

Global Markets Strategy Report

May 2010

Rank: From weakest to strongest in ascending order:

Strong Underweight Underweight Slight Underweight Neutral Slight Overweight Overweight Strong Overweight

Please note that the rank is indicative and may not balance when summed.

Reasons for caution amid the current turmoil

- Our base scenario of Economic Strength has been strengthened by buoyant economic data released in the US and most developing countries. Moreover, inflation is still under control which enables major central banks to keep loose monetary policies in place even in an economic upturn. We expect key interest rates to be raised in most of the developed world late this year but without getting into a tightening mode.
- The US Federal Reserve seems in no hurry to tighten but an early rate increase is likely in the second half of the year as the recovery gathers pace thanks to further evidence of a turnaround in the labour market: this would make growth in household spending (a key component of GDP growth) less reliant on government tax breaks. We have further upgraded US GDP growth to 3.3% in 2010 which would offset most of the loss in output suffered during the recession.
- The case for risky (meaning cyclical) assets, such as global equities and corporate bonds, is maintained on a medium-term horizon. However, a year-long rally in these asset classes has brought most valuations back to fair levels with a heightened risk of market correction if a few regional trouble spots spark broader concerns.
- Our main focus of attention is on Europe. The financial crisis in Greece has refocused investors' attention on sovereign credit risk, and countries with excessive budget deficits may be forced to adopt tight fiscal policies to prevent rising credit spreads from burdening debt payments. This would undermine an already fragile recovery.
- Another risk may be looming in fast-developing countries, whose economies are back to double-digit growth rates much earlier than expected but at a risk of overheating and higher inflation. We believe that the efforts of countries, such as China, to contain undesired pressures in consumer and asset prices had a timely start and will be successful, but they are worth watching carefully.
- What we described is not an alternative global scenario. Indeed the risk of a double-dip has receded compared to our last strategic update in March. Nevertheless, we are taking those caveats into account and we have just lowered the overall risk profile of our core allocation: in particular we cut global equities, but we still favour US and emerging markets over Europe and Japan whose macroeconomic growth is less supported by domestic demand.

→ On the bond side, we increase our exposure to domestic government bonds not only as a hedge amid current tensions on peripheral markets of the eurozone but also on expectations of a weaker recovery in this area. On the other hand, we are cutting our allocation in euro corporates where bank names account for a large part of the market and could suffer losses from their holdings of government bonds from peripheral markets.

Recovery in earnings per share and no fears of inflation favour cyclical assets

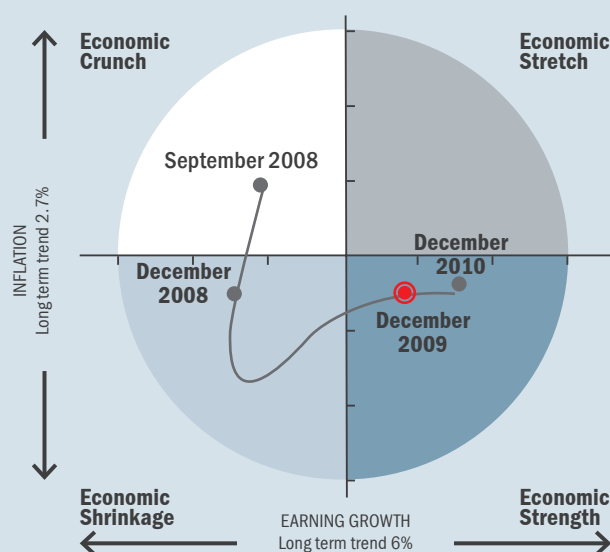
Economic Strength

The stabilisation and the progressive improvement of the financial outlook began in the second half of 2009 and is broadly confirmed by the latest available data from the US. Remarkably, inflation is not yet a threat in spite of accelerating GDP growth in both the United States and major emerging regions.

Profit Recovery

Earnings growth is again in the front seat. The next upgrade will be when sales revenues start to grow convincingly. We will get there as the macroeconomic scenario improves, even marginally.

The Investment Phazer



*Data on US Earnings Growth and US Inflation are analysed by a proprietary statistical model to get four different economic phases. Source: Pioneer Investments Asset Allocation Research as of 30 April 2010

Implied Strategy

We name 'Economic Strength' as a phase with above-trend operating earnings and below-trend inflation expectations. Over the last 30 years this environment has called for risky assets. The current stance leads to an overweight of global equities and investment-grade corporate bonds.

Alternative Scenario

The alternative case of 'Economic Shrinkage' looks less likely, while the other alternative scenario of 'Economic Stretch' is gaining ground.

