

# Pioneer Growth Opportunities Fund

*Performance Analysis and Commentary*

December 2011

## Fourth Quarter Review

- The Fund's Class A shares returned 12.48% at net asset value in a strong fourth quarter, but the Fund's benchmark, the Russell 2000 Growth Index, outperformed the Fund as the market rallied significantly.
- The Fund's fourth quarter underperformance of the benchmark was primarily explained by weak stock selection.
- We believe that the economy is firming, but that brisk economic growth remains unlikely. As such, the portfolio is positioned somewhat defensively, with a heavy emphasis on companies that have company-specific growth drivers (and that do not need an exceptionally strong economic tailwind to succeed).

U.S. "double-dip" recession fears were largely dispelled in the fourth quarter, as employment, business profits and confidence all showed strength. The European debt crisis remained far from resolved, but interest rate cuts and liquidity injections from the European Central Bank (ECB) eased immediate pressures on the markets.

The Russell 3000 Index, a broad measure of the U.S. stock market, returned 12.12% in the fourth quarter, recouping the majority of its losses from the previous quarter and ending the calendar year up by 1.03%. The U.S. continued to perform well relative to other global equity markets, reflecting both better economic growth and a strengthening currency.

Smaller-cap stocks, which tend to be more volatile and economically sensitive than larger-cap stocks, outperformed in the fourth quarter. The Standard & Poor's 500 Index (the S&P 500) returned 11.80% during the quarter, but the small-cap Russell 2000 Index returned 15.47%; for the full year, however, the S&P 500 returned 2.09% (all from dividend income, as its price-only return was 0%), while the Russell 2000 Index, unable to recover all the ground it gave up in the third quarter, returned -4.18%.

Defensive names and groups had been favored over cyclically sensitive investments during the third quarter correction, but that pattern was reversed in the fourth quarter rally. During the fourth quarter (and in contrast to the first nine months of the year), investor sentiment shifted in favor of more aggressive and economically sensitive energy, materials and industrial names. As a result of this shift, within the Russell 2000 Growth Index (the Russell Index), the Fund's benchmark, returns of the energy, industrials, and materials sectors led the market, while the defensive consumer staples, telecom services and utilities sectors lagged.

Pro-cyclical, high-beta and lower-quality sectors and stocks posted outsized performance. Correlation remained near all-time highs, and stock-to-stock performance dispersion remained near record lows, making for an extraordinarily challenging stock-picking environment.

## Sector Allocation and Security Selection

The Fund's fourth quarter underperformance of the Russell Index was primarily explained by weak stock selection, particularly in the industrials, health care and consumer sectors. The Fund was under-invested in pro-cyclical growth stories, and portfolio holdings in an eclectic set of "controversial" and "temporarily depressed" stocks were not among the favored few that surmounted the broad market's tendency to march in lock step. On the positive side, Fund holdings in information technology, energy and materials benefited benchmark-relative performance.

Brigham Exploration was the largest positive contributor holding for the Fund in the fourth quarter, returning 43%. Brigham is an oil and gas exploration and production (E&P) company, focusing on the prolific Bakken shale in North Dakota. The company was acquired by Statoil, the Norwegian state-owned E&P company, and is no longer in the portfolio. Salix Pharmaceuticals was also a strong contributor to Fund returns in the fourth quarter. Salix is a biopharmaceutical company focused on gastrointestinal disorders. The appreciation of the company's stock price reflected the FDA's issuance of guidance which confirmed a high barrier to entry for Salix' most important product, Xifaxan.

Polypore International was the largest individual detractor from the Fund's performance in the fourth quarter. Polypore is one of three global providers of specialty membranes used in separation and filtration processes in automobile batteries, consumer device batteries and medical applications, such as kidney dialysis. These are steady, predictable growth businesses that (some years back) supported a management-led buyout and then a subsequent initial public offering of stock. More recently, Polypore's oligopolistic franchise has been extended into the emerging market for hybrid and electric automobile batteries. The company's stock price slumped in the fourth quarter, reflecting a third

quarter earnings shortfall caused by added costs from capacity expansions and a temporary manufacturing disruption in China. The weakness was exacerbated when General Motors announced that a design flaw had caused batteries in its Chevy Volt car to catch fire. As a result, investors have been questioning the real growth potential of hybrid and electric vehicles. Polypore's shares remain in the portfolio, however, as we feel the company has strong base businesses in traditional automotive and consumer batteries (as well as health care applications). We also believe that Polypore's share price already reflects the now-modest expectations about the future potential growth of "green" vehicles, such as the Chevy Volt.

