

Annual Report 2006

Pinnacle Program Funds

The Pinnacle Portfolios

Pinnacle Program Funds

Money Market Fund

Pinnacle Short Term Income Fund

Bond Funds

Pinnacle Income Fund

Pinnacle High Yield Income Fund

Pinnacle American Core-Plus Bond Fund

Real Estate Fund

Pinnacle Global Real Estate Securities Fund

Balanced Fund

Pinnacle Strategic Balanced Fund

Canadian Equity Funds

Pinnacle Canadian Value Equity Fund

Pinnacle Canadian Mid Cap Value Equity Fund

Pinnacle Canadian Growth Equity Fund

Pinnacle Canadian Small Cap Equity Fund

Foreign Equity Funds

Pinnacle American Value Equity Fund

Pinnacle American Mid Cap Value Equity Fund

Pinnacle American Large Cap Growth Equity Fund

Pinnacle American Mid Cap Growth Equity Fund

Pinnacle International Equity Fund

Pinnacle International Small to Mid Cap Value Equity Fund

Pinnacle Global Equity Fund

The Pinnacle Portfolios

Pinnacle Balanced Income Portfolio

Pinnacle Conservative Balanced Growth Portfolio

Pinnacle Balanced Growth Portfolio

Pinnacle Conservative Growth Portfolio

Pinnacle Growth Portfolio

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

Pinnacle Program Funds and The Pinnacle Portfolios 2006 Annual Report

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Message to Clients

It's been a bullish year for the stock markets with numerous world indices hitting record highs over the last several months. As the year draws to an end, many are wondering if the strong returns will continue into 2007. While no one can fully predict which direction the markets will take in the year ahead, what we do know is that maintaining a disciplined investment process will continue to be critical to long-term investment success.

Since its launch in 1997, the Pinnacle Program (the "Program") has focused on a highly disciplined investment process that is designed to increase potential returns while managing risk. Key steps in this process include the creation of a personalized Investment Policy Statement that reflects your unique needs and goals and the construction and ongoing monitoring of a portfolio, that is designed to provide multi-faceted diversification by asset class, market capitalization, country and investment style. Your Investment Policy Statement can serve as a blueprint for investing in the Program. Your Investment Policy Statement along with your quarterly performance summaries, provide you with the means by which to measure the progress of your portfolio against your investment objectives and benchmarks.

As you review the performance of specific Pinnacle Funds within your portfolio, it's always important to keep in mind your tolerance for risk, as well as personal investment needs and investment objectives as established by you and your ScotiaMcLeod advisor. At ScotiaMcLeod, we believe that each investor is unique, with specific investment goals, objectives and needs. The Program was developed with this in mind and aims to provide more peace of mind and above all, more time to do the things you really enjoy. We're confident that by working together with your ScotiaMcLeod advisor through this Program, you'll be well positioned to achieve your long-term investment goals.

We strongly value your commitment to the Program and are pleased to present to you the 2006 Annual Report for the Pinnacle Program Funds and Pinnacle Portfolios. We look forward to continuing to help you meet your financial objectives and encourage you to contact your advisor with any questions and comments you may have.

Best regards,



Hamish Angus
Managing Director
ScotiaMcLeod

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)
\$ 400,000	Alcan Inc. CP 4.27%	3/15/2007	396,567
2,000,000	Canada Housing Trust 4.75%	3/15/2007	2,001,925
100,000	Caterpillar Financial Services Corporation DN 4.23%	3/16/2007	99,139
430,000	Canadian Imperial Bank of Commerce BA 4.16%	1/30/2007	428,534
125,000	Citibank Canada BDN 4.07%	1/19/2007	124,736
400,000	Citigroup Finance Canada Inc. DN 4.05%	1/19/2007	399,158
400,000	Enbridge Gas Distribution Inc. DN 4.01%	1/15/2007	399,342
665,000	Farm Credit Corporation DN 3.96%	1/22/2007	663,417
500,000	FirstBank BA 4.26%	6/25/2007	489,947
100,000	GE Capital Canada Funding Company DN 4.13%	1/25/2007	99,718
200,000	GE Capital Canada Funding Company DN 4.15%	1/30/2007	199,320
400,000	Honda Canada Finance Inc. DN 4.25%	3/13/2007	396,673
400,000	Manulife Bank Of Canada DN 4.25%	3/9/2007	396,861
325,000	National Bank of Canada BA 4.24%	6/14/2007	318,881
1,100,000	Province of New Brunswick Treasury Bill 4.15%	5/31/2007	1,081,418
1,400,000	Province of Newfoundland Treasury Bill 3.99%	1/25/2007	1,396,181
500,000	Province of Prince Edward Island Treasury Bill 3.93%	1/18/2007	499,033
540,000	Royal Bank of Canada BA 4.13%	1/30/2007	538,175
550,000	The Toronto-Dominion Bank BA 4.19%	5/18/2007	541,430
400,000	Transcanada Pipelines Limited DN 3.19%	1/4/2007	399,860
Total Investments (99.4%)			10,870,315
Other Assets, Less Liabilities (0.6%)			70,723
Total Net Assets (100.0%)			10,941,038
Net Asset Value Per Unit			\$10.00

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

Pinnacle Short Term Income Fund

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$10,870,315	\$18,527,853
Cash	104,096	76,634
Subscriptions receivable	27	5,349
Accrued investment income	28,109	-
	<u>11,002,547</u>	<u>18,609,836</u>
Liabilities		
Redemptions payable	21,582	66,195
Distributions payable	6,164	6,119
Accrued expenses	33,763	33,357
	<u>61,509</u>	<u>105,671</u>
Net assets representing unitholders' equity	<u>\$10,941,038</u>	<u>\$18,504,165</u>
Number of units outstanding	<u>1,094,096</u>	<u>1,850,408</u>
Net asset value per unit	<u>\$ 10.00</u>	<u>\$ 10.00</u>

Statement of Operations for the years ended December 31,

	2006	2005
Investment Income		
Interest	\$565,158	\$634,265
Securities lending income	122	540
	<u>565,280</u>	<u>634,805</u>
Expenses		
Legal fees	-	1,072
Audit fees	9,725	10,797
Custody fees	-	8,006
Filing fees	17,279	17,613
Unitholder reporting costs	12,884	7,831
Unitholder administration, service fees and GST	49,659	41,762
	<u>89,547</u>	<u>87,081</u>
Rebated and absorbed expenses	(16,579)	-
Net expenses	<u>72,968</u>	<u>87,081</u>
Net investment income (loss)	<u>492,312</u>	<u>547,724</u>
Increase (Decrease) in Net Assets from Operations	<u>\$492,312</u>	<u>\$547,724</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.34</u>	<u>\$ 0.23</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$18,504,165	\$25,535,085
Increase (decrease) in net assets from operations	492,312	547,724
Distributions to unitholders	-	-
Investment income	(492,312)	(547,724)
	<u>18,504,165</u>	<u>25,535,085</u>
Unit Transactions:		
Proceeds from issue	9,800,003	15,457,424
Reinvested distributions	488,298	545,139
Payments on redemption	(17,851,428)	(23,033,483)
	<u>(7,563,127)</u>	<u>(7,030,920)</u>
Increase (decrease) in net assets	<u>(7,563,127)</u>	<u>(7,030,920)</u>
Net Assets, End of Year	<u>\$10,941,038</u>	<u>\$18,504,165</u>

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
Federal Government (65.4%)				
\$97,571,000	Government of Canada 3.75%	6/1/2008	97,127,598	97,150,832
15,670,000	Government of Canada 4.50%	6/1/2015	16,289,021	16,134,881
9,575,000	Government of Canada 5.25%	6/1/2012	10,261,195	10,147,285
4,940,000	Government of Canada 5.25%	6/1/2013	5,336,677	5,278,959
7,775,000	Government of Canada 5.50%	6/1/2009	8,184,561	8,043,941
24,650,000	Government of Canada 5.75%	6/1/2033	30,904,437	30,999,840
			<u>168,103,489</u>	<u>167,755,738</u>
Provincial Government (9.8%)				
2,056,322	New Brunswick FM Project Inc. 4.47%	11/30/2027	1,993,872	2,389,427
1,000,000	Ontario School Boards Financing Corp. 6.30%	9/22/2010	996,410	1,071,164
3,250,000	Province of Ontario 5.60%	6/2/2035	3,600,365	3,785,251
15,450,000	Province of Quebec 5.75%	12/1/2036	17,938,134	18,071,036
			<u>24,528,781</u>	<u>25,316,878</u>
Corporate (20.3%)				
200,000	1st Street Tower 7.77%	9/5/2021	199,998	243,424
300,000	407 International Inc. 5.96%	12/3/2035	299,790	341,864
312,000	Alliance Pipeline LP 5.55%	12/31/2023	312,000	329,919
1,258,758	Alliance Pipeline LP 7.22%	12/31/2025	1,258,758	1,524,486
556,211	Blue Water Bridge Authority 6.41%	7/9/2027	556,212	585,408
860,000	British Columbia Ferry Services Inc. 5.74%	5/27/2014	875,032	921,248
800,000	Canadian Tire Receivables Trust 4.67%	11/20/2009	800,000	803,065
1,022,000	Electricity Distributors Financial Corp. 6.45%	8/15/2012	1,052,743	1,112,473
1,200,000	Enbridge Inc. 7.20%	6/18/2032	1,218,300	1,448,262
200,000	Enbridge Inc. 7.22%	7/24/2030	245,800	240,425
1,500,000	FortisAlberta Inc. 5.33%	10/31/2014	1,499,400	1,567,077
1,800,000	HSBC Canada Asset Trust 7.78%	12/31/2049	1,800,000	2,017,389
500,000	Investors Group Inc. 6.58%	3/7/2018	501,985	573,709
1,000,000	Loblaw Companies Limited 7.10%	6/1/2016	1,004,400	1,173,132
3,370,786	Merrill Lynch Financial Assets, Inc. 6.67%	5/7/2021	3,531,671	3,678,980
880,407	Merrill Lynch Mortgage Loans, Inc. 7.37%	5/10/2022	989,313	1,003,692
788,536	Milit-Air Inc. 5.75%	6/30/2019	854,513	853,005
900,000	N 45 Degrees First Issuer Corporation 5.67%	11/15/2020	917,796	953,739
900,000	N 45 Degrees First Issuer Corporation 7.34%	7/15/2015	967,630	971,955
456,000	NOVA Gas Transmission Ltd. 11.20%	6/1/2014	616,512	596,076
544,000	NOVA Gas Transmission Ltd. 11.70%	10/15/2008	705,568	601,445
498,000	NOVA Gas Transmission Ltd. 11.95%	10/1/2007	619,512	522,280
752,869	Ontario School Boards Financing Corp. 5.80%	11/7/2028	750,279	830,515
1,480,773	Ontario School Boards Financing Corp. 5.90%	10/11/2027	1,496,568	1,644,245
2,081,864	Ontario School Boards Financing Corp. 6.55%	10/19/2026	2,072,870	2,428,452
4,212,090	Ontario School Boards Financing Corp. 7.20%	6/9/2025	4,896,153	5,120,499
400,000	Shoppers Drug Mart Corporation 4.97%	10/24/2008	399,964	403,897
900,000	TD Capital Trust 7.60%	12/29/2049	948,885	980,689
5,491,000	The Greater Toronto Airports Authority 6.45%	12/3/2027	6,053,513	6,317,545
2,658,425	The Greater Toronto Airports Authority 6.45%	7/30/2029	2,540,543	3,006,503
1,600,000	The Greater Toronto Airports Authority 6.47%	2/2/2034	1,916,197	1,876,790
160,000	The Greater Toronto Airports Authority 7.10%	6/4/2031	203,502	200,110

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$ 2,500,000	The Toronto Dominion Bank 4.78%	12/14/2105	2,500,000	2,475,668
1,117,977	Toronto Hospital 5.64%	12/8/2022	1,100,243	1,208,725
700,000	TransCanada PipeLines Limited 7.90%	4/15/2027	734,489	926,077
300,000	TransCanada PipeLines Limited 8.21%	4/25/2030	366,030	416,224
883,000	Union Gas Ltd. 10.75%	7/31/2009	1,097,451	914,321
1,000,000	York Region District School Board 6.55%	4/12/2023	995,850	1,210,889
			<u>48,899,470</u>	<u>52,024,202</u>
Short Term Notes (Schedule 1) (2.6%)				
			<u>6,776,766</u>	<u>6,776,766</u>
Total Investments (98.1%)			<u>248,308,506</u>	<u>251,873,584</u>
Other Assets, Less Liabilities (1.9%)				
				<u>4,751,994</u>
Total Net Assets (100.0%)				<u>256,625,578</u>
Net Asset Value per Unit				\$10.70

Schedule 1
Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$ 855,000	Government of Canada Treasury Bills	2/8/2007	851,339	851,339
5,970,000	Government of Canada Treasury Bills	3/8/2007	5,925,427	5,925,427
			<u>6,776,766</u>	<u>6,776,766</u>

Portfolio Advisor: Fiera YMG Capital Management Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Pinnacle Income Fund

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Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$251,873,584	\$173,343,849
Cash	9,879	140,436
Subscriptions receivable	1,583,172	590,785
Receivable for securities sold	5,296,436	4,379,377
Accrued investment income	1,352,022	1,275,410
	<u>260,115,093</u>	<u>179,729,857</u>
Liabilities		
Payable for securities purchased	3,091,652	4,959,923
Redemptions payable	358,033	92,677
Accrued expenses	39,830	52,196
	<u>3,489,515</u>	<u>5,104,796</u>
Net assets representing unitholders' equity	<u>\$256,625,578</u>	<u>\$174,625,061</u>
Number of units outstanding	23,981,579	16,145,102
Net asset value per unit	<u>\$ 10.70</u>	<u>\$ 10.82</u>

Statement of Operations for the years ended December 31,

	2006	2005
Investment Income		
Interest	\$ 9,763,060	\$6,567,558
Securities lending income	28,707	10,684
	<u>9,791,767</u>	<u>6,578,242</u>
Expenses		
Legal fees	—	1,072
Audit fees	9,724	15,455
Custody fees	25,636	17,433
Filing fees	13,020	14,497
Unitholder reporting costs	32,152	34,676
Unitholder administration, service fees and GST	123,878	116,787
	<u>204,410</u>	<u>199,920</u>
Net investment income (loss)	<u>9,587,357</u>	<u>6,378,322</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	1,620,792	2,062,724
Increase (decrease) in unrealized appreciation (depreciation) of investments	(2,530,991)	1,466,942
Net gain (loss) on investments	<u>(910,199)</u>	<u>3,529,666</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 8,677,158</u>	<u>\$9,907,988</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.43</u>	<u>\$ 0.73</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$174,625,061	\$120,910,358
Increase (decrease) in net assets from operations	8,677,158	9,907,988
Distributions to unitholders		
Investment income	(9,410,902)	(6,242,252)
Capital gains	(1,070,331)	(825,404)
	<u>172,820,986</u>	<u>123,750,690</u>
Unit Transactions:		
Proceeds from issue	112,373,490	71,940,740
Reinvested distributions	10,449,483	7,041,515
Payments on redemption	(39,018,381)	(28,107,884)
	<u>83,804,592</u>	<u>50,874,371</u>
Increase (decrease) in net assets	<u>82,000,517</u>	<u>53,714,703</u>
Net Assets, End of Year	<u>\$256,625,578</u>	<u>\$174,625,061</u>

Portfolio Advisor: Fiera YMG Capital Management Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Pinnacle High Yield Income Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
*Bonds (87.3%)					\$ 780,000				
Federal Government (1.5%)					NOVA Chemicals Corporation 6.50%				
\$1,750,000	Government of Canada 5.75%	6/1/2029	2,114,000	2,150,043	1,500,000	NOVA Chemicals Corporation 7.85%	8/30/2010	851,204	865,834
Corporate (85.8%)					NOVA Chemicals Corporation 12.50%				
1,050,000	Abitibi-Consolidated Inc. 6.95%	4/1/2008	1,169,490	1,217,552	1,040,000	Paramount Resources Ltd. 8.50%	1/31/2013	1,304,619	1,202,927
1,850,000	Abitibi-Consolidated Inc. 8.38%	4/1/2015	2,095,940	1,891,882	1,000,000	Peabody Energy Corporation 6.88%	3/15/2013	1,142,699	1,200,363
3,000,000	Allied Waste North America Inc. 7.25%	3/15/2015	3,398,560	3,518,053	325,000	Pogo Producing Company 6.63%	3/15/2015	388,883	362,658
2,820,000	Avenor Inc. 10.85%	11/30/2014	3,134,839	3,017,400	1,065,000	Pope & Talbot, Inc. 8.38%	6/1/2013	1,269,411	1,005,333
810,411	BCE Place Ltd. 7.07%	10/8/2007	824,901	828,042	750,000	Retirement Residences REIT 8.25%	1/31/2011	749,999	770,625
1,000,000	Brookfield Power 5.45%	12/18/2017	1,157,300	1,165,401	1,750,000	Rogers Cable Inc. 7.25%	12/15/2011	1,783,750	1,829,223
3,000,000	Brookfield Power Corp. 5.25%	11/5/2018	2,998,920	3,008,016	1,700,000	Rogers Wireless Communications Inc. 6.38%	3/1/2014	2,293,970	2,018,328
1,425,000	Canadian Tire Corporation, Limited 5.61%	9/4/2035	1,378,046	1,405,783	1,750,000	Rogers Wireless Communications Inc. 7.625%	12/15/2011	1,783,750	1,908,410
3,900,000	CanWest Media Inc. 8.00%	9/15/2012	4,457,903	4,749,590	2,500,000	RONA Inc. 5.40%	10/20/2016	2,494,800	2,507,961
2,000,000	Cascades Inc. 7.25%	2/15/2013	2,244,631	2,336,628	1,152,000	Sealy Mattress Co. 8.25%	6/15/2014	1,416,033	1,414,703
253,000	Charter Communications Holdings LLC 10.00%	5/15/2014	218,051	256,148	1,000,000	Shaw Communications, Inc. 6.15%	5/9/2016	944,500	994,184
1,105,000	Charter Communications Holdings LLC 11.00%	10/1/2015	1,261,538	1,326,401	1,500,000	Sobeys Inc. 7.16%	2/26/2018	1,673,535	1,723,171
1,000,000	Charter Communications Holdings LLC 9.49%	12/15/2010	1,162,183	1,194,536	867,302	SR Telecom Inc. 11.00%	10/1/2011	1,052,698	1,010,754
2,390,000	CHC Helicopter Corporation 7.38%	5/1/2014	2,948,719	2,708,712	2,000,000	STEERS Thayer Gate CDO Trust 5.13%	6/20/2013	1,925,380	2,002,500
2,240,000	Chesapeake Energy Corporation 6.38%	6/15/2015	2,562,831	2,597,445	2,000,000	STEERS Thayer Gate CDO Trust 7.52%	6/20/2013	1,997,520	1,995,000
450,000	Cogeco Cable Inc. 8.44%	7/31/2007	428,625	456,201	1,500,000	Superior Plus Income Fund 5.75%	12/31/2012	1,500,000	1,358,250
1,500,000	Couche-Tard U.S. LP 7.50%	12/15/2013	1,859,216	1,800,544	500,000	Swift Trust 5.30%	5/6/2007	490,000	556,115
2,250,000	Dole Food Company, Inc. 7.25%	6/15/2010	2,813,138	2,530,376	1,260,000	Talisman Energy Inc. 4.44%	1/27/2011	1,259,887	1,257,535
200,000	Domtar Inc. 10.85%	8/5/2017	223,000	236,400	700,000	Tekni-Plex Inc. 12.75%	6/15/2010	936,033	746,439
1,000,000	Domtar Inc. 7.13%	8/15/2015	1,210,937	1,156,660	1,550,000	Tembec Industries, Inc. 8.50%	2/1/2011	1,602,219	1,108,660
750,000	Domtar Inc. 9.50%	8/1/2016	838,353	970,196	900,000	The Bear Stearns Companies Inc. 4.54%	6/30/2008	900,036	900,135
1,925,000	EchoStar DBS Corporation 6.38%	10/1/2011	2,397,208	2,240,592	2,560,000	The Jean Coutu Group (PIC) Inc. 8.50%	8/1/2014	3,036,495	3,013,260
950,000	Enbridge Income Fund 5.25%	12/22/2014	949,924	972,973	2,350,000	Videon Cable Systems Inc. 8.15%	4/26/2010	2,378,676	2,562,577
1,500,000	ERAC Canada Finance Ltd. 5.38%	2/26/2016	1,498,980	1,518,522	2,500,000	Wynn Las Vegas LLC 6.63%	12/1/2014	2,872,766	2,909,860
3,470,000	Fairfax Financial Holdings Limited 7.38%	4/15/2018	3,741,100	3,740,645	1,500,000	YPG Holdings Inc. 5.50%	8/1/2011	1,500,000	1,505,250
4,000,000	Ford Floorplan Auto Securitization Trust 4.58%	11/15/2009	4,000,000	4,010,307	2,000,000	YPG Holdings Inc. 5.85%	11/18/2019	1,999,200	2,020,125
490,000	Freeport-McMoran Copper & Gold, Inc. 10.13%	2/1/2010	741,410	608,164	125,795,710 124,239,967				
1,900,000	Husky Energy Inc. 6.15%	6/15/2019	2,115,567	2,236,729					
1,100,000	InSight Health Services Corp. 9.88%	11/1/2011	1,379,253	307,666					
2,700,000	Kimco North Trust III 5.18%	8/16/2013	2,692,629	2,761,502					
700,000	Kingsway America Inc. 7.50%	2/1/2014	902,563	836,861					
2,000,000	Las Vegas Sands Corp. 6.38%	2/15/2015	2,167,762	2,272,531					
2,800,000	Lindsey Morden Group Inc. 7.00%	6/16/2008	1,922,500	2,450,000					
1,080,000	Masonite International Corporation 11.00%	4/6/2015	1,226,539	1,170,528					
2,940,000	Massey Energy Company 6.88%	12/15/2013	3,413,331	3,224,984					
1,000,000	Merrill Lynch Financial Assets, Inc. 6.45%	10/12/2013	952,460	1,057,860					
599,000	Merrill Lynch Financial Assets, Inc. 6.45%	11/12/2014	527,959	614,611					
500,000	Merrill Lynch Financial Assets, Inc. 6.65%	11/12/2034	492,950	534,103					
3,000,000	Millar Western Forest Products Ltd. 7.75%	11/15/2013	3,155,339	3,164,063					
2,000,000	Molson Coors Capital Finance ULC 5.00%	9/22/2015	1,893,160	1,973,977					
2,500,000	NIF-T 4.29%	9/17/2008	2,500,000	2,478,879					
1,650,000	Norske Skog Canada Limited 7.38%	3/1/2014	2,117,695	1,833,976					
500,000	Norske Skog Canada Limited 8.63%	6/15/2011	555,912	595,083					
1,400,000	North American Energy Partners Inc. 8.75%	12/1/2011	1,620,035	1,637,679					

*Corporate bonds are comprised of 56% U.S. denominated bonds and 44% Canadian denominated bonds.

Portfolio Advisor: Guardian Capital LP

continued on next page

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-For equities, all common shares unless otherwise noted.

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

Pinnacle High Yield Income Fund

Statement of Investment Portfolio as at December 31, 2006

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$ 500,000	Enbridge Gas Distribution Inc. 3.90%	1/11/2007	499,411	499,411
1,000,000	Enbridge Inc. 3.23%	1/4/2007	999,646	999,646
100,000	EnCana Corporation 2.16%	1/2/2007	99,988	99,988
600,000	EnCana Corporation 3.26%	1/4/2007	599,786	599,786
500,000	EnCana Corporation 4.06%	1/15/2007	499,168	499,168
150,000	EnCana Corporation 4.20%	1/30/2007	149,483	149,483
1,350,000	Gaz Metropolitain Inc 4.09%	1/19/2007	1,347,134	1,347,134
2,200,000	HSBC Financial Corporation Ltd. 3.77%	1/8/2007	2,198,185	2,198,185
100,000	Loblaw Companies Limited 4.10%	1/15/2007	99,835	99,835
2,300,000	Nova Scotia Power Corporation 3.23%	1/4/2007	2,299,185	2,299,185
1,100,000	Smart Trust 4.05%	1/16/2007	1,098,053	1,098,053
1,200,000	Suncor Energy, Inc. 4.15%	1/25/2007	1,196,597	1,196,597
3,850,000	Trans Canada PipeLines 3.23%	1/19/2007	3,841,808	3,841,808
			<u>14,928,279</u>	<u>14,928,279</u>

Schedule 2 Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
1	5,496,886 Canadian Dollar	4,905,000 U.S. Dollar	1/4/2007	AA-	218,738
1	5,860,000 U.S. Dollar	6,515,148 Canadian Dollar	1/4/2007	AA-	(313,305)
1	6,860,000 U.S. Dollar	7,703,094 Canadian Dollar	1/10/2007	AA-	(289,228)
1	1,495,000 U.S. Dollar	1,707,589 Canadian Dollar	2/22/2007	AA	(32,010)
1	1,145,000 U.S. Dollar	1,306,560 Canadian Dollar	3/5/2007	AA	(25,343)
1	1,945,000 U.S. Dollar	2,244,530 Canadian Dollar	3/20/2007	AA-	(16,934)
					<u>(458,082)</u>

Total Foreign Currency Forward Contracts Value

Credit Ratings Breakdown	% of Total Portfolio	% of Total Net Assets
A- to AAA+	6.8%	5.9%
B- to BBB+	68.4%	59.7%
C- to CCC+	7.0%	6.1%
D- to DDD+	0.0%	0.0%
NR or other	17.9%	15.6%
	<u>100.0%</u>	<u>87.3%</u>

Portfolio Advisor: Guardian Capital LP

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

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-For equities, all common shares unless otherwise noted.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$142,611,967	\$108,880,367
Cash	30,754	61,495
Receivable on open forward contracts	–	147,060
Subscriptions receivable	1,163,172	373,634
Accrued investment income	1,884,248	1,699,837
	<u>145,690,141</u>	<u>111,162,393</u>
Liabilities		
Payable on open forward contracts	458,082	–
Redemptions payable	356,306	215,499
Accrued expenses	42,030	51,259
	<u>856,418</u>	<u>266,758</u>
Net assets representing unitholders' equity	<u>\$144,833,723</u>	<u>\$110,895,635</u>
Number of units outstanding	<u>14,297,457</u>	<u>11,027,886</u>
Net asset value per unit	<u>\$ 10.13</u>	<u>\$ 10.06</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 98,627	\$ 294,925
Interest	8,535,713	6,888,927
Securities lending income	1,001	1,362
Less: Foreign withholding taxes	–	(17,301)
	<u>8,635,341</u>	<u>7,167,913</u>
Expenses		
Legal fees	–	1,072
Audit fees	9,724	15,070
Custody fees	28,846	14,905
Filing fees	13,020	14,496
Unitholder reporting costs	32,646	38,233
Unitholder administration, service fees and GST	120,222	110,327
	<u>204,458</u>	<u>194,103</u>
Net investment income (loss)	<u>8,430,883</u>	<u>6,973,810</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	1,475,716	2,076,880
Net realized gain (loss) on foreign exchange	1,175,233	2,391,885
Net realized gain (loss) from underlying funds/trust units	594	(54)
Increase (decrease) in unrealized appreciation (depreciation) of investments	1,353,592	(6,816,147)
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(569,567)	(1,398,133)
Net gain (loss) on investments	<u>3,435,568</u>	<u>(3,745,569)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$11,866,451</u>	<u>\$ 3,228,241</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.96</u>	<u>\$ 0.35</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 110,895,635	\$ 84,881,582
Increase (decrease) in net assets from operations	11,866,451	3,228,241
Distributions to unitholders		
Investment income	(8,371,215)	(6,910,013)
Capital gains	(2,662,105)	(4,059,482)
	<u>111,728,766</u>	<u>77,140,328</u>
Unit Transactions:		
Proceeds from issue	47,900,631	46,482,398
Reinvested distributions	11,006,376	10,926,900
Payments on redemption	(25,802,050)	(23,653,991)
	<u>33,104,957</u>	<u>33,755,307</u>
Increase (decrease) in net assets	<u>33,938,088</u>	<u>26,014,053</u>
Net Assets, End of Year	<u>\$ 144,833,723</u>	<u>\$110,895,635</u>

