

Simplified Prospectus

December 22, 2008

Class A and Class F units and
Class I units where noted

Money Market Fund

Pinnacle Short Term Income Fund

Bond Funds

Pinnacle Income Fund

Pinnacle High Yield Income Fund

Pinnacle American Core-Plus Bond Fund (Class I units available)

Real Estate Fund

Pinnacle Global Real Estate Securities Fund (Class I units available)

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 (Class I units available)

Foreign Equity Funds

Pinnacle American Value Equity Fund (Class I units available)

Pinnacle American Mid Cap Value Equity Fund (Class I units available)

Pinnacle American Large Cap Growth Equity Fund

Pinnacle American Mid Cap Growth Equity Fund (Class I units available)

Pinnacle International Equity Fund (Class I units available)

Pinnacle International Small to Mid Cap Value Equity Fund

(Class I units available)

Pinnacle Global Equity Fund (Class I units available)

Pinnacle Program Funds



No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The Pinnacle Program Funds and the units they offer under this simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of the Funds may be offered and sold in the United States only in reliance on exemptions from registration.

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Introduction

In this document, we, us, our and ScotiaMcLeod refer to ScotiaMcLeod, a division of Scotia Capital Inc. (“ScotiaMcLeod”).

This simplified prospectus contains selected important information to help you make an informed decision about the Pinnacle Program Funds (“Funds”), and to understand your rights as an investor.

It is divided into two parts. The first part, from pages 4 to 48, contains specific information about each of the Funds described in this document. The second part, from pages 49 to 66 explains what mutual funds are and the different risks you could face by investing in mutual funds, and also contains general information that applies to all of the Funds described in this document.

Additional information about the Funds is available in the Funds’ annual information form, their most recently filed annual and interim financial statements and their most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus. This means they legally form part of this simplified prospectus just as if they were printed in it.

You can get a copy of the Funds’ annual information form, financial statements and management reports of fund performance at no cost by asking your ScotiaMcLeod advisor, by calling toll free 1-800-530-0197 (416-506-8404 in Toronto), or by email through ScotiaMcLeod’s website at www.scotiamcleod.com.

These documents and other information about the Funds are also available at www.sedar.com, or on the ScotiaMcLeod website at www.scotiamcleod.com.

Specific Information About Each of the Mutual Funds Described in This Document

The Funds are a family of 17 mutual funds. All of the Funds offered for sale under this simplified prospectus offer Class A and Class F units. Some of the Funds also offer Class I units.

The classes have different fees and are intended for different investors. Class A units are only available to investors who participate in the Pinnacle Program (as described below), through ScotiaMcLeod advisors or as otherwise permitted by ScotiaMcLeod. Class F units are generally available only to investors who have fee-based accounts with ScotiaMcLeod. We may make Class F units available to other investors from time to time. Class I units are available only to eligible institutional investors and other qualified investors and are currently only available through Scotia Securities Inc. and not through ScotiaMcLeod. Class I units may be made available through ScotiaMcLeod at a later date.

The Pinnacle Program (Class A Units)

Overview of the Investment Program

The Pinnacle Program is a fully-integrated investment management program offered by ScotiaMcLeod to assist clients in creating a carefully structured investment plan. Each investment plan is tailored to meet a client's investment objectives, risk tolerance and return expectations. The Pinnacle Program offers an analysis of each client's optimal portfolio mix and access to a group of Funds which have been established principally for Pinnacle Program clients.

Asset Mix Policy

The foundation of the Pinnacle Program is the development of an asset mix policy for you. Following consultation with an advisor, and based on the results of an investment policy questionnaire that takes into consideration your current investment portfolio, a customized asset mix policy is created for you. This asset mix policy will recommend an optimal allocation among the following six asset classes: (i) cash equivalents; (ii) fixed income securities; (iii) real estate securities; (iv) Canadian equity securities; (v) U.S. equity securities; and (vi) international equity securities.

Monitoring and Reporting

If you so choose, appropriate adjustments will be made to your investment plan to rebalance your portfolio and to reflect any additional investments or any changes to your asset mix policy. If you choose one of the optimized portfolios that has been specially designed for the Pinnacle Program, or create a custom portfolio with the help of your ScotiaMcLeod advisor, you can take advantage of our automatic rebalancing service. See 'Automatic Rebalancing' on page 61.

To provide you with a basis for monitoring whether your investments are meeting your objectives, the Pinnacle Program will provide comprehensive quarterly performance summaries of your holdings and performance of each of the individual Funds selected by you. These performance summaries relate specifically to the Funds' performance and are in addition to any standard reporting provided by ScotiaMcLeod. If you want to participate in the Pinnacle Program but do not want to worry about managing multiple accounts at ScotiaMcLeod, we will allow you to hold securities other than the Funds (the "Non-Pinnacle Securities") within your Pinnacle Program account. Your quarterly performance summaries and any other reporting received from the Pinnacle Program will not include information for any Non-Pinnacle Securities. Information regarding the Non-Pinnacle Securities will be reflected on your regular ScotiaMcLeod statement and you will receive all regular ScotiaMcLeod reporting on all the securities in your account.

The Investment Program Approach

Asset Allocation Methodology

Research studies have shown that asset mix (also known as asset allocation) is the single most important investment decision. The asset allocation technology utilized in the Pinnacle Program consists of a customized asset allocation model that uses modern portfolio theory. The model seeks to identify an optimal portfolio mix that will maximize your return given your particular tolerance for risk or, conversely, minimize risk for a given target return. The primary variables for the model are return, risk and a measure of similarity or association between asset classes.

Fund Selection

The Funds have been designed to provide access to professionally managed portfolios that focus on the following six asset classes: (i) cash equivalents; (ii) fixed income securities; (iii) real estate securities; (iv) Canadian equity securities; (v) U.S. equity securities; and (vi) international equity securities. Your ability to diversify across these asset classes is considered to be the first level of diversification in the Pinnacle Program.

As a second level of diversification, the Pinnacle Program allows you to diversify within most asset classes by using a combination of Portfolio Advisors. This approach provides access to different investment styles, such as value or growth-oriented strategies and small or large capitalization orientations.

Portfolio Advisor Selection and Monitoring

ScotiaMcLeod has retained the services of an independent investment consulting firm, NT Global Advisors, Inc. (“NTGA”), a wholly owned subsidiary of Northern Trust Corporation, to assist in the selection and monitoring of Portfolio Advisors. Based on consultation with and research on prospective Portfolio Advisors, NTGA evaluates and recommends a group of qualified Portfolio Advisors who, in the opinion of NTGA, are best able to carry out the investment objectives and strategies of the Funds. Portfolio Advisors are then chosen by ScotiaMcLeod from this group based on each Portfolio Advisor’s specialized expertise, performance, consistency, investment philosophy or style, investment disciplines and quality of service. Each Portfolio Advisor is required to operate within the limits of the investment objectives, restrictions and any supplemental guidelines developed from time to time by ScotiaMcLeod.

On an ongoing basis, NTGA will monitor the performance of the Portfolio Advisors and report to us.

Investment Styles

The Portfolio Advisors will be required to use certain investment styles and strategies in implementing Fund mandates. A description of selected styles and strategies is set forth below.

Value-Oriented Investment Style

A value-oriented investment style focuses on investments in shares of companies whose share prices are low compared to their perceived potential value. Portfolio Advisors using this investment style seek long term appreciation with moderate income and below average to average portfolio volatility. Value-oriented portfolios generally outperform growth-oriented portfolios in falling markets due to the defensive nature of the securities held. The risk associated with this investment style is that the share prices may remain low if the market does not recognize the stocks as undervalued.

Growth-Oriented Investment Style

A growth-oriented investment style involves investing in companies which have higher than average earnings, sales or asset growth potential. Portfolio Advisors using this investment style seek long term capital appreciation with little emphasis on dividend income. Growth-oriented portfolios generally outperform value-oriented portfolios in rising markets when investors’ expectations for future earnings are most optimistic. The risk with this investment style is that growth may not meet expectations, which in turn may be reflected in the share price.

A modified growth-oriented investment style that is used by more conservative growth Portfolio Advisors is known as “growth at a reasonable price”. Portfolio Advisors using this modified growth style look for companies with solid growth prospects, but avoid buying them when their prices are at their peak.

Strategic Investing

Strategic investing refers to an investment strategy which involves making relatively small and gradual changes in the asset mix of a portfolio. These changes are usually made within ranges that specify a minimum and maximum holding for each asset class. These strategic shifts in asset mix are typically based on a medium to longer term view of the economy and capital markets. Based on the Portfolio Advisor's strategic view of the relative attractiveness of asset classes, the Portfolio Advisor will gradually increase the proportion of the portfolio committed to a particular asset class.

About the Fund Descriptions

On the following pages, you will find detailed descriptions of each of the Funds to help you make your investment decisions. Here is what each section of the Fund descriptions tells you:

Fund Details

This section gives you some basic information about each Fund, including what kind of Fund it is, when it was established and its eligibility for registered plans. See the individual Fund descriptions starting on page 9 for details.

What Does the Fund Invest In?

This section includes the Fund's fundamental investment objectives and the strategies it uses in trying to achieve those objectives. Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders held for that reason.