The stock of medical device maker Dexcom also detracted from the Fund's performance during the quarter. Dexcom's blood glucose monitoring systems enable diabetics to improve the management of their disease. Clinical trials of Dexcom's next-generation glucose monitor has been delayed, while demand for its current generation monitor continued to fall short of expectations. We sold the Fund's position because we believe management's updated guidance on the timing of its next-generation device launch is too aggressive. We also expect demand for Dexcom's current monitor to remain tepid in the near term, reflecting high patient deductibles and the weak economic environment.

## **Trading Activity**

Fourth quarter trading resulted in modestly higher Fund exposure to the energy, materials and information technology sectors, and modestly lower exposure to industrials and consumer discretionary. The changes were the result of our bottom-up security selection process rather than the product of any top-down sector allocation decisions.

During the quarter, we initiated a Fund position in VeriFone Systems, the leading provider of technology to the global electronic payment industry. We expect VeriFone to benefit from the adoption of electronic payment technology in the emerging markets, as well as from early-stage global growth in mobile-payments technology.

Additionally, we eliminated the Fund's position in Masimo, a leading provider of blood-monitoring systems to hospitals. The sale reflected our concern that Masimo would fail to meet earnings expectations due to tightening capital budgets at many hospitals, which are experiencing weak patient volumes due to the sluggish economic backdrop.

## **Current Outlook and Positioning**

We believe that the economy is firming, but that brisk economic growth remains unlikely. As such, the portfolio is positioned somewhat defensively, with a heavy emphasis on holdings that have company-specific growth drivers (and that do not need an exceptionally strong economic tailwind to succeed). We see the holdings as high-quality, high-return, stable growth companies with favorable valuations. Although the path may not be linear, we expect the stocks of the portfolio's companies to perform relatively well in the year ahead as the business cycle matures, margins plateau and overall profit growth becomes more dependent upon top-line growth.

## **Note about the Fund's investment team:**

During 2011, we added members to our investment roster, completing the build-out of Pioneer's dedicated small-cap growth equity team. The team, led by portfolio manager Brian Stack, now consists of four members with an average of more than 18 years of experience in the business. The team is also supported by a small-cap trader, Dan Sim, who worked previously with Brian at Blackrock. Brian and the team are further supported by Pioneer's U.S. fundamental equity analysts, quantitative analysts and high-yield credit team.

## Performance Review

Pioneer Growth Opportunities Fund Class A shares returned 12.48% at net asset value in the fourth quarter, while the Fund's benchmark, the Russell 2000 Growth Index (the Russell Index), returned 14.99%. Over the full calendar year ended December 31, 2011, the Fund's Class A shares returned -2.53% at net asset value, while the Russell Index returned -2.91%.

### Average Annual Total Returns (Class A shares)

December 31, 2011	(at NAV)	(at POP)	Russell 2000 Growth Index
1 year	-2.53%	-8.12%	-2.91%
3 years	18.57%	16.26%	19.00%
5 years	0.69%	-0.49%	2.09%
10 years	2.29%	1.68%	4.48%

### Expense Ratio

(As of prospectus dated May 1, 2011)

Gross	1.29%
Net	1.29%

**Call 1-800-225-6292 or visit [us.pioneerinvestments.com](http://us.pioneerinvestments.com) for the most recent month-end performance results. Current performance may be lower or higher than the performance data quoted.**

**The performance data quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.**

**POP returns reflect deduction of the maximum 5.75% sales charge at the beginning of the period. NAV results represent the percent change in net asset value per share. Returns would have been lower had sales charges been reflected. All results are historical and assume the reinvestment of dividends and capital gains. Other share classes are available for which performance and expenses will differ.**

**Performance results reflect any applicable expense waivers in effect during the periods shown. Without such waivers fund performance would be lower. Waivers may not be in effect for all funds. Certain fee waivers are contractual through a specified period. Otherwise, fee waivers can be rescinded at any time. See the prospectus for more information.**

### A Word About Risk:

Investments in small companies may offer the potential for higher returns, but are also subject to greater short-term price fluctuations than larger, more established companies.

Investing in foreign and/or emerging markets securities involves risks relating to interest rates, currency exchange rates, economic, and political conditions.

At times, the Fund's 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.