Asset Class	Shrinkage	Crunch	Strength	Stretch
Equity			Buy	Buy
Government Bond		Buy	Sell	
Corporate Bond			Buy	
Cash	Buy		Hold	

Regional trouble spots amid a global economic upturn

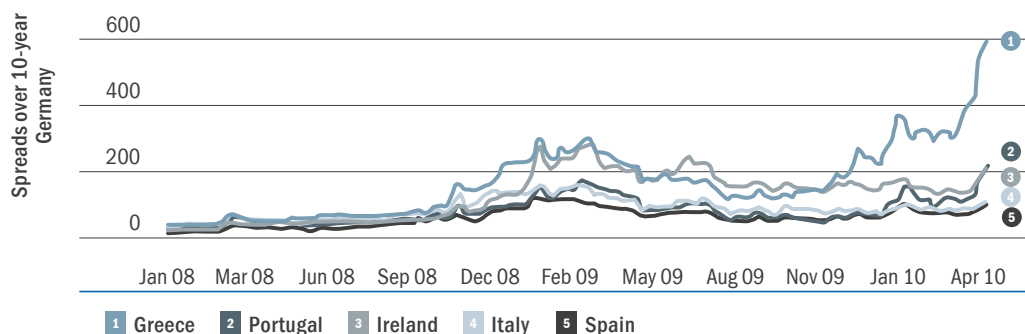
It has been more than a year since global stockmarkets shrugged off the fears of a long recession and recovered their poise, first with steep gains by the most battered assets (bank stocks, high-yield corporate bonds) and then with more selective gains across the board. Throughout this period the corrections have been few and far between, with buyers-on-dips soon vindicated by better-than-expected economic and corporate data from major regions.

Our main indicator of where we are in the economic cycle has been firmly in ‘Strength’ mode and in the second quarter of 2010 it is moving even higher and closer to the ‘Stretch’ mode where the case for investing in cyclical assets (equities, credit markets) is made stronger. It may, therefore, be counter-intuitive that in this environment we are settling down and reducing our overall risk profile by adding to our government bond exposure in spite of barely attractive yields, notably in the euro area.

The reasons for this renewed caution are to be found in a few likely trouble spots that, in our view, will not wreak havoc and derail the global economic upturn. However, they can dent investors’ confidence nonetheless and increase the risk of a downside from current 20-month highs in cyclical assets. The euro area provides the first question mark. This seems to be an improbable disturbance for the global economy, if only because of its decreasing role as a driver of growth in favour of fast developing countries and regions elsewhere (China and other parts of Asia are first to be quoted). The reason we believe that Greece’s trouble may dampen the growth outlook has less to do with the eurozone’s 20% contribution to world GDP (not such a negligible figure) than with a possible global review of sovereign credit risk in the wake of the Greek crisis. Growth prospects might be impaired if that prompted major countries, even the US, to tight budget policies to prevent bond yields from rising sharply.

As remote as this risk case may be, we believe a renewed focus on government budget policies will mark most of 2010 and adding weight to our allocation in safe-haven core markets will make sense. The euro area will of course be under the spotlight. That is where budget tightening will play out first, with dampening effects on domestic spending that will further undermine an already-fragile recovery. Therefore, our equity allocation is increasingly biased towards countries and regions where growth is sustained by consumer demand, notably the US and Asian emerging markets.

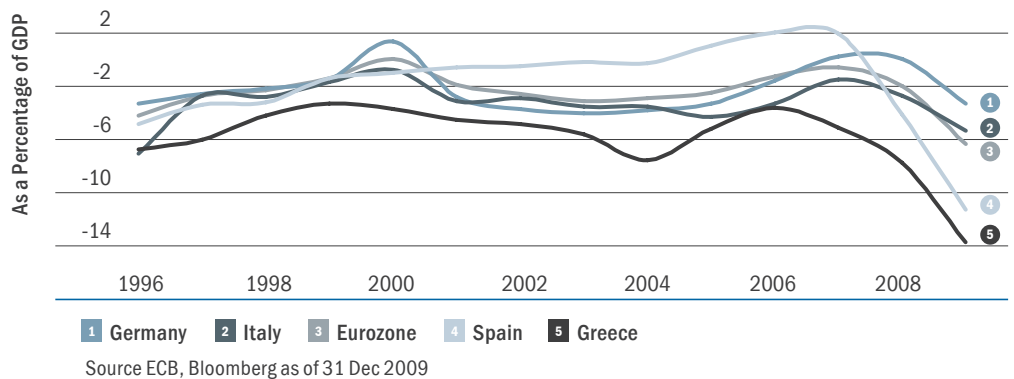
Sovereign Spreads in the Euro Peripheral Area



Source Bloomberg as of 30 April 2010

As we said the euro area has rarely driven world growth over the last few years and is unlikely to slow it down markedly even if the Greek crisis extends to other peripheral countries. Our main risk case has instead become the opposite one. The global economy has been able to overcome a deep recession thanks to a large extent to fast developing countries and regions such as China. The Index of Manufacturers' Purchasing Managers and other key cyclical indicators have been in a solid uptrend since early last year, even in Europe, despite weak domestic growth prospects. So the main risk is that of an economic overheating that will prompt policy makers to crack down on inflation. It is not surprising that some of the latest stockmarket corrections came when China moved to curb excess bank lending with higher interest rates or other tightening tools. In a changed environment, investors do not look only to the US Federal Reserve when assessing if a policy turns restrictive and may hurt economic growth. We believe that China and other major developing countries (the BRIC group) have acted proactively to fend off inflation. However, it is a path worth watching and it may be less clear if inflation rises too early.

