

Annual Report 2007

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 2007 Annual Report

2	<hr/> Message to Clients <hr/>
	<hr/> Financial Statements <hr/>
3	<hr/> Money Market Fund <ul style="list-style-type: none">• Pinnacle Short Term Income Fund
5	<hr/> Bond Funds <ul style="list-style-type: none">• Pinnacle Income Fund• Pinnacle High Yield Income Fund• Pinnacle American Core-Plus Bond Fund
8	
11	<hr/> Real Estate Fund <ul style="list-style-type: none">• Pinnacle Global Real Estate Securities Fund
18	
	<hr/> Balanced Fund <ul style="list-style-type: none">• Pinnacle Strategic Balanced Fund
21	
	<hr/> Canadian Equity Funds <ul style="list-style-type: none">• Pinnacle Canadian Value Equity Fund• Pinnacle Canadian Mid Cap Value Equity Fund• Pinnacle Canadian Growth Equity Fund• Pinnacle Canadian Small Cap Equity Fund
28	
30	
32	
34	
	<hr/> Foreign Equity Funds <ul style="list-style-type: none">• 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
36	
38	
41	
43	
45	
48	
52	
	<hr/> The Pinnacle Portfolios <ul style="list-style-type: none">• Pinnacle Balanced Income Portfolio• Pinnacle Conservative Balanced Growth Portfolio• Pinnacle Balanced Growth Portfolio• Pinnacle Conservative Growth Portfolio• Pinnacle Growth Portfolio
54	
56	
58	
60	
62	
64	<hr/> Notes to the Financial Statements <hr/>
71	<hr/> Notice to Unitholders <hr/>
72	<hr/> Management and Auditors' Reports <hr/>

Message to Clients

2007 in the financial markets will likely be remembered for the “sub-prime mortgage crisis” or “credit crunch” that caused a massive repricing of risk among global markets. As we look ahead to 2008, market uncertainties stemming from the prolonged credit crunch cycle may continue to create volatility in both the equity and fixed income markets. In addition, while the Canadian economy continues to push ahead, albeit at a slower pace, a U.S. recession is being increasingly forecasted by macroeconomic pundits. While no one can predict the ultimate direction of the markets, what we do know is that a disciplined investment process, coupled with a focus on the long-term, is essential for investment success.

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

As an additional layer of comfort, portfolios are overseen by seasoned investment managers, who have experience managing portfolios over the course of many market cycles. During these periods of uncertainty, managers in the programs will continue to stress their rigorous, long-term, disciplined investment processes, which they believe will well-position their portfolios to ride out the current and anticipated market volatility.

As you review year-end performance of the specific Pinnacle Funds and Pinnacle Portfolios within your portfolio, it is important to keep in mind your unique investment objectives, time horizon and tolerance for risk as established by you and your ScotiaMcLeod advisor. Regular consultations with your ScotiaMcLeod advisor will ensure that your portfolio’s asset mix remains suitable for your short and long-term objectives and investment needs. By working with your ScotiaMcLeod advisor through this process, we are confident that you will benefit from expertise that will help you carefully manage risk and achieve your long-term financial goals.

We thank you for your continued support of the Pinnacle Program and the Pinnacle Portfolios. Recognizing that you have many choices when deciding where to invest, we are pleased that you have given us the opportunity to help you achieve your long-term investment goals and objectives.

We wish you all the best for a successful 2008.

Best regards,



Hamish Angus
Managing Director
ScotiaMcLeod

Pinnacle Short Term Income Fund

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Fair Value (\$)
\$ 400,000	Bank of Montreal BDN 4.67%	03/19/2008	395,998
400,000	Barclays Bank PLC BA 4.81%	07/16/2008	389,835
2,100,000	Business Development Bank DN 3.85%	03/24/2008	2,081,571
300,000	Canadian Imperial Bank of Commerce BA 4.63%	02/25/2008	297,883
200,000	Citigroup Finance Canada Inc. DN 4.52%	01/18/2008	199,555
250,000	Citigroup Finance Canada Inc. DN 4.75%	03/18/2008	247,489
400,000	Deutsche Bank BDN 4.52%	02/14/2008	397,784
100,000	Enbridge Inc. DN 4.62%	02/13/2008	99,447
100,000	Enbridge Inc. DN 4.85%	03/11/2008	99,065
100,000	Enbridge Inc. DN 4.92%	03/18/2008	98,959
300,000	GE Capital Canada Funding Company DN 4.61%	02/28/2008	297,779
900,000	Government of Canada Treasury Bills 4.65%	07/10/2008	878,497
150,000	Honda Canada Finance Inc. DN 4.64%	02/22/2008	148,997
300,000	Manulife Bank of Canada DN 4.66%	03/11/2008	297,307
300,000	Merrill Lynch Canada Finance Company DN 4.83%	03/20/2008	296,856
900,000	Ontario Hydro CP 5.60%	06/02/2008	905,039
300,000	PanCanadian Petroleum Ltd. CP 5.80%	06/02/2008	301,375
1,700,000	Province of Ontario 3.65%	01/08/2008	1,698,643
100,000	Royal Bank of Canada BD 4.79%	03/18/2008	98,987
400,000	Royal Bank of Canada BD 4.53%	02/21/2008	397,434
800,000	The Canadian Wheat Board DN 3.87%	04/07/2008	791,780
400,000	The Toronto-Dominion Bank BA 4.78%	05/05/2008	393,502
150,000	The Toronto-Dominion Bank BA 4.70%	03/18/2008	148,508
300,000	Wells Fargo Financial Canada Corporation DN 5.00%	06/16/2008	300,371
	Total Investment Portfolio (99.7%)		11,262,661
	Other Assets, Less Liabilities (0.3%)		37,021
	Total Net Assets (100.0%)		11,299,682
	Net Assets Per Unit		\$10.00

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

Pinnacle Short Term Income Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$11,262,661	\$10,870,315
Cash	43,301	104,096
Subscriptions receivable	10,110	27
Accrued investment income	11,089	28,109
	<u>11,327,161</u>	<u>11,002,547</u>
Liabilities		
Redemptions payable	–	21,582
Distributions payable	1,063	6,164
Accrued expenses	26,416	33,763
	<u>27,479</u>	<u>61,509</u>
Net assets representing unitholders' equity	<u>\$11,299,682</u>	<u>\$10,941,038</u>
Number of units outstanding	<u>1,129,960</u>	<u>1,094,096</u>
Net assets per unit	<u>\$ 10.00</u>	<u>\$ 10.00</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$527,426	\$565,158
Securities lending	68	122
	<u>527,494</u>	<u>565,280</u>
Expenses		
Legal fees	2,948	–
Audit fees	11,855	9,725
Custody fees	6,798	–
Filing fees	17,396	17,279
Directors' fees	1,389	–
Unitholder reporting costs	11,902	12,884
Unitholder administration, service fees and GST	48,149	49,659
	<u>100,437</u>	<u>89,547</u>
Rebated and absorbed expenses	(37,243)	(16,579)
Net expenses	<u>63,194</u>	<u>72,968</u>
Net investment income (loss)	<u>464,300</u>	<u>492,312</u>
Increase (Decrease) in Net Assets from Operations	<u>\$464,300</u>	<u>\$492,312</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.40</u>	<u>\$ 0.34</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 10,941,038	\$ 18,504,165
Increase (decrease) in net assets from operations	464,300	492,312
Distributions to unitholders		
Investment income	(464,300)	(492,312)
	<u>10,941,038</u>	<u>18,504,165</u>
Unit Transactions:		
Proceeds from issue	14,166,080	9,800,003
Reinvested distributions	459,687	488,298
Payments on redemption	(14,267,123)	(17,851,428)
	<u>358,644</u>	<u>(7,563,127)</u>
Increase (decrease) in net assets	<u>358,644</u>	<u>(7,563,127)</u>
Net Assets, End of Period	<u>\$ 11,299,682</u>	<u>\$ 10,941,038</u>

Pinnacle Income Fund

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
Federal Government (49.0%)					2,008,181	New Brunswick FM Project Inc. 6.47%	11/30/2027	1,947,193	2,310,049
\$40,075,000	Canada Housing Trust 4.80%	06/15/2012	40,711,970	41,106,614	2,600,000	Nordic Investment Bank 5.15%	07/26/2017	2,623,946	2,704,693
15,550,000	Government of Canada 3.75%	09/01/2011	15,375,577	15,494,755	429,000	NOVA Gas Transmission Ltd. 11.20%	06/01/2014	580,008	547,898
13,200,000	Government of Canada 3.75%	06/01/2012	13,093,214	13,135,320	484,000	NOVA Gas Transmission Ltd. 11.70%	10/15/2008	627,748	509,390
22,350,000	Government of Canada 4.00%	06/01/2017	21,827,674	22,369,122	1,400,000	Ontario Infrastructure Projects Corp. 4.70%	06/01/2037	1,401,862	1,387,990
22,705,000	Government of Canada 4.25%	12/01/2009	22,924,417	22,914,517	735,275	Ontario School Boards Financing Corp. 5.80%	11/07/2028	732,746	799,937
31,350,000	Government of Canada 5.00%	06/01/2014	33,066,315	33,254,056	1,443,692	Ontario School Boards Financing Corp. 5.90%	10/11/2027	1,459,091	1,598,279
11,006,000	Government of Canada 5.75%	06/01/2033	13,686,590	13,846,404	1,000,000	Ontario School Boards Financing Corp. 6.30%	09/22/2010	996,409	1,052,090
			<u>160,685,757</u>	<u>162,120,788</u>	2,029,149	Ontario School Boards Financing Corp. 6.55%	10/19/2026	2,020,383	2,334,233
Provincial Government (10.6%)					4,097,785	Ontario School Boards Financing Corp. 7.20%	06/09/2025	4,763,284	4,918,452
5,435,000	Province of Ontario 4.70%	06/02/2037	5,200,470	5,510,904	3,100,000	Royal Bank of Canada 4.97%	06/05/2014	3,052,663	3,079,188
21,690,000	Province of Quebec 5.75%	12/01/2036	24,139,172	25,120,271	11,000,000	Royal Office Finance LP 5.21%	11/12/2032	10,999,890	11,381,087
4,200,000	Province of Quebec 6.00%	10/01/2012	4,502,316	4,502,462	1,400,000	TCHC Issuer Trust 4.88%	05/11/2037	1,400,000	1,397,968
			<u>33,841,958</u>	<u>35,133,637</u>	900,000	TD Capital Trust 7.60%	12/31/2049	948,885	941,122
Corporate (39.7%)					5,491,000	The Greater Toronto Airports Authority 6.45%	12/03/2027	6,053,512	6,189,470
300,000	407 International Inc. 5.96%	12/03/2035	299,790	323,301	2,605,020	The Greater Toronto Airports Authority 6.45%	07/30/2029	2,489,506	2,880,924
286,336	Alliance Pipeline LP 5.55%	12/31/2023	286,336	296,460	1,600,000	The Greater Toronto Airports Authority 6.47%	02/02/2034	1,916,197	1,836,365
1,199,058	Alliance Pipeline LP 7.22%	12/31/2025	1,199,058	1,407,233	6,700,000	The Royal Bank of Scotland Group PLC, 6.67%	12/31/2049	6,810,753	6,652,797
543,121	Blue Water Bridge Authority 6.41%	07/09/2027	543,121	619,565	8,500,000	The Toronto-Dominion Bank 4.78%	12/14/2105	7,968,070	7,941,813
1,100,000	British Columbia Ferry Services Inc. 5.02%	03/20/2037	1,100,000	1,046,030	4,700,000	The Toronto-Dominion Bank 5.38%	11/01/2017	4,700,000	4,752,024
860,000	British Columbia Ferry Services Inc. 5.74%	05/27/2014	875,032	904,809	8,600,000	The Toronto-Dominion Bank 5.76%	12/18/2017	8,600,000	8,567,176
1,022,000	Electricity Distributors Financial Corp. 6.45%	08/15/2012	1,052,743	1,094,110	1,073,415	Toronto Hospital 5.64%	12/08/2022	1,056,388	1,130,653
170,000	Enbridge Inc. 3.95%	02/15/2010	167,484	167,417	700,000	TransCanada Pipelines Limited 7.90%	04/15/2027	734,489	884,949
1,200,000	Enbridge Inc. 7.20%	06/18/2032	1,218,300	1,362,194	300,000	TransCanada Pipelines Limited 8.21%	04/25/2030	366,030	398,545
200,000	Enbridge Inc. 7.22%	07/24/2030	245,800	226,020	1,296,000	Union Gas Ltd. 10.75%	07/31/2009	1,535,923	1,404,033
1,500,000	FortisAlberta Inc. 5.33%	10/31/2014	1,499,400	1,554,996	1,000,000	York Region District School Board 6.55%	04/12/2023	995,850	1,193,786
2,600,000	Glacier Credit Card Trust 4.27%	11/20/2009	2,567,682	2,562,290				<u>128,552,854</u>	<u>131,394,174</u>
4,900,000	Glacier Credit Card Trust 4.27%	11/18/2011	4,759,990	4,737,532	Short-Term Notes (Schedule 1) (0.0%)				
800,000	Glacier Credit Card Trust 4.67%	11/20/2009	800,000	789,320					
3,700,000	HSBC Canada Asset Trust 7.78%	12/31/2049	3,842,500	3,945,245	Total Investment Portfolio (99.3%)				
2,600,000	Instituto de Credito Oficial 4.53%	03/17/2016	2,514,044	2,590,219					
500,000	Investors Group Inc. 6.58%	03/07/2018	501,985	546,808	Other Assets, Less Liabilities (0.7%)				
2,600,000	Kommunalbanken AS 4.48%	02/15/2019	2,461,030	2,548,026					
5,000,000	Kreditanstalt fuer Wiederaufbau 5.15%	12/15/2017	5,023,500	5,195,123	Total Net Assets (100.0%)				
4,100,000	Landwirtschaftliche Rentenbank 4.25%	11/16/2012	3,970,235	4,057,106					
1,000,000	Loblaw Companies Limited 7.10%	06/01/2016	1,004,400	1,052,206	Net Assets Per Unit				
1,700,000	Merrill Lynch Financial Assets, Inc. 6.14%	04/12/2034	1,762,900	1,743,578	\$10.65				
3,227,510	Merrill Lynch Financial Assets, Inc. 6.67%	05/07/2021	3,381,556	3,261,503					
2,050,000	Merrill Lynch Financial Assets, Inc. 5.74%	11/12/2012	2,096,248	2,071,568					
2,100,000	Merrill Lynch Mortgage Loans, Inc. 6.75%	11/15/2032	2,173,143	2,169,772					
2,500,000	Merrill Lynch Mortgage Loans, Inc. 7.14%	03/15/2032	2,601,950	2,584,836					
848,514	Merrill Lynch Mortgage Loans, Inc. 7.37%	05/10/2022	953,475	891,024					
200,000	Merrill Lynch Mortgage Loans, Inc. 7.77%	09/05/2021	199,998	230,762					
724,299	Milit-Air Inc. 5.75%	06/30/2019	784,902	771,260					
900,000	N 45 Degrees First Issuer Corporation 5.67%	11/15/2020	917,796	908,622					
900,000	N 45 Degrees First Issuer Corporation 7.34%	07/15/2015	967,630	940,328					

Portfolio Advisor: Fiera Capital Inc.

