

Scotia Private Pools™ and Pinnacle Portfolios

Semi-Annual Report

June 30, 2012

Money Market Fund

Scotia Private Short Term Income Pool

Bond Funds

Scotia Private Income Pool

Scotia Private High Yield Income Pool

Scotia Private American Core-Plus Bond Pool

Balanced Fund

Scotia Private Strategic Balanced Pool

Canadian Equity Funds

Scotia Private Canadian Value Pool

Scotia Private Canadian Mid Cap Pool

Scotia Private Canadian Growth Pool

Scotia Private Canadian Small Cap Pool

Foreign Equity Funds

Scotia Private U.S. Value Pool

Scotia Private U.S. Mid Cap Value Pool

Scotia Private U.S. Large Cap Growth Pool

Scotia Private U.S. Mid Cap Growth Pool

Scotia Private International Equity Pool

Scotia Private International Small to Mid Cap Value Pool

Scotia Private Emerging Markets Pool

Scotia Private Global Equity Pool

Scotia Private Global Real Estate Pool

Pinnacle Portfolios

Pinnacle Balanced Income Portfolio

Pinnacle Conservative Balanced Growth Portfolio

Pinnacle Balanced Growth Portfolio

Pinnacle Conservative Growth Portfolio

Pinnacle Growth Portfolio

Financial Statements

Money Market Fund

- 3 • Scotia Private Short Term Income Pool

Bond Funds

- 6 • Scotia Private Income Pool
- 10 • Scotia Private High Yield Income Pool
- 14 • Scotia Private American Core-Plus Bond Pool

Balanced Fund

- 24 • Scotia Private Strategic Balanced Pool

Canadian Equity Funds

- 30 • Scotia Private Canadian Value Pool
- 33 • Scotia Private Canadian Mid Cap Pool
- 36 • Scotia Private Canadian Growth Pool
- 39 • Scotia Private Canadian Small Cap Pool

Foreign Equity Funds

- 43 • Scotia Private U.S. Value Pool
- 46 • Scotia Private U.S. Mid Cap Value Pool
- 49 • Scotia Private U.S. Large Cap Growth Pool
- 53 • Scotia Private U.S. Mid Cap Growth Pool
- 56 • Scotia Private International Equity Pool
- 60 • Scotia Private International Small to Mid Cap Value Pool
- 65 • Scotia Private Emerging Markets Pool
- 69 • Scotia Private Global Equity Pool
- 72 • Scotia Private Global Real Estate Pool

The Pinnacle Portfolios

- 76 • Pinnacle Balanced Income Portfolio
- 78 • Pinnacle Conservative Balanced Growth Portfolio
- 80 • Pinnacle Balanced Growth Portfolio
- 82 • Pinnacle Conservative Growth Portfolio
- 84 • Pinnacle Growth Portfolio

Notes to the Financial Statements

86 Management's Responsibility for Financial Reporting

Scotia Private Short Term Income Pool (formerly, Pinnacle Short Term Income Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$6,201,685	\$5,702,846
Cash	37,719	132,664
Accrued investment income	629	558
	<u>6,240,033</u>	<u>5,835,976</u>
LIABILITIES		
Distributions payable	117	92
Accrued expenses	3,097	—
	<u>3,214</u>	<u>92</u>
Net Assets	<u>\$6,236,819</u>	<u>\$5,835,976</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$6,169,801	\$5,826,022
Series F Units	\$ 67,018	\$ 9,954
UNITS OUTSTANDING		
Pinnacle Series Units	616,983	582,602
Series F Units	6,699	995
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 10.00	\$ 10.00
Series F Units	\$ 10.00	\$ 10.00

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$ 35,726	\$ 47,810
Securities lending	—	7
	<u>35,726</u>	<u>47,817</u>
EXPENSES		
Management fees (note 5)	36	—
Harmonized Sales Tax/Goods and Services Tax	2,682	3,823
Audit fees	1,365	6,164
Independent Review Committee fees	850	1,285
Custodian fees	544	818
Filing fees	9,540	9,777
Legal fees	383	1,813
Unitholder reporting costs	5,248	5,282
Unitholder administration and service fees	16,940	26,207
	<u>37,588</u>	<u>55,169</u>
Absorbed expenses	<u>(21,209)</u>	<u>(33,484)</u>
	<u>16,379</u>	<u>21,685</u>
Net investment income (loss)	<u>19,347</u>	<u>26,132</u>
Increase (decrease) in Net Assets from operations	<u>\$ 19,347</u>	<u>\$ 26,132</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 19,283	\$ 26,132
Series F Units*	\$ 64	\$ —
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.03	\$ 0.04
Series F Units*	\$ 0.05	\$ —

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 5,826,022	\$10,543,671
Series F Units*	9,954	—
	<u>5,835,976</u>	<u>10,543,671</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	19,283	26,132
Series F Units*	64	—
	<u>19,347</u>	<u>26,132</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Pinnacle Series Units	(19,308)	(26,132)
Series F Units	(39)	—
	<u>(19,347)</u>	<u>(26,132)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,417,086	2,201,298
Series F Units*	57,000	—
Reinvested distributions		
Pinnacle Series Units	18,753	25,710
Series F Units*	39	—
Payments on redemption		
Pinnacle Series Units	(1,092,035)	(5,918,411)
	<u>400,843</u>	<u>(3,691,403)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	343,779	(3,691,403)
Series F Units*	57,064	—
	<u>400,843</u>	<u>(3,691,403)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	6,169,801	6,852,268
Series F Units*	67,018	—
	<u>\$ 6,236,819</u>	<u>\$ 6,852,268</u>

* Recommended on July 21, 2011

Scotia Private Short Term Income Pool (Unaudited – Continued) (formerly, Pinnacle Short Term Income Fund)

4

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 99.4%			
Treasury Bills – 22.6%			
640,000	Province of Manitoba 0.00% due Jul. 18, 2012	639,008	639,675
250,000	Province of Quebec 0.00% due Sep. 21, 2012	249,438	249,445
520,000	0.00% due Sep. 28, 2012	516,936	518,649
		<u>1,405,382</u>	<u>1,407,769</u>
Promissory Notes – 6.4%			
100,000	Province of British Columbia 0.00% due Aug. 8, 2012	99,760	99,886
100,000	Province of Prince Edward Island 0.00% due Sep. 17, 2012	99,639	99,758
200,000	Province of Saskatchewan 0.00% due Jul. 6, 2012	199,814	199,968
		<u>399,213</u>	<u>399,612</u>
Bearers' Deposit Notes – 0.8%			
50,000	Manulife Bank of Canada 0.00% due Aug. 2, 2012	49,854	49,947
Commercial Paper – 22.8%			
525,000	Canadian Wheat Board 0.00% due Jul. 16, 2012	524,688	524,792
100,000	Daimler Canada Finance Inc. 0.00% due Jul. 3, 2012	99,950	99,990
100,000	General Electric Company 0.00% due Aug. 3, 2012	99,752	99,890
150,000	Honda Canada Finance Inc. 0.00% due Sep. 19, 2012	149,577	149,615
150,000	Omers Finance Trust 0.00% due Aug. 22, 2012	149,567	149,751
100,000	TELUS Corporation 0.00% due Jul. 16, 2012	99,710	99,948
150,000	TransCanada PipeLines Ltd. 0.00% due Aug. 14, 2012	149,577	149,773
150,000	Woodbridge Finance Corporation 1.13% due Jul. 18, 2012	149,583	149,917
		<u>1,422,404</u>	<u>1,423,676</u>
Short-Term Bonds – 46.8%			
300,000	Province of Alberta (Floating Rate) 1.28% due Jun. 1, 2014	299,874	300,135
275,000	Bank of Montreal (Floating Rate) 1.66% due Dec. 10, 2012	275,000	275,235
100,000	Bayerische Motoren Werke AG 3.22% due Mar. 28, 2013	101,134	101,948
275,000	Canadian Imperial Bank of Commerce (Floating Rate) 1.68% due Apr. 8, 2013	275,000	276,027
126,000	Canadian Utilities Limited 4.88% due Nov. 1, 2012	127,470	128,456
150,000	Deere & Company 2.30% due Jan. 14, 2013	150,680	152,263
100,000	GE Capital Canada Funding Company 4.38% due Sep. 28, 2012	100,662	101,768
100,000	Manulife Financial Corp. 4.67% due Mar. 28, 2013	101,974	103,154
275,000	Master Credit Card Trust 5.30% due Aug. 21, 2012	276,526	281,688
150,000	National Bank of Canada (Floating Rate) 1.37% due Oct. 10, 2012	150,000	150,109
600,000	Province of Ontario 0.00% due Dec. 2, 2012	597,086	597,086
200,000	Royal Bank of Canada (Floating Rate) 1.56% due Sep. 26, 2013	200,000	200,025

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS (cont'd)			
Short-Term Bonds (cont'd)			
150,000	Toronto-Dominion Bank, The (Floating Rate) 1.34% due Sep. 19, 2012	150,000	150,050
100,000	Wells Fargo Financial Canada Corporation 6.05% due Aug. 27, 2012	100,693	102,737
		<u>2,906,099</u>	<u>2,920,681</u>
	TOTAL INVESTMENT PORTFOLIO	<u>6,182,952</u>	<u>6,201,685</u>
	OTHER ASSETS, LESS LIABILITIES – 0.6%		<u>35,134</u>
	NET ASSETS – 100.0%		<u>6,236,819</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Treasury Bills	22.6	23.2
Promissory Notes	6.4	23.0
Bankers' Acceptance	–	0.9
Bearers' Deposit Notes	0.8	–
Commercial Paper	22.8	10.8
Short-Term Bonds	46.8	39.8

MONEY MARKET FUND

Portfolio Advisor: GCIC Ltd.

The accompanying notes are an integral part of these financial statements.

Scotia Private Short Term Income Pool (Unaudited – Continued)
(formerly, Pinnacle Short Term Income Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity of the Fund's portfolio of money market instruments.

Interest Rate Exposure*	June 30, 2012	December 30, 2011
Less than 1 year	\$5,701,525	\$4,928,005
1-3 years	500,160	774,841
3-5 years	—	—
5-10 years	—	—
> 10 years	—	—
Total	\$6,201,685	\$5,702,846

* Excludes cash

Credit risk (note 3)

The table below summarizes the credit rating of the money market instruments, excluding cash, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Money Market Instruments (%)	Percentage of Net Assets (%)
Short-Term Rating				
R1 – High	15.7	15.6	16.7	16.3
R1 – Middle	30.0	29.8	36.0	35.1
R1 – Low	7.2	7.2	6.6	6.5
Bond Credit Rating				
A– to AAA+	47.1	46.8	40.7	39.8
Total	100.0	99.4	100.0	97.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 30, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$3,214	\$92

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ —	\$6,201,685	\$ —	\$6,201,685

December 31, 2011

	Level 1	Level 2	Level 3	Total
Money Market Instruments	\$ —	\$5,702,846	\$ —	\$5,702,846

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Income Pool (formerly, Pinnacle Income Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$344,652,596	\$301,695,774
Cash	25,860	65,711
Accrued investment income	1,949,428	1,590,725
Receivable for securities sold	11,203,405	—
Subscriptions receivable	275,078	722,750
	<u>358,106,367</u>	<u>304,074,960</u>
LIABILITIES		
Payable for securities purchased	44,267,943	1,746,495
Distributions payable	138,853	—
Redemptions payable	405,150	180,017
Accrued expenses	34,197	2,192
	<u>44,846,143</u>	<u>1,928,704</u>
Net Assets	<u>\$313,260,224</u>	<u>\$302,146,256</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$262,775,704	\$266,354,167
Series F Units	\$ 22,896,556	\$ 7,485,533
Series I Units	\$ 27,587,964	\$ 28,306,556
UNITS OUTSTANDING		
Pinnacle Series Units	22,357,597	22,827,287
Series F Units	1,876,810	622,113
Series I Units	2,341,643	2,419,843
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 11.75	\$ 11.67
Series F Units	\$ 12.20	\$ 12.03
Series I Units	\$ 11.78	\$ 11.70

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Interest	\$5,953,905	\$5,829,234
Securities lending	13,543	8,256
Other income	60	90
	<u>5,967,508</u>	<u>5,837,580</u>
EXPENSES		
Management fees (note 5)	70,262	6,751
Harmonized Sales Tax/Goods and Services Tax	13,035	10,671
Audit fees	3,416	7,699
Independent Review Committee fees	2,022	1,330
Custodian fees	11,559	7,629
Filing fees	8,298	8,764
Legal fees	4,395	1,879
Unitholder reporting costs	11,625	11,084
Unitholder administration and service fees	88,432	64,156
Overdraft charges	666	148
	<u>213,710</u>	<u>120,111</u>
Net investment income (loss)	<u>5,753,798</u>	<u>5,717,469</u>
Net realized gain (loss) on investments sold	<u>3,576,296</u>	<u>2,348,204</u>
Change in unrealized appreciation (depreciation) of investments	<u>(642,750)</u>	<u>(958,651)</u>
Net gain (loss) on investments	<u>2,933,546</u>	<u>1,389,553</u>
Increase (decrease) in Net Assets from operations	<u>\$8,687,344</u>	<u>\$7,107,022</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$7,168,233	\$6,265,550
Series F Units	\$ 730,722	\$ 45,681
Series I Units	\$ 788,389	\$ 795,791
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.32	\$ 0.27
Series F Units	\$ 0.43	\$ 0.27
Series I Units	\$ 0.32	\$ 0.28

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$266,354,167	\$256,203,771
Series F Units	7,485,533	1,714,436
Series I Units	28,306,556	31,381,819
	<u>302,146,256</u>	<u>289,300,026</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	7,168,233	6,265,550
Series F Units	730,722	45,681
Series I Units	788,389	795,791
	<u>8,687,344</u>	<u>7,107,022</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Pinnacle Series Units	(5,281,227)	(5,534,811)
Series F Units	(402,000)	(38,117)
Series I Units	(580,229)	(697,472)
	<u>(6,263,456)</u>	<u>(6,270,400)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	20,788,421	24,538,780
Series F Units	19,178,628	403,363
Series I Units	1,649,004	1,689,708
Reinvested distributions		
Pinnacle Series Units	5,234,141	5,489,374
Series F Units	100,730	34,420
Series I Units	580,229	697,472
Payments on redemption		
Pinnacle Series Units	(31,488,031)	(24,940,721)
Series F Units	(4,197,057)	(93,265)
Series I Units	(3,155,985)	(3,144,115)
	<u>8,690,080</u>	<u>4,675,016</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(3,578,463)	5,818,172
Series F Units	15,411,023	352,082
Series I Units	(718,592)	(658,616)
	<u>11,113,968</u>	<u>5,511,638</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	262,775,704	262,021,943
Series F Units	22,896,556	2,066,518
Series I Units	27,587,964	30,723,203
	<u>\$313,260,224</u>	<u>\$294,811,664</u>

Scotia Private Income Pool (Unaudited – Continued) (formerly, Pinnacle Income Fund)

7

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 100.8%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Federal Bonds – 32.3%				Corporate Bonds (cont'd)			
4,415,000	Canada Housing Trust No. 1 2.65% due Mar. 15, 2022	4,528,377	4,564,739	227,672	Alliance Pipeline LP 5.55% due Dec. 31, 2023	227,672	253,400
1,500,000	Government of Canada 1.50% due Nov. 1, 2013	1,508,235	1,509,585	1,085,349	7.22% due Dec. 31, 2025	1,085,350	1,348,870
27,903,000	2.25% due Aug. 1, 2014	28,603,365	28,601,273	3,112,000	Bank of Montreal 3.98% due Jul. 8, 2016	3,234,648	3,246,340
15,315,000	3.00% due Dec. 1, 2015	15,987,515	16,247,651	2,475,000	2.96% due Aug. 2, 2016	2,491,583	2,532,114
22,262,000	1.50% due Mar. 1, 2017	22,533,759	22,511,891	2,950,000	4.61% due Sep. 10, 2025	3,055,669	3,316,542
12,280,000	3.75% due Jun. 1, 2019	13,948,063	14,121,023		Blue Water Bridge Authority		
9,016,000	2.75% due Jun. 1, 2022	9,827,440	9,841,286	471,787	6.41% due Jul. 9, 2027	471,787	530,815
2,902,000	4.00% due Jun. 1, 2041	3,905,512	3,918,153		BMW Canada Inc.		
		100,842,266	101,315,601	1,700,000	3.22% due Mar. 28, 2013	1,699,813	1,719,609
Provincial Bonds – 15.8%					British Columbia Ferry Services Inc.		
1,270,000	Ontario School Boards Financing Corporation 5.70% due Oct. 11, 2017	1,370,330	1,483,389	1,100,000	5.02% due Mar. 20, 2037	1,100,000	1,220,379
3,470,454	7.20% due Jun. 9, 2025	4,034,071	4,396,827	3,500,000	Canadian Imperial Bank of Commerce 3.10% due Mar. 2, 2015	3,493,420	3,600,178
1,247,364	5.90% due Oct. 11, 2027	1,260,669	1,471,104	4,450,000	3.15% due Nov. 2, 2020	4,440,611	4,511,127
1,690,000	Ontario Strategic Infrastructure Finance Authority 4.60% due Jun. 1, 2015	1,751,685	1,824,192	670,000	Column Canada 4.93% due Sep. 15, 2016	722,039	726,044
1,600,000	Ornge Issuer Trust 5.73% due Jun. 11, 2034	1,600,000	1,849,417	4,000,000	Consumers Waterheater Operating Trust 5.25% due Mar. 15, 2013	4,000,160	4,062,564
2,225,749	Province of New Brunswick 6.47% due Nov. 30, 2027	2,238,048	2,791,033	211,000	CSS (FSCC) Partnership 6.92% due Jul. 31, 2042	270,816	275,747
1,392,000	Province of Ontario 4.65% due Jun. 2, 2041	1,669,916	1,703,981	1,312,000	CU Inc. 4.54% due Oct. 24, 2041	1,312,000	1,457,600
13,146,000	3.50% due Jun. 2, 2043	13,350,550	13,369,448	1,022,000	Electricity Distributors Financial Corp 6.45% due Aug. 15, 2012	1,052,743	1,027,256
3,097,000	Province of Quebec 4.25% due Dec. 1, 2021	3,351,311	3,470,602	200,000	Enbridge Inc. 7.22% due Jul. 24, 2030	245,800	274,111
2,216,000	3.50% due Dec. 1, 2022	2,302,756	2,332,187	1,200,000	7.20% due Jun. 18, 2032	1,218,300	1,662,139
2,348,000	6.00% due Oct. 1, 2029	3,120,884	3,144,256	2,082,000	General Electric Capital Corporation 4.60% due Jan. 26, 2022	2,153,184	2,219,432
9,077,000	5.00% due Dec. 1, 2041	10,799,051	11,481,435		Greater Toronto Airports Authority 6.45% due Dec. 3, 2027	6,053,512	7,205,296
		46,849,271	49,317,871	5,491,000	6.45% due Jul. 30, 2029	2,250,242	2,921,506
Municipal Bonds – 0.7%				2,354,654	6.47% due Feb. 2, 2034	1,916,197	2,164,221
839,162	Toronto Hospital 5.64% due Dec. 8, 2022	825,852	964,337	1,600,000	Health Montreal Collective Limited Partnership 6.72% due Sep. 30, 2049	6,926,553	8,269,632
1,000,000	York Region District School Board 6.55% due Apr. 12, 2023	995,850	1,277,704		Milit-Air Inc. 5.75% due Jun. 30, 2019	567,554	587,806
		1,821,702	2,242,041	523,733	Ontario Infrastructure Projects Corporation 4.70% due Jun. 1, 2037	1,401,862	1,570,780
Mortgage-Backed Securities – 5.0%				1,400,000	Ontario School Boards Financing Corporation 6.55% due Oct. 19, 2026	1,737,453	2,144,621
900,000	First CMBS Issuer Corporation 5.67% due Nov. 15, 2013	917,796	940,917	1,744,991	5.80% due Nov. 7, 2028	640,120	758,664
2,600,000	Merrill Lynch Financial Assets Inc. 4.83% due Feb. 12, 2016	2,287,844	2,776,484	642,375	Plenary Properties LTAP LP 6.29% due Jan. 31, 2044	3,770,968	3,902,146
1,604,427	4.64% due Oct. 12, 2016	1,461,696	1,722,349	3,061,000	PSP Capital Inc. 4.57% due Dec. 9, 2013	17,408,678	17,752,891
2,397,251	4.71% due Nov. 12, 2016	1,784,928	2,542,034	17,000,000	2.94% due Dec. 3, 2015	4,348,173	4,505,599
900,000	4.88% due Apr. 12, 2017	824,400	963,965	4,350,000	2.26% due Feb. 16, 2017	640,796	643,520
2,448,994	6.67% due May 7, 2021	2,565,882	2,611,232	639,000	Royal Bank of Canada 5.95% due Jun. 18, 2014	1,917,073	1,873,943
822,757	4.68% due Aug. 12, 2039	779,047	839,596	1,750,000	Royal Bank of Canada (callable) 3.18% due Nov. 2, 2020-(2015)	5,658,415	5,752,828
	Merrill Lynch Financial Assets Inc. (callable) 7.77% due Sep. 5, 2021-(Aug. 5, 2021)	199,998	217,267	5,660,000	Royal Office Finance LP 5.21% due Nov. 12, 2032	10,880,364	12,857,928
200,000	Merrill Lynch Mortgage Loans Inc. 7.37% due May 10, 2022	756,107	759,532	10,913,133	SNC-Lavalin Group Inc. 6.63% due Jun. 30, 2044	1,156,734	1,194,411
672,086	Real Estate Asset Liquidity Trust 4.71% due Mar. 12, 2038	616,476	666,993	930,000	Strait Crossing Development Inc. * 6.17% due Sep. 15, 2031	2,581,301	2,764,698
636,823	4.45% due Dec. 12, 2038	1,365,518	1,574,407	2,770,825	Teranet Holdings LP 5.75% due Dec. 17, 2040	3,675,000	3,917,273
1,487,773		13,559,692	15,614,776	1,640,000	6.10% due Jun. 17, 2041	1,639,278	1,872,697
Corporate Bonds – 47.0%							
1,850,000	407 International Inc. 5.96% due Dec. 3, 2035	2,025,715	2,406,750				

Portfolio Advisor: Fiera Sceptre Inc.

The accompanying notes are an integral part of these financial statements.

BOND FUNDS

Scotia Private Income Pool (Unaudited – Continued) (formerly, Pinnacle Income Fund)

8

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Corporate Bonds (cont'd)			
	Toronto Community Housing Corporation Issuer Trust		
1,400,000	4.88% due May 11, 2037	1,400,000	1,579,932
2,000,000	5.40% due Feb. 22, 2040	2,000,000	2,440,775
	Toronto-Dominion Bank, The (callable)		
8,500,000	4.78% due Dec. 14, 2105-(2016)	7,968,070	9,161,468
11,080,000	5.76% due Dec. 18, 2106-(2017)	11,149,440	12,541,203
	Trans-Canada Pipelines Limited		
294,686	11.20% due Jun. 1, 2014	398,415	339,095
700,000	7.90% due Apr. 15, 2027	734,489	1,008,892
300,000	8.21% due Apr. 25, 2030	366,030	447,875
408,000	8.05% due Feb. 17, 2039	653,449	656,515
		<u>134,141,476</u>	<u>147,227,232</u>
	TOTAL BOND AND DEBENTURE INSTRUMENTS	<u>297,214,407</u>	<u>315,717,521</u>
MONEY MARKET INSTRUMENTS – 9.2%			
5,325,000	Government of Canada Treasury Bills		
	0.83% to 0.89% due from		
	Jul. 5, 2012 to Aug. 30, 2012	5,320,071	5,321,828
3,000,000	Province of Saskatchewan Promissory Notes		
	0.97% due Jul. 5, 2012	2,997,600	2,999,600
20,625,000	Province of Quebec Commercial Paper		
	0.97% to 1.01% due from		
	Jul. 3, 2012 to Jul. 23, 2012	<u>20,611,793</u>	<u>20,613,647</u>
		<u>28,929,464</u>	<u>28,935,075</u>
	TOTAL INVESTMENT PORTFOLIO	<u>326,143,871</u>	<u>344,652,596</u>
	OTHER ASSETS, LESS LIABILITIES – (10.0)%		<u>(31,392,372)</u>
	NET ASSETS – 100.0%		<u>313,260,224</u>

* This security is not actively traded and considered illiquid.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Federal Bonds	32.3	29.4
Provincial Bonds	15.8	10.5
Municipal Bonds	0.7	0.8
Corporate Bonds	47.0	47.8
Mortgage-Backed Securities	5.0	8.6
Money Market Instruments	9.2	2.7

BOND FUNDS

Portfolio Advisor: Fiera Sceptre Inc.

The accompanying notes are an integral part of these financial statements.

Scotia Private Income Pool (Unaudited – Continued) (formerly, Pinnacle Income Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 6,809,429	\$ 6,798,314
1-3 years	56,442,073	31,186,035
3-5 years	74,171,884	85,154,076
5-10 years	56,928,639	57,955,010
> 10 years	121,365,496	112,304,208
Total	\$315,717,521	\$293,397,643

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$6,143,793 or 2.0% of total Net Assets (December 31, 2011 – \$5,514,691, or 1.8% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
A– to AAA+	93.6	94.4	93.3	90.6
B– to BBB+	6.4	6.4	6.7	6.5
Total	100.0	100.8	100.0	97.1

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$44,846,143	\$1,928,704

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$315,717,521	\$ –	\$315,717,521
Money Market Instruments	–	28,935,075	–	28,935,075
	\$ –	\$344,652,596	\$ –	\$344,652,596

December 31, 2011

	Level 1	Level 2	Level 3	Total
Bond and Debenture Instruments	\$ –	\$293,397,643	\$ –	\$293,397,643
Money Market Instruments	–	8,298,131	–	8,298,131
	\$ –	\$301,695,774	\$ –	\$301,695,774

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private High Yield Income Pool (formerly, Pinnacle High Yield Income Fund) (Unaudited)

10

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$407,816,065	\$195,538,726
Cash	14,177	39,154
Accrued investment income	7,270,669	3,360,318
Subscriptions receivable	4,128,438	280,951
Receivable for currency forward contracts	—	351,873
	<u>419,229,349</u>	<u>199,571,022</u>
LIABILITIES		
Distributions payable	1,040,842	—
Redemptions payable	255,002	47,266
Accrued expenses	54,992	1,592
Payable for currency forward contracts	—	585,205
	<u>1,350,836</u>	<u>634,063</u>
Net Assets	<u><u>\$417,878,513</u></u>	<u><u>\$198,936,959</u></u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$120,250,929	\$124,954,256
Series F Units	\$ 8,072,151	\$ 6,033,825
Series I Units	\$170,816,031	\$ 9,112,663
Series M Units	\$118,739,402	\$ 58,836,215
UNITS OUTSTANDING		
Pinnacle Series Units	13,268,598	13,972,238
Series F Units	847,509	649,565
Series I Units	18,795,992	1,015,746
Series M Units	12,915,717	6,537,899
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 9.06	\$ 8.94
Series F Units	\$ 9.52	\$ 9.29
Series I Units	\$ 9.09	\$ 8.97
Series M Units	\$ 9.19	\$ 9.00

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 733,632	\$ —
Interest	11,004,060	5,367,704
Securities lending	9,521	2,638
Foreign withholding taxes/tax reclaims	(110,045)	—
Other income	71	76
	<u>11,637,239</u>	<u>5,370,418</u>
EXPENSES		
Management fees (note 5)	142,330	50,701
Harmonized Sales Tax/Goods and Services Tax	24,993	16,085
Audit fees	3,451	8,064
Independent Review Committee fees	2,303	1,396
Custodian fees	4,971	5,019
Filing fees	8,814	11,068
Legal fees	4,887	2,130
Unitholder reporting costs	11,823	11,598
Unitholder administration and service fees	95,017	52,516
Overdraft charges	642	190
	<u>299,231</u>	<u>158,767</u>
Absorbed expenses	(52)	(671)
	<u>299,179</u>	<u>158,096</u>
Net investment income (loss)	<u>11,338,060</u>	<u>5,212,322</u>
Net realized gain (loss) on investments sold	<u>(762,111)</u>	<u>120,795</u>
Net realized gain (loss) on currency forwards	<u>(234,014)</u>	<u>2,894,502</u>
Net gain (loss) foreign exchange	<u>216,225</u>	<u>90,018</u>
Transaction costs	<u>(23,603)</u>	<u>—</u>
Change in unrealized appreciation (depreciation) of investments	<u>3,819,055</u>	<u>(2,078,316)</u>
Change in unrealized appreciation (depreciation) of currency forwards	<u>233,332</u>	<u>(1,634,598)</u>
Net gain (loss) on investments and transaction costs	<u>3,248,884</u>	<u>(607,599)</u>
Increase (decrease) in Net Assets from operations	<u><u>\$14,586,944</u></u>	<u><u>\$ 4,604,723</u></u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 5,366,478	\$ 3,994,518
Series F Units	\$ 365,484	\$ 189,385
Series I Units	\$ 4,996,946	\$ 307,020
Series M Units	\$ 3,858,036	\$ 113,800
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.40	\$ 0.27
Series F Units	\$ 0.48	\$ 0.31
Series I Units	\$ 0.35	\$ 0.27
Series M Units	\$ 0.45	\$ 0.05

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$124,954,256	\$131,588,514
Series F Units	6,033,825	5,909,980
Series I Units	9,112,663	10,226,418
Series M Units	58,836,215	1,839,821
	<u>198,936,959</u>	<u>149,564,733</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	5,366,478	3,994,518
Series F Units	365,484	189,385
Series I Units	4,996,946	307,020
Series M Units	3,858,036	113,800
	<u>14,586,944</u>	<u>4,604,723</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Pinnacle Series Units	(3,663,799)	(4,137,773)
Series F Units	(200,834)	(155,456)
Series I Units	(5,029,451)	(322,056)
Series M Units	(2,946,998)	(1,037,314)
	<u>(11,841,082)</u>	<u>(5,652,599)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	6,449,699	11,438,262
Series F Units	2,044,975	352,925
Series I Units	157,585,428	110,106
Series M Units	68,120,377	47,524,306
Reinvested distributions		
Pinnacle Series Units	3,640,571	4,110,182
Series F Units	66,855	73,240
Series I Units	5,029,432	322,057
Series M Units	1,527,959	907,207
Payments on redemption		
Pinnacle Series Units	(16,496,276)	(15,066,513)
Series F Units	(238,154)	(940,722)
Series I Units	(878,987)	(541,522)
Series M Units	(10,656,187)	(1,222,790)
	<u>216,195,692</u>	<u>47,066,738</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(4,703,327)	338,676
Series F Units	2,038,326	(480,628)
Series I Units	161,703,368	(124,395)
Series M Units	59,903,187	46,285,209
	<u>218,941,554</u>	<u>46,018,862</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	120,250,929	131,927,190
Series F Units	8,072,151	5,429,352
Series I Units	170,816,031	10,102,023
Series M Units	118,739,402	48,125,030
	<u><u>\$417,878,513</u></u>	<u><u>\$195,583,595</u></u>

Scotia Private High Yield Income Pool (Unaudited – Continued) (formerly, Pinnacle High Yield Income Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 76.2%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Mortgage-Backed Securities – 1.4%				Corporate Bonds (cont'd)			
	Merrill Lynch Financial Assets Inc.				Fairfax Financial Holdings Limited		
500,000	6.65% due Nov. 12, 2034	492,950	504,400	3,117,000	7.38% due Apr. 15, 2018	3,299,803	3,568,451
599,000	6.45% due Jun. 12, 2035	527,959	604,846	2,000,000	7.50% due Aug. 19, 2019	1,992,780	2,260,635
1,000,000	6.45% due Jun. 12, 2035	952,460	1,017,096	3,000,000	6.40% due May 25, 2021	3,004,040	3,161,866
	Miramax LLC, Class A			2,000,000	7.75% due Jul. 15, 2037	1,943,339	2,062,532
1,000,000	6.25% due Oct. 20, 2015	864,327	885,162		Flint Energy Services Ltd. (callable)		
	Miramax LLC, Class B			3,000,000	7.50% due Jun. 15, 2019-(2015)	2,997,500	3,281,250
3,000,000	10.00% due Apr. 20, 2017	2,916,656	2,753,367		Frontier Communications Corporation		
		5,754,352	5,764,871	1,600,000	8.75% due Apr. 15, 2022	1,655,293	1,719,582
Corporate Bonds – 74.8%					Garda World Security Corp. (callable)		
	AK Steel Corporation (callable)			9,000,000	9.75% due Mar. 15, 2017-(2014)	9,226,368	9,441,563
8,070,000	7.63% due May 15, 2020-(2015)	8,080,863	6,988,846		Gulfmark Offshore Inc. (callable)		
	Allied Nevada Gold Corporation (callable)			2,000,000	6.38% due Mar. 15, 2022-(2017)	1,971,201	2,051,475
11,000,000	8.75% due Jun. 01, 2019-(2016)	10,858,760	10,670,000		Harvest Operations Corp.		
	Banro Corporation (callable)			1,000,000	6.88% due Oct. 1, 2017	1,019,713	1,079,188
7,750,000	10.00% due Mar. 1, 2017-(2014)	7,747,676	7,027,982		Huntington Ingalls Industries Inc. (callable)		
	Bell Aliant Regional Communications, Limited Partnership			1,500,000	7.13% due Mar. 15, 2021-(2016)	1,456,597	1,595,875
1,100,000	6.17% due Feb. 26, 2037	1,090,920	1,108,963		Icahn Enterprises L.P.		
	Black Press Group Ltd.*			10,000,000	8.00% due Jan. 15, 2014	10,396,148	10,868,237
3,000,000	10.00% due Feb. 4, 2014	3,000,000	3,000,000		Inergy L P + Inergy Fin Corp (callable)		
	Bombardier Inc.			10,000,000	7.00% due Oct. 1, 2018-(2014)	9,707,095	10,460,997
2,000,000	7.35% due Dec. 22, 2026	2,025,000	2,042,000		Inmet Mining Corporation (callable)		
	Brookfield Power Corporation			2,000,000	8.75% due Jun. 1, 2020-(2016)	1,996,335	2,013,785
1,500,000	5.25% due Nov. 5, 2018	1,499,460	1,625,795		Iron Mountain Incorporated (callable)		
	Canadian Satellite Radio Holdings Inc. (callable)			3,375,000	7.50% due Mar. 15, 2017-(Jul. 10, 2012)	3,330,363	3,453,720
3,500,000	9.75% due Jun. 21, 2018-(2014)	3,540,000	3,780,000		Kruger Products LP		
	Canadian Tire Corporation, Limited			4,000,000	8.00% due Aug. 9, 2018	4,000,000	4,060,000
973,000	5.61% due Sep. 4, 2035	886,810	1,014,631		Linn Energy LLC (callable)		
	Cascades Inc. (callable)			5,000,000	6.25% due Nov. 1, 2019-(2015)	4,883,492	4,931,431
1,000,000	7.75% due Dec. 15, 2017-(2013)	1,042,471	1,023,192		Loblaw Companies Limited		
	Cascades Inc.			4,000,000	7.10% due Jun. 1, 2016	4,704,080	4,680,102
3,525,000	7.75% due Dec. 15, 2013	3,525,750	3,590,429		Lone Pine Resources Canada (callable)		
	CCS Inc. (callable)			5,900,000	10.38% due Feb. 15, 2017-(2015)	5,967,216	5,665,134
2,000,000	11.00% due Nov. 15, 2015-(2012)	1,814,907	2,097,290		Magnum Hunter Resources (callable)		
	CHC Helicopter SA (callable)			3,000,000	9.75% due May 15, 2020-(2016)	2,962,194	2,958,859
7,200,000	9.25% due Oct. 15, 2020-(2015)	7,177,434	7,183,727		MEAD PROD/ ACCO BRANDS (callable)		
	Clear Channel Communications, Inc. (callable)			1,400,000	6.75% due Apr. 30, 2020-(2017)	1,383,755	1,503,736
9,000,000	10.75% due Aug. 1, 2016-(2012)	6,978,069	5,795,545		MEG Energy Corp.		
	Clondalkin Acquisition B.V. (callable)			2,000,000	6.50% due Mar. 15, 2021	1,960,609	2,089,654
1,000,000	2.47% due Dec. 15, 2013-(2012)	786,193	916,292		MetroPCS Communications, Inc. (callable)		
	Cng Holdings, Inc. (callable)			2,000,000	7.88% due Sep. 1, 2018-(2014)	2,085,174	2,122,742
1,200,000	9.38% due May 15, 2020-(2016)	1,194,303	1,250,738		Milagro Oil & Gas, Inc.		
	Connacher Oil & Gas Limited (callable)			5,900,000	10.50% due May 15, 2014	5,043,281	4,685,305
1,000,000	8.75% due Aug. 1, 2018-(2015)	1,000,000	900,000		Millar Western Forest Products Ltd. (Callable)		
6,850,000	8.50% due Aug. 1, 2019-(2015)	6,665,288	5,927,898	9,250,000	8.50% due Apr. 1, 2021-(2016)	7,855,817	7,157,256
	Corrections Corporation of America (callable)				Navistar International Corporation (callable)		
2,500,000	7.75% due Jun. 1, 2017-(2013)	2,797,179	2,764,783	2,000,000	8.25% due Nov. 1, 2021-(2014)	2,162,940	1,959,846
	Cott Beverages Inc. (callable)				NES Rentals Holdings, Inc. (callable)		
2,750,000	8.13% due Sep. 9, 2018-(2014)	2,867,418	3,048,261	500,000	12.25% due Apr. 15, 2015-(2013)	480,697	495,052
	Data & Audio-Visual Enterprises Holdings Inc.* (callable)				Newalta Corporation (callable)		
5,250,000	9.50% due Apr. 29, 2018-(2014)	5,140,625	4,725,000	2,500,000	7.63% due Nov. 23, 2017-(2013)	2,500,000	2,650,969
3,088,100	15.00% due Nov. 25, 2018-(2012)	3,084,767	2,658,329		Newalta Corporation		
	DISH DBS Corporation			2,500,000	7.75% due Nov. 14, 2015	2,500,000	2,656,250
2,500,000	7.75% due May 31, 2015	2,646,852	2,831,596		Nextel Communications, Inc. (callable)		
	Dole Food Company, Inc. (callable)			6,050,000	7.38% due Aug. 1, 2015-(2012)	5,941,532	6,159,516
1,500,000	8.00% due Oct. 1, 2016-(2012)	1,567,653	1,593,049		North American Energy Partners Inc. (callable)		
	El Paso Corporation			4,500,000	9.13% due Apr. 7, 2017-(2013)	4,500,000	3,870,000
900,000	7.25% due Jun. 1, 2018	919,889	1,061,863		NOVA Chemicals Corporation (callable)		
				400,000	3.85% due Nov. 15, 2013-(2012)	369,778	407,241
				2,000,000	8.38% due Nov. 1, 2016-(2013)	2,117,703	2,290,729
				2,000,000	8.63% due Nov. 1, 2019-(2014)	2,127,235	2,307,019

Portfolio Advisor: Guardian Capital LP

The accompanying notes are an integral part of these financial statements.

