

# Semi-Annual Report 2009

## Pinnacle Program Funds

### The Pinnacle Portfolios

---

#### Pinnacle Program Funds

---

##### Money Market Fund

Pinnacle Short Term Income Fund

---

##### Bond Funds

Pinnacle Income Fund  
Pinnacle High Yield Income Fund  
Pinnacle American Core-Plus Bond Fund

---

##### Real Estate Fund

Pinnacle Global Real Estate Securities Fund

---

##### Balanced Fund

Pinnacle Strategic Balanced Fund

---

##### Canadian Equity Funds

Pinnacle Canadian Value Equity Fund  
Pinnacle Canadian Mid Cap Equity Fund  
(formerly Pinnacle Canadian Mid Cap Value Equity Fund)  
Pinnacle Canadian Growth Equity Fund  
Pinnacle Canadian Small Cap Equity Fund

---

##### Foreign Equity Funds

Pinnacle American Value Equity Fund  
Pinnacle American Mid Cap Value Equity Fund  
Pinnacle American Large Cap Growth Equity Fund  
Pinnacle American Mid Cap Growth Equity Fund  
Pinnacle International Equity Fund  
Pinnacle International Small to Mid Cap Value Equity Fund  
Pinnacle Global Equity Fund

---

##### The Pinnacle Portfolios

Pinnacle Balanced Income Portfolio  
Pinnacle Conservative Balanced Growth Portfolio  
Pinnacle Balanced Growth Portfolio  
Pinnacle Conservative Growth Portfolio  
Pinnacle Growth Portfolio

For more than 75 years, ScotiaMcLeod has been providing professional service and expert investment advice to Canadians. In today's complex financial markets, that service and advice is more important than ever. At ScotiaMcLeod, we offer our clients the best of both worlds – the strength and security of one of Canada's largest financial institutions; and the insight and personal attention of our well-respected advisors.

# Pinnacle Program Funds and the Pinnacle Portfolios 2009 Semi-Annual Report

2	<hr/> <b>Message to Clients</b> <hr/>
	<hr/> <b>Financial Statements</b> <hr/>
3	<hr/> <b>Money Market Fund</b> <ul style="list-style-type: none"><li>• Pinnacle Short Term Income Fund</li></ul>
7	<hr/> <b>Bond Funds</b> <ul style="list-style-type: none"><li>• Pinnacle Income Fund</li><li>• Pinnacle High Yield Income Fund</li><li>• Pinnacle American Core-Plus Bond Fund</li></ul>
11	
16	
26	<hr/> <b>Real Estate Fund</b> <ul style="list-style-type: none"><li>• Pinnacle Global Real Estate Securities Fund</li></ul>
31	<hr/> <b>Balanced Fund</b> <ul style="list-style-type: none"><li>• Pinnacle Strategic Balanced Fund</li></ul>
42	<hr/> <b>Canadian Equity Funds</b> <ul style="list-style-type: none"><li>• Pinnacle Canadian Value Equity Fund</li><li>• Pinnacle Canadian Mid Cap Equity Fund (formerly Pinnacle Canadian Mid Cap Value Equity Fund)</li><li>• Pinnacle Canadian Growth Equity Fund</li><li>• Pinnacle Canadian Small Cap Equity Fund</li></ul>
48	
51	
56	<hr/> <b>Foreign Equity Funds</b> <ul style="list-style-type: none"><li>• Pinnacle American Value Equity Fund</li><li>• Pinnacle American Mid Cap Value Equity Fund</li><li>• Pinnacle American Large Cap Growth Equity Fund</li><li>• Pinnacle American Mid Cap Growth Equity Fund</li><li>• Pinnacle International Equity Fund</li><li>• Pinnacle International Small to Mid Cap Value Equity Fund</li><li>• Pinnacle Global Equity Fund</li></ul>
60	
65	
70	
74	
78	
84	
89	<hr/> <b>The Pinnacle Portfolios</b> <ul style="list-style-type: none"><li>• Pinnacle Balanced Income Portfolio</li><li>• Pinnacle Conservative Balanced Growth Portfolio</li><li>• Pinnacle Balanced Growth Portfolio</li><li>• Pinnacle Conservative Growth Portfolio</li><li>• Pinnacle Growth Portfolio</li></ul>
92	
95	
98	
101	
104	<hr/> <b>Notes to the Financial Statements</b> <hr/>
	<hr/> <b>Notice to Unitholders</b> <hr/>
	<hr/> <b>Management and Auditors' Reports</b> <hr/>

# Message to Clients

2

The first six months of 2009 was marked by very different market performance between the first and second quarters. The first quarter began with volatility and a continuation of the market trends and sentiments from the last quarter of 2008. In the second quarter, confidence returned and equity markets generated significant gains that brought most indices into positive territory on a year-to-date basis. This growing optimism emerged despite mixed economic indicators such as declining U.S. consumer confidence and rising unemployment in North America. Investors focused instead on early signs that economic conditions were improving, while intensified policy actions to counter the crisis, combined with better-than-expected earnings announcements, helped bolster confidence.

As we enter the second half of 2009, the rally that occurred during the second quarter could indicate that the global recession will draw to an end shortly. However, the markets appear to be in a period of consolidation in the short-term while investors look for signs of an economic recovery before re-entering the market. While no one can fully predict which direction the markets will take for the remainder of the year, what we do know is that a disciplined investment process, coupled with a focus on the long-term is essential for long-term investment success.

With this in mind, investors in the Pinnacle Program and the Pinnacle Portfolios should take comfort in the fact that both programs follow a long-term, disciplined investment process, which is designed to help investors deal with these uncertain market conditions. Key components of this process include the construction and monitoring of portfolios that are poised to benefit from an optimized mix of world-class investment managers and efficient diversification across asset classes, market capitalizations, countries and investment styles. Combining managers with different styles and expertise can help reduce risk and increase the likelihood of earning higher, more consistent returns over the long-term. The process then continues with regular portfolio reviews and rebalancing to help you move closer to achieving your long-term financial goals.

Looking forward to the rest of 2009, the investment managers in the Pinnacle Program will remain committed to their investment approach and style and will continue to look for opportunities to invest in companies with strong fundamentals, and solid growth prospects that offer long-term value for your portfolio.

We greatly value your commitment to the Pinnacle Program and the Pinnacle Portfolios and are pleased to present you with the 2009 Semi-Annual Report. We look forward to continuing to help you meet your financial objectives and encourage you to contact your advisor with any questions and comments you may have.

We wish you all the best for a successful second half of 2009.

Best regards,



**Hamish Angus**  
**Managing Director**  
**ScotiaMcLeod**

# Pinnacle Short Term Income Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$15,867,649	\$17,602,192
Cash	94,399	112,486
Subscriptions receivable	450	23,210
Accrued investment income	55,940	33,945
Prepaid expense	2,872	2,872
Accounts receivable	239	617
	<u>16,021,549</u>	<u>17,775,322</u>
<b>Liabilities</b>		
Redemptions payable	5,076	12,533
Distributions payable	439	804
Accrued expenses	28,373	34,846
	<u>33,888</u>	<u>48,183</u>
Net Assets representing unitholders' equity	<u>\$15,987,661</u>	<u>\$17,727,139</u>
<b>Net Assets per class</b>		
Class A Units	\$15,987,661	\$17,727,139
Class F Units	\$ -	\$ -
<b>Units outstanding</b>		
Class A Units	1,598,758	1,772,694
Class F Units	-	-
<b>Net Assets per unit</b>		
Class A Units	\$ 10.00	\$ 10.00
Class F Units	\$ -	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$94,988	\$209,703
Securities lending	20	165
	<u>95,008</u>	<u>209,868</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	2,855	-
Legal fees	2,372	1,052
Audit fees	8,351	6,452
Custody fees	1,586	1,131
Filing fees	8,806	8,774
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	8,454	1,303
Unitholder administration, service fees and GST	16,322	27,349
	<u>49,874</u>	<u>47,189</u>
Absorbed expenses	(8,007)	(18,668)
Net expenses	<u>41,867</u>	<u>28,521</u>
Net investment income (loss)	<u>53,141</u>	<u>181,347</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$53,141</u>	<u>\$181,347</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$52,534	\$181,347
Class F Units+	\$ 607	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.03	\$ 0.16
Class F Units+	\$ -	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 17,727,139	\$11,299,682
Increase (decrease) in Net Assets from operations		
Class A Units	52,534	181,347
Class F Units+	607	-
	<u>53,141</u>	<u>181,347</u>
Distributions to unitholders		
From net investment income		
Class A Units	(52,618)	(181,232)
Class F Units+	(639)	-
	<u>(53,257)</u>	<u>(181,232)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	9,688,839	5,395,252
Class F Units+	3,106,168	-
Reinvested distributions		
Class A Units	52,296	180,937
Class F Units+	639	-
Payments on redemption		
Class A Units	(11,480,529)	(3,915,780)
Class F Units+	(3,106,765)	-
	<u>(1,739,352)</u>	<u>1,660,409</u>
Increase (decrease) in Net Assets		
Class A Units	(1,739,478)	1,660,524
Class F Units+	-	-
	<u>(1,739,478)</u>	<u>1,660,524</u>
<b>Net Assets – End of Period</b>		
Class A Units	15,987,661	12,960,206
Class F Units+	-	-
	<u>\$ 15,987,661</u>	<u>\$12,960,206</u>

+ Start date February 17, 2009

# Pinnacle Short Term Income Fund (Unaudited – Continued)

4

## Statement of Investment Portfolio As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
500,000	Bank of Montreal BDN 0.24%	08/28/2009	499,802	499,802
100,000	Bank of Montreal BDN 3.34%	09/08/2009	99,364	99,364
300,000	Borealis Finance Trust CP 0.30%	08/25/2009	299,860	299,860
100,000	Borealis Finance Trust CP 0.32%	08/14/2009	99,960	99,960
3,400,000	Canada Housing Trust No. 1 4.65%	09/15/2009	3,429,589	3,429,589
400,000	Canadian Imperial Bank of Commerce BA 0.65%	04/28/2010	397,870	397,870
100,000	Canadian Imperial Bank of Commerce BA 0.83%	10/14/2009	99,760	99,760
150,000	Caterpillar Financial Services Limited CP 0.44%	08/24/2009	149,900	149,900
300,000	Caterpillar Financial Services Limited CP 0.54%	08/17/2009	299,789	299,789
300,000	Enbridge Inc. DN 0.38%	07/21/2009	299,934	299,934
200,000	EnCana Corporation CP 0.40%	09/15/2009	199,833	199,833
100,000	EnCana Corporation CP 0.44%	08/14/2009	99,946	99,946
300,000	GE Capital Canada Funding Company DN 0.66%	08/13/2009	299,761	299,761
100,000	GE Capital Canada Funding Company DN 0.66%	08/18/2009	99,911	99,911
100,000	GE Capital Canada Funding Company DN 0.68%	07/27/2009	99,949	99,949
400,000	Genesis Trust 4.00%	03/15/2010	408,117	408,117
400,000	Honda Canada Finance Inc. CP 1.24%	11/17/2009	398,108	398,108
400,000	John Deere Credit Inc. CP 0.31%	08/18/2009	399,831	399,831
200,000	Manulife Bank of Canada DN 0.34%	09/10/2009	199,868	199,868
300,000	National Bank of Canada BA 0.00%	06/04/2010	300,000	300,000
50,000	National Bank of Canada BA 0.26%	08/24/2009	49,981	49,981
985,000	Province of British Columbia 0.87%	10/29/2009	982,166	982,166
900,000	Province of Manitoba 0.21%	07/08/2009	899,958	899,958
500,000	Province of Ontario 0.25%	09/09/2009	499,762	499,762
1,000,000	Province of Ontario 0.89%	10/29/2009	997,061	997,061
800,000	Province of Ontario 6.20%	11/19/2009	812,137	812,137
700,000	Province of Quebec 0.23%	08/21/2009	699,773	699,773
200,000	Royal Bank of Canada BA 0.23%	07/21/2009	199,973	199,973
100,000	Royal Bank of Canada BA 0.24%	08/24/2009	99,963	99,963
100,000	Royal Bank of Canada BA 0.25%	08/17/2009	99,968	99,968
150,000	Royal Bank of Canada BA 0.25%	09/09/2009	149,928	149,928
400,000	Suncor Energy CP 0.74%	08/25/2009	399,549	399,549
700,000	Toronto-Dominion Bank, The BA 0.27%	09/11/2009	699,627	699,627
300,000	Toyota Credit Canada Inc. CP 1.23%	11/12/2009	298,642	298,642
400,000	Toyota Credit Canada Inc. CP 1.27%	11/05/2009	398,228	398,228
100,000	Woodbridge Finance Corporation CP 0.45%	08/19/2009	99,937	99,937
300,000	Woodbridge Finance Corporation CP 0.52%	08/05/2009	299,844	299,844
<b>Total Investment Portfolio (99.2%)</b>			<b>15,867,649</b>	<b>15,867,649</b>
<b>Other Assets, Less Liabilities (0.8%)</b>				<b>120,012</b>
<b>Net Assets (100.0%)</b>				<b>15,987,661</b>

BA – Banker's Acceptance  
BDN – Banker's Deposit Note  
CP – Commercial Paper  
DN – Deposit Note

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Banker's Acceptance	13.1	13.2
Banker's Deposit Note	3.7	3.8
Commercial Paper	21.5	36.7
Deposit Note	12.4	8.5
Treasury Bills	19.4	37.0
Short-Term Bonds	29.1	–

Portfolio Advisor: Scotia Cassels Investment Counsel Limited

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle Short Term Income Fund (the “Fund”) is to preserve investment capital while providing interest income and maintaining liquidity by investing primarily in highly liquid, senior investment grade money market instruments (i.e. federal and provincial treasury bills and bonds) and bankers acceptances.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio. All liabilities are short term in nature.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund had no significant exposure to foreign currencies.

**D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments. The Fund has minimal sensitivity to changes in interest rates due to the short-term nature of instruments held.

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

Interest Rate Exposure*	June 30, 2009 (\$)	December 31, 2008 (\$)
Less than 1 Year	15,867,649	17,602,192
1-3 years	–	–
3-5 years	–	–
5-10 years	–	–
> 10 years	–	–
<b>Total</b>	<b>15,867,649</b>	<b>17,602,192</b>

\* Excludes cash

## Pinnacle Short Term Income Fund (Unaudited – Continued)

6

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's main credit risk is concentrated in debt instruments. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. The market value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

Debt instruments, excluding cash, held by the Fund have credit ratings as follows:

	June 30, 2009		December 31, 2008	
	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)
<b>Short-Term Rating</b>				
R1– High	34.5	34.2	51.7	51.2
R1– Middle	25.5	25.3	21.1	21.0
R1– Low	10.7	10.6	13.0	12.9
<b>Bond Credit Rating</b>				
A– to AAA+	29.3	29.1	14.2	14.1
<b>Total</b>	<b>100.0</b>	<b>99.2</b>	<b>100.0</b>	<b>99.3</b>

#### F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). As at June 30, 2009 and December 31, 2008 the Fund was not significantly exposed to other price risks.

# Pinnacle Income Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$268,413,262	\$281,853,007
Cash	–	3,274
Subscriptions receivable	193,966	73,465
Receivable for securities sold	14,118,759	5,806,443
Accrued investment income	1,418,393	1,451,671
Prepaid expense	2,872	2,872
	<u>284,147,252</u>	<u>289,190,732</u>
<b>Liabilities</b>		
Bank indebtedness	28,262	–
Payable for securities purchased	14,180,170	6,202,266
Redemptions payable	297,367	208,020
Accrued expenses	53,485	75,071
	<u>14,559,284</u>	<u>6,485,357</u>
Net Assets representing unitholders' equity	<u>\$269,587,968</u>	<u>\$282,705,375</u>
<b>Net Assets per class</b>		
Class A Units	\$269,451,697	\$282,705,375
Class F Units	\$ 136,271	\$ –
<b>Units outstanding</b>		
Class A Units	25,176,056	26,508,211
Class F Units	12,586	–
<b>Net Assets per unit</b>		
Class A Units	\$ 10.70	\$ 10.66
Class F Units	\$ 10.83	\$ –

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ 6,256,769	\$ 7,753,070
Securities lending	6,358	19,033
	<u>6,263,127</u>	<u>7,772,103</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	277	–
Legal fees	2,371	1,052
Audit fees	9,398	9,247
Custody fees	16,215	18,131
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	11,467	11,171
Unitholder administration, service fees and GST	64,070	72,581
	<u>111,748</u>	<u>120,095</u>
Absorbed expenses	–	–
Net expenses	<u>111,748</u>	<u>120,095</u>
Net investment income (loss)	<u>6,151,379</u>	<u>7,652,008</u>
Net realized gain (loss) on investments sold	5,530,588	4,119,372
Change in unrealized appreciation (depreciation) of investments	(4,077,599)	(4,744,342)
Net gain (loss) on investments	<u>1,452,989</u>	<u>(624,970)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 7,604,368</u>	<u>\$ 7,027,038</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 7,602,014	\$ 7,027,038
Class F Units+	\$ 2,354	\$ –
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.30	\$ 0.23
Class F Units+	\$ 0.25	\$ –

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$282,705,375	\$330,937,233
Increase (decrease) in Net Assets from operations		
Class A Units	7,602,014	7,027,038
Class F Units+	2,354	–
	<u>7,604,368</u>	<u>7,027,038</u>
Distributions to unitholders		
From net investment income		
Class A Units	(6,591,764)	(8,177,869)
Class F Units+	(1,435)	–
	<u>(6,593,199)</u>	<u>(8,177,869)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	26,595,270	40,152,327
Class F Units+	179,361	–
Reinvested distributions		
Class A Units	6,549,174	8,154,476
Class F Units+	1,435	–
Payments on redemption		
Class A Units	(47,408,372)	(54,654,342)
Class F Units+	(45,444)	–
	<u>(14,128,576)</u>	<u>(6,347,539)</u>
Increase (decrease) in Net Assets		
Class A Units	(13,253,678)	(7,498,370)
Class F Units+	136,271	–
	<u>(13,117,407)</u>	<u>(7,498,370)</u>
<b>Net Assets – End of Period</b>		
Class A Units	269,451,697	323,438,863
Class F Units+	136,271	–
	<u>\$269,587,968</u>	<u>\$323,438,863</u>

+ Start date February 17, 2009

Pinnacle Income Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Federal Government (34.8%)</b>					900,000	N-45 Degrees First CMBS Issuer Corporation 5.67%	11/15/2020	917,796	855,049
14,800,000	Government of Canada 2.00%	09/01/2012	14,797,193	14,784,394	900,000	N-45 Degrees First CMBS Issuer Corporation 7.34%	07/15/2015	967,630	909,947
41,050,000	Government of Canada 3.50%	06/01/2013	43,911,643	42,944,189	1,929,969	New Brunswick FM Project Inc. 6.47%	11/30/2027	1,871,356	2,133,035
9,500,000	Government of Canada 3.75%	06/01/2019	9,669,140	9,808,560	375,000	NOVA Gas Transmission Ltd. 11.20%	06/01/2014	507,000	491,519
21,950,000	Government of Canada 5.00%	06/01/2037	26,088,211	26,197,325	1,400,000	Ontario Infrastructure Projects Corp. 4.70%	06/01/2037	1,401,862	1,299,560
			94,466,187	93,734,468	706,924	Ontario School Boards Financing Corp. 5.80%	11/07/2028	704,492	729,106
<b>Provincial Government (12.4%)</b>					1,383,867	Ontario School Boards Financing Corp. 5.90%	10/11/2027	1,398,628	1,438,692
3,500,000	Province of New Brunswick 4.45%	03/26/2018	3,546,480	3,572,550	1,943,425	Ontario School Boards Financing Corp. 6.55%	10/19/2026	1,935,030	2,163,535
2,400,000	Province of Quebec 4.50%	12/01/2019	2,406,360	2,417,260	3,910,429	Ontario School Boards Financing Corp. 7.20%	06/09/2025	4,545,500	4,373,258
10,480,000	Province of Quebec 5.50%	12/01/2014	11,377,646	11,648,337	1,255,000	Ontrea Inc. 5.70%	10/31/2011	1,338,131	1,351,434
14,090,000	Province of Quebec 5.75%	12/01/2036	15,681,002	15,739,577	1,600,000	Ornge Issuer Trust 5.73%	06/11/2034	1,600,000	1,627,550
			33,011,488	33,377,724	17,000,000	PSP Capital Inc. 4.57%	12/09/2013	17,408,680	17,786,067
<b>Corporate (52.2%)</b>					2,052,538	Real Estate Asset Liquidity Trust 4.45%	12/12/2038	1,887,371	1,895,836
300,000	407 International Inc. 5.96%	12/03/2035	299,790	309,338	1,670,506	Real Estate Asset Liquidity Trust 4.71%	03/12/2038	1,618,419	1,615,008
267,672	Alliance Pipeline LP 5.55%	12/31/2023	267,672	269,321	3,900,000	Royal Bank of Scotland Group PLC, The 6.67%	10/05/2017	3,964,468	1,562,824
1,155,348	Alliance Pipeline LP 7.22%	12/31/2025	1,155,348	1,216,153	9,669,256	Royal Office Finance LP 5.21%	11/12/2032	9,628,380	9,237,490
521,870	Blue Water Bridge Authority 6.41%	07/09/2027	521,870	645,314	1,400,000	TCHC Issuer Trust 4.88%	05/11/2037	1,400,000	1,271,102
1,100,000	British Columbia Ferry Services Inc. 5.02%	03/20/2037	1,100,000	969,926	900,000	TD Capital Trust 7.60%	12/31/2009	948,885	922,980
860,000	British Columbia Ferry Services Inc. 5.74%	05/27/2014	875,032	929,156	8,500,000	Toronto-Dominion Bank, The 4.78%	12/14/2105	7,968,070	7,890,262
1,022,000	Electricity Distributors Financial Corp. 6.45%	08/15/2012	1,052,743	1,059,640	4,700,000	Toronto-Dominion Bank, The 5.38%	11/01/2017	4,700,000	4,962,520
170,000	Enbridge Inc. 3.95%	02/15/2010	167,484	172,708	8,600,000	Toronto-Dominion Bank, The 5.76%	12/18/2106	8,600,000	8,322,996
1,200,000	Enbridge Inc. 7.20%	06/18/2032	1,218,300	1,301,978	1,001,747	Toronto Hospital 5.64%	12/08/2022	985,857	1,064,622
200,000	Enbridge Inc. 7.22%	07/24/2030	245,800	216,792	700,000	TransCanada PipeLines Limited 7.90%	04/15/2027	734,489	839,204
1,500,000	FortisAlberta Inc. 5.33%	10/31/2014	1,499,400	1,598,716	300,000	TransCanada PipeLines Limited 8.21%	04/25/2030	366,029	371,420
2,600,000	Glacier Credit Card Trust 4.27%	11/20/2009	2,567,682	2,629,045	1,152,000	Union Gas Ltd. 10.75%	07/31/2009	1,365,265	1,157,340
4,900,000	Glacier Credit Card Trust 4.27%	11/18/2011	4,759,990	4,924,655	1,000,000	York Region District School Board 6.55%	04/12/2023	995,850	1,096,033
800,000	Glacier Credit Card Trust 4.67%	11/20/2009	800,000	804,564				143,398,216	140,651,294
5,491,000	Greater Toronto Airports Authority 6.45%	12/03/2027	6,053,512	5,641,708	<b>Short-Term Notes (0.2%)</b>				
2,548,169	Greater Toronto Airports Authority 6.45%	07/30/2029	2,435,176	2,563,864	<b>Total Investment Portfolio (99.6%)</b>				
1,600,000	Greater Toronto Airports Authority 6.47%	02/02/2034	1,916,197	1,651,031	<b>Other Assets, Less Liabilities (0.4%)</b>				
3,700,000	HSBC Canada Asset Trust 7.78%	12/31/2010	3,842,500	3,853,701	<b>Net Assets (100.0%)</b>				
2,600,000	Instituto de Credito Oficial 4.53%	03/17/2016	2,514,044	2,645,797					
500,000	Investors Group Inc. 6.58%	03/07/2018	501,985	534,865					
2,100,000	Landwirtschaftliche Rentenbank 4.25%	11/16/2012	2,033,535	2,190,954					
1,000,000	Loblaw Companies Limited 7.10%	06/01/2016	1,004,400	1,116,859					
2,200,000	Merrill Lynch Financial Assets, Inc. 4.68%	08/12/2015	2,086,260	2,119,400					
5,000,000	Merrill Lynch Financial Assets, Inc. 4.71%	11/12/2016	4,623,550	4,640,489					
2,600,000	Merrill Lynch Financial Assets, Inc. 4.83%	03/12/2039	2,287,844	2,248,547					
3,543,574	Merrill Lynch Financial Assets, Inc. 5.06%	05/12/2012	3,470,045	3,454,565					
2,050,000	Merrill Lynch Financial Assets, Inc. 5.74%	11/12/2034	2,096,248	2,008,757					
1,700,000	Merrill Lynch Financial Assets, Inc. 6.14%	04/12/2034	1,762,900	1,693,867					
2,993,696	Merrill Lynch Financial Assets, Inc. 6.67%	05/07/2021	3,136,582	2,817,382					
2,950,000	Merrill Lynch Mortgage Loans, Inc. 6.75%	11/15/2032	3,063,943	2,991,962					
2,353,594	Merrill Lynch Mortgage Loans, Inc. 7.14%	03/15/2032	2,449,574	2,377,800					
796,057	Merrill Lynch Mortgage Loans, Inc. 7.37%	05/10/2022	894,529	771,174					
200,000	Merrill Lynch Mortgage Loans, Inc. 7.77%	09/05/2021	199,998	185,754					
678,338	Milit-Air Inc. 5.75%	06/30/2019	735,095	727,123					

Portfolio Advisor: Fiera Capital Inc.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle Income Fund (the “Fund”) is to preserve investment capital while seeking to achieve increased income by investing primarily in a portfolio of Canadian government and corporate bonds, preferred shares of Canadian corporations and loans of supranational organizations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio. All liabilities are short term in nature.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund had no significant exposure to foreign currencies.

**D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009, 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 \$4,538,591, 1.7% of the Fund’s total Net Assets (December 31, 2008-\$4,305,314, 1.5% of the Fund’s total Net Assets ). The Fund’s sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The table below summarizes the Fund’s exposure to interest rate risk by remaining term to maturity of the Fund’s portfolio of debt instruments.

Interest Rate Exposure*	June 30, 2009 (\$)	December 31, 2008 (\$)
Less than 1 Year	4,763,657	14,405,331
1-3 years	9,730,654	16,470,635
3-5 years	80,185,919	63,248,831
5-10 years	39,644,675	81,177,143
> 10 years	133,438,581	106,551,067
<b>Total</b>	<b>267,763,486</b>	<b>281,853,007</b>

\* Excludes cash and cash equivalents and preferred shares as applicable

## Pinnacle Income Fund (Unaudited – Continued)

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. The market value of debt instruments includes consideration of the creditworthiness of the issuer, and accordingly, represents the maximum credit risk exposure to the Fund.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

Debt instruments including preferred shares, excluding cash and cash equivalents, held by the Fund have credit ratings as follows:

	June 30, 2009		December 31, 2008	
	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)
A- to AAA+	93.6	92.9	96.0	92.3
B- to BBB+	6.4	6.4	4.0	3.9
Total	100.0	99.3	100.0	96.2

#### F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). As at June 30, 2009 and December 31, 2008 the Fund was not significantly exposed to other price risks.

# Pinnacle High Yield Income Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$139,846,081	\$105,965,299
Cash	9,457	5,635
Subscriptions receivable	174,033	21,050
Accrued investment income	2,362,214	2,490,746
Prepaid expense	2,872	2,872
	<u>142,394,657</u>	<u>108,485,602</u>
<b>Liabilities</b>		
Payable for currency forward contracts	816,188	378,941
Payable for securities purchased	2,500,000	-
Redemptions payable	111,138	61,462
Distributions payable	211	-
Accrued expenses	54,347	73,315
	<u>3,481,884</u>	<u>513,718</u>
Net Assets representing unitholders' equity	<u>\$138,912,773</u>	<u>\$107,971,884</u>
<b>Net Assets per class</b>		
Class A Units	\$137,385,733	\$107,971,884
Class F Units	\$ 1,527,040	\$ -
<b>Units outstanding</b>		
Class A Units	17,876,359	15,162,148
Class F Units	192,683	-
<b>Net Assets per unit</b>		
Class A Units	\$ 7.69	\$ 7.12
Class F Units	\$ 7.93	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ 4,427,627	\$ 5,323,515
Securities lending	307	136
Less: Foreign withholding taxes	-	(4,931)
	<u>4,427,934</u>	<u>5,318,720</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	1,368	-
Legal fees	2,372	1,052
Audit fees	9,399	9,247
Custody fees	8,829	9,667
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	11,258	11,040
Unitholder administration, service fees and GST	64,126	66,485
	<u>105,302</u>	<u>105,404</u>
Absorbed expenses	-	-
Net expenses	<u>105,302</u>	<u>105,404</u>
Net investment income (loss)	<u>4,322,632</u>	<u>5,213,316</u>
Net realized gain (loss) on investments sold	(12,393,342)	(3,506,712)
Net realized gain (loss) on foreign exchange	3,332,352	288,271
Change in unrealized appreciation (depreciation) of investments	19,741,516	(1,170,280)
Change in unrealized appreciation (depreciation) of currency forwards	(437,247)	(265,224)
Change in unrealized appreciation (depreciation) of foreign exchange	(78,026)	22,324
Net gain (loss) on investments	<u>10,165,253</u>	<u>(4,631,621)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 14,487,885</u>	<u>\$ 581,695</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 14,424,773	\$ 581,695
Class F Units+	\$ 63,112	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.86	\$ 0.04
Class F Units+	\$ 0.99	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$107,971,884	\$151,085,456
Increase (decrease) in Net Assets from operations		
Class A Units	14,424,773	581,695
Class F Units+	63,112	-
	<u>14,487,885</u>	<u>581,695</u>
Distributions to unitholders		
From net investment income		
Class A Units	(4,619,592)	(5,586,347)
Class F Units+	(5,018)	-
	<u>(4,624,610)</u>	<u>(5,586,347)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	31,497,520	17,311,066
Class F Units+	1,472,939	-
Reinvested distributions		
Class A Units	4,593,715	5,570,691
Class F Units+	2,577	-
Payments on redemption		
Class A Units	(16,482,567)	(24,505,398)
Class F Units+	(6,570)	-
	<u>21,077,614</u>	<u>(1,623,641)</u>
Increase (decrease) in Net Assets	<u>29,413,849</u>	<u>(6,628,293)</u>
Class A Units	1,527,040	-
Class F Units+	-	-
	<u>30,940,889</u>	<u>(6,628,293)</u>
<b>Net Assets – End of Period</b>		
Class A Units	137,385,733	144,457,163
Class F Units+	1,527,040	-
	<u>\$138,912,773</u>	<u>\$144,457,163</u>

+ Start date February 17, 2009

Portfolio Advisor: Guardian Capital LP

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



# Pinnacle High Yield Income Fund (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

### Short-Term Notes

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$3,008,000	Bank of Montreal 0.21%	07/06/2009	3,007,898	3,007,898
2,230,000	Canadian Imperial Bank of Commerce 0.13%	07/02/2009	2,229,984	2,229,984
2,675,000	Canadian Imperial Bank of Commerce 0.22%	07/06/2009	2,674,904	2,674,904
3,375,000	Canadian Imperial Bank of Commerce 0.25%	07/22/2009	3,374,487	3,374,487
175,000	Government of Canada Treasury Bills 0.20%	07/09/2009	174,991	174,991
175,000	Royal Bank of Canada 0.12%	07/02/2009	174,999	174,999
2,427,000	Toronto-Dominion Bank, The 0.22%	07/08/2009	2,426,884	2,426,884
4,385,000	Toronto-Dominion Bank, The 0.24%	07/17/2009	4,384,509	4,384,509
<b>Total Short-Term Notes</b>			<b>18,448,656</b>	<b>18,448,656</b>

### Currency Forward Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation / (Depreciation)
08/12/2009	Canadian Dollar	26,113,003	U.S. Dollar	22,585,000	(122,232)
08/12/2009	Canadian Dollar	1,780,502	U.S. Dollar	1,540,000	(8,396)
08/26/2009	Canadian Dollar	21,071,250	U.S. Dollar	18,730,000	(684,032)
08/26/2009	Canadian Dollar	13,576,649	U.S. Dollar	11,690,000	(1,528)
<b>Total Currency Forward Contracts</b>					<b>(816,188)</b>

The currency forward contracts outstanding at June 30, 2009 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, 2009	December 31, 2008
Bonds and Debentures	87.4	97.5
Equities	–	–
Money Market Investments	13.3	0.7

## Pinnacle High Yield Income Fund (Unaudited – Continued)

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle High Yield Income Fund (the “Fund”) is to achieve superior long term returns and to provide income as well as capital growth by investing primarily in high yield, lower rated Canadian corporate bonds, preferred shares and short term money market securities.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

#### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio. All liabilities are short term in nature.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forwards Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	1,329,706	–	1,329,706	1.0
U.S. Dollar	62,077,341	(63,357,591)	(1,280,250)	(0.9)
<b>Total</b>	<b>63,407,047</b>	<b>(63,357,591)</b>	<b>49,456</b>	<b>0.1</b>

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forwards Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	1,184,051	–	1,184,051	1.1
U.S. Dollar	49,402,756	(48,751,155)	651,601	0.6
<b>Total</b>	<b>50,586,807</b>	<b>(48,751,155)</b>	<b>1,835,652</b>	<b>1.7</b>

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$4,946, 0.0% of the Fund’s Net Assets (December 31, 2008-\$183,565, 0.2% of the Fund’s Net Assets ). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

## Discussion of Financial Instrument Risk

As at June 30, 2009

**D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009, 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 \$1,362,392, 1.0% of the Fund's Net Assets (December 31, 2008-\$1,184,071, 1.1% of the Fund's Net Assets ). The Fund's sensitivity to interest rate fluctuations was estimated using the weighted average duration of the Fund's portfolio of bonds. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Interest Rate Exposure*	June 30, 2009 (\$)	December 31, 2008 (\$)
Less than 1 Year	4,467,237	5,184,516
1-3 years	12,927,209	10,175,539
3-5 years	36,291,070	30,301,898
5-10 years	56,137,623	48,094,151
> 10 years	11,548,075	12,208,245
<b>Total</b>	<b>121,371,214</b>	<b>105,964,349</b>

\* Excludes cash and cash equivalents and preferred shares as applicable

**E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. The market 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 currency forward contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

Debt instruments including preferred shares, but excluding cash and cash equivalents held by the Fund have credit ratings as follows:

	June 30, 2009		December 31, 2008	
	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)	Percentage of Total Fixed- Income Securities (%)	Percentage of Net Assets (%)
A- to AAA+	8.3	7.2	9.5	9.3
B- to BBB+	79.6	69.6	66.6	64.9
C- to CCC+	5.3	4.6	8.7	8.4
D- to DDD+	1.1	1.0	-	-
Unrated	5.7	5.0	15.2	14.9
<b>Total</b>	<b>100.0</b>	<b>87.4</b>	<b>100.0</b>	<b>97.5</b>

**F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). As at June 30, 2009 and December 31, 2008 the Fund was not significantly exposed to other price risks.

# Pinnacle American Core-Plus Bond Fund (Unaudited)

16

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$42,680,938	\$45,469,504
Cash	46,810	1,933,211
Subscriptions receivable	704,026	20,832
Receivable for securities sold	783,954	536,730
Accrued investment income	433,636	694,663
Prepaid expense	4,153	4,153
Accounts receivable	422	-
	<u>44,653,939</u>	<u>48,659,093</u>
<b>Liabilities</b>		
Payable for currency forward contracts	497,344	185,265
Payable for securities purchased	4,636,490	5,252,287
Redemptions payable	17,385	7,356
Accrued expenses	47,401	64,377
	<u>5,198,620</u>	<u>5,509,285</u>
Net Assets representing unitholders' equity	<u>\$39,455,319</u>	<u>\$43,149,808</u>
<b>Net Assets per class</b>		
Class A Units	\$28,038,203	\$43,149,808
Class F Units	\$ 29,200	-
Class I Units	\$11,387,916	-
<b>Units outstanding</b>		
Class A Units	3,698,030	5,887,464
Class F Units	3,761	-
Class I Units	1,464,675	-
<b>Net Assets per unit</b>		
Class A Units	\$ 7.58	\$ 7.33
Class F Units	\$ 7.76	-
Class I Units	\$ 7.78	-

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ -	\$ 17,488
Interest	1,118,901	2,111,469
Securities lending	-	66
Less: Foreign withholding taxes	(10,862)	(6,324)
	<u>1,108,039</u>	<u>2,122,699</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	40	-
Legal fees	2,519	1,052
Audit fees	8,962	8,073
Custody fees	65,718	54,698
Filing fees	7,825	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	9,237	4,126
Unitholder administration, service fees and GST	50,284	108,983
	<u>145,713</u>	<u>184,845</u>
Absorbed expenses	(43,845)	-
Net expenses	<u>101,868</u>	<u>184,845</u>
Net investment income (loss)	<u>1,006,171</u>	<u>1,937,854</u>
Net realized gain (loss) on investments sold	(134,178)	(697,435)
Net realized gain (loss) on foreign exchange	2,738,065	370,343
Transaction costs	-	(1)
Change in unrealized appreciation (depreciation) of investments	(294,209)	296,482
Change in unrealized appreciation (depreciation) of currency forwards	(312,079)	(78,145)
Change in unrealized appreciation (depreciation) of foreign exchange	(394,700)	(225,643)
Net gain (loss) on investments and transaction costs	<u>1,602,899</u>	<u>(334,399)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$2,609,070</u>	<u>\$1,603,455</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$2,113,657	\$1,603,455
Class F Units+	\$ 1,583	-
Class I Units++	\$ 493,830	-
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.49	\$ 0.18
Class F Units+	\$ 0.85	-
Class I Units++	\$ 0.89	-

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 43,149,808	\$ 66,716,278
Increase (decrease) in Net Assets from operations		
Class A Units	2,113,657	1,603,455
Class F Units+	1,583	-
Class I Units++	493,830	-
	<u>2,609,070</u>	<u>1,603,455</u>
Distributions to unitholders		
From net investment income		
Class A Units	(1,091,668)	(2,026,947)
Class F Units+	(143)	-
Class I Units++	(61,600)	-
	<u>(1,153,411)</u>	<u>(2,026,947)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	3,065,730	6,845,030
Class F Units+	27,723	-
Class I Units++	11,063,609	-
Reinvested distributions		
Class A Units	1,087,982	2,025,418
Class F Units+	143	-
Class I Units++	61,600	-
Payments on redemption		
Class A Units	(20,287,306)	(11,654,805)
Class F Units+	(106)	-
Class I Units++	(169,523)	-
	<u>(5,150,148)</u>	<u>(2,784,357)</u>
Increase (decrease) in Net Assets		
Class A Units	(15,111,605)	(3,207,849)
Class F Units+	29,200	-
Class I Units++	11,387,916	-
	<u>(3,694,489)</u>	<u>(3,207,849)</u>
<b>Net Assets – End of Period</b>		
Class A Units	28,038,203	63,508,429
Class F Units+	29,200	-
Class I Units++	11,387,916	-
	<u>\$ 39,455,319</u>	<u>\$ 63,508,429</u>

+ Start date February 17, 2009  
++ Start date January 20, 2009

Portfolio Advisor: Logan Circle Partners, L.P.