Worsening Government Budgets in the Euro Area



Government Bonds

Germany's value beyond the safe haven

The turmoil over Greece has prompted investors to look for a natural safe haven in German government bonds, whose yields have declined to fresh lows below the 3% mark a year after the economy began to move out of recession. US Treasury yields are up about 100 basis points from the March 2009 trough. The decoupling can be partly explained by a flight to safety amid the Greek crisis, as the country risk premiums in the euro area (yield gaps over Germany) keep on rising. However, we should not overlook the downward pressure on inflation of a weak economic recovery. The prices of raw materials may give a boost to consumer price indices but underlying (core) inflation remains at historical lows. Our move to add exposure to euro government bonds in our global allocation takes both factors into account. We believe that investors' focus on sovereign credit risk will be a major theme in financial markets this year and even if we assume that concerns over Greece will not turn into a full-blown global crisis, we see some upside in core bond markets in the current climate. From a fundamental point of view the increased weight of euro government bonds is consistent with a further revision of the GDP growth estimate, which was downgraded despite an improving US and global outlook. We expect it to be only 1% in 2010 (down from 1.5% earlier) as household spending in deficit-stricken countries is curbed by tight budget policies as well as by efforts to keep wage growth below productivity gains in a deeper economic restructuring. With the latest move we are also increasing our position on the US-Germany spread, even at current levels of around 70 basis points, which are well

above the average of the last decade for the benchmark 10-year bonds. As the recovery in the euro area lags behind the US, there are reasons to believe that Germany (seen also as a proxy for the whole area) will outperform.

Germany's Safe-Haven Allure Brings Yields Down



1 US Generic Govt 10 Year Yield 2 German Government Bonds 10 Yr

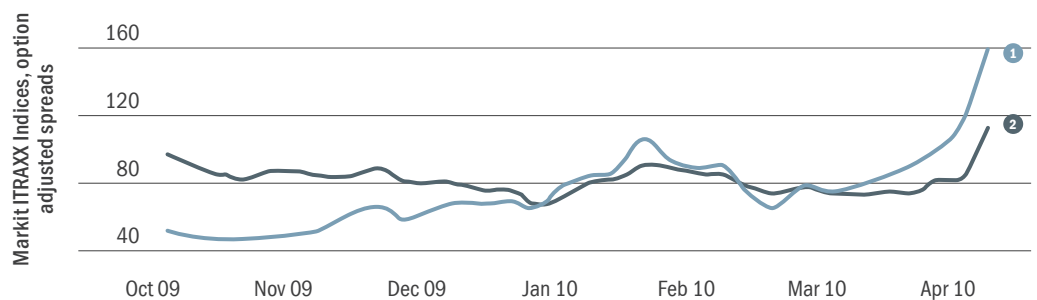
Source Bloomberg as of 30 April 2010

Credit Markets

Resilience, up to a point in the euro area

We expect corporate bond markets to retain most of last year's gains versus government bonds in a scenario of renewed investor focus on sovereign credit risk. Spreads have fallen substantially and the credit-default-swap (CDS) market is back to the levels of May 2008, as if the worst of the crisis had not happened at all. Having cut our strategic exposure to the risky high-yield segment late last year, we have confirmed our overweight in investment-grade bonds albeit on a selective basis. As government finances were increasingly strained by the recession, most companies have imposed severe restructuring plans to cut costs and restore profitability before time, and the default risk has correspondingly declined. Comparing two indices with the implied CDS spreads for investment-grade corporate and sovereign euro bonds shows that a decoupling is well under way. Interestingly, the sovereign index is made up of 15 equally-weighted bonds issued by Western EU members (before the enlargement) and this makes it a good "diffusion" index of spread widening. Claiming that corporate bonds can weather the storm for a long time because of fundamentals is probably too strong a point, even if we rule out the worst-case scenario of a collapsing euro area leading to a sharp increase in global risk aversion. Bank names account for a large part of the euro corporate bond market and the risk of asset write-downs cannot be neglected when holdings of government bonds have grown so large. This amount of provisions is not comparable at all to what banks had to make during the recession but after a year-long rally there is a strong case for profit taking.

