Pioneer Fund

Performance Analysis and Commentary

June 2010

Second Quarter Review

- The Fund's Class A shares modestly lagged the benchmark Standard and Poor's 500 Index (the S&P 500) in the second quarter. These were, for us, disappointing results, as our investment philosophy and discipline has typically resulted in a portfolio which is a better-than-market performer when the market declines.
- We remain primarily focused on making long-term investments in high-quality companies, and were generally not disappointed by the operating performance (sales, profits, cash flow) and management decision-making of companies held in the portfolio during the quarter.
- In general, the portfolio was positioned for a strengthening economy. While companies' reported results have generally met expectations, the market did not reward a pro-cyclical positioning in the quarter.
- We view the recent market decline as a temporary correction, not sharing the concern that the economy is entering a double-dip recession.

The stock market posted a solid gain in April, then began a decline which ended with the S&P 500 returning –11.4% for the quarter and –6.7% year-to-date through June 30, 2010. The U.S. dollar rallied and Treasury bond yields fell as investors engaged in a classic "flight to safety."

Within the stock market, the economically sensitive sectors which investors favored in the first quarter were generally worst-hit in the second: the S&P 500's Materials (–15%), Financials (–13%), and Energy (–13%) sectors were its weakest performers, while the more defensive Utilities and Telecom Services (each down by 4%) and Consumer Staples (–8%) sectors declined the least.

Sector Allocation and Security Selection

The Fund's second quarter returns benefited most from good stock selection in Industrials, where our emphasis on railroads and heavy manufacturers (PACCAR, Deere and Caterpillar) resulted in strong relative performance in a down market. While investors may fear a double-dip recession, these companies are generally experiencing solid, and even strengthening, business conditions.

Stock selection also added value to the Fund's performance in Energy, Consumer Staples, and Utilities. In Energy, the integrated energy companies the Fund owned—notably Marathon and ConocoPhillips—outperformed their peers and the portfolio's underweight of energy service stocks also helped. In Consumer Staples, the Fund's emphasis on food producers helped; Hershey, which had gained more than 20% in the first quarter, rose by another 12% in the second. There is no longer takeover speculation on the stock, but a rationalization of manufacturing, some relief from input commodity price inflation, and solid execution are producing good results. In Utilities, Southern Company (a leader in the new move to nuclear power generation) and Public Service Enterprise Group (a well-managed firm with a relatively inexpensive stock) were up for the quarter.

Fund returns were hurt most by stock selection in Information Technology and Materials. Results in Information Technology were pulled down by Nokia, which fell by more than 40% after having been up by 20% in the first quarter. Nokia continues to frustrate investors who see it falling behind in the "smartphone" race. The firm has a strong balance sheet and operations capability, and smartphones are still a fraction of the total market, so Nokia will perform well if it offers a credible product; but time does not appear to be on its side.

Fund returns in the Materials sector were pulled down by our emphasis on mining companies, which declined on an Australian "windfall profits" proposal (dramatically scaled back more recently) and macroeconomic fears. We believe both the macroeconomic fears and stock sell-off are overdone. The Fund's chemical industry names performed well, but the mining emphasis was the more important performance driver in the second quarter.

Performance in the Consumer Discretionary, Financials, and Health Care sectors were modest drags on the Fund's benchmark-relative returns in the second quarter. Consumer Discretionary returns were held back by an overweight of the auto industry and, to a lesser extent, by exposure to McGraw-Hill, parent of ratings agency Standard and Poor's. In Financials, the primary drag on Fund returns was our relatively

risk-averse emphasis on money managers (market weakness trimmed assets under management and revenues) and custody banks; exchanges and money center banks—where the Fund was underweighted—fared better in the quarter. In Health Care, our preference for equipment and supply companies over pharmaceuticals companies detracted from the Fund's relative performance.

While our discipline of generally keeping the Fund's sector weights within five percentage points of the S&P 500's corresponding sector weights limits the impact of weighting decisions, the portfolio's Materials overweight and underweights in Telecom Services and Utilities were a modest drag on benchmark-relative returns in the second quarter. This was a reverse of the performance boost the Fund received from underweighting Telecom Services and Utilities in the first quarter.

Trading Activity

Three new names were added to the portfolio and one was eliminated in second quarter trading.

