



LASSALLESTRASSE 1, VIENNA 2, AUSTRIA

## **Pioneer Funds Austria - Select Europe Stock**

**A co-ownership fund pursuant to § 20 *InvFG***

Report for the accounting year  
June 1, 2011 – May 31, 2012

# Organs of Pioneer Investments Austria

## **Supervisory Board**

Dir. Dr. Wolfgang FEUCHTMÜLLER (Chairman)  
Dir. Giordano LOMBARDO (Deputy Chairman)  
Dir. Matteo GERMANO  
Dir. Mag. Gerhard HABTMANN  
Dir. Mag. Susanne WENDLER  
Mag. Verena SÜSSL (to February 2, 2012)  
Thomas FÜCHSL (to February 2, 2012)  
Christoph ZEMSAUER (from February 3, 2012)  
Thomas KELLNER  
Stefan ZDRAZIL (from February 3, 2012)

## **State Commissioner**

Mag. Gerlinde WAGNER, Head of Department (from February 1, 2012)  
Austrian Federal Ministry of Finance, Vienna  
Dipl. Kfm. Dipl. Soz. Michael SVOBODA (to December 31, 2011)  
Austrian Federal Ministry of Finance, Vienna  
Mag. Elisabeth DOHNAL, Stv.  
Austrian Federal Ministry of Finance, Vienna

## **Executive Board**

Dir. DDr. Werner KRETSCHMER (Chairman)  
Dir. Stefano PREGNOLATO  
Dir. Mag. Hannes ROUBIK  
Dir. Hannes SALETA

## **Custodian Bank**

UniCredit Bank Austria AG, Vienna

## **Auditor**

KPMG Austria AG

Company belonging to the UniCredit Banking Group, listed in the Register of Banking Groups.

Dear unitholder,

Pioneer Investments Austria is pleased to present its annual report for Pioneer Funds Austria - Select Europe Stock, a co-ownership fund pursuant to § 20 *InvFG*, for the accounting year from June 1, 2011 to May 31, 2012.

The management company wishes to point out that the 2011 Austrian Investment Fund Act (*Investmentfondsgesetz, InvFG*) came into force on September 1, 2011.

Statutory references in the fund regulations relate to *InvFG* 1993 since the fund regulations were approved on the basis of the legal situation applicable at the time of the fund's licensing.

## Fund characteristics

The fund is an equity fund. The fund's management invests in equities of selected European companies. Derivative instruments may be used for hedging of assets and as an active component of the fund's investment strategy. The fund's investment goal is to realize long-term capital growth subject to an appropriate level of risk-spreading. The fund pursues an active management strategy and prefers a combination of quality and undervaluation.

## Capital market trend

2011 was dominated by the sovereign debt crisis and its feared negative effects for the financial sector, especially in Europe. Politicians' errors aggravated the crisis. The after-effects of the earthquake in Japan and the incipient political upheavals in North Africa and some Arab countries provoked a sharp rise in the price of oil. This led to inflation rates which significantly exceeded expectations (particularly in the emerging markets) and emerging market central banks were forced to respond with interest-rate hikes. Even the ECB increased interest rates by 0.25 % in April and July 2011 to 1.5 %. In April 2011 the Eurozone crisis began to overshadow all else. Following Greece, Portugal required support in the form of a joint EU/IMF rescue package. In June the EFSF bailout fund was widened to prevent the debt crisis from spreading to other countries. At a crisis summit held in July, the heads of government agreed to a further aid package for Greece amounting to € 109 billion. Greece, Portugal, Spain and Italy saw changes of government in 2011. By significantly increasing spreads the markets put huge pressure on governments to adopt savings measures and reforms in response to the negative trend for government finances. The crisis reached a temporary high in October. At a summit held in late October the EU resolved that the private sector would waive half of its claims versus Greece. Negotiations over a haircut continued until a solution was agreed in the first quarter of 2012. Private creditors waived more than EUR 100 billion of their claims and Greece's sovereign debt was to be reduced to 120 % of GDP by 2020. In November and December the ECB under its new head, Mr. Draghi, cut interest rates by 0.25 % increments to 1 %. However, only in December 2011 is the EU able to stabilize the markets: The ESM bailout mechanism is to be brought forward, a treaty is to provide for increased budget discipline and the new Italian prime minister, Mr. Monti, and his government of experts succeed in getting a savings package through parliament. The resolutions passed at the EU's December summit mark a first step toward fiscal union with stricter budget discipline and measures to achieve compliance with savings and reform policies. Since much government debt is held in the form of government bonds in the portfolios of banks, insurers and pension funds, banks in particular are increasingly under pressure and governments and central banks – particularly the ECB – must provide support for the banking sector. Some institutions – such as the Franco-Belgian bank Dexia – require government bailouts. In December, for instance, the ECB provides 523 banks with liquidity amounting to almost € 500 billion in the form of a 3-year financing operation (LTRO = long-term refinancing operation) and expands the collateral required for this refinancing to include bank loans, amongst other assets. Through its securities market program (SMP) the ECB purchased around € 220 billion of government bonds, most recently Italian and Spanish government bonds especially. The ratings agencies responded to the negative developments with a series of downgrades for the Eurozone's peripheral countries. Standard & Poor's came in for particularly strong criticism when the USA lost its AAA rating in August and was downgraded to AA+. In early December Standard & Poor's put all of the Eurozone members (including Germany and Austria) on a negative outlook and threatened the Eurozone's AAA countries with the loss of their top credit ratings due to the Eurozone debt crisis. 2011 was characterized by a significant downturn in growth impetus, including in the emerging markets whose growth continues to strongly exceed that of the industrialized nations. For instance, economic growth fell from 9.8 % to 8.9 % in China, from 5.3 % to 1.4 % in Brazil and from 8.3 % to 6.1 % in India (all comparisons from the 4<sup>th</sup> quarter of 2010 to the 4<sup>th</sup> quarter of 2011). Russia alone benefited from the rising price of oil (GDP increase from 4.5 % to 4.8 %). In the industrialized nations, the US economy once again stabilized following a weak phase at the start of the year and realized growth of 1.7 % for 2011 as a whole. Without the Federal Reserve's "quantitative easing 2" – where it purchased long-term US Treasuries with a value of USD 600 billion in order to keep interest rates low and to support the economy – the USA would probably also be in recession. Buoyed by economic stimulus programs and low interest rates, unemployment fell from 9.4 % to 8.2 % and consumer spending was thus supported. For 2011 as a whole the Eurozone grew by 1.9 %. However, following a very positive first half-year growth was already negative in the 3<sup>rd</sup> quarter, particularly in some of the peripheral countries. The International Monetary Fund predicts a mild recession for the Eurozone (a contraction of -0.4% is forecast for 2012). The peripheral countries are already in recession. Countries which are under particular pressure to make savings due to their government finances will suffer more in a downturn than countries such as Germany and Austria. In late February the ECB provided 800 banks with loans of almost EUR 530 billion for a period of 3 years and an interest rate of 1 %. This cut brought a significant easing on the bond markets and noticeably lowered the spreads of Italy in particular, while the banking sector benefited through a clear recovery of spreads as well as equities' performance. In late March the euro