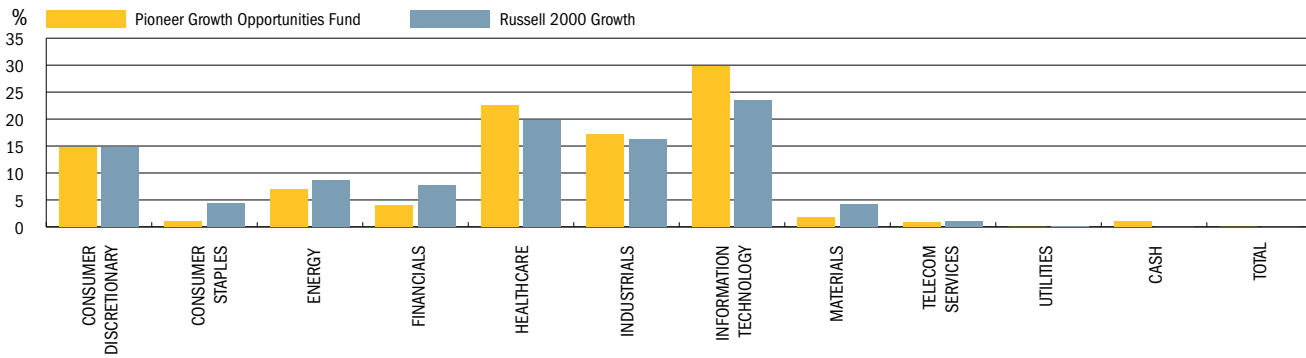
The Russell 2000® Growth Index measures U.S. small-cap stocks. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly in an index.

The views expressed in this commentary are those of the portfolio manager, and are subject to change at any time. These views do not necessarily reflect the views of Pioneer or others in the Pioneer organization, and should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any Pioneer investment product.

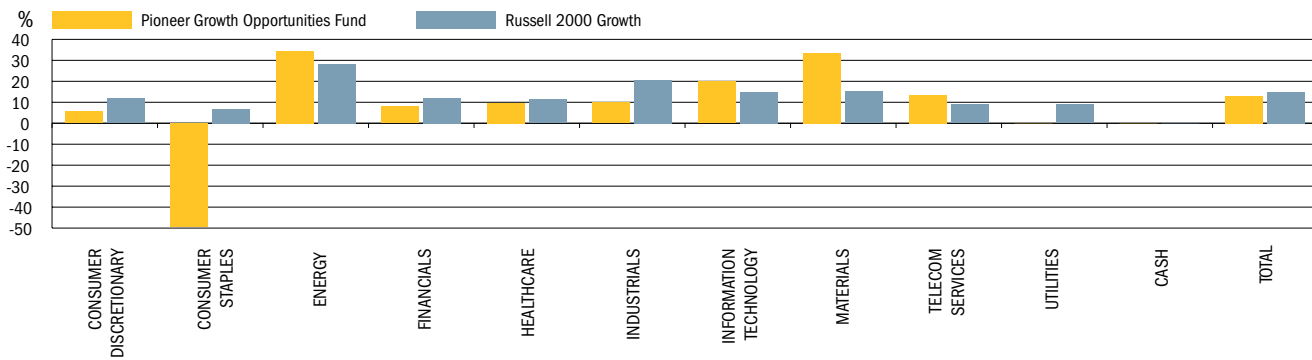
The Fund performance attribution information shown below does not reflect the deduction of fees, charges and expenses associated with investing in the Fund, such as sales charges, management fees, distribution and service (12b-1) fees, or any other fees associated with the Fund. Such expenses would reduce the overall returns shown.

Please refer to the average annual total returns table for performance that reflects the deduction of these fees and charges.

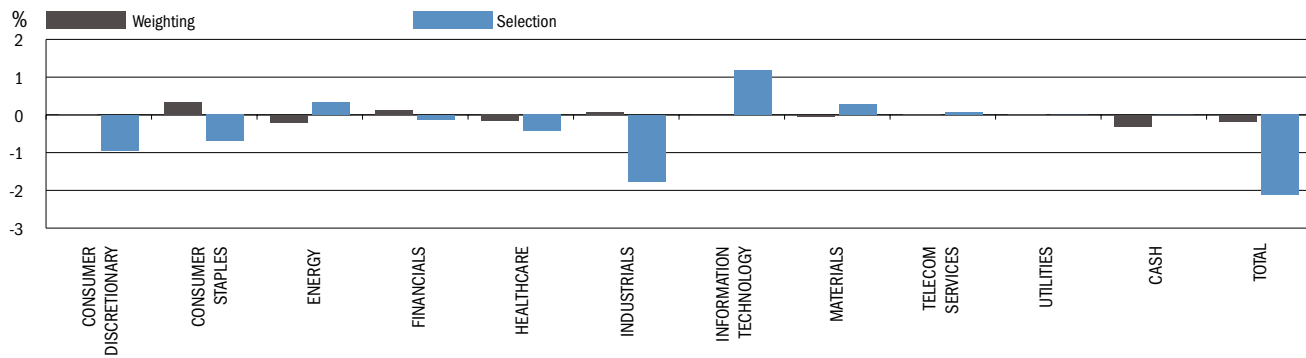
**Chart 1- Average Weight**



**Chart 2- Return**



**Chart 3- Performance Attribution**



Please see the last page of this commentary for more background information about Performance Attribution.

