A nautical chart with various depth contours, soundings, and navigational symbols. The chart is rendered in shades of blue and white. The text is overlaid on the chart.

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The 2nd European Colloquia

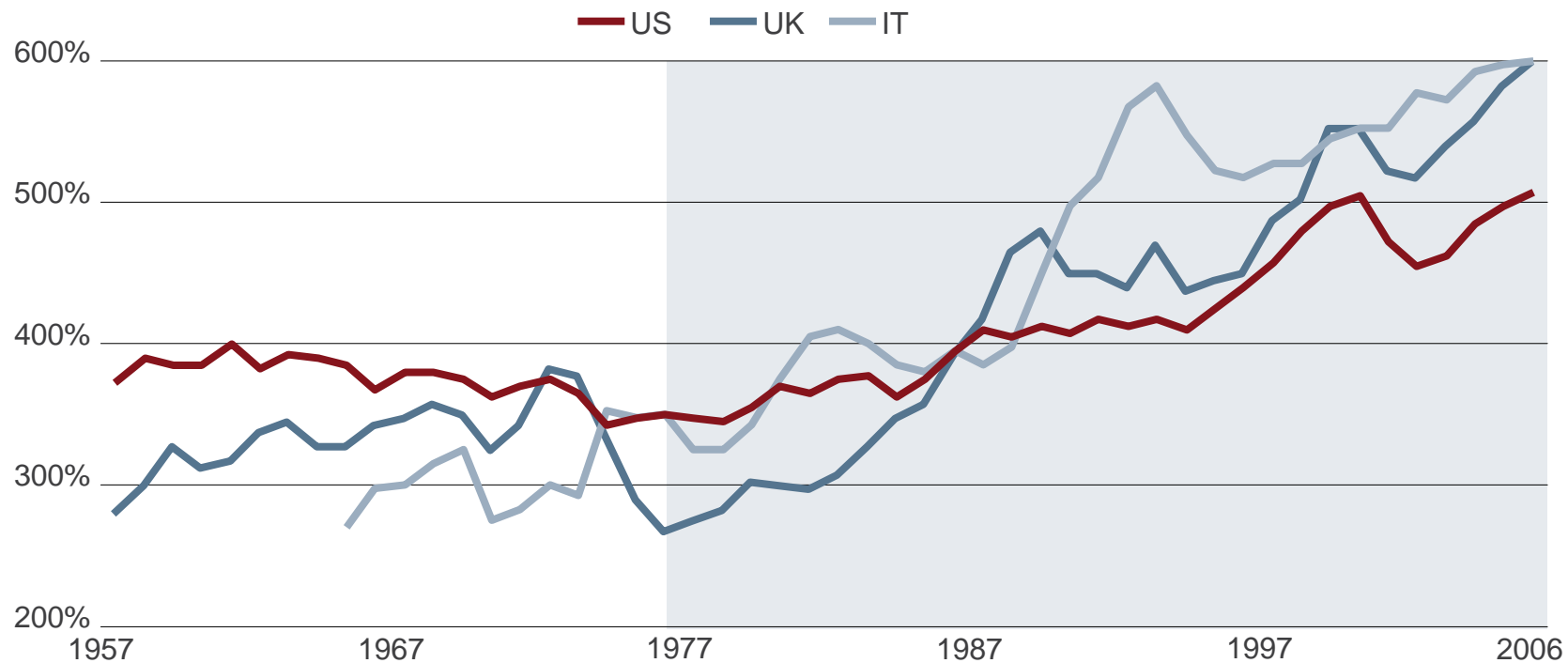
28th November 2007, Vienna

Dario Frigerio, CEO



Trend 1: Impressive Growth in Households Total Assets* as a % of GDP, With an Acceleration in the Late Seventies

