

# Is Quality Making a Comeback?

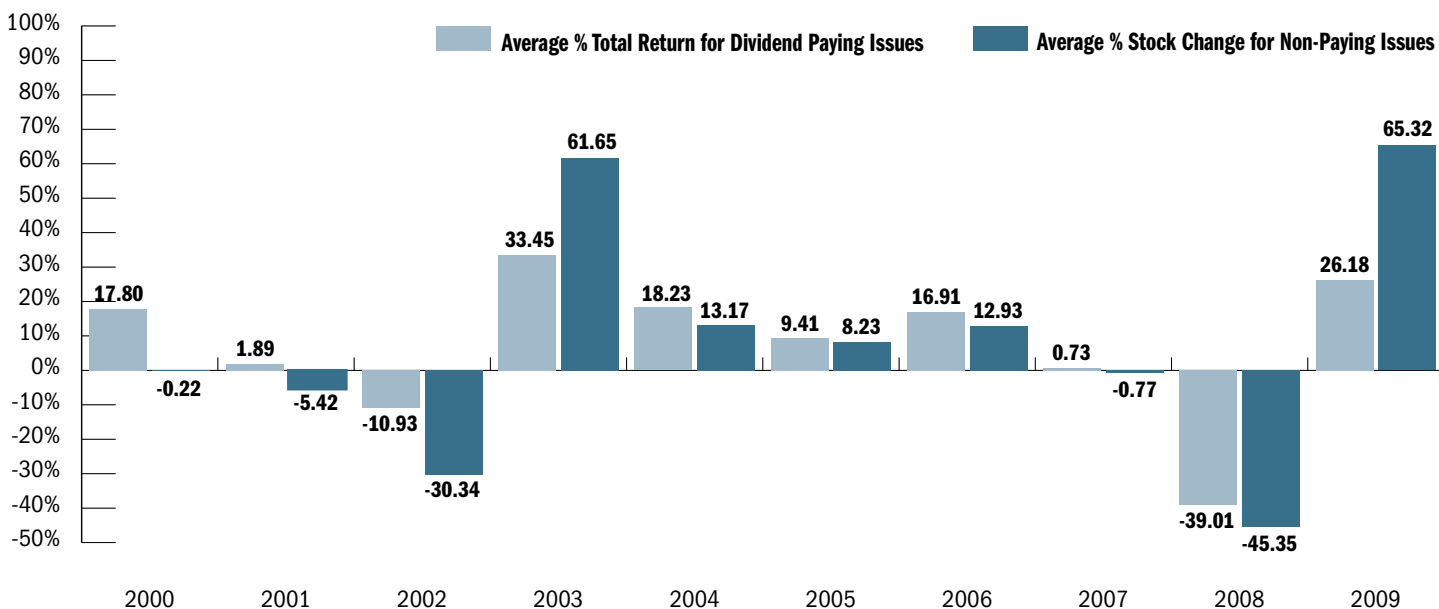
The tide could be turning for dividend-paying stocks.

## Dividend-Paying Stocks: A History of Quality and Reliability

Few indicators of quality have been more reliable than a long record of dividend payments. While 2003 and 2009 were exceptions, historically, dividend paying stocks have outperformed non-dividend paying stocks, as illustrated in the following chart.

### Dividend-Paying Stocks Have Outperformed Non-Dividend Payers Over Time

#### Calendar Year Return (2000-2009)

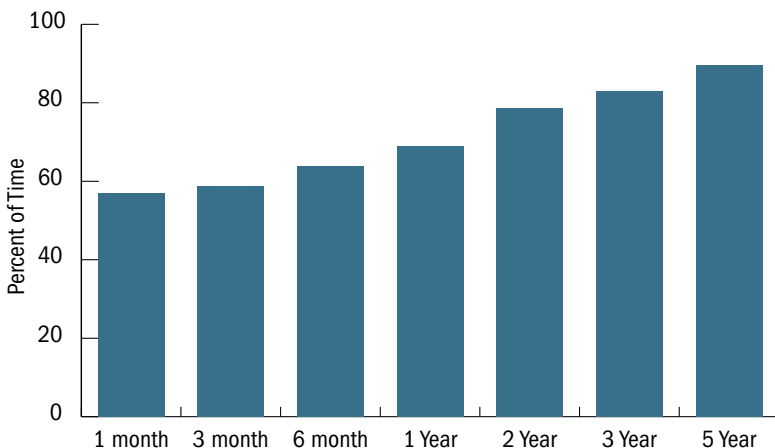


Source: Standard & Poor's, December 31, 2009.

The Standard & Poor's 500 Stock Index (the S&P 500) is a commonly used measure of the broad U.S. stock market. Indices are unmanaged and their returns assume reinvestment of dividends and, unlike mutual fund returns, do not reflect any fees or expenses associated with a mutual fund. It is not possible to invest directly in an index.

