

# PIE Emerging Markets Equity Fund (Series I)

## Quick Facts

Inception date: December 17, 2008  
 Management fee: Series I: 0.30%  
 Portfolio Manager: R.N. Croft Financial Group Inc.  
 Distributions: Annually, as specified in the prospectus  
 Fund codes: Series I: TCG644

## Performance

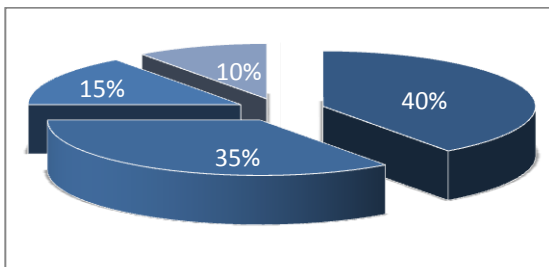
	Series I
NAV	\$10.30
3 Month	-4.23%
6 Month	-7.06%
1 Year	-2.56%
Inception	4.16%

As of June 30, 2010  
 Inception date 12/17/2008

## What Does the Fund Invest in?

The Fund aims to invest in a cross-section of stocks within the Emerging Markets. The Fund will hold a position in the iShares MSCI Emerging Markets Index Fund, which represents a basket of large-cap stocks within the Emerging Markets, the FTSE RAFI Emerging Markets Fundamental Index, Brazil, Russia, India, and China (BRIC) and will have some exposure to the China FTSE/Xinhua 25 Index. The fund will rebalance periodically to maintain the targeted investment mix

## Fund Asset Mix



VMO – Vanguard Emerging Markets	40%
PXH – FTSE RAFI Emerging Markets	35%
CBQ – Claymore BRIC	10%
FXI – China FTSE/Xinhua 25 Index	15%

As at June 30, 2010

## How Risky Is the Fund

High	
<b>Medium to High</b>	
Medium	
Low to Medium	
Low	
Very Low	

## Who Is This Fund for?

The Fund is designed to be the Emerging Markets equity component within a portfolio mandate. As such, the percentage invested in this Fund may vary depending on the investor's objectives and risk tolerance within the context of his or her portfolio mix. Generally, this Fund should appeal to medium- to high-risk investors seeking capital appreciation, with above-average risk.

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## Market Commentary

The eurozone's fiscal troubles filtered into Asia in the second quarter, as manufacturing growth cooled somewhat from its previous red-hot pace. With a weaker euro, Asian goods became more expensive in Europe, and raised concern that exports to Europe, already hit by the global financial crisis over the past two years, would shrink even more. Although emerging country stock markets have mostly lost ground in the first half of the year, economic expansion has been robust.

China's gross domestic product expanded 11.9% annualized in the first quarter and seems on pace to produce double-digit expansion in the second. The rapid post-recession recovery is mirrored in other Asian emerging economies, including India, Korea, and Taiwan. Brazil's output rose 11% annualized in the first quarter, as strong demand from China and growing domestic demand put the country on track for a similar second-quarter GDP growth.

Despite strong economic growth, emerging stock markets for the most part ended the second quarter flat or down on the quarter, and most are in the red in year-to-date terms, including Asian and South American markets. The Shanghai Exchange, however, dropped 23% (in local currency) as the Chinese government allowed the yuan appreciate and began to implement domestic lending restrictions in an effort to cool the housing market.

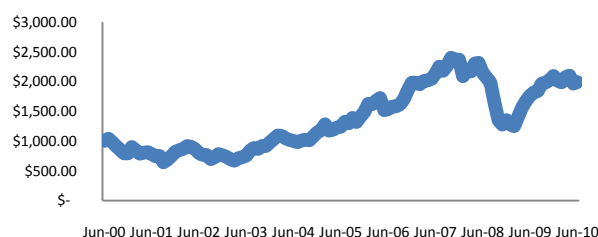
The Fund's heavy weighting to Emerging Market diversified equity ETFs, each in turn with significant exposure to China, weighed on second-quarter performance. For example, in the Fund's two largest holdings, the Vanguard Emerging Markets ETF (NYSE: VWO) ended the second quarter with a 5.9% loss (in C\$) quarter over quarter, while the PowerShares FTSE RAFI Emerging Markets Portfolio ETF (NYSE: PXH) fell 6.7% (in C\$) in the quarter.

June 30, 2010

## Fund Benchmark Index

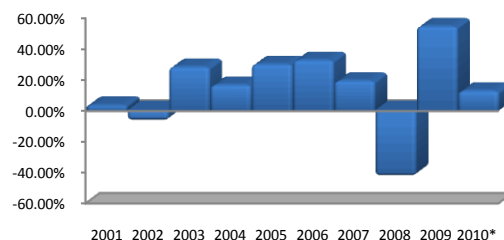
The performance of each PIE Fund is compared with an appropriate benchmark index. The PIE Emerging Markets Equity Fund benchmark is the MSCI Emerging Markets Index Total Return C\$. In a total return index dividends and interest income are reinvested – that is, the income is used to buy additional units of the benchmark. These returns\* are for illustrative purposes only. The returns do not account for the potential or risk associated with covered option writing or fund rebalancing.

## Benchmark Cumulative Returns



As of June 30, 2010

## Benchmark Annual Returns



As of June 30, 2010

## 10-Year Benchmark Statistics

Compound Annual Returns	7.12%	Average % Up	4.72%
Annual Standard Deviation	20.46%	Average % Down	-4.80%
Sharpe Ratio	0.32	Number of Up months	70
Maximum % Up	13.69%	Number of Down Months	50
Maximum % Down	-17.44%		

As of June 30, 2010

\*All metrics as at June 30, 2010 for Series I funds. Performance is not guaranteed. Portfolio values change frequently, and past performance may not be repeated. Performance data have not been audited and are for illustrative purposes only. Benchmark performance is based on returns adjusted for fees at a rate of 1% per annum. Valuations and performance results are reported in Canadian dollars. Performance is also calculated net transaction fees. Additional information regarding calculating and reporting performance is available upon request. The Fund is offered by prospectus by PIE Portfolio Index Evolution Corporation, which is related, connected, and managed by R.N. Croft Financial Group Inc., which also acts as investment advisor to the Fund.