



**Class E-1 Emerging Markets Equity, a class of shares of
PIE Portfolio Index Evolution Corporation**

**Management Report of Fund Performance
For the period from January 1, 2009 through June 30, 2009**

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling (905) 695-7777 or toll-free at 1-877-249-2884, by writing to us at 218 Steeles Avenue East, Thornhill, Ontario, L3T 1A6, from your dealer, by e-mail at info@croftgroup.com or by visiting our website at www.croftgroup.com or SEDAR at www.sedar.com.

Shareholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment objectives

The investment objectives of the Class E-1 Emerging Markets Equity (the “Fund”) are to provide long-term capital appreciation by investing in exchange traded funds that generally represent exposure to emerging markets, including but not limited to: China, India, Brazil, Russia, Latin America and the Asia Pacific region.

To achieve its investment objectives, this Fund invests in exchange traded funds that generally represent exposure to emerging markets, including but not limited to: China, India, Brazil, Russia, Latin America and the Asia Pacific region.

Risk

Given the effective start date of the Fund versus the timing of this report the risks of investing in the Fund remain as outlined in the simplified prospectus. The principal risks associated with an investment in the Fund are: investment risk, equity risk class risk, foreign securities risk, foreign currency risk, industry and geographic concentration risk, use of options risk, portfolio turnover risk, counterparty risk, interest rate fluctuations risk, legal, tax and regulatory risk, conflicts of interest risk, broad authority of croft risk, derivative risk, securities lending repurchase and reverse repurchase transactions risk and other accounts risk as described in the Fund’s simplified prospectus.

This Fund is suitable for investors who are seeking long-term capital appreciation and who can tolerate a medium to high level of investment risk.

Results of Operations

The Fund’s net assets were \$722,973 as at January 1st 2009. The fund grew its assets by approximately \$1million over the reporting period.

The investment process commenced in December 2008 and assets continue to flow to the Fund. Ongoing reports should provide more detailed information as the portfolio is invested.

Recent Developments

Investors crowded back into emerging market stocks in the second quarter, driving up prices in emerging markets ranging from Brazil to China to Russia to India.

The newfound appetite for risk grew as the outlook for the Chinese economy began to brighten following China’s extraordinary efforts at fiscal stimulus. China’s industrial companies reported that the pace of the profit decline characterizing the first quarter of the year began to slow, with oil refiners and power producers benefiting the most from cost reductions, rising demand, and stable prices. In addition, industrial output rebounded in May, climbing 8.9% in the month after a 7.3% increase in April.

In India, stock markets soared as first-quarter gross domestic product increased 5.8% and signs of economic revival began to grow. Hopes that the newly elected government will expand efforts to stimulate the economy also spurred the stock market buying frenzy that saw India’s benchmark Sensex Index soar 69% in the second quarter. Brazil’s Bovespa Index advanced 25% in the quarter.

Meanwhile, the G20 developed nations bolstered the International Monetary Fund with increased funding to handle financial crises, while Asian nations established a US \$120 billion emergency liquidity fund. Emerging market stocks led global second-quarter equity performance as investors sought to profit from surging commodity prices and as more sidelined cash began to flow into foreign

markets in anticipation of an early emerging-market recovery from the global recession. As a result, the MSCI Emerging Markets Index gained 33.6% (in US\$) in the second quarter, outpacing both the MSCI World Index (+19.7%) and the MSCI EAFE Index (+23.8%).

Surging performance in emerging markets is reflected in the Fund's largest single holding, the iShares MSCI Emerging Markets Index Fund, which gained 20% (in C\$), quarter over quarter. The Fund's regional holdings also matched quarter-over-quarter index advances, as the Claymore/BNY BRIC ETF gained 65%, the iShares FTSE/Xinhua China 25 Index Fund increased 24%, the SPDR S&P International Small Cap ETF grew 66%, and the iShares MSCI Latin America 40 Index Fund rose 25%.

Related Party Transactions

R.N. Croft Financial Group Inc. is the manager of the Fund (the "Manager"). The Manager may act either as the investment manager itself or hire an external investment manager to manage the investment portfolio of the Fund. In consideration for management services and investment advice provided the Fund pays management fees, calculated as a percentage based on the net asset value of the respective series of the Fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements. The Fund was launched effective November 25, 2008 and therefore contains less than one year of data.