About Derivatives

What is a derivative? It is a contract between two parties whose value is based on, or derived from, an underlying asset, such as a stock, a market index such as the S&P/TSX Composite Index or the securities of another mutual fund. It is not a direct investment in the underlying asset itself. Examples of derivatives are options and forward contracts.

- *Options* generally give holders the right, but not the obligation, to buy or sell an asset such as a security or currency at a set price and at a set time. Option holders normally pay the other party a cash payment, called a premium, for agreeing to give them the option.
- *Forward contracts* are agreements to buy or sell an asset, such as a security or currency, at a set price and at a set time. The parties have to complete the deal, or sometimes make or receive a cash payment, even if the price has changed by the time the deal closes.

Generally, derivative investments can be designed to create an obligation on either contractual party to deliver cash or securities on the occurrence of a specific future event. Canadian securities laws prohibit a Fund from investing in derivatives unless the Fund retains sufficient cash or cash equivalents to cover the exposure created by the derivative investment. As a result, it is not possible for the Funds to leverage their investment in derivatives. All the Funds that invest in derivatives maintain sufficient cash or highly liquid cash equivalents such as treasury bills or bankers acceptances to cover their obligations under the derivative instruments. By limiting a Fund's exposure to derivatives, the risk associated with using derivative investments is greatly reduced. Therefore, except as described below, the market risk associated with investing in derivatives to obtain exposure to a security, market, or currency is generally the same as a direct investment by the Fund in that security, market or currency.

There may be a number of reasons why a Fund may use derivatives. Derivatives can:

- be structured to protect an investor if a particular asset denominated in a foreign currency declines in value (called "hedging")
- reduce transaction costs
- provide more effective exposure to foreign markets than direct investments.

About Securities Lending

Some of the Funds may enter into securities lending transactions to generate additional income from securities held in a Fund's portfolio. A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. For a description of the strategies the Funds use to minimize the risks associated with these transactions, see 'Securities Lending Risk' on page 51.

About Repurchase and Reverse Repurchase Transactions

Some of the Funds may enter into repurchase or reverse repurchase agreements to generate additional income from securities held in a Fund's portfolio. When a mutual fund simultaneously agrees to sell a security at one price and buy it back on a specified date at a lower price, it is entering into a repurchase transaction. When a mutual fund simultaneously agrees to buy a security at one price and sell it back on a specified later date at a higher price, it is entering into a reverse repurchase transaction. For a description of the strategies the Funds use to minimize the risks associated with these transactions, see 'Repurchase and Reverse Repurchase Transaction Risk' on page 51.

About REITs

A Real Estate Investment Trust ("REIT") is an entity that buys, manages and sells real estate assets. REITs allow participants to invest in a professionally managed portfolio of real estate properties. REITs qualify as pass-through entities, which are able to distribute the majority of income cash flows to investors without taxation at the corporate level (providing that certain conditions are met). As a pass-through entity, whose main function is to pass profits on to investors, a REIT's business activities are generally restricted to generation of property rental income. Another major advantage of a REIT is its liquidity (ease of liquidation of assets into cash), as compared to traditional private real estate ownership which can be difficult to liquidate. One reason for the liquid nature of a REIT is that its units are primarily traded on major exchanges, making it easier to buy and sell REIT assets/units than to buy and sell properties in private markets. See also 'Real Estate Sector Risk' and 'Investment Trust Risk' on page 51.

About Purchasing Debt from Related Parties

The Funds may purchase or sell non-government and government debt securities in the secondary market from, or to, Scotia Capital Inc. or one of our affiliates. The Funds may only do so in reliance upon an exemption from the Canadian Securities Administrators and provided that such transactions are done in accordance with certain conditions.

What are the Risks of Investing in the Fund?

This section shows the specific risks associated with each Fund. For an explanation of these risks, See 'What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?' on page 49.

Who Should Invest in this Fund?

This section tells you the type of portfolio or investor the Fund may be suitable for. This is meant as a general guide only. For advice about your portfolio, you should consult your ScotiaMcLeod advisor.

Distribution Policy

This section tells you when the Fund usually distributes any income and capital gains to unitholders. The Funds may also make distributions at other times. Each class of units will share distributions. See 'Income Tax Considerations for Investors' on page 65 for more information about how distributions are taxed.

Fund Expenses Indirectly Borne by Investors

A Fund pays its expenses out of its assets. This means investors in a Fund indirectly pay for these expenses through lower returns. This chart allows you to compare the costs of investing in a Fund with the cost of other mutual funds. This chart is for illustrative purposes as required by securities regulators and it shows the cumulative expenses you would have paid over various time periods if you:

- invested \$1,000 in the Fund; and
- earned a total annual return of 5%, which may be different than the Fund's actual return in any given year.

If a Fund does not offer Class I units or did not previously offer Class F or Class I units, no fund expenses information is available for that Class. You will find more information about fees and expenses in 'Fees and Expenses' on page 62.

The management expense ratio ("MER") is based on total expenses for each year shown. It's expressed as a percentage of daily average net assets during the period. The MER is shown as an annualized rate even

if a Fund's financial year is less than 12 months. The MER includes all the expenses borne directly by a Fund, including interest charges and taxes of most types.

The information in this chart assumes that the Fund had the same MER each year as it did in the Fund's last completed financial year. See 'Fees and Expenses' on page 62 for more information about the costs of investing in the Funds.

MONEY MARKET FUND

Pinnacle Short Term Income Fund

This Fund has the lowest risk of all the Pinnacle Funds because it invests in very high quality short term instruments. This Fund is managed to attempt to maintain a constant unit value of \$10. Interest income will vary with short term interest rates.

Pinnacle Short Term Income Fund

Fund Details

Type of Fund	Canadian money market fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Scotia Cassels Investment Counsel Limited Toronto, Ontario

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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 with a minimum credit rating of R-1 (low) or A-1 (low).

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund's investments will have a maximum 90 days average term to maturity.

The Fund's investments may also include:

- up to 30% foreign government money market instruments
- other money market investments.

The Fund aims to maintain a constant unit value of \$10 by crediting income and capital gains daily and distributing them monthly.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns may vary with movements in interest rates.

Although the Fund intends to maintain a constant unit price of \$10, there is no guarantee that the price will not go up or down.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Credit Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want interest income and liquidity with a high level of safety
- you're investing for the short term
- you're looking for low risk and safety of principal.

BOND FUNDS

Pinnacle Income Fund

Pinnacle High Yield Income Fund

Pinnacle American Core-Plus Bond Fund

The Bond Funds aim to offer the potential for higher interest income than the Money Market Fund. These Funds are more sensitive to changes in interest rates and the credit-worthiness of issuers.

Pinnacle Income Fund

Fund Details

Type of Fund	Global income fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Fiera Capital Inc. Toronto, Ontario

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund's investments may also include:

- mortgage backed securities, mortgage bonds and mortgages
- term loans
- short term instruments and cash equivalents
- up to 30% foreign investments.

Duration may vary by no more than one year from the duration of the DEX Universe Bond Index.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary inversely with movements in interest rates (i.e. if interest rates rise, returns will decline; if interest rates drop, returns will increase).

Longer term maturities may result in greater price fluctuations than would be expected of the Pinnacle Short Term Income Fund.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Asset Backed and Mortgage Backed Securities Risk, Interest Rate Risk, Credit Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a high level of regular interest income while tracking the performance of a major Canadian bond index
- you're investing for at least three years
- you're looking for lower risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Quarterly in the last calendar month of each quarter
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$0.82	\$2.59	\$4.53	\$10.31

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle High Yield Income Fund

Fund Details

Type of Fund	High yield fixed income fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Guardian Capital LP Toronto, Ontario

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund's investments will have an average duration of 7 years and an average credit rating of single B.

The Fund's investments may also include up to 30% high yield, lower rated bonds of U.S. corporations.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary inversely with movements in interest rates (i.e. if interest rates rise, returns will decline; if interest rates drop, returns will increase).

Longer term maturities may result in greater price fluctuations than would be expected of the Pinnacle Short Term Income Fund.

Higher potential for gain and greater risk of loss associated with lower rated securities.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Credit Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you're seeking a high level of regular interest income
- you're contributing to the income portion of a diversified portfolio

- you're investing for at least three years
- you can accept low to moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Quarterly in the last calendar month of each quarter
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$1.54	\$4.85	\$8.50	\$19.34

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle American Core-Plus Bond Fund

Fund Details

Type of Fund	Global income fund
Date Established	February 14, 2002
Type of Securities	Class A: since February 14, 2002 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Logan Circle Partners, L.P. Conshohocken, Pennsylvania

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund's investments in bonds will have an average credit rating of at least single A.

Up to 20% of the net asset value of the Fund may be invested in U.S. denominated non-investment grade (high yield and emerging market) bonds.

Up to 20% of the net asset value of the Fund may be invested in non-U.S. government agency and corporate bonds.

At least 80% of the net asset value of the Fund will consist of investment grade securities.

Investments in non-U.S. dollar denominated securities and non-investment grade securities will be made tactically based on the Portfolio Advisor's evaluation of spread management using fundamental bottom up research.

The Fund's investments may also include:

- short term instruments and cash equivalents
- U.S. denominated asset backed securities and mortgage backed securities.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary inversely with movements in interest rates (i.e. if interest rates rise, returns will decline; if interest rates drop, returns will increase).