Scotia Private High Yield Income Pool (Unaudited – Continued) (formerly, Pinnacle High Yield Income Fund)

12

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

BOND FUNDS

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				EQUITIES – 4.0%			
Corporate Bonds (cont'd)				Canadian Equities – 0.2%			
	NRG Energy, Inc. (callable)				Materials – 0.1%		
7,372,000	8.25% due Sep. 1, 2020-(2015)	7,321,298	7,805,665	372,000	Banro Corp. Warrants* Mar. 2, 2017	–	440,428
	NRG Energy, Inc.				Telecommunication Services – 0.1%		
2,500,000	7.63% due Jan. 15, 2018	2,477,168	2,615,249		Data & Audio-Visual Enterprises Holdings Inc.*		
	Paramount Resources Ltd. (callable)			16,100	Warrants \$12.00 Sep. 25, 2018	–	56,960
8,000,000	8.25% due Dec. 13, 2017-(2013)	8,150,000	8,080,000		Data & Audio-Visual Enterprises Holdings Inc.*		
	Parker Drilling Co.			43,700	Warrants \$3.91 Sep. 25, 2018	–	154,611
1,850,000	9.13% due Apr. 1, 2018-(2014)	1,930,484	1,982,372			–	211,571
	PBF Holding Co. LLC (callable)					–	651,999
7,000,000	8.25% due Feb. 15, 2020-(2016)	6,874,390	7,117,805	FOREIGN EQUITIES – 3.8%			
	Perpetual Energy Inc. (callable)			United States – 3.8%			
1,220,000	8.75% due Mar. 15, 2018-(2015)	1,061,400	1,037,000	Index Units – 3.8%			
	Petrobakken Energy Ltd. (callable)			397,700	SPDR Barclays Capital High Yield Bond ETF	15,657,894	15,977,319
2,875,000	8.63% due Feb. 1, 2020-(2016)	3,020,953	2,910,007		Health Care – 0.0%		
	Pilgrim's Pride Corporation (callable)			44,000	InSight Health Services Holdings Corp.*	580,990	–
5,000,000	7.88% due Dec. 15, 2018-(2014)	4,890,584	5,179,593			16,238,884	15,977,319
	Precision Drilling Corporation				TOTAL EQUITIES	16,238,884	16,629,318
3,500,000	6.50% due Mar. 15, 2015	3,498,750	3,529,750	MONEY MARKET INSTRUMENTS – 17.4%			
	Precision Drilling Corporation (callable)			46,500,000	Government of Canada Treasury Bills		
1,000,000	6.63% due Nov. 15, 2020-(2015)	999,650	1,053,735		0.83% to 1.04% due from		
	Quadra FNX Mining Ltd. (callable)				Jul. 5, 2012 to Sep. 13, 2012	46,434,809	46,472,571
1,000,000	7.75% due Jun. 15, 2019-(2015)	972,027	1,063,916	5,690,000	Province of Alberta Promissory Notes		
	Quebecor Media (callable)				0.98% due from		
5,947,000	7.38% due Jan. 15, 2021-(2016)	6,065,940	6,209,077		Sep. 6, 2012 to Sep. 24, 2012	5,676,648	5,678,738
	Qwest Communications International Inc. (callable)			3,535,000	Province of British Columbia Promissory Notes		
2,000,000	7.13% due Apr. 1, 2018-(2013)	2,036,240	2,166,012	(U.S.)	0.08% to 0.11% due Jul. 11, 2012	3,652,338	3,598,883
	Rogers Communications Inc.			2,360,000	Bank of Montreal Bankers' Acceptances		
7,000,000	5.34% due Mar. 22, 2021	7,828,170	7,769,734		1.13% to 1.14% due from Aug. 20, 2012 to		
	RTL-Westcan LP (callable)				Aug. 31, 2012	2,353,542	2,355,825
2,150,000	9.50% due Apr. 4, 2017-(2013)	2,172,000	2,215,844	3,300,000	Canadian Imperial Bank of Commerce Bankers' Acceptances		
	Savanna Energy Services Corp. (callable)				1.13% due Sep. 4, 2012	3,290,727	3,293,275
5,525,000	7.00% due May 25, 2018-(2014)	5,517,375	5,557,229	2,825,000	Royal Bank of Canada Bankers' Acceptances		
	Seminole Hard Rock Entertainment Inc. (callable)				1.09% due Aug. 21, 2012	2,820,087	2,820,618
1,000,000	2.97% due Mar. 15, 2014-(Aug. 6, 2012)	792,069	987,559	1,810,000	Toronto-Dominion Bank, The Bankers' Acceptances		
	Sherritt International Corporation				1.08% to 1.11% due from		
2,000,000	8.25% due Oct. 24, 2014	2,000,000	2,136,320		Jul. 25, 2012 to Sep. 27, 2012	1,806,605	1,807,050
2,000,000	7.75% due Oct. 15, 2015	2,000,000	2,137,000	6,730,000	Canadian Wheat Board, The Commercial Paper		
4,000,000	8.00% due Nov. 15, 2017	4,000,000	4,255,293	(U.S.)	0.05% to 0.12% due from		
	Taseko Mines Limited (callable)				Jul. 23, 2012 to Aug. 28, 2012	6,935,395	6,851,083
4,500,000	7.75% due Apr. 15, 2019-(2015)	4,316,146	4,375,293			72,970,151	72,878,042
	Trident Exploration Corp. (callable)				TOTAL INVESTMENT PORTFOLIO	406,530,827	407,816,065
12,500,000	8.25% due Apr. 13, 2018-(2015)	10,956,248	9,875,000		OTHER ASSETS, LESS LIABILITIES – 2.4%		10,062,448
	Trinidad Drilling Ltd. (callable)				NET ASSETS – 100.0%		417,878,513
4,000,000	7.88% due Jan. 15, 2019-(2015)	4,012,533	4,276,028				
	United Refining Company (callable)						
5,500,000	10.50% due Feb. 28, 2018-(2015)	5,153,074	5,711,551				
	Vermilion Energy Inc. (callable)						
1,500,000	6.50% due Feb. 10, 2016-(2014)	1,500,000	1,562,725				
	Wendy's Restaurants LLC						
3,000,000	10.00% due Jul. 15, 2016-(2012)	3,294,186	3,302,315				
	Windstream Corporation						
1,000,000	7.88% due Nov. 1, 2017	1,056,071	1,108,458				
	WMG Acquisition Corporation (callable)						
2,000,000	9.50% due Jun. 15, 2016-(2013)	2,190,319	2,227,098				
		311,567,440	312,543,834				
	TOTAL BOND AND DEBENTURE INSTRUMENTS	317,321,792	318,308,705				

* This security is not actively traded and considered illiquid.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Bond and Debenture Instruments	76.2	85.9
Equities	4.0	0.1
Money Market Instruments	17.4	12.1
Currency Forward Contracts	–	(0.1)

Portfolio Advisor: Guardian Capital LP

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private High Yield Income Pool (Unaudited – Continued) (formerly, Pinnacle High Yield Income Fund)

13

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

The table below summarizes the Fund's exposure to interest rate risks by remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 7,172,315	\$ 2,251,459
1-3 years	97,458,546	23,730,941
3-5 years	118,677,695	52,712,965
5-10 years	86,645,681	80,324,666
> 10 years	8,354,468	11,887,546
Total	\$318,308,705	\$170,907,577

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$3,707,501, or 0.9% of total Net Assets (December 31, 2011 – \$2,192,937, or 1.1% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	214,058,798	51.2	88,496,276	44.5
Australian Dollar	1	0.0	1	0.0
Total	214,058,799	51.2	88,496,277	44.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, Net Assets would have decreased or increased, respectively by \$21,405,880, or approximately 5.1% of total Net Assets (December 31, 2011 – \$8,849,628, or 4.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
A– to AAA+	0.7	0.4	1.3	1.1
B– to BBB+	75.8	57.9	81.4	69.9
C– to CCC+	15.6	11.9	7.4	6.4
Unrated	7.9	6.0	9.9	8.5
Total	100.0	76.2	100.0	85.9

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$1,350,836	\$ 48,858
Payable for currency forward contracts	–	585,205
	\$1,350,836	\$634,063

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$15,977,319	\$ 56,960	\$ –	\$ 16,034,279
Warrants	–	595,039	–	595,039
Bond and Debenture Instruments	–	318,308,705	–	318,308,705
Money Market Instruments	–	72,878,042	–	72,878,042
	\$15,977,319	\$391,838,746	\$ –	\$407,816,065

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$ –	\$ –	\$ –	\$ –
Warrants	–	215,997	–	215,997
Bond and Debenture Instruments	–	170,907,577	–	170,907,577
Money Market Instruments	–	24,415,152	–	24,415,152
Currency Forward Contracts – Assets	–	351,873	–	351,873
	–	195,890,599	–	195,890,599
Currency Forward Contracts – Liabilities	–	(585,205)	–	(585,205)
	\$ –	\$195,305,394	\$ –	\$195,305,394

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private American Core-Plus Bond Pool (formerly, Pinnacle American Core-Plus Bond Fund) (Unaudited)

14

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$247,498,514	\$191,102,679
Cash	16,900,981	43,962,367
Accrued investment income	1,844,427	1,616,715
Receivable for securities sold	7,156,815	3,586,623
Subscriptions receivable	705,355	122,781
Receivable for currency spot contracts	8,443	—
Receivable for currency forward contracts	358,107	1,803,130
	<u>274,472,642</u>	<u>242,194,295</u>
LIABILITIES		
Payable for securities purchased	50,179,014	51,626,588
Distributions payable	493	—
Redemptions payable	18,315	40,663
Accrued expenses	13,816	261
Payable for currency spot contracts	6,042	—
Payable for currency forward contracts	21,901	39,532
	<u>50,239,581</u>	<u>51,707,044</u>
Net Assets	<u>\$224,233,061</u>	<u>\$190,487,251</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 27,345,962	\$ 27,446,398
Series F Units	\$ 108,673	\$ 117,450
Series I Units	<u>\$196,778,426</u>	<u>\$162,923,403</u>
UNITS OUTSTANDING		
Pinnacle Series Units	2,953,840	3,041,462
Series F Units	11,468	12,747
Series I Units	<u>20,643,200</u>	<u>17,527,291</u>
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 9.26	\$ 9.02
Series F Units	\$ 9.48	\$ 9.21
Series I Units	<u>\$ 9.53</u>	<u>\$ 9.30</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ —	\$ 16
Interest	3,603,856	2,785,886
Securities lending	4,072	73
Foreign withholding taxes/tax reclaims	(12,750)	(9,658)
	<u>3,595,178</u>	<u>2,776,317</u>
EXPENSES		
Management fees (note 5)	415	390
Harmonized Sales Tax/Goods and Services Tax	5,621	8,265
Audit fees	2,919	7,762
Independent Review Committee fees	1,654	1,179
Custodian fees	18,008	25,711
Filing fees	8,175	8,473
Legal fees	2,965	1,658
Unitholder reporting costs	7,071	5,496
Unitholder administration and service fees	45,442	36,332
Overdraft charges	490	289
	<u>92,760</u>	<u>95,555</u>
Absorbed expenses	<u>(1,538)</u>	<u>(1,078)</u>
	<u>91,222</u>	<u>94,477</u>
Net investment income (loss)	<u>3,503,956</u>	<u>2,681,840</u>
Net realized gain (loss) on investments sold	3,054,327	(561,846)
Net realized gain (loss) on currency forwards	1,846,068	4,336,688
Net gain (loss) foreign exchange	(139,118)	143,650
Change in unrealized appreciation (depreciation) of investments	1,836,902	(297,390)
Change in unrealized appreciation (depreciation) of currency spots	2,401	153
Change in unrealized appreciation (depreciation) of currency forwards	<u>(1,427,392)</u>	<u>(716,571)</u>
Net gain (loss) on investments	<u>5,173,188</u>	<u>2,904,684</u>
Increase (decrease) in Net Assets from operations	<u>\$ 8,677,144</u>	<u>\$ 5,586,524</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 1,164,694	\$ 872,203
Series F Units	\$ 4,714	\$ 3,782
Series I Units	<u>\$ 7,507,736</u>	<u>\$ 4,710,539</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.39	\$ 0.32
Series F Units	\$ 0.40	\$ 0.32
Series I Units	<u>\$ 0.40</u>	<u>\$ 0.34</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 27,446,398	\$ 23,982,777
Series F Units	117,450	80,774
Series I Units	<u>162,923,403</u>	<u>102,535,307</u>
	<u>190,487,251</u>	<u>126,598,858</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	1,164,694	872,203
Series F Units	4,714	3,782
Series I Units	<u>7,507,736</u>	<u>4,710,539</u>
	<u>8,677,144</u>	<u>5,586,524</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Pinnacle Series Units	(457,624)	(394,409)
Series F Units	(1,371)	(1,551)
Series I Units	<u>(3,308,928)</u>	<u>(2,428,821)</u>
	<u>(3,767,923)</u>	<u>(2,824,781)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	2,577,778	2,071,159
Series F Units	—	29,034
Series I Units	<u>49,862,279</u>	<u>34,539,835</u>
Reinvested distributions		
Pinnacle Series Units	456,627	393,834
Series F Units	1,371	1,551
Series I Units	<u>3,308,934</u>	<u>2,428,821</u>
Payments on redemption		
Pinnacle Series Units	(3,841,911)	(3,118,881)
Series F Units	(13,491)	(688)
Series I Units	<u>(23,514,998)</u>	<u>(116,989)</u>
	<u>28,836,589</u>	<u>36,227,676</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(100,436)	(176,094)
Series F Units	(8,777)	32,128
Series I Units	<u>33,855,023</u>	<u>39,133,385</u>
	<u>33,745,810</u>	<u>38,989,419</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	27,345,962	23,806,683
Series F Units	108,673	112,902
Series I Units	<u>196,778,426</u>	<u>141,668,692</u>
	<u>\$224,233,061</u>	<u>\$165,588,277</u>

BOND FUNDS

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

15

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS – 102.9%				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
Brazil – 0.5%				United States Dollar (cont'd)			
2,000,000	Federal Republic of Brazil 8.50% due Jan. 5, 2024	1,056,333	1,117,174	435,000	Altria Group, Inc. 9.70% due Nov. 10, 2018	569,996	612,216
British Pound – 1.7%				160,000	10.20% due Feb. 6, 2039 American Express Credit Corporation	211,500	265,200
1,350,000	Dubai Holding Commercial Operations Ltd. 6.00% due Feb. 1, 2017	1,815,330	1,782,546	265,000	1.75% due Jun. 12, 2015	272,299	273,091
100,000	United Kingdom Treasury Gilt 4.75% due Mar. 7, 2020	166,591	198,718	460,000	2.38% due Mar. 24, 2017	455,176	480,386
900,000	4.00% due Mar. 7, 2022	1,644,205	1,724,299	850,000	American International Group, Inc. 4.88% due Jun. 1, 2022	883,363	886,796
		3,626,126	3,705,563		AmeriCredit Automobile Receivables Trust 0.45% due Feb. 8, 2013	438,413	445,300
Canadian Dollar – 0.5%				1,610,005	0.30% due May 8, 2013	1,617,088	1,639,231
	GlaxoSmithKline Capital 1.50% due May 8, 2017	1,057,288	1,093,683	2,150,000	0.36% due Jul. 8, 2013	2,189,231	2,188,591
Chile Peso – 0.3%				325,000	1.99% due Dec. 8, 2013	307,992	332,696
325,000,000	Republic of Chile 5.50% due Aug. 5, 2020	670,985	702,356	860,000	3.72% due Nov. 17, 2014	869,636	889,174
European Euro – 0.6%				275,000	1.61% due Oct. 8, 2015	263,967	282,013
60,000	Bundesrepublik Deutschland 3.50% due Jan. 4, 2016	86,750	85,856	1,990,000	1.17% due May 9, 2016	1,966,472	2,035,201
185,000	3.75% due Jan. 4, 2017	283,832	272,387	750,000	2.28% due Jun. 8, 2016	741,382	772,846
500,000	Government of Netherlands 3.25% due Jul. 15, 2021	761,807	710,412		Ameriprise Financial Inc. (callable) 7.52% due Jun. 1, 2066-(2016)	315,340	351,889
75,000	Republic of Korea 4.25% due Dec. 7, 2021	113,400	103,853	320,000	Amgen Inc. 2.13% due May 15, 2017	729,898	751,702
125,000	Vale S.A. 4.38% due Mar. 24, 2018	172,710	175,421	730,000	Anadarko Petroleum Corporation 6.38% due Sep. 15, 2017	707,295	770,812
		1,418,499	1,347,929	400,000	6.45% due Sep. 15, 2036	435,151	468,640
Japanese Yen – 0.5%				750,000	Anheuser-Busch Companies, Inc. 5.50% due Jan. 15, 2018	827,968	898,928
	Eksportfinans ASA 0.72% due Jul. 28, 2016	1,051,526	1,058,317	425,000	Apache Corporation (callable) 3.25% due Apr. 15, 2022-(Jan. 15, 2022)	419,602	452,022
Mexican Peso – 0.6%				350,000	ArcelorMittal SA 4.50% due Feb. 25, 2017	348,080	348,272
7,260,000	Mex Bonos Desarr 6.50% due Jun. 10, 2021	578,802	597,669	820,000	6.25% due Feb. 25, 2022	830,208	808,621
8,240,000	United Mexican States 6.25% due Jun. 16, 2016	676,585	662,768	40,000	AT&T Corporation 8.00% due Nov. 15, 2031	52,890	60,674
		1,255,387	1,260,437	230,000	AT&T Inc. 2.95% due May 15, 2016	244,821	248,752
New Zealand Dollar – 0.5%				165,000	8.75% due Mar. 1, 2031	237,890	254,441
1,350,000	Citigroup Inc. 6.25% due Jun. 29, 2017	1,094,145	1,098,286	795,000	Banc of America Commercial Mortgage Inc. 5.63% due Jul. 10, 2016	879,033	902,147
Norwegian Krone – 0.4%				220,108	2.76% due Nov. 25, 2033	215,174	211,792
	International Bank for Reconstruction and Development, The 3.25% due Apr. 14, 2014	410,615	412,639	90,315	4.88% due Nov. 10, 2042	88,753	92,043
2,350,000	3.75% due May 19, 2017	538,514	543,705	444,000	5.25% due Nov. 10, 2042	460,003	462,014
3,000,000		949,129	956,344	850,000	6.39% due Feb. 10, 2051	934,214	1,019,157
Polish Zloty – 0.6%					Banc of America Mortgage Securities (callable) 2.74% due Oct. 25, 2034-(May 25, 2016)	16,438	27,963
	Government of Poland 5.25% due Oct. 25, 2017	1,362,355	1,280,625	384,802	2.81% due Aug. 25, 2035-(Sep. 25, 2021)	327,090	305,395
United States Dollar – 96.1%				158,020	6.00% due Sep. 25, 2037-(Jan. 25, 2018)	141,013	136,543
66,331	Adjustable Rate Mortgage Trust 5.13% due Jan. 25, 2036	67,846	55,983	165,468	Bank of America Alternative Loan Trust (callable) 6.00% due Jun. 25, 2035-(Mar. 25, 2023)	151,482	130,097
139,117	Ally Auto Receivables Trust 0.49% due Jan. 16, 2013	141,809	141,635	535,000	Bank of America Corporation 4.75% due Aug. 1, 2015	520,518	568,465
1,849,469	0.34% due Jun. 15, 2013	1,891,362	1,883,381	13,424	Bank of America Mortgage 7.50% due Aug. 25, 2035	13,307	13,751
930,000	Ally Master Owner Trust 1.81% due May 15, 2014	897,971	961,277	495,000	BB&T Corporation (callable) 2.15% due Mar. 22, 2017-(Feb. 22, 2017)	488,013	510,643
1,140,000	1.44% due Feb. 15, 2017	1,139,087	1,164,838	590,000	Bear Stearns Commercial Mortgage Securities Trust 5.12% due Feb. 11, 2041	645,347	656,923
				51,819	4.74% due Sep. 11, 2042	55,208	53,434
				135,000	4.94% due Sep. 11, 2042	141,942	141,014

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

BOND FUNDS

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

16

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar (cont'd)				United States Dollar (cont'd)			
405,000	Bear Stearns Companies LLC 5.55% due Jan. 22, 2017	427,758	443,574	520,000	Coviden International Finance SA 1.35% due May 29, 2015	534,368	530,318
75,000	Bemis Company, Inc. 5.65% due Aug. 1, 2014	81,095	82,598		Credit Suisse First Boston Mortgage Securities Corp. 4.60% due Mar. 15, 2035	8,536	8,021
385,000	Berkshire Hathaway Finance Corporation (callable) 1.60% due May 15, 2017-(May 5, 2017)	384,070	394,200	195,000	5.33% due Nov. 15, 2036	205,454	198,336
225,000	BlackRock, Inc. 1.38% due Jun. 1, 2015	229,832	230,168	295,000	5.12% due Dec. 15, 2036	297,659	304,094
370,000	Boston Scientific Corporation 4.50% due Jan. 15, 2015	383,548	402,622	247,618	4.69% due Apr. 15, 2037	256,119	262,923
385,000	British Telecom PLC 2.00% due Jun. 22, 2015	391,970	396,834	50,000	6.38% due Apr. 15, 2037	52,499	50,901
495,000	Capital One Financial Corporation 2.15% due Mar. 23, 2015	490,727	504,812		Credit Suisse First Boston Mortgage Securities Corporation (callable) 7.00% due Feb. 25, 2034-(May 25, 2019)	5,207	3,982
306,060	Carmax Auto Owner Trust 0.38% due Feb. 15, 2013	304,483	311,644	540,000	CVS Caremark Corporation 3.25% due May 18, 2015	561,001	582,926
1,395,000	0.29% due Jun. 17, 2013	1,434,123	1,420,366	185,000	DCP Midstream, LLC 3.25% due Oct. 1, 2015	174,246	191,101
137,432	1.56% due Jul. 15, 2014	143,326	140,348	195,000	Delta Air Lines, Inc. 6.42% due Jul. 2, 2012	211,957	198,530
555,000	CBS Corporation 1.95% due Jul. 1, 2017	567,203	563,707	175,000	Developers Diversified Realty Corporation (callable) 5.38% due Oct. 15, 2012-(Jul. 17, 2012)	174,559	178,489
255,000	CF Industries Holdings, Inc. 6.88% due May 1, 2018	290,394	308,580	345,000	Devon Energy Corporation 1.88% due May 15, 2017	341,759	348,400
1,105,000	Chase Issuance Trust 0.79% due Jun. 15, 2017	1,139,560	1,124,843	100,000	DIRECTV Holdings LLC 3.50% due Mar. 1, 2016	104,963	107,372
320,000	CIGNA Corporation 5.38% due Feb. 15, 2042	322,394	350,686	850,000	DIRECTV Holdings LLC (callable) 4.60% due Feb. 15, 2021-(Nov. 15, 2020)	919,903	923,367
338,790	Citicorp Mortgage Securities, Inc. (callable) 5.75% due Jun. 25, 2036-(Jul. 25, 2016)	293,213	334,938	325,000	E*Trade Financial Corporation (callable) 12.50% due Nov. 30, 2017-(2012)	375,153	380,516
19,582	Citigroup Commercial Mortgage Trust 5.25% due Apr. 15, 2040	19,662	20,285	395,000	Ecolab, Inc. 4.35% due Dec. 8, 2021	403,454	447,050
740,000	5.43% due Oct. 15, 2049	771,999	853,250	105,000	Eksportfinans ASA 2.38% due May 25, 2016	90,215	95,029
455,000	Citigroup Inc. 4.50% due Jan. 14, 2022	481,372	479,987	120,000	El Paso Pipeline Partners, L.P. 6.50% due Apr. 1, 2020	122,620	142,535
430,000	6.13% due Aug. 25, 2036	438,575	427,689	75,000	Enterprise Products Operating LLC 5.90% due Apr. 15, 2013	83,622	79,195
580,000	Comcast Corporation 6.50% due Jan. 15, 2015	639,664	667,412	680,000	5.25% due Jan. 31, 2020	724,844	793,193
505,000	5.70% due May 15, 2018	616,419	606,471	305,000	Enterprise Products Operating LLC (callable) 7.03% due Jan. 15, 2068-(2018)	303,447	335,242
125,000	Commercial Mortgage Asset Trust 7.35% due Jan. 17, 2032	133,604	134,551	400,000	Export-Import Bank of Korea, The 4.13% due Sep. 9, 2015	412,102	430,608
250,000	7.35% due Jan. 17, 2032	267,442	266,804	400,000	5.00% due Apr. 11, 2022	403,409	454,069
510,000	Commonwealth Edison Company 5.80% due Mar. 15, 2018	564,552	626,869	475,000	Express Scripts, Inc. 6.25% due Jun. 15, 2014	533,289	528,278
100,000	6.45% due Jan. 15, 2038	122,518	138,561	234,777	Fannie Mae 5.50% due Sep. 25, 2017	246,018	255,434
75,000	Commonwealth REIT (callable) 5.75% due Feb. 15, 2014-(Aug. 15, 2013)	72,462	78,596	740,000	0.00% due Oct. 9, 2019	433,366	614,793
150,000	Consumers Energy Company 6.13% due Mar. 15, 2019	170,885	189,007	180,000	5.26% due May 25, 2020	200,642	205,185
246,651	Continental Airlines Inc. 0.82% due Jun. 2, 2013	227,963	245,707	630,000	2.72% due Feb. 25, 2022	640,560	654,658
609,000	Corporacion Andina de Fomento 4.38% due Jan. 15, 2022	584,656	639,133	60,000	4.50% due Aug. 25, 2023	55,904	66,990
26,856	Countrywide Alternative Loan Trust 5.50% due Mar. 25, 2036	34,284	13,903	175,000	4.50% due Sep. 25, 2024	190,153	197,007
150,000	Countrywide Asset-Backed Certificates 5.53% due Mar. 25, 2029	133,952	136,866	155,230	5.00% due Oct. 25, 2024	157,849	170,720
39,564	Countrywide Home Loans (callable) 2.60% due Sep. 20, 2034-(Apr. 20, 2017)	38,381	8,396	13,249	7.50% due Nov. 25, 2026	19,206	15,242
49,829	6.00% due Mar. 25, 2036-(Jan. 25, 2024)	52,919	42,547	115,000	4.50% due Jun. 25, 2029	121,610	130,813
332,344	Countrywide Home Loans 4.58% due Dec. 19, 2033	320,422	335,109	785,000	4.00% due Nov. 25, 2029	778,273	880,397
				2,434	7.50% due Jun. 1, 2031	3,903	2,861
				4,996	7.50% due Apr. 1, 2032	7,256	5,846
				17,306	5.00% due Nov. 1, 2033	22,450	18,907
				10,869	5.00% due Nov. 1, 2034	12,891	11,864
				8,983	5.00% due Nov. 1, 2034	10,717	9,808
				94,841	5.50% due Sept. 1, 2035	110,860	106,292

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

17

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar (cont'd)				United States Dollar (cont'd)			
32,061	5.00% due Jan. 1, 2036	35,574	34,996		GE Commercial Mortgage Corporation		
496,440	4.50% due Aug. 25, 2040	555,382	556,806	655,000	5.49% due Oct. 10, 2015	741,690	744,665
1,568,218	4.00% due Nov. 1, 2041	1,739,269	1,707,373	31,635	5.05% due Jul. 10, 2045	32,598	32,360
1,600,000	2.50% due Dec. 1, 2099	1,683,043	1,678,850		Genentech, Inc.		
590,000	3.00% due Dec. 1, 2099	632,790	629,212	20,000	4.75% due Jul. 15, 2015	23,495	22,613
1,815,000	3.50% due Dec. 1, 2099	1,964,054	1,951,797		General Electric Capital Canada (Floating Rate)		
3,830,000	3.50% due Dec. 1, 2099	4,129,205	4,097,952	675,000	0.73% due Sep. 15, 2014	656,766	679,831
4,230,000	4.00% due Dec. 1, 2099	4,592,189	4,582,461		General Electric Capital Corporation		
10,375,000	4.50% due Dec. 1, 2099	11,516,664	11,328,610	275,000	5.25% due Dec. 6, 2017	297,565	325,404
4,090,000	5.00% due Dec. 1, 2099	4,585,612	4,506,268	1,185,000	5.88% due Jan. 14, 2038	1,283,670	1,377,670
5,310,000	5.50% due Dec. 1, 2099	5,993,429	5,896,051		General Electric Capital Corporation (callable)		
2,650,000	6.00% due Dec. 1, 2099	2,996,222	2,964,394	400,000	7.13% due Perpetual-(Jun. 15, 2022)	411,100	427,603
	Fannie Mae Grantor Trust (callable)				Genworth Financial Inc., Class A (callable)		
13,489	9.50% due Jul. 25, 2041-(Aug. 25, 2015)	20,870	16,033	555,000	6.15% due Nov. 15, 2066-(2016)	322,809	327,727
5,222	7.50% due Dec. 25, 2041-(Sep. 25, 2018)	7,527	6,145		Georgia-Pacific LLC		
	Fannie Mae Grantor Trust			360,000	8.88% due May 15, 2031	502,017	519,138
270,560	6.99% due Feb. 19, 2030	306,753	329,753		Gilead Sciences, Inc. (callable)		
186,463	7.50% due Jun. 19, 2030	211,406	219,477	360,000	4.40% due Dec. 1, 2021-(Sep. 1, 2021)	370,876	404,345
20,632	5.41% due Sep. 26, 2033	23,619	21,046		GlaxoSmithKline PLC		
220,786	7.50% due Jul. 25, 2041	260,270	272,144	315,000	2.85% due May 8, 2022	308,618	328,530
493,301	7.50% due Dec. 25, 2041	540,801	586,858		GMAC Commercial Mortgage Securities Inc.		
	Fannie Mae Whole Loan (callable)			435,000	6.87% due Apr. 15, 2034	425,465	442,520
19,337	6.50% due Feb. 25, 2044-(Dec. 25, 2020)	27,334	22,152	81,730	4.55% due Dec. 10, 2041	85,508	85,095
58,127	6.50% due May 25, 2044-(Oct. 25, 2022)	70,179	65,048		GMAC Mortgage Corporation Loan Trust		
359,799	7.00% due Feb. 25, 2044-(Jul. 25, 2018)	409,910	424,143		(callable)		
	Federal Home Loan Mortgage Corporation			586,436	4.94% due May 25, 2035-(Nov. 25, 2021)	578,652	524,881
24,288	5.00% due Jun. 1, 2018	24,400	26,509		Goldman Sachs Group, Inc.		
21,345	5.00% due Sep. 1, 2033	29,076	23,164	575,000	6.25% due Sep. 1, 2017	622,779	636,907
1,855,000	5.00% due Dec. 1, 2099	2,050,245	2,029,632	170,000	5.75% due Jan. 24, 2022	173,738	181,624
	FHLMC Multifamily Structured Pass Through				Government National Mortgage Association		
	Certificates			1,087,181	3.00% due Apr. 15, 2027	1,134,279	1,176,782
350,000	4.32% due Dec. 25, 2015	385,811	388,462	2,709	7.50% due Feb. 15, 2032	3,950	3,217
740,000	3.81% due Aug. 25, 2020	752,976	830,265	41,070	7.00% due Dec. 15, 2034	50,238	48,546
	FHLMC Structured Pass Through Securities			145,173	4.50% due Jun. 16, 2039	156,526	155,412
	(callable)			469,756	4.00% due Jan. 20, 2040	511,922	506,158
22,648	6.50% due Sep. 25, 2043-(Dec. 25, 2023)	32,607	26,874	2,080,043	3.50% due Feb. 20, 2040	2,234,924	2,221,720
	First Horizon Mortgage Pass-Through Trust			281,488	3.50% due Feb. 20, 2040	305,493	300,280
	(callable)			600,000	3.86% due Oct. 16, 2047	580,855	665,791
2,083	8.00% due Jul. 25, 2033-(2012)	3,128	2,173	575,000	4.53% due Sep. 16, 2051	557,220	662,541
	First Union-Lehman Brothers			371,724	5.47% due Nov. 20, 2059	427,258	418,427
169,913	6.78% due Mar. 18, 2013	183,045	174,847	1,667,701	5.39% due Dec. 20, 2059	1,929,333	1,892,994
	Ford Credit Floorplan Master Owner Trust A			384,114	4.70% due Sep. 20, 2061	427,338	447,068
335,000	1.50% due Sep. 15, 2015	345,323	341,658	355,670	5.07% due Apr. 20, 2062	414,993	409,069
	Ford Motor Credit Company LLC			220,000	4.85% due May 20, 2062	255,694	253,405
355,000	7.50% due Aug. 1, 2012	376,174	363,233		Government National Mortgage Association II		
	Freddie Mac (callable)				Reverse		
13,617	7.00% due May 15, 2024-(Dec. 15, 2012)	17,808	15,532	329,464	4.50% due Jul. 20, 2061	345,893	379,504
	Freddie Mac			356,287	4.70% due Sep. 1, 2061	376,461	413,810
2,057	4.00% due Feb. 1, 2014	2,564	2,134		Great Plains Energy Inc. (callable)		
333,793	1.50% due Mar. 15, 2015	340,512	344,410	490,000	5.29% due Jun. 15, 2022-(Mar. 15, 2022)	520,829	539,268
980,000	2.00% due Aug. 25, 2016	935,887	1,044,284		Greenwich Capital Commercial Funding		
165,000	4.00% due Aug. 15, 2024	169,225	186,338		Corporation		
60,000	5.00% due May 15, 2026	55,628	69,642	210,000	5.10% due Jan. 11, 2035	212,199	214,553
220,000	4.50% due Nov. 15, 2029	229,963	253,331		GSR Mortgage Loan Trust		
400,000	4.50% due Apr. 15, 2030	392,923	456,848	76,742	2.78% due Aug. 25, 2034	62,929	74,947
440,000	5.00% due May 15, 2033	459,813	492,744		HART (Honda Auto Receivables Trust)		
155,000	5.00% due Jun. 15, 2033	168,508	177,744	4,063	0.40% due Oct. 22, 2012	4,139	4,136
65,000	4.50% due Dec. 15, 2033	65,602	75,316	1,047,045	0.41% due Mar. 15, 2013	1,046,731	1,066,126
385,000	6.00% due Apr. 15, 2035	412,654	419,536	285,000	0.67% due Apr. 21, 2014	291,706	290,388
203,333	4.00% due Nov. 15, 2036	221,569	228,104		Hartford Financial Services Group, Inc., The		
				255,000	5.13% due Apr. 15, 2022	251,179	266,047

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

BOND FUNDS

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

18

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar (cont'd)				United States Dollar (cont'd)			
430,000	Hewlett-Packard Company	429,125	438,081	40,000	Lehman Brothers Holdings Inc.	40,417	9,977
1,010,000	2.60% due Sep. 15, 2017				6.88% due May 2, 2018		
	4.65% due Dec. 9, 2021	1,058,506	1,081,743		Lloyds TSB Bank plc		
208,231	Home Equity Asset Trust	191,036	196,629	350,000	4.20% due Mar. 28, 2017	346,743	366,238
	0.43% due Jul. 25, 2036				Lorillard Tobacco Company		
	HSBC Finance Corporation			759,000	6.88% due May 1, 2020	843,753	910,194
185,000	6.68% due Jan. 15, 2021	189,694	203,650		Lowe's Companies Inc. (callable)		
	HSBC USA Inc.			375,000	3.12% due Apr. 15, 2022-(Jan. 15, 2022)	374,636	392,295
380,000	2.38% due Feb. 13, 2015	378,314	390,898		Master Adjustable Rate Mortgages Trust (callable)		
	Humana Inc.			17,691	2.70% due Dec. 25, 2033-(Feb. 25, 2022)	15,896	16,299
170,000	6.45% due Jun. 1, 2016	190,975	197,286		Master Adjustable Rate Mortgages Trust		
295,000	8.15% due Jun. 15, 2038	321,143	411,985	311,314	5.32% due Jun. 25, 2035	266,472	295,327
	Huntington Auto Trust				Merrill Lynch & Co., Inc.		
995,247	0.34% due Mar. 15, 2013	980,915	1,013,262	900,000	6.40% due Aug. 28, 2017	967,270	992,161
	Hyundai Auto Receivables Trust				Merrill Lynch Mortgage Investors Trust		
454,634	0.30% due Mar. 15, 2013	452,521	462,836	173,950	2.55% due Dec. 25, 2034	152,565	175,087
28,000	Idearc Inc.*	—	—		Merrill Lynch Mortgage Trust		
	IndyMac INDX Mortgage Loan Trust (callable)			7,086	4.96% due Jul. 12, 2038	7,850	7,375
59,481	5.24% due Dec. 25, 2035-(Jun. 25, 2025)	70,437	41,678	414,000	5.11% due Jul. 12, 2038	414,487	446,553
	Intel Corporation			735,000	5.69% due Feb. 12, 2051	763,881	855,786
300,000	1.95% due Oct. 1, 2016	296,619	317,232		MetLife, Inc. (callable)		
	International Lease Finance Corporation			425,000	10.75% due Aug. 1, 2039-(2034)	579,975	599,380
740,000	4.88% due Apr. 1, 2015	732,174	759,046		MLCC Mortgage Investors, Inc.		
	International Paper Company			137,522	2.35% due May 25, 2036	124,899	121,981
215,000	4.75% due Nov. 15, 2021	216,641	239,128		Montpelier Re Holdings Ltd.		
	J.P. Morgan Chase Commercial Mortgage Securities Corp.			275,000	6.13% due Aug. 15, 2013	287,046	290,127
145,000	6.28% due Sep. 12, 2017	99,508	123,186		Morgan Stanley		
20,000	5.21% due Dec. 12, 2034	20,849	20,218	1,145,000	0.95% due Oct. 15, 2015	1,012,397	1,039,385
84,952	4.99% due Jul. 12, 2035	91,196	87,325	515,000	6.63% due Apr. 1, 2018	561,614	546,957
215,000	5.10% due Jan. 12, 2037	221,414	219,046		Morgan Stanley Capital I		
47,569	4.70% due Jul. 15, 2042	47,274	48,803	50,000	5.37% due Dec. 15, 2016	49,402	51,714
504,000	5.81% due Jun. 12, 2043	545,677	575,420	745,000	3.24% due Mar. 15, 2045	745,276	764,704
400,000	3.51% due May 15, 2045	406,494	418,570		Morgan Stanley Dean Witter Capital		
	John Deere Capital Corporation			100,000	6.79% due Jul. 15, 2033	98,430	102,669
275,000	0.95% due Jun. 29, 2015	281,456	279,882		Mosaic Co.		
	John Deere Owner Trust			390,000	3.75% due Nov. 15, 2021	394,829	416,948
385,522	0.38% due Mar. 15, 2013	385,560	392,508		Municipal Electric Authority of Georgia		
	JPMorgan Chase & Co.			295,000	6.64% due Apr. 1, 2057	307,466	348,857
540,000	5.40% due Jan. 6, 2042	564,902	602,103	230,000	7.06% due Apr. 1, 2057	224,447	250,599
	JPMorgan Chase Commercial Mortgage Securities Corp. (callable)				National Rural Utilities Cooperative Finance Corp.		
20,000	7.90% due Apr. 29, 2049-(2018)	19,796	22,507	180,000	1.90% due Nov. 1, 2015	169,698	189,018
	JPMorgan Mortgage Trust (callable)				NB Capital Trust IV (callable)		
135,000	4.94% due Sep. 25, 2035-(Jun. 25, 2018)	149,478	123,331	25,000	8.25% due Apr. 15, 2027-(Jul. 16, 2012)	18,816	25,941
35,724	5.31% due Jul. 25, 2035-(Aug. 25, 2012)	35,880	37,097		NCUA Guaranteed Notes		
	JPMorgan Mortgage Trust			970,105	1.84% due Oct. 7, 2020	976,718	999,854
207,498	2.75% due Oct. 25, 2036	180,728	156,962		New Jersey Turnpike Authority		
	Kimberly-Clark Corporation			345,000	7.10% due Jan. 1, 2041	348,605	494,430
75,000	7.50% due Nov. 1, 2018	90,835	102,100		Newmont Mining Corporation (callable)		
	Korea Development Bank			405,000	4.88% due Mar. 15, 2042-(2041)	399,154	397,446
305,000	3.50% due Aug. 22, 2017	303,686	324,507		News America Inc.		
	Kraft Foods Inc.			665,000	6.15% due Feb. 15, 2041	808,975	793,671
325,000	4.13% due Feb. 9, 2016	331,485	360,980		Next Generation Network		
505,000	6.50% due Feb. 9, 2040	668,215	666,410	352,409	2.40% due Dec. 8, 2020	349,971	367,478
	LB-UBS Commercial Mortgage Trust				NII Capital Corp.		
32,882	5.01% due Dec. 15, 2014	34,548	34,628	805,000	7.63% due Apr. 1, 2016	806,889	705,856
288,147	4.48% due Oct. 15, 2029	309,507	305,556		Nissan Auto Receivables Owner Trust		
276,344	4.63% due Oct. 15, 2029	280,886	287,754	110,962	0.41% due Nov. 15, 2012	113,321	112,980
26,053	4.55% due Feb. 15, 2030	25,813	26,526	1,160,073	0.36% due Mar. 15, 2013	1,159,169	1,181,202
400,000	4.17% due May 15, 2032	412,243	413,254	137,358	5.00% due Sep. 15, 2014	142,458	140,068
350,000	4.33% due Feb. 15, 2037	354,031	359,996		Nissan Motor Co., Ltd.		
185,000	4.76% due Apr. 15, 2037	191,523	193,271	503,990	1.04% due Apr. 15, 2014	502,374	513,626

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

19

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar (cont'd)				United States Dollar (cont'd)			
	Nokia Corporation			81,791	0.95% due Aug. 15, 2013	80,812	83,297
215,000	5.38% due May 15, 2019	209,156	173,406	761,543	0.94% due Feb. 18, 2014	780,639	775,925
675,000	6.63% due May 15, 2039	621,820	531,364	484,467	1.84% due Nov. 17, 2014	478,579	496,344
	Nomura Asset Acceptance Corporation			635,000	1.28% due Jan. 15, 2015	634,039	648,757
39,136	4.79% due Mar. 25, 2035	49,104	39,192	800,000	2.50% due Dec. 15, 2015	793,971	826,739
	O'Reilly Automotive, Inc. (callable)			250,000	2.66% due Jan. 15, 2016	244,538	257,162
375,000	4.63% due Sep. 15, 2021-(Jun. 15, 2021)	370,696	399,404	945,000	2.72% due May 15, 2016	963,187	980,434
	Occidental Petroleum Corporation (callable)				Sempra Energy		
245,000	1.50% due Feb. 15, 2018-(Jan. 15, 2018)	249,266	250,201	435,000	2.00% due Mar. 15, 2014	424,394	449,819
430,000	2.70% due Feb. 15, 2023-(Nov. 15, 2022)	436,703	439,106		Sequoia Mortgage Trust (callable)		
	Pacific Bell Telephone Company (callable)			270,955	0.54% due Dec. 20, 2034-(Feb. 20, 2018)	253,317	242,803
345,000	7.38% due Jul. 15, 2043-(2013)	376,162	371,814		Simon Property Group, Inc.		
	PC Financial Partnership			345,000	10.35% due Apr. 1, 2019	471,458	493,225
355,000	5.00% due Nov. 15, 2014	388,524	392,319		Simon Property Group, Inc. (callable)		
	PepsiCo, Inc.			20,000	4.75% due Mar. 15, 2042-(Sep. 15, 2041)	19,715	20,412
140,000	2.75% due Mar. 5, 2022	138,254	143,169		Smurfit-Stone Container Corp.		
	Petrobras International Finance Co.			175,000	7.50% due Nov. 20, 2025	159,097	177,015
345,000	5.75% due Jan. 20, 2020	382,976	386,535		Southern Copper Corporation		
	Petrohawk Energy Corp. (callable)			600,000	7.50% due Jul. 27, 2035	661,643	701,476
690,000	7.25% due Aug. 15, 2018-(2014)	790,508	797,326		Structured Adjustable Rate Mortgage Loan (callable)		
	Petróleos de Venezuela S.A.			22,451	5.00% due Dec. 25, 2034-(Sep. 25, 2016)	27,076	21,226
2,635,000	5.00% due Oct. 28, 2015	1,871,472	2,047,945	72,936	5.16% due Jun. 25, 2036-(Mar. 25, 2020)	201,353	4,765
	Philip Morris International Inc.				Structured Asset Securities Corporation (callable)		
290,000	5.65% due May 16, 2018	343,875	357,376	361,416	2.80% due Nov. 25, 2033-(Oct. 25, 2020)	350,893	347,014
	Pioneer Natural Resource (callable)				Structured Asset Securities Corporation		
215,000	3.95% due Jul. 15, 2022-(Apr. 15, 2022)	220,093	217,815	1,917	4.51% due Feb. 25, 2035	2,031	1,938
	PNC Funding Corporation (callable)				Symantec Corporation (callable)		
465,000	3.30% due Mar. 8, 2022-(Feb. 6, 2022)	459,684	484,509	265,000	2.75% due Jun. 15, 2017-(May 15, 2017)	272,110	271,284
	PPL Capital Funding Inc. (callable)			600,000	3.95% due Jun. 15, 2022-(Mar. 15, 2022)	613,918	608,454
210,000	4.20% due Jun. 15, 2022-(Mar. 15, 2022)	215,885	215,292		TD Ameritrade Holding Corp		
	Prudential Commercial Mortgage Trust			460,000	4.15% due Dec. 1, 2014	490,312	496,820
450,000	4.71% due Feb. 11, 2036	432,456	464,087		Telefonica Emisiones SAU		
	Rabobank Nederland			375,000	2.58% due Apr. 26, 2013	378,503	376,218
615,000	3.88% due Feb. 8, 2022	618,701	637,272		Telefonos de Mexico, S.A.B. de C.V.		
	Regency Centers LP			290,000	5.50% due Jan. 27, 2015	328,133	322,138
95,000	5.88% due Jun. 15, 2017	98,153	108,752		Tennessee Gas Pipeline		
	Renaissance Home Equity Loan Trust			335,000	8.38% due Jun. 15, 2032	432,087	435,222
166,506	5.61% due May 25, 2036	153,040	96,849		Textron Inc.		
170,000	5.68% due Jun. 25, 2037	114,637	70,134	390,000	6.20% due Mar. 15, 2015	429,743	438,136
	Republic of Argentina				Timken Company, The		
1,267,119	8.28% due Dec. 31, 2033	901,935	767,584	95,000	6.00% due Sep. 15, 2014	104,048	104,917
1,980,000	2.50% due Dec. 31, 2038	608,219	634,990		Total Capital SA		
	Republic of Belarus			435,000	4.45% due Jun. 24, 2020	473,176	506,276
200,000	8.75% due Aug. 3, 2015	179,824	198,558		Transocean Ltd.		
	Republic of Poland			460,000	5.05% due Dec. 15, 2016	470,233	506,453
750,000	5.00% due Mar. 23, 2022	771,044	832,222	315,000	6.38% due Dec. 15, 2021	321,157	364,350
	Republic of South Africa			660,000	7.35% due Dec. 15, 2041	753,517	814,434
800,000	4.67% due Jan. 17, 2024	818,322	878,622		Tyco Electronics Group SA		
	Residential Accredited Loans, Inc. (callable)			190,000	6.00% due Oct. 1, 2012	209,056	195,896
251,466	6.00% due Sep. 25, 2035-(Nov. 25, 2020)	176,253	182,458	355,000	6.55% due Oct. 1, 2017	386,475	431,149
	Residential Asset Mortgage Products, Inc.				Tyson Foods Inc. (callable)		
652	7.00% due Nov. 25, 2031	921	679	620,000	4.50% due Jun. 15, 2022-(Mar. 15, 2022)	633,933	648,746
	Residential Funding Mortgage Securities II				United States Treasury Note		
97,649	5.79% due Feb. 25, 2036	109,432	97,046	7,405,000	0.25% due Apr. 30, 2014	7,439,334	7,530,527
	Rio Tinto Limited			1,240,000	3.25% due May 31, 2016	1,370,042	1,392,835
295,000	3.50% due Mar. 22, 2022	289,883	315,495	9,220,000	1.75% due May 15, 2022	9,484,989	9,470,443
	RSB Bondco LLC			315,000	6.25% due Aug. 15, 2023	425,536	465,820
100,000	5.72% due Apr. 1, 2018	106,714	111,589	5,225,000	3.13% due Feb. 15, 2042	5,607,090	5,720,200
	Santander Drive Auto Receivables Trust			510,000	3.00% due May 15, 2042	551,361	544,622
479,450	0.33% due Mar. 15, 2013	476,046	488,148				
2,155,000	0.43% due Jul. 15, 2013	2,206,183	2,194,009				