The portfolio is actively managed, and current holdings may be different.

Actual portfolios have fees and expenses. Our performance attributions ignore fees and expenses. The hypothetical portfolios used in performance attribution are before fees and costs.

**Securities Discussed** **% of Portfolio**  
**as of December 31, 2011**

Salix Pharmaceuticals	1.60%
Polypore International	1.19%
VeriFone Systems	1.01%

**Top 10 Holdings** **% of Portfolio**  
**as of December 31, 2011**

1.	Cubist Pharmaceuticals	2.67 %
2.	KBR	1.72 %
3.	Catalyst Health Solutions	1.63 %
4.	Energy XXI	1.63 %
5.	Salix Pharmaceuticals	1.60 %
6.	SuccessFactors	1.59 %
7.	Cinemark	1.51 %
8.	Cabot Oil & Gas	1.46 %
9.	HeartWare International	1.36 %
10.	IPC The Hospitalist Company	1.35 %

The portfolio is actively managed, and current holdings may be different. The material should not be construed as a recommendation to buy or sell any of the securities discussed. You should consult with your investment professional regarding your personal situation prior to making any investment decisions.

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

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.

## Performance Attribution: Background

This performance attribution seeks to identify and quantify the drivers of portfolio performance relative to that of a benchmark. How much of a return difference was due to different exposures to asset class, country, sector or similar factors? How much was due to specific securities?

### Here's how we answer the question for equity portfolios.

Using FactSet software, we create hypothetical subportfolios by segmenting the portfolio and its benchmark, then measure the value (weight) and returns of those hypothetical subportfolios. This lets us measure the performance impact of a decision to overweight or underweight a portfolio segment. It also lets us measure the performance impact of a specific security selection within each segment.

#### GRAPHIC PRESENTATION

We present attribution results using three graphs. Graph 1 shows the allocation of the portfolio across different segments (industries/sectors/countries, etc.). Overweights and underweights are visible. Graph 2 shows the returns of each portfolio and corresponding benchmark segment. Success at security selection is easily spotted. By using the data underlying the first two graphs, we calculate the data for Graph 3, the impact of Weighting and Selection decisions on benchmark-relative return.

#### WEIGHTING IMPACT

It pays to overweight portfolio segments which perform better than average. The weighting impact measures the impact of the decision to overweight or underweight particular asset classes relative to benchmark weightings. In our model, the value added by an overweight, or its weighting impact is defined as the size of the overweight (portfolio weight minus benchmark weight) times the payback (the return of the overweighted asset minus the return of the entire benchmark).

A positive allocation effect arises from being overweight sectors/countries that produce a greater return than the benchmark average or being underweight a sector/country that underperforms the benchmark return. The formula for calculating the weighting impact is:  
 $(\text{Portfolio weight} - \text{Benchmark weight}) \times (\text{Benchmark segment return} - \text{Benchmark total return})$

#### SELECTION IMPACT

Within each segment, it pays to overweight securities which outperform. The selection effect evaluates the manager's skill at choosing outperforming securities.

In our model, the value added by specific selection, or selection impact, is defined as the weight of the portfolio position times the difference between the position's return and the benchmark return. The formula for calculating the weighting impact is:  $(\text{Portfolio weight}) \times (\text{Portfolio segment return} - \text{Benchmark segment return})$

#### IMPORTANT NOTES

We are presenting results of a two-factor model. We also use a three-factor model, which has an "interaction effect." The two- and three-factor models are quite similar; we have chosen the two-factor approach for its greater ease of use.

The real world is far more complex than any two-factor model can accurately describe. Performance attribution models can deepen understanding, but their limitations – they are just estimates – must be remembered.

Actual portfolios have fees and expenses. Our performance attributions ignore fees and expenses: the hypothetical portfolios used in performance attribution are before fees and costs.

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Not FDIC insured • May lose value • No bank guarantee