Portfolio Advisor: Guardian Capital LP

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
	*Bonds (98.1%)								
	Corporate (49.1%)								
\$ 10,000	Abitibi-Consolidated Inc. 7.88%	08/01/2009	11,326	11,435	50,000	Boyd Gaming Corporation 8.75%	04/15/2012	58,586	61,402
20,000	Accuride Corporation 8.50%	02/01/2015	25,290	22,551	45,000	British Telecommunications PLC 8.63%	12/15/2030	66,656	71,961
45,000	Adesa, Inc. 7.63%	06/15/2012	53,086	54,410	234,000	Caisse d'Amortissement de la Dette Sociale (CADES) 3.63%	04/25/2016	316,525	347,831
35,000	AK Steel Holding Corporation 7.88%	02/15/2009	39,106	41,554	25,000	Carols Corporation 9.00%	01/15/2013	27,877	30,009
35,000	American Airlines 6.82%	11/23/2012	48,884	41,605	75,000	Casella Waste Systems, Inc. 9.75%	02/01/2013	93,487	92,322
42,786	American Airlines, Inc. 7.38%	05/23/2019	43,802	48,741	55,000	Caterpillar Inc. 6.05%	08/15/2036	61,730	66,295
60,000	American Express Company 6.80%	09/01/2066	67,876	74,824	80,000	Centex Corporation 6.50%	05/01/2016	88,230	95,510
25,000	American Real Estate Partners, L.P. 8.13%	06/01/2012	29,773	30,228	65,000	Century Communications Corp. 9.50%	3/1/2049	70,699	92,038
35,000	American Tower Corporation 7.13%	10/15/2012	44,357	42,013	5,000	Charter Communications Holdings, LLC 13.50%	01/15/2011	80,517	110,160
15,000	American Tower Corporation 7.25%	12/01/2011	17,081	18,137	408,937	Charter Communications Holdings, LLC 13.50%	01/15/2014	4,776	5,754
280,000	Ameriprise Financial, Inc. 7.52%	6/1/2066	317,946	360,798	10,000	Chase Mortgage Finance Corporation 5.00%	09/25/2018	478,347	458,452
50,000	Anadarko Petroleum Corporation 5.95%	09/15/2016	55,564	58,431	15,000	Chesapeake Energy Corporation 6.63%	01/15/2016	11,302	11,669
49,000	AO Siberian Oil Company 10.75%	01/15/2009	66,876	62,827	10,000,000	Cincinnati Bell Inc. 8.38%	01/15/2014	17,961	18,093
20,000	Armor Holdings, Inc. 8.25%	08/15/2013	25,653	24,269	55,000	Citigroup Inc. 0.80%	10/30/2008	96,453	97,801
9,000,000	ASIF III Jersey Ltd. 0.95%	07/15/2009	88,027	87,855	50,000	Comcast Corporation 5.80%	07/14/2009	62,362	64,168
85,000	AT&T Corp. 8.05%	11/15/2011	107,520	107,396	50,000	Comcast Corporation 6.45%	03/15/2037	58,450	58,778
55,000	AT&T Corp. 8.50%	11/15/2031	70,814	79,961	50,000	Comcast Corporation 6.50%	11/15/2035	54,909	58,844
115,000	AVA Capital Trust III 6.50%	04/01/2034	150,535	134,121	50,000	Commercial Mortgage Pass-Through Certificates 5.69%	06/10/2046	55,645	59,307
10,000	Avista Corp. 9.75%	06/01/2008	15,861	12,271	45,000	Constellation Brands, Inc. 8.13%	01/15/2012	56,291	54,803
35,000	BAC Capital Trust XI 6.63%	05/23/2036	38,943	44,192	50,000	Continental Airlines, Inc. 6.50%	06/15/2011	67,914	60,088
170,000	Banc of America Commercial Mortgage Inc. 5.63%	07/10/2046	194,440	202,498	50,000	Corrections Corporation of America 7.50%	05/01/2011	60,995	60,018
305,000	Banc of America Commercial Mortgage Inc. 5.89%	07/10/2044	347,744	358,819	30,000	Cott Beverages USA Inc. 8.00%	12/15/2011	38,388	35,836
69,146	Bank of America Alternative Loan Trust 5.50%	04/25/2020	87,472	80,280	34,654	Countrywide Alternative Loan Trust 4.67%	08/25/2034	42,609	39,841
98,388	Bank of America Alternative Loan Trust 6.00%	12/25/2033	133,860	113,817	103,497	Countrywide Alternative Loan Trust 5.50%	03/25/2036	119,278	120,899
55,215	Bank of America Alternative Loan Trust 6.00%	03/25/2034	76,058	63,627	146,274	Countrywide Alternative Loan Trust 5.90%	11/25/2035	174,371	171,046
30,781	Bank of America Alternative Loan Trust 6.00%	11/25/2034	39,779	35,784	63,163	Countrywide Alternative Loan Trust 6.00%	01/25/2035	77,792	73,344
57,801	Bank of America Alternative Loan Trust 6.00%	12/25/2034	73,097	66,270	54,923	Countrywide Alternative Loan Trust 6.00%	11/25/2036	61,204	63,282
74,747	Bank of America Alternative Loan Trust 6.00%	06/25/2035	95,651	87,328	130,000	Countrywide Asset Backed Certificates 5.73%	08/25/2036	150,360	150,574
1	Bank of America Funding Corporation 4.75%	09/25/2019	1	1	100,000	Countrywide Asset-Backed Certificates 5.52%	03/25/2034	111,509	116,476
1,302	Bank of America Mortgage Securities Inc. 3.43%	05/25/2033	1,904	1,531	115,000	Countrywide Asset-Backed Certificates 5.63%	07/25/2027	134,825	133,770
133,591	Bank of America Mortgage Securities Inc. 4.75%	10/25/2020	154,380	149,946	50,000	Countrywide Asset-Backed Certificates 5.69%	10/25/2046	55,510	58,447
70,000	Baxter International Inc. 5.20%	02/16/2008	83,342	81,646	200,000	Countrywide Asset-Backed Certificates 5.71%	04/25/2035	229,168	232,732
111,492	Bear Stearns ALT-A Trust 6.21%	05/25/2036	131,419	131,937	100,000	Countrywide Asset-Backed Certificates 6.09%	06/25/2021	112,237	117,849
80,158	Bear Stearns ALT-A Trust 6.23%	05/25/2036	89,053	94,904	75,429	Countrywide Home Loans 6.00%	03/25/2036	86,510	87,970
89,634	Bear Stearns ALT-A Trust 6.25%	08/25/2036	102,145	105,389	100,134	Countrywide Home Loans 6.14%	05/20/2036	118,163	119,432
121,253	Bear Stearns Asset Backed Securities, Inc. 5.50%	11/25/2035	138,783	139,874	60,000	Cox Communications, Inc. 4.63%	01/15/2010	66,941	68,538
40,000	BellSouth Corporation 4.20%	09/15/2009	47,245	45,403	10,000	CPG International 1 Inc. 10.50%	07/01/2013	11,602	11,945
40,000	BF Saul REIT 7.50%	03/01/2014	50,334	47,723	35,000	CRC Health Corporation 10.75%	02/01/2016	40,844	44,715
25,000	Bluewater Finance Limited 10.25%	02/15/2012	30,788	30,737	30,000	Credit Suisse First Boston Mortgage Corp. 5.56%	02/15/2039	33,524	35,431
80,000	Boston Scientific Corporation 6.40%	06/15/2016	89,132	94,346					
25,000	Bowater Incorporated 9.00%	08/01/2009	29,267	30,665					
40,000	Bowater Incorporated 9.50%	10/15/2012	51,337	48,131					

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Portfolio Advisor: Delaware Investments

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

-Percentages shown relate investments at market value to total net assets of the Fund.

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
22,009	Credit Suisse First Boston Mortgage Corp. 7.00%	12/25/2033	30,561	25,925	10,847	GMAC Mortgage Corporation Loan Trust 3.87%	05/25/2025	12,666	12,578
9,335	Credit Suisse First Boston Mortgage Corp. 7.00%	02/25/2034	13,022	10,998	118,354	GMAC Mortgage Corporation Loan Trust 5.19%	05/25/2035	133,700	134,470
270,000	DaimlerChrysler North America Holding Corporation 5.92%	08/03/2009	305,357	315,229	35,000	GMAC Mortgage Corporation Loan Trust 5.75%	10/25/2036	38,782	40,904
20,000	Denny's Corp. 10.00%	10/01/2012	24,066	24,590	35,000	Gold Kist Inc. 10.25%	03/15/2014	44,555	47,006
110,000	Depfa Bank Plc 20.00%	11/19/2007	86,783	90,152	50,000	Graham Packaging Company Inc. 9.88%	10/15/2014	54,957	58,707
85,000	Developers Diversified Realty Corporation 4.63%	08/01/2010	110,453	96,490	190,000	GS Mortgage Securities Corporation II 5.56%	11/10/2039	217,282	225,240
40,000	Developers Diversified Realty Corporation 5.38%	10/15/2012	46,653	46,275	27,292	GSAMP Trust 6.09%	05/25/2036	31,014	31,766
20,000	Dex Media East LLC 12.125%	11/15/2012	28,398	25,843	30,000	Gundel/SLT Environmental, Inc. 11.00%	05/15/2012	35,038	33,913
60,000	Dominion Resources, Inc. 5.69%	05/15/2008	69,646	70,048	35,000	Halliburton Company 5.50%	10/15/2010	48,743	40,753
85,000	Dominion Resources, Inc. 6.30%	9/30/2066	94,700	99,820	210,000	Harrah's Operating Company, Inc. 6.50%	06/01/2016	212,240	220,138
30,000	E*Trade Financial Corporation 8.00%	06/15/2011	37,794	36,798	125,000	HCA, Inc. 6.50%	02/15/2016	118,827	123,460
70,000	El Paso Corporation 7.63%	08/01/2010	89,351	84,637	50,000	H-Lines Finance Holding Corp. 11.00%	04/01/2013	48,267	53,317
45,169	Elwood Energy, LLC 8.16%	07/05/2026	55,746	55,535	17,000	Horizon Lines, LLC 9.00%	11/01/2012	20,086	20,901
195,000	Enterprise Products Operating L.P. 8.38%	8/1/2066	224,161	247,138	65,000	HRPT Properties Trust 5.75%	02/15/2014	74,148	75,878
100,000	EvarzHolding 10.88%	08/03/2009	124,927	128,188	100,000	HSCB Finance Corporation 4.63%	09/15/2010	117,876	114,600
58,089	First Horizon Mortgage Pass-Through Trust 5.70%	10/25/2034	74,556	67,609	50,000	Hughes Network Systems LLC 9.50%	04/15/2014	58,924	61,111
21,813	First Horizon Mortgage Pass-Through Trust 8.00%	07/25/2033	32,753	26,775	105,670	IndyMac INDX Mortgage Loan Trust 5.91%	12/25/2035	125,133	123,516
145,000	First Union Institutional Capital II 7.85%	01/01/2027	168,869	176,278	49,000	Ingles Markets, Incorporated 8.88%	12/01/2011	57,412	59,817
155,000	Ford Motor Company 4.25%	12/15/2036	181,979	194,313	55,000	Inmarsat Finance PLC 10.38%	11/15/2012	54,434	59,290
105,000	Ford Motor Company 7.45%	07/16/2031	108,935	96,135	5,000	Insight Midwest LP 9.75%	10/01/2009	5,690	5,965
50,000	Ford Motor Company 7.70%	05/15/2097	40,914	42,100	40,000	Interface, Inc. 10.38%	02/01/2010	51,020	51,977
92,000	Ford Motor Credit Company 5.75%	01/12/2009	131,741	141,797	35,000	Intertape Polymer U.S. Inc. 8.50%	08/01/2014	41,724	37,220
30,000	Ford Motor Credit Company 7.38%	10/28/2009	31,779	35,179	50,000	J.C. Penney Corporation, Inc. 7.38%	08/15/2008	63,441	59,975
100,000	Ford Motor Credit Company 8.00%	12/15/2016	112,820	116,188	20,000	J.C. Penney Corporation, Inc. 7.63%	03/01/2097	22,570	23,775
100,000	Ford Motor Credit Company 8.11%	01/13/2012	113,320	116,105	55,000	J.C. Penney Corporation, Inc. 8.13%	04/01/2027	64,570	65,408
15,000	Ford Motor Credit Company 9.88%	08/10/2011	17,422	18,823	110,000	J.P. Morgan Mortgage Trust 5.16%	09/25/2035	129,549	125,956
80,000	FPL Group Capital Inc. 5.63%	09/01/2011	89,728	94,537	62,723	J.P. Morgan Mortgage Trust 5.41%	07/25/2035	68,973	71,925
50,000	FTI 7.63%	06/15/2013	57,011	60,455	95,000	JP Morgan Chase Capital Trust XVIII 6.95%	08/17/2036	106,730	120,695
30,000	Gaylord Entertainment Company 8.00%	11/15/2013	36,388	36,448	65,000	JP Morgan Chase Commercial Mortgage Securities Corp. 4.99%	01/12/2037	85,120	74,245
90,000	Gazprom 4.56%	12/09/2012	126,400	136,705	60,000	JP Morgan Chase Commercial Mortgage Securities Corp. 5.38%	07/12/2037	80,833	69,826
28,000	GE Capital UK Funding 4.40%	01/18/2016	55,314	60,407	165,000	JP Morgan Chase Commercial Mortgage Securities Corp. 5.88%	04/15/2045	183,702	200,164
125,000	GE Capital Commercial Mortgage Corporation 6.30%	12/10/2035	165,561	151,292	10,000	Kansas City Southern 12.50%	06/15/2012	12,444	12,630
265,000	General Electric Capital Corp. 6.50%	01/27/2009	204,185	213,556	25,000	Kansas City Southern 9.50%	10/01/2008	31,784	30,665
500,000	General Electric Capital Corporation 5.13%	01/28/2014	82,728	89,868	8,000,000	KfW International Finance Inc. 1.75%	03/23/2010	83,345	80,258
40,000	General Motors Acceptance Corporation 5.38%	06/06/2011	62,114	62,182	520,000	Kommunal banken AS 4.25%	10/24/2011	96,018	96,073
305,000	General Motors Acceptance Corporation 6.88%	09/15/2011	332,657	367,161	198,000	Kreditanstalt fuer Wiederaufbau 3.50%	07/04/2021	265,220	282,104
10,000	General Motors Acceptance Corporation 8.00%	11/01/2031	11,173	13,431	38,000	Kreditanstalt fuer Wiederaufbau 4.75%	12/07/2010	77,610	84,945
75,000	General Motors Acceptance International Finance BV 4.13%	02/06/2007	106,214	115,297	20,000,000	Kreditanstalt fuer Wiederaufbau 8.25%	09/20/2007	304,936	316,925
175,000	General Motors Corporation 8.38%	07/15/2033	163,110	189,159					
15,000	Georgia-Pacific Corp. 9.50%	12/01/2011	18,221	19,229					

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Portfolio Advisor: Delaware Investments

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Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
50,000	LaBranche & Co Inc. 11.00%	05/15/2012	63,756	63,004	45,000	National Beef Packing Company, LLC / NB Finance Corp. 10.50%	08/01/2011	55,511	55,327
60,000	LaBranche & Co Inc. 9.50%	05/15/2009	75,341	73,857	50,000	Nelnet, Inc. 7.40%	09/29/2036	55,795	59,873
20,000	Landry's Restaurants, Inc. 7.50%	12/15/2014	21,776	22,842	25,000	NewPage Corporation 10.00%	05/01/2012	29,761	30,883
9,000,000	Landwirtschaftliche Rentenbank 1.38%	04/25/2013	101,716	88,007	110,000	Nextel Communications, Inc. 6.88%	10/31/2013	145,678	129,932
110,046	Lehman Mortgage Trust 5.50%	12/25/2035	130,871	128,236	150,000	Nomura Asset Acceptance Corporation 4.79%	03/25/2035	188,207	172,547
45,000	Level 3 Communications, Inc. 11.50%	03/01/2010	54,673	55,721	100,000	Nomura Asset Acceptance Corporation 6.16%	05/25/2036	111,163	117,684
25,000	Lodgenet Entertainment 9.50%	06/15/2013	32,673	31,539	24,601	Northwest Airlines Inc. 7.04%	04/01/2022	26,986	28,957
25,000	Lyondell Chemical Company 8.00%	09/15/2014	29,479	30,410	30,000	NTK Holdings, Inc. 10.75%	03/01/2014	23,408	24,736
50,000	Lyondell Chemical Company 8.25%	09/15/2016	56,326	61,475	30,000	O'Charley's Inc. 9.00%	11/01/2013	34,948	36,798
85,000	MagnaChip Semiconductor SA 8.00%	12/15/2014	86,482	66,865	50,000	OMI Corporation 7.63%	12/01/2013	60,499	59,581
45,000	Majestic Star Casino LLC 9.50%	10/15/2010	51,606	55,196	95,000	Oncor Electric Delivery Company 7.00%	09/01/2022	116,387	119,066
35,000	Mandalay Resort Group 9.38%	02/15/2010	41,630	44,001	70,000	ONEOK, Inc. 5.51%	02/16/2008	83,626	81,707
35,000	Mandalay Resort Group 9.50%	08/01/2008	42,634	43,236	50,000	Orion Power Holdings, Inc. 12.00%	05/01/2010	69,404	66,574
80,000	Marsh & McLennan Companies, Inc. 5.15%	09/15/2010	94,503	91,802	39,000,000	Osterreichische Kontrollbank 1.80%	03/22/2010	394,245	391,858
105,000	Marsh & McLennan Companies, Inc. 5.38%	03/15/2007	132,459	122,340	105,000	Pepco Holdings, Inc. 5.50%	08/15/2007	130,031	122,416
80,000	Marsh & McLennan Companies, Inc. 5.50%	07/13/2007	98,296	93,270	95,000	Pepco Holdings, Inc. 5.99%	06/01/2010	107,133	110,815
38,734	Master Adjustable Rate Mortgages Trust 3.13%	12/25/2033	51,155	45,157	50,000	PetroHawk Energy Corporation 9.13%	07/15/2013	60,900	61,184
38,225	Master Adjustable Rate Mortgages Trust 5.38%	06/25/2035	42,036	44,466	25,000	Pilgrim's Pride Corporation 9.63%	09/15/2011	33,143	30,737
68,450	Master Alternative Loans Trust 5.50%	12/25/2018	92,999	78,124	25,000	Pinnacle Food Holding Corporation 8.25%	12/01/2013	28,338	30,009
97,414	Master Alternative Loans Trust 6.00%	04/25/2035	122,707	112,964	55,000	Playtex Products, Inc. 9.38%	06/01/2011	66,365	66,981
14,691	Master Alternative Loans Trust 8.00%	09/25/2033	21,071	17,204	55,000	Popular North America Capital Trust I 6.56%	09/15/2034	67,367	64,331
130,000	Medco Health Solutions, Inc. 7.25%	08/15/2013	182,017	162,961	95,000	Popular North America Inc. 4.25%	04/01/08	133,981	109,224
5,000	Mediacom Broadband LLC 8.50%	10/15/2015	5,580	5,914	65,000	Popular North America Inc. 5.76%	04/06/2009	76,170	75,913
85,000	Mediacom Communications Corp. 9.50%	01/15/2013	99,530	102,774	50,000	Potlatch Corporation 9.13%	12/01/2009	65,176	68,540
100,000	Merrill Lynch & Co., Inc. 6.05%	05/16/2016	109,948	120,991	32,621	Prime Mortgage Trust 6.00%	02/25/2034	44,486	37,726
15,857	Merrill Lynch Mortgage Investors, Inc. 5.45%	07/25/2036	18,899	18,481	65,000	RBS Capital Trust 4.71%	7/1/2013	66,086	72,370
45,000	MetLife, Inc. 5.00%	06/15/2015	50,303	51,030	65	Renaissance Home Equity Loan Trust 3.86%	02/25/2035	76	75
105,000	MetLife, Inc. 6.40%	12/15/2036	121,613	123,866	60,000	Renaissance Home Equity Loan Trust 5.40%	02/25/2036	69,486	69,633
25,000	MGM Mirage 7.63%	01/15/2017	28,933	29,426	35,000	Renaissance Home Equity Loan Trust 5.57%	02/25/2036	40,534	40,661
25,259	Mid State Trust 4.86%	07/15/2038	33,613	27,826	190,000	Renaissance Home Equity Loan Trust 5.61%	05/25/2036	216,633	221,253
30,000	MidAmerican Funding, LLC 6.75%	03/01/2011	39,299	36,858	30,000	Residential Accredit Loans, Inc. 5.50%	06/25/2035	32,041	33,475
20,482	Mid-State Capital Corporation 2004-1 Trust 6.01%	08/15/2037	27,287	24,125	74,499	Residential Asset Mortgage Products, Inc. 6.00%	05/25/2032	96,756	87,041
50,000	Montpelier Re Holdings Ltd. 6.13%	08/15/2013	54,443	56,891	54,547	Residential Asset Mortgage Products, Inc. 6.50%	07/25/2032	69,783	64,218
46,078	Morgan Stanley Mortgage Loan Trust 6.50%	02/25/2036	53,820	54,505	28,997	Residential Asset Mortgage Products, Inc. 7.00%	11/25/2031	40,937	33,984
100,000	MUFG Capital Finance 1 Limited 6.35%	7/25/2016	115,925	118,486	95,000	Residential Capital Corporation 5.85%	06/09/2008	108,818	110,608
					70,000	Residential Capital Corporation 6.00%	02/22/2011	80,464	81,631
					75,000	Residential Capital Corporation 6.13%	11/21/2008	89,262	87,540
					88,000	Residential Capital Corporation 6.38%	06/30/2010	102,658	104,001
					50,000	Residential Capital Corporation 6.38%	05/17/2013	104,614	114,332
					145,000	Residential Capital Corporation 6.50%	04/17/2013	165,612	171,829
					145,000	Residential Capital Corporation 6.88%	06/30/2015	176,702	175,731

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Portfolio Advisor: Delaware Investments

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

-Percentages shown relate investments at market value to total net assets of the Fund.

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
102,264	Residential Funding Mortgage Securities I 6.08%	09/25/2036	114,764	118,999	45,000	Time Warner Inc. 5.88%	11/15/2016	50,496	52,337
155,000	Residential Funding Mortgage Securities II 5.79%	02/25/2036	173,703	179,141	45,000	Time Warner Inc. 6.50%	11/15/2036	50,706	52,486
222,583	Residential Funding Mortgage Securities Inc. 6.15%	10/25/2036	254,108	263,205	20,000	Town Sports International, Inc. Zero Coupon	02/01/2014	17,693	20,161
30,000	Rural Cellular Corporation 9.88%	02/01/2010	39,144	37,540	30,000	TriMas Corporation 9.88%	06/15/2012	31,767	34,088
85,000	SAFECO Capital Trust I 8.07%	07/15/2037	98,842	104,459	25,000	Triton PCS Holdings, Inc. Cl. A 8.50%	06/01/2013	27,046	27,970
25,000	Seabulk International, Inc. 9.50%	08/15/2013	34,425	31,581	20,000	True Temper Sports Inc. 8.38%	09/15/2011	20,872	20,395
170,000	Sempra Energy 4.62%	05/17/2007	212,666	197,513	100,000	Tyumen Oil Company 11.00%	11/06/2007	139,462	121,901
95,000	Sempra Energy 5.85%	05/21/2008	116,017	110,794	45,000	United Technologies Corporation 6.05%	06/01/2036	49,922	55,537
15,000	Soletron Global Finance Ltd. 8.00%	03/15/2016	17,556	17,787	25,000	US LEC Corp. 13.87%	10/01/2009	31,167	31,029
45,000	Solutia Inc. 6.72%	10/15/2037	38,691	50,345	50,000	US Oncology, Inc. 10.75%	08/15/2014	64,122	64,898
30,000	Southern California Edison Company 7.63%	01/15/2010	44,931	37,116	45,000	US Oncology, Inc. 9.00%	08/15/2012	55,613	55,852
95,000	Sovereign Capital Trust VI 7.91%	06/13/2036	107,278	123,413	90,000	Vale Overseas Ltd. 6.25%	01/23/2017	102,045	106,549
30,000	Sprint Capital Corp. 6.88%	11/15/2028	35,662	34,999	90,000	Vale Overseas Ltd. 6.88%	11/21/2036	101,069	107,770
100,000	Sprint Capital Corp. 7.63%	01/30/2011	125,978	124,901	35,000	Valero Energy Corp. 6.13%	04/15/2007	58,206	40,835
35,000	Sprint Capital Corp. 8.75%	03/15/2032	46,621	49,141	105,000	Valero L.P. 6.05%	03/15/2013	151,806	123,800
60,000	St. Paul Travelers Companies, Inc. 5.01%	08/16/2007	75,815	69,773	70,000	Vanguard Health Holding Co. I LLC 11.25%	10/01/2015	58,549	63,427
35,000	Stena AB 9.63%	12/01/2012	46,098	43,848	10,000	Vertis Inc. 10.88%	06/15/2009	11,754	11,756
63,932	Structured Adjustable Rate Mortgage Loan 5.50%	12/25/2034	77,104	73,164	20,000	Visteon Corporation 8.25%	08/01/2010	21,820	22,725
38,333	Structured Adjustable Rate Mortgage Loan 5.58%	06/25/2036	42,384	44,376	110,000	VTB Capital SA for Vneshtorgbank 4.25%	02/15/2016	148,157	166,141
60,576	Structured Asset Securities Corporation 3.38%	08/25/2031	69,037	64,607	115,000	Wachovia Capital Trust III 5.80%	03/15/2042	128,276	135,570
60,749	Structured Asset Securities Corporation 6.00%	05/25/2034	82,248	70,259	77,367	WaMu Mortgage Pass-Through Certificates 5.08%	07/25/2046	86,924	90,428
14,755	Structured Asset Securities Corporation 7.00%	11/25/2032	21,406	17,485	104,540	WaMu Mortgage Pass-Through Certificates 6.00%	10/25/2019	144,621	122,598
125,000	SunCom Wireless Holdings, Inc. 9.38%	02/01/2011	115,070	147,860	23,578	WaMu Mortgage Pass-Through Certificates 6.00%	10/25/2034	31,387	27,371
25,000	SunGard Data Systems Inc. 10.25%	08/15/2015	30,045	31,247	30,000	Warner Chilcott PLC 8.75%	02/01/2015	34,340	36,098
25,000	Swift & Company 12.50%	01/01/2010	29,204	29,754	40,000	Warner Music Group 7.38%	04/15/2014	48,342	46,499
50,000	Tanger Properties LP 9.13%	02/15/2008	63,621	60,398	74,927	Washington Mutual Mortgage Pass-Through Certificates 5.50%	10/25/2020	89,312	85,926
35,000	Telecom Italia Captial SA 4.00%	01/15/2010	38,629	39,101	49,764	Washington Mutual Mortgage Pass-Through Certificates 6.00%	07/25/2036	53,942	57,671
130,000	Telecom Italia Captial SA 6.11%	07/18/2011	147,400	151,468	98,921	Washington Mutual Mortgage Pass-Through Certificates 6.00%	07/25/2036	111,610	115,549
155,000	Telecom Italia Captial SA 7.20%	07/18/2036	178,449	189,472	114,331	Washington Mutual, Inc. 5.98%	09/25/2036	129,563	134,471
75,000	Telefonica Emisiones SAU 5.98%	06/20/2011	83,082	89,188	30,000	WCA Waste Corporation 9.25%	06/15/2014	35,720	36,710
75,000	Telefonica Emisiones SAU 6.42%	06/20/2016	83,040	90,470	95,000	WellPoint Inc. 5.85%	01/15/2036	104,574	108,238
75,000	Telefonica Emisiones SAU 7.05%	06/20/2036	82,222	93,805	405,962	Wells Fargo Mortgage Backed Securities Trust 5.50%	12/25/2035	445,997	465,073
105,000	Telefonos de Mexico SA de CV 4.50%	11/19/2008	128,328	120,593	97,638	Wells Fargo Mortgage Backed Securities Trust 5.61%	07/25/2036	109,863	113,590
10,000	The Brickman Group, Ltd. 11.75%	12/15/2009	12,748	12,484	193,020	Wells Fargo Mortgage Backed Securities Trust 6.00%	06/25/2036	208,445	223,655
75,000	The Goldman Sachs Group, Inc. 6.35%	02/15/2034	91,202	88,886	58,524	Wells Fargo Mortgage Backed Securities Trust 4.38%	09/25/2034	70,547	69,285
150,000	The Home Depot, Inc. 5.88%	12/16/2036	170,728	172,400					
70,000	The Lubrizol Corporation 4.63%	10/01/2009	88,560	80,072					
7,000,000	The Procter & Gamble Company 2.00%	06/21/2010	70,870	70,489					
10,000	The Rouse Company 7.20%	09/15/2012	11,433	12,040					
40,000	Time Warner Entertainment Co LP 8.38%	03/15/2023	67,150	54,673					
70,000	Time Warner Inc. 5.50%	11/15/2011	78,877	81,457					

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Portfolio Advisor: Delaware Investments

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

-Percentages shown relate investments at market value to total net assets of the Fund.

