

# Pioneer Research Fund

## *Performance Analysis and Commentary*

March 2012

### **First Quarter Review**

- The Fund's Class A shares returned 13.52% at net asset value in the first quarter, while the Fund's benchmark, the Standard & Poor's 500 Index (the S&P 500), returned 12.58%.
- Stock selection, particularly in consumer staples, health care and industrials, was the key to the Fund's above-benchmark performance during the quarter.
- We remain optimistic about the prospects for U.S. equities, although macroeconomic issues such as the U.S. fiscal debate, the sovereign-debt crisis in Europe, and slowing growth in China may remain headwinds for the equity market in the near term.

U.S. economic data continued to be generally positive in the first quarter, resulting in higher Treasury bond yields (negative total returns), narrower corporate bond credit spreads (positive total returns), and a continuation of the global stock market rally.

The Russell 3000 Index, a broad measure of the U.S. stock market, followed its 12.1% gain in the fourth quarter with a return of 12.9% in the first quarter. The U.S. performed generally in line with other global equity markets in the quarter: the Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East Index of developed markets returned 11% during the quarter, while the MSCI Emerging Markets Index returned 14.1%.

In U.S. equities, there was no strong size bias during the quarter: the larger-cap Russell 1000 Index returned 12.9%, while the smaller-cap Russell 2000 Index returned 12.4%. Growth was favored over value, however, as the Russell 1000 Growth Index returned 14.7% and the Russell 1000 Value Index returned 11.1%. More dramatically, the NASDAQ composite returned 18.7% while the Dow Jones Industrials Average (DJIA) returned only 8.9%; for the 2011 calendar year, the DJIA had returned 8.3% while the NASDAQ actually declined (-1.8%).

For the first quarter, the S&P 500, the Fund's benchmark, returned 12.58%. The index's best-performing sectors in the first quarter were financials (+22.1%), information technology (+21.5%), and consumer discretionary (+16%). The S&P 500's laggards were the more defensive utilities (-1.6%), telecom services (+2.1%), energy (+3.9%), and consumer staples (+5.5%) sectors.

### **Sector Allocation and Security Selection**

Stock selection in capital goods (industrials), pharmaceuticals and biotechnology (health care), and food, beverage and tobacco (consumer staples) drove the Fund's above-benchmark performance during the first quarter; stock selection in software and services (information technology) was the biggest detractor from benchmark-relative results.

In capital goods, the Fund's positions in SPX, Cummins, KBR, and Manitowoc each returned more than 25% in the first quarter. All four companies provided 2012 outlooks that were more favorable than earlier expectations. SPX, a diversified industrial products company, has been seeing improving demand trends in businesses such as flow control and power transformers. In addition, SPX sold its solutions and services business at an attractive valuation. Heavy engine manufacturer Cummins has benefited from a recovering market for trucks. Engineering firm KBR has indicated that prospects for the company's work associated with liquefied natural gas projects have been improving. Manitowoc stated that orders for its cranes are at their highest level in more than three years, which should enable strong revenue and earnings growth to continue.

In pharmaceuticals and biotechnology, the Fund's position in Inhibitex rose by more than 125% in January due to a take-over bid by Bristol-Myers Squibb. The significant premium paid serves as a testament to the potential of Inhibitex's treatments for significant viral and bacterial infections. After the announced take-over bid, we sold the Fund's Inhibitex position.

In food, beverage and tobacco, Fund holding Monster Beverage has continued to see strong growth in its branded "Monster Energy" product line of beverages. Company revenues have been growing in excess of 20%, and the company continues to roll out successful new products.

As for the negatives, in software and services, the Fund's position in Google lagged during the quarter after the company reported weaker-than-expected December 2011 quarterly results. Google's revenues and earnings were negatively affected by an 8% decline in cost per click (CPC) and by adverse moves in foreign exchange rates. We believe that the weaker CPC was partly influenced by a shift to lower-cost mobile

advertising. Meanwhile, overall demand for Google's services has remained strong, as evidenced by the company's 34% growth in paid clicks last quarter. We believe that Google remains well-positioned to benefit from growth in a number of areas, such as local and mobile search advertising and display advertising, and we have retained the Fund's position.

Another underperformer for the Fund during the quarter was retailer Family Dollar Stores. The company's management expects some pressure on gross profit margins in the first half of this year, mainly due to markdowns on some discretionary items.