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

Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Bonds (93.1%)</b>					115,000	Banc of America Commercial Mortgage Inc. 5.63%	04/10/2049	125,311	123,550
<b>Brazilian Real (0.9%)</b>					150,000	Banc of America Commercial Mortgage Inc. 5.93%	05/10/2045	142,098	152,976
300,000	Federative Republic of Brazil 6.40%	01/10/2028	148,493	191,383	22,588	Banc of America Mortgage Securities 4.37%	01/25/2035	21,101	21,128
250,000	Federative Republic of Brazil 12.50%	01/05/2022	146,200	166,786	129,425	Banc of America Mortgage Securities 4.92%	08/25/2035	125,108	107,999
			294,693	358,169	6,245	Banc of America Mortgage Securities 5.50%	09/25/2035	6,241	7,225
<b>British Pound (0.3%)</b>					49,058	Bank of America Alternative Loan Trust 5.50%	04/25/2020	62,060	51,674
50,000	European Investment Bank 4.88%	09/07/2016	94,924	100,381	70,735	Bank of America Alternative Loan Trust 6.00%	12/25/2033	96,237	73,728
<b>European Euro (2.4%)</b>					43,439	Bank of America Alternative Loan Trust 6.00%	03/25/2034	59,836	44,987
150,000	Corporacion Andina de Fomento 1.00%	11/16/2011	209,291	217,353	24,709	Bank of America Alternative Loan Trust 6.00%	11/25/2034	31,932	25,560
60,000	Federal Republic of Germany 3.50%	01/04/2016	86,751	101,124	46,245	Bank of America Alternative Loan Trust 6.00%	12/25/2034	58,483	40,027
185,000	Federal Republic of Germany 3.75%	01/04/2017	283,833	313,866	55,341	Bank of America Alternative Loan Trust 6.00%	06/25/2035	70,818	46,608
80,000	Federal Republic of Germany 4.00%	01/04/2037	108,850	125,550	95,000	Bank of America Commercial Mortgage Inc. 6.17%	02/10/2051	96,910	84,113
60,000	Government of France 4.00%	10/25/2038	91,098	92,234	115,000	Bank of America Corporation 8.00%	01/30/2018	104,016	109,567
75,000	Republic of Korea 4.25%	12/07/2021	113,400	98,199	169	Bank of America Mortgage Securities Inc. 3.72%	05/25/2033	248	56
			893,223	948,326	89,648	Bank of America Mortgage Securities Inc. 6.00%	09/25/2037	87,559	81,751
<b>Japanese Yen (0.6%)</b>					20,000	Baxter International Inc. 4.00%	03/01/2014	24,962	23,647
13,000,000	ASIF III Jersey Ltd. 0.95%	07/15/2009	107,096	154,375	77,395	Bear Stearns ALT-A Trust 6.08%	05/25/2036	91,228	44,225
7,000,000	Procter & Gamble Company, The 2.00%	06/21/2010	70,870	84,925	25,000	Bear Stearns Commercial Mortgage Securities Trust 4.68%	08/13/2039	26,723	27,031
			177,966	239,300	82,000	Bear Stearns Companies LLC The 1.39%	07/16/2009	85,829	95,277
<b>Mexican Peso (0.2%)</b>					30,000	Bear Stearns Companies LLC, The 6.40%	10/02/2017	29,990	35,219
830,000	United Mexican States 8.00%	12/17/2015	76,523	74,249	20,000	Best Buy Co. Inc. 6.75%	07/15/2013	21,217	24,074
<b>Norwegian Krone (0.2%)</b>					40,000	BHP Billiton Finance (USA) Limited 5.50%	04/01/2014	49,821	49,880
500,000	General Electric Capital Corporation 3.85%	02/02/2011	91,176	86,439	95,000	Boston Scientific Corporation 6.40%	06/15/2016	92,946	101,550
<b>Polish Zloty (0.9%)</b>					70,000	Bowater Incorporated 9.00%	08/01/2009	67,647	12,200
500,000	Government of Poland 5.25%	04/25/2013	183,410	180,845	75,000	BP Capital Markets PLC 4.75%	03/10/2019	96,517	87,372
500,000	Government of Poland 5.50%	10/25/2019	177,824	170,919	30,000	British Telecommunications PLC 9.13%	12/15/2030	35,699	38,462
			361,234	351,764	120,000	Capital One Multi Asset Execution Trust 5.75%	07/15/2020	120,073	145,041
<b>U.S. Dollar (87.6%)</b>					170,000	Capmark Financial Group Inc 3.11%	05/10/2010	89,715	79,009
25,000	Abbott Laboratories 6.00%	04/01/2039	31,152	30,836	55,000	Capmark Financial Group Inc 5.88%	05/10/2012	40,254	16,296
128,650	Adjustable Rate Mortgage Trust 5.41%	01/25/2036	131,588	114,291	35,000	Carolina Power & Light Co. 5.30%	01/15/2019	41,327	42,285
25,000	Aetna Inc. 6.50%	09/15/2018	26,864	28,995	69,632	Carrington Mortgage Loan Trust 0.63%	10/25/2035	68,322	68,901
5,000	Aetna Inc. 6.75%	12/15/2037	4,907	5,381	100,000	Casella Waste Systems, Inc. 9.75%	02/01/2013	111,151	98,762
75,000	ALLTEL Corporation 6.80%	05/01/2029	71,750	89,800	31,129	Caterpillar Financial Asset Trust 5.34%	06/25/2012	32,084	36,925
60,000	ALLTEL Corporation 7.88%	07/01/2032	69,902	81,792	20,000	Centennial Communications Corp. 7.19%	01/01/2013	23,463	23,238
85,000	Altria Group Inc. 7.75%	02/06/2014	104,783	109,394	150,000	Centex Home Equity Loan Trust 5.27%	10/25/2035	155,042	171,359
140,000	Altria Group Inc. 9.70%	11/10/2018	162,589	186,076	143,000	Charter Communications Holdings LLC 13.50%	01/15/2011	118,419	2,492
35,000	Altria Group Inc. 10.20%	02/06/2039	43,200	47,987					
30,000	AMB Property L.P. 6.30%	06/01/2013	30,907	32,042					
80,000	American Express Credit Corporation 7.30%	08/20/2013	88,076	96,764					
90,000	American International Group Inc. 6.25%	03/15/2037	75,922	26,143					
35,000	Ameriprise Financial Inc. 5.35%	11/15/2010	37,225	41,058					
265,000	Ameriprise Financial Inc. 7.52%	06/01/2066	269,740	226,503					
50,000	Amgen Inc. 5.70%	02/01/2019	63,313	61,723					
110,000	Anadarko Petroleum Corporation 5.95%	09/15/2016	123,940	126,146					
20,000	AT&T Corp. 7.30%	11/15/2011	21,521	25,520					
31,000	AT&T Corp. 8.00%	11/15/2031	41,348	41,528					
70,000	AT&T Inc. 4.85%	02/15/2014	85,545	84,610					
145,000	AT&T Inc. 5.80%	02/15/2019	173,936	171,630					
20,000	AT&T Inc. 6.55%	02/15/2039	24,124	23,472					
60,000	Banc of America Commercial Mortgage Inc. 5.11%	11/10/2042	59,847	44,601					

Portfolio Advisor: Logan Circle Partners, L.P.

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

Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
150,000	Charter Communications Holdings LLC 13.50%	01/15/2014	157,260	1,089	25,000	El Paso Corporation 8.25%	02/15/2016	29,740	28,249
105,000	Chase Issuance Trust 1.92%	04/15/2014	123,601	123,248	37,774	Elwood Energy, LLC 8.16%	07/05/2026	46,619	36,209
55,000	Chesapeake Energy Corporation 7.50%	09/15/2013	61,633	61,029	50,000	Enterprise Products Operating L.P. 7.03%	01/15/2068	42,869	43,141
25,000	Chesapeake Energy Corporation 9.50%	02/15/2015	30,339	29,193	55,000	Express Scripts, Inc. 6.25%	06/15/2014	60,555	67,545
55,000	Citigroup Capital XXI 8.31%	12/21/2057	52,174	50,165	15,000	Express Scripts, Inc. 7.25%	06/15/2019	16,345	19,351
20,000	Citigroup Inc. 5.50%	04/11/2013	19,745	21,920	235,000	Fannie Mae Zero Coupon	10/09/2019	133,463	142,600
15,000	Citigroup Inc. 6.50%	08/19/2013	15,921	16,924	195,000	Fannie Mae 4.00%	07/25/2023	178,424	224,109
120,000	Citigroup Inc. 8.50%	05/22/2019	136,170	141,684	165,000	Fannie Mae 4.00%	08/25/2023	150,309	192,635
493,400	Citigroup Mortgage Loan Trust Inc. 5.61%	03/25/2037	519,737	84,728	350,000	Fannie Mae 4.00%	TBA	381,239	393,957
44,053	CNH Equipment Trust 5.40%	10/17/2011	45,686	51,017	55,000	Fannie Mae 4.50%	08/25/2023	50,553	62,988
85,000	Comcast Corporation 5.70%	07/01/2019	96,132	98,199	28,432	Fannie Mae 4.50%	02/25/2028	34,738	33,956
125,000	Comcast Corporation 6.30%	11/15/2017	139,595	151,201	35,000	Fannie Mae 4.50%	06/25/2029	42,463	38,759
130,000	Comcast Corporation 6.50%	11/15/2035	141,587	150,605	2,025,000	Fannie Mae 4.50%	TBA	2,183,425	2,346,230
50,000	Commercial Mortgage Pass-Through Certificates 5.69%	06/10/2046	55,645	54,687	100,000	Fannie Mae 5.00%	10/25/2024	96,199	118,501
55,000	Commonwealth Edison Company 5.80%	03/15/2018	55,496	65,099	59,176	Fannie Mae 5.00%	11/01/2033	76,765	69,817
105,000	Commonwealth Edison Company 6.15%	09/15/2017	110,241	126,958	22,675	Fannie Mae 5.00%	11/01/2034	26,892	26,719
25,000	ConocoPhillips 4.60%	01/15/2015	29,063	29,849	35,061	Fannie Mae 5.00%	11/01/2034	41,826	41,340
65,000	ConocoPhillips 6.50%	02/01/2039	78,834	79,929	99,587	Fannie Mae 5.00%	01/01/2036	110,500	117,350
85,000	Continental Airlines, Inc. 6.50%	06/15/2011	104,101	92,836	880,000	Fannie Mae 5.00%	TBA	1,001,516	1,040,365
40,000	Cooper-Standard Automotive, Inc. 8.38%	12/15/2014	35,318	4,531	100,000	Fannie Mae 5.26%	05/25/2020	115,076	119,862
80,000	Corporacion Andina de Fomento 8.13%	06/04/2019	89,309	99,802	23,381	Fannie Mae 5.41%	09/26/2033	26,766	20,733
58,702	Countrywide Alternative Loan Trust 5.50%	03/25/2036	67,653	50,673	80,846	Fannie Mae 5.50%	09/25/2035	97,369	97,757
127,954	Countrywide Alternative Loan Trust 5.89%	11/25/2035	143,224	84,719	100,000	Fannie Mae 5.50%	TBA	116,327	119,821
48,378	Countrywide Alternative Loan Trust 6.00%	01/25/2035	59,582	43,570	32,181	Fannie Mae 6.50%	02/25/2044	45,491	39,238
115,750	Countrywide Asset-Backed Certificates 5.73%	08/25/2036	133,879	49,625	1,788	Fannie Mae 7.00%	06/01/2035	2,283	2,260
197,743	Countrywide Asset-Backed Certificates 5.71%	11/25/2035	226,581	43,343	23,766	Fannie Mae 7.50%	11/25/2026	33,958	30,051
42,813	Countrywide Home Loans 4.39%	09/20/2034	41,533	22,124	5,542	Fannie Mae 7.50%	06/01/2031	8,888	7,059
58,684	Countrywide Home Loans 6.00%	03/25/2036	67,305	53,515	7,492	Fannie Mae 7.50%	04/01/2032	10,882	9,536
73,153	Countrywide Home Loans 6.04%	05/20/2036	86,324	47,553	7,213	Fannie Mae 7.50%	12/25/2041	10,398	9,013
115,000	Covidien Limited 6.00%	10/15/2017	138,383	142,339	20,141	Fannie Mae 9.50%	07/25/2041	31,162	24,748
85,000	Cox Communications, Inc. 4.63%	01/15/2010	95,208	99,417	13,255	Federal Home Loan Mortgage Corporation 4.00%	02/01/2014	16,521	15,753
30,000	Credit Suisse First Boston Mortgage Corp. 5.68%	02/15/2039	33,524	31,434	59,395	Federal Home Loan Mortgage Corporation 6.50%	06/15/2031	77,249	72,750
20,000	Credit Suisse First Boston Mortgage Corp. 6.73%	12/18/2035	23,343	22,588	80,000	Federal National Mortgage Association 5.25%	08/01/2012	79,375	96,550
12,088	Credit Suisse First Boston Mortgage Corp. 7.00%	12/25/2033	16,785	11,291	46,123	Federal National Mortgage Association 6.50%	05/25/2044	60,497	57,663
5,110	Credit Suisse First Boston Mortgage Corp. 7.00%	02/25/2034	7,128	5,528	23,903	Federal National Mortgage Association 6.81%	08/01/2017	30,804	29,535
100,000	Credit-Based Asset Servicing and Securitization LLC 5.72%	01/25/2037	117,985	42,949	15,608	Federal National Mortgage Association 7.50%	06/01/2034	20,521	19,820
50,000	Darden Restaurants, Inc. 6.80%	10/15/2037	48,667	49,342	124,287	First Horizon Alternative Mortgage Securities 5.40%	09/25/2035	112,255	80,883
140,000	Delta Air Lines, Inc. 7.57%	11/18/2010	147,884	156,973	45,115	First Horizon Mortgage Pass-Through Trust 5.71%	10/25/2034	57,905	38,373
75,000	Developers Diversified Realty Corporation 4.63%	08/01/2010	73,064	79,345	12,650	First Horizon Mortgage Pass-Through Trust 8.00%	07/25/2033	18,993	14,366
20,000	Developers Diversified Realty Corporation 5.00%	05/03/2010	18,376	22,067	30,000	Ford Motor Credit Company 7.38%	10/28/2009	31,779	34,508
25,000	Developers Diversified Realty Corporation 5.38%	10/15/2012	24,598	20,597	235,000	Ford Motor Credit Company 9.88%	08/10/2011	235,202	253,933
190,000	Discover Financial Services 1.17%	06/11/2010	170,879	209,241	105,000	FPL Group Capital Inc. 5.63%	09/01/2011	118,895	131,117
8,219	DLJ Commercial Mortgage Corp. 7.18%	11/10/2033	9,738	9,786	90,000	France Telecom SA 4.38%	07/08/2014	103,614	105,148
					60,000	France Telecom SA 5.38%	07/08/2019	69,038	69,183
					45,000	Freddie Mac 3.00%	07/28/2014	51,341	52,501
					175,000	Freddie Mac 4.50%	07/15/2019	170,868	207,105
					55,479	Freddie Mac 4.50%	10/15/2031	66,595	65,989
					35,000	Freddie Mac 4.50%	12/15/2033	33,778	37,485
					62,536	Freddie Mac 5.00%	06/01/2018	62,823	75,643
					100,000	Freddie Mac 5.00%	12/14/2018	87,898	109,375
					100,000	Freddie Mac 5.00%	10/15/2024	97,350	118,863
					55,000	Freddie Mac 5.00%	05/15/2026	50,155	64,830
					93,380	Freddie Mac 5.00%	09/01/2033	127,204	111,018
					7,327	Freddie Mac 5.16%	04/01/2034	9,569	8,669
					105,000	Freddie Mac 5.50%	07/15/2030	104,989	128,795
					85,000	Freddie Mac 6.00%	04/15/2035	90,476	104,632

Portfolio Advisor: Logan Circle Partners, L.P.

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

Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
31,802	Freddie Mac 6.50%	09/25/2043	45,788	39,261	110,000	JPMorgan Mortgage Trust 5.14%	09/25/2035	129,549	82,638
25,702	Freddie Mac 7.00%	05/15/2024	33,612	32,011	47,863	JPMorgan Mortgage Trust 5.39%	07/25/2035	52,633	47,666
12,295	Freddie Mac 7.00%	11/01/2033	17,172	15,487	147,118	JPMorgan Mortgage Trust 6.04%	10/25/2036	145,613	147,164
25,000	Freeport-McMoran Copper & Gold, Inc. 8.25%	04/01/2015	29,391	29,193	100,000	Kansas City Southern de Mexico 9.38%	05/01/2012	104,877	110,500
105,000	Freeport-McMoran Copper & Gold, Inc. 8.38%	04/01/2017	98,880	122,915	35,000	Kansas City Southern Railway 13.00%	12/15/2013	38,329	43,615
50,000	GE Capital Commercial Mortgage Corporation 6.53%	05/15/2033	51,667	58,494	160,000	Kraft Foods Inc. 6.13%	08/23/2018	165,585	193,805
65,000	GE Capital Commercial Mortgage Corporation 6.27%	12/10/2035	84,092	74,886	25,000	Kraft Foods Inc. 6.75%	02/19/2014	30,280	32,081
10,000	General Electric Capital Corporation 5.45%	01/15/2013	11,862	12,046	175,000	Kroger Co., The 6.40%	08/15/2017	177,666	216,186
120,000	General Electric Capital Corporation 5.88%	01/14/2038	113,062	109,384	100,000	LB-UBS Commercial Mortgage Trust 6.46%	03/15/2031	122,918	113,063
35,000	General Motors Corporation 8.38%	07/15/2033	30,067	5,287	25,000	Lehman Brothers Holdings Inc. 6.63%	01/18/2012	21,741	4,357
69,190	Ginnie Mae 7.00%	12/15/2034	84,636	87,506	40,000	Lehman Brothers Holdings Inc. 6.88%	05/02/2018	40,417	6,971
4,574	Ginnie Mae 7.50%	02/15/2032	6,670	5,771	52,226	Lehman Mortgage Trust 5.50%	12/25/2035	62,110	55,661
9,000	GMAC LLC 6.88%	08/28/2012	8,081	8,523	90,000	Lincoln National Corporation 1.41%	03/12/2010	90,981	102,068
672,656	GMAC Mortgage Corporation Loan Trust 5.17%	05/25/2035	708,068	583,016	10,000	Lincoln National Corporation 6.20%	12/15/2011	12,067	11,677
45,000	Goldman Sachs Group Inc., The 5.13%	01/15/2015	38,802	52,088	75,000	Lincoln National Corporation 8.75%	07/01/2019	83,975	89,757
85,000	Goldman Sachs Group, Inc., The 6.00%	05/01/2014	100,924	103,306	85,000	Lorillard, Inc. 8.13%	06/23/2019	96,322	101,814
30,000	Goldman Sachs Group, Inc., The 6.75%	10/01/2037	28,829	30,620	25,000	Lubrizol Corporation 8.88%	02/01/2019	31,103	32,104
130,000	Goldman Sachs Group, Inc., The 7.50%	02/15/2019	152,128	161,200	170,000	M&I Marshall & Ilsley Bank 1.45%	06/16/2010	181,917	188,545
110,000	Goodyear Tire & Rubber Company, The 10.50%	05/15/2016	128,624	129,087	150,000	Mandalay Resort Group 9.38%	02/15/2010	157,121	166,442
110,000	Goodyear Tire & Rubber Company, The 5.01%	12/01/2009	124,585	126,850	30,000	Marathon Oil Corporation 6.50%	02/15/2014	37,090	37,449
45,000	Hasbro, Inc. 6.13%	05/15/2014	51,863	53,915	10,000	Marsh & McLennan Companies, Inc. 5.15%	09/15/2010	11,528	11,697
30,000	Hasbro, Inc. 6.30%	09/15/2017	32,140	34,146	15,000	Martin Marietta Materials, Inc. 1.19%	04/30/2010	15,710	17,156
115,000	HCA, Inc. 9.13%	11/15/2014	125,760	132,616	150,000	Masco Corporation 0.94%	03/12/2010	160,203	165,934
100,000	Health Net Inc. 6.38%	06/01/2017	110,488	87,902	9,236	Master Adjustable Rate Mortgages Trust 5.71%	12/25/2033	12,197	7,124
60,000	HEALTHSOUTH Corporation 8.32%	06/15/2014	59,047	63,265	8,458	Master Alternative Loans Trust 8.00%	09/25/2033	12,131	9,744
55,000	Honda Auto Receivables Owner Trust 3.10%	05/16/2012	64,672	64,356	45,000	McDonald's Corporation 5.80%	10/15/2017	43,820	57,180
75,000	HRPT Properties Trust 5.75%	02/15/2014	72,462	75,058	5,000	McDonald's Corporation 6.30%	10/15/2037	6,318	6,276
31,395	Hyundai Auto Receivables Trust 5.04%	01/17/2012	31,862	37,122	80,000	Medco Health Solutions, Inc. 6.13%	03/15/2013	82,381	96,159
28,000	Idearc Inc. 8.00%	11/15/2016	29,474	813	130,000	Medco Health Solutions, Inc. 7.25%	08/15/2013	138,184	161,292
78,498	IndyMac INDX Mortgage Loan Trust 5.71%	12/25/2035	92,957	59,900	15,000	Medtronic, Inc. 4.50%	03/15/2014	19,436	18,302
15,000	International Lease Finance Corp. 5.00%	04/15/2010	15,828	16,209	30,000	Merck & Co. Inc. 5.00%	06/30/2019	34,346	35,335
35,000	International Lease Finance Corp. 5.45%	03/24/2011	35,981	34,668	100,000	Merrill Lynch & Co., Inc. 6.11%	01/29/2037	87,069	88,256
80,000	International Lease Finance Corp. 5.75%	06/15/2011	79,737	78,312	125,000	Merrill Lynch & Co., Inc. 6.15%	04/25/2013	127,049	143,943
65,000	International Lease Finance Corp. 5.88%	05/01/2013	67,852	57,587	105,000	Merrill Lynch & Co., Inc. 6.88%	04/25/2018	110,232	110,953
90,000	Invesco Limited 5.38%	02/27/2013	88,453	80,274	105,000	Merrill Lynch Mortgage Trust 5.69%	02/12/2051	85,495	79,409
135,000	Invesco PLC 5.63%	04/17/2012	153,828	137,246	85,000	MetLife, Inc. 7.72%	02/15/2019	102,307	105,244
75,000	Jabil Circuit, Inc. 8.25%	03/15/2018	79,176	78,428	20,732	Mid State Trust 4.86%	07/15/2038	27,589	13,371
20,000	JC Penney Corp Inc. 6.38%	10/15/2036	19,865	17,213	95,000	MidAmerican Funding, LLC 6.75%	03/01/2011	117,782	116,165
100,000	JPMorgan Chase & Co. 5.75%	01/02/2013	106,107	119,944	15,841	Mid-State Capital Corporation 2004-1 Trust 6.01%	08/15/2037	21,104	15,378
85,000	JPMorgan Chase & Co. 7.90%	04/30/2018	84,131	84,935	155,000	Montpelier Re Holdings Ltd. 6.13%	08/15/2013	168,652	146,565
125,000	JPMorgan Chase Commercial Mortgage Securities Corp. 4.99%	01/12/2037	153,951	140,812	100,000	Morgan Stanley 6.00%	05/13/2014	114,763	118,159
210,000	JPMorgan Chase Commercial Mortgage Securities Corp. 5.13%	05/15/2047	210,602	204,530	120,000	Morgan Stanley 6.60%	04/01/2012	140,095	147,889
85,000	JPMorgan Chase Commercial Mortgage Securities Corp. 5.38%	07/12/2037	109,680	92,886	50,000	Morgan Stanley 6.63%	04/01/2018	55,778	57,633
					170,000	Motorola, Inc. 5.38%	11/15/2012	170,449	184,611
					80,000	National City Bank 1.21%	01/21/2010	71,993	92,167
					40,000	National City Corporation 1.49%	06/16/2010	45,082	46,069
					130,000	National City Corporation 4.00%	02/01/2011	136,147	148,196
					20,000	NB Capital Trust IV 8.25%	04/15/2027	13,709	19,636
					130,000	New Cingular Wireless Services Inc. 8.13%	05/01/2012	150,974	169,359
					35,000	Nissan Auto Receivables Owner Trust 3.20%	02/15/2013	43,332	41,423
					80,000	Nokia Corporation 5.38%	05/15/2019	89,552	93,226

Portfolio Advisor: Logan Circle Partners, L.P.

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

# Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

20

## Statement of Investment Portfolio As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
25,000	Nokia Corporation 6.63%	05/15/2039	29,672	30,337	49,806	Structured Adjustable Rate Mortgage Loan 5.50%	12/25/2034	60,067	51,153
117,840	Nomura Asset Acceptance Corporation 4.79%	03/25/2035	147,855	123,531	320,365	Structured Adjustable Rate Mortgage Loan 5.51%	06/25/2036	337,406	69,119
10,000	Novartis Securities Investment Ltd. 5.13%	02/10/2019	12,297	11,830	42,957	Structured Asset Securities Corporation 3.38%	08/25/2031	48,957	42,531
35,000	NRG Energy, Inc. 7.38%	02/01/2016	35,959	38,430	37,005	Structured Asset Securities Corporation 6.00%	05/25/2034	50,100	38,464
150,000	Nuveen Investments Inc. 5.00%	09/15/2010	110,557	160,342	9,610	Structured Asset Securities Corporation 7.00%	11/25/2032	13,943	10,301
45,000	Oracle Corporation 3.75%	07/08/2014	52,286	52,286	85,000	Telecom Italia Capital SA 7.00%	06/04/2018	84,163	100,546
65,000	Oracle Corporation 5.00%	07/08/2019	75,242	75,242	130,000	Telecom Italia Capital SA 7.72%	06/04/2038	128,961	153,647
50,000	Orion Power Holdings, Inc. 12.00%	05/01/2010	69,404	60,128	120,000	Telecom Italia Capital SA 1.72%	07/18/2011	136,063	133,852
100,000	Pacificorp 5.65%	07/15/2018	100,348	123,573	75,000	Telefonica Emisiones SAU 5.98%	06/20/2011	83,082	92,015
40,000	Pemex Project Funding Master Trust 6.63%	06/15/2038	40,674	39,483	40,000	Time Warner Cable Inc. 6.55%	05/01/2037	41,670	44,072
120,000	Pfizer Inc. 6.20%	03/15/2019	145,652	152,427	120,000	Time Warner Cable Inc. 8.25%	02/14/2014	147,627	156,118
25,000	Pfizer Inc. 7.20%	03/15/2039	31,931	34,433	90,000	Time Warner Cable Inc. 8.75%	02/14/2019	109,639	121,787
130,000	Philip Morris International Inc. 5.65%	05/16/2018	142,219	157,174	15,000	Time Warner Telecommunications Holdings 9.25%	02/15/2014	18,618	17,363
60,000	Philip Morris International Inc. 6.38%	05/16/2038	59,921	74,550	60,000	Transocean Ltd. 5.25%	03/15/2013	65,631	72,296
55,000	Popular North America Capital Trust I 6.56%	09/15/2034	67,367	33,382	25,000	Transocean Ltd. 6.00%	03/15/2018	25,324	29,786
50,000	Potlatch Corporation 13.00%	12/01/2009	65,176	59,112	45,000	Tyco International Finance SA 8.50%	01/15/2019	53,076	57,958
20,000	Praxair, Inc. 4.38%	03/31/2014	24,524	24,183	30,000	Tyco International Group SA 6.55%	10/01/2017	29,905	31,601
18,906	Prime Mortgage Trust 6.00%	02/25/2034	25,782	17,223	250,000	UBS AG Stamford Branch 5.88%	12/20/2017	257,286	270,311
35,000	Princeton University 4.95%	03/01/2019	42,770	41,241	115,000	United States Treasury Bond 2.25%	05/31/2014	128,484	131,865
65,000	Quebecor World Inc. 6.13%	11/15/2013	53,620	7,080	1,210,000	United States Treasury Bond 3.50%	02/15/2039	1,195,285	1,213,686
70,000	Reed Elsevier Capital Inc. 7.75%	01/15/2014	85,646	87,060	1,640,000	United States Treasury Notes 3.13%	05/15/2019	1,754,823	1,842,396
65,000	Reed Elsevier Capital Inc. 8.63%	01/15/2019	79,423	85,952	10,000	United States Treasury Notes 3.75%	11/15/2018	13,168	11,817
95,000	Regency Centers LP 5.88%	06/15/2017	98,153	88,014	135,000	Unitrin, Inc. 6.00%	05/15/2017	138,257	108,393
188,203	Renaissance Home Equity Loan Trust 5.61%	05/25/2036	214,583	150,129	75,000	UST Inc. 6.63%	07/15/2012	84,982	93,178
50,000	Renaissance Home Equity Loan Trust 5.68%	06/25/2037	55,338	25,764	230,000	Valero L.P. 6.05%	03/15/2013	297,663	258,771
27,563	Residential Asset Mortgage Products, Inc. 6.50%	07/25/2032	35,262	29,216	150,000	Verizon Communications Inc. 6.35%	04/01/2019	175,397	181,649
3,743	Residential Asset Mortgage Products, Inc. 7.00%	11/25/2031	5,284	4,395	25,000	Verizon Communications Inc. 6.90%	04/15/2038	25,644	30,266
66,903	Residential Funding Mortgage Securities I 6.04%	09/25/2036	75,082	53,811	90,000	Verizon Communications Inc. 8.75%	11/01/2018	115,841	124,240
155,000	Residential Funding Mortgage Securities II 5.79%	02/25/2036	173,703	106,530	45,000	Verizon Wireless Capital LLC 8.50%	11/15/2018	55,617	63,102
40,000	Reynolds American Inc. 6.50%	07/15/2010	43,830	47,173	90,000	Viacom Inc. 5.75%	04/30/2011	94,607	107,450
245,000	Rio Tinto Finance (USA) Limited 5.88%	07/15/2013	236,960	286,416	40,000	Virgin Media Finance PLC 8.75%	04/15/2014	42,660	45,314
75,000	Rio Tinto Finance (USA) Limited 7.13%	07/15/2028	75,443	82,822	40,000	Virginia Electric and Power Company 8.88%	11/15/2038	47,412	61,827
55,000	Rio Tinto Finance (USA) Limited 9.00%	05/01/2019	65,113	70,677	35,000	Vodafone Group PLC 5.45%	06/10/2019	38,701	40,251
60,000	Rogers Wireless Inc. 8.00%	12/15/2012	70,270	72,532	140,000	Wachovia Bank Commercial Mortgage Trust 5.50%	10/15/2048	165,160	153,747
75,000	Roper Industries, Inc. 6.63%	08/15/2013	76,853	88,664	385,000	Wachovia Capital Trust III 5.80%	03/15/2011	347,484	268,399
100,000	RSB Bondco LLC 5.72%	04/01/2018	106,715	124,914	18,451	WaMu Mortgage Pass-Through Certificates 6.00%	10/25/2034	24,562	19,233
55,000	Saturns Credit Suisse First Boston, Series 2005-C6 5.23%	12/15/2040	53,784	58,423	60,000	Warner Music Group 7.38%	04/15/2014	52,008	58,908
25,000	Seabulk International, Inc. 9.50%	08/15/2013	34,425	29,338	365,571	Washington Mutual Mortgage Pass-Through Certificates 5.33%	03/25/2037	387,982	286,010
10,000	Seagate Technology HDD Holdings 6.38%	10/01/2011	11,013	11,125	75,637	Washington Mutual, Inc. 5.93%	09/25/2036	85,714	56,546
75,000	SLM Corporation 5.40%	10/25/2011	80,543	78,919	20,000	Waste Management, Inc. 6.38%	03/11/2015	24,945	24,290
35,000	SLM Corporation 8.45%	06/15/2018	34,974	34,659	15,000	Weatherford International Ltd. 9.88%	03/01/2039	17,633	21,151
120,000	Southern Copper Corporation 7.50%	07/27/2035	128,067	124,130	145,000	Wells Fargo & Company 7.98%	03/15/2018	127,270	138,150
40,000	Sprint Capital Corp. 6.88%	11/15/2028	32,457	32,708	15,000	Wells Fargo Capital Trust XIII 7.70%	03/26/2013	15,074	14,466
50,000	Sprint Capital Corp. 7.63%	01/30/2011	54,553	57,514	105,000	Wells Fargo Capital Trust XV 9.75%	09/26/2044	107,952	117,120
40,000	Sprint Capital Corp. 8.75%	03/15/2032	34,816	37,413	15,223	Wells Fargo Mortgage Backed Securities Trust 4.30%	09/25/2034	18,350	15,517
95,000	Sprint Nextel Corporation 1.63%	06/28/2010	100,966	103,758	153,537	Wells Fargo Mortgage Backed Securities Trust 5.00%	10/25/2035	157,235	64,113
40,000	Staples, Inc. 7.75%	04/01/2011	49,318	49,160					
100,000	Staples, Inc. 9.75%	01/15/2014	125,696	130,133					

Portfolio Advisor: Logan Circle Partners, L.P.

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

Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
181,621	Wells Fargo Mortgage Backed Securities Trust 5.11%	03/25/2036	209,449	163,297	4,525	<b>Equity Investments (0.1%)</b>		
136,972	Wells Fargo Mortgage Backed Securities Trust 5.50%	11/25/2035	153,090	82,595	4,950	Fannie Mae 8.25% Series S Preferred	108,384	6,835
351,119	Wells Fargo Mortgage Backed Securities Trust 5.50%	12/25/2035	385,745	355,590	11,325	Fannie Mae 8.25% Series T Preferred	124,146	7,189
44,192	Wells Fargo Mortgage Backed Securities Trust 5.50%	01/25/2036	49,396	40,162	10	Freddie Mac 8.38% 12/31/12 Series Z Preferred	285,923	14,869
104,453	Wells Fargo Mortgage Backed Securities Trust 5.50%	01/25/2036	117,923	71,434		Mirant Corporation	–	182
80,226	Wells Fargo Mortgage Backed Securities Trust 5.51%	08/25/2036	89,180	26,726			518,453	29,075
64,520	Wells Fargo Mortgage Backed Securities Trust 5.54%	04/25/2036	69,830	47,216		<b>Short Term Notes (15.0%)</b>	5,725,507	5,902,625
82,934	Wells Fargo Mortgage Backed Securities Trust 5.75%	03/25/2036	95,159	74,764		<b>Total Investments (108.2%)</b>	44,937,421	42,680,938
160,326	Wells Fargo Mortgage Backed Securities Trust 5.77%	04/25/2036	184,730	130,789		<b>Currency Forward Contracts (-1.3%)</b>	–	(497,344)
152,802	Wells Fargo Mortgage Backed Securities Trust 6.00%	06/25/2036	165,013	127,440		<b>Total Investment Portfolio (106.9%)</b>	44,937,421	42,183,594
40,000	Wells Fargo Mortgage Backed Securities Trust 6.00%	07/25/2037	40,164	33,622		<b>Other Assets, Less Liabilities (-6.9%)</b>		(2,728,275)
153,821	Wells Fargo Mortgage Backed Securities Trust 6.00%	10/25/2037	148,771	139,393		<b>Net Assets (100.0%)</b>		<b>39,455,319</b>
55,231	Wells Fargo Mortgage Backed Securities Trust 6.03%	09/25/2036	62,344	22,469				
25,000	Williams Companies, Inc., The 7.63%	07/15/2019	29,506	28,757		<b>Short-Term Notes</b>		
40,000	Willis North America Inc. 5.13%	07/15/2010	45,842	45,602		<b>Face Amount (\$)</b>		
70,000	World Omni Auto Receivables Trust 3.30%	05/15/2013	86,620	81,440		<b>Issuer</b>		
100,000	WPP Finance UK Corp. 8.00%	09/15/2014	109,717	117,960		<b>Maturity Date</b>		
325,000	XL Capital Ltd, 6.50%	04/15/2017	309,331	185,033		<b>Average Cost (\$)</b>		
85,000	XTO Energy, Inc. 6.50%	12/15/2018	87,871	106,144		<b>Fair Value (\$)</b>		
			36,703,722	34,590,610				

Currency Forward Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation/ (Depreciation)
07/02/2009	U.S. Dollar	138,679	Brazilian Real	275,000	(1,949)
07/02/2009	Brazilian Real	275,000	U.S. Dollar	140,910	(643)
07/30/2009	U.S. Dollar	25,000	Japanese Yen	2,387,375	251
07/30/2009	U.S. Dollar	90,574	British Pounds	55,000	35
07/30/2009	Japanese Yen	9,385,000	U.S. Dollar	98,701	(1,480)
07/30/2009	Japanese Yen	9,385,000	U.S. Dollar	98,701	(1,480)
07/31/2009	U.S. Dollar	35,038	European Euro	25,000	(78)
08/27/2009	Canadian Dollar	30,750,000	U.S. Dollar	26,844,267	(429,977)
08/27/2009	Canadian Dollar	2,145,000	U.S. Dollar	1,900,127	(62,023)
<b>Total Currency Forward Contracts</b>					<b>(497,344)</b>

# Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Bonds and Debentures – Australian Dollar	–	0.2
Bonds and Debentures – Brazilian Real	0.9	0.6
Bonds and Debentures – British Pound	0.3	1.5
Bonds and Debentures – European Euro	2.4	9.2
Bonds and Debentures – Japanese Yen	0.6	2.2
Bonds and Debentures – Mexican Peso	0.2	0.0
Bonds and Debentures – Norwegian Krone	0.2	0.2
Bonds and Debentures – Polish Zloty	0.9	–
Bonds and Debentures – Swedish Krone	0.0	0.2
Bonds and Debentures – United States Dollars	87.6	91.1
Foreign Equities	0.1	–
Money Market Instruments	15.0	0.2

The currency forward contracts outstanding at June 30, 2009 are placed with a financial institution with a credit rating of AA- by Standard & Poor's.

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle American Core-Plus Bond Fund (the “Fund”) is to achieve superior long term returns and to provide income as well as capital growth by investing primarily in a portfolio of U.S. government and corporate bonds and mortgage pass through securities. The Fund may also invest in the U.S. dollar denominated emerging markets, non-investment grade debt and non-U.S. investment grade sovereign and corporate debt.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio. All liabilities are short term in nature.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	40,880,478	(33,443,949)	7,436,529	18.9
European Euro	948,376	(40,782)	907,594	2.3
Japanese Yen	238,456	197,573	436,029	1.1
Polish Zloty	351,764	–	351,764	0.9
Norwegian Krone	86,439	–	86,439	0.2
Mexican Peso	77,671	–	77,671	0.2
New Zealand Dollar	667	–	667	–
New Russian Ruble	90	–	90	–
South African Rand	1	–	1	–
British Pound	100,381	(105,186)	(4,805)	–
<b>Total</b>	<b>42,684,323</b>	<b>(33,392,344)</b>	<b>9,291,979</b>	<b>23.6</b>

# Pinnacle American Core-Plus Bond Fund (Unaudited – Continued)

## Discussion of Financial Instrument Risk

As at June 30, 2009

**December 31, 2008**

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	39,625,446	2,848,950	42,474,396	98.4
Japanese Yen	1,103,037	1,258,922	2,361,959	5.5
European Euro	5,474,508	(4,010,061)	1,464,447	3.4
Swiss Franc	21,062	350,330	371,392	0.9
Australian Dollar	65,646	257,937	323,583	0.8
Swedish Krona	75,944	16,067	92,011	0.2
British Pound	944,516	(855,052)	89,464	0.2
Norwegian Krone	87,494	–	87,494	0.2
New Zealand Dollar	642	–	642	–
Mexican Peso	578	–	578	–
Russian Ruble	97	–	97	–
Polish Zloty	2	–	2	–
South African Rand	1	–	1	–
Brazilian Real	–	(52,358)	(52,358)	(0.1)
<b>Total</b>	<b>47,398,973</b>	<b>(185,265)</b>	<b>47,213,708</b>	<b>109.4</b>

The amounts in the above tables are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund's Net Assets would have decreased or increased, respectively by approximately \$929,198, 2.4% of the Fund's Net Assets (December 31, 2008 -\$4,721,371, 10.9% of the Fund's Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009, 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 \$376,680, 1.0% of the Fund's Net Assets (December 31, 2008-\$453,655, 1.1% of the Fund's total Net Assets). The Fund's sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Interest Rate Exposure*	June 30, 2009 (\$)	December 31, 2008 (\$)
Less than 1 Year	1,935,458	1,632,992
1-3 years	3,046,003	3,705,996
3-5 years	4,386,088	4,340,040
5-10 years	8,693,320	10,731,031
> 10 years	18,688,369	25,045,039
<b>Total</b>	<b>36,749,238</b>	<b>45,455,098</b>

\* Excludes cash and cash equivalents and preferred shares as applicable

## Discussion of Financial Instrument Risk

As at June 30, 2009

**E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. The market 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 currency forward contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

Debt instruments including preferred shares, but excluding cash and cash equivalents, held by the Fund have credit ratings as follows:

	June 30, 2009		December 31, 2008	
	Percentage of Total Fixed-Income Securities (%)	Percentage of Net Assets (%)	Percentage of Total Fixed-Income Securities (%)	Percentage of Net Assets (%)
A- to AAA+	34.5	32.1	54.9	57.7
B- to BBB+	31.5	29.3	23.6	24.8
C- to CCC+	3.0	2.8	3.8	4.0
D- to DDD+	0.2	0.2	1.7	1.8
NR or other	30.8	28.7	16.0	16.8
Total	100.0	93.1	100.0	105.1

**F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). As at June 30, 2009 and December 31, 2008 the Fund was not significantly exposed to other price risks.

