Initial Sales Charge (Max.)	5.00 %
Management Fee	1.50 %

**Benchmark**

Name	%
MSCI Europe	100

**Trailing Returns**

as at 31 Aug 2007	Fund %	Benchmark %
1 Month	-1.4	-1.4
3 Months	-4.4	-3.8
YTD	6.8	6.5
1 Year	18.4	19.3
3 Years Ann.	21.8	21.1
5 Years Ann.	17.9	17.6

**Calendar Year Returns**

	Fund %	Benchmark %
2006	29.2	30.2
2005	9.8	6.5
2004	18.6	17.8
2003	35.7	36.1

**Latest Update**

as at 28 September 2007	
Latest Nav	7.24

**Investment Objective**

The objective of this Sub-Fund is to achieve capital appreciation over the medium to long-term by investing at least two-thirds of its net assets in a diversified portfolio of equities and equity-linked securities issued by companies established in, operating in or deriving at least two-thirds of their revenue from Europe, which are selected by internal equity research analysts employed by the Investment Manager. Pioneer Investments' equity analysts utilise an investment process that is active, bottom-up and research driven. The selection process is driven by fundamental research and is not intended to be sector specific.

**Sector Weightings**

Sector	%
Financials	27.0
Industrials	10.1
Cons Disc	9.9
Energy	9.9
Consumer Staples	9.1
Materials	8.9
Health Care	8.0
Telecoms	6.7
Utilities	6.4
Others	3.9

**Top 10 Holdings**

Name	Sector	Country	%
Royal Dutch Shell PLC	Energy	GB	4.7
Royal Bank of Scotland Group PLC	Financials	GB	4.4
Credit Suisse Group	Financials	CH	3.2
BNP Paribas	Financials	FR	3.1
Holcim Ltd	Materials	CH	3.0
Siemens AG	Industrials	DE	2.6
Allianz Se	Financials	DE	2.6
BHP Billiton PLC	Materials	GB	2.5
UniCredito Italiano SpA	Financials	IT	2.4
AstraZeneca PLC	Health Care	GB	2.1

**Country Breakdown**

Country	%
U.K.	38.3
France	17.9
Germany	12.8
Switzerland	8.9
Netherlands	5.6
Italy	4.9
Sweden	2.3
Belgium	2.1
Norway	1.8
Others	5.4

**Portfolio analysis**

Total Number of Holdings	77
Assets in Top 10 Holdings	30.5 %

**Investment Valuation**

Price/Book	2.98
Price/Earnings	15.70
Price/Cash Flow	9.76

**Risk Analysis**

Sharpe Ratio (3 Years)	1.09
Standard Deviation (3 Years)	12.13 %
R-Squared	0.9826
Beta	1.0753
Alpha	-1.18 %

## Growth of 10,000 USD



## Comment

European equity markets enjoyed strong returns during the second quarter fuelled by buoyant merger and acquisition (M&A) activity and generally, positive company results in Europe and the US. From a market capitalisation perspective, larger companies proved to be the best performing segment of the market and outperformed their mid and small cap peers. In Europe, economic activity remained generally solid and indicative of above trend economic growth. In June, the European Central Bank (ECB) raised interest rates by 0.25% to 4.00% on concerns that wages increases and monetary growth would pose a risk to price stability.

During the period, Pioneer Funds – European Research outperformed its benchmark as stock selection proved rewarding, particularly in the Financial and Energy sectors. Our overweight positions in BNP and Royal Dutch Shell performed well as first quarter results exceeded expectations. The Capital Goods sector performed well and our holding in Siemens advanced strongly following some changes to the management team and the announcement in June of plans to sell its VDO automotive division later this year. On the negative side, our overweight versus benchmark holding in Persimmon (Consumer Durables) had a negative impact as further increases in average UK house prices and hawkish comments from members of the Bank of England's Monetary Policy Committee (MPC) suggested that further increases in UK interest rates were likely.

## About The Investment Team

We have a team-based approach to the management of the equity research portfolios. Our Equity Analysts manage the research portfolios directly implementing their best investment ideas based on their independent proprietary research. This Portfolio is supervised by the Head of European Equity Research, Jeremy James. Jeremy joined Pioneer Investments in 1999. In 2002 he was named fifth "Top European Fund Manager or Buyside Analyst" by Extel, ranked against all buyside professionals in Europe.

## Notes

Performance figures are in USD and have been converted from the Sub-Fund's base currency, the euro.

'Latest NAV' refers to the NAV struck at 18.00 CET on the last working day prior to the date of publication.

Unless otherwise stated, all information is correct as at 31 August 2007.

Risk Analysis data is based on Class E Units, which are only offered for public sale in Italy.

Ratings: Morningstar and Standard & Poor's rating agencies respectively.

Pioneer Funds – European Research (the "Sub-Fund") is a sub-fund of Pioneer Funds (the "Fund"), a fonds commun de placement with several separate sub-funds 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 offer, solicitation or sale. Not all unit classes are available in all countries.

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

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We believe the investment case for European equities remains strong. On valuation grounds, European equities continue to trade at attractive levels relative to history. Moreover, the European economic backdrop remains solid and indicative of above trend growth while the corporate sector remains focused on shareholder value particularly through share buy-backs and increased dividends. Looking ahead, higher global bond yields may begin to cool M&A activity in the market but in broad terms, European equities appear well supported.

30 June 2007