## **Trading Activity**

In the month of March, we added one new position to the portfolio and sold five others.

In semiconductors, we added Xilinx and sold Applied Materials. We expect Xilinx to benefit from secular growth in the market for programmable logic devices (PLDs), as PLDs offer better time-to-market and more design flexibility than custom-made chips. We sold Applied Materials due to our expectations of continued weakness in the company's solar and display businesses.

In health care, we sold the Fund's positions in UnitedHealth and Cubist Pharmaceuticals and re-deployed the proceeds into existing portfolio positions within the sector that we believe offer more attractive potential returns. In media, we sold McGraw-Hill because regulatory risk remains an overhang on the company, thus creating uncertainty about the outlook for McGraw-Hill's S&P ratings business. We also sold Baker Hughes, as the company is expected to see lower profit margins driven by a combination of lower utilization, lower pricing and higher costs.

## **Current Outlook and Positioning**

We remain optimistic about the prospects for U.S. equities, although macroeconomic issues such as the U.S. fiscal debate, the sovereign-debt crisis in Europe, and slowing growth in China may remain headwinds for the equity market over the near term. Our optimism about the longer-term outlook for equities is supported by their attractive valuations relative to other asset classes and our assumption that the U.S. economy's growth prospects will remain relatively attractive when compared with other world markets. In addition, corporate balance sheets and cash flows have remained strong, and that could lead to increased merger-and-acquisition activity, share repurchases and dividend increases.

We will continue to focus our efforts on stock-picking, which we believe is the Fund's key competitive advantage and its primary performance driver. Our approach to stock-picking for the Fund emphasizes bottom-up, fundamental analysis. We believe our approach is durable and repeatable and can deliver reasonable investment results across the business cycle, and in a variety of market conditions.

## Performance Review

Pioneer Research Fund's Class A shares returned 13.52% at net asset value in the first quarter, while the Fund's benchmark, the Standard & Poor's 500 Index (the S&P 500), returned 12.58%.

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

March 31, 2012	(at NAV)	(at POP)	S&P 500 Index
1 year	8.85%	2.56%	8.51%
3 years	22.93%	20.54%	23.40%
5 years	2.91%	1.71%	2.01%
10 years	4.40%	3.78%	4.12%

### Expense Ratio

(As of prospectus dated May 1, 2011)

Gross 1.53%

**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:

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.

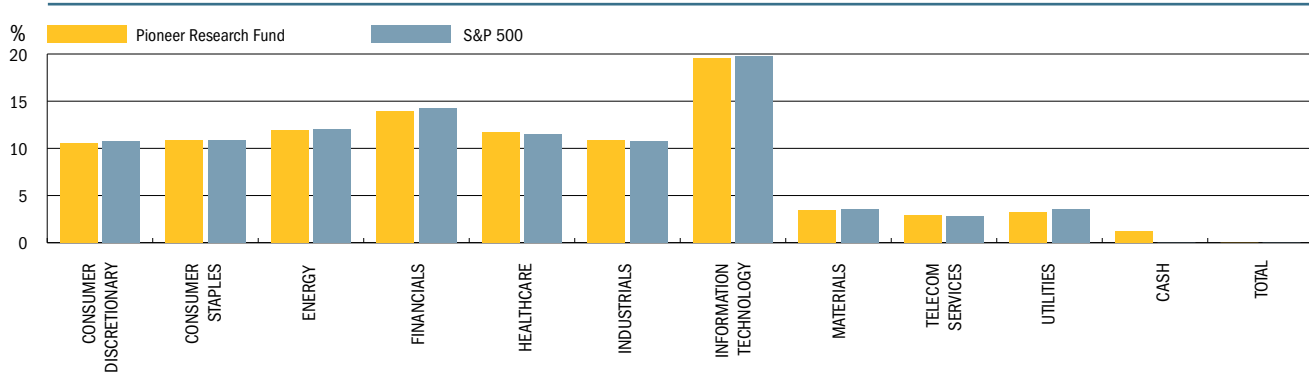
The S&P 500 Index is a commonly used measure of the broad U.S. stock market. Index returns are calculated monthly, assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees, expenses or sales charges. It is not possible to invest directly in any index.

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.

