



**Class F-1 Alternative Strategies, 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 F-1 Alternative Strategies (the “Fund”) are to provide investors with long term capital appreciation by investing in a diversified portfolio of publicly listed issuers whose business or assets are exposed to real estate assets, precious metals, agricultural commodities, energy related assets, and exchange traded commodity funds and commodity index funds.

To achieve its investment objectives, this Fund invests in a diversified portfolio of publicly listed issuers whose business or assets are exposed to real estate assets, precious metals (such as gold, silver, platinum, or palladium), agricultural commodities, energy related assets (including oil, natural gas, or heating oil), and exchange traded commodity funds and commodity index funds.

This Fund may also invest in certain structured products that generally have a low correlation to major equity stock market indices.

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 level of investment risk.

Results of Operations

The Fund’s net assets were \$1,354,328 as at January 1st, 2009. The fund’s assets grew by approximately \$1.2 million 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

The Fund’s investment objective is to provide long-term capital appreciation by investing in a diversified portfolio of publicly listed issues whose business or assets are exposed largely to real estate, with the remainder to a cross-section of commodities, including precious metals, agricultural commodities, energy related assets, exchange-traded commodity funds, and commodity index funds.

Real estate investment trusts posted strong performance in the second quarter as stresses in credit markets began to ease and the outlook for rental income showed signs of improvement. The Canadian REIT sector was never as highly leveraged as its US counterpart and has therefore not seen nearly as much in the way of recapitalization through new equity issues in an effort to pay down debt. Canadian commercial property market fundamentals continue to hold up well, reflected in the second-quarter performance of the Fund’s largest Canadian REIT holding, RioCan REIT, which posted a 22% advance quarter over quarter.

With the fear of REIT bankruptcies easing in the US, REIT prices posted dramatic improvements in the second quarter. The Fund's largest US REIT holding, the iShares Dow Jones US Real Estate Index Fund, for example, gained 17% (in C\$) quarter over quarter. Internationally, the Fund's holding of iShares EPRA/NAREIT Global Real Estate ex-US Index Fund rose 24% quarter over quarter (in C\$), reflecting investors' returning appetite for risk.

Over the second quarter, commodities also staged a powerful rally, driven mainly by stockpiling by China, especially in the key energy and base metals sectors. As a consequence, the Fund's key commodity index fund holding, which tracks the broad S&P GSCI Index, ended the quarter with a 10% quarter-over-quarter advance (in C\$).

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

	<u>Class F-1 Series A</u>	<u>Class F-1 Series F</u>	<u>Class F-1 Series L</u>
DATA PER UNIT			
Net asset Value, beginning of year	\$ 10.32	\$ 10.32	\$ 10.23
Increase (decrease) from operations:			
total revenue	\$ 0.39	\$ 0.33	\$ 0.37
total expenses	-\$ 0.15	-\$ 0.13	-\$ 0.08
realized gains (losses) for the period	\$ -	\$ -	\$ -
unrealized gains (losses) for the period	\$ 0.19	\$ 0.24	\$ 0.24
Total increase (decrease) from operations (1)			
Total from investment operations	\$ 0.43	\$ 0.44	\$ 0.53
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	\$ 10.75	\$ 10.76	\$ 10.76

- (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)	\$ 690	\$ 1,267	\$ 600
Average net assets	\$ 337,329	\$ 1,064,551	\$ 427,708
Number of (units/shares) outstanding (1)	64,208	117,718	55,745
Management expense ratio (2)	2.52%	2.55%	1.00%
Management expense ratio before waivers or absorptions	2.52%	2.55%	1.00%
Portfolio turnover rate(3)	28.25%	28.25%	28.25%
Trading expense ratio(4)	0.18%	0.18%	0.18%
Closing market price or pricing NAV	10.82	10.82	10.81
Annual rate of return	4.17%	4.26%	5.18%

CALCULATION FOR PORTFOLIO TURNOVER RATE

Portfolio purchases, less t-bills	\$ 1,721,112	\$ 1,721,112	\$ 1,721,112
Proceeds on portfolio sales, less t-bills	\$ 460,518	\$ 460,518	\$ 460,518
Weighted average portfolio (mkt)	\$ 1,630,413	\$ 1,630,413	\$ 1,630,413
Portfolio turnover rate	28.25%	28.25%	28.25%

- (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 F-1 Alternative Strategies

Top Holdings as of June 30th 2009

BOARDWALK REIT T/U	7.25%
CALLOWAY REIT T/U	4.52%
CDN APT PPTYS REIT T/U	5.21%
CDN REAL ESTATE INV T/U	8.06%
CHARTWELL SN HOUSING REIT	2.65%
COMINAR REAL EST INVT T/U	3.25%
DUNDEE REIT SER-A T/U	1.31%
EXTENDICARE REIT T/U	1.87%
H&R REIT-STAPLED UNIT	9.62%
INNVEST REAL EST INVT T/U	1.90%
PRIMARIS RETAIL REIT T/U	3.76%
RIOCAN R/ESTATE INV T/U	15.98%
ISHARES DJ US RL EST INDX	11.16%
ISHARES FTSE EPRA/NAR R/E	11.48%
ISHARES S&P GSCI COMM IND	10.90%
Cash & Cash Equivalents	1.10%
	100.00%

Portfolio Composition by Category

Canadian REITS	65.37%
US Real Estate Index	11.16%
INTL Real Estate	11.48%
Commodity Index	10.90%
Cash & Cash Equivalents	1.10%
	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.