crisis worsened due to the impending elections in Greece and France and due to the signs of a slowdown in China and the USA and recession in the Eurozone. Profit-taking took place on a broad front.

### **International stock markets**

While US companies once again realized significant profit improvements in 2011, European companies are suffering due to their weak economic position. The USA were thus among the winners in 2011 and in the 1<sup>st</sup> quarter of 2012 (also due to the appreciating US dollar). In Europe, stock exchanges in the peripheral countries and banks in particular suffered due to the debt crisis. In general, defensive sectors outperformed cyclical sectors in this difficult environment. Emerging markets suffered in particular as international investors repatriated their funds due to rising risk aversion and fears of a hard landing in China. US stock exchanges were among the outperformers in 2011 and also in 2012 to date, while in Europe stock exchanges in the peripheral countries especially were underperformers. Austria suffered due to the strong weighting of its financial sector and the ATX's cyclical orientation. Emerging markets were underperformers as international investors repatriated their funds on account of risk aversion. Moreover, most emerging market indexes have a strongly cyclical orientation, like Austria (strong weightings for the financial, commodities and energy sectors). The sovereign debt crisis had an extremely negative impact on the banking sector, which also suffered due to the weakening economic trend (rising loan defaults) and the stronger capital ratios now required (capital increases, reduced dividends). In 2011 cyclical sectors such as basic manufacturing and industrials numbered among the underperformers due to the declining economic trend. The defensive sectors pharmaceuticals and defensive consumption were clear outperformers. The stock markets achieved a clear recovery in the 1<sup>st</sup> quarter of 2012. Greece's EUR 130 billion rescue package, the voluntary haircut for private bondholders and the ECB's liquidity injection brought about a stabilization of the Eurozone. US economic figures were a positive surprise and investors were once again willing to take risks. Besides the IT sector – buoyed by Apple in the USA – banks and cyclical consumer stocks were outperformers in 2012, while the defensive sectors telecoms and utilities were underperformers. Profit-taking began around late March and the stock markets underwent a significant correction.

While the early part of the crisis (2008) was still chiefly associated with the problems in the financial sector, it subsequently had knock-on effects for almost all of the other segments on the financial markets. In particular, the transition from a banking crisis to a crisis relating to some countries' excessive indebtedness has triggered some huge market upheavals. Following the multiple corrections to Greece's budget deficit (2010), the financial crisis is clearly focusing on government issuers in the peripheral Eurozone countries. The shift away from corporate risks to sovereign risks has resulted in a continuous rise in risk premiums for the countries hit especially hard by the crisis. Greece in particular has only escaped collapse thanks to massive support from the Eurozone countries, the ECB and the IMF. Ireland and Portugal also received bailouts in November 2010 and April 2011 respectively. The Eurozone's partner countries have sought to preempt a further widening of the crisis through the establishment of the European Financial Stability Facility in early May 2010 and the ECB's Securities Markets Program (SMP). However, a visibly slower economic trend, obvious structural problems and an at best hesitant will to implement reforms have caused a further deterioration in the sovereign debt crisis, which has recently spread to Italy and Spain in particular. In August 2011 the ECB expanded the SMP to include Italy and Spain for the first time and was thus able to stabilize risk premiums, for the time being at least. The reform path was also emphasized through changes of government in Greece and in Italy, in particular, which gave way to temporary non-partisan government by committee. When the ECB announced that it was to implement a three-year LTRO on two occasions (December 20, 2011 and February 28, 2012), this resulted in a clear fall in the record risk premiums previously reached. Despite the agreement of the second rescue package and continuing private sector involvement (PSI), Greece's viability remains highly doubtful. It has at least been possible to prevent the feared spillover of Greece's disaster to Italy and Spain for the time being. However, the further trajectory for management of the crisis is currently impeded by basic political issues which still await clarification, so that relatively high market volatilities must still be expected. \*)