# Pinnacle Global Real Estate Securities Fund (Unaudited)

26

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$106,146,305	\$82,061,446
Cash	2,919,178	731,193
Subscriptions receivable	145,228	26,404
Receivable for securities sold	130,119	2,136,690
Accrued investment income	337,596	556,090
Prepaid expense	4,153	4,153
	<u>109,682,579</u>	<u>85,515,976</u>
<b>Liabilities</b>		
Payable for currency spot contracts	1,388	22,870
Payable for securities purchased	-	123,864
Redemptions payable	371,442	47,871
Accrued expenses	66,125	82,479
	<u>438,955</u>	<u>277,084</u>
Net Assets representing unitholders' equity	<u>\$109,243,624</u>	<u>\$85,238,892</u>
<b>Net Assets per class</b>		
Class A Units	\$103,721,379	\$85,238,892
Class F Units	\$ 1,447,247	\$ -
Class I Units	\$ 4,074,998	\$ -
<b>Units outstanding</b>		
Class A Units	10,938,098	8,909,511
Class F Units	152,747	-
Class I Units	429,887	-
<b>Net Assets per unit</b>		
Class A Units	\$ 9.48	\$ 9.57
Class F Units	\$ 9.47	\$ -
Class I Units	\$ 9.48	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 2,136,202	\$ 1,729,610
Interest	55,826	119,724
Securities lending	85	24,015
Less: Foreign withholding taxes	(410,520)	(334,034)
	<u>1,781,593</u>	<u>1,539,315</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	2,166	-
Legal fees	3,089	2,552
Audit fees	11,960	9,646
Custody fees	41,734	53,134
Filing fees	7,826	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	9,760	10,117
Unitholder administration, service fees and GST	58,772	59,813
	<u>136,435</u>	<u>143,175</u>
Absorbed expenses	(169)	-
Net expenses	<u>136,266</u>	<u>143,175</u>
Net investment income (loss)	<u>1,645,327</u>	<u>1,396,140</u>
Net realized gain (loss) on investments sold	(10,714,050)	(3,077,780)
Net realized gain (loss) on foreign exchange	(225,726)	(48,248)
Transaction costs	(143,631)	(150,046)
Change in unrealized appreciation (depreciation) of investments	11,394,667	(7,805,677)
Change in unrealized appreciation (depreciation) of currency spot contracts	21,482	1,208
Change in unrealized appreciation (depreciation) of foreign exchange	(27,983)	30,955
Net gain (loss) on investments and transaction costs	<u>304,759</u>	<u>(11,049,588)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 1,950,086</u>	<u>\$ (9,653,448)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 1,448,154	\$ (9,653,448)
Class F Units+	\$ 65,961	\$ -
Class I Units++	\$ 435,971	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.13	\$ (1.24)
Class F Units+	\$ 1.04	\$ -
Class I Units++	\$ 2.45	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 85,238,892	\$107,662,590
Increase (decrease) in Net Assets from operations		
Class A Units	1,448,154	(9,653,448)
Class F Units+	65,961	-
Class I Units++	435,971	-
	<u>1,950,086</u>	<u>(9,653,448)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	33,028,907	17,575,009
Class F Units+	1,428,438	-
Class I Units++	3,898,248	-
Payments on redemption		
Class A Units	(15,994,574)	(16,629,892)
Class F Units+	(47,152)	-
Class I Units++	(259,221)	-
	<u>22,054,646</u>	<u>945,117</u>
Increase (decrease) in Net Assets		
Class A Units	18,482,487	(8,708,331)
Class F Units+	1,447,247	-
Class I Units++	4,074,998	-
	<u>24,004,732</u>	<u>(8,708,331)</u>
<b>Net Assets – End of Period</b>		
Class A Units	103,721,379	98,954,259
Class F Units+	1,447,247	-
Class I Units++	4,074,998	-
	<u>\$109,243,624</u>	<u>\$ 98,954,259</u>

+ Start date February 17, 2009

++ Start date January 20, 2009

Portfolio Advisor: Citigroup Alternative Investments LLC  
Effective July 1, 2009, the portfolio advisor changed to Forum Partners (UK) LLP

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

Pinnacle Global Real Estate Securities Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Australia (8.0%)</b>				<b>Sweden (0.9%)</b>			
2,153,200	Commonwealth Property Office Fund	2,062,401	1,667,445	131,080	Hufvudstaden AB Series A	1,240,626	949,068
1,492,415	Dexus Property Group	1,564,493	1,041,676	<b>United Kingdom (6.0%)</b>			
326,238	Stockland	1,309,212	973,940	217,079	British Land Company, PLC	2,976,243	1,591,782
476,104	Westfield Group	6,577,172	5,048,974	59,003	Derwent Valley Holdings PLC	1,571,144	1,057,064
		11,513,278	8,732,035	185,861	Great Portland Estates PLC	1,279,388	783,850
<b>Brazil (0.7%)</b>				87,200	Hammerson Property & Investment Development Corporation PLC	1,494,246	513,825
68,800	Multiplan Empreendimentos Imobiliarios SA	662,893	807,833	101,709	Helical Bar PLC	792,332	640,860
<b>Canada (2.9%)</b>				214,690	Land Securities Group PLC	3,511,644	1,941,991
36,962	Allied Properties REIT	683,880	545,190			11,624,997	6,529,372
44,900	Boardwalk REIT	1,309,965	1,451,617	<b>United States (33.6%)</b>			
21,800	Canadian REIT	483,055	536,280	32,000	Alexandria Real Estate Equities, Inc.	2,151,542	1,326,611
510,000	Sino-Ocean Land Holdings Ltd.	403,281	679,154	23,700	AMB Property Corp.	683,290	517,421
		2,880,181	3,212,241	21,700	Avalonbay Communities, Inc.	2,123,572	1,407,907
<b>Finland (0.1%)</b>				38,900	Boston Properties, Inc.	2,859,312	2,152,776
32,900	Technopolis Oyj	240,864	158,906	41,700	Corporate Office Properties Trust	1,524,223	1,420,590
<b>France (5.2%)</b>				40,700	Digital Realty Trust, Inc.	1,649,302	1,695,322
4,641	ICADE NPV	439,132	443,898	118,900	Douglas Emmett, Inc.	2,187,878	1,241,968
7,200	Societe Immobiliere de Location pour l'Industrie et le Commerce (Silic)	759,504	739,207	39,300	Equity Residential	1,391,838	1,013,255
25,520	Unibail	5,336,594	4,432,176	13,000	Essex Property Trust, Inc.	1,258,231	938,153
		6,535,230	5,615,281	31,000	Federal Realty Investment Trust	2,222,549	1,855,333
<b>Hong Kong (17.3%)</b>				63,600	HCP, Inc.	1,936,810	1,563,657
461,000	China Overseas Land & Investment Limited	1,108,358	1,231,897	47,600	Health Care REIT, Inc.	2,073,447	1,882,631
878,300	China Resources Land Limited	1,510,088	2,252,031	137,832	Host Marriott Corp.	1,650,597	1,340,430
221,700	Great Eagle Holdings	501,474	544,716	90,400	Kimco Realty Corp.	2,209,976	1,054,559
804,300	Hang Lung Properties Ltd.	2,679,424	3,030,731	30,600	LaSalle Hotel Properties	688,849	438,027
173,000	Henderson Land Development Company Ltd.	958,443	1,142,228	52,400	ProLogis Trust	446,494	490,113
211,100	Hongkong Land Holdings Limited	826,886	865,929	37,800	Public Storage, Inc.	3,028,758	2,875,431
195,400	Hysan Development Company, Limited	574,612	579,302	18,900	Regency Centers Corp.	1,054,601	764,644
179,319	Kerry Properties Limited	792,366	931,570	76,625	Simon Property Group, Inc.	5,530,466	4,577,953
411,600	Link REIT, The	961,309	1,019,585	5,800	SL Green Realty Corp.	139,829	154,458
420,300	Sun Hung Kai Properties Limited	5,819,278	6,097,325	15,300	Starwood Hotels & Resorts Worldwide, Inc.	718,090	394,118
247,100	Wharf (Holdings) Limited, The	1,026,868	1,215,598	45,500	Tanger Factory Outlet Centers, Inc.	1,747,726	1,714,459
		16,759,106	18,910,912	29,400	Taubman Centers, Inc.	1,258,158	917,534
<b>Japan (14.7%)</b>				60,900	Ventas, Inc.	2,416,962	2,109,347
27,000	AEON Mall Co., Ltd.	560,296	593,457	55,633	Vornado Realty Trust	4,077,377	2,908,153
176	Frontier Real Estate Investment Corporation	1,214,115	1,306,594			47,029,877	36,754,850
49	Global One Real Estate Investment Co., Ltd.	438,495	414,009	<b>Total Investments (97.2%)</b>			
233,700	Mitsubishi Estate Company, Limited	5,170,450	4,497,083			123,682,102	106,146,305
274,700	Mitsui Fudosan Co. Ltd.	5,701,412	5,528,208	<b>Currency Spot Contracts (0.0%)</b>			
185	Nippon Building Fund Inc.	2,165,153	1,839,140			-	(1,388)
500	NTT Urban Development Corporation	500,396	560,041	<b>Total Investment Portfolio (97.2%)</b>			
60,000	Sumitomo Realty & Development Co., Ltd.	952,901	1,267,781			123,682,102	106,144,917
		16,703,218	16,006,313	<b>Other Assets, Less Liabilities (2.8%)</b>			
<b>Netherlands (3.4%)</b>							3,098,707
30,979	Corio NV	1,675,162	1,756,186	<b>Net Assets (100.0%)</b>			
21,000	Eurocommercial Properties NV	752,889	753,007				109,243,624
13,518	Wereldhave NV	1,289,894	1,171,674	REIT – Real Estate Investment Trust			
		3,717,945	3,680,867				
<b>New Zealand (0.8%)</b>							
1,696,150	AMP NZ Office Trust	1,134,306	890,407				
<b>Singapore (3.6%)</b>							
726,000	Ascendas REIT	805,434	923,400				
595,500	Ascott Residence Trust	517,783	323,046				
609,300	Capitaland Limited	1,494,895	1,798,030				
1,154,800	Parkway Life REIT	821,469	853,744				
		3,639,581	3,898,220				

Portfolio Advisor: Citigroup Alternative Investments LLC  
Effective July 1, 2009, the portfolio advisor changed to Forum Partners (UK) LLP

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

-For equities, all common shares unless otherwise noted.

# Pinnacle Global Real Estate Securities Fund (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

### Currency Spot Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation/ (Depreciation)
07/02/2009	Canadian Dollar	41,882	Singapore Dollar	52,717	(407)
07/02/2009	Canadian Dollar	86,984	Singapore Dollar	109,487	(846)
07/03/2009	Canadian Dollar	63,408	Japanese Yen	5,269,845	(135)
<b>Total Currency Spot Contracts</b>					<b>(1,388)</b>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Australia	8.0	8.9
Brazil	0.7	1.2
Canada	2.9	2.4
Finland	0.1	0.8
France	5.2	4.5
Hong Kong	17.3	11.9
Japan	14.7	13.9
Netherlands	3.4	2.0
New Zealand	0.8	0.8
Singapore	3.6	3.0
South Africa	–	0.4
Sweden	0.9	1.4
United Kingdom	6.0	7.8
United States	33.6	37.3

Portfolio Advisor: Citigroup Alternative Investments LLC  
Effective July 1, 2009, the portfolio advisor changed to Forum Partners (UK) LLP

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle Global Real Estate Securities Fund (the “Fund”) is to achieve superior long term returns through income and capital growth, by investing primarily in U.S., Canadian and non-North American real estate stocks and real estate investment trusts.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

**June 30, 2009**

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	37,683,939	–	37,683,939	34.5
Hong Kong Dollar	18,729,490	–	18,729,490	17.1
Japanese Yen	16,069,856	–	16,069,856	14.7
European Euro	9,455,054	–	9,455,054	8.7
Australian Dollar	8,732,035	–	8,732,035	8.0
Pound Sterling	6,529,372	–	6,529,372	6.0
Singapore Dollar	3,898,220	–	3,898,220	3.6
Swedish Krona	949,068	–	949,068	0.9
New Zealand Dollar	890,407	–	890,407	0.8
Brazilian Real	807,833	–	807,833	0.7
<b>Total</b>	<b>103,745,274</b>	<b>–</b>	<b>103,745,274</b>	<b>95.0</b>

**December 31, 2008**

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	32,432,405	–	32,432,405	38.1
Japanese Yen	11,884,860	–	11,884,860	13.9
Hong Kong Dollar	9,557,411	–	9,557,411	11.2
Australian Dollar	7,568,933	–	7,568,933	8.9
British Pound	6,641,982	–	6,641,982	7.8
European Euro	6,180,288	–	6,180,288	7.3
Singapore Dollar	2,597,187	–	2,597,187	3.0
Swedish Krona	1,182,875	–	1,182,875	1.4
Brazilian Real	1,009,649	–	1,009,649	1.2
New Zealand Dollar	686,058	–	686,058	0.8
South African Rand	357,537	–	357,537	0.4
<b>Total</b>	<b>80,099,185</b>	<b>–</b>	<b>80,099,185</b>	<b>94.0</b>

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

The amounts in the above tables are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, 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 approximately \$10,374,527, 9.5% of the Fund's Net Assets (December 31, 2008-\$8,009,918, 9.4% of the Fund's Net Assets ). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives. Credit risk may also exist in relation to counterparties of spot currency contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, the Financial Times Stock Exchange European Public Real Estate Association / North American Association of Real Estate Investment Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$10,159,657, 9.3% of the Fund's Net Assets (December 31, 2008-\$7,631,769, 9.0% of the Fund's Net Assets ). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Strategic Balanced Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$57,414,287	\$75,273,122
Cash	75,500	216,612
Futures margin receivable	–	67,243
Receivable for futures contracts	8,214	15,731
Subscriptions receivable	9,163	45,597
Receivable for securities sold	262,470	297,004
Accrued investment income	343,456	444,351
Prepaid expense	2,871	2,871
	<u>58,115,961</u>	<u>76,362,531</u>
<b>Liabilities</b>		
Futures margin payable	6,632	–
Payable for currency forward contracts	23,615	28,288
Payable for securities purchased	333,655	240,299
Redemptions payable	74,236	31,108
Accrued expenses	74,553	92,782
	<u>512,691</u>	<u>392,477</u>
Net Assets representing unitholders' equity	<u>\$57,603,270</u>	<u>\$75,970,054</u>
<b>Net Assets per class</b>		
Class A Units	\$57,587,084	\$75,970,054
Class F Units	<u>\$ 16,186</u>	<u>\$ –</u>
<b>Units outstanding</b>		
Class A Units	4,395,365	6,225,761
Class F Units	<u>1,218</u>	<u>–</u>
<b>Net Assets per unit</b>		
Class A Units	\$ 13.10	\$ 12.20
Class F Units	<u>\$ 13.29</u>	<u>\$ –</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 357,096	\$ 515,780
Interest	1,025,817	1,021,960
Securities lending	888	6,933
Income (loss) from derivatives	57,452	(69,519)
Less: Foreign withholding taxes	(10,504)	(18,280)
	<u>1,430,749</u>	<u>1,456,874</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	31	–
Legal fees	2,347	1,052
Audit fees	11,979	9,484
Custody fees	99,876	101,998
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	8,658	4,852
Unitholder administration, service fees and GST	50,660	64,452
	<u>181,501</u>	<u>189,751</u>
Absorbed expenses	(19,423)	–
Net expenses	<u>162,078</u>	<u>189,751</u>
Net investment income (loss)	<u>1,268,671</u>	<u>1,267,123</u>
Net realized gain (loss) on investments sold	(6,335,344)	(1,367,335)
Net realized gain (loss) on foreign exchange	52,151	27,243
Transaction costs	(55,447)	(65,025)
Change in unrealized appreciation (depreciation) of investments	9,974,673	1,644,672
Change in unrealized appreciation (depreciation) of currency forwards	4,673	(26,294)
Change in unrealized appreciation (depreciation) of futures contracts	(7,517)	(4,253)
Change in unrealized appreciation (depreciation) of foreign exchange	(2,874)	(1,814)
Net gain (loss) on investments and transaction costs	<u>3,630,315</u>	<u>207,194</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 4,898,986</u>	<u>\$ 1,474,317</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 4,897,786	\$ 1,474,317
Class F Units+	<u>\$ 1,200</u>	<u>\$ –</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 1.01	\$ 0.27
Class F Units+	<u>\$ 1.89</u>	<u>\$ –</u>

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.  
Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 75,970,054	\$ 92,405,429
Increase (decrease) in Net Assets from operations	4,897,786	1,474,317
Class A Units	1,200	–
Class F Units+	<u>4,898,986</u>	<u>1,474,317</u>
Distributions to unitholders		
From net investment income	(1,349,413)	(1,336,061)
Class A Units	(74)	–
Class F Units+	<u>(1,349,487)</u>	<u>(1,336,061)</u>
Unit Transactions		
Proceeds from issue	3,401,324	6,227,589
Class A Units	15,100	–
Class F Units+	<u>3,401,324</u>	<u>6,227,589</u>
Reinvested distributions	1,345,554	1,334,513
Class A Units	74	–
Class F Units+	<u>1,345,554</u>	<u>1,334,513</u>
Payments on redemption	(26,678,221)	(13,114,687)
Class A Units	(114)	–
Class F Units+	<u>(26,678,221)</u>	<u>(13,114,687)</u>
	<u>(21,916,283)</u>	<u>(5,552,585)</u>
Increase (decrease) in Net Assets	(18,382,970)	(5,414,329)
Class A Units	16,186	–
Class F Units+	<u>(18,366,784)</u>	<u>(5,414,329)</u>
<b>Net Assets – End of Period</b>		
Class A Units	57,587,084	86,991,100
Class F Units+	<u>16,186</u>	<u>–</u>
	<u>\$ 57,603,270</u>	<u>\$ 86,991,100</u>

+ Start date February 17, 2009

# Pinnacle Strategic Balanced Fund (Unaudited – Continued)

32

## Statement of Investment Portfolio As at June 30, 2009

Face Amount (\$)\					Face Amount (\$)\				
No. of shares	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	No. of shares	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
<b>Bonds (35.7%)</b>									
<b>Federal Government (7.9%)</b>									
153,000	Canada Housing Trust 3.15%	06/15/2014	153,848	154,691	70,779	Brilliant Power Funding Corp. 5.67%*	05/31/2026	75,492	69,825
152,000	Canada Housing Trust 4.10%	12/15/2018	158,194	155,499	221,000	Brookfield Asset Management Inc 5.29%	04/25/2017	216,500	185,089
1,173,000	Canada Housing Trust Strip Bond	06/15/2012	1,033,867	1,108,696	76,000	Brookfield Renewable Power Inc. 5.84%*	11/05/2036	75,978	51,137
32,000	Government of Canada 2.00%	12/01/2041	27,705	33,958	166,000	Brookfield Renewable Power Inc. 8.75%*	02/03/2012	169,709	178,496
1,843,000	Government of Canada 3.00%	06/01/2014	1,871,573	1,888,725	108,000	Canadian Imperial Bank of Commerce 4.35%	11/01/2011	111,591	112,788
638,000	Government of Canada 3.75%	06/01/2019	655,241	658,722	96,000	Canadian Imperial Bank of Commerce 4.55%	03/28/2016	96,024	99,303
22,000	Government of Canada 4.00%	06/01/2041	22,154	22,434	251,000	Canadian Imperial Bank of Commerce 5.00%	09/10/2012	252,053	265,704
326,000	Government of Canada 5.75%	06/01/2029	404,080	404,983	17,000	Canadian Imperial Bank of Commerce 5.15%	06/06/2018	16,805	17,718
16,000	Government of Canada 5.75%	06/01/2033	20,162	20,343	109,836	Canadian Revolving Auto Floorplan Trust 5.68%*	11/15/2012	109,836	87,869
79,000	Government of Canada 8.00%	06/01/2023	119,491	114,924	131,000	Canadian Tire Corporation Limited 5.61%	09/04/2035	122,592	109,807
			<u>4,466,315</u>	<u>4,562,975</u>	73,000	Canadian Tire Corporation Limited 6.32%	02/24/2034	78,349	67,837
<b>Provincial Government (8.6%)</b>					119,000	CHIP Mortgage Trust 5.61%*	05/02/2011	119,000	118,790
87,000	Hydro-Quebec 5.00%	02/15/2045	88,330	88,443	208,000	Citigroup Inc. 5.37%*	03/06/2036	169,191	132,265
134,000	Hydro-Quebec 5.00%	02/15/2050	136,187	136,830	231,498	Claregold Trust 5.07%*	05/15/2044	229,110	220,298
19,000	Hydro-Quebec 6.00%	02/15/2040	22,465	22,214	67,000	Countrywide Financial Corporation 6.25%	05/15/2016	67,832	69,284
368,000	Province of British Columbia 9.00%	08/23/2024	542,000	534,164	200,000	Credit Agricole SA 5.50%*	08/11/2016	201,981	102,000
15,000	Province of New Brunswick 4.65%	09/26/2035	15,282	14,170	100,000	Enbridge Inc. 5.17%	05/19/2016	99,942	102,553
63,000	Province of New Brunswick 4.80%	09/26/2039	63,568	61,669	96,000	ERAC Canada Finance Ltd. 5.38%*	02/26/2016	95,918	83,366
17,000	Province of Newfoundland 4.50%	04/17/2037	16,895	15,909	54,000	ERAC USA Finance Company 7.00%*	10/15/2037	52,426	49,826
125,000	Province of Newfoundland 5.70%	10/17/2035	145,739	137,602	42,000	GE Capital Canada Funding Company 4.55%	01/17/2017	39,348	39,170
29,000	Province of Nova Scotia 4.50%	06/01/2037	27,603	27,044	225,000	GE Capital Canada Funding Company 5.15%	06/06/2013	214,127	228,738
502,000	Province of Ontario 4.20%	03/08/2018	501,099	506,613	279,000	GE Capital Canada Funding Company 5.53%	08/17/2017	258,099	273,116
106,000	Province of Ontario 4.40%	06/02/2019	105,772	106,961	89,000	GE Capital Canada Funding Company 5.73%	10/22/2037	75,646	75,249
172,000	Province of Ontario 4.50%	12/02/2012	185,811	183,208	42,000	General Electric Capital Corporation 6.38%	11/15/2067	33,318	32,101
586,000	Province of Ontario 4.50%	03/08/2015	615,453	621,490	70,000	General Motors Acceptance Corporation of Canada Ltd. 5.55%	11/30/2009	68,942	62,334
422,000	Province of Ontario 5.00%	03/08/2014	453,061	457,864	146,000	Golden Credit Card Trust 5.42%	04/15/2013	146,000	155,516
197,000	Province of Ontario 7.60%	06/02/2027	252,706	257,657	194,000	Goldman Sachs Group, Inc., The 5.20%	04/19/2022	171,416	159,014
121,000	Province of Ontario Strip Bond	12/02/2019	72,570	73,028	43,000	Goldman Sachs Group, Inc., The 6.75%	10/01/2037	35,802	43,888
362,000	Province of Ontario Strip Bond	12/02/2025	166,811	149,020	108,000	Greater Toronto Airports Authority, 5.96%	11/20/2019	110,257	113,706
242,000	Province of Ontario Strip Bond	06/02/2026	117,706	96,749	93,000	Greater Toronto Airports Authority, 6.47%	02/02/2034	100,140	95,966
276,000	Province of Quebec 4.50%	12/01/2018	277,028	281,048	100,000	Greater Toronto Airports Authority, 7.05%	06/12/2030	95,445	109,552
357,000	Province of Quebec 4.50%	12/01/2019	356,646	359,567	100,000	Great-West Lifeco Inc. 5.69%	06/21/2067	100,000	92,316
54,000	Province of Quebec 6.00%	10/01/2029	56,842	60,334	67,000	HSBC Bank Canada 4.80%	04/10/2022	66,926	64,336
31,000	Province of Quebec 6.25%	06/01/2032	35,521	35,812	200,000	HSBC Bank Canada 4.94%	03/16/2021	191,487	196,719
450,000	Province of Quebec 9.38%	01/16/2023	650,762	651,014	35,000	HSBC Holdings PLC 6.50%	09/15/2037	36,693	39,337
96,000	Province of Saskatchewan 4.75%	06/01/2040	96,121	96,563	82,000	Loblaw Companies Limited 5.90%	01/18/2036	60,767	71,213
			<u>5,001,978</u>	<u>4,974,973</u>	36,000	Loblaw Companies Limited 6.50%	01/22/2029	35,824	33,816
<b>Corporate (19.2%)</b>					27,000	Loblaw Companies Limited 6.54%	02/17/2033	20,482	25,264
173,000	AltaLink Investment LP 5.02%*	11/21/2012	173,531	173,681	38,000	Loblaw Companies Limited 6.65%	11/08/2027	38,488	36,569
108,000	Amkor Technology, Inc. 7.13%	03/15/2011	99,223	123,917					
58,721	Arrow Lakes Power 5.39%*	03/31/2015	61,000	65,751					
115,000	Athabasca Oil Sands Corp. 13.00%*	07/30/2011	115,000	110,400					
78,000	Bank of America Corporation 5.45%*	09/17/2014	77,928	73,745					
150,000	Bank of Montreal 6.02%	05/02/2018	156,247	163,337					
150,000	Bank of Nova Scotia, The 6.65%	01/22/2021	150,306	167,442					
118,000	bcIMC Realty Corporation 5.65%	01/05/2018	118,681	121,213					
20,000	Bear Stearns Companies LLC, The 4.35%*	07/20/2012	18,637	19,386					
27,000	Bell Aliant Regional Communications LP 6.17%	02/26/2037	22,163	22,240					
30,000	Bell Canada 6.55%	05/01/2029	25,005	28,207					
55,000	Bell Canada 7.00%	09/24/2027	48,587	54,890					
20,000	Bell Canada 7.30%	02/23/2032	17,834	20,430					
18,000	Bell Canada 7.85%	04/02/2031	17,092	19,414					
117,000	BMO Capital Trust 10.22%	12/31/2107	122,547	148,703					
193,000	BMO Subordinated Notes Trust 5.75%	09/26/2022	193,597	202,477					
107,000	Brascan Corporation 5.95%	06/14/2035	102,185	65,522					

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.  
Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

Pinnacle Strategic Balanced Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

Face Amount (\$)					Face Amount (\$)				
No. of shares	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	No. of shares	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
100,000	Mansfield Trust 6.84%*	08/15/2010	107,976	102,333	40,000	TransCanada Pipelines Ltd. 7.25%	08/15/2038	46,382	52,853
89,000	Manulife Financial Capital Trust 6.70%	06/30/2012	82,265	93,061	54,000	TransCanada Pipelines Ltd. 8.05%	02/17/2039	54,688	68,579
140,000	Manulife Financial Corporation 4.90%	06/02/2014	140,000	143,602	80,000	West Fraser Timber Co. Ltd. 4.94%	10/19/2009	77,604	76,911
210,000	Manulife Financial Corporation 7.77%	04/08/2019	214,472	242,432				11,173,812	11,004,237
94,000	Manulife Financial LP 4.45%	12/15/2026	84,368	87,491					
50,000	Manulife Financial LP 5.06%	12/15/2041	49,969	37,364					
20,000	Maritimes & Northeast Pipeline 6.90%*	11/30/2019	23,034	19,568					
131,000	Master Credit Card Trust 5.24%	05/21/2013	131,000	138,923	3,800	Addax Petroleum Corporation		108,683	186,960
172,000	Master Credit Card Trust 5.30%	08/21/2012	172,996	183,027	4,150	Advantage Energy Income Fund		26,973	20,335
87,000	Merrill Lynch & Co. Inc. 4.68%	08/12/2015	85,352	83,813	11,800	AltaGas Income Trust		267,666	189,272
210,000	Merrill Lynch & Co. Inc. 5.29%	05/30/2022	189,158	161,978	1,443	Anadarko Petroleum Corporation		68,969	75,984
72,000	Merrill Lynch & Co. Inc. 5.45%	07/15/2014	69,093	79,616	5,300	ARC Energy Trust		140,208	94,393
89,000	Merrill Lynch & Co. Inc. 6.11%	01/29/2037	78,983	78,548	5,400	Baytex Energy Trust		122,072	105,408
50,000	Merrill Lynch Canada Finance Company 5.00%*	02/18/2014	48,149	45,998	2,366	BG Group PLC		40,864	46,220
96,000	Merrill Lynch Financial Asset Inc. 5.26%	05/12/2044	95,997	90,537	2,900	Bonavista Energy Trust		77,635	52,142
310,000	Morgan Stanley 4.90%	02/23/2017	263,598	273,046	200	Bonterra Oil & Gas Ltd.		3,757	4,380
34,000	Morgan Stanley 6.00%	04/28/2015	33,107	39,530	16,600	Breaker Energy Ltd.		104,134	60,756
60,000	Morgan Stanley 6.63%	04/01/2018	62,164	69,159	1,400	Calfrac Well Services Ltd.		40,041	16,982
57,000	Odessey Re Holdings Corp. 7.65%	11/01/2013	72,136	67,712	5,500	Cameco Corporation		107,062	163,570
77,592	Pearson International Fuel Facilities Corp 5.09%*	03/09/2032	77,464	63,364	14,600	Canadian Natural Resources Limited		835,470	893,374
256,000	RBC Capital Trust II 5.81%	12/31/2013	232,194	265,895	12,000	Canadian Oil Sands Trust		416,536	333,480
138,626	Real Estate Asset Liquidity Trust 5.20%	03/12/2046	138,094	130,177	7,200	Celtic Exploration Ltd.		87,354	109,800
119,000	Reliance LP 7.30%	04/03/2013	119,000	115,387	858	Chevron Corporation		70,850	66,035
151,000	RioCan Real Estate Investment Trust 5.70%*	09/11/2012	150,984	149,340	5,050	Cirrus Energy Corporation		10,894	12,625
69,000	Rogers Communications, Inc. 5.80%	05/26/2016	68,839	70,598	557	ConocoPhillips		41,491	27,214
47,000	RONA inc. 5.40%	10/20/2016	37,224	40,102	2,000	Crescent Point Energy Trust		49,463	68,560
217,000	Royal Bank of Scotland Group, The PLC 5.37%	10/05/2017	217,297	91,343	100	Daylight Resources Trust		742	737
86,000	Royal Bank of Scotland Group, The PLC 6.67%*	05/12/2016	82,963	34,462	9,500	Enbridge Inc.		395,115	383,420
49,842	Royal Office Finance LP 5.21%	11/12/2032	49,841	47,616	8,310	EnCana Corporation		525,866	479,238
30,000	Russel Metals Inc. 6.38%	03/01/2014	29,340	28,278	31,600	Enerflex Systems Income Fund		385,778	323,900
65,000	Sally Holdings L.L.C. 9.25%	11/15/2014	63,073	75,146	2,100	Enerplus Resources Fund		44,138	52,773
157,504	Schooner Trust 3.97%	09/12/2020	151,620	150,898	8,900	Ensign Energy Services Inc.		158,008	150,588
56,564	Solar Trust 6.61%	11/15/2021	60,498	57,928	1,100	Freehold Royalty Trust		20,547	15,114
50,000	Sun Life Financial Inc. 4.80%	11/23/2035	46,928	49,054	400	Gazprom ADR		24,332	9,470
306,000	Sun Life Financial Inc. 7.90%	03/31/2019	313,804	345,811	383	GDF Suez		20,929	16,641
46,000	Suncor Energy, Inc. 6.50%	06/15/2038	41,642	50,637	13,200	Gran Tierra Energy, Inc.		47,881	53,328
25,000	TCHC Issuer Trust 4.88%	05/11/2037	25,000	22,698	4,200	Harvest Energy Trust		30,660	26,586
135,000	TCNZ Finance Limited 4.75%	10/11/2013	134,817	130,325	1,300	Husky Energy Inc.		41,381	42,289
70,000	TD Banknorth Inc. 4.64%*	09/20/2022	67,784	61,941	9,400	Imperial Oil Limited		413,748	422,248
102,000	TD Capital Trust III 7.24%	12/31/2018	102,000	107,485	2	INPEX Holdings Inc.		19,774	18,569
80,000	TD Capital Trust IV 9.52%	06/30/2019	87,759	96,827	17,900	Keyera Facilities Income Fund		327,035	355,136
87,000	Terasen Gas Inc. 5.90%	02/26/2035	93,207	89,150	834	LUKOIL ADR		58,393	42,899
30,000	Terasen Gas Inc. 6.50%	05/01/2034	28,106	33,173	1,080	Marathon Oil Corporation		48,683	37,784
14,000	Terasen Gas Vancouver Island Inc. 6.05%	02/15/2038	13,990	14,178	18,800	Mullen Group Limited		319,777	235,376
107,000	Tesoro Corporation 6.50%	06/01/2017	97,174	106,296	7,100	Nexen Inc.		199,057	179,417
155,000	Toronto Dominion Bank, The 4.78%	12/14/2105	138,156	143,881	1,400	Niko Resources Ltd.		111,273	112,000
100,000	Toronto Dominion Bank, The 5.14%	11/19/2012	103,900	106,846	617	Occidental Petroleum Corporation		41,891	47,143
397,000	Toronto Dominion Bank, The 5.76%	12/18/2106	390,640	384,213	3,400	Open Range Energy Corporation		12,912	4,760
49,000	Thomson Reuters Corporation 6.00%	03/31/2016	48,884	52,477	4,500	Orleans Energy Ltd.		15,276	9,540
					3,350	Pacific Rubiales Energy Corporation		20,622	31,825
					13,800	Paladin Resources Limited		53,543	62,652
					2,900	Pason Systems Inc.		37,265	26,854
					9,800	Pembina Pipeline Income Fund		140,664	145,628
					400	Pengrowth Energy Trust		8,943	3,660
					4,000	Penn West Energy Trust		53,633	59,160
					7,800	Petro Andina Resources Inc.		86,447	70,200
					10,600	Petro-Canada		343,142	476,152
					28,163	PetroChina Company Limited		34,848	36,311
					3,680	Petrofac Limited		30,797	47,268
					5,500	Precision Drilling Trust		28,599	30,745

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.  
Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund (Unaudited – Continued)

34

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
10,375	Progress Energy Resources Corp.	154,109	104,684	9,950	Phoenix Coal, Inc. Warrants \$2.25 Jun. 25, 2010*	2,587	199
8,200	Provident Energy Trust	48,094	47,068	6,400	Potash Corporation of Saskatchewan Inc.	585,310	692,352
1,528	Santos Limited	19,111	20,887	1,600	Quadra Mining Ltd.	29,874	13,952
300	Savanna Energy Services Corp.	6,075	1,809	4,200	Quebecor Inc. Class B	78,044	83,160
3,800	ShawCor Ltd. Sub. Voting	92,886	76,418	12,300	Red Back Mining Inc.	87,069	124,476
4,500	Storm Exploration Inc.	40,245	52,650	494	Rio Tinto Limited	25,730	24,193
15,100	Suncor Energy, Inc.	649,747	534,087	1,000	Silver Standard Resources Inc.	22,555	21,560
400	Superior Plus Corporation	5,194	4,184	15,200	Silver Wheaton Corporation	148,795	145,616
20,800	Talisman Energy Inc.	321,854	347,568	4,900	Silvercorp Metals Inc.	28,860	19,845
718	Total SA	49,293	45,228	9,300	Sino-Forest Corporation	92,985	114,948
2,800	Trican Well Service Ltd.	47,919	27,860	83	Syngenta AG	21,316	22,413
4,050	Trinidad Drilling Ltd.	20,858	19,845	7,050	Teck Cominco Limited Class B Sub. Voting	96,839	130,777
4,500	Vermilion Energy Trust	144,277	130,590	2,500	Uranium One, Inc.	6,775	6,675
5,250	Xtreme Coil Drilling Corporation	20,475	20,475	3,200	Uranium Participation Corporation	20,960	23,616
		<u>8,341,958</u>	<u>7,970,254</u>	1,275	Vale SA	20,415	22,666
				3,400	Yamana Gold Inc.	36,040	35,020
	<b>Materials (9.9%)</b>					<u>5,404,481</u>	<u>5,728,892</u>
3,700	Agnico-Eagle Mines Limited	238,369	226,699		<b>Industrials (5.8%)</b>		
17,000	Alamos Gold Inc.	135,587	162,180	11,600	Aecon Group Inc.	143,507	133,864
1,215	Alcoa Inc.	33,347	14,569	1,200	AG Growth International Inc.	30,894	32,940
8,600	Andean Resources Limited	14,515	13,846	297	Alstom	20,131	20,444
813	Anglo American PLC	22,912	27,425	9,700	Armtec Infrastructure Income Fund	152,081	171,690
10,300	Anvil Mining Limited	14,375	15,965	1,650	AutoCanada Income Fund	15,215	2,953
28,900	Aurizon Mines Ltd.	138,772	121,091	2,630	Babcock International Group PLC	20,956	24,246
17,000	Barrick Gold Corporation	669,205	663,510	6,945	BAE Systems PLC	51,793	44,969
361	Bayer AG	26,591	22,544	2,178	BE Aerospace, Inc.	43,939	36,264
2,108	BHP Billiton PLC	57,929	55,362	3,000	Bird Construction Income Fund	104,615	74,550
80,100	Breakwater Resources Ltd.	20,619	22,828	33,000	Bombardier Inc. Class B	168,583	113,190
11,364	Capstone Mining Corp.	27,903	29,205	15,800	CAE Inc.	151,177	107,914
48,700	Cathay Forest Products Corp.	55,637	20,941	11,600	Canadian National Railway Company	516,956	579,652
500	CCL Industries Inc. Class B	11,183	11,400	700	Chemtrade Logistics Income Fund	9,632	5,194
8,800	Centamin Egypt Limited	8,369	14,168	4,510	Contrans Income Fund	19,453	23,226
4,500	Centerra Gold Inc.	33,483	23,850	300	East Japan Railway Company	27,507	21,017
23,524	China Zhongwang Holdings Ltd.	25,346	37,384	3,238	Evertz Technologies Limited	36,588	50,286
4,627	Consolidated Thompson Iron Mines Limited	12,030	14,899	500	Fanuc Ltd.	45,125	46,342
1,200	Detour Gold Corporation	14,234	12,384	563	Gazprom ADR	18,506	13,227
8,800	Eldorado Gold Corporation	66,470	91,520	3,062	General Electric Company	66,882	41,626
28,300	Equinox Minerals Limited	64,900	75,561	5,900	Genivar Income Fund	117,629	152,633
3,700	First Quantum Minerals Ltd.	105,401	207,385	20,600	IBI Income Fund	253,681	267,800
3,400	FNX Mining Company Inc.	28,895	27,234	600	IBI Income Fund	7,740	7,691
7,300	Fortress Paper Limited	58,400	49,786	1,900	ICESI-BFC Ltd.	29,793	25,365
1,800	Franco-Nevada Corporation	31,183	50,292	47,500	Jazz Air Income Fund	355,695	155,800
25,300	Gammon Gold, Inc.	230,962	194,810	2,100	Livingston International Income Fund	30,300	9,849
803	GEA Group AG	19,475	14,123	266	LVMH Moet Hennessy Louis Vuitton SA	26,195	23,679
600	Gerdau Ameristeel Corporation	4,183	4,776	1,500	Mitsubishi Corporation	31,299	31,999
20,100	Goldcorp Inc. Sub. Voting	780,608	812,643	300	Nidec Corporation	19,380	21,162
9,000	Golden Star Resources Ltd.	19,141	21,600	24,000	Noble Group Limited	31,826	34,913
204	Holcim Ltd.	15,134	13,513	3,500	Seacliff Construction Corp	39,037	25,795
28,000	IAMGOLD Corporation	259,862	329,840	3,900	SNC-Lavalin Group Inc.	167,166	166,998
800	Inmet Mining Corporation	35,600	33,808	273	Thales SA	14,215	14,186
1,100	Kinross Gold Corp.	23,458	23,320	796	The Boeing Company	48,808	39,298
3,100	Kirkland Lake Gold Inc.	28,331	30,070	593	The Shaw Group Inc.	27,527	18,858
12,200	Labrador Iron Ore Royalty Income Fund	359,842	385,276	3,200	Toromont Industries Ltd.	77,640	76,288
30,400	Lundin Mining Corporation	81,003	100,624	3,149	Transat A.T. Inc. Class B	42,679	33,159
2,600	Major Drilling Group International Inc.	94,665	47,294	200	Transcontinental Inc. Sub. Voting	1,597	1,770
4,400	Migao Corporation	28,489	33,660	300	TransForce, Inc.	1,785	1,767
3,000	Minefinders Corporation Ltd.	30,241	24,150	23,600	Viterra, Inc.	234,918	238,360
12,650	Mirabela Nickel Limited	13,963	29,348	1,100	Viterra, Inc., Restricted	8,800	11,099
4,300	New Gold Inc.	10,383	13,244	850	Waste Management, Inc.	26,878	27,811
5,300	Noranda Income Fund	52,168	14,946	3,400	WestJet Airlines Ltd.	51,664	34,782
3,600	North American Palladium Ltd.	10,336	10,080	34,500	Westshore Terminals Income Fund	534,776	398,130
6,200	Osisko Exploration Ltd.	28,433	40,548			<u>3,824,568</u>	<u>3,362,786</u>
8,558	Paladin Resources Limited	37,813	39,583		<b>Consumer Discretionary (2.6%)</b>		
800	Pan American Silver Corp.	16,370	17,256	2,100	Cervus LP	28,523	25,095
2,600	Phoenix Coal, Inc.	4,212	884				

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.  
Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

-For equities, all common shares unless otherwise noted.