In the Energy sector, we initiated positions in energy services company Helmerich & Payne, which focuses on on-shore instead of offshore markets and offers the high-performance drill rigs most in demand by explorers of nonconventional shale gas, and in diversified oil and gas producer Devon Energy. Devon has been restructuring/optimizing its assets and business mix, bringing it more focus and higher returns.

In the Information Technology sector, a sector where we have been gradually increasing the Fund's exposure for some time, we initiated a position in software company Oracle, which boasts a strong balance sheet and market position as well as a low valuation.

In the Utilities sector, we eliminated the Fund's position in electric utility FirstEnergy, disagreeing with their proposed merger with Allegheny Energy.

As was the case last quarter, our trades did not represent a deliberate shift to lower quality, but they did incrementally increase the portfolio's sensitivity to the U.S. economy; we have not become bearish in our outlook and our trading, while always driven primarily by bottom-up security selection, reflects this.

Current Outlook and Positioning

Despite current "macro" concerns, which now seem to center on European sovereign debt and the slow pace of job creation in the U.S., we remain generally optimistic about the U.S. economy, seeing a solid, if not rapid, economic recovery developing. Company managements remain generally upbeat about evolving business conditions, though most are reluctant to make bold predictions about the future.

Three months ago, we said that we would not be surprised if the market corrected at some point, but thought we could see further gains over the next year. The correction has come somewhat sooner and been somewhat steeper than we thought but, as most stocks have sold off in response to "macro" news events rather than fundamental, earnings-related issues, we are inclined to see buying opportunities, not reasons to sell.

While macro events can weigh on companies and markets, it has been our observation over many years that well-managed companies can usually find "ways to cope" (that is, strategies for success even in trying times). As always, we are focusing on investing the Fund's assets in successful and financially strong companies with managements that are astute, honest, forward-looking, adaptable, and shareholder-oriented. We believe that current prices represent good entry points for long-term investors, despite (or perhaps because of) widespread investor anxiety.

While we do not share in the generally rising level of fear over economic uncertainty, we do think that continued uncertainty and concerns over the effects of new regulations and legislation will incline investors toward firms with more predictable earnings streams and dividends. We continue to favor companies with strong balance sheets and free cash flow sufficient to fund capital expenditures without borrowing. Finally, we still like companies with an international focus which are positioned to grow worldwide and are competitive with the best in their industry.

Relative to the S&P 500, the Fund remains overweighted in Industrials and Materials, emphasizing railroads, machinery, and mining companies that can benefit from a strengthening economy. We have continued to increase the Fund's exposure to the Information Technology sector, but remain underweight, more because of the sector's high valuations rather than a negative fundamental view. We continue to underweight the Fund to Financials, and continue to emphasize financially strong companies that are conservatively managed and which can stand on their own, while avoiding or underweighting lower-quality and riskier names in the sector. Finally, the Fund remains modestly underweight to Utilities and Telecom Services due to a perceived lack of catalysts for earnings growth in those sectors.

Performance Review

Pioneer Fund Class A shares returned –12.79% at net asset value in the second quarter, compared with a –11.41% return for the Fund's benchmark, the Standard and Poor's 500 Index.

Average Annual Total Returns (Class A shares)

June 30, 2010	(at NAV)	(at POP)
1 year	12.36%	5.90%
3 years	–10.14%	–11.89%
5 years	–0.41%	–1.58%
10 years	–0.80%	–1.39%

Expense Ratio

(as of prospectus dated May 1, 2009)	
Gross	1.23%
Net	1.23%

Call 1-800-225-6292 or visit 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. You cannot 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