## Investment strategy <sup>\*\*)</sup>

The fund's investment strategy was very strongly driven by its stock-picking. The fund was overweighted in the following sectors throughout the period: commodities, industry and healthcare. The energy, telecommunications and cyclical consumption sectors were continuously underweighted. In the financial sector, the fund's stock selection resulted in underweighting of diversified financials and overweighting of insurance equities. In the banking sector we preferred in particular universal banks with strong deposit operations and solid liquidity situations (HSBC, BNP Paribas, DNB Nor). The fund did not hold any investments in Greek, Italian, Portuguese or Irish banks in the period under review. Around late November 2011 the fund converted its underweight into a slight overweight. In the mechanical engineering sector we particularly preferred companies which have strong activities in the emerging markets and which are benefiting from the investment cycle (Atlas Copco, Siemens, Schneider Electronics) as well as restructuring stories such as Philips and Georg Fischer. In the basic materials segment we mainly invested in the packaging and paper segment (SCA, Rexam), cement (Holcim) and construction materials (Saint Gobain and Imerys), and did not invest in companies in the raw materials and steel segments. The defensive side of the portfolio was covered through investments in the non-cyclical consumption segment (Nestle, Swedish Match, Imperial Tobacco) and pharmaceuticals, at the expense of the utilities and telecommunications sectors. Toward the end of the period, the fund increased its healthcare equities through its new acquisition of GlaxoSmithkline. In the information technology segment, from early 2012 the fund made its first new acquisitions, AMS and Ericsson. The fund used derivatives to hedge currency risks, particularly foreign-currency futures contracts on the Swiss franc.

### Method for calculation of overall risk:

Commitment approach (pursuant to the 3<sup>rd</sup> chapter of the 4<sup>th</sup> Austrian Derivatives Risk Calculation and Reporting Ordinance (*Derivate-Risikoberechnungs- und Meldeverordnung*)).

\*) Regarding valuations in the current market situation, please see our comments in the Annex concerning the calculation of the fund's net asset value ("Valuation of illiquid securities").

\*\*) Discrepancies may arise in the percentage figures for the investment strategy and the statement of assets held on account of different calculation methods.

## Performance of Pioneer Funds Austria - Select Europe Stock in the past accounting year

**Fund assets:** EUR 156,523,597.87 on June 1, 2011 and EUR 123,951,279.75 on May 31, 2012

### **Income-distributing units:**

Units outstanding: 907,150 units on June 1, 2011 and 851,636 units on May 31, 2012

Net asset value per unit: EUR 69.73 on May 31, 2012

### **Income-reinvesting units with deduction of capital gains tax:**

Units outstanding: 781,492 units on June 1, 2011 and 709,417 units on May 31, 2012

Net asset value per unit: EUR 88.55 on May 31, 2012

### **Income-reinvesting units without deduction of capital gains tax (Austrian tranche):**

Units outstanding: 2,876 units on June 1, 2011 and 2,735 units on May 31, 2012

Net asset value per unit: EUR 89.97 on May 31, 2012

### **Income-reinvesting units without deduction of capital gains tax (non-Austrian tranche):**

Units outstanding: 24,509 units on June 1, 2011 and 16,720 units on May 31, 2012

Net asset value per unit: EUR 89.97 on May 31, 2012

## **Distribution for income-distributing units**

From August 1, 2012, the custodian banks will distribute an amount of EUR 1.60 per unit upon presentation of coupon no. 54.

The paying agent is obliged to withhold from the distribution capital gains tax of EUR 0.16 per unit, unless grounds for an exemption apply.

## **Payment for income-reinvesting units with deduction of capital gains tax**

From August 1, 2012, the custodian banks paid capital gains tax of EUR 0.21 per income-reinvesting unit with deduction of capital gains tax upon presentation of coupon no. 54, unless grounds for an exemption apply.

## **Payment for income-reinvesting units without deduction of capital gains tax (Austrian tranche)**

Pursuant to § 58 (2) *InvFG*, no payment will be made for income-reinvesting units without deduction of capital gains tax (full income reinvestment – Austrian tranche).

## **Payment for income-reinvesting units without deduction of capital gains tax (non-Austrian tranche)**

Pursuant to § 58 (2) *InvFG*, no payment will be made for income-reinvesting units without deduction of capital gains tax (full income reinvestment – non-Austrian tranche).

## Summary of the fund's last five accounting years in EUR

Income-distributing units	5/31/2008	5/31/2009	5/31/2010	5/31/2011	5/31/2012
Overall fund assets	209,400,113.68	122,584,085.20	148,218,704.10	156,523,597.87	123,951,279.75
Calculated unit value	90.63	61.67	72.22	81.68	69.73
Distribution per unit	1.60	1.60	1.60	1.61	1.60
<b>Performance as %</b>	-16.38	-30.56	+20.09	+15.53	-12.80

Income-reinvesting units with deduction of capital gains tax	5/31/2008	5/31/2009	5/31/2010	5/31/2011	5/31/2012
Overall fund assets	209,400,113.68	122,584,085.20	148,218,704.10	156,523,597.87	123,951,279.75
Calculated unit value	106.47	73.76	88.35	101.86	88.55
Reinvested income	1.66	1.71	1.79	2.71	-3.25
Payment pursuant to § 58 (2) InvFG	0.18	0.20	0.17	0.21	0.21
<b>Performance as %</b>	-16.38	-30.56	+20.09	+15.50	-12.88