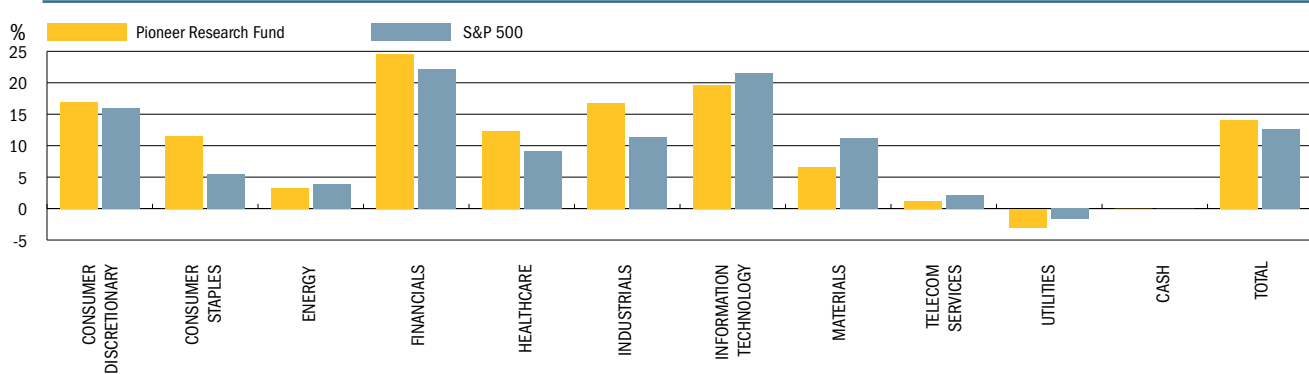
The Fund performance attribution information shown below does not reflect the deduction of fees, charges and expenses associated with investing in the Fund, such as sales charges, management fees, distribution and service (12b-1) fees, or any other fees associated with the Fund. Such expenses would reduce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

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

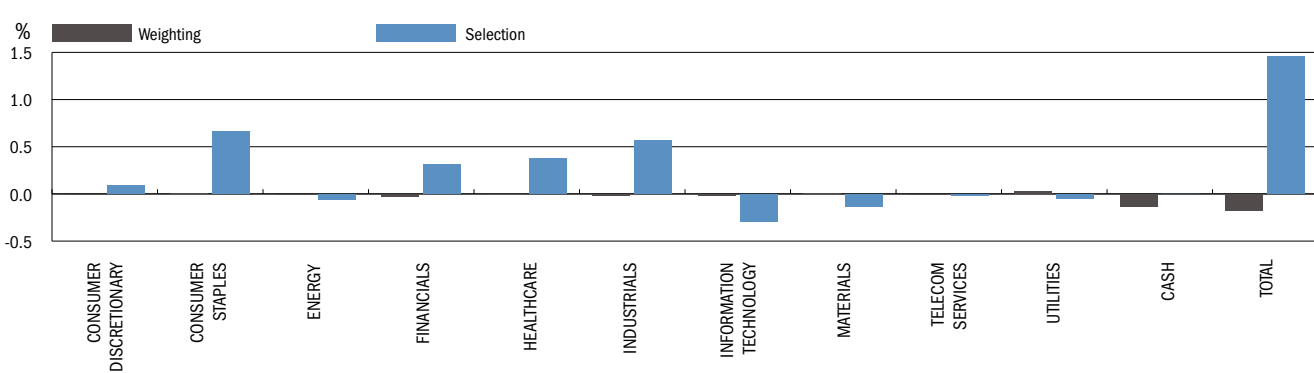
**Chart 1- Average Weight**



**Chart 2- Return**



**Chart 3- Performance Attribution**



Please see the last page 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.

<b>Securities Discussed</b>	<b>% of Portfolio as of March 31, 2012</b>
SPX	1.07%
Cummins	1.07%
KBR	1.09%
Manitowoc	0.46%
Monster Beverage	0.90%
Family Dollar Stores	0.60%
Google	2.23%
Xilinx	0.22%

<b>Top 10 Holdings</b>	<b>% of Portfolio as of March 31, 2012</b>
1. Apple	5.27%
2. ExxonMobil	3.47%
3. Microsoft	2.95%
4. Google	2.23%
5. Chevron	2.05%
6. 3M	2.05%
7. Philip Morris International	1.96%
8. JPMorgan Chase	1.92%
9. United Technologies	1.84%
10. Wells Fargo	1.83%

The portfolio is actively managed, and current holdings may be different. The holdings listed should not be considered recommendations to buy or sell any security listed.

**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