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

BOND FUNDS

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

20

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)	Face Value (\$)/ Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
BOND AND DEBENTURE INSTRUMENTS (cont'd)				BOND AND DEBENTURE INSTRUMENTS (cont'd)			
United States Dollar (cont'd)				United States Dollar (cont'd)			
440,000	United Technologies Corporation	451,556	457,811	415,000	Williams Partners LP	481,403	505,202
340,000	1.80% due Jun. 1, 2017	348,961	362,379		7.25% due Feb. 1, 2017		
605,000	3.10% due Jun. 1, 2022	613,762	671,202	335,000	Willis North America Inc.	390,946	397,575
	4.50% due Jun. 1, 2042				7.00% due Sep. 29, 2019		
665,000	Vale Overseas Limited	670,376	686,855	1,545,000	World Omni Automobile Lease Securitization	1,603,163	1,573,250
750,000	4.38% due Jan. 11, 2022	874,367	889,650		0.33% due Jun. 17, 2013		
	6.88% due Nov. 10, 2039			630,000	XL Group Plc	668,068	675,848
230,000	Valero Logistics	297,664	241,617		5.25% due Sep. 15, 2014		
	6.05% due Mar. 15, 2013			580,000	Yum! Brands, Inc.	623,218	641,695
380,000	Verizon Communications Inc.	420,086	420,692		4.25% due Sep. 15, 2015		
700,000	7.38% due Nov. 15, 2013	717,308	758,525			211,668,218	215,424,273
	3.00% due Apr. 1, 2016						
1,780,000	Volkswagen Auto Lease Trust	1,832,690	1,812,907		Uruguayan Peso – 0.6%		
397,392	0.33% due Jun. 20, 2013	411,042	404,719	25,582,210	Uruguay, Oriental Republic of	1,307,463	1,314,160
	1.00% due Feb. 20, 2014				4.38% due Dec. 15, 2028		
491,481	Volkswagen Auto Loan Enhanced Trust	497,184	500,423		TOTAL BOND AND DEBENTURE INSTRUMENTS	226,517,454	230,359,147
	0.44% due Jan. 22, 2013						
365,000	Wachovia Bank Commercial Mortgage Trust	375,455	375,033		EQUITIES – 0.0%		
105,000	5.04% due Apr. 15, 2035	105,069	108,663	28	GenOn Energy, Inc.	–	48
109,715	4.11% due Jun. 15, 2035	112,679	111,532				
320,000	6.05% due Feb. 15, 2051	285,221	311,132		MONEY MARKET INSTRUMENTS – 7.6%		
775,000	Wachovia Capital Trust III	814,827	819,044	16,835,000	United States Treasury Bills		
	5.57% due Mar. 29, 2049			(U.S.)	0.05% due Jul. 19, 2012	17,141,561	17,139,319
620,323	Wachovia Corporation	573,405	502,986		TOTAL INVESTMENT PORTFOLIO	243,659,015	247,498,514
345,390	5.50% due May 1, 2013	326,130	329,357				
660,000	WaMu Mortgage Pass-Through Certificates	719,146	715,187		Currency Spot Contracts – 0.0%		2,401
520,000	2.76% due Mar. 25, 2037	510,324	534,622		Currency Forward Contracts – 0.1%		336,206
201,831	Washington Mutual, Inc.	186,187	202,096		OTHER ASSETS, LESS LIABILITIES – (10.6)%		(23,604,060)
150,435	2.44% due Oct. 25, 2033	132,913	135,574		NET ASSETS – 100.0%		224,233,061
93,472	Watson Pharmaceuticals, Inc.	95,722	45,762				
178,917	5.00% due Aug. 15, 2014	187,182	177,096				
56,480	WellPoint Inc.	42,591	42,627				
24,002	3.13% due May 15, 2022	23,849	24,363				
133,289	Wells Fargo Mortgage Backed Securities Trust (callable)	113,881	103,821				
219,773	2.66% due Sep. 25, 2034-(Oct. 25, 2018)	203,785	204,562				
37,307	2.62% due Mar. 25, 2035-(Sep. 25, 2019)	37,710	34,110				
125,000	2.66% due Oct. 25, 2035-(Feb. 25, 2019)	140,213	150,426				
	5.03% due Mar. 25, 2036-(Sep. 25, 2015)						
	2.63% due Jul. 25, 2036-(Nov. 25, 2020)						
	Wells Fargo Mortgage Backed Securities Trust						
	5.50% due Mar. 25, 2036						
	5.78% due Apr. 25, 2036						
	6.00% due Jun. 25, 2036						
	6.00% due Jul. 25, 2037						
	Weyerhaeuser Company						
	7.38% due Oct. 1, 2019						

* This security is not actively traded and considered illiquid.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 2, 2012	South Korean Won	626,305,284	U.S. Dollar	542,820	550,245	8,443
Jul. 2, 2012	U.S. Dollar	542,820	South Korean Won	626,305,284	558,688	(6,042)
						2,401

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

Portfolio Advisor: Logan Circle Partners, L.P.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued)
(formerly, Pinnacle American Core-Plus Bond Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

CURRENCY FORWARD CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 2, 2012	South Korean Won	626,305,287	U.S. Dollar	543,432	550,865	7,823
Jul. 2, 2012	U.S. Dollar	527,193	South Korean Won	626,305,284	558,638	(21,901)
Jul. 27, 2012	Canadian Dollar	208,279,910	U.S. Dollar	204,149,956	207,985,204	294,706
Jul. 27, 2012	Mexican Peso	11,526,231	U.S. Dollar	836,119	854,530	25,203
Jul. 27, 2012	Polish Zloty	1,700,000	U.S. Dollar	506,058	517,087	2,361
Jul. 27, 2012	South African Rand	13,469,293	U.S. Dollar	1,630,112	1,665,964	13,017
Jul. 27, 2012	U.S. Dollar	3,642,646	British Pound	2,319,950	3,700,485	8,100
Jul. 27, 2012	U.S. Dollar	732,276	European Euro	577,614	744,298	1,233
Jul. 27, 2012	U.S. Dollar	1,028,529	Japanese Yen	81,736,184	1,041,484	5,664
						<u>336,206</u>

The currency forward contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of A by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Bond and Debenture Instruments		
Brazilian Real	0.5	—
British Pound	1.7	1.3
Canadian Dollar	0.5	—
Chile Peso	0.3	0.3
Columbia Peso	—	1.3
European Euro	0.6	1.1
Japanese Yen	0.5	0.5
Mexican Peso	0.6	0.6
New Zealand Dollar	0.5	—
Norwegian Krone	0.4	0.5
Peruvian Nuevo Sol	—	0.5
Polish Zloty	0.6	0.6
South African Rand	—	0.5
Uruguayan Peso	0.6	1.0
U.S. Dollar	96.1	92.1
Money Market Instruments	7.6	—
Currency Spot Contracts	0.0	—
Currency Forward Contracts	0.1	0.9

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

22

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio of bonds and debenture instruments.

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ 17,702,627	\$ 6,938,738
1-3 years	30,246,009	12,573,494
3-5 years	31,750,169	26,627,757
5-10 years	49,241,125	48,683,243
> 10 years	101,419,217	96,279,372
Total	\$230,359,147	\$191,102,604

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$3,232,311, or 1.4% of total Net Assets (December 31, 2011 – \$2,585,715, or 1.4% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	43,446,786	19.4	51,020,306	26.8
Mexican Peso	2,292,042	1.0	2,134,475	1.1
Polish Zloty	1,797,753	0.8	1,194,997	0.6
South African Rand	1,665,964	0.7	879,243	0.5
Uruguayan Peso	1,314,160	0.6	1,858,002	1.0
Turkish Lira	1,300,876	0.6	4,286,579	2.3
Brazilian Real	1,117,174	0.5	(197,631)	(0.1)
New Zealand Dollar	1,098,286	0.5	–	–
Norwegian Krone	989,638	0.4	933,061	0.5
Chile Peso	702,356	0.3	661,602	0.3
European Euro	604,816	0.3	(944,608)	(0.5)
British Pound	24,498	0.0	(66,645)	0.0
Japanese Yen	19,023	0.0	(70,005)	0.0
Swiss Franc	7,520	0.0	–	–
South Korean Won	(16,215)	0.0	–	–
Columbia Peso	–	–	2,494,500	1.3
Peruvian New Sol	–	–	987,529	0.5
Hungary Forint	–	–	515,477	0.3
Swiss Franc	–	–	7,604	0.0
Total	56,364,677	25.1	65,694,486	34.6

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$5,636,468, or 2.5% of total Net Assets (December 31, 2011 – \$6,569,449, or 3.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Total Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
A– to AAA+	74.7	76.7	65.8	65.9
B– to BBB+	22.1	22.8	30.1	30.3
C– to CCC+	1.3	1.5	1.7	1.7
Unrated	1.9	1.9	2.4	2.4
Total	100.0	102.9	100.0	100.3

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$50,211,638	\$51,667,512
Payable for currency spot contracts	6,042	–
Payable for currency forward contracts	21,901	39,532
	\$50,239,581	\$51,707,044

Scotia Private American Core-Plus Bond Pool (Unaudited – Continued) (formerly, Pinnacle American Core-Plus Bond Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$ 48	\$ –	\$ –	\$ 48
Bond and Debenture Instruments	–	230,359,147	–	230,359,147
Money Market Instruments	–	17,139,319	–	17,139,319
Currency Spot Contracts – Assets	8,443	–	–	8,443
Currency Forward Contracts – Assets	–	358,107	–	358,107
	8,491	247,856,573	–	247,865,064
Currency Spot Contracts – Liabilities	(6,042)	–	–	(6,042)
Currency Forward Contracts – Liabilities	–	(21,901)	–	(21,901)
	(6,042)	(21,901)	–	(27,943)
	\$ 2,449	\$247,834,672	\$ –	\$247,837,121

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$75	\$ –	\$ –	\$ 75
Bond and Debenture Instruments	–	191,102,604	–	191,102,604
Currency Forward Contracts – Assets	–	1,803,130	–	1,803,130
	75	192,905,734	–	192,905,809
Currency Forward Contracts – Liabilities	–	(39,532)	–	(39,532)
	\$75	\$192,866,202	\$ –	\$192,866,277

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Strategic Balanced Pool (formerly, Pinnacle Strategic Balanced Fund) (Unaudited)

24

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$33,409,507	\$40,680,647
Cash	484,457	297,638
Accrued investment income	112,007	123,996
Receivable for securities sold	813,534	119,306
Subscriptions receivable	960	196
Receivable for currency spot contracts	—	47
	<u>34,820,465</u>	<u>41,221,830</u>
LIABILITIES		
Payable for securities purchased	—	190,735
Distributions payable	722	—
Redemptions payable	26,180	8,315
Accrued expenses	8,642	680
Payable for currency spot contracts	—	21
	<u>35,544</u>	<u>199,751</u>
Net Assets	<u>\$34,784,921</u>	<u>\$41,022,079</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$34,475,177	\$40,939,315
Series F Units	\$ 309,744	\$ 82,764
UNITS OUTSTANDING		
Pinnacle Series Units	2,470,247	2,927,327
Series F Units	21,864	5,846
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 13.96	\$ 13.99
Series F Units	\$ 14.17	\$ 14.16

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 273,999	\$ 327,073
Interest	259,786	373,815
Securities lending	2,872	1,389
Foreign withholding taxes/tax reclaims	(10,145)	(23,000)
Other income	—	276
	<u>526,512</u>	<u>679,553</u>
EXPENSES		
Management fees (note 5)	1,664	409
Harmonized Sales Tax/Goods and Services Tax	5,720	7,969
Audit fees	1,928	8,464
Independent Review Committee fees	964	1,266
Custodian fees	12,101	6,046
Filing fees	7,537	7,918
Legal fees	829	1,786
Unitholder reporting costs	6,283	6,304
Unitholder administration and service fees	34,481	45,098
Overdraft charges	264	—
	<u>71,771</u>	<u>85,260</u>
Absorbed expenses	(1,871)	(1,674)
	<u>69,900</u>	<u>83,586</u>
Net investment income (loss)	<u>456,612</u>	<u>595,967</u>
Net realized gain (loss) on investments sold	386,215	1,899,560
Net gain (loss) foreign exchange	16,058	1,102
Transaction costs	(11,301)	(20,296)
Change in unrealized appreciation (depreciation) of investments	(227,562)	(2,901,425)
Change in unrealized appreciation (depreciation) of currency spots	(26)	(4)
Net gain (loss) on investments and transaction costs	<u>163,384</u>	<u>(1,021,063)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 619,996</u>	<u>\$ (425,096)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 628,512	\$ (423,861)
Series F Units	\$ (8,516)	\$ (1,235)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.23	\$ (0.13)
Series F Units	\$ (0.37)	\$ (0.23)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$40,939,315	\$54,937,743
Series F Units	82,764	82,307
	<u>41,022,079</u>	<u>55,020,050</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	628,512	(423,861)
Series F Units	(8,516)	(1,235)
	<u>619,996</u>	<u>(425,096)</u>
DISTRIBUTIONS TO UNITHOLDERS		
From net investment income		
Pinnacle Series Units	(492,353)	(644,312)
Series F Units	(3,367)	(467)
	<u>(495,720)</u>	<u>(644,779)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,336,722	2,774,556
Series F Units	311,250	—
Reinvested distributions		
Pinnacle Series Units	491,033	642,766
Series F Units	3,187	467
Payments on redemption		
Pinnacle Series Units	(8,428,052)	(8,869,419)
Series F Units	(75,574)	—
	<u>(6,361,434)</u>	<u>(5,451,630)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(6,464,138)	(6,520,270)
Series F Units	226,980	(1,235)
	<u>(6,237,158)</u>	<u>(6,521,505)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	34,475,177	48,417,473
Series F Units	309,744	81,072
	<u>\$34,784,921</u>	<u>\$48,498,545</u>

Scotia Private Strategic Balanced Pool (Unaudited – Continued) (formerly, Pinnacle Strategic Balanced Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 53.9%				EQUITIES (cont'd)			
Canadian Equities – 41.2%				FOREIGN EQUITIES – 12.7%			
Energy – 10.4%				United States – 5.6%			
3,925	Calfrac Well Services Ltd.	59,216	89,412	Energy – 0.2%			
4,740	Cameco Corporation	113,161	105,749	2,105	World Fuel Services Corporation	92,563	81,417
24,010	Canadian Natural Resources Ltd.	728,633	655,233	Materials – 0.4%			
13,225	Cenovus Energy Inc.	373,198	427,961	1,125	Praxair, Inc.	112,448	124,524
7,000	Crescent Point Energy Corp.	246,454	265,440	Industrials – 1.5%			
9,260	Husky Energy Inc.	273,728	235,204	2,055	Danaher Corporation	107,268	108,920
14,825	Petrobank Energy and Resources Ltd.	301,795	160,258	1,405	Dover Corporation	87,311	76,671
9,100	Petrominerales Ltd.	253,366	104,650	3,015	H.B. Fuller Comapny	79,949	94,236
32,705	Suncor Energy, Inc.	1,089,368	962,835	1,560	Honeywell International Inc.	89,236	88,687
38,720	Talisman Energy Inc.	636,535	451,088	1,780	Wabtec Corporation	111,600	141,371
5,945	Trican Well Service Ltd.	106,232	69,735				
14,230	Trinidad Drilling Ltd.	97,371	82,107				
		4,279,057	3,609,672				
Materials – 6.8%				Consumer Discretionary – 1.0%			
5,030	Agrium Inc.	266,446	452,801	2,275	Coach, Inc.	129,678	135,450
11,725	First Quantum Minerals Ltd.	288,656	210,698	3,550	TJX Companies, Inc., The	89,772	155,088
21,830	HudBay Minerals, Inc.	188,959	171,147	1,065	Yum! Brands, Inc.	56,092	69,849
4,635	Inmet Mining Corporation	266,567	193,048				
39,725	Lundin Mining Corporation	301,910	167,640	Consumer Staples – 0.1%			
15,680	Potash Corporation of Saskatchewan Inc.	644,635	696,349	590	Bunge Limited	42,278	37,687
15,685	Teck Resources Ltd., Class B	408,142	494,078	Health Care – 0.9%			
		2,365,315	2,385,761	1,560	Johnson & Johnson	98,913	107,301
Industrials – 2.9%				3,270	ResMed Inc.	100,059	103,871
3,490	Canadian Pacific Railway Limited	177,834	260,319	1,515	Varian Medical Systems, Inc.	92,612	93,733
13,580	Finning International Inc.	307,463	320,488				
6,920	SNC-Lavalin Group Inc.	306,917	263,237	Financials – 0.6%			
5,275	Stantec Inc.	139,009	152,606	2,090	American Express Company	100,445	123,840
		931,223	996,650	2,055	JPMorgan Chase & Co.	86,411	74,754
Consumer Discretionary – 2.9%							
16,985	Gildan Activewear Inc.	334,984	475,410	Information Technology – 0.9%			
8,460	Magna International Inc.	326,955	339,331	1,405	Anixter International Inc.	95,118	75,884
5,100	Quebecor Inc., Class B	108,999	187,017	1,555	Cognizant Technology Solutions Corporation	101,938	94,973
		770,938	1,001,758	380	Mettler-Toledo International Inc.	60,506	60,295
Consumer Staples – 1.5%				1,450	QUALCOMM, Inc.	82,104	81,474
6,845	Alimentation Couche-Tard Inc., Class B	117,681	304,192				
16,435	Jean Coutu Group (PJC) Inc., The, Class A	210,418	246,525	TOTAL UNITED STATES			
		328,099	550,717				
Financials – 13.0%				France – 1.1%			
13,425	Bank of Montreal	645,658	754,485	969	Atos Origin SA	49,918	59,079
16,850	Bank of Nova Scotia, The	749,517	887,490	1,772	BNP Paribas	113,125	69,647
5,815	Canadian Imperial Bank of Commerce	366,353	416,354	1,364	Schneider Electric SA	68,549	77,379
3,190	Home Capital Group Inc.	187,027	144,060	504	SEB SA	44,278	31,890
27,820	Manulife Financial Corporation	731,194	307,967	483	Technip SA	31,397	51,318
19,650	Royal Bank of Canada	928,526	1,023,372	1,235	Teleperformance	44,553	27,779
12,140	Toronto-Dominion Bank, The	945,798	966,344	1,821	Total SA	111,922	83,671
		4,554,073	4,500,072				
Information Technology – 2.3%				Germany – 1.0%			
29,465	Celestica Inc.	299,295	217,452	747	Adidas-Salomon AG	37,290	54,549
15,800	CGI Group Inc., Class A	171,728	386,310	1,282	Fresenius SE & Co. KGaA	111,023	133,875
2,850	Open Text Corporation	150,077	144,438	898	MTU Aero Engines Holding AG	36,139	67,131
9,180	Research In Motion Limited	599,205	68,942	203	Siemens AG	17,990	17,373
		1,220,305	817,142	1,387	Stada Arzneimittel AG	39,970	43,078
Telecommunication Services – 1.4%				439	Wacker Chemie AG	58,926	30,722
12,845	Rogers Communications, Inc., Class B	383,288	473,724				
TOTAL CANADIAN EQUITIES		14,832,298	14,335,496				

Portfolio Advisor: Gryphon Investment Counsel Inc.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private Strategic Balanced Pool (Unaudited – Continued) (formerly, Pinnacle Strategic Balanced Fund)

26

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value(\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Hong Kong – 0.5%				Switzerland – 0.6%			
2,900	Kingboard Chemical Holdings Ltd. Warrants			1,037	Adecco SA	50,618	46,983
	HKD 40.00 Oct. 31, 2012*	–	4	65	Galenica AG	36,262	42,086
18,500	Kingboard Chemicals Holdings Limited	65,028	36,622	7	Lindt & Spruengli AG	15,523	22,029
46,000	Li & Fung Limited	77,514	90,876	1,572	Novartis AG	78,977	89,273
18,500	Yue Yuen Industrial (Holdings) Limited	56,545	59,290			181,380	200,371
		199,087	186,792	United Kingdom – 0.4%			
Italy – 0.1%				1,091	Intertek Group PLC	21,628	46,692
4,610	David Campari – Milano SpA	21,513	32,688	4,791	Serco Group PLC	41,832	41,022
Japan – 1.6%				1,499	Weir Group PLC, The	34,263	36,816
6,000	Asahi Glass Company, Limited	53,347	41,124			97,723	124,530
1,500	Bridgestone Corporation	33,998	35,036	TOTAL FOREIGN EQUITIES			
1,100	Hamamatsu Photonics KK	23,029	37,930			4,195,358	4,423,994
1,400	Honda Motor Co., Ltd.	48,065	49,661	TOTAL EQUITIES			
1,300	IBIDEN Co., Ltd.	45,066	23,907	BOND AND DEBENTURE INSTRUMENTS – 42.1%			
2,100	Komatsu Ltd.	39,183	51,253	Federal Bonds – 41.5%			
5,700	Kuraray Co., Ltd.	66,205	75,133		Government of Canada		
1,900	Nabtesco Corporation	41,373	43,017	3,600,000	2.50% due Sep. 1, 2013	3,674,846	3,661,990
1,800	Nikon Corporation	32,929	55,683	1,450,000	1.50% due Nov. 1, 2013	1,458,120	1,459,266
1,500	Seven & I Holdings Co., Ltd.	37,871	46,024	1,575,000	1.00% due Feb. 1, 2014	1,574,685	1,574,384
2,800	Stanley Electric Co., Ltd.	60,175	44,012	2,775,000	4.25% due Jun. 1, 2018	2,983,486	3,226,030
1,100	Terumo Corporation	58,855	46,018	900,000	2.75% due Jun. 1, 2022	959,760	982,382
4,000	Toray Industries Inc.	29,594	27,780	2,350,000	5.75% due Jun. 1, 2029	3,071,450	3,533,365
		569,690	576,578			13,722,347	14,437,417
Netherlands – 1.1%				Corporate Bonds – 0.6%			
1,181	Gemalto NV	45,933	86,474		Brilliant Power Funding Corporation*		
1,570	Heineken NV	69,169	83,497	62,635	5.67% due May 31, 2026	66,803	73,730
1,535	Imtech NV	42,697	37,290		Pearson International Fuel Facilities Corporation*		
9,088	ING Groep NV	94,713	62,428	71,792	5.09% due Mar. 9, 2032	71,673	76,950
605	Nutreco Holding NV	26,633	42,920		Royal Bank Scotland*		
2,017	Unilever NV	65,079	68,735	86,000	6.67% due Oct. 5, 2017	82,963	61,920
		344,224	381,344			221,439	212,600
Singapore – 0.1%				TOTAL BOND AND DEBENTURE INSTRUMENTS			
23,000	Olam International Limited	45,016	34,080			13,943,786	14,650,017
Spain – 0.3%				TOTAL INVESTMENT PORTFOLIO			
974	Industria de Diseno Textil SA	55,533	102,568			32,971,442	33,409,507
Sweden – 0.3%				OTHER ASSETS, LESS LIABILITIES – 4.0%			
1,748	Getinge AB Class B	42,794	44,099				1,375,414
1,808	Hexagon AB	21,988	31,741	NET ASSETS – 100.0%			
3,411	Telefonaktiebolaget LM Ericsson, Class B	35,029	31,687				34,784,921
		99,811	107,527				

* This security is not actively traded and considered illiquid.

Scotia Private Strategic Balanced Pool (Unaudited – Continued)
(formerly, Pinnacle Strategic Balanced Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	10.4	12.9
Materials	6.8	7.1
Industrials	2.9	3.1
Consumer Discretionary	2.9	2.6
Consumer Staples	1.5	1.3
Financials	13.0	13.3
Information Technology	2.3	1.8
Telecommunication Services	1.4	1.5
United States Equities	5.6	5.9
France Equities	1.1	1.3
Germany Equities	1.0	1.1
Hong Kong Equities	0.5	0.7
Italy Equities	0.1	0.1
Japan Equities	1.6	2.0
Netherlands Equities	1.1	1.2
Singapore Equities	0.1	0.1
Spain Equities	0.3	0.3
Sweden Equities	0.3	0.3
Switzerland Equities	0.6	0.6
United Kingdom Equities	0.4	0.3
Bond and Debenture Instruments	42.1	41.7
Currency Spot Contracts	—	0.0

Scotia Private Strategic Balanced Pool (Unaudited – Continued) (formerly, Pinnacle Strategic Balanced Fund)

28

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest rate risk (note 3)

The table below summarizes the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio of bond and debenture instruments.

Interest Rate Exposure*	June 30, 2012	December 31, 2011
Less than 1 year	\$ –	\$ –
1-3 years	6,695,640	9,486,566
3-5 years	–	–
5-10 years	4,270,332	3,701,312
> 10 years	3,684,045	3,914,139
Total	\$14,650,017	\$17,102,017

* Excludes cash, money market instruments and preferred shares as applicable.

As at June 30, 2012, had the prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, Net Assets would have decreased or increased by approximately \$188,803, or 0.5% of total Net Assets (December 31, 2011 – \$208,796, or 0.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	1,967,000	5.7	2,405,245	5.9
European Euro	1,268,902	3.6	1,622,340	4.0
Japanese Yen	579,647	1.7	843,829	2.1
Swiss Franc	200,371	0.6	263,359	0.6
Hong Kong Dollar	187,399	0.5	251,836	0.6
British Pound	124,931	0.4	129,573	0.3
Swedish Krona	107,527	0.3	140,570	0.3
Singapore Dollar	34,080	0.1	43,326	0.1
Total	4,469,857	12.9	5,700,078	13.9

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$446,986, or approximately 1.3% of total Net Assets (December 31, 2011 – \$570,008, or approximately 1.4% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 53.9% (December 31, 2011 – 57.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,875,949 (December 31, 2011 – \$2,357,866). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Credit risk (note 3)

The table below summarizes the credit ratings of the bond and debenture instruments, excluding cash and money market instruments but including preferred shares, held by the Fund.

	June 30, 2012		December 31, 2011	
	Percentage of Bond and Debenture Instruments (%)	Percentage of Net Assets (%)	Percentage of Bond and Debenture Instruments (%)	Percentage of Net Assets (%)
A– to AAA+	99.6	41.9	99.7	41.6
B– to BBB+	0.4	0.2	0.3	0.1
Total	100.0	42.1	100.0	41.7

Liquidity risk (note 3)

The table below summarizes a maturity analysis cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$35,544	\$199,730
Payable for currency spot contracts	–	21
	\$35,544	\$199,751

Scotia Private Strategic Balanced Pool (Unaudited – Continued)
(formerly, Pinnacle Strategic Balanced Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$16,265,521	\$ 2,493,965	\$ –	\$18,759,486
Warrants	–	4	–	4
Bond and Debenture Instruments	–	14,650,017	–	14,650,017
	\$16,265,521	\$17,143,986	\$ –	\$33,409,507

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$20,333,441	\$ 3,245,094	\$ –	\$23,578,535
Warrants	–	95	–	95
Bond and Debenture Instruments	–	17,102,017	–	17,102,017
Currency Spot Contracts – Assets	47	–	–	47
	20,333,488	20,347,206	–	40,680,694
Currency Spot Contracts – Liabilities	(21)	–	–	(21)
	\$20,333,467	\$20,347,206	\$ –	\$40,680,673

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Value Pool

(formerly, Pinnacle Canadian Value Equity Fund) (Unaudited)

30

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$91,929,944	\$94,716,256
Cash	45,528	30,732
Accrued investment income	331,310	275,879
Receivable for securities sold	—	533,743
Subscriptions receivable	67,767	39,363
	<u>92,374,549</u>	<u>95,595,973</u>
LIABILITIES		
Payable for securities purchased	70,538	—
Redemptions payable	99,071	51,729
Accrued expenses	15,900	603
	<u>185,509</u>	<u>52,332</u>
Net Assets	<u>\$92,189,040</u>	<u>\$95,543,641</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$82,287,176	\$85,322,040
Series F Units	\$ 409,526	\$ 290,711
Series I Units	\$ 9,492,338	\$ 9,930,890
UNITS OUTSTANDING		
Pinnacle Series Units	4,836,943	5,031,949
Series F Units	24,301	17,222
Series I Units	545,535	573,012
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 17.01	\$ 16.96
Series F Units	\$ 16.85	\$ 16.88
Series I Units	\$ 17.40	\$ 17.33

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,334,770	\$ 1,195,796
Interest	3,569	3,619
Securities lending	2,336	1,343
Foreign withholding taxes/tax reclaims	(718)	(202)
	<u>1,339,957</u>	<u>1,200,556</u>
EXPENSES		
Management fees (note 5)	1,909	1,562
Harmonized Sales Tax/Goods and Services Tax	8,368	11,508
Audit fees	2,237	9,203
Independent Review Committee fees	1,178	1,339
Custodian fees	2,394	4,100
Filing fees	8,175	8,751
Legal fees	1,603	1,891
Unitholder reporting costs	10,766	11,331
Unitholder administration and service fees	68,982	74,103
Overdraft charges	—	220
	<u>105,612</u>	<u>124,008</u>
Absorbed expenses	(1,563)	(582)
	<u>104,049</u>	<u>123,426</u>
Net investment income (loss)	<u>1,235,908</u>	<u>1,077,130</u>
Net realized gain (loss) on investments sold	<u>2,085,658</u>	<u>6,026,331</u>
Net gain (loss) foreign exchange	<u>(41)</u>	<u>27</u>
Transaction costs	<u>(35,066)</u>	<u>(30,162)</u>
Change in unrealized appreciation (depreciation) of investments	<u>(2,788,309)</u>	<u>(7,587,943)</u>
Net gain (loss) on investments and transaction costs	<u>(737,758)</u>	<u>(1,591,747)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 498,150</u>	<u>\$ (514,617)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle A Units	\$ 411,424	\$ (495,292)
Series F Units	\$ (6,607)	\$ (2,970)
Series I Units	\$ 93,333	\$ (16,355)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle A Units	\$ 0.08	\$ (0.10)
Series F Units	\$ (0.30)	\$ (0.19)
Series I Units	\$ 0.17	\$ (0.03)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$85,322,040	\$ 98,867,186
Series F Units	290,711	327,269
Series I Units	9,930,890	11,512,973
	<u>95,543,641</u>	<u>110,707,428</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	411,424	(495,292)
Series F Units	(6,607)	(2,970)
Series I Units	93,333	(16,355)
	<u>498,150</u>	<u>(514,617)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	5,249,200	6,855,550
Series F Units	141,354	20,011
Series I Units	486,054	1,383,258
Payments on redemption		
Pinnacle Series Units	(8,695,488)	(10,561,173)
Series F Units	(15,932)	(97,452)
Series I Units	(1,017,939)	(1,541,552)
	<u>(3,852,751)</u>	<u>(3,941,358)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(3,034,864)	(4,200,915)
Series F Units	118,815	(80,411)
Series I Units	(438,552)	(174,649)
	<u>(3,354,601)</u>	<u>(4,455,975)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	82,287,176	94,666,271
Series F Units	409,526	246,858
Series I Units	9,492,338	11,338,324
	<u>\$92,189,040</u>	<u>\$106,251,453</u>

Scotia Private Canadian Value Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Value Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.2%			
Energy – 22.4%			
147,100	Canadian Natural Resources Ltd.	3,275,980	4,014,359
27,600	Canyon Services Group Inc	336,055	271,584
90,500	Cenovus Energy Inc.	2,274,602	2,928,580
116,600	Nexen Inc.	2,366,568	2,004,354
59,400	Penn West Petroleum Ltd.	1,045,862	810,216
88,700	Precision Drilling Corporation	660,414	612,030
212,064	Suncor Energy, Inc.	4,977,207	6,243,164
288,300	Talisman Energy Inc.	3,278,291	3,358,695
40,270	Trican Well Service Ltd.	555,922	472,367
		18,770,901	20,715,349
Materials – 22.9%			
51,200	Agrium Inc.	2,817,583	4,609,024
169,900	Barrick Gold Corporation	7,437,205	6,503,772
123,700	Capstone Mining Corp.	330,543	272,140
92,790	Cascades Inc.	370,802	385,079
4,900	Domtar Corporation	344,246	380,975
112,100	Lundin Mining Corporation	555,157	473,062
101,100	Potash Corporation of Saskatchewan Inc.	3,960,766	4,489,851
420,700	Sherritt International Corporation	1,457,853	2,061,430
60,100	Teck Resources Ltd., Class B	2,650,344	1,893,150
		19,924,499	21,068,483
Industrials – 3.8%			
40,300	Canadian National Railway Company	1,771,313	3,458,546
Consumer Discretionary – 7.6%			
14,000	Canadian Tire Corporation, Limited, Class A	660,544	962,500
82,100	Gildan Activewear Inc.	1,710,681	2,297,979
63,400	Magna International Inc.	2,927,861	2,542,974
77,700	RONA inc.	942,003	832,944
12,500	Thomson Reuters Corporation	441,038	361,500
		6,682,127	6,997,897
Consumer Staples – 1.4%			
109,600	Maple Leaf Foods Inc.	1,174,276	1,276,840
Financials – 32.3%			
135,900	Bank of Nova Scotia, The	4,807,334	7,157,853
83,700	Canadian Imperial Bank of Commerce	5,017,233	5,992,920
16,400	Genworth MI Canada Inc.	393,812	302,416
124,480	Manulife Financial Corporation	2,669,362	1,377,994
137,200	Royal Bank of Canada	5,761,970	7,145,376
98,400	Toronto-Dominion Bank, The	4,698,860	7,832,639
		23,348,571	29,809,198
Information Technology – 0.8%			
69,200	Celestica Inc.	550,303	510,696
31,700	Research In Motion Limited	1,746,569	238,067
		2,296,872	748,763
Telecommunication Services – 7.0%			
14,600	BCE Inc.	423,687	612,470
67,900	Rogers Communications, Inc., Class B	2,106,661	2,504,152
55,500	TELUS Corporation Non-Voting, Class A	1,869,613	3,303,360
		4,399,961	6,419,982
Index Units – 1.0%			
56,300	iShares S&P/TSX 60 Index Fund	981,187	935,143
	TOTAL EQUITIES	79,349,707	91,430,201

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 0.5%			
500,000	Government of Canada Treasury Bills		
	0.86% to 0.88% due from		
	Jul. 5, 2012 to Aug. 2, 2012	499,678	499,743
	TOTAL INVESTMENT PORTFOLIO	79,849,385	91,929,944
	OTHER ASSETS, LESS LIABILITIES - 0.3%		259,096
	NET ASSETS - 100.0%		92,189,040

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	22.4	21.9
Materials	22.9	23.1
Industrials	3.8	5.3
Consumer Discretionary	7.6	6.2
Consumer Staples	1.4	1.5
Financials	32.3	29.8
Information Technology	0.8	1.0
Telecommunication Services	7.0	8.3
Index Units	1.0	1.2
Money Market Instruments	0.5	0.8

Scotia Private Canadian Value Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Value Equity Fund)

32

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	–	–	5,837	0.0

There is no foreign currency holding as at June 30, 2012. As of December 31, 2011, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$584 or approximately 0.0% of total Net Assets. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.2% (December 31, 2011 – 98.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$9,143,020 (December 31, 2011 – \$9,391,670). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$185,509	\$52,332

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$91,430,201	\$ –	\$ –	\$91,430,201
Money Market Instruments	–	499,743	–	499,743
	\$91,430,201	\$499,743	\$ –	\$91,929,944

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$93,916,699	\$ –	\$ –	\$93,916,699
Money Market Instruments	–	799,557	–	799,557
	\$93,916,699	\$799,557	\$ –	\$94,716,256

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Mid Cap Pool
(formerly, Pinnacle Canadian Mid Cap Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$39,290,019	\$41,281,700
Cash	—	23,336
Accrued investment income	70,933	71,478
Receivable for securities sold	—	375,742
Subscriptions receivable	29,691	13,148
	<u>39,390,643</u>	<u>41,765,404</u>
LIABILITIES		
Bank indebtedness	12,484	—
Payable for securities purchased	7,170	469,094
Redemptions payable	45,894	18,126
Accrued expenses	10,560	292
	<u>76,108</u>	<u>487,512</u>
Net Assets	<u>\$39,314,535</u>	<u>\$41,277,892</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$34,811,605	\$36,688,862
Series F Units	\$ 72,543	\$ 36,349
Series I Units	\$ 4,430,387	\$ 4,552,681
UNITS OUTSTANDING		
Pinnacle Series Units	2,465,174	2,637,662
Series F Units	5,199	2,634
Series I Units	308,230	321,976
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 14.12	\$ 13.91
Series F Units	\$ 13.95	\$ 13.80
Series I Units	\$ 14.37	\$ 14.14

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 351,254	\$ 328,297
Interest	27,218	11,897
Capital gains distributions received	1,042	—
Securities lending	11,704	9,113
Other income	—	384
	<u>391,218</u>	<u>349,691</u>
EXPENSES		
Management fees (note 5)	321	113
Harmonized Sales Tax/Goods and Services Tax	5,729	6,925
Audit fees	1,770	8,083
Independent Review Committee fees	979	1,348
Custodian fees	2,281	3,939
Filing fees	8,175	8,705
Legal fees	867	1,904
Unitholder reporting costs	10,001	10,661
Unitholder administration and service fees	43,660	45,799
Overdraft charges	361	—
	<u>74,144</u>	<u>87,477</u>
Absorbed expenses	<u>(2,925)</u>	<u>(2,366)</u>
	<u>71,219</u>	<u>85,111</u>
Net investment income (loss)	<u>319,999</u>	<u>264,580</u>
Net realized gain (loss) on investments sold	<u>1,139,223</u>	<u>3,250,316</u>
Net gain (loss) foreign exchange	(24)	157
Transaction costs	(55,506)	(60,540)
Change in unrealized appreciation (depreciation) of investments	(680,238)	(4,630,705)
Net gain (loss) on investments and transaction costs	<u>403,455</u>	<u>(1,440,772)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 723,454</u>	<u>\$(1,176,192)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 632,579	\$(1,066,165)
Series F Units	\$ (876)	\$ (321)
Series I Units	\$ 91,751	\$ (109,706)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.25	\$ (0.43)
Series F Units	\$ (0.19)	\$ (0.23)
Series I Units	\$ 0.29	\$ (0.35)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$36,688,862	\$41,870,112
Series F Units	36,349	23,482
Series I Units	4,552,681	5,494,634
	<u>41,277,892</u>	<u>47,388,228</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	632,579	(1,066,165)
Series F Units	(876)	(321)
Series I Units	91,751	(109,706)
	<u>723,454</u>	<u>(1,176,192)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	2,186,829	5,326,816
Series F Units	37,770	14,781
Series I Units	49,997	399,980
Payments on redemption		
Pinnacle Series Units	(4,696,665)	(5,687,893)
Series F Units	(700)	(8,962)
Series I Units	(264,042)	(488,872)
	<u>(2,686,811)</u>	<u>(444,150)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(1,877,257)	(1,427,242)
Series F Units	36,194	5,498
Series I Units	(122,294)	(198,598)
	<u>(1,963,357)</u>	<u>(1,620,342)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	34,811,605	40,442,870
Series F Units	72,543	28,980
Series I Units	4,430,387	5,296,036
	<u>\$39,314,535</u>	<u>\$45,767,886</u>