Income-reinvesting units without deduction of capital gains tax (Austrian tranche)	5/31/2008	5/31/2009	5/31/2010	5/31/2011	5/31/2012
Overall fund assets	209,400,113.68	122,584,085.20	148,218,704.10	156,523,597.87	123,951,279.75
Calculated unit value	107.11	74.38	89.32	103.18	89.97
Reinvested income	1.89	1.93	1.98	2.97	-2.98
<b>Performance as %</b>	-16.38	-30.56	+20.09	+15.52	-12.80

Income-reinvesting units without deduction of capital gains tax (non-Austrian tranche)	5/31/2008	5/31/2009	5/31/2010	5/31/2011	5/31/2012
Overall fund assets	209,400,113.68	122,584,085.20	148,218,704.10	156,523,597.87	123,951,279.75
Calculated unit value	107.11	74.38	89.32	103.18	89.97
Reinvested income	1.89	1.93	1.98	2.94	-4.01
<b>Performance as %</b>	-16.38	-30.56	+20.09	+15.52	-12.80

# Income statement and development of fund assets in 2011-2012 in EUR

## 1. Development in past accounting year (fund performance)

Calculated in accordance with method provided by Oesterreichische Kontrollbank AG (OeKB):  
per unit in fund currency (EUR), excluding subscription fee

### Income-distributing units

Unit value at start of accounting year	81.68
Distribution on August 1, 2011 of EUR 1.61 (corresponds to 0.021455 units*)	
Unit value at end of accounting year	69.73
Total value incl. units (fictitiously) acquired through distribution (1.021455 x 69.73)	71.23
Performance of a unit in the accounting year in %	-12.80
Net income per unit	-10.45
Performance of a unit in the calendar year 2011 in %	-12.55

### Income-reinvesting units with deduction of capital gains tax

Unit value at start of accounting year	101.86
Payment (capital gains tax) on August 1, 2011 of EUR 0.21 (corresponds to 0.002203 units)**)	-
Unit value at end of accounting year	88.55
Total value incl. units (fictitiously) acquired through distribution (1.002203 x 88.55)	88.75
Performance of a unit in the accounting year in %	-12.88
Net income per unit	-13.11
Performance of a unit in the calendar year 2011 in %	-12.58

### Income-reinvesting units without deduction of capital gains tax (Austrian tranche)

Unit value at start of accounting year	103.18
Unit value at end of accounting year	89.97
Performance of a unit in the accounting year in %	-12.80
Net income per unit	-13.21
Performance of a unit in the calendar year 2011 in %	-12.56

### Income-reinvesting units without deduction of capital gains tax (non-Austrian tranche)

Unit value at start of accounting year	103.18
Unit value at end of accounting year	89.97
Performance of a unit in the accounting year in %	-12.80
Net income per unit	-13.21
Performance of a unit in the calendar year 2011 in %	-12.57

The custodian bank calculates the unit value separately for each unit certificate class. The annual performance figures for the individual unit certificate classes may vary.

\*) Net asset value for an income-distributing unit on July 29, 2011 (ex-date): EUR 75.04.

\*) Net asset value for an income-reinvesting unit with deduction of capital gains tax on July 29, 2011 (ex-date): EUR 95.32.



# Income statement and development of fund assets in 2011-2012 in EUR

## 2. Fund result

### a. Realized fund result

#### Ordinary income

**Income (without profit or loss from price changes)** **4,262,785.55**

Interest income 7,507.45

Dividend income 5,066,800.45

Withholding tax levied on dividends -811,519.50

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4,262,788.40

Interest expenses (interest paid) -2.85

**Expenses** **-2,182,988.42**

Remuneration for investment company -1,434,703.70

Custodian bank fee -12,453.17

Costs for services of external consultants -521,710.46

Costs for auditor (incl. outside Austria) -13,519.20

Publication costs -6,533.04

Portfolio custody fees -193,417.06

Other management expenses -651.79

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**Ordinary fund result (excl. equalization of income)** **2,079,797.13**

#### **Realized profit or loss from price changes <sup>1)2)</sup>**

Profits realized from securities 5,164,499.30

Profits realized from derivative instruments (incl. exchange gains) 1,698,635.18

Losses realized from securities -10,182,862.43

Losses realized from derivative instruments (incl. exchange losses) -2,921,474.04

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**Realized profit or loss from price changes (excl. equalization of income)** **-6,241,201.99**

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**Realized fund result (excl. equalization of income)** **-4,161,404.86**

### b. Non-realized profit or loss from price changes <sup>1)2)</sup>

Change in non-realized profit or loss from price changes -15,442,858.23

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**Income in accounting year** **-19,604,263.09**

### c. Equalization of income

Equalization of income for income realized in accounting year -28,646.00

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**Overall fund result** **-19,632,909.09**

Overall transaction costs in accounting year EUR -324,594.66

### 3. Development of fund assets

<b>Fund assets at start of accounting year <sup>3)</sup></b>		156,523,597.87
<b>Distribution/payment on August 1, 2011</b>		
Distribution (income-distributing units) (AT0000822762)	-1,460,511.50	
Payment (income-reinvesting units with deduction of capital gains tax) (AT0000619374)	-164,113.32	-1,624,624.82
<b>Issue and redemption of units</b>		
Issue of 87,572 units and redemption of 223,091 units		-11,314,784.21
<b>Overall fund result</b>		
(for a detailed presentation of the fund result, please see Item 2)		-19,632,909.09
<b>Fund assets at end of accounting year <sup>4)</sup></b>		<b>123,951,279.75</b>