Household total assets as % of GDP



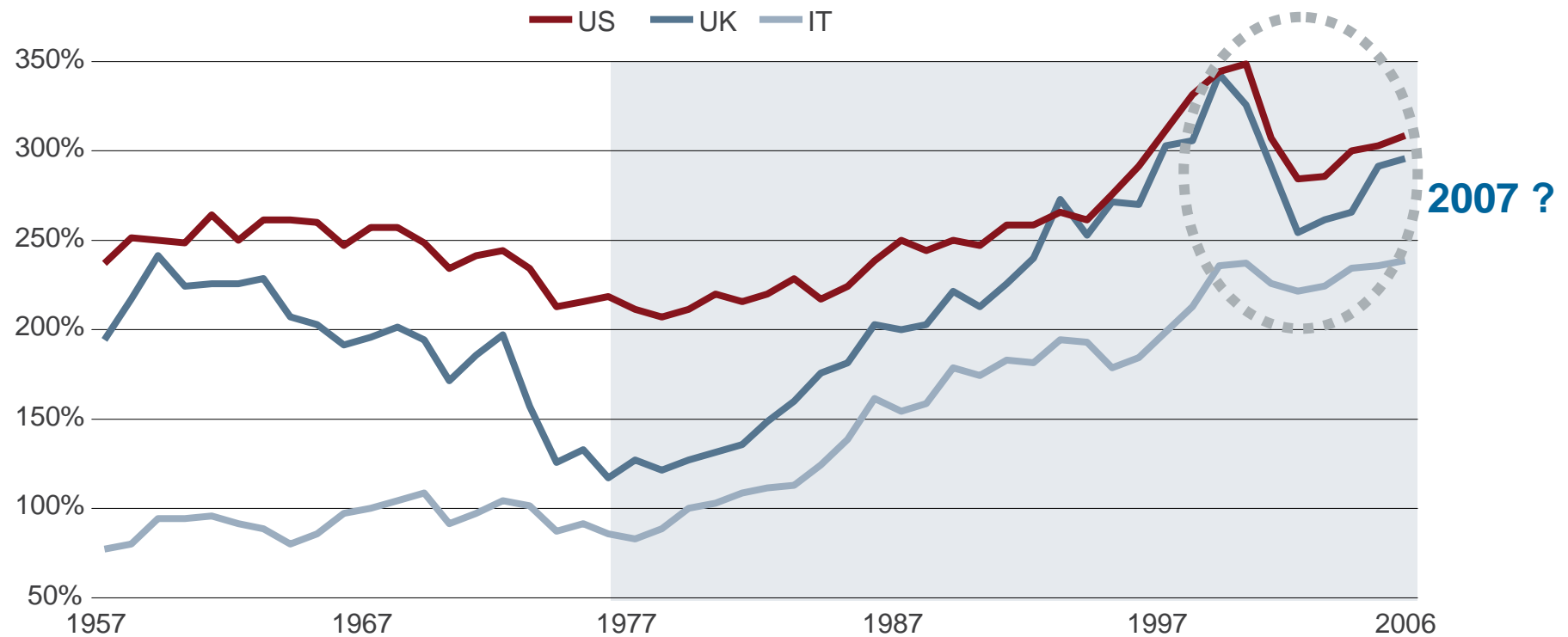
Total Assets= Financial Assets + Tangible Assets

NB Italian Households appear relatively wealthy in international comparisons, less so other institutional sectors such as non-financial companies

Source: Pioneer Investments Research estimation on Central Banks data.

Trend 1: An Important Component Has Been the Household Financial Wealth ... But Are We Now in a Different Environment?