Scotia Private Canadian Mid Cap Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Mid Cap Equity Fund)

34

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.7%				EQUITIES (cont'd)			
Energy – 22.1%				Financials (cont'd)			
37,900	Athabasca Oil Sands Corporation	386,580	423,722	44,800	Power Financial Corporation	1,149,656	1,135,680
180,300	BlackPearl Resources Inc.	763,807	540,900	32,550	TMX Group Inc.	1,250,347	1,508,693
38,621	Crescent Point Energy Corp.	1,743,342	1,464,507			9,518,614	10,317,136
27,600	Gibson Energy Inc.	581,459	568,008				
16,300	MEG Engery Corporation	626,288	591,364	Information Technology – 6.6%			
29,600	Peyto Exploration & Development Corporation	581,952	568,320	50,098	CGI Group Inc., Class A	815,526	1,224,896
259,560	Raging River Exploration Inc.	598,984	462,017	23,280	Open Text Corporation	1,079,447	1,179,830
72,100	Secure Energy Services Inc.	496,387	550,123	152,900	Sandvine Corporation	201,914	197,241
19,659	ShawCor Ltd. Class A	532,920	724,434			2,096,887	2,601,967
110,000	Spartan Oil Corp.	381,135	380,600				
79,300	Surge Energy, Inc.	586,202	583,648	Telecommunication Services – 1.9%			
23,500	Tourmaline Oil Corp.	673,226	630,505	332,100	Peer 1 Network Enterprises, Inc.	689,415	733,941
152,100	Uranium One, Inc.	318,097	390,897				
120,027	Whitecap Resources, Inc.	1,058,721	806,581	Utilities – 4.9%			
		9,329,100	8,685,626	35,000	Brookfield Infrastructure Partners LP	858,157	1,195,250
				25,600	Brookfield Renew Energy Partners LP	681,262	724,736
						1,539,419	1,919,986
Materials – 15.5%				TOTAL EQUITIES			
50,445	Alamos Gold Inc.	734,658	800,058			37,975,397	39,190,174
78,733	AuRico Gold Inc.	753,035	639,312	MONEY MARKET INSTRUMENTS – 0.2%			
244,300	B2Gold Corporation	904,981	745,115	100,000	Canadian Imperial Bank of Commerce Bankers' Acceptances		
26,600	Canfor Corporation	300,580	322,126		1.11% due Aug. 20, 2012	99,800	99,845
321,500	Capstone Mining Corp.	845,107	707,300			38,075,197	39,290,019
115,300	Champion Minerals Inc.	230,600	106,076				
24,200	Ivanhoe Mines Ltd.	372,678	240,790	TOTAL INVESTMENT PORTFOLIO			
9,125	Labrador Iron Ore Royalty Income Fund	336,265	294,738				
67,600	Lundin Mining Corporation	243,899	285,272		OTHER ASSETS, LESS LIABILITIES - 0.1%		24,516
33,400	Major Drilling Group International Inc.	410,023	393,118		NET ASSETS - 100.0%		39,314,535
75,800	New Gold Inc.	832,137	732,228				
41,200	Osisko Mining Corporation	549,226	286,752				
30,600	Pan American Silver Corporation	767,503	524,790				
		7,280,692	6,077,675				
Industrials – 8.0%				SUMMARY OF INVESTMENT PORTFOLIO			
61,500	Aecon Group Inc.	711,837	722,625				
58,600	ATS Automation Tooling Systems Inc.	470,426	546,152				
60,276	CAE, Inc.	675,184	593,719				
29,825	Finning International Inc.	701,018	703,870				
12,200	Wajax Corporation	383,777	586,210				
		2,942,242	3,152,576				
Consumer Discretionary – 10.9%							
17,493	Cogeco Cable Inc.	710,120	810,276				
19,000	Gildan Activewear Inc.	411,735	531,810				
26,900	IMAX Corporation	538,521	640,758				
63,000	Linamar Corporation	914,402	1,242,360				
28,500	Quebecor Inc., Class B	942,780	1,045,095				
		3,517,558	4,270,299				
Consumer Staples – 3.6%							
32,200	Alimentation Couche-Tard Inc., Class B	1,061,470	1,430,968				
Financials – 26.2%							
67,600	Brookfield Properties Corporation, Inc.	986,949	1,197,872				
14,800	Calloway Real Estate Investment Trust	407,451	413,660				
11,500	Canadian Real Estate Investment Trust	408,612	466,440				
52,808	Canadian Western Bank	1,407,641	1,392,019				
81,200	Chartwell Seniors Housing Real Estate Investment Trust	585,870	784,392				
18,400	Cominar Real Estate Investment Trust	405,555	440,312				
31,300	Great-West Lifeco Inc.	751,893	689,852				
39,300	Guardian Capital Group Ltd., Class A	380,795	367,848				
30,400	Intact Financial Corporation	1,783,845	1,920,368				

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private Canadian Mid Cap Pool (Unaudited – Continued)
(formerly, Pinnacle Canadian Mid Cap Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$3,919,017 (December 31, 2011 – \$4,093,255). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$76,108	\$487,512

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$39,190,174	\$ –	\$ –	\$39,190,174
Money Market Instruments	–	99,845	–	99,845
	\$39,190,174	\$99,845	\$ –	\$39,290,019

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$40,932,550	\$ –	\$ –	\$40,932,550
Money Market Instruments	–	349,150	–	349,150
	\$40,932,550	\$349,150	\$ –	\$41,281,700

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Growth Pool (formerly, Pinnacle Canadian Growth Equity Fund) (Unaudited)

36

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$163,640,585	\$102,901,187
Cash	50,731	65,364
Accrued investment income	305,776	156,836
Receivable for securities sold	1,203,624	—
Subscriptions receivable	177,754	66,553
	<u>165,378,470</u>	<u>103,189,940</u>
LIABILITIES		
Payable for securities purchased	3,427,724	—
Redemptions payable	106,551	41,862
Accrued expenses	18,039	74
	<u>3,552,314</u>	<u>41,936</u>
Net Assets	<u>\$161,826,156</u>	<u>\$103,148,004</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 89,568,160	\$ 92,139,412
Series F Units	\$ 531,260	\$ 465,090
Series I Units	\$ 71,726,736	\$ 10,543,502
UNITS OUTSTANDING		
Pinnacle Series Units	8,278,539	8,327,969
Series F Units	48,757	41,534
Series I Units	6,529,351	939,228
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 10.82	\$ 11.06
Series F Units	\$ 10.90	\$ 11.20
Series I Units	\$ 10.99	\$ 11.23

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,584,103	\$ 925,079
Interest	24,958	12,795
Securities lending	3,368	1,957
Other income	—	66
	<u>1,612,429</u>	<u>939,897</u>
EXPENSES		
Management fees (note 5)	2,545	2,039
Harmonized Sales Tax/Goods and Services Tax	8,637	12,042
Audit fees	2,518	9,015
Independent Review Committee fees	1,438	1,310
Custodian fees	4,399	13,091
Filing fees	8,175	8,589
Legal fees	2,308	1,850
Unitholder reporting costs	10,931	11,010
Unitholder administration and service fees	74,773	71,216
Overdraft charges	—	656
	<u>115,724</u>	<u>130,818</u>
Absorbed expenses	<u>(1,511)</u>	<u>(476)</u>
	<u>114,213</u>	<u>130,342</u>
Net investment income (loss)	<u>1,498,216</u>	<u>809,555</u>
Net realized gain (loss) on investments sold	(5,446,338)	4,650,949
Net gain (loss) foreign exchange	(136)	(406)
Transaction costs	(143,722)	(126,509)
Change in unrealized appreciation (depreciation) of investments	(2,475,076)	(3,705,341)
Net gain (loss) on investments and transaction costs	<u>(8,065,272)</u>	<u>818,693</u>
Increase (decrease) in Net Assets from operations	<u>\$(6,567,056)</u>	<u>\$ 1,628,248</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$(1,965,158)	\$ 1,436,014
Series F Units	\$ (16,878)	\$ 1,198
Series I Units	\$(4,585,020)	\$ 191,036
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ (0.24)	\$ 0.17
Series F Units	\$ (0.37)	\$ 0.04
Series I Units	\$ (0.95)	\$ 0.21

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 92,139,412	\$108,890,686
Series F Units	465,090	398,578
Series I Units	10,543,502	12,068,559
	<u>103,148,004</u>	<u>121,357,823</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	(1,965,158)	1,436,014
Series F Units	(16,878)	1,198
Series I Units	(4,585,020)	191,036
	<u>(6,567,056)</u>	<u>1,628,248</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	8,431,925	6,694,288
Series F Units	105,854	65,943
Series I Units	66,841,263	917,358
Payments on redemption		
Pinnacle Series Units	(9,038,019)	(12,214,263)
Series F Units	(22,806)	(93,800)
Series I Units	(1,073,009)	(1,172,823)
	<u>65,245,208</u>	<u>(5,803,297)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(2,571,252)	(4,083,961)
Series F Units	66,170	(26,659)
Series I Units	61,183,234	(64,429)
	<u>58,678,152</u>	<u>(4,175,049)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	89,568,160	104,806,725
Series F Units	531,260	371,919
Series I Units	71,726,736	12,004,130
	<u>\$161,826,156</u>	<u>\$117,182,774</u>

Scotia Private Canadian Growth Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Growth Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 97.6%			
Energy – 18.5%			
72,374	Baytex Energy Corporation	3,563,293	3,101,226
172,540	Canadian Natural Resources Ltd.	6,213,059	4,708,617
119,350	Cenovus Energy Inc.	4,078,270	3,862,166
107,950	Crescent Point Energy Corp.	4,457,941	4,093,464
81,100	Imperial Oil Ltd.	3,535,613	3,451,616
68,230	MEG Energy Corporation	2,752,908	2,475,384
229,480	Suncor Energy, Inc.	8,366,815	6,755,891
55,820	Tourmaline Oil Corp.	1,500,600	1,497,651
		<u>34,468,499</u>	<u>29,946,015</u>
Materials – 12.7%			
100,563	Canfor Corporation	1,069,017	1,217,818
156,470	Eldorado Gold Corporation	2,182,469	1,959,004
46,520	Franco-Nevada Corporation	2,122,917	2,135,268
61,460	Goldcorp, Inc.	2,762,786	2,352,074
72,270	Methanex Corporation	2,406,137	2,041,628
161,320	Potash Corporation of Saskatchewan Inc.	7,651,116	7,164,221
436,790	SEMAFO Inc.	3,683,423	2,039,809
58,450	Silver Wheaton Corporation	2,154,583	1,596,270
		<u>24,032,448</u>	<u>20,506,092</u>
Industrials – 12.5%			
490,640	Bombardier Inc., Class B	2,815,488	1,967,466
99,420	Canadian National Railway Company	6,635,510	8,532,224
138,770	Finnish International Inc.	3,671,144	3,274,972
124,330	SNC-Lavalin Group Inc.	5,496,303	4,729,513
110,230	WestJet Airlines Ltd.	1,633,562	1,762,578
		<u>20,252,007</u>	<u>20,266,753</u>
Consumer Discretionary – 9.0%			
164,632	Aimia Inc.	2,171,124	2,227,471
96,660	Dollarama Inc.	3,411,463	5,910,759
59,080	Magna International Inc.	2,254,475	2,369,699
74,710	Tim Hortons, Inc.	3,997,717	4,004,456
		<u>11,834,779</u>	<u>14,512,385</u>
Consumer Staples – 7.2%			
118,410	Alimentation Couche-Tard Inc., Class B	3,691,298	5,262,140
76,210	Saputo Inc.	3,299,126	3,220,635
78,840	Shoppers Drug Mart Corporation	3,416,848	3,229,286
		<u>10,407,272</u>	<u>11,712,061</u>
Health Care – 2.5%			
87,870	Valeant Pharmaceuticals International, Inc.	3,408,622	4,005,115
Financials – 27.0%			
192,930	Bank of Nova Scotia, The	9,229,764	10,161,622
121,230	Brookfield Asset Management Inc., Class A	3,556,825	4,084,239
54,130	Home Capital Group Inc.	2,560,523	2,444,511
83,450	Intact Financial Corporation	4,318,507	5,271,537
36,090	National Bank of Canada	2,547,252	2,620,134
150,640	Royal Bank of Canada	8,305,127	7,845,331
141,520	Toronto-Dominion Bank, The	9,781,157	11,264,992
		<u>40,299,155</u>	<u>43,692,366</u>
Information Technology – 6.2%			
202,770	CGI Group Inc., Class A	4,239,771	4,957,727
23,400	Constellation Software Inc.	2,050,898	2,151,630
57,510	Open Text Corporation	3,472,199	2,914,607
		<u>9,762,868</u>	<u>10,023,964</u>
Telecommunication Services – 2.0%			
88,520	Rogers Communications, Inc., Class B	3,263,134	3,264,618
	TOTAL EQUITIES	<u>157,728,784</u>	<u>157,929,369</u>

Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
MONEY MARKET INSTRUMENTS – 3.5%			
4,700,000	Government of Canada Treasury Bills 0.93% to 1.02% due from Jul. 19, 2012 to Sep. 13, 2012	4,683,573	4,691,302
1,020,000	Prime Trust Commercial Paper 1.02% due Jul. 3, 2012	1,019,886	1,019,914
		<u>5,703,459</u>	<u>5,711,216</u>
	TOTAL INVESTMENT PORTFOLIO	<u>163,432,243</u>	<u>163,640,585</u>
	OTHER ASSETS, LESS LIABILITIES – (1.1%)		<u>(1,814,429)</u>
	NET ASSETS – 100.0%		<u>161,826,156</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	18.5	27.8
Materials	12.7	23.5
Industrials	12.5	8.6
Consumer Discretionary	9.0	4.8
Consumer Staples	7.2	1.4
Health Care	2.5	2.5
Financials	27.0	22.1
Information Technology	6.2	2.7
Telecommunication Services	2.0	2.1
Money Market Instruments	3.5	4.3

Scotia Private Canadian Growth Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Growth Equity Fund)

38

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	42,614	0.0	42,644	0.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$ 4,261 or approximately 0.0% of total Net Assets, (December 31, 2011 – \$4,264 or approximately 0.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 97.6% (December 31, 2011 – 95.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$15,792,937 (December 31, 2011 – \$9,848,530). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$3,552,314	\$41,936

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$157,929,369	\$ –	\$ –	\$157,929,369
Money Market Instruments	–	5,711,216	–	5,711,216
	\$157,929,369	\$5,711,216	\$ –	\$163,640,585

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$98,485,296	\$ –	\$ –	\$ 98,485,296
Money Market Instruments	–	4,415,891	–	4,415,891
	\$98,485,296	\$4,415,891	\$ –	\$102,901,187

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Canadian Small Cap Pool (formerly, Pinnacle Canadian Small Cap Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at June 30, 2012

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$194,400,419	\$176,777,598
Cash	130,126	7,300,653
Accrued investment income	615,197	402,537
Receivable for securities sold	850,091	30,418
Subscriptions receivable	1,479,507	43
	<u>197,475,340</u>	<u>184,511,249</u>
LIABILITIES		
Payable for securities purchased	511,020	—
Redemptions payable	19,009	39,080
Accrued expenses	16,440	1,416
Payable for currency spot contracts	36	—
	<u>546,505</u>	<u>40,496</u>
Net Assets	<u>\$196,928,835</u>	<u>\$184,470,753</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 44,243,023	\$ 48,063,904
Series F Units	\$ 350,183	\$ 295,205
Series I Units	\$152,335,629	\$136,111,644
UNITS OUTSTANDING		
Pinnacle Series Units	2,006,284	2,246,396
Series F Units	15,468	13,382
Series I Units	6,675,584	6,155,490
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 22.05	\$ 21.40
Series F Units	\$ 22.64	\$ 22.06
Series I Units	\$ 22.82	\$ 22.11

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 2,517,020	\$2,172,959
Interest	32,116	164,627
Capital gains distributions received	1,281	16
Securities lending	67,900	11,142
Other Income	—	455
	<u>2,618,317</u>	<u>2,349,199</u>
EXPENSES		
Management fees (note 5)	1,695	2,896
Harmonized Sales Tax/Goods and Services Tax	9,334	9,811
Audit fees	2,954	7,992
Independent Review Committee fees	1,559	1,185
Custodian fees	16,521	6,792
Filing fees	8,175	8,462
Legal fees	2,813	1,666
Unitholder reporting costs	10,595	9,845
Unitholder administration and service fees	74,218	63,834
Overdraft charges	20	72
	<u>127,884</u>	<u>112,555</u>
Absorbed expenses	(1,578)	(699)
	<u>126,306</u>	<u>111,856</u>
Net investment income (loss)	<u>2,492,011</u>	<u>2,237,343</u>
Net realized gain (loss) on investments sold	6,118,658	3,390,130
Net gain (loss) foreign exchange	(1,665)	5,156
Transaction costs	(77,832)	(96,132)
Change in unrealized appreciation (depreciation) of investments	(2,506,415)	106,812
Change in unrealized appreciation (depreciation) of currency spots	(36)	—
Net gain (loss) on investments and transaction costs	<u>3,532,710</u>	<u>3,405,966</u>
Increase (decrease) in Net Assets from operations	<u>\$ 6,024,721</u>	<u>\$5,643,309</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 1,585,296	\$2,512,585
Series F Units	\$ 6,671	\$ 15,432
Series I Units	\$ 4,432,754	\$3,115,292
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.76	\$ 0.98
Series F Units	\$ 0.45	\$ 0.62
Series I Units	\$ 0.72	\$ 0.68

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 48,063,904	\$ 57,795,760
Series F Units	295,205	527,296
Series I Units	136,111,644	88,593,040
	<u>184,470,753</u>	<u>146,916,096</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	1,585,296	2,512,585
Series F Units	6,671	15,432
Series I Units	4,432,754	3,115,292
	<u>6,024,721</u>	<u>5,643,309</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,629,160	4,156,995
Series F Units	52,905	93,057
Series I Units	34,540,657	36,451,777
Payments on redemption		
Pinnacle Series Units	(7,035,337)	(8,038,764)
Series F Units	(4,598)	(28,211)
Series I Units	(22,749,426)	(478,778)
	<u>6,433,361</u>	<u>32,156,076</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(3,820,881)	(1,369,184)
Series F Units	54,978	80,278
Series I Units	16,223,985	39,088,291
	<u>12,458,082</u>	<u>37,799,385</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	44,243,023	56,426,576
Series F Units	350,183	607,574
Series I Units	152,335,629	127,681,331
	<u>\$196,928,835</u>	<u>\$184,715,481</u>

Scotia Private Canadian Small Cap Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Small Cap Equity Fund)

40

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares/ Face Value (\$)	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 93.6%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 93.3%				CANADIAN EQUITIES (cont'd)			
Energy – 17.1%				Health Care – 6.8%			
265,420	AltaGas Ltd.	5,624,530	7,673,292	107,654	Amica Mature Lifestyles Inc.	849,776	974,269
881,729	Canadian Energy Services & Technology Corporation	5,412,969	8,508,685	1,278,637	Centric Health Corp.	1,706,983	933,405
2,227,100	Delphi Energy Corp.	5,076,621	2,850,688	242,086	Paladin Labs, Inc.	5,759,829	11,578,973
358,610	Gasfrac Energy Services, Inc.	2,764,297	1,093,761			8,316,588	13,486,647
144,448	Paramount Resources Ltd.	4,735,332	3,530,309	Financials – 22.0%			
3,062,049	Sandstorm Metals & Energy Ltd.	1,365,416	826,753	92,200	Allied Properties Real Estate Investment Trust	1,639,652	2,672,878
111,614	Secure Energy Services Inc.	864,310	851,615	236,356	Altus Group Ltd.	3,299,838	1,767,943
94,258	ShawCor Ltd. Class A	2,257,045	3,473,407	237,894	Canadian Western Bank	4,520,203	6,270,886
220,547	Strad Energy Services Ltd.	1,125,861	961,585	55,135	EGI Financial Holdings, Inc.	580,932	510,550
28,100	Total Energy Services Inc.	399,297	404,359	453,847	Element Financial Corp.	1,879,754	2,419,005
229,319	Zargon Oil & Gas Ltd	2,786,494	1,979,023	220,034	Equitable Group Inc.	5,545,454	5,652,673
396,366	ZCL Composites Inc.	2,054,588	1,466,554	132,744	Equity Financial Holdings, Inc.	857,857	1,188,059
		34,466,760	33,620,031	224,868	First National Financial Corporation	3,166,953	3,469,713
Materials – 9.4%				220,170	FirstService Corporation	5,111,462	6,270,442
198,816	Fortress Paper Limited	7,209,754	3,586,641	225,518	Home Capital Group Inc.	8,085,660	10,184,393
43,828	Opta Minerals Inc.*	168,443	103,434	283,970	InterRent Real Estate Investment Trust	915,725	1,195,514
161,733	Stella-Jones Inc.	5,193,947	8,617,134	59,500	Mainstreet Equity Corporation	1,049,526	1,624,945
400,210	Winpak Ltd.	4,074,759	6,307,310			36,653,016	43,227,001
		16,646,903	18,614,519	Information Technology – 9.7%			
Industrials – 20.4%				177,540	COM DEV International Ltd.	477,904	470,481
339,756	Bird Construction, Inc.	3,497,059	4,807,547	123,675	Constellation Software Inc.	4,576,314	11,371,916
86,812	C2C Industrial Properties Inc. – Restricted*	368,954	455,763	760,316	Critical Control Solutions Corp.	477,786	174,873
413,783	Contrans Group, Inc., Class A	3,875,489	3,521,293	740,579	Descartes Systems Group Inc., The	3,890,325	6,406,008
12,228	Data Group Inc.	92,055	51,113	235,031	Sylogist Ltd.	518,773	458,310
136,217	DirectCash Payments Inc.	2,331,778	3,258,311	651,360	TIO Networks Corporation	346,398	286,598
87,629	Genivar, Inc.	1,944,042	1,954,127			10,287,500	19,168,186
242,090	Morneau Shepell, Inc.	2,474,917	2,784,035	Utilities – 0.2%			
841,930	New Flyer Industries Inc.	8,032,934	5,413,610	173,603	Maxim Power Corp.	476,161	329,846
218,608	Newalta Corp.	3,077,084	2,841,904		TOTAL CANADIAN EQUITIES	160,594,344	183,799,961
42,372	Omni-Lite Industries Canada Inc.	93,576	50,423	UNITED STATES – 0.3%			
168,887	Richelieu Hardware Ltd.	3,814,530	5,532,738	Materials – 0.3%			
18,761	Russel Metals Inc.	409,563	469,025	23,266	Molycorp, Inc.	478,322	510,221
313,558	Stantec Inc.	7,416,232	9,071,233		TOTAL EQUITIES	161,072,666	184,310,182
		37,428,213	40,211,122	MONEY MARKET INSTRUMENTS – 5.1%			
Consumer Discretionary – 4.9%				10,102,000	Government of Canada Treasury Bills		
50,000	AlarmForce Industries Inc.	517,494	457,500		0.85% to 1.05% due from		
101,611	Automodular Corporation	193,471	170,706		Jul. 5, 2012 to Sep. 27, 2012	10,083,534	10,090,237
7,500	McGraw-Hill Ryerson Ltd.*	297,999	315,075		TOTAL INVESTMENT PORTFOLIO	171,156,200	194,400,419
509,400	Mood Media Corporation	2,005,156	1,355,004		Currency Spot Contracts – 0.0%		(36)
232,516	MTY Food Group Inc.	2,635,100	3,931,846		OTHER ASSETS, LESS LIABILITIES – 1.3%		2,528,452
125,524	Uni-Select Inc.	3,166,912	3,401,700		NET ASSETS – 100.0%		196,928,835
		8,816,132	9,631,831				
Consumer Staples – 2.8%							
166,252	Alliance Grain Traders, Inc.	4,329,026	2,186,214				
167,400	High Liner Foods Inc.	3,174,045	3,324,564				
		7,503,071	5,510,778				

* This security is not actively traded and considered illiquid.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered
Jul. 3, 2012	Canadian Dollar	179,279	U.S. Dollar

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

Scotia Private Canadian Small Cap Pool (Unaudited – Continued)
(formerly, Pinnacle Canadian Small Cap Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities		
Energy	17.1	21.0
Materials	9.4	10.8
Industrials	20.4	17.5
Consumer Discretionary	4.9	4.3
Consumer Staples	2.8	2.5
Health Care	6.8	7.3
Financials	22.0	22.6
Information Technology	9.7	9.1
Utilities	0.2	0.2
United States Equities	0.3	–
Money Market Instruments	5.1	0.5
Currency Spot Contracts	0.0	–

Scotia Private Canadian Small Cap Pool (Unaudited – Continued) (formerly, Pinnacle Canadian Small Cap Equity Fund)

42

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	330,907	0.2	358	0.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$33,091, or approximately 0.0% of total Net Assets (December 31, 2011 – \$36, or approximately 0.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 93.6% (December 31, 2011 – 95.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$18,431,018 (December 31, 2011 – \$17,587,081). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$546,469	\$40,496
Payable for currency spot contracts	36	–
	\$546,505	\$40,496

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$184,310,182	\$ –	\$ –	\$184,310,182
Money Market Instruments	–	10,090,237	–	10,090,237
	184,310,182	10,090,237	–	194,400,419
Currency Spot Contracts – Liabilities	(36)	–	–	(36)
	\$184,310,146	\$10,090,237	\$ –	\$194,400,383

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$175,840,075	\$ –	\$ –	\$175,840,075
Warrants	–	30,736	–	30,736
Money Market Instruments	–	906,787	–	906,787
	\$175,840,075	\$937,523	\$ –	\$176,777,598

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Value Pool
(formerly, Pinnacle American Value Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$209,811,711	\$178,028,634
Cash	9,078,184	5,028,451
Accrued investment income	567,464	716,068
Receivable for securities sold	14,835,481	—
Subscriptions receivable	734,932	35,234
	<u>235,027,772</u>	<u>183,808,387</u>
LIABILITIES		
Payable for securities purchased	16,590,448	—
Redemptions payable	38,006	20,820
Accrued expenses	18,831	631
	<u>16,647,285</u>	<u>21,451</u>
Net Assets	<u>\$218,380,487</u>	<u>\$183,786,936</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 44,103,447	\$ 42,908,366
Series F Units	\$ 133,125	\$ 50,175
Series I Units	\$174,143,915	\$140,828,395
UNITS OUTSTANDING		
Pinnacle Series Units	3,950,532	4,254,797
Series F Units	11,920	4,952
Series I Units	15,193,032	13,621,079
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 11.16	\$ 10.08
Series F Units	\$ 11.17	\$ 10.13
Series I Units	\$ 11.46	\$ 10.34

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 3,077,874	\$ 1,829,078
Interest	508	107
Securities lending	31,118	2,537
Foreign withholding taxes/tax reclaims	(417,309)	(269,708)
	<u>2,692,191</u>	<u>1,562,014</u>
EXPENSES		
Management fees (note 5)	572	305
Harmonized Sales Tax/Goods and Services Tax	8,467	11,884
Audit fees	2,763	7,909
Independent Review Committee fees	1,627	1,167
Custodian fees	4,459	4,733
Filing fees	8,175	8,362
Legal fees	3,204	1,639
Unitholder reporting costs	11,015	9,829
Unitholder administration and service fees	79,645	76,506
Overdraft charges	30	—
	<u>119,957</u>	<u>122,334</u>
Absorbed expenses	<u>(1,567)</u>	<u>(1,131)</u>
	<u>118,390</u>	<u>121,203</u>
Net investment income (loss)	<u>2,573,801</u>	<u>1,440,811</u>
Net realized gain (loss) on investments sold	3,553,009	20,995,120
Net gain (loss) foreign exchange	(21,759)	(112,247)
Transaction costs	(157,813)	(481,336)
Change in unrealized appreciation (depreciation) of investments	14,033,439	(12,722,134)
Net gain (loss) on investments and transaction costs	<u>17,406,876</u>	<u>7,679,403</u>
Increase (decrease) in Net Assets from operations	<u>\$19,980,677</u>	<u>\$ 9,120,214</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 4,573,797	\$ 2,768,635
Series F Units	\$ 7,008	\$ 2,926
Series I Units	\$15,399,872	\$ 6,348,653
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 1.12	\$ 0.61
Series F Units	\$ 0.67	\$ 0.50
Series I Units	\$ 1.10	\$ 0.59

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 42,908,366	\$ 47,891,850
Series F Units	50,175	66,131
Series I Units	140,828,395	91,626,056
	<u>183,786,936</u>	<u>139,584,037</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	4,573,797	2,768,635
Series F Units	7,008	2,926
Series I Units	15,399,872	6,348,653
	<u>19,980,677</u>	<u>9,120,214</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	2,145,411	2,929,959
Series F Units	80,216	4,100
Series I Units	30,219,628	37,027,104
Payments on redemption		
Pinnacle Series Units	(5,524,127)	(6,743,869)
Series F Units	(4,274)	(30,810)
Series I Units	(12,303,980)	(343,883)
	<u>14,612,874</u>	<u>32,842,601</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	1,195,081	(1,045,275)
Series F Units	82,950	(23,784)
Series I Units	33,315,520	43,031,874
	<u>34,593,551</u>	<u>41,962,815</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	44,103,447	46,846,575
Series F Units	133,125	42,347
Series I Units	174,143,915	134,657,930
	<u>\$218,380,487</u>	<u>\$181,546,852</u>

Scotia Private U.S. Value Pool (Unaudited – Continued) (formerly, Pinnacle American Value Equity Fund)

44

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 96.1%			
Energy – 24.5%			
66,579	Apache Corporation	5,920,849	5,957,554
40,785	Chevron Corporation	4,178,686	4,378,630
79,815	ConocoPhillips	4,330,350	4,539,985
25,783	Core Laboratories NV	2,547,715	3,042,343
62,761	Diamond Offshore Drilling, Inc.	3,885,261	3,778,235
64,204	Exxon Mobil Corporation	5,279,615	5,593,387
172,048	Halliburton Company	6,116,787	4,972,860
131,462	HollyFrontier Corporation	4,148,247	4,742,012
64,255	Marathon Petroleum Corporation	2,908,007	2,937,928
105,926	Newfield Exploration Company	3,057,703	3,160,892
412,420	RPC, Inc.	4,992,776	4,975,644
168,089	Valero Energy Corporation	3,931,351	4,132,831
33,360	Whiting Petroleum Corporation	1,335,303	1,396,595
		52,632,650	53,608,896
Materials – 6.7%			
23,659	CF Industries Holdings, Inc.	3,249,833	4,666,668
118,948	Cliffs Natural Resources Inc.	7,334,621	5,969,077
112,539	Freeport–McMoRan Copper & Gold Inc.	3,929,004	3,901,318
		14,513,458	14,537,063
Industrials – 9.5%			
41,973	Caterpillar Inc.	4,344,100	3,628,014
74,343	Copa Holdings SA, Class A	4,403,242	6,239,023
41,973	Cummins Inc.	3,934,116	4,140,380
33,855	Joy Global Inc.	2,205,327	1,954,326
53,654	Lockheed Martin Corporation	4,120,230	4,756,219
		19,007,015	20,717,962
Consumer Discretionary – 9.3%			
95,527	Coach, Inc.	5,450,440	5,687,543
50,906	Ross Stores, Inc.	2,297,049	3,237,145
148,488	TJX Companies, Inc., The	3,973,021	6,486,958
75,531	Yum! Brands, Inc.	4,552,718	4,953,785
		16,273,228	20,365,431
Consumer Staples – 10.5%			
178,384	Altria Group, Inc.	4,668,244	6,274,732
38,013	Colgate–Palmolive Company	3,286,714	4,028,785
103,744	Herbalife Ltd.	5,127,271	5,098,372
32,928	Kellogg Company	1,743,752	1,653,407
65,434	Philip Morris International Inc.	4,419,529	5,809,131
		19,245,510	22,864,427
Health Care – 6.5%			
140,173	Endo Pharmaceuticals Holdings Inc.	5,244,370	4,419,741
94,933	Express Scripts, Inc.	4,034,131	5,392,185
82,460	Gilead Sciences, Inc.	3,268,683	4,304,254
		12,547,184	14,116,180
Financials – 19.8%			
131,561	Aflac, Inc.	6,218,900	5,703,272
170,959	American Capital Agency Corporation	4,864,676	5,832,538
74,631	Annaly Capital Management Inc.	1,273,659	1,274,217
162,842	Apartment Investment & Management Company	4,121,960	4,481,297
80,184	CBOE Holdings Inc.	2,292,953	2,258,037
1,728,799	Chimera Investment Corporation	5,916,578	4,136,220
133,540	Discover Financial Services	4,417,129	4,700,045
145,321	Eaton Vance Corp.	4,511,150	3,985,816
304,302	Federated Investors, Inc., Class B	6,441,197	6,766,260
131,462	Waddell & Reed Financial, Inc.	4,876,098	4,051,388
		44,934,300	43,189,090

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
Information Technology – 9.3%			
8,987	Apple Inc.	3,200,629	5,341,126
55,900	Harris Corporation	2,272,566	2,380,625
25,243	International Business Machines Corporation	3,484,848	5,023,568
120,770	Microsoft Corporation	3,013,024	3,756,311
126,116	Western Digital Corporation	4,616,279	3,911,032
		16,587,346	20,412,662
	TOTAL INVESTMENT PORTFOLIO	195,740,691	209,811,711
	OTHER ASSETS, LESS LIABILITIES – 3.9%		8,568,776
	NET ASSETS – 100.0%		218,380,487

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Energy	24.5	19.4
Materials	6.7	6.0
Industrials	9.5	7.3
Consumer Discretionary	9.3	10.1
Consumer Staples	10.5	13.8
Health Care	6.5	10.5
Financials	19.8	15.3
Information Technology	9.3	12.0
Telecommunication Services	–	2.5

Scotia Private U.S. Value Pool (Unaudited – Continued) (formerly, Pinnacle American Value Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	218,789,894	100.2	183,049,082	99.6

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$21,878,989, or approximately 10.0% of total Net Assets (December 31, 2011 – \$18,304,908, or approximately 10.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 96.1% (December 31, 2011 – 96.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$20,981,171 (December 31, 2011 – \$17,802,863). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity Risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$16,647,285	\$21,451

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$209,811,711	\$ –	\$ –	\$209,811,711

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$178,028,634	\$ –	\$ –	\$178,028,634

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Mid Cap Value Pool

(formerly, Pinnacle American Mid Cap Value Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$16,008,689	\$10,765,329
Cash	3,243,849	441,444
Accrued investment income	18,369	15,651
Receivable for securities sold	218,936	11,895
Subscriptions receivable	54,944	—
	<u>19,544,787</u>	<u>11,234,319</u>
LIABILITIES		
Payable for securities purchased	2,291,732	52,436
Redemptions payable	18,867	—
Accrued expenses	8,377	200
	<u>2,318,976</u>	<u>52,636</u>
Net Assets	<u>\$17,225,811</u>	<u>\$11,181,683</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 7,967,175	\$ 8,170,413
Series F Units	\$ 55,672	\$ 16,686
Series I Units	\$ 120,852	\$ 127,228
Series M Units	\$ 9,082,112	\$ 2,867,356
UNITS OUTSTANDING		
Pinnacle Series Units	924,044	1,025,213
Series F Units	6,501	2,101
Series I Units	13,937	15,874
Series M Units	1,054,970	359,670
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 8.62	\$ 7.97
Series F Units	\$ 8.56	\$ 7.94
Series I Units	\$ 8.67	\$ 8.01
Series M Units	\$ 8.61	\$ 7.97

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$112,342	\$ 71,959
Interest	329	704
Securities lending	28	108
Foreign withholding taxes/tax reclaims	(15,101)	(8,563)
	<u>97,598</u>	<u>64,208</u>
EXPENSES		
Management fees (note 5)	10,198	7,228
Harmonized Sales Tax/Goods and Services Tax	4,012	6,998
Audit fees	1,888	9,790
Independent Review Committee fees	876	1,516
Custodian fees	3,316	7,546
Filing fees	8,814	11,063
Legal fees	463	2,147
Unitholder reporting costs	6,375	6,923
Unitholder administration and service fees	19,121	34,201
	<u>55,063</u>	<u>87,412</u>
Absorbed expenses	(15,437)	(45,042)
	<u>39,626</u>	<u>42,370</u>
Net investment income (loss)	57,972	21,838
Net realized gain (loss) on investments sold	841,837	656,510
Net gain (loss) foreign exchange	2,782	(6,589)
Transaction costs	(17,887)	(14,348)
Change in unrealized appreciation (depreciation) of investments	64,048	(280,450)
Net gain (loss) on investments and transaction costs	890,780	355,123
Increase (decrease) in Net Assets from operations	<u>\$948,752</u>	<u>\$ 376,961</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$650,829	\$ 295,100
Series F Units	\$ 2,216	\$ 405
Series I Units	\$ 10,621	\$ 5,367
Series M Units	\$285,086	\$ 76,089
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.69	\$ 0.27
Series F Units	\$ 0.42	\$ 0.19
Series I Units	\$ 0.71	\$ 0.29
Series M Units	\$ 0.66	\$ 0.25

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 8,170,413	\$ 9,195,250
Series F Units	16,686	20,673
Series I Units	127,228	168,802
Series M Units	2,867,356	2,381,633
	<u>11,181,683</u>	<u>11,766,358</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	650,829	295,100
Series F Units	2,216	405
Series I Units	10,621	5,367
Series M Units	285,086	76,089
	<u>948,752</u>	<u>376,961</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	215,759	983,691
Series F Units	36,770	—
Series M Units	6,914,405	1,094,900
Payments on redemption		
Pinnacle Series Units	(1,069,826)	(995,394)
Series F Units	—	(6,578)
Series I Units	(16,997)	(18,999)
Series M Units	(984,735)	(594,101)
	<u>5,095,376</u>	<u>463,519</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(203,238)	283,397
Series F Units	38,986	(6,173)
Series I Units	(6,376)	(13,632)
Series M Units	6,214,756	576,888
	<u>6,044,128</u>	<u>840,480</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	7,967,175	9,478,647
Series F Units	55,672	14,500
Series I Units	120,852	155,170
Series M Units	9,082,112	2,958,521
	<u>\$17,225,811</u>	<u>\$12,606,838</u>

Scotia Private U.S. Mid Cap Value Pool (Unaudited – Continued)
(formerly, Pinnacle American Mid Cap Value Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 92.9%			
UNITED STATES EQUITIES – 92.9%			
Energy – 3.3%			
8,200	Cameco Corporation	177,798	183,081
4,650	Cameron International Corporation	213,363	202,197
300	Cimarex Energy Co.	16,534	16,835
3,900	Whiting Petroleum Corporation	181,318	163,271
		<u>589,013</u>	<u>565,384</u>
Materials – 4.8%			
800	Air Products and Chemicals, Inc.	66,063	65,745
2,400	Airgas, Inc.	175,205	205,274
3,000	Allegheny Technologies, Inc.	103,506	97,402
9,950	MeadWestvaco Corporation	280,693	291,241
1,600	PPG Industries, Inc.	154,859	172,866
		<u>780,326</u>	<u>832,528</u>
Industrials – 9.6%			
2,500	Ashlands Inc.	128,297	176,361
2,900	Cooper Industries Ltd.	198,116	201,272
3,000	Dun & Bradstreet Corporation, The	208,189	217,375
2,850	MSC Industrial Direct Co., Inc. Class A	203,009	190,054
16,050	Tyco International Ltd.	743,462	863,270
		<u>1,481,073</u>	<u>1,648,332</u>
Consumer Discretionary – 13.1%			
2,700	Bed Bath & Beyond Inc.	177,491	169,798
3,980	Dollar General Corp.	195,449	220,269
4,200	Harman International Industries, Incorporated	154,100	169,202
5,100	Limited Brands, Inc.	217,063	220,829
6,600	McGraw-Hill Companies, Inc., The	307,626	302,376
13,500	Newell Rubbermaid Inc.	207,412	249,048
5,350	Nordstrom, Inc.	268,931	270,490
7,722	Stanley Black & Decker Inc.	466,818	505,906
2,700	Starwood Hotels & Resorts Worldwide, Inc.	129,062	145,745
		<u>2,123,952</u>	<u>2,253,663</u>
Consumer Staples – 6.3%			
3,350	Clorox Company, The	235,867	247,101
6,300	General Mills, Inc.	251,203	247,133
2,920	Hershey Company, The	188,084	214,105
2,885	J.M. Smucker Company, The	207,716	221,702
1,985	Mead Johnson Nutrition Company	154,736	162,685
		<u>1,037,606</u>	<u>1,092,726</u>
Health Care – 11.0%			
7,550	AmerisourceBergen Corporation	287,929	302,317
10,600	CareFusion Corporation	263,526	277,028
7,995	CIGNA Corporation	333,394	358,146
9,400	Hospira, Inc.	337,072	334,668
8,400	St. Jude Medical, Inc.	317,941	341,313
4,850	Stryker Corporation	252,044	271,924
		<u>1,791,906</u>	<u>1,885,396</u>
Financials – 16.7%			
6,300	Arch Capital Group Ltd.	238,385	254,060
3,800	Chubb Corporation, The	275,296	281,648
5,200	CIT Group, Inc.	184,818	188,947
920	CME Group Inc.	255,030	250,574
16,629	Fifth Third Bancorp	206,565	226,693
18,100	KeyCorp.	139,411	142,446
9,900	Marsh & McLennan Companies, Inc.	319,063	324,751
5,500	Northern Trust Corporation	218,338	257,524
9,400	NYSE Euronext	251,246	244,805

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
UNITED STATES EQUITIES (cont'd)			
Financials (cont'd)			
8,700	State Street Corporation	359,109	395,310
12,660	SunTrust Banks, Inc.	268,780	312,176
		<u>2,716,041</u>	<u>2,878,934</u>
Information Technology – 15.2%			
13,700	Activision Inc	167,984	167,097
8,450	BMC Software, Inc.	355,577	366,916
2,900	Check Point Software Technologies Ltd.	152,078	146,267
6,700	Global Payments Inc.	298,369	294,816
32,200	LSI Corporation	189,315	208,171
7,600	Maxim Integrated Products Inc.	197,507	198,314
10,250	Motorola Solutions, Inc.	468,867	501,845
11,774	Parametric Technology Corporation	217,308	251,250
11,700	Western Union Company	194,359	200,356
18,000	Yahoo! Inc.	280,127	288,998
		<u>2,521,491</u>	<u>2,624,030</u>
Utilities – 12.9%			
8,700	American Water Works Co., Inc.	278,498	303,635
10,450	CMS Energy Corporation	223,613	249,808
5,663	Edison International	241,336	266,251
13,850	NiSource Inc.	332,864	348,711
7,500	Northeast Utilities	282,341	296,268
9,065	PPL Corporation	253,616	256,569
5,000	SCANA Corporation	228,704	243,428
9,100	Xcel Energy, Inc.	237,759	263,026
		<u>2,078,731</u>	<u>2,227,696</u>
	TOTAL INVESTMENT PORTFOLIO	<u>15,120,139</u>	<u>16,008,689</u>
	OTHER ASSETS, LESS LIABILITIES – 7.1%		<u>1,217,122</u>
	NET ASSETS – 100.0%		<u><u>17,225,811</u></u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
United States Equities		
Energy	3.3	4.2
Materials	4.8	4.5
Industrials	9.6	14.9
Consumer Discretionary	13.1	13.9
Consumer Staples	6.3	5.0
Health Care	11.0	9.8
Financials	16.7	16.0
Information Technology	15.2	18.0
Utilities	12.9	10.0

Scotia Private U.S. Mid Cap Value Pool (Unaudited – Continued)
(formerly, Pinnacle American Mid Cap Value Equity Fund)

48

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	19,044,118	110.6	11,201,407	100.2

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$1,904,412, or approximately 11.1% of total Net Assets (December 31, 2011 – \$1,120,141, or approximately 10.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 92.9% (December 31, 2011 – 96.3%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,600,869 (December 31, 2011 – \$1,076,533). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$2,318,976	\$52,636

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$16,008,689	\$ –	\$ –	\$16,008,689

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$10,765,329	\$ –	\$ –	\$10,765,329

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Large Cap Growth Pool
(formerly, Pinnacle American Large Cap Growth Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$35,533,250	\$35,254,456
Cash	722,574	636,825
Accrued investment income	32,937	26,185
Receivable for securities sold	386,501	137,007
Subscriptions receivable	24,455	13,689
	<u>36,699,717</u>	<u>36,068,162</u>
LIABILITIES		
Payable for securities purchased	342,404	153,306
Redemptions payable	34,089	5,143
Accrued expenses	13,293	434
	<u>389,786</u>	<u>158,883</u>
Net Assets	<u>\$36,309,931</u>	<u>\$35,909,279</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$32,839,219	\$32,371,717
Series F Units	\$ 96,453	\$ 72,990
Series I Units	\$ 3,374,259	\$ 3,464,572
UNITS OUTSTANDING		
Pinnacle Series Units	3,989,686	4,337,928
Series F Units	11,770	9,791
Series I Units	407,432	462,332
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 8.23	\$ 7.46
Series F Units	\$ 8.19	\$ 7.45
Series I Units	\$ 8.28	\$ 7.49

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$32,371,717	\$35,464,697
Series F Units	72,990	66,037
Series I Units	3,464,572	3,925,627
	<u>35,909,279</u>	<u>39,456,361</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	3,292,400	877,650
Series F Units	8,717	749
Series I Units	364,269	96,924
	<u>3,665,386</u>	<u>975,323</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,736,259	2,741,836
Series F Units	40,655	31,953
Payments on redemption		
Pinnacle Series Units	(4,561,157)	(4,458,435)
Series F Units	(25,909)	(31,300)
Series I Units	(454,582)	(71,247)
	<u>(3,264,734)</u>	<u>(1,787,193)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	467,502	(838,949)
Series F Units	23,463	1,402
Series I Units	(90,313)	25,677
	<u>400,652</u>	<u>(811,870)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	32,839,219	34,625,748
Series F Units	96,453	67,439
Series I Units	3,374,259	3,951,304
	<u>\$36,309,931</u>	<u>\$38,644,491</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 273,437	\$ 291,932
Interest	266	67
Securities lending	185	88
Foreign withholding taxes/tax reclaims	(38,268)	(46,922)
	<u>235,620</u>	<u>245,165</u>
EXPENSES		
Management fees (note 5)	477	385
Harmonized Sales Tax/Goods and Services Tax	7,625	12,792
Audit fees	1,972	9,180
Independent Review Committee fees	965	1,369
Custodian fees	14,605	25,030
Filing fees	8,175	8,861
Legal fees	801	1,936
Unitholder reporting costs	9,804	10,810
Unitholder administration and service fees	47,804	66,601
Overdraft charges	313	13
	<u>92,541</u>	<u>136,977</u>
Absorbed expenses	(4,340)	(31,831)
	<u>88,201</u>	<u>105,146</u>
Net investment income (loss)	<u>147,419</u>	<u>140,019</u>
Net realized gain (loss) on investments sold	2,015,481	2,149,488
Net realized gain (loss) on currency forwards	—	(2,440)
Net gain (loss) foreign exchange	(20,471)	(16,587)
Transaction costs	(10,298)	(14,034)
Change in unrealized appreciation (depreciation) of investments	1,533,255	(1,281,153)
Change in unrealized appreciation (depreciation) of currency spots	—	30
Net gain (loss) on investments and transaction costs	<u>3,517,967</u>	<u>835,304</u>
Increase (decrease) in Net Assets from operations	<u>\$3,665,386</u>	<u>\$ 975,323</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$3,292,400	\$ 877,650
Series F Units	\$ 8,717	\$ 749
Series I Units	\$ 364,269	\$ 96,924
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.79	\$ 0.19
Series F Units	\$ 0.73	\$ 0.07
Series I Units	\$ 0.84	\$ 0.19

Portfolio Advisor: American Century Investment Management, Inc.