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

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

Pinnacle Income Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Schedule 1

Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$25,000	Government of Canada Treasury Bills 3.46%	03/20/2008	24,795	24,795
Total Short-Term Notes			24,795	24,795

Pinnacle Income Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$328,673,394	\$251,873,584
Cash	9,537	9,879
Subscriptions receivable	722,410	1,583,172
Receivable for securities sold	-	5,296,436
Accrued investment income	1,919,724	1,352,022
	<u>331,325,065</u>	<u>260,115,093</u>
Liabilities		
Payable for securities purchased	-	3,091,652
Redemptions payable	322,642	358,033
Accrued expenses	65,190	39,830
	<u>387,832</u>	<u>3,489,515</u>
Net assets representing unitholders' equity	<u>\$330,937,233</u>	<u>\$256,625,578</u>
Number of units outstanding	<u>31,071,274</u>	<u>23,981,579</u>
Net assets per unit	<u>\$ 10.65</u>	<u>\$ 10.70</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$14,680,067	\$ 9,763,060
Securities lending	40,197	28,707
	<u>14,720,264</u>	<u>9,791,767</u>
Expenses		
Legal fees	2,948	-
Audit fees	13,103	9,724
Custody fees	45,178	25,636
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	41,948	32,152
Unitholder administration, service fees and GST	142,049	123,878
	<u>260,011</u>	<u>204,410</u>
Net investment income (loss)	14,460,253	9,587,357
Net realized gain (loss) on investments sold	(3,370,673)	1,620,792
change in unrealized appreciation (depreciation) of investments	2,084,920	(2,530,991)
Net gain (loss) on investments and transaction costs	(1,285,753)	(910,199)
Increase (Decrease) in Net Assets from Operations	<u>\$13,174,500</u>	<u>\$ 8,677,158</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.45</u>	<u>\$ 0.43</u>

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

	2007	2006
Net Assets, Beginning of Period	\$256,625,578	\$174,625,061
New accounting policy adjustment (Note 2)	(81,968)	-
Increase (decrease) in net assets from operations	13,174,500	8,677,158
Distributions to unitholders		
Investment income	(14,289,121)	(9,410,902)
Capital gains	-	(1,070,331)
	<u>255,428,989</u>	<u>172,820,986</u>
Unit Transactions:		
Proceeds from issue	124,382,263	112,373,490
Reinvested distributions	14,246,755	10,449,483
Payments on redemption	(63,120,774)	(39,018,381)
	<u>75,508,244</u>	<u>83,804,592</u>
Increase (decrease) in net assets	74,311,655	82,000,517
Net Assets, End of Period	<u>\$330,937,233</u>	<u>\$256,625,578</u>

Pinnacle High Yield Income Fund

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
Bonds (93.7%)									
Federal Government (6.0%)									
\$4,500,000	Canada Housing Trust 4.55%	12/15/2012	4,513,410	4,574,050	3,000,000	Merrill Lynch & Co., Inc. 4.50%	01/30/2012	2,997,330	2,821,888
4,500,000	Government of Canada 4.00%	06/01/2017	4,362,480	4,503,850	1,000,000	Merrill Lynch Financial Assets, Inc. 6.45%	10/12/2013	952,460	980,032
			<u>8,875,890</u>	<u>9,077,900</u>	599,000	Merrill Lynch Financial Assets, Inc. 6.45%	11/12/2014	527,959	573,151
*Corporate (87.7%)									
1,050,000	Abitibi-Consolidated Inc. 6.95%	04/01/2008	1,169,490	1,016,867	500,000	Merrill Lynch Financial Assets, Inc. 6.65%	11/12/2034	492,950	496,890
2,100,000	Abitibi-Consolidated Inc. 8.38%	04/01/2015	2,369,860	1,512,994	3,000,000	Millar Western Forest Products Ltd. 7.75%	11/15/2013	3,153,359	2,205,833
1,500,000	Advanced Micro Devices, Inc. 7.75%	11/01/2012	1,395,354	1,287,970	2,500,000	NIF-T 4.29%	09/17/2008	2,500,000	2,487,216
3,000,000	Ahern Rentals Inc. 9.25%	08/15/2013	3,616,484	2,487,114	500,000	Norske Skog Canada Limited 8.63%	06/15/2011	555,912	412,052
3,100,000	Allied Waste North America Inc. 7.25%	03/15/2015	3,501,084	3,051,896	1,750,000	Nortel Networks Ltd. 9.49%	07/15/2011	1,886,313	1,683,983
1,000,000	Amscan Holdings, Inc. 8.75%	05/01/2014	1,164,240	898,125	1,400,000	North American Energy Partners Inc. 8.75%	12/01/2011	1,620,035	1,359,277
3,320,000	Avenor Inc. 10.85%	11/30/2014	3,519,840	2,656,562	1,135,000	NOVA Chemicals Corporation 6.50%	01/15/2012	1,188,024	1,050,176
1,100,000	Bell Aliant Regional Communications LP 6.17%	02/26/2037	1,090,920	971,948	1,300,000	Paragon Gaming 12.50%	04/15/2012	1,300,000	1,300,000
2,000,000	Bombardier Inc. 7.35%	12/22/2026	2,025,000	1,906,836	2,040,000	Paramount Resources Ltd. 8.50%	01/31/2013	2,470,276	2,033,512
3,000,000	Brookfield Power 5.25%	11/05/2018	2,998,920	2,934,897	1,050,000	Peabody Energy Corporation 6.88%	03/15/2013	1,193,771	1,041,479
1,000,000	Brookfield Power 5.45%	12/18/2017	1,157,300	984,680	1,065,000	Pope & Talbot, Inc. 8.38%	06/01/2013	1,269,411	210,220
400,000	Canadian Natural Resources Ltd. 4.95%	06/01/2015	393,200	382,961	3,000,000	RioCan Real Estate Investment Trust 5.70%	09/11/2012	2,992,980	2,988,282
3,075,000	Canadian Tire Corporation, Limited 5.61%	09/04/2035	2,870,786	2,729,704	1,000,000	Rogers Wireless Communications Inc. 6.38%	03/01/2014	1,349,394	1,001,754
3,900,000	CanWest Media Inc. 8.00%	09/15/2012	4,457,903	3,618,159	2,500,000	RONA Inc. 5.40%	10/20/2016	2,494,800	2,377,766
2,200,000	CanWest MediaWorks Inc. 9.25%	08/01/2015	2,338,050	2,117,008	667,000	Sealy Mattress Co. 8.25%	06/15/2014	816,414	631,964
2,000,000	Cascades Inc. 7.25%	02/15/2013	2,244,631	1,850,531	1,000,000	Shaw Communications, Inc. 6.15%	05/09/2016	944,500	986,222
1,650,000	Catalyst Paper Coproration 7.38%	03/01/2014	2,117,695	1,262,062	3,500,000	Sherritt International Corporation 8.25%	10/24/2014	3,500,000	3,540,031
253,000	Charter Communications Holdings LLC 10.00%	05/15/2014	218,051	147,322	1,500,000	Sobeys Inc. 7.16%	02/26/2018	1,673,535	1,483,053
1,105,000	Charter Communications Holdings LLC 11.00%	10/01/2015	1,261,537	888,823	333,936	SR Telecom Inc. 1.00%	10/01/2020	349,313	131,831
3,005,000	CHC Helicopter Corporation 7.38%	05/01/2014	3,550,849	2,810,081	867,302	SR Telecom Inc. 19.42%	10/01/2011	1,052,698	342,393
3,240,000	Chesapeake Energy Corporation 6.38%	06/15/2015	3,557,005	3,089,795	2,000,000	STEERS Thayer Gate CDO Trust 5.13%	06/20/2013	1,925,380	1,280,000
1,500,000	Couche-Tard U.S. LP 7.50%	12/15/2013	1,859,216	1,469,322	2,000,000	STEERS Thayer Gate CDO Trust 7.52%	06/20/2013	1,997,520	1,040,000
2,250,000	Dole Food Company, Inc. 7.25%	06/15/2010	2,813,138	2,042,987	1,500,000	Superior Plus Income Fund 5.75%	12/31/2012	1,500,000	1,380,000
1,000,000	Domtar Inc. 7.13%	08/15/2015	1,210,937	967,211	1,860,000	Talisman Energy Inc. 4.44%	01/27/2011	1,844,273	1,832,298
750,000	Domtar Inc. 9.50%	08/01/2016	838,353	799,430	900,000	The Bear Stearns Companies Inc. 5.00%	06/30/2008	900,036	894,789
1,925,000	EchoStar DBS Corporation 6.38%	10/01/2011	2,397,208	1,876,130	2,300,000	Trump Entertainment Resorts, Inc. 8.50%	06/01/2015	2,442,998	1,739,376
3,000,000	El Paso Corporation 6.88%	06/15/2014	3,189,369	2,983,056	2,350,000	Videon Cable Systems Inc. 8.15%	04/26/2010	2,378,676	2,500,018
950,000	Enbridge Income Fund 5.25%	12/22/2014	949,924	959,408	2,500,000	Wynn Las Vegas LLC 6.63%	12/01/2014	2,872,766	2,424,196
1,500,000	ERAC Canada Finance Ltd. 5.38%	02/26/2016	1,498,980	1,465,635	3,500,000	YPG Holdings Inc. 5.25%	02/15/2016	3,204,730	3,280,886
3,550,000	Fairfax Financial Holdings Limited 7.38%	04/15/2018	3,816,192	3,267,174	1,500,000	YPG Holdings Inc. 5.50%	08/01/2011	1,500,000	1,463,250
4,000,000	Ford Floorplan Auto Securitization Trust 4.58%	11/15/2009	4,000,000	3,945,031	4,000,000	YPG Holdings Inc. 5.85%	11/18/2019	3,865,000	3,815,610
1,900,000	Husky Energy Inc. 6.15%	06/15/2019	2,115,567	1,917,345				<u>153,602,927</u>	<u>132,521,657</u>
2,000,000	Idearc Inc. 8.00%	11/15/2016	1,909,213	1,806,119					
2,625,000	Iron Mountain Incorporated 7.50%	03/15/2017	2,586,250	2,467,944					
2,700,000	Kimco North Trust III 5.18%	08/16/2013	2,692,629	2,555,329					
1,100,000	Kingsway 2007 General Partnership 6.00%	07/11/2012	1,096,430	1,048,123					
700,000	Kingsway America Inc. 7.50%	02/01/2014	902,563	713,963					
2,000,000	Las Vegas Sands Corp. 6.38%	02/15/2015	2,167,762	1,855,466					
2,800,000	Lindsey Morden Group Inc. 7.00%	06/16/2008	1,922,500	2,662,531					
1,000,000	Mariner Energy Inc. 8.00%	05/15/2017	1,119,939	941,304					
2,080,000	Masonite International Corporation 11.00%	04/06/2015	2,372,414	1,654,851					
2,940,000	Massey Energy Company 6.88%	12/15/2013	3,413,331	2,727,535					

* Corporate bonds are comprised of 48% U.S. denominated bonds and 52% Canadian denominated bonds.

Portfolio Advisor: Guardian Capital LP

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

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

Pinnacle High Yield Income Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Equity Investments (0.1%)			
Health Care (0.1%)			
44,000	Insight Health Services Holdings Corp.	580,992	108,564
Short-Term Notes – (Schedule 1) (4.5%)		6,912,508	6,847,047
Total Investment (98.3%)		169,972,317	148,555,168
Foreign Currency Forward Contracts – Schedule 2 (0.2%)			
		–	265,224
Total Investment Portfolio (98.5%)		169,972,317	148,820,392
Other Assets, Less Liabilities (1.5%)		2,265,064	
Total Net Assets (100.0%)		151,085,456	
Net Assets Per Unit		\$8.96	

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$2,400,000	Royal Bank of Canada 2.87%	01/03/2008	2,399,434	2,399,434
650,000	The Bank of Nova Scotia 3.29%	01/04/2008	649,766	649,766
2,450,000	The Canadian Wheat Board 3.38%	01/07/2008	2,490,247	2,416,461
1,400,000	The Toronto-Dominion Bank 3.03%	01/03/2008	1,373,061	1,381,386
Total Short-Term Notes			6,912,508	6,847,047

Schedule 2 Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)	
1	1,774,257	1,840,000	U.S. Dollar	02/05/2008	AA–	40,932
1	11,301,830	11,720,000	U.S. Dollar	02/11/2008	AA–	259,646
1	1,840,000	1,833,560	Canadian Dollar	02/05/2008	AA–	18,372
1	11,720,000	11,507,751	U.S. Dollar	02/11/2008	AA–	(53,726)
Total Foreign Currency Forward Contracts Value						265,224

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract

Credit Ratings Breakdown	% of Total Portfolio	% of Total Net Assets
A– to AAA+	14.5%	13.6%
B– to BBB+	69.3%	65.0%
C– to CCC+	5.4%	5.1%
D– to DDD+	0.1%	0.0%
NR or other	10.6%	10.0%
	100.0%	93.6%