Longer term maturities may result in greater price fluctuations than would be expected of the Pinnacle Short Term Income Fund.

Higher potential for gain and greater risk of loss associated with lower rated securities.

See ‘What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Asset Backed and Mortgage Backed Securities Risk, Interest Rate Risk, Credit Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk’.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a high level of regular interest income and U.S. dollar exposure
- you’re investing for at least three years
- you can accept low to moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Quarterly in the last month of each quarter
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund’s expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$3.79	\$11.96	\$20.96	\$47.70

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

REAL ESTATE FUND

Pinnacle Global Real Estate Securities Fund

The Fund may have greater risk than regular Equity Funds since its exposure is to a single sector. Also, as a class, Real Estate has often demonstrated a longer term cycle of market gains and losses than other asset classes.

Pinnacle Global Real Estate Securities Fund

Fund Details

Type of Fund	Real estate equity fund
Date Established	February 14, 2002
Type of Securities	Class A: since February 14, 2002 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Citigroup Alternative Investments LLC New York, New York

What does the Fund invest in?

Investment Objectives

The Fund's objective 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 (REITs).

Any change to the fundamental investment objectives of the Fund must be approved by the majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund's investments may consist of the following:

- up to 40% Canadian securities
- up to 100% REITs
- up to 100% foreign securities
- up to 15% cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns may vary with changes in interest rates and stock prices.

Returns may be affected by factors such as global economic and political conditions and the state of foreign markets.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Real Estate Sector Risk, Investment Trust Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you seek long term capital growth and income from real estate securities denominated in a variety of currencies
- you seek diversification of your investment portfolio through an investment in real estate securities
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

As the Fund invests in REITs, and as cash distributions received by the Fund from the REITs are expected to be substantially larger than the amount required to be included in the Fund's income for tax purposes, a portion of the Fund's annual distributions to its unitholders is expected to represent returns of capital received by the Fund from such REITs. It is possible that all or a portion of such returns of capital to unitholders may result in an encroachment upon a unitholder's original capital investment in the Fund, depending on the nature of the Fund's underlying investments and earnings from those investments.

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$2.26	\$7.11	\$12.46	\$28.36

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

BALANCED FUND

Pinnacle Strategic Balanced Fund

The Fund offers a combination of equity, bonds and money market securities in a single investment. The Fund generally has less volatility than Equity Funds but more volatility than Income Funds.

Pinnacle Strategic Balanced Fund

Fund Details

Type of Fund	Canadian neutral balanced fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Connor, Clark & Lunn Investment Management Ltd., Vancouver, British Columbia

What does the Fund invest in?

Investment Objectives

This Fund's investment objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

This Fund uses an investment strategy of allocating investments between short term money market securities and cash, fixed income and equity securities. Reallocations between these asset classes tend to be carried out gradually and are fixed within specific ranges. The proportion of assets invested in different classes of securities will vary from time to time based on market conditions, economic outlook and level of interest rates and dividend yields.

The Fund may also invest up to 30% of its assets in foreign securities.

The Fund may use derivatives for hedging purposes and to provide more effective exposure while reducing transaction costs.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns may vary with changes in interest rates and stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Credit Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want both interest income and growth through strategic asset allocation among the three major asset classes
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Quarterly in the last calendar month of each quarter
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$3.69	\$11.63	\$20.39	\$46.41

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

CANADIAN EQUITY FUNDS

Pinnacle Canadian Value Equity Fund

Pinnacle Canadian Mid Cap Equity Fund

Pinnacle Canadian Growth Equity Fund

Pinnacle Canadian Small Cap Equity Fund

The Equity Funds offer the greatest potential for long term growth. These Funds also have higher risk because the prices of equity securities can change significantly in a short period of time.

Pinnacle Canadian Value Equity Fund

Fund Details

Type of Fund	Canadian focused equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	BonaVista Asset Management Ltd. Toronto, Ontario (Effective February 5, 2009, the Portfolio Advisor will be Scheer, Rowlett & Associates Investment Management Ltd., Toronto, Ontario)

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in securities of Canadian corporations.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a value-oriented investment style to achieve its investment objectives. See 'Value-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 15% cash and cash equivalents
- up to 30% foreign securities.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a Canadian value holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$1.85	\$5.82	\$10.19	\$23.21

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle Canadian Mid Cap Equity Fund

Fund Details

Type of Fund	Canadian focused small/mid cap equity fund
Date Established	February 14, 2002
Type of Securities	Class A: since February 14, 2002 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Montrusco Bolton Investments Inc., Montreal, Quebec

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization Canadian corporations.

Any changes to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a value-oriented investment style to achieve its investment objectives. See 'Value-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 30% foreign securities
- up to 15% cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

Stock prices of small and medium capitalization companies are typically more volatile due to size and shorter trading history.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a Canadian medium capitalization value holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate to high risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$3.90	\$12.28	\$21.52	\$48.99

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle Canadian Growth Equity Fund

Fund Details

Type of Fund	Canadian equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Aurion Capital Management Inc. Toronto, Ontario

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in stocks of large and medium capitalization Canadian corporations.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a growth-oriented investment style to achieve its investment objectives. See 'Growth-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 15% cash and cash equivalents
- up to 30% foreign securities.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a Canadian growth holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate risk.

Pinnacle Canadian Small Cap Equity Fund

Fund Details

Type of Fund	Canadian small/mid cap equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Mawer Investment Management Ltd. Calgary, Alberta

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in stocks of small and medium capitalization Canadian corporations.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a growth-oriented investment style that is moderated by price sensitivity (growth at a reasonable price) to achieve its investment objectives. See 'Growth-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 15% cash and cash equivalents
- up to 10% foreign securities.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

Stock prices of small capitalization companies are typically more volatile due to size and shorter trading history.

See ‘What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk and Repurchase and Reverse Repurchase Transaction Risk’.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want a Canadian small capitalization growth holding in a diversified portfolio
- you’re investing for at least three years
- you can accept moderate to high risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund’s expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$2.67	\$8.40	\$14.73	\$33.52

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

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 Equity Funds offer the greatest potential for long term growth. These Funds also have higher risk because the prices of equity securities can change significantly in a short period of time. Foreign Equity Funds usually have more risk than Canadian Equity Funds because the investments may be in countries that have fewer regulations.

Pinnacle American Value Equity Fund

Fund Details

Type of Fund	U.S. equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Metropolitan West Capital Management, LLC Newport Beach, California

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in stocks of large capitalization U.S. corporations.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a value-oriented investment style to achieve its investment objectives. See 'Value-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 15% cash and cash equivalents
- some large capitalization non-U.S. securities.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information on securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the Risks of Investing — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want long term growth of capital through well established, high quality U.S. companies
- you want a U.S. value holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$3.38	\$10.66	\$18.69	\$42.55

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle American Mid Cap Value Equity Fund

Fund Details

Type of Fund	U.S. small/mid cap equity fund
Date Established	February 14, 2002
Type of Securities	Class A: since February 14, 2002 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Integrity Asset Management, LLC, Louisville, Kentucky

What does the Fund invest in?

Investment Objectives

The Fund's objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by the majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a value-oriented investment style to achieve its investment objectives. See 'Value-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include up to 15% cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

Stock prices of small and medium capitalization companies are typically more volatile due to size and shorter trading history.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you are seeking exposure to U.S. medium-sized companies with value characteristics
- you want a U.S. medium capitalization value holding in a diversified portfolio

- you're investing for at least three years
- you can accept moderate to high risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$5.54	\$17.45	\$30.58	\$69.62

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle American Large Cap Growth Equity Fund

Fund Details

Type of Fund	U.S. equity fund
Date Established	February 23, 2001
Type of Securities	Class A: since February 23, 2001 Class F: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	American Century Investment Management, Inc. Kansas City, Missouri

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve superior long term returns through capital growth by investing primarily in large capitalization stocks of U.S. corporations.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a growth-oriented investment style to achieve its investment objectives. See 'Growth-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include:

- up to 15% cash and cash equivalents
- up to 10% non-U.S. securities.

The Portfolio Advisor may actively trade the Fund's investments. This can increase trading costs, which may lower the Fund's returns. It also increases the chance that you will receive taxable distributions if you hold the Fund in a non-registered account.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want the growth potential of investing in equity securities of U.S. companies
- you want a U.S. growth holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$4.41	\$13.89	\$24.35	\$55.44

¹ As Class F units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle American Mid Cap Growth Equity Fund

Fund Details

Type of Fund	U.S. small/mid cap equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	TCW Investment Management Company Los Angeles, California

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a growth-oriented investment style to achieve its investment objectives. See 'Growth-Oriented Investment Style' on page 5 for more information.

The Fund's investments may also include up to 15% cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

Stock prices of small and medium capitalization companies are typically more volatile due to size and shorter trading history.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you're seeking exposure to U.S. medium-sized growth companies

- you want a U.S. medium capitalization growth holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate to high risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$5.74	\$18.10	\$31.72	\$72.20

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle International Equity Fund

Fund Details

Type of Fund	International equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Wellington Management Company, LLP, Boston, Massachusetts (Effective January 6, 2009, the Portfolio Advisor will be Thornburg Investment Management, Inc., Santa Fe, New Mexico)

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve long term returns through capital growth by investing primarily in large capitalization stocks of companies in Europe, Australia and the Far East.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund varies its investment style as considered appropriate for each country or region in order to achieve its investment objectives. See 'Investment Styles' on page 5 for more information on the various investment styles that may be used.