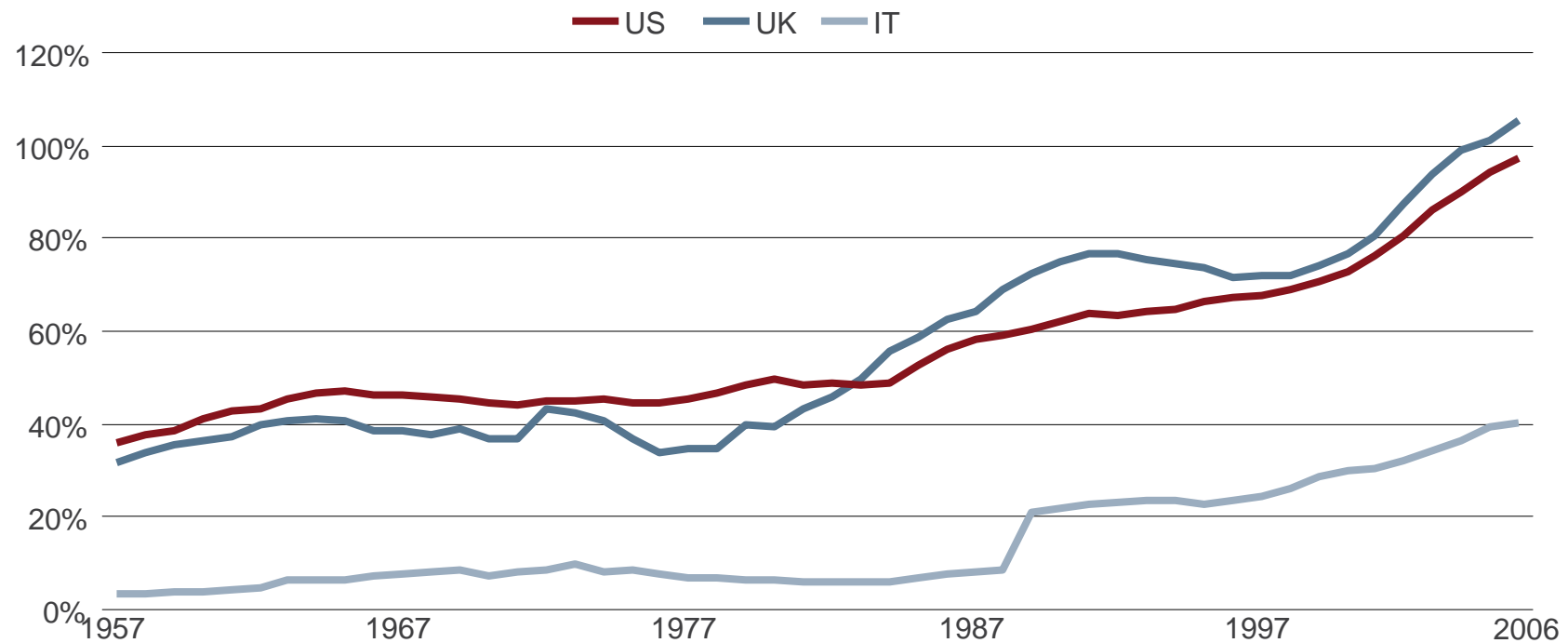
Household financial assets as % of GDP



Source: Pioneer Investments Research estimation on Central Banks data.