Pinnacle High Yield Income Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$148,555,168	\$142,611,967
*Cash	65,105	30,754
Receivable on open forward contracts	265,224	-
Subscriptions receivable	226,342	1,163,172
Accrued investment income	2,249,966	1,884,248
	<u>151,361,805</u>	<u>145,690,141</u>
Liabilities		
Payable on open forward contracts	-	458,082
Payable for securities purchased	21,413	-
Redemptions payable	189,706	356,306
Accrued expenses	65,230	42,030
	<u>276,349</u>	<u>856,418</u>
Net assets representing unitholders' equity	<u>\$151,085,456</u>	<u>\$144,833,723</u>
Number of units outstanding	<u>16,861,609</u>	<u>14,297,457</u>
Net assets per unit	<u>\$ 8.96</u>	<u>\$ 10.13</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ (708)	\$ 98,627
Interest	10,983,094	8,535,713
Securities lending	2,097	1,001
Less: Foreign withholding taxes	(11,707)	-
	<u>10,972,776</u>	<u>8,635,341</u>
Expenses		
Legal fees	2,948	-
Audit fees	13,104	9,724
Custody fees	30,963	28,846
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	41,545	32,646
Unitholder administration, service fees and GST	134,864	120,222
	<u>238,209</u>	<u>204,458</u>
Net investment income (loss)	<u>10,734,567</u>	<u>8,430,883</u>
Net realized gain (loss) on investments sold	(4,744,206)	1,475,716
Net realized gain (loss) on foreign exchange	4,200,094	1,175,233
Net realized gain (loss) from trust units	-	594
Change in unrealized appreciation (depreciation) of investments	(18,964,145)	1,353,592
Change in unrealized appreciation (depreciation) of foreign exchange	683,196	(569,567)
Transaction costs (Note 2)	(7,065)	-
Net gain (loss) on investments and transaction costs	<u>(18,832,126)</u>	<u>3,435,568</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (8,097,559)</u>	<u>\$11,866,451</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.50)</u>	<u>\$ 0.96</u>

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

	2007	2006
Net Assets, Beginning of Period	\$144,833,723	\$110,895,635
New accounting policy adjustment (Note 2)	(522,198)	-
Increase (decrease) in net assets from operations	(8,097,559)	11,866,451
Distributions to unitholders		
Investment income	(10,702,478)	(8,371,215)
Capital gains	(394,803)	(2,662,105)
	<u>125,116,685</u>	<u>111,728,766</u>
Unit Transactions:		
Proceeds from issue	52,151,370	47,900,631
Reinvested distributions	11,066,803	11,006,376
Payments on redemption	(37,249,402)	(25,802,050)
	<u>25,968,771</u>	<u>33,104,957</u>
Increase (decrease) in net assets	<u>6,251,733</u>	<u>33,938,088</u>
Net Assets, End of Period	<u>\$151,085,456</u>	<u>\$144,833,723</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

Portfolio Advisor: Guardian Capital LP

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

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

Pinnacle American Core-Plus Bond Fund

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
*Bonds (97.2%)									
Corporate (60.7%)									
96,000	Abbott Laboratories 5.60%	11/30/2017	88,490	97,367	50,000	Boston Scientific Corporation 6.40%	06/15/2016	46,414	46,448
75,000	Abbott Laboratories 6.15%	11/30/2037	69,064	78,019	95,000	Bowater Incorporated 9.00%	08/01/2009	91,807	90,947
144,395	Adjustable Rate Mortgage Trust 5.42%				120,000	Capital One Multi Asset Execution Trust 5.75%			
		01/25/2036	147,693	141,703	25,000	Carrols Corporation 9.00%	07/15/2020	120,073	121,042
270,000	Aetna Inc. 6.75%	12/15/2037	264,978	268,234	50,000	Casella Waste Systems, Inc. 9.75%	01/15/2013	28,825	22,391
40,000	American Real Estate Partners, L.P. 8.13%				45,000	Caterpillar Financial Asset Trust 5.34%			
		06/01/2012	40,275	38,244	40,000	Caterpillar Inc. 6.05%	06/25/2012	46,381	44,732
305,000	Ameriprise Financial, Inc. 7.52%	06/01/2066	314,851	301,004	20,000	Centennial Communications Corp. 10.98%	08/15/2036	45,506	40,411
175,000	Anadarko Petroleum Corporation 5.95%						01/01/2013	23,463	20,183
		09/15/2016	199,402	175,308	150,000	Centex Home Equity Loan Trust 5.27%			
134,000	AO Siberian Oil Company 10.75%	01/15/2009	156,513	137,859			10/25/2035	155,042	147,490
75,000	Apache Corporation 5.25%	04/15/2013	85,661	75,355	70,000	Charter Communications Holdings LLC 13.50%			
40,000	Appalachian Power Company 5.65%	08/15/2012	42,463	40,461			01/15/2011	59,328	57,687
13,000,000	ASIF III Jersey Ltd. 0.95%	07/15/2009	107,096	114,383	150,000	Charter Communications Holdings, LLC 13.50%			
35,000	AT&T Corp. 8.05%	11/15/2011	37,661	37,380			01/15/2014	157,260	107,331
31,000	AT&T Corp. 8.50%	11/15/2031	41,348	37,592	298,293	Chase Mortgage Finance Corporation 4.24%			
115,000	AVA Capital Trust III 6.50%	04/01/2034	150,535	113,938			02/25/2037	273,103	290,182
157,118	Banc of America Commercial Mortgage Inc. 4.92%				360,512	Chase Mortgage Finance Corporation 5.00%			
		08/25/2035	151,876	154,704			09/25/2018	421,703	349,315
60,000	Banc of America Commercial Mortgage Inc. 5.35%				30,000	Chesapeake Energy Corporation 6.63%			
		09/10/2047	59,847	59,284			01/15/2016	31,265	28,905
130,000	Banc of America Commercial Mortgage Inc. 5.49%				185,000	Cintas Corporation 6.13%	12/01/2017	187,537	181,348
		06/10/2039	137,613	128,935	260,000	Citibank Credit Card Issuance Trust 6.15%			
330,000	Banc of America Commercial Mortgage Inc. 5.63%						06/15/2039	277,353	258,014
		07/10/2046	378,606	332,282	95,000	Citigroup Capital XXI 8.30%	12/21/2057	95,866	99,410
115,000	Banc of America Commercial Mortgage Inc. 5.63%				85,000	Citigroup Commercial Mortgage Loan Trust 5.89%			
		04/10/2049	125,311	115,272			12/10/2049	87,869	85,757
435,000	Banc of America Commercial Mortgage Inc. 5.89%				12,000,000	Citigroup Inc. 5.62%	10/30/2008	99,235	105,509
60,000	Bancolumbia S.A. 6.88%	07/10/2044	484,402	445,423	572,158	Citigroup Mortgage Loan Trust Inc. 5.63%			
59,223	Bank of America Alternative Loan Trust 5.50%	05/25/2017	64,255	56,552			03/25/2037	602,698	567,939
84,772	Bank of America Alternative Loan Trust 6.00%				609,766	Citigroup Mortgage Securities, Inc. 5.50%			
		04/25/2020	74,919	58,797			01/25/2022	628,033	599,952
49,082	Bank of America Alternative Loan Trust 6.00%				135,000	Citizens Communications Company 9.00%			
		12/25/2033	115,334	82,934			08/15/2031	137,380	133,904
27,441	Bank of America Alternative Loan Trust 6.00%				60,000	CNH Equipment Trust 5.40%	10/17/2011	62,224	60,253
		03/25/2034	67,610	48,180	150,000	Comcast Corporation 5.80%	07/14/2009	162,002	146,993
51,156	Bank of America Alternative Loan Trust 6.00%				195,000	Comcast Corporation 6.30%	11/15/2017	205,813	200,073
		11/25/2034	35,463	26,927	65,000	Comcast Corporation 6.50%	11/15/2035	65,997	65,329
62,303	Bank of America Alternative Loan Trust 6.00%				240,000	Comcast Corporation 6.95%	08/15/2037	256,689	254,788
		12/25/2034	64,694	50,198	50,000	Commercial Mortgage Pass-Through Certificates 5.69%			
1,575,000	Bank of America Credit Card Trust 5.30%						06/10/2046	55,645	50,114
		02/15/2012	1,689,264	1,555,638	65,000	Commonwealth Edison Company 6.15%			
297	Bank of America Mortgage Securities Inc. 3.43%				5,000	Compagnie Generale de Geophysique-Veritas 7.50%	09/15/2017	68,019	65,902
		05/25/2033	434	291	15,000	Compagnie Generale de Geophysique-Veritas 7.75%	05/15/2015	5,986	5,015
111,579	Bank of America Mortgage Securities Inc. 4.75%				180,000	Constellation Brands, Inc. 8.13%	01/15/2012	17,770	14,971
		10/25/2020	128,942	106,696	90,000	Continental Airlines, Inc. 6.50%	06/15/2011	110,225	88,937
181,819	Bank of America Mortgage Securities Inc. 6.00%				40,000	Cooper-Standard Automotive, Inc. 8.38%			
		09/25/2037	177,583	178,885			12/15/2014	35,318	31,188
45,000	Bank One Corporation 5.90%	11/15/2011	47,423	45,287	12,260	Countrywide Alternative Loan Trust 4.67%			
265,000	Baxter Internatioal Inc. 4.63%	03/15/2015	257,150	250,664			08/25/2034	15,074	11,891
70,000	Baxter International Inc. 5.20%	02/16/2008	83,342	69,055	85,493	Countrywide Alternative Loan Trust 5.50%			
88,844	Bear Stearns ALF-A Trust 6.21%	05/25/2036	104,723	87,203			03/25/2036	98,529	83,896
63,220	Bear Stearns ALF-A Trust 6.23%				127,265	Countrywide Alternative Loan Trust 5.92%			
		05/25/2036	70,235	62,061			11/25/2035	151,710	121,941
93,553	Bear Stearns Asset Backed Securities, Inc. 5.50%				55,954	Countrywide Alternative Loan Trust 6.00%			
		11/25/2035	107,078	92,293			01/25/2035	68,913	52,768
40,000	BellSouth Corporation 4.20%	09/15/2009	47,245	39,429	130,000	Countrywide Asset Backed Certificates 5.73%			
90,000	Berkshire Hathaway Finance Corp. 4.85%						08/25/2036	150,361	120,581
		01/15/2015	91,007	88,630	200,000	Countrywide Asset-Backed Certificates 5.71%			
30,000	Berry Plastics Holding Corporation 8.88%						04/25/2035	229,168	170,808
		09/15/2014	35,619	28,276					
40,000	BF Saul REIT 7.50%	03/01/2014	50,334	36,715					

Portfolio Advisor: Logan Circle Partners, L.P.

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

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

Pinnacle American Core-Plus Bond Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
49,251	Countrywide Home Loans 4.84%	09/20/2034	47,778	46,404	265,000	General Electric Capital Corporation 6.50%	01/27/2009	204,185	196,797
66,579	Countrywide Home Loans 6.00%	03/25/2036	76,360	65,916	150,000	General Electric Company 5.25%	12/06/2017	148,288	147,843
86,232	Countrywide Home Loans 6.14%	05/20/2036	101,758	88,157	60,000	General Motors Acceptance Corporation 5.13%	05/09/2008	56,581	58,472
85,000	Cox Communications, Inc. 4.63%	01/15/2010	95,208	83,244	400,000	General Motors Acceptance Corporation 6.88%	09/15/2011	459,653	337,682
20,000	CPG International 1 Inc. 10.50%	07/01/2013	23,678	18,629	15,000	General Motors Acceptance Corporation 6.88%	08/28/2012	13,749	12,300
40,000	CRC Health Corporation 10.75%	02/01/2016	47,040	40,465	300,000	General Motors Acceptance Corporation 8.00%	11/01/2031	296,451	245,751
15,114	Credit Suisse First Boston Mortgage Corp. 7.00%	12/25/2033	20,987	14,891	145,000	General Motors Corporation 6.38%	05/01/2008	149,193	141,319
6,723	Credit Suisse First Boston Mortgage Corp. 7.00%	02/25/2034	9,378	6,872	60,000	General Motors Corporation 8.38%	07/15/2033	51,543	47,818
30,000	Credit Suisse First Boston Mortgage Corp. 5.56%	02/15/2039	33,524	30,034	10,000	Georgia-Pacific Corp. 8.88%	05/15/2031	12,414	9,524
100,000	Credit-Based Asset Servicing and Securitization LLC 5.72%	01/25/2037	117,985	94,779	35,000	Georgia-Pacific Corp. 9.50%	12/01/2011	37,031	36,270
50,000	CVS Caremark Corporation 4.875%	09/15/2014	47,265	47,296	50,000	GMAC LLC 4.75%	09/14/2009	66,425	64,159
135,000	CVS Caremark Corporation 5.75%	06/01/2017	138,145	134,706	788,725	GMAC Mortgage Corporation Loan Trust 5.19%	05/25/2035	830,248	756,004
165,000	DaimlerChrysler North America Holding Corporation 5.92%	08/03/2009	186,607	161,748	35,000	GMAC Mortgage Corporation Loan Trust 5.75%	10/25/2036	38,782	33,538
40,000	Darden Restaurants, Inc. 6.20%	10/15/2017	39,192	39,254	485,000	Greenwich Capital Commercial Funding Corp 5.44%	03/10/2039	521,056	481,998
50,000	Darden Restaurants, Inc. 6.80%	10/15/2037	48,667	50,116	612,216	GSR Mortgage Loan Trust 5.39%	01/25/2036	634,305	599,714
45,000	Denny's Corp. 10.00%	10/01/2012	46,134	42,525	25,000	Halliburton Company 5.50%	10/15/2010	25,301	25,487
60,000	Developers Diversified Realty Corporation 4.63%	08/01/2010	58,664	57,809	200,000	Harrah's Operating Company, Inc. 6.50%	06/01/2016	196,647	147,056
25,000	Developers Diversified Realty Corporation 5.38%	10/15/2012	24,598	24,262	100,000	Health Net Inc. 6.38%	06/01/2017	110,488	95,627
150,000	Devon Energy Corporation 7.95%	04/15/2032	182,281	183,405	120,000	HEALTHSOUTH Corporation 10.75%	06/15/2016	127,389	123,764
25,000	Dex Media West LLC 9.875%	08/15/2013	32,178	25,722	75,000	HRPT Properties Trust 5.75%	02/15/2014	72,462	70,938
125,000	DLJ Commercial Mortgage Corp. 7.73%	10/10/2032	127,160	130,071	45,000	Hyundai Auto Receivables Trust 5.04%	01/17/2012	45,668	44,536
60,000	Dominion Resources, Inc. 5.69%	05/15/2008	69,646	59,348	28,000	Idearc Inc. 8.00%	11/15/2016	29,474	25,286
250,000	E*Trade Financial Corporation 8.00%	06/15/2011	237,311	214,045	89,854	IndyMac INDX Mortgage Loan Trust 5.91%	12/25/2035	106,404	88,803
42,617	Elwood Energy, LLC 8.16%	07/05/2026	52,597	41,851	90,000	Ingles Markets, Incorporated 8.88%	12/01/2011	90,736	90,380
220,000	Enterprise Products Operating L.P. 4.63%	10/15/2009	248,724	216,828	30,000	Inmarsat Finance PLC 10.38%	11/15/2012	29,691	28,905
55,000	Enterprise Products Operating L.P. 8.38%	08/01/2066	63,225	55,431	100,000	Intelsat Ltd. 9.25%	02/01/2015	82,438	80,930
80,000	EXCO Resources, Inc. 7.25%	01/15/2011	77,757	75,995	2,800,000	Inter-American Development Bank 13.00%	06/20/2008	47,130	43,788
53,832	First Horizon Mortgage Pass-Through Trust 5.70%	10/25/2034	69,092	52,691	280,000	Inter-American Development Bank 9.00%	08/06/2010	156,460	149,584
275,741	First Horizon Mortgage Pass-Through Trust 6.33%	11/25/2037	289,112	275,208	45,000	Interface, Inc. 10.38%	02/01/2010	57,252	46,300
18,831	First Horizon Mortgage Pass-Through Trust 8.00%	07/25/2033	28,275	18,944	200,000	International Business Machines Corporation 5.70%	09/14/2017	205,112	205,012
150,000	Florida Power Corporation 6.35%	09/15/2037	157,853	157,141	65,000	International Lease Finance Corp. 5.88%	05/01/2013	67,852	65,429
235,000	Ford Motor Company 7.45%	07/16/2031	188,631	171,631	20,000	Intertape Polymer U.S. Inc. 8.50%	08/01/2014	23,842	18,012
30,000	Ford Motor Credit Company 7.38%	10/28/2009	31,779	27,972	135,000	Invesco PLC 5.63%	04/17/2012	153,828	129,225
620,000	Ford Motor Credit Company 7.80%	06/01/2012	641,171	536,392	65,000	iStar Financial Inc. 5.15%	03/01/2012	64,753	55,496
100,000	Ford Motor Credit Company 8.00%	12/15/2016	112,820	84,303	35,000	J.C. Penney Corporation, Inc. 6.38%	10/15/2036	34,763	30,953
200,000	Ford Motor Credit Company 8.11%	01/13/2012	223,070	167,607	80,000	J.C. Penney Corporation, Inc. 7.38%	08/15/2008	98,780	79,404
750,000	Ford Motor Credit Company 9.88%	08/10/2011	767,328	705,237	80,000	JP Morgan Chase & Co. 5.75%	01/02/2013	80,259	80,750
105,000	FPL Group Capital Inc. 5.63%	09/01/2011	118,895	106,679	125,000	JP Morgan Chase Commercial Mortgage Securities Corp. 4.99%	01/12/2037	153,951	122,270
25,000	Freeport-McMoran Copper & Gold, Inc. 8.25%	04/01/2015	29,391	26,154	210,000	JP Morgan Chase Commercial Mortgage Securities Corp. 5.13%	05/15/2047	210,602	207,138
45,000	Freeport-McMoran Copper & Gold, Inc. 8.38%	04/01/2017	52,904	47,633	60,000	JP Morgan Chase Commercial Mortgage Securities Corp. 5.38%	07/12/2037	80,833	61,009
115,000	Freescale Semiconductor Inc. 10.13%	12/15/2016	107,704	93,353	107,822	JP Morgan Mortgage Trust 4.78%	02/25/2035	124,276	105,243
50,000	FTI 7.63%	06/15/2013	57,011	50,581	110,000	JP Morgan Mortgage Trust 5.16%	09/25/2035	129,549	107,210
30,000	Gaylord Entertainment Company 8.00%	11/15/2013	36,388	29,386	57,870	JP Morgan Mortgage Trust 5.41%	07/25/2035	63,637	56,658
68,000	GE Capital UK Funding 4.40%	01/18/2016	141,234	124,043	24,000	Kansas City Southern Railway 7.50%	06/15/2009	23,907	23,716
175,000	GE Captial Commerical Mortgage Corporation 6.30%	12/10/2035	226,403	183,537	8,000,000	KfW International Finance Inc. 1.75%	03/23/2010	83,346	72,107
500,000	General Electric Capital Corporation 5.02%	02/02/2011	91,176	89,858	520,000	Kommunal banken AS 4.25%	10/24/2011	96,018	91,665
500,000	General Electric Capital Corporation 5.13%	01/28/2014	82,728	75,747	130,000	Kraft Foods Inc. 4.13%	11/12/2009	145,081	126,651
					145,000	LaBranche & Co Inc. 11.00%	05/15/2012	149,839	141,319