The Fund may invest up to 15% of its assets in cash and cash equivalents and up to 10% of its assets in securities of issuers in emerging markets.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information on securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you want the growth potential of foreign equity securities while tracking the performance of major market indexes
- you already have sufficient Canadian and U.S. investments and are seeking geographic diversification outside of North America
- you want some currency diversification outside of North America
- you're investing for at least three years
- you can accept moderate risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$3.38	\$10.66	\$18.69	\$42.55

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle International Small to Mid Cap Value Equity Fund

Fund Details

Type of Fund	International equity fund
Date Established	February 14, 2002
Type of Securities	Class A: since February 14, 2002 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Munder Capital Management Birmingham, Michigan

What does the Fund invest in?

Investment Objectives

The Fund's investment objective 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.

Any changes to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund uses a value-oriented investment style to achieve its investment objectives. See 'Value-Oriented Investment Style' on page 5 for more information.

The Fund may invest up to 30% of its assets in securities of issuers in emerging markets and up to 15% of its assets in cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes and to provide more effective exposure while reducing transaction costs.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities resulting in greater price fluctuations than would be expected of the money market or bond Funds.

Stock prices of small and medium capitalization companies are typically more volatile due to size and shorter trading history.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you're seeking exposure to non-North American small to medium sized companies with value characteristics
- you want some currency diversification outside of North America
- you want an international small to mid cap value holding in a diversified portfolio
- you're investing for at least three years
- you can accept moderate to high risk.

Distribution Policy

The Fund will distribute sufficient net income and net taxable capital gains in the year they are earned to ensure that the Fund does not have to pay ordinary income tax. Distributions on units are reinvested in additional units of the Fund unless you tell us in writing that you want to receive cash distributions by deposit to your ScotiaMcLeod account.

Income Distributions	Annually in December of each year
Capital Gains Distributions	Annually in December of each year

Fund expenses indirectly borne by investors

This example shows the Fund's expenses on a \$1,000 investment with a 5% annual return.¹

Fees and expenses payable over:	1 year	3 years	5 years	10 years
Class A	\$5.64	\$17.77	\$31.15	\$70.91

¹ As Class F and Class I units have been offered for less than one year, expense information for the first full year is not yet available.

Pinnacle Global Equity Fund

Fund Details

Type of Fund	Global equity fund
Date Established	October 6, 1997
Type of Securities	Class A: since October 6, 1997 Class F: since December 22, 2008 Class I: since December 22, 2008
Eligible for Registered Plans?	Yes
Portfolio Advisor	Harding, Loevner Management, L.P. Somerville, New Jersey

What does the Fund invest in?

Investment Objectives

The Fund's investment objective is to achieve long term returns through capital growth by investing primarily in stocks of large capitalization companies in North America, Europe, Australia and the Far East.

Any change to the fundamental investment objectives of the Fund must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

The Fund varies its investment style as considered appropriate for each country or region in order to achieve its investment objectives. See 'Investment Styles' on page 5 for more information on the various investment styles.

The Fund may invest up to 10% of its assets in securities of issuers in emerging markets and up to 15% of its assets in cash and cash equivalents.

The Fund may use derivatives for foreign currency hedging purposes only.

The Fund may participate in securities lending, repurchase and reverse repurchase transactions to achieve its investment objectives and to enhance returns. You'll find more information about securities lending, repurchase and reverse repurchase transactions and how the Fund limits the risks associated with them starting on page 51.

What are the risks of investing in the Fund?

Returns will vary with changes in stock prices.

Prices of equity securities tend to fluctuate more than those of fixed income securities, resulting in greater price fluctuations than would be expected of the money market or bond Funds.

See 'What are the risks of investing in a mutual fund? — General Investment Risk, Class Risk, Interest Rate Risk, Foreign Exchange Risk, Foreign Securities Risk, Securities Lending Risk, and Repurchase and Reverse Repurchase Transaction Risk'.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you're seeking wide geographic diversification
- you want some currency diversification

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

What is a mutual fund?

A mutual fund is a pool of money contributed by people with similar investment objectives. A professional investment advisor — called a Portfolio Advisor — takes that large pool of cash and invests it for the whole group. These investments could be shares, bonds, money market instruments or a combination of these. When you invest in a mutual fund, you receive units of the mutual fund. Unitholders share the mutual fund's income, expenses, and any gains and losses from the mutual fund's investments, generally in proportion to the units they own. The price of a unit, also described as the net asset value of the unit, changes every day, depending on how well the investments are performing.

Mutual funds may issue one or more classes of units which may be purchased by investors. The Funds offer Class A, Class F units and Class I units, where noted.

When the investments rise in value, the price of a unit goes up. When the investments drop in value, the price of a unit goes down. The value of an investment in a mutual fund is realized by redeeming the units held. You make money on mutual funds if you buy your units at one price and sell them later at a higher price. Of course, you lose money if you sell your units for less than you paid. You can also make money when the mutual fund pays you your share of the income and capital gains it has earned on its investments. This is called a distribution.

Your investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, units of a mutual fund are not covered by Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer and your investment in the Pinnacle Program is not guaranteed by The Bank of Nova Scotia ("Scotiabank"), Montreal Trust or National Trust Company.

What are the risks of investing in a mutual fund?

There are many factors that can affect the value of a mutual fund investment. The most common ones are:

General Investment Risk

Different kinds of securities held in a mutual fund carry varying amounts of risk. The value of those securities may fluctuate from day to day in response to changes in interest rates, economic conditions and market and company news. This means that the units of a Fund held by an investor may be worth more or less than their original purchase price.

If the price of a mutual fund declines from the price at which units were purchased and units are subsequently sold, the investor will lose money. History has shown that the longer a mutual fund investment is held, the greater the chance that the value of the investment will increase above the original purchase price.

Asset Backed and Mortgage Backed Securities Risk

Asset backed securities are debt obligations that are backed by pools of consumer or business loans. Mortgage backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. If there are changes in the market perception of the issuers of these types of securities, or in the creditworthiness of the parties involved, the value of the securities may be affected. In the use of mortgage backed securities, there is also a risk that there may be a drop in the interest rates charged on mortgages, a mortgagor may default on its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

Class Risk

Some mutual funds offer two or more classes of units of the same fund. Although the value of each class is calculated separately, there's a risk that the expenses or liabilities of one class of units may affect the

value of the other classes. If one class is unable to cover its liabilities, the other classes are legally responsible for covering the difference. We believe that this risk is very low.

Interest Rate Risk

To the extent that a mutual fund invests in money market or fixed income securities (such as bonds), its value is affected by changes in the general level of interest rates. When interest rates fall, bond prices rise. That's because existing bonds pay higher rates than newly issued ones, and are worth more. Conversely, when interest rates rise, bond prices fall, and so will the unit value of Funds that hold them.

The income earned by the mutual fund — and the income paid by the mutual fund to unitholders — is also affected by changes in interest rates.

Credit Risk

A fixed income security, such as a bond, is a promise to pay interest and repay the principal on the maturity date. There is always a risk that the issuer will fail to honour that promise. This is called credit risk. Credit risk is lowest among issuers that have a high credit rating from a credit rating agency. It is highest among issuers that have a low credit rating or no credit rating. Issuers with a low credit rating usually offer higher interest rates to make up for the higher risk.

Foreign Exchange Risk

Investments in foreign securities carry the risk of fluctuations in the value of foreign currency in relation to the Canadian dollar. If a foreign currency appreciates in relation to the Canadian dollar and the mutual fund holds securities denominated in that currency, the market value of that portion of the mutual fund's portfolio may tend to increase. The opposite is true if the foreign currency depreciates in value relative to the Canadian dollar.

A mutual fund may attempt to hedge the currency exposure of its foreign portfolio positions by using derivatives.

Foreign Securities Risk

Mutual funds that hold foreign securities can offer benefits such as increased diversification and potentially higher returns, but there are also additional risks. These are known as foreign securities risks.

Political, economic or social instability can also impact the value of foreign investments. Foreign stock exchanges may be smaller and less strictly regulated, resulting in decreased liquidity. Likewise, the rules for accounting, financial reporting and securities may not be as strict as they are in Canada, and access to information may be less readily available.

Derivatives Risk

Some mutual funds may use derivatives, but only in ways allowed by Canadian securities regulators. While derivatives are useful investment tools, they also have the following risks:

- there is no guarantee that hedging will be effective
- some derivative instruments may lack liquidity and there is no guarantee a secondary market will exist
- investment exchange markets can impose trading limits that could prevent the carrying out of the derivative contract
- derivatives based on a stock market index could be adversely affected if trading is halted on a number of stocks in the index
- the other party to a derivative contract may not be able to honour its obligations under the contract
- money or other forms of collateral deposited with a derivatives dealer may be lost if the dealer experiences financial difficulties or goes bankrupt
- increased risks are associated with foreign derivative instruments, including less liquidity and greater credit risk.