### 4. Appropriation of income

Realized fund result (incl. equalization of income)		-4,190,050.86
Profit brought forward from previous year		76,879,996.21
<b>Distributable income</b>		<b>72,689,945.35</b>
Distribution per unit	1.60	
Number of income-distributing units (AT0000822762) as of May 31, 2012	851,636	
Distribution on August 1, 2012		-1,362,617.60
Payment per income-reinvesting unit with deduction of capital gains tax	0.21	
Number of income-reinvesting units with deduction of capital gains tax (AT0000619374) as of May 31, 2012	709,417	-148,977.57
Core assets-based coverage for income-reinvesting units with deduction of capital gains tax		2,306,991.68
Share of income per income-reinvesting unit with deduction of capital gains tax	-3.04	
Number of income-reinvesting units without deduction of capital gains tax (AT0000619374) as of May 31, 2012	2,735	
Core assets-based coverage for income-reinvesting units without deduction of capital gains tax		8,161.10
Share of income per income-reinvesting unit without deduction of capital gains tax	-2.98	
Number of income-reinvesting units without deduction of capital gains tax (AT0000675178) as of May 31, 2012	16,720	
Core assets-based coverage for income-reinvesting units without deduction of capital gains tax		67,101.00
Share of income per income-reinvesting unit without deduction of capital gains tax	-4.01	
Amount brought forward to following period for income-distributing units		<b>73,560,603.96</b>

The reporting of interest income has been amended due to a change in tax regulations as of April 1, 2012. This has not had any effect on the fund's net asset value.

- 1) Realized profits and losses are not specific to a particular period. Accordingly, like the change in the non-realized profit or loss from price changes, they may not relate to the fund's performance in the past accounting year.
- 2) Total profit/loss from price changes without equalization of income (realized profit/loss from price changes without equalization of income plus change in the non-realized profit/loss from price changes):  
EUR -21,684,060.22.
- 3) Units outstanding at start of accounting year: 907,150 income-distributing units, 781,492 income-reinvesting units with deduction of capital gains tax, 2,876 income-reinvesting units without deduction of capital gains tax (VTI), 24,509 income-reinvesting units without deduction of capital gains tax (VTA).
- 4) Units outstanding at end of accounting year: 851,636 income-distributing units, 709,417 income-reinvesting units with deduction of capital gains tax, 2,735 income-reinvesting units without deduction of capital gains tax (VTI), 16,720 income-reinvesting units without deduction of capital gains tax (VTA).

