

Quarterly Portfolio Update

*Amundi Funds II – Pioneer North American Basic Value**

30 March 2018

BOND

COMMENTARY

Market Review

In the first quarter, for the first time in nearly two years, the Standard and Poor's 500 Index (the S&P 500) turned in negative quarterly performance, returning -0.8% including dividend income. Though January returns were strong due to the prospect of higher economic growth driven by tax reform, February and March both had negative returns due to trade policy concerns and fears of higher than anticipated inflation.

Growth stocks retained their performance edge over value with the Russell 1000 Growth Index gaining 1.4% for the quarter versus a decline of -2.8% for the Russell 1000 Value Index. Ten of the eleven sectors in the value index posted negative results for the quarter, with Consumer Staples (-8.4%) and Real Estate (-7.2%) performing the worst. The only sector to post a positive return for the quarter was Information Technology (+6.1%).

Portfolio Review

For the first quarter, the Portfolio outperformed the return of the benchmark (Russell 1000 Value Index).

Sector allocation decisions were the main driver of outperformance with the Portfolio's large overweight to the strong performing Information Technology sector and underweight of the weak performing Consumer Staples sector were supportive. Stock selections were strongest in the Consumer Staples and Energy while weaker in Financials.

Top individual contributors included DXC Technology, Cisco Systems, and Micron Technology. DXC continued to outperform as the company realized merger synergies from the Hewlett Packard Enterprise deal. Cisco Systems returned to organic growth for the first time in many quarters without sacrificing their already excellent cash generation. We remain positive on Cisco's ability to adjust their business model to address newer "cloud based" use cases with subscription services. The

stock has positively re-rated significantly over the past few years and we sold the position as the stock had reached our assessment of fair value. Investors in Micron Technology were encouraged by recent healthy financial results and the appointment of CFO David Zinsner in February. The belief is that he can improve the firm's ability to reduce volatility in earnings, strengthen balance sheet metrics, and initiate cash returns to shareholders. In addition, the memory semiconductor industry has structurally improved, especially for DRAM, which may be a strength for Micron.

Detractors during the quarter included Southwest Airlines, Biogen, and Citigroup. Southwest suffered on airfare and industry capacity concerns. We expect that these issues could get resolved later this year. Biogen fell after management raised doubts about an Alzheimer's drug the company is developing. We subsequently sold the stock. Citigroup underperformed on the back of global trade war concerns. We believe this risk is overstated and continue to hold the stock.

Recently Added and Deleted Positions

We made a number of changes during the quarter as valuations moved higher, investment cases failed, or we found better ideas. In Media, we sold CBS and Omnicom to purchase Time Warner where we see the potential for good risk/reward on resolution of the AT&T merger lawsuit. In Insurance, we sold Hartford Financial following completion of its restructuring and bought back Chubb, one of our top ideas in the space. In Banks, we closed out US Bancorp to buy Zions, which we see as better positioned to benefit from regulatory reform. Finally, we added to our Technology overweight as the sector fell on macro concerns. New names include CDW, IBM, and Micron Technology.

* Prior to 16 February 2018, Pioneer Funds – North American Basic Value

Outlook & Positioning

Looking ahead, we have a constructive view of U.S. large cap equities overall, given other investment alternatives. We believe the current business cycle still has potential: the lack of inflation should keep interest rates low; the global economy is showing attractive, synchronized growth; business confidence has improved; the consumer is in good shape; businesses seem likely to increasingly invest in capital projects to boost productivity; equity valuations are not unreasonable if interest rates do remain relatively low; and corporate earnings should benefit from lower corporate tax rates.

At the end of the first quarter of 2018, the Portfolio's largest overweight relative to the Russell 1000 Value Index remains in more economically sensitive sectors such as Information Technology and Financials. The Portfolio's largest underweights are in the Consumer staples, Utilities and Real Estate sectors.

Important Information

On the 16 February 2018, Pioneer Funds was renamed Amundi Funds II. Prior to 16 February 2018 the name of the sub-fund was with the prefix "Pioneer Funds".

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