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
159,833	Wells Fargo Mortgage Backed Securities Trust 5.50%	11/25/2035	178,641	181,414	215,000	Fannie Mae Zero Coupon	10/09/2019	120,822	125,517
123,870	Wells Fargo Mortgage Backed Securities Trust 5.50%	01/25/2036	139,845	140,919	38,558	Freddie Mac 3.73%	04/01/2034	50,357	45,099
104,813	Wells Fargo Mortgage Backed Securities Trust 5.50%	01/25/2036	117,158	119,668	26,177	Freddie Mac 4.00%	02/01/2014	32,628	29,090
121,926	Wells Fargo Mortgage Backed Securities Trust 5.54%	08/25/2036	135,533	140,895	92,106	Freddie Mac 4.50%	10/15/2031	110,561	103,879
71,999	Wells Fargo Mortgage Backed Securities Trust 5.55%	04/25/2036	81,475	83,296	50,000	Freddie Mac 5.00%	12/15/2028	60,118	57,101
110,746	Wells Fargo Mortgage Backed Securities Trust 5.75%	03/25/2036	127,071	126,924	115,000	Freddie Mac 5.00%	02/15/2029	133,030	131,196
299,545	Wells Fargo Mortgage Backed Securities Trust 5.79%	04/25/2036	345,140	347,787	115,000	Freddie Mac 5.00%	11/15/2029	138,524	130,546
196,710	Wells Fargo Mortgage Backed Securities Trust 5.87%	04/25/2036	226,286	229,032	100,000	Freddie Mac 5.00%	11/15/2029	120,295	113,490
89,884	Wells Fargo Mortgage Backed Securities Trust 6.04%	09/25/2036	101,460	105,326	135,141	Freddie Mac 5.00%	09/01/2033	184,092	153,133
75,000	Weyerhaeuser Company 7.13%	07/15/2023	85,143	87,742	91,968	Freddie Mac 6.50%	06/15/2031	119,615	109,437
100,000	Wheeling Island Gaming, Inc. 10.13%	12/15/2009	120,213	119,454	45,432	Freddie Mac 6.50%	09/25/2043	65,412	54,092
20,000	Whiting Petroleum Corporation 7.25%	05/01/2013	21,547	23,541	38,949	Freddie Mac 7.00%	05/15/2024	50,936	46,627
55,000	Willis North America Inc. 5.13%	07/15/2010	66,962	62,392	19,530	Freddie Mac 7.00%	11/01/2033	27,276	23,411
45,000	Willis North America Inc. 5.63%	07/15/2015	50,125	50,300	7,347	Ginnie Mae 7.50%	02/15/2032	10,715	8,890
110,000	WM Covered Bond Program 3.88%	09/27/2011	161,596	167,121	40,000	State of California 5.00%	11/01/2030	50,373	49,649
100,000	Wyeth 5.50%	02/01/2014	117,928	117,213	30,000	State of California 5.00%	02/01/2033	40,773	36,472
30,000	Xcel Energy, Inc. 6.50%	07/01/2036	33,323	36,938	50,000	State of Illinois 5.10%	06/01/2033	66,298	55,846
			28,701,857	28,966,781	70,000	State of New Jersey 5.75%	06/15/2029	86,427	87,754
	U.S. Government and Guarantee (37.7%)				65,000	State of New York 5.25%	03/15/2034	80,507	82,259
2,392	Fannie Mae 4.42%	08/25/2024	3,183	2,780	60,000	State of Oregon 5.89%	06/01/2027	78,630	73,132
46,809	Fannie Mae 4.50%	02/25/2028	57,191	53,250	100,000	United States Treasury Bond 2.00%	01/15/2026	107,354	111,385
50,290	Fannie Mae 4.91%	09/26/2033	57,571	58,255	75,000	United States Treasury Bond 2.38%	04/15/2011	85,977	88,564
113,172	Fannie Mae 5.00%	11/01/2033	146,810	128,775	680,000	United States Treasury Bond 2.50%	07/15/2016	773,482	798,367
41,771	Fannie Mae 5.00%	11/01/2034	49,542	47,454	295,000	United States Treasury Bond 3.00%	07/15/2012	422,480	397,343
56,456	Fannie Mae 5.00%	11/01/2034	67,349	64,136	580,000	United States Treasury Bond 4.50%	11/30/2011	667,044	670,229
144,664	Fannie Mae 5.00%	01/01/2036	160,516	164,134	1,065,000	United States Treasury Bond 4.50%	02/15/2036	1,175,466	1,181,033
310,000	Fannie Mae 5.00%	TBA	347,721	348,743	275,000	United States Treasury Bond 4.63%	09/30/2008	310,603	319,233
121,817	Fannie Mae 5.50%	03/01/2029	167,416	141,193	2,000,000	United States Treasury Bond 4.63%	11/30/2008	2,303,624	2,322,425
132,270	Fannie Mae 5.50%	04/01/2029	181,342	153,309	195,000	United States Treasury Bond 4.63%	11/15/2009	222,349	226,579
110,000	Fannie Mae 5.50%	09/25/2035	132,483	127,474	1,570,000	United States Treasury Bond 4.63%	10/31/2011	1,798,202	1,823,675
400,000	Fannie Mae 5.50%	TBA	461,593	466,160	3,333,000	United States Treasury Bond 4.63%	11/15/2016	3,839,206	3,859,397
505,000	Fannie Mae 5.50%	TBA	587,055	592,573	500,000	United States Treasury Bond 4.75%	12/31/2008	579,184	581,972
155,000	Fannie Mae 6.00%	TBA	180,120	181,992	190,000	United States Treasury Bond 4.88%	10/31/2008	218,818	221,530
345,000	Fannie Mae 6.00%	TBA	403,399	407,780	1,640,000	United States Treasury Bond 4.88%	08/15/2016	1,853,865	1,935,148
2,155,000	Fannie Mae 6.00%	TBA	2,463,506	2,482,400	280,000	United States Treasury Zero Coupon	11/15/2013	237,679	237,545
85,000	Fannie Mae 6.38%	08/15/2007	76,156	77,982	30,000	West Virginia Economic Development Authority 5.37%	07/01/2020	41,388	34,672
40,149	Fannie Mae 6.50%	08/01/2017	51,741	47,861				22,287,155	22,251,450
47,671	Fannie Mae 6.50%	02/25/2044	67,390	56,542		Sovereign (11.3%)			
71,901	Fannie Mae 6.50%	05/25/2044	94,310	85,334	87,000	Asian Development Bank 0.50%	10/09/2012	53,169	57,719
60,000	Fannie Mae 6.50%	TBA	70,370	71,235	47,000,000	European Investment Bank 1.40%	06/20/2017	443,448	450,689
6,945	Fannie Mae 7.00%	06/01/2035	8,867	8,309	53,000	European Investment Bank 3.63%	10/15/2011	73,737	80,126
5,000	Fannie Mae 7.00%	TBA	5,896	5,982	75,000	European Investment Bank 4.25%	12/07/2010	149,536	164,696
36,161	Fannie Mae 7.50%	11/25/2026	51,670	43,340	435,000	Federal Republic of Brazil 12.50%	01/05/2016	213,422	126,619
9,189	Fannie Mae 7.50%	06/01/2031	14,735	11,065	560,000	Federal Republic of Brazil 12.50%	01/05/2022	300,721	349,620
12,957	Fannie Mae 7.50%	04/01/2032	18,819	15,602	100,000	Federal Republic of Brazil 6.00%	01/17/2017	110,660	115,491
24,854	Fannie Mae 7.50%	06/01/2034	32,676	29,928	105,000	Federal Republic of Brazil 8.25%	01/20/2034	124,700	149,104
11,471	Fannie Mae 7.50%	12/25/2041	16,537	13,863					
30,431	Fannie Mae 9.50%	07/25/2041	47,081	38,282					

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Portfolio Advisor: Delaware Investments

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Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
65,000	Federal Republic of Brazil 8.75%	02/04/2025	85,892	94,310	80,000	Republic of Venezuela 6.00%	12/09/2020	81,692	87,405
38,000	Federal Republic of Germany 1.50%	04/15/2016	53,489	57,490	28,000,000	The Development Bank of Japan 1.70%	09/20/2022	265,828	258,614
60,000	Federal Republic of Germany 4.00%	01/04/2037	90,442	91,030	350,000	The International Bank for Reconstruction and Development Zero Coupon	08/20/2007	258,092	274,138
125,000	Federal Republic of Germany 4.75%	07/04/2008	184,639	194,573	37,000	United Kingdom Treasury 4.75%	03/07/2020	81,145	85,372
28,000	Federal Republic of Germany 5.00%	01/04/2012	44,757	45,111	12,000	United Kingdom Treasury 5.00%	03/07/2012	25,227	27,446
149,000	Federal Republic of Germany 6.25%	01/04/2024	281,639	289,866	36,000	United Kingdom Treasury 8.00%	06/07/2021	100,333	110,823
221,000	Government of France 2.75%	03/12/2008	312,278	335,468	29,000	United Kingdom Treasury 9.00%	07/12/2011	72,800	76,702
376,000	Government of France 4.00%	04/25/2055	551,897	570,685	30,000	United Mexican States 5.63%	01/15/2017	32,400	35,105
75,000	Government of Korea 4.25%	12/07/2021	113,400	111,950				6,361,483	6,647,371
2,305,000	Government of Norway 5.00%	05/15/2015	419,525	449,527				4,608,501	4,649,920
861,000	Government of Norway 6.50%	05/15/2013	177,513	179,485				61,958,996	62,515,522
435,000	Government of Poland 6.00%	11/24/2010	169,701	180,880					
254,000	Government of Poland 6.25%	10/24/2015	99,674	109,309					(47,839)
20,000,000	Inter-American Development Bank 1.90%	07/08/2009	239,135	200,763					62,467,683
30,000,000	Japan Finance Corporation for Municipal Enterprises 2.00%	05/09/2016	290,100	303,743					(3,511,087)
840,000	Kingdom of Sweden 5.50%	10/08/2012	140,614	155,334					58,956,596
100,000	New South Wales Treasury Corporation 6.00%	05/01/2012	85,225	90,589					Net Asset Value Per Unit
435,000	Republic of Argentina 0.00%	12/15/2035	24,203	67,678					\$7.97
33,750	Republic of Argentina 1.16%	08/03/2012	37,419	28,752					
94,000	Republic of Austria 5.25%	01/04/2011	141,413	151,573					
322,000,000	Republic of Colombia 12.00%	10/22/2015	165,641	198,236					
100,000	Republic of Colombia 7.38%	09/18/2037	115,487	125,863					
75,000	Republic of Colombia 8.25%	12/22/2014	90,821	99,642					
50,000	Republic of the Philippines 8.25%	01/15/2014	59,669	65,845					

Schedule 1									
Short Term Notes									
Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)					
2,690,000	Fannie Mae 5.13%	01/11/2007	3,101,614	3,130,461					
1,303,809	State Street Trust Company Canada U.S. Dollar Call Deposit	1/2/2007	1,506,887	1,519,459					
	Total Short Term Notes		4,608,501	4,649,920					

Schedule 2 Foreign Currency Forward Contracts Value (Capital)

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
Forward Currency Contracts					
1	150,543 Australian Dollar	90,076 Euro Dollar	01/11/2007	AA-	351
1	229,855 Australian Dollar	20,627,160 Japanese Yen	01/11/2007	AA-	(8,820)
1	48,000 Australian Dollar	231,037 Norwegian Krone	01/11/2007	AA-	(825)
1	88,565 Euro Dollar	150,543 Australian Dollar	01/11/2007	AA-	1,974
1	30,209 Euro Dollar	2,895,000 Iceland Krona	02/02/2007	AA-	496
1	865,000 Euro Dollar	131,339,870 Japanese Yen	01/11/2007	AA-	(43,088)
1	113,057 Euro Dollar	918,000 Norwegian Krone	01/11/2007	AA-	(2,092)
1	88,000 Euro Dollar	115,823 U.S. Dollar	01/11/2007	AA+	(426)
1	91,100 Euro Dollar	842,019 South African Rand	01/11/2007	AA+	(1,134)
1	192,000 Pound Sterling	283,843 Euro Dollar	01/11/2007	AA-	(1,543)
1	10,024,000 Iceland Krona	108,438 Euro Dollar	01/11/2007	AA-	2,953
1	20,627,160 Japanese Yen	228,631 Australian Dollar	01/11/2007	AA-	7,696
1	10,000,000 Japanese Yen	65,457 Euro Dollar	01/11/2007	AA-	2,661
1	13,595,729 Japanese Yen	89,000 Euro Dollar	01/11/2007	AA-	3,628
1	12,748,780 Japanese Yen	110,000 U.S. Dollar	01/11/2007	AA-	3,183
1	918,000 Norwegian Krone	112,930 Euro Dollar	01/11/2007	AA-	1,897
1	276,450 New Zealand Dollar	188,376 U.S. Dollar	03/08/2007	AA-	(6,506)
1	276,010 New Zealand Dollar	188,076 U.S. Dollar	03/08/2007	AA-	(6,496)
1	495,000 Polish Zloty	129,280 Euro Dollar	01/11/2007	AA-	602
1	38,136 U.S. Dollar	28,700 Euro Dollar	01/11/2007	AA+	(282)
1	110,710 U.S. Dollar	12,748,780 Japanese Yen	01/11/2007	AA-	(4,009)

Portfolio Advisor: Delaware Investments

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

-Percentages shown relate investments at market value to total net assets of the Fund.

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2006

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
1	58,221 U.S. Dollar	375,200 Norwegian Krone	02/02/2007	AA-	2,465
1	597,920 South African Rand	64,000 Euro Dollar	01/11/2007	AA+	(256)
1	254,144 South African Rand	27,100 Euro Dollar	01/11/2007	AA+	(268)
Total Foreign Currency Forward Contracts Value					<u>(47,839)</u>

*Bonds are comprised of 84% U.S. denominated bonds and 16% denominated in other foreign currencies.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$62,515,522	\$46,887,055
Cash	589,400	315,977
Receivable on options purchased	–	23,205
Receivable on open forward contracts	–	15,779
Subscriptions receivable	580,433	98,507
Receivable for securities sold	742,829	2,494,631
Accrued investment income	688,716	575,182
	<u>65,116,900</u>	<u>50,410,336</u>
Liabilities		
Payable on open forward contracts	47,839	–
Payable for securities purchased	5,888,914	4,817,422
Redemptions payable	174,366	89,133
Accrued expenses	49,185	38,267
	<u>6,160,304</u>	<u>4,944,822</u>
Net assets representing unitholders' equity	<u>\$58,956,596</u>	<u>\$45,465,514</u>
Number of units outstanding	<u>7,398,788</u>	<u>5,745,075</u>
Net asset value per unit	<u>\$ 7.97</u>	<u>\$ 7.91</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 3,479	\$ 1,511
Interest	2,855,240	1,984,073
Less: Foreign withholding taxes	(5,049)	(5,836)
	<u>2,853,670</u>	<u>1,979,748</u>
Expenses		
Legal fees	–	1,072
Audit fees	9,724	10,797
Custody fees	122,222	52,385
Filing fees	13,020	13,852
Unitholder reporting costs	22,628	12,591
Unitholder administration, service fees and GST	98,546	62,406
	<u>266,140</u>	<u>153,103</u>
Rebated and absorbed expenses	(8,156)	–
Net expenses	<u>257,984</u>	<u>153,103</u>
Net investment income (loss)	<u>2,595,686</u>	<u>1,826,645</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	(2,202,350)	(2,812,925)
Net realized gain (loss) on foreign exchange	(196,005)	307,472
Increase (decrease) in unrealized appreciation (depreciation) of investments	3,060,680	(498,655)
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(70,928)	(77,812)
Net gain (loss) on investments	<u>591,397</u>	<u>(3,081,920)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 3,187,083</u>	<u>\$(1,255,275)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.47</u>	<u>\$ (0.23)</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 45,465,514	\$ 41,748,624
Increase (decrease) in net assets from operations	3,187,083	(1,255,275)
Distributions to unitholders		
Investment income	(2,510,628)	(1,684,133)
	<u>46,141,969</u>	<u>38,809,216</u>
Unit Transactions:		
Proceeds from issue	27,189,129	51,966,062
Reinvested distributions	2,508,553	1,683,031
Payments on redemption	(16,883,055)	(46,992,795)
	<u>12,814,627</u>	<u>6,656,298</u>
Increase (decrease) in net assets	<u>13,491,082</u>	<u>3,716,890</u>
Net Assets, End of Year	<u>\$ 58,956,596</u>	<u>\$ 45,465,514</u>

Pinnacle Global Real Estate Securities Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	
Australia (1.6%)				United States (55.1%)				
334,785	DB RREEF Trust	419,232	546,261	11,800	Alexandria Real Estate Equities, Inc.	936,873	1,380,673	
97,517	General Property Trust	315,952	500,606	8,400	AMB Property Corp.	535,026	573,755	
40,580	Mirvac Group	173,173	207,601	6,000	Apartment Investment & Management Company Cl. A	387,615	391,714	
23,604	Westfield Group	346,366	453,508	30,900	Archstone-Smith Trust	1,407,489	2,096,193	
		<u>1,254,723</u>	<u>1,707,976</u>	11,790	Avalonbay Communities, Inc.	1,291,092	1,786,897	
Canada (28.5%)				22,100	Boston Properties, Inc.	1,799,369	2,881,509	
151,500	Allied Properties REIT	2,478,014	3,522,375	17,100	Camden Property Trust	1,176,251	1,471,709	
114,700	Boardwalk REIT	2,322,279	4,735,963	19,500	Corporate Office Properties Trust	559,022	1,146,947	
30,100	Brookfield Properties Corporation	1,197,362	1,379,640	18,300	Developers Diversified Realty Corp.	971,487	1,342,524	
61,461	Canadian Apartment Properties REIT	873,003	1,141,945	36,100	Digital Realty Trust, Inc.	962,155	1,440,089	
114,900	Canadian REIT	2,542,762	3,615,903	10,000	Douglas Emmett, Inc.	236,261	309,880	
98,000	Cominar REIT	1,616,238	2,205,000	30,300	Equity Inns Inc.	551,567	563,574	
100,100	Dundee REIT	2,701,472	3,868,865	13,300	Equity Office Properties Trust	549,642	746,627	
82,306	H&R REIT	1,336,719	1,982,752	36,800	Equity Residential	1,604,796	2,176,502	
60,906	Primaris Retail REIT	854,224	1,149,905	3,900	Essex Property Trust, Inc.	375,044	587,449	
255,900	RioCan REIT	4,487,783	6,435,885	6,400	Federal Realty Investment Trust	461,507	633,978	
		<u>20,409,856</u>	<u>30,038,233</u>	50,800	FelCor Lodging Trust Inc.	1,203,433	1,292,979	
France (1.7%)				22,400	Forest City Enterprises, Inc.	1,181,367	1,524,530	
1,658	Compagnie Fonciere Klepierre	157,112	364,504	26,400	General Growth Properties Inc.	1,043,549	1,606,938	
5,010	Unibail	742,627	1,422,897	40,500	Health Care Property Investors, Inc.	1,620,037	1,737,857	
		<u>899,739</u>	<u>1,787,401</u>	74,532	Host Marriott Corp.	1,333,640	2,132,404	
Germany (0.6%)				42,200	Kimco Realty Corp.	1,605,026	2,210,637	
3,100	Deutsche Wohnen AG	199,995	231,137	18,200	LaSalle Hotel Properties	765,445	972,492	
8,700	IVG Immobilien AG	352,839	435,285	28,800	Maguire Properties Inc.	1,017,657	1,342,542	
		<u>552,834</u>	<u>666,422</u>	20,800	Mid-America Apartment Communities, Inc.	1,252,234	1,387,517	
Guernsey (0.5%)				49,300	ProLogis Trust	2,211,890	3,491,495	
9,200	Eurocastle Investment Limited	526,826	546,206	3,800	PS Business Parks, Inc.	258,813	313,141	
Hong Kong (2.8%)				28,000	Public Storage, Inc.	2,216,364	3,181,544	
190,000	Hang Lung Properties Ltd.	469,444	554,745	36,800	Simon Property Group, Inc.	2,506,629	4,343,998	
246,785	Kerry Properties Limited	834,929	1,345,012	11,100	SL Green Realty Corp.	1,064,695	1,717,635	
76,000	Sun Hung Kai Properties Limited	932,009	1,013,979	10,600	Starwood Hotels & Resorts Worldwide, Inc.	587,276	772,078	
		<u>2,236,382</u>	<u>2,913,736</u>	37,800	Strategic Hotel Capital, Inc.	924,227	959,896	
Japan (2.5%)				25,800	Sunstone Hotel Investors, Inc.	780,088	803,700	
42	Japan Real Estate Investment Corporation	417,771	526,393	23,500	Tanger Factory Outlet Centers, Inc.	787,673	1,070,281	
30,000	Mitsui Fudosan Co. Ltd.	535,644	854,985	18,800	Taubman Centers, Inc.	897,788	1,114,319	
52	Nippon Building Fund Inc.	517,386	804,682	36,400	United Dominion Realty Trust, Inc.	1,118,883	1,348,550	
40	Nomura Real Estate Office Fund, Inc.	413,092	427,096	46,000	Unitas, Inc.	1,824,169	2,268,709	
		<u>1,883,893</u>	<u>2,613,156</u>	20,400	Vornado Realty Trust	1,796,042	2,888,562	
Netherlands (0.3%)						<u>41,802,121</u>	<u>58,011,824</u>	
1,812	Rodamco Europe NV	147,298	280,194	Total Investments (97.6%)			<u>72,225,632</u>	102,694,990
Singapore (0.6%)				Other Assets, Less Liabilities (2.4%)				2,549,138
128,192	Ascendas REIT	155,441	260,038	Total Net Assets (100.0%)			<u>105,244,128</u>	
133,800	CapitaMall Trust	204,894	295,262	Net Asset Value per Unit			\$20.09	
		<u>360,335</u>	<u>555,300</u>	REIT – Real Estate Investment Trust				
United Kingdom (3.4%)								
27,679	British Land Company, PLC	535,929	1,080,335					
8,868	Capital & Regional PLC	110,669	312,047					
6,300	Derwent Valley Holdings PLC	233,127	301,510					
16,000	Hammerson Property & Investment Development Corporation, PLC	446,104	574,388					
20,233	Land Securities Group PLC	670,148	1,069,802					
13,251	Slough Estates PLC	155,648	236,460					
		<u>2,151,625</u>	<u>3,574,542</u>					

Portfolio Advisor: Alliance Bernstein Canada, Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$102,694,990	\$71,936,366
Cash	1,887,401	2,738,065
Subscriptions receivable	465,262	237,158
Receivable for securities sold	—	67,460
Accrued investment income	452,030	297,470
	<u>105,499,683</u>	<u>75,276,519</u>
Liabilities		
Payable for securities purchased	73,451	—
Redemptions payable	136,160	219,200
Accrued expenses	45,944	48,817
	<u>255,555</u>	<u>268,017</u>
Net assets representing unitholders' equity	<u>\$105,244,128</u>	<u>\$75,008,502</u>
Number of units outstanding	<u>5,238,727</u>	<u>4,913,772</u>
Net asset value per unit	<u>\$ 20.09</u>	<u>\$ 15.26</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 2,161,603	\$1,855,882
Interest	620,722	495,366
Securities lending income	8,778	8,554
Income (loss) from derivatives	—	(7,280)
Less: Foreign withholding taxes	(550,760)	(504,616)
	<u>2,240,343</u>	<u>1,847,906</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	15,297
Custody fees	33,867	28,300
Filing fees	13,020	13,886
Unitholder reporting costs	34,660	28,826
Unitholder administration, service fees and GST	109,648	87,955
	<u>205,419</u>	<u>175,336</u>
Net investment income (loss)	<u>2,034,924</u>	<u>1,672,570</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	11,747,510	2,978,158
Net realized gain (loss) on foreign exchange	67,167	(155,828)
Net realized gain (loss) from trust units	169,941	5,947
Increase (decrease) in unrealized appreciation (depreciation) of investments	15,322,546	4,025,639
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	14,014	12,188
Net gain (loss) on investments	<u>27,321,178</u>	<u>6,866,104</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 29,356,102</u>	<u>\$8,538,674</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 5.86</u>	<u>\$ 1.87</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 75,008,502	\$57,285,088
Increase (decrease) in net assets from operations	29,356,102	8,538,674
Distributions to unitholders		
Investment income	(1,864,390)	(1,672,553)
Capital gains	(3,179,364)	—
	<u>99,320,850</u>	<u>64,151,209</u>
Unit Transactions:		
Proceeds from issue	27,578,635	40,158,208
Reinvested distributions	5,031,550	1,670,283
Payments on redemption	(26,686,907)	(30,971,198)
	<u>5,923,278</u>	<u>10,857,293</u>
Increase (decrease) in net assets	<u>30,235,626</u>	<u>17,723,414</u>
Net Assets, End of Year	<u>\$ 105,244,128</u>	<u>\$75,008,502</u>

Portfolio Advisor: Alliance Bernstein Canada, Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
Federal Government (14.6%)					\$ 278,000	Brascan Corporation 5.95%	6/14/2035	286,963	287,535
\$ 725,000	Canada Housing Trust 3.75%	3/15/2010	711,819	717,596	94,560	Brilliant Power Funding Corp. 5.67%	5/31/2026	100,858	99,875
465,000	Canada Housing Trust 3.95%	12/15/2011	464,107	461,785	71,000	British Columbia Ferry Services Inc. 6.25%	10/13/2034	83,960	83,351
1,577,000	Canada Housing Trust 4.65%	9/15/2009	1,599,242	1,599,117	27,000	British Columbia Telephone Company 9.65%	4/8/2022	39,440	39,581
2,103,000	Canada Housing Trust 5.10%	9/15/2007	2,131,219	2,115,752	91,000	Brookfield Power 5.25%	11/5/2018	90,967	91,243
383,000	Farm Credit Canada 4.60%	6/1/2021	395,847	392,789	76,000	Brookfield Power Corp 5.84%	11/5/2036	75,978	76,445
4,252,000	Government of Canada 4.25%	12/1/2008	4,289,312	4,269,221	195,000	Caisse d'Amortissement de la Dette Sociale 4.45%	10/26/2018	194,103	195,192
425,000	Government of Canada 4.25%	9/1/2008	426,890	426,358	53,000	Canadian Tire Corporation, Limited 5.61%	9/4/2035	52,385	52,285
1,330,000	Government of Canada 4.25%	9/1/2009	1,336,418	1,338,322	52,000	Canadian Tire Corporation, Limited 6.32%	2/24/2034	55,477	56,373
726,000	Government of Canada 4.50%	6/1/2015	747,967	747,538	210,000	Citigroup Inc. 5.37%	3/6/2036	208,971	213,323
215,000	Government of Canada 5.00%	6/1/2014	229,517	227,780	39,000	Column Canada Issuer Corporation 4.93%	9/15/2016	38,998	38,705
78,000	Government of Canada 5.00%	6/1/2037	87,158	90,058	400,000	Credit Agricole SA 4.60%	8/11/2016	403,963	409,612
21,000	Government of Canada 5.25%	6/1/2013	22,606	22,441	65,000	DEPFA ACS Bank 4.90%	8/24/2035	66,278	66,512
166,000	Government of Canada 5.75%	6/1/2029	204,273	203,947	142,000	Domtar Inc. 5.38%	12/1/2013	141,287	150,593
65,000	Government of Canada 5.75%	6/1/2033	79,993	81,744	14,000	Enbridge Gas Distribution Inc. 6.16%	12/16/2033	15,879	16,098
404,000	Government of Canada 8.00%	6/1/2023	535,652	586,777	38,000	ERAC Canada Finance Ltd 5.70%	2/26/2021	37,172	38,822
142,000	Government of Canada 8.00%	6/1/2027	217,314	216,023	116,000	ERAC Canada Finance Ltd. 5.38%	2/26/2016	115,771	117,432
560,000	United States Treasury Bond 2.50%	7/15/2016	634,099	657,479	327,000	Europaeische Hypothekenbank SA 4.60%	5/30/2013	326,673	332,778
			<u>14,113,433</u>	<u>14,154,727</u>	136,000	GE Capital Canada Funding Co. 4.65%	2/11/2015	137,354	136,903
Provincial Government (10.0%)					135,000	GE Capital Canada Funding Company 4.75%	5/2/2011	134,822	137,311
132,000	Alberta Treasury Branch 4.10%	12/1/2011	132,965	131,816	174,000	GE Capital Canada Funding Company 5.10%	6/1/2016	174,966	180,461
19,000	Hydro Quebec 6.00%	2/15/2040	22,465	23,189	107,000	General Electric Capital Canada Funding 4.40%	6/1/2014	106,842	106,322
28,000	Hydro-Quebec 6.50%	2/15/2035	35,252	35,803	125,000	Household Financial Corporation Limited 4.20%	4/13/2009	124,514	124,711
46,000	Newfoundland & Labrador Hydro 4.30%	10/13/2016	45,887	45,635	100,000	Hutchison Whampoa Finance 06 Limited 4.63%	9/21/2016	144,185	151,650
114,000	Province of Alberta 4.10%	6/1/2011	112,557	113,927	106,000	Hutchison Whampoa Finance CI Ltd 7.45%	8/1/2017	135,156	139,738
65,000	Province of British Columbia 5.40%	6/18/2035	73,192	74,733	243,000	Kreditanstalt fuer Wiederaufbau 4.38%	2/9/2016	241,274	243,035
421,000	Province of British Columbia 5.70%	6/18/2029	465,639	493,175	100,000	Mansfield Trust 6.84%	8/15/2010	107,976	107,391
435,000	Province of British Columbia 6.25%	12/1/2009	460,648	460,174	131,000	Manulife Bank of Canada 4.68%	9/12/2016	130,762	131,844
200,000	Province of British Columbia 8.50%	8/23/2013	257,258	249,403	161,000	Manulife Financial Corporation 4.67%	3/28/2013	160,961	163,100
95,000	Province of Manitoba 5.70%	3/5/2037	113,923	112,914	117,000	Manulife Financial LP 5.06%	12/15/2041	116,928	115,420
150,000	Province of New Brunswick 5.85%	12/1/2011	164,052	161,308	62,000	Maritimes & Northeast Pipeline 6.90%	11/30/2019	71,405	70,786
17,000	Province of Newfoundland 4.50%	4/17/2037	16,895	16,706	64,000	Master Credit Card Trust 4.44%	11/21/2011	64,000	64,434
125,000	Province of Newfoundland 5.70%	10/17/2035	145,739	146,591	189,000	Metropolitan Life Global Funding I 4.45%	11/8/2013	188,584	188,166
100,000	Province of Nova Scotia 6.60%	12/1/2031	130,424	130,004	173,000	Municipal Finance Authority of British Columbia 4.65%	4/19/2016	177,143	176,372
200,752	Province of Ontario 3.21%	8/13/2009	197,187	197,833	149,000	Principal Financial Global Funding II 4.65%	10/11/2016	148,835	148,198
341,000	Province of Ontario 4.40%	12/2/2011	340,675	344,977	539,000	RBC Capital Trust 4.87%	12/31/2015	540,071	538,316
293,000	Province of Ontario 4.50%	4/17/2008	293,718	293,806	47,000	RioCan REIT 5.29%	9/21/2009	47,140	47,739
161,000	Province of Ontario 4.70%	6/2/2037	156,177	164,692	576,000	Rogers Wireless Communications Inc. 7.63%	12/15/2011	615,849	628,139
232,000	Province of Ontario 5.38%	12/2/2012	243,331	246,446	88,000	Royal Bank of Canada 4.92%	7/6/2011	87,992	90,157
635,000	Province of Ontario 5.60%	6/2/2035	737,419	739,580	82,000	Royal Bank of Canada 5.95%	6/18/2014	87,924	88,538
1,403,000	Province of Ontario 5.85%	3/8/2033	1,666,032	1,676,203	347,000	Shaw Communications, Inc. 6.15%	5/9/2016	340,240	344,982
678,000	Province of Ontario 6.10%	12/2/2011	750,960	736,576	402,000	SLM Corporation 4.63%	6/15/2011	399,248	404,381
675,000	Province of Ontario 6.10%	11/19/2010	738,678	722,486	18,000	Sun Life Capital Trust 7.09%	6/30/2052	22,441	22,095
42,000	Province of Ontario 7.60%	6/2/2027	58,199	58,798	329,000	Sun Life Financial Inc. 4.95%	6/1/2036	326,888	335,494
68,000	Province of Quebec 5.00%	12/1/2038	69,549	71,482	145,000	Sun Life Financial inc. 5.00%	7/11/2031	144,766	148,466
361,000	Province of Quebec 5.00%	12/1/2015	378,282	375,782	532,000	TCNZ Finance Limited 4.75%	10/11/2013	531,280	528,849
30,000	Province of Quebec 5.50%	12/1/2014	31,994	32,225	240,000	TD Banknorth, Inc. 4.64%	9/20/2022	232,402	236,808
100,000	Province of Quebec 6.00%	10/1/2012	110,563	108,936	132,000	Terasen Gas Inc 5.55%	9/25/2036	131,980	135,542
400,000	Province of Quebec 6.25%	12/1/2010	434,823	429,929	87,000	Terasen Gas Inc. 5.90%	2/26/2035	93,207	93,677
951,000	Province of Quebec 6.25%	6/1/2032	1,154,968	1,166,803	49,000	The Canada Life Assurance Company 6.40%	12/11/2028	57,277	57,221
97,000	Province of Saskatchewan 6.40%	9/5/2031	117,792	123,764	50,000	The Greater Toronto Airports Authority 6.47%	2/2/2034	57,875	58,650
			<u>9,657,243</u>	<u>9,685,696</u>	47,000	The Greater Toronto Airports Authority 6.98%	10/15/2032	46,959	58,311
Corporate (14.6%)									
65,000	Aeroports de Montreal 5.17%	9/17/2035	64,041	65,916					
150,000	Alberta Capital Fiance Authority 4.45%	12/15/2025	144,390	149,764					
240,000	AltaLink Investment LP 5.02%	11/21/2012	240,871	240,764					
78,467	Arrow Lakes Power 5.39%	3/31/2015	81,511	79,892					
19,000	Bank of Montreal 4.55%	8/1/2017	18,696	18,923					
249,000	Bank of Montreal 4.65%	3/14/2013	248,883	252,293					
143,000	Bank of Montreal 5.10%	4/21/2021	142,688	147,954					
300,000	bcIMC Realty Corporation 4.10%	2/10/2011	294,732	297,163					
211,000	Bell Aliant Regional Communications 5.41%	9/26/2016	213,677	211,796					
212,000	Bell Canada 6.10%	3/16/2035	222,262	222,340					
36,000	Bell Canada 6.55%	5/1/2029	37,515	39,651					
170,000	Bell Canada 7.30%	2/23/2032	200,894	204,843					
380,000	Bell Canada 7.65%	12/30/2031	454,993	460,209					
91,000	Bell Canada 8.88%	4/17/2026	117,073	120,573					
199,000	BMO Capital Trust 4.63%	12/31/2015	196,076	195,446					
236,000	Brascan Corporation 4.65%	12/16/2009	236,484	236,861					

