Quarterly Portfolio Update

*Amundi Funds II – Pioneer U.S Mid Cap Value**

29 June 2018

BOND

COMMENTARY

Market Overview

The S&P 500 returned 3.4% in the second quarter of 2018, rebounding from the 0.76 negative return in the first quarter. Performance was driven by high returns in May due to strong performance in the tech sector, as well as a continued period of robust first quarter earnings reports. Additionally, gains continued due to positive economic data; specifically, strong job market and retail sales data. Within the mid cap universe, growth stocks, as measured by the Russell Midcap® Growth Index, returned 3.2% slightly better than the 2.4% return for the Russell Midcap® Value Index.

Within the Russell Midcap® Value Index, eight of the eleven sectors generated positive returns in the second quarter. Energy (17%) and Telecommunication Services (13%) were up the most, while Industrials (-4%), Financials (3%) and Consumer Staples (-2%) were the only sectors to have a negative return for the quarter.

Fund Commentary

The Portfolio underperformed in the quarter. Stock selections were the main reason for the underperformance, as our holdings in Information Technology and Financials failed to keep pace with their respective sector averages. Security selection in the Health Care and Materials sectors did contribute positively to performance offsetting some of the negative security selection. Sector allocation decisions also contributed negatively with an underweight in Real Estate and an overweight in the Financial sector detracting from performance.

Individual stocks that detracted from relative performance included Unum Group, Radian Group, and Owens Corning. Unum Group fell sharply in May due to weaker than expected first quarter results due to increased costs in the long-term care insurance business, a non-core business. However, we believe the company's core business is strong and the valuation is still attractive, so we continue to own the company. Radian Group provides mortgage insurance and services to the real estate and mortgage finance industries. During 2Q 2018, the MGIC (Mortgage Guaranty Insurance Corporation) announced reduced premium rates to reflect the lower corporate tax rates, which caused a sharp drop for all mortgage insurers as they will receive decreased premium revenue going forward. Owens Corning fell in the second quarter due to a sizable earnings miss on its first quarter results. Owens Corning missed EPS estimates primarily caused by disappointing results in the composites and roofing segments due to rising.

Devon Energy rose over the quarter as it received a boost from rising energy prices, increased output in the U.S. oil market, and the beginning of a programme to sell off its stakes in "non-core" business interests. Jazz Pharmaceuticals rose in the second quarter. A potential competitor for their largest drug (Xyrem) had delays, which re-assured investors and led to robust growth in sales of the drug. In addition, management positively updated guidance for the remainder of 2018. CDW Corp rose in the second quarter on the strength of record first quarter net sales and improved guidance going forward. In addition, EPS was significantly higher than analysts' estimates. CDW noted that they expect to exceed annual IT market growth targets.

Recently added and deleted positions

Our bottom-up stock selection decisions in the second quarter did not result in material changes to the Portfolio's absolute or relative sector positioning. However, we added to Health Care, Industrials, and REITs. We did add nineteen new holdings over the quarter and exited nine positions. We continue to sell stocks when they reach our target price or when the fundamental story changes. In addition, we are looking to add higher quality, value companies and have recently increased the Portfolio to 60 holdings.

In the theme of adding higher quality companies to the Portfolio, we have added several companies across various sectors, including BAE Systems (Information Technology), Booz Allen Hamilton (Industrials), and Dollar General (Consumer Discretionary). In addition, other Individual positions added in the second quarter included Discover

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*Prior to 16 February 2018, Pioneer Funds – U.S. Mid Cap Value

Amundi ASSET MANAGEMENT

Marketing Material

Financial Services (Financials), National Oilwell Varco and Marathon Oil (Energy), DXC Technology, MKS Instruments, and Motorola Solutions (Information Technology), Kohl's, Brunswick, and Six Flags (Consumer Discretionary), United Rentals, Masco, and Kansas City Southern (Industrials), and Hologic and Laboratory Corp of America (Health Care).

Positions sold in the second quarter included Acacia Communications (Information Technology), Cabot Oil & Gas and Cimarex Energy (Energy), Fifth Third Bancorp (Financials), Newell Brands and Tapestry (Consumer Discretionary), and Ryder Systems (Industrials).

Outlook

As we look ahead, we remain cautiously optimistic about the relative and absolute return potential for U.S. mid-cap value equities. With an environment of reasonable economic growth, favourable interest rates, growth tailwinds in multiple industry groups, and prospects for an acceleration in mergers and acquisitions, we believe mid-cap equities stand to benefit.

We believe we have entered an environment of attractive synchronized global growth. We believe most key domestic economic indicators signal ongoing strength for the current business cycle, but not strength that is likely to overheat the economy and cause the Fed to raise interest rates faster than current expectations.

At the end of the second quarter, the most significant sector overweights versus the Index were in Financials and Health Care, while the most significant underweights relative to the benchmark at the end of the quarter were in the utilities and real estate sectors.

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