Corporate Spreads not Overly Affected so far by Peripheral Euro Countries



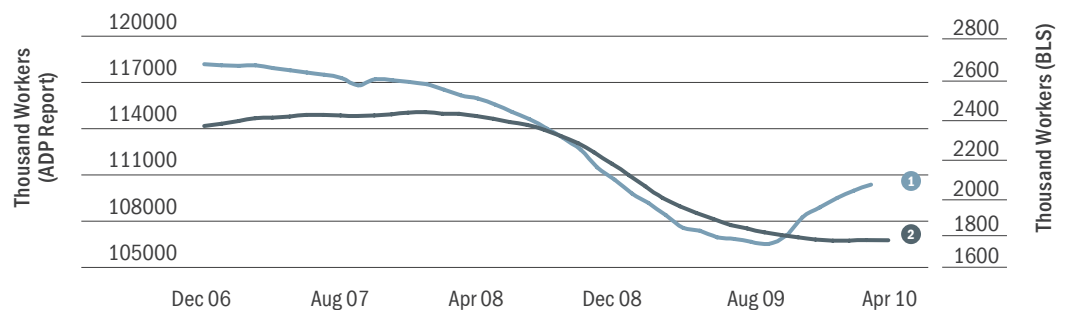
1 MARKIT ITRX SOVX WE 12/14 2 MARKIT ITRX EUROPE 12/14

Source Bloomberg as of 30 April 2010

More evidence of broader economic growth

The advance release of first-quarter GDP growth is almost in line with expectations, reporting a further 3.2% (annualised) gain from the previous quarter, which has lifted the key year-on-year comparison to 2.5%. This equals a 20-year average which includes, admittedly, the recession of the early 1990s. We have often remarked that very loose economic policies, on the monetary as well as on the fiscal side, have helped the US economy to get out of a deep recession before time but we have been more confident than most analysts about a self-sustaining recovery. Data on retail sales have more than offset the slump of late 2008 but other gauges of consumer spending less affected by tax breaks or other government incentives have recovered sharply, and personal incomes have also recouped most of the previous losses. Wage growth is the missing link to a full-fledged recovery but there is evidence of an improving labour market: In April, ADP Employer Services reported the largest increase in jobs since January 2008. The total workforce employed by non-farm private business has increased by 53k over the last three months and this follows a gain of more than 300k in temporary jobs since September 2009. Accelerating consumer spending prompted us to upgrade our estimates of US GDP growth to 3.3% this year. Key leading indicators, such as the ISM Manufacturing Index, rose in April above 60, which is the highest level in six years. Manufacturers have clearly benefited from strong global growth, fuelled by fast developing countries and regions. The message of this cycle-sensitive index is consistent with data on earnings reported by manufacturing companies, particularly makers of industrial equipment. Despite all this evidence the Federal Reserve looks comfortable with keeping interest rates at zero with only a dissenting minority within the policy-setting council. A still weak housing market after tax breaks expired seems to pose the main risk to overall growth and delay an early normalisation of US monetary policy that we, nonetheless, expect late in the year.

Green Shoots of Jobs Recovery at Private Companies



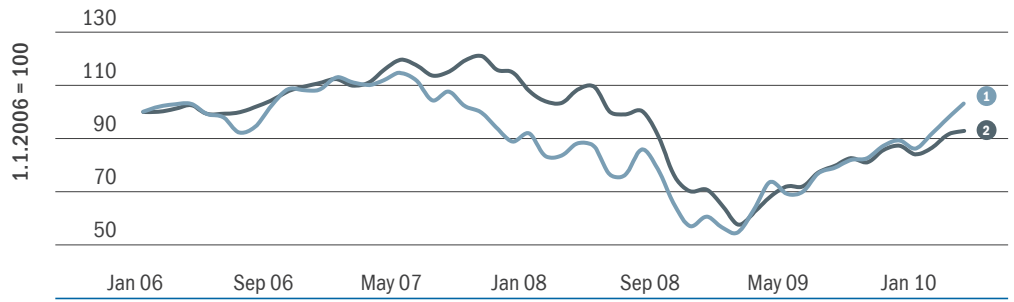
1 Temporary Help SA 2 ADP National Employment Report

Source ADP, US BLS, Bloomberg as of 30 April 2010

US Equities

This market has played a pivotal role in our global equity allocation with an overweight often at the expense of European equities. We are strengthening this choice amid widening growth prospects on the two sides. As the US recovery broadens thanks to the enhanced contribution of consumer spending (supporting key industry groups such as Consumer Discretionary), the same does not apply to the European market. The latter will probably be supported by sectors with a strong export order book, notably from fast developing countries and regions. Overall, the first-quarter data on US earnings revealed more upside surprises. In both the US and Europe, Financials account for a large stake of broad indices (respectively 16.5% and 15% at current market prices). However, the risk of further asset writedowns has declined substantially among US banks, while the losses related to the latest turmoil in euro government bond markets may affect valuations at major European banks. These are also sensitive to domestic economic growth, which may be fragile against the backdrop of forced budget tightening.