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

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-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at December 31, 2006

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$ 392,000	The Greater Toronto Airports Authority 7.05%	6/12/2030	480,748	485,645
252,000	The Royal Bank of Scotland PLC 5.37%	5/12/2016	251,884	260,336
80,000	The Toronto-Dominion Bank 4.54%	9/5/2013	80,278	80,309
123,000	The Toronto-Dominion Bank 4.78%	12/14/2105	123,000	121,803
411,000	The Toronto-Dominion Bank 4.97%	10/30/2015	417,259	415,725
375,000	Trilon Financial Corp. 7.25%	6/11/2007	383,288	379,095
111,000	Wells Fargo Financial Canada Corp 4.33%	12/6/2013	110,960	110,129
265,000	Wells Fargo Financial Canada Corporation 4.40%	12/12/2012	265,291	264,769
69,000	West Fraser Timber Co. Ltd. 4.94%	10/19/2009	69,178	69,311
153,000	Western Oil Sands Inc. 8.38%	5/11/2012	186,997	198,803
238,000	YPG Holdings Inc. 6.25%	2/15/2036	240,686	235,534
			13,988,724	14,134,809

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
24,300	West Energy Ltd.	184,963	131,706
7,400	Western Oil Sands Inc.	215,055	242,054
		9,207,403	9,177,876

Materials (7.9%)

12,300	Agnico-Eagle Mines Limited	436,257	591,507
630	Akzo Nobel NV	39,010	44,771
4,700	Alcan Inc.	263,097	266,866
6,935	Alcoa Inc.	239,793	242,542
17,600	Aur Resources Inc.	275,323	426,976
2,300	Aurelian Resources Inc.	72,874	71,300
700	Barrick Gold Corporation	23,289	25,095
5,000	Bear Creek Mining Corporation	41,919	46,500
39,000	Bema Gold Corp.	220,515	237,900
5,000	Cascades Inc.	65,334	66,150
1,400	Centerra Gold Inc.	16,609	18,480
8,600	Denison Mines Corporation	55,687	101,480
7,900	Domtar Inc.	61,796	77,815
27,000	Eldorado Gold Corporation	147,870	170,370
300	First Quantum Minerals Ltd.	12,569	18,825
10,000	Frontera Copper Corporation	49,410	49,700
6,400	Gammon Lake Resources Inc.	101,176	121,536
9,600	Gerdau Ameristeel Corporation	107,517	99,936
16,859	Gloucester Coal Ltd.	49,555	62,413
10,209	Goldcorp Inc. Cl. A Sub. Voting	327,342	338,020
557	Holcim Ltd.	51,384	59,449
5,600	HudBay Minerals, Inc.	71,602	122,304
8,900	IAMGOLD Corporation	94,093	91,848
7,300	Inmet Mining Corp.	263,848	455,593
8,100	International Forest Products Limited Cl. A Sub. Voting	56,972	58,239
1,100	IPSCO Inc.	114,804	120,538
10,700	Kinross Gold Corp.	152,289	147,874
500	Kirkland Lake Gold Inc.	4,532	4,465
25,600	LionOre Mining International Ltd.	238,937	339,200
4,173	Lundin Mining Corporation	167,129	179,439
300	Meridian Gold Inc.	9,686	9,729
2,900	Methanex Corporation	69,159	92,510
3,300	Minefinders Corporation Ltd.	31,812	34,287
50,400	Miramar Mining Corporation	221,725	267,624
5,200	New Gold Inc.	45,882	45,136
9,700	Noranda Income Fund Cl. A	111,159	95,545
1,300	North American Palladium Ltd.	15,579	11,531
7,500	Northern Orion Resources Inc.	40,638	31,800
40,400	Northgate Minerals Corporation	168,198	164,832
3,709	Orica Limited	70,567	82,795
6,700	Paladin Resources Limited	28,094	53,399
2,600	Potash Corporation of Saskatchewan Inc.	364,106	434,200
8,100	Rio Narcea Gold Mines Ltd.	22,437	23,247
1,894	Rio Tinto Limited	126,337	129,273
17,200	Sherritt International Corporation Restricted Voting	216,887	213,108
11,400	Silver Wheaton Corporation	140,291	139,308
24,900	Sino-Forest Corporation Cl. A Sub. Voting	154,055	194,967
8,000	Sumitomo Metal Industries, Ltd.	39,495	40,496
6,300	Teck Cominco Limited	433,028	553,770
2,100	Tenke Mining Corp.	33,460	36,225
1,900	The Canam Manac Group Inc. Cl. A Sub. Voting	14,877	17,594
2,670	The Dow Chemical Company	122,249	124,278
9,400	U308 Corporation	23,500	34,310
10,260	Yamana Gold Inc.	102,728	157,081
		6,428,481	7,644,176

Industrials (3.4%)

10,500	Aecon Group Inc.	66,099	67,725
711	Alstom	71,716	112,294
9,302	BAE Systems PLC	81,023	90,399
2,900	Bird Construction Income Fund	34,800	42,340
24,100	Bombardier Inc. Cl. B	98,129	95,195
23,000	CAE Inc.	214,453	242,250
11,200	Canadian Helicopters Income Fund	97,681	94,080
3,000	Canadian National Railway Company	151,623	150,210
4,400	CP Railway Limited	282,746	270,160
3,400	Esterline Technologies Corporation	161,903	159,406
7,800	Evertz Technologies Limited	80,886	107,172

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

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Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
12,100	H&R REIT	292,020	291,489	6,998	Seagate Technology	191,324	216,120
2,285	HSBC Holdings PLC	46,013	48,559	5,600	Systems Xcellence Inc.	79,364	131,264
16,600	Industrial Alliance Insurance and Financial Services Inc.	562,986	599,924	13,000	Telefonaktiebolaget LM Ericsson Cl. B	59,678	61,268
13,300	ING Canada Inc.	725,909	697,186	1,470	Texas Instruments Incorporated	49,118	49,338
2,097	ING Groep NV	92,506	108,324	2,400	The Descartes Systems Group Inc.	10,359	10,320
400	InnVest REIT	5,233	5,520	9,300	Tundra Semiconductor Corporation Limited	132,152	88,815
4,500	Kingsway Financial Services Inc.	111,697	109,395	6,200	Vacima Networks Inc.	50,120	62,000
11,400	Legacy Hotels REIT	105,450	108,072	8,240	Western Digital Corporation	196,166	196,475
29,957	Legal & General Group PLC	82,572	107,699	11,880	Xyratex Ltd.	307,926	298,774
2,090	Lehman Brothers Holdings Inc.	186,758	190,276	4,100	Zarlink Semiconductor Inc.	10,540	10,373
37,200	Manulife Financial Corporation	1,122,205	1,463,820			3,716,835	3,994,748
8	Mitsubishi UFJ Financial Group, Inc.	117,572	115,145		Telecommunication Services (2.6%)		
3,000	Nikko Cordial Corporation	48,316	40,095	4,498	BCE Inc.	132,257	141,237
5,900	Nomura Holdings, Inc.	129,491	129,690	1,185	Belgacom SA	52,715	60,813
2,200	Northbridge Financial Corp.	74,545	67,562	4,500	Bell Nordiq Income Fund	83,373	67,095
9,200	Power Corporation of Canada	315,282	324,668	841	Bouygues SA	52,626	62,895
4,195	QBE Insurance Group Limited	83,505	111,177	3,016	China Mobile (Hong Kong) Limited ADR	107,471	151,912
600	RioCan REIT	14,971	15,090	3,130	Embarq Corporation	181,753	191,723
37,700	Royal Bank of Canada	1,700,941	2,092,350	3,792	Koninklijke (Royal) KPN NV	57,007	62,806
5,100	Saxon Financial, Inc.	120,458	110,925	1,800	Manitoba Telecom Services Inc.	81,588	83,520
8,400	Sceptre Investment Counsel Limited	75,852	86,100	20	NTT DoCoMo, Inc.	35,187	36,815
14,100	Scott's Real Estate Investment Trust	123,414	144,807	16,200	Rogers Communications Inc. Cl. B	551,110	562,140
1	Sovereign Bancorp, Inc.	12	15	9,266	Sprint Nextel Corporation	226,439	203,986
8,000	Sumitomo Trust & Banking Co., Ltd.	99,882	97,756	119	Swisscom AG	46,852	52,447
6,000	Sun Hung Kai Properties Limited	74,449	80,374	2,133	Telekom Austria AG	60,100	66,589
7,600	Sun Life Financial Inc.	368,407	374,832	6,200	TELUS Corporation	283,307	331,824
9,200	The Toronto-Dominion Bank	513,838	641,424	5,900	TELUS Corporation Non-Voting	277,765	306,977
1,541	UBS AG	97,061	109,035	36,116	Vodafone Group PLC	104,542	116,651
5,972	UniCredito Italiano SpA	51,246	60,983			2,334,092	2,499,430
8,000	United Overseas Bank Ltd.	89,937	117,911		Utilities (1.0%)		
10,340	UnumProvident Corporation	244,307	250,404	1,100	Algonquin Power Income Fund	11,012	10,923
		14,483,585	16,354,750	2,800	ATCO Ltd. Cl. I Non-Voting	119,823	140,924
	Information Technology (4.1%)			8,600	Emera Inc.	177,322	194,360
400	Aastra Technologies Limited	14,969	14,360	200	Enbridge Income Fund	2,674	2,640
2,714	ASML Holding NV	70,002	78,634	14,500	Fortis, Inc.	355,083	431,665
1,398	CAP Gemini SA	80,816	102,229	200	Innergex Power Income Fund	2,530	2,652
7,900	CGI Group Inc. Cl. A Sub. Voting	55,100	64,227	6,740	National Grid PLC	88,079	113,386
8,700	COM DEV International Ltd.	50,872	56,202	800	Northland Power Income Fund	11,557	10,456
3,300	Constellation Software Inc.	56,100	74,250	107	Suez SA	4,979	6,455
8,800	Cree, Inc.	173,332	177,626	67,100	Tonbridge Power, Inc.	28,182	21,472
4,300	Emergis Inc.	22,427	22,704	33,550	Tonbridge Power, Inc. Warrants	-	-
14,300	EXFO Electro-Optical Engineering Inc.	85,003	94,380	1,700	TransAlta Corporation	39,919	45,287
11,000	Fujitsu Ltd.	101,842	100,595			841,160	980,220
7,300	Gennum Corporation	113,717	103,295		Short Term Notes (Schedule 1) (2.9%)	2,837,172	2,837,172
6,423	Intel Corporation	157,072	151,579		Total Investments (97.5%)	89,709,203	94,367,735
398	International Business Machines Corporation	38,714	45,061		Futures Contracts Value – Schedule 2 (0.0%)		(16,651)
2,500	MacDonald, Dettwiler and Associates Ltd.	113,701	107,000		Foreign Currency Spot and Forward Contracts – Schedule 3 (-0.1%)		(56,647)
2,500	March Networks Corporation	75,763	53,375		Total Portfolio (97.4%)		94,294,437
2,820	Maxim Integrated Products, Inc.	104,011	100,631		Other Assets, Less Liabilities (2.6%)		2,477,894
1,801	Microsoft Corporation	56,853	62,673		Total Net Assets (100.0%)		96,772,331
11,100	Miranda Technologies Inc.	163,083	138,528		Net Asset Value Per Unit		\$16.45
4,500	MOSAID Technologies Incorporated	120,152	124,380				
700	Murata Manufacturing Company, Ltd.	55,910	55,174				
2,800	Omron Corporation	83,306	92,664				
7,400	Onex Corporation Sub. Voting	172,488	209,790				
4,300	Open Text Corporation	79,110	102,856				
11,700	Q9 Networks Inc.	113,080	145,665				
3,600	Research In Motion Limited	421,155	536,400				
900	SAP AG	51,510	55,723				

ADR – American Depository Receipt
 GDR – Global Depository Receipt
 REIT – Real Estate Investment Trust

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

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-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund

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Statement of Investment Portfolio as at December 31, 2006

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$ 150,000	Royal Bank of Canada BA	1/10/2007	149,842	149,842
150,000	Royal Bank of Canada BA	1/25/2007	149,577	149,577
450,000	Canadian Imperial Bank of Commerce BA	1/4/2007	449,841	449,841
100,000	FirstBank BA	1/16/2007	99,824	99,824
200,000	Royal Bank of Canada BDN	2/27/2007	198,664	198,664
1,800,000	Government of Canada Treasury Bill	2/22/2007	1,789,424	1,789,424
			<u>2,837,172</u>	<u>2,837,172</u>

Schedule 2 Futures Contracts Value

Futures	Contracts	Expiration Date	Country	Exercise Price (\$)	Market Value (\$)
Australian 10 Year Treasury Bond Future	4	3/15/2007	Australia	377,739	370,887
Canadian 10 Year Bond Future	8	3/21/2007	Canada	917,760	910,560
US Treasury Notes 10 Year Future	7	3/21/2007	US	883,337	876,709
Federal Republic of Germany 10 Year Bond Future	(1)	3/8/2007	Germany	(182,467)	(178,438)
				<u>1,996,369</u>	<u>1,979,718</u>
Exercise Price					(1,996,369)
Total Futures Contracts Value					<u>(16,651)</u>

Schedule 3 Foreign Currency Spot and Forward Contracts Value (Capital)

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
Spot Currency Contracts					
1	1,118,000 US Dollar	1,290,675 Canadian Dollar	01/16/2007	AA-	(12,243)
					<u>(12,243)</u>
Forward Currency Contracts					
1	29,972 Canadian Dollar	20,500 Euro Currency	02/02/2007	AA-	1,575
1	120,917 Euro Currency	174,489 Canadian Dollar	02/02/2007	AA-	(11,589)
1	181,446 Canadian Dollar	160,417 US Dollar	02/02/2007	AA-	5,324
1	178,873 Canadian Dollar	158,141 US Dollar	02/02/2007	AA-	5,248
1	157,208 US Dollar	177,697 Canadian Dollar	02/02/2007	AA-	(5,338)
1	802,930 US Dollar	907,576 Canadian Dollar	02/02/2007	AA-	(27,262)
1	128,466 US Dollar	144,724 Canadian Dollar	02/02/2007	AA-	(4,847)
1	166,134 US Dollar	187,233 Canadian Dollar	02/02/2007	AA-	(6,194)
1	47,460 US Dollar	53,936 Canadian Dollar	02/02/2007	AA-	(1,321)
					<u>(44,404)</u>
Total Foreign Currency Spot and Forward Contracts Value					<u>(56,647)</u>

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

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Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$94,367,735	\$90,511,334
Cash	273,178	107,973
Margin deposits	14,058	–
Subscriptions receivable	530,846	453,283
Receivable for securities sold	2,302,824	–
Accrued investment income	463,408	471,950
	<u>97,952,049</u>	<u>91,544,540</u>
Liabilities		
Payable on open futures contracts	16,651	–
Payable on open spot and forward contracts	56,647	–
Payable for securities purchased	937,718	–
Redemptions payable	85,701	79,108
Accrued expenses	83,001	46,169
	<u>1,179,718</u>	<u>125,277</u>
Net assets representing unitholders' equity	<u>\$96,772,331</u>	<u>\$91,419,263</u>
Number of units outstanding	<u>5,881,522</u>	<u>5,217,188</u>
Net asset value per unit	<u>\$ 16.45</u>	<u>\$ 17.52</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 782,105	\$ 718,428
Interest	2,500,733	1,613,833
Securities lending income	2,643	4,059
Income (loss) from derivatives	99,916	–
Less: Foreign withholding taxes	(20,498)	(27,109)
	<u>3,364,899</u>	<u>2,309,211</u>
Expenses		
Legal fees	–	1,072
Audit fees	14,224	17,338
Custody fees	163,165	13,620
Filing fees	13,020	14,301
Unitholder reporting costs	24,364	24,079
Unitholder administration, service fees and GST	116,978	95,401
	<u>331,751</u>	<u>165,811</u>
Net investment income (loss)	<u>3,033,148</u>	<u>2,143,400</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	17,899,116	6,583,793
Net realized gain (loss) on foreign exchange	(256,080)	(38,913)
Net realized gain (loss) from trust units	25,075	–
Increase (decrease) in unrealized appreciation (depreciation) of investments	(13,162,431)	3,135,691
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(55,048)	377
	<u>4,450,632</u>	<u>9,680,948</u>
Net gain (loss) on investments	<u>4,450,632</u>	<u>9,680,948</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 7,483,780</u>	<u>\$11,824,348</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.44</u>	<u>\$ 2.21</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year		
	\$ 91,419,263	\$86,800,548
Increase (decrease) in net assets from operations	7,483,780	11,824,348
Distributions to unitholders		
Investment income	(3,068,730)	(2,153,996)
Capital gains	(9,900,140)	–
	<u>85,934,173</u>	<u>96,470,900</u>
Unit Transactions:		
Proceeds from issue	24,571,229	20,714,840
Reinvested distributions	12,960,525	2,149,433
Payments on redemption	(26,693,596)	(27,915,910)
	<u>10,838,158</u>	<u>(5,051,637)</u>
Increase (decrease) in net assets	<u>5,353,068</u>	<u>4,618,715</u>
Net Assets, End of Year	<u>\$ 96,772,331</u>	<u>\$91,419,263</u>

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

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Pinnacle Canadian Value Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (25.9%)			
81,300	Canadian Natural Resources Limited	1,141,502	5,052,795
80,000	CHC Helicopter Corporation Cl. A Sub. Voting	1,108,843	1,968,000
87,400	EnCana Corporation	3,075,118	4,689,884
25,100	Husky Energy Inc.	1,224,271	1,958,804
41,300	Nexen Inc.	1,252,099	2,651,460
30,000	Penn West Energy Trust	870,000	1,067,100
100,500	Petro-Canada	1,995,246	4,798,875
41,200	Precision Drilling Trust	1,316,504	1,112,400
54,000	Suncor Energy, Inc.	1,006,396	4,956,660
205,400	Talisman Energy Inc.	1,507,587	4,066,920
20,600	Trican Well Service Ltd.	455,427	418,592
17,212	Weatherford International Ltd.	673,784	838,260
		15,626,777	33,579,750
Materials (14.6%)			
169,647	Abitibi-Consolidated Inc.	1,934,674	507,245
81,300	Alcan Inc.	3,912,767	4,616,214
110,500	Aur Resources Inc.	691,083	2,680,730
24,500	IPSCO Inc.	805,763	2,684,710
44,200	NOVA Chemicals Corporation	1,576,101	1,436,500
79,816	Teck Cominco Limited Cl. B Sub. Voting	1,350,019	7,015,826
		10,270,407	18,941,225
Industrials (7.1%)			
205,600	Bombardier Inc. Cl. B	1,908,140	812,120
130,800	CAE Inc.	1,240,313	1,406,100
105,200	Canadian National Railway Company	2,670,380	5,267,364
20,600	CP Railway Limited	1,102,865	1,264,840
33,300	Quebecor World Inc. Sub. Voting	789,734	449,550
		7,711,432	9,199,974
Consumer Discretionary (5.8%)			
21,200	Canadian Tire Corporation, Limited Cl. A	503,728	1,502,656
31,200	Magna International Inc. Cl. A Sub. Voting	2,274,895	2,928,744
57,800	Mega Brands Inc.	1,244,767	1,511,470
43,400	Quebecor Inc. Cl. B	1,667,104	1,556,758
		5,690,494	7,499,628
Consumer Staples (2.3%)			
46,200	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	864,889	1,171,170
26,600	Saputo Inc.	758,030	983,136
63,600	The Jean Coutu Group (PJC) Inc. Cl. A Sub. Voting	1,051,754	874,500
		2,674,673	3,028,806
Health Care (0.5%)			
58,800	Angiotech Pharmaceuticals, Inc.	1,084,040	563,892
Financials (31.5%)			
64,000	Bank of Montreal	2,167,761	4,416,000
90,600	Canadian Imperial Bank of Commerce	4,664,481	8,905,980
36,100	IGM Financial Inc.	768,626	1,772,510
68,400	Kingsway Financial Services Inc.	730,745	1,662,804
134,300	Manulife Financial Corporation	2,937,115	5,284,705
97,600	Royal Bank of Canada	2,760,233	5,416,800
81,000	Sun Life Financial Inc.	2,679,783	3,994,920
124,700	The Toronto-Dominion Bank	4,602,832	8,694,084
17,000	TSX Group Inc.	776,306	792,370
		22,087,882	40,940,173
Information Technology (4.2%)			
58,600	Aastra Technologies Limited	744,421	2,103,740
11,200	MacDonald, Dettwiler and Associates Ltd.	457,517	479,360
37,631	Nortel Networks Corporation	7,861,071	1,177,098
70,900	Open Text Corporation	1,294,375	1,695,928
		10,357,384	5,456,126

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Telecommunication Services (3.8%)			
28,900	Manitoba Telecom Services Inc.	1,151,384	1,340,960
49,200	Rogers Communications Inc. Cl. B	1,093,550	1,707,240
35,700	TELUS Corporation	1,113,401	1,910,664
		3,358,335	4,958,864
Short Term Note (Schedule 1) (3.8%)			
		4,974,000	4,974,000
Total Investments (99.5%)			
		83,835,424	129,142,438
Other Assets, Less Liabilities (0.5%)			
			686,705
Total Net Assets (100.0%)			
			129,829,143
Net Assets Value Per Unit			
			\$20.34

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$4,974,000	Royal Bank of Canada 4.20%	01/02/07	4,974,000	4,974,000
			4,974,000	4,974,000

Portfolio Advisor: BonaVista Asset Management Ltd.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$129,142,438	\$110,792,730
Cash	212,501	235,413
Subscriptions receivable	517,030	292,078
Accrued investment income	286,556	284,067
	<u>130,158,525</u>	<u>111,604,288</u>
Liabilities		
Redemptions payable	284,223	146,352
Accrued expenses	45,159	66,822
	<u>329,382</u>	<u>213,174</u>
Net assets representing unitholders' equity	<u>\$129,829,143</u>	<u>\$111,391,114</u>
Number of units outstanding	<u>6,382,171</u>	<u>6,388,385</u>
Net asset value per unit	<u>\$ 20.34</u>	<u>\$ 17.44</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 1,813,556	\$ 1,576,585
Interest	435,496	106,408
Securities lending income	4,382	6,197
	<u>2,253,434</u>	<u>1,689,190</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	21,659
Custody fees	19,054	7,520
Filing fees	13,020	14,868
Unitholder reporting costs	32,106	50,436
Unitholder administration, service fees and GST	139,231	150,665
	<u>217,635</u>	<u>246,220</u>
Net investment income (loss)	<u>2,035,799</u>	<u>1,442,970</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	8,649,569	3,956,306
Net realized gain (loss) on foreign exchange	3,953	(239)
Increase (decrease) in unrealized appreciation (depreciation) of investments	9,701,642	18,130,650
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	115	(118)
	<u>18,355,279</u>	<u>22,086,599</u>
Net gain (loss) on investments	<u>18,355,279</u>	<u>22,086,599</u>
Increase (Decrease) in Net Assets from Operations	<u>\$20,391,078</u>	<u>\$23,529,569</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 3.25</u>	<u>\$ 3.69</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 111,391,114	\$ 91,692,511
Increase (decrease) in net assets from operations	20,391,078	23,529,569
Distributions to unitholders		
Investment income	(1,969,282)	(1,375,132)
	<u>129,812,910</u>	<u>113,846,948</u>
Unit Transactions:		
Proceeds from issue	34,137,318	25,851,952
Reinvested distributions	1,964,270	1,372,133
Payments on redemption	(36,085,355)	(29,679,919)
	<u>16,233</u>	<u>(2,455,834)</u>
Increase (decrease) in net assets	<u>18,438,029</u>	<u>19,698,603</u>
Net Assets, End of Year	<u>\$ 129,829,143</u>	<u>\$ 111,391,114</u>

Pinnacle Canadian Mid Cap Value Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (22.5%)			
36,000	Canadian Natural Resources Limited	842,929	2,237,400
120,200	Enerflex Systems Income Fund	1,586,073	1,328,210
74,200	Ensign Energy Services, Inc.	748,959	1,364,538
26,750	Husky Energy Inc.	510,737	2,087,570
31,700	Real Resources Inc.	602,876	529,390
73,800	Savana Energy Services Corp.	1,770,465	1,397,772
69,200	ShawCor Ltd. Cl. A Sub. Voting	1,130,079	1,733,460
		<u>7,192,118</u>	<u>10,678,340</u>
Materials (9.1%)			
27,000	Agrium Inc.	455,455	986,580
48,800	Cascades Inc.	684,780	645,624
25,000	CCL Industries Inc. Cl. B	713,250	709,250
125,400	Norbord Inc.	1,116,795	1,117,314
111,000	Sino-Forest Corporation Cl. A Sub. Voting	419,570	869,130
		<u>3,389,850</u>	<u>4,327,898</u>
Industrials (6.1%)			
70,700	CAE Inc.	323,806	760,025
58,900	Russel Metals Inc.	866,859	1,572,630
28,000	Transcontinental Inc. Cl. A Sub. Voting	697,845	583,240
		<u>1,888,510</u>	<u>2,915,895</u>
Consumer Discretionary (17.1%)			
14,900	Alliance Atlantis Communications Inc. Cl. B Non-Voting	421,521	752,152
84,300	CanWest Global Communications Corp. Sub. Voting	788,403	931,515
32,600	Dorel Industries Inc. Cl. B Sub. Voting	942,943	1,028,204
55,000	Linamar Corporation	663,067	764,500
13,900	Magna International Inc. Cl. A Sub. Voting	1,215,795	1,304,793
42,100	MEGA Brands Inc.	1,019,839	1,100,915
79,800	The Forzani Group Ltd. Cl. A	1,001,469	1,529,766
48,500	TVA Group Inc. Cl. B	843,187	722,650
		<u>6,896,224</u>	<u>8,134,495</u>
Consumer Staples (4.8%)			
93,400	Agricore United	577,514	1,125,470
28,600	Sobeys Inc.	997,389	1,171,456
		<u>1,574,903</u>	<u>2,296,926</u>
Health Care (4.1%)			
37,300	Biovail Corporation	901,489	917,580
48,300	MDS Inc.	929,212	1,027,341
		<u>1,830,701</u>	<u>1,944,921</u>
Financials (25.1%)			
22,300	Bank of Montreal	1,065,764	1,538,700
12,700	Canadian Imperial Bank of Commerce	1,081,985	1,248,410
3,330	Fairfax Financial Holdings Limited Sub. Voting	502,390	771,461
16,600	Home Capital Group Inc. Cl. B Sub. Voting	571,022	565,230
23,100	IGM Financial Inc.	920,319	1,134,210
38,750	Industrial Alliance Insurance and Financial Services Inc.	1,155,371	1,400,425
36,050	Kingsway Financial Services Inc.	799,354	876,376
11,800	Morguard Corp.	230,441	509,229
71,400	Northbridge Financial Corp.	2,179,588	2,192,694
34,250	Sun Life Financial Inc.	1,507,418	1,689,210
		<u>10,013,652</u>	<u>11,925,945</u>
Information Technology (5.7%)			
176,400	CGI Group Inc. Cl. A Sub. Voting	1,393,232	1,434,132
52,600	Open Text Corporation	978,988	1,258,192
		<u>2,372,220</u>	<u>2,692,324</u>
Telecommunication Services (1.3%)			
23,600	Bell Aliant Regional Communications Income Fund	795,320	636,256
		<u>795,320</u>	<u>636,256</u>