## Statement of assets as of May 31, 2012

Asset class	ISIN	Items/ units/ currency (in thou.)	Holdings 5/31/2012	Purchases/ additions in period under review	Sales/ disposals	Price	Market value in EUR	% of fund assets
<b>Exchange-traded securities</b>								
<b>Equities</b>								
Ahold N.V., Kon.Aandelen aan toonder EO -,30	NL0006033250	ITEMS	283,133	0	66,479	EUR 9.501000	2,690,046.63	2.17
AKZO NOBEL N.V.Aandelen aan toonder EO 2	NL0000009132	ITEMS	72,590	38,039	25,850	EUR 36.940000	2,681,474.60	2.16
Allianz SEvink.Namens-Aktien o.N.	DE0008404005	ITEMS	41,700	9,328	7,881	EUR 73.110000	3,048,687.00	2.46
Banco Santander S.A.ACCIONES NOM. EO 0,50	ES0113900J37	ITEMS	206,119	8,760	267,669	EUR 4.295000	885,281.11	0.71
Bayer AGNamens-Aktien o.N.	DE000BAY0017	ITEMS	63,305	20,480	9,056	EUR 51.161000	3,238,747.11	2.61
BNP PARIBAS S.A.Actions Port. EO 2	FR0000131104	ITEMS	118,344	48,612	31,293	EUR 25.725000	3,044,399.40	2.46
COMPAGNIE DE SAINT-GOBAIN S.A.Actions au Porteur (C.R.) EO 4	FR0000125007	ITEMS	86,173	37,813	27,184	EUR 28.620000	2,466,271.26	1.99
CONTINENTAL AGInhaber-Aktien o.N.	DE0005439004	ITEMS	49,273	15,703	3,830	EUR 67.350000	3,318,536.55	2.68
GdF Suez S.A.Actions Port. EO 1	FR0010208488	ITEMS	153,834	37,589	3,936	EUR 15.950000	2,453,652.30	1.98
IMERY'S S.A.Actions Port. EO 2	FR0000120859	ITEMS	68,128	68,128	0	EUR 38.825000	2,645,069.60	2.13
KON. KPN N.V.Aandelen aan toonder EO -,24	NL0000009082	ITEMS	194,730	257,444	62,714	EUR 7.645000	1,488,710.85	1.20
KON. PHILIPS ELECTRONICS N.V.Aandelen aan toonder EO 0,20	NL0000009538	ITEMS	189,407	33,431	36,649	EUR 14.300000	2,708,520.10	2.19
REPSOL YPF S.A.Acciones Port. EO 1	ES0173516115	ITEMS	108,848	41,516	72,188	EUR 12.080000	1,314,883.84	1.06
Royal Dutch ShellReg. Shares Class A EO -,07	GB00B03MLX29	ITEMS	201,681	0	46,239	EUR 25.030000	5,048,075.43	4.07
Sanofi S.A.Actions Port. EO 2	FR0000120578	ITEMS	69,788	12,167	29,570	EUR 55.000000	3,838,340.00	3.10
SCHNEIDER ELECTRIC S.A.Actions Port. EO 4	FR0000121972	ITEMS	53,385	51,259	22,754	EUR 43.070000	2,299,291.95	1.85
SIEMENS AGNAMENS-AKTIEN O.N.	DE0007236101	ITEMS	21,835	5,989	26,927	EUR 66.510000	1,452,245.85	1.17
Total S.A.Actions au Porteur EO 2,50	FR0000120271	ITEMS	78,067	45,406	39,429	EUR 34.765000	2,713,999.26	2.19
BP PLCRegistered Shares DL -,25	GB0007980591	ITEMS	643,803	0	162,029	GBP 3.949000	3,164,720.30	2.55
GlaxoSmithKline PLCRegistered Shares LS -,25	GB0009252882	ITEMS	251,979	265,665	13,686	GBP 14.380000	4,510,435.08	3.64
HSBC HOLDINGS PLCRegistered Shares DL -,50	GB0005405286	ITEMS	923,742	132,644	100,160	GBP 5.095000	5,858,549.19	4.73
IMPERIAL TOBACCO GROUP PLCRegistered Shares LS -,10	GB0004544929	ITEMS	107,268	0	17,093	GBP 23.420000	3,127,175.65	2.52
Kingfisher PLCReg. Shares LS -,157142857	GB0033195214	ITEMS	863,363	50,274	151,807	GBP 2.820000	3,030,663.67	2.45
National Grid PLCReg. Shares New LS -,11395	GB00B08SNH34	ITEMS	393,154	83,966	39,955	GBP 6.500000	3,181,055.58	2.57
PEARSON PLCRegistered Shares LS -,25	GB0006776081	ITEMS	69,225	0	186,909	GBP 11.370000	979,757.58	0.79
PRUDENTIAL PLCRegistered Shares LS -,05	GB0007099541	ITEMS	348,817	375,588	26,771	GBP 6.780000	2,943,896.51	2.38
REXAM PLCRegistered Shares LS -,642857	GB0004250451	ITEMS	564,187	0	93,914	GBP 4.032000	2,831,644.96	2.28
RIO TINTO PLCRegistered Shares LS -,10	GB0007188757	ITEMS	39,320	0	2,277	GBP 27.800000	1,360,672.19	1.10
Rolls Royce Holdings PLCRegistered Shares LS 0.20	GB00B63H8491	ITEMS	126,644	0	2,943	GBP 8.220000	1,295,840.77	1.05
Vodafone Group PLCRegistered Shares DL-,11428571	GB00B16GWD56	ITEMS	2,271,343	170,228	588,581	GBP 1.730000	4,891,296.93	3.95
<b>Total exchange-traded securities</b>						<b>EUR</b>	<b>84,511,941.25</b>	<b>68.18</b>
<b>Freely tradable securities</b>								
<b>Equities</b>								
AUSTRIAMICROSYSTEMS AGINHABERAKTIEN O.N.	AT0000920863	ITEMS	38,445	38,445	0	CHF 68.000000	2,175,830.21	1.76
Cie Financière Richemont AGInhaber-Aktien A SF 1	CH0045039655	ITEMS	47,179	13,074	1,975	CHF 55.350000	2,173,414.61	1.75
FISCHER AG, GEORGNamens-Aktien SF 10	CH0001752309	ITEMS	6,085	1,208	0	CHF 340.000000	1,721,930.92	1.39
HOLCIM LTD.NAMENS-AKTIEN SF 2	CH0012214059	ITEMS	46,046	9,941	17,177	CHF 51.600000	1,977,506.12	1.60
Nestlé S.A.Namens-Aktien SF -,10	CH0038863350	ITEMS	136,332	0	50,415	CHF 55.050000	6,246,422.47	5.04
NOVARTIS AGNAMENS-AKTIEN SF 0,50	CH0012005267	ITEMS	85,558	0	50,301	CHF 50.450000	3,592,510.28	2.90
UBS AGNamens-Aktien SF -,10	CH0024899483	ITEMS	147,451	14,829	89,357	CHF 10.950000	1,343,810.61	1.08
VETROPACK HOLDING S.A.Inhaber-Aktien SF 50	CH0006227612	ITEMS	1,237	0	232	CHF 1,700.000000	1,750,228.88	1.41
Zurich Insurance Group AGNam.-Aktien SF 0,10	CH00111075394	ITEMS	15,767	3,015	3,326	CHF 198.600000	2,606,180.77	2.10
Oxford Catalysts Group PLCRegistered Shares o.N.	GB00B11SZ269	ITEMS	411,848	0	0	GBP 0.581657	298,194.15	0.24
DNB ASANavne-Aksjer A NK 10	NO0010031479	ITEMS	285,537	135,266	73,872	NOK 55.100000	2,081,867.45	1.68