Consumer-led Sectors add to Overall Performance



1 S&P 500 RETAILING INDEX 2 S&P 500 INDEX

Source MSCI, Bloomberg as of 04 May 2010

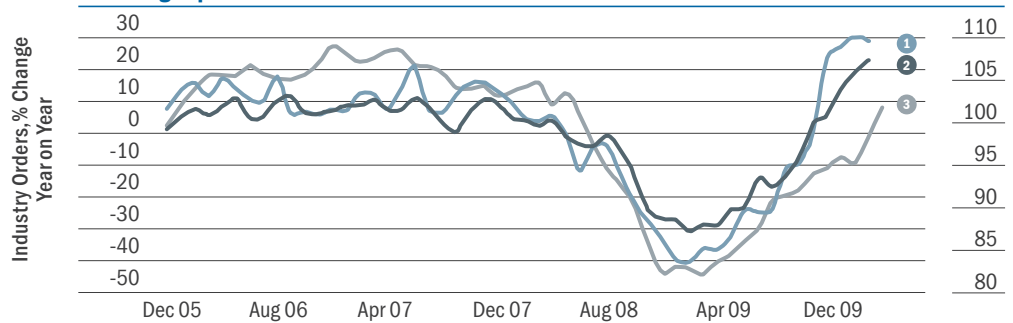
Europe

How ECB policy is affected by Greek risk

The policy adopted by the European Central Bank (ECB) over the last two years has been no exception to the global trend, led by the US Federal Reserve. Overcoming the recession was top of the agenda in 2008 but even now that the macroeconomic figures point to an overall recovery there seems to be no hurry to shelve the loosest policies. While refraining from bringing key policy rates down to zero, the ECB has been lending lots of cash to struggling banks and accepted all euro government bonds as collateral. Banks have invested most of this additional cash into government bonds instead of lending to companies or households and thereby overcoming the credit crunch. With the debt of Greece and other deficit-prone countries downgraded by major rating agencies there was speculation that the ECB would make it unsuitable for collateral but that looks unlikely in the current turmoil.

This is only one of several cases of unorthodox policies, which the ECB will be hard pressed to maintain. The implied yields of three-month futures on interbank rates (EURIBOR) are still below 1% and suggest that the ECB will keep policy rates at historical lows in spite of the US Federal Reserve's normalisation of policy late this year. Consumer price inflation is set to be held in check by weak household spending. Car registrations have sharply declined with the expiration of government incentives and other durable goods are poised to do the same. Unlike in the US, consumer spending is therefore unlikely to follow on recent gains and make the recovery eventually self-sustaining.

Strong Export Orders Boost German Business Confidence



1 Germany Export Manufacturing 2 Germany Domestic Manufacturing

3 Ifo Pan Germany Business Climate

Source IFO, Bundesbank, Bloomberg as of 30 April 2010

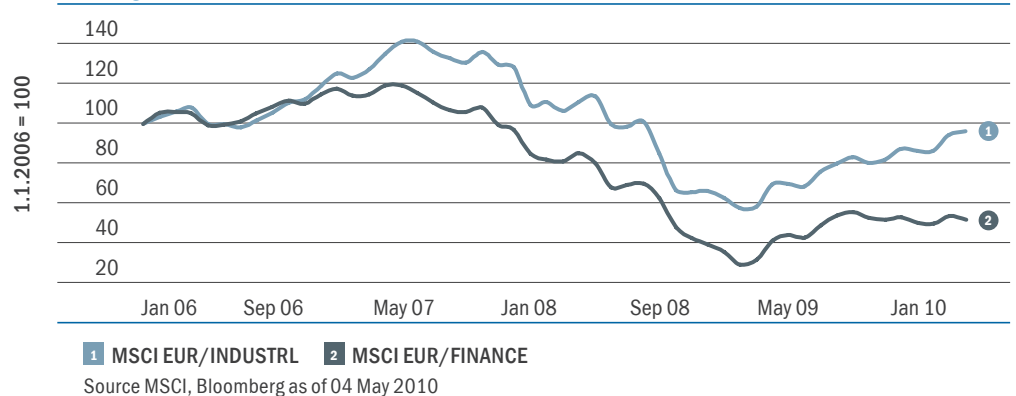
The Export sector makes up for most of the domestic side's weakness. Germany's IFO Index of Business Expectations has even strengthened its gains so far this year, recouping the levels of June 2008. Confidence in a sustained rise of orders from fast developing countries and regions remains high, and the euro's depreciation is giving an additional boost. Germany accounts for about 30% of the eurozone's GDP as of the fourth quarter last year, but despite the size it can be increasingly arduous to use it as a proxy for the whole area, as the average performance hides substantial differences on a country basis.