Securities Lending Risk

A mutual fund may lend securities held in its portfolio to qualified borrowers who provide adequate collateral. In lending its securities, a mutual fund is exposed to the risk that the borrower may not be able to satisfy its obligations under the securities lending agreement and the mutual fund would be forced to take possession of the collateral held. Losses could result if the collateral held by the mutual fund does not have a value, at the time the remedy is exercised, which is sufficient to replace the securities borrowed.

Mutual funds must receive collateral worth no less than 102% of the value of the loaned securities and borrowers must adjust that collateral daily to ensure this level is maintained. Prior to entering into a securities lending agreement, a mutual fund must ensure that the aggregate value of the securities loaned together with those that have been sold pursuant to repurchase transactions does not exceed 50% of its total asset value.

Repurchase and Reverse Repurchase Transaction Risk

When a mutual fund agrees to sell a security at one price and buy it back on a specified later date from the same party with the expectation of profit, it is entering into a repurchase agreement. When a mutual fund agrees to buy a security at one price and sell it back on a specified later date to the same party with the expectation of a profit, it is entering into a reverse repurchase agreement.

Mutual funds engaging in repurchase and reverse repurchase transactions are exposed to the risk that the other party to the transaction may become insolvent and unable to complete the transaction. In those circumstances, there is a risk that the value of the securities bought may drop or the value of the securities sold may rise between the time the other party becomes insolvent and the time the Fund recovers its investment. Mutual funds that engage in these transactions reduce this risk by holding as collateral enough of the other party's cash or securities to cover that party's repurchase or reverse repurchase obligations.

To limit the risks associated with repurchase and reverse repurchase transactions, the collateral held in respect of the repurchase or reverse repurchase obligations must be marked to market on each business day and be fully collateralized at all times with acceptable collateral which has a value at least equal to 102% of the sold securities or cash paid for the securities by the mutual fund.

Prior to entering into a repurchase or reverse repurchase agreement, a mutual fund must ensure that the aggregate value of the securities of the mutual fund that have been sold pursuant to repurchase transactions, together with securities loaned, does not exceed 50% of its total asset value at the time the mutual fund enters into the transaction.

Real Estate Sector Risk

Some of the Funds concentrate their investments in the real estate sector of the marketplace. These Funds are better able to focus on the real estate sector's potential, however these Funds are also riskier than Funds with broader diversification. Sector specific Funds tend to experience greater fluctuations in price because securities in the same industry tend to be affected by the same factors. These Funds must continue to follow their investment objectives by investing in their particular sector even during periods when the sector is performing poorly.

Investment Trust Risk

Some of the Funds invest in real estate, royalty, income and other investment trusts which are investment vehicles in the form of trusts rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability against a trust are not satisfied by the trust, there is a remote risk that holders of units in the trusts, including the Fund, could be held liable for such obligations. Investment trusts generally hold securities in or are entitled to receive payments from an underlying active business or investment in property. To the extent that an underlying business or investment in property is susceptible to industry risks, stock market conditions, interest rate fluctuations, commodity prices and other economic factors, investment returns from an investment trust may be similarly affected.

Although their returns are neither fixed nor guaranteed, investment trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an investment trust may be subject to interest rate risk.

Recent amendments to the Income Tax Act (Canada) (the “Tax Act”) significantly change the income tax treatment of most publicly traded trusts and partnerships (other than certain REITs). Generally these new rules include a tax on certain distributions or income allocations, as the case may be, from publicly traded trusts and partnerships. These rules are effective for the 2007 taxation year for trusts and partnerships that commenced public trading after October 31, 2006, but will be delayed until the 2011 taxation year for trusts and partnerships that were publicly traded prior to November 1, 2006, provided there is no “undue expansion” of the trust or partnership in the intervening period. The new rules reduce the tax effectiveness to those investors that are not eligible for the enhanced dividend tax credit in respect of those investments through a mutual fund (see discussion of the enhanced dividend tax credit in the Funds’ annual information form). In addition, the rules have had, and may continue to have, an effect on the trading price of such trusts and partnerships, which may affect the net asset value of the relevant Fund.

Organization and Management of the Pinnacle Program Funds

The following table outlines the various companies involved in operating the Funds:

Manager	Scotia Capital Inc. 40 King Street West P.O. Box 4085, Station "A" Toronto, Ontario M5W 2X6	The Manager is responsible for providing the services and facilities necessary for the operation of the Funds, as well as all general management and administrative services. The Manager may engage third parties to perform certain services on its behalf.
Trustee	Scotia Capital Inc. Toronto, Ontario	The Trustee has full control and authority over the assets, business and affairs of the Funds, on the terms outlined in the Funds' Declarations of Trust.
Principal Distributor	Scotia Capital Inc. Toronto, Ontario	The Principal Distributor has the exclusive right to distribute and arrange distribution of units of the Funds anywhere in Canada where they qualify for sale.
Registrar	International Financial Data Services (Canada) Limited Toronto, Ontario	The Registrar keeps track of the owners of units of each Fund, processes orders, and issues account statements and tax slips to unitholders.
Auditor	PricewaterhouseCoopers LLP Toronto, Ontario	The Auditor is an independent chartered accounting firm. The Auditor performs an annual audit of each Fund and provides an opinion on the financial statements as to their fair presentation, in accordance with Generally Accepted Accounting Principles ("GAAP").
Portfolio Advisors	Various	Portfolio Advisors provide investment advice and make investment decisions for the Funds. Each Fund has its own Portfolio Advisor. See 'Fund Details' for more information.
Independent Review Committee		In accordance with National Instrument 81-107, <i>Independent Review Committee for Investment Funds</i> , we, as Manager of the Funds, have established an Independent Review Committee ("IRC"), with a mandate to review and provide input on our policies and procedures dealing with conflicts of interest in respect of the Funds, and to review conflict of interest matters that we present to the IRC. The IRC currently has three members, each of whom is independent of the Manager and any party related to the Manager. The IRC will prepare, at least annually, a report of its activities for unitholders. The current report is available at no charge on the internet at www.scotiamcleod.com . Additional information about the IRC, including the names of its members, is available in the Funds' annual information form.

In certain circumstances, your approval may not be required under securities legislation to effect a Fund merger or a change in the auditor of a Fund. In these circumstances, the IRC must approve the proposal and you will receive at least 60 days written notice before the change takes effect.

Metropolitan West Capital Management, LLC, American Century Investment Management, Inc., TCW Investment Management Company, Wellington Management Company, LLP, Citigroup Alternative Investments LLC, Harding, Loevner Management, L.P. and Munder Capital Management are registered in the category of international advisor in Ontario. The name and address of the agent for the service for each of these Portfolio Advisors are available from the Ontario Securities Commission. Notwithstanding registration in Ontario, these Portfolio Advisors are not fully subject to the requirements of the *Securities Act* (Ontario). ScotiaMcLeod assumes responsibility for the investment advice provided by *Integrity Asset Management, LLC and Logan Circle Partners, L.P.* The Portfolio Advisors mentioned above are located outside of Canada and all or a substantial portion of their assets may be situated outside of Canada, which may make it difficult for investors to enforce their legal rights against these Portfolio Advisors.

The Custodian for the Funds is State Street Trust Company of Canada, Toronto, Ontario.

The Custodian is responsible for the safekeeping of the securities and cash in each Fund's portfolio.

Funds that invest in underlying funds that are managed by us and our associates or affiliates will not vote any of the securities of those underlying funds. However, we may arrange for you to vote your share of those securities.

Purchases, Switches and Redemptions

About the Classes of Units

The Funds are available in three classes of units: Class A units, Class F units and Class I units (where noted). The classes have different fees and are intended for different investors:

- Class A units are only available to investors who participate in the Pinnacle Program, through ScotiaMcLeod advisors or as otherwise permitted by ScotiaMcLeod. All of the Funds offer Class A units.
- Class F units are generally available to investors who have fee-based accounts with ScotiaMcLeod. We may make Class F units available to other investors from time to time. All of the Funds offer Class F units. If an investor is no longer eligible to hold Class F units, ScotiaMcLeod may reclassify the Class F units as Class A units.
- Class I units are available to eligible institutional investors and other qualified investors. Class I units are offered by Pinnacle American Core-Plus Bond Fund, Pinnacle Canadian Small Cap Equity Fund, Pinnacle American Value Equity Fund, Pinnacle American Mid Cap Growth Equity Fund, Pinnacle American Mid Cap Value Equity Fund, Pinnacle International Equity Fund, Pinnacle International Small to Mid Cap Value Equity Fund, Pinnacle Global Equity Fund and Pinnacle Global Real Estate Securities Fund. Class I units are currently only available through Scotia Securities Inc. and are not available through ScotiaMcLeod. Class I units may be made available through ScotiaMcLeod at a later date. If an investor is no longer eligible to hold Class I units, ScotiaMcLeod may reclassify the Class I units as Class A units.

Certain classes of units may not be available for purchase until a date subsequent to the date of this simplified prospectus.

How to Buy the Funds

The minimum initial investment for Class A and Class F units is \$1,000 and the minimum subsequent investment is \$500. For Class I units, the minimum initial investment is generally \$1,000,000. At the discretion of ScotiaMcLeod, these minimums may be reduced. When the initial investment is made, ScotiaMcLeod will send you a confirmation that summarizes the details of the purchase. The Funds do not issue unit certificates; ScotiaMcLeod arranges to keep records of unit ownership.