Trend 1: Also Liabilities Increase

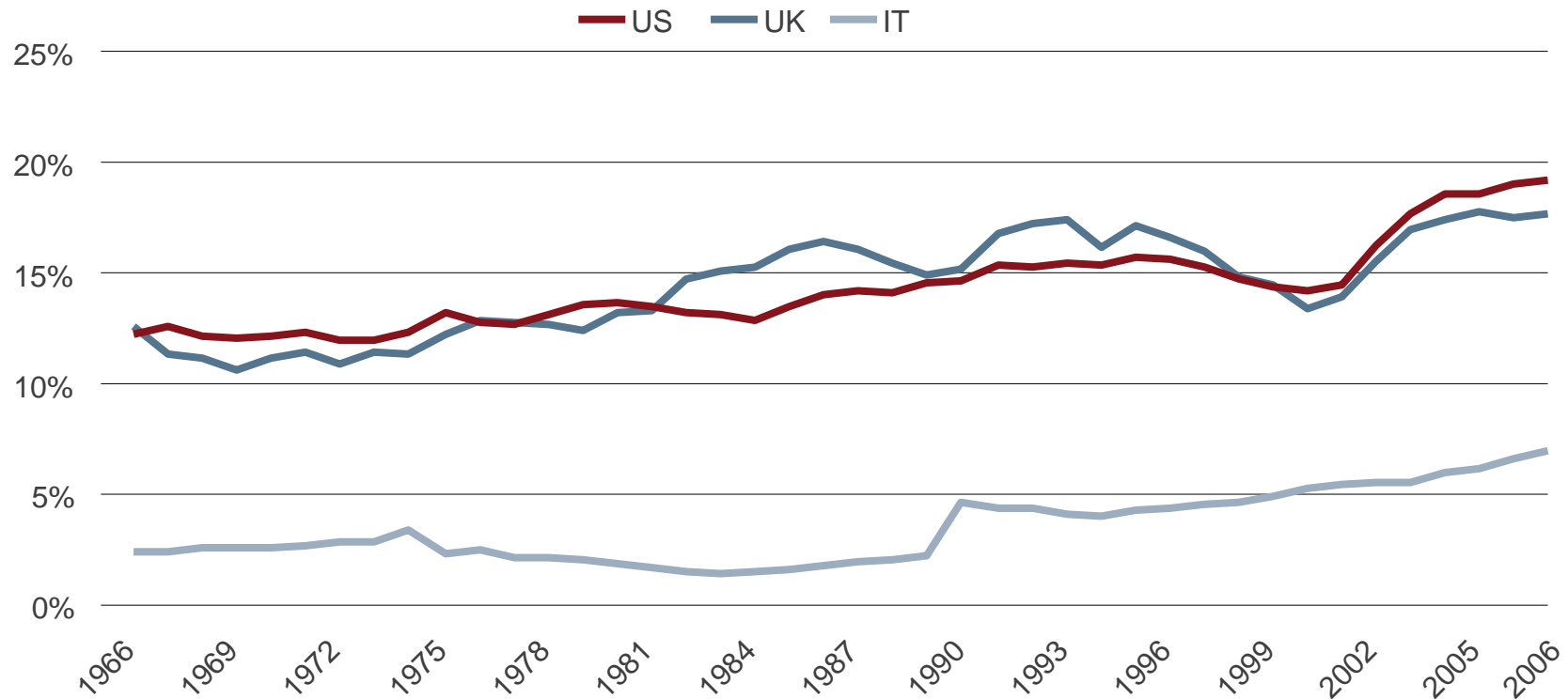
Household liabilities as % of GDP



Source: Pioneer Investments Research estimation on Central Banks data.

Trend 1: ...Even Though Not So Relevant Compared to Total Assets

Household liabilities as % of total assets



Source: Pioneer Investments Research estimation on Central Banks data.

Can This Growing Wealth Trend Continue?