Asset class	ISIN	Items/ units/ currency (in thou.)	Holdings 5/31/2012	Purchases/ additions in period under review	Sales/ disposals	Price	Market value in EUR	% of fund assets
<b>Equities (continued)</b>								
ATLAS COPCO ABNamn-Aktier A (fria) SK0,2085	SE0000101032	ITEMS	161,045	65,253	35,190	SEK 146.300000	2,620,787.93	2.11
EricssonNamn-Aktier B (fria) o.N.	SE0000108656	ITEMS	430,162	430,162	0	SEK 61.700000	2,952,279.80	2.38
SVENSKA CELLULOSA ABNamn-Aktier B (fria) SK 10	SE0000112724	ITEMS	282,647	29,115	100,026	SEK 103.400000	3,250,912.10	2.62
SWEDISH MATCH ABNamn-Aktier SK 1,20	SE0000310336	ITEMS	61,898	0	16,653	SEK 275.000000	1,893,431.59	1.53
<b>Total freely tradable securities</b>						<b>EUR</b>	<b>36,685,307.89</b>	<b>29.60</b>
<b>Non-quoted securities</b>								
<b>Equities</b>								
ROLLS ROYCE H.C.ENT.LS-20 4)	GB00B3RP2573	ITEMS	13,424,264	13,424,264	0	GBP 0.001000	16,710.35	0.01
<b>Total non-quoted securities</b>						<b>EUR</b>	<b>16,710.35</b>	<b>0.01</b>
<b>Total securities holdings</b>						<b>EUR</b>	<b>121,213,959.49</b>	<b>97.79</b>
<b>Derivatives</b>								
(A minus sign next to holdings denotes sold positions)								
<b>Foreign exchange derivatives</b>								
Receivables/liabilities								
<b>Foreign exchange futures contracts (sales)</b>								
<b>Open positions</b>								
CHF/EUR 11.38 million							9,086.14	0.01
CHF/EUR 11.38 million							-23,823.17	-0.02
<b>Foreign exchange futures contracts (purchases)</b>								
<b>Open positions</b>								
CHF/EUR 11.38 million							-3,969.91	0.00
<b>Total foreign exchange derivatives</b>						<b>EUR</b>	<b>-18,706.94</b>	<b>-0.02</b>
<b>Bank balances</b>								
<b>EUR balances held at:</b>								
Custodian bank: UniCredit Bank Austria		EUR	2,351,910.03				2,351,910.03	1.90
<b>Balances in other EU/EEA currencies:</b>								
		GBP	8,682.56				10,807.94	0.01
		SEK	102,159.23				11,363.65	0.01
<b>Balances in non-EU/EEA currencies:</b>								
		CHF	8,418.16				7,006.38	0.01
		HUF	29,702.18				98.20	0.00
		NOK	94,419.80				12,494.02	0.01
<b>Total bank balances</b>						<b>EUR</b>	<b>2,393,680.22</b>	<b>1.93</b>
<b>Other assets</b>								
Dividend rights		EUR	362,346.98				362,346.98	0.29
<b>Total other assets</b>						<b>EUR</b>	<b>362,346.98</b>	<b>0.29</b>
<b>Fund assets</b>						<b>EUR</b>	<b>123,951,279.75</b>	<b>100</b>
<b>Income-distributing units AT0000856042</b>						<b>ITEMS</b>	<b>851,636</b>	
Unit value						<b>EUR</b>	<b>69.73</b>	
<b>Income-reinvesting units with deduction of capital gains tax AT0000822762</b>						<b>ITEMS</b>	<b>709,417</b>	
Unit value						<b>EUR</b>	<b>88.55</b>	
<b>Income-reinvesting units without deduction of capital gains tax AT0000619374</b>						<b>ITEMS</b>	<b>2,735</b>	
Unit value						<b>EUR</b>	<b>89.97</b>	
<b>Income-reinvesting units without deduction of capital gains tax AT0000675178</b>						<b>ITEMS</b>	<b>16,720</b>	
Unit value						<b>EUR</b>	<b>89.97</b>	

## Exchange rates (indirect quotation)

as of 6/1/2012

Swiss franc	CHF	1.2015 = 1 euro (EUR)
Pound sterling	GBP	0.803350 = 1 euro (EUR)
Norwegian krone	NOK	7.557200 = 1 euro (EUR)
Swedish krona	SEK	8.990000 = 1 euro (EUR)

**Transactions concluded during the reporting period and not listed in the statement of assets:  
Purchases and sales of securities, investment units and promissory note loans (market allocation as of reporting date)**

Asset class	ISIN	Items/ units/ currency (in thou.)	Purchases/ additions	Sales/ disposals
<b>Exchange-traded securities</b>				
<b>Equities</b>				
Daimler AGNAMENS-AKTIE O.N.	DE0007100000	ITEMS	-	28,894
ERSTE GROUP BANK AGSTAMMAKTIE OHNE NENNWERT	AT0000652011	ITEMS	14,550	71,609
Gemalto N.V.Aandelen EO 1	NL0000400653	ITEMS	-	61,025
LVMH MOET HENN. L. VUITTON SAActions Port. (C.R.) EO 0,3	FR0000121014	ITEMS	-	14,862
SOCIETE GENERALE S.A.Actions Port. EO 1,25	FR0000130809	ITEMS	-	66,727
TELEFONICA S.A.Acciones Port. EO 1	ES0178430E18	ITEMS	-	119,927
VERBUND AGINHABERAKTIE KAT. A O.N.	AT0000746409	ITEMS	-	45,873
<b>Other securities</b>				
Banco Santander BZR 13.-27.4.2012	ES06139009A3	ITEMS	411,755	411,755
BCO SANTANDER -BZR	ES0613900994	ITEMS	402,995	402,995
BCO SANTANDER-BZR	ES0613900986	ITEMS	427,413	427,413
<b>Securities traded on free markets</b>				
<b>Equities</b>				
Credit Suisse Group AGNamens-Aktien SF -,04	CH0012138530	ITEMS	-	123,665
Givaudan SANAMENS-AKTIE SF 10	CH0010645932	ITEMS	216	4,184
Voegele, Charles Holding AGInhaber-Aktien SF 3	CH0006937772	ITEMS	-	37,652
<b>Non-quoted securities</b>				
<b>Equities</b>				
ROLLS ROYCE ENT.LS 0,001	GB00B4RNCM57	ITEMS	8,738,436	8,738,436
Rolls Royce Holdings PLCReg.Entitl.Shs.C 7/11 LS -,20	GB00B459SM73	ITEMS	-	12,440,352