Portfolio Advisor: Logan Circle Partners, L.P.

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

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

Pinnacle American Core-Plus Bond Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
60,000	LaBranche & Co Inc. 9.50%	05/15/2009	75,341	59,069	3,538,403	Red Arrow International Leasing Public Limited Company 8.38%	06/30/2012	144,359	143,382
9,000,000	Landwirtschaftliche Rentenbank 1.38%	04/25/2013	101,716	80,414	95,000	Regency Centers LP 5.88%	06/15/2017	98,153	90,712
100,000	LB-UBS Commerical Mortgage Trust 6.46%	03/15/2031	122,918	105,295	9,127	Renaissance Home Equity Loan Trust 5.40%	02/25/2036	10,570	8,972
45,000	Lear Corporation 8.75%	12/01/2016	52,908	40,416	190,000	Renaissance Home Equity Loan Trust 5.61%	05/25/2036	216,633	185,235
110,000	Lehman Brothers Holdings Inc. 6.50%	07/19/2017	112,705	110,278	50,000	Renaissance Home Equity Loan Trust 5.68%	06/25/2037	55,338	47,018
110,000	Lehman Brothers Holdings Inc. 6.88%	07/17/2037	113,388	106,772	60,883	Residential Asset Mortgage Products, Inc. 6.00%	05/25/2032	79,072	60,561
86,291	Lehman Mortgage Trust 5.50%	12/25/2035	102,620	84,992	43,808	Residential Asset Mortgage Products, Inc. 6.50%	07/25/2032	56,044	43,748
35,000	Level 3 Financing, Inc. 8.75%	02/15/2017	33,212	29,448	11,170	Residential Asset Mortgage Products, Inc. 7.00%	11/25/2031	15,769	11,215
25,000	Lowe's Companies, Inc. 6.10%	09/15/2017	25,513	25,386	105,000	Residential Capital Corporation 5.85%	06/09/2008	102,496	89,122
45,000	Majestic Star Casino LLC 9.50%	10/15/2010	51,606	41,637	85,000	Residential Capital Corporation 6.00%	02/22/2011	69,995	52,641
10,000	Mandalay Resort Group 9.38%	02/15/2010	11,894	10,215	105,000	Residential Capital Corporation 6.50%	04/17/2013	85,417	64,250
25,000	Mandalay Resort Group 9.50%	08/01/2008	30,453	24,982	110,000	Residential Capital Corporation 6.88%	06/30/2015	89,484	66,767
70,000	Masco Corporation 6.00%	03/12/2010	73,262	67,856	50,000	Residential Capital LLC 6.38%	05/17/2013	105,425	54,027
17,527	Master Adjustable Rate Mortgages Trust 3.13%	12/25/2033	23,148	17,370	30,000	Residential Capital LLC 6.50%	06/01/2012	23,987	18,431
34,394	Master Adjustable Rate Mortgages Trust 5.38%	06/25/2035	37,823	33,798	86,568	Residential Funding Mortgage Securities I 6.08%	09/25/2036	97,150	85,942
56,144	Master Alternative Loans Trust 5.50%	12/25/2018	76,280	55,022	155,000	Residential Funding Mortgage Securities II 5.79%	02/25/2036	173,703	134,867
11,311	Master Alternative Loans Trust 8.00%	09/25/2033	16,223	11,472	50,000	Resona Bank, Limited 4.13%	09/27/2012	74,018	65,089
80,000	McDonald's Corporation 5.80%	10/15/2017	77,902	81,828	40,000	Reynolds American Inc. 6.50%	07/15/2010	43,830	40,860
140,000	Medco Health Solutions, Inc. 7.25%	08/15/2013	148,813	150,837	90,000	Rockwell Automation, Inc. 5.65%	12/01/2017	88,543	89,309
61,000	Mediacom Communications Corp. 9.50%	01/15/2013	68,166	55,839	100,000	RSB Bondco LLC 5.72%	04/01/2018	106,715	102,390
70,000	Merrill Lynch & Co., Inc 6.40%	08/28/2017	72,958	70,189	100,000	RSHB Capital SA 6.88%	11/29/2010	100,938	100,432
90,000	Merrill Lynch & Co., Inc 6.05%	08/15/2012	92,953	90,146	30,000	Rural Cellular Corporation 9.88%	02/01/2010	39,144	30,793
45,000	MetLife, Inc. 5.00%	06/15/2015	43,276	43,183	75,000	Safeway Inc. 6.35%	08/15/2017	78,768	77,222
60,000	Michaels Stores, Inc. 11.38%	11/01/2016	58,409	54,332	25,000	Seabulk International, Inc. 9.50%	08/15/2013	34,425	26,092
22,822	Mid State Trust 4.86%	07/15/2038	30,370	22,142	75,000	SLM Corporation 5.40%	10/25/2011	80,543	68,953
95,000	MidAmerican Funding, LLC 6.75%	03/01/2011	117,782	98,778	80,000	Smurfit-Stone Container Corp. 8.38%	07/01/2012	80,651	78,364
17,711	Mid-State Capital Corporation Trust 6.01%	08/15/2037	23,596	17,920	120,000	Southern Copper Corporation 7.50%	07/27/2035	128,067	125,096
145,000	Montpelier Re Holdings Ltd. 6.13%	08/15/2013	158,556	146,970	180,000	Sprint Capital Corp. 7.63%	01/30/2011	218,726	185,441
250,000	Morgan Stanley 10.09%	05/03/2017	131,285	126,141	95,000	Sprint Nextel Corporation 5.76%	06/28/2010	100,966	89,781
100,000	Morgan Stanley 5.95%	12/28/2017	99,632	99,232	57,244	Structured Adjustable Rate Mortgage Loan 5.50%	12/25/2034	69,038	55,917
41,713	Morgan Stanley Mortgage Loan Trust 6.50%	02/25/2036	48,722	41,285	360,930	Structured Adjustable Rate Mortgage Loan 5.58%	06/25/2036	380,129	356,396
170,000	Motorola, Inc. 5.38%	11/15/2012	170,449	167,741	51,580	Structured Asset Securities Corporation 3.38%	08/25/2031	58,784	44,383
285,000	New Cingular Wireless Services Inc. 8.13%	05/01/2012	330,981	314,049	49,484	Structured Asset Securities Corporation 6.00%	05/25/2034	66,996	48,931
150,000	Nomura Asset Acceptance Corporation 4.79%	03/25/2035	188,207	148,012	12,238	Structured Asset Securities Corporation 7.00%	11/25/2032	17,755	12,232
60,000,000	Nordic Investment Bank 1.70%	04/27/2017	567,141	539,702	145,000	SunGard Data Systems Inc. 10.25%	08/15/2015	152,530	146,328
840,000	Nordic Investment Bank 4.63%	07/30/2010	147,406	150,003	250,000	Target Corporation 6.50%	10/15/2037	250,158	246,446
35,000	NRG Energy, Inc. 7.38%	02/01/2016	35,959	33,766	165,000	Telecom Italia Capital SA 4.00%	01/15/2010	179,757	159,436
25,000	O'Charley's Inc. 9.00%	11/01/2013	25,033	23,748	120,000	Telecom Italia Capital SA 6.11%	07/18/2011	136,062	115,274
70,000	ONEOK, Inc. 5.51%	02/16/2008	83,626	69,030	55,000	Telecom Italia Capital SA 7.20%	07/18/2036	59,568	59,125
50,000	Orion Power Holdings, Inc. 12.00%	05/01/2010	69,404	53,912	75,000	Telefonica Emisiones SA 5.98%	06/20/2011	83,082	75,958
20,000,000	Osterreichische Kontrollbank 1.80%	03/22/2010	202,177	180,457	110,000	Telefonos de Mexico SA de CV 4.50%	11/19/2008	130,950	108,022
85,000	Pactiv Corporation 5.88%	07/15/2012	91,964	85,612	82,000	The Bear Stearns Companies Inc. 5.63%	07/16/2009	85,829	80,906
30,000	Pactiv Corporation 6.40%	01/15/2018	31,812	29,854	125,000	The Bear Stearns Companies Inc. 5.85%	07/19/2010	130,738	123,457
95,000	Pepco Holdings, Inc. 5.86%	06/01/2010	107,133	92,099	55,000	The Bear Stearns Companies Inc., 5.55%	01/22/2017	52,021	49,011
25,000	PetroHawk Energy Corporation 9.13%	07/15/2013	30,450	25,938					
55,000	Popular North America Capital Trust I 6.56%	09/15/2034	67,367	49,036					
95,000	Popular North America Inc. 4.25%	04/01/2008	133,981	93,461					
50,000	Potlatch Corporation 9.13%	12/01/2009	65,176	55,639					
26,474	Prime Mortgage Trust 6.00%	02/25/2034	36,103	26,235					
65,000	Quebecor World Inc. 6.13%	11/15/2013	53,620	50,920					
50,000	Qwest Corporation 8.60%	06/15/2013	63,888	50,458					
15,000	R.H. Donnelley Corp. 8.88%	01/15/2016	18,130	13,805					

Portfolio Advisor: Logan Circle Partners, L.P.