Pinnacle Strategic Balanced Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
5,000	Nomura Holdings, Inc.	36,752	49,076
5,300	Onex Corporation Sub. Voting	146,117	106,000
2,431	QBE Insurance Group Limited	50,606	45,340
2,485	Redecard SA	35,893	44,209
27,700	Royal Bank of Canada	1,257,920	1,315,473
3,000	Sceptre Investment Counsel Limited	13,157	15,420
5,850	Semcan, Inc. Warrants \$1.35 Oct. 21, 2009*	–	–
4	SM Investments Corporation	29	29
500	Sumitomo Mitsui Financial Group Inc.	23,243	23,487
1,657	Sun Hung Kai Properties Limited	21,581	24,038
15,800	Sun Life Financial Inc.	457,981	495,962
4,203	Suncorp-Metway Limited	22,094	26,261
1,989	TMX Group Inc.	85,183	67,228
11,400	Toronto-Dominion Bank, The	718,213	685,026
1,169	UBS AG	20,435	16,632
136	Zurich Financial Services AG	31,674	27,859
		<b>10,074,248</b>	<b>9,757,142</b>

**Information Technology (3.9%)**

300	Aastra Technologies Limited	8,804	8,850
1,095	ASML Holding NV	24,792	27,623
1,100	Capcom Co. Ltd.	29,501	22,939
11,100	Celestica Inc. Sub. Voting	69,731	87,468
12,500	CGI Group Inc. Sub. Voting	131,635	129,250
3,498	Cisco Systems, Inc.	72,363	75,759
1,100	Constellation Software Inc.	22,170	36,300
561	EXFO Electro-Optical Engineering Inc.	2,586	2,076
80	Google Inc.	32,926	39,186
2,346	Intel Corporation	42,571	45,030
100	Keyence Corporation	23,609	23,640
1,800	MacDonald, Dettwiler and Associates Ltd.	56,551	47,520
687	MEMC Electronics Materials, Inc.	23,254	14,208
3,533	Microsoft Corporation	90,701	97,617
6,400	Miranda Technologies Inc.	83,119	28,864
2,000	Nikon Corporation	34,940	39,938
1,123	Nokia Oyj	26,270	19,060
700	Nomura Research Inc.	17,159	18,063
3,588	NVIDIA Corporation	41,372	47,067
1,700	Open Text Corporation	57,494	71,655
3,103	Oracle Corporation	64,494	77,227
40,300	Peer 1 Network Corp.	46,093	42,718
10,000	Research In Motion Limited	576,758	826,800
5,400	Ruggedcom, Inc.	69,653	145,854
300	Samsung Electronics Co., Ltd.	47,666	52,024
15,800	Sandvine Corporation	22,488	21,014
250	SAP AG	11,198	11,722
6,043	Seagate Technology	73,093	73,373
1,600	SXC Health Solutions Corporation	39,669	47,216
2,726	Taiwan Semiconductor Manufacturing Company Limited ADR	29,764	29,773
3,272	Xyratex Ltd.	50,177	18,819
		<b>1,922,601</b>	<b>2,228,653</b>

**Telecommunication Services (2.2%)**

1,500	America Movil SA de CV Series L ADR	63,160	67,466
15,998	BCE Inc.	460,692	383,952
9,150	Bell Aliant Regional Communications Income Fund	245,975	240,828
526	Bouygues SA	27,795	23,005
415	China Mobile (Hong Kong) Limited ADR	20,775	24,148
980	Deutsche Telekom AG	17,934	13,439
8	NTT DoCoMo, Inc.	15,503	13,573
7,300	Rogers Communications Inc. Class B	232,319	218,270
6,000	Telus Corporation	229,247	185,100
4,200	TeraGo Inc.	45,150	18,102
1,168	Vivo Participacoes SA	23,499	25,690

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
20,137	Vodafone Group PLC	53,705	45,256
		<b>1,435,754</b>	<b>1,258,829</b>
	<b>Utilities (1.1%)</b>		
600	Algonquin Power Income Fund	2,044	2,046
2,000	Boralex Inc.	14,509	15,700
2,100	Emera Inc.	43,262	45,633
6,700	Enbridge Income Fund	71,662	76,313
5,100	EPCOR Power L.P.	74,283	77,571
31,476	Huaneng Power International Inc.	25,081	25,766
8,170	International Power PLC	35,978	37,194
2,000	Just Energy Income Fund	24,413	22,560
2,200	Northland Power Income Fund	23,047	21,516
1,300	Pacific Northern Gas Ltd.	21,657	20,436
52,000	Tonbridge Power, Inc.	19,994	12,480
11,500	TransAlta Corporation	278,416	256,565
		<b>634,346</b>	<b>613,780</b>
	<b>Short-Term Notes (2.8%)</b>	<b>1,599,234</b>	<b>1,599,234</b>
	<b>Total Investments (99.7%)</b>	<b>58,728,192</b>	<b>57,414,287</b>
	<b>Futures Contracts (0.0%)</b>	–	8,214
	<b>Currency Forward Contracts (0.0%)</b>	–	(23,615)
	<b>Total Investment Portfolio (99.7%)</b>	<b>58,728,192</b>	<b>57,398,886</b>
	<b>Other Assets, Less Liabilities (0.3%)</b>		<b>204,384</b>
	Net Assets (100.0%)		<b>57,603,270</b>

\* This security is not actively traded.

**Short-Term Notes**

Face Amount \$	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
250,000	Canadian Imperial Bank of Commerce 0.26%	07/22/2009	249,962	249,962
100,000	Canadian Imperial Bank of Commerce 0.26%	08/14/2009	99,968	99,968
100,000	Canadian Imperial Bank of Commerce 0.28%	08/18/2009	99,963	99,963
100,000	Canadian Imperial Bank of Commerce 0.27%	09/08/2009	99,947	99,947
200,000	Canadian Imperial Bank of Commerce 0.28%	09/25/2009	199,868	199,868
100,000	Canadian Imperial Bank of Commerce 0.29%	09/30/2009	99,928	99,928
400,000	Province of Nova Scotia 0.26%	09/18/2009	399,776	399,776
250,000	Province of Ontario 0.26%	09/16/2009	249,863	249,863
100,000	Toronto-Dominion Bank, The 0.24%	09/01/2009	99,959	99,959
	<b>Total Short-Term Notes</b>		<b>1,599,234</b>	<b>1,599,234</b>

Portfolio Advisor: Connor, Clark & Lunn Investment Management Ltd.  
Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio  
As at June 30, 2009

**Futures Contracts**

<b>Futures</b>	<b>Contracts</b>	<b>Expiration Date</b>	<b>Exercise Value</b>	<b>Fair Value (\$)</b>
Australian 10 Year Bond Future	1	09/15/2009	99,781	103,467
Euro-Bund Future	1	09/08/2009	194,235	197,482
UK Treasury Bond Future	1	09/28/2009	60,995	61,741
US Treasury Bond Future	(2)	09/21/2009	277,041	274,644
US Treasury Notes 5 Year Future	(4)	09/30/2009	528,992	533,131
US Treasury Notes 10 Year Future	1	09/21/2009	136,187	134,980
			<u>1,297,231</u>	<u>1,305,445</u>
<b>Total</b>				<u>8,214</u>

The futures contracts outstanding at June 30, 2009 are placed with a financial institution with a credit rating of A+ by Standard & Poor's.

# Pinnacle Strategic Balanced Fund (Unaudited – Continued)

## Statement of Investment Portfolio

As at June 30, 2009

### Currency Forward Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation / (Depreciation)
09/18/2009	Canadian Dollar	445,252	U.S. Dollar	392,500	(10,575)
09/18/2009	Canadian Dollar	549,050	U.S. Dollar	484,000	(13,040)
<b>Total Currency Forward Contracts</b>					<b>(23,615)</b>

The currency forward contracts outstanding at June 30, 2009 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, 2009	December 31, 2008
Bonds and Debentures – Federal	7.9	9.9
Bonds and Debentures – Provincial	8.6	6.4
Bonds and Debentures – Corporate	19.2	19.6
Energy	13.8	13.3
Materials	9.9	5.6
Industrials	5.8	5.2
Customer Discretionary	2.6	2.9
Consumer Staples	2.6	2.8
Health Care	2.4	2.6
Financials	16.9	13.2
Information Technology	3.9	3.5
Telecommunication Services	2.2	2.9
Utilities	1.1	1.2
Money Market Instruments	2.8	10.0
Futures Contracts	–	–
Currency Forward Contracts	–	–

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

Effective August 5, 2009, the portfolio advisor changed to Gryphon Investment Counsel Inc.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle Strategic Balanced Fund (the “Fund”) is to achieve superior long term returns through a combination of capital growth and income by investing primarily in large capitalization stocks of Canadian corporations and Canadian government bonds. The weighting of the Fund’s portfolio will be allocated between asset classes within specified ranges: 40% – 80% equities; 20% – 60% fixed income securities; 0% – 30% short term money market securities and cash.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	3,255,211	(1,017,916)	2,237,295	3.9
Pound Sterling	580,572	–	580,572	1.0
European Euro	479,754	–	479,754	0.8
Japanese Yen	467,591	–	467,591	0.8
Hong Kong Dollar	418,725	–	418,725	0.7
Australian Dollar	263,068	–	263,068	0.5
Swiss Franc	222,392	–	222,392	0.4
Thailand Baht	45,296	–	45,296	0.1
Brazilian Real	44,209	–	44,209	0.1
Singapore Dollar	34,728	–	34,728	0.1
Danish Krone	18,198	–	18,198	–
Yuan Renminbi	1,465	–	1,465	–
Malaysian Ringgit	90	–	90	–
Philippine Peso	30	–	30	–
<b>Total</b>	<b>5,831,329</b>	<b>(1,017,916)</b>	<b>4,813,413</b>	<b>8.4</b>

## Pinnacle Strategic Balanced Fund (Unaudited – Continued)

40

### Discussion of Financial Instrument Risk

As at June 30, 2009

**December 31, 2008**

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	5,539,625	(1,257,639)	4,281,986	5.6
European Euro	1,593,758	(82,828)	1,510,930	2.0
Japanese Yen	1,038,345	–	1,038,345	1.4
British Pound	890,966	–	890,966	1.2
Swiss Franc	646,332	–	646,332	0.9
Hong Kong Dollar	334,411	–	334,411	0.4
Australian Dollar	330,961	–	330,961	0.4
Malaysian Ringgit	97	–	97	–
Philippine Peso	20	–	20	–
Singapore Dollar	–22	–	–22	–
<b>Total</b>	<b>10,374,493</b>	<b>(1,340,467)</b>	<b>9,034,026</b>	<b>11.9</b>

The amounts in the above tables are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, 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 approximately \$481,341, 0.8% of the Fund's Net Assets (December 31, 2008-\$903,403, 1.2% of the Fund's Net Assets ). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009, 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 \$336,378, 0.6% of the Fund's Net Assets (December 31, 2008-\$481,564, 0.6% of the Fund's Net Assets ). The Fund's sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

Interest Rate Exposure*	June 30, 2009 (\$)	December 31, 2008 (\$)
Less than 1 Year	139,246	8,114,118
1-3 years	1,948,481	565,932
3-5 years	4,724,817	8,447,590
5-10 years	5,209,490	7,430,862
10 years	8,520,151	10,305,956
<b>Total</b>	<b>20,542,185</b>	<b>34,864,458</b>

\* Excludes cash and cash equivalents and preferred shares as applicable

## Discussion of Financial Instrument Risk

As at June 30, 2009

**E. Credit risk**

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. The market 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 Fund enters 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 a sufficient, 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 disclosed in Note 9.

Debt instruments including preferred shares but, excluding cash and cash equivalents held by the Fund have credit ratings as follows:

	June 30, 2009		December 31, 2008	
	Percentage of Total Fixed-Income Securities (%)	Percentage of Net Assets (%)	Percentage of Total Fixed-Income Securities (%)	Percentage of Net Assets (%)
A- to AAA+	84.7	30.2	73.1	26.3
B- to BBB+	9.5	3.4	8.1	2.9
C- to CCC+	0.3	0.1	0.7	0.2
NR or other	5.5	1.9	17.6	6.3
<b>Total</b>	<b>100.0</b>	<b>35.7</b>	<b>99.5</b>	<b>35.7</b>

**F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its blended benchmark stock indices of, 40% S&P/TSX Composite Index, 50% DEX Universe Bond Index and 10% Morgan Stanley Capital International All Country World ex-Canada Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$6,163,550, 10.7% of the Fund's total Net Assets (December 31, 2008-\$4,364,136, 5.7% of the Fund's total Net Assets ). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Canadian Value Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$103,741,684	\$89,604,789
Cash	53,008	873,300
Subscriptions receivable	69,157	11,127
Accrued investment income	271,612	301,480
Prepaid expense	2,872	2,872
	<u>104,138,333</u>	<u>90,793,568</u>
<b>Liabilities</b>		
Payable for securities purchased	193,437	–
Redemptions payable	160,731	68,659
Accrued expenses	59,679	87,185
	<u>413,847</u>	<u>155,844</u>
Net Assets representing unitholders' equity	<u>\$103,724,486</u>	<u>\$90,637,724</u>
<b>Net Assets per class</b>		
Class A Units	\$103,545,512	\$90,637,724
Class F Units	\$ 178,974	\$ –
<b>Units outstanding</b>		
Class A Units	6,786,506	7,118,144
Class F Units	11,760	–
<b>Net Assets per unit</b>		
Class A Units	\$ 15.26	\$ 12.73
Class F Units	\$ 15.22	\$ –

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 1,382,733	\$ 1,436,810
Interest	58,002	111,131
Securities lending	1,916	25,456
	<u>1,442,651</u>	<u>1,573,397</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	289	–
Legal fees	2,347	1,052
Audit fees	12,631	10,606
Custody fees	9,039	10,194
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	12,685	13,073
Unitholder administration, service fees and GST	67,804	80,826
	<u>112,745</u>	<u>123,664</u>
Absorbed expenses	(5)	–
Net expenses	<u>112,740</u>	<u>123,664</u>
Net investment income (loss)	<u>1,329,911</u>	<u>1,449,733</u>
Net realized gain (loss) on investments sold	(12,408,393)	4,794,483
Net realized gain (loss) on foreign exchange	1,232	(513)
Transaction costs	(104,807)	(22,026)
Change in unrealized appreciation (depreciation) of investments	28,549,608	(2,827,813)
Change in unrealized appreciation (depreciation) of currency forwards	–	5
Change in unrealized appreciation (depreciation) of foreign exchange	36	(10)
Net gain (loss) on investments and transaction costs	<u>16,037,676</u>	<u>1,944,126</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<b>\$ 17,367,587</b>	<b>\$ 3,393,859</b>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 17,355,590	\$ 3,393,859
Class F Units+	\$ 11,997	\$ –
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 2.46	\$ 0.50
Class F Units+	\$ 2.31	\$ –

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 90,637,724	\$143,143,238
Increase (decrease) in Net Assets from operations		
Class A Units	17,355,590	3,393,859
Class F Units+	11,997	–
	<u>17,367,587</u>	<u>3,393,859</u>
Distributions to unitholders		
From net investment income		
Class A Units	–	402
Class F Units+	–	–
	<u>–</u>	<u>402</u>
Unit Transactions		
Proceeds from issue		
Class A Units	14,270,185	16,106,152
Class F Units+	193,061	–
Reinvested distributions		
Class A Units	–	(402)
Class F Units+	–	–
Payments on redemption		
Class A Units	(18,717,987)	(21,325,638)
Class F Units+	(26,084)	–
	<u>(4,280,825)</u>	<u>(5,219,888)</u>
Increase (decrease) in Net Assets		
Class A Units	12,907,788	(1,825,627)
Class F Units+	178,974	–
	<u>13,086,762</u>	<u>(1,825,627)</u>
<b>Net Assets – End of Period</b>		
Class A Units	103,545,512	141,317,611
Class F Units+	178,974	–
	<u>\$103,724,486</u>	<u>\$141,317,611</u>

+ Start date February 17, 2009

Pinnacle Canadian Value Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (29.2%)</b>			
39,600	Cameco Corporation	790,124	1,177,704
78,600	Canadian Natural Resources Limited	2,396,622	4,809,534
98,800	EnCana Corporation	4,465,353	5,697,796
124,500	Nexen Inc.	2,411,258	3,146,115
53,400	Penn West Energy Trust	819,620	789,786
81,600	Petro-Canada	2,087,336	3,665,472
87,200	Savana Energy Services Corp.	605,618	525,816
137,400	Suncor Energy, Inc.	3,077,083	4,859,838
274,100	Talisman Energy Inc.	2,329,858	4,580,211
32,000	TransCanada Corporation	1,008,000	999,680
		<u>19,990,872</u>	<u>30,251,952</u>
<b>Materials (15.9%)</b>			
92,300	Agrium Inc.	4,755,458	4,287,335
164,900	Barrick Gold Corporation	7,176,957	6,436,047
162,190	Cascades Inc.	555,446	750,940
24,016	Domtar Corporation	577,601	461,587
181,800	Gerdau Ameristeel Corporation	1,981,919	1,447,128
47,500	Methanex Corporation	701,360	669,750
113,700	NOVA Chemicals Corporation	1,850,555	782,256
16,200	Potash Corporation of Saskatchewan Inc.	1,557,501	1,752,516
		<u>19,156,797</u>	<u>16,587,559</u>
<b>Industrials (8.1%)</b>			
50,300	Canadian National Railway Company	1,356,615	2,513,491
46,600	CP Railway Limited	2,391,164	2,152,920
86,500	Russel Metals Inc.	1,488,969	1,300,095
468,700	Sherrit International Corporation	1,362,267	2,437,240
		<u>6,599,015</u>	<u>8,403,746</u>
<b>Consumer Discretionary (4.5%)</b>			
18,300	Canadian Tire Corporation, Limited	838,509	1,006,500
45,900	Gildan Activewear Inc. Sub. Voting	383,461	790,857
11,500	Magna International Inc. Sub. Voting	790,932	567,525
119,000	RONA inc.	1,448,363	1,512,490
22,500	Thomson Reuters Corporation	803,544	761,625
		<u>4,264,809</u>	<u>4,638,997</u>
<b>Consumer Staples (2.0%)</b>			
128,000	Maple Leaf Foods Inc.	1,363,678	1,117,440
24,800	Metro Inc. Sub-Voting	944,523	939,424
		<u>2,308,201</u>	<u>2,056,864</u>
<b>Financials (33.3%)</b>			
189,400	Bank of Nova Scotia, The	5,923,949	8,223,748
104,100	Canadian Imperial Bank of Commerce	5,937,523	6,053,415
152,200	Manulife Financial Corporation	3,558,060	3,072,918
170,200	Royal Bank of Canada	6,580,875	8,082,798
151,400	Toronto-Dominion Bank, The	6,045,737	9,097,626
		<u>28,046,144</u>	<u>34,530,505</u>
<b>Telecommunication Services (6.7%)</b>			
39,100	BCE Inc.	1,096,062	938,400
111,600	Rogers Communications Inc. Class B	3,381,920	3,336,840
89,900	TELUS Corporation Non-Voting	2,915,724	2,697,000
		<u>7,393,706</u>	<u>6,972,240</u>
<b>Short-Term Notes (0.3%)</b>			
		299,821	299,821
<b>Total Investment Portfolio (100.0%)</b>			
		<u>88,059,365</u>	<u>103,741,684</u>
<b>Other Assets, Less Liabilities (0.0%)</b>			
			(17,198)
<b>Net Assets (100.0%)</b>			
			<u><u>103,724,486</u></u>

Short-Term Notes

Face Amount \$	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
300,000	Royal Bank of Canada 0.25%	09/29/2009	299,821	299,821

Total Short-Term Notes

Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	29.2	25.2
Materials	15.9	9.1
Industrials	8.1	11.0
Consumer Discretionary	4.5	7.1
Consumer Staples	2.0	2.7
Financials	33.3	33.0
Information Technology	–	5.2
Telecommunication Services	6.7	5.6
Money Market Instruments	0.3	–

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Canadian Value Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in securities of Canadian corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund did not have a significant exposure to currency risk.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, S&P/TSX Composite Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$10,683,622, 10.3% of the Fund’s Net Assets (December 31, 2008-\$9,050,084, 10.0% of the Fund’s Net Assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Canadian Mid Cap Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$42,205,028	\$36,206,468
Cash	112,915	61,163
Subscriptions receivable	41,273	11,428
Accrued investment income	85,678	87,453
Prepaid expense	2,872	2,872
	<u>42,447,766</u>	<u>36,369,384</u>
<b>Liabilities</b>		
Redemptions payable	58,339	26,192
Accrued expenses	46,800	66,378
	<u>105,139</u>	<u>92,570</u>
Net Assets representing unitholders' equity	<u>\$42,342,627</u>	<u>\$36,276,814</u>
<b>Net Assets per class</b>		
Class A Units	\$42,330,190	\$36,276,814
Class F Units	\$ 12,437	\$ -
<b>Units outstanding</b>		
Class A Units	4,175,045	4,222,529
Class F Units	1,227	-
<b>Net Assets per unit</b>		
Class A Units	\$ 10.14	\$ 8.59
Class F Units	\$ 10.14	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 293,226	\$ 422,918
Interest	116,680	15,030
Securities lending	5,545	5,456
	<u>415,451</u>	<u>443,404</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	23	-
Legal fees	2,495	1,052
Audit fees	10,512	8,863
Custody fees	4,964	5,271
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	9,134	10,536
Unitholder administration, service fees and GST	57,325	55,984
	<u>92,403</u>	<u>89,619</u>
Absorbed expenses	(5)	-
Net expenses	<u>92,398</u>	<u>89,619</u>
Net investment income (loss)	<u>323,053</u>	<u>353,785</u>
Net realized gain (loss) on investments sold	(2,480,793)	1,675,638
Net realized gain (loss) on foreign exchange	55	(28)
Transaction costs	(30,143)	(179,449)
Change in unrealized appreciation (depreciation) of investments	8,778,283	(5,341,964)
Change in unrealized appreciation (depreciation) of foreign exchange	(3)	25
Net gain (loss) on investments and transaction costs	<u>6,267,399</u>	<u>(3,845,778)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 6,590,452</u>	<u>\$(3,491,993)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 6,589,830	\$(3,491,993)
Class F Units+	\$ 622	-
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 1.54	\$ (0.97)
Class F Units+	\$ 1.01	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$36,276,814	\$51,974,624
Increase (decrease) in Net Assets from operations		
Class A Units	6,589,830	(3,491,993)
Class F Units+	622	-
	<u>6,590,452</u>	<u>(3,491,993)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	8,575,687	6,619,337
Class F Units+	11,938	-
Payments on redemption		
Class A Units	(9,112,141)	(6,673,141)
Class F Units+	(123)	-
	<u>(524,639)</u>	<u>(53,804)</u>
Increase (decrease) in Net Assets		
Class A Units	6,053,376	(3,545,797)
Class F Units+	12,437	-
	<u>6,065,813</u>	<u>(3,545,797)</u>
<b>Net Assets – End of Period</b>		
Class A Units	42,330,190	48,428,827
Class F Units+	12,437	-
	<u>\$42,342,627</u>	<u>\$48,428,827</u>

+ Start date February 17, 2009

Portfolio Advisor: Montrusco Bolton Investments Inc.

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

# Pinnacle Canadian Mid Cap Equity Fund (Unaudited – Continued)

46

## Statement of Investment Portfolio As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (23.5%)</b>			
31,775	Addax Petroleum Corporation	1,266,344	1,563,330
13,750	Crescent Point Energy Trust	427,773	471,350
159,425	Crew Energy Inc.	963,952	822,633
278,925	Highpine Oil & Gas Limited	2,827,655	1,216,113
35,573	Pason Systems Inc.	541,455	329,406
10,675	Petro-Canada	561,469	479,521
122,625	Talisman Energy Inc.	2,187,937	2,049,064
163,817	TriStar Oil & Gas Ltd.	2,104,011	1,797,072
41,761	Vermilion Energy Trust	1,354,724	1,211,904
		<u>12,235,320</u>	<u>9,940,393</u>
<b>Materials (13.6%)</b>			
16,400	Agnico-Eagle Mines Limited	869,830	1,004,828
151,919	Alamos Gold Inc.	1,306,989	1,449,307
95,466	Jaguar Mining Inc.	967,556	839,146
66,450	Major Drilling Group International Inc.	2,583,899	1,208,726
121,950	Yamana Gold Inc.	1,766,452	1,256,085
		<u>7,494,726</u>	<u>5,758,092</u>
<b>Industrials (11.4%)</b>			
94,324	CAE Inc.	1,073,821	644,233
41,600	Finning International Inc.	1,006,834	693,888
46,435	Newalta Inc.	787,801	264,215
41,050	Ritchie Bros. Auctioneers Incorporated	1,019,583	1,117,381
31,600	Stantec Inc.	971,898	879,744
73,100	Transat A.T. Inc. Class B	1,853,380	769,743
47,581	WestJet Airlines Ltd.	737,375	486,754
		<u>7,450,692</u>	<u>4,855,958</u>
<b>Consumer Discretionary (7.5%)</b>			
27,075	Dorel Industries Inc. Class B Sub. Voting	755,324	725,881
50,313	Gildan Activewear Inc. Sub. Voting	1,448,658	866,893
60,725	North West Company Fund	1,138,719	913,911
54,183	RONA inc.	1,056,486	688,666
		<u>4,399,187</u>	<u>3,195,351</u>
<b>Consumer Staples (5.7%)</b>			
43,208	Metro Inc. Sub-Voting	1,238,623	1,636,719
15,050	Shoppers Drug Mart Corporation	656,540	751,898
		<u>1,895,163</u>	<u>2,388,617</u>
<b>Health Care (2.2%)</b>			
75,700	CML Healthcare Income Fund	1,141,093	956,091
<b>Financials (23.6%)</b>			
126,825	Canadian Western Bank	3,122,050	2,145,879
56,179	GMP Capital, Inc.	1,028,788	575,835
68,975	Home Capital Group Inc. Class B Sub. Voting	2,202,882	2,072,699
12,175	IGM Financial, Inc.	528,893	499,540
53,713	Industrial Alliance Insurance and Financial Services Inc.	1,424,133	1,383,110
37,325	Power Financial Corporation	636,522	1,023,451
67,300	TMX Group Inc.	2,378,108	2,274,740
		<u>11,321,376</u>	<u>9,975,254</u>
<b>Information Technology (10.1%)</b>			
265,323	CGI Group Inc. Sub. Voting	2,650,198	2,743,440
51,242	SXC Health Solutions Corporation	874,163	1,512,151
		<u>3,524,361</u>	<u>4,255,591</u>
<b>Short-Term Notes (2.1%)</b>			
		879,681	879,681
<b>Total Investment Portfolio (99.7%)</b>			
		<u>50,341,599</u>	<u>42,205,028</u>
<b>Other Assets, Less Liabilities (0.3%)</b>			
			137,599
<b>Net Assets (100.0%)</b>			
			<u><b>42,342,627</b></u>

### Short-Term Notes

Face Amount \$	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
100,000	Government of Canada Treasury Bills 0.15%	08/06/2009	99,984	99,984
70,000	Government of Canada Treasury Bills 0.16%	08/20/2009	69,985	69,985
460,000	Government of Canada Treasury Bills 0.21%	09/03/2009	459,830	459,830
250,000	Government of Canada Treasury Bills 0.22%	09/17/2009	249,882	249,882
<b>Total Short-Term Notes</b>			<u>879,681</u>	<u>879,681</u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	23.5	24.5
Materials	13.6	12.2
Industrials	11.4	13.8
Consumer Discretionary	7.5	8.2
Consumer Staples	5.7	5.2
Health Care	2.2	3.2
Financials	23.6	19.0
Information Technology	10.1	11.2
Money Market Instruments	2.1	2.5

Portfolio Advisor: Montrusco Bolton Investments Inc.

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

-For equities, all common shares unless otherwise noted.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Canadian Mid Cap Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization Canadian corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund did not have a significant exposure to currency risk.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock index, using a historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, S&P/TSX Completion Index as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$4,064,892, 9.6% of the Fund’s Net Assets (December 31, 2008-\$3,319,175, 9.1% of the Fund’s Net Assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Canadian Growth Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$112,343,344	\$108,005,562
Cash	1,777,750	–
Subscriptions receivable	77,025	122,219
Receivable for securities sold	1,395,265	1,896,306
Accrued investment income	294,725	338,681
Prepaid expense	2,872	2,872
	<u>115,890,981</u>	<u>110,365,640</u>
<b>Liabilities</b>		
Bank overdraft	–	975,056
Payable for securities purchased	994,393	151,651
Redemptions payable	192,716	99,057
Accrued expenses	60,138	91,433
	<u>1,247,247</u>	<u>1,317,197</u>
Net Assets representing unitholders' equity	<u>\$114,643,734</u>	<u>\$109,048,443</u>
<b>Net Assets per class</b>		
Class A Units	\$114,604,949	\$109,048,443
Class F Units	\$ 38,785	\$ –
<b>Units outstanding</b>		
Class A Units	11,172,862	13,041,456
Class F Units	3,790	–
<b>Net Assets per unit</b>		
Class A Units	\$ 10.26	\$ 8.36
Class F Units	\$ 10.23	\$ –

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 1,448,914	\$ 3,603,487
Interest	327,065	316,811
Securities lending	11,238	27,332
Less: Foreign withholding taxes	(695)	–
	<u>1,786,522</u>	<u>3,947,630</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	128	–
Legal fees	2,362	1,052
Audit fees	12,987	10,606
Custody fees	22,728	24,863
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	12,446	11,495
Unitholder administration, service fees and GST	66,230	76,332
	<u>124,831</u>	<u>132,261</u>
Absorbed expenses	(2)	–
Net expenses	<u>124,829</u>	<u>132,261</u>
Net investment income (loss)	<u>1,661,693</u>	<u>3,815,369</u>
Net realized gain (loss) on investments sold	(29,926,352)	4,797,776
Net realized gain (loss) on foreign exchange	119	985
Transaction costs	(474,815)	(504,529)
Change in unrealized appreciation (depreciation) of investments	50,840,220	(5,656,314)
Change in unrealized appreciation (depreciation) of currency forwards	–	38
Change in unrealized appreciation (depreciation) of foreign exchange	47	36
Net gain (loss) on investments and transaction costs	<u>20,439,219</u>	<u>(1,362,008)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 22,100,912</u>	<u>\$ 2,453,361</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 22,094,545	\$ 2,453,361
Class F Units+	\$ 6,367	\$ –
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 1.83	\$ 0.21
Class F Units+	\$ 1.87	\$ –

Portfolio Advisor: Aurion Capital Management Inc.

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

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$109,048,443	\$176,798,330
Increase (decrease) in Net Assets from operations		
Class A Units	22,094,545	2,453,361
Class F Units+	6,367	–
	<u>22,100,912</u>	<u>2,453,361</u>
Unit Transactions		
Proceeds from issue		
Class A Units	12,962,233	19,719,105
Class F Units+	53,824	–
Payments on redemption		
Class A Units	(29,500,272)	(25,375,776)
Class F Units+	(21,406)	–
	<u>(16,505,621)</u>	<u>(5,656,671)</u>
Increase (decrease) in Net Assets		
Class A Units	5,556,506	(3,203,310)
Class F Units+	38,785	–
	<u>5,595,291</u>	<u>(3,203,310)</u>
<b>Net Assets – End of Period</b>		
Class A Units	114,604,949	173,595,020
Class F Units+	38,785	–
	<u>\$114,643,734</u>	<u>\$173,595,020</u>

+ Start date February 17, 2009

# Pinnacle Canadian Growth Equity Fund (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (27.6%)</b>				<b>Financials (31.8%)</b>			
61,700	ARC Energy Trust	1,038,854	1,098,877	100,800	Brookfield Asset Management Inc. Limited Voting	2,658,079	2,005,920
35,100	Baytex Energy Trust	525,738	685,152	79,100	Canadian Imperial Bank of Commerce	4,267,539	4,599,665
19,800	Cameco Corporation	472,701	588,852	167,100	CI Financial Corporation	2,562,980	3,186,597
56,901	Canadian Natural Resources Limited	3,055,623	3,481,772	25,300	Dundee Corporation	355,207	171,028
27,900	Canadian Oil Sands Trust	726,826	775,341	195,400	DundeeWealth Inc.	2,584,848	1,678,486
56,400	Enbridge Inc.	2,082,979	2,276,304	3,662	E-L Financial Corporation Limited	3,789,481	1,362,264
98,500	EnCana Corporation	5,851,734	5,680,495	62,300	Gluskin Shef + Associates Inc. Sub. Voting	609,750	1,000,538
93,200	Fairborne Energy Ltd.	672,212	342,044	90,500	GMP Capital, Inc.	1,297,153	927,625
22,900	Imperial Oil Limited	936,393	1,028,668	51,000	Intact Financial Corporation	1,543,990	1,729,410
40,900	Nexen Inc.	892,979	1,033,543	170,280	Manulife Financial Corporation	3,789,481	3,437,953
176,600	Suncor Energy, Inc.	6,614,176	6,246,342	43,200	Onex Corporation Sub. Voting	1,017,454	864,000
123,200	Talisman Energy Inc.	1,645,436	2,058,672	141,370	Royal Bank of Canada	5,748,231	6,713,662
150,900	TransCanada Corporation	4,795,007	4,714,116	41,100	Sun Life Financial Inc.	1,130,697	1,290,129
88,100	TriStar Oil & Gas Ltd.	1,016,948	966,457	124,000	Toronto-Dominion Bank, The	6,566,115	7,451,160
415,800	UTS Energy Corp.	1,287,622	648,648			<u>35,416,396</u>	<u>36,418,437</u>
		<u>31,615,228</u>	<u>31,625,283</u>				
<b>Materials (15.0%)</b>				<b>Information Technology (5.8%)</b>			
131,100	Barrick Gold Corporation	4,887,871	5,116,833	192,680	COM DEV International Ltd.	896,981	552,992
979,200	Breakwater Resources Ltd.	1,836,327	279,072	148,900	Genuum Corporation	1,687,707	592,622
594,800	Equinox Minerals Limited	1,546,739	1,588,116	66,920	Research In Motion Limited	5,062,345	5,532,945
68,943	Goldcorp Inc. Sub. Voting	2,361,941	2,787,365			<u>7,647,033</u>	<u>6,678,559</u>
70,599	Kinross Gold Corp.	1,336,826	1,496,699				
34,490	Potash Corporation of Saskatchewan Inc.	3,846,400	3,731,128	<b>Telecommunication Services (4.5%)</b>			
414,900	San Gold Corporation	824,177	945,972	123,700	BCE Inc.	2,968,245	2,968,800
77,100	Sino-Forest Corporation	848,100	952,956	39,390	Rogers Communications Inc. Class B	1,267,283	1,177,761
31,400	Yamana Gold Inc.	334,138	323,420	34,900	TELUS Corporation Non-Voting	1,175,680	1,047,000
		<u>17,822,519</u>	<u>17,221,561</u>			<u>5,411,208</u>	<u>5,193,561</u>
<b>Industrials (5.4%)</b>				<b>Total Investment Portfolio (98.0%)</b>			
413,750	Bombardier Inc. Class B	1,743,187	1,419,163			<u>117,331,599</u>	<u>112,343,344</u>
37,500	Canadian National Railway Company	1,560,236	1,873,875	<b>Other Assets, Less Liabilities (2.0%)</b>			
484,530	Jazz Air Income Fund	3,526,577	1,589,258				<u>2,300,390</u>
5,800	SNC-Lavalin Group Inc.	247,905	248,356	<b>Net Assets (100.0%)</b>			
64,300	Viterra, Inc.	604,913	649,430				<u>114,643,734</u>
37,700	Westjet Airlines Ltd.	562,775	385,671				
		<u>8,245,593</u>	<u>6,165,753</u>				
<b>Consumer Discretionary (3.8%)</b>				<b>Summary of Investment Portfolio</b>			
71,600	Great Canadian Gaming Corporation,	767,742	330,076			<b>Percentage of Net Assets (%)</b>	
231,700	Groupe Aeroplan, Inc.	3,204,371	1,909,208	<b>Investment Category</b>	<b>June 30, 2009</b>	<b>December 31, 2008</b>	
29,500	Shaw Communications Inc. Class B Non-Voting	563,011	577,315	Energy	27.6	24.6	
54,000	Tim Hortons, Inc.	1,562,869	1,534,680	Materials	15.0	15.0	
		<u>6,097,993</u>	<u>4,351,279</u>	Industrials	5.4	6.5	
<b>Consumer Staples (2.9%)</b>				Consumer Discretionary	3.8	4.2	
36,600	Alimentation Couche-Tard Inc. Class B Sub. Voting	706,703	513,132	Consumer Staples	2.9	2.8	
19,400	Metro Inc. Sub. Voting	702,280	734,872	Health Care	1.2	2.5	
42,600	Shoppers Drug Mart Corporation	1,840,137	2,128,296	Financials	31.8	32.9	
		<u>3,249,120</u>	<u>3,376,300</u>	Information Technology	5.8	4.6	
<b>Health Care (1.2%)</b>				Telecommunication Services	4.5	5.4	
359,500	BioMS Medical Corp.	1,144,483	999,410	Utilites	-	0.5	
54,650	BioMS Medical Corp. Warrants \$4.00 May 23, 2010*	22,953	-				
32,750	BioMS Medical Corp. Warrants \$4.00 May 30, 2010*	-	-				
70,700	Cardiome Pharma Corp.	659,073	313,201				
		<u>1,826,509</u>	<u>1,312,611</u>				

\* This security is not actively traded.