European Equities

Banks under the spotlight again

The weaker outlook for domestic demand has long explained our preference for non-European markets within our global equity allocation. European companies with a strong order book from abroad may benefit, of course, from growth in fast developing regions such as East Asia. However, the overall performance of the primary asset class may be dented by slow growth in industry groups getting most of their earnings from sales of consumer goods. The weight of the Banking sector is an additional drag for the broad market in the current turmoil concerning Greece's and other peripheral countries' debt. Many banks hold large amounts of euro government bonds as a result of the abundant liquidity made available by the ECB during the recession. The size of these holdings, for each bank as well as for the whole sector, is being evaluated but the uncertainty has its own negative effects if only because it refuels concerns about asset write-downs. We have maintained a selective approach to bank stocks as they rebounded sharply from last year's lows and we believe that earnings at companies more reliant on foreign sales will grow steadily as the global economy improves.

A Brighter Outlook for Non-Financials Sectors



Japan

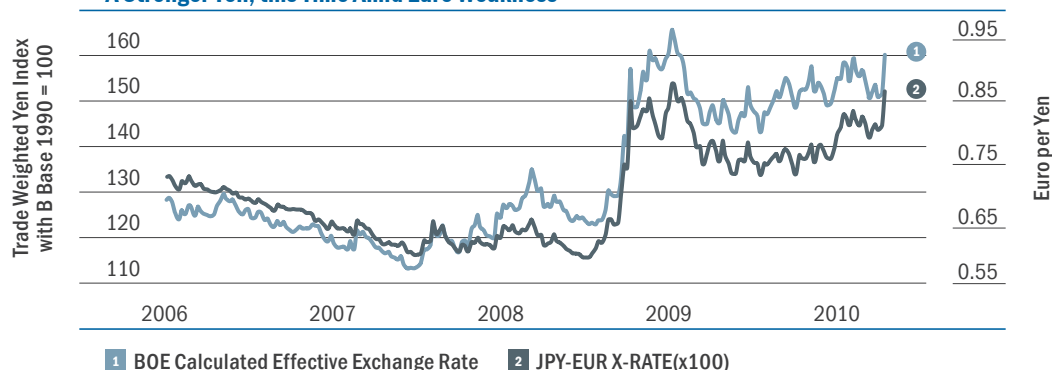
Relying on Asia

The economic recovery is tentative on many counts. Deflation is deepening by the month, although April data on consumer prices in the Tokyo area were less negative than expected. The underlying weakness of domestic demand and deflation often feed each other, and tax breaks can provide only temporary relief. An improving labour market would provide a more solid support but the evidence is mixed: on the bright side, cash earnings rose unexpectedly in March which completed a recovery phase started in the middle of last year. On a more downbeat note, the key ratio of available jobs to applicants is recouping lost ground very slowly and is far from offsetting the crisis-induced slump. The best contribution to overall growth, that we expect to be 2.5% this year, will come from the foreign sector thanks to stronger growth in the world economy, particularly in China, whose imports will add to Japanese growth and may offset weakening demand from the United States.

Japanese Equities

The euro area's debt crisis seems far away but the Japanese market could not withstand the turmoil and the Topix Index shed most of this year's gains right after hitting the 1000 mark at one point in mid April. Trading was light because of early-May holidays, but in a scenario of high alert surrounding government debt Japan's profligate fiscal position may also be under scrutiny. This does not yet translate into a government bond market rout with yields close to record lows. However, there is very little room for fiscal expansion, particularly to spur consumer spending, in this scenario. Earnings at companies with a strong order book from abroad can grow more decently, especially if demand comes from fast developing countries (prospects are more mixed for those relying on US consumer demand). If China becomes a key driver of growth for Japanese companies, investors should ponder the case of a hurried tightening to check inflation. The overall balance of risk is not in favour of Japan.

A Stronger Yen, this Time Amid Euro Weakness



Source Bank of England, Bloomberg as of 30 April 2010

Asia and Emerging Economies

Accelerating growth, overheating not yet

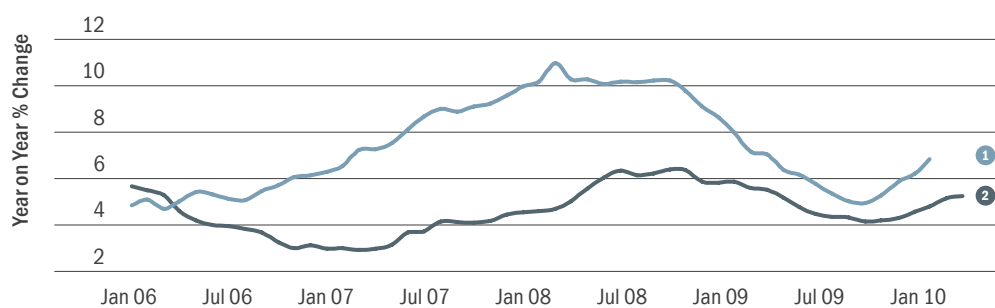
Double-digit GDP growth is back in most of Emerging Asia, and major countries in Latin America also recovered stronger and quicker than expected from the (mild) downturn of 2008. These success stories are now prompting an early tightening of policies in order to prevent economic overheating and rising inflation. The latest case among the major emerging (BRIC) countries is Brazil's central bank move to raise the benchmark rate by a larger-than-expected 0.75% on 28 April. Latin America's biggest economy shrank by only 0.2% last year but it is regaining full speed, and an independent, inflation-hawk central bank like that of Brazil's is ready to press on the brakes as consumer prices rose by an 11-month high of 5.22% in the 12 months to mid April (latest available update). Most estimates for Brazil's GDP growth have been revised up to 6% in 2010 with the help of consumer spending on cars and other durable goods.

