



## PIE Income Fund (Series I)

### Quick Facts

Inception date: December 15, 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: TCG 640

### Performance

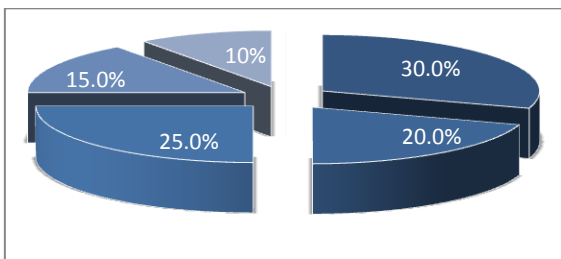
	Series I
NAV	\$10.56
3 Month	0.50%
6 Month	0.28%
1 Year	3.56%
Inception	6.44%

As of June 30, 2010  
 Inception date 12/15/2008

### What Does the Fund Invest in?

The Fund aims to generate a stable stream of income by investing in 1) cash and cash equivalent positions, 2) fixed-income investments, 3) dividend-paying common shares, 4) convertible preferred shares, preferred equity securities, and 5) a covered option-writing program. The Fund will rebalance periodically in order to realign the investment mix. The manager believes that disciplined rebalancing maintains a desired risk level within the portfolio. The strategy follows a buy-low, sell-high philosophy that is intended to realign the investment mix back to mandate.

### Fund Asset Mix



Cash Equivalents	30%
CAB – Broad Bond Index	20%
CPD – S&P/TSX Preferred Shares	25%
XRБ – Real Return Bond	15%
Covered Options Writing on XIU	10%

As at June 30, 2010

### How Risky Is the Fund

High  
 Medium to High  
 Medium  
 Low to Medium  
**Low**  
 Very Low



### Who Is This Fund for?

The Fund is designed to be an income 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 low-risk investors seeking tax-advantaged income and capital preservation.

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## Market Commentary

After telegraphing such a move in April, the Bank of Canada hiked its benchmark target overnight lending rate by 25 basis points in early June, to 0.50%. It was the first of the major G-7 group of wealthy industrialized nations to do so after the 2008 credit crisis forced central bank rates to near zero in the developed world.

The BoC believes Canada's economic growth will be robust enough that the 2% inflation target will become a key concern. In its April Monetary Policy Report, the BoC said it expects gross domestic product to grow 3.7%, higher even than the International Monetary Fund's 3.1% forecast in its April *World Economic Outlook*.

However, the Bank followed up with a statement saying that "further reduction of monetary stimulus would have to be weighed carefully against domestic and global economic developments." This was believed to be in reference to the growing global flight to quality through the second quarter, driven by the eurozone debt crisis, rising geopolitical tensions in the Korean Peninsula, and the growing potential for a disinflationary period in the US.

As a result, both the broad bond market and preferred shares slipped through April before staging a rally in late May through to the end of June, to close the quarter just about flat, which was reflected in the Fund's slightly negative second-quarter performance.

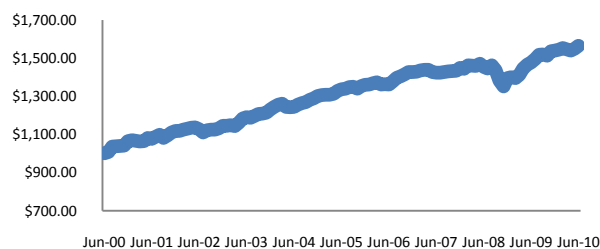
Performance weakness was mitigated somewhat by exposure to the broad bond market, as represented by the Fund's holding of Claymore Advantaged Bond ETF, which remained ahead about 1.7% year to date. In addition, the Fund's holding of iShares DEX Real Return Bond Index ETF gained about 1.8% quarter over quarter in the second quarter, and remained about 2.3% ahead for the year to date, cushioning second-quarter weakness in conventional bond and preferred share markets.

June 30, 2010

## Fund Benchmark Index

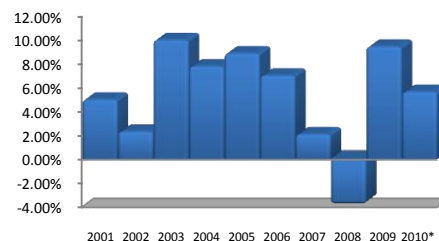
The performance of each PIE Fund is compared with an appropriate benchmark index. The benchmark used for the PIE Income Fund is calculated as a total return index (i.e., income is reinvested in additional units of the underlying benchmark). The benchmark index for the PIE Income Fund includes the following total return indexes: 1) 30% Government of Canada Treasury Bills; 2) 35% Canadian Broad Bond Universe; 3) 25% average of Canadian Dividend Income Funds; 4) 10% Montreal Exchange Covered Call Writers Index. Returns\* are shown for illustrative purposes only.

## Benchmark Cumulative Returns



As of June 30, 2010

## Benchmark Annual Returns



As of June 30, 2010

## 10-Year Benchmark Statistics

Compound Annual Returns	4.57%	Average % Up	0.75%
Annual Standard Deviation	3.40%	Average % Down	-0.73%
Sharpe Ratio	1.20	Number of Up months	90
Maximum % Up	3.26%	Number of Down Months	30
Maximum % Down	-3.83%		

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.