Risks and Requirements

Risks

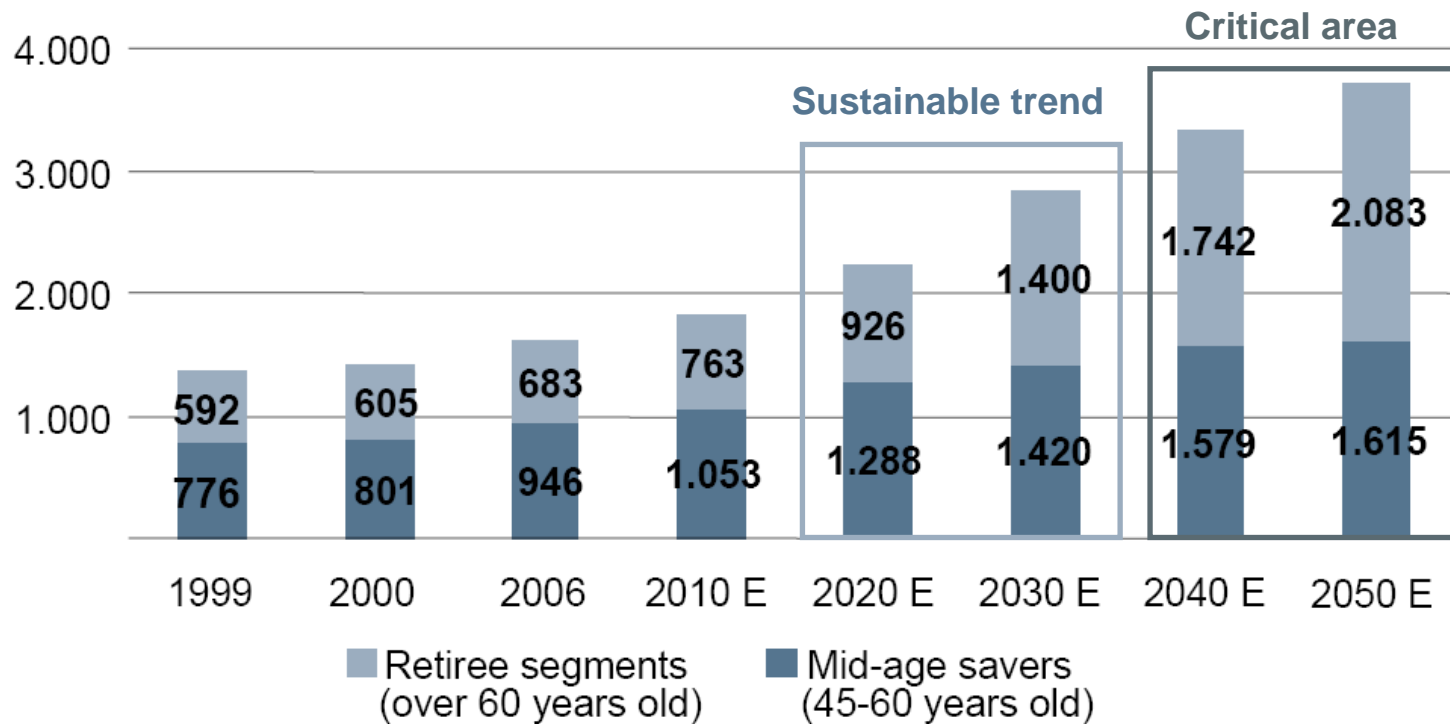
- Interest rates and corporate profits revert to their means
- Smaller “X” and “Y” generations, save less
- Baby Boomers spend capital to fund retirement

Requirements

- Incentive for long term saving
- Control volatility in financial markets
- Steady investment to support economic growth
- Maximise benefit of globalization (mature versus young nations)