For Class A units, if the value of the investment(s) in your account falls below \$100, we may sell your units and send you the proceeds. For Class F and Class I units, if the value of the investment(s) in your account falls below the minimum initial investment, we may sell your units and send you the proceeds. We will give you 30 days written notice before selling your units.

Units are non-transferable except with the written consent of ScotiaMcLeod for the sole purpose of granting a security interest therein. If you close your Pinnacle Program account, your units will be redeemed.

How We Calculate Net Asset Value Per Unit

Separate net asset values are calculated for each class of a Fund at the end of each day based on each class' share of the Fund's net asset value as determined in accordance with the Fund's declaration of trust. The class net asset value per unit is calculated daily by dividing (1) the amount equal to the value of that class' share of assets of a Fund, less that class' share of the common expenses of the Fund and less that classes' specific expenses by (2) the total number of units of that class outstanding at such time.

The net asset value per unit is determined daily, at the close of regular trading on the Toronto Stock Exchange, normally 4:00 p.m. Toronto time. In unusual circumstances, we may suspend the calculation of the net asset value per unit of each class, subject to obtaining any necessary regulatory approval. The unit price of a class usually varies day to day in response to changes in the value of the Fund's portfolio's securities. However, as the income of Pinnacle Short Term Income Fund is credited daily to investors, the class net asset value per unit of such Fund is expected to remain constant at \$10.

Units are purchased, distributions reinvested and redemptions implemented for all Funds on the basis of the class net asset value per unit applicable to the transactions.

How to Place Orders for the Funds

Your request to purchase units must be received before 3:00 p.m. Toronto time in order for the purchase to be priced at the class net asset value per unit determined at 4:00 p.m. on such day. If the order is received after 3:00 p.m., units will be issued at the class net asset value calculated at 4:00 p.m. on the next business day. If the cash required to complete the transaction is not received within three trading days (one trading day in the case of the Pinnacle Short Term Income Fund) of receipt of the purchase order, the same number of units purchased will be redeemed. If the Fund's redemption price is less than the purchase price, ScotiaMcLeod will pay the difference to the Fund and collect that amount from you. If the redemption price is greater than the purchase price for the units, the Fund will keep the difference.

ScotiaMcLeod has the right to reject any order within one business day after it has been received. If an application is rejected, the purchase price paid by you will be refunded immediately. We may reject your order if you've made several purchases and sales of a Fund within a short period of time, usually 31 days.

If you purchase units of a Fund at a time when the Fund has a significant amount of undistributed income and gains, the net asset value of the Fund and therefore the purchase price paid by you for the units will reflect the amount of the undistributed income and gains. Upon the subsequent distribution by the Fund of such income and gains, you may be subject to tax on your share of the distribution, notwithstanding that the distribution may reflect part of the purchase price paid by you for the units.

How to Switch the Funds

Switches are permitted from units of one Fund into units of another Fund, provided that the minimum investment requirements are met. The rules applicable to purchases and redemptions also apply to switches. If you switch units within 31 days of buying them, you may have to pay a short-term trading fee. In a non-registered account, switching may result in a capital gain or loss for tax purposes. See 'Income Tax Considerations for Investors'.

How to Switch between Classes of a Fund

Reclassifications are permitted from one class of a Fund into another class of the same Fund if you are eligible for that class. The number of units you receive upon reclassification depends upon the relative net asset value per unit of the class of units being exchanged to the class of units being received. The rules applicable to purchases and redemption also apply to reclassifications. A reclassification from one class of a Fund to another class of the same Fund is not considered a disposition for tax purposes.

How to Redeem Funds

All or some of the units held by you can be redeemed on any business day. Your request to redeem units of the Funds must be received before 3:00 p.m. Toronto time in order for the redemption to be priced at the net asset value per unit determined at 4:00 p.m. on such date. If the redemption request is received after 3:00 p.m., units will be redeemed at the net asset value per unit calculated at 4:00 p.m. on the next business day. In the case of a redemption of the Pinnacle Short Term Income Fund, units will be redeemed at a price of \$10 per unit plus the portion of that Fund's net income and net capital gains attributable to the redeemed units, if any, credited since the last reinvestment date.

If any documents which may be required by ScotiaMcLeod to complete the sale are not received within ten business days of the redemption request, ScotiaMcLeod will buy the same number of units sold. If the purchase price is less than the sale price of the units, the Fund will keep the difference. If the purchase price is greater than the sale price for the units, ScotiaMcLeod is required to pay the Fund the difference. This amount will be collected from you.

Redemption proceeds will be deposited into your account within three business days after the documents required to complete the sale are received. Upon request, ScotiaMcLeod will mail you a cheque for the proceeds of the sale, or will deposit the proceeds into an account designated by you, provided your cheque for the purchase of any of the units being redeemed has cleared. If you sell units within 31 days of

buying them, you may have to pay a short-term trading fee. See ‘Fees and Expenses Payable by You — Short-Term Trading Fee’ for details.

Under extraordinary circumstances, the rights of investors to redeem units may be suspended by a Fund. A Fund may suspend the right to sell units if normal trading is suspended in any market where more than fifty percent of that Fund’s assets are traded.

Optional Services

Tax-Deferred Plans

Each of the Funds is an eligible investment for all registered accounts.

This means you can hold units of the Funds in the following registered accounts (collectively referred to as “tax deferred plans”):

- Registered Retirement Savings Plans (“RRSPs”), including group RRSPs
- locked-in RRSPs and locked-in retirement accounts (“LIRAs”)
- registered retirement income funds (“RRIFs”)
- life income funds (“LIFs”) and life registered income funds (“LRIFs”)
- deferred profit sharing plans (“DPSPs”)
- registered pension plans (“RPPs”), including defined contribution pension plans (“DCPPs”)
- Registered Education Savings Plans (“RESPs”)
- Registered Disability Savings Plans (“RDSPs”)
- Tax-Free Savings Account (“TFSA”).

Optimized Portfolios (Class A Units)

As a participant in the Pinnacle Program, once your customized asset mix has been determined, you have the option of choosing from one of twenty-four (24) optimized portfolios, professionally designed with the assistance of NTGA. Each of the optimized portfolios consists of various Funds as well as cash and cash equivalent securities. You can choose an optimized portfolio with the help of your ScotiaMcLeod advisor. You do not pay any additional fees for choosing an optimized portfolio.

The optimized portfolios are designed with particular investment goals and risk comfort levels in mind. They provide you with diversification by asset class, market capitalization, geography, and investment style. Each optimized portfolio has set Fund target weightings at the time of purchase. From time to time, the individual Funds and their weightings in an optimized portfolio may change. We will advise you of such changes and will only apply them to your account once you have given your verbal or written consent.

Eleven (11) of the optimized portfolios use a balanced fund as the core component of the portfolio. Additional Funds with different investment objectives are then added to the portfolio. The additional Funds have different asset class weightings to achieve a diversified asset mix. The thirteen remaining (13) optimized portfolios consist of Funds with specific investment objectives but do not have a balanced fund as a core component.

Optimized Portfolio	This model portfolio may be suitable for investors who:
70% FIXED INCOME/30% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that generates income and offers preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a lower tolerance for volatility • are willing to accept low to moderate investment risk

Optimized Portfolio	This model portfolio may be suitable for investors who:
70% FIXED INCOME/30% EQUITY MODERATE BALANCED	<ul style="list-style-type: none"> • want a portfolio that generates income and offers preservation of capital • want the growth potential of having exposure to international and U.S. securities • want a core balanced holding • have a lower tolerance for volatility • are willing to accept low to moderate investment risk
50% FIXED INCOME/50% EQUITY CONSERVATIVE	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • have a low tolerance for volatility • are willing to accept moderate investment risk
50% FIXED INCOME/50% EQUITY CONSERVATIVE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • want a core balanced holding • have a low tolerance for volatility • are willing to accept moderate investment risk
50% FIXED INCOME/50% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a low tolerance for volatility • are willing to accept moderate investment risk
50% FIXED INCOME/50% EQUITY MODERATE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • want a core balanced holding • have a low tolerance for volatility • are willing to accept moderate investment risk
40% FIXED INCOME/60% EQUITY CONSERVATIVE	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • have a moderate tolerance for volatility • are willing to accept moderate investment risk
40% FIXED INCOME/60% EQUITY CONSERVATIVE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • want a core balanced holding • have a moderate tolerance for volatility • are willing to accept moderate investment risk

Optimized Portfolio	This model portfolio may be suitable for investors who:
40% FIXED INCOME/60% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a moderate tolerance for volatility • are willing to accept moderate investment risk
40% FIXED INCOME/60% EQUITY MODERATE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers a combination of income, long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • want a core balanced holding • have a moderate tolerance for volatility • are willing to accept moderate investment risk
30% FIXED INCOME/70% EQUITY CONSERVATIVE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • have a moderate-high tolerance for volatility • are willing to accept moderate investment risk
30% FIXED INCOME/70% EQUITY CONSERVATIVE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • want a core balanced holding • have a moderate-high tolerance for volatility • are willing to accept moderate investment risk
30% FIXED INCOME/70% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a moderate-high tolerance for volatility • are willing to accept moderate investment risk
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20% FIXED INCOME/80% EQUITY CONSERVATIVE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • have a moderate-high tolerance for volatility • are willing to accept moderate-high investment risk