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Utilities (2.3%)			
21,400	ATCO Ltd. Cl. I Non-Voting	558,259	1,077,062
Short Term Notes (Schedule 1) (2.6%)			
		<u>1,246,143</u>	<u>1,246,143</u>
Total Investments (100.7%)		<u>37,757,900</u>	<u>47,876,205</u>
Other Assets, Less Liabilities (-0.7%)			<u>(309,435)</u>
Total Net Assets (100.0%)			<u>47,566,770</u>
Net Asset Value Per Unit			\$16.37

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$1,100,000	Government of Canada Treasury Bills	1/25/2007	1,097,022	1,097,022
150,000	Government of Canada Treasury Bills	2/22/2007	149,121	149,121
			<u>1,246,143</u>	<u>1,246,143</u>

Portfolio Advisor: Foyston, Gordon & Payne Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$47,876,205	\$40,642,351
Cash	62,519	67,580
Subscriptions receivable	218,771	157,752
Accrued investment income	97,219	88,831
Accounts receivable	—	570
	<u>48,254,714</u>	<u>40,957,084</u>
Liabilities		
Payable for securities purchased	571,022	—
Redemptions payable	73,790	51,462
Accrued expenses	43,132	56,359
	<u>687,944</u>	<u>107,821</u>
Net assets representing unitholders' equity	<u>\$47,566,770</u>	<u>\$40,849,263</u>
Number of units outstanding	2,905,455	2,793,970
Net asset value per unit	<u>\$ 16.37</u>	<u>\$ 14.62</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 761,746	\$ 771,761
Interest	50,078	28,923
Securities lending income	46,072	31,851
	<u>857,896</u>	<u>832,535</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	18,894
Custody fees	8,527	7,402
Filing fees	13,020	14,416
Unitholder reporting costs	32,131	35,689
Unitholder administration, service fees and GST	96,638	101,713
	<u>164,540</u>	<u>179,186</u>
Net investment income (loss)	<u>693,356</u>	<u>653,349</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	363,208	4,890,651
Net realized gain (loss) on foreign exchange	(292)	294
Increase (decrease) in unrealized appreciation (depreciation) of investments	4,572,258	892,852
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(125)	199
	<u>4,935,049</u>	<u>5,783,996</u>
Net gain (loss) on investments	<u>5,628,405</u>	<u>\$6,437,345</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 5,628,405</u>	<u>\$6,437,345</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 2.01</u>	<u>\$ 2.61</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 40,849,263	\$31,365,987
Increase (decrease) in net assets from operations	5,628,405	6,437,345
Distributions to unitholders		
Investment income	(629,188)	(589,275)
Capital gains	—	(3,462,549)
	<u>45,848,480</u>	<u>33,751,508</u>
Unit Transactions:		
Proceeds from issue	13,559,070	13,063,495
Reinvested distributions	627,518	4,042,394
Payments on redemption	(12,468,298)	(10,008,134)
	<u>1,718,290</u>	<u>7,097,755</u>
Increase (decrease) in net assets	<u>6,717,507</u>	<u>9,483,276</u>
Net Assets, End of Year	<u>\$ 47,566,770</u>	<u>\$40,849,263</u>

Pinnacle Canadian Growth Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (29.2%)				Health Care (1.9%)			
43,900	Addax Petroleum Corporation	1,183,998	1,437,286	62,400	Angiotech Pharmaceuticals, Inc.	1,051,132	598,416
203,500	Birchcliff Energy Ltd.	968,327	832,315	130,100	BioMS Medical Corp.	455,745	428,029
80,100	Cameco Corporation	3,282,311	3,780,720	32,750	BioMS Medical Corp. Warrants (Exp. 05/30/10)	–	–
67,200	Canadian Natural Resources Limited	3,566,350	4,176,480	128,700	Cangene Corp.	1,042,470	1,052,766
46,300	Canadian Oil Sands Trust	1,302,747	1,509,843	68,500	Cardiome Pharma Corp.	770,232	891,870
48,500	Cyries Energy Inc.	574,885	614,010	60,414	World Heart Corporation	1,506,282	33,228
18,200	Duvernay Oil Corp.	642,526	628,446	6,257	World Heart Corporation Restricted	56,064	3,441
93,800	EnCana Corporation	4,516,976	5,033,308	43,800	World Heart Corporation Warrants (Exp. 12/30/07)	–	–
60,100	Nexen Inc.	3,550,722	3,858,420				
44,200	OPTI Canada Inc.	828,744	874,276				
68,962	Petro-Canada	3,082,374	3,292,936				
51,100	Savana Energy Services Corp.	911,249	967,834				
65,600	Stratic Energy Corporation	102,493	85,280				
68,300	Suncor Energy, Inc.	5,023,567	6,269,257				
84,400	Synenco Energy Inc. Cl. A	1,531,249	1,207,764				
162,810	Talisman Energy Inc.	2,714,629	3,223,638				
63,200	TransCanada Corporation	2,145,694	2,566,552				
248,100	UTS Energy Corp.	1,091,091	1,118,931				
203,400	West Energy Ltd.	1,200,449	1,102,428				
85,300	Western Oil Sands Inc.	2,633,228	2,790,163				
		40,853,609	45,369,887				
Materials (14.8%)				Financials (29.9%)			
29,600	Aber Diamond Corporation	1,072,230	1,272,800	32,000	AGF Management Limited Cl. B Non-Voting	820,480	896,000
22,100	Agnico-Eagle Mines Limited	745,371	1,062,789	57,500	Bank of Montreal	3,972,459	3,967,500
12,700	Alcan Inc.	729,350	721,106	28,200	Brookfield Asset Management Inc. Cl. A	1,194,634	1,589,352
38,200	Aurelian Resources Inc.	1,255,058	1,184,200	75,600	Canaccord Capital Inc.	1,260,894	1,406,160
10,100	Aurelian Resources Inc. Restricted	378,750	313,100	10,700	Canadian Imperial Bank of Commerce	856,174	1,051,810
91,006	Barrick Gold Corporation	2,952,587	3,262,565	9,900	Canadian Western Bank	445,995	522,522
61,400	Canfor Corporation	689,189	662,506	54,600	CI Financial Income Fund	1,517,977	1,458,912
22,169	Canfor Pulp Income Fund	256,075	273,565	114,300	Dundee Wealth Management Inc.	1,236,831	1,572,768
76,700	Denison Mines Corporation	653,648	905,060	4,111	E-L Financial Corporation Limited	1,174,956	2,599,940
378,900	Equinox Minerals Limited	596,409	716,121	31,500	GMP Capital Trust	577,584	686,700
20,800	First Quantum Minerals Ltd.	1,035,795	1,305,200	187,200	Manulife Financial Corporation	6,380,841	7,366,320
108,843	Goldcorp Inc.	3,315,830	3,603,792	20,600	National Bank of Canada	1,242,534	1,356,304
72,500	Ivanhoe Mines Ltd.	653,288	833,750	32,900	RioCan REIT	791,618	827,435
26,600	NOVA Chemicals Corporation	906,895	864,500	170,770	Royal Bank of Canada	7,264,022	9,477,735
8,100	Potash Corporation of Saskatchewan Inc.	964,150	1,352,700	39,721	Sun Life Financial Inc.	1,817,119	1,959,040
260,700	Revelt Minerals Inc.	265,235	333,696	139,100	The Toronto-Dominion Bank	7,842,750	9,698,052
164,400	Shore Gold Inc.	1,049,767	1,011,060				
38,000	Teck Cominco Limited	2,769,135	3,340,200				
		20,288,762	23,018,710				
Industrials (5.9%)				Information Technology (4.4%)			
59,500	ACE Aviation Holdings Inc.	1,999,274	2,238,985	238,000	COM DEV International Ltd.	1,375,115	1,537,480
15,600	Air Canada Inc.	327,600	274,872	44,400	Miranda Technologies Inc.	529,926	554,112
26,000	Canadian National Railway Company	1,313,963	1,301,820	24,200	Research In Motion Limited	2,783,699	3,605,800
24,800	CP Railway Limited	1,405,647	1,522,720	101,600	Workbrain Corporation	1,308,199	1,189,736
16,400	Finning International Inc.	616,294	783,756				
186,800	Jazz Air Income Fund	1,736,343	1,595,272				
47,900	SNC-Lavalin Group Inc.	1,392,417	1,507,413				
		8,791,538	9,224,838				
Consumer Discretionary (6.1%)				Telecommunication Services (4.2%)			
18,700	Alliance Atlantis Communications Inc. Cl. B Non-Voting	631,597	943,976	58,400	BCE Inc.	1,811,361	1,833,760
79,600	Gildan Activewear Inc. Cl. A Sub. Voting	4,188,204	4,337,404	65,000	Rogers Communications Inc. Cl. B	1,640,780	2,255,500
50,600	Shaw Communications Inc. Cl. B Non-Voting	1,716,027	1,867,646	44,700	TELUS Corporation	2,306,860	2,392,344
21,300	The Thomson Corporation	986,087	1,030,494				
36,600	Tim Hortons, Inc.	1,090,128	1,233,054				
		8,612,043	9,412,574				
Consumer Staples (1.6%)				Utilities (0.5%)			
57,100	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	1,411,003	1,447,485	123,500	Canadian Hydro Developers, Inc.	622,816	734,825
6,400	Loblaw Companies Limited	304,618	312,256				
16,300	Shoppers Drug Mart Corporation	787,250	816,467				
		2,502,871	2,576,208				
						136,706,372	153,150,074
						Other Assets, Less Liabilities (1.5%)	
						2,369,173	
						Total Net Assets (100.0%)	
						155,519,247	
						Net Assets Value Per Unit	
						\$15.91	
						REIT – Real Estate Investment Trust	

Portfolio Advisor: Aurion Capital Management Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets as at
December 31,

	2006	2005
Assets		
Investments at market value	\$153,150,074	\$126,566,123
Cash	1,140,139	1,421,468
Subscriptions receivable	610,401	372,702
Receivable for securities sold	1,021,937	517,197
Accrued investment income	248,612	255,474
	<u>156,171,163</u>	<u>129,132,964</u>
Liabilities		
Payable for securities purchased	299,625	926,623
Redemptions payable	304,419	147,969
Accrued expenses	47,872	67,349
	<u>651,916</u>	<u>1,141,941</u>
Net assets representing unitholders' equity	<u>\$155,519,247</u>	<u>\$127,991,023</u>
Number of units outstanding	9,774,108	8,421,699
Net asset value per unit	<u>\$ 15.91</u>	<u>\$ 15.20</u>

Statement of Operations for the years ended
December 31,

	2006	2005
Investment Income		
Dividends	\$ 1,843,194	\$ 1,542,918
Interest	338,723	54,774
Securities lending income	7,970	6,445
Less: Foreign withholding taxes	(339)	—
	<u>2,189,548</u>	<u>1,604,137</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	21,020
Custody fees	40,177	37,337
Filing fees	13,020	14,735
Unitholder reporting costs	30,865	45,026
Unitholder administration, service fees and GST	138,625	128,535
	<u>236,911</u>	<u>247,725</u>
Net investment income (loss)	<u>1,952,637</u>	<u>1,356,412</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	25,684,082	18,010,273
Net realized gain (loss) on foreign exchange	(1,538)	(1,114)
Net realized gain (loss) from trust units	556	—
Increase (decrease) in unrealized appreciation (depreciation) of investments	1,877,137	8,933,344
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	30	228
	<u>27,560,267</u>	<u>26,942,731</u>
Net gain (loss) on investments	<u>27,560,267</u>	<u>26,942,731</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 29,512,904</u>	<u>\$ 28,299,143</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 3.51</u>	<u>\$ 3.86</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 127,991,023	\$ 97,339,334
Increase (decrease) in net assets from operations	29,512,904	28,299,143
Distributions to unitholders		
Investment income	(1,969,437)	(1,174,710)
Capital gains	(20,766,776)	(14,147,341)
	<u>134,767,714</u>	<u>110,316,426</u>
Unit Transactions:		
Proceeds from issue	42,288,387	35,719,678
Reinvested distributions	22,659,674	15,280,091
Payments on redemption	(44,196,528)	(33,325,172)
	<u>20,751,533</u>	<u>17,674,597</u>
Increase (decrease) in net assets	<u>27,528,224</u>	<u>30,651,689</u>
Net Assets, End of Year	<u>\$ 155,519,247</u>	<u>\$ 127,991,023</u>

Pinnacle Canadian Small Cap Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (22.6%)			
47,191	AltaGas Income Trust	949,362	1,236,404
101,600	Canadian Energy Services LP Cl. A	973,968	660,400
127,154	CCS Income Trust	2,165,609	4,800,063
100,900	CHC Helicopter Corporation Cl. A Sub. Voting	2,047,166	2,482,140
69,718	Crescent Point Energy Trust	1,134,359	1,227,037
29,000	Crescent Point Resources Ltd. Series A	107,693	746,256
46,560	Horizon North Logistics Inc.	113,864	165,754
104,600	Mullen Group Income Fund	2,196,736	1,954,974
338,900	ProspEx Resources Ltd.	1,239,299	1,504,716
82,300	ShawCor Ltd. Cl. A Sub. Voting	1,212,231	2,061,615
15,400	Zargon Energy Trust	378,414	381,766
60,224	Zargon Oil & Gas Ltd.	309,831	1,791,664
		12,828,532	19,012,789
Materials (12.7%)			
95,903	Harris Steel Group Inc.	2,082,462	4,170,822
136,926	International Forest Products Limited Cl. A Sub. Voting	994,023	984,498
175,000	Neo Material Technologies, Inc.	417,878	453,250
37,200	Omni-Lite Industries Canada Inc.	99,597	81,096
53,000	Opta Minerals Inc.	197,928	204,050
226,652	Supremex Income Fund	2,260,724	1,919,742
188,000	The Canam Manac Group Inc. Cl. A Sub. Voting	1,835,653	1,740,880
115,160	Winpak Ltd.	1,271,058	1,173,480
		9,159,323	10,727,818
Industrials (36.1%)			
211,789	Contrans Income Fund	2,379,629	2,545,704
202,590	Exco Technologies Ltd.	1,297,208	763,764
71,560	FirstService Corporation Sub. Voting	1,296,025	1,932,120
72,020	Genivar Income Fund	762,779	986,674
130,310	Global Railway Industries Ltd.	464,883	410,476
120,575	Groupe Laperriere & Verreault Inc. Cl. A Sub. Voting	1,182,509	3,677,538
50,000	Marsulex Inc.	396,336	437,500
113,700	Richelieu Hardware Ltd.	2,028,597	2,756,088
20,979	Ritchie Bros. Auctioneers Incorporated	595,611	1,310,978
163,800	Russel Metals Inc.	1,350,440	4,373,460
144,100	Stantec Inc.	1,859,629	3,638,525
88,500	Steeplejack Industrial Group Inc.	438,935	641,625
157,800	Transat A.T. Inc. Cl. B	3,234,050	5,016,462
12,400	Transcontinental Inc. Cl. A Sub. Voting	256,186	258,292
161,800	ZCL Composites Inc.	545,646	1,674,630
		18,088,463	30,423,836
Consumer Discretionary (3.1%)			
5,800	The McGraw-Hill Ryerson Ltd.	192,960	251,082
82,400	Uni-Select Inc.	1,820,305	2,387,952
		2,013,265	2,639,034
Consumer Staples (0.9%)			
41,900	Van Houtte Inc., Sub. Voting	851,310	729,898
Health Care (0.8%)			
73,900	Futuremed Healthcare Income Fund	764,801	709,440
Financials (18.6%)			
93,200	Canadian Western Bank	1,926,440	4,919,096
61,173	Coventree Inc.	776,793	905,360
25,505	DirectCash Income Fund	383,147	384,488
58,450	EGL Financial Holdings, Inc.	600,516	578,655
73,673	Equitable Group Inc.	1,790,509	2,298,598
133,170	First National Financial Income Fund	1,515,942	1,801,124
78,300	Home Capital Group Inc. Cl. B Sub. Voting	1,202,020	2,666,115
53,500	Morneau Sobeco Income Fund	659,997	556,935
52,200	Grey Horse Capital Corp.	263,689	266,220
45,032	Parkbridge Lifestyles Communities Inc.	236,059	247,676

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
178,073	Parkbridge Lifestyles Communities Inc. Non-Voting	931,587	970,498
102,150	TIO Networks Corp	90,669	107,257
370	Whiterock REIT	3,055	4,921
		10,380,423	15,706,943
Information Technology (1.4%)			
52,589	Constellation Software Inc.	992,661	1,183,253
Utilities (1.3%)			
38,800	AtlasGas Utility Group Inc.	326,455	258,796
55,600	Caribbean Utilities Company Ltd. Cl. A	883,000	854,663
		1,209,455	1,113,459
Short Term Notes (Schedule 1) (1.9%)			
		1,582,081	1,582,081
Total Investments (99.4%)			
		57,870,314	83,828,551
Other Assets, Less Liabilities (0.6%)			
			531,151
Total Net Assets (100.0%)			
			84,359,702
Net Asset Value Per Unit			
			\$20.85

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$1,405,000	Government of Canada Treasury Bill 4.00%	2/8/2007	1,399,018	1,399,018
185,000	Government of Canada Treasury Bill 4.07%	4/5/2007	183,063	183,063
			1,582,081	1,582,081
Total Short Term Notes				

REIT – Real Estate Investment Trust

Portfolio Advisor: Mawer Investment Management Ltd.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$83,828,551	\$67,957,737
Cash	11,366	23,178
Subscriptions receivable	491,441	203,650
Receivable for securities sold	136,168	121,133
Accrued investment income	184,576	571,065
	<u>84,652,102</u>	<u>68,876,763</u>
Liabilities		
Payable for securities purchased	87,747	536,000
Redemptions payable	168,058	102,650
Accrued expenses	36,595	61,301
	<u>292,400</u>	<u>699,951</u>
Net assets representing unitholders' equity	<u>\$84,359,702</u>	<u>\$68,176,812</u>
Number of units outstanding	4,045,778	3,706,280
Net asset value per unit	<u>\$ 20.85</u>	<u>\$ 18.39</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 976,513	\$ 1,089,092
Interest	1,267,384	726,843
Securities lending income	800	2,267
	<u>2,244,697</u>	<u>1,818,202</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	20,274
Custody fees	20,376	19,400
Filing fees	13,020	14,680
Unitholder reporting costs	28,311	43,333
Unitholder administration, service fees and GST	121,588	116,705
	<u>197,519</u>	<u>215,464</u>
Net investment income (loss)	<u>2,047,178</u>	<u>1,602,738</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	4,546,840	1,665,074
Net realized gain (loss) on foreign exchange	63	694
Net realized gain (loss) from trust units	16,302	408
Increase (decrease) in unrealized appreciation (depreciation) of investments	5,195,273	6,692,994
	<u>9,758,478</u>	<u>8,359,170</u>
Net gain (loss) on investments	<u>9,758,478</u>	<u>8,359,170</u>
Increase (Decrease) in Net Assets from Operations	<u>\$11,805,656</u>	<u>\$ 9,961,908</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 3.12</u>	<u>\$ 3.02</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 68,176,812	\$45,429,568
Increase (decrease) in net assets from operations	11,805,656	9,961,908
Distributions to unitholders		
Investment income	(2,450,377)	(1,148,356)
	<u>77,532,091</u>	<u>54,243,120</u>
Unit Transactions:		
Proceeds from issue	23,542,633	27,883,796
Reinvested distributions	2,445,304	1,147,051
Payments on redemption	(19,160,324)	(15,097,155)
	<u>6,827,613</u>	<u>13,933,692</u>
Increase (decrease) in net assets	<u>16,182,892</u>	<u>22,747,244</u>
Net Assets, End of Year	<u>\$ 84,359,704</u>	<u>\$68,176,812</u>

Pinnacle American Value Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (5.7%)				Utilities (2.6%)			
32,100	ConocoPhillips	1,527,533	2,691,604	7,600	Dominion Resources, Inc.	735,559	742,575
35,000	Weatherford International Ltd.	1,107,628	1,704,573	20,000	FPL Group, Inc.	863,879	1,268,422
		<u>2,635,161</u>	<u>4,396,177</u>			<u>1,599,438</u>	<u>2,010,997</u>
Materials (4.5%)				Total Investments (96.4%)			
21,400	Air Products and Chemicals Inc.	1,457,746	1,752,754			<u>56,074,020</u>	<u>73,766,984</u>
20,200	Weyerhaeuser Co.	1,635,515	1,663,178	Other Assets, Less Liabilities (3.6%)			
		<u>3,093,261</u>	<u>3,415,932</u>				
Industrials (8.6%)				Total Net Assets (100.0%)			
20,000	Deere & Company	1,623,981	2,215,893	Net Asset Value Per Unit			
23,800	Northrop Grumman Corporation	1,823,303	1,877,763	\$11.86			
23,400	The Boeing Company	1,175,884	2,422,700	ADR – American Depositary Receipt			
		<u>4,623,168</u>	<u>6,516,356</u>				
Consumer Discretionary (13.2%)							
27,400	J.C. Penney Company, Inc.	1,138,671	2,470,258				
67,300	Matsushita Electric Industrial Co., Ltd. ADR	1,150,587	1,575,688				
57,000	The Walt Disney Company	1,762,211	2,276,482				
88,000	Time Warner Inc.	1,624,799	2,233,653				
58,700	Warner Music Group Corp.	1,272,687	1,569,987				
		<u>6,948,955</u>	<u>10,126,068</u>				
Consumer Staples (16.1%)							
54,600	Archer-Daniels-Midland Company	1,091,526	2,033,643				
22,600	Diageo PLC ADR	1,576,851	2,088,871				
30,000	Kellogg Co.	1,543,133	1,750,199				
80,000	L'Oreal SA ADR	1,625,108	1,883,287				
52,700	Sysco Corp.	1,810,637	2,257,675				
34,400	UST Inc.	1,674,666	2,333,225				
		<u>9,321,921</u>	<u>12,346,900</u>				
Health Care (10.2%)							
32,000	AstraZeneca PLC ADR	1,901,954	1,997,031				
39,400	Baxter International Inc.	1,685,347	2,130,080				
21,000	C.R. Bard Inc.	1,053,226	2,030,559				
38,000	Community Health Systems Inc.	1,574,984	1,617,296				
		<u>6,215,511</u>	<u>7,774,966</u>				
Financials (17.0%)							
34,000	AFLAC Incorporated	1,680,287	1,822,687				
26,400	American International Group, Inc.	2,291,289	2,204,733				
42,000	J.P. Morgan Chase & Co.	2,095,958	2,364,132				
119,000	Mitsubishi UFJ Financial Group, Inc. ADR	1,106,597	1,726,599				
26,100	Morgan Stanley	1,716,887	2,476,853				
108,200	The Charles Schwab Corporation	1,548,464	2,438,703				
		<u>10,439,482</u>	<u>13,033,707</u>				
Information Technology (13.8%)							
27,000	Apple Computer, Inc.	748,458	2,669,560				
18,000	International Business Machines Corporation	2,186,239	2,037,936				
57,000	Molex Incorporated Cl. A	2,064,954	1,840,051				
113,000	Oracle Corporation	1,722,748	2,257,171				
52,000	Texas Instruments Incorporated	1,480,696	1,745,304				
		<u>8,203,095</u>	<u>10,550,022</u>				
Telecommunication Services (4.7%)							
51,700	AT&T Inc.	1,626,312	2,153,981				
44,537	Vodafone Group PLC ADR	1,367,716	1,441,878				
		<u>2,994,028</u>	<u>3,595,859</u>				

Portfolio Advisor: Metropolitan West Capital Management, LLC

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets as at
December 31,

	2006	2005
Assets		
Investments at market value	\$ 73,766,984	\$ 62,995,771
Cash	2,901,433	609,774
Subscriptions receivable	371,074	124,814
Receivable for securities sold	—	73,622
Accrued investment income	91,367	171,509
	<u>77,130,858</u>	<u>63,975,490</u>
Liabilities		
Payable for securities purchased	458,437	407,661
Redemptions payable	120,863	130,291
Accrued expenses	48,460	56,928
	<u>627,760</u>	<u>594,880</u>
Net assets representing unitholders' equity	<u>\$ 76,503,098</u>	<u>\$ 63,380,610</u>
Number of units outstanding	6,449,297	6,414,476
Net asset value per unit	<u>\$ 11.86</u>	<u>\$ 9.88</u>

Statement of Operations for the years ended
December 31,

	2006	2005
Investment Income		
Dividends	\$ 1,277,552	\$ 2,162,697
Interest	91	1,231
Securities lending income	19,855	21,795
Less: Foreign withholding taxes	(143,820)	(146,936)
	<u>1,153,678</u>	<u>2,038,787</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	16,596
Custody fees	7,226	9,797
Filing fees	13,019	14,684
Unitholder reporting costs	37,420	39,529
Unitholder administration, service fees and GST	164,226	118,620
	<u>236,115</u>	<u>200,298</u>
Net investment income (loss)	<u>917,563</u>	<u>1,838,489</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	3,564,097	5,894,113
Net realized gain (loss) on foreign exchange	(61,302)	(181,496)
Increase (decrease) in unrealized appreciation (depreciation) of investments	9,106,807	(2,688,914)
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	47,954	(3,880)
Net gain (loss) on investments	<u>12,657,556</u>	<u>3,019,823</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 13,575,119</u>	<u>\$ 4,858,312</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 2.14</u>	<u>\$ 0.72</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year		
	\$ 63,380,610	\$ 69,753,034
Increase (decrease) in net assets from operations	13,575,119	4,858,312
Distributions to unitholders		
Investment income	(944,022)	(806,526)
	<u>76,011,707</u>	<u>73,804,820</u>
Unit Transactions:		
Proceeds from issue	18,676,244	49,992,318
Reinvested distributions	942,709	805,381
Payments on redemption	(19,127,562)	(61,221,909)
	<u>491,391</u>	<u>(10,424,210)</u>
Increase (decrease) in net assets	<u>13,122,488</u>	<u>(6,372,424)</u>
Net Assets, End of Year	<u>\$ 76,503,098</u>	<u>\$ 63,380,610</u>

Pinnacle American Mid Cap Value Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (4.1%)				Financials (26.6%)			
3,932	Frontier Oil Corporation	132,961	131,697	14,223	Annaly Mortgage Management Inc.	205,983	230,565
2,811	Grant Prideco Inc.	142,763	130,284	6,910	AON Corporation	274,811	284,590
2,860	Holly Corporation	132,457	171,318	5,304	Archstone-Smith Trust	254,757	359,813
1,961	National-Oilwell Varco Inc.	142,226	139,818	5,203	Associated Banc-Corp	183,215	211,498
3,297	Noble Energy, Inc.	180,182	188,543	3,932	Assurant, Inc.	173,964	253,175
		<u>730,589</u>	<u>761,660</u>	4,833	Axis Capital Holdings Limited	188,468	187,953
Materials (2.7%)				3,500	Camden Property Trust	235,668	301,227
4,072	Airgas, inc.	156,276	192,288	3,469	Corrections Corporation of America	183,794	182,855
3,750	Foundation Coal Holdings, Inc.	136,103	138,800	1,749	Downey Financial Corp.	138,902	147,939
2,369	PPG Industries Inc.	164,319	177,273	1,897	Everest Re Group, Ltd.	201,463	216,898
		<u>456,698</u>	<u>508,361</u>	3,796	First Horizon National Corporation	165,710	184,829
Industrials (14.3%)				4,292	Hanover Insurance Group Inc.	226,924	244,093
2,060	Alliant Techsystems Inc.	181,143	187,713	7,165	Marshall & Ilsley Corporation	361,036	401,723
5,003	AMR Corporation	177,061	176,256	18,400	New York Community Bancorp, Inc.	351,085	345,238
3,640	Curtiss-Wright Corporation	126,013	157,296	13,771	Sovereign Bancorp, Inc.	362,762	407,474
5,047	Foster Wheeler Ltd.	230,757	324,321	5,700	TCF Financial Corporation	166,639	182,145
3,124	Goodrich Corporation	145,876	165,834	7,346	UnumProvident Corporation	177,035	177,898
2,812	Granite Construction Incorporated	144,940	164,904	5,585	W. R. Berkley Corporation	246,411	224,617
2,878	Jacobs Engineering Group Inc.	239,932	273,487	2,550	Washington Real Estate Investment Trust	98,655	118,871
3,530	Joy Global Inc.	159,007	198,864	2,993	Zions Bancorporation	251,208	287,554
1,362	Manpower Inc.	72,352	118,935			<u>4,448,490</u>	<u>4,950,955</u>
6,304	Mueller Water Products, Inc.	109,373	109,466	Information Technology (16.0%)			
4,400	Republic Services, Inc. Cl. A	185,257	208,546	8,283	ADC Telecommunications, Inc.	134,105	140,258
4,894	Spirit Aerosystems Holdings Inc. Cl. A	159,004	190,895	21,927	Andrew Corp.	232,258	261,415
5,415	URS Corporation	262,620	270,411	16,303	Avaya Inc.	209,424	265,613
3,815	Walter Industries, Inc.	182,164	120,264	7,620	Avnet, Inc.	206,024	226,716
		<u>2,375,499</u>	<u>2,667,192</u>	2,820	CACI International Inc. Cl. A	175,524	185,683
Consumer Discretionary (9.6%)				11,156	Cypress Semiconductor Corp.	219,364	219,330
5,883	Borders Group, Inc.	132,403	153,233	5,336	Electronic Data Systems Corporation	150,026	171,322
7,281	Brightpoint, Inc.	179,868	114,130	4,798	Komag, Incorporated	191,541	211,810
2,200	Centex Corp.	132,582	144,270	17,900	Lawson Software, Inc.	133,765	154,160
5,841	Foot Locker Incorporated	152,026	149,280	2,620	Mettler Toledo International Incorporated	182,819	240,757
5,041	Jones Apparel Group, Inc.	185,819	196,394	5,936	Parametric Technology Corporation	102,644	124,659
3,524	Lennar Corporation Cl. A	220,943	215,447	5,700	PerkinElmer Inc.	137,753	147,669
4,008	Liz Claiborne Incorporated	174,977	202,998	11,447	Perot Systems Corp. Cl. A	196,829	218,648
3,484	Payless ShoeSource, Inc.	100,967	133,258	6,424	Plexus Corp.	181,166	178,779
2,480	R.H. Donnelley Corp.	171,234	181,302	4,510	Thermo Electron Corp.	147,865	238,042
4,571	Tribune Company	178,979	163,966			<u>2,601,107</u>	<u>2,984,861</u>
1,339	Whirlpool Corporation	130,157	129,550	Utilities (10.8%)			
		<u>1,759,955</u>	<u>1,783,828</u>	4,938	AGL Resources Inc.	207,211	223,917
Consumer Staples (7.3%)				6,890	American Electric Power Company, Inc.	290,458	341,901
3,133	Campbell Soup Co.	130,081	141,995	5,419	Edison International	288,507	287,220
1,923	Clorox Company	137,520	143,764	2,143	Entergy Corporation	170,585	230,565
3,441	Loews Corp-Carolina Group	192,287	259,537	7,010	PPL Corp.	207,276	292,793
4,722	Safeway Inc.	181,118	190,185	2,782	Sempra Energy	149,913	181,690
5,303	Smithfield Foods, Inc.	169,364	158,582	6,797	UGI Corporation	194,402	216,091
9,480	The Kroger Co.	202,503	254,877	4,400	Wisconsin Energy Corporation	205,797	243,364
11,017	Tyson Foods, Inc. Cl. A	200,913	211,205			<u>1,714,149</u>	<u>2,017,541</u>
		<u>1,213,786</u>	<u>1,360,145</u>	Short Term Notes (Schedule 1) (2.3%)			
Health Care (4.9%)						<u>437,191</u>	<u>438,716</u>
1,576	CIGNA Corporation	215,537	241,651	Total Investments (98.6%)			
6,394	Community Health Systems Inc.	266,606	272,131			<u>16,595,654</u>	<u>18,385,557</u>
7,295	Endo Pharmaceuticals Holdings Inc.	239,688	234,474	Other Assets, Less Liabilities (1.4%)			
3,000	Manor Care Inc.	136,359	164,042				<u>254,587</u>
		<u>858,190</u>	<u>912,298</u>	Total Net Assets (100.0%)			
							<u>18,640,144</u>
				Net Asset Value Per Unit			
							\$10.99