The accompanying notes are an integral part of these financial statements.

Scotia Private U.S. Large Cap Growth Pool (Unaudited – Continued)
(formerly, Pinnacle American Large Cap Growth Equity Fund)

50

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 97.9%			
CANADIAN EQUITIES – 0.7%			
Consumer Staples – 0.2%			
1,160	Church & Dwight Co., Inc.	49,064	65,510
Health Care – 0.5%			
1,548	Edwards Lifesciences Corporation	75,125	162,803
	TOTAL CANADIAN EQUITIES	124,189	228,313
FOREIGN EQUITIES – 97.2%			
UNITED STATES – 96.5%			
Energy – 5.4%			
755	Core Laboratories NV	73,658	89,088
3,603	EOG Resources, Inc.	342,176	330,543
2,119	Hornbeck Offshore Services, Inc.	61,981	83,619
3,187	Noble Energy, Inc.	289,257	275,085
3,166	Occidental Petroleum Corporation	271,403	276,431
4,562	Oceaneering International, Inc.	191,344	222,243
10,459	Schlumberger Limited	725,802	691,183
		1,955,621	1,968,192
Materials – 2.5%			
6,232	E.I. du Pont de Nemours and Company	305,785	320,730
3,888	Monsanto Company	285,477	327,635
2,881	Nucor Corporation	122,382	111,166
2,949	Rockwood Holdings Inc.	156,871	133,066
		870,515	892,597
Industrials – 11.1%			
1,463	Cummins Inc.	147,156	144,316
6,153	Danaher Corporation	335,891	326,124
2,006	Deere & Company	140,458	165,141
4,423	Hexcel Corporation	96,045	116,134
9,341	Honeywell International Inc.	501,943	531,043
7,383	Illinois Tool Works Inc.	379,036	397,405
747	Kirby Corporation	43,113	35,805
2,023	Precision Castparts Corp.	340,918	338,787
7,980	Terex Corporation	186,007	144,778
7,223	Textron Inc.	169,413	182,814
4,492	Union Pacific Corporation	453,202	545,596
6,112	United Parcel Service, Inc., Class B	386,800	490,033
8,177	United Technologies Corporation	671,092	628,789
		3,851,074	4,046,765
Consumer Discretionary – 16.2%			
2,837	Amazon.com, Inc.	561,613	659,556
2,958	Autoliv, Inc.	218,665	164,581
4,119	BorgWarner, Inc.	176,429	275,056
7,598	CBS Corporation, Class B	205,169	253,494
433	Chipotle Mexican Grill, Inc.	114,495	167,408
3,776	Coach, Inc.	234,985	224,818
5,205	Dollar General Corp.	223,951	288,066
2,855	GNC Holdings, Inc.	110,465	113,913
5,426	Harley-Davidson, Inc.	219,547	252,623
11,024	Home Depot Inc., The	423,760	594,624
8,562	Macy's, Inc.	246,586	299,341
7,655	Marriott International Inc., Class A	273,662	305,430
4,485	McDonald's Corporation	364,702	404,153
2,508	Mohawk Industries, Inc.	166,606	178,304
2,162	O'Reilly Automotive, Inc.	140,948	184,367
9,495	Starbucks Corporation	360,986	513,408
5,179	Time Warner Cable Inc.	407,898	432,682
978	Tractor Supply Company	64,929	82,703
5,278	Urban Outfitters, Inc.	145,729	148,256

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
UNITED STATES (cont'd)			
Consumer Discretionary (cont'd)			
4,323	Viacom Inc., Class B	211,629	206,639
1,180	Wynn Resorts Limited	125,099	124,557
		4,997,853	5,873,979
Consumer Staples – 13.0%			
437	Annie's, Inc.	17,081	18,611
1,948	Beam Inc.	112,773	123,894
1,028	Brown-Forman Corporation, Class B	85,519	101,354
11,071	Coca-Cola Company, The	652,219	881,198
3,419	Colgate-Palmolive Company	289,530	362,361
3,598	Costco Wholesale Corporation	239,930	347,961
7,016	CVS Caremark Corporation	290,939	333,793
4,867	Estee Lauder Companies Inc., The	237,547	268,170
3,713	Hershey Company, The	200,777	272,251
2,561	Kellogg Company	131,841	128,595
1,264	Mead Johnson Nutrition Company	73,583	103,594
1,121	Monster Beverage Corporation	44,533	81,249
8,577	PepsiCo, Inc.	571,203	616,934
9,592	Philip Morris International Inc.	675,340	851,562
2,342	Whole Foods Markets, Inc.	166,065	227,161
		3,788,880	4,718,688
Health Care – 10.9%			
10,025	Abbott Laboratories	542,531	657,807
1,621	Alexion Pharmaceuticals, Inc.	78,335	163,879
2,869	Allergan, Inc.	215,750	270,274
5,813	AmerisourceBergen Corporation	221,387	232,764
5,839	Bristol-Myers Squibb Company	208,839	213,652
1,944	Cepheid Inc.	71,726	88,509
1,818	Cerner Corporation	111,990	152,867
1,273	Cooper Companies, Inc., The	84,754	103,334
3,711	DENTSPLY International Inc.	134,218	142,664
7,381	Express Scripts, Inc.	332,047	419,240
6,395	Gilead Sciences, Inc.	295,000	333,807
2,981	Hill-Rom Holdings, Inc.	92,876	93,629
790	Idexx Laboratories Inc.	59,145	77,317
303	Intuitive Surgical, Inc.	108,944	170,737
6,863	Johnson & Johnson	450,786	472,057
599	Medivation Inc.	26,301	55,734
3,949	ResMed Inc.	116,668	125,439
2,822	Zimmer Holdings, Inc.	152,410	184,854
		3,303,707	3,958,564
Financials – 3.8%			
2,705	American Campus Communities, Inc.	116,552	123,846
685	AvalonBay Communities, Inc.	87,693	98,668
1,837	BlackRock, Inc.	327,141	317,419
5,162	Brown & Brown Inc.	115,234	143,316
7,650	CB Richard Ellis Group, Inc.	157,968	127,420
1,567	Simon Property Group, Inc.	201,862	248,287
9,202	Wells Fargo & Company	288,922	313,191
		1,295,372	1,372,147
Information Technology – 31.1%			
1,913	Accenture PLC, Class A	91,820	116,994
5,311	Agilent Technologies, Inc.	197,181	212,068
4,918	Apple Inc.	1,066,399	2,922,851
5,214	Automatic Data Processing, Inc.	289,527	295,305
9,691	Broadcom Corporation	333,703	333,288
14,129	Cisco Systems, Inc.	252,934	246,123
3,745	Citrix Systems, Inc.	299,303	319,474
1,708	CommVault Systems, Inc.	85,868	86,129

FOREIGN EQUITY FUNDS

Portfolio Advisor: American Century Investment Management, Inc.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private U.S. Large Cap Growth Pool (Unaudited – Continued)
(formerly, Pinnacle American Large Cap Growth Equity Fund)

51

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
UNITED STATES (cont'd)				UNITED STATES (cont'd)			
Information Technology (cont'd)				Telecommunication Services – 2.5%			
11,984	Dell Inc.	196,844	152,512	7,966	Crown Castle International Corp.	347,465	475,663
21,527	EMC Corporation	467,286	561,724	9,115	Verizon Communications Inc.	408,006	412,310
980	F5 Networks, Inc.	93,870	99,086			755,471	887,973
1,230	Facebook Inc.	51,195	38,971				
2,638	Fortinet Inc.	53,948	62,283		TOTAL UNITED STATES	29,569,410	35,028,099
1,697	Google Inc.	940,654	1,002,145				
11,281	Intel Corporation	310,385	305,507		Bermuda – 0.4%		
3,956	International Business Machines Corporation	652,009	787,277	13,567	Marvell Technology Group Ltd.	208,568	155,668
6,745	Linear Technology Corporation	201,050	215,009				
969	MasterCard, Inc., Class A	285,899	424,301		Ireland – 0.3%		
41,912	Microsoft Corporation	1,195,364	1,303,589	2,225	Covidien PLC	100,776	121,170
25,860	Oracle Corporation	723,323	781,682		TOTAL FOREIGN EQUITIES	29,878,754	35,304,937
3,767	QLIK Technologies Inc.	100,512	84,796		TOTAL INVESTMENT PORTFOLIO	30,002,943	35,533,250
8,879	QUALCOMM, Inc.	436,448	498,903				
1,719	Red Hat, Inc.	75,368	98,829		OTHER ASSETS, LESS LIABILITIES – 2.1%		776,681
1,770	Trimble Navigation Ltd.	78,721	82,894		NET ASSETS – 100.0%		36,309,931
8,118	Xilinx, Inc.	271,306	277,454				
		8,750,917	11,309,194				

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canadian Equities	0.7	1.2
United States Equities		
Energy	5.4	11.5
Materials	2.5	3.8
Industrials	11.1	10.8
Consumer Discretionary	16.2	15.4
Consumer Staples	13.0	12.1
Health Care	10.9	8.5
Financials	3.8	2.6
Information Technology	31.1	26.7
Telecommunication Services	2.5	4.2
Bermuda Equities	0.4	–
Ireland Equities	0.3	0.9
Singapore Equities	–	0.5

Scotia Private U.S. Large Cap Growth Pool (Unaudited – Continued)
(formerly, Pinnacle American Large Cap Growth Equity Fund)

52

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	36,241,589	99.8	35,819,301	99.7

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$3,624,159, or approximately 10.0% of total Net Assets (December 31, 2011 – \$3,581,930, or approximately 10.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 97.9% (December 31, 2011 – 98.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$3,553,325 (December 31, 2011 – \$3,525,446). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$389,786	\$158,883

Fair value classification (note 2)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$35,533,250	\$ –	\$ –	\$35,533,250

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$35,254,456	\$ –	\$ –	\$35,254,456

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private U.S. Mid Cap Growth Pool (formerly, Pinnacle American Mid Cap Growth Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$53,946,076	\$79,082,890
Cash	2,051,970	4,163,737
Accrued investment income	7,635	11,949
Receivable for securities sold	202,497	—
Subscriptions receivable	224,636	—
	<u>56,432,814</u>	<u>83,258,576</u>
LIABILITIES		
Payable for securities purchased	83,802	423,012
Redemptions payable	37,409	12,873
Accrued expenses	12,423	25
	<u>133,634</u>	<u>435,910</u>
Net Assets	<u>\$56,299,180</u>	<u>\$82,822,666</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 7,153,351	\$ 7,506,037
Series F Units	\$ 36,366	\$ 28,878
Series I Units	\$36,892,813	\$50,901,019
Series M Units	\$12,216,650	\$24,386,732
UNITS OUTSTANDING		
Pinnacle Series Units	444,102	480,329
Series F Units	2,314	1,888
Series I Units	2,270,716	3,236,097
Series M Units	760,665	1,564,237
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 16.11	\$ 15.63
Series F Units	\$ 15.72	\$ 15.30
Series I Units	\$ 16.25	\$ 15.73
Series M Units	\$ 16.06	\$ 15.59

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 187,673	\$ 159,958
Interest	1,114	2,405
Securities lending	18,799	64,828
Foreign withholding taxes/tax reclaims	(21,523)	(20,133)
	<u>186,063</u>	<u>207,058</u>
EXPENSES		
Management fees (note 5)	57,988	74,074
Harmonized Sales Tax/Goods and Services Tax	12,511	20,103
Audit fees	2,129	10,279
Independent Review Committee fees	1,045	1,595
Custodian fees	7,335	9,172
Filing fees	8,814	9,940
Legal fees	1,171	2,267
Unitholder reporting costs	6,927	8,022
Unitholder administration and service fees	45,447	68,009
	<u>143,367</u>	<u>203,461</u>
Absorbed expenses	<u>(29,012)</u>	<u>(43,343)</u>
	<u>114,355</u>	<u>160,118</u>
Net investment income (loss)	<u>71,708</u>	<u>46,940</u>
Net realized gain (loss) on investments sold	<u>1,277,861</u>	<u>446,477</u>
Net gain (loss) foreign exchange	<u>(130,935)</u>	<u>(49,191)</u>
Transaction costs	<u>(63,523)</u>	<u>(49,976)</u>
Change in unrealized appreciation (depreciation) of investments	<u>3,160,499</u>	<u>5,869,676</u>
Net gain (loss) on investments and transaction costs	<u>4,243,902</u>	<u>6,216,986</u>
Increase (decrease) in Net Assets from operations	<u>\$4,315,610</u>	<u>\$6,263,926</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 263,994	\$ 720,053
Series F Units	\$ 718	\$ 1,793
Series I Units	\$2,442,807	\$3,510,982
Series M Units	\$1,608,091	\$2,031,098
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.57	\$ 1.38
Series F Units	\$ 0.37	\$ 1.29
Series I Units	\$ 1.08	\$ 1.41
Series M Units	\$ 1.29	\$ 1.29

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 7,506,037	\$ 9,137,727
Series F Units	28,878	26,220
Series I Units	50,901,019	33,917,967
Series M Units	24,386,732	22,714,171
	<u>82,822,666</u>	<u>65,796,085</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	263,994	720,053
Series F Units	718	1,793
Series I Units	2,442,807	3,510,982
Series M Units	1,608,091	2,031,098
	<u>4,315,610</u>	<u>6,263,926</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	285,560	481,926
Series F Units	6,770	—
Series I Units	7,247,122	14,064,812
Series M Units	2,712,164	10,580,491
Payments on redemption		
Pinnacle Series Units	(902,240)	(1,435,065)
Series F Units	—	(8,004)
Series I Units	(23,698,135)	(18,996)
Series M Units	(16,490,337)	(7,011,630)
	<u>(30,839,096)</u>	<u>16,653,534</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(352,686)	(233,086)
Series F Units	7,488	(6,211)
Series I Units	(14,008,206)	17,556,798
Series M Units	(12,170,082)	5,599,959
	<u>(26,523,486)</u>	<u>22,917,460</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	7,153,351	8,904,641
Series F Units	36,366	20,009
Series I Units	36,892,813	51,474,765
Series M Units	12,216,650	28,314,130
	<u>\$ 56,299,180</u>	<u>\$88,713,545</u>

Scotia Private U.S. Mid Cap Growth Pool (Unaudited – Continued) (formerly, Pinnacle American Mid Cap Growth Equity Fund)

54

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 95.8%				EQUITIES (cont'd)			
UNITED STATES – 95.8%				UNITED STATES (cont'd)			
Energy – 11.0%				Health Care – 16.9%			
18,200	Core Laboratories NV	1,645,895	2,147,564	20,533	athenahealth, Inc.	855,026	1,652,724
30,650	FMC Technologies, Inc.	1,319,751	1,224,165	129,419	Human Genome Sciences, Inc.	2,083,081	1,726,079
21,536	Lufkin Industries, Inc.	1,428,414	1,189,915	19,050	Illumina Inc.	845,181	782,582
33,750	Oceaneering International, Inc.	1,179,822	1,644,171	3,830	Intuitive Surgical, Inc.	1,119,510	2,158,162
		5,573,882	6,205,815	25,602	Ironwood Pharmaceuticals, Inc.	298,563	358,661
Materials – 3.5%				59,350	Mylan Inc.	1,161,016	1,290,664
37,500	Allegheny Technologies, Inc.	1,630,233	1,217,523	14,650	Vertex Pharmaceuticals Incorporated	570,236	828,688
14,900	Cliffs Natural Resources Inc.	934,893	747,715	24,063	Volcano Corporation	643,183	701,639
		2,565,126	1,965,238			7,575,796	9,499,199
Industrials – 12.5%				Financials – 7.3%			
26,350	Expeditors International of Washington, Inc.	1,285,049	1,039,009	21,825	ACE Limited	1,323,950	1,647,174
27,750	Fastenal Company	1,360,308	1,138,569	46,152	Green Dot Corp.	1,804,574	1,037,952
12,250	IHS Inc.	974,611	1,342,833	21,950	T. Rowe Price Group Inc.	1,269,406	1,406,318
16,250	MSC Industrial Direct Co., Inc. Class A	1,213,314	1,083,642			4,397,930	4,091,444
49,400	Robert Half International, Inc.	1,375,848	1,435,900	Information Technology – 24.5%			
15,250	Rockwell Automation, Inc.	980,437	1,025,341	52,233	ARM Holdings PLC, ADR	1,102,678	1,264,053
		7,189,567	7,065,294	27,800	Avago Technologies Ltd.	908,896	1,014,954
Consumer Discretionary – 16.6%				8,800	Baidu, Inc.	871,838	1,028,079
16,550	BorgWarner, Inc.	1,048,579	1,105,164	39,113	Cavium Networks, Inc.	1,194,127	1,113,396
42,150	CarMax, Inc.	1,229,393	1,112,734	9,750	F5 Networks, Inc.	941,109	985,800
48,944	Ctrip.com International, Ltd. ADR	1,680,532	833,157	15,348	Fusion-IO Inc.	385,870	326,424
26,800	Dick's Sporting Goods, Inc.	968,037	1,309,686	12,900	IPG Photonics Corporation	565,626	571,702
4,150	Fossil, Inc.	352,319	322,884	5,600	LinkedIn Corp., Class A	398,571	605,885
40,650	Gildan Activewear Inc.	1,131,722	1,138,111	48,237	QLIK Technologies Inc.	1,220,723	1,085,826
27,542	Harman International Industries, Incorporated	1,259,370	1,109,565	12,900	Rackspace Hosting, Inc.	579,778	577,087
27,800	Michael Kors Holdings Limited	1,162,644	1,182,509	14,150	Salesforce.com, Inc.	1,657,455	1,991,505
27,200	TripAdvisor Inc.	803,964	1,236,464	9,219	SINA Corporation	630,810	486,001
		9,636,560	9,350,274	18,700	Splunk Inc.	609,232	534,601
Consumer Staples – 3.5%				7,800	Universal Display Corporation	268,895	285,009
89,600	Arcos Dorados Holdings, Inc.	1,812,848	1,347,348	10,952	VMware, Inc.	909,083	1,014,784
8,738	PriceSmart, Inc.	561,542	600,225	42,451	Youku.com Inc. ADR	1,325,943	936,133
		2,374,390	1,947,573			13,570,634	13,821,239
				TOTAL INVESTMENT PORTFOLIO			
				OTHER ASSETS, LESS LIABILITIES – 4.2%			
				NET ASSETS – 100.0%			

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
United States		
Energy	11.0	14.6
Materials	3.5	3.8
Industrials	12.5	13.9
Consumer Discretionary	16.6	14.2
Consumer Staples	3.5	3.9
Health Care	16.9	14.0
Financials	7.3	7.1
Information Technology	24.5	24.0

FOREIGN EQUITY FUNDS

Portfolio Advisor: TCW Investment Management Company

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private U.S. Mid Cap Growth Pool (Unaudited – Continued) (formerly, Pinnacle American Mid Cap Growth Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currency to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	55,748,046	99.0	83,064,344	100.0

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$5,574,805 or approximately 9.9% of total Net Assets (December 31, 2011 – \$8,306,434, or approximately 10.0% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 95.8% (December 31, 2011 – 95.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,394,608 (December 31, 2011 – \$7,908,289). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$133,634	\$435,910

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$53,946,076	\$ –	\$ –	\$53,946,076

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$79,082,890	\$ –	\$ –	\$79,082,890

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private International Equity Pool (formerly, Pinnacle International Equity Fund) (Unaudited)

56

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$347,676,628	\$269,542,387
Cash	27,574,025	15,177,574
Accrued investment income	978,770	186,471
Receivable for securities sold	7,204	11,566
Subscriptions receivable	988,314	15,920
Receivable for currency spot contracts	2	39
Accounts receivable	—	1,457
	<u>377,224,943</u>	<u>284,935,414</u>
LIABILITIES		
Payable for securities purchased	4,599,965	—
Redemptions payable	65,551	17,479
Accrued expenses	30,495	—
Payable for currency spot contracts	20,663	—
	<u>4,716,674</u>	<u>17,479</u>
Net Assets	<u>\$372,508,269</u>	<u>\$284,917,935</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 44,557,524	\$ 45,907,336
Series F Units	\$ 392,720	\$ 258,663
Series I Units	<u>\$327,558,025</u>	<u>\$238,751,936</u>
UNITS OUTSTANDING		
Pinnacle Series Units	5,134,168	5,555,386
Series F Units	44,987	30,994
Series I Units	<u>36,672,818</u>	<u>28,112,050</u>
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 8.68	\$ 8.26
Series F Units	\$ 8.73	\$ 8.35
Series I Units	<u>\$ 8.93</u>	<u>\$ 8.49</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 6,587,242	\$4,336,998
Interest	110,451	43,979
Securities lending	135,842	9,837
Foreign withholding taxes/tax reclaims	(989,666)	(948,464)
	<u>5,843,869</u>	<u>3,442,350</u>
EXPENSES		
Management fees (note 5)	1,746	781
Harmonized Sales Tax/Goods and Services Tax	12,770	18,438
Audit fees	3,590	9,394
Independent Review Committee fees	2,182	1,311
Custodian fees	38,067	48,537
Filing fees	8,175	8,746
Legal fees	4,777	1,852
Unitholder reporting costs	11,136	10,695
Unitholder administration and service fees	97,618	86,452
	<u>180,061</u>	<u>186,206</u>
Absorbed expenses	(1,579)	(1,039)
	<u>178,482</u>	<u>185,167</u>
Net investment income (loss)	<u>5,665,387</u>	<u>3,257,183</u>
Net realized gain (loss) on investments sold	<u>(5,588,706)</u>	<u>(450,521)</u>
Net gain (loss) foreign exchange	<u>(25,934)</u>	<u>(38,882)</u>
Transaction costs	<u>(83,316)</u>	<u>(75,542)</u>
Change in unrealized appreciation (depreciation) of investments	<u>14,550,261</u>	<u>4,748,103</u>
Change in unrealized appreciation (depreciation) of currency spots	<u>(20,700)</u>	<u>(2,491)</u>
Net gain (loss) on investments and transaction costs	<u>8,831,605</u>	<u>4,180,667</u>
Increase (decrease) in Net Assets from operations	<u>\$14,496,992</u>	<u>\$7,437,850</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 2,416,176	\$1,557,827
Series F Units	\$ 10,337	\$ 2,917
Series I Units	<u>\$12,070,479</u>	<u>\$5,877,106</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.45	\$ 0.26
Series F Units	\$ 0.26	\$ 0.18
Series I Units	<u>\$ 0.37</u>	<u>\$ 0.29</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 45,907,336	\$ 58,528,949
Series F Units	258,663	121,053
Series I Units	<u>238,751,936</u>	<u>155,222,746</u>
	<u>284,917,935</u>	<u>213,872,748</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	2,416,176	1,557,827
Series F Units	10,337	2,917
Series I Units	<u>12,070,479</u>	<u>5,877,106</u>
	<u>14,496,992</u>	<u>7,437,850</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	3,064,180	5,432,689
Series F Units	146,049	160,484
Series I Units	<u>87,367,050</u>	<u>70,486,192</u>
Payments on redemption		
Pinnacle Series Units	(6,830,168)	(9,708,970)
Series F Units	(22,329)	(72,528)
Series I Units	<u>(10,631,440)</u>	<u>(275,375)</u>
	<u>73,093,342</u>	<u>66,022,492</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(1,349,812)	(2,718,454)
Series F Units	134,057	90,873
Series I Units	<u>88,806,089</u>	<u>76,087,923</u>
	<u>87,590,334</u>	<u>73,460,342</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	44,557,524	55,810,495
Series F Units	392,720	211,926
Series I Units	<u>327,558,025</u>	<u>231,310,669</u>
	<u>\$372,508,269</u>	<u>\$287,333,090</u>

Scotia Private International Equity Pool (Unaudited – Continued)
(formerly, Pinnacle International Equity Fund)

57

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 93.3%				EQUITIES (cont'd)			
Australia – 0.5%				Sweden – 5.1%			
55,736	BHP Billiton Limited	2,203,527	1,849,319	238,200	Assa Abloy AB Series B	5,785,360	6,781,039
Brazil – 2.9%				229,800	Hennes & Mauritz AB, Class B	6,856,408	8,411,136
315,500	BM&F BOVESPA SA	1,913,206	1,625,671	116,100	Svenska Handelsbanken AB	3,276,071	3,896,247
73,200	Empresa Brasileira De Aeronautica SA ADR	1,723,988	1,977,150			15,917,839	19,088,422
207,600	Itau Unibanco Holding SA ADR	4,083,969	2,939,989	Switzerland – 7.5%			
178,900	Natura Cosmeticos SA	3,584,959	4,219,318	112,820	Julius Baer Group Ltd.	4,300,331	4,158,711
		11,306,122	10,762,128	146,910	Nestle SA	8,050,205	8,921,967
China – 1.0%				127,400	Novartis AG	7,094,418	7,234,958
6,281,400	Industrial and Commercial Bank of China Ltd., Class H	4,827,611	3,575,975	8,820	Swatch Group AG, Class B	3,650,726	3,552,874
Denmark – 3.0%				11,910	Syngenta AG	3,977,357	4,139,448
76,554	Novo Nordisk AS, Class B	6,637,163	11,275,696			27,073,037	28,007,958
France – 9.1%				United Kingdom – 23.0%			
61,003	Air Liquide SA	6,492,128	7,106,026	444,802	ARM Holdings PLC	2,282,194	3,607,036
63,527	Compagnie Generale des Etablissements Michelin, Class B	4,540,229	4,230,349	371,300	BG Group PLC	7,665,387	7,738,944
40,800	Danone	2,649,916	2,578,918	181,724	British American Tobacco PLC	6,858,018	9,418,912
50,700	Dassault Systemes SA	3,518,825	4,849,275	163,352	Carnival PLC	5,695,535	5,692,366
59,600	LVMH Moet Hennessy Louis Vuitton SA	7,393,452	9,248,952	2,284,739	Kingfisher PLC	8,725,856	10,519,757
128,400	Publicis Groupe	6,124,216	5,978,473	296,358	Pearson PLC	4,649,954	5,993,843
		30,718,766	33,991,993	165,966	Reckitt Benkiser Group PLC	8,716,216	8,913,707
Germany – 12.5%				331,925	Rolls-Royce Group PLC	3,603,273	4,560,014
119,740	Adidas-Salomon AG	8,276,432	8,743,912	25,856,050	Rolls-Royce Holdings PLC*	41,768	41,236
53,300	Allianz SE	6,966,778	5,449,230	130,000	SABMiller PLC	3,647,456	5,317,425
116,205	Fresenius Medical Care AG & Co. KGaA	6,537,005	8,374,417	400,971	Standard Chartered PLC	9,056,053	8,901,664
55,300	Kabel Deutschland Holding AG	2,644,228	3,503,913	1,461,900	Tesco PLC	9,355,540	7,236,284
144,522	SAP AG	7,270,714	8,689,383	2,731,190	Vodafone Group PLC	7,661,697	7,814,243
75,500	Siemens AG	8,706,138	6,461,504			77,958,947	85,755,431
32,142	Volkswagen AG Non-voting	3,597,639	5,205,153	United States – 5.7%			
		43,998,934	46,427,512	122,700	Schlumberger Limited	8,525,883	8,108,628
Hong Kong – 7.0%				29,345	Accenture PLC, Class A	1,724,186	1,794,663
2,383,025	CNOOC Limited	4,621,784	4,894,262	38,957	Baidu, Inc.	4,956,125	4,551,237
1,409,102	Hang Lung Properties Limited	5,040,511	4,883,447	136,714	Check Point Software Technologies Ltd.	7,536,483	6,895,412
390,900	Hong Kong Exchanges & Clearing Limited	6,532,426	5,708,941			22,742,677	21,349,940
922,181	HSBC Holdings PLC Ord	8,145,665	8,416,987	TOTAL INVESTMENT PORTFOLIO			
72,431	Tencent Holdings Limited	1,702,125	2,177,638		Currency Spot Contracts – 0.0%		(20,661)
		26,042,511	26,081,275		OTHER ASSETS, LESS LIABILITIES – 6.7%		24,852,302
Ireland – 1.4%					NET ASSETS – 100.0%		372,508,269
95,824	Covidien PLC	4,680,372	5,218,409				
Israel – 2.4%							
218,568	Teva Pharmaceutical Industries Ltd. ADR	11,032,748	8,776,366				
Japan – 10.0%							
89,030	Canon Inc.	4,107,169	3,630,215				
1,513	Dai-ichi Life Insurance Company Ltd., The	2,605,219	1,784,712				
31,217	FANUC Corp.	3,998,062	5,222,679				
842	KDDI Corporation	5,460,121	5,530,530				
217,769	Komatsu Ltd.	4,897,801	5,314,949				
1,438,600	Mitsubishi UFJ Financial Group, Inc.	7,822,474	7,010,771				
214,349	Toyota Motor Corporation	8,554,912	8,797,486				
		37,445,758	37,291,342				
Mexico – 1.0%							
1,337,100	Wal-Mart de Mexico SAB de CV, Series V	3,026,320	3,633,102				
Netherlands – 0.5%							
96,100	Yandex NV	2,627,641	1,860,909				
South Korea – 0.7%							
13,029	Hyundai Motor Company	1,771,752	2,730,851				

* This security is not actively traded and considered illiquid.

Portfolio Advisor: Thornburg Investment Management, Inc.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

FOREIGN EQUITY FUNDS

Scotia Private International Equity Pool (Unaudited – Continued)
(formerly, Pinnacle International Equity Fund)

58

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 3, 2012	U.S. Dollar	528,306	Canadian Dollar	542,343	542,344	(4,475)
Jul. 3, 2012	Hong Kong Dollar	2,085,528	Canadian Dollar	277,301	277,307	(3,617)
Jul. 3, 2012	U.S. Dollar	195,237	Canadian Dollar	201,924	201,924	(3,153)
Jul. 4, 2012	British Pound	419,851	Canadian Dollar	670,389	670,387	(789)
Jul. 4, 2012	British Pound	52,222	Canadian Dollar	83,427	83,426	(140)
Jul. 4, 2012	European Euro	722,213	Canadian Dollar	930,896	930,897	(354)
Jul. 4, 2012	Hong Kong Dollar	1,002,081	Canadian Dollar	131,814	131,818	(311)
Jul. 4, 2012	Japanese Yen	74,422,320	Canadian Dollar	955,965	955,889	(7,824)
Jul. 5, 2012	U.S. Dollar	45,464	Canadian Dollar	46,284	46,284	2
						(20,661)

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	0.5	1.8
Brazil	2.9	2.1
China	1.0	0.8
Denmark	3.0	2.7
France	9.1	9.1
Germany	12.5	13.3
Hong Kong	7.0	5.6
Ireland	1.4	—
Israel	2.4	2.6
Japan	10.0	10.3
Mexico	1.0	0.9
Netherlands	0.5	0.4
South Korea	0.7	0.9
Sweden	5.1	5.0
Switzerland	7.5	8.6
United Kingdom	23.0	25.2
United States	5.7	5.3
Currency Spot Contracts	0.0	0.0

FOREIGN EQUITY FUNDS

Portfolio Advisor: Thornburg Investment Management, Inc.

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private International Equity Pool (Unaudited – Continued) (formerly, Pinnacle International Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
British Pound	86,973,854	23.4	71,680,702	25.2
European Euro	81,528,751	21.9	63,781,231	22.4
U.S. Dollar	43,451,185	11.7	25,849,820	9.1
Japanese Yen	38,275,168	10.3	29,438,792	10.3
Hong Kong Dollar	30,135,030	8.1	18,156,393	6.4
Swiss Franc	28,204,753	7.6	24,359,947	8.5
Swedish Krona	19,088,423	5.1	14,311,655	5.0
Danish Krone	11,275,696	3.0	7,776,977	2.7
Brazilian Real	5,844,989	1.6	3,996,003	1.4
Mexican Peso	3,633,102	1.0	2,740,365	1.0
South Korean Won	2,730,859	0.7	2,442,579	0.9
Australian Dollar	1,849,319	0.5	4,996,364	1.8
Total	352,991,129	94.9	269,530,828	94.7

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$35,299,113 approximately 9.5% of total Net Assets (December 31, 2011 – \$26,953,083, or approximately 9.5% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 93.3% (December 31, 2011 – 94.6%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$34,767,663 (December 31, 2011 – \$26,954,239). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$4,696,011	\$17,479
Payable for currency spot contracts	20,663	–
	\$4,716,674	\$17,479

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$51,642,090	\$296,034,538	\$ –	\$347,676,628
Currency Spot Contracts – Assets	2	–	–	2
	51,642,092	296,034,538	–	347,676,630
Currency Spot Contracts – Liabilities	(20,663)	–	–	(20,663)
	\$51,621,429	\$296,034,538	\$ –	\$347,655,967

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$32,586,189	\$236,956,198	\$ –	\$269,542,387
Currency Spot Contracts – Assets	39	–	–	39
	\$32,586,228	\$236,956,198	\$ –	\$269,542,426

During the periods ended June 30, 2012 (December 31, 2011 – \$1,879,313), there were no transfers between Level 1 and Level 2 due to fair valuing of securities on exchanges that were closed on the reporting date.