The risk of economic overheating is also perceived by central banks elsewhere in fast developing areas, particularly in East Asia, with China as the driving force. The excess growth in bank lending is being cooled down by soft and conventional measures such as higher reserve requirements (up to 17% of deposits compared to 17.5% in 2008 before the downturn). Interbank rates have also been increased, although they are still much lower than two years ago. Inflation is up from its lows but is rising at a comfortable pace which provides some slack. However, pipeline price pressures are building, with producer prices climbing 5.9% in March, which is the highest rate in 18 months. Inflation pressures are also on the rise in India where the Wholesale-Price Index climbed to 9.9% year-on-year in March amid strong economic growth: this gauge of inflation is watched by the central bank, which has duly raised policy rates.

Emerging Equities

The case for emerging equity markets is maintained by the area's overall strong growth potential, although regional differences should not be neglected. Our most positive call is on Asia where domestic demand is a key driver of GDP growth. The downside risks for most of these markets, with China in the first tier, are provided by undesired inflation pressures that central banks could counter by tightening monetary policy aggressively and curbing growth. We still believe that Chinese officials are acting pre-emptively to cool down excess growth, particularly in bank lending. However, we have to watch for evidence of steep rises in property and other asset prices. Expected earnings at companies with a strong exposure to emerging markets have been repeatedly revised upwards over the last 12 months and are likely to be cut if those economies slowed down abruptly as a result of tighter policies. The role of these markets will take centre stage in this environment, although most of the attention will turn to Asia. Putting all countries tagged as 'emerging' by the main benchmarks together can be misleading, with so-called emerging Europe most suitably belonging to Western Europe on converging growth patterns. The proximity of Eastern Europe to a slow-growth area explains why we are less comfortable with it.

Inflation on the Rise in Brazil as Consumption Grows Strongly



1 Brazil Retail Sales Volume 12 2 Brazil CPI IPCA YoY

Source Bloomberg as of 30 April 2010

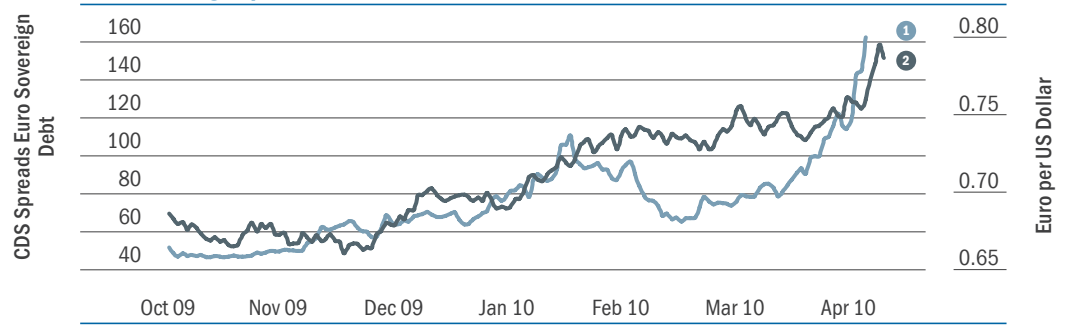
Currencies

A weaker euro as an additional stimulus to growth

Currency markets have duly priced in the Greek financial crisis, putting strains on the euro. Europe's single currency may even break through the 1.30 threshold against the US dollar if concerns over Greece and other peripheral countries do not abate soon. The silver lining of the euro's weakness is that it enhances export competitiveness and provides an additional stimulus to growth by partly offsetting domestic demand. Unlike for higher bond yields, politicians are not blaming speculators for a depreciating euro. The euro's trade-weighted value has declined about 7% since early December last year when the Greek problem virtually became a full-blown crisis. However, it is still on the 'strong' side of its trading range since EMU was born in 1999 (near 10% above the average of the entire period to date). Other countries are unlikely to complain loudly about unfair competition through a devalued currency. Therefore, there is still some downside for the euro both against the US dollar (on worse growth prospects) and in Europe against a safe haven, such as the Swiss Franc, amid a loss of credibility over Greece's bailout. We believe that there is also some downside for the euro against the British pound, which has largely priced in the political uncertainty related to the elections and the prospect of a hung parliament.