Portfolio Advisor: Aurion Capital Management Inc.

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

-For equities, all common shares unless otherwise noted.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Canadian Growth Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing in stocks of large and medium capitalization Canadian corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2009 and December 31, 2008, the Fund did not have a significant exposure to currency risk.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, S&P/TSX Composite Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$12,381,523, 10.8% of the Fund’s Net Assets (December 31, 2008-\$11,772,606, 10.8% of the Fund’s Net Assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

Statement of Net Assets  
As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$61,800,969	\$49,773,417
Cash	–	71,037
Receivable for currency spot contracts	147	–
Subscriptions receivable	348,997	3,345
Receivable for securities sold	554,420	181,384
Accrued investment income	203,423	323,771
Prepaid expense	4,153	4,153
	<u>62,912,109</u>	<u>50,357,107</u>
<b>Liabilities</b>		
Bank overdraft	278,911	–
Payable for securities purchased	905,242	579
Redemptions payable	64,166	103,125
Accrued expenses	54,925	79,036
	<u>1,303,244</u>	<u>182,740</u>
Net Assets representing unitholders' equity	<u>\$61,608,865</u>	<u>\$50,174,367</u>
<b>Net Assets per class</b>		
Class A Units	\$54,904,888	\$50,174,367
Class F Units	\$ 29,887	\$ –
Class I Units	\$ 6,674,090	\$ –
<b>Units outstanding</b>		
Class A Units	4,020,859	4,310,506
Class F Units	2,190	–
Class I Units	488,020	–
<b>Net Assets per unit</b>		
Class A Units	\$ 13.66	\$ 11.64
Class F Units	\$ 13.65	\$ –
Class I Units	\$ 13.68	\$ –

Statement of Operations  
For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 326,464	\$ 497,600
Interest	1,187,696	1,065,723
Securities lending	2,398	1,750
	<u>1,516,558</u>	<u>1,565,073</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	39	–
Legal fees	2,372	1,052
Audit fees	11,833	9,484
Custody fees	15,740	11,396
Filing fees	7,826	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	13,148	12,087
Unitholder administration, service fees and GST	64,747	70,818
	<u>116,833</u>	<u>112,750</u>
Absorbed expenses	(5)	–
Net expenses	<u>116,828</u>	<u>112,750</u>
Net investment income (loss)	<u>1,399,730</u>	<u>1,452,323</u>
Net realized gain (loss) on investments sold	(1,113,255)	2,895,655
Net realized gain (loss) on foreign exchange	(2,034)	(129)
Transaction costs	(39,002)	(23,111)
Change in unrealized appreciation (depreciation) of investments	8,435,617	(9,389,358)
Change in unrealized appreciation (depreciation) of currency spot contracts	147	–
Change in unrealized appreciation (depreciation) of foreign exchange	(94)	50
Net gain (loss) on investments and transaction costs	<u>7,281,379</u>	<u>(6,516,893)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 8,681,109</u>	<u>\$(5,064,570)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 8,142,214	\$(5,064,570)
Class F Units+	\$ 1,099	\$ –
Class I Units++	\$ 537,796	\$ –
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 1.92	\$ (1.13)
Class F Units+	\$ 1.40	\$ –
Class I Units++	\$ 2.73	\$ –

Statement of Changes in Net Assets  
For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 50,174,367	\$102,542,398
Increase (decrease) in Net Assets from operations		
Class A Units	8,142,214	(5,064,570)
Class F Units+	1,099	–
Class I Units++	537,796	–
	<u>8,681,109</u>	<u>(5,064,570)</u>
<b>Unit Transactions</b>		
Proceeds from issue		
Class A Units	7,321,158	9,712,684
Class F Units+	28,911	–
Class I Units++	6,207,702	–
Payments on redemption		
Class A Units	(10,732,851)	(13,970,060)
Class F Units+	(123)	–
Class I Units++	(71,408)	–
	<u>2,753,389</u>	<u>(4,257,376)</u>
Increase (decrease) in Net Assets		
Class A Units	4,730,521	(9,321,946)
Class F Units+	29,887	–
Class I Units++	6,674,090	–
	<u>11,434,498</u>	<u>(9,321,946)</u>
<b>Net Assets – End of Period</b>		
Class A Units	54,904,888	93,220,452
Class F Units+	29,887	–
Class I Units++	6,674,090	–
	<u>\$ 61,608,865</u>	<u>\$ 93,220,452</u>

+ Start date February 17, 2009

++ Start date January 20, 2009

Pinnacle Canadian Small Cap Equity Fund (Unaudited – Continued)

52

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	
<b>Energy (18.9%)</b>				<b>Health Care (4.6%)</b>				
129,983	AltaGas Income Trust	2,752,970	2,084,927	59,000	Futuremed Healthcare Income Fund	573,058	415,950	
78,644	AtlasGas Utility Group Inc.	553,988	449,057	121,474	Paladin Labs Inc.	2,027,203	2,412,474	
112,330	Canadian Energy Services LP	990,857	842,475			<u>2,600,261</u>	<u>2,828,424</u>	
83,386	Crescent Point Energy Trust	1,565,826	2,858,472	<b>Financials (27.6%)</b>				
79,403	MAXIM Power Corp.	194,834	216,770	20,263	Allied Properties REIT	294,470	298,879	
93,400	Mullen Group Limited	1,755,994	1,169,368	166,068	Altus Group Income Fund	2,665,328	1,263,778	
244,823	ProspEx Resources Ltd.	847,715	124,860	130,597	Canadian Western Bank	1,499,765	2,209,701	
57,100	ShawCor Ltd. Sub. Voting	893,525	1,148,281	79,017	DirectCash Income Fund	1,155,627	699,301	
37,300	Zargon Energy Trust	820,357	589,340	67,435	EGL Financial Holdings, Inc.	710,735	570,500	
60,224	Zargon Oil & Gas Ltd.	309,831	1,265,306	87,133	Equitable Group Inc.	2,089,294	1,568,394	
236,640	ZCL Composites Inc.	1,505,753	889,767	135,461	First National Financial Income Fund	1,585,079	1,597,085	
		<u>12,191,650</u>	<u>11,638,623</u>	153,770	FirstService Corporation Sub. Voting	2,941,050	2,069,744	
<b>Materials (4.3%)</b>				13,552	FirstService Corporation Preferred	22,006	263,904	
638,691	Neo Material Technologies, Inc.	1,681,215	1,315,703	68,486	Grey Horse Corporation	366,213	341,745	
32,100	Omni-Lite Industries Canada Inc.	82,566	28,890	100,562	Home Capital Group Inc. Class B Sub. Voting	1,819,315	3,021,888	
43,728	Opta Minerals Inc.	168,438	45,040	8,694	IBI Income Fund	112,153	111,445	
131,295	Supremex Income Fund	1,194,246	304,604	68,785	Morneau Sobeco Income Fund	809,604	598,430	
76,654	The Canam Manac Group Inc. Sub. Voting	735,462	506,683	556,995	Parkbridge Lifestyles Communities Inc.	2,746,974	1,982,902	
74,695	Winpak Ltd.	716,905	478,795	550,364	Realex Properties Corporation	892,138	187,124	
		<u>4,578,832</u>	<u>2,679,715</u>	373,937	Realex Properties Corporation Non-Voting	6,042	114,051	
<b>Industrials (24.7%)</b>				248,860	TIO Networks Corp	160,503	104,521	
57,894	Bird Construction Income Fund	1,439,560	1,438,666			<u>19,876,296</u>	<u>17,003,392</u>	
210,083	Contrans Income Fund	2,088,918	1,081,927	<b>Information Technology (9.7%)</b>				
42,046	Genivar Income Fund	524,941	1,087,730	83,721	Constellation Software Inc.	1,851,315	2,762,793	
120,412	Global Railway Industries Ltd.	394,141	133,657	52,700	Logibec Groupe Informatique Ltd.	998,407	913,818	
42,100	GLV, Inc. Sub. Voting	381,504	301,436	28,600	MOSAID Technologies Incorporated	413,052	435,578	
61,682	IBI Income Fund	1,282,093	801,866	412,037	The Descartes Systems Group Inc.	1,541,965	1,833,565	
141,149	Marsulex Inc.	1,355,359	1,370,557			<u>4,804,739</u>	<u>5,945,754</u>	
97,300	Richelieu Hardware Ltd.	1,807,765	1,697,885	<b>Short-Term Notes (4.8%)</b>				
3,515	Ritchie Bros. Auctioneers Incorporated	39,485	95,678			<u>2,972,662</u>	<u>2,972,662</u>	
96,761	Russel Metals Inc.	1,131,563	1,454,318	<b>Total Investments (100.3%)</b>				
84,828	Stantec Inc.	1,167,285	2,361,612			<u>67,105,275</u>	<u>61,800,969</u>	
164,357	Transat A.T. Inc. Class B	3,007,159	1,730,679	<b>Currency Spot Contracts (0.0%)</b>				
67,624	Uni-Select Inc.	1,570,576	1,669,637			–	147	
		<u>16,190,349</u>	<u>15,225,648</u>	<b>Total Investment Portfolio (100.3%)</b>				
<b>Consumer Discretionary (5.2%)</b>						<u>67,105,275</u>	<u>61,801,116</u>	
136,900	Automodular Corp.	264,807	49,284	<b>Other Assets, Less Liabilities (-0.3%)</b>				
69,864	MTY Food Group Inc.	659,191	565,898				(192,251)	
242,430	New Flyer Industries Inc.	2,511,826	2,380,663	<b>Net Assets (100.0%)</b>				
4,800	The McGraw-Hill Ryerson Ltd.	167,190	192,000				<u>61,608,865</u>	
		<u>3,603,014</u>	<u>3,187,845</u>	<b>Short-Term Notes</b>				
<b>Consumer Staples (0.5%)</b>								
17,816	Alliance Grain Traders Income Fund	287,472	318,906	<b>Face Amount \$</b>	<b>Issuer</b>	<b>Maturity Date</b>	<b>Average Cost (\$)</b>	<b>Fair Value (\$)</b>
		<u>287,472</u>	<u>318,906</u>	222,000	Government of Canada Treasury Bills 0.14%	08/06/2009	221,969	221,969
				282,000	Government of Canada Treasury Bills 0.14%	08/20/2009	281,944	281,944
				232,000	Government of Canada Treasury Bills 0.17%	09/03/2009	231,931	231,931
				1,050,000	Government of Canada Treasury Bills 0.19%	09/17/2009	1,049,572	1,049,572
				1,188,000	Government of Canada Treasury Bills 0.25%	10/01/2009	1,187,246	1,187,246
				<b>Total Short-Term Notes</b>			<u>2,972,662</u>	<u>2,972,662</u>

Currency Spot Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation/ (Depreciation)
06/30/2009	U.S. Dollar	5,929	Canadian Dollar	6,742	147
<b>Total Currency Spot Contracts</b>					

Portfolio Advisor: Mawer Investment Management Ltd.

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio  
As at June 30, 2009

**Summary of Investment Portfolio**

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	18.9	21.4
Materials	4.3	5.5
Industrials	24.7	29.3
Consumer Discretionary	5.2	8.3
Consumer Staples	0.5	–
Health Care	4.6	0.8
Financials	27.6	26.1
Information Technology	9.7	6.1
Utilities	–	0.6
Money Market Instruments	4.8	1.1

Portfolio Advisor: Mawer Investment Management Ltd.

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

# Pinnacle Canadian Small Cap Equity Fund (Unaudited – Continued)

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Canadian Small Cap Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization Canadian corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currency:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	270,793	–	270,793	0.4
Total	270,793	–	270,793	0.4

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	537,298	–	537,298	1.1
Total	537,298	–	537,298	1.1

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. Other financial assets (including dividends and interest receivable and receivables for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$27,079, 0.0% of the Fund’s Net Assets (December 31, 2008-\$53,730, 0.1% of the Fund’s Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives. Credit risk may also exist in relation to counterparties of spot currency contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, BMO Small Cap Weighted Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$5,298,362, 8.6% of the Fund's Net Assets (December 31, 2008-\$4,037,978, 8.0% of the Fund's Net Assets ). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle American Value Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$55,113,810	\$51,732,590
Cash	3,358,827	361,893
Subscriptions receivable	294,119	15,417
Accrued investment income	105,086	88,582
Prepaid expense	4,153	4,153
	<u>58,875,995</u>	<u>52,202,635</u>
<b>Liabilities</b>		
Redemptions payable	95,891	24,932
Accrued expenses	62,499	98,974
	<u>158,390</u>	<u>123,906</u>
Net Assets representing unitholders' equity	<u>\$58,717,605</u>	<u>\$52,078,729</u>
<b>Net Assets per class</b>		
Class A Units	\$49,984,975	\$52,078,729
Class F Units	\$ 22,957	\$ -
Class I Units	\$ 8,709,673	\$ -
<b>Units outstanding</b>		
Class A Units	5,844,298	6,207,208
Class F Units	2,689	-
Class I Units	1,017,134	-
<b>Net Assets per unit</b>		
Class A Units	\$ 8.55	\$ 8.39
Class F Units	\$ 8.54	\$ -
Class I Units	\$ 8.56	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 980,129	\$ 746,918
Interest	26,771	112
Securities lending	-	2,930
Less: Foreign withholding taxes	(89,297)	(98,124)
	<u>917,603</u>	<u>651,836</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	84	-
Legal fees	2,371	1,052
Audit fees	11,838	9,484
Custody fees	5,476	6,001
Filing fees	7,826	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	14,846	12,269
Unitholder administration, service fees and GST	67,142	88,297
	<u>110,711</u>	<u>125,016</u>
Absorbed expenses	(10)	-
Net expenses	<u>110,701</u>	<u>125,016</u>
Net investment income (loss)	<u>806,902</u>	<u>526,820</u>
Net realized gain (loss) on investments sold	(2,325,400)	2,373,257
Net realized gain (loss) on foreign exchange	(306,946)	42,538
Transaction costs	(28,122)	(30,601)
Change in unrealized appreciation (depreciation) of investments	3,054,743	(8,399,720)
Change in unrealized appreciation (depreciation) of foreign exchange	24,821	33,359
Net gain (loss) on investments and transaction costs	<u>419,096</u>	<u>(5,981,167)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 1,225,998</u>	<u>\$(5,454,347)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 666,998	\$(5,454,347)
Class F Units+	\$ 2,059	\$ -
Class I Units++	\$ 556,941	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.11	\$ (0.82)
Class F Units+	\$ 0.76	\$ -
Class I Units++	\$ 1.37	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$52,078,729	\$75,438,144
Increase (Decrease) in Net Assets from Operations		
Class A Units	666,998	(5,454,347)
Class F Units+	2,059	-
Class I Units++	556,941	-
	<u>1,225,998</u>	<u>(5,454,347)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	6,883,065	6,253,344
Class F Units+	36,812	-
Class I Units++	8,324,420	-
Payments on redemption		
Class A Units	(9,643,817)	(9,629,171)
Class F Units+	(15,914)	-
Class I Units++	(171,688)	-
	<u>5,412,878</u>	<u>(3,375,827)</u>
Increase (Decrease) in Net Assets		
Class A Units	(2,093,754)	(8,830,174)
Class F Units+	22,957	-
Class I Units++	8,709,673	-
	<u>6,638,876</u>	<u>(8,830,174)</u>
<b>Net Assets – End of Period</b>		
Class A Units	49,984,975	66,607,970
Class F Units+	22,957	-
Class I Units++	8,709,673	-
	<u>\$58,717,605</u>	<u>\$66,607,970</u>

+ Start date February 17, 2009

++ Start date January 20, 2009

Pinnacle American Value Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (4.9%)</b>			
32,600	ConocoPhillips	1,558,392	1,592,768
56,870	Weatherford International Ltd.	899,869	1,289,167
		<u>2,458,261</u>	<u>2,881,935</u>
<b>Materials (2.7%)</b>			
21,400	Air Products and Chemicals Inc.	1,457,746	1,606,008
<b>Industrials (7.1%)</b>			
30,100	Boeing Company, The	1,552,211	1,486,011
28,800	Deere & Company	1,261,630	1,336,835
25,200	Northrop Grumman Corporation	1,839,310	1,337,505
		<u>4,653,151</u>	<u>4,160,351</u>
<b>Consumer Discretionary (9.3%)</b>			
60,000	Gentex Corporation	918,524	807,985
57,100	Home Depot, Inc., The	1,475,765	1,567,720
33,000	J.C. Penney Company, Inc.	819,328	1,098,902
24,000	Polo Ralph Lauren Corporation	1,272,328	1,491,880
75,300	Warner Music Group Corp.	1,602,037	511,823
		<u>6,087,982</u>	<u>5,478,310</u>
<b>Consumer Staples (14.8%)</b>			
78,000	ConAgra Foods, Inc.	1,820,153	1,724,655
18,800	Diageo PLC ADR	1,401,637	1,250,553
36,500	Hershey Foods Corporation	1,536,891	1,526,736
30,000	Kellogg Co.	1,543,133	1,622,593
66,100	L'Oreal SA ADR	1,490,173	1,148,184
59,000	Safeway Inc.	1,823,134	1,395,721
		<u>9,615,121</u>	<u>8,668,442</u>
<b>Health Care (10.0%)</b>			
35,900	Baxter International Inc.	1,687,266	2,207,410
34,300	Eli Lilly and Company	1,904,094	1,380,514
31,000	Hospira, Inc.	1,347,822	1,387,448
15,750	Universal Health Services, Inc. Class B	1,033,995	893,036
		<u>5,973,177</u>	<u>5,868,408</u>
<b>Financials (14.1%)</b>			
22,200	AFLAC Incorporated	1,125,305	801,941
62,743	Bank of America Corporation	1,699,399	957,191
40,300	JP Morgan Chase & Co.	1,938,009	1,596,718
27,700	M&T Bank Corporation	1,421,778	1,635,945
234,000	Mitsubishi UFJ Financial Group, Inc. ADR	1,909,188	1,663,934
105,000	Synovus Financial Corp.	1,224,861	359,899
44,330	The Charles Schwab Corporation	649,009	902,918
28,000	Zions Bancorporation	1,526,895	374,457
		<u>11,494,444</u>	<u>8,293,003</u>
<b>Information Technology (21.1%)</b>			
47,300	Adobe Systems Inc.	1,269,442	1,555,308
15,000	Apple Computer, Inc.	462,554	2,482,341
111,000	EMC Corporation	1,598,632	1,689,519
17,300	International Business Machines Corporation	2,085,890	2,096,923
60,300	Molex Incorporated	2,162,799	1,006,799
90,600	Oracle Corporation	1,381,248	2,254,844
52,000	Texas Instruments Incorporated	1,480,696	1,286,920
		<u>10,441,261</u>	<u>12,372,654</u>
<b>Telecommunication Services (2.4%)</b>			
61,500	Vodafone Group PLC ADR	1,765,656	1,392,694

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Utilities (7.5%)</b>			
41,400	Dominion Resources, Inc.	2,012,952	1,606,629
25,500	FPL Group, Inc.	1,397,594	1,684,673
30,500	Qwestar Corporation	1,253,334	1,100,703
		<u>4,663,880</u>	<u>4,392,005</u>
<b>Total Investment Portfolio (93.9%)</b>		<u>58,610,679</u>	<u>55,113,810</u>
<b>Other Assets, Less Liabilities (6.1%)</b>			3,603,795
<b>Net Assets (100.0%)</b>			<u><b>58,717,605</b></u>

ADR – American Depository Receipt

Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	4.9	4.9
Materials	2.7	2.5
Industrials	7.1	9.0
Consumer Discretionary	9.3	11.6
Consumer Staples	14.8	19.8
Health Care	10.0	9.8
Financials	14.1	15.0
Information Technology	21.1	16.6
Telecommunication Services	2.4	1.9
Utilities	7.5	6.9
Index Fund	–	1.3

Portfolio Advisor: Metropolitan West Capital Management, LLC

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

-For equities, all common shares unless otherwise noted.

## Pinnacle American Value Equity Fund (Unaudited – Continued)

58

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle American Value Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of large capitalization U.S. corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

#### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currency:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	58,473,146	–	58,473,146	99.6
Total	58,473,146	–	58,473,146	99.6

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	52,093,948	–	52,093,948	100.0
Total	52,093,948	–	52,093,948	100.0

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$5,847,315, 10.0% of the Fund’s Net Assets (December 31, 2008-\$5,209,395, 10.0% of the Fund’s Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Russell 1000 Value Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$5,813,043, 9.9% of the Fund's Net Assets (December 31, 2008-\$5,224,992, 10% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle American Mid Cap Value Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$11,438,800	\$12,992,964
Cash	214,636	84,923
Subscriptions receivable	3,357	920
Receivable for securities sold	508,558	364,925
Accrued investment income	16,451	30,714
Prepaid expense	4,152	4,153
Accounts receivable	571	2,787
	<u>12,186,525</u>	<u>13,481,386</u>
<b>Liabilities</b>		
Payable for securities purchased	169,386	22,008
Redemptions payable	8,049	-
Accrued expenses	38,395	52,418
	<u>215,830</u>	<u>74,426</u>
Net Assets representing unitholders' equity	<u>\$11,970,695</u>	<u>\$13,406,960</u>
<b>Net Assets per class</b>		
Class A Units	\$11,965,707	\$13,406,960
Class F Units	\$ 4,988	\$ -
<b>Units outstanding</b>		
Class A Units	1,830,839	2,037,373
Class F Units	767	-
<b>Net Assets per unit</b>		
Class A Units	\$ 6.54	\$ 6.58
Class F Units	\$ 6.50	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 143,492	\$ 141,516
Interest	43,559	23,591
Securities lending	-	2,296
Less: Foreign withholding taxes	(23,402)	(23,128)
	<u>163,649</u>	<u>144,275</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	8	-
Legal fees	2,372	1,052
Audit fees	11,085	8,863
Custody fees	23,277	11,188
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	8,178	3,880
Unitholder administration, service fees and GST	33,317	42,158
	<u>86,187</u>	<u>75,054</u>
Absorbed expenses	(51,405)	(34,963)
Net expenses	<u>34,782</u>	<u>40,091</u>
Net investment income (loss)	<u>128,867</u>	<u>104,184</u>
Net realized gain (loss) on investments sold	(2,133,658)	(1,463,086)
Net realized gain (loss) on foreign exchange	(70,586)	(25,696)
Transaction costs	(39,192)	(29,193)
Change in unrealized appreciation (depreciation) of Investments	1,883,578	(152,999)
Change in unrealized appreciation (depreciation) of foreign exchange	1,530	623
Net gain (loss) on investments and transaction costs	<u>(358,328)</u>	<u>(1,670,351)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ (229,461)</u>	<u>\$(1,566,167)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ (229,493)	\$(1,566,167)
Class F Units+	\$ 32	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ (0.11)	\$ (0.84)
Class F Units+	\$ 0.09	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$13,406,960	\$16,145,496
Increase (Decrease) in Net Assets from Operations		
Class A Units	(229,493)	(1,566,167)
Class F Units+	32	-
	<u>(229,461)</u>	<u>(1,566,167)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	3,225,815	2,641,335
Class F Units+	5,066	-
Payments on redemption		
Class A Units	(4,437,575)	(2,102,357)
Class F Units+	(110)	-
	<u>(1,206,804)</u>	<u>538,978</u>
Increase (Decrease) in Net Assets		
Class A Units	(1,441,253)	(1,027,189)
Class F Units+	4,988	-
	<u>(1,436,265)</u>	<u>(1,027,189)</u>
<b>Net Assets – End of Period</b>		
Class A Units	11,965,707	15,118,307
Class F Units+	4,988	-
	<u>\$11,970,695</u>	<u>\$15,118,307</u>

+ Start date February 17, 2009

Pinnacle American Mid Cap Value Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (7.5%)</b>				<b>Financials (22.9%)</b>			
4,721	Chesapeake Energy Corporation	119,661	108,774	1,734	Affiliated Managers Group, Inc.	133,974	116,955
3,939	Continental Resources, Inc.	188,410	126,775	4,106	American Campus Communities, Inc.	99,982	105,672
5,478	Hornbeck Offshore Services, Inc.	210,793	135,827	8,258	Annaly Capital Management Inc.	139,601	145,172
2,666	Newfield Exploration Company	79,547	101,199	20,864	Hanworth Mortgage Asset Corporation	164,546	174,057
5,507	Spectra Energy Corporation	98,531	108,136	2,786	AON Corporation	121,428	122,587
4,360	T-3 Energy Services, Inc.	155,163	60,031	2,330	Arch Capital Group Ltd.	175,591	158,562
5,096	Weatherford International Ltd.	110,296	115,520	4,378	BB&T Corporation	92,992	111,808
9,504	Willbros Group, Inc.	240,166	138,144	2,344	Equity Residential	90,529	60,434
		<u>1,202,567</u>	<u>894,406</u>	3,157	EZCORP, Inc. Non-Voting	46,430	39,506
<b>Materials (7.2%)</b>				6,409	Fidelity National Financial, Inc.	112,872	100,529
2,438	Airgas, inc	116,096	114,640	5,231	First Horizon National Corporation	56,223	72,939
4,549	Albemarle Corporation	154,188	134,991	3,036	FirstMerit Corporation	59,407	59,862
6,878	Celanese Corporation	100,208	189,799	1,731	Hancock Holding Company	71,332	65,346
1,365	CF Industries Holdings, Inc.	85,633	117,554	4,003	Hanover Insurance Group Inc.	203,518	177,253
2,449	Greif Inc.	150,050	125,572	2,810	Health Care REIT, Inc.	144,042	111,139
14,169	Mueller Water Products, Inc.	67,355	61,572	5,052	Huntington Bancshares Incorporated	23,886	24,478
7,029	Steel Dynamics, Inc.	89,496	120,218	3,482	Investment Technology Group, Inc.	103,217	82,250
		<u>763,026</u>	<u>864,346</u>	2,566	KBW Inc	74,802	85,746
<b>Industrials (9.8%)</b>				6,321	Lincoln National Corporation	92,743	126,250
7,030	Actuant Corporation	101,693	99,651	5,720	Marsh & McLennan Companies, Inc.	162,988	133,785
5,697	Advanced Energy Industries, Inc.	78,101	59,508	5,226	Progressive Corp., The	85,510	91,749
1,092	Alliant Techsystems Inc.	105,718	104,358	2,890	Realty Income Corporation	83,867	73,269
5,432	BE Aerospace, Inc.	88,862	90,443	7,641	Sterling Bancshares, Inc.	62,925	56,109
2,476	Belden CDT Inc.	80,148	48,044	8,745	UnumProvident Corporation	208,434	161,151
6,544	Continental Airlines, Inc. Class B	107,802	67,215	6,042	Washington Federal, Inc.	92,229	91,192
2,453	Genuine Parts Company	106,827	95,565	3,794	Washington REIT	135,975	98,613
2,244	Granite Construction Incorporated	98,135	86,667	7,075	Zions Bancorporation	226,290	94,617
13,404	Hexcel Corporation	154,445	148,110			<u>3,065,333</u>	<u>2,741,030</u>
3,125	J.B. Hunt Transport Services, Inc.	107,346	110,707	<b>Information Technology (15.0%)</b>			
3,693	Pall Corporation	150,641	113,795	13,719	ADC Telecommunications, Inc.	148,172	126,883
2,643	Ryder Systems Inc.	147,751	85,740	3,283	Arrow Electronics Inc.	113,682	80,906
3,304	Ryland Group, The, Inc.	69,993	64,340	11,635	Atmel Corporation	58,698	50,290
		<u>1,397,462</u>	<u>1,174,143</u>	5,211	CommScope, Inc.	127,942	158,572
<b>Consumer Discretionary (10.5%)</b>				874	Comtech Telecommunications Corp.	31,678	32,415
3,044	Cracker Barrel Old Country Store Inc.	111,844	98,677	2,672	Diebold Inc.	95,030	81,744
7,010	D.R. Horton Inc.	89,350	76,236	18,893	Fairchild Semiconductor International, Inc.	103,910	153,443
1,851	Eaton Corporation	97,598	95,942	19,650	Integrated Device Technology, Inc.	148,243	137,901
4,976	Ethan Allen Interiors Inc.	125,497	59,898	6,030	Jabil Circuit, Inc.	52,983	51,917
5,062	Foot Locker Incorporated	41,976	61,521	1,491	Mettler Toledo International Incorporated	125,681	133,481
6,320	Goodyear Tire & Rubber Company	89,003	82,611	4,992	MKS Instruments, Inc.	84,534	76,447
3,391	J.C. Penney Company, Inc.	128,155	112,920	5,352	NCR Corporation	58,737	73,378
9,677	Jones Apparel Group, Inc.	69,107	120,420	8,517	Parametric Technology Corporation	134,955	115,584
7,563	Macy's, Inc.	159,756	103,165	5,742	PerkinElmer Inc.	142,101	116,086
7,745	MGM Mirage Inc.	100,855	57,503	3,541	Plexus Corp.	82,239	84,178
3,966	Penn National Gaming Inc.	147,654	133,957	3,226	Progress Software Corporation	79,364	79,426
3,038	Phillips-Van Heusen Corporation	121,853	101,236	13,036	Seagate Technology	143,495	158,281
3,531	Starwood Hotels & Resorts Worldwide, Inc.	84,900	90,956	12,304	Tellabs, Inc.	62,534	81,916
4,810	Tenneco Inc.	59,503	59,185			<u>1,793,978</u>	<u>1,792,848</u>
		<u>1,427,051</u>	<u>1,254,227</u>	<b>Telecommunication Services (1.0%)</b>			
<b>Consumer Staples (5.6%)</b>				2,462	Embarq Corporation	125,521	120,288
6,672	Dean Foods Company	156,037	148,765	<b>Utilities (10.1%)</b>			
1,614	J.M. Smucker Company, The	87,067	91,253	3,950	American Electric Power Company, Inc.	161,445	132,591
1,464	Lorillard, Inc.	97,116	115,278	3,757	Edison International	181,898	137,331
1,675	Molson Coors Brewing Company Class B	87,428	82,343	5,792	MDU Resources Group, Inc.	119,904	127,528
1,830	Ralcorp Holdings, Inc.	134,747	129,320	5,093	Northeast Utilities	136,381	132,021
6,465	Tyson Foods, Inc.	100,913	94,647	2,719	Sempra Energy	156,734	156,792
		<u>663,308</u>	<u>661,606</u>	4,979	UGI Corporation	141,838	147,404
<b>Health Care (6.0%)</b>				3,407	Wisconsin Energy Corporation	164,914	161,154
4,012	AmerisourceBergen Corporation	86,932	82,696	10,201	Xcel Energy Incorporated	222,423	218,205
2,950	CIGNA Corporation	73,366	82,571			<u>1,285,537</u>	<u>1,213,026</u>
5,115	Forest Laboratories, Inc.	156,925	149,053	<b>Total Investment Portfolio (95.6%)</b>			
9,432	King Pharmaceuticals, Inc.	106,600	105,426			<u>12,447,224</u>	<u>11,438,800</u>
3,392	Omnicare, Inc.	108,670	101,367	<b>Other Assets, Less Liabilities (4.4%)</b>			
1,822	Universal Health Services, Inc. Class B	111,746	103,309				<u>531,895</u>
2,519	Watson Pharmaceuticals, Inc.	79,202	98,458	<b>Net Assets (100.0%)</b>			
		<u>723,441</u>	<u>722,880</u>				<u>11,970,695</u>

REIT – Real Estate Investment Trust

Summary of Investment Portfolio

Portfolio Advisor: Integrity Asset Management, LLC

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

-For equities, all common shares unless otherwise noted.

# Pinnacle American Mid Cap Value Equity Fund (Unaudited – Continued)

62

## Statement of Investment Portfolio As at June 30, 2009

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	7.5	2.5
Materials	7.2	6.5
Industrials	9.8	10.4
Consumer Discretionary	10.5	7.1
Consumer Staples	5.6	7.6
Health Care	6.0	6.7
Financials	22.9	30.4
Information Technology	15.0	12.5
Telecommunication Services	1.0	1.8
Utilities	10.1	11.1
Money Market Instruments	–	0.4

Portfolio Advisor: Integrity Asset Management, LLC

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle American Mid Cap Value Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization companies located in the U.S.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currency:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	11,421,642	–	11,421,642	95.4
Total	11,421,642	–	11,421,642	95.4

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	12,899,989	–	12,899,989	96.2
Total	12,899,989	–	12,899,989	96.2

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$1,142,164, 9.5% of the Fund’s Net Assets (December 31, 2008-\$1,289,999, 9.6% of the Fund’s Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Russell Mid Cap Value Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$1,137,216, 9.5% of the Fund's Net Assets (December 31, 2008-\$1,242,713, 9.3% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle American Large Cap Growth Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$41,021,519	\$48,629,449
Receivable for currency spot contracts	39	171
Subscriptions receivable	27,256	6,748
Receivable for securities sold	3,216,493	525,141
Accrued investment income	45,589	72,432
Prepaid expense	2,872	2,872
Accounts receivable	332	–
	<u>44,314,100</u>	<u>49,236,813</u>
<b>Liabilities</b>		
Bank overdraft	267,967	144,897
Payable for securities purchased	2,482,656	–
Redemptions payable	64,409	21,200
Accrued expenses	71,174	95,898
	<u>2,886,206</u>	<u>261,995</u>
Net Assets representing unitholders' equity	<u>\$41,427,894</u>	<u>\$48,974,818</u>
<b>Net Assets per class</b>		
Class A Units	\$41,410,042	\$48,974,818
Class F Units	\$ 17,852	\$ –
<b>Units outstanding</b>		
Class A Units	6,770,843	8,399,361
Class F Units	2,929	–
<b>Net Assets per unit</b>		
Class A Units	\$ 6.12	\$ 5.83
Class F Units	\$ 6.09	\$ –

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 336,585	\$ 403,883
Interest	3,779	1,356
Securities lending	–	4,675
Less: Foreign withholding taxes	(49,582)	(56,370)
	<u>290,782</u>	<u>353,544</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	140	–
Legal fees	2,371	1,052
Audit fees	11,839	9,484
Custody fees	60,384	41,023
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,129
Unitholder reporting costs	12,550	11,674
Unitholder administration, service fees and GST	65,487	74,126
	<u>160,721</u>	<u>145,273</u>
Absorbed expenses	(47,946)	–
Net expenses	<u>112,775</u>	<u>145,273</u>
Net investment income (loss)	<u>178,007</u>	<u>208,271</u>
Net realized gain (loss) on investments sold	(3,116,678)	(594,116)
Net realized gain (loss) on foreign exchange	(46,927)	(31,571)
Transaction costs	(41,076)	(28,037)
Change in unrealized appreciation (depreciation) of investments	4,722,118	(3,701,841)
Change in unrealized appreciation (depreciation) of currency spot contracts	(132)	–
Change in unrealized appreciation (depreciation) of foreign exchange	251	3,463
Net gain (loss) on investments and transaction costs	<u>1,517,556</u>	<u>(4,352,102)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 1,695,563</u>	<u>\$(4,143,831)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 1,692,996	\$(4,143,831)
Class F Units+	\$ 2,567	\$ –
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.23	\$ (0.44)
Class F Units+	\$ 0.41	\$ –

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 48,974,818	\$ 72,529,552
Increase (Decrease) in Net Assets from Operations	1,692,996	(4,143,831)
Class A Units	2,567	–
Class F Units+	<u>1,695,563</u>	<u>(4,143,831)</u>
<b>Unit Transactions</b>		
Proceeds from issue	4,020,105	6,607,055
Class A Units	55,075	–
Class F Units+	–	–
Payments on redemption	(13,277,877)	(9,483,423)
Class A Units	(39,790)	–
Class F Units+	<u>(9,242,487)</u>	<u>(2,876,368)</u>
Increase (Decrease) in Net Assets	(7,564,776)	(7,020,199)
Class A Units	17,852	–
Class F Units+	<u>(7,546,924)</u>	<u>(7,020,199)</u>
<b>Net Assets – End of Period</b>		
Class A Units	41,410,042	65,509,353
Class F Units+	17,852	–
	<u>\$ 41,427,894</u>	<u>\$ 65,509,353</u>

+ Start date February 17, 2009

Portfolio Advisor: American Century Investment Management, Inc.