Scotia Private International Small to Mid Cap Value Pool (formerly, Pinnacle International Small to Mid Cap Value Equity Fund) (Unaudited)

60

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$25,753,081	\$26,974,393
Cash	239,422	143,518
Accrued investment income	58,525	36,189
Receivable for securities sold	177,389	107,199
Subscriptions receivable	29,744	18,647
Receivable for currency spot contracts	7	373
Accounts receivable	—	303
	<u>26,258,168</u>	<u>27,280,622</u>
LIABILITIES		
Payable for securities purchased	218,359	—
Redemptions payable	9,038	17,645
Accrued expenses	10,572	—
Payable for currency spot contracts	141	—
	<u>238,110</u>	<u>17,645</u>
Net Assets	<u>\$26,020,058</u>	<u>\$27,262,977</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$23,827,342	\$25,115,932
Series F Units	\$ 95,333	\$ 49,630
Series I Units	\$ 2,097,383	\$ 2,097,415
UNITS OUTSTANDING		
Pinnacle Series Units	1,803,423	2,037,181
Series F Units	7,166	3,985
Series I Units	156,442	168,022
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 13.21	\$ 12.33
Series F Units	\$ 13.30	\$ 12.45
Series I Units	\$ 13.41	\$ 12.48

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 541,961	\$ 559,297
Interest	1,162	194
Capital gains distributions received	9	—
Securities lending	591	150
Foreign withholding taxes/tax reclaims	(68,333)	(145,372)
Other income	—	258
	<u>475,390</u>	<u>414,527</u>
EXPENSES		
Management fees (note 5)	434	274
Harmonized Sales Tax/Goods and Services Tax	9,770	17,404
Audit fees	2,035	8,829
Independent Review Committee fees	927	1,245
Custodian fees	41,380	94,692
Filing fees	8,175	8,287
Legal fees	683	1,761
Unitholder reporting costs	9,875	9,932
Unitholder administration and service fees	41,310	52,522
Overdraft charges	776	947
	<u>115,365</u>	<u>195,893</u>
Absorbed expenses	<u>(42,595)</u>	<u>(93,553)</u>
	<u>72,770</u>	<u>102,340</u>
Net investment income (loss)	<u>402,620</u>	<u>312,187</u>
Net realized gain (loss) on investments sold	<u>(33,851)</u>	<u>2,709,349</u>
Net gain (loss) foreign exchange	<u>(11,562)</u>	<u>(31,258)</u>
Transaction costs	<u>(26,243)</u>	<u>(35,800)</u>
Change in unrealized appreciation (depreciation) of investments	<u>1,683,261</u>	<u>(1,423,749)</u>
Change in unrealized appreciation (depreciation) of currency spots	<u>(507)</u>	<u>1,001</u>
Net gain (loss) on investments and transaction costs	<u>1,611,098</u>	<u>1,219,543</u>
Increase (decrease) in Net Assets from operations	<u>\$2,013,718</u>	<u>\$ 1,531,730</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$1,849,226	\$ 1,433,684
Series F Units	\$ 3,953	\$ 2,108
Series I Units	\$ 160,539	\$ 95,938
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.96	\$ 0.62
Series F Units	\$ 0.60	\$ 0.54
Series I Units	\$ 0.99	\$ 0.57

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$25,115,932	\$33,918,683
Series F Units	49,630	50,207
Series I Units	2,097,415	2,396,356
	<u>27,262,977</u>	<u>36,365,246</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	1,849,226	1,433,684
Series F Units	3,953	2,108
Series I Units	160,539	95,938
	<u>2,013,718</u>	<u>1,531,730</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,693,150	2,351,453
Series F Units	44,513	28,939
Series I Units	—	18,683
Payments on redemption		
Pinnacle Series Units	(4,830,966)	(5,463,439)
Series F Units	(2,763)	(27,693)
Series I Units	(160,571)	(162,667)
	<u>(3,256,637)</u>	<u>(3,254,724)</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	(1,288,590)	(1,678,302)
Series F Units	45,703	3,354
Series I Units	(32)	(48,046)
	<u>(1,242,919)</u>	<u>(1,722,994)</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	23,827,342	32,240,381
Series F Units	95,333	53,561
Series I Units	2,097,383	2,348,310
	<u>\$26,020,058</u>	<u>\$34,642,252</u>

Scotia Private International Small to Mid Cap Value Pool (Unaudited – Continued) (formerly, Pinnacle International Small to Mid Cap Value Equity Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 99.0%				EQUITIES (cont'd)			
CANADIAN EQUITIES – 9.4%				FOREIGN EQUITIES (cont'd)			
Energy – 2.1%				Austria – 1.3%			
2,616	AltaGas Ltd.	71,446	75,629	2,619	Austriamicrosystems AG	106,256	179,034
5,464	Mullen Group Limited	115,341	119,115	25,008	Duluxgroup Ltd.	72,133	78,785
8,100	Pason Systems Inc.	100,740	120,447	954	Schoeller-Bleckmann Oilfield Equipment AG	81,776	78,439
19,818	Spartan Oil Corp.	83,174	68,570			260,165	336,258
9,794	Surge Energy, Inc.	97,030	72,084	Belgium – 0.7%			
13,146	Whitecap Resources, Inc.	115,734	88,341	1,495	Barco NV	80,522	77,060
		583,465	544,186	1,324	Kinepolis	101,322	114,973
Materials – 2.4%						181,844	192,033
20,415	Argonaut Gold, Inc.	153,968	156,786	Bermuda – 0.4%			
22,582	AuRico Gold Inc.	173,871	183,366	43,345	Miclyn Express Offshore Pte Ltd.	77,193	92,319
15,538	Endeavour Silver Corporation	132,123	127,878	Denmark – 2.1%			
6,494	Major Drilling Group International Inc.	80,810	76,434	4,124	Christian Hansen Holding AS	89,284	107,889
2,547	Methanex Corporation	76,674	71,953	9,079	GN Store Nord A/S	81,496	111,863
		617,446	616,417	1,595	Royal Unibrew A/S	107,502	102,830
Industrials – 1.2%				4,754	Sydbank A/S	82,534	78,600
9,272	TransForce, Inc.	101,713	154,564	771	Topdanmark AS	128,756	134,489
3,063	Wajax Corporation	124,598	147,177			489,572	535,671
		226,311	301,741	Finland – 1.5%			
Consumer Discretionary – 1.2%				10,921	Huhtamaki OYJ	143,011	165,029
3,558	Dollarama Inc.	117,452	217,572	33,537	Sponda OYJ	173,116	127,952
10,900	Martinrea International Inc.	98,677	87,091	5,351	Tieto Oyj	88,999	87,122
		216,129	304,663			405,126	380,103
Consumer Staples – 0.5%				France – 6.5%			
8,390	Jean Coutu Group (PJC) Inc., The, Class A	99,686	125,850	2,120	Arkema	179,161	141,428
Financials – 1.3%				3,347	Atos Origin SA	170,468	204,064
5,690	Canadian Apartment Properties Real Estate Investment Trust	106,210	134,853	2,290	CFAO	93,044	110,485
2,449	Home Capital Group Inc.	84,493	110,597	1,123	Eurofins Scientific	112,223	141,724
2,207	Laurentian Bank of Canada	100,663	102,074	1,099	Fonciere des Regions	75,857	80,616
		291,366	347,524	3,193	Ingenico SA	90,800	157,765
Information Technology – 0.3%				5,044	Medica SA	100,788	81,820
8,880	Sierra Wireless Inc.	84,170	81,457	2,397	Publicis Groupe	121,538	111,607
Utilities – 0.4%				1,978	Societe BIC SA	175,313	208,057
1,323	ATCO Ltd., Class I	73,719	95,626	10,938	Ubisoft Entertainment SA	73,910	74,761
				3,086	Valeo SA	114,367	130,187
FOREIGN EQUITIES – 89.6%				2,389	Zodiac Aerospace	163,012	247,499
Australia – 7.5%						1,470,481	1,690,013
33,627	Ausdrill Limited	115,857	121,401	Germany – 6.8%			
19,327	Ausenco Ltd.	85,184	72,653	2,195	Bilfinger Berger SE	144,282	182,119
97,648	Beach Energy Limited	96,476	97,008	1,290	Draegerwerk AG & Co KGaA	116,286	129,619
42,488	Boart Longyear Ltd.	158,138	129,000	4,311	Duerr AG	179,798	270,558
14,609	carsales.com	80,825	91,881	8,582	Freenet AG	100,546	127,000
27,545	Challenger Financial Services Group Limited	105,052	93,830	2,684	Gerresheimer AG	108,122	128,698
133,577	Commonwealth Property Office Fund	118,264	141,765	2,585	Hannover Rueckversicherung AG	116,338	155,754
142,907	Envestra Limited	85,790	117,208	2,118	Hugo Boss AG	70,613	213,295
43,166	FlexiGroup Ltd.	79,579	117,143	1,816	Kabel Deutschland Holding AG	97,731	115,065
8,256	Flight Centre Limited	161,577	164,487	2,423	Lanxess AG	100,646	154,925
14,297	GrainCorp Limited	106,894	142,736	2,143	Leoni AG	113,075	83,231
23,568	iiNET Limited	74,100	76,026	4,270	ProSiebenSat.1 Media AG, Preference	39,959	97,049
64,750	Mount Gibson Iron Limited	56,301	58,781	12,334	TAG Immobilien AG	106,828	118,004
25,928	PanAust Limited	85,674	75,153			1,294,224	1,775,317
27,039	Primary Health Care Ltd.	79,266	83,444	Hong Kong – 1.7%			
81,557	Spark Infrastructure Group	111,072	129,787	48,000	Great Eagle Holdings Limited	140,460	125,720
76,440	St. Barbara Limited	175,160	141,446	354,000	Hutchison Telecommunications Hong Kong Holdings Limited	121,881	167,613
14,423	Super Retail Group Ltd.	109,383	109,098	89,000	Melco International Development Ltd.	77,851	73,030
		1,884,592	1,962,847	214,000	Peace Mark (Holdings) Limited*	242,287	–
				108,000	Towngas China Company Limited	79,101	79,667
						661,580	446,030

Portfolio Advisor: Munder Capital Management

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private International Small to Mid Cap Value Pool (Unaudited – Continued) (formerly, Pinnacle International Small to Mid Cap Value Equity Fund)

62

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
Israel – 0.5%			
4,175	Allot Communications Ltd.	70,307	118,421
Italy – 2.7%			
13,616	Banca Generali SpA	167,446	159,952
23,531	Credito Emiliano SpA	119,946	87,517
10,120	De'Longhi SpA	94,619	99,198
4,552	Lottomatica S.p.A.	73,466	89,528
15,498	Pirelli & C. SpA	141,256	166,448
15,483	Recordati SpA	128,928	112,165
		725,661	714,808
Japan – 18.5%			
4,500	Capcom Co., Ltd	83,089	95,829
6,600	Century Tokyo Leasing Corporation	130,299	126,059
35,000	Clarion Co., Ltd.	77,247	82,344
38	Cyberagent Inc.	115,154	99,722
13	Daiwahouse Residential Investment Corp.	82,998	92,374
13	Frontier Real Estate Investment Corporation	121,119	106,207
15,000	Hitachi Kokusai Electric Inc.	127,941	120,172
15,000	Japan Aviation Electronics Industry, Limited.	113,627	133,942
17,000	Kagoshima Bank, Ltd., The	143,826	104,862
6,700	Kintetsu World Express Inc.	176,623	218,475
4,500	Kyoei Steel Ltd First Section	75,595	83,956
9,300	Net One Systems Co., Ltd.	85,297	126,047
24,000	Nichirei Corporation	116,428	120,128
5,700	Nihon Kohden Corporation	108,808	176,742
11,000	Nippon Paint Co. Ltd.	86,492	91,220
8,000	Nippon Shokubai Co., Ltd.	84,755	98,307
7,500	NORITZ CORPORATION	161,057	145,494
7,700	Park24 Co., Ltd.	102,068	115,883
12,000	Rengo Co., Ltd.	78,235	76,373
2,300	Ryohin Keikaku Co., Ltd.	104,429	127,523
14,000	San-In Godo Bank, Ltd., The	126,309	100,610
4,800	Seria Co., Ltd.	76,041	78,517
18,000	Shiga Bank, Ltd., The	128,483	100,214
8,000	Ship Healthcare Holdings, Inc.	89,239	196,112
8,500	Sohgo Security Services Company Ltd.	109,452	117,230
13,900	Sumitomo Forestry Co., Ltd.	118,137	126,513
3,320	Sumitomo Real Estate Sales Co	133,869	164,777
7,600	Taishisha Ltd.	174,351	161,429
30,000	The Yokohama Rubber Company Limited	180,998	230,538
6,000	Tokyo Ohka Kogyo Co., Ltd.	137,274	135,847
6,700	Tokyo Seimitsu Co., Ltd.	102,253	121,420
9,200	Toridoll. Corporation	100,037	131,911
17,000	Toshiba Plant Systems & Services Corporation	193,686	206,210
2,200	TOWA Pharmaceutical Co. Ltd.	112,713	125,563
23,000	Toyo Engineering Corporation	106,341	101,743
24,000	Tsubakimoto Chain Co.	145,026	141,756
3,700	Tsuruha Holdings Inc.	186,975	234,285
		4,396,271	4,816,334
Netherlands – 1.8%			
9,345	Aalberts Industries NV	161,933	148,150
2,009	Eurocommercial Properties NV	87,290	70,884
1,078	Gemalto NV	77,064	78,932
3,460	Imtech NV	95,070	84,055
11,580	James Hardie Industries SE	90,633	96,547
		511,990	478,568
Norway – 1.7%			
18,251	Atea ASA	123,493	163,350
44,571	Electromagnetic GeoServices AS	150,227	100,940
9,647	Tomra Systems ASA	77,256	83,335
12,275	Wilh. Wilhelmsen ASA	91,742	84,932
		442,718	432,557

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
Singapore – 1.2%			
96,000	First Resources Limited	89,208	149,413
111,000	Mapletree Commercial Trust	76,382	87,765
441,000	Yongnam Holdings Limited	102,456	81,874
		268,046	319,052
South Korea – 3.7%			
7,684	Asia Pacific Systems Inc.	88,468	93,147
11,230	BS Financial Group Inc.	143,770	128,052
5,400	CHIYODA CO., LTD.	99,538	119,045
1,718	CJ Korea Express Corporation	114,182	120,429
3,620	Hotel Shilla Co., Ltd.	150,032	181,749
4,580	LIG Insurance Co., Ltd.	98,429	96,471
4,000	Silicon Works Co. Ltd.	106,318	104,498
3,985	Soulbrain Co., Ltd.	132,324	109,199
		933,061	952,590
Spain – 2.0%			
3,292	Bolsas y Mercados Espanoles	96,689	67,470
4,083	Grifolis SA	97,255	105,443
3,211	Red Electrica Corp SA	169,212	142,571
4,839	Viscofan, SA	123,456	212,154
		486,612	527,638
Sweden – 1.8%			
7,680	Boliden AB	96,968	109,369
17,436	Fastighets AB Balder, Series B	86,753	80,507
843	Millicom International Cellular S.A.	86,320	80,971
21,000	Trelleborg AB	187,938	197,562
		457,979	468,409
Switzerland – 5.5%			
732	Acino Holding AG	74,734	86,432
2,751	Aryzta AG	122,028	139,186
250	Banque Cantonale Vaudoise	106,963	135,010
486	Bucher Industries AG	83,458	79,285
1,397	Dufry AG	139,868	172,535
677	Flughafen Zuerich AG	256,454	242,039
264	Helvetia Holding AG	92,516	81,232
16,828	OC Oerlikon Corporation AG	146,113	142,311
1,091	Schindler Holdings AG	125,585	124,214
58	Sika AG	123,327	113,725
1,214	Swiss Life Holding AG	133,904	116,632
		1,404,950	1,432,601
United Kingdom – 20.6%			
70,340	Aberdeen Asset Management PLC	227,425	291,716
44,331	Aegis Group PLC	109,340	114,606
35,828	Ashtead Group PLC	122,764	149,491
12,849	Babcock International Group plc	140,895	175,081
40,885	Balfour Beatty PLC	228,904	195,021
80,020	Barratt Developments PLC	163,062	178,819
13,502	Berendsen PLC	98,323	107,886
85,435	Booker Group PLC	66,749	124,131
2,489	Croda International PLC	38,876	89,996
4,673	Dialog Semiconductor plc	97,916	86,352
22,286	easyJet PLC	137,423	189,198
27,331	Fenner PLC	193,457	158,448
57,888	GKN PLC	138,524	167,849
87,932	Hays Plc.	126,662	103,489
107,453	Howden Joinery Group PLC	82,055	218,864
7,610	Hunting PLC	109,126	88,037
10,653	IMI PLC	154,608	141,586
31,626	Inchcape PLC	133,128	167,056
4,345	InterContinental Hotels Group PLC	101,285	106,932
85,423	ITV PLC	81,886	105,006

Portfolio Advisor: Munder Capital Management

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private International Small to Mid Cap Value Pool (Unaudited – Continued)
(formerly, Pinnacle International Small to Mid Cap Value Equity Fund)

63

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
United Kingdom (cont'd)				United States – 1.1%			
13,881	Jazztel PLC	63,386	80,282	20,776	Gran Tierra Energy, Inc.	142,102	103,434
24,079	Jupiter Fund Management plc	88,574	82,801	3,800	iShares MSCI EAFE Index Fund	188,828	193,285
15,172	Lancashire Holdings Ltd.	147,101	193,659			330,930	296,719
11,843	London Stock Exchange Group plc	165,997	189,987				
23,851	Mondi PLC	215,128	208,243		TOTAL INVESTMENT PORTFOLIO	23,552,875	25,753,081
49,744	Paragon Group Companies PLC	109,228	132,989		Currency Spot Contracts – 0.0%		(134)
7,399	Pennon Group PLC	63,271	90,169		OTHER ASSETS, LESS LIABILITIES – 1.0%		267,111
19,305	Rexam PLC	108,201	130,052		NET ASSETS – 100.0%		26,020,058
15,563	RPC Group PLC	92,503	96,396				
14,341	Savills PLC	81,447	80,036				
59,352	Senior PLC	147,696	177,848				
19,426	SOCO International plc	107,253	90,046				
4,916	Spectris PLC	108,640	120,402				
56,153	Spirent Communications PLC	87,298	143,868				
25,079	Stagecoach Group PLC	91,029	106,684				
7,903	Synergy Health PLC	85,890	113,792				
46,316	TalkTalk Telecom Group	108,493	140,792				
9,822	Telecity Group PLC	88,988	125,927				
9,667	Vitec Group PLC	94,750	103,792				
		4,607,281	5,367,329				

* This security is not actively traded and considered illiquid.

CURRENCY SPOT CONTRACTS

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian Value as at June 30, 2012 (\$)	Canadian (\$) Appreciation/ (Depreciation)
Jul. 3, 2012	British Pound	1,000	Canadian Dollar	1,600	1,600	(5)
Jul. 3, 2012	Canadian Dollar	16,683	Norwegian Krone	97,500	16,676	7
Jul. 3, 2012	Swiss Franc	6,800	Canadian Dollar	7,306	7,306	(12)
Jul. 3, 2012	European Euro	13,000	Canadian Dollar	16,804	16,804	(54)
Jul. 3, 2012	Japanese Yen	600,000	Canadian Dollar	7,714	7,713	(70)
						(134)

The currency spot contracts outstanding at June 30, 2012 are placed with a financial institution with a credit rating of AA– by Standard & Poor's.

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	7.5	6.3
Austria	1.3	1.1
Belgium	0.7	0.8
Bermuda	0.4	0.4
Canada	9.4	12.5
Denmark	2.1	1.3
Finland	1.5	2.0
France	6.5	5.3
Germany	6.8	6.8
Hong Kong	1.7	1.8
Israel	0.5	0.4
Italy	2.7	2.7
Japan	18.5	18.6
Netherlands	1.8	2.3
Norway	1.7	1.0
Singapore	1.2	1.3
South Korea	3.7	4.1
Spain	2.0	2.0
Sweden	1.8	3.7
Switzerland	5.5	5.3
United Kingdom	20.6	18.9
United States	1.1	0.3
Currency Spot Contracts	0.0	0.0

Portfolio Advisor: Munder Capital Management

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

FOREIGN EQUITY FUNDS

Scotia Private International Small to Mid Cap Value Pool (Unaudited – Continued) (formerly, Pinnacle International Small to Mid Cap Value Equity Fund)

64

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	5,938,370	22.8	6,165,492	22.6
British Pound	5,221,295	20.1	5,159,500	18.9
Japanese Yen	4,936,704	19.0	5,086,437	18.7
Australian Dollar	2,231,038	8.6	1,958,247	7.2
Swiss Franc	1,619,142	6.2	1,553,198	5.7
South Korean Won	833,545	3.2	1,128,381	4.1
Danish Krone	535,704	2.1	351,748	1.3
U.S. Dollar	496,750	1.9	159,409	0.6
Swedish Krona	468,424	1.8	1,013,863	3.7
Hong Kong Dollar	448,764	1.7	484,715	1.8
Norwegian Krone	415,979	1.6	270,933	1.0
Singapore Dollar	319,182	1.2	290,260	1.1
New Zealand Dollar	32	0.0	31	0.0
Total	23,464,929	90.2	23,622,214	86.7

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$2,346,493, or approximately 9.0% of total Net Assets (December 31, 2011 – \$2,362,221, or approximately 8.7% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.0% (December 31, 2011 – 98.9%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$2,575,308 (December 31, 2011 – \$2,697,439). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$237,969	\$17,645
Payable for currency spot contracts	141	–
	\$238,110	\$17,645

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$3,125,481	\$22,627,600	\$ –	\$25,753,081
Currency Spot Contracts – Assets	7	–	–	7
	3,125,488	22,627,600	–	25,753,088
Currency Spot Contracts – Liabilities	(141)	–	–	(141)
	\$3,125,347	\$22,627,600	\$ –	\$25,752,947

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$3,966,937	\$23,007,456	\$ –	\$26,974,393
Currency Spot Contracts – Assets	373	–	–	373
	\$3,967,310	\$23,007,456	\$ –	\$26,974,766

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Emerging Markets Pool
(formerly, Pinnacle Emerging Markets Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$ 104,529,565	\$ 114,186,561
Cash	3,468,244	3,599,516
Accrued investment income	397,965	122,470
Subscriptions receivable	676,379	5,406
	<u>109,072,153</u>	<u>117,913,953</u>
LIABILITIES		
Redemptions payable	36,932	569
Accrued expenses	22,318	1,140
	<u>59,250</u>	<u>1,709</u>
Net Assets	<u>\$ 109,012,903</u>	<u>\$ 117,912,244</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 20,210,946	\$ 20,190,750
Series I Units	\$ 77,784,945	\$ 75,426,356
Series M Units	\$ 11,017,012	\$ 22,295,138
UNITS OUTSTANDING		
Pinnacle Series Units	2,458,256	2,539,933
Series I Units	9,324,196	9,365,185
Series M Units	1,344,160	2,804,718
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 8.22	\$ 7.95
Series I Units	\$ 8.34	\$ 8.05
Series M Units	\$ 8.20	\$ 7.95

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 1,300,952	\$ 1,057,912
Interest	209,646	29,601
Securities lending	12,883	199
Foreign withholding taxes/tax reclaims	(110,469)	(72,221)
Other income	—	413
	<u>1,413,012</u>	<u>1,015,904</u>
EXPENSES		
Management fees (note 5)	59,082	94,335
Harmonized Sales Tax/Goods and Services Tax	19,302	18,798
Audit fees	2,410	8,529
Independent Review Committee fees	1,229	1,263
Custodian fees	97,750	46,502
Filing fees	8,175	8,085
Legal fees	1,751	1,731
Unitholder reporting costs	8,822	7,925
Unitholder administration and service fees	26,948	26,949
Overdraft charges	—	189
	<u>225,469</u>	<u>214,306</u>
Absorbed expenses	<u>(41,789)</u>	<u>(3,935)</u>
	<u>183,680</u>	<u>210,371</u>
Net investment income (loss)	<u>1,229,332</u>	<u>805,533</u>
Net realized gain (loss) on investments sold	(1,915,869)	(307,070)
Net gain (loss) foreign exchange	(137,956)	(246,760)
Transaction costs	(106,237)	(135,261)
Change in unrealized appreciation (depreciation) of investments	8,536,379	(5,681,254)
Change in unrealized appreciation (depreciation) of currency spots	—	(670)
Net gain (loss) on investments and transaction costs	<u>6,376,317</u>	<u>(6,371,015)</u>
Increase (decrease) in Net Assets from operations	<u>\$ 7,605,649</u>	<u>\$ (5,565,482)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 713,916	\$(1,094,240)
Series I Units	\$ 3,528,096	\$(2,859,061)
Series M Units	\$ 3,363,637	\$(1,612,181)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 0.29	\$(0.50)
Series I Units	\$ 0.42	\$(0.45)
Series M Units	\$ 1.71	\$(0.58)

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 20,190,750	\$ 18,852,599
Series I Units	75,426,356	50,964,841
Series M Units	22,295,138	25,519,219
	<u>117,912,244</u>	<u>95,336,659</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	713,916	(1,094,240)
Series I Units	3,528,096	(2,859,061)
Series M Units	3,363,637	(1,612,181)
	<u>7,605,649</u>	<u>(5,565,482)</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	2,399,863	7,086,783
Series I Units	14,639,294	25,914,187
Series M Units	23,008,061	11,944,167
Payments on redemption		
Pinnacle Series Units	(3,093,583)	(1,567,490)
Series I Units	(15,808,801)	(15,002)
Series M Units	(37,649,824)	(12,947,692)
	<u>(16,504,990)</u>	<u>30,414,953</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	20,196	4,425,053
Series I Units	2,358,589	23,040,124
Series M Units	(11,278,126)	(2,615,706)
	<u>(8,899,341)</u>	<u>24,849,471</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	20,210,946	23,277,652
Series I Units	77,784,945	74,004,965
Series M Units	11,017,012	22,903,513
	<u>\$ 109,012,903</u>	<u>\$ 120,186,130</u>

Scotia Private Emerging Markets Pool (Unaudited – Continued) (formerly, Pinnacle Emerging Markets Equity Fund)

66

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 95.9%			
CANADIAN EQUITIES – 0.4%			
19,776	Pacific Rubiales Energy Corporation	504,205	424,591
FOREIGN EQUITIES – 95.5%			
United States – 7.2%			
Index Fund – 3.4%			
71,259	iPath MSCI India Index ETN	4,771,850	3,719,583
Consumer Discretionary – 1.2%			
77,254	Ctrip.com International, Ltd. ADR	1,858,810	1,315,069
Health Care – 0.6%			
22,315	Mindray Medical International Limited ADR	614,139	688,157
Information Technology – 2.0%			
18,267	Baidu, Inc.	2,343,945	2,134,082
	TOTAL UNITED STATES	9,588,744	7,856,891
Brazil – 13.3%			
197,197	All America LatinRa Logistica S	825,916	846,245
85,812	Amil Participacoes SA	832,265	854,324
154,136	Banco Bradesco SA ADR	2,965,108	2,330,353
140,257	Banco Santander Brasil SA ADS ADR	1,656,616	1,105,240
65,613	BR Malls Participacoes	668,948	764,592
63,185	CETIP	941,243	802,246
95,450	Diagnosticos da America	817,089	634,002
93,927	Gafisa Sa ADR	1,030,877	242,893
72,972	Itau Unibanco Holding SA ADR	1,502,317	1,033,415
65,896	Localiza Rent A Car SA	1,042,095	1,013,281
143,526	MRV Engenharia e Participacoes SA	1,208,349	675,552
39,637	Natura Cosmeticos SA	823,313	934,830
153,599	OGX Petroleo e Gas Participacoes SA	1,131,614	428,019
47,345	Petroleo Brasileiro SA ADR	1,529,212	904,270
93,401	Vale SA ADR	2,795,794	1,887,571
		19,770,756	14,456,833
Chile – 0.4%			
5,908	Banco Santander Chile SA ADR	490,827	465,978
China – 4.5%			
320,513	Anhui Conch Cement Company Limited	1,086,278	895,050
988,012	Anta Sports Products Limited	1,354,924	613,231
536,610	China Shenhua Energy Company Limited Class H	2,341,280	1,930,215
2,458,742	Industrial and Commercial Bank of China Ltd., Class H	1,779,297	1,399,752
		6,561,779	4,838,248
Columbia – 0.6%			
9,835	Bancolombia SA ADR	614,782	619,106
Czech Republic – 1.3%			
8,143	Komerční Banka AS	1,780,779	1,440,360
Hong Kong – 8.1%			
570,000	Belle International Holdings Limited	974,034	992,614
1,762,307	China Construction Bank Corporation, Class H	1,479,380	1,237,057
281,000	China Life Insurance Co., Limited, Class H	892,870	751,226
8,017	CNOOC Limited	1,729,625	1,641,648
912,761	Dongfeng Motor Group Company Limited	1,622,830	1,448,677
1,656,236	Fushan International Energy Group Limited	986,113	438,279
1,371,006	Huabao International Holdings Limited	1,443,741	687,040
1,338,043	Parkson Retail Group Ltd.	1,795,174	1,219,193
263,698	Yanzhou Coal Mining Company Limited	730,413	412,039
		11,654,180	8,827,773

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)			
India – 2.8%			
34,222	Infosys Technologies Limited ADR	2,051,916	1,569,957
15,001	State Bank of India GDR	1,744,632	1,187,160
15,561	Tata Motors Limited	363,709	347,905
		4,160,257	3,105,022
Indonesia – 2.7%			
8,170,954	PT Adaro Energy Tbk	1,848,056	1,300,622
1,484,225	PT Bank Mandiri	1,091,975	1,169,663
319,376	PT Tambang Batubara Bukit Asam Tbk	710,702	513,790
		3,650,733	2,984,075
Israel – 1.0%			
93,401	Israel Chemicals Limited	1,356,067	1,049,779
Malaysia – 0.5%			
159,461	Genting Berhad	539,774	490,602
Mexico – 5.7%			
63,142	America Movil SAB de CV, Series L, ADR	1,610,264	1,675,267
383,810	Corporacion GEO SAB de CV Series B	984,450	439,704
39,122	Desarrolladora Homex SA de C.V. ADR	1,069,083	612,588
328,623	Grupo Financiero Banorte SAB de CV, Series O	1,414,589	1,724,386
578,944	Grupo Mexico SAB de CV, Series B	1,920,294	1,752,038
		6,998,680	6,203,983
Netherlands – 1.0%			
55,722	Yandex NV	1,267,100	1,079,017
Poland – 1.0%			
23,944	Bank Pekao S.A.	1,102,375	1,111,623
Portugal – 1.1%			
68,948	Jeronimo Martins, SGPS, SA	1,135,443	1,184,580
Russia – 6.0%			
79,827	Magnitogorsk Iron & Steel Works	698,958	302,128
65,281	Mobile TeleSystems	1,284,090	1,142,494
48,209	Novolipetsk Steel GDR	1,637,829	808,798
173,623	GAO Gazprom, Sponsored ADR	2,097,856	1,673,287
191,625	Sberbank of Russia	2,543,162	2,099,209
42,888	TMK OAO GDR	730,197	525,503
		8,992,092	6,551,419
South Africa – 7.5%			
50,584	ABSA Group Limited	984,176	892,558
147,242	African Bank Investments Limited	714,438	662,278
49,456	Aspen Pharmacare Holdings Limited	649,496	777,796
44,061	Bidvest Group Limited	921,528	1,000,292
86,667	MTN Group Limited	1,593,490	1,526,611
60,566	Naspers Limited N Shares	3,197,041	3,300,480
		8,060,169	8,160,015
South Korea – 16.0%			
24,012	Dongbu Insurance Co., Ltd.	1,050,023	905,497
8,489	E-Mart Co Ltd.	1,918,133	1,905,017
5,318	Hyundai Department Store Co., Ltd.	794,989	678,996
18,018	Hyundai Motor Company	3,270,600	3,776,535
15,478	KB Financial Group, Inc.	690,437	514,977
2,669	LG Chem Ltd.	890,902	705,267
4,650	Mando Corp.	708,484	707,649
9,246	NHN Corporation	1,645,048	2,071,646
3,769	Samsung Electronics Co., Ltd.	3,241,112	4,082,673
21,338	Shinhan Financial Group Co., Ltd.	880,847	758,776
43,253	Woongjin Coway Co., Ltd.	1,360,389	1,377,282
		16,450,964	17,484,315

FOREIGN EQUITY FUNDS

Portfolio Advisor: Trilogy Global Advisors, LLC

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private Emerging Markets Pool (Unaudited – Continued)
(formerly, Pinnacle Emerging Markets Equity Fund)

67

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)				EQUITIES (cont'd)			
FOREIGN EQUITIES (cont'd)				FOREIGN EQUITIES (cont'd)			
Taiwan – 5.9%				Turkey – 2.8%			
419,057	Hon Hai Precision Industry Co., Ltd.	1,062,846	1,286,997	31,874	Anadolu Efes Biracilik ve Malt Sanayii AS	445,926	416,256
609,196	Synnex Technology International Corporation	1,444,027	1,517,549	315,031	Haci Omer Sabanci Holding AS	1,291,478	1,353,258
788,857	Taiwan Semiconductor Manufacturing Company Ltd.	1,926,944	2,199,181	323,489	Turkiye Garanti Bankasi AS	1,457,921	1,298,774
856,058	Unimicon Technology Corp.	1,214,752	997,519				
352,179	Wistron Corporation	429,060	441,553			3,195,325	3,068,288
		6,077,629	6,442,799				
Thailand – 3.1%				United Kingdom – 3.0%			
211,969	Bangkok Bank Public Company Limited	1,129,369	1,420,245	42,724	BHP Billiton PLC	1,519,849	1,257,029
30,783	Banpu Public Company Limited	706,118	447,064	29,864	Eurasia Drilling Company Ltd.	822,870	776,061
281,729	Kasikornbank Public Company Limited	1,187,021	1,507,310	30,966	SABMiller PLC	1,088,476	1,276,559
		3,022,508	3,374,619			3,431,195	3,309,649
					TOTAL FOREIGN EQUITIES	119,902,158	104,104,974
					TOTAL INVESTMENT PORTFOLIO	120,406,363	104,529,565
					OTHER ASSETS, LESS LIABILITIES – 4.1%		4,483,338
					NET ASSETS – 100.0%		109,012,903

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Canada	0.4	0.7
United States	7.2	5.7
Brazil	13.3	15.5
Chile	0.4	0.7
China	4.5	6.9
Columbia	0.6	0.6
Czech Republic	1.3	1.3
Hong Kong	8.1	9.4
India	2.8	3.7
Indonesia	2.7	2.1
Israel	1.0	0.9
Malaysia	0.5	–
Mexico	5.7	4.2
Netherlands	1.0	–
Poland	1.0	1.2
Portugal	1.1	0.5
Russia	6.0	7.3
South Africa	7.5	7.3
South Korea	16.0	15.0
Taiwan	5.9	6.1
Thailand	3.1	3.0
Turkey	2.8	2.4
United Kingdom	3.0	2.3

FOREIGN EQUITY FUNDS

Portfolio Advisor: Trilogy Global Advisors, LLC

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private Emerging Markets Pool (Unaudited – Continued) (formerly, Pinnacle Emerging Markets Equity Fund)

68

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	32,934,024	30.2	37,953,180	32.2
South Korean Won	16,989,211	15.6	17,140,834	14.5
Hong Kong Dollar	12,024,373	11.0	15,380,695	13.0
South African Rand	10,693,602	9.8	11,321,447	9.6
Brazilian Real	6,954,001	6.4	7,798,866	6.6
Taiwan Dollar	6,769,488	6.2	7,870,040	6.7
Mexican Peso	3,916,128	3.6	3,254,270	2.8
Thai Baht	3,374,619	3.1	3,582,858	3.0
Turkish Lira	3,068,287	2.8	2,827,930	2.4
Jakarta Rupiah	2,984,076	2.7	—	—
Czech Koruna	1,440,360	1.3	1,584,514	1.3
European Euro	1,184,580	1.1	557,943	0.5
Polish Zloty	1,111,624	1.0	1,362,539	1.2
Israel Shekel	1,061,950	1.0	1,116,705	0.9
Kuala Lumpur Ringgit	490,602	0.5	—	—
Indonesian Rupiah	—	—	2,496,169	2.1
Total	104,996,925	96.3	114,247,990	96.8

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, net assets would have decreased or increased, respectively by \$10,499,693, or approximately 9.6% of total net assets (December 31, 2011 – \$11,424,799, or approximately 9.7% of total net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 95.9% (December 31, 2011 – 96.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$10,452,957 (December 31, 2011 – \$11,418,656). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities:

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$59,250	\$1,709

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$38,422,589	\$66,106,976	\$ —	\$104,529,565

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$42,853,695	\$71,332,866	\$ —	\$114,186,561

During the periods ended June 30, 2012 there were no transfers (December 31, 2011 – \$11,226,380), between Level 1 and Level 2.

Scotia Private Global Equity Pool (formerly, Pinnacle Global Equity Fund) (Unaudited)

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$257,558,856	\$189,607,841
Cash	13,707,027	7,434,569
Accrued investment income	276,856	47,366
Receivable for securities sold	172,822	367,255
Subscriptions receivable	941,011	28,884
Receivable for currency spot contracts	—	64
	<u>272,656,572</u>	<u>197,485,979</u>
LIABILITIES		
Payable for securities purchased	—	88,469
Redemptions payable	51,281	15,753
Accrued expenses	22,802	1,182
Payable for currency spot contracts	—	155
	<u>74,083</u>	<u>105,559</u>
Net Assets	<u>\$272,582,489</u>	<u>\$197,380,420</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$ 34,144,476	\$ 33,628,315
Series F Units	\$ 340,417	\$ 272,228
Series I Units	\$238,097,596	\$163,479,877
UNITS OUTSTANDING		
Pinnacle Series Units	2,656,989	2,843,821
Series F Units	26,556	22,987
Series I Units	18,218,989	13,619,161
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 12.85	\$ 11.83
Series F Units	\$ 12.82	\$ 11.84
Series I Units	\$ 13.07	\$ 12.00

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 2,646,630	\$ 1,671,750
Interest	48,652	9,212
Securities lending	10,930	2
Foreign withholding taxes/tax reclaims	(428,775)	(336,409)
	<u>2,277,437</u>	<u>1,344,555</u>
EXPENSES		
Management fees (note 5)	1,623	1,153
Harmonized Sales Tax/Goods and Services Tax	9,840	13,456
Audit fees	3,082	8,575
Independent Review Committee fees	1,813	1,210
Custodian fees	24,891	12,290
Filing fees	8,175	8,515
Legal fees	3,515	1,702
Unitholder reporting costs	11,095	10,087
Unitholder administration and service fees	83,211	79,045
	<u>147,245</u>	<u>136,033</u>
Absorbed expenses	(1,552)	(1,003)
	<u>145,693</u>	<u>135,030</u>
Net investment income (loss)	<u>2,131,744</u>	<u>1,209,525</u>
Net realized gain (loss) on investments sold	<u>(560,646)</u>	<u>2,511,414</u>
Net gain (loss) foreign exchange	<u>(81,615)</u>	<u>(84,582)</u>
Transaction costs	<u>(62,282)</u>	<u>(52,723)</u>
Change in unrealized appreciation (depreciation) of investments	<u>17,047,506</u>	<u>(2,829,837)</u>
Change in unrealized appreciation (depreciation) of currency spots	<u>91</u>	<u>1,206</u>
Net gain (loss) on investments and transaction costs	<u>16,343,054</u>	<u>(454,522)</u>
Increase (decrease) in Net Assets from operations	<u>\$18,474,798</u>	<u>\$ 755,003</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$ 2,916,458	\$ 60,878
Series F Units	\$ 23,065	\$ (1,991)
Series I Units	\$15,535,275	\$ 696,116
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 1.06	\$ 0.02
Series F Units	\$ 0.89	\$ (0.11)
Series I Units	\$ 0.97	\$ 0.07

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 33,628,315	\$ 42,944,835
Series F Units	272,228	236,360
Series I Units	163,479,877	106,342,114
	<u>197,380,420</u>	<u>149,523,309</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	2,916,458	60,878
Series F Units	23,065	(1,991)
Series I Units	15,535,275	696,116
	<u>18,474,798</u>	<u>755,003</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	1,957,868	3,024,299
Series F Units	57,162	30,483
Series I Units	76,951,426	50,560,145
Payments on redemption		
Pinnacle Series Units	(4,358,165)	(7,130,918)
Series F Units	(12,038)	(38,104)
Series I Units	(17,868,982)	(53,009)
	<u>56,727,271</u>	<u>46,392,896</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	516,161	(4,045,741)
Series F Units	68,189	(9,612)
Series I Units	74,617,719	51,203,252
	<u>75,202,069</u>	<u>47,147,899</u>
NET ASSETS — END OF PERIOD		
Pinnacle Series Units	34,144,476	38,899,094
Series F Units	340,417	226,748
Series I Units	238,097,596	157,545,366
	<u>\$272,582,489</u>	<u>\$196,671,208</u>

Scotia Private Global Equity Pool (Unaudited – Continued) (formerly, Pinnacle Global Equity Fund)

70

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 94.5%			
Australia – 1.5%			
57,530	Cochlear Limited	3,592,819	3,966,012
France – 4.1%			
38,287	Air Liquide SA	3,955,899	4,459,918
38,600	Dassault Systemes SA	2,665,604	3,691,953
25,050	L'Oreal SA	2,839,296	2,987,677
		9,460,799	11,139,548
Hong Kong – 3.8%			
1,806,000	Anta Sports Products Limited	2,541,000	1,120,933
557,000	China Merchants Holdings International Company Limited	1,925,523	1,734,476
2,807,600	Li & Fung Limited	5,470,228	5,546,611
1,718,000	Shandong Weigao Group Medical Polymer Company Limited	1,912,607	1,940,770
		11,849,358	10,342,790
India – 1.9%			
80,700	HDFC Bank Ltd-ADR	2,316,341	2,677,621
79,700	ICICI Bank Limited ADR	3,213,844	2,629,835
		5,530,185	5,307,456
Indonesia – 0.8%			
2,620,000	PT Bank Central Asia Tbk	1,811,299	2,081,737
Japan – 9.8%			
95,400	ABC-Mart, Inc.	3,248,315	3,630,674
45,100	FANUC Corp.	5,983,000	7,545,339
9,943	Keyence Corporation	2,117,552	2,504,062
689	M3, Inc.	1,811,504	3,359,783
169,000	Unicharm Corporation	6,937,118	9,803,521
		20,097,489	26,843,379
Mexico – 1.8%			
83,672	America Movil SAB de CV, Series L, ADR	2,216,971	2,219,963
21,100	Coca-Cola Femsa SA de CV ADR	1,838,683	2,809,624
		4,055,654	5,029,587
Netherlands – 1.2%			
196,230	Qiagen N.V.	3,261,041	3,335,168
Russia – 0.9%			
253,080	OAO Gazprom, Sponsored ADR	3,559,530	2,439,051
South Africa – 0.9%			
59,900	Sasol Ltd.	2,610,402	2,559,583
Spain – 1.4%			
35,400	Industria de Diseno Textil SA	3,058,062	3,727,843
Sweden – 1.0%			
28,800	Millicom International Cellular S.A.	3,055,189	2,766,277
Switzerland – 8.1%			
24,100	Kuehne + Nagel International A	2,951,891	2,597,025
48,700	Lonza Group AG	3,562,084	2,064,630
132,570	Nestle SA	7,048,191	8,061,744
51,300	Novartis AG	2,820,859	2,913,292
32,400	Sonova Holdings AG	3,194,765	3,183,046
7,900	Swatch Group AG, Class B	2,829,296	3,182,279
		22,407,086	22,002,016
Turkey – 1.2%			
797,700	Turkiye Garanti Bankasi ADR	4,160,268	3,224,195
United Kingdom – 4.6%			
84,200	Shire PLC	2,995,459	2,464,306
297,300	Standard Chartered PLC	7,250,385	6,600,140
277,920	WPP Group PLC	2,960,706	3,439,816
		13,206,550	12,504,262

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES (cont'd)			
United States – 51.5%			
36,220	3M Co.	3,110,508	3,303,321
50,360	Abbott Laboratories	2,625,776	3,304,455
18,120	Amazon.com, Inc.	3,122,330	4,212,602
7,500	Apple Inc.	2,788,956	4,457,377
86,000	ARM Holdings PLC, ADR	2,071,487	2,081,224
43,600	BorgWarner, Inc.	2,937,382	2,911,490
53,550	Bunge Limited	3,335,957	3,420,544
123,440	Cisco Systems, Inc.	2,568,820	2,150,291
58,530	Citrix Systems, Inc.	3,598,181	4,993,004
51,100	Coach, Inc.	2,505,989	3,042,422
25,600	Cognizant Technology Solutions Corporation	1,833,160	1,563,544
50,150	Colgate-Palmolive Company	4,091,248	5,315,118
162,600	eBay Inc.	4,610,925	6,952,821
204,200	EMC Corporation	4,636,422	5,328,385
138,500	Emerson Electric Co.	6,735,264	6,568,111
47,620	Exxon Mobil Corporation	3,507,223	4,148,606
30,550	F5 Networks, Inc.	2,980,617	3,088,840
100,300	First Republic Bank	3,105,425	3,430,064
6,020	Google Inc.	3,447,341	3,555,050
46,900	Informatica Corporation	2,125,565	2,020,737
140,700	JPMorgan Chase & Co.	5,896,814	5,118,213
119,700	Lazard Ltd.	3,459,922	3,166,099
47,900	Lululemon Athletica Inc	2,888,088	2,906,518
33,100	McDonald's Corporation	2,680,721	2,982,714
145,376	Microsoft Corporation	4,502,444	4,521,631
51,900	Monsanto Company	3,596,227	4,373,524
18,800	Polo Ralph Lauren Corporation	2,878,105	2,679,835
35,450	Praxair, Inc.	2,991,583	3,923,891
45,450	Procter & Gamble Company, The	2,878,075	2,834,205
108,560	Schlumberger Limited	7,463,854	7,174,186
86,550	Sigma-Aldrich Corporation	5,090,393	6,514,469
50,800	SVB Financial Group	2,849,685	3,034,387
56,200	Teradata Corporation	2,507,708	4,120,220
325,900	Wells Fargo & Company	9,487,035	11,092,054
		124,909,230	140,289,952
TOTAL INVESTMENT PORTFOLIO		236,624,961	257,558,856
OTHER ASSETS, LESS LIABILITIES – 5.5%			15,023,633
NET ASSETS – 100.0%			272,582,489