Tactical Asset Allocation Summary

As Sovereign Spreads Widen, the Euro Weakens



1 MARKIT ITRX SOVX WE 12/14 2 USD-EUR X-RATE

Source Bloomberg as of 07 May 2010

Global Equities: reduced Overweight

Reduced overweight. The case for cyclical assets is confirmed by mounting evidence that a broadened economic recovery is under way. Our main indicator also suggests that a double-dip is less likely. Current concerns about a debt crisis in the euro area may be overdone and will not undermine global growth. We believe, however, that volatility will persist amid investors' renewed attention on fiscal policies. Therefore, we are lowering our overall risk profile by reducing global equities, although with very different regional patterns.

USA: Overweight

Consumer spending is accounting for an increasing stake of GDP growth which should prompt a broader-based growth in corporate earnings by adding consumer-led industry groups. Our equity allocation is increasingly biased towards countries or regions with stronger domestic growth potential, thus leaving out Europe and Japan (see below).

Europe: increased Underweight

The outlook for Europe's economy was already fragile before the Greek crisis turned into a broader debt crisis in the eurozone. Tighter fiscal policies may hurt consumer spending and overall growth. Earnings at companies selling goods to domestic households will be impaired in this scenario.

Japan: downgraded to Underweight

Foreign demand makes up for the weakness of domestic spending, like in most of Europe, as the room for fiscal expansion is very limited because of already-strained government finances. Valuations have become less attractive as the rally continued.

Pacific ex Japan: Underweight

Markets overly reliant on China's growth may be concerned about early policy tightening aimed at keeping the economy from overheating. Moreover, commodity-related sectors play a key role in this region and their valuations look demanding at recent levels.

Emerging Markets: Overweight

Most of these regions retain a strong potential for domestic growth, with Asia in the first tier. The current turmoil over the debt crisis in the euro area is unlikely to dent those prospects, although there are reasons to believe that an extended period of volatility will prompt investors to take profits after a long, and not always selective, rally.

Global Bonds: reduced Underweight

Government bond yields in core markets, such as Germany and the US, are at (or close to) cyclical lows in spite of a global economic upturn which makes them basically unattractive. Regional crises may prompt investors to look for safety in German bonds but awarding the same status to US Treasuries looks far-fetched amid renewed attention on structural budget deficits.

Euro Government: upgraded to Neutral

Domestic household spending has rarely driven GDP growth in the euro area and the debt crisis may spur tighter fiscal policies, which will curb spending further and keep inflation at bay. We recommend increasing the exposure to core markets, such as Germany and France, as long as volatility among peripheral markets persists.

Euro Corporate: downgraded to Neutral

Most companies have aggressively cut costs in an effort to regain profitability in a deep recession. Compared to some profligate governments now grappling with heavy budget deficits, they have deservedly had their risk premiums lowered. However, bank names account for a large part of the euro corporate market and their holdings of government debt may put the balance sheets at risk of asset write-downs (albeit to a lesser extent than in the recession where corporate defaults could have risen dramatically).

US Government: Underweight

The recent turmoil concerning the euro debt crisis has prompted investors to also look for safety in US Treasuries, in spite of the fact that in an election year there is little commitment to budget consolidation.

US Corporate: Overweight

Global risk aversion may rise as a result of an extended period of uncertainty in euro government bonds and that may boost credit risk premiums even for solid companies. That may provide renewed opportunities with cheaper valuations.

Emerging Markets: Neutral

Economic policies have definitely improved in most emerging countries, so that renewed opportunities (particularly in local currencies) may be provided when the current turmoil eventually recedes.

Tactical Asset Allocation Summary

Global Summary Table

Asset Class	Recommendation
Equity	Overweight
Government Bonds	Underweight
Corporate Bonds	Overweight
Liquidity	Overweight

Regional Summary Table

Asset Class	Recommendation
Euro Cash	Underweight
2yr Euro Corp	Overweight
Total Liquid Assets	Overweight
Euro Bond	Neutral
US Bond	Underweight
Japan Bond	Underweight
Government Bonds	Underweight
US Corporate	Overweight
US High Yield	Neutral
Euro Corporate	Neutral
Euro High Yield	Neutral
Emerging Market Bonds	Neutral
Corporate Bonds	Overweight
North America Equity	Overweight
Europe Equity	Underweight
Japan Equity	Underweight
Global Emerging Mkts	Overweight
Pacific Ex Japan	Underweight
Equity	Overweight

Foreign Currency Exposure

US Dollar	Overweight
Euro	Underweight
Yen	Underweight
Other	Neutral

FROM WEAKEST TO STRONGEST IN ASCENDING ORDER:

Strong Underweight Underweight Slight Underweight Neutral Slight Overweight Overweight Strong Overweight

Please note that the rank is indicative and may not balance when summed.

Important Information

Unless otherwise stated all information contained in this document is from Pioneer Investments and is as at 7 May 2010.

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