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

# Pinnacle American Large Cap Growth Equity Fund (Unaudited – Continued)

66

## Statement of Investment Portfolio As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (4.4%)</b>				<b>Health Care (17.0%)</b>			
2,000	Apache Corporation	178,769	167,662	19,800	Abbott Laboratories	1,214,278	1,082,184
8,200	Exxon Mobil Corporation	732,576	666,073	900	Alcon Inc.	94,276	121,428
2,800	Occidental Petroleum Corporation	216,325	213,938	6,000	Alexion Pharmaceuticals Inc.	225,463	286,176
13,100	Quicksilver Resources Inc.	124,984	141,402	12,900	Amgen Inc.	781,368	793,492
7,500	Schlumberger Limited	512,765	471,441	12,297	Baxter International Inc.	732,274	756,115
2,400	Transocean Ltd.	202,134	206,800	6,022	Becton, Dickinson and Company	470,822	498,953
		<u>1,967,553</u>	<u>1,867,316</u>	7,500	Covidien PLC	294,335	326,261
<b>Materials (4.1%)</b>				2,900	Edwards Lifesciences Corporation	213,084	229,093
2,599	Allegheny Technologies Inc.	107,899	105,360	7,200	Express Scripts, Inc.	479,985	574,890
17,100	Celanese Corporation, Series A	305,704	471,877	3,300	Gen-Probe Incorporated	188,294	164,682
2,756	Monsanto Company	195,197	238,051	8,900	Gilead Sciences, Inc.	447,527	483,955
7,100	Mosaic Company, The	379,492	365,452	2,800	Illumina, Inc.	118,662	126,684
4,000	Newmont Mining Corporation	199,312	189,669	500	Intuitive Surgical, Inc.	103,800	95,078
4,064	Valmont Industries, Inc.	273,102	338,329	10,100	Johnson & Johnson	650,486	665,855
		<u>1,460,706</u>	<u>1,708,738</u>	4,600	Myriad Genetics, Inc.	176,215	189,952
<b>Industrials (8.4%)</b>				3,300	Novo Nordisk AS Class B	200,717	208,605
9,900	3M Co.	657,032	691,319	4,800	QIAGEN NV	94,569	103,511
3,500	Cooper Industries Ltd.	165,819	126,229	5,000	UnitedHealth Group Incorporated	142,006	145,063
9,600	Honeywell International Inc.	557,520	350,243	4,300	Vertex Pharmaceuticals Inc.	145,185	177,864
8,800	Illinois Tool Works Inc.	354,686	381,791			<u>6,773,346</u>	<u>7,028,738</u>
5,500	Navistar International Corporation	179,269	278,624	<b>Financials (6.3%)</b>			
6,500	PACCAR Inc.	234,227	245,376	7,100	AFLAC Incorporated	203,871	256,477
11,000	Raytheon Company	681,502	567,855	12,800	American Express Company	358,514	345,633
8,800	Union Pacific Corporation	647,672	532,197	600	CME Group Inc.	203,507	216,887
5,300	United Parcel Service, Inc. Class B	326,302	307,657	2,300	Goldman Sachs Group, Inc., The	341,192	393,293
		<u>3,804,029</u>	<u>3,481,291</u>	2,700	IntercontinentalExchange Inc.	240,771	358,354
<b>Consumer Discretionary (13.3%)</b>				7,100	Visa, Inc.	511,246	512,541
7,600	Activision Blizzard, Inc.	98,744	111,528	18,000	Wells Fargo & Company	507,714	507,378
2,100	Amazon.com, Inc.	139,117	204,129			<u>2,366,815</u>	<u>2,590,563</u>
16,000	BorgWagner, Inc.	621,390	634,118	<b>Information Technology (30.5%)</b>			
11,200	CarMax, Inc.	122,162	190,775	6,100	Akamai Technologies, Inc.	146,002	135,869
22,300	Chico's FAS Inc.	219,489	251,331	8,200	Apple Computer, Inc.	965,363	1,357,013
1,800	Chipotle Mexican Grill, Inc.	180,395	167,188	15,000	Broadcom Corporation	411,807	431,530
10,300	J. Crew Group, Inc.	173,708	322,646	33,200	Cisco Systems, Inc.	850,296	719,039
11,200	KB Home	243,975	178,022	6,700	EMC Corporation	84,880	101,980
7,600	Kohl's Corporation	380,812	377,501	7,500	F5 Networks, Inc.	246,214	301,252
23,500	Lowe's Companies, Inc.	610,783	529,983	2,600	Google Inc.	1,238,133	1,273,538
4,200	Mohawk Industries, Inc.	287,356	173,971	9,700	Hewlett-Packard Company	402,692	435,151
7,810	O'Reilly Automotive, Inc.	259,280	345,555	13,900	Intel Corporation	343,383	266,805
2,800	Polo Ralph Lauren Corporation	134,205	174,053	9,400	International Business Machines Corporation	1,048,978	1,139,368
6,500	Scripps Networks Interactive	268,135	210,182	8,200	Juniper Networks, Inc.	218,021	224,851
15,000	Target Corporation	653,833	687,554	6,800	Linear Technology Corporation	196,210	184,565
13,400	Wal-Mart Stores, Inc.	744,124	753,095	25,100	Marvell Technology Group Ltd.	272,127	339,174
4,000	Whirlpool Corporation	215,313	197,523	1,300	Mettler Toledo International Incorporated	121,929	116,382
		<u>5,352,821</u>	<u>5,509,154</u>	64,336	Microsoft Corporation	1,762,477	1,777,603
<b>Consumer Staples (12.7%)</b>				16,700	Netapp Inc.	311,200	382,448
23,200	Coca-Cola Company, The	1,300,843	1,292,814	41,900	Oracle Corporation	914,974	1,042,803
1,200	Colgate-Palmolive Company	99,258	98,631	20,300	PMC-Sierra, Inc.	177,789	187,513
2,800	Estee Lauder Companies Inc., The	143,572	106,286	20,700	QUALCOMM Incorporated	920,987	1,088,082
5,300	General Mills, Inc.	318,626	344,975	2,100	Research In Motion Limited	124,080	173,361
8,000	Kellogg Co.	420,287	432,692	7,100	Rockwell Collins, Inc.	337,085	344,086
3,700	Mead Johnson Nutrition Company	122,046	136,279	2,800	Salesforce.com, Inc.	141,012	124,147
7,000	Nestlé SA	321,883	307,214	1,800	Thermo Electron Corp.	98,886	85,267
13,600	PepsiCo, Inc.	930,181	868,311	2,900	Western Digital Corporation	47,668	89,292
16,500	Procter & Gamble Company, The	1,079,630	978,889	13,300	Xilinx, Inc.	326,214	316,019
20,200	Walgreen Co.	667,118	689,795			<u>11,708,407</u>	<u>12,637,138</u>
		<u>5,403,444</u>	<u>5,255,080</u>	<b>Telecommunication Services (1.2%)</b>			
				13,800	American Tower Corporation	552,389	505,559

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.

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Utilities (1.1%)</b>			
6,600	FPL Group, Inc.	441,922	436,033
<b>Total Investments (99.0%)</b>		<u>39,831,432</u>	41,021,519
<b>Currency Spot Contracts (0.0%)</b>		–	39
<b>Total Investment Portfolio (99.0%)</b>		<u>39,831,432</u>	41,021,558
<b>Other Assets, Less Liabilities (1.0%)</b>			406,336
<b>Net Assets (100.0%)</b>			<u><b>41,427,894</b></u>

**Currency Spot Contracts**

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation/ (Depreciation)
07/02/2009	U.S. Dollar	7,555	Swiss Franc	8,196	7
07/06/2009	U.S. Dollar	10,878	Danish Krone	57,577	24
07/06/2009	U.S. Dollar	3,801	Swiss Franc	4,119	8
<b>Total Currency Spot Contracts</b>					<u>39</u>

**Summary of Investment Portfolio**

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	4.4	7.4
Materials	4.1	3.4
Industrials	8.4	9.5
Consumer Discretionary	13.3	15.8
Consumer Staples	12.7	10.6
Health Care	17.0	15.5
Financials	6.3	5.4
Information Technology	30.5	26.9
Telecommunication Services	1.2	2.3
Utilites	1.1	2.5

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.

# Pinnacle American Large Cap Growth Equity Fund (Unaudited – Continued)

68

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle American Large Cap Growth Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in large capitalization stocks of U.S. corporations.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	40,157,201	–	40,157,201	96.9
Swiss Franc	306,362	–	306,362	0.8
Danish Krone	207,941	–	207,941	0.5
Total	40,671,504	–	40,671,504	98.2

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	47,256,704	–	47,256,704	96.5
Swiss Franc	618,076	–	618,076	1.3
Danish Krone	578,433	–	578,433	1.2
Total	48,453,213	–	48,453,213	99.0

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$4,067,150, 9.8% of the Fund’s Net Assets (December 31, 2008-\$4,845,321, 9.9% of the Fund’s Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives. Credit risk may also exist in relation to counterparties of spot currency contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Russell 1000 Growth Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$4,142,789, 10.0% of the Fund's Net Assets (December 31, 2008-\$4,911,574, 10.0% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle American Mid Cap Growth Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$11,355,730	\$14,162,430
Cash	201,972	108,757
Subscriptions receivable	9,978	1,566
Receivable for securities sold	275,745	562,897
Accrued investment income	2,314	8,991
Prepaid expense	4,152	4,152
Accounts receivable	478	4,010
	<u>11,850,369</u>	<u>14,852,803</u>
<b>Liabilities</b>		
Payable for securities purchased	16,995	120,809
Redemptions payable	1,185	445
Accrued expenses	54,027	89,049
	<u>72,207</u>	<u>210,303</u>
Net Assets representing unitholders' equity	<u>\$11,778,162</u>	<u>\$14,642,500</u>
<b>Net Assets per class</b>		
Class A Units	\$11,765,984	\$14,642,500
Class F Units	\$ 12,178	\$ -
<b>Units outstanding</b>		
Class A Units	929,610	1,306,553
Class F Units	963	-
<b>Net Assets per unit</b>		
Class A Units	\$ 12.66	\$ 11.21
Class F Units	\$ 12.65	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 19,645	\$ 26,473
Interest	19,789	28,140
Securities lending	-	18,928
Less: Foreign withholding taxes	(2,459)	(3,503)
	<u>36,975</u>	<u>70,038</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	22	-
Legal fees	2,371	1,052
Audit fees	10,700	8,863
Custody fees	17,053	7,388
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	14,210	6,517
Unitholder administration, service fees and GST	44,254	79,384
	<u>96,560</u>	<u>111,117</u>
Absorbed expenses	(60,531)	(52,844)
Net expenses	<u>36,029</u>	<u>58,273</u>
Net investment income (loss)	946	11,765
Net realized gain (loss) on investments sold	(881,619)	59,636
Net realized gain (loss) on foreign exchange	(38,966)	(7,290)
Transaction costs	(15,674)	(18,776)
Change in unrealized appreciation (depreciation) of investments	2,458,027	(1,126,500)
Change in unrealized appreciation (depreciation) of foreign exchange	(53)	(1,895)
Net gain (loss) on investments and transaction costs	<u>1,521,715</u>	<u>(1,094,825)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$1,522,661</u>	<u>\$(1,083,060)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$1,522,305	\$(1,083,060)
Class F Units+	\$ 356	\$ -
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 1.34	\$ (0.76)
Class F Units+	\$ 0.73	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$14,642,500	\$24,649,007
Increase (Decrease) in Net Assets from Operations		
Class A Units	1,522,305	(1,083,060)
Class F Units+	356	-
	<u>1,522,661</u>	<u>(1,083,060)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	534,888	1,834,189
Class F Units+	11,938	-
Payments on redemption		
Class A Units	(4,933,709)	(3,246,236)
Class F Units+	(116)	-
	<u>(4,386,999)</u>	<u>(1,412,047)</u>
Increase (Decrease) in Net Assets		
Class A Units	(2,876,516)	(2,495,107)
Class F Units+	12,178	-
	<u>(2,864,338)</u>	<u>(2,495,107)</u>
<b>Net Assets – End of Period</b>		
Class A Units	11,765,984	22,153,900
Class F Units+	12,178	-
	<u>\$11,778,162</u>	<u>\$22,153,900</u>

+ Start date February 17, 2009

Pinnacle American Mid Cap Growth Equity Fund (Unaudited) – Continued

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Energy (11.9%)</b>			
1,429	Contango Oil & Gas Company	69,210	70,549
2,500	Core Laboratories NV	250,134	253,120
5,950	National-Oilwell Varco Inc.	353,231	225,789
5,300	Oceaneering International, Inc.	279,324	277,729
7,050	Plains Exploration & Production Company	153,348	223,625
7,650	Smith International, Inc.	305,623	228,346
3,100	Whiting Petroleum Corporation	136,223	126,354
		<u>1,547,093</u>	<u>1,405,512</u>
<b>Industrials (27.0%)</b>			
4,150	Aerovironment Inc.	116,944	148,803
2,650	C.H. Robinson Worldwide, Inc.	143,500	160,572
2,800	Capella Education Company	168,620	195,037
4,700	Clean Harbors, Inc.	237,765	294,617
5,650	Expeditors International of Washington, Inc.	221,087	218,803
10,750	K12 Inc.	249,715	267,795
9,200	LKQ Corporation	195,610	175,521
10,750	Quanta Services, Inc.	237,467	288,779
10,100	Resources Connection Incorporated	271,342	201,493
3,800	Rockwell Automation Inc.	94,677	141,817
4,150	Shaw Group Inc., The	116,440	131,975
13,500	Spirit Aerosystems Holdings Inc.	392,043	215,207
3,250	SPX Corporation	337,540	184,693
1,760	Strayer Education, Inc.	227,767	444,775
2,400	Ultra Petroleum Corp.	110,909	108,363
		<u>3,121,426</u>	<u>3,178,250</u>
<b>Consumer Discretionary (7.2%)</b>			
1,850	Chipotle Mexican Grill, Inc. Class B	127,034	149,993
5,900	Ctrip.com International Ltd. ADR	249,270	316,779
3,300	DreamWorks Animation SKG, Inc.	97,012	105,749
9,004	Mercadolibre Inc.	270,015	281,003
		<u>743,331</u>	<u>853,524</u>
<b>Consumer Staples (1.5%)</b>			
4,806	Hansen Natural Corporation	122,942	172,101
<b>Health Care (14.7%)</b>			
3,400	Genzyme Corporation	270,000	219,922
4,100	InterMune Inc.	75,712	72,314
1,730	Intuitive Surgical, Inc.	210,201	328,971
5,450	Isis Pharmaceuticals, Inc.	89,824	104,357
4,800	Masimo Corporation	170,493	134,409
2,200	Medication Inc.	53,766	57,258
28,350	Mylan Laboratories Inc.	319,462	429,865
4,550	Thoratec Corporation	89,564	141,524
4,700	Vertex Pharmaceuticals Inc.	180,259	194,409
2,100	Xenoport Inc.	66,183	56,535
		<u>1,525,464</u>	<u>1,739,564</u>
<b>Financials (11.7%)</b>			
4,550	ACE Limited	221,881	233,564
9,850	eHealth, Inc.	225,638	201,999
1,650	IntercontinentalExchange Inc.	221,681	218,994
5,386	MSCI Inc.	132,858	152,946
7,000	People's United Financial Inc.	156,654	122,325
7,750	Signature Bank	251,298	243,758
7,000	Tower Group, Inc.	199,743	201,543
		<u>1,409,753</u>	<u>1,375,129</u>
<b>Information Technology (20.9%)</b>			
4,200	Alliance Data Systems Corporation	167,417	201,006
6,242	Ansys Inc.	188,472	225,918
1,355	Baidu.com, Inc.	224,551	473,729
9,163	Cavium Networks Inc.	199,051	178,968
3,800	Concur Technologies, Inc.	93,666	137,181
6,300	Electronic Arts Inc.	283,749	158,990

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
16,209	Infinera Corporation	285,054	171,759
8,300	Nuance Communications, Inc.	136,127	116,400
3,300	Research In Motion Limited	67,700	272,425
5,750	Salesforce.com, Inc.	147,581	254,944
8,452	VMware Inc.	404,794	267,802
		<u>2,198,162</u>	<u>2,459,122</u>
<b>Telecommunication Services (1.5%)</b>			
26,900	Clearwire Corporation	234,499	172,528
		<u>10,902,670</u>	<u>11,355,730</u>
<b>Total Investment Portfolio (96.4%)</b>			
			<u>422,432</u>
<b>Other Assets, Less Liabilities (3.6%)</b>			
			<u>11,778,162</u>

ADR – American Depository Receipt

Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Energy	11.9	7.9
Industrials	27.0	26.6
Consumer Discretionary	7.2	5.6
Consumer Staples	1.5	3.3
Health Care	14.7	19.2
Financials	11.7	12.2
Information Technology	20.9	20.3
Telecommunication Services	1.5	1.6

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.

## Pinnacle American Mid Cap Growth Equity Fund (Unaudited) – Continued

72

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle American Mid Cap Growth Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization companies traded on U.S. stock exchanges.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

#### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currency:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	11,323,640	–	11,323,640	96.1
Total	11,323,640	–	11,323,640	96.1

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	14,101,280	–	14,101,280	96.3
Total	14,101,280	–	14,101,280	96.3

The amounts in the above tables are based on the fair value of the Fund’s financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s Net Assets would have decreased or increased, respectively by approximately \$1,132,364, 9.6% of the Fund’s Net Assets (December 31, 2008-\$1,410,128, 9.6% of the Fund’s Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund’s financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

## Discussion of Financial Instrument Risk

As at June 30, 2009

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Russell Mid Cap Growth Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$1,260,263, 10.7% of the Fund's Net Assets (December 31, 2008-\$1,543,705, 10.5% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle International Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$86,901,395	\$ 76,243,544
Cash	8,496,484	–
Subscriptions receivable	655,399	21,181
Receivable for securities sold	–	69,676,429
Accrued investment income	322,103	238,004
Prepaid expense	4,153	4,153
	<u>96,379,534</u>	<u>146,183,311</u>
<b>Liabilities</b>		
Bank overdraft	–	329,465
Payable for currency spot contracts	–	61,010
Payable for securities purchased	1,854,859	64,923,817
Redemptions payable	180,709	52,445
Accrued expenses	94,196	133,836
	<u>2,129,764</u>	<u>65,500,573</u>
Net Assets representing unitholders' equity	<u>\$94,249,770</u>	<u>\$ 80,682,738</u>
<b>Net Assets per class</b>		
Class A Units	\$72,605,049	\$ 80,682,738
Class F Units	\$ 37,964	\$ –
Class I Units	\$21,606,757	\$ –
<b>Units outstanding</b>		
Class A Units	8,532,647	9,860,046
Class F Units	4,458	–
Class I Units	<u>2,539,420</u>	<u>–</u>
<b>Net Assets per unit</b>		
Class A Units	\$ 8.51	\$ 8.18
Class F Units	\$ 8.52	\$ –
Class I Units	<u>\$ 8.51</u>	<u>\$ –</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 1,588,546	\$ 2,483,359
Interest	14,159	10,870
Securities lending	–	54,919
Less: Foreign withholding taxes	(186,971)	(295,495)
	<u>1,415,734</u>	<u>2,253,653</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	68	–
Legal fees	2,371	1,052
Audit fees	11,487	9,646
Custody fees	62,255	62,985
Filing fees	7,826	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	15,977	12,300
Unitholder administration, service fees and GST	73,566	97,982
	<u>174,678</u>	<u>191,878</u>
Absorbed expenses	(13)	–
Net expenses	<u>174,665</u>	<u>191,878</u>
Net investment income (loss)	<u>1,241,069</u>	<u>2,061,775</u>
Net realized gain (loss) on investments sold	(3,006,611)	(3,876,186)
Net realized gain (loss) on foreign exchange	(210,258)	(34,092)
Transaction costs	(67,494)	(102,209)
Change in unrealized appreciation (depreciation) of investments	5,735,193	(9,150,493)
Change in unrealized appreciation (depreciation) of currency spot contracts	61,010	(296)
Change in unrealized appreciation (depreciation) of foreign exchange	43,403	47,093
Net gain (loss) on investments and transaction costs	<u>2,555,243</u>	<u>(13,116,183)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 3,796,312</u>	<u>\$(11,054,408)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 2,078,770	\$(11,054,408)
Class F Units+	\$ 2,898	\$ –
Class I Units++	<u>\$ 1,714,644</u>	<u>\$ –</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.23	\$ (1.13)
Class F Units+	\$ 1.30	\$ –
Class I Units++	<u>\$ 1.66</u>	<u>\$ –</u>

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 80,682,738	\$115,247,018
Increase (Decrease) in Net Assets from Operations		
Class A Units	2,078,770	(11,054,408)
Class F Units+	2,898	–
Class I Units++	<u>1,714,644</u>	<u>–</u>
	<u>3,796,312</u>	<u>(11,054,408)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	4,987,400	13,868,192
Class F Units+	35,183	–
Class I Units++	<u>20,125,374</u>	<u>–</u>
Payments on redemption		
Class A Units	(15,143,859)	(13,201,258)
Class F Units+	(117)	–
Class I Units++	<u>(233,261)</u>	<u>–</u>
	<u>9,770,720</u>	<u>666,934</u>
Increase (Decrease) in Net Assets		
Class A Units	(8,077,689)	(10,387,474)
Class F Units+	37,964	–
Class I Units++	<u>21,606,757</u>	<u>–</u>
	<u>13,567,032</u>	<u>(10,387,474)</u>
<b>Net Assets – End of Period</b>		
Class A Units	72,605,049	104,859,544
Class F Units+	37,964	–
Class I Units++	<u>21,606,757</u>	<u>–</u>
	<u>\$ 94,249,770</u>	<u>\$104,859,544</u>

+ Start date February 17, 2009

++ Start date January 20, 2009

Pinnacle International Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Australia (1.9%)</b>				<b>Sweden (2.8%)</b>			
57,484	BHP Billiton Limited	1,900,595	1,834,308	45,500	Hennes & Mauritz AB Class B	2,293,530	2,645,893
<b>Brazil (1.6%)</b>				<b>Switzerland (9.0%)</b>			
30,900	Petroleo Brasileiro SA ADR	1,446,351	1,469,139	45,271	Julius Baer Holding Ltd.	1,958,121	2,052,587
<b>China (3.7%)</b>				54,100	Logitech International SA	1,032,524	876,145
3,100	Baidu.com, Inc.	460,862	1,083,809	45,400	Nestlé SA	2,222,115	1,992,506
271,000	China Life Insurance Co., Limited	1,011,024	1,170,779	43,600	Novartis AG	2,481,488	2,059,897
466,700	China Merchants Bank Co., Ltd.	802,856	1,232,775	9,700	Roche Holding AG	1,884,993	1,534,599
		2,274,742	3,487,363			9,579,241	8,515,734
<b>Denmark (4.9%)</b>				<b>United Kingdom (17.8%)</b>			
41,000	Novo Nordisk AS Class B	2,604,603	2,591,756	1,032,800	ARM Holdings PLC	1,627,851	2,372,331
23,500	Vestas Wind Systems AS	1,674,400	1,964,797	37,791	British American Tobacco PLC	1,218,461	1,213,824
		4,279,003	4,556,553	127,581	British Sky Broadcasting Group PLC	1,093,684	1,112,774
<b>Finland (3.3%)</b>				69,200	Carnival PLC	1,823,513	2,134,949
47,400	Fortum Oyj	1,231,919	1,257,429	495,500	Kingfisher PLC	1,618,606	1,688,896
107,300	Nokia Oyj	2,124,847	1,821,172	36,000	Reckitt Benckiser Group PLC	1,626,205	1,907,565
		3,356,766	3,078,601	57,500	SABMiller PLC	1,196,307	1,360,964
<b>France (7.7%)</b>				115,165	Smith & Nephew PLC	882,207	992,700
12,599	Air Liquide SA	1,386,475	1,341,773	122,594	Standard Chartered PLC	1,779,440	2,684,629
57,200	Axa SA	1,978,183	1,257,671	58,700	Vodafone Group PLC ADR	1,407,603	1,329,287
32,800	BNP Paribas	1,678,048	2,475,507			14,273,877	16,797,919
24,800	LVMH Moët Hennessy Louis Vuitton SA	2,014,913	2,207,662	<b>United States (3.8%)</b>			
		7,057,619	7,282,613	60,500	Amdocs Ltd.	1,357,198	1,504,312
<b>Germany (10.6%)</b>				33,500	Schlumberger Limited	1,786,963	2,105,769
23,100	Deutsche Bank AG	1,525,233	1,634,858			3,144,161	3,610,081
24,300	Deutsche Boerse AG	2,270,071	2,196,580	<b>Total Investments Portfolio (92.2%)</b>			
44,000	E.ON AG	2,016,903	1,816,347			81,070,355	86,901,395
44,500	Fresenius Medical Care AG & Co. KGaA	2,210,811	2,309,717	<b>Other Assets, Less Liabilities (7.8%)</b>			
42,800	SAP AG	1,859,708	2,006,811				7,348,375
		9,882,726	9,964,313	<b>Net Assets (100.0%)</b>			
<b>Greece (3.8%)</b>							94,249,770
44,600	Coca-Cola Hellenic Bottling Company SA	786,011	1,062,880	ADR – American Depository Receipt			
64,100	National Bank of Greece SA	1,450,239	2,042,522	<b>Summary of Investment Portfolio</b>			
14,800	OPAP SA	498,081	457,136	<b>Investment Category</b>			
		2,734,331	3,562,538	<b>Percentage of Net Assets (%)</b>			
<b>Hong Kong (5.0%)</b>				<b>June 30, 2009</b>			
56,100	China Mobile (Hong Kong) Limited	695,970	653,609	<b>December 31, 2008</b>			
362,000	Hang Lung Properties Ltd.	1,012,522	1,364,074	Australia	1.9	–	
150,500	Hong Kong Exchanges & Clearing Limited	1,942,503	2,715,196	Brazil	1.6	–	
		3,650,995	4,732,879	China	3.7	2.3	
<b>Israel (1.5%)</b>				Denmark	4.9	5.7	
24,700	Teva Pharmaceutical Industries Ltd. ADR	1,278,573	1,416,005	Finland	3.3	4.1	
<b>Japan (10.3%)</b>				France	7.7	14.5	
15,716	Fanuc Ltd.	1,354,036	1,456,632	Germany	10.6	4.1	
130,400	Komatsu Ltd.	2,219,756	2,324,690	Greece	3.8	2.8	
352,100	Mitsubishi UFJ Financial Group, Inc.	2,573,842	2,514,195	Hong Kong	5.0	4.3	
3,500	Nintendo Co., Ltd.	1,661,795	1,118,868	India	–	0.3	
51,200	Toyota Motor Corporation	2,015,108	2,248,369	Israel	1.5	2.0	
		9,824,537	9,662,754	Japan	10.3	11.9	
<b>Mexico (2.3%)</b>				Mexico	2.3	2.2	
21,000	America Movil SA de CV Series L ADR	793,502	944,520	Singapore	–	0.1	
364,200	Wal-Mart de Mexico SA de CV Series V	1,142,789	1,254,201	Spain	2.2	2.5	
		1,936,291	2,198,721	Sweden	2.8	2.9	
<b>Spain (2.2%)</b>				Switzerland	9.0	14.5	
79,100	Telefonica SA	2,157,017	2,085,981	Taiwan	–	–	
				United Kingdom	17.8	17.0	
				United States	3.8	3.3	
				Currency Spot Contracts	–	(0.01)	

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.

# Pinnacle International Equity Fund (Unaudited – Continued)

76

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle International Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in large capitalization stocks of companies in Europe, Australia and the Far East.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	26,388,317	–	26,388,317	28.0
Pound Sterling	15,468,632	–	15,468,632	16.4
Japanese Yen	10,570,537	–	10,570,537	11.2
U.S. Dollar	9,861,455	–	9,861,455	10.5
Swiss Franc	8,986,043	–	8,986,043	9.5
Hong Kong Dollar	7,136,433	–	7,136,433	7.6
Danish Krone	4,556,553	–	4,556,553	4.8
Swedish Krona	2,645,893	–	2,645,893	2.8
Australian Dollar	1,992,950	–	1,992,950	2.1
Mexican Peso	1,254,200	–	1,254,200	1.3
<b>Total</b>	<b>88,861,013</b>	<b>–</b>	<b>88,861,013</b>	<b>94.2</b>

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	23,024,501	–	23,024,501	28.5
Swiss Franc	11,302,654	–	11,302,654	14.0
British Pound	11,211,187	–	11,211,187	13.9
Japanese Yen	9,635,753	–	9,635,753	11.9
U.S. Dollar	7,767,336	–	7,767,336	9.6
Hong Kong Dollar	5,303,958	–	5,303,958	6.6
Danish Krone	4,607,795	–	4,607,795	5.7
Swedish Krona	2,344,434	–	2,344,434	2.9
Mexican Peso	966,296	–	966,296	1.2
Singapore Dollar	74,573	–	74,573	0.1
Australian Dollar	37,019	–	37,019	0.1
<b>Total</b>	<b>76,275,506</b>	<b>–</b>	<b>76,275,506</b>	<b>94.5</b>

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

The amounts in the above table are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund's Net Assets would have decreased or increased, respectively by approximately \$8,886,101, 9.4% of the Fund's Net Assets (December 31, 2008-\$7,627,551, 9.5% of the Fund's Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### **D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### **E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### **F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Morgan Stanley Capital International Europe, Australasia and Far East Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$9,142,228, 9.7% of the Fund's Net Assets (December 31, 2008-\$7,547,556, 9.4% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle International Small To Mid Cap Value Equity Fund (Unaudited)

78

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$50,882,574	\$45,843,465
Cash	341,915	-
Subscriptions receivable	31,342	11,839
Receivable for securities sold	268,741	1,706,837
Accrued investment income	144,043	142,210
Prepaid expense	4,153	4,153
Accounts receivable	2,312	6,084
	<u>51,675,080</u>	<u>47,714,588</u>
<b>Liabilities</b>		
Bank overdraft	-	1,291,742
Payable for currency spot contracts	90	760
Payable for securities purchased	196,614	-
Redemptions payable	58,661	71,327
Accrued expenses	104,035	125,012
	<u>359,400</u>	<u>1,488,841</u>
Net Assets representing unitholders' equity	<u>\$51,315,680</u>	<u>\$46,225,747</u>
<b>Net Assets per class</b>		
Class A Units	\$51,288,411	\$46,225,747
Class F Units	\$ 27,269	-
<b>Units outstanding</b>		
Class A Units	4,759,942	4,471,086
Class F Units	2,536	-
<b>Net Assets per unit</b>		
Class A Units	\$ 10.78	\$ 10.34
Class F Units	\$ 10.75	\$ -

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 930,681	\$ 1,464,982
Interest	873	4,220
Securities lending	525	15,724
Less: Foreign withholding taxes	(92,103)	(160,187)
	<u>839,976</u>	<u>1,324,739</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	47	-
Legal fees	2,519	1,052
Audit fees	11,530	9,646
Custody fees	215,826	91,448
Filing fees	6,822	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	9,772	10,483
Unitholder administration, service fees and GST	71,332	70,537
	<u>318,976</u>	<u>191,079</u>
Absorbed expenses	(187,203)	-
Net expenses	<u>131,773</u>	<u>191,079</u>
Net investment income (loss)	<u>708,203</u>	<u>1,133,660</u>
Net realized gain (loss) on investments sold	(9,013,819)	(5,769,520)
Net realized gain (loss) on foreign exchange	(374)	(35,541)
Transaction costs	(53,454)	(88,141)
Change in unrealized appreciation (depreciation) of investments	10,588,733	(2,360,379)
Change in unrealized appreciation (depreciation) of currency spot contracts	670	(164)
Change in unrealized appreciation (depreciation) of foreign exchange	(1,074)	8,345
Net gain (loss) on investments and transaction costs	<u>1,520,682</u>	<u>(8,245,400)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 2,228,885</u>	<u>\$(7,111,740)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 2,225,942	\$(7,111,740)
Class F Units+	\$ 2,943	-
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.46	\$ (1.64)
Class F Units+	\$ 2.36	\$ -

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$46,225,747	\$ 76,390,799
Increase (Decrease) in Net Assets from Operations		
Class A Units	2,225,942	(7,111,740)
Class F Units+	2,943	-
	<u>2,228,885</u>	<u>(7,111,740)</u>
Unit Transactions		
Proceeds from issue		
Class A Units	10,989,893	10,931,372
Class F Units+	24,438	-
Payments on redemption		
Class A Units	(8,153,171)	(10,420,283)
Class F Units+	(112)	-
	<u>2,861,048</u>	<u>511,089</u>
Increase (Decrease) in Net Assets		
Class A Units	5,062,664	(6,600,651)
Class F Units+	27,269	-
	<u>5,089,933</u>	<u>(6,600,651)</u>
<b>Net Assets – End of Period</b>		
Class A Units	51,288,411	69,790,148
Class F Units+	27,269	-
	<u>\$51,315,680</u>	<u>\$ 69,790,148</u>

+ Start date February 17, 2009

Portfolio Advisor: Munder Capital Management

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

Pinnacle International Small To Mid Cap Value Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Australia (3.0%)</b>				<b>Greece (0.4%)</b>			
74,851	Australian Worldwide Exploration Limited	211,964	179,731	4,978	Hannover Rueckversicherungs AG	205,644	214,174
58,985	Downer EDI Limited	302,194	308,125	7,436	Hugo Boss AG	173,546	212,811
15,702	JB Hi-Fi Limited	160,068	225,996	5,415	Lanxess AG	227,295	156,226
307,912	Mount Gibson Iron Limited	198,209	258,012	12,268	MTU Aero Engines Holding AG	440,024	520,948
39,173	Primary Health Care Ltd.	141,189	192,596	25,409	ProSiebenSat.1 Media AG Preferred	164,143	162,942
47,574	Sino Gold Mining Limited	226,716	229,815	8,155	Rhoen-Klinikum AG	203,418	209,720
38,590	Wotif.com Holdings Ltd.	148,661	169,677	1,702	Salzgitter AG	258,018	174,032
		<u>1,389,001</u>	<u>1,563,952</u>	6,096	Stada Arzneimittel AG	173,280	177,573
				7,790	Suedzucker AG	177,897	184,272
<b>Austria (2.0%)</b>				10,212	United Internet AG	145,186	139,509
6,206	Andritz AG	299,631	303,767	2,433	Vossloh AG	310,265	340,351
8,649	BWIN Interactive Entertainment AG	269,382	439,574	1,737	Wacker Chemie AG	353,417	232,685
1,816	Mayr Melnhof Karton AG	175,600	178,151	3,671	Wincor Nixdorf AG	219,961	239,424
3,777	Oesterreichische Post AG	150,406	126,123			<u>3,723,367</u>	<u>3,615,470</u>
		<u>895,019</u>	<u>1,047,615</u>	<b>Hong Kong (2.4%)</b>			
<b>Belgium (0.4%)</b>				17,877	Jumbo SA	180,634	201,741
7,360	Telenet Group Holding NV	164,541	181,737	<b>Italy (3.7%)</b>			
<b>Canada (9.0%)</b>				89,000	Great Eagle Holdings	232,632	218,673
20,338	Alamos Gold Inc.	163,296	194,025	156,000	Industrial and Commercial Bank of China (Asia) Ltd.	328,246	325,652
6,400	Astral Media Inc.	166,821	189,696	230,800	Noble Group Limited	297,932	335,743
6,282	ATCO Ltd.	350,899	247,197	214,000	Peace Mark (Holdings) Limited*	242,118	-
14,252	Atrium Innovations Inc.	209,064	174,017	398,000	Texwinca Holdings Limited	323,150	362,842
9,586	Bird Construction Income Fund	328,010	238,212			<u>1,424,078</u>	<u>1,242,910</u>
6,671	Dorel Industries Inc. Class B Sub. Voting	213,196	178,849	<b>Japan (23.3%)</b>			
55,440	Gran Tierra Energy, Inc.	178,120	223,978	19,948	Azimut Holding SpA	251,552	219,948
11,609	Home Capital Group Inc. Class B Sub. Voting	399,233	348,850	28,892	Daive Campari – Milano SpA	234,362	269,652
23,035	HudBay Minerals, Inc.	175,101	175,757	7,203	DiaSorin SpA	207,228	208,510
5,800	Inmet Mining Corporation	221,593	245,108	133,402	Immobiliare Grande Distribuzione SpA	285,349	271,382
10,497	Laurentian Bank of Canada	436,095	368,235	16,920	Prysmian SpA	404,810	296,445
14,608	Open Text Corporation	499,075	618,328	40,793	Recordati SpA	340,067	293,777
6,100	Pan American Silver Corp.	145,867	131,577	3,017	Tod's SpA	190,923	200,485
13,337	Petrominerales Ltd.	156,096	173,781	11,550	Trevi Finanziaria SpA	148,272	156,508
25,958	Red Back Mining Inc.	202,712	262,695			<u>2,062,563</u>	<u>1,916,707</u>
7,311	ShawCor Ltd. Sub. Voting	125,093	147,024	<b>China (1.0%)</b>			
15,048	Sino-Forest Corporation	202,352	185,993	150,000	Xiniao Gas Holdings Limited	247,689	300,653
7,275	SXC Health Solutions Corporation	174,284	214,685	202,000	Xinyi Glass Holdings Co. Ltd.	151,805	201,919
4,338	TMX Group Inc.	142,322	146,624			<u>399,494</u>	<u>502,572</u>
15,500	WestJet Airlines Ltd.	215,887	158,565	<b>Finland (1.9%)</b>			
		<u>4,705,116</u>	<u>4,623,196</u>	51,334	Citycon Oyj	147,594	156,078
<b>China (1.0%)</b>				26,330	Huhtamaki Oyj	248,387	316,021
150,000	Xiniao Gas Holdings Limited	247,689	300,653	17,950	KCI Konecranes Oyj	465,523	492,098
202,000	Xinyi Glass Holdings Co. Ltd.	151,805	201,919			<u>861,504</u>	<u>964,197</u>
		<u>399,494</u>	<u>502,572</u>	<b>France (7.4%)</b>			
<b>France (7.4%)</b>				8,941	Gemalto NV	255,581	360,715
8,941	Gemalto NV	255,581	360,715	3,165	Bureau Veritas SA	165,982	181,571
3,165	Bureau Veritas SA	165,982	181,571	7,924	Etablissements Maurel et Prom	154,180	156,397
7,924	Etablissements Maurel et Prom	154,180	156,397	10,007	Eutelsat Communications	267,961	300,660
10,007	Eutelsat Communications	267,961	300,660	3,047	Faiveley SA	211,230	270,160
3,047	Faiveley SA	211,230	270,160	2,174	Fonciere des Regions	162,863	190,244
2,174	Fonciere des Regions	162,863	190,244	6,534	Klepierre	289,826	196,013
6,534	Klepierre	289,826	196,013	7,555	Publicis Groupe SA	249,207	268,274
7,555	Publicis Groupe SA	249,207	268,274	3,803	Rubis	326,204	329,376
3,803	Rubis	326,204	329,376	4,145	Saft Groupe SA	146,384	191,507
4,145	Saft Groupe SA	146,384	191,507	8,397	SCOR SE	205,571	200,562
8,397	SCOR SE	205,571	200,562	2,443	Sodexho Alliance SA	161,913	146,143
2,443	Sodexho Alliance SA	161,913	146,143	3,835	Sopra Group	292,521	165,451
3,835	Sopra Group	292,521	165,451	15,538	SR Teleperformance	542,236	550,485
15,538	SR Teleperformance	542,236	550,485	4,906	Technip SA	319,187	280,467
4,906	Technip SA	319,187	280,467			<u>3,750,846</u>	<u>3,788,025</u>
<b>Germany (7.0%)</b>				<b>Germany (7.0%)</b>			
2,604	Bilfinger Berger AG	146,547	141,064	2,604	Bilfinger Berger AG	146,547	141,064
10,592	Deutsche Euroshop AG	397,638	379,395	10,592	Deutsche Euroshop AG	397,638	379,395
2,074	Fresenius AG Preferred Non-Voting	127,088	130,344	2,074	Fresenius AG Preferred Non-Voting	127,088	130,344

Portfolio Advisor: Munder Capital Management

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

-For equities, all common shares unless otherwise noted.