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$376,451	State Street Trust Company Canada U.S. Dollar Call Deposit	1/2/2007	437,191	438,716
	Total Short Term Notes		<u>437,191</u>	<u>438,716</u>

Portfolio Advisor: Integrity Asset Management, LLC

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$18,385,557	\$16,032,815
Cash	243,514	55,518
Subscriptions receivable	96,893	58,280
Receivable for securities sold	130,497	—
Accrued investment income	16,998	26,289
Accounts receivable	—	5,631
	<u>18,873,459</u>	<u>16,178,533</u>
Liabilities		
Payable for securities purchased	177,679	—
Redemptions payable	16,741	37,751
Accrued expenses	38,895	42,584
	<u>233,315</u>	<u>80,335</u>
Net assets representing unitholders' equity	<u>\$18,640,144</u>	<u>\$16,098,198</u>
Number of units outstanding	<u>1,696,386</u>	<u>1,667,691</u>
Net asset value per unit	<u>\$ 10.99</u>	<u>\$ 9.65</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 354,220	\$ 509,263
Interest	4,191	(47,774)
Securities lending income	784	362
Less: Foreign withholding taxes	(44,476)	(40,005)
	<u>314,719</u>	<u>421,846</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	15,297
Custody fees	18,323	26,267
Filing fees	13,020	15,313
Unitholder reporting costs	19,275	14,474
Unitholder administration, service fees and GST	77,541	68,601
	<u>142,383</u>	<u>141,024</u>
Rebated and absorbed expenses	(56,591)	(53,690)
Net expenses	<u>85,792</u>	<u>87,334</u>
Net investment income (loss)	<u>228,927</u>	<u>334,512</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	1,079,599	1,522,262
Net realized gain (loss) on foreign exchange	(13,015)	(519)
Increase (decrease) in unrealized appreciation (depreciation) of investments	1,521,450	(814,149)
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(326)	2,798
Net gain (loss) on investments	<u>2,587,708</u>	<u>710,392</u>
Increase (Decrease) in Net Assets from Operations	<u>\$2,816,635</u>	<u>\$1,044,904</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.68</u>	<u>\$ 0.67</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$16,098,198	\$15,710,339
Increase (decrease) in net assets from operations	2,816,635	1,044,904
Distributions to unitholders		
Investment income	(112,394)	(347,968)
Capital gains	(469,734)	(1,083,911)
	<u>18,332,705</u>	<u>15,323,364</u>
Unit Transactions:		
Proceeds from issue	5,268,225	10,144,251
Reinvested distributions	580,815	1,429,083
Payments on redemption	(5,541,601)	(10,798,500)
	<u>307,439</u>	<u>774,834</u>
Increase (decrease) in net assets	<u>2,541,946</u>	<u>387,859</u>
Net Assets, End of Year	<u>\$18,640,144</u>	<u>\$16,098,198</u>

Pinnacle American Large Cap Growth Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (3.9%)				Financials (13.2%)			
2,500	Apache Corporation	195,408	193,777	30,800	Bank of America Corporation	1,706,988	1,916,399
6,400	Cameron International Corporation	345,839	395,677	23,200	J.P. Morgan Chase & Co.	1,137,983	1,305,902
2,400	Devon Energy Corporation	193,786	187,620	100	Nymex Holdings Inc.	15,549	14,452
16,600	Occidental Petroleum Corporation	907,350	944,648	2,580	PartnerRe Ltd.	198,858	213,568
10,700	Schlumberger Limited	603,824	787,592	4,100	SunTrust Banks, Inc.	370,803	403,514
		<u>2,246,207</u>	<u>2,509,314</u>	2,900	The Bear Stearns Companies Inc.	470,916	550,141
Materials (1.8%)				4,800	The Goldman Sachs Group, Inc.	868,386	1,115,149
9,500	Allgehy Technologies Inc.	755,743	1,003,946	17,000	The St. Paul Companies Inc.	878,549	1,063,696
3,156	Monsanto Company	86,764	193,206	14,600	Wells Fargo & Company	543,313	605,048
		<u>842,507</u>	<u>1,197,152</u>	51,900	Western Union Co.	1,191,209	1,356,058
Industrials (15.4%)						<u>7,382,554</u>	<u>8,543,927</u>
22,500	AGCO Corporation	796,365	811,294	Information Technology (25.2%)			
15,000	Continental Airlines, Inc. Cl. B	443,022	721,091	12,943	Accenture Ltd. Cl. A	465,029	557,044
10,100	Cooper Industries Ltd. Cl. A	1,033,171	1,064,410	4,500	Apple Computer, Inc.	324,545	444,927
32,500	Emerson Electric Co.	1,418,856	1,669,932	8,300	Broadcom Corporation Cl. A	278,291	312,529
38,000	General Electric Company	1,688,634	1,647,853	12,100	Business Objects SA ADR	501,148	556,298
12,800	Textron Inc.	1,040,589	1,398,779	74,300	Cisco Systems, Inc.	1,817,395	2,366,485
14,500	The Boeing Company	1,349,467	1,501,246	6,800	Electronic Arts Inc.	390,965	399,089
16,100	United Technologies Corporation	1,005,409	1,173,060	3,000	Google Inc. Cl. A	1,284,771	1,609,931
		<u>8,775,513</u>	<u>9,987,665</u>	29,200	Hewlett-Packard Company	1,104,137	1,401,683
Consumer Discretionary (14.2%)				72,000	Intel Corporation	1,550,951	1,699,154
7,400	Abercrombie & Fitch Co. Cl. A	607,336	600,487	15,344	International Business Machines Corporation	1,524,908	1,737,227
6,442	Chipotle Mexican Grill, Inc. Cl. A	368,813	390,391	28,700	Juniper Networks, Inc.	636,418	633,486
3,400	DSW Inc.	154,502	152,828	10,000	MEMC Electronics Materials, Inc.	465,589	456,138
12,600	Hilton Hotels Corp.	415,922	512,473	14,636	Microsoft Corporation	491,355	509,316
5,900	J.C. Penney Company, Inc.	396,451	531,917	16,700	Network Appliance, Inc.	698,593	764,475
5,600	Lamar Advertising Company Cl. A	346,187	426,751	15,200	Oracle Corporation	265,770	303,619
19,000	Lowe's Companies, Inc.	624,652	689,742	10,807	Roper Industries, Inc.	571,509	632,747
6,100	Mohawk Industries, Inc.	487,953	532,176	30,700	STMicroelectronics NV NY Shares	595,239	658,312
14,900	Office Depot, Inc.	638,983	662,802	10,200	Thermo Electron Corp.	530,971	538,366
5,800	Polo Ralph Lauren Corporation	364,568	524,929	27,700	Xilinx, Inc.	823,879	768,625
17,100	Starbucks Corporation	692,452	705,862			<u>14,321,463</u>	<u>16,349,451</u>
7,000	Target Corporation	434,132	465,403	Telecommunication Services (2.0%)			
21,500	The Gap, Inc.	438,569	488,594	22,900	American Tower Corporation Cl. A	928,429	994,917
24,500	The TJX Companies Inc.	762,099	814,312	7,900	AT&T Inc.	278,203	329,138
25,200	Wal-Mart Stores, Inc.	1,416,030	1,356,219			<u>1,206,632</u>	<u>1,324,055</u>
8,100	Wendy's International, Inc.	319,748	312,361	Index Fund (0.2%)			
		<u>8,468,397</u>	<u>9,167,247</u>	2,000	iShares Russell 1000 Growth Index Fund	128,596	128,596
Consumer Staples (6.0%)				Total Investments (98.9%)			
4,800	Anheuser-Busch Companies, Inc.	261,006	275,221			<u>56,850,384</u>	<u>64,148,137</u>
4,500	Bare Essentials, Inc.	141,243	162,940	Other Assets, Less Liabilities (1.1%)			
15,600	Campbell Soup Co.	680,026	707,030				721,494
9,400	ConAgra Foods, Inc.	298,356	295,779	Total Net Assets (100.0%)			
25,800	Newell Rubbermaid Inc.	785,911	870,449				<u>64,869,631</u>
21,600	PepsiCo, Inc.	1,535,992	1,574,550	Net Asset Value Per Unit			
		<u>3,702,534</u>	<u>3,885,969</u>				\$7.54
Health Care (17.0%)				ADR – American Depository Receipt			
2,700	Allergan, Inc.	318,329	376,772				
11,200	Amgen Inc.	968,912	891,616				
12,400	Baxter International Inc.	544,364	670,380				
15,722	Becton, Dickinson and Company	1,093,500	1,285,318				
5,300	Cytoc Corporation	169,087	174,799				
3,400	DJ Orthopedics Incorporated	157,885	169,668				
5,500	Genentech, Inc.	544,663	520,019				
11,400	Gilead Sciences, Inc.	818,815	862,632				
1,300	Idexx Labs Incorporated	125,208	120,141				
5,500	Laboratory Corporation of America Holdings	378,755	470,921				
9,600	Medtronic, Inc.	582,965	598,662				
11,698	Novartis AG	706,535	785,231				
5,500	Novo Nordisk A/S Cl. B	376,445	533,768				
4,617	Roche Holding AG	686,963	963,942				
68,900	Schering-Plough Corporation	1,545,646	1,898,200				
16,500	Teva Pharmaceutical Industries Ltd. ADR	623,915	597,641				
3,600	VCA Antech Inc.	133,994	135,051				
		<u>9,775,981</u>	<u>11,054,761</u>				

Portfolio Advisor: American Century Investment Management, Inc.

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 64,148,137	\$ 52,989,111
Cash	380,237	373,550
Subscriptions receivable	340,020	305,462
Receivable for securities sold	480,188	—
Accrued investment income	64,628	53,816
	<u>65,413,210</u>	<u>53,721,939</u>
Liabilities		
Payable for securities purchased	360,061	93,070
Redemptions payable	124,062	76,332
Accrued expenses	59,456	62,898
	<u>543,579</u>	<u>232,300</u>
Net assets representing unitholders' equity	<u>\$ 64,869,631</u>	<u>\$ 53,489,639</u>
Number of units outstanding	8,601,972	7,648,309
Net asset value per unit	<u>\$ 7.54</u>	<u>\$ 6.99</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 637,366	\$ 612,235
Interest	4,628	2,380
Securities lending income	11,982	8,104
Less: Foreign withholding taxes	(89,847)	(71,341)
	<u>564,129</u>	<u>551,378</u>
Expenses		
Legal fees	—	1,072
Audit fees	14,224	16,246
Custody fees	90,809	57,728
Filing fees	13,020	14,496
Unitholder reporting costs	37,315	35,610
Unitholder administration, service fees and GST	137,223	104,578
	<u>292,591</u>	<u>229,730</u>
Rebated and absorbed expenses	(5,044)	—
Net expenses	<u>287,547</u>	<u>229,730</u>
Net investment income (loss)	<u>276,582</u>	<u>321,648</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	241,560	(1,283,931)
Net realized gain (loss) on foreign exchange	(74,529)	(81,687)
Increase (decrease) in unrealized appreciation (depreciation) of investments	4,620,610	1,898,196
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	4,088	7,385
Net gain (loss) on investments	<u>4,791,729</u>	<u>539,963</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 5,068,311</u>	<u>\$ 861,611</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.61</u>	<u>\$ 0.12</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 53,489,639	\$ 49,076,631
Increase (decrease) in net assets from operations	5,068,311	861,611
Distributions to unitholders Investment income	(234,019)	(318,637)
	<u>58,323,931</u>	<u>49,619,605</u>
Unit Transactions:		
Proceeds from issue	21,066,454	35,976,460
Reinvested distributions	233,537	318,202
Payments on redemption	(14,754,291)	(32,424,628)
	<u>6,545,700</u>	<u>3,870,034</u>
Increase (decrease) in net assets	<u>11,379,992</u>	<u>4,413,008</u>
Net Assets, End of Year	<u>\$ 64,869,631</u>	<u>\$ 53,489,639</u>

Pinnacle American Mid Cap Growth Equity Fund

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Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Energy (10.5%)			
11,500	Energy Conversion Devices, Inc.	413,442	455,404
11,000	FMC Technologies, Inc.	650,186	790,060
23,000	Smith International, Inc.	902,467	1,100,849
11,000	Veritas DGC Inc.	593,444	1,097,726
		2,559,539	3,444,039
Industrials (20.4%)			
9,000	Alliance Data Systems Corporation	542,680	655,223
17,400	Bright Horizons Family Solutions Inc.	769,070	783,946
7,500	CheckFree Holdings Corp.	326,980	351,019
12,600	Foster Wheeler Ltd.	599,911	809,678
5,120	Jackson Hewitt Tax Service Inc.	191,526	202,694
12,700	Joy Global Inc.	723,081	715,461
24,900	Resources Connection Incorporated	702,228	923,948
12,900	Robert Half International Inc.	505,544	558,050
5,200	Strayer Education, Inc.	647,302	642,672
10,400	The Corporate Executive Board Company	879,719	1,062,939
		5,888,041	6,705,630
Consumer Discretionary (13.1%)			
3,900	Chipotle Mexican Grill, Inc. Cl. A	244,097	259,069
4,100	Chipotle Mexican Grill, Inc. Cl. B	243,076	248,463
13,600	Monster Worldwide Inc.	496,333	739,218
20,700	Netflix Inc.	684,610	623,841
7,200	P.F. Chang's China Bistro, Inc.	310,351	322,042
12,500	The Cheesecake Factory Incorporated	374,032	358,361
22,700	Urban Outfitters, Inc.	435,231	609,249
7,900	Wynn Resorts, Ltd.	496,970	864,046
7,600	Zumiez Inc.	256,829	261,637
		3,541,529	4,285,926
Consumer Staples (0.4%)			
2,300	Whole Foods Market, Inc.	158,710	125,792
Health Care (18.2%)			
13,300	Abaxis, Inc.	280,030	298,372
15,400	CV Therapeutics Inc.	400,327	250,543
8,000	Express Scripts, Inc. Cl. A	491,852	667,542
10,600	Genentech, Inc.	670,782	1,002,219
15,040	IntraLase Corp.	326,299	392,268
5,700	Intuitive Surgical, Inc.	671,122	637,043
12,200	Kinetic Concepts, Inc.	468,559	562,317
14,900	MedImmune, Inc.	540,062	562,088
6,300	Palomar Medical Technologies, Inc.	299,802	372,020
18,200	Salix Pharmaceuticals, Ltd.	340,124	258,129
10,300	The Advisory Board Company	562,567	642,674
7,800	Vertex Pharmaceuticals Inc.	338,489	340,152
		5,390,015	5,985,367

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Financials (13.7%)			
5,500	Affiliated Managers Group, Inc.	549,473	673,852
23,400	E*TRADE Group, Inc.	496,869	611,402
7,600	eHealth, Inc.	196,842	178,115
10,800	GFI Group Inc.	632,969	783,625
7,230	Hub International Limited	233,956	264,487
21,882	National Interstate Corporation	486,783	619,682
14,400	SEI Investments Company	744,149	999,522
7,100	T. Rowe Price Group Inc.	289,362	362,168
		3,630,403	4,492,853
Information Technology (22.7%)			
13,700	Akamai Technologies, Inc.	546,062	848,113
12,000	Ansys Inc.	671,683	608,199
18,000	Broadcom Corporation Cl. A	550,807	677,774
6,700	Cerner Corporation	354,576	355,272
14,400	Cognizant Technology Solutions Corp. Cl. A	757,710	1,294,881
4,600	Equinix, Inc.	303,333	405,387
10,570	Hittite Microwave Corporation	294,890	398,127
9,000	Linear Technology Corporation	331,237	318,015
32,300	Marvell Technology Group Ltd.	721,821	722,358
54,400	Opware, Inc.	447,248	559,169
4,000	Research In Motion Limited	170,868	595,660
15,800	Salesforce.com, Inc.	346,021	671,166
		5,496,256	7,454,121
Short Term Notes (Schedule 1) (0.7%)			
		214,192	215,109
Total Investments (99.7%)			
		26,878,685	32,708,838
Other Assets, Less Liabilities (0.3%)			
			113,144
Total Net Assets (100.0%)			
			32,821,982
Net Asset Value Per Unit			
			\$15.62

Schedule 1 Short Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$85,129	State Street Time Deposit	1/2/2007	99,072	99,209
99,451	State Street Time Deposit	1/2/2007	115,120	115,900
Total Short Term Notes			214,192	215,109

Portfolio Advisor: TCW Investment Management Company

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Statement of Net Assets
as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 32,708,838	\$ 32,457,179
Cash	111,800	1,648
Subscriptions receivable	80,151	40,298
Accrued investment income	5,991	5,325
	<u>32,906,780</u>	<u>32,504,450</u>
Liabilities		
Payable for securities purchased	–	584,101
Redemptions payable	41,623	107,961
Accrued expenses	43,175	36,425
	<u>84,798</u>	<u>728,487</u>
Net assets representing unitholders' equity	<u>\$ 32,821,982</u>	<u>\$ 31,775,963</u>
Number of units outstanding	<u>2,100,787</u>	<u>2,067,954</u>
Net asset value per unit	<u>\$ 15.62</u>	<u>\$ 15.37</u>

Statement of Operations for the years
ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 127,206	\$ 63,768
Interest	32,735	5,148
Securities lending income	7,270	3,133
Less: Foreign withholding taxes	(18,566)	(9,533)
	<u>148,645</u>	<u>62,516</u>
Expenses		
Legal fees	–	1,072
Audit fees	14,224	15,297
Custody fees	18,609	18,425
Filing fees	13,019	14,163
Unitholder reporting costs	24,691	23,946
Unitholder administration, service fees and GST	154,107	95,071
	<u>224,650</u>	<u>167,974</u>
Rebated and absorbed expenses	(67,738)	–
Net expenses	<u>156,912</u>	<u>167,974</u>
Net investment income (loss)	<u>(8,267)</u>	<u>(105,458)</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	1,402,460	(558,017)
Net realized gain (loss) on foreign exchange	(35,582)	12,072
Increase (decrease) in unrealized appreciation (depreciation) of investments	(715,477)	1,390,503
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	(62)	7,054
Net gain (loss) on investments	<u>651,339</u>	<u>851,612</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 643,072</u>	<u>\$ 746,154</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.31</u>	<u>\$ 0.34</u>

Statement of Changes in Net Assets for the years
ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 31,775,963	\$ 31,405,905
Increase (decrease) in net assets from operations	643,072	746,154
	<u>32,419,035</u>	<u>32,152,059</u>
Unit Transactions:		
Proceeds from issue	10,552,140	32,748,486
Payments on redemption	(10,149,193)	(33,124,582)
	<u>402,947</u>	<u>(376,096)</u>
Increase (decrease) in net assets	<u>1,046,019</u>	<u>370,058</u>
Net Assets, End of Year	<u>\$ 32,821,982</u>	<u>\$ 31,775,963</u>

Pinnacle International Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Australia (3.1%)				Japan (21.8%)			
30,917	AMP Limited	234,740	286,171	9,400	Advantest Corporation	511,473	629,040
25,626	Australia and New Zealand Banking Group Limited	506,459	661,599	6,800	AEON Mall Co., Ltd.	379,185	444,233
21,922	BHP Billiton Limited	353,552	507,226	24,000	Aoyama Trading Co., Ltd.	845,944	839,450
11,502	Brambles Limited	91,308	135,562	8,700	Astellas Pharma Inc.	391,995	461,709
30,594	Coca-Cola Amatil Limited	255,929	218,183	8,400	Benesse Corp.	351,940	372,859
79,081	Macquarie Airports	237,909	261,695	17,900	Canon Inc.	774,480	1,181,301
7,695	National Australia Bank Limited	227,874	284,954	9,000	Credit Saison Co., Ltd.	488,506	359,238
29,875	Origin Energy Limited	180,910	226,518	28,000	Daiwa House Industry Co., Ltd.	518,804	566,347
23,794	Publishing and Broadcasting Limited	342,844	465,865	17,100	Denso Corp.	670,900	791,301
6,494	QBE Insurance Group Limited	139,776	172,395	14,900	Diamond City Co., Ltd.	782,778	777,745
12,500	Westpac Banking Corporation	221,081	277,373	222	East Japan Railway Company	1,688,882	1,725,179
6,034	Woodside Petroleum Limited	244,543	210,911	7,800	Eisai Co., Ltd.	406,019	499,797
		<u>3,036,925</u>	<u>3,708,452</u>	4,700	Fast Retailing Co., Ltd.	489,040	523,980
				15,400	Hitachi Chemical Company, Ltd.	421,025	492,893
Belgium (1.0%)				8,500	HOGY MEDICAL CO., LTD.	436,909	382,246
14,132	UCB SA	981,886	1,128,800	8,700	Japan Petroleum Exploration Co., Ltd.	628,003	603,742
China (0.1%)				23,100	JSR Corporation	613,778	697,565
102,000	Beijing Datang Power Generation Co. Ltd.	88,331	123,851	54,200	Komatsu Ltd.	1,166,670	1,272,143
Finland (1.5%)				51,000	KYOWA EXEO CORPORATION	647,252	603,451
23,041	Elisa Corporation Cl. A	671,371	733,619	49,000	Mitsubishi Estate Company, Limited	1,233,624	1,480,632
27,377	TietoEnator Oyj	889,006	1,025,335	52	Mitsubishi UFJ Financial Group, Inc.	550,351	753,908
		<u>1,560,377</u>	<u>1,758,954</u>	56,000	Mitsui & Co.	741,896	971,272
France (15.6%)				69,000	Obayashi Corporation	576,901	522,158
4,631	Alstom	474,491	730,941	7,900	OTSUKA Corporation	898,113	932,420
56,499	Axa SA	2,257,147	2,654,059	648	Rakuten, Inc.	235,168	353,196
44,810	France Telecom SA	1,465,517	1,437,666	31,300	Sega Sammy Holding Inc.	1,044,400	984,892
7,121	Lafarge SA	825,810	1,233,697	24,000	Sekisui House, Ltd.	407,803	405,822
24,471	Peugeot SA	1,644,876	1,882,918	2,900	SMC Corporation	441,548	475,849
27,435	Sanofi-Aventis	2,731,723	2,943,157	130	Sumitomo Mitsui Financial Group Inc.	1,570,815	1,545,330
66,331	Total SA	3,932,294	5,572,306	17,900	Sundrug Co., Ltd.	498,142	459,462
19,042	Veolia Environnement	1,209,106	1,709,904	13,700	Takeda Pharmaceutical Company Limited	990,002	1,096,892
		<u>14,540,964</u>	<u>18,164,648</u>	21,900	Toyota Motor Corporation	1,160,330	1,673,839
				6,720	USS Co. Ltd.	530,507	510,314
						<u>23,093,183</u>	<u>25,391,205</u>
Germany (8.0%)				Malaysia (0.1%)			
16,980	Beiersdorf AG	1,052,825	1,282,485	41,100	Tenaga Nasional Berhad	134,526	147,770
60,797	Deutsche Telekom AG	1,447,928	1,293,481	Netherlands (4.3%)			
59,901	Infineon Technologies AG	820,518	979,653	40,878	Koninklijke (Royal) Philips Electronics NV	1,404,443	1,795,265
10,502	Muenchener Rueckversicherungs-Gesellschaft AG	1,553,080	2,102,680	8,345	Mittal Steel Company NV	367,702	408,290
13,133	RWE AG	1,307,229	1,685,515	26,182	TPG NV	918,400	1,312,261
31,416	SAP AG	1,544,903	1,943,828	43,655	Wolters Kluwer NV	1,322,448	1,462,474
		<u>7,726,483</u>	<u>9,287,642</u>			<u>4,012,993</u>	<u>4,978,290</u>
Greece (1.0%)				Portugal (1.1%)			
25,905	OPAP SA	994,039	1,166,110	208,597	Electricidade de Portugal SA	886,175	1,231,658
Hong Kong (2.0%)				Singapore (0.6%)			
100,000	Aeon Credit Service (Asia) Company Limited	85,369	90,654	304,000	Banyan Tree Holdings Limited	213,303	358,964
43,000	BOC Hong Kong Holdings Ltd.	96,859	135,611	105,260	Singapore Telecommunications Limited	201,365	261,982
35,000	Cheung Kong (Holdings) Limited	469,539	500,875	230,000	Straits Asia Resources Limited	101,566	115,328
305,000	CNOOC Limited	227,392	335,980			<u>516,234</u>	<u>736,274</u>
42,400	Dah Sing Financial Group	338,194	446,331	South Korea (1.1%)			
35,000	Hong Kong & China Gas Company Limited	91,731	91,571	1,386	Kookmin Bank	120,330	130,189
23,000	Hongkong Land Holdings Limited	96,938	106,681	4,000	Lotte Shopping Co. Ltd. GDR	94,830	94,631
33,000	Kerry Properties Limited	123,498	179,855	1,898	Samsung Electronics Co., Ltd. GDR	565,464	724,303
46,000	Li & Fung Ltd.	132,826	166,601	4,880	Shinhan Financial Group Co. Ltd.	247,832	291,422
50,000	Melco International Development Limited	121,055	137,871			<u>1,028,456</u>	<u>1,240,545</u>
14,000	Television Broadcasts Ltd.	87,936	99,697	Spain (2.6%)			
		<u>1,871,337</u>	<u>2,291,727</u>	72,954	Banco Bilbao Vizcaya Argentaria SA	1,453,464	2,039,441
India (0.9%)				15,841	Industria de Diseno Textil SA	559,848	991,673
16,665	Mahindra & Mahindra Ltd.	238,343	402,023			<u>2,013,312</u>	<u>3,031,114</u>
33,149	UTI Bank Limited GDR	336,808	401,772	Sweden (1.4%)			
10,900	Wipro Limited ADR	158,294	205,151	357,000	Telefonaktiebolaget LM Ericsson Cl. B	1,252,676	1,678,707
		<u>733,445</u>	<u>1,008,946</u>	Switzerland (7.2%)			
Ireland (0.5%)				26,985	Credit Suisse Group	1,690,089	2,192,098
36,907	Elan Corporation PLC	631,225	604,998	6,997	Nestlé SA	2,334,264	2,889,045
Italy (6.7%)				46,780	UBS AG	1,861,706	3,297,647
175,945	Banca Intesa SpA	1,066,954	1,578,632			<u>5,886,059</u>	<u>8,378,790</u>
28,409	Banche Popolari Unite Srl	793,660	909,311	Taiwan (0.1%)			
49,731	Enel SpA	560,125	596,529	8,000	Taiwan Semiconductor Manufacturing Company Limited ADR	87,556	101,903
55,455	Eni SpA	1,481,283	2,173,653				
248,250	UniCredito Italiano SpA	2,202,224	2,527,981				
		<u>6,104,246</u>	<u>7,786,106</u>				

continued on next page

Portfolio Advisor: Wellington Management Company, LLP

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

-Percentages shown relate investments at market value to total net assets of the Fund.