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

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

Pinnacle American Core-Plus Bond Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
108,015	Fannie Mae 5.50%	03/01/2029	148,447	107,229
117,796	Fannie Mae 5.50%	04/01/2029	161,499	116,940
103,803	Fannie Mae 5.50%	09/25/2035	125,019	103,812
739,107	Fannie Mae 5.50%	03/01/2037	735,511	728,945
2,777,911	Fannie Mae 5.50%	07/01/2037	2,846,648	2,738,860
1,325,000	Fannie Mae 6.00%	TBA	1,359,033	1,328,550
1,335,000	Fannie Mae 6.00%	TBA	1,385,669	1,348,459
33,508	Fannie Mae 6.50%	08/01/2017	43,183	34,167
39,189	Fannie Mae 6.50%	02/25/2044	55,399	40,331
56,675	Fannie Mae 6.50%	05/25/2044	74,337	58,693
730,000	Fannie Mae 6.50%	TBA	761,949	740,737
2,457	Fannie Mae 7.00%	06/01/2035	3,137	2,528
505,000	Fannie Mae 7.00%	TBA	529,006	518,346
29,718	Fannie Mae 7.50%	11/25/2026	42,463	31,003
6,899	Fannie Mae 7.50%	06/01/2031	11,064	7,208
9,817	Fannie Mae 7.50%	04/01/2032	14,258	10,244
15,934	Fannie Mae 7.50%	06/01/2034	20,949	16,526
9,027	Fannie Mae 7.50%	12/25/2041	13,013	9,439
24,820	Fannie Mae 9.50%	07/25/2041	38,401	25,299
19,967	Freddie Mac 3.73%	04/01/2034	26,078	19,750
20,819	Freddie Mac 4.00%	02/01/2014	25,950	20,434
75,695	Freddie Mac 4.50%	10/15/2031	90,862	73,507
135,000	Freddie Mac 4.88%	05/18/2012	142,709	138,325
86,527	Freddie Mac 5.00%	06/01/2018	86,924	86,334
115,000	Freddie Mac 5.00%	07/15/2025	127,146	109,102
50,000	Freddie Mac 5.00%	12/15/2028	60,118	49,852
115,000	Freddie Mac 5.00%	02/15/2029	133,030	114,632
115,000	Freddie Mac 5.00%	11/15/2029	138,524	114,181
100,000	Freddie Mac 5.00%	11/15/2029	120,295	99,260
120,165	Freddie Mac 5.00%	09/01/2033	163,694	116,485
55,000	Freddie Mac 5.00%	05/15/2036	50,155	51,898
105,000	Freddie Mac 5.50%	07/15/2030	104,989	105,546
91,340	Freddie Mac 5.68%	07/01/2036	96,669	91,900
1,000,000	Freddie Mac 5.75%	05/15/2012	1,087,059	1,060,977
85,000	Freddie Mac 6.00%	04/15/2035	90,476	86,220
155,000	Freddie Mac 6.00%	TBA	158,908	155,272
77,097	Freddie Mac 6.50%	06/15/2031	100,273	79,421
37,428	Freddie Mac 6.50%	09/25/2043	53,887	38,582
33,031	Freddie Mac 7.00%	05/15/2024	43,197	34,324
15,873	Freddie Mac 7.00%	11/01/2033	22,168	16,414
89,364	Ginnie Mae 7.00%	12/15/2034	109,314	93,131
5,863	Ginnie Mae 7.50%	02/15/2032	8,551	6,149
40,000	State of California 5.00%	11/01/2030	50,373	40,920
30,000	State of California 5.00%	02/01/2033	40,773	29,793
70,000	State of New Jersey 5.75%	06/15/2029	86,427	68,326
65,000	State of New York 5.25%	03/15/2034	80,507	67,397
60,000	State of Oregon 5.89%	06/01/2027	78,630	62,940
280,000	United States Treasury Bond Zero Cpn	11/15/2013	237,679	223,884
200,000	United States Treasury Bond 2.00%	01/15/2014	258,590	230,528
85,000	United States Treasury Bond 2.00%	01/15/2026	96,013	87,946
135,000	United States Treasury Bond 3.00%	07/15/2012	190,317	167,676
70,000	United States Treasury Bond 3.63%	01/15/2008	106,461	89,456
957,000	United States Treasury Bond 4.75%	02/15/2037	959,789	989,228
450,000	United States Treasury Bond 2.00%	01/15/2017	539,422	485,526
30,000	United States Treasury Bond 3.38%	11/30/2012	29,988	29,525
240,000	United States Treasury Bond 4.25%	11/15/2017	240,520	241,124
1,946,000	United States Treasury Bond 4.75%	08/15/2017	1,949,600	2,028,939
			19,633,884	18,693,086
	Sovereign (8.5%)			
87,000	Asian Development Bank 0.50%	10/09/2012	53,169	54,835
62,000,000	European Investment Bank 1.40%	06/20/2017	563,949	543,663
75,000	European Investment Bank 4.25%	12/07/2010	149,536	145,136
125,000	Federal Republic of Germany 3.50%	01/04/2016	174,133	171,005
420,000	Federal Republic of Germany 3.75%	01/04/2017	562,626	582,025
275,000	Federal Republic of Germany 4.00%	01/04/2037	346,561	359,102
660,000	Federal Republic of Germany 5.00%	01/04/2012	944,736	981,657

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
199,000	Federal Republic of Germany 6.25%	01/04/2024	367,398	341,437
200,000	Government of France 4.00%	10/25/2038	295,654	257,727
195,000	Government of Poland 5.25%	10/25/2017	73,395	74,367
254,000	Government of Poland 6.25%	10/24/2015	99,674	103,420
100,000	New South Wales Treasury Corporation 6.00%	05/01/2012	85,225	82,604
435,000	Republic of Argentina 1.32%	12/15/2035	24,203	49,372
239,000	Republic of Austria 5.25%	01/04/2011	354,351	355,864
75,000	Republic of Korea 4.25%	12/07/2021	113,400	94,928
10,000	Republic of Turkey 6.88%	03/17/2036	11,158	9,696
63,000,000	The Development Bank of Japan 1.70%	09/20/2022	542,184	546,398
12,200,000	The European Bank for Reconstruction and Development 12.50%	03/23/2009	197,173	189,562
194,000	The International Bank for Reconstruction and Development 17.75%	07/30/2008	158,350	165,702
130,000	United Kingdom Treasury 4.25%	03/07/2011	254,071	254,185
112,000	United Kingdom Treasury 5.00%	03/07/2012	222,313	225,110
29,000	United Kingdom Treasury 9.00%	07/12/2011	72,800	65,406
			5,666,059	5,653,201
No. of Shares	Issuer		Average Cost (\$)	Fair Value (\$)
	Equity Investments (0.4%)			
	Financials (0.4%)			
28,271	Adelphia Recovery Trust		18,502	15,625
4,375	Fannie Mae 8.25% Preferred		110,631	110,107
6,150	Freddie Mac 8.38% Preferred		153,995	158,117
			283,128	283,849
	Utilities (0.0%)			
10	Mirant Corporation		–	385
	Short-Term Notes – Schedule 1 (7.1%)		4,835,411	4,723,035
	Total Investments (104.7%)		75,215,077	69,825,641
	Foreign Currency Spot and Forward Contracts – Schedule 2 (0.0%)			33,231
	Total Portfolio (104.7%)			69,858,872
	Other Assets, Less Liabilities (–4.7%)			(3,142,594)
	Total Net Assets (100.0%)			66,716,278
	Net Assets per Unit			\$6.95

* Bonds are comprised of 88% U.S.\$ denominated bonds and 12% bonds denominated in other foreign currencies.

Portfolio Advisor: Logan Circle Partners, L.P.

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

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

-For equities, all common shares unless otherwise noted.

Pinnacle American Core-Plus Bond Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Market Value (\$)
4,720,000	Freddie Mac 3.91%	01/14/2008	4,761,557	4,651,423
72,559	State Street Trust Company Canada U.S. Dollar Call Deposit	01/02/2008	73,854	71,612
Total Short-Term Notes			4,835,411	4,723,035

Schedule 2 Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
Forward Currency Contracts					
1	500,000 Australia Dollar	429,035 U.S. Dollar	01/31/2008	A+	(9,100)
1	926,140 Australia Dollar	790,285 U.S. Dollar	03/18/2008	A+	(18,660)
1	1,000,000 Euro Dollar	9,406,200 Swedish Krona	01/21/2008	AA	(6,824)
1	178,171,040 Japanese Yen	800,000 Pound Sterling	01/31/2008	A+	(9,270)
1	400,000 Pound Sterling	926,140 Australia Dollar	01/14/2008	AA	16,423
1	400,000 Pound Sterling	90,861,200 Japanese Yen	01/31/2008	A+	20,369
1	400,000 Pound Sterling	89,308,120 Japanese Yen	01/31/2008	A+	6,608
1	200,000 Pound Sterling	396,302 U.S. Dollar	01/31/2008	AA-	(1,436)
1	428,780 U.S. Dollar	500,000 Australia Dollar	01/31/2008	A+	9,352
1	796,989 U.S. Dollar	928,010 Australia Dollar	03/18/2008	A+	13,659
1	497,249 U.S. Dollar	345,000 Euro Dollar	03/18/2008	A+	7,414
1	375,000 U.S. Dollar	42,347,625 Japanese Yen	01/22/2008	AA	4,938
1	87,273 U.S. Dollar	953,897 Mexico Pesos	03/18/2008	A+	(343)
1	6,163 U.S. Dollar	40,468 Swedish Krona	03/18/2008	AA-	101
Total Foreign Currency Forward Contracts Value					33,231

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract

Credit Ratings Breakdown	% of Total Portfolio	% of Total Net Assets
A- to AAA+	72.5%	70.4%
B- to BBB+	20.8%	20.2%
C- to CCC+	1.8%	1.7%
D- to DDD+	0.0%	0.0%
NR or other	4.9%	4.8%
	100.0%	97.1%

Pinnacle American Core-Plus Bond Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$69,825,641	\$62,515,522
*Cash	1,670,643	589,400
Receivable on open forward contracts	33,231	-
Subscriptions receivable	138,449	580,433
Receivable for securities sold	383,264	742,829
Accrued investment income	764,490	688,716
	<u>72,815,718</u>	<u>65,116,900</u>
Liabilities		
Payable on open forward contracts	-	47,839
Payable for securities purchased	5,983,877	5,888,914
Redemptions payable	51,068	174,366
Accrued expenses	64,495	49,185
	<u>6,099,440</u>	<u>6,160,304</u>
Net assets representing unitholders' equity	<u>\$66,716,278</u>	<u>\$58,956,596</u>
Number of units outstanding	<u>9,592,846</u>	<u>7,398,788</u>
Net assets per unit	<u>\$ 6.95</u>	<u>\$ 7.97</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 44,908	\$ 3,479
Interest	1,822,126	2,855,240
Less: Foreign withholding taxes	(6,410)	(5,049)
	<u>1,860,624</u>	<u>2,853,670</u>
Expenses		
Legal fees	2,948	-
Audit fees	11,855	9,724
Custody fees	99,923	122,222
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	20,523	22,628
Unitholder administration, service fees and GST	98,278	98,546
	<u>248,312</u>	<u>266,140</u>
Rebated and absorbed expenses	-	(8,156)
Net expenses	<u>248,312</u>	<u>257,984</u>
Net investment income (loss)	<u>1,612,312</u>	<u>2,595,686</u>
Net realized gain (loss) on investments sold	(4,688,351)	(2,202,350)
Net realized gain (loss) on foreign exchange	948,292	(196,005)
Change in unrealized appreciation (depreciation) of investments	(5,873,825)	3,060,680
Change in unrealized appreciation (depreciation) of foreign exchange	399,115	(70,928)
Net gain (loss) on investments and transaction costs	<u>(9,214,769)</u>	<u>591,397</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (7,602,457)</u>	<u>\$ 3,187,083</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.84)</u>	<u>\$ 0.47</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 58,956,596	\$ 45,465,514
New accounting policy adjustment (Note 2)	(72,137)	-
Increase (decrease) in net assets from operations	(7,602,457)	3,187,083
Distributions to unitholders		
Investment income	(1,667,774)	(2,510,628)
	<u>49,614,228</u>	<u>46,141,969</u>
Unit Transactions:		
Proceeds from issue	30,935,553	27,189,129
Reinvested distributions	1,666,533	2,508,553
Payments on redemption	(15,500,036)	(16,883,055)
	<u>17,102,050</u>	<u>12,814,627</u>
Increase (decrease) in net assets	<u>7,759,682</u>	<u>13,491,082</u>
Net Assets, End of Period	<u>\$ 66,716,278</u>	<u>\$ 58,956,596</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

Portfolio Advisor: Logan Circle Partners, L.P.

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

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

Pinnacle Global Real Estate Securities Fund

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (9.3%)				276,000	Capitacommercial Trust	464,191	462,984
814,000	Commonwealth Property Office Fund	1,145,472	1,092,036	292,000	Capitaland Limited	1,487,573	1,239,099
468,651	DB RREEF Trust	662,267	809,157			3,513,952	3,210,473
273	General Property Trust	1,193	951	Spain (0.3%)			
252,192	Macquarie Goodman Group	1,520,850	1,071,151	12,980	Renta Corporacion Real Estate SA	407,750	284,296
161,713	Mirvac Group	806,023	839,127	Sweden (1.9%)			
216,000	Stockland	1,725,289	1,569,197	100,000	Fabege AB	1,118,365	999,893
258,604	Westfield Group	4,815,142	4,676,541	110,200	Hufvudstaden AB Series A	1,120,348	1,033,646
		10,676,236	10,058,160			2,238,713	2,033,539
Canada (3.7%)				United Kingdom (8.2%)			
52,062	Allied Properties REIT	1,015,144	1,076,122	65,479	British Land Company, PLC	1,322,927	1,204,589
72,150	Brookfield Properties Corporation	1,850,025	1,370,050	45,822	Derwent Valley Holdings PLC	1,611,166	1,262,138
30,392	Canadian REIT	817,497	877,721	100,000	Grainger PLC	873,571	682,337
35,439	Primaris Retail REIT	579,210	644,635	100,000	Great Portland Estates PLC	1,074,748	935,296
		4,261,876	3,968,528	55,500	Hammerson Property & Investment Development Corporation, PLC	1,360,061	1,114,187
China (0.9%)				121,700	Helical Bar PLC	1,001,510	774,541
276,400	Guangzhou R&F Properties Company Limited	1,176,028	960,267	97,888	Land Securities Group PLC	3,102,700	2,872,905
Finland (0.4%)						10,346,683	8,845,993
50,000	Technopolis Oyj	426,292	416,247	United States (33.6%)			
France (4.8%)				11,500	Alexandria Real Estate Equities, Inc.	1,071,453	1,144,186
19,334	Compagnie Fonciere Klepierre	1,027,660	968,842	18,700	AMB Property Corp.	1,082,133	1,057,342
9,000	Fonciere des Regions	1,204,392	1,118,196	13,900	Avalonbay Communities, Inc.	1,607,645	1,290,096
5,200	Gecina	849,840	804,607	26,900	Boston Properties, Inc.	2,503,309	2,437,460
11,020	Unibail	2,460,236	2,367,459	10,000	Corporate Office Properties Trust	399,709	309,014
		5,542,128	5,259,104	25,100	Developers Diversified Realty Corp.	1,381,439	946,060
Germany (1.5%)				47,000	Douglas Emmett, Inc.	1,161,539	1,045,091
27,500	DIC Asset AG	814,936	861,764	14,600	Equity Residential	673,779	524,504
23,200	IVG Immobilien AG	920,950	774,949	6,200	Essex Property Trust, Inc.	686,168	594,837
		1,735,886	1,636,713	10,300	Federal Realty Investment Trust	816,158	634,699
Hong Kong (12.8%)				24,300	Forest City Enterprises, Inc. Cl. A	1,345,169	1,062,921
539,900	China Resources Land Limited	1,112,739	1,162,095	47,800	General Growth Properties Inc.	2,653,708	1,942,716
426,000	Hang Lung Properties Ltd.	1,809,253	1,927,914	28,000	HCP, Inc.	1,029,553	960,302
183,000	Hongkong Land Holdings Limited	793,332	886,619	68,032	Host Marriott Corp.	1,390,505	1,144,137
256,319	Kerry Properties Limited	1,215,073	2,028,773	61,000	Kimco Realty Corp.	2,489,171	2,186,607
620,000	Kowloon Development Company Limited	1,549,985	1,581,420	31,100	LaSalle Hotel Properties	1,273,249	975,767
554,000	Sino Land Company, Limited	1,329,330	1,910,972	51,800	ProLogis Trust	2,986,578	3,234,616
205,800	Sun Hung Kai Properties Limited	3,227,630	4,267,833	21,300	Public Storage, Inc.	1,694,515	1,543,017
		11,037,342	13,765,626	18,000	Regency Centers Corp.	1,256,832	1,145,138
Italy (0.5%)				45,900	Simon Property Group, Inc.	3,769,448	3,934,845
100,000	Risanamento SpA	669,185	530,505	18,100	Starwood Hotels & Resorts Worldwide, Inc.	1,048,858	786,384
Japan (12.1%)				17,400	Tanger Factory Outlet Centers, Inc.	640,700	647,591
21,400	AEON Mall Co., Ltd.	574,783	554,399	12,200	The Macerich Co. REIT	1,064,821	853,572
124	Japan Excellent, Inc.	908,402	974,700	48,800	Ventas, Inc.	2,073,665	2,176,975
168	Japan Hotel And Resort, Inc.	449,503	616,698	38,400	Vornado Realty Trust	3,858,914	3,332,826
18,200	Joint Corporation	453,348	346,731			39,959,018	36,110,887
111	Kenedix Realty Investment Corporation	767,136	722,486	Total Investment (93.7%)			
148,000	Mitsubishi Estate Company, Limited	4,036,107	3,501,395			106,961,918	100,870,237
169,000	Mitsui Fudosan Co. Ltd.	4,059,315	3,604,753	Foreign Currency Spot Contracts –			
88	Nippon Building Fund Inc.	1,127,165	1,215,897	Schedule 1 (0.0%)			
284	NTT Urban Development Corporation	623,974	446,457			–	(1,520)
123,000	Tokyu Land Corporation	1,143,178	1,038,899	Adjustment for Transaction Costs (Note 2)			
		14,142,911	13,022,415			(109,794)	–
New Zealand (0.7%)				Total Investment Portfolio (93.7%)			
857,000	AMP NZ Office Trust	827,918	767,484			106,852,124	100,868,717
Singapore (3.0%)				Other Assets, Less Liabilities (6.3%)			
434,000	Ascendas REIT	724,508	728,756				6,793,873
790,000	Ascott Residence Trust	837,680	779,634	Total Net Assets (100.0%)			
							107,662,590
				Net Assets Per Unit			
							\$14.14
				REIT – Real Estate Investment Trust			