Pinnacle International Small To Mid Cap Value Equity Fund (Unaudited – Continued)

80

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
11,400	Taiyo Ink Mfg. Co., Ltd.	270,153	291,609		<b>Switzerland (5.2%)</b>		
31,000	Takasago Thermal Engineering Co., Ltd.	314,853	323,300	4,862	Actelion Ltd.	214,605	296,486
18,000	The Kagoshima Bank, Ltd.	159,045	153,570	5,751	Aryzta AG	173,380	215,119
2,700	The Okinawa Electric Power Company, Incorporated	212,767	168,937	4,713	Baloise Holding Ltd.	440,866	406,845
24,000	The Shiga Bank, Ltd.	177,115	167,478	440	Banque Cantonale Vaudoise	184,632	161,407
25,000	Tokyo Tatemono Co. Ltd.	147,232	160,724	326	Barry Callebaut AG	188,419	207,004
53,000	Toshiba Machine Co., Ltd.	326,928	226,182	1,041	Burckhardt Compression Holding AG	144,195	156,848
4,600	Towa Pharmaceutical Co., Ltd.	273,523	267,979	1,180	Galenica Holding AG	438,313	405,082
70,000	Toyo Engineering Corporation	260,014	273,559	805	Kuoni Reisen Holding AG	360,577	291,218
68,000	Toyo Tire & Rubber Co. Ltd.	174,519	188,400	4,244	PSP Swiss Property AG	202,504	235,736
7,600	Tsuruha Holdings, Inc.	253,398	265,187	4,163	Schindler Holding AG	235,247	300,860
195	Works Applications Co., Ltd.	249,963	136,957				
		<b>11,556,571</b>	<b>11,933,058</b>			<b>2,582,738</b>	<b>2,676,605</b>
	<b>Jersey (0.5%)</b>				<b>United Kingdom (17.9%)</b>		
3,269	Randgold Resources Limited	190,024	244,378	18,047	Aggreko PLC	179,037	179,151
	<b>Korea (2.8%)</b>			65,415	Amlin PLC	436,006	378,922
3,849	CJ Home Shopping	242,723	221,019	82,640	ARM Holdings PLC	143,422	189,823
18,052	CJ Internet Corp.	208,438	230,245	12,530	Autonomy Corporation PLC	206,539	345,192
27,120	Daegu Bank	397,761	287,760	26,173	Babcock International Group PLC	218,271	241,293
13,400	Hyundai Marine & Fire Insurance Co., Ltd.	249,917	193,106	40,725	Balfour Beatty PLC	299,107	241,050
25,940	LG Telecom Ltd.	238,415	189,598	181,661	Beazley Group PLC	320,041	338,419
42,590	Pusan Bank	582,843	337,570	42,509	Britvic PLC	197,651	227,141
		<b>1,920,097</b>	<b>1,459,298</b>	38,867	Carillion PLC	173,201	187,998
	<b>Luxembourg (0.4%)</b>			19,096	Catlin Group Limited	146,946	117,615
18,772	Gagfah SA	247,245	181,167	23,567	Charter International PLC	183,272	195,893
	<b>Netherlands (2.5%)</b>			12,713	Chemring Group PLC	533,825	528,373
30,221	Binck NV	314,125	445,674	28,544	Croda International PLC	352,303	292,175
4,124	Fugro NV	210,564	199,163	54,936	Domino's Pizza UK & IRL PLC	216,365	216,417
14,429	Imtech NV	384,927	326,622	25,682	easyJet PLC	142,008	133,072
5,240	Koninklijke Vopak NV	215,693	304,831	76,528	Game Group PLC	329,355	242,428
		<b>1,125,309</b>	<b>1,276,290</b>	25,179	ICAP PLC	286,778	217,980
	<b>Norway (1.7%)</b>			36,059	IG Group Holdings PLC	253,400	193,649
48,400	Atea ASA	309,989	233,932	38,423	Informa PLC	169,568	160,958
5,600	Fred. Olsen Energy ASA	211,728	221,757	23,152	Inmarsat PLC	170,282	242,809
29,500	Prosafe ASA	131,704	172,373	36,890	Interserve PLC	339,459	123,805
12,000	Tandberg ASA	243,838	235,428	9,961	Intertek Group PLC	141,670	199,688
		<b>897,259</b>	<b>863,490</b>	52,553	JXN Oil & Gas PLC	190,346	207,377
	<b>Singapore (0.7%)</b>			33,929	John Wood Group PLC	210,974	173,903
118,500	Chartered Semiconductor Manufacturing Limited	149,939	193,967	92,425	McBride PLC	223,383	256,700
132,000	Straits Asia Resources Limited	98,788	183,836	231,624	MFI Furniture Group PLC	153,701	156,697
		<b>248,727</b>	<b>377,803</b>	21,914	Micro Focus International PLC	162,777	157,290
	<b>Spain (3.5%)</b>			34,119	Mothercare PLC	257,309	313,524
8,255	Abengoa SA	152,396	213,072	88,185	N Brown Group PLC	440,726	362,948
23,020	Banco de Sabadell SA	177,009	167,388	27,336	Petrofac Limited	214,869	351,119
10,282	Enagas, SA	241,898	235,379	61,409	Qinetiq PLC	173,232	168,952
16,629	Obrascon Huarte Lain SA	486,365	383,973	161,026	Regus PLC	197,320	200,538
5,320	Red Electrica de Espana, SA	290,878	279,936	40,484	Rexam PLC	239,379	220,957
48,330	Tubacex SA	436,989	197,752	234,889	Spirent PLC	271,569	285,807
12,025	Viscofan, SA	279,436	298,590	32,003	SSL International PLC	278,071	317,698
		<b>2,064,971</b>	<b>1,776,090</b>	70,704	Thomas Cook Group PLC	320,023	278,788
	<b>Sweden (2.5%)</b>			37,705	Tui Travel PLC	152,691	167,614
31,400	Castellum AB	255,429	232,918	12,274	Venture Production PLC	184,893	190,916
13,984	Elekta AB Series B	195,578	239,024	36,448	Vitec Group PLC	357,259	181,551
46,831	Kungsliden AB	278,936	251,415			<b>9,467,028</b>	<b>9,186,230</b>
28,004	Loomis AB Class B	288,162	324,638		<b>Total Investments (99.2%)</b>	<b>51,210,252</b>	<b>50,882,574</b>
44,200	Peab AB	336,015	212,048		<b>Currency Spot Contracts (0.0%)</b>		(90)
		<b>1,354,120</b>	<b>1,260,043</b>		<b>Total Investment Portfolio (99.2%)</b>	<b>51,210,252</b>	<b>50,882,484</b>
					<b>Other Assets, Less Liabilities (0.8%)</b>		433,196
					<b>Net Assets (100.0%)</b>		<b>51,315,680</b>

\* This security is not actively traded.

Currency Spot Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation/ (Depreciation)
07/02/2009	Canadian Dollar	149,795	U.S. Dollar	129,000	(90)

Total Currency Spot Contracts

Portfolio Advisor: Munder Capital Management

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio  
As at June 30, 2009

**Summary of Investment Portfolio**

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Australia	3.0	3.1
Austria	2.0	1.0
Belgium	0.4	1.5
Canada	9.0	7.5
China	1.0	0.4
Denmark	–	0.2
Finland	1.9	0.8
France	7.4	9.1
Germany	7.0	7.7
Greece	0.4	0.5
Hong Kong	2.4	1.8
Ireland	–	0.8
Italy	3.7	3.8
Japan	23.3	25.5
Jersey	0.5	–
Korea	2.8	2.6
Luxemburg	0.4	0.6
Netherlands	2.5	3.1
Norway	1.7	1.0
Portugal	–	0.5
Singapore	0.7	0.2
Spain	3.5	3.6
Sweden	2.5	1.7
Switzerland	5.2	5.6
United Kingdom	17.9	16.6
Currency Spot Contracts	–	–

## Pinnacle International Small To Mid Cap Value Equity Fund (Unaudited – Continued)

82

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle International Small to Mid Cap Value Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization corporations in Europe, Australia and the Far East.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

#### B. Liquidity risk

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	14,951,432	–	14,951,432	29.1
Japanese Yen	11,938,691	–	11,938,691	23.3
Pound Sterling	9,432,655	–	9,432,655	18.4
Swiss Franc	2,689,776	–	2,689,776	5.2
Australian Dollar	1,564,494	–	1,564,494	3.0
South Korean Won	1,522,316	–	1,522,316	3.0
Hong Kong Dollar	1,419,468	–	1,419,468	2.8
Swedish Krona	1,260,120	–	1,260,120	2.5
Norwegian Krone	863,705	–	863,705	1.7
Singapore Dollar	714,299	–	714,299	1.4
U.S. Dollar	622,407	–	622,407	1.2
New Zealand Dollar	3,781	–	3,781	–
Danish Krone	57	–	57	–
<b>Total</b>	<b>46,983,201</b>	<b>–</b>	<b>46,983,201</b>	<b>91.6</b>

## Discussion of Financial Instrument Risk

As at June 30, 2009

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
European Euro	15,271,034	–	15,271,034	33.0
Japanese Yen	11,392,615	–	11,392,615	24.7
British Pound	7,695,533	–	7,695,533	16.6
Swiss Franc	2,576,864	–	2,576,864	5.6
Australian Dollar	1,454,355	–	1,454,355	3.1
South Korean Won	1,262,667	–	1,262,667	2.7
Hong Kong Dollar	903,472	–	903,472	2.0
Swedish Krona	836,646	–	836,646	1.8
U.S. Dollar	623,490	–	623,490	1.4
Norwegian Krone	460,239	–	460,239	1.0
Singapore Dollar	275,439	–	275,439	0.6
Danish Krone	106,514	–	106,514	0.2
New Zealand Dollar	3,635	–	3,635	–
Total	42,862,503	–	42,862,503	92.7

The amounts in the above tables are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund's Net Assets would have decreased or increased, respectively by approximately \$4,698,320, 9.2% of the Fund's Net Assets (December 31, 2008-\$4,286,250, 9.3% of the Fund's Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

**D. Interest rate risk**

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

**E. Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives. Credit risk may also exist in relation to counterparties of spot currency contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

**F. Other price risk**

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, S&P Developed ex-U.S. Small Cap Index as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$5,388,146, 10.5% of the Fund's Net Assets (December 31, 2008-\$5,134,329, 11.1% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

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

# Pinnacle Global Equity Fund (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at fair value	\$57,330,688	\$57,469,621
Cash	806,437	961,301
Subscriptions receivable	294,423	10,182
Receivable for securities sold	300,442	171,449
Accrued investment income	114,058	89,817
Prepaid expense	4,152	4,152
	<u>58,850,200</u>	<u>58,706,522</u>
<b>Liabilities</b>		
Payable for currency spot contracts	13,576	-
Payable for securities purchased	107,555	-
Redemptions payable	60,452	41,962
Accrued expenses	71,412	109,265
	<u>252,995</u>	<u>151,227</u>
Net Assets representing unitholders' equity	<u>\$58,597,205</u>	<u>\$58,555,295</u>
<b>Net Assets per class</b>		
Class A Units	\$49,090,957	\$58,555,295
Class F Units	\$ 19,431	\$ -
Class I Units	<u>\$ 9,486,817</u>	<u>\$ -</u>
<b>Units outstanding</b>		
Class A Units	4,626,395	5,921,163
Class F Units	1,835	-
Class I Units	<u>895,033</u>	<u>-</u>
<b>Net Assets per unit</b>		
Class A Units	\$ 10.61	\$ 9.89
Class F Units	\$ 10.59	\$ -
Class I Units	<u>\$ 10.60</u>	<u>\$ -</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Dividends	\$ 630,547	\$ 813,434
Interest	16,987	4,169
Securities lending	-	14,424
Less: Foreign withholding taxes	(86,589)	(83,986)
	<u>560,945</u>	<u>748,041</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	70	-
Legal fees	2,371	1,052
Audit fees	11,488	9,646
Custody fees	14,027	13,076
Filing fees	7,826	6,785
Independent Review Committee fees	1,128	1,128
Unitholder reporting costs	15,239	12,436
Unitholder administration, service fees and GST	70,922	91,922
	<u>123,071</u>	<u>136,045</u>
Absorbed expenses	(10)	-
Net expenses	<u>123,061</u>	<u>136,045</u>
Net investment income (loss)	<u>437,884</u>	<u>611,996</u>
Net realized gain (loss) on investments sold	(4,462,838)	(74,804)
Net realized gain (loss) on foreign exchange	(108,700)	(52,983)
Transaction costs	(36,357)	(24,182)
Change in unrealized appreciation (depreciation) of investments	7,737,609	(4,970,219)
Change in unrealized appreciation (depreciation) of currency spot contracts	(13,576)	2,552
Change in unrealized appreciation (depreciation) of foreign exchange	8,292	1,383
Net gain (loss) on investments and transaction costs	<u>3,124,430</u>	<u>(5,118,253)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 3,562,314</u>	<u>\$(4,506,257)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>		
Class A Units	\$ 2,864,233	\$(4,506,257)
Class F Units+	\$ 2,376	-
Class I Units++	<u>\$ 695,705</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	\$ 0.55	\$ (0.74)
Class F Units+	\$ 1.31	-
Class I Units++	<u>\$ 1.93</u>	<u>-</u>

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 58,555,295	\$ 82,949,233
Increase (Decrease) in Net Assets from Operations		
Class A Units	2,864,233	(4,506,257)
Class F Units+	2,376	-
Class I Units++	695,705	-
	<u>3,562,314</u>	<u>(4,506,257)</u>
Distributions to unitholders		
From net investment income		
Class A Units	-	196
Class F Units+	-	-
Class I Units++	-	-
	<u>-</u>	<u>196</u>
Unit Transactions		
Proceeds from issue		
Class A Units	2,634,439	7,998,366
Class F Units+	29,994	-
Class I Units++	8,896,322	-
Reinvested distributions		
Class A Units	-	(196)
Class F Units+	-	-
Class I Units++	-	-
Payments on redemption		
Class A Units	(14,963,010)	(10,486,954)
Class F Units+	(12,939)	-
Class I Units++	(105,210)	-
	<u>(3,520,404)</u>	<u>(2,488,784)</u>
Increase (Decrease) in Net Assets		
Class A Units	(9,464,338)	(6,994,845)
Class F Units+	19,431	-
Class I Units++	9,486,817	-
	<u>41,910</u>	<u>(6,994,845)</u>
<b>Net Assets – End of Period</b>		
Class A Units	49,090,957	75,954,388
Class F Units+	19,431	-
Class I Units++	<u>9,486,817</u>	<u>-</u>
	<u>\$ 58,597,205</u>	<u>\$ 75,954,388</u>

+ Start date February 17, 2009  
++ Start date January 20, 2009

Pinnacle Global Equity Fund (Unaudited – Continued)

Statement of Investment Portfolio  
As at June 30, 2009

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
<b>Australia (1.3%)</b>				<b>Sweden (0.7%)</b>			
14,050	Cochlear Ltd.	788,383	759,851	38,500	Telefonaktiebolaget LM Ericsson ADR	408,856	437,490
<b>Austria (2.7%)</b>				<b>Switzerland (6.5%)</b>			
18,200	Erste Group Bank AG	848,694	575,104	33,302	Logitech International SA	388,085	541,710
16,900	Oesterreichische Elektrizitaetswirtschafts AG Class A	886,787	1,002,556	14,770	Nestlé SA ADR	519,449	645,607
		1,735,481	1,577,660	14,600	Novartis AG	787,197	689,782
<b>Canada (2.3%)</b>				8,500	Phonak Holding AG	658,502	804,403
23,830	EnCana Corporation	1,019,037	1,369,729	3,137	Roche Holding AG	468,660	496,293
<b>Denmark (1.1%)</b>				3,400	Swatch Group	604,605	635,767
10,200	Novo Nordisk AS Class B	606,704	644,778			3,426,498	3,813,562
<b>France (5.5%)</b>				<b>United Kingdom (6.0%)</b>			
8,576	Air Liquide SA	799,057	913,330	13,050	Rio Tinto PLC	624,832	528,217
7,300	Dassault Systemes SA	495,634	375,407	6,851	Rio Tinto PLC ADR, Rights Jul. 01, 2009	–	91,472
14,300	L'Oréal SA	1,645,762	1,245,150	143,900	RPS Group PLC	724,630	551,689
7,835	LVMH Moet Hennessy Louis Vuitton SA	777,183	697,461	82,600	Standard Chartered PLC	1,748,235	1,808,819
		3,717,636	3,231,348	69,720	WPP PLC	528,031	539,150
<b>Germany (1.8%)</b>						3,625,728	3,519,347
12,840	Fresenius SE	771,112	700,699	<b>United States (48.4%)</b>			
7,200	SAP AG ADR	288,358	336,217	20,720	3M Co.	1,737,074	1,446,882
		1,059,470	1,036,916	19,060	Abbott Laboratories	992,450	1,041,739
<b>Hong Kong (3.7%)</b>				29,850	Adobe Systems Inc.	782,068	981,521
287,000	China Merchants Holdings International Company Limited	847,717	952,305	19,650	Bunge Limited	1,135,994	1,372,848
395,800	Li & Fung Ltd.	914,667	1,220,437	38,400	Charles Schwab Corporation, The	719,254	782,135
		1,762,384	2,172,742	49,640	Cisco Systems, Inc.	1,160,033	1,075,094
<b>Indonesia (1.2%)</b>				42,400	Coach, Inc.	1,262,337	1,324,231
20,300	PT Telekomunikasi Indonesia ADR	949,533	707,125	12,550	Colgate-Palmolive Company	891,084	1,031,520
<b>Israel (1.0%)</b>				42,300	eBay Inc.	1,023,503	840,929
10,000	Teva Pharmaceutical Industries Ltd. ADR	567,942	573,282	44,600	Emerson Electric Co.	1,833,231	1,678,992
<b>Japan (6.3%)</b>				14,320	Exxon Mobil Corporation	1,044,631	1,163,191
10,500	Canon Inc. ADR	404,112	396,864	8,150	Genzyme Corporation	572,320	527,166
6,500	Fanuc Ltd.	654,929	602,451	2,050	Google Inc.	1,049,119	1,004,136
38,600	JSR Corporation	885,484	764,100	28,100	JPMorgan Chase & Co.	1,145,025	1,113,344
4,230	Keyence Corporation	861,506	999,957	10,338	Medco Health Solutions, Inc.	285,142	547,855
1,000	Nintendo Co., Ltd.	376,906	319,677	33,770	Oracle Corporation	654,388	840,464
159	So-net M3, Inc.	615,984	583,337	10,150	Praxair, Inc.	597,997	838,149
		3,798,921	3,666,386	18,050	Procter & Gamble Company, The	1,103,866	1,070,845
<b>Malaysia (1.0%)</b>				9,590	QUALCOMM Incorporated	309,335	504,092
267,400	Sime Darby Berhad	735,113	612,583	21,660	Schlumberger Limited	1,081,581	1,361,522
<b>Mexico (1.2%)</b>				23,150	Sigma Aldrich Corporation	1,122,134	1,332,795
16,013	America Movil SA de CV Series L ADR	666,859	720,219	60,240	Staples, Inc.	1,259,394	1,411,756
<b>Netherlands (1.1%)</b>				3,500	Synthes, Inc.	455,710	393,981
29,530	Qiagen NV	469,187	637,459	53,050	Walgreen Co.	2,314,416	1,811,564
<b>Russia (2.0%)</b>				65,500	Wells Fargo & Company	1,968,580	1,846,294
48,740	Gazprom ADR	2,081,909	1,153,969	54,600	Yahoo! Inc.	812,498	992,832
<b>Singapore (3.0%)</b>						27,313,164	28,335,877
902,800	Olam International Limited	1,325,209	1,753,902	<b>Total Investments (97.8%)</b>			
<b>South Africa (1.0%)</b>						56,541,975	57,330,688
14,900	Sasol	483,961	606,463	<b>Currency Spot Contracts (0.0%)</b>			
						–	(13,576)
				<b>Total Investment Portfolio (97.8%)</b>			
						56,541,975	57,317,112
				<b>Other Assets, Less Liabilities (2.2%)</b>			
							1,280,093
				<b>Net Assets (100.0%)</b>			
							<b>58,597,205</b>

ADR – American Depository Receipt

# Pinnacle Global Equity Fund (Unaudited – Continued)

86

## Statement of Investment Portfolio As at June 30, 2009

### Currency Spot Contracts

Settlement Date	Currency To Be Received	Contractual Amount	Currency To Be Delivered	Contractual Amount	Canadian (\$) Appreciation / (Depreciation)
07/02/2009	Canadian Dollar	286,866	South African Rand	2,000,229	(13,576)

### Total Currency Spot Contracts

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Australia	1.3	2.0
Austria	2.7	3.1
Canada	2.3	2.7
Denmark	1.1	0.7
France	5.5	7.4
Germany	1.8	1.4
Hong Kong	3.7	3.5
Indonesia	1.2	1.4
Israel	1.0	–
Japan	6.3	9.0
Malaysia	1.0	1.0
Mexico	1.2	1.5
Netherlands	1.1	1.3
Russia	2.0	2.0
Singapore	3.0	2.2
South Africa	1.0	1.7
Sweden	0.7	–
Switzerland	6.5	6.8
United Kingdom	6.0	4.3
United States	48.4	46.1

Portfolio Advisor: Harding, Loevner Management, L.P.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

**A. Risk management**

The investment objective of Pinnacle Global Equity Fund (the “Fund”) is to achieve superior long term returns through capital growth by investing primarily in stocks of large capitalization companies in North America, Europe, Australia and the Far East.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Fund. The Fund’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Manager seeks to minimize potential adverse effects of risks on the Fund’s performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund’s securities and financial market developments.

**B. Liquidity risk**

The Fund’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the 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. The 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. Such securities are identified in the Statement of Investment Portfolio.

**C. Currency risk**

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Fund’s reporting currency, will fluctuate due to changes in exchange rates. The Fund’s financial instruments were exposed to the following currencies:

June 30, 2009

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	34,838,324	–	34,838,324	59.5
European Euro	6,147,165	–	6,147,165	10.5
Pound Sterling	3,702,815	–	3,702,815	6.3
Japanese Yen	3,288,460	–	3,288,460	5.6
Swiss Franc	3,127,781	–	3,127,781	5.3
Hong Kong Dollar	2,172,742	–	2,172,742	3.7
Singapore Dollar	1,753,902	–	1,753,902	3.0
Australian Dollar	759,851	–	759,851	1.3
Danish Krone	644,778	–	644,778	1.1
Malaysian Ringgit	612,583	–	612,583	1.1
South African Rand	606,463	–	606,463	1.0
Total	57,654,864	–	57,654,864	98.4

December 31, 2008

Currency	Financial Instruments (\$)	Currency Forward Contracts (\$)	Net Currency Exposure (\$)	Percentage of Net Assets (%)
U.S. Dollar	33,157,790	–	33,157,790	56.6
European Euro	7,241,336	–	7,241,336	12.4
Japanese Yen	5,267,711	–	5,267,711	9.0
Swiss Franc	3,396,509	–	3,396,509	5.8
Hong Kong Dollar	2,058,920	–	2,058,920	3.5
British Pound	1,966,616	–	1,966,616	3.4
Singapore Dollar	1,283,992	–	1,283,992	2.2
Australian Dollar	1,154,261	–	1,154,261	2.0
South African Rand	976,678	–	976,678	1.7
Malaysian Ringgit	581,557	–	581,557	1.0
Danish Krone	395,785	–	395,785	0.7
Total	57,481,155	–	57,481,155	98.2

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

The amounts in the above tables are based on the fair value of the Fund's financial instruments. 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.

As at June 30, 2009, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund's Net Assets would have decreased or increased, respectively by approximately \$5,765,487, 9.8% of the Fund's Net Assets (December 31, 2008-\$5,748,116, 9.8% of the Fund's Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2009 and December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund did not have a significant exposure to interest rate risk.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Where the Fund invests in debt instruments this represents the main concentration of credit risk. As at June 30, 2009 and December 31, 2008, the Fund had no significant investments in debt instruments and/or derivatives. Credit risk may also exist in relation to counterparties of spot currency contracts.

The Fund enters 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 a sufficient, 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 disclosed in Note 9.

### F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Fund due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, Morgan Stanley Capital International World Index, as of June 30, 2009 with all other variables held constant, would result in an increase or decrease of approximately \$6,035,512, 10.3% of the Fund's Net Assets (December 31, 2008-\$5,887,602, 10.2% of the Fund's Net Assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Balanced Income Portfolio (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at market value	\$9,233,509	\$8,923,051
Cash	244,695	192,038
Subscriptions receivable	552	121
Prepaid expense	1,591	1,591
Accounts receivable	–	1,402
	<u>9,480,347</u>	<u>9,118,203</u>
<b>Liabilities</b>		
Redemptions payable	922	922
Accrued expenses	43,090	34,563
	<u>44,012</u>	<u>35,485</u>
Net Assets representing unitholders' equity	<u>\$9,436,335</u>	<u>\$9,082,718</u>
<b>Units outstanding</b>		
Class A Units	1,010,079	1,034,912
<b>Net Assets per unit</b>		
Class A Units	<u>\$ 9.34</u>	<u>\$ 8.78</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ 33	\$ 840
Income from underlying funds	183,162	194,596
	<u>183,195</u>	<u>195,436</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	87,285	97,988
Legal fees	1,201	1,392
Audit fees	6,250	4,936
Custody fees	2,823	9,448
Filing fees	9,807	6,785
Independent Review Committee fees	1,128	1,130
Unitholder reporting costs	7,258	448
Unitholder administration, service fees and GST	16,683	15,092
	<u>132,435</u>	<u>137,219</u>
Absorbed expenses	<u>(22,078)</u>	<u>(12,147)</u>
Net expenses	<u>110,357</u>	<u>125,072</u>
Net investment income (loss)	<u>72,838</u>	<u>70,364</u>
Net realized gain (loss) on investments sold	(497,557)	(101,920)
Change in unrealized appreciation (depreciation) of investments	1,001,281	3,555
	<u>503,724</u>	<u>(98,365)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 576,562</u>	<u>\$ (28,001)</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	<u>\$ 0.56</u>	<u>\$ (0.03)</u>

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$9,082,718	\$10,165,485
Increase (Decrease) in Net Assets from Operations		
Class A Units	<u>576,562</u>	<u>(28,001)</u>
<b>Unit Transactions</b>		
Proceeds from issue		
Class A Units	401,828	1,190,808
Payments on redemption		
Class A Units	<u>(624,773)</u>	<u>(1,559,649)</u>
	<u>(222,945)</u>	<u>(368,841)</u>
Increase (Decrease) in Net Assets		
Class A Units	<u>353,617</u>	<u>(396,842)</u>
<b>Net Assets – End of Period</b>		
Class A Units	<u>\$9,436,335</u>	<u>\$ 9,768,643</u>

# Pinnacle Balanced Income Portfolio (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
<b>Fixed Income Funds (68.1%)</b>			
182,482	Pinnacle American Core-Plus Bond Fund Class A	1,354,644	1,386,863
119,837	Pinnacle High Yield Income Fund Class A	1,029,449	926,341
383,240	Pinnacle Income Fund Class A	4,102,053	4,108,338
		<u>6,486,146</u>	<u>6,421,542</u>
<b>Canadian Equity Funds (10.9%)</b>			
72,498	Pinnacle Canadian Growth Equity Fund Class A	888,396	744,552
18,354	Pinnacle Canadian Value Equity Fund Class A	300,707	280,443
		<u>1,189,103</u>	<u>1,024,995</u>
<b>Foreign Equity Funds (18.9%)</b>			
42,929	Pinnacle American Value Equity Fund Class A	350,298	367,470
26,839	Pinnacle Global Equity Fund Class A	319,668	284,758
79,709	Pinnacle Global Real Estate Securities Fund Class A	678,322	756,437
35,093	Pinnacle International Small to Mid Cap Value Equity Fund Class A	552,451	378,307
		<u>1,900,739</u>	<u>1,786,972</u>
<b>Total Investment Portfolio (97.9%)</b>		<u>9,575,988</u>	<u>9,233,509</u>
<b>Other Assets, Less Liabilities (2.1%)</b>			202,826
<b>Net Assets (100.0%)</b>			<u><b>9,436,335</b></u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Fixed Income Funds	68.1	67.3
Canadian Equity Funds	10.9	21.4
Foreign Equity Funds	18.9	9.5

Portfolio Advisor: Scotia Capital Inc.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Balanced Income Portfolio (the “Portfolio”) is to generate current income and long-term capital growth, with a bias towards income. It invests primarily in a mix of equity and income mutual funds managed by us. As a result, the Portfolio is not directly exposed to significant currency, interest rate or credit risks.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Portfolio is an asset allocation fund that allocates the investment between three asset classes: bonds, Canadian equities and foreign equities.

### B. Liquidity risk

The Portfolio’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio 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.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Portfolio’s reporting currency, will fluctuate due to changes in exchange rates. The Portfolio may be exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than Canadian dollars.

### D. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises on interest-bearing financial instruments held by a Portfolio. The Portfolio may be exposed to indirect interest rate risk in the event that the underlying funds invest in interest-bearing financial instruments.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Portfolio. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

### F. Other price risk

Other price risk is the risk that the fair value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Portfolio due to a 10% change in the respective stock indices of, using a historical measure of the sensitivity of the Portfolio’s return relative to the returns of its blended benchmark stock indices, 70% DEX Universe Bond Index, 11% S&P/TSX Composite Index, 5.5% S&P 500 Index, 5.5% Morgan Stanley Capital International Europe, Australasia and Far East Index and 8% the Financial Times Stock Exchange European Public Real Estate Investment Trusts / North American Association of Real Estate Investment Trusts Index, as of June 30, 2009, with all other variables held constant, would result in an increase or decrease of approximately \$990,815, 10.5% of the Portfolio’s Net Assets (December 31, 2008-\$963,690, 10.6% of the Portfolio’s Net Assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Conservative Balanced Growth Portfolio (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at market value	\$60,901,225	\$58,516,645
Cash	38,989	258,960
Subscriptions receivable	50,550	6,997
Receivable for securities sold	230,000	110,000
Prepaid expense	1,591	1,591
	<u>61,222,355</u>	<u>58,894,193</u>
<b>Liabilities</b>		
Payable for securities purchased	—	107,250
Redemptions payable	179,700	78,402
Accrued expenses	127,646	78,129
	<u>307,346</u>	<u>263,781</u>
Net Assets representing unitholders' equity	<u>\$60,915,009</u>	<u>\$58,630,412</u>
<b>Units outstanding</b>		
Class A Units	<u>6,866,854</u>	<u>7,132,553</u>
<b>Net Assets per unit</b>		
Class A Units	<u>\$ 8.87</u>	<u>\$ 8.22</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ 15	\$ 497
Income from underlying funds	624,742	880,736
	<u>624,757</u>	<u>881,233</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	627,213	856,027
Legal fees	1,201	1,392
Audit fees	9,797	4,936
Custody fees	4,154	21,458
Filing fees	8,460	6,785
Independent Review Committee fees	1,128	1,130
Unitholder reporting costs	14,079	2,011
Unitholder administration, service fees and GST	26,609	23,517
	<u>692,641</u>	<u>917,256</u>
Absorbed expenses	—	—
Net Expenses	<u>692,641</u>	<u>917,256</u>
Net investment income (loss)	<u>(67,884)</u>	<u>(36,023)</u>
Net realized gain (loss) on investments sold	(3,654,024)	(416,080)
Change in unrealized appreciation (depreciation) of investments	8,158,286	(1,463,378)
Net gain (loss) on investments	<u>4,504,262</u>	<u>(1,879,458)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 4,436,378</u>	<u>\$(1,915,481)</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	<u>\$ 0.63</u>	<u>\$ (0.25)</u>

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	<u>\$58,630,412</u>	<u>\$79,804,847</u>
Increase (Decrease) in Net Assets from Operations		
Class A Units	<u>4,436,378</u>	<u>(1,915,481)</u>
<b>Unit Transactions:</b>		
Proceeds from issue		
Class A Units	3,663,074	6,241,803
Payments on redemption		
Class A Units	<u>(5,814,855)</u>	<u>(7,517,552)</u>
	<u>(2,151,781)</u>	<u>(1,275,749)</u>
Increase (Decrease) in Net Assets		
Class A Units	<u>2,284,597</u>	<u>(3,191,230)</u>
<b>Net Assets – End of Period</b>		
Class A Units	<u>\$60,915,009</u>	<u>\$76,613,617</u>

# Pinnacle Conservative Balanced Growth Portfolio (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
<b>Fixed Income Funds (39.8%)</b>			
806,008	Pinnacle High Yield Income Fund Class A	7,534,992	6,230,445
1,682,322	Pinnacle Income Fund Class A	18,022,431	18,034,494
		<u>25,557,423</u>	<u>24,264,939</u>
<b>Canadian Equity Funds (29.8%)</b>			
610,611	Pinnacle Canadian Growth Equity Fund Class A	8,115,475	6,270,974
345,381	Pinnacle Canadian Mid Cap Equity Fund Class A	3,963,894	3,512,525
144,441	Pinnacle Canadian Small Cap Equity Fund Class A	2,428,221	1,990,395
416,052	Pinnacle Canadian Value Equity Fund Class A	7,317,512	6,357,282
		<u>21,825,102</u>	<u>18,131,176</u>
<b>Foreign Equity Funds (30.4%)</b>			
432,756	Pinnacle American Large Cap Equity Fund Class A	2,925,354	2,648,466
300,803	Pinnacle American Value Equity Fund Class A	3,013,405	2,574,878
174,087	Pinnacle Global Equity Fund Class A	2,135,591	1,847,066
648,894	Pinnacle Global Real Estate Securities Fund Class A	8,601,158	6,158,002
359,567	Pinnacle International Equity Fund Class A	4,060,234	3,059,911
205,639	Pinnacle International Small to Mid Cap Value Equity Fund Class A	3,218,429	2,216,787
		<u>23,954,171</u>	<u>18,505,110</u>
<b>Total Investment Portfolio (100.0%)</b>		<u>71,336,696</u>	<u>60,901,225</u>
<b>Other Assets, Less Liabilities (0.0%)</b>			13,784
<b>Net Assets (100.0%)</b>			<u><b>60,915,009</b></u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Fixed Income Funds	39.8	37.8
Canadian Equity Funds	29.8	33.4
Foreign Equity Funds	30.4	28.7

Portfolio Advisor: Scotia Capital Inc.

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

## Pinnacle Conservative Balanced Growth Portfolio (Unaudited – Continued)

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle Conservative Balanced Growth Portfolio (the “Portfolio”) is to achieve a balance of long-term capital growth and current income. It invests primarily in a mix of equity and income mutual funds managed by us. As a result, the Portfolio is not directly exposed to significant currency, interest rate or credit risks.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Portfolio is an asset allocation fund that allocates the investment between four asset classes: bonds, real estate, Canadian equities and foreign equities.

#### B. Liquidity risk

The Portfolio’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio 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.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Portfolio’s reporting currency, will fluctuate due to changes in exchange rates. The Portfolio may be exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than Canadian dollars.

#### D. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises on interest-bearing financial instruments held by a Portfolio. The Portfolio may be exposed to indirect interest rate risk in the event that the underlying funds invest in interest-bearing financial instruments.

#### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Portfolio. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

#### F. Other price risk

Other price risk is the risk that the fair value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Portfolio due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Portfolio’s return relative to the returns of its blended benchmark stock indices of, 40% DEX Universe Bond Index, 10% The Financial Time Stock Exchange European Public Real Estate Association / North American Association of Real Estate Investment Trusts Index, 30% S&P/TSX Composite Index, 10% S&P 500 Index and 10% Morgan Stanley Capital International Europe, Australasia and the Far East Index, as of June 30, 2009, with all other variables held constant, would result in an increase or decrease of approximately \$6,091,501, 10.0% of the Portfolio’s Net Assets (December 31, 2008-\$6,027,214, 10.3% of the Portfolio’s Net Assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Pinnacle Balanced Growth Portfolio (Unaudited)

## Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at market value	\$13,018,558	\$13,260,537
Cash	207,626	184,114
Subscriptions receivable	944	774
Receivable for securities sold	20,000	–
Prepaid expense	1,591	1,591
Accounts receivable	–	1,415
	<u>13,248,719</u>	<u>13,448,431</u>
<b>Liabilities</b>		
Redemptions payable	330,331	399
Accrued expenses	56,366	42,055
	<u>386,697</u>	<u>42,454</u>
Net Assets representing unitholders' equity	<u>\$12,862,022</u>	<u>\$13,405,977</u>
<b>Units outstanding</b>		
Class A Units	<u>1,426,167</u>	<u>1,606,388</u>
<b>Net Assets per unit</b>		
Class A Units	<u>\$ 9.02</u>	<u>\$ 8.35</u>

## Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$13,405,977	\$17,800,338
Increase (Decrease) in Net Assets from Operations		
Class A Units	<u>952,588</u>	<u>(462,825)</u>
Unit Transactions:		
Proceeds from issue		
Class A Units	490,634	1,274,979
Payments on redemption		
Class A Units	<u>(1,987,177)</u>	<u>(1,481,008)</u>
	<u>(1,496,543)</u>	<u>(206,029)</u>
Increase (Decrease) in Net Assets		
Class A Units	<u>(543,955)</u>	<u>(668,854)</u>
<b>Net Assets – End of Period</b>		
Class A Units	<u>\$12,862,022</u>	<u>\$17,131,484</u>

## Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ –	\$ 533
Income from underlying funds	158,432	206,460
	<u>158,432</u>	<u>206,993</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	137,303	191,532
Legal fees	1,201	1,392
Audit fees	6,250	4,936
Custody fees	4,948	15,665
Filing fees	9,808	6,785
Independent Review Committee fees	1,127	1,130
Unitholder reporting costs	7,827	499
Unitholder administration, service fees and GST	17,661	15,782
	<u>186,125</u>	<u>237,721</u>
Absorbed expenses	(16,852)	(483)
Net expenses	<u>169,273</u>	<u>237,238</u>
Net investment income (loss)	<u>(10,841)</u>	<u>(30,245)</u>
Net realized gain (loss) on investments sold	(1,226,767)	(209,383)
Change in unrealized appreciation (depreciation) of investments	<u>2,190,196</u>	<u>(223,197)</u>
Net gain (loss) on investments	<u>963,429</u>	<u>(432,580)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 952,588</u>	<u>\$(462,825)</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	<u>\$ 0.63</u>	<u>\$ (0.27)</u>

## Pinnacle Balanced Growth Portfolio (Unaudited – Continued)

96

### Statement of Investment Portfolio As at June 30, 2009

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
<b>Fixed Income Funds (40.3%)</b>			
119,961	Pinnacle American Core-Plus Bond Fund Class A	898,130	911,703
171,137	Pinnacle High Yield Income Fund Class A	1,436,746	1,322,886
274,925	Pinnacle Income Fund Class A	2,942,453	2,947,187
		<u>5,279,329</u>	<u>5,181,786</u>
<b>Canadian Equity Funds (24.9%)</b>			
110,323	Pinnacle Canadian Growth Equity Fund Class A	1,435,477	1,133,021
37,618	Pinnacle Canadian Mid Cap Equity Fund Class A	500,391	382,579
33,039	Pinnacle Canadian Small Cap Equity Fund Class A	586,103	455,276
80,262	Pinnacle Canadian Value Equity Fund Class A	1,402,430	1,226,410
		<u>3,904,401</u>	<u>3,197,266</u>
<b>Foreign Equity Funds (36.1%)</b>			
70,442	Pinnacle American Large Cap Growth Equity Fund Class A	504,781	431,106
31,622	Pinnacle American Mid Cap Growth Equity Fund Class A	449,616	400,650
68,713	Pinnacle American Value Equity Fund Class A	726,132	588,183
43,504	Pinnacle Global Equity Fund Class A	519,421	461,581
140,110	Pinnacle Global Real Estate Securities Fund Class A	1,192,336	1,329,643
120,991	Pinnacle International Equity Fund Class A	1,377,054	1,029,634
36,984	Pinnacle International Small to Mid Cap Value Equity Fund Class A	618,495	398,689
		<u>5,387,835</u>	<u>4,638,486</u>
	<b>Total Investment Portfolio (101.2%)</b>	<u>14,571,565</u>	<u>13,018,558</u>
	<b>Other Assets, Less Liabilities (-1.2%)</b>		(155,536)
	<b>Net Assets (100.0%)</b>		<u><u>12,862,022</u></u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Fixed Income Funds	40.3	38.3
Canadian Equity Funds	24.9	29.5
Foreign Equity Funds	36.1	31.0

Portfolio Advisor: Scotia Capital Inc.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Balanced Growth Portfolio (the “Portfolio”) is to achieve a balance of long-term capital growth and current income, with a small bias towards capital growth. It invests primarily in a mix of equity and income mutual funds managed by us. As a result, the Portfolio is not directly exposed to significant currency, interest rate or credit risks.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Portfolio is an asset allocation fund that allocates the investment between three asset classes: bonds, Canadian equities and foreign equities.

### B. Liquidity risk

The Portfolio’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio 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.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Portfolio’s reporting currency, will fluctuate due to changes in exchange rates. The Portfolio may be exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than Canadian dollars.