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Thailand (0.2%)			
26,100	Advanced Info Service Public Company Limited	67,796	65,329
35,500	Bangkok Bank Public Company Limited	120,799	125,031
		<u>188,595</u>	<u>190,360</u>
United Kingdom (17.3%)			
39,384	AstraZeneca PLC	1,962,275	2,462,757
96,833	Barclays PLC	1,235,862	1,607,405
120,099	Compass Group PLC	803,664	793,011
19,446	CSR PLC	304,324	288,127
252,341	Debenhams PLC	984,024	1,090,127
129,785	EMI Group PLC	801,772	784,132
75,666	HBOS PLC	1,777,885	1,951,455
81,600	HSBC Holdings PLC	1,749,957	1,733,502
172,397	Invensys PLC	630,808	1,078,058
350,600	Old Mutual PLC	1,137,613	1,389,466
29,174	Reckitt Benckiser PLC	1,358,312	1,553,956
58,011	Smiths Group PLC	1,170,380	1,310,542

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
217,197	Tesco PLC	1,700,729	2,000,880
32,400	TI Automotive Ltd.	-	-
669,769	Vodafone Group PLC	2,272,463	2,153,857
		<u>17,890,068</u>	<u>20,197,275</u>
Total Investments (98.2%)		<u>95,259,091</u>	<u>114,334,125</u>
Foreign Currency Spot Contracts (Schedule 1) (0.0%)			<u>(1,359)</u>
Total Portfolio (98.2%)			<u>114,332,766</u>
Other Assets, Less Liabilities (1.8%)			<u>2,098,904</u>
Total Net Assets (100.0%)			<u>116,431,670</u>
Net Asset Value Per Unit			\$13.56

ADR – American Depository Receipt
GDR – Global Depository Receipt

Schedule 1

Foreign Currency Spot Contracts Value (Capital)

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
Spot Currency Contracts					
1	161,664 Canadian	106,024 Euro	01/02/2007	AA+	1,387
1	173,685 Canadian	113,751 Euro	01/03/2007	AA	1,249
1	303,656 Danish Krone	62,087 Canadian	01/02/2007	AA-	(548)
1	1,005,558 Danish Krone	206,154 Canadian	01/03/2007	AA	(1,259)
1	199,280 Pound Sterling	452,690 Canadian	01/02/2007	AA	(2,188)
					<u>(1,359)</u>
Total Foreign Currency Spot Contracts Value					<u>(1,359)</u>

Pinnacle International Equity Fund

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 114,334,125	\$ 91,945,184
Cash	1,109,627	42,271
Subscriptions receivable	473,917	-
Receivable for securities sold	724,927	219,155
Accrued investment income	406,087	264,325
	<u>117,048,683</u>	<u>92,470,935</u>
Liabilities		
Payable on open spot contracts	1,359	-
Payable for securities purchased	337,985	-
Redemptions payable	195,744	116,861
Accrued expenses	81,925	89,909
	<u>617,013</u>	<u>206,770</u>
Net assets representing unitholders' equity	<u>\$ 116,431,670</u>	<u>\$ 92,264,165</u>
Number of units outstanding	<u>8,587,548</u>	<u>8,394,300</u>
Net asset value per unit	<u>\$ 13.56</u>	<u>\$ 10.99</u>

Statement of Operations for the years ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 2,466,892	\$ 2,807,608
Interest	22,859	41,385
Securities lending income	59,254	82,008
Less: Foreign withholding taxes	(174,841)	(371,644)
	<u>2,374,164</u>	<u>2,559,357</u>
Expenses		
Legal fees	-	1,072
Audit fees	16,224	18,356
Custody fees	132,474	104,829
Filing fees	13,020	14,616
Unitholder reporting costs	38,414	40,127
Unitholder administration, service fees and GST	188,588	130,802
	<u>388,720</u>	<u>309,802</u>
Net investment income (loss)	<u>1,985,444</u>	<u>2,249,555</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	9,773,361	6,506,591
Net realized gain (loss) on foreign exchange	(22,498)	(173,918)
Increase (decrease) in unrealized appreciation (depreciation) of investments	11,961,683	(1,937,358)
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	23,438	(38,439)
Net gain (loss) on investments	<u>21,735,984</u>	<u>4,356,876</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 23,721,428</u>	<u>\$ 6,606,431</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 2.81</u>	<u>\$ 0.64</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 92,264,165	\$ 163,574,231
Increase (decrease) in net assets from operations	23,721,428	6,606,431
Distributions to unitholders		
Investment income	(1,842,759)	(2,324,525)
	<u>114,142,834</u>	<u>167,856,137</u>
Unit Transactions:		
Proceeds from issue	27,753,624	91,685,894
Reinvested distributions	1,839,118	2,320,393
Payments on redemption	(27,303,906)	(169,598,259)
	<u>2,288,836</u>	<u>(75,591,972)</u>
Increase (decrease) in net assets	<u>24,167,505</u>	<u>(71,310,066)</u>
Net Assets, End of Year	<u>\$ 116,431,670</u>	<u>\$ 92,264,165</u>

Pinnacle International Small To Mid Cap Value Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Australia (3.5%)							
14,800	Babcock & Brown Limited	288,891	335,972	3,040	Deutsche Boerse AG	324,883	651,351
67,700	Healthscope Limited	294,553	334,101	4,150	Deutsche Postbank AG	274,895	407,226
84,100	Oil Search Limited	295,013	259,114	2,330	Fresenius AG Preferred Non-Voting	348,584	583,346
256,770	Oxiana Limited	312,928	747,670	4,700	Hannover Rueckversicherungs AG	224,896	253,562
107,270	Pacific Brands Limited	255,828	256,412	1,610	Henkel KGaA Preferred	178,372	275,950
48,830	Record Investments Limited	354,325	577,581	4,670	Hugo Boss AG	216,389	279,487
17,400	United Group Ltd.	210,346	222,153	4,270	Hypo Real Estate Holding AG	236,998	312,500
		2,011,884	2,733,003	6,400	Lanxess	292,884	417,059
Austria (1.3%)				5,890	Leoni AG	200,853	280,100
1,130	Andritz AG	214,748	285,498	3,810	Man AG	226,822	401,022
8,100	Boehler-Uddeholm AG	242,055	661,356	2,600	MPC Muenchmeyer Petersen Capital AG	210,823	266,579
		456,803	946,854	6,500	MTU Aero Engines Holding AG	277,521	353,420
Belgium (1.8%)				7,100	ProSiebenSat.1 Media AG Preferred	189,795	271,073
1,240	Colruyt SA	240,101	308,550	4,030	Software AG	184,444	370,141
4,200	Mobistar SA	363,744	417,462	6,090	Stada Arzneimittel AG	248,067	406,860
2,800	Omega Pharma SA	220,567	245,252	1,550	Wincor Nixdorf AG	166,576	280,894
2,310	Umicore	250,549	457,014			4,121,753	6,339,052
		1,074,961	1,428,278	Hong Kong (2.2%)			
Canada (5.3%)				610,000	China Overseas Land & Investment Limited	196,195	953,316
7,800	Astral Media Inc. Cl. A	244,773	311,454	173,300	Hengan International Group Company Limited	149,649	492,903
13,000	Axcan Pharma Inc.	214,647	215,540	20,100	Wing Hang Bank Limited	170,975	274,578
11,500	Gateway Casinos Income Fund	199,825	196,650			516,819	1,720,797
3,500	Gildan Activewear Inc. Cl. A Sub. Voting	102,044	190,715	Ireland (2.1%)			
19,600	Inmet Mining Corp.	343,520	1,223,236	29,040	C&C Group PLC	228,159	600,468
1,600	IPSCO Inc.	106,833	175,328	3,900	FBD Holdings PLC	219,069	247,240
10,700	Kingsway Financial Services Inc.	238,071	260,117	15,750	Grafton Group PLC	142,057	306,664
8,700	MEGA Brands Inc.	225,073	227,505	15,630	IAWS Group PLC	316,383	466,281
9,600	Methanex Corporation	271,763	306,240			905,668	1,620,653
8,000	Metro Inc. Cl. A Sub. Voting	277,889	303,520	Italy (4.9%)			
5,800	Northbridge Financial Corp.	197,438	178,118	56,400	ASM Brescia SpA	331,507	358,783
11,000	Trican Well Service Ltd.	102,132	223,520	14,750	Azimut Holding SpA	207,074	229,086
18,900	WestJet Airlines Ltd.	255,593	282,177	30,500	Banca Popolare di Milano	450,302	613,271
		2,779,601	4,094,120	11,340	Banco Popolare di Verona e Novara Srl	257,961	378,732
Denmark (0.4%)				56,900	Cassa di Risparmio di Firenze SpA	219,313	223,160
5,200	Det Ostasiatiske Kompagni A/S	282,176	338,256	22,000	Credito Emiliano SpA	339,635	362,073
Finland (3.4%)				6,360	Fondiarria Sai SpA	224,176	354,373
4,200	Cargotec Corporation Cl. B	202,431	271,022	24,300	Mediolanum SpA	227,739	230,095
11,000	KCI Konecranes OYJ	227,312	376,451	38,520	Milano Assicurazioni SpA	231,895	364,936
4,900	Kesko OYJ Series B	242,522	301,478	32,930	Recordati SpA	282,485	294,075
9,300	Nokian Renkaat Oyj	218,915	221,935	85,580	Terna SpA	255,439	337,701
9,400	Orion Oyj Cl. B	223,327	237,489			3,027,526	3,746,285
6,800	Outokumpu OYJ	199,379	309,011	Japan (16.8%)			
14,500	Rautaruukki OYJ	179,726	669,159	520	Ardepro Co., Ltd.	187,538	199,792
4,300	Wartsila Corporation Cl. B	202,177	269,763	10,800	Asahi Pretec Corp.	192,334	252,206
		1,695,789	2,656,308	12,400	Capcom Co. Ltd.	252,294	259,182
France (9.1%)				5,800	Chiyoda Integre Co., Ltd.	216,694	158,016
7,500	Air France	257,077	367,710	13,000	COMSYS Holdings Corporation	218,108	166,966
7,130	Alten	186,680	308,550	41	Creed Corp.	241,845	165,363
1,800	Bacou-Dalloz	254,727	280,605	26,100	Dainippon Screen MFG. Co., Ltd.	222,466	272,634
1,600	Ciments Francais SA	162,127	357,943	13,000	Dainippon Sumitomo Pharma Co., Ltd.	171,094	176,305
2,480	CNP Assurances	205,292	322,640	11,400	Exedy Corporation	390,362	410,065
2,100	Compagnie Generale de Geophysique SA	407,745	526,728	8,400	Fuji Machine Manufacturing Co. Ltd.	201,492	188,626
3,300	Compagnie Generale des Etablissements Michelin Cl. B	313,400	367,806	8,800	GIGAS KS Denki Corporation	266,393	299,036
3,730	Euler & Hermes SA	288,199	628,527	3,240	Goldcrest Co., Ltd.	183,000	194,997
10,600	Eutelsat Communications	197,718	235,500	7,700	Hisamitsu Pharmaceutical Co., Inc.	253,656	284,426
3,200	Icade	220,581	235,476	11,400	Hitachi Construction Machinery Co., Ltd.	209,380	357,913
2,460	Ilias SA	132,374	247,793	10,300	Hitachi High-Technologies Corporation	215,858	354,942
16,100	Natixis	263,098	526,642	8,200	Izumi Co., Ltd.	276,057	340,939
3,490	Nexans SA	194,445	520,499	15,000	Japan Aviation Electronics Industry, Limited	253,042	248,188
3,600	Nexity	257,212	303,233	9,900	Joint Corporation	387,893	445,162
1,810	Pierre & Vacances	195,045	258,421	28,000	Kansai Paint Co., Ltd.	232,582	258,498
9,200	Pinguely-Haulotte	314,690	285,635	9,500	Keihin Corporation	270,098	278,847
7,230	Silicon-On-Insulator Technologies SA	195,929	297,370	80	Kenedix, Inc.	302,104	421,658
3,400	Sodexo Alliance SA	222,510	248,491	120,000	Kenwood Corporation	247,802	249,616
2,100	Vallourec SA	103,885	706,574	27,000	Kyowa Expo Corporation	268,607	319,474
		4,372,734	7,026,143	6,800	Makita Corporation	138,950	243,470
Germany (8.2%)				27,000	Meiji Dairies Corporation	225,142	247,971
5,200	Aareal Bank AG	229,416	281,986	25,400	Mitsubishi Gas & Chemical Company, Limited	158,638	310,182
1,820	Continental AG	89,535	246,496	12,000	Mori Seiki Co., Ltd.	259,320	313,755
				37,000	Nichirei Corp.	232,957	241,857
				34,000	Nippon Sanso K.K.	333,146	357,364
				8,300	Nippon System Development Co., Ltd.	331,714	307,669
				16,900	Nissin Kogyo Co. Ltd.	353,159	506,954

continued on next page

Portfolio Advisor: The Boston Company Asset Management, LLC

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at December 31, 2006

**Schedule 1
Short Term Notes**

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Market Value (\$)
\$100,000	United States Treasury Notes	3/15/2007	114,537	115,403
Total Short Term Notes			114,537	115,403

**Schedule 2
Futures Contracts Value**

Futures	Contracts	Expiration Date	Country	Exercise Price \$	Market Value \$
MSCI Pan-Euro Index Futures	15	3/16/2007	United Kingdom	553,446	561,981
Topix Index Futures	1	3/8/2007	Japan	157,042	164,736
				710,488	726,717
Exercise Price					(710,488)
Total Futures Contracts Value					16,229

**Schedule 3
Foreign Currency Spot Contracts Value**

Contracts	Pay	Receive	Due Date	Credit Rating	Market Value (\$)
Spot Currency Contracts					
1	48,781 Pound Sterling	111,155 Canadian Dollar	01/02/2007	AA-	(193)
1	131,244 Swedish Krona	22,314 Canadian Dollar	01/02/2007	AA-	(57)
					(250)
Total Foreign Currency Spot Contracts Value					(250)

Pinnacle International Small To Mid Cap Value Equity Fund

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$76,018,369	\$57,847,981
Cash	1,155,535	1,171,742
Margin deposits	–	1,966
Receivable on open futures contracts	16,229	9,210
Subscriptions receivable	255,315	203,501
Receivable for securities sold	192,310	80,579
Accrued investment income	80,133	50,643
	<u>77,717,891</u>	<u>59,365,622</u>
Liabilities		
Margin Payable	18,009	–
Payable on open spot contracts	250	–
Payable for securities purchased	–	10,179
Redemptions payable	412,144	81,290
Accrued expenses	81,936	98,987
	<u>512,339</u>	<u>190,456</u>
Net assets representing unitholders' equity	<u>\$77,205,552</u>	<u>\$59,175,166</u>
Number of units outstanding	<u>3,179,387</u>	<u>3,035,674</u>
Net asset value per unit	<u>\$ 24.28</u>	<u>\$ 19.49</u>

Statement of Operations for the years ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 1,297,277	\$ 1,039,765
Interest	20,635	5,044
Securities lending income	15,157	18,149
Less: Foreign withholding taxes	(88,120)	(97,148)
	<u>1,244,949</u>	<u>965,810</u>
Expenses		
Legal fees	–	1,072
Audit fees	16,224	17,297
Custody fees	195,874	239,611
Filing fees	13,020	14,393
Unitholder reporting costs	35,951	29,792
Unitholder administration, service fees and GST	126,817	110,926
	<u>387,886</u>	<u>413,091</u>
Rebated and absorbed expenses	(62,829)	(157,710)
Net expenses	<u>325,057</u>	<u>255,381</u>
Net investment income (loss)	<u>919,892</u>	<u>710,429</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	9,317,032	3,318,034
Net realized gain (loss) on foreign exchange	147,358	(54,242)
Gain (loss) on derivative investments	264,666	2,628
Increase (decrease) in unrealized appreciation (depreciation) of investments	8,155,921	7,764,708
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	11,648	1,124
Net gain (loss) on investments	<u>17,896,625</u>	<u>11,032,252</u>
Increase (Decrease) in Net Assets from Operations	<u>\$18,816,517</u>	<u>\$11,742,681</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 6.28</u>	<u>\$ 4.38</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005
Net Assets, Beginning of Year	\$ 59,175,166	\$ 34,512,290
Increase (decrease) in net assets from operations	18,816,517	11,742,681
Distributions to unitholders		
Investment income	(1,170,817)	(757,326)
Capital gains	(2,711,357)	–
	<u>74,109,509</u>	<u>45,497,645</u>
Unit Transactions:		
Proceeds from issue	22,182,814	33,598,270
Reinvested distributions	3,875,281	756,150
Payments on redemption	(22,962,052)	(20,676,899)
	<u>3,096,043</u>	<u>13,677,521</u>
Increase (decrease) in net assets	<u>18,030,386</u>	<u>24,662,876</u>
Net Assets, End of Year	<u>\$ 77,205,552</u>	<u>\$ 59,175,166</u>

Pinnacle Global Equity Fund

Statement of Investment Portfolio as at December 31, 2006

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
Austria (1.1%)			
10,200	Erste Bank der Oesterreichischen Sparkassen AG	505,808	907,782
Canada (2.1%)			
32,600	EnCana Corporation	723,512	1,745,735
Egypt (0.8%)			
8,600	Orascom Telecom Holding SAE GDR	403,794	661,481
France (5.9%)			
15,700	Dassault Systemes SA	1,139,271	967,576
4,183	L'Air Liquide SA	757,782	1,154,403
15,400	L'Oréal SA	1,770,731	1,796,480
7,235	LVMH Moët Hennessy Louis Vuitton SA	677,694	886,088
		4,345,478	4,804,547
Hong Kong (7.6%)			
408,000	China Merchants Holdings International Company Limited	906,688	1,951,004
37,000	China Mobile (Hong Kong) Limited ADR	1,173,621	1,863,639
657,800	Li & Fung Ltd.	1,257,531	2,382,396
		3,337,840	6,197,039
Japan (11.5%)			
6,500	Fanuc Ltd.	678,711	742,771
4,800	Hirose Electric Co., Ltd.	529,106	636,287
64,900	JSR Corporation	1,808,459	1,959,825
6,400	Keyence Corporation	1,398,114	1,842,769
36,500	Nomura Holdings, Inc.	809,469	804,697
65,000	Sumitomo Realty & Development Co., Ltd.	1,080,245	2,435,823
49,800	Yokogawa Electric Corporation	1,034,105	921,119
		7,338,209	9,343,291
Mexico (1.1%)			
17,700	America Movil SA de CV Series L ADR	445,742	932,780
Netherlands (2.1%)			
95,730	Qiagen NV	1,430,407	1,710,340
South Africa (1.3%)			
25,000	Sasol	663,869	1,068,928
South Korea (1.6%)			
7,100	Kookmin Bank ADR	335,236	667,243
1,660	Samsung Electronics Co., Ltd. GDR	395,620	633,479
		730,856	1,300,722
Spain (1.3%)			
11,700	Bankinter SA	635,403	1,069,807
Switzerland (6.8%)			
8,000	Alcon Inc.	1,022,076	1,042,055
15,120	Nestlé SA ADR	1,216,341	1,562,593
14,900	Novartis AG	825,743	996,943
4,800	Roche Holding AG	691,811	1,002,149
10,000	Swiss Re	856,071	986,467
		4,612,042	5,590,207
United Kingdom (6.6%)			
64,000	Pearson PLC	1,256,137	1,123,649
35,200	Rio Tinto PLC	1,414,869	2,180,230
61,400	Standard Chartered PLC	1,303,704	2,080,465
		3,974,710	5,384,344
United States (48.4%)			
25,700	3M Co.	2,385,126	2,334,066
30,400	Abbott Laboratories	1,565,661	1,725,707
9,723	Air Products and Chemicals Inc.	590,484	796,356
26,200	American International Group, Inc.	2,227,966	2,188,030
40,500	Analog Devices, Inc.	1,837,986	1,551,422
16,700	Automatic Data Processing, Inc.	899,020	958,513
27,200	Caterpillar Inc.	1,033,720	1,944,093
76,600	Cisco Systems, Inc.	1,655,705	2,439,741
25,600	Colgate-Palmolive Company	1,809,691	1,946,387
25,000	eBay Inc.	756,874	876,090
48,600	Emerson Electric Co.	1,997,972	2,497,190
30,250	Exxon Mobil Corporation	1,987,694	2,701,466
7,927	Genentech, Inc.	703,546	749,489
36,000	General Electric Company	1,499,471	1,561,124
24,769	Medco Health Solutions, Inc.	1,294,944	1,542,589

No. of Shares	Issuer	Average Cost (\$)	Market Value (\$)
31,650	Medtronic, Inc.	1,922,303	1,973,713
13,700	Praxair, Inc.	584,203	947,262
26,300	QUALCOMM Incorporated	815,606	1,158,265
35,500	Schlumberger Limited	1,389,336	2,613,038
5,300	Synthes, Inc.	681,556	735,579
17,350	The Coca-Cola Company	1,018,885	975,601
23,100	The TJX Companies Inc.	715,908	767,780
45,650	Viacom Inc. Cl. B	1,993,511	2,182,818
19,000	Walgreen Co.	919,442	1,016,124
34,400	Wells Fargo & Company	1,294,284	1,425,593
		33,580,894	39,608,036
Total Investments (98.2%)		62,728,564	80,325,039
Other Assets, Less Liabilities (1.8%)			1,487,000
Total Net Assets (100.0%)			81,812,039
Net Asset Value Per Unit			\$13.55

ADR – American Depository Receipt
GDR – Global Depository Receipt

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

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

-Percentages other than rates shown relate investments at market value to total net assets of the Fund.

Pinnacle Global Equity Fund

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 80,325,039	\$ 67,603,628
Cash	1,139,906	158,206
Subscriptions receivable	421,092	136,461
Accrued investment income	106,064	74,934
	<u>81,992,101</u>	<u>67,973,229</u>
Liabilities		
Redemptions payable	123,962	164,448
Accrued expenses	56,100	50,277
	<u>180,062</u>	<u>214,725</u>
Net assets representing unitholders' equity	<u>\$ 81,812,039</u>	<u>\$ 67,758,504</u>
Number of units outstanding	<u>6,037,596</u>	<u>5,862,722</u>
Net asset value per unit	<u>\$ 13.55</u>	<u>\$ 11.56</u>

Statement of Operations for the years ended December 31,

	2006	2005
Investment Income		
Dividends	\$ 1,135,342	\$ 1,073,687
Interest	20,603	11,822
Securities lending income	12,049	13,945
Less: Foreign withholding taxes	(83,908)	(124,648)
	<u>1,084,086</u>	<u>974,806</u>
Expenses		
Legal fees	-	1,072
Audit fees	16,224	18,107
Custody fees	26,073	25,885
Filing fees	13,020	14,512
Unitholder reporting costs	40,829	36,046
Unitholder administration, service fees and GST	176,648	116,904
	<u>272,794</u>	<u>212,526</u>
Net investment income (loss)	<u>811,292</u>	<u>762,280</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	3,244,451	587,720
Net realized gain (loss) on foreign exchange	(134,788)	(105,078)
Increase (decrease) in unrealized appreciation (depreciation) of investments	8,875,570	6,484,918
Increase (decrease) in unrealized appreciation (depreciation) of foreign exchange	2,658	6,594
Net gain (loss) on investments	<u>11,987,891</u>	<u>6,974,154</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 12,799,183</u>	<u>\$ 7,736,434</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 2.15</u>	<u>\$ 1.29</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005
Net Assets, Beginning of Year		
	\$ 67,758,504	\$ 64,284,663
Increase (decrease) in net assets from operations	12,799,183	7,736,434
Distributions to unitholders		
Investment income	(782,493)	(797,734)
	<u>79,775,194</u>	<u>71,223,363</u>
Unit Transactions:		
Proceeds from issue	21,991,005	58,919,899
Reinvested distributions	780,607	796,075
Payments on redemption	(20,734,767)	(63,180,833)
	<u>2,036,845</u>	<u>(3,464,859)</u>
Increase (decrease) in net assets	<u>14,053,535</u>	<u>3,473,841</u>
Net Assets, End of Year	<u>\$ 81,812,039</u>	<u>\$ 67,758,504</u>

Statement of Investment Portfolio as at December 31, 2006

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (95.5%)			
174,334	Pinnacle American Core-Plus Bond Fund	1,364,853	1,389,439
43,808	Pinnacle Canadian Growth Equity Fund	711,647	696,982
16,750	Pinnacle Canadian Mid Cap Value Equity Fund	254,572	274,191
23,850	Pinnacle Canadian Value Equity Fund	432,013	485,103
25,528	Pinnacle Global Equity Fund	304,413	345,905
48,227	Pinnacle High Yield Income Fund	496,196	488,544
277,181	Pinnacle Income Fund	2,973,118	2,965,835
11,465	Pinnacle International Small to Mid Cap Value Equity Fund	239,556	278,370
Total Investments (95.5%)		6,776,368	6,924,369
Other Assets, Less Liabilities (4.5%)			324,965
Total Net Assets (100.0%)			7,249,334
Net Asset Value Per Unit			\$10.53

Pinnacle Balanced Income Portfolio

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Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 6,924,369	\$ 1,953,206
Cash	215,492	221,456
Subscriptions receivable	693	—
Receivable for securities sold	139,704	—
Accrued investment income	—	691
	<u>7,280,258</u>	<u>2,175,353</u>
Liabilities		
Payable for securities purchased	2,645	—
Accrued expenses	28,279	23,190
	<u>30,924</u>	<u>23,190</u>
Net assets representing unitholders' equity	<u>\$ 7,249,334</u>	<u>\$ 2,152,163</u>
Number of units outstanding	<u>688,148</u>	<u>211,140</u>
Net asset value per unit	<u>\$ 10.53</u>	<u>\$ 10.19</u>

Statement of Operations for the years ended December 31,

	2006	2005*
Investment Income		
Interest	\$ 1,883	\$ 54
Income from underlying funds	195,314	30,666
	<u>197,197</u>	<u>30,720</u>
Expenses		
Management fees	99,132	15,165
Legal fees	341	120
Audit fees	14,224	10,000
Custody fees	19,330	5,300
Filing fees	13,020	2,650
Unitholder reporting costs	15,129	2,000
Unitholder administration, service fees and GST	18,397	17,518
	<u>179,573</u>	<u>52,753</u>
Rebated and absorbed expenses	(55,310)	(33,758)
Net expenses	<u>124,263</u>	<u>18,995</u>
Net investment income (loss)	<u>72,934</u>	<u>11,725</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	30,369	1,282
Net realized gain (loss) from underlying funds	126,621	38,941
Increase (decrease) in unrealized appreciation (depreciation) of investments	150,001	(2,000)
Net gain (loss) on investments	<u>306,991</u>	<u>38,223</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 379,925</u>	<u>\$ 49,948</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.78</u>	<u>\$ 0.46</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005*
Net Assets, Beginning of Year	\$ 2,152,163	\$ —
Increase (decrease) in net assets from operations	379,925	49,948
Distributions to unitholders		
Investment income	(80,602)	(11,725)
Capital gains	(106,347)	(40,608)
	<u>2,345,139</u>	<u>(2,385)</u>
Unit Transactions:		
Proceeds from issue	5,721,919	2,245,460
Reinvested distributions	184,517	52,333
Payments on redemption	(1,002,241)	(143,245)
	<u>4,904,195</u>	<u>2,154,548</u>
Increase (decrease) in net assets	<u>5,097,171</u>	<u>2,152,163</u>
Net Assets, End of Year	<u>\$ 7,249,334</u>	<u>\$ 2,152,163</u>

* For the period since inception to December 31, 2005.

Pinnacle Conservative Balanced Growth Portfolio

Statement of Investment Portfolio as at December 31, 2006

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.2%)			
218,372	Pinnacle American Large Cap Growth Equity Fund	1,535,034	1,646,524
143,416	Pinnacle American Value Equity Fund	1,496,811	1,700,918
536,030	Pinnacle Canadian Growth Equity Fund	8,721,675	8,528,245
102,163	Pinnacle Canadian Mid Cap Value Equity Fund	1,558,352	1,672,412
106,703	Pinnacle Canadian Small Cap Equity Fund	2,037,531	2,224,758
270,698	Pinnacle Canadian Value Equity Fund	4,888,817	5,506,006
248,894	Pinnacle Global Equity Fund	2,982,604	3,372,509
226,176	Pinnacle Global Real Estate Securities Fund	3,818,734	4,543,874
479,185	Pinnacle High Yield Income Fund	4,938,204	4,854,145
1,519,866	Pinnacle Income Fund	16,354,828	16,262,571
216,014	Pinnacle International Equity Fund	2,514,782	2,929,149
72,607	Pinnacle International Small to Mid Cap Value Equity Fund	1,497,297	1,762,888
Total Investments (98.2%)		52,344,669	55,003,999
Other Assets, Less Liabilities (1.8%)			1,028,717
Total Net Assets (100.0%)			56,032,716
Net Asset Value Per Unit			\$11.33

Pinnacle Conservative Balanced Growth Portfolio

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$55,003,999	\$16,062,321
Cash	1,745,636	2,109,284
Subscriptions receivable	259,344	470
Accrued investment income	—	2,888
	<u>57,008,979</u>	<u>18,174,963</u>
Liabilities		
Payable for securities purchased	824,988	453,610
Redemptions payable	77,105	6,139
Accrued expenses	74,170	30,180
	<u>976,263</u>	<u>489,929</u>
Net assets representing unitholders' equity	<u>\$56,032,716</u>	<u>\$17,685,034</u>
Number of units outstanding	<u>4,947,358</u>	<u>1,684,624</u>
Net asset value per unit	<u>\$ 11.33</u>	<u>\$ 10.50</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005*
Net Assets, Beginning of Year		
	\$17,685,034	\$ —
Increase (decrease) in net assets from operations	4,321,729	684,467
Distributions to unitholders		
Investment income	(331,156)	(89,368)
Capital gains	(1,314,270)	(400,913)
	<u>20,361,337</u>	<u>194,186</u>
Unit Transactions:		
Proceeds from issue	40,448,306	18,052,492
Reinvested distributions	1,632,742	485,230
Payments on redemption	(6,407,509)	(1,046,874)
	<u>35,673,539</u>	<u>17,490,848</u>
Increase (decrease) in net assets	<u>38,349,842</u>	<u>17,685,034</u>
Net Assets, End of Year	<u>\$56,034,876</u>	<u>\$17,685,034</u>

* For the period since inception to December 31, 2005.