Portfolio Advisor: Citigroup Alternative Investments LLC

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

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

-For equities, all common shares unless otherwise noted.

Pinnacle Global Real Estate Securities Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Schedule 1

Foreign Currency Spot Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
1	214,181 Canadian Dollar	215,626 U.S. Dollar	01/03/2008	AA	(1,369)
1	849,567 Japanese Yen	7,355 Canadian Dollar	01/04/2008	AA	(151)
Total Foreign Currency Spot Contracts Value					(1,520)

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

Pinnacle Global Real Estate Securities Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$100,870,237	\$102,694,990
*Cash	6,411,509	1,887,401
Subscriptions receivable	302,809	465,262
Accrued investment income	425,857	452,030
	<u>108,010,412</u>	<u>105,499,683</u>
Liabilities		
Payable on open spot contracts	1,520	-
Payable for securities purchased	212,812	73,451
Redemptions payable	58,326	136,160
Accrued expenses	75,164	45,944
	<u>347,822</u>	<u>255,555</u>
Net assets representing unitholders' equity	<u>\$107,662,590</u>	<u>\$105,244,128</u>
Number of units outstanding	7,616,274	5,238,727
Net assets per unit	<u>\$ 14.14</u>	<u>\$ 20.09</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 2,623,094	\$ 2,161,603
Interest	579,996	620,722
Securities lending	15,781	8,778
Less: Foreign withholding taxes	<u>(597,458)</u>	<u>(550,760)</u>
	<u>2,621,413</u>	<u>2,240,343</u>
Expenses		
Legal fees	2,948	-
Audit fees	17,856	14,224
Custody fees	46,112	33,867
Filing fees	13,396	13,020
Director's fees	1,389	-
Unitholder reporting costs	38,971	34,660
Unitholder administration, service fees and GST	<u>126,923</u>	<u>109,648</u>
	<u>247,595</u>	<u>205,419</u>
Net investment income (loss)	<u>2,373,818</u>	<u>2,034,924</u>
Net realized gain (loss) on investments sold	10,761,755	11,747,510
Net realized gain (loss) on foreign exchange	(747,413)	67,167
Net realized gain (loss) from trust units	(22,488)	169,941
Change in unrealized appreciation (depreciation) of investments	(36,340,784)	15,322,546
Change in unrealized appreciation (depreciation) of foreign exchange	(40,647)	14,014
Transaction costs (Note 2)	<u>(349,175)</u>	<u>-</u>
Net gain (loss) on investments and transaction costs	<u>(26,738,752)</u>	<u>27,321,178</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (24,364,934)</u>	<u>\$ 29,356,102</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (4.09)</u>	<u>\$ 5.86</u>

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

	2007	2006
Net Assets, Beginning of Period	\$105,244,128	\$ 75,008,502
New accounting policy adjustment (Note 2)	(220,255)	-
Increase (decrease) in net assets from operations	(24,364,934)	29,356,102
Distributions to unitholders	-	-
Investment income	(2,276,403)	(1,864,390)
Capital gains	<u>(10,878,428)</u>	<u>(3,179,364)</u>
	<u>67,504,108</u>	<u>99,320,850</u>
Unit Transactions:	-	-
Proceeds from issue	54,689,889	27,578,635
Reinvested distributions	13,128,971	5,031,550
Payments on redemption	<u>(27,660,378)</u>	<u>(26,686,907)</u>
	<u>40,158,482</u>	<u>5,923,278</u>
Increase (decrease) in net assets	<u>2,418,462</u>	<u>30,235,626</u>
Net Assets, End of Period	<u>\$107,662,590</u>	<u>\$105,244,128</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

Portfolio Advisor: Citigroup Alternative Investments LLC

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

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

Pinnacle Strategic Balanced Fund

Statement of Investment Portfolio as at December 31, 2007

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
Federal Government (8.7%)					208,000	Canadian Tire Corporation, Limited			
\$1,173,000	Canada Housing Trust Zero Cpn	06/15/2012	950,130	987,877		5.61%	09/04/2035	202,305	184,643
4,854,000	Canada Housing Trust 4.55%	12/15/2012	4,928,486	4,933,875	73,000	Canadian Tire Corporation, Limited			
234,000	Government of Canada Zero Cpn	06/01/2012	190,237	197,384		6.32%	02/24/2034	78,349	71,459
468,000	Government of Canada Zero Cpn	03/15/2014	351,407	367,662	119,000	CHIP Mortgage Trust 5.61%	05/02/2011	119,000	119,090
1,273,000	Government of Canada 4.00%	06/01/2017	1,267,435	1,274,089	13,000	Citigroup Inc. 4.63%	01/17/2017	12,931	11,694
198,000	Government of Canada 5.00%	06/01/2037	223,422	228,821	19,000	Citigroup Inc. 4.65%	10/11/2022	18,738	16,738
			<u>7,911,117</u>	<u>7,989,708</u>	210,000	Citigroup Inc. 5.37%	03/06/2036	210,088	174,539
					433,194	Claregold Trust 5.07%	05/15/2044	428,725	431,437
Provincial Government (3.7%)					88,000	Column Canada Issuer Corporation			
150,000	Alberta Capital Fiance Authority					4.93%	01/15/2022	88,202	84,006
	4.45%	12/15/2025	144,390	147,475	138,000	Countrywide Financial Corporation			
47,000	Hydro-Quebec 5.00%	02/15/2045	49,461	49,166		4.69%	06/01/2009	128,821	119,170
19,000	Hydro-Quebec 6.00%	02/15/2040	22,465	22,932	211,000	Countrywide Financial Corporation			
28,000	Hydro-Quebec 6.50%	02/15/2035	35,251	35,441		6.25%	05/15/2016	213,619	119,742
21,000	Newfoundland & Labrador Hydro				472,000	Countrywide Home Loans, Inc.			
	6.65%	08/27/2031	26,471	26,873		4.00%	03/22/2011	432,581	334,823
19,000	Province of British Columbia 4.70%	06/18/2037	18,233	19,418	400,000	Credit Agricole SA 5.50%	08/11/2016	403,963	368,471
53,000	Province of British Columbia 5.70%	06/18/2029	58,620	61,158	65,000	DEPFA ACS Bank 4.90%	08/24/2035	66,278	62,945
200,000	Province of British Columbia 8.50%	08/23/2013	257,258	241,435	110,000	Dexia Municipal Agency 4.68%	03/09/2029	109,940	105,102
15,000	Province of New Brunswick 4.65%	09/26/2035	15,282	15,007	156,000	Domtar Corporation 5.38%	12/01/2013	157,760	138,953
17,000	Province of Newfoundland 4.50%	04/17/2037	16,895	16,515	96,000	ERAC Canada Finance Ltd. 5.38%	02/26/2016	95,918	93,801
125,000	Province of Newfoundland 5.70%	10/17/2035	145,739	144,726	54,000	ERAC USA Finance Company 7.00%	10/15/2037	52,426	49,197
100,000	Province of Nova Scotia 6.60%	12/01/2031	130,424	128,294	131,000	GE Capital Canada Funding			
171,000	Province of Ontario Zero Cpn	12/02/2012	138,462	138,821		Company 4.55%	01/17/2017	123,660	124,802
173,000	Province of Ontario Zero Cpn	06/02/2013	136,912	137,255	162,000	GE Capital Canada Funding			
291,000	Province of Ontario Zero Cpn	06/02/2025	126,242	129,270		Company 5.73%	10/22/2037	163,728	169,857
211,000	Province of Ontario Zero Cpn	12/02/2025	89,502	91,734	100,000	General Electric Capital Corporation			
242,000	Province of Ontario Zero Cpn	06/02/2026	100,771	102,700		5.24%	10/19/2012	97,711	101,260
135,954	Province of Ontario 3.21%	08/13/2009	133,539	134,830	290,000	General Motors Acceptance			
259,000	Province of Ontario 5.38%	12/02/2012	268,358	271,622		Corporation of Canada Ltd. 5.20%	05/21/2009	289,561	270,709
333,000	Province of Ontario 5.60%	06/02/2035	386,710	383,856	70,000	General Motors Acceptance			
25,000	Province of Ontario 5.85%	03/08/2033	29,637	29,528		Corporation of Canada Ltd. 5.55%	11/30/2009	68,942	64,127
68,000	Province of Quebec 5.00%	12/01/2038	69,549	70,841	214,000	General Motors Acceptance			
711,000	Province of Quebec 6.25%	06/01/2032	863,493	864,934		Corporation of Canada Ltd. 5.60%	01/18/2010	211,573	195,934
97,000	Province of Saskatchewan 6.40%	09/05/2031	117,792	121,876	175,000	Great-West Lifeco Inc. 5.69%	06/21/2067	175,000	173,490
			<u>3,381,456</u>	<u>3,385,707</u>	122,000	HSBC Bank Canada 4.80%	04/10/2022	121,866	114,386
					136,000	HSBC Bank Canada 4.94%	03/16/2021	130,935	130,210
Corporate (16.9%)					69,000	HSBC Bank Canada 5.31%	10/12/2010	68,992	69,327
205,000	African Development Bank 4.85%	07/24/2012	204,729	208,870	70,000	HSBC Holdings PLC 6.50%	05/02/2036	84,185	67,525
253,000	AltaLink Investment LP 5.02%	11/21/2012	253,776	249,505	35,000	HSBC Holdings PLC 6.50%	09/15/2037	36,693	33,480
106,000	American International Group, Inc.				100,000	Hutchison Whampoa Finance 06			
	4.90%	06/02/2014	105,987	102,812		Limited 4.63%	09/21/2016	144,185	132,056
70,882	Arrow Lakes Power 5.39%	03/31/2015	73,632	72,474	80,000	Janus Capital Group Inc. 6.70%	06/15/2017	84,668	81,022
148,000	Bank of America Corporation 5.45%	09/17/2014	147,864	148,244	60,000	Lehman Brothers Holdings Inc.			
62,000	Bank of Montreal 5.04%	09/04/2012	61,989	61,716		6.50%	07/19/2017	59,855	60,152
390,000	bclMC Realty Corporation 5.25%	09/19/2012	389,524	391,235	126,000	Loblaw Companies Limited 5.90%	01/18/2036	118,075	107,531
30,000	Bell Canada 7.00%	09/24/2027	28,085	27,706	96,000	Loblaw Companies Limited 6.05%	06/09/2034	94,307	83,494
300,000	BMO Subordinated Notes Trust 5.75%	09/26/2022	300,928	301,939	36,000	Loblaw Companies Limited 6.50%	01/22/2029	35,824	33,779
85,000	Brascan Corporation 4.65%	12/16/2009	85,174	84,546	38,000	Loblaw Companies Limited 6.65%	11/08/2027	38,488	36,219
255,000	Brascan Corporation 5.95%	06/14/2035	262,379	233,183	27,000	Loblaw Companies Limited 6.85%	03/01/2032	29,965	26,288
74,365	Brilliant Power Funding Corp. 5.67%	05/31/2026	79,318	78,709	100,000	Mansfield Trust 6.84%	08/15/2010	107,976	104,105
288,000	Brookfield Asset Management Inc				57,000	Manulife Financial LP 5.06%	12/15/2041	56,965	52,233
	5.29%	04/25/2017	283,828	278,689	62,000	Maritimes & Northeast Pipeline			
76,000	Brookfield Power Corp 5.84%	11/05/2036	75,978	68,539		6.90%	11/30/2019	71,405	70,641
191,000	Business Development Bank of				64,000	Master Credit Card Trust 4.44%	11/21/2011	64,000	62,462
	Canada 4.75%	07/26/2021	197,937	199,077	160,000	Merrill Lynch & Co., Inc. 5.29%	05/30/2022	156,124	142,748
130,000	Caisse d'Amortissement de la Dette				50,000	Merrill Lynch Canada Finance			
	Sociale 4.45%	10/26/2018	129,402	124,606		Company 5.00%	02/18/2014	48,149	46,989
207,000	Canadian Imperial Bank of				87,000	Merrill Lynch Financial Asset Inc.			
	Commerce 5.00%	09/10/2012	204,335	204,212		4.68%	08/12/2015	85,352	84,573
151,000	Canadian Revolving Auto Floorplan				156,000	Merrill Lynch Financial Asset Inc.			
	Trust 5.41%	11/15/2010	151,000	150,735		5.26%	05/12/2044	155,995	153,735
251,000	Canadian Revolving Auto Floorplan				124,000	Molson Coors Capital Finance ULC			
	Trust 5.68%	11/15/2012	251,000	251,092		5.00%	09/22/2015	122,546	121,136