SUMMARY OF INVESTMENT PORTFOLIO AND FINANCIAL DERIVATIVES

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	1.5	1.7
Austria	–	1.1
Cayman Islands	–	0.7
France	4.1	4.3
Hong Kong	3.8	4.7
India	1.9	1.5
Indonesia	0.8	0.9
Japan	9.8	10.2
Mexico	1.8	1.8
Netherlands	1.2	1.0
Russia	0.9	1.0
Singapore	–	0.1
South Africa	0.9	1.0
Spain	1.4	1.1
Sweden	1.0	1.3
Switzerland	8.1	8.8
Turkey	1.2	0.9
United Kingdom	4.6	4.7
United States	51.5	49.3
Currency Spot Contracts	–	0.0

Portfolio Advisor: Harding Loevner LP

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

Scotia Private Global Equity Pool (Unaudited – Continued) (formerly, Pinnacle Global Equity Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	166,547,607	61.1	115,204,460	58.4
Japanese Yen	26,843,379	9.8	20,157,916	10.2
European Euro	16,536,500	6.1	14,219,560	7.2
Swiss Franc	13,981,976	5.1	10,646,724	5.4
British Pound	12,504,261	4.6	9,324,571	4.7
Hong Kong Dollar	10,342,790	3.8	10,624,797	5.4
Australian Dollar	3,966,012	1.5	3,275,087	1.7
Swedish Krona	2,766,277	1.0	2,468,824	1.3
South African Rand	2,559,583	0.9	1,934,073	1.0
Jakarta Rupiah	2,097,641	0.8	–	–
Indonesian Rupiah	–	–	1,725,700	0.9
Singapore Dollar	–	–	123,313	0.1
Total	258,146,026	94.7	189,705,025	96.3

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, Net Assets would have decreased or increased, respectively by \$25,814,603 approximately 9.5% of total Net Assets (December 31, 2011 – \$18,970,503, or 9.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 94.5% (December 31, 2011 – 96.1%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$25,755,886 (December 31, 2011 – \$18,960,784). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$74,083	\$105,404
Payable for currency spot contracts	–	155
	\$74,083	\$105,559

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$163,768,473	\$93,790,383	\$ –	\$257,558,856

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$113,230,090	\$76,377,751	\$ –	\$189,607,841
Currency Spot Contracts – Assets	64	–	–	64
	\$113,230,154	\$76,377,751	\$ –	\$189,607,905
Currency Spot Contracts – Liabilities	(155)	–	–	(155)
	\$113,229,999	\$76,377,751	\$ –	\$189,607,750

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Scotia Private Global Real Estate Pool

(formerly, Pinnacle Global Real Estate Securities Fund) (Unaudited)

72

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$195,575,398	\$151,973,441
Cash	5,215,960	1,330,491
Accrued investment income	745,313	742,868
Receivable for securities sold	—	54,811,599
Subscriptions receivable	176,635	43,189
Receivable for currency spot contracts	—	207,882
	<u>201,713,306</u>	<u>209,109,470</u>
LIABILITIES		
Payable for securities purchased	—	48,746,634
Redemptions payable	70,986	45,367
Accrued expenses	19,975	1,738
Payable for currency spot contracts	—	35,812
	<u>90,961</u>	<u>48,829,551</u>
Net Assets	<u>\$201,622,345</u>	<u>\$160,279,919</u>
NET ASSETS PER SERIES		
Pinnacle Series Units	\$101,303,858	\$ 98,032,427
Series F Units	\$ 175,016	\$ 130,263
Series I Units	\$100,143,471	\$ 62,117,229
UNITS OUTSTANDING		
Pinnacle Series Units	8,109,166	8,931,382
Series F Units	14,422	12,154
Series I Units	7,728,489	5,458,572
NET ASSETS PER UNIT		
Pinnacle Series Units	\$ 12.49	\$ 10.98
Series F Units	\$ 12.14	\$ 10.72
Series I Units	\$ 12.96	\$ 11.38

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Dividends	\$ 3,619,090	\$2,598,761
Interest	79,042	40,008
Capital gains distributions received	2,886	7,317
Securities lending	19,407	3,792
Foreign withholding taxes/tax reclaims	(331,630)	(299,001)
Other income	—	1,531
	<u>3,388,795</u>	<u>2,352,408</u>
EXPENSES		
Management fees (note 5)	839	812
Harmonized Sales Tax/Goods and Services Tax	9,188	10,989
Audit fees	2,810	8,729
Independent Review Committee fees	1,567	1,234
Custodian fees	29,750	32,854
Filing fees	8,175	8,624
Legal fees	2,806	1,738
Unitholder reporting costs	10,754	9,934
Unitholder administration and service fees	62,315	52,593
Overdraft charges	7	403
	<u>128,211</u>	<u>127,910</u>
Absorbed expenses	<u>(1,714)</u>	<u>(1,414)</u>
	<u>126,497</u>	<u>126,496</u>
Net investment income (loss)	<u>3,262,298</u>	<u>2,225,912</u>
Net realized gain (loss) on investments sold	201,630	1,195,135
Net gain (loss) foreign exchange	132,410	(101,965)
Transaction costs	(123,976)	(148,943)
Change in unrealized appreciation (depreciation) of investments	19,959,971	1,942,956
Change in unrealized appreciation (depreciation) of currency spots	(172,070)	2,301
Net gain (loss) on investments and transaction costs	<u>19,997,965</u>	<u>2,889,484</u>
Increase (decrease) in Net Assets from operations	<u>\$23,260,263</u>	<u>\$5,115,396</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	\$12,902,677	\$3,356,806
Series F Units	\$ 18,536	\$ 3,747
Series I Units	\$10,339,050	\$1,754,843
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Pinnacle Series Units	\$ 1.52	\$ 0.39
Series F Units	\$ 1.26	\$ 0.27
Series I Units	\$ 1.45	\$ 0.40

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Pinnacle Series Units	\$ 98,032,427	\$ 96,780,492
Series F Units	130,263	152,677
Series I Units	62,117,229	45,068,573
	<u>160,279,919</u>	<u>142,001,742</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Pinnacle Series Units	12,902,677	3,356,806
Series F Units	18,536	3,747
Series I Units	10,339,050	1,754,843
	<u>23,260,263</u>	<u>5,115,396</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Pinnacle Series Units	6,263,102	15,344,690
Series F Units	62,767	44,448
Series I Units	29,026,432	14,875,317
Payments on redemption		
Pinnacle Series Units	(15,894,348)	(9,903,629)
Series F Units	(36,550)	(61,747)
Series I Units	(1,339,240)	(1,031,699)
	<u>18,082,163</u>	<u>19,267,380</u>
INCREASE (DECREASE) IN NET ASSETS		
Pinnacle Series Units	3,271,431	8,797,867
Series F Units	44,753	(13,552)
Series I Units	38,026,242	15,598,461
	<u>41,342,426</u>	<u>24,382,776</u>
NET ASSETS – END OF PERIOD		
Pinnacle Series Units	101,303,858	105,578,359
Series F Units	175,016	139,125
Series I Units	100,143,471	60,667,034
	<u>\$201,622,345</u>	<u>\$166,384,518</u>

Scotia Private Global Real Estate Pool (Unaudited – Continued)
(formerly, Pinnacle Global Real Estate Securities Fund)

73

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	Number of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
EQUITIES – 97.0%				EQUITIES (cont'd)			
Australia – 8.6%				Netherlands – 0.7%			
489,800	Centro Retail Australia NPV	992,415	1,013,140	31,733	Corio NV	1,625,336	1,423,080
2,222,697	Dexus Property Group	1,940,562	2,164,076	Singapore – 3.7%			
578,867	Goodman Group	1,799,805	2,233,424	1,749,000	Capitacommercial Trust	1,547,049	1,790,595
174,635	GPT Group	561,978	601,307	716,011	Capitaland Limited	1,584,972	1,573,832
351,100	Investa Office Fund	883,568	997,889	760,000	CapitaMall Trust	1,018,492	1,172,226
306,100	Mirvac Group	381,905	408,047	1,104,000	Fortune Real Estate Investment	515,142	673,630
355,366	Stockland	1,326,152	1,145,320	846,200	Global Logistic Properties Limited	1,237,124	1,435,393
622,304	Westfield Group	6,290,684	6,171,426	273,000	Keppel Land Ltd.	722,124	714,461
864,555	Westfield Retail Trust	2,352,801	2,579,788				
		16,529,870	17,314,417				
				Sweden – 0.5%			
Brazil – 0.2%				45,399	Castellum AB	532,021	559,999
24,800	Sonae Sierra Brasil	321,699	359,612	46,100	Hufvudstaden AB, Class A	483,363	503,668
Canada – 3.8%							
19,700	Boardwalk Real Estate Investment Trust*	1,045,230	1,152,450	United Kingdom – 5.0%			
78,700	Brookfield Office Properties, Inc.	1,268,928	1,394,970	166,332	British Land Company PLC	1,596,514	1,356,850
41,600	Calloway Real Estate Investment Trust	1,097,759	1,162,720	59,500	Derwent London PLC	1,350,031	1,760,436
17,930	Canadian Real Estate Investment Trust	578,094	727,241	170,565	Great Portland Estates PLC	915,119	1,075,071
15,500	Cominar Real Estate Investment Trust	333,173	370,915	295,554	Hammerson PLC	1,793,128	2,098,000
15,500	Primaris Retail Real Estate Investment Trust	314,490	363,320	208,755	Land Securities Group PLC	2,595,837	2,465,353
86,600	RioCan Real Estate Investment Trust	2,257,598	2,394,490	205,600	Safestore Holdings PLC	323,368	333,957
		6,895,272	7,566,106	279,020	Segro	1,123,454	968,549
France – 3.7%							
6,425	Fonciere des Regions	463,522	471,297	United States – 50.9%			
11,034	ICADE	1,010,294	852,237	19,800	American Tower Corporation	1,355,298	1,409,073
42,459	Klepierre	1,339,564	1,424,511	40,278	AvalonBay Communities, Inc.	4,950,839	5,801,685
5,127	Societe Immobiliere de Location pour l'Industrie et le Comm.	559,359	497,021	55,600	Boston Properties, Inc.	5,023,956	6,131,612
22,482	Unibail-Rodamco	4,094,296	4,223,097	51,200	BRE Properties, Inc.	2,623,641	2,606,862
		7,467,035	7,468,163	160,300	Developers Diversified Realty Corporation	2,081,968	2,387,641
				75,800	Douglas Emmett, Inc.	1,633,995	1,781,133
Germany – 0.7%				89,455	Equity Residential Real Estate Investment Trust	4,425,078	5,679,393
7,010	Deutsche Wohnen AG-Br	111,153	120,276	19,129	Essex Property Trust, Inc.	2,257,900	2,997,634
37,592	GSW Immobilien AG	1,166,556	1,307,632	19,074	Federal Realty Investment Trust	1,601,870	2,020,381
		1,277,709	1,427,908	191,900	General Growth Properties, Inc.	3,016,419	3,530,404
				79,725	HCP, Inc. Real Estate Investment Trust	2,930,222	3,581,140
Hong Kong – 9.4%				67,588	Health Care Real Estate Investment Trust, Inc.	3,279,558	4,011,709
1,113,000	Agile Property Holdings Ltd.	1,361,456	1,471,996	29,800	Highwoods Properties, Inc.	941,892	1,020,619
3,904,665	Country Garden Holdings Company	1,641,030	1,572,308	303,697	Host Hotels & Resorts Inc.	4,570,298	4,885,273
161,000	Great Eagle Holdings Limited	327,986	421,686	40,400	Kilroy Realty Corporation	1,806,879	1,990,344
590,300	Hang Lung Properties Limited	2,120,439	2,045,770	119,724	Kimco Realty Corporation	2,271,003	2,318,371
196,100	Hongkong Land Holdings Limited	1,106,652	1,149,658	73,000	Liberty Property Trust	2,337,178	2,738,002
278,000	Kerry Properties Limited	933,128	1,212,775	73,863	Macerich Company, The	3,637,011	4,439,811
754,000	Link Real Estate Investment Trust, The	2,878,480	3,138,474	32,800	Pebblebrook Hotel Trust	671,015	777,406
375,000	Longfor Properties	427,482	599,731	47,600	Post Properties, Inc.	2,168,609	2,370,744
890,658	Sino Land Company Limited	1,328,949	1,376,459	119,276	ProLogis	3,523,298	4,035,289
254,100	Sun Hung Kai Properties Limited	3,661,725	3,069,803	23,884	Public Storage Real Estate Investment Trust	2,345,991	3,510,308
524,210	Wharf Holdings Limited, The	2,858,514	2,967,130	80,695	Simon Property Group, Inc.	8,555,481	12,785,895
		18,645,841	19,025,790	50,910	SL Green Realty Corp.	3,168,489	4,155,337
				7,412	Starwood Hotels & Resorts Worldwide, Inc.	375,921	400,098
Japan – 9.8%				43,457	Tanger Factory Outlet Centers, Inc.	1,112,219	1,417,124
233	Japan Real Estate Investment Corporation	1,918,570	2,181,314	30,500	Taubman Centers Inc	1,948,274	2,395,670
602	Japan Retail Fund Investment Corporation	904,194	972,021	137,500	UDR Inc	3,547,356	3,617,315
200	Kenedix Realty Investment Corporation	592,736	659,069	63,907	Ventas, Inc.	3,160,034	4,105,528
319,623	Mitsubishi Estate Company Ltd.	5,690,872	5,838,633	44,180	Vornado Realty Trust Real Estate Investment Trust	3,392,912	3,776,499
335,600	Mitsui Fudosan Co., Ltd.	6,189,590	6,629,307				
65	Nippon Accommodations Fund Inc.	442,567	429,021				
64	Nippon Building Fund Inc.	652,492	631,048				
43,000	Nomura Real Estate Holdings, Inc.	635,141	801,738				
297,000	Tokyo Tatemono Co. Ltd.	1,048,631	1,138,578				
500	United Urban Investment Corporation	562,736	549,273				
		18,637,529	19,830,002				
						84,714,604	102,678,300
						TOTAL INVESTMENT PORTFOLIO	
						173,452,633	195,575,398
						OTHER ASSETS, LESS LIABILITIES – 3.0%	
						NET ASSETS – 100.0%	

* This security is not actively traded and considered illiquid.

Portfolio Advisor: CBRE Clarion Securities

The accompanying notes are an integral part of these financial statements.

-For equities, all common shares unless otherwise noted.

FOREIGN EQUITY FUNDS

Scotia Private Global Real Estate Pool (Unaudited – Continued)
(formerly, Pinnacle Global Real Estate Securities Fund)

74

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

SUMMARY OF INVESTMENT PORTFOLIO AND FINANCIAL DERIVATIVES

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Australia	8.6	10.0
Brazil	0.2	0.5
Canada	3.8	3.0
Cayman Islands	–	0.4
France	3.7	3.9
Germany	0.7	0.6
Hong Kong	9.4	12.7
Japan	9.8	7.8
Netherlands	0.7	0.3
New Zealand	–	0.3
Singapore	3.7	5.0
Sweden	0.5	0.5
Switzerland	–	0.7
United Kingdom	5.0	4.4
United States	50.9	44.7
Currency spot contracts	–	0.1

FOREIGN EQUITY FUNDS

Portfolio Advisor: CBRE Clarion Securities

The accompanying notes are an integral part of these financial statements.

Scotia Private Global Real Estate Pool (Unaudited – Continued)
(formerly, Pinnacle Global Real Estate Securities Fund)

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Currency risk (note 3)

The table below indicates the currencies to which the Fund had significant exposure, net of the impact of foreign currency forward contracts and foreign currency spot contracts, if any, based on the fair value of the Fund's financial instruments.

Currency	June 30, 2012		December 31, 2011	
	Net Currency Exposure (\$)	Percentage of Net Assets (%)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	105,369,233	52.3	70,745,470	44.1
Japanese Yen	19,883,546	9.9	11,969,759	7.5
Hong Kong Dollar	18,601,175	9.2	24,061,885	15.0
Australian Dollar	17,314,418	8.6	19,095,756	11.9
European Euro	10,319,150	5.1	3,838,279	2.4
British Pound	10,075,564	5.0	5,636,408	3.5
Singapore Dollar	6,720,425	3.3	7,424,814	4.6
Swedish Krona	1,063,667	0.5	(328,116)	(0.2)
Brazilian Real	359,612	0.2	801,625	0.5
Swiss Franc	—	—	2,251,020	1.4
New Zealand Dollar	—	—	(82,380)	(0.1)
Mexican Peso	—	—	(134,924)	(0.1)
Total	189,706,790	94.1	145,279,596	90.5

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 10% in relation to all other foreign currencies, with all other factors remaining constant, net assets would have decreased or increased, respectively by \$18,970,679, or approximately 9.4% of total Net Assets (December 31, 2011 – \$14,527,960, or approximately 9.1% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 97.0% (December 31, 2011 – 94.8%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$19,557,540 (December 31, 2011 – \$15,197,344). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$90,961	\$48,793,739
Payable for currency spot contracts	—	35,812
	\$90,961	\$48,829,551

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Equities	\$113,102,879	\$82,472,519	\$ —	\$195,575,398

December 31, 2011

	Level 1	Level 2	Level 3	Total
Equities	\$80,288,377	\$71,685,064	\$ —	\$151,973,441
Currency Spot Contracts – Assets	207,882	—	—	207,882
	80,496,259	71,685,064	—	152,181,323
Currency Spot Contracts – Liabilities	(35,812)	—	—	(35,812)
	\$80,460,447	\$71,685,064	\$ —	\$152,145,511

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Pinnacle Balanced Income Portfolio (Unaudited)

76

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$14,187,605	\$13,845,901
Cash	225,969	243,432
Accrued investment income	120	—
Subscriptions receivable	177,980	30,145
	<u>14,591,674</u>	<u>14,119,478</u>
LIABILITIES		
Redemptions payable	10,000	58,726
Accrued expenses	26,055	865
	<u>36,055</u>	<u>59,591</u>
Net Assets	<u><u>\$14,555,619</u></u>	<u><u>\$14,059,887</u></u>
NET ASSETS PER SERIES		
Series A Units	<u>\$14,555,619</u>	<u>\$14,059,887</u>
UNITS OUTSTANDING		
Series A Units	<u>1,338,979</u>	<u>1,333,819</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.87</u>	<u>\$ 10.54</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Income from underlying funds	\$214,064	\$214,726
EXPENSES		
Management fees (note 5)	131,935	124,389
Harmonized Sales Tax/Goods and Services Tax	14,565	14,801
Audit fees	1,105	4,900
Independent Review Committee fees	882	1,335
Custodian fees	376	430
Filing fees	7,081	7,659
Legal fees	850	1,569
Unitholder reporting costs	4,959	5,086
Unitholder administration and service fees	4,979	8,930
Overdraft charges	2	—
	<u>166,734</u>	<u>169,099</u>
Absorbed expenses	<u>—</u>	<u>(495)</u>
	<u>166,734</u>	<u>168,604</u>
Net investment income (loss)	<u>47,330</u>	<u>46,122</u>
Net realized gain (loss) on investments sold	<u>86,049</u>	<u>59,730</u>
Change in unrealized appreciation (depreciation) of investments	<u>303,722</u>	<u>92,253</u>
Net gain (loss) on investments	<u>389,771</u>	<u>151,983</u>
Increase (decrease) in Net Assets from operations	<u><u>\$437,101</u></u>	<u><u>\$198,105</u></u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$437,101</u>	<u>\$198,105</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.33</u>	<u>\$ 0.15</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Series A Units	<u>\$14,059,887</u>	<u>\$12,840,431</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>437,101</u>	<u>198,105</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	1,429,057	1,887,063
Payments on redemption		
Series A Units	<u>(1,370,426)</u>	<u>(903,029)</u>
	<u>58,631</u>	<u>984,034</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>495,732</u>	<u>1,182,139</u>
NET ASSETS — END OF PERIOD		
Series A Units	<u><u>\$14,555,619</u></u>	<u><u>\$14,022,570</u></u>

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 67.6%			
221,341	Scotia Private American Core-Plus Bond Pool Series I	1,816,856	2,111,948
152,997	Scotia Private High Yield Income Pool Series I	1,340,703	1,395,902
535,928	Scotia Private Income Pool Series I	5,876,432	6,326,953
		9,033,991	9,834,803
CANADIAN EQUITY FUNDS – 10.9%			
104,252	Scotia Private Canadian Growth Pool Series I	1,228,989	1,147,294
25,036	Scotia Private Canadian Value Pool Series I	435,158	436,311
		1,664,147	1,583,605
FOREIGN EQUITY FUNDS – 19.0%			
17,868	Scotia Private Emerging Markets Pool Series I	174,988	149,186
33,633	Scotia Private Global Equity Pool Series I	403,044	439,713
90,895	Scotia Private Global Real Estate Pool Series I	921,250	1,178,141
31,949	Scotia Private International Small to Mid Cap Value Pool Series I	460,303	428,412
50,031	Scotia Private U.S. Value Pool Series I	440,803	573,745
		2,400,388	2,769,197
	TOTAL INVESTMENT PORTFOLIO	13,098,526	14,187,605
	OTHER ASSETS, LESS LIABILITIES – 2.5%		368,014
	NET ASSETS – 100.0%		14,555,619

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	67.6	68.7
Canadian Equity Funds	10.9	11.0
Foreign Equity Funds	19.0	18.7

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Credit Risk (note 3)

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 97.5% (December 31, 2011 – 98.5%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,418,761 (December 31, 2011 – \$1,384,590). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$36,055	\$59,591

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$14,187,605	\$ –	\$ –	\$14,187,605

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$13,845,901	\$ –	\$ –	\$13,845,901

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Pinnacle Conservative Balanced Growth Portfolio (Unaudited)

78

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$59,937,110	\$61,351,805
Cash	413,319	409,219
Accrued investment income	255	—
Subscriptions receivable	28,694	3,752
	<u>60,379,378</u>	<u>61,764,776</u>
LIABILITIES		
Redemptions payable	119,791	59,210
Accrued expenses	116,113	4,103
	<u>235,904</u>	<u>63,313</u>
Net Assets	<u>\$60,143,474</u>	<u>\$61,701,463</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$60,143,474</u>	<u>\$61,701,463</u>
UNITS OUTSTANDING		
Series A Units	<u>5,682,142</u>	<u>6,013,079</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.58</u>	<u>\$ 10.26</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	<u>\$61,701,463</u>	<u>\$70,736,278</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>1,973,899</u>	<u>602,065</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	3,129,336	4,652,916
Payments on redemption		
Series A Units	(6,661,224)	(6,423,641)
	<u>(3,531,888)</u>	<u>(1,770,725)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(1,557,989)</u>	<u>(1,168,660)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$60,143,474</u>	<u>\$69,567,618</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Income from underlying funds	<u>\$ 560,753</u>	<u>\$ 682,440</u>
EXPENSES		
Management fees (note 5)	643,470	736,829
Harmonized Sales Tax/Goods and Services Tax	70,672	81,544
Audit fees	1,325	5,259
Independent Review Committee fees	1,055	1,445
Custodian fees	545	941
Filing fees	7,081	8,161
Legal fees	3,018	1,695
Unitholder reporting costs	6,723	7,694
Unitholder administration and service fees	19,026	18,555
Overdraft charges	312	—
	<u>753,227</u>	<u>862,123</u>
Net investment income (loss)	<u>(192,474)</u>	<u>(179,683)</u>
Net realized gain (loss) on investments sold	229,401	373,172
Change in unrealized appreciation (depreciation) of investments	1,936,972	408,576
Net gain (loss) on investments	<u>2,166,373</u>	<u>781,748</u>
Increase (decrease) in Net Assets from operations	<u>\$1,973,899</u>	<u>\$ 602,065</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$1,973,899</u>	<u>\$ 602,065</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.34</u>	<u>\$ 0.09</u>

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 39.4%			
649,454	Scotia Private High Yield Income Pool Series I	6,007,781	5,925,424
1,504,092	Scotia Private Income Pool Series I	16,454,470	17,756,710
		<u>22,462,251</u>	<u>23,682,134</u>
CANADIAN EQUITY FUNDS – 29.9%			
571,738	Scotia Private Canadian Growth Pool Series I	7,123,926	6,291,974
235,349	Scotia Private Canadian Mid Cap Pool Series I	2,879,488	3,395,051
84,625	Scotia Private Canadian Small Cap Pool Series I	1,485,485	1,945,177
362,263	Scotia Private Canadian Value Pool Series I	6,433,867	6,313,273
		<u>17,922,766</u>	<u>17,945,475</u>
FOREIGN EQUITY FUNDS – 30.4%			
144,121	Scotia Private Emerging Markets Pool Series I	1,447,990	1,203,339
143,502	Scotia Private Global Equity Pool Series I	1,772,551	1,876,108
474,021	Scotia Private Global Real Estate Pool Series I	6,103,801	6,144,023
303,054	Scotia Private International Equity Pool Series I	3,270,586	2,707,486
92,560	Scotia Private International Small to Mid Cap Value Pool Series I	1,398,580	1,241,157
310,680	Scotia Private U.S. Large Cap Growth Pool Series I	2,095,332	2,574,359
223,498	Scotia Private U.S. Value Pool Series I	2,262,653	2,563,029
		<u>18,351,493</u>	<u>18,309,501</u>
TOTAL INVESTMENT PORTFOLIO		<u>58,736,510</u>	<u>59,937,110</u>
OTHER ASSETS, LESS LIABILITIES – 0.3%			<u>206,364</u>
NET ASSETS – 100.0%			<u>60,143,474</u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	39.4	39.5
Canadian Equity Funds	29.9	30.0
Foreign Equity Funds	30.4	29.9

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Credit Risk (note 3)

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 99.7% (December 31, 2011 – 99.4%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,993,711 (December 31, 2011 – \$6,135,181). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$235,904	\$63,313

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$59,937,110	\$ –	\$ –	\$59,937,110

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$61,351,805	\$ –	\$ –	\$61,351,805

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Pinnacle Balanced Growth Portfolio (Unaudited)

80

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$8,693,612	\$9,160,368
Cash	83,218	24,700
Accrued investment income	73	—
Receivable for securities sold	44,005	—
Subscriptions receivable	360	152
	<u>8,821,268</u>	<u>9,185,220</u>
LIABILITIES		
Accrued expenses	19,015	728
Net Assets	<u>\$8,802,253</u>	<u>\$9,184,492</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$8,802,253</u>	<u>\$9,184,492</u>
UNITS OUTSTANDING		
Series A Units	<u>820,663</u>	<u>883,449</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.73</u>	<u>\$ 10.40</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Income from underlying funds	\$ 79,893	\$ 96,803
EXPENSES		
Management fees (note 5)	94,772	109,071
Harmonized Sales Tax/Goods and Services Tax	11,749	14,470
Audit fees	1,079	4,830
Independent Review Committee fees	861	1,314
Custodian fees	464	897
Filing fees	7,081	7,560
Legal fees	701	1,544
Unitholder reporting costs	4,938	5,040
Unitholder administration and service fees	4,706	9,380
Overdraft charges	5	—
	<u>126,356</u>	<u>154,106</u>
Absorbed expenses	<u>—</u>	<u>(4,805)</u>
	<u>126,356</u>	<u>149,301</u>
Net investment income (loss)	<u>(46,463)</u>	<u>(52,498)</u>
Net realized gain (loss) on investments sold	89,697	81,217
Change in unrealized appreciation (depreciation) of investments	252,008	75,617
Net gain (loss) on investments	<u>341,705</u>	<u>156,834</u>
Increase (decrease) in Net Assets from operations	<u>\$295,242</u>	<u>\$104,336</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$295,242</u>	<u>\$104,336</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.35</u>	<u>\$ 0.11</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS — BEGINNING OF PERIOD		
Series A Units	<u>\$9,184,492</u>	<u>\$10,535,791</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>295,242</u>	<u>104,336</u>
UNIT TRANSACTIONS		
Proceeds from issue	207,101	688,207
Series A Units		
Payments on redemption	(884,582)	(1,016,267)
Series A Units	<u>(677,481)</u>	<u>(328,060)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(382,239)</u>	<u>(223,724)</u>
NET ASSETS — END OF PERIOD		
Series A Units	<u>\$8,802,253</u>	<u>\$10,312,067</u>

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 38.9%			
63,532	Scotia Private American Core-Plus Bond Pool Series I	500,037	606,195
93,686	Scotia Private High Yield Income Pool Series I	799,367	854,760
166,468	Scotia Private Income Pool Series I	1,813,962	1,965,261
		<u>3,113,366</u>	<u>3,426,216</u>
CANADIAN EQUITY FUNDS – 24.8%			
71,239	Scotia Private Canadian Growth Pool Series I	875,069	783,982
17,893	Scotia Private Canadian Mid Cap Pool Series I	240,341	258,122
13,518	Scotia Private Canadian Small Cap Pool Series I	238,996	310,711
47,369	Scotia Private Canadian Value Pool Series I	842,944	825,509
		<u>2,197,350</u>	<u>2,178,324</u>
FOREIGN EQUITY FUNDS – 35.1%			
25,646	Scotia Private Emerging Markets Pool Series I	252,539	214,128
24,177	Scotia Private Global Equity Pool Series I	292,331	316,081
67,449	Scotia Private Global Real Estate Pool Series I	627,517	874,244
62,442	Scotia Private International Equity Pool Series I	670,286	557,854
13,212	Scotia Private International Small to Mid Cap Value Pool Series I	212,596	177,157
35,584	Scotia Private U.S. Large Cap Growth Pool Series I	253,800	294,857
15,345	Scotia Private U.S. Mid Cap Growth Pool Series I	218,616	249,506
35,338	Scotia Private U.S. Value Pool Series I	375,268	405,245
		<u>2,902,953</u>	<u>3,089,072</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>8,213,669</u></u>	<u><u>8,693,612</u></u>
	OTHER ASSETS, LESS LIABILITIES – 1.2%		<u>108,641</u>
	NET ASSETS – 100.0%		<u><u>8,802,253</u></u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	38.9	39.7
Canadian Equity Funds	24.8	25.2
Foreign Equity Funds	35.1	34.8

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Credit Risk (note 3)

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.8% (December 31, 2011 – 99.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$869,361 (December 31, 2011 – \$916,037). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012	December 31, 2011
	Less than 3 months	Less than 3 months
Accounts payable and accrued liabilities	\$19,015	\$728

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$8,693,612	\$ –	\$ –	\$8,693,612

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$9,160,368	\$ –	\$ –	\$9,160,368

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Pinnacle Conservative Growth Portfolio (Unaudited)

82

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$7,795,540	\$8,386,553
Cash	72,739	108,745
Accrued investment income	63	—
Receivable for securities sold	40,022	—
Subscriptions receivable	9,202	40
	<u>7,917,566</u>	<u>8,495,338</u>
LIABILITIES		
Redemptions payable	8,223	—
Accrued expenses	19,479	750
	<u>27,702</u>	<u>750</u>
Net Assets	<u>\$7,889,864</u>	<u>\$8,494,588</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$7,889,864</u>	<u>\$8,494,588</u>
UNITS OUTSTANDING		
Series A Units	<u>755,417</u>	<u>830,177</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 10.44</u>	<u>\$ 10.23</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Income from underlying funds	\$ 38,410	\$ 50,675
EXPENSES		
Management fees (note 5)	99,974	125,810
Harmonized Sales Tax/Goods and Services Tax	12,270	16,325
Audit fees	1,076	4,893
Independent Review Committee fees	857	1,334
Custodian fees	523	778
Filing fees	7,081	7,650
Legal fees	701	1,566
Unitholder reporting costs	4,985	5,182
Unitholder administration and service fees	4,765	9,641
Overdraft charges	29	—
	<u>132,261</u>	<u>173,179</u>
Absorbed expenses	—	(5,087)
	<u>132,261</u>	<u>168,092</u>
Net investment income (loss)	<u>(93,851)</u>	<u>(117,417)</u>
Net realized gain (loss) on investments sold	19,504	107,889
Change in unrealized appreciation (depreciation) of investments	262,979	19,596
Net gain (loss) on investments	<u>282,483</u>	<u>127,485</u>
Increase (decrease) in Net Assets from operations	<u>\$188,632</u>	<u>\$ 10,068</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$188,632</u>	<u>\$ 10,068</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.24</u>	<u>\$ 0.01</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	\$ 8,494,588	\$11,101,347
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>188,632</u>	<u>10,068</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	344,961	683,739
Payments on redemption		
Series A Units	<u>(1,138,317)</u>	<u>(1,870,678)</u>
	<u>(793,356)</u>	<u>(1,186,939)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(604,724)</u>	<u>(1,176,871)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$ 7,889,864</u>	<u>\$ 9,924,476</u>

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 19.3%			
50,420	Scotia Private High Yield Income Pool Series I	452,342	460,021
90,320	Scotia Private Income Pool Series I	989,962	1,066,276
		<u>1,442,304</u>	<u>1,526,297</u>
CANADIAN EQUITY FUNDS – 49.3%			
127,170	Scotia Private Canadian Growth Pool Series I	1,676,534	1,399,507
46,988	Scotia Private Canadian Mid Cap Pool Series I	595,464	677,834
17,964	Scotia Private Canadian Small Cap Pool Series I	340,681	412,917
80,134	Scotia Private Canadian Value Pool Series I	1,457,211	1,396,528
		<u>4,069,890</u>	<u>3,886,786</u>
FOREIGN EQUITY FUNDS – 30.2%			
18,622	Scotia Private Emerging Markets Pool Series I	188,126	155,480
18,774	Scotia Private Global Equity Pool Series I	238,502	245,452
60,281	Scotia Private Global Real Estate Pool Series I	795,305	781,327
39,685	Scotia Private International Equity Pool Series I	321,430	354,543
12,411	Scotia Private International Small to Mid Cap Value Pool Series I	201,060	166,420
40,425	Scotia Private U.S. Large Cap Growth Pool Series I	286,478	334,968
30,020	Scotia Private U.S. Value Pool Series I	301,996	344,267
		<u>2,332,897</u>	<u>2,382,457</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>7,845,091</u></u>	<u><u>7,795,540</u></u>
	OTHER ASSETS, LESS LIABILITIES – 1.2%		<u>94,324</u>
	NET ASSETS – 100.0%		<u><u>7,889,864</u></u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	19.3	19.5
Canadian Equity Funds	49.3	49.7
Foreign Equity Funds	30.2	29.6

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Credit Risk (note 3)

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.8% (December 31, 2011 – 98.7%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$779,554 (December 31, 2011 – \$838,655). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$27,702	\$750

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$7,795,540	\$ –	\$ –	\$7,795,540

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$8,386,553	\$ –	\$ –	\$8,386,553

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

STATEMENT OF NET ASSETS

As at

	June 30, 2012	December 31, 2011
ASSETS		
Investments at fair value	\$3,865,371	\$4,188,569
Cash	49,178	77,712
Accrued investment income	26	—
Receivable for securities sold	5,005	—
Subscriptions receivable	1,096	68
	<u>3,920,676</u>	<u>4,266,349</u>
LIABILITIES		
Accrued expenses	9,966	380
Net Assets	<u>\$3,910,710</u>	<u>\$4,265,969</u>
NET ASSETS PER SERIES		
Series A Units	<u>\$3,910,710</u>	<u>\$4,265,969</u>
UNITS OUTSTANDING		
Series A Units	<u>394,429</u>	<u>442,315</u>
NET ASSETS PER UNIT		
Series A Units	<u>\$ 9.91</u>	<u>\$ 9.64</u>

STATEMENT OF OPERATIONS

For the six month periods ended June 30,

	2012	2011
INVESTMENT INCOME		
Income from underlying funds	\$ 19,141	\$ 25,780
EXPENSES		
Management fees (note 5)	50,086	64,420
Harmonized Sales Tax/Goods and Services Tax	7,392	9,999
Audit fees	1,056	4,800
Independent Review Committee fees	842	1,305
Custodian fees	586	787
Filing fees	7,081	7,519
Legal fees	504	1,533
Unitholder reporting costs	4,824	4,891
Unitholder administration and service fees	3,732	8,971
Overdraft charges	21	—
	<u>76,124</u>	<u>104,225</u>
Absorbed expenses	<u>(8,307)</u>	<u>(16,224)</u>
	<u>67,817</u>	<u>88,001</u>
Net investment income (loss)	<u>(48,676)</u>	<u>(62,221)</u>
Net realized gain (loss) on investments sold	13,409	36,439
Change in unrealized appreciation (depreciation) of investments	163,075	54,399
Net gain (loss) on investments	<u>176,484</u>	<u>90,838</u>
Increase (decrease) in Net Assets from operations	<u>\$127,808</u>	<u>\$ 28,617</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>\$127,808</u>	<u>\$ 28,617</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT		
Series A Units	<u>\$ 0.30</u>	<u>\$ 0.06</u>

STATEMENT OF CHANGES IN NET ASSETS

For the six month periods ended June 30,

	2012	2011
NET ASSETS – BEGINNING OF PERIOD		
Series A Units	<u>\$4,265,969</u>	<u>\$ 5,674,267</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Series A Units	<u>127,808</u>	<u>28,617</u>
UNIT TRANSACTIONS		
Proceeds from issue		
Series A Units	125,490	379,400
Payments on redemption		
Series A Units	(608,557)	(1,015,921)
	<u>(483,067)</u>	<u>(636,521)</u>
INCREASE (DECREASE) IN NET ASSETS		
Series A Units	<u>(355,259)</u>	<u>(607,904)</u>
NET ASSETS – END OF PERIOD		
Series A Units	<u>\$3,910,710</u>	<u>\$ 5,066,363</u>

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012

Number of Units	Issuer	Average Cost (\$)	Fair Value (\$)
FIXED INCOME FUNDS – 19.3%			
25,042	Scotia Private High Yield Income Pool Series I	225,447	228,474
44,496	Scotia Private Income Pool Series I	488,170	525,299
		<u>713,617</u>	<u>753,773</u>
CANADIAN EQUITY FUNDS – 34.4%			
48,150	Scotia Private Canadian Growth Pool Series I	600,759	529,891
8,000	Scotia Private Canadian Mid Cap Pool Series I	110,624	115,398
7,352	Scotia Private Canadian Small Cap Pool Series I	131,568	168,990
30,560	Scotia Private Canadian Value Pool Series I	522,848	532,576
		<u>1,365,799</u>	<u>1,346,855</u>
FOREIGN EQUITY FUNDS – 45.1%			
16,365	Scotia Private Emerging Markets Pool Series I	164,591	136,636
16,515	Scotia Private Global Equity Pool Series I	208,447	215,913
29,974	Scotia Private Global Real Estate Pool Series I	359,400	388,505
40,112	Scotia Private International Equity Pool Series I	435,308	358,357
6,311	Scotia Private International Small to Mid Cap Value Pool Series I	103,782	84,621
20,742	Scotia Private U.S. Large Cap Growth Pool Series I	147,213	171,875
7,227	Scotia Private U.S. Mid Cap Growth Pool Series I	106,386	117,509
13,937	Scotia Private U.S. Mid Cap Value Pool Series I	128,386	120,909
14,861	Scotia Private U.S. Value Pool Series I	159,299	170,418
		<u>1,812,812</u>	<u>1,764,743</u>
	TOTAL INVESTMENT PORTFOLIO	<u><u>3,892,228</u></u>	<u><u>3,865,371</u></u>
	OTHER ASSETS, LESS LIABILITIES – 1.2%		<u>45,339</u>
	NET ASSETS – 100.0%		<u><u>3,910,710</u></u>

SUMMARY OF INVESTMENT PORTFOLIO

Investment Category	Percentage of Net Assets (%)	
	June 30, 2012	December 31, 2011
Fixed Income Funds	19.3	19.4
Canadian Equity Funds	34.4	34.7
Foreign Equity Funds	45.1	44.1

SUPPLEMENTARY SCHEDULES

As at June 30, 2012 and December 31, 2011

Interest Rate Risk (note 3)

The Fund could be exposed to indirect interest rate risk to the extent that the Underlying Funds invested in interest-bearing financial instruments.

Currency Risk (note 3)

The Fund could be exposed to indirect currency risk to the extent that the Underlying Funds held financial instruments that were denominated in a currency other than its functional currency.

Credit Risk (note 3)

The Fund could be exposed to indirect credit risk to the extent that the Underlying Funds invested in debt instruments and derivatives.

Other price risk (note 3)

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities, if applicable. As at June 30, 2012, approximately 98.8% (December 31, 2011 – 98.2%) of the Fund's net assets were exposed to other price risk. If prices of these investments had decreased or increased by 10%, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$386,537 (December 31, 2011 – \$418,857). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Liquidity risk (note 3)

The table below summarizes a maturity analysis of cash flows associated with the maturities of the Fund's financial liabilities.

	June 30, 2012 Less than 3 months	December 31, 2011 Less than 3 months
Accounts payable and accrued liabilities	\$9,966	\$380

Fair value classification (note 2)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2012 and December 31, 2011, respectively.

June 30, 2012

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$3,865,371	\$ –	\$ –	\$3,865,371

December 31, 2011

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$4,188,569	\$ –	\$ –	\$4,188,569

During the periods ended June 30, 2012 and December 31, 2011, there were no transfers between Level 1 and Level 2.