### D. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises on interest-bearing financial instruments held by a Portfolio. The Portfolio may be exposed to indirect interest rate risk in the event that the underlying funds invest in interest-bearing financial instruments.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Portfolio. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

### F. Other price risk

Other price risk is the risk that the fair value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Portfolio due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Portfolio’s return relative to the returns of its blended benchmark stock indices of, 40% DEX Universe Bond Index, 25% S&P/TSX Composite Index, 12.5% S&P 500 Index, 12.5% Morgan Stanley Capital International Europe, Australasia and the Far East Index and 10% the Financial Times Stock Exchange European Public Real Estate Investment Trusts / North American Association of Real Estate Investment Trusts Index, as of June 30, 2009, with all other variables held constant, would result in an increase or decrease of approximately \$1,324,786, 10.3% of the Portfolio’s Net Assets (December 31, 2008-\$1,445,399, 10.8% of the Portfolio’s Net Assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

## Pinnacle Conservative Growth Portfolio (Unaudited)

98

### Statement of Net Assets As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at market value	\$10,752,945	\$10,669,278
Cash	203,856	219,521
Subscriptions receivable	6,714	8,797
Receivable for securities sold	50,000	–
Prepaid expense	1,591	1,591
Accounts receivable	–	2,125
	<u>11,015,106</u>	<u>10,901,312</u>
<b>Liabilities</b>		
Redemptions payable	70,145	467
Accrued expenses	53,595	40,003
	<u>123,740</u>	<u>40,470</u>
Net Assets representing unitholders' equity	<u>\$10,891,366</u>	<u>\$10,860,842</u>
<b>Units outstanding</b>		
Class A Units	<u>1,225,569</u>	<u>1,351,453</u>
<b>Net Assets per unit</b>		
Class A Units	<u>\$ 8.89</u>	<u>\$ 8.04</u>

### Statement of Operations For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ –	\$ 567
Income from underlying funds	56,428	95,547
	<u>56,428</u>	<u>96,114</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	130,837	215,444
Legal fees	1,201	1,393
Audit fees	6,250	4,936
Custody fees	2,965	12,433
Filing fees	9,799	6,785
Independent Review Committee fees	1,128	1,130
Unitholder reporting costs	7,990	626
Unitholder administration, service fees and GST	19,305	15,882
	<u>179,475</u>	<u>258,629</u>
Absorbed expenses	(20,746)	(13)
Net expenses	<u>158,729</u>	<u>258,616</u>
Net investment income (loss)	(102,301)	(162,502)
Net realized gain (loss) on investments sold	(1,276,586)	(206,751)
Change in unrealized appreciation (depreciation) of investments	2,435,025	(161,097)
Net gain (loss) on investments	<u>1,158,439</u>	<u>(367,848)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 1,056,138</u>	<u>\$(530,350)</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	<u>\$ 0.81</u>	<u>\$ (0.34)</u>

### Statement of Changes in Net Assets For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$10,860,842	\$18,167,807
Increase (Decrease) in Net Assets from Operations		
Class A Units	<u>1,056,138</u>	<u>(530,350)</u>
<b>Unit Transactions:</b>		
Proceeds from issue		
Class A Units	500,051	1,141,846
Payments on redemption		
Class A Units	<u>(1,525,665)</u>	<u>(2,142,925)</u>
	<u>(1,025,614)</u>	<u>(1,001,079)</u>
Increase (Decrease) in Net Assets		
Class A Units	<u>30,524</u>	<u>(1,531,429)</u>
<b>Net Assets – End of Period</b>		
Class A Units	<u>\$10,891,366</u>	<u>\$16,636,378</u>

Portfolio Advisor: Scotia Capital Inc.

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

# Pinnacle Conservative Growth Portfolio (Unaudited – Continued)

## Statement of Investment Portfolio As at June 30, 2009

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
<b>Fixed Income Funds (19.9%)</b>			
83,903	Pinnacle High Yield Income Fund Class A	754,796	648,567
141,683	Pinnacle Income Fund Class A	1,515,579	1,518,842
		<u>2,270,375</u>	<u>2,167,409</u>
<b>Canadian Equity Funds (49.0%)</b>			
185,566	Pinnacle Canadian Growth Equity Fund Class A	2,602,861	1,905,759
92,615	Pinnacle Canadian Mid Cap Equity Fund Class A	1,117,266	941,891
41,064	Pinnacle Canadian Small Cap Equity Fund Class A	756,229	565,868
125,723	Pinnacle Canadian Value Equity Fund Class A	2,302,558	1,921,049
		<u>6,778,914</u>	<u>5,334,567</u>
<b>Foreign Equity Funds (29.6%)</b>			
76,540	Pinnacle American Large Cap Growth Equity Fund Class A	545,611	468,427
53,467	Pinnacle American Value Equity Fund Class A	531,366	457,674
29,783	Pinnacle Global Equity Fund Class A	376,775	316,001
115,376	Pinnacle Global Real Estate Securities Fund Class A	1,623,626	1,094,915
62,957	Pinnacle International Equity Fund Class A	484,111	535,849
35,075	Pinnacle International Small to Mid Cap Value Equity Fund Class A	589,564	378,103
		<u>4,151,053</u>	<u>3,250,969</u>
	<b>Total Investment Portfolio (98.7%)</b>	<u>13,200,342</u>	<u>10,752,945</u>
	<b>Other Assets, Less Liabilities (1.3%)</b>		<u>138,421</u>
	<b>Net Assets (100.0%)</b>		<u><b>10,891,366</b></u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Fixed Income Funds	19.9	18.7
Canadian Equity Funds	49.0	52.3
Foreign Equity Funds	29.8	27.2

Portfolio Advisor: Scotia Capital Inc.

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

## Pinnacle Conservative Growth Portfolio (Unaudited – Continued)

100

### Discussion of Financial Instrument Risk

As at June 30, 2009

#### A. Risk management

The investment objective of Pinnacle Conservative Growth Portfolio (the “Portfolio”) is to achieve long-term capital growth and provide some current income. It invests primarily in a mix of equity and income mutual funds managed by us. As a result, the Portfolio is not directly exposed to significant currency, interest rate or credit risks.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Portfolio is an asset allocation fund that allocates the investment between four asset classes: bonds, real estate, Canadian equities and foreign equities.

#### B. Liquidity risk

The Portfolio’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio 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.

#### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Portfolio’s reporting currency, will fluctuate due to changes in exchange rates. The Portfolio may be exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than Canadian dollars.

#### D. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises on interest-bearing financial instruments held by a Portfolio. The Portfolio may be exposed to indirect interest rate risk in the event that the underlying funds invest in interest-bearing financial instruments.

#### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Portfolio. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

#### F. Other price risk

Other price risk is the risk that the fair value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Portfolio due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Portfolio’s return relative to the returns of its blended benchmark stock indices of, 20% DEX Universe Bond Index, 10% the Financial Times Stock Exchange European Public Real Estate Investment Trusts/North American Association of Real Estate Investment Trusts Index, 50% S&P/TSX Composite Index, 10% S&P 500 Index and 10% Morgan Stanley Capital International Europe, Australasia and the Far East Index, as of June 30, 2009, with all other variables held constant, would result in an increase or decrease of approximately \$1,089,137, 10.0% of the Portfolio’s Net Assets (December 31, 2008-\$1,098,936, 10.1% of the Portfolio’s Net Assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

Statement of Net Assets  
As at

	June 30, 2009	December 31, 2008
<b>Assets</b>		
Investments at market value	\$5,364,337	\$5,620,386
Cash	215,222	227,262
Subscriptions receivable	2,000	1,787
Prepaid expense	1,591	1,591
Accounts receivable	–	1,902
	<u>5,583,150</u>	<u>5,852,928</u>
<b>Liabilities</b>		
Redemptions payable	16,568	5,240
Accrued expenses	39,952	35,088
	<u>56,520</u>	<u>40,328</u>
Net Assets representing unitholders' equity	<u>\$5,526,630</u>	<u>\$5,812,600</u>
<b>Units outstanding</b>		
Class A Units	<u>645,226</u>	<u>730,582</u>
<b>Net Assets per unit</b>		
Class A Units	<u>\$ 8.57</u>	<u>\$ 7.96</u>

Statement of Changes in Net Assets  
For the six month periods ended June 30,

	2009	2008
<b>Net Assets – Beginning of Period</b>		
Class A Units	\$ 5,812,600	\$ 9,894,535
Increase (Decrease) in Net Assets from Operations		
Class A Units	<u>360,849</u>	<u>(467,607)</u>
Unit Transactions:		
Proceeds from issue		
Class A Units	374,267	603,344
Payments on redemption		
Class A Units	<u>(1,021,086)</u>	<u>(1,281,738)</u>
	<u>(646,819)</u>	<u>(678,394)</u>
Increase (Decrease) in Net Assets		
Class A Units	<u>(285,970)</u>	<u>(1,146,001)</u>
<b>Net Assets – End of Period</b>		
Class A Units	<u>\$ 5,526,630</u>	<u>\$ 8,748,534</u>

Statement of Operations  
For the six month periods ended June 30,

	2009	2008
<b>Investment Income</b>		
Interest	\$ –	\$ 361
Income from underlying funds	27,534	51,447
	<u>27,534</u>	<u>51,808</u>
<b>Expenses</b>		
Management fees (including GST) (note 8)	66,260	116,418
Legal fees	1,201	1,392
Audit fees	6,250	4,936
Custody fees	4,783	17,405
Filing fees	9,800	6,785
Independent Review Committee fees	1,128	1,130
Unitholder reporting costs	7,166	646
Unitholder administration, service fees and GST	17,393	15,910
	<u>113,981</u>	<u>164,622</u>
Absorbed expenses	<u>(33,278)</u>	<u>(22,877)</u>
Net expenses	<u>80,703</u>	<u>141,745</u>
Net investment income (loss)	<u>(53,169)</u>	<u>(89,937)</u>
Net realized gain (loss) on investments sold	(562,057)	(136,024)
Change in unrealized appreciation (depreciation) of investments	976,075	(241,646)
Net gain (loss) on investments	<u>414,018</u>	<u>(377,670)</u>
<b>Increase (Decrease) in Net Assets from Operations</b>	<u>\$ 360,849</u>	<u>\$(467,607)</u>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>		
Class A Units	<u>\$ 0.54</u>	<u>\$ (0.52)</u>

## Pinnacle Growth Portfolio (Unaudited – Continued)

102

### Statement of Investment Portfolio As at June 30, 2009

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
<b>Fixed Income Funds (19.6%)</b>			
42,896	Pinnacle High Yield Income Fund Class A	388,325	331,584
70,203	Pinnacle Income Fund Class A	751,480	752,574
		<u>1,139,805</u>	<u>1,084,158</u>
<b>Canadian Equity Funds (33.4%)</b>			
70,212	Pinnacle Canadian Growth Equity Fund Class A	928,875	721,075
15,519	Pinnacle Canadian Mid Cap Equity Fund Class A	215,573	157,824
17,470	Pinnacle Canadian Small Cap Equity Fund Class A	300,248	240,730
47,348	Pinnacle Canadian Value Equity Fund Class A	793,255	723,474
		<u>2,237,951</u>	<u>1,843,103</u>
<b>Foreign Equity Funds (44.1%)</b>			
39,190	Pinnacle American Large Cap Growth Equity Fund Class A	280,312	239,843
12,760	Pinnacle American Mid Cap Growth Equity Fund Class A	186,490	161,669
24,073	Pinnacle American Mid Cap Value Equity Fund Class A	232,832	157,436
26,526	Pinnacle American Value Equity Fund Class A	286,186	227,065
27,147	Pinnacle Global Equity Fund Class A	343,529	288,035
57,354	Pinnacle Global Real Estate Securities Fund Class A	683,657	544,292
69,270	Pinnacle International Equity Fund Class A	819,543	589,490
21,266	Pinnacle International Small to Mid Cap Value Equity Fund Class A	384,475	229,246
		<u>3,217,024</u>	<u>2,437,076</u>
	<b>Total Investment Portfolio (97.1%)</b>	<u>6,594,780</u>	<u>5,364,337</u>
	<b>Other Assets, Less Liabilities (2.9%)</b>		162,293
	<b>Net Assets (100.0%)</b>		<u><u>5,526,630</u></u>

### Summary of Investment Portfolio

Investment Category	Percentage of Net Assets (%)	
	June 30, 2009	December 31, 2008
Fixed Income Funds	19.6	17.9
Canadian Equity Funds	33.4	27.0
Foreign Equity Funds	44.1	51.8

Portfolio Advisor: Scotia Capital Inc.

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

## Discussion of Financial Instrument Risk

As at June 30, 2009

### A. Risk management

The investment objective of Pinnacle Growth Portfolio (the “Portfolio”) is to achieve long-term capital growth and provide some current income, with a strong bias towards capital growth. It invests primarily in equity mutual funds, with some exposure to income mutual funds, managed by us. As a result, the Portfolio is not directly exposed to significant currency, interest rate or credit risks.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines. The Portfolio is an asset allocation fund that allocates the investment between four asset classes: bonds, real estate, Canadian equities and foreign equities.

### B. Liquidity risk

The Portfolio’s exposure to liquidity risk is derived primarily from the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio 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.

### C. Currency risk

Currency risk is the risk that financial instruments which are denominated in a currency other than Canadian dollars, which is the Portfolio’s reporting currency, will fluctuate due to changes in exchange rates. The Portfolio may be exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than Canadian dollars.

### D. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises on interest-bearing financial instruments held by a Portfolio. The Portfolio may be exposed to indirect interest rate risk in the event that the underlying funds invest in interest-bearing financial instruments.

### E. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Portfolio. All transactions in listed securities are settled (paid) for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

### F. Other price risk

Other price risk is the risk that the fair value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the Net Assets of the Portfolio due to a 10% change in the respective stock indices, using a historical measure of the sensitivity of the Portfolio’s return relative to the returns of its blended benchmark stock indices of, 20% DEX Universe Bond Index, 10% The Financial Times Stock Exchange European Public Real Estate Association/North American Association of Real Estate Investment Trusts Index, 35% S&P/TSX Composite Index, 17.5% S&P 500 Index and 17.5% Morgan Stanley Capital International Europe, Australasia and the Far East Index, as of June 30, 2009, with all other variables held constant, would result in an increase or decrease of approximately \$547,136, 9.9% of the Portfolio’s Net Assets (December 31, 2008-\$590,141, 10.2% of the Portfolio’s Net Assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on Net Assets could be materially different.

# Notes to the Financial Statements

## 1. The Funds

All of the funds 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 a master declaration of trust (“Declaration of Trust”) dated as at April 22, 2005, as amended and /or restated from time to time. The inception date for each Fund is as follows:

Fund	Inception Date
Pinnacle Short Term Income Fund	3-Sep-97
Pinnacle Income Fund	3-Sep-97
Pinnacle High Yield Income Fund	3-Sep-97
Pinnacle American Core-Plus Bond Fund	28-Jan-02
Pinnacle Global Real Estate Securities Fund	28-Jan-02
Pinnacle Strategic Balanced Fund	3-Sep-97
Pinnacle Canadian Value Equity Fund	3-Sep-97
Pinnacle Canadian Mid Cap Equity Fund (formerly Pinnacle Canadian Mid Cap Value Equity Fund)	28-Jan-02
Pinnacle Canadian Growth Equity Fund	3-Sep-97
Pinnacle Canadian Small Cap Equity Fund	3-Sep-97
Pinnacle American Value Equity Fund	3-Sep-97
Pinnacle American Mid Cap Value Equity Fund	28-Jan-02
Pinnacle American Large Cap Growth Equity Fund	18-Jan-01
Pinnacle American Mid Cap Growth Equity Fund	3-Sep-97
Pinnacle International Equity Fund	3-Sep-97
Pinnacle International Small to Mid Cap Value Equity Fund	28-Jan-02
Pinnacle Global Equity Fund (the “Pinnacle Funds”)	3-Sep-97
Pinnacle Balanced Income Portfolio	22-Apr-05
Pinnacle Conservative Balanced Growth Portfolio	22-Apr-05
Pinnacle Balanced Growth Portfolio	22-Apr-05
Pinnacle Conservative Growth Portfolio	22-Apr-05
Pinnacle Growth Portfolio (the “Pinnacle Portfolios”)	22-Apr-05

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying Canadian GAAP, Scotia Capital Inc. (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 notes to these interim financial statements are presented in a summarized format and should be read in conjunction with the Funds’ December 31, 2008 annual financial statements. The significant accounting policies of the Funds are as follows:

### (a) Financial Instruments

On January 1, 2008, the Funds adopted the Canadian Institute of Chartered Accountants (“CICA”) Section 3862, “Financial Instruments – Disclosures” of the CICA Handbook and Section 3863, “Financial Instruments – Presentation”, replacing CICA Handbook Section 3861, “Financial Instruments – Disclosure and Presentation”. Section 3862 requires enhanced disclosure of the nature and extent of risks arising from financial instruments and how the Funds manage those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861 with respect to financial instruments. This information can be found in the “DISCUSSION OF FINANCIAL INSTRUMENT RISK” section for each Fund.

### (b) Capital Disclosures

Section 1535, “Capital Disclosures” of the CICA Handbook establishes standards for disclosing information about the entity’s capital and how it is managed. This standard applies to financial statements relating to fiscal years beginning on or after October 1, 2007. The disclosure requirements pertaining to Section 1535 are reported in Note 5.

**(c) Valuation of Investments**

- (i) In accordance with Accounting Guideline 18, Investment Companies, investments are required to be recorded for, financial reporting purposes, at a fair value established by the bid price for a security on the recognized exchange on which it is principally traded, as defined in CICA Handbook Section 3855, “Financial Instruments-Recognition and Measurement”. Securities held with no available bid, or a quoted value determined by the Manager to be inaccurate or unreliable, are valued at their closing price. The requirements of this section impact 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”) 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 10.
- (ii) In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in “Transaction costs” in the Statement of Operations. The investment cost of a security represents the amount paid, and is determined on an average cost basis excluding transaction costs.
- (iii) Short-term debt instruments are carried at amortized cost, which approximates fair value due to their short term maturity.
- (iv) Fair value factors, provided by a third party pricing vendor, are applied to the closing prices for all non-North American equity securities to determine fair values for financial reporting purposes.

**(d) Foreign Currency**

Foreign currency amounts are translated into Canadian dollars as follows: market value of investments, forward and spot currency contracts, and other assets and liabilities at the 3:00 p.m. rate of exchange on each business day; income, expenses and purchases, sales and settlements of investments at the rate of exchange prevailing on the respective dates of such transactions.

**(e) Investment Transactions and Income Recognition**

Investment transactions are accounted for on the trade date. Realized and unrealized gain and loss on investments are computed using average cost and exclude transaction costs.

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

Realized gain and loss on the sale of short-term debt instruments are recorded as an adjustment to interest income.

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

**(f) Currency Forward Contracts**

The value of currency forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out and recorded as an unrealized gain or loss. Upon maturity of the contracts, the difference between the cost and the market value of the currency is reported in “Net realized gain (loss) on investments sold”.

**(g) Futures Contracts**

Futures contracts are valued at their bid prices for financial reporting purposes at the close of business on each valuation date. 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 into cash daily and recorded in the Statement of Operations as “Net realized gain (loss) on futures”. Amounts receivable (payable) from settlement of futures contracts are reflected in the Statement of Net Assets as “Futures margin receivable (payable)”.

**(h) Options**

Options are valued at their bid/or ask price as reported by the principal exchange or over-the-counter market on which the contract is traded.

**(i) Valuation of Underlying Funds**

Investments in underlying funds are valued at the Class’ NAV per unit 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 a security. 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 gain (loss) upon such sale. When effecting such transactions, cash or cash equivalents in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund's records at the trade date and maintained until the transaction is settled. 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 derivatives are valued at cost or amortized cost. These balances are short-term in nature; therefore, their carrying values approximate fair value.

#### (l) Securities Lending

Some of the Funds may enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. The income earned from these securities lending transactions is recorded in the Statement of Operations. The market value of the securities lent and collateral held is determined on a daily basis. The securities lending arrangement can be terminated by the borrower, the agent or Fund at any time.

### 3. Income Taxes

The Funds qualify as mutual fund trusts under the Income Tax Act (Canada). In accordance with the terms of the Funds' declarations of trust, it is intended that all of the net income for tax purposes and sufficient net realized capital gains will be paid or payable to unitholders in the taxation year so that no income tax is payable by the Funds (after taking into account applicable capital gains refunds).

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be applied against future taxable income, and will expire on the date indicated. The following Funds have net capital and/or non-capital loss carry forwards as at December 15, 2008.

Fund	Capital Loss	Non-Capital Loss	Expiry Date
Pinnacle High Yield Income Fund	\$ 8,605,674	\$-	-
Pinnacle American Core-Plus Bond Fund	\$12,488,275	\$-	-
Pinnacle Global Real Estate Securities Fund	\$13,203,156	\$-	-
Pinnacle Strategic Balanced Fund	\$ 4,466,079	\$-	-
Pinnacle Canadian Value Equity Fund	\$ 6,578,967	\$-	-
Pinnacle Canadian Mid Cap Equity Fund	\$ 1,958,182	\$-	-
Pinnacle Canadian Growth Equity Fund	\$ 5,700,765	\$-	-
Pinnacle American Value Equity Fund	\$23,479,059	\$-	-
Pinnacle American Mid Cap Value Equity Fund	\$ 3,051,161	\$-	-
Pinnacle American Large Cap Growth Equity Fund	\$19,308,125	\$-	-
Pinnacle Global Equity Fund	\$26,352,634	\$-	-
Pinnacle American Mid Cap Growth Equity Fund	\$53,772,675	\$-	-
Pinnacle International Equity Fund	\$32,602,269	\$-	-
Pinnacle International Small to Mid Cap Value Equity Fund	\$19,204,400	\$-	-
Pinnacle Global Equity Fund	\$26,352,634	\$-	-
Pinnacle Conservative Balanced Growth Portfolio	\$ 529,638	\$-	-
Pinnacle Balanced Growth Portfolio	\$ 65,684	\$-	-
Pinnacle Conservative Growth Portfolio	\$ 417,721	\$-	-
Pinnacle Growth Portfolio	\$ 405,483	\$-	-

## 4. Distributions to Unitholders

It is the policy of the Funds to make distributions to unitholders as follows:

### **Pinnacle Short Term Income Fund**

The taxable net investment income is allocated on a daily basis and distributed to unitholders on a monthly basis.

### **Pinnacle Income Fund, Pinnacle High Yield Income Fund, Pinnacle American Core-Plus Bond Fund and Pinnacle Strategic Balanced Fund**

The taxable net investment income is allocated and distributed to unitholders on a quarterly basis. The net realized capital gains are distributed to unitholders annually.

### **Pinnacle Global Real Estate Securities Fund, Pinnacle Canadian Value Equity Fund, Pinnacle Canadian Mid Cap Equity Fund, Pinnacle Canadian Growth Equity Fund, Pinnacle Canadian Small Cap Equity Fund, Pinnacle American Value Equity Fund, Pinnacle American Mid Cap Value Equity Fund, Pinnacle American Large Cap Growth Equity Fund, Pinnacle American Mid Cap Growth Equity Fund, Pinnacle International Equity Fund, Pinnacle International Small to Mid Cap Value Equity Fund, Pinnacle Global Equity Fund, Pinnacle Balanced Income Portfolio, Pinnacle Conservative Balanced Growth Portfolio, Pinnacle Balanced Growth Portfolio, Pinnacle Conservative Growth Portfolio and Pinnacle Growth Portfolio.**

The taxable net investment income and the net realized capital gains are distributed to unitholders annually.

The distributions are reinvested in additional units of the Funds unless a unitholder elects to receive his or her proportionate share of any distributions in cash.

## 5. Unitholders' Equity

The Net Asset Value of units issued and outstanding represents 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. Scotia Capital Inc. manages the capital of the Funds in accordance with the Funds' investment objectives.

The units of each class of the Funds are issued and redeemed at their Pricing NAV per unit of each class 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 Asset Value of the Fund by the total number of units outstanding.

On January 20, 2009, Pinnacle American Core-Plus Bond Fund, Pinnacle Global Real Estate Securities Fund, Pinnacle Canadian Small Cap Equity Fund, Pinnacle American Value Equity Fund, Pinnacle International Equity Fund and Pinnacle Global Equity Fund commenced the offering of I Class units.

On February 17, 2009 Pinnacle Short Term Income Fund, Pinnacle Income Fund, Pinnacle High Yield Income Fund, Pinnacle American Core-Plus Bond Fund, Pinnacle Global Real Estate Securities Fund, Pinnacle Strategic Balanced Fund, Pinnacle Canadian Value Equity Fund, Pinnacle Canadian Mid Cap Equity Fund, Pinnacle Canadian Growth Equity Fund, Pinnacle Small Cap Equity Fund, Pinnacle American Value Equity Fund, Pinnacle American Mid Cap Value Equity Fund, Pinnacle American Large Cap Growth Equity Fund, Pinnacle Mid Cap Growth Equity Fund, Pinnacle International Equity Fund, Pinnacle International Small to Mid Cap Value Equity Fund and Pinnacle Global Equity Fund commenced the offering of F Class units.

For the six-month periods ended June 30, 2009 and 2008, the following numbers of units were issued, re-invested and redeemed:

Fund	2009			2008		
	Units issued	Units Re-invested	Units redeemed (i)	Units issued	Units Re-invested	Units redeemed (i)
<b>Pinnacle Short Term Income Fund</b>						
Class A Units	968,887	5,230	1,148,053	539,525	18,094	391,578
Class F Units	310,612	64	310,676	–	–	–
<b>Pinnacle Income Fund</b>						
Class A Units	2,488,995	615,381	4,436,531	3,730,824	759,885	5,074,251
Class F Units	16,629	133	4,176	–	–	–

Fund	2009			2008		
	Units issued	Units Re-invested	Units redeemed (i)	Units issued	Units Re-invested	Units redeemed (i)
<b>Pinnacle High Yield Income Fund</b>						
Class A Units	4,347,327	638,487	2,271,603	1,940,783	635,217	2,738,935
Class F Units	193,185	325	827	–	–	–
<b>Pinnacle American Core-Plus Bond Fund</b>						
Class A Units	420,709	152,170	2,762,313	966,543	289,744	1,630,994
Class F Units	3,757	18	14	–	–	–
Class I Units	1,479,546	8,107	22,978	–	–	–
<b>Pinnacle Global Real Estate Securities Fund</b>						
Class A Units	3,959,395	–	1,930,808	1,292,310	–	1,202,482
Class F Units	157,967	–	5,220	–	–	–
Class I Units	460,454	–	30,567	–	–	–
<b>Pinnacle Strategic Balanced Fund</b>						
Class A Units	278,124	109,067	2,217,587	397,736	85,727	844,063
Class F Units	1,220	6	8	–	–	–
<b>Pinnacle Canadian Value Equity Fund</b>						
Class A Units	1,101,624	–	1,433,262	781,586	–	1,027,270
Class F Units	13,563	–	1,803	–	–	–
<b>Pinnacle Canadian Mid Cap Equity Fund</b>						
Class A Units	970,691	–	1,018,175	480,607	–	489,390
Class F Units	1,239	–	12	–	–	–
<b>Pinnacle Canadian Growth Equity Fund</b>						
Class A Units	1,462,052	–	3,330,646	1,353,236	–	1,744,194
Class F Units	5,978	–	2,188	–	–	–
<b>Pinnacle Canadian Small Cap Equity Fund</b>						
Class A Units	614,362	–	904,009	465,683	–	679,834
Class F Units	2,199	–	9	–	–	–
Class I Units	494,084	–	6,064	–	–	–
<b>Pinnacle American Value Equity Fund</b>						
Class A Units	861,934	–	1,224,844	588,537	–	912,066
Class F Units	4,622	–	1,933	–	–	–
Class I Units	1,039,066	–	21,932	–	–	–
<b>Pinnacle American Mid Cap Value Equity Fund</b>						
Class A Units	517,868	–	724,402	312,895	–	251,706
Class F Units	784	–	17	–	–	–
<b>Pinnacle American Large Cap Growth Equity Fund</b>						
Class A Units	700,606	–	2,329,124	913,111	–	1,315,658
Class F Units	9,694	–	6,765	–	–	–
<b>Pinnacle American Mid Cap Growth Equity Fund</b>						
Class A Units	47,669	–	424,612	116,492	–	205,663
Class F Units	973	–	10	–	–	–
<b>Pinnacle International Equity Fund</b>						
Class A Units	652,618	–	1,980,017	1,243,951	–	1,187,368
Class F Units	4,472	–	14	–	–	–
Class I Units	2,569,686	–	30,266	–	–	–
<b>Pinnacle International Small to Mid Cap Value Equity Fund</b>						
Class A Units	1,149,112	–	860,256	648,856	–	621,706
Class F Units	2,547	–	11	–	–	–
<b>Pinnacle Global Equity Fund</b>						
Class A Units	279,787	–	1,574,555	621,351	–	819,314
Class F Units	3,110	–	1,275	–	–	–
Class I Units	906,290	–	11,257	–	–	–
<b>Pinnacle Balanced Income Portfolio</b>						
Class A Units	45,893	–	70,726	120,667	–	158,534
<b>Pinnacle Conservative Balanced Growth Portfolio</b>						
Class A Units	445,029	–	710,728	603,280	–	723,045
<b>Pinnacle Balanced Growth Portfolio</b>						
Class A Units	59,295	–	239,516	126,273	–	146,257

Fund	2009			2008		
	Units issued	Units Re-invested	Units redeemed (i)	Units issued	Units Re-invested	Units redeemed (i)
<b>Pinnacle Conservative Growth Portfolio</b>						
Class A Units	60,662	–	186,546	104,225	–	195,108
<b>Pinnacle Growth Portfolio</b>						
Class A Units	46,211	–	131,567	58,188	–	123,390

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

## 6. Operating Expenses

The Funds are responsible for all expenses relating to the operations and conduct of business of the Funds. 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 Net Asset Value of the respective Fund is referred to as the “operating expense ratio”. The operating expense ratio of Class A of each Pinnacle Fund may not exceed 0.50% on an annualized basis as specified in the Pinnacle Funds’ simplified prospectus. Each class of the Funds incurs the expenses which are directly attributable to that class. Common expenses of the Fund are allocated on a pro-rata basis to each class of the Fund based on their respective NAV.

The absorbed expenses are reflected in the Statement of Operations. The Manager may cease to absorb expenses at any time, other than Class A of the Pinnacle Funds.

## 7. Pinnacle Program Fee

Each Class A unitholder of the Pinnacle Funds has agreed to pay, on a quarterly basis, a negotiated asset based fee for all services in respect of their investment in the Pinnacle Funds. These fees are paid to the Manager by redemption of units held in the Pinnacle Funds, unless otherwise determined by the Manager.

## 8. Management Fees

### Pinnacle Portfolios

The Pinnacle Portfolios’ management fee is the annualized fee charged to each of the Pinnacle Portfolios for the period. Management fees disclosed below are inclusive of the management fees charged to the Underlying Funds, however, there is no duplication of fees. The Portfolios management fees are calculated daily and paid monthly. The Manager is entitled to a maximum annual management fee, exclusive of GST, as follows:

Portfolio	Maximum Annual Management Fee (%)
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%

### Pinnacle F-Class

The Pinnacle F-Class Funds' management fees are calculated daily and paid monthly. The Manager is entitled to a maximum annual management fee, exclusive of GST, as follows:

F-Class Fund	Maximum Annual Management Fee (%)
Pinnacle Short Term Income Fund	0.50%
Pinnacle Income Fund	0.70%
Pinnacle High Yield Income Fund	0.75%
Pinnacle American Core-Plus Bond Fund	0.75%
Pinnacle Global Real Estate Securities Fund	1.00%
Pinnacle Strategic Balanced Fund	1.00%
Pinnacle Canadian Value Equity Fund	1.00%
Pinnacle Canadian Mid Cap Equity Fund	1.00%
Pinnacle Canadian Growth Equity Fund	1.00%
Pinnacle Canadian Small Cap Equity Fund	1.00%
Pinnacle American Value Equity Fund	1.00%
Pinnacle American Mid Cap Value Equity Fund	1.00%
Pinnacle American Large Cap Growth Equity Fund	1.00%
Pinnacle American Mid Cap Growth Equity Fund	1.00%
Pinnacle International Equity Fund	1.00%
Pinnacle International Small to Mid Cap Value Equity Fund	1.00%
Pinnacle Global Equity Fund	1.00%

## 9. Securities Lending

The Funds have entered into a securities lending program with their custodian, State Street Trust Company (of Canada). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the Net Assets 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, and is not included in the Statements of Investment Portfolio. The aggregated dollar value of the securities that are on loan and the collateral received by the Pinnacle Funds as at June 30, 2009 are as follows:

Fund	Market Value of Securities Loaned	Market Value of Collateral Received
Pinnacle High Yield Income Fund	\$ 121,411	\$ 217,327
Pinnacle Global Real Estate Securities Fund	\$ 508,223	\$ 534,015
Pinnacle Strategic Balanced Fund	\$ 1,116,661	\$ 1,174,703
Pinnacle Canadian Mid Cap Equity Fund	\$ 7,136,203	\$ 7,510,359
Pinnacle Canadian Growth Equity Fund	\$ 10,485,093	\$ 11,097,389
Pinnacle Canadian Small Cap Growth Equity Fund	\$ 1,586,137	\$ 1,668,778
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 677,539	\$ 711,968

## 10. Comparison of Net Asset Value and Net Assets

A reconciliation of Net Asset Value and Net Assets per unit, as at June 30, 2009 and December 31, 2008 is as follows:

	2009		2008	
	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)
<b>Pinnacle Short Term Income Fund</b>				
Class A units	10.00	10.00	10.00	10.00
Class F units	10.00	10.00	10.00	10.00

	2009		2008	
	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)
<b>Pinnacle Income Fund</b>				
Class A units	10.72	10.70	10.67	10.66
Class F units	10.84	10.83	–	–
<b>Pinnacle High Yield Income Fund</b>				
Class A units	7.73	7.69	7.17	7.12
Class F units	7.97	7.93	–	–
<b>Pinnacle American Core-Plus Bond Fund</b>				
Class A units	7.60	7.58	7.35	7.33
Class F units	7.78	7.76	–	–
Class I units	7.79	7.78	–	–
<b>Pinnacle Global Real Estate Securities Fund</b>				
Class A units	9.49	9.48	9.57	9.57
Class F units	9.48	9.47	–	–
Class I units	9.48	9.48	–	–
<b>Pinnacle Strategic Balanced Fund</b>				
Class A units	13.13	13.10	12.23	12.20
Class F units	13.32	13.29	–	–
<b>Pinnacle Canadian Value Equity Fund</b>				
Class A units	15.28	15.26	12.77	12.73
Class F units	15.24	15.22	–	–
<b>Pinnacle Canadian Mid Cap Equity Fund</b>				
Class A units	10.17	10.14	8.65	8.59
Class F units	10.17	10.14	–	–
<b>Pinnacle Canadian Growth Equity Fund</b>				
Class A units	10.27	10.26	8.41	8.36
Class F units	10.25	10.23	–	–
<b>Pinnacle Canadian Small Cap Equity Fund</b>				
Class A units	13.78	13.66	11.87	11.64
Class F units	13.78	13.65	–	–
Class I units	13.80	13.68	–	–
<b>Pinnacle American Value Equity Fund</b>				
Class A units	8.56	8.55	8.41	8.39
Class F units	8.54	8.54	–	–
Class I units	8.57	8.56	–	–
<b>Pinnacle American Mid Cap Value Equity Fund</b>				
Class A units	6.54	6.54	6.60	6.58
Class F units	6.51	6.50	–	–
<b>Pinnacle American Large Cap Growth Equity Fund</b>				
Class A units	6.12	6.12	5.84	5.83
Class F units	6.09	6.09	–	–
<b>Pinnacle American Mid Cap Growth Equity Fund</b>				
Class A units	12.67	12.66	11.24	11.21
Class F units	12.65	12.64	–	–
<b>Pinnacle International Equity Fund</b>				
Class A units	8.51	8.51	8.19	8.18
Class F units	8.52	8.52	–	–
Class I units	8.51	8.51	–	–
<b>Pinnacle International Small to Mid Cap Value Equity Fund</b>				
Class A units	10.78	10.78	10.34	10.34
Class F units	10.76	10.75	–	–
<b>Pinnacle Global Equity Fund</b>				
Class A units	10.61	10.61	9.89	9.89
Class F units	10.59	10.59	–	–
Class I units	10.60	10.60	–	–
<b>Pinnacle Balanced Income Portfolio</b>				
Class A units	9.34	9.34	8.78	8.78

	2009		2008	
	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value per Unit (\$)	Net Assets Per Unit (\$)
<b>Pinnacle Conservative Balanced Growth Portfolio</b>				
Class A units	8.87	8.87	8.22	8.22
<b>Pinnacle Balanced Growth Portfolio</b>				
Class A units	9.02	9.02	8.35	8.35
<b>Pinnacle Conservative Growth Portfolio</b>				
Class A units	8.89	8.89	8.04	8.04
<b>Pinnacle Growth Portfolio</b>				
Class A units	8.57	8.57	7.96	7.96

## 11. Related Party Transactions

(a) The total brokerage fees paid to Scotia Capital Inc., during the six-month periods ended June 30, 2009 and 2008 are as follows:

	2009	2008
Pinnacle Global Real Estate Securities Fund	\$ 224	\$ –
Pinnacle Strategic Balanced Fund	\$ 3,392	\$ 7,647
Pinnacle Canadian Value Equity Fund	\$ 3,891	\$ 1,787
Pinnacle Canadian Mid Cap Equity Fund	\$ 589	\$ 12,963
Pinnacle Canadian Growth Equity Fund	\$ 24,230	\$ 8,695
Pinnacle Canadian Small Cap Equity Fund	\$ 1,906	\$ 2,473

(b) The Manager, a wholly-owned subsidiary of The Bank of Nova Scotia (“BNS”), is the trustee, manager and principal distributor of the Funds. The Manager may enter into transactions and service arrangements with its affiliates. The Manager may be involved in the purchase and sale of portfolio securities and forward contracts. Scotia Cassels Investments Counsel Limited and Scotia Capital Inc. are portfolio advisors for certain Funds. BNS may act as counterparty to derivative contracts for certain Funds.

## 12. Soft Dollars

The ascertainable soft dollar commissions in connection with investment portfolio transactions for the six-month period ended June 30, 2009 and June 30, 2008 are set out below.

Fund	2009	2008
Pinnacle Strategic Balanced Fund	\$ 2,955	\$ 1,682
Pinnacle Canadian Mid Cap Equity Fund	\$ –	\$ 44,261
Pinnacle Canadian Growth Equity Fund	\$ 2,910	\$ 7,171
Pinnacle Canadian Small Cap Equity Fund	\$ 3,475	\$ 5,421
Pinnacle American Value Equity Fund	\$ –	\$ 1,457
Pinnacle American Mid Cap Value Equity Fund	\$ –	\$ 196
Pinnacle American Mid Cap Growth Equity Fund	\$ 10,165	\$ 16,286
Pinnacle International Equity Fund	\$ 766	\$ 2,418
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 9,726	\$ 9,250
Pinnacle Global Equity Fund	\$ 3,678	\$ 3,184

Soft dollar 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.

---

### 13. Future Accounting Changes

The Canadian Accounting Standards Board confirmed that effective January 1, 2011, International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles for publicly accountable enterprises, which includes investment funds. The Manager has commenced development of a changeover plan to meet the implementation date. The key elements of the plan will include identifying differences between the Fund’s current accounting policies and those it expects 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 Fund.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that Net Assets or Net Asset Value per unit will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Funds’ financial statements will be additional disclosures and potentially different presentation.

---

### 14. Comparative Figures

Certain prior period comparative amounts have been restated to conform to the current period’s presentation.

---

### 15. Fund Name Change

Effective December 22, 2008, the name of the Canadian Mid Cap Value Equity Fund was changed to the Canadian Mid Cap Equity Fund.

---

### 16. Significant Events

(a) Effective January 6, 2009 Thornburg Investment Management, Inc. became the portfolio advisor for the Pinnacle International Equity Fund, replacing Wellington Management Company.

(b) Effective February 5, 2009 Scheer, Rowlett & Associates Investment Management Ltd. became the portfolio advisor for the Pinnacle Canadian Value Equity Fund replacing BonaVista Asset Management Ltd.

(c) Effective July 1, 2009 Forum Partners (UK) LLP will become the portfolio advisor for the Pinnacle Global Real Estate Securities Fund, replacing Citigroup Alternative Investments LLC.

(d) Effective August 5, 2009 Gryphon Investments Counsel Inc. will become the portfolio advisor for the Pinnacle Strategic Balanced Fund, replacing Connor, Clark & Lunn Investment Management Ltd.

(e) Effective September 5, 2009 MFC Global Investment Management will become portfolio advisor for the Pinnacle Canadian Growth Equity Fund, replacing Aurion Capital Management Inc.

# Building Relationships for Life



**Recycled**  
Supporting responsible  
use of forest resources

Cert no. SGS-COC-004339  
[www.fsc.org](http://www.fsc.org)  
© 1996 Forest Stewardship Council



® Registered trademark used under authorization and control of The Bank of Nova Scotia. ScotiaMcLeod is a division of Scotia Capital Inc., Member CIPF.

54D 11795E 08/09