Statement of Operations for the years ended December 31,

	2006	2005*
Investment Income		
Interest	\$ 13,763	\$ 3,481
Income from underlying funds	1,190,287	264,234
	<u>1,204,050</u>	<u>267,715</u>
Expenses		
Management fees	832,191	145,885
Legal fees	341	120
Audit fees	14,224	10,000
Custody fees	39,412	26,500
Filing fees	13,020	2,650
Unitholder reporting costs	21,452	2,000
Unitholder administration, service fees and GST	24,835	19,002
	<u>945,475</u>	<u>206,157</u>
Rebated and absorbed expenses	—	(27,810)
Net expenses	<u>945,475</u>	<u>178,347</u>
Net investment income (loss)	<u>258,575</u>	<u>89,368</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	120,034	20,482
Net realized gain (loss) from underlying funds	1,470,952	385,295
Increase (decrease) in unrealized appreciation (depreciation) of investments	<u>2,470,008</u>	<u>189,322</u>
Net gain (loss) on investments	<u>4,060,994</u>	<u>595,099</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 4,319,569</u>	<u>\$ 684,467</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.27</u>	<u>\$ 0.76</u>

Statement of Investment Portfolio as at December 31, 2006

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (97.0%)			
262,735	Pinnacle American Core-Plus Bond Fund	2,075,375	2,094,000
68,209	Pinnacle American Large Cap Growth Equity Fund	484,020	514,294
19,632	Pinnacle American Mid Cap Growth Equity Fund	295,506	306,649
26,024	Pinnacle American Value Equity Fund	277,430	308,642
83,831	Pinnacle Canadian Growth Equity Fund	1,373,897	1,333,743
25,374	Pinnacle Canadian Mid Cap Value Equity Fund	389,079	415,374
15,164	Pinnacle Canadian Small Cap Equity Fund	290,660	316,160
45,130	Pinnacle Canadian Value Equity Fund	823,880	917,936
23,003	Pinnacle Global Equity Fund	278,423	311,694
51,818	Pinnacle High Yield Income Fund	533,462	524,917
145,531	Pinnacle Income Fund	1,568,215	1,557,179
85,117	Pinnacle International Equity Fund	997,356	1,154,182
25,937	Pinnacle International Small to Mid Cap Value Equity Fund	540,611	629,749
	Total Investments (97.0%)	9,927,914	10,384,519
	Other Assets, Less Liabilities (3.0%)		317,195
	Total Net Assets (100.0%)		10,701,714
	Net Asset Value Per Unit		\$11.15

Pinnacle Balanced Growth Portfolio

Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$10,384,519	\$2,732,576
Cash	181,743	366,841
Receivable for securities sold	262,077	-
Accrued investment income	-	1,117
	<u>10,828,339</u>	<u>3,100,534</u>
Liabilities		
Payable for securities purchased	93,599	75,421
Accrued expenses	33,026	23,657
	<u>126,625</u>	<u>99,078</u>
Net assets representing unitholders' equity	<u>\$10,701,714</u>	<u>\$3,001,456</u>
Number of units outstanding	<u>960,056</u>	<u>289,455</u>
Net asset value per unit	<u>\$ 11.15</u>	<u>\$ 10.37</u>

Statement of Operations for the years ended December 31,

	2006	2005*
Investment Income		
Interest	\$ 2,450	\$ 116
Income from underlying funds	219,242	40,585
	<u>221,692</u>	<u>40,701</u>
Expenses		
Management fees	154,989	21,756
Legal fees	341	120
Audit fees	14,224	10,000
Custody fees	30,801	8,480
Filing fees	13,020	2,650
Unitholder reporting costs	15,300	2,000
Unitholder administration, service fees and GST	19,346	17,741
	<u>248,021</u>	<u>62,747</u>
Rebated and absorbed expenses	(58,425)	(36,150)
Net expenses	<u>189,596</u>	<u>26,597</u>
Net investment income (loss)	<u>32,096</u>	<u>14,104</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	43,150	1,363
Net realized gain (loss) from underlying funds	220,215	56,510
Increase (decrease) in unrealized appreciation (depreciation) of investments	<u>436,527</u>	<u>20,077</u>
Net gain (loss) on investments	<u>699,892</u>	<u>77,950</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 731,988</u>	<u>\$ 92,054</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.13</u>	<u>\$ 0.67</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005*
Net Assets, Beginning of Year	\$ 3,001,456	\$ -
Increase (decrease) in net assets from operations	731,988	92,054
Distributions to unitholders		
Investment income	(44,603)	(14,104)
Capital gains	(182,114)	(58,217)
	<u>3,506,727</u>	<u>19,733</u>
Unit Transactions:		
Proceeds from issue	8,238,721	2,972,112
Reinvested distributions	221,485	71,992
Payments on redemption	(1,265,219)	(62,381)
	<u>7,194,987</u>	<u>2,981,723</u>
Increase (decrease) in net assets	<u>7,700,258</u>	<u>3,001,456</u>
Net Assets, End of Year	<u>\$10,701,714</u>	<u>\$3,001,456</u>

* For the period since inception to December 31, 2005.

Pinnacle Conservative Growth Portfolio

Statement of Investment Portfolio as at December 31, 2006

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (96.1%)			
82,094	Pinnacle American Large Cap Growth Equity Fund	574,831	618,987
32,124	Pinnacle American Value Equity Fund	331,592	380,991
204,521	Pinnacle Canadian Growth Equity Fund	3,309,075	3,253,931
37,345	Pinnacle Canadian Mid Cap Value Equity Fund	568,701	611,340
29,712	Pinnacle Canadian Small Cap Equity Fund	564,088	619,502
105,016	Pinnacle Canadian Value Equity Fund	1,885,637	2,136,026
46,368	Pinnacle Global Equity Fund	551,381	628,282
68,366	Pinnacle Global Real Estate Securities Fund	1,128,888	1,373,463
60,201	Pinnacle High Yield Income Fund	619,939	609,838
171,074	Pinnacle Income Fund	1,837,121	1,830,494
27,848	Pinnacle International Small to Mid Cap Value Equity Fund	571,170	676,148
	Total Investments (96.1%)	11,942,423	12,739,002
	Other Assets, Less Liabilities (3.9%)		513,701
	Total Net Assets (100.0%)		13,252,703
	Net Asset Value Per Unit		\$12.07

Pinnacle Conservative Growth Portfolio

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Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$12,739,002	\$4,099,127
Cash	582,889	659,502
Subscriptions receivable	2,595	278,693
Accrued investment income	—	761
	<u>13,324,486</u>	<u>5,038,083</u>
Liabilities		
Payable for securities purchased	28,567	235,745
Redemptions payable	5,498	—
Accrued expenses	37,718	24,541
	<u>71,783</u>	<u>260,286</u>
Net assets representing unitholders' equity	<u>\$13,252,703</u>	<u>\$4,777,797</u>
Number of units outstanding	<u>1,097,647</u>	<u>440,707</u>
Net asset value per unit	<u>\$ 12.07</u>	<u>\$ 10.84</u>

Statement of Operations for the years ended December 31,

	2006	2005*
Investment Income		
Interest	\$ 3,533	\$ 177
Income from underlying funds	241,234	54,750
	<u>244,767</u>	<u>54,927</u>
Expenses		
Management fees	254,465	36,976
Legal fees	341	120
Audit fees	14,224	10,000
Custody fees	32,362	10,600
Filing fees	13,020	2,650
Unitholder reporting costs	16,086	2,000
Unitholder administration, service fees and GST	20,005	17,890
	<u>350,503</u>	<u>80,236</u>
Rebated and absorbed expenses	(45,793)	(36,060)
Net expenses	<u>304,710</u>	<u>44,176</u>
Net investment income (loss)	<u>(59,943)</u>	<u>10,751</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	72,948	2,113
Net realized gain (loss) from underlying funds	517,608	136,320
Increase (decrease) in unrealized appreciation (depreciation) of investments	736,054	60,525
	<u>1,326,610</u>	<u>198,958</u>
Net gain (loss) on investments	<u>\$ 1,266,667</u>	<u>\$ 209,709</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 1,206,724</u>	<u>\$ 220,468</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.45</u>	<u>\$ 1.07</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005*
Net Assets, Beginning of Year	\$ 4,777,797	\$ —
Increase (decrease) in net assets from operations	1,266,667	209,709
Distributions to unitholders		
Investment income	—	(10,751)
Capital gains	(234,950)	(139,074)
	<u>5,809,514</u>	<u>59,884</u>
Unit Transactions:		
Proceeds from issue	9,221,917	4,697,177
Reinvested distributions	232,368	149,826
Payments on redemption	(2,011,096)	(129,090)
	<u>7,443,189</u>	<u>4,717,913</u>
Increase (decrease) in net assets	<u>8,474,906</u>	<u>4,777,797</u>
Net Assets, End of Year	<u>\$13,252,703</u>	<u>\$4,777,797</u>

* For the period since inception to December 31, 2005.

Statement of Investment Portfolio as at December 31, 2006

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (96.3%)			
114,220	Pinnacle American Large Cap Growth Equity Fund	802,722	861,220
21,781	Pinnacle American Mid Cap Growth Equity Fund	329,017	340,224
31,810	Pinnacle American Mid Cap Value Equity Fund	325,714	349,588
54,954	Pinnacle American Value Equity Fund	580,446	651,749
42,368	Pinnacle Canadian Growth Equity Fund	702,186	674,079
16,180	Pinnacle Canadian Mid Cap Value Equity Fund	247,958	264,866
12,965	Pinnacle Canadian Small Cap Equity Fund	252,776	270,321
30,214	Pinnacle Canadian Value Equity Fund	567,130	614,562
94,124	Pinnacle Global Equity Fund	1,147,593	1,275,380
21,993	Pinnacle Global Real Estate Securities Fund	377,978	441,835
42,812	Pinnacle High Yield Income Fund	437,182	433,689
119,124	Pinnacle Income Fund	1,278,803	1,274,632
77,064	Pinnacle International Equity Fund	906,406	1,044,989
11,421	Pinnacle International Small to Mid Cap Value Equity Fund	248,844	277,313
Total Investments (96.3%)		8,204,755	8,774,447
Other Assets, Less Liabilities (3.7%)			333,600
Total Net Assets (100.0%)			9,108,047
Net Asset Value Per Unit			\$11.63

Pinnacle Growth Portfolio

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Statement of Net Assets as at December 31,

	2006	2005
Assets		
Investments at market value	\$ 8,774,447	\$1,059,977
Cash	201,708	191,858
Subscriptions receivable	7,358	150,000
Receivable for securities sold	178,698	—
Accrued investment income	—	664
	<u>9,162,211</u>	<u>1,402,499</u>
Liabilities		
Payable for securities purchased	16,975	39,606
Redemptions payable	4,826	—
Accrued expenses	32,363	24,243
	<u>54,164</u>	<u>63,849</u>
Net assets representing unitholders' equity	<u>\$ 9,108,047</u>	<u>\$1,338,650</u>
Number of units outstanding	782,872	126,600
Net asset value per unit	<u>\$ 11.63</u>	<u>\$ 10.57</u>

Statement of Changes in Net Assets for the years ended December 31,

	2006	2005*
Net Assets, Beginning of Year	\$ 1,338,650	\$ —
Increase (decrease) in net assets from operations	735,558	44,910
Distributions to unitholders		
Investment income	—	(2,661)
Capital gains	(86,353)	(26,121)
	<u>1,987,855</u>	<u>16,128</u>
Unit Transactions:		
Proceeds from issue	8,089,077	1,565,157
Reinvested distributions	85,940	28,782
Payments on redemption	(1,054,825)	(271,417)
	<u>7,120,192</u>	<u>1,322,522</u>
Increase (decrease) in net assets	<u>7,769,397</u>	<u>1,338,650</u>
Net Assets, End of Year	<u>\$ 9,108,047</u>	<u>\$1,338,650</u>

* For the period since inception to December 31, 2005.

Statement of Operations for the years ended December 31,

	2006	2005*
Investment Income		
Interest	\$ 2,428	\$ 40
Income from underlying funds	144,771	15,459
	<u>147,199</u>	<u>15,499</u>
Expenses		
Management fees	153,654	10,656
Legal fees	340	120
Audit fees	14,224	10,000
Custody fees	35,935	6,360
Filing fees	13,020	2,650
Unitholder reporting costs	16,000	2,000
Unitholder administration, service fees and GST	19,982	17,699
	<u>253,155</u>	<u>49,485</u>
Rebated and absorbed expenses	(69,024)	(36,647)
Net expenses	<u>184,131</u>	<u>12,838</u>
Net investment income (loss)	<u>(36,932)</u>	<u>2,661</u>
Net Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on investments	80,100	9,175
Net realized gain (loss) from underlying funds	138,826	16,946
Increase (decrease) in unrealized appreciation (depreciation) of investments	553,564	16,128
Net gain (loss) on investments	<u>772,490</u>	<u>42,249</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 735,558</u>	<u>\$ 44,910</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.34</u>	<u>\$ 0.78</u>

Notes to the Financial Statements

1. The Funds

The following funds are referred to herein individually as a “Fund” and collectively as the “Funds”. The Funds listed below are open-ended mutual fund trusts.

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

Scotia Capital Inc. is the Manager, Trustee, and Principal Distributor of the Pinnacle Funds and is the Manager, Trustee, and Principal Distributor of the Pinnacle Portfolios. The custodian for the Funds is State Street Trust Company (Canada).

2. Significant Accounting Policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results may differ from these estimates.

On April 1, 2005, the Canadian Institute of Chartered Accountants issued Section 3855, “Financial Instruments Recognition and Measurement” of the CICA Handbook-Accounting, which establishes GAAP for financial instrument reporting purposes. Section 3855 applies to fiscal years beginning on or after October 1, 2006. The adoption of Section 3855 impacts the calculation of net asset value of an investment fund, as well as disclosure, for financial reporting purposes. Section 14.2 of NI 81-106 of the Canadian Securities Administrators, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian GAAP. Canadian securities regulatory authorities have granted relief to investment funds from complying with Section 14.2 of NI 81-106 (other than for financial statements) for up to a one year period ending September 30, 2007, to permit further review of the impact of these financial reporting requirements on investment funds. Depending on the outcome of such review, the method by which net asset value is calculated as governed by Section 3855 may result in a change to the purchase and redemption price of an investment fund on the date of any such change.

The following is a summary of significant accounting policies consistently followed by the Pinnacle Funds and Pinnacle Portfolios:

(a) Valuation of Investments

Listed securities are valued at their closing sale price on the valuation date. In the absence of recorded sales on that day, securities are valued at the average of the last recorded bid and ask prices where appropriate. Unlisted securities are valued in the same manner, based on price quotations from recognized investment dealers. Short term fixed income securities are valued at cost which, together with accrued interest, approximates market value. When price quotations are not available, the fair market value of the investment is determined by the Manager. The Manager actively fair values foreign securities held in the Pinnacle Funds.

(b) Foreign Exchange

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

(c) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date and any realized gains and losses from such transactions are calculated on an average cost basis. Dividend income and distributions from underlying funds are recognized on the ex-dividend date and interest income on the accrual basis.

(d) Net Asset Value Per Unit and Earnings Per Unit

Net asset value per unit is calculated at the end of each day on which the Manager is open for business by dividing the net assets of each Fund by its outstanding units. Increase (decrease) in net assets from operations per unit are calculated by dividing the net increase (decrease) in net assets from operations for the year by the weighted average number of units outstanding during the year.

(e) Futures, Forwards, Option and Spot Contracts

Futures, forwards option and spot contracts are valued on each business day according to the gain or loss that would be realized if the contracts were closed out, unless daily limits are in effect in which case they are valued based on the current market value of the underlying interest. Any payments made to satisfy the initial and variation margin are reflected as a receivable balance. Margin consisting of assets other than cash is noted in the Statements of Investment Portfolio, if applicable, gains or losses arising from futures, forward and option contracts are recorded as unrealized gains (losses) on investments until the contracts are closed out or expired, at which time the gains (losses) are realized.

(f) Forward Commitments/Dollar Roll

Some Funds may contract to purchase securities for a fixed price at a future date beyond customary settlement time (i.e., a "forward commitment", "delayed settlement" or "when issued" transaction, e.g., to be announced ("TBA")) consistent with a Fund's ability to manage its investment portfolio and meet redemption requests. For example, the Funds may enter into dollar rolls (principally in TBAs) in which the Funds purchase a security. The price of the securities and the date when securities will be delivered and paid for are fixed at the time the transaction is negotiated. The Funds may dispose of that forward commitment transaction prior to settlement if it is appropriate to do so and realize short term gains (or losses) upon such sale. When effecting such transactions, cash or cash equivalents in a dollar amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund's records at the trade date and maintained until the transaction is settled. A forward commitment transaction involves a risk of loss if the value of the securities to be purchased declines prior to the settlement date or the other party to the transaction fails to complete the transaction.

(g) Securities Lending

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

(h) Termination of Funds

Pinnacle All Equity Portfolio was terminated on March 30, 2006. On termination, the assets of the Fund were distributed to unitholders. Pinnacle Global Tactical Asset Allocation Fund was terminated on September 1, 2006. On the termination date the Fund was liquidated and unitholders received cash for their units.

3. Income Taxes

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

The following Funds have net capital and/or non-capital loss carry forwards as at December 15, 2006. Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be applied against future taxable income, and will expire on the date indicated.

Fund	Gross Capital Loss	Non-Capital Loss	Expiry Date
Pinnacle American Core-Plus Bond Fund	\$ 8,910,212	\$ –	–
Pinnacle Canadian Value Equity Fund	\$ 5,978,739	\$ –	–
Pinnacle American Value Equity Fund	\$ 23,092,698	\$ –	–
Pinnacle American Large Cap Growth Equity Fund	\$ 13,863,317	\$ –	–
Pinnacle American Mid Cap Growth Equity Fund	\$ 51,427,270	\$ 102,003	December 15, 2008
Pinnacle American Mid Cap Growth Equity Fund	\$ –	\$ 62,374	December 15, 2009
Pinnacle American Mid Cap Growth Equity Fund	\$ –	\$ 202,890	December 15, 2010
Pinnacle American Mid Cap Growth Equity Fund	\$ –	\$ 109,856	December 15, 2015
Pinnacle American Mid Cap Growth Equity Fund	\$ –	\$ 24,623	December 15, 2026
Pinnacle International Equity Fund	\$ 26,864,550	\$ –	–
Pinnacle Global Equity Fund	\$ 25,870,036	\$ –	–

4. Distributions to Unitholders

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

Pinnacle Short Term Income Fund

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

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

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

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

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

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

5. Unitholders' Equity

The Funds have an unlimited number of units authorized (no par value) for issue. Unitholders have the right under the Funds' declarations of trust to require the Trustee to redeem their units at the current net asset value per unit as described in the Funds' simplified prospectuses.

For the 2006 and 2005 fiscal periods, the following numbers of units were issued and redeemed:

Fund	2006		2005	
	Units Issued (i)	Units Redeemed (ii)	Units Issued (i)	Units Redeemed (ii)
Pinnacle Short Term Income Fund	1,028,830	1,785,143	1,600,256	2,303,348
Pinnacle Income Fund	11,477,401	3,640,924	7,324,679	2,608,424
Pinnacle High Yield Income Fund	5,807,734	2,538,163	5,373,111	2,196,532
Pinnacle American Core-Plus Bond Fund	3,835,574	2,181,862	6,437,504	5,657,442
Pinnacle Global Real Estate Securities Fund	1,840,836	1,515,881	2,873,019	2,123,154
Pinnacle Strategic Balanced Fund	2,169,356	1,505,023	1,387,427	1,695,086
Pinnacle Canadian Value Equity Fund	1,892,102	1,898,316	1,762,271	1,945,297
Pinnacle Canadian Mid Cap Value Equity Fund	925,146	813,660	1,177,534	685,052
Pinnacle Canadian Growth Equity Fund	3,986,407	2,633,998	3,397,420	2,230,699
Pinnacle Canadian Small Cap Equity Fund	1,305,344	965,846	1,710,668	888,528
Pinnacle American Value Equity Fund	1,817,743	1,782,923	5,235,353	6,326,546
Pinnacle American Mid Cap Value Equity Fund	569,591	540,895	1,124,521	1,043,780
Pinnacle American Large Cap Growth Equity Fund	3,050,062	2,096,400	5,220,825	4,657,590
Pinnacle American Mid Cap Growth Equity Fund	708,211	675,379	2,265,413	2,276,587
Pinnacle International Equity Fund	2,466,940	2,273,692	8,777,748	15,912,201
Pinnacle International Small to Mid Cap Value Equity Fund	1,182,776	1,039,063	1,991,104	1,192,705
Pinnacle Global Equity Fund	1,856,351	1,681,477	5,420,998	5,738,916
Pinnacle Balanced Income Portfolio	572,125	95,117	225,008	13,868
Pinnacle Conservative Balanced Growth Portfolio	3,852,189	589,455	1,784,898	100,274
Pinnacle Balanced Growth Portfolio	787,421	116,820	295,461	6,006
Pinnacle Conservative Growth Portfolio	832,700	175,760	452,697	11,990
Pinnacle Growth Portfolio	751,472	95,200	152,371	25,771

(i) Includes reinvested distributions.

(ii) Included in units redeemed are redemptions related to payments of the Pinnacle Program Fee.

6. Operating Expenses

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

The ratio of operating expenses (excluding taxes, interest and brokerage commissions) expressed as a percentage of the average daily net assets of the respective Fund is referred to as the "operating expense ratio". The operating expense ratio of each Pinnacle Fund may not exceed 0.50% on an annualized basis as specified in the Pinnacle Funds' Simplified Prospectus.

7. Pinnacle Program Fee

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

8. Management Fees – Pinnacle Portfolios

The Pinnacle Portfolios' management fees are calculated and paid daily. The Manager is entitled to a maximum annual management fee as follows:

Portfolio	Maximum annual management fee (%)
Pinnacle Balanced Income Portfolio	1.85%
Pinnacle Conservative Balanced Growth Portfolio	2.10%
Pinnacle Balanced Growth Portfolio	2.10%
Pinnacle Conservative Growth Portfolio	2.40%
Pinnacle Growth Portfolio	2.40%

9. Securities Lending

The Pinnacle Funds have entered into a securities lending program with their custodian, State Street Trust Company (Canada). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the net assets of the Fund. The Funds receive collateral of at least 102% of the value of the securities on loan. Collateral is received in the form of debt obligations of the Government of Canada, Canadian provincial and municipal governments or financial institutions, and is not included in the Statements of Investment Portfolio. The aggregated dollar values of the securities that are on loan and the collateral received by the Funds as at December 31, 2006 are as follows:

Fund	Market Value of Securities Loaned	Market Value of Collateral Received
Pinnacle Income Fund	\$ 41,497,179	\$ 47,460,031
Pinnacle High Yield Income Fund	\$ 816,443	\$ 860,002
Pinnacle Global Real Estate Securities Fund	\$ 2,864,144	\$ 3,033,976
Pinnacle Strategic Balanced Fund	\$ 100,911	\$ 107,513
Pinnacle Canadian Value Equity Fund	\$ 11,466,572	\$ 12,153,372
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 9,459,640	\$ 9,937,159
Pinnacle Canadian Growth Equity Fund	\$ 8,622,296	\$ 9,062,672
Pinnacle Canadian Small Cap Equity Fund	\$ 1,091,425	\$ 1,146,014
Pinnacle American Value Equity Fund	\$ 6,990,913	\$ 7,366,542
Pinnacle American Large Cap Growth Equity Fund	\$ 4,313,647	\$ 4,533,109
Pinnacle American Mid Cap Growth Equity Fund	\$ 1,590,172	\$ 1,709,854
Pinnacle American Mid Cap Value Equity Fund	\$ 182,317	\$ 195,978
Pinnacle International Equity Fund	\$ 1,837,089	\$ 1,937,129
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 1,705,250	\$ 1,811,301
Pinnacle Global Equity Fund	\$ 1,566,042	\$ 1,649,017

10. Brokerage Fees & Soft Dollars

The total brokerage fees and commissions on the purchase and sale of investments are set out below. In addition, where ascertainable, disclosure of soft dollars is also provided.

Fund	2006 Commissions Paid	2005 Commissions Paid	2006 Soft Dollars	2005 Soft Dollars
Pinnacle Short Term Income Fund	\$ –	\$ –	\$ –	\$ –
Pinnacle Income Fund	\$ –	\$ –	\$ –	\$ –
Pinnacle High Yield Income Fund	\$ 14,196	\$ 7,326	\$ –	\$ –
Pinnacle American Core-Plus Bond Fund	\$ 296	\$ 74	\$ –	\$ –
Pinnacle Global Real Estate Securities Fund	\$ 88,309	\$ 67,728	\$ 4,850	\$ 2,485
Pinnacle Strategic Balanced Fund	\$ 203,942	\$ 74,937	\$ –	\$ –
Pinnacle Canadian Value Equity Fund	\$ 28,661	\$ 26,231	\$ –	\$ –
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 47,935	\$ 70,642	\$ –	\$ 25
Pinnacle Canadian Growth Equity Fund	\$ 911,005	\$ 757,224	\$ –	\$ 19,446
Pinnacle Canadian Small Cap Equity Fund	\$ 72,163	\$ 67,045	\$ 9,025	\$ 13,230
Pinnacle American Value Equity Fund	\$ 63,642	\$ 65,445	\$ –	\$ –
Pinnacle American Mid Cap Value Equity Fund	\$ 62,259	\$ 81,943	\$ 2,456	\$ 21,811
Pinnacle American Large Cap Growth Equity Fund	\$ 84,826	\$ 53,668	\$ –	\$ –
Pinnacle American Mid Cap Growth Equity Fund	\$ 51,080	\$ 71,137	\$ 7,506	\$ 17,856
Pinnacle International Equity Fund	\$ 157,995	\$ 236,358	\$ 7,883	\$ 6,817
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 148,393	\$ 95,648	\$ 515	\$ –
Pinnacle Global Equity Fund	\$ 48,097	\$ 97,771	\$ 5,357	\$ –
Pinnacle Balanced Income Portfolio	\$ –	\$ –	\$ –	\$ –
Pinnacle Conservative Balanced Growth Portfolio	\$ –	\$ –	\$ –	\$ –
Pinnacle Balanced Growth Portfolio	\$ –	\$ –	\$ –	\$ –
Pinnacle Conservative Growth Portfolio	\$ –	\$ –	\$ –	\$ –
Pinnacle Growth Portfolio	\$ –	\$ –	\$ –	\$ –

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

11. Future Accounting Changes

The Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants has modified Accounting Guideline 15, Consolidation of Variable Interest Entities (AcG-15) and Accounting Guideline 18, Investment Companies (AcG-18), to remove the requirement to consolidate an investment when an investment company is determined to be the primary beneficiary of another investment company that qualifies as a variable interest entity. The resulting amendments were applied retroactively, with early adoption.

Notice to Unitholders

Reinvestment Plans

Unitholders may automatically reinvest distributions in units of the Funds, or receive these distributions by cheque or direct deposit. If a unitholder is currently reinvesting distributions in new units, he/she may choose to receive cash payments instead, by advising their Investment Executive in writing, and specifying whether payment be made by cheque or direct deposit to a Scotiabank account.

Unitholders with a Pre-authorized Contribution Plan

If you would like to receive a copy of the current Pinnacle Funds simplified prospectus (“Renewal Prospectus”) along with any amendments, please contact us at 1-800-268-9269. The Renewal Prospectus and any amendments can also be found at www.scotiacleod.com/pinnacle or at www.sedar.com. Although you do not have a statutory right to withdraw from a purchase of mutual fund units made under a pre-authorized contribution (“PAC”), 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. You continue to have the right to terminate a PAC at any time before the next scheduled investment date.

Redemption Procedures

You may at any time sell your units back to a Fund by following the procedures referred to below unless, at that time, the Fund’s obligation to purchase your units has been temporarily suspended by the Fund with, where necessary, the prior consent of the Ontario Securities Commission. Your request to have the Fund buy back your units constitutes a “redemption” by the Fund when completed. The redemption price for the units which are the subject of your sell order will be the net asset value next determined following receipt of your sell order by the Fund. Payment for your units sold will be made by the Fund not later than the third business day after receipt by the Fund of your sell order. The Fund cannot accept sell orders specifying a forward date or price, and sell orders will not be implemented before the Fund has actually received payment for units issued to you under a prior purchase order.

To sell your units back to a Fund, you must contact your ScotiaMcLeod Advisor, who will forward the order to the Fund on your behalf.

All sell orders will be processed in the order in which they are received. Pursuant to National Instrument 81 — 102, if a unitholder fails to provide the Fund with a duly completed application for redemption within 10 business days of the date on which net asset value was determined for purposes of the redemption, National Instrument 81 — 102 states that the Fund shall be deemed to have received and accepted on the next business day an order for the purchase of the equivalent number of mutual fund units being redeemed and will apply the amount of the redemption proceeds to payment of the issue price of the mutual fund units. If the amount of the issue price of such mutual fund units is less than the redemption proceeds, National Instrument 81 — 102 permits the Fund to retain the excess. If the amount of the issue price of such mutual fund units exceeds the redemption proceeds, National Instrument 81 — 102 requires the primary distributor of the Fund to pay to the Fund the amount of the deficiency. The distributor of the Fund is entitled to collect such amount, together with its costs, charges and expenses in so doing and interest thereon from you.

Reinvestment of Distributions

Distributions are automatically reinvested in additional units of the Funds unless Scotia Capital Inc. is otherwise directed in writing by the unitholder. The unitholder may choose to receive distributions by cheque or direct deposit to a bank account.

Management and Audit Reports

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared and approved by Scotia Capital Inc., the Manager and Trustee of the Funds. The Funds' Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report. Scotia Capital Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and assumptions made by Scotia Capital Inc. The significant accounting policies which Scotia Capital Inc. believes are appropriate for the Funds are described in Note 2 to the financial statements. PricewaterhouseCoopers LLP are the external auditors of the Funds, appointed by the Trustee. They have audited the financial statements in accordance with generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.



Alex Cruickshank
Managing Director
Scotia Capital Inc.
March 8, 2007



Willo Watson
Director
Scotia Capital Inc.

Auditors' Report

To the Unitholders of the Pinnacle Program Funds and Pinnacle Portfolios

We have audited the statements of investment portfolio of the Pinnacle Program Funds and Pinnacle Portfolios (the Funds) as at December 31, 2006, the statements of net assets as at December 31, 2006 and 2005, and the statements of operations and changes in net assets for the year ended December 31, 2006 and for the year or period ended December 31, 2005, as applicable. These financial statements are the responsibility of the Funds' manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Funds' manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2006 and 2005, and the results of their operations and changes in their net assets for the years or periods then ended, as applicable, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario
March 8, 2007

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