Notes to the Financial Statements (Unaudited)

86

1. The Funds

All of the Scotia Private Pools and Pinnacle Portfolios presented in these financial statements (individually, a “Fund” and collectively, the “Funds”) are open-ended mutual fund trusts established under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust (“Declaration of Trust”) dated as at November 24, 2011, as amended and /or restated from time to time. The inception date for each Fund is as follows:

Scotia Private Short Term Income Pool (formerly, Pinnacle Short Term Income Fund)	September 3, 1997
Scotia Private Income Pool (formerly, Pinnacle Income Fund)	September 3, 1997
Scotia Private High Yield Income Pool (formerly, Pinnacle High Yield Income Fund)	September 3, 1997
Scotia Private American Core-Plus Bond Pool (formerly, Pinnacle American Core-Plus Bond Fund)	January 28, 2002
Scotia Private Strategic Balanced Pool (formerly, Pinnacle Strategic Balanced Fund)	September 3, 1997
Scotia Private Canadian Value Pool (formerly, Pinnacle Canadian Value Equity Fund)	September 3, 1997
Scotia Private Canadian Mid Cap Pool (formerly, Pinnacle Canadian Mid Cap Equity Fund)	January 28, 2002
Scotia Private Canadian Growth Pool (formerly, Pinnacle Canadian Growth Equity Fund)	September 3, 1997
Scotia Private Canadian Small Cap Pool (formerly, Pinnacle Canadian Small Cap Equity Fund)	September 3, 1997
Scotia Private U.S. Value Pool (formerly, Pinnacle American Value Equity Fund)	September 3, 1997
Scotia Private U.S. Mid Cap Value Pool (formerly, Pinnacle American Mid Cap Value Equity Fund)	January 28, 2002
Scotia Private U.S. Large Cap Growth Pool (formerly, Pinnacle American Large Cap Growth Equity Fund)	January 18, 2001
Scotia Private U.S. Mid Cap Growth Pool (formerly, Pinnacle American Mid Cap Growth Equity Fund)	September 3, 1997
Scotia Private International Equity Pool (formerly, Pinnacle International Equity Fund)	September 3, 1997
Scotia Private International Small to Mid Cap Value Pool (formerly, Pinnacle International Small to Mid Cap Value Equity Fund)	January 28, 2002
Scotia Private Emerging Markets Pool (formerly, Pinnacle Emerging Markets Equity Fund)	September 8, 2010
Scotia Private Global Equity Pool (formerly, Pinnacle Global Equity Fund)	September 3, 1997
Scotia Private Global Real Estate Pool (formerly, Pinnacle Global Real Estate Securities Fund) (the “Scotia Private Pools”)	January 28, 2002
Pinnacle Balanced Income Portfolio	April 22, 2005
Pinnacle Conservative Balanced Growth Portfolio	April 22, 2005
Pinnacle Balanced Growth Portfolio	April 22, 2005
Pinnacle Conservative Growth Portfolio	April 22, 2005
Pinnacle Growth Portfolio (the “Pinnacle Portfolios”)	April 22, 2005

The Statement of Investment Portfolio of each of the Funds is as at June 30, 2012. The Statements of Net Assets are as at June 30, 2012 and December 31, 2011, and the Statements of Operations and Statements of Changes in Net Assets are for the periods ended June 30, 2012 and June 30, 2011. For Funds or Series started during either period, the information presented is for the period from the Fund inception date (as noted

above) or Series start date, respectively, to June 30, 2012 and June 30, 2011, as applicable. Throughout this document, reference to the reporting period refers to the reporting period described above.

The manager and trustee of the Funds is Scotia Asset Management L.P. (“SAM” or the “Manager”).

Each of the Funds may offer one or more Series of securities: Pinnacle Series/Series A units, Series F units, Series I units, and Series M units. Each Series of a Fund is authorized to issue an unlimited number of units, which are redeemable at the option of the unitholder at their respective net asset value next determined following receipt of the sell order by the Fund. Each Series of units of a Fund is intended for different investors. A description of each Series of units is provided below:

- Series A units are only available through ScotiaMcLeod or otherwise permitted by the Manager,
- Pinnacle Series units are only available to investors who participate in the Pinnacle program, through ScotiaMcLeod advisors or as otherwise permitted by the Manager.
- Series F units are generally available to investors who have fee-based accounts with ScotiaMcLeod.
- Series I units are available to eligible institutional investors and other qualified investors. Series I units are currently only available through SAM.
- Series M units are available to investors who have signed a discretionary investment management agreement with SAM or Scotiatrust.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying Canadian GAAP, the Manager may make estimates and assumptions that may affect the reported amounts in the financial statements. Actual results may differ from such estimates. The significant accounting policies followed by the Funds for the reporting period are summarized below.

(a) Financial Instrument Disclosures

Financial Instrument disclosures include a three level fair value hierarchy which provides information about the relative observability of inputs to the fair value measurement of financial assets and liabilities. The levels are defined as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value is based on inputs other than quoted prices included in level 1 that are observable for the assets

or liabilities, either directly or indirectly. This is inclusive of bonds and debentures that are based on multi-dealer pricing, short-term notes carried at amortized cost, foreign equity securities in markets closing before 4:00 p.m. Eastern time and securities infrequently traded and considered illiquid; and

- Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

The three level fair value hierarchy is disclosed in the respective Fund's "Supplementary Schedules".

(b) Valuation of Investments

The fair values of investments are determined as follows:

- In accordance with Accounting Guideline 18, "Investment Companies", investments are deemed to be categorized as held-for-trading and are required to be recorded at fair value, as defined in Canadian Institute of Charter Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement". Investments that are traded in an active market on a recognized public stock exchange and over-the-counter markets are valued at their bid prices for investments held and ask prices for investments sold short. Securities held with no available bid, or quoted value determined by the Manager to be inaccurate or unreliable, are valued in such a manner as, in the opinion of the Manager; most accurately reflect the instrument's fair value. The application of Section 3855 impacts the valuation and disclosure of the net assets of an investment fund for financial reporting purposes ("Net Assets"). The value used to determine the Funds' daily price for purchase and redemption of units ("Pricing NAV" or "Net Asset Value Per Unit") is not affected by this accounting policy. A reconciliation of Net Asset Value per unit and Net Assets per unit of each Fund is provided in Note 12.
- North American Equities are valued at last bid or ask market price for long and short positions recorded by the security exchange on which the security is principally traded. Non-North American equities are valued at fair value provided by independent pricing sources.
- Fixed income securities including bonds and mortgage-backed securities are valued at the average current bid price quoted by major dealers in such securities.
- Short-term debt instruments are carried at amortized cost, which in the opinion of the Manager, approximates fair value.

(c) Foreign Currency

Amounts denominated in foreign currencies are converted into Canadian dollars as follows:

- fair value of investments, forward and spot currency contracts and other assets and liabilities at the rates of exchange prevailing as at the valuation date; and
- purchase and sale of investments and investment income at the rates of exchange prevailing on the respective dates of such transactions.

(d) Investment Transactions and Income Recognition

Investment transactions are accounted for on a trade date basis. Transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in "Transaction costs" in the Statements of Operations. The investment cost of a security represents the amount paid and is determined on an average cost basis excluding transaction costs.

Dividend income and distributions from underlying funds are recognized on the ex-dividend date and interest income is recognized on an accrual basis.

Distribution received from income trusts are recognized based on the nature of the underlying components such as dividend income, interest income, capital gains, and return of capital by applying previous year characterizations reported by the trust. Differences, if any, between the current year and previous year's characterizations reported by the trust in the underlying components are reported in the following year when the characterizations become available.

Realized gains and losses on the sale of short-term debt instruments are recorded in interest income.

Income, realized gain (loss) and unrealized gain (loss) are allocated among the unit Series on a pro rata basis.

(e) Foreign Currency Forward Contracts

Realized gains or losses on foreign currency forward contracts arise as a result of the closing of a position on the settlement date. The net realized gain or loss is reported as "Net realized gain (loss) on currency forwards" in the Statements of Operations. Open foreign exchange forward contracts are valued at the gain or loss that would arise as a result of closing the position on the valuation date. The unrealized gain or loss, for the reporting period, is reflected in the Statements of Operations as "Change in unrealized appreciation (depreciation) of currency forwards".

(f) Futures Contracts

Futures contracts are valued at their bid prices for financial reporting purposes at the close of business on each valuation date of the reporting period. Any difference between the settlement value at the close of business on the current valuation date and that of the previous valuation date is settled in cash daily and recorded in the Statements of Operations as net realized gain (loss) on futures. Amounts receivable

(payable) from (to) settlement of futures contracts are reflected in the Statements of Net Assets as futures margin receivable (payable).

(g) Warrants

Unlisted warrants are valued using the Black-Scholes option valuation model. The model factors in the time value of money and volatility inputs significant to such valuation.

(h) Options

Options are valued at their bid price for long positions and their ask price for short positions as reported by the principal exchange or over-the-counter market on which the contracts are traded. Any difference resulting from the revaluation at the reporting date is treated as unrealized gain or loss on investments.

Premiums paid for purchased call and put options are included in investments at fair value on the Statements of Net Assets. When a purchased option expires, the Fund will realize a loss in the amount of the cost of the option. For the closing transaction, the Fund will realize a gain or loss depending on whether the proceeds are greater or less than the premium paid at the time of purchase. When a purchased call option is exercised, the cost of the security purchased is increased by the premium paid at the time of purchase.

Premiums received from writing options are included in investments at fair value on the Statement of Net Assets as initial reductions in the value of investments. When a written option expires unexercised, premiums received from writing options are recorded as realized gain on the Statement of Operations. For the closing transaction of written options, the Fund will record a realized loss if the cost of closing the transaction exceeds the premium received; the Fund will record a realized gain if the premium received at the time of the option was written is greater than the amount paid for closing the transaction. When a written put is exercised, the cost of the security purchased is reduced by the premiums received at the time the option was written.

(i) Valuation of Underlying Funds

Investments in underlying funds ("Portfolios") are valued at the Series' NAV per unit provided by the underlying funds' manager at the end of each valuation date.

(j) Forward Commitments/Dollar Roll

Some Funds may contract to purchase securities for a fixed price at a future date beyond customary settlement time (i.e., a "forward commitment", "delayed settlement" or "when issued" transaction, e.g., to be announced ("TBA")) consistent with a Fund's ability to manage its investment portfolio and meet redemption requests. For example, the Funds may enter into dollar rolls (principally in TBAs) in which the Funds purchase securities. The price of the securities and the date when securities will be delivered and paid for are fixed at the time the transaction is negotiated. The Funds may dispose of that forward commitment transaction prior to settlement if it is appropriate to do so and realize short-term gains (losses)

upon such sale. When affecting such transactions, cash or cash equivalents in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated by the Fund at the trade date and maintained until the transaction is settled. These instruments are listed in the Statements of Investment Portfolio with the corresponding liability as payable for securities purchases on the Statements of Net Assets. A forward commitment transaction involves a risk of loss if the value of the securities to be purchased declines prior to the settlement date or the other party to the transaction fails to complete the transaction.

(k) Other Assets and Liabilities

Financial assets and liabilities, other than investment securities, cash and derivative instruments are valued at cost or amortized cost. These balances are short-term in nature; therefore, their carrying values approximate fair value.

(l) Securities Lending

Certain of the Funds may enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities on a future date. The income earned from these securities lending transactions is recorded in the Statements of Operations as securities lending income. The fair value of the securities lent and collateral held is determined on a daily basis.

(m) Increase (Decrease) in Net Assets from Operation per Unit

"Increase (decrease) in net assets from operations per unit" is disclosed in the Statements of Operations and represents, for each Series of units, the increase or decrease in the net assets from operations for the period attributable to each Series divided by the average number of units outstanding for the corresponding Series during the period.

(n) Cash

Cash is comprised of cash on deposit and is stated at fair value.

3. Discussion of Financial Instrument Risk

Each Fund's investment activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. Each Fund's investment practices include portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on each Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor each Fund's securities and financial market developments. The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables.

Portfolios invest in underlying funds. They are indirectly exposed to market risk, credit risk and liquidity risk in the event that the underlying funds invest in financial instruments that are subject to those risks.

A Fund's exposure to market risk, credit risk and liquidity risk, where applicable, is disclosed in the respective Fund's Supplementary Schedules. Where the exposure to a particular risk is not disclosed, the Manager has assessed the potential impact of that risk to be not significant.

(a) Market Risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. Each Fund's exposure to interest rate risk is concentrated in its investments in debt securities (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments and other assets and liabilities are short-term in nature and/or non-interest bearing and not subject to significant amount of interest rate risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Currency risk

Currency risk is the risk that the value of foreign investments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to each Fund's functional currency, which is the Canadian dollar unless otherwise stated. Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Funds may enter into foreign exchange forward contracts or currency futures contracts for hedging purposes to reduce foreign currency exposure.

(iii) Other price risk

Other price risk is the risk that the fair value of a Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk is mainly in equities and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for written options and future contracts sold, where possible losses can be unlimited.

(b) Credit risk

Credit risk is the risk that the counterparty of a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Where the Fund invests in debt instruments, this represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund. Credit risk may also exist in relation to counterparties of futures and currency forward contracts. The risk of default is considered minimal, as delivery of securities

sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker. Cash and securities are held at custodians with credit ratings of at least AA- per Standard & Poor's rating system.

A Fund may enter into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit rating and the market value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned as at the end of each trading day.

(c) Liquidity risk

A Fund's exposure to liquidity risk arises primarily from the daily cash redemption of units. Each Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, each Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its Net Asset Value for the purpose of funding redemptions. A Fund may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the respective Fund's Statement of Investment Portfolio.

4. Unitholders' Equity

Units issued and outstanding represent the capital of each Fund. Each of the Funds may issue an unlimited number of units. Each unit is redeemable at the option of the unitholder in accordance with the Declaration of Trust, ranks *pari passu* with all other units of the Fund and entitles the unitholder to a proportionate undivided interest in the Net Asset Value of the Fund. Unitholders are entitled to distributions when declared. Distributions on units of a Fund are reinvested in additional units of the Fund or at the option of the unitholder, paid in cash. The Funds have no restrictions on capital or specific capital requirements. SAM manages the capital of the Funds in accordance with the Funds' investment objectives.

The units of each Series of the Funds are issued and redeemed at their Pricing NAV per unit of each Series, which is determined as of the close of business on each day that the Toronto Stock Exchange is open for trading. The Pricing NAV per unit is calculated by dividing the net assets attributable to a Series by the total number of outstanding units of the Series.

On September 20, 2010, Scotia Private Income Pool, Scotia Private High Yield Income Pool, Scotia Private Canadian Value Pool, Scotia Private Canadian Growth Pool, Scotia Private U.S. Large Cap Growth Pool and Scotia Private Canadian Mid Cap Pool commenced their offering of Series I units;

Scotia Private High Yield Income Pool, Scotia Private U.S. Mid Cap Value Pool and Pinnacle American Mid Cap Growth Equity Fund commenced their offering of Series M.

On January 20, 2009, Scotia Private American Core-Plus Bond Pool, Scotia Private Global Real Estate Securities Pool, Scotia Private Canadian Small Cap Pool, Scotia Private U.S. Value Pool, Scotia Private International Equity Pool and Scotia Private Global Equity Pool commenced their offering of Series I units.

On February 17, 2009, Scotia Private Short Term Income Pool, Scotia Private Income Pool, Scotia Private High Yield Income Pool, Scotia Private American Core-Plus Bond Pool, Scotia Private Global Real Estate Securities Pool, Scotia Private

Strategic Balanced Pool, Scotia Private Canadian Value Pool, Scotia Private Canadian Mid Cap Pool, Scotia Private Canadian Growth Pool, Scotia Private Canadian Small Cap Pool, Scotia Private U.S. Value Pool, Scotia Private U.S. Mid Cap Value Pool, Scotia Private U.S. Large Cap Growth Pool, Scotia Private U.S. Mid Cap Growth Pool, Scotia Private International Equity Pool, Scotia Private International Small to Mid Cap Value Pool and Scotia Private Global Equity Pool commenced their offering of Series F units.

For the six-month periods ended June 30, 2012 and 2011, the following numbers of units were issued, re-invested and redeemed:

Fund	2012			2011		
	Units Issued	Units Reinvested	Units Redeemed (i)	Units Issued	Units Reinvested	Units Redeemed (i)
Scotia Private Short Term Income Pool						
Pinnacle Series Units	141,709	1,875	109,203	220,130	2,571	591,833
Series F Units	5,700	4	—	—	—	—
Scotia Private Income Pool						
Pinnacle Series Units	1,776,771	448,628	2,695,089	2,222,801	499,227	2,260,834
Series F Units	1,592,345	8,366	346,014	35,341	3,033	8,217
Series I Units	140,880	49,619	268,699	153,337	63,300	282,948
Scotia Private High Yield Income Pool						
Pinnacle Series Units	707,803	400,525	1,811,968	1,241,828	451,488	1,634,360
Series F Units	215,918	7,080	25,054	36,825	7,740	98,346
Series I Units	17,324,288	551,573	95,615	11,946	35,261	58,648
Series M Units	7,374,451	167,052	1,163,685	5,101,980	99,091	131,756
Scotia Private American Core-Plus Bond Pool						
Pinnacle Series Units	279,455	49,560	416,637	237,513	45,203	357,626
Series F Units	—	145	1,424	3,301	174	78
Series I Units	5,248,166	348,519	2,480,776	3,850,757	270,470	12,960
Scotia Private Strategic Balanced Pool						
Pinnacle Series Units	92,900	34,411	584,391	179,351	41,903	572,043
Series F Units	21,152	220	5,354	—	30	—
Scotia Private Canadian Value Pool						
Pinnacle Series Units	296,417	—	491,423	340,244	—	520,741
Series F Units	7,979	—	900	956	—	4,860
Series I Units	28,042	—	55,519	68,270	—	73,395
Scotia Private Canadian Mid Cap Pool						
Pinnacle Series Units	149,637	—	322,125	315,700	—	336,914
Series F Units	2,615	—	50	926	—	529
Series I Units	3,498	—	17,244	24,324	—	27,913
Scotia Private Canadian Growth Pool						
Pinnacle Series Units	758,136	—	807,566	527,716	—	960,001
Series F Units	9,254	—	2,031	5,048	—	7,285
Series I Units	5,684,682	—	94,559	72,232	—	89,653
Scotia Private Canadian Small Cap Pool						
Pinnacle Series Units	71,612	—	311,724	180,590	—	348,924
Series F Units	2,280	—	194	3,922	—	1,190
Series I Units	1,467,363	—	947,269	1,537,203	—	19,960

Fund	2012			2011		
	Units Issued	Units Reinvested	Units Redeemed (i)	Units Issued	Units Reinvested	Units Redeemed (i)
Scotia Private U.S. Value Pool						
Pinnacle Series Units	194,213	—	498,478	279,422	—	645,704
Series F Units	7,354	—	386	390	—	2,956
Series I Units	2,685,235	—	1,113,282	3,459,201	—	31,636
Scotia Private U.S. Mid Cap Value Pool						
Pinnacle Series Units	25,421	—	126,590	113,247	—	113,963
Series F Units	4,400	—	—	—	—	761
Series I Units	—	—	1,937	—	—	2,146
Series M Units	809,445	—	114,145	124,968	—	67,216
Scotia Private U.S. Large Cap Growth Pool						
Pinnacle Series Units	213,640	—	561,882	361,836	—	586,496
Series F Units	5,114	—	3,135	4,200	—	4,180
Series I Units	—	—	54,900	—	—	9,278
Scotia Private U.S. Mid Cap Growth Pool						
Pinnacle Series Units	16,630	—	52,857	27,959	—	83,584
Series F Units	426	—	—	—	—	471
Series I Units	429,404	—	1,394,785	823,043	—	1,088
Series M Units	159,528	—	963,100	614,109	—	402,600
Scotia Private International Equity Pool						
Pinnacle Series Units	354,231	—	775,449	573,981	—	1,023,174
Series F Units	16,582	—	2,589	16,669	—	7,521
Series I Units	9,741,826	—	1,181,058	7,273,157	—	28,087
Scotia Private International Small to Mid Cap Value Pool						
Pinnacle Series Units	129,407	—	363,165	167,311	—	386,872
Series F Units	3,388	—	207	2,040	—	1,940
Series I Units	—	—	11,580	1,330	—	11,118
Scotia Private Emerging Markets Pool						
Pinnacle Series Units	273,896	—	355,573	720,030	—	158,377
Series I Units	1,706,820	—	1,747,809	2,629,784	—	1,522
Series M Units	2,740,541	—	4,201,099	1,221,612	—	1,344,749
Scotia Private Global Equity Pool						
Pinnacle Series Units	154,425	—	341,257	238,750	—	559,491
Series F Units	4,524	—	955	2,370	—	3,020
Series I Units	6,002,222	—	1,402,394	3,922,812	—	4,108
Scotia Private Global Real Estate Pool						
Pinnacle Series Units	529,426	—	1,351,642	1,282,940	—	824,825
Series F Units	5,442	—	3,174	3,808	—	5,279
Series I Units	2,378,309	—	108,392	1,197,576	—	82,209
Pinnacle Balanced Income Portfolio						
Series A Units	132,474	—	127,314	178,805	—	85,278
Pinnacle Conservative Balanced Growth Portfolio						
Series A Units	295,530	—	626,467	430,791	—	594,492
Pinnacle Balanced Growth Portfolio						
Series A Units	19,123	—	81,909	63,110	—	93,184
Pinnacle Conservative Growth Portfolio						
Series A Units	32,625	—	107,385	60,720	—	166,813
Pinnacle Growth Portfolio						
Series A Units	12,628	—	60,514	36,116	—	97,004

(i) Included in units redeemed are redemptions related to payments of the Pinnacle Program Fee, where applicable.

5. Management Fees

The Funds' management fees are calculated daily and paid monthly. The Manager is entitled to a maximum annual management fee, exclusive of sales taxes, as follows:

	% of Net Asset Value		
	Series A Units	Series F Units	Series M Units
Scotia Private Short Term Income Pool	—	0.50%	—
Scotia Private Income Pool	—	0.70%	—
Scotia Private High Yield Income Pool	—	0.75%	0.30%
Scotia Private American Core-Plus Bond Pool	—	0.75%	—
Scotia Private Strategic Balanced Pool	—	1.00%	—
Scotia Private Canadian Value Pool	—	1.00%	—
Scotia Private Canadian Mid Cap Pool	—	1.00%	—
Scotia Private Canadian Growth Pool	—	1.00%	—
Scotia Private Canadian Small Cap Pool	—	1.00%	—
Scotia Private U.S. Value Pool	—	1.00%	—
Scotia Private U.S. Mid Cap Value Pool	—	1.00%	0.55%
Scotia Private U.S. Large Cap Growth Pool	—	1.00%	—
Scotia Private U.S. Mid Cap Growth Pool	—	1.00%	0.55%
Scotia Private International Equity Pool	—	1.00%	—
Scotia Private International Small to Mid Cap Value Pool	—	1.00%	—
Scotia Private Emerging Markets Pool	—	—	0.70%
Scotia Private Global Equity Pool	—	1.00%	—
Scotia Private Global Real Estate Pool	—	1.00%	—
Pinnacle Portfolios			
Pinnacle Balanced Income Portfolio	1.85%	—	—
Pinnacle Conservative Balanced Growth Portfolio	2.10%	—	—
Pinnacle Balanced Growth Portfolio	2.10%	—	—
Pinnacle Conservative Growth Portfolio	2.40%	—	—
Pinnacle Growth Portfolio	2.40%	—	—

Management fees disclosed for the Pinnacle Portfolios above are inclusive of the management fees charged to the Underlying Funds. There is no duplication of fees. Management fees are not charged on Series I units. Fees for services of the Manager payable by Series I investors are negotiable by the investor and are payable directly to the Manager.

No management fees are charged by the Manager in respect of the Pinnacle Series units of the Scotia Private Pools.

6. Operating Expenses

The Funds are responsible for all expenses relating to the operations and conduct of business. These expenses include: taxes; interest; brokerage commissions for the purchase and sale of portfolio securities; legal; audit; trustee; custodial and safekeeping fees; administrative costs; investor servicing costs; and the cost of reports and prospectuses.

The ratio of operating expenses (excluding taxes, interest and brokerage commissions) expressed as a percentage of the average daily NAV of the respective Fund is referred to as the operating expense ratio. The operating expense ratio of Pinnacle Series of each Scotia Private Pool may not exceed

0.50% on an annualized basis as specified in the Scotia Private Pools' simplified prospectus. Each Series of the Funds incurs the expenses which are directly attributable to that Series. Common expenses of the Fund are allocated on a pro rata basis to each Series of the Fund based on its respective NAV.

The Manager, in its' sole discretion, absorbs operating expenses otherwise payable by certain Series. The absorbed expenses are reflected in the Statements of Operations.

7. Pinnacle Program Fee

Each Pinnacle Series unitholder of the Scotia Private Pools has agreed to pay, on a quarterly basis, a negotiated asset based fee for all services in respect of their respective investment in the Scotia Private Pools. These fees are paid to ScotiaMcLeod by redemption of units held in the Scotia Private Pools, unless otherwise determined by ScotiaMcLeod.

8. Income Taxes

The Funds qualify as mutual fund trusts under the *Income Tax Act* (Canada). Each of the Funds distributes sufficient amounts of its taxable net investment income and net realized taxable capital gains, less the amount required to enable each Fund to utilize any available tax credit attributable to redemptions during the period, to its unitholders. Such income is taxable in the hands of the unitholders. Accordingly, no provision for income taxes has been recorded in these financial statements.

Net capital losses may be carried forward indefinitely to reduce future net realized taxable capital gains. Non-capital losses for income tax purposes may be carried forward for up to twenty years and applied against capital gains realized and net income

in future years. The following Funds have net capital and non-capital loss carry forwards as at December 15, 2011.

Fund	Year of expiry	Non-Capital Loss \$	Capital Loss \$
Scotia Private High Yield Income Pool	—	—	19,651,702
Scotia Private Strategic Balanced Pool	—	—	10,777,531
Scotia Private Canadian Value Pool	—	—	12,374,238
Scotia Private Canadian Mid Cap Pool	—	—	3,918,194
Scotia Private Canadian Growth Pool	—	—	35,891,106
Scotia Private U.S. Value Pool	—	—	14,030,656
Scotia Private U.S. Mid Cap Value Pool	—	—	6,413,705
Scotia Private U.S. Large Cap Growth Pool	—	—	20,326,612
Scotia Private U.S. Mid Cap Growth Pool	2029	96,073	53,501,858
	2030	13,742	—
Scotia Private International Equity Pool	—	—	74,022,423
Scotia Private International Small to Mid Cap Value Pool	—	—	27,970,116
Scotia Private Global Equity Pool	—	—	28,398,759
Scotia Private Global Real Estate Pool	—	—	28,905,736
Pinnacle Balanced Income Portfolio	—	—	347,711
Pinnacle Conservative Balanced Growth Portfolio	—	—	2,610,034
Pinnacle Balanced Growth Portfolio	—	—	999,301
Pinnacle Conservative Growth Portfolio	2030	204,326	1,420,745
Pinnacle Growth Portfolio	2028	105	862,282
	2029	10,355	—
	2030	106,260	—

9. Client Broker Commissions

The ascertainable soft dollar arrangements in connection with investment portfolio transactions for the periods ended June 30, 2012 and 2011 are set out below.

Fund	2012	2011
Scotia Private Canadian Mid Cap Pool	\$ —	\$ 9,751
Scotia Private Canadian Growth Pool	3,798	4,094
Scotia Private Canadian Small Cap Pool	724	4,366
Scotia Private U.S. Value Pool	59,862	18,019
Scotia Private U.S. Mid Cap Value Pool	3,150	1,625
Scotia Private U.S. Mid Cap Growth Pool	63,231	42,781
Scotia Private International Equity Pool	1,530	1,002
Scotia Private International Small to Mid Cap Value Pool	12,960	16,690
Scotia Private Emerging Markets Pool	24,144	15,476
Scotia Private Global Equity Pool	9,929	5,443
Scotia Private Global Real Estate Pool	17,738	—

Client brokerage commissions are arrangements pursuant to which products or services, other than execution of portfolio securities transactions, are obtained by an adviser from or through a broker-dealer in exchange for directing client portfolio transactions to the broker-dealer.

For client brokerage commissions paid to related parties, please refer to Notes 11(c).

10. Securities Lending

Effective March 21, 2011, the Funds have entered into a securities lending program with their custodian, the Bank of

Nova Scotia (“BNS”) (credit rating of AA- by Standard & Poor’s). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the NAV of such Fund. The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral is received in the form of debt obligations of the Government of Canada, Canadian provincial and municipal governments or financial institutions rated at least either A-1/P-1 or a single A credit rating and is not included in the statements of investment portfolio. The aggregated market value of the securities that are on loan and the collateral received by the Scotia Private Pools as at June 30, 2012 and December 31, 2011 are as follows:

Funds	2012	
	Fair Market Value of Securities Loaned	Fair Market Value of Collateral Received
Scotia Private Short Term Income Pool	\$ 101,940	\$ 107,563
Scotia Private Income Pool	34,941,011	36,829,236
Scotia Private High Yield Income Pool	46,068,711	48,302,137
Scotia Private American Core-Plus Bond Pool	20,631,719	21,688,611
Scotia Private Strategic Balanced Pool	4,821,873	5,038,815
Scotia Private Canadian Value Pool	4,696,617	4,904,774
Scotia Private Canadian Mid Cap Pool	4,504,308	4,689,845
Scotia Private Canadian Growth Pool	8,614,449	9,034,807
Scotia Private Canadian Small Cap Pool	15,814,895	16,515,607
Scotia Private U.S. Value Pool	7,734,121	8,046,217
Scotia Private U.S. Large Cap Growth Pool	47,137	49,057
Scotia Private U.S. Mid Cap Growth Pool	1,044,396	1,089,345
Scotia Private International Equity Pool	5,520,574	5,745,512
Scotia Private International Small to Mid Cap Value Pool	333,355	342,389
Scotia Private Emerging Markets Pool	271,656	286,372
Scotia Private Global Equity Pool	2,122,112	2,224,158
Scotia Private Global Real Estate Pool	4,652,200	4,825,643

Funds	2011	
	Fair Market Value of Securities Loaned	Fair Market Value of Collateral Received
Scotia Private Income Pool	\$34,471,950	\$36,218,676
Scotia Private High Yield Income Pool	15,932,810	16,728,880
Scotia Private American Core-Plus Bond Pool	5,933,322	6,232,372
Scotia Private Strategic Balanced Pool	4,421,146	4,660,574
Scotia Private Canadian Value Pool	2,506,841	2,672,694
Scotia Private Canadian Mid Cap Pool	4,533,040	4,758,712
Scotia Private Canadian Growth Pool	9,427,064	9,887,428
Scotia Private Canadian Small Cap Pool	14,916,609	15,660,249
Scotia Private U.S. Value Pool	3,943,303	4,138,220
Scotia Private U.S. Large Cap Growth Pool	163,776	172,239
Scotia Private U.S. Mid Cap Growth Pool	2,002,712	2,101,640
Scotia Private International Small to Mid Cap Value Pool	335,587	363,373
Scotia Private Emerging Markets Pool	797,362	836,810
Scotia Private Global Equity Pool	428,591	450,739
Scotia Private Global Real Estate Pool	7,797,859	8,185,586

11. Related Party Transactions

(a) SAM is wholly owned by BNS and is the trustee and manager of the Funds. SAM earns a fee for acting as trustee and manager.

(b) Units of the Funds are distributed through brokers and dealers which include Scotia Capital Inc. ("SCI"), DWM Securities Inc. ("DWM"), and Dundee Private Investors Inc. ("DPII") all wholly-owned subsidiaries of BNS and related parties to SAM.

(c) As of January 28, 2011, Dundee Securities Corporation ceased to be a related party to SAM. There were no brokerage fees paid to Dundee Securities Corporation from January 1 to January 28, 2011.

The Funds may also invest in securities issued by BNS and execute portfolio transactions through SCI. The brokerage fees paid to related parties for the periods ended June 30, 2012 and June 30, 2011 are as follows:

Funds	2012	2011
	Scotia Capital Inc.	Scotia Capital Inc.
Scotia Private Global Real Estate Pool	\$ —	\$ 440
Scotia Private Strategic Balanced Pool	258	2,176
Scotia Private Canadian Value Pool	5,493	4,436
Scotia Private Canadian Mid Cap Pool	2,338	2,501
Scotia Private Canadian Growth Pool	10,022	8,283
Scotia Private Canadian Small Cap Pool	4,046	10,977
Scotia Private U.S. Mid Cap Value Pool	32	—

(d) Effective March 15, 2011, BNS replaced State Street Trust Company Canada as the Custodian for all the Scotia Private Pools and Pinnacle Portfolios. As custodian, BNS earns a fee for providing custody and related services. The Scotia Private Emerging Markets Pool's custodian fees are disclosed in a separate line item on Statement of Operations. Except for the Scotia Private Emerging Markets Pool, the amount of fees paid to BNS for custody and related services for the periods ended June 30, 2012 and from March 21 to June 30, 2011 are as follows:

Funds	2012	2011
Scotia Private Short Term Income Pool	\$ 544	\$ 239
Scotia Private Income Pool	11,559	1,189
Scotia Private High Yield Income Pool	4,971	872
Scotia Private American Core-Plus Bond Pool	18,008	7,599
Scotia Private Strategic Balanced Pool	12,101	2,116
Scotia Private Canadian Value Pool	2,394	1,003
Scotia Private Canadian Mid Cap Pool	2,281	887
Scotia Private Canadian Growth Pool	4,399	3,516
Scotia Private Canadian Small Cap Pool	16,521	2,124
Scotia Private U.S. Value Pool	4,459	1,450
Scotia Private U.S. Mid Cap Value Pool	3,316	1,307
Scotia Private U.S. Large Cap Growth Pool	14,605	9,023
Scotia Private U.S. Mid Cap Growth Pool	7,335	3,814
Scotia Private International Equity Pool	38,067	23,437
Scotia Private International Small to Mid Cap Value Pool	41,380	24,503
Scotia Private Global Equity Pool	24,891	7,343
Scotia Private Global Real Estate Pool	29,750	14,982
Pinnacle Balanced Income Portfolio	376	348
Pinnacle Conservative Balanced Growth Portfolio	545	698
Pinnacle Balanced Growth Portfolio	464	594
Pinnacle Conservative Growth Portfolio	523	547
Pinnacle Growth Portfolio	586	553

(e) As at June 30, 2012 and December 31, 2011, certain Funds invested units in Funds managed by the Manager. The holdings are disclosed in the Statement of Investments, as applicable.

12. Reconciliation of Net Asset Value and Net Assets Per Unit

In accordance with National Instrument 81-106, a reconciliation of Net Asset Value* and Net Assets per unit** as at June 30, 2012 and December 31, 2011 is as follows:

Funds	2012		2011	
	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)
Scotia Private Short Term Income Pool				
Pinnacle Series Units	10.00	10.00	10.00	10.00
Series F Units	10.00	10.00	10.00	10.00
Scotia Private Income Pool				
Pinnacle Series Units	11.77	11.75	11.68	11.67
Series F Units	12.22	12.20	12.05	12.03
Series I Units	11.80	11.78	11.71	11.70
Scotia Private High Yield Income Pool				
Pinnacle Series Units	9.07	9.06	8.96	8.94
Series F Units	9.54	9.52	9.31	9.29
Series I Units	9.10	9.09	8.99	8.97
Series M Units	9.20	9.19	9.02	9.00
Scotia Private American Core-Plus Bond Pool				
Pinnacle Series Units	9.27	9.26	9.03	9.02
Series F Units	9.49	9.48	9.22	9.21
Series I Units	9.54	9.53	9.31	9.30
Scotia Private Strategic Balanced Pool				
Pinnacle Series Units	13.97	13.96	14.00	13.99
Series F Units	14.18	14.17	14.17	14.16
Scotia Private Canadian Value Pool				
Pinnacle Series Units	17.04	17.01	16.97	16.96
Series F Units	16.88	16.85	16.90	16.88
Series I Units	17.43	17.40	17.35	17.33
Scotia Private Canadian Mid Cap Pool				
Pinnacle Series Units	14.17	14.12	13.95	13.91
Series F Units	14.00	13.95	13.84	13.80
Series I Units	14.43	14.37	14.18	14.14
Scotia Private Canadian Growth Pool				
Pinnacle Series Units	10.84	10.82	11.08	11.06
Series F Units	10.92	10.90	11.22	11.20
Series I Units	11.01	10.99	11.24	11.23
Scotia Private Canadian Small Cap Pool				
Pinnacle Series Units	22.21	22.05	21.53	21.40
Series F Units	22.80	22.64	22.20	22.06
Series I Units	22.99	22.82	22.26	22.11
Scotia Private U.S. Value Pool				
Pinnacle Series Units	11.17	11.16	10.09	10.08
Series F Units	11.17	11.17	10.14	10.13
Series I Units	11.47	11.46	10.35	10.34
Scotia Private U.S. Mid Cap Value Pool				
Pinnacle Series Units	8.63	8.62	7.98	7.97
Series F Units	8.57	8.56	7.95	7.94
Series I Units	8.68	8.67	8.02	8.01
Series M Units	8.61	8.61	7.98	7.97
Scotia Private U.S. Large Cap Growth Pool				
Pinnacle Series Units	8.24	8.23	7.47	7.46
Series F Units	8.20	8.19	7.46	7.45
Series I Units	8.29	8.28	7.50	7.49

Funds	2012		2011	
	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)
Scotia Private U.S. Mid Cap Growth Pool				
Pinnacle Series Units	16.12	16.11	15.70	15.63
Series F Units	15.73	15.72	15.37	15.30
Series I Units	16.26	16.25	15.80	15.73
Series M Units	16.07	16.06	15.67	15.59
Scotia Private International Equity Pool				
Pinnacle Series Units	8.68	8.68	8.26	8.26
Series F Units	8.73	8.73	8.35	8.35
Series I Units	8.93	8.93	8.49	8.49
Scotia Private International Small to Mid Cap Value Pool				
Pinnacle Series Units	13.21	13.21	12.33	12.33
Series F Units	13.31	13.30	12.46	12.45
Series I Units	13.41	13.41	12.49	12.48
Scotia Private Emerging Markets Pool				
Pinnacle Series Units	8.23	8.22	7.95	7.95
Series I Units	8.35	8.34	8.06	8.05
Series M Units	8.20	8.20	7.95	7.95
Scotia Private Global Equity Pool				
Pinnacle Series Units	12.86	12.85	11.83	11.83
Series F Units	12.82	12.82	11.85	11.84
Series I Units	13.07	13.07	12.01	12.00
Scotia Private Global Real Estate Securities Pool				
Pinnacle Series Units	12.50	12.49	10.98	10.98
Series F Units	12.14	12.14	10.72	10.72
Series I Units	12.96	12.96	11.38	11.38
Pinnacle Balanced Income Portfolio				
Series A Units	10.87	10.87	10.54	10.54
Pinnacle Conservative Balanced Growth Portfolio				
Series A Units	10.58	10.58	10.26	10.26
Pinnacle Balanced Growth Portfolio				
Series A Units	10.73	10.73	10.40	10.40
Pinnacle Conservative Growth Portfolio				
Series A Units	10.44	10.44	10.23	10.23
Pinnacle Growth Portfolio				
Series A Units	9.91	9.91	9.64	9.64

* Net Asset Value per unit is the value used to determine the Funds' daily price for purchase and redemption of units.

** Net Assets per unit is determined by valuing financial instruments held by the Fund in accordance with CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". These valuation policies are described in Note 2b).

The differences between the Net Asset Value and Net Asset per Unit are mainly due to the use of bid/ask prices for financial statement purposes in accordance with Section 3855 versus the use of last traded prices on the computation of Net Assets Value.

13. Future Accounting Changes

On December 12, 2011, the Canadian Accounting Standards Board (“AcSB”) extended the deferral of the mandatory International Financial Reporting Standards (“IFRS”) changeover date for investment companies to fiscal year beginning on or after January 1, 2014.

The Manager has developed a changeover plan to meet the implementation date published by AcSB. The key elements of the plan include identifying differences between the Funds’ current accounting policies and those the Funds expect to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any on the Net assets or Net Asset Value of the Funds.

On May 12, 2011, the International Accounting Standards Board issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in eliminating the difference between the net asset value per unit and net assets per unit under the current Canadian GAAP.

On August 25, 2011, the IASB issued an exposure draft proposing that investment entities will be exempted from consolidating their controlled investments under IFRS 10. The Funds expect to meet the proposed criteria to qualify as investment entities and would measure all controlled investments at fair value with changes in fair value recognized through profit or loss.

The Manager has determined that there will likely be no material impact to the net asset value per unit of each Fund Series from the changeover to IFRS. The major qualitative impact noted as of June 30, 2012 would be the addition of a statement of cash flows, the classification of puttable instruments, the reporting of future income tax assets or liabilities where applicable, and additional note disclosures. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by the manager and approved by the Board of Directors of Scotia Asset Management G.P. Inc., as general partner for and on behalf of Scotia Asset Management L.P., the manager of the Funds. Management is responsible for the information and representations made in these financial statements.

Scotia Asset Management L.P. maintains appropriate processes to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and include certain amounts that are based on estimates and assumptions made by Scotia Asset Management L.P. The significant accounting policies which Scotia Asset Management L.P. believes are appropriate for the Funds are described in Note 2 to the financial statements.



Walter Pavan
Chief Financial Officer
Scotia Asset Management L.P.
August 9, 2012

For more information about Scotia Private Pools and Pinnacle Portfolios:

visit:

www.scotiabank.com/scotiaprivatepools
www.scotiabank.com/pinnacleportfolios

call:

1-800-268-9269 (English)
1-800-387-5004 (French)

write:

Scotia Asset Management L.P.
Scotia Plaza
52nd Floor
40 King Street West
Toronto, Ontario
M5H 1H1



TM Trademark of The Bank of Nova Scotia, used under licence.

Scotia Private Pools and Pinnacle Portfolios are managed by Scotia Asset Management L.P., a limited partnership wholly-owned directly and indirectly by The Bank of Nova Scotia, and are available through Scotia McLeod. Scotia McLeod is a division of Scotia Capital Inc., a corporate entity separate from, although wholly-owned by, The Bank of Nova Scotia. Member CIPF.