Optimized Portfolio	This model portfolio may be suitable for investors who:
20% FIXED INCOME/80% EQUITY CONSERVATIVE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • want a core balanced holding • have a moderate-high tolerance for volatility • are willing to accept moderate-high investment risk
20% FIXED INCOME/80% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a moderate-high tolerance for volatility • are willing to accept moderate-high investment risk
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10% FIXED INCOME/90% EQUITY CONSERVATIVE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • have a moderate-high tolerance for volatility • are willing to accept high investment risk
10% FIXED INCOME/90% EQUITY CONSERVATIVE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of investing primarily in Canadian securities • want a core balanced holding • have a moderate-high tolerance for volatility • are willing to accept high investment risk
10% FIXED INCOME/90% EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • have a moderate-high tolerance for volatility • are willing to accept high investment risk
10% FIXED INCOME/90% EQUITY MODERATE BALANCED	<ul style="list-style-type: none"> • want a portfolio that offers long-term capital growth and preservation of capital • want the growth potential of having exposure to international and U.S. securities • want a core balanced holding • have a moderate-high tolerance for volatility • are willing to accept high investment risk

Optimized Portfolio	This model portfolio may be suitable for investors who:
ALL EQUITY MODERATE	<ul style="list-style-type: none"> • want a portfolio that offers an aggressive total rate of return over the long-term • want the growth potential of having exposure to international and U.S. securities • have a high tolerance for volatility • are willing to accept high investment risk
ALL FOREIGN	<ul style="list-style-type: none"> • want a portfolio that offers an aggressive total rate of return over the long-term • want the growth potential of having exposure to international securities • have a high tolerance for volatility • are willing to accept high investment risk

Custom Portfolios (Class A Units)

You also have the option of designing a custom portfolio with the help of your ScotiaMcLeod advisor. You can generally choose as many or as few Funds as you wish to include in the custom portfolio. You can also set the target weighting for each Fund within your portfolio.

Automatic Rebalancing (Class A Units)

At your request, your optimized or custom portfolio can be automatically rebalanced to the set Fund target weightings in each portfolio. The rebalancing will take place on or about the 15th day of the month following the end of each calendar quarter. The short-term trading fee doesn't apply to rebalancing that is offered in connection with an optimized or custom portfolio.

If you hold your Funds in a non-registered account, you may realize a capital gain or loss when your account is rebalanced. Capital gains are taxable.

Pre-Authorized Chequing Plan

Regular investing is an effective way to build wealth. In order to facilitate regular investing, ScotiaMcLeod has established a Pre-Authorized Chequing Plan. Once the minimum initial investment in a Fund has been made, you can authorize regular deductions from your bank account to buy units. The minimum amount per authorized deduction is \$500. You can suspend this authorization at any time.

If you make a purchase under a Pre-Authorized Chequing Plan, you will receive a renewal simplified prospectus for the Funds only if you request it. If you would like to receive a copy of a renewal prospectus along with any amendment, please contact us at 1-800-530-0197 (416-506-8404 in Toronto) or contact your ScotiaMcLeod investment executive or advisor. The current prospectus and any amendments may be found at www.sedar.com or at www.scotiacleod.com. Although you do not have a statutory right to withdraw from a purchase of units made under a Pre-Authorized Chequing Plan, you will continue to have a right of action for damages or rescission in the event a renewal prospectus contains a misrepresentation, whether or not you request a renewal prospectus.

Automatic Withdrawal Plan

If you have a minimum of \$50,000 in a Pinnacle Program account you may establish an automatic withdrawal account to provide predetermined cash payments through automatic redemption of units. You may suspend this authorization at any time. ScotiaMcLeod reserves the right to terminate this arrangement for Pinnacle Program accounts that fall below a market value of \$25,000.

Fees and Expenses

This table lists the fees and expenses that you may have to pay if you invest in the Funds. You may have to pay some of these fees and expenses directly, or the Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

Fees and Expenses Payable by the Funds																																				
Management Fees	These fees are calculated and accrued daily and paid monthly. The table below shows the annual rate of the management fees for the Class F units payable by each Fund.																																			
	<table border="1"> <thead> <tr> <th></th> <th>Class F Management Fees Annual Rate (%)</th> </tr> </thead> <tbody> <tr> <td>Pinnacle Short Term Income Fund</td> <td>0.50%</td> </tr> <tr> <td>Pinnacle Income Fund</td> <td>0.70%</td> </tr> <tr> <td>Pinnacle High Yield Income Fund</td> <td>0.75%</td> </tr> <tr> <td>Pinnacle American Core-Plus Bond Fund</td> <td>0.75%</td> </tr> <tr> <td>Pinnacle Global Real Estate Securities Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Strategic Balanced Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Canadian Value Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Canadian Mid Cap Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Canadian Growth Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Canadian Small Cap Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle American Value Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle American Mid Cap Value Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle American Large Cap Growth Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle American Mid Cap Growth Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle International Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle International Small to Mid Cap Value Equity Fund</td> <td>1.00%</td> </tr> <tr> <td>Pinnacle Global Equity Fund</td> <td>1.00%</td> </tr> </tbody> </table>		Class F Management Fees Annual Rate (%)	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
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	<p><u>Class A</u></p> <p>For participants in the Pinnacle Program, no management fees are charged by ScotiaMcLeod as Manager in respect of the Class A units of the individual Funds. If you choose to participate in the Pinnacle Program, you will enter into a Pinnacle Program Agreement and will agree to pay an asset based fee for all services offered as part of the Pinnacle Program. You will pay the fees on a quarterly basis and the payment can only be made through the redemption of Class A units held in the Funds, unless otherwise permitted by ScotiaMcLeod. The maximum annual fee charged is 1.25% on Money Market and Bond Funds and 2.5% on all other Funds. Any fee for purchases of Class A units outside the Pinnacle Program are negotiated separately with ScotiaMcLeod.</p>																																			
	<p><u>Class I</u></p> <p>Fees for services of ScotiaMcLeod payable by Class I investors are negotiable by the investor and are payable directly to ScotiaMcLeod. The maximum amount will not exceed the Class A annual rate.</p>																																			

Operating Expenses	<p><i>Class A:</i> The Class A units of Funds bear their proportionate share of the common expenses relating to the operation of the Funds and the carrying on of their business, including legal and audit fees, taxes, interest, administrative costs relating to the issue and redemption of units, brokerage commissions, as well as the cost of financial and other reports and complying with all applicable laws, regulations and policies. These expenses also include the annual fee paid to each IRC member, fees for each meeting he or she attends, and the reasonable expenses associated with the performance of his or her duties as an IRC member. Currently, each member of the IRC is entitled to an annual retainer of \$10,000 (\$15,000 for the Chair), and a per meeting fee of \$1,000 for attending each IRC meeting and \$800 for attending each meeting held for information or education purposes. The amount of expenses may vary from one Fund to another but will not exceed 0.50%¹ of the Class A net assets of each Fund. Class specific expenses such as the costs of holding a unitholder meeting specific to members of the class are not included in the 0.50% cap on expenses.</p> <p><i>Class F:</i> The Class F units of Funds bear their proportionate share of the common expenses relating to the operation of the Funds and the carrying on of their business, including legal and audit fees, taxes, interest, administrative costs relating to the issue and redemption of units, brokerage commissions, as well as the cost of financial and other reports and complying with all applicable laws, regulations and policies. These expenses also include the annual fee paid to each IRC member, fees for each meeting he or she attends, and the reasonable expenses associated with the performance of his or her duties as an IRC member. Currently, each member of the IRC is entitled to an annual retainer of \$10,000 (\$15,000 for the Chair), and a per meeting fee of \$1,000 for attending each IRC meeting and \$800 for attending each meeting held for information or education purposes. In addition, there are class specific expenses such as the costs of holding a unitholder meeting specific to members of the class.</p> <p><i>Class I:</i> The Class I units of Funds bear their proportionate share of the common expenses relating to the operation of the Funds and the carrying on of their business, including legal and audit fees, taxes, interest, administrative costs relating to the issue and redemption of units, brokerage commissions, as well as the cost of financial and other reports and complying with all applicable laws, regulations and policies. These expenses also include the annual fee paid to each IRC member, fees for each meeting he or she attends, and the reasonable expenses associated with the performance of his or her duties as an IRC member. Currently, each member of the IRC is entitled to an annual retainer of \$10,000 (\$15,000 for the Chair), and a per meeting fee of \$1,000 for attending each IRC meeting and \$800 for attending each meeting held for information or education purposes. In addition, there are class specific expenses such as the costs of holding a unitholder meeting specific to members of the class.</p>
Fees and Expenses Payable by You	
Sales Charges	No sales commission or other sales charge is payable for any purchase, switch or redemption of the Funds.