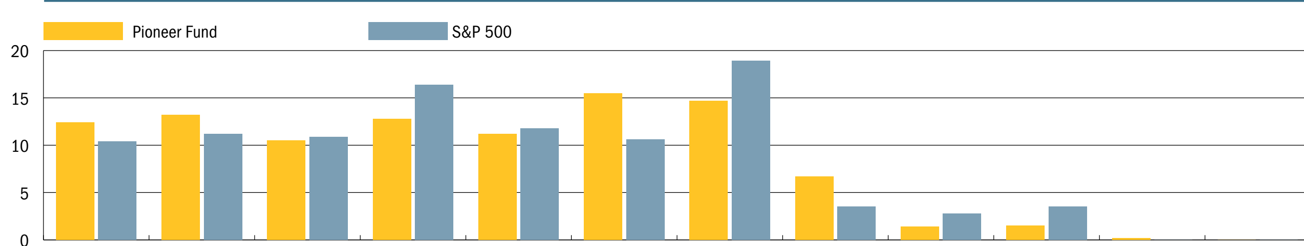


Chart 2- Return

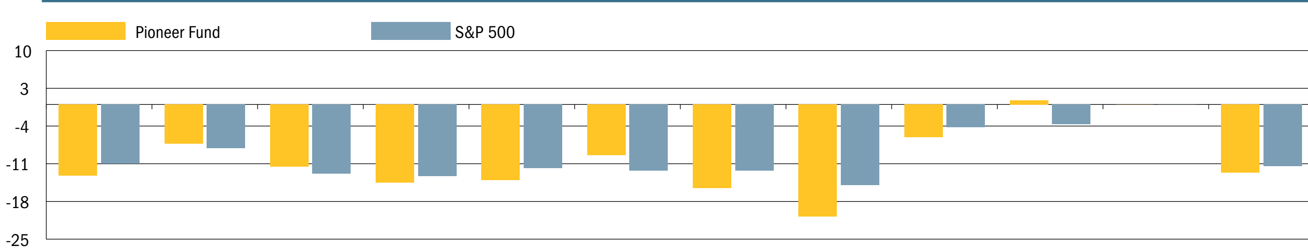
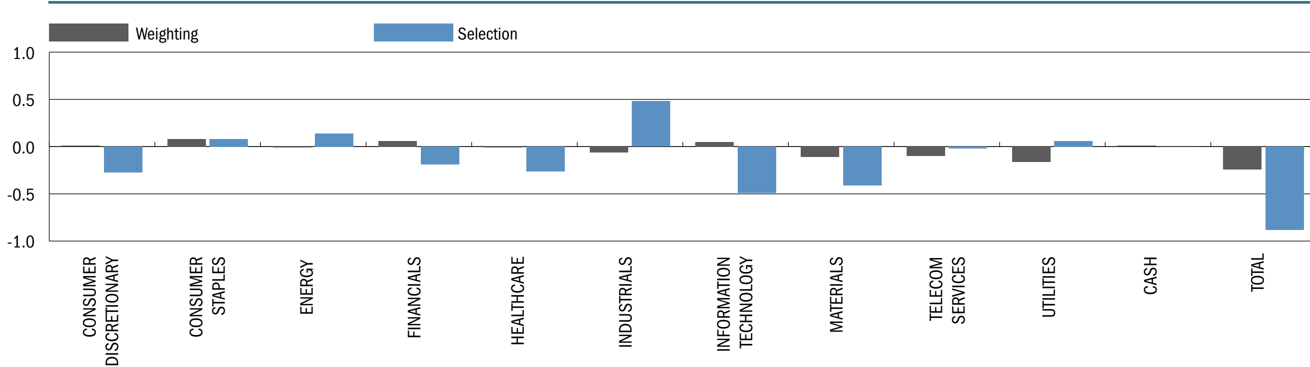


Chart 3- Performance Attribution



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.

Securities Discussed	% of Portfolio as of June 30, 2010
Caterpillar	0.82%
ConocoPhillips	1.10%
Deere & Co	1.29%
Devon Energy	0.38%
Helmerich & Payne	0.23%
Hershey	1.65%
McGraw-Hill	1.07%
Marathon Oil	0.81%
Nokia	0.58%
Oracle	0.13%
PACCAR	2.14%
Public Service Enterprise Group	0.53%
Southern Company	0.66%

	Top 10 Holdings	% of Portfolio as of June 30, 2010
1.	Norfolk Southern	2.73 %
2.	Chevron	2.68 %
3.	John Wiley & Sons	2.42 %
4.	PACCAR	2.14 %
5.	Hewlett-Packard	2.12 %
6.	Chubb	2.11 %
7.	Target	2.02 %
8.	Rio Tinto	1.94 %
9.	Colgate-Palmolive	1.89 %
10.	Becton, Dickinson & Co.	1.87 %

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 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 there turn 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:
(**Portfolio weight – Benchmark weight**) **x** (**Benchmark segment return-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: (**Portfolio weight**) **x** (**Portfolio segment return – 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.

Not FDIC insured	May lose value	No bank guarantee

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18363-18-0710

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