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 fair value to total net assets of the Fund

Pinnacle Strategic Balanced Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
5,300	Companhia Vale do Rio Doce Preferred ADR	87,500	146,306	4,300	CP Railway Limited	294,876	276,146
2,900	Consolidated Thompson Iron Mines Limited	18,716	18,444	1,054	Danaher Corporation	82,019	91,105
9,000	Domtar Canada Paper, Inc.	91,530	68,220	6,000	easyjet PLC	67,720	72,318
19,700	Eastern Platinum Limited	42,465	56,342	1,658	Esterline Technologies Corporation	78,560	84,502
13,100	Eldorado Gold Corporation	76,930	75,718	700	Fanuc Ltd.	75,760	67,036
17,400	Equinox Minerals Limited	65,059	95,004	23,900	Finning International Inc.	637,379	684,496
7,600	Etruscan Resources Inc.	22,818	16,568	2,200	Hitachi Construction Machinery Co., Ltd.	86,697	64,916
850	Etruscan Resources Inc. Warrants (Exp. 11/02/10)	-	399	49,300	Jazz Air Income Fund	411,184	375,666
2,300	First Quantum Minerals Ltd.	217,967	195,500	627	LVMH Moet Hennessy Louis Vuitton SA	69,691	74,777
9,700	FNX Mining Company Inc.	306,924	292,261	2,500	Mitsubishi Corporation	71,296	67,363
12,300	Fording Canadian Coal Trust	432,317	471,951	24,600	New Flyer Industries Inc.	264,405	307,500
9,600	Fortress Paper Limited Cl. A	76,800	66,240	1,604	Norfolk Southern Corp.	90,507	79,834
3,600	Gammon Gold, Inc.	60,001	28,296	6,315	Rolls-Royce Group PLC	63,902	67,492
4,300	Gerdau Ameristeel Corporation	51,347	60,630	2,846	Skanska AB	60,118	53,020
10,239	Gloucester Coal Ltd.	30,096	57,675	2,333	Smiths Group Plc	70,989	46,431
1,600	Harry Winston Diamond Corporation	67,307	51,920	8,200	SNC-Lavalin Group Inc.	311,914	394,420
627	Holcim Ltd.	61,566	66,137	6,700	Stantec Inc.	234,776	260,563
3,100	HudBay Minerals, Inc.	74,494	60,450	1,500	Toromont Industries Ltd.	39,692	42,390
700	Inmet Mining Corp.	44,543	56,266	1,750	Transat A.T. Inc. Cl. B	55,063	60,918
1,956	Johnson Matthey PLC	64,738	72,283	1,237	Trinity Industries Inc.	63,946	33,891
5,200	Kinross Gold Corp.	95,122	95,004	18,100	WestJet Airlines Ltd.	299,809	407,250
900	Kirkland Lake Gold Inc.	9,422	11,115	1,300	Westshore Terminals Income Fund	18,929	18,798
5,100	Kodiak Exploration Ltd.	19,380	23,766			<u>5,140,587</u>	<u>5,529,054</u>
5,800	Labrador Iron Ore Royalty Income Fund	189,923	274,282				
526	Lundin Mining Corporation	7,117	4,997		Consumer Discretionary (5.9%)		
6,300	Major Drilling Group International Inc.	293,190	394,380	50,176	Aeroplan Income Fund	1,006,570	1,185,157
6,400	Methanex Corporation	164,044	174,976	700	Astral Media Inc. Cl. A	26,446	32,620
1,684	MG Technologies AG	45,427	56,618	1,375	Autoliv, Inc.	94,804	71,476
5,200	Mirabela Nickel Limited	27,842	30,680	5,640	British Sky Broadcasting Group PLC	64,801	68,477
4,000	MMX Mineracao e Metalicos SA GDR	59,615	106,000	100	Canadian Tire Corporation, Limited Cl. A	8,197	7,397
9,700	Noranda Income Fund Cl. A	95,545	93,508	6,300	Cineplex Galaxy Income Fund	111,031	104,769
43,000	Northgate Minerals Corporation	181,185	126,850	6,700	Cogeco Cable Inc.	275,029	318,987
4,278	Orica Limited	90,800	117,150	885	Compagnie Generale des Etablissements Michelin Cl. B	84,884	100,247
1,900	Polaris Minerals Corporation	15,250	21,375	2,700	Corus Entertainment Inc. Cl. B Non-Voting	116,047	130,383
10,400	Potash Corporation of Saskatchewan Inc.	702,559	1,488,136	653	DaimlerChrysler AG	43,153	62,396
6,700	Quadra Mining Ltd.	125,860	118,121	2,571	General Motors Corporation	85,665	63,157
9,400	Red Back Mining Inc.	64,805	65,612	3,600	Gildan Activewear Inc. Cl. A Sub. Voting	101,160	147,348
2,023	Rio Tinto Limited	148,491	233,340	9,800	Great Canadian Gaming Corporation	128,819	151,802
1,483	Rio Tinto PLC	129,441	154,884	3,900	Isetan Company Limited	65,449	52,164
6,200	Sherritt International Corporation Restricted Voting	88,744	81,840	2,600	Karstadt AG	101,799	61,041
1,000	Shin-Etsu Chemical Co., Ltd.	67,449	61,842	1,388	KB Home	74,048	29,590
7,800	Shore Gold Inc.	57,185	35,880	15,700	Keystone North America Inc.	128,227	122,931
700	Silver Standard Resources Inc.	26,146	25,179	2,707	Lennar Corporation Cl. A	163,588	47,796
4,400	Silver Wheaton Corporation	52,468	73,920	5,900	Linamar Corporation	142,302	118,885
13,200	Silvercorp Metals Inc.	80,420	122,892	2,100	Magna International Inc. Cl. A Sub. Voting	196,587	167,685
15,900	Sino-Forest Corporation	112,796	340,260	300	Pinault-Printemps-Redoute SA	56,149	47,583
3,200	Skye Resources Inc.	37,048	24,800	1,526	Publicis Groupe SA	73,831	58,793
1,400	Skye Resources Inc. Warrants (Exp. 01/26/09)	1,750	406	1,888	Pulte Homes Inc.	79,993	19,640
15,361	Teck Cominco Limited Cl. B Sub. Voting	705,502	544,240	2,600	Quebecor Inc. Cl. B	101,350	92,820
1,300	The Canam Manac Group Inc. Cl. A Sub. Voting	11,580	18,291	32,800	Score Media, Inc. Cl. A Sub-Voting	49,489	42,640
18,500	Thompson Creek Metals Company, Inc	345,485	313,945	5,000	Sekisui House, Ltd.	60,874	53,361
200	Vallourec SA	56,087	53,430	22,500	Shaw Communications Inc. Cl. B Non-Voting	571,191	530,775
794	Weyerhaeuser Co.	57,196	57,621	2,075	Symrise AG	57,175	57,338
		<u>7,988,208</u>	<u>9,518,103</u>	15,000	Television Broadcasts Ltd.	103,839	87,906
				3,800	The Forzani Group Ltd. Cl. A	69,831	63,460
				4,188	The Home Depot, Inc.	154,545	111,187
				8,100	The Thomson Corporation	318,851	326,268
				2,800	Tim Hortons, Inc.	101,595	102,508
				1,400	Toyota Motor Corporation	89,873	74,581
				646	V.F. Corp.	45,775	43,693
				1,188	Vivendi Universal SA	55,591	53,776
				295	Wal-Mart Stores, Inc.	15,111	13,830
				2,194	Wolters Kluwer NV	64,964	71,137
				2,400	Yamaha Motor Company	69,220	57,354
				37,500	Yellow Pages Income Fund	522,539	521,250
						<u>5,680,392</u>	<u>5,474,208</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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Consumer Staples (1.5%)							
300	Corby Distilleries Ltd. Cl. A	6,990	7,173	400	Davis + Henderson Income Fund	8,061	8,364
2,000	Kao Corporation	67,232	59,191	500	Deutsche Bank AG	72,043	64,544
6,100	Liquor Stores Income Fund	126,240	145,912	1,900	Dundee Bancorp Inc. Cl. A Sub. Voting	29,529	35,815
400	Maple Leaf Foods Inc.	6,599	5,932	14,327	Dundee Real Estate Investment Trust Series A	521,995	482,820
200	Molson Coors Canada Inc. Cl. B	8,130	10,196	32,093	E*TRADE Group, Inc.	330,927	110,860
94,000	Primeag Australia Ltd	165,078	146,627	110	E-L Financial Corporation Limited	61,834	60,500
2,600	Rothmans Inc.	59,443	65,780	500	Equitable Group Inc.	16,375	14,255
16,300	Saputo Inc.	371,501	486,229	6,700	Extencicare Real Estate Investment Trust	102,374	83,080
12,400	Saskatchewan Wheat Pool	126,244	164,920	1,800	Fairfax Financial Holdings Limited Sub. Voting	413,985	512,658
3	Scottish and Newcastle PLC	32	44	360	FirstService Corporation Preferred	376	7,017
11,035	Senomyx, Inc.	117,499	81,356	2,500	FirstService Corporation Sub. Voting	73,143	75,750
1,200	Shoppers Drug Mart Corporation	65,784	63,912	1,500	Franco-Nevada Corporation	22,800	22,575
8,100	The Jean Coutu Group (PJC) Inc. Cl. A Sub. Voting	125,505	89,991	5,200	GMP Capital Trust	119,224	127,920
1,292	The Procter & Gamble Company	90,920	93,468	1,300	Great-West Lifeco Inc.	45,398	46,124
		<u>1,337,197</u>	<u>1,420,731</u>	2,700	Guardian Capital Group Ltd. Cl. A	33,749	29,106
Health Care (1.4%)				10,600	H&R REIT	253,254	209,774
1,867	Amgen Inc.	158,178	85,572	10,000	Homburg Invest Inc.	52,240	43,800
4,300	Axcan Pharma Inc.	83,595	97,438	5,200	Home Capital Group Inc. Cl. B Sub. Voting	191,126	217,516
275	Biovail Corporation	6,344	3,671	800	ICICI Bank Limited ADR	39,562	48,558
1,900	Cardiome Pharma Corp.	27,963	16,910	700	IGM Financial Inc.	37,746	35,021
1,493	DaVita, Inc.	86,358	82,885	6,400	Industrial Alliance Insurance and Financial Services Inc.	237,481	272,192
402	Eli Lilly and Company	25,630	21,183	1,100	ING Canada Inc.	59,640	43,582
3,322	GlaxoSmithKline PLC	103,676	83,408	1,806	J.P. Morgan Chase & Co.	96,615	77,643
3,400	IMRIS, Inc.	20,400	20,060	4,000	Laurentian Bank of Canada	163,134	133,000
5,000	Isotechnika Inc. Warrants (Exp. 02/15/09)	-	-	22,337	Legal & General Group PLC	68,208	57,268
2,773	Johnson & Johnson	210,207	182,299	2,279	Lehman Brothers Holdings Inc.	208,290	146,877
11,800	MethylGene Inc.	36,360	34,810	43,000	Manulife Financial Corporation	1,646,967	1,739,350
1,992	Novartis AG	130,748	107,404	1,100	MelCor Developments Ltd.	29,054	21,780
11,400	Pathon Inc.	42,414	35,454	5,926	Merrill Lynch & Co., Inc.	379,030	313,722
3,321	Pfizer Inc.	82,643	74,370	6,000	Mitsubishi UFJ Financial Group, Inc.	150,469	55,233
19,700	Response Biomedical Corporation	20,451	15,366	3,000	Mitsui Fudosan Co. Ltd.	91,181	63,874
658	Roche Holding AG	126,336	111,395	2,900	Montreal Exchange, Inc.	111,494	113,013
800	Sanofi-Aventis	71,003	72,703	2,700	National Bank of Canada	148,504	140,859
2,782	The Cooper Companies, Inc.	113,290	104,336	3,700	Nomura Holdings, Inc.	77,410	61,780
6,700	Theratechnologies Inc.	25,271	72,896	600	Northbridge Financial Corp.	21,977	22,062
1,977	Wyeth	112,217	86,146	17,000	Onex Corporation Sub. Voting	541,058	593,300
		<u>1,483,084</u>	<u>1,308,306</u>	16,300	Power Corporation of Canada	633,072	653,304
Financials (19.3%)				9,200	Power Financial Corporation	377,923	374,992
13,300	AGF Management Limited Cl. B Non-Voting	433,384	386,232	4,995	QBE Insurance Group Limited	107,052	143,191
355	Allianz AG	71,277	75,788	5,600	RioCan REIT	134,501	121,800
1,922	Alpha Credit Bank AE	57,441	68,780	28,600	Royal Bank of Canada	1,483,964	1,449,734
1,801	American International Group, Inc.	139,969	103,415	2,200	Saxon Financial, Inc.	51,562	48,400
9,200	Artis Real Estate Investment Trust	148,909	138,460	2,900	Sceptre Investment Counsel Limited	26,726	30,015
4,106	Aviva PLC	71,584	54,249	16,900	Scott's Real Estate Investment Trust	151,266	122,525
17,246	AXA Asia Pacific Holdings Limited	122,002	109,847	8,654	SM Investments Corporation	71,835	70,356
2,800	Banco Bradesco SA ADR	58,859	88,320	1	Sovereign Bancorp, Inc.	12	6
2,683	Bank of America Corporation	156,436	108,938	5,000	Sun Hung Kai Properties Limited	67,728	104,614
15,000	Bank of East Asia, Ltd.	89,743	100,816	23,300	Sun Life Financial Inc.	1,191,063	1,295,247
7,000	Bank of Montreal	396,449	393,750	2,570	The Bear Stearns Companies Inc.	288,627	223,208
4,429	Barclays PLC	78,002	43,811	16,400	The Toronto-Dominion Bank	1,178,318	1,138,980
19,600	Boardwalk REIT	779,479	871,612	3,100	TSX Group Inc.	161,521	163,680
1,350	Brookfield Properties Corporation	43,620	25,839	6,532	UniCredito Italiano SPA	59,483	53,442
21,800	Calloway REIT	555,088	528,214	5,443	VTB Bank OJSC	66,652	54,257
19,700	Canadian Apartment Properties REIT	346,216	314,806			<u>18,951,355</u>	<u>17,858,624</u>
9,800	Canadian Imperial Bank of Commerce	899,208	691,390	Information Technology (4.5%)			
12,300	Canadian REIT	371,713	355,224	2,630	ASML Holding NV	70,420	82,162
5,100	Canadian Western Bank	134,750	159,732	1,731	Broadcom Corporation Cl. A	45,577	44,573
2,532	Capital One Financial Corp.	231,164	117,876	2,700	Call Genie Inc	5,521	2,889
19,000	Capitaland Limited	76,076	81,681	25,000	CGI Group Inc. Cl. A Sub. Voting	285,515	287,500
5,000	Cheung Kong (Holdings) Limited	70,067	91,197	1,500	Cognos Incorporated	70,010	85,680
15,000	CI Financial Income Fund	405,011	419,100	1,600	Constellation Software Inc.	29,750	40,080
4,639	Citigroup Inc.	227,917	134,195	3,900	Evertz Technologies Limited	41,575	114,270
7,998	Conseco, Inc.	187,827	98,828	8,000	EXFO Electro-Optical Engineering Inc.	49,697	39,280
4,397	Countrywide Financial Corporation	157,421	38,623	730	International Business Machines Corporation	79,561	77,746
2,000	Credit Suisse Group	134,185	118,558	12,600	Kaboose inc.	41,897	32,130
				5,517	Lexmark International Inc. Cl. A	277,071	189,595
				2,000	MacDonald, Dettwiler and Associates Ltd.	93,178	83,500