### The Impact of Reinvested Dividends on Returns Has Increased Over Time

#### (1972-2009)



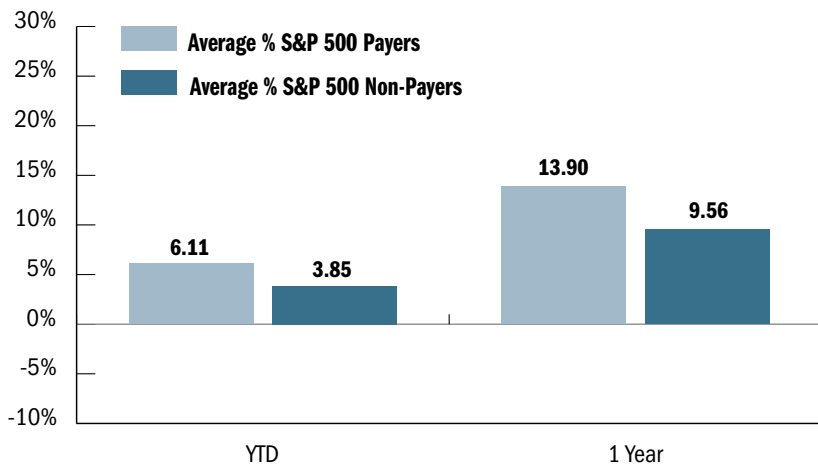
Source: Ned Davis Research. Data through December 31, 2009.

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Equity investors have traditionally looked to dividend-paying stocks to enhance growth potential and help dampen volatility over time. The extra income provided by reinvested dividends may have acted as a cushion during volatile markets, and has helped investors reduce losses when prices began to slide. As the chart at the left shows, the impact of reinvested dividends on returns has increased over time – for every 5 year period from 1972-2009, dividend payers have outperformed non-payers over 90% of the time.

## Is Quality Making A Comeback?

### Dividend Payers vs. Non-Payers: Year-to-Date Returns as of September 30, 2010



**Past performance is no guarantee of future results.**

Source: Standard & Poor's, September 30, 2010. The Standard & Poor's 500 Stock Index (the S&P 500) is a commonly used measure of the broad U.S. stock market. Indices are unmanaged and their returns assume reinvestment of dividends and, unlike mutual fund returns, do not reflect any fees or expenses associated with a mutual fund. It is not possible to invest directly in an index.

As the chart at left suggests, high quality may have begun a comeback. While non-dividend payers outperformed dividend payers in 2009, dividend payers outperformed by 226 basis points year-to-date, as well as by 434 basis points for the one-year period ended September 30, 2010.

Will history continue to repeat itself and keep dividend payers on top during 2010? We think so. No one can predict when the market will recognize value, when it will come back to quality, or when it will re-focus on dividend income. But if the past is any guide, we believe the likelihood of market returns shifting from lower quality to higher quality stocks is probable.

Keep in mind that dividends are not guaranteed.

## Three Ways to Invest in Dividend-Paying Stocks

Pioneer Investments offers you three large-cap funds that historically seek dividend-payers as part of their investment approach:

- **Pioneer Fund (PIODX):** Invests in high-quality, large-cap companies using a basic value approach.
- **Pioneer Equity Income Fund (PEQIX):** Invests only in dividend-paying equity securities in the Russell 1000 Value Index, favoring well-established companies with exemplary dividend growth over the past 3, 5 and 10 years.
- **Pioneer Cullen Value Fund (CVFCX):** Invests in large-cap value stocks, focusing on companies with low price-to-earnings (P/E) and price-to-book (P/B) ratios.

## Contact your financial advisor or visit [pioneerinvestments.com](http://pioneerinvestments.com) for more information about any Pioneer Fund.

### A Word About Risk:

**Pioneer Fund and Pioneer Equity Income Fund:** At times, the Funds' investments may represent industries or industry sectors that are interrelated or have common risks, making it more susceptible to any economic, political, or regulatory developments or other risks affecting those industries and sectors. These risks may increase share price volatility.

**Pioneer Cullen Value Fund:** At times, the Fund may focus its investments in a limited number of related industries and sectors, making it more susceptible to adverse economic, political, or regulatory developments affecting those industries and sectors than a portfolio that invests more broadly and as a result may experience greater market fluctuation. Investing in foreign and/or emerging markets securities involves risks relating to interest rates, currency exchange rates, economic, and political conditions. These risks may increase share price volatility. Investments in mid-sized companies may offer the potential for higher returns, but are also subject to greater short-term price fluctuations than larger, more established companies. The Fund invests in a limited number of securities and, as a result, the fund's performance may be more volatile than the performance of other funds holding more securities.

**Before investing, consider the product's investment objectives, risks, charges and expenses. Contact your advisor or Pioneer Investments for a prospectus containing this information. Read it carefully.**

Neither Pioneer, nor its representatives are legal or tax advisors. In addition, Pioneer does not provide advice or recommendations. The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, please consult an investment professional.