...Globalization Can Help But Demographic Barrier After 2030

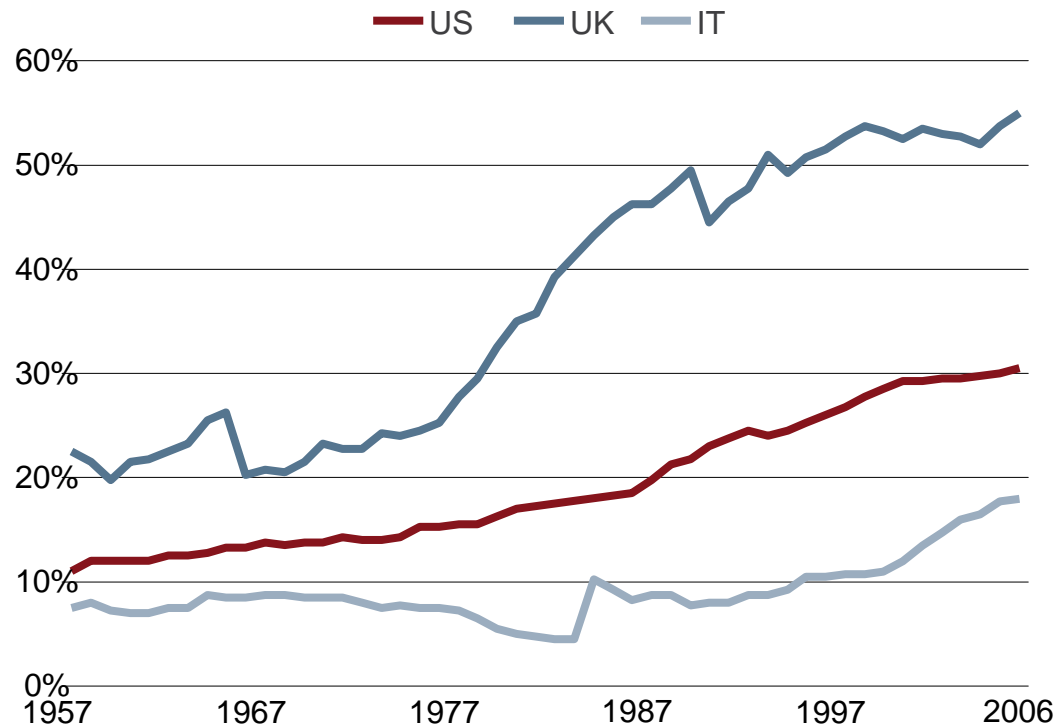
Worldwide retiree segments vs mid age savers



Source: US Census Bureau, International Database. World population in million.

Trend 2: Long Term Investment is Growing

Insurance and Pension Funds as % of Financial Assets



- In UK baby boomers are driving the trend
- In US incentives to save are working - 401(K), IRA
- In Italy absolute level of long term savings remains very low

Source: Pioneer Investments Research estimation on Central Banks data.

Is This Improvement Enough?

There are real concerns:

- **Long term saving still insufficient**
 - Long term savings driven by Baby Boomers
 - Generations “X” and “Y” not fully understood the need to save for future wealth
- **Prospective Income Gap**
 - Even for disciplined savers, the I and II Pillar are often not enough
 - For unaware younger generations the potential Income Gap is even greater
- **Globalization may help but...**
 - Political risk of excessive reliance on new economies
 - Some new economies will have unfavourable demographics (China)

Trend 3: When Left Alone Investors Follow Trends – Fear and Greed Drive Mutual Funds Sales