PIE Portfolio Index Evolution Corporation
STATEMENTS OF FINANCIAL HIGHLIGHTS
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Class E-1 Series A		Class E-1 Series F		Class E-1 Series I	
DATA PER UNIT						
Net asset Value, beginning of year	\$	10.17	\$	10.17	\$	9.41
Increase (decrease) from operations:						
total revenue	\$	0.05	\$	0.05	\$	0.05
total expenses	-\$	0.17	-\$	0.17	-\$	0.09
realized gains (losses) for the period	\$	0.68	\$	0.54	\$	0.62
unrealized gains (losses) for the period	\$	0.94	\$	1.08	\$	0.89
Total increase (decrease) from operations (1)						
Total from investment operations	\$	1.50	\$	1.50	\$	1.47
Distributions:						
From income (excluding dividends)	\$	-	\$	-	\$	-
From dividends	\$	-	\$	-	\$	-
From capital gains	\$	-	\$	-	\$	-
Return of capital	\$	-	\$	-	\$	-
Total Annual Distributions	\$	-	\$	-	\$	-
Net asset value at (insert last day of financial year) of year shown	\$	11.67	\$	11.67	\$	10.88

- (1) Net asset value and distributions are based on the actual number of (units/shares) outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of (units/shares) outstanding over the financial period.
- (2) Distributions were (paid in cash/reinvested in additional (units/shares) of the Fund), or both.

RATIOS/ SUPPLEMENTAL DATA

	2009		2009		2009	
Total net assets at end of period (000's) (1)	\$	614	\$	709	\$	408
Average net assets	\$	320,873	\$	584,014	\$	207,229
Number of (units/shares) outstanding (1)		52,665		60,804		37,504
Management expense ratio (2)		2.51%		2.64%		1.02%
Management expense ratio before waivers or absorptions		2.51%		2.64%		1.02%
Portfolio turnover rate(3)		117.90%		117.90%		117.90%
Trading expense ratio(4)		0.31%		0.31%		0.31%
Closing market price or pricing NAV		11.74		11.74		10.95
Annual rate of return		14.75%		14.75%		15.62%

CALCULATION FOR PORTFOLIO TURNOVER RATE

Portfolio purchases, less t-bills	\$	745,616	\$	745,616	\$	745,616
Proceeds on portfolio sales, less t-bills	\$	861,548	\$	861,548	\$	861,548
Weighted average portfolio (mkt)	\$	632,418	\$	632,418	\$	632,418
Portfolio turnover rate		117.90%		117.90%		117.90%

- (1) This information is provided as at June 30 of the year shown, as applicable.
- (2) Management expense ratio (MER) is based on the total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. In the period the fund is established, the management expense ratio is annualized from, January 1st 2009 to June 30th, 2009.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period. The trading expense ratio is provided from January 1st 2009 onwards.

Investment Advisory and Management Fees

In consideration for management services and investment advice provided, the Fund pays a fee based on a percentage of its net asset value to the Manager. The management fee is calculated daily based on 1/365 of the net asset value of each series as set out below:

Series A	1.8%
Series F	1.8%
Series I	0.3%

Past Performance

No past performance information for the Fund is presented as shares of the Fund have not been outstanding for a year as of the date of this report.

In accordance with policies issued by the Canadian Securities Administrators, it is the Manager's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

Summary of Investment Portfolio

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates will be available upon request.

PIE Portfolio Index Evolution Corporation Class E-1 Emerging Equity

Top Holdings as of June 30th 2009

CLAYMORE EXCH BNY B R I C	10.00%
ISHARES MSCI EMG MRK INDX	46.78%
ISHARES FTSE/XIN CHINA 25	10.08%
SPDR S&P INTL SM CAP ETF	9.94%
ISHARES S&P LATIN AMER 40	10.09%
Cash & Cash Equivalents	13.11%
	100.00%

Portfolio Composition by Category

Emerging Index Funds	86.89%
Cash & Cash Equivalents	13.11%
	100.00%

The summary of investment portfolio may change due to ongoing portfolio transaction and tactical re-balancing. Current quarterly updates are available upon request. Information about the underlying prospectus fund is available on the internet at www.sedar.com

Additional Information

Manager

R.N. Croft Financial Group Inc.
218 Steeles Avenue East
Thornhill, Ontario
L3T 1A6

Custodian

NBCN Inc.
250 Yonge Street, Suite 1900
Toronto, Ontario
M5B 2L7

Registrar

The Investment Administration Solution Inc.
330 Bay Street, Suite 400
Toronto, Ontario
M5H 2S8

Auditors

MSCM LLP
701 Evans Avenue, 8th Floor
Toronto, Ontario
M9C 1A3

Important Information regarding forward-looking statements:

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and future events. Forward-looking statements are predictive in nature and are made based upon management's view of current events and conditions and the effects they may have in the marketplace based on interpretation of current and historical data available to us at that time. Forward-looking statements are not guarantees of future performance and may be impacted by a number of factors which include, but are not limited to, economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, changes in government regulations, technological change, and catastrophic events.

Every effort has been made to ensure that the information provided in this report is accurate as of June 30th, 2009. However, the Fund cannot guarantee the accuracy of the completeness of this material. For additional information please refer to the Fund's simplified prospectus, annual information form and financial statements.