Vienna, July 23, 2012

Pioneer Investments Austria GmbH

DDr. Werner Kretschmer

Stefano Pregolato

Mag. Hannes Roubik

Hannes Saleta

## **Unqualified audit certificate**

We have audited the attached annual fund report as of May 31, 2012 – including the related accounts – prepared by Pioneer Investments Austria GmbH, Vienna, for its fund Pioneer Funds Austria - Select Europe Stock, a co-ownership fund pursuant to § 20 *InvFG*, for the accounting year from June 1, 2011 to May 31, 2012.

### **Statutory representatives' responsibility for preparation of the annual fund report, management of the fund and keeping of the accounts**

The statutory representatives of the management company and the custodian bank are responsible for keeping the accounts, valuing the fund, calculating withholding taxes, preparing the annual fund report and managing the fund in accordance with the Austrian Investment Fund Act, the supplementary provisions in the fund regulations and applicable tax legislation. This responsibility includes the setup, execution and maintenance of an internal control system where this is significant for the registration and valuation of the fund and preparation of the annual fund report so that this report is free from significant factual misstatements resulting from intentional or unintentional errors; selection and application of suitable valuation methods; estimates which appear appropriate in view of applicable outline conditions.

### **Responsibility of the bank auditor and type and scope of statutory audit of the annual fund report**

We are responsible for providing an audit opinion for this annual fund report on the basis of our audit.

We performed our audit pursuant to § 49 (5) of the Austrian Investment Fund Act while complying with applicable Austrian statutory regulations and the principles of orderly balance-sheet auditing. These principles require compliance with rules of professional conduct and planning and execution of the audit so that we are able to form an opinion, with a reasonable degree of certainty, on whether the annual fund report is free from significant factual misstatements.

An audit includes the performance of audit activities to obtain documentation of the figures and other disclosures in the annual fund report. The audit activities are chosen at the discretion of the bank auditor, while considering its assessment of the risk of significant factual misstatements resulting from intentional or unintentional errors. In performing the risk assessment the bank auditor gives consideration to the internal control system, where this is of significance for preparation of the annual fund report and valuation of the fund, so as to specify suitable audit activities in view of applicable outline conditions. No audit opinion is provided on the effectiveness of the internal control measures implemented by the management company and the custodian bank, however. The audit also includes an assessment of the appropriateness of the valuation methods used and the key estimates made by the statutory representatives as well as an evaluation of the overall statement provided in the annual fund report.

In our opinion we have obtained sufficient and suitable documentation for our audit, so that it provides an adequate degree of certainty on which to base our judgment.

### **Audit outcome**

Our audit has not met with any objections. On the basis of our audit findings, in our view the annual fund report as of May 31, 2012 for Pioneer Funds Austria - Select Europe Stock, a co-ownership fund pursuant to § 20 *InvFG*, complies with applicable statutory requirements.

### **Compliance with the Austrian Investment Fund Act and the fund regulations**

Pursuant to § 49 (5) *InvFG* our audit includes an assessment of whether this annual fund report complies with the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act, *Investmentfondsgesetz, InvFG*) and the fund regulations. We have implemented our audit in accordance with the above principles, so that we are able to determine with a sufficient level of certainty whether this annual fund report essentially complies with the provisions of the Austrian Investment Fund Act and the fund regulations.

According to our audit findings, the provisions of the Austrian Federal Act on Investment Funds (Austrian Investment Fund Act) and the fund regulations have been complied with.

## **Report on activities performed during the past accounting year**

We have undertaken a critical assessment of the disclosures provided by the management company's management in the annual fund report on its activities in the past accounting year, but these were not subject to special audit activities in accordance with the above principles. Accordingly, our audit opinion does not include these statements. In the context of the overall picture set out in this annual fund report, the disclosures concerning the accounting year are consistent with the figures provided in the report.

Vienna, July 23, 2012

### **KPMG Austria AG**

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

**Mag. Walter Reiffenstuhl**  
Auditor

**pp. Mag. Gerda Reischl**  
Auditor

**Tax treatment of Pioneer Funds Austria - Select Europe Stock  
for income-distributing units (ISIN AT0000856042) in EUR per unit:**

All income realized by the fund has final taxation status for income tax purposes for private investors, on account of the deduction of capital gains tax amounting to EUR 0.16 for each income-distributing unit. No action is required on the part of the unitholder.

**for income-reinvesting units with deduction of capital gains tax (ISIN AT0000822762) in EUR per  
unit:**

All income realized by the fund has final taxation status for income tax purposes for private investors, on account of the deduction of capital gains tax amounting to EUR 0.21 for each income-reinvesting unit with deduction of capital gains tax. No action is required on the part of the unitholder.

Pioneer Investments Austria will shortly provide details of the tax treatment for this fund and further information – prepared on the basis of the audited annual fund report – via the download center at [www.pioneerinvestments.at](http://www.pioneerinvestments.at). We should like to point out that the fund's tax treatment was not covered by the audit performed by the bank auditor.