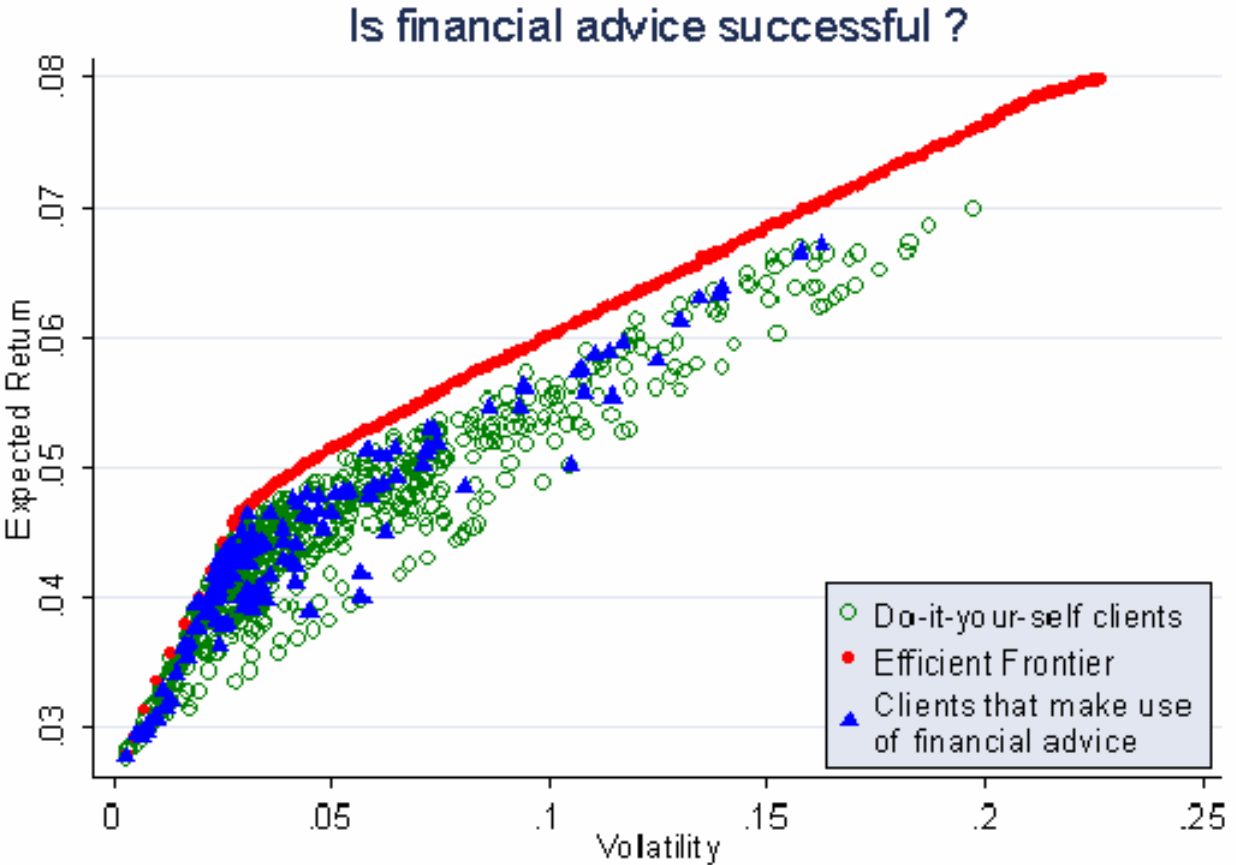
Net Sales as of September 2007

Net Sales (Euro, bn)	Equity	Balanced	Bond	Money Market	Other	Total
Europe*	3	22	-41	93	42	118
USA**	146	4	88	273	-	511
Asia/Pacific***	127	91	20	7	10	256
World^	280	130	67	374	52	904

- In Asia/Pacific no major shock: investors still chasing high returns
- In US incentives create more balanced situation (complemented also by more than nearly 60 bln \$ on lifecycle/target date funds)
- In Europe the worst situation: short term nervousness dominates

Source: Strategic Insight as at September 2007. ^ World includes: Argentina, Brazil, Canada, Chile, Costa Rica, Mexico * Europe data excludes German Institutional special funds. ** US data includes open-end and closed-end fund flows/AUM, proprietary and non proprietary channels. *** Asia/Pacific data excludes Australia. (a) other includes Total Return, Flexible, Real Estate, Alternatives

Trend 3: Advice Leads to More Efficient Portfolios



Source: Pioneer Investments Research.

Trend 3 - Investor Behaviour: Needs For Advice

- **Alternative to low risk/low returns** with limited portfolio diversification
- **Simplicity** in product concept and communication
- Saving the right amount not enough, **quality of portfolio** is also critical

What We Learn From This Global Trends

- **Populations** have been **getting wealthier** but it is not guaranteed that this will continue – **there are risks** to address
- Public and occupational pensions will often not deliver the required income, **there will still be a gap**: generations “X” and “Y” have yet to understand their challenge
- **Globalization** of financial flows **can help but with limitations**

...And The Consequences for Asset Managers

- Risk of inappropriate portfolio construction over the life cycle will now materially affect standards of living in retirement
- In-built guidance to save enough and to hold personally efficient portfolios pre- and post retirement
- Europe has the most worrying situation both from the demographic point of view and from quality of investment portfolio




Asset Allocation is Central



Default Solutions



Incentives for Certified Portfolio Solution

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