Short-Term Trading Fee	<p>Short-term trading by investors can increase a Fund's expenses, which impacts all investors in the Fund, and can affect the economic interest of long-term investors. Short-term trading can affect a Fund's performance by forcing the portfolio advisor to keep more cash in the Fund than would otherwise be required. To discourage short-term trading, a Fund may charge a fee of 2% of the amount you sell or switch, if you sell or switch your units within 31 days of buying them. The fee does not apply to Class I units and may not apply to:</p> <ul style="list-style-type: none"> • Pinnacle Short Term Income Fund; • redemptions that are carried out to accommodate payment of Summit Program fees or Pinnacle Program fees.; • transactions that do not exceed a certain minimum dollar amount, as determined by the Manager from time to time; • trade corrections or any other transactions initiated by the Manager or the applicable portfolio advisor; • automatic rebalancing that is part of the service offered by ScotiaMcLeod; • optimized and custom portfolios offered by ScotiaMcLeod; • transfers of units of one Fund between two Scotia Capital Inc. accounts belonging to the same unitholder; • regularly scheduled RIF or LIF payments; and • regularly scheduled Automatic Withdrawal Plan payments. <p>Any formal or informal arrangements to permit short-term trading are described in the Funds' annual information form. If securities regulations mandate the adoption of specified policies relating to short-term trading, the Funds will adopt such policies if and when implemented by the securities regulators. If required, these policies will be adopted without amendment to this simplified prospectus or the Funds' annual information form and without notice to you, unless otherwise required by such regulations.</p>
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¹The 0.50% cap excludes class specific expenses, brokerage commissions, interest charges and taxes of all types, including sales tax and GST.

Dealer Compensation

Although dealers receive no up-front sales commissions in connection with the sale of units of the Funds, dealers (including ScotiaMcLeod) are compensated in connection with certain ongoing services they provide to investors in the Pinnacle Program. Currently, as Manager of the Pinnacle Program, ScotiaMcLeod pays no more frequently than monthly, a service fee to dealers in an amount up to 72% of the fee paid by each Class A investor to ScotiaMcLeod.

For the sale of units of the Funds to investors outside of the Pinnacle Program, ScotiaMcLeod also pays, no more frequently than monthly, a service fee to dealers in an amount up to 72% of the fee paid by each Class A investor to ScotiaMcLeod.

For the purchase of Class F units, ScotiaMcLeod does not pay any trailing commission to a dealer. The dealer and the investor negotiate a service fee in respect of the Class F units which is in an amount up to 1.5% of the value of the Class F units, payable by the investor no more frequently than monthly.

No service fee is payable in respect of Class I units.

Where ScotiaMcLeod is the dealer, ScotiaMcLeod uses a portion of the dealer service fees it receives to compensate its advisors for services provided to investors in the Funds.

A ScotiaMcLeod advisor may also receive sales incentives based on his or her overall performance.

We may participate in co-operative marketing programs with dealers to help them market the Funds. We may pay up to 50% of the cost of these co-operative marketing programs in accordance with the rules set out in National Instrument 81-105 *Mutual Fund Sales Practices*.

The Bank of Nova Scotia owns, directly or indirectly, 100% of Scotia Capital Inc., which is the principal distributor of the Funds.

Dealer Compensation from Management Fees

Prior to the date of this simplified prospectus, no management fees have been payable by a Fund.

Income Tax Considerations for Investors

This section is a summary of how investing in the Funds can affect your taxes. It assumes that you're an individual (other than a trust), a Canadian resident and you hold your units as capital property and are dealing at arm's length with the Funds.

More detailed information is provided in the Funds' annual information form. Because tax laws vary by province and every investor's situation is different, we recommend you get advice from a tax expert.

How your Investment Can Earn Money

Funds earn money in the form of income and capital gains. Income includes the interest and dividends a Fund earns on its investments and gains on certain derivatives. Capital gains are earned when a Fund sells investments for a profit.

You earn money in the form of distributions when the Fund pays you your share of the income and capital gains it has earned. In general, each Fund will distribute enough of its net income and net realized capital gains each year to unitholders so it won't have to pay income tax.

You can also earn money in the form of a capital gain when you sell or switch your units for a profit. You can realize a capital loss if you sell or switch your units at a loss.

How Earnings are Taxed

The tax you pay depends on whether you hold your units in a tax-deferred plan or in a non-registered account.

Units Held Outside a Tax-Deferred Plan

For units of a Fund which are held outside a tax-deferred plan, you must include in your income each year the amount of distributions of income and taxable capital gains paid or payable to you in the year by a Fund, whether you receive these amounts in cash or in additional units. The higher a Fund's portfolio turnover rate, the greater the chance the Fund will make taxable distributions.

The price of a unit of a Fund may include income and/or capital gains that the Fund has earned, but not yet realized and/or distributed. If you buy units of a Fund before it makes a distribution, you will be taxed on that distribution, even though the Fund earned the amount before you owned it. For example, many Funds make their only, or most significant, distribution of capital gains in December. If you buy units late in the year, you may have to pay tax on the income and capital gains the Fund earned for the whole year. That will mean that you will pay tax on Fund earnings that you had no benefit from. Distributions by a Fund that are a return of capital are not taxable but will generally reduce the adjusted cost base of your units of that Fund.

When you redeem or switch your units of a Fund to units of another Fund, you may realize a capital gain or loss. Your capital gain (or loss) will be equal to the difference between the amount you receive on the redemption or switch (net of any reasonable disposition costs such as deferred sales charges) and your adjusted cost base of the units redeemed or switched. You must calculate your adjusted cost base separately for each class of units of each Fund that you own. In general, the aggregate adjusted cost base of your units equals:

- your initial investment, **plus**
- additional investments, **plus**
- reinvested distributions, **minus**

- any return of capital distributions, **minus**
- the adjusted cost base of any previous redemptions.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from a tax expert.

Unitholders should consult their own tax advisors with respect to the extent to which the fees paid by them to ScotiaMcLeod may be deductible.

Units Held in a Tax-Deferred Plan

Where you hold your units in a tax-deferred plan, you do not pay any tax on distributions from the Fund or any capital gains realized from redeeming or switching units inside the plan. See 'Optional Services — Tax Deferred Plans'. Withdrawals from a tax-deferred plan are generally taxable.

So long as each of the Funds is a mutual fund trust or registered investment for tax purposes, units of the Funds are "qualified investments" for RRSPs, RRIFs, RESPs and DPSPs.

It is expected that units will be qualified investments for a trust governed by a tax-free savings account ("TFSA") to be effective starting in 2009. In such circumstances, if a TFSA held units, the amount of distributions paid or payable to the TFSA by the Fund in a particular year, any capital gains realized by the TFSA from redeeming or otherwise disposing of these units and withdrawals from the TFSA would not be subject to tax under the Tax Act.

What are Your Legal Rights?

Securities legislation in certain provinces gives you the right to withdraw from an agreement to purchase mutual fund securities within two business days of receiving a simplified prospectus, or within forty-eight hours after receiving confirmation of your purchase. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer.

In several of the provinces and territories, securities legislation also allows you to cancel an agreement to buy units and get your money back, or in some cases to make a claim for damages if the simplified prospectus, annual information form or financial statements (including any amendments) contain a misrepresentation. These rights must usually be exercised within certain time limits. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

Class A and Class F units and Class I units where noted

Money Market Fund

Pinnacle Short Term Income Fund

Bond Funds

Pinnacle Income Fund

Pinnacle High Yield Income Fund

Pinnacle American Core-Plus Bond Fund (Class I units available)

Real Estate Fund

Pinnacle Global Real Estate Securities Fund (Class I units available)

Balanced Fund

Pinnacle Strategic Balanced Fund

Canadian Equity Funds

Pinnacle Canadian Value Equity Fund

Pinnacle Canadian Mid Cap Equity Fund

Pinnacle Canadian Growth Equity Fund

Pinnacle Canadian Small Cap Equity Fund (Class I units available)

Foreign Equity Funds

Pinnacle American Value Equity Fund (Class I units available)

Pinnacle American Mid Cap Value Equity Fund (Class I units available)

Pinnacle American Large Cap Growth Equity Fund

Pinnacle American Mid Cap Growth Equity Fund

(Class I units available)

Pinnacle International Equity Fund (Class I units available)

Pinnacle International Small to Mid Cap Value Equity Fund

(Class I units available)

Pinnacle Global Equity Fund (Class I units available)

Managed by:

ScotiaMcLeod

Scotia Plaza

40 King Street West

P.O. Box 4085,

Station A Toronto,

Ontario M5W 2X6

Toll Free: 1-800-530-0197

(416-506-8404 in Toronto)

Additional information about the Funds is available in the Funds' annual information form, their most recently filed annual and interim financial statements and their most recently filed annual and interim management reports of fund performance. These documents are incorporated by reference into this simplified prospectus which means they legally form part of this document just as if they were printed in it.

You can get a copy of these documents at your request, and at no cost, by calling toll free 1-800-530-0197 (416-506-8404 in Toronto), or by e-mail through ScotiaMcLeod's website at www.scotiamcleod.com.

These documents and other information about the Funds are also available on the SEDAR website at www.sedar.com, or on the ScotiaMcLeod website at www.scotiamcleod.com.

SCOTIA CAPITAL INC. IS A CORPORATE ENTITY SEPARATE FROM, ALTHOUGH WHOLLY-OWNED BY, THE BANK OF NOVA SCOTIA.



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Pinnacle Program Funds