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
3,546	Maxim Integrated Products, Inc.	90,428	92,638
7,400	Miranda Technologies Inc.	96,106	82,880
5,090	Motorola, Inc.	97,947	80,578
1,300	Murata Manufacturing Company, Ltd.	97,425	74,192
4,533	Network Appliance, Inc.	121,215	111,667
4,000	Nippon Electric Glass Co., Ltd.	69,983	64,421
3,100	Nokia OYJ	84,545	118,630
1,800	Nomura Research Inc.	61,533	58,361
1,600	Nortel Networks Corporation	26,995	23,968
2,000	Open Text Corporation	57,736	62,060
6,400	Q9 Networks Inc.	68,800	83,840
2,700	Redline Communications Group, Inc.	17,550	11,475
14,500	Research In Motion Limited	741,398	1,632,120
5,600	Ruggedcom, Inc.	74,795	60,200
5,800	Sandvine Corporation	25,559	22,156
3,826	Seagate Technology	109,675	96,177
1,800	SXC Health Solutions Corporation	29,844	25,920
9,949	Taiwan Semiconductor Manufacturing Company Limited ADR	130,873	97,799
10,200	Teranet Income Fund	97,700	103,734
2,244	Western Digital Corporation	53,925	66,840
7,554	Xyratex Ltd.	193,819	118,019
4,100	Zarlink Semiconductor Inc.	10,540	3,034
		<u>3,448,163</u>	<u>4,170,114</u>
Telecommunication Services (3.7%)			
1,400	America Movil SA de CV Series L ADR	71,819	84,810
23,398	BCE Inc.	734,717	926,561
13,500	Bell Aliant Regional Communications Income Fund	420,281	397,305
911	Bouygues SA	60,326	74,824
2,219	China Mobile (Hong Kong) Limited ADR	99,974	190,249
1,499	Deutsche Telekom AG	31,098	32,510
3,500	Manitoba Telecom Services Inc.	168,251	160,895
22,800	Rogers Communications Inc. Cl. B	926,912	1,025,772
4,900	Telefonica SA	131,302	157,037
5,100	TELUS Corporation	305,864	252,093
4,700	TeraGo Inc.	55,225	27,965
21,483	Vodafone Group PLC	66,163	79,221
		<u>3,071,932</u>	<u>3,409,242</u>
Utilities (1.4%)			
7,600	ATCO Ltd. Cl. I Non-Voting	348,870	416,860
3,700	Canadian Utilities Limited Cl. A	180,287	170,792
15,100	Enbridge Income Fund	163,645	154,775
600	Fortis, Inc.	17,028	17,352
96,000	Guangdong Investment Ltd.	47,848	54,073
1,500	Macquarie Power & Infrastructure Income Fund	15,095	14,130
4,830	National Grid PLC	70,482	79,139
52,000	Tonbridge Power, Inc.	19,995	9,620
12,100	TransAlta Corporation	352,000	402,936
		<u>1,215,250</u>	<u>1,319,677</u>
Short-Term Notes (Schedule 1) (3.4%)		<u>3,129,408</u>	<u>3,129,408</u>
Total Investments (99.0%)		<u>89,857,827</u>	<u>91,448,365</u>
Futures Contracts Value (Schedule 2) (0.0%)			(26,728)
Foreign Currency Forward Contracts Value (Schedule 3) (0.0%)			27,966
Adjustment for Transaction Costs (Note 2)		(27,596)	
Total Investment Portfolio (99.0%)		<u>89,830,231</u>	<u>91,449,603</u>
Other Assets, Less Liabilities (1.0%)			955,826
Total Net Assets (100.0%)			<u>92,405,429</u>
Net Assets Per Unit			\$15.84

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

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

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

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$ 150,000	Bank of Montreal	03/19/2008	148,495	148,495
300,000	Canadian Imperial Bank of Commerce	03/27/2008	296,632	296,632
100,000	Farm Credit Corporation	01/11/2008	99,888	99,888
200,000	Government of Canada Treasury Bills	01/10/2008	199,815	199,815
1,300,000	Government of Canada Treasury Bills	02/07/2008	1,295,010	1,295,010
350,000	Government of Canada Treasury Bills	03/20/2008	346,934	346,934
750,000	Government of Canada Treasury Bills	04/03/2008	742,634	742,634
Total Short-Term Notes			<u>3,129,408</u>	<u>3,129,408</u>

Schedule 2 Futures Contracts Value

Futures	Contracts	Expiration Date	Exercise Price (\$)	Fair Value (\$)
Australian 10 Year Treasury Bond Future	5	03/17/2008	425,303	424,206
Canadian 10 Year Bond Future	16	03/19/2008	1,842,400	1,838,399
Federal Republic of Germany Bond Future	2	03/06/2008	332,749	326,429
Government of Switzerland Bond Future	1	03/06/2008	110,250	107,504
UK Treasury Bond Future	3	03/27/2008	163,607	168,322
US Treasury Notes 10 Year Future	(18)	03/19/2008	2,028,830	2,015,506
US Treasury Notes 5 Year Future	(6)	03/31/2008	674,582	670,627
			<u>5,577,721</u>	<u>5,550,993</u>
Exercise Price				(5,577,721)
Total Futures Contracts Value				<u>(26,728)</u>

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

-For equities, all common shares unless otherwise noted.

Pinnacle Strategic Balanced Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Schedule 3

Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
1	17,800 U.S. Dollar	17,429 Canadian Dollar	03/20/2008	AA-	(126)
1	34,369 Canadian Dollar	35,100 U.S. Dollar	03/20/2008	AA-	248
1	507,000 U.S. Dollar	509,976 Canadian Dollar	03/20/2008	AA-	9,945
1	869,000 U.S. Dollar	874,101 Canadian Dollar	03/20/2008	AA-	17,046
1	102,000 Euro Dollar	148,037 Canadian Dollar	03/28/2008	AA-	853
Total Foreign Currency Forward Contracts Value					27,966

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

Pinnacle Strategic Balanced Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$91,448,365	\$94,367,735
*Cash	393,685	273,178
Margin deposits	15,120	14,058
Receivable on open forward contracts	27,966	-
Subscriptions receivable	320,587	530,846
Receivable for securities sold	287,262	2,302,824
Accrued investment income	360,071	463,408
	<u>92,853,056</u>	<u>97,952,049</u>
Liabilities		
Payable on open futures contracts	26,728	16,651
Payable on open forward contracts	-	56,647
Payable for securities purchased	169,161	937,718
Redemptions payable	155,677	85,701
Accrued expenses	96,061	83,001
	<u>447,627</u>	<u>1,179,718</u>
Net assets representing unitholders' equity	<u>\$92,405,429</u>	<u>\$96,772,331</u>
Number of units outstanding	<u>5,833,679</u>	<u>5,881,522</u>
Net assets per unit	<u>\$ 15.84</u>	<u>\$ 16.45</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 862,365	\$ 782,105
Interest	2,259,501	2,500,733
Securities lending	10,940	2,643
Income (loss) from derivatives	(43,209)	99,916
Less: Foreign withholding taxes	(25,378)	(20,498)
	<u>3,064,219</u>	<u>3,364,899</u>
Expenses		
Legal fees	3,924	-
Audit fees	16,104	14,224
Custody fees	181,206	163,165
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	21,072	24,364
Unitholder administration, service fees and GST	116,409	116,978
	<u>353,500</u>	<u>331,751</u>
Net investment income (loss)	<u>2,710,719</u>	<u>3,033,148</u>
Net realized gain (loss) on investments sold	5,384,100	17,899,116
Net realized gain (loss) on foreign exchange	174,268	(256,080)
Net realized gain (loss) from trust units	(7,669)	25,075
Change in unrealized appreciation (depreciation) of investments	(2,951,250)	(13,162,431)
Change in unrealized appreciation (depreciation) of foreign exchange	86,494	(55,048)
Transaction costs (Note 2)	(207,224)	-
Net gain (loss) on investments and transaction costs	<u>2,478,719</u>	<u>4,450,632</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 5,189,438</u>	<u>\$ 7,483,780</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.89</u>	<u>\$ 1.44</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 96,772,331	\$ 91,419,263
New accounting policy adjustment (Note 2)	(126,821)	-
Increase (decrease) in net assets from operations	5,189,438	7,483,780
Distributions to unitholders		
Investment income	(2,707,935)	(3,068,730)
Capital gains	(5,383,271)	(9,900,140)
	<u>93,743,742</u>	<u>85,934,173</u>
Unit Transactions:		
Proceeds from issue	23,773,811	24,571,229
Reinvested distributions	8,086,977	12,960,525
Payments on redemption	(33,199,101)	(26,693,596)
	<u>(1,338,313)</u>	<u>10,838,158</u>
Increase (decrease) in net assets	<u>(4,366,902)</u>	<u>5,353,068</u>
Net Assets, End of Period	<u>\$ 92,405,429</u>	<u>\$ 96,772,331</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle Canadian Value Equity Fund

28

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (27.7%)			
88,300	Canadian Natural Resources Limited	1,601,119	6,405,282
80,000	CHC Helicopter Corporation Cl. A Sub. Voting	1,108,843	2,016,000
105,400	EnCana Corporation	4,180,183	7,114,500
50,200	Husky Energy Inc.	1,224,271	2,235,406
121,500	Nexen Inc.	2,395,000	3,895,290
116,000	Petro-Canada	2,684,089	6,177,000
41,200	Precision Drilling Trust	1,315,067	618,824
60,200	Suncor Energy, Inc.	1,884,959	6,496,182
205,400	Talisman Energy Inc.	1,507,587	3,771,144
20,600	Trican Well Service Ltd.	455,427	395,314
55,900	Uranium One, Inc.	580,672	492,479
		<u>18,937,217</u>	<u>39,617,421</u>
Materials (11.3%)			
29,300	Agrium Inc.	1,736,277	2,099,931
4,200	FNX Mining Company Inc.	69,300	126,546
103,600	Gerdau Ameristeel Corporation	1,418,680	1,460,760
25,900	Goldcorp Inc.	691,822	874,125
12,900	Inmet Mining Corp.	1,120,811	1,036,902
131,600	Lundin Mining Corporation	1,644,062	1,250,200
44,200	NOVA Chemicals Corporation	1,576,101	1,421,472
22,900	Polaris Minerals Corporation	314,875	257,625
187,978	Teck Cominco Limited Cl. B Sub. Voting	2,570,953	6,660,061
19,900	Thompson Creek Metals Company, Inc	319,752	337,703
55,500	Yamana Gold Inc.	703,075	710,955
		<u>12,165,708</u>	<u>16,236,280</u>
Industrials (8.4%)			
261,800	Bombardier Inc. Cl. B	2,238,860	1,560,328
130,800	CAE Inc.	1,240,313	1,733,100
111,000	Canadian National Railway Company	2,967,319	5,178,150
32,000	CP Railway Limited	1,840,081	2,055,040
49,600	Finnish International Inc.	1,376,456	1,420,544
33,300	Quebecor World Inc. Sub. Voting	789,734	58,941
		<u>10,452,763</u>	<u>12,006,103</u>
Consumer Discretionary (4.8%)			
30,100	Canadian Tire Corporation, Limited Cl. A	1,135,495	2,226,497
33,000	Magna International Inc. Cl. A Sub. Voting	2,429,811	2,635,050
69,100	MEGA Brands Inc.	1,534,045	427,038
43,400	Quebecor Inc. Cl. B	1,667,104	1,549,380
		<u>6,766,455</u>	<u>6,837,965</u>
Consumer Staples (2.5%)			
67,800	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	1,364,071	1,228,536
53,200	Saputo Inc.	758,030	1,586,956
63,600	The Jean Coutu Group (PJC) Inc. Cl. A Sub. Voting	1,051,753	706,596
		<u>3,173,854</u>	<u>3,522,088</u>
Health Care (0.1%)			
58,800	Angiotech Pharmaceuticals, Inc.	1,084,040	199,332
Financials (30.4%)			
49,300	Bank of Montreal	1,669,853	2,773,125
100,700	Canadian Imperial Bank of Commerce	5,735,734	7,104,385
42,200	IGM Financial Inc.	1,070,468	2,111,266
81,300	Kingsway Financial Services Inc.	986,030	975,600
147,600	Manulife Financial Corporation	3,482,980	5,970,420
161,000	Royal Bank of Canada	6,299,485	8,161,090
92,500	Sun Life Financial Inc.	3,265,849	5,142,075
135,600	The Toronto-Dominion Bank	5,366,367	9,417,420
35,300	TSX Group Inc.	1,568,572	1,863,840
		<u>29,445,338</u>	<u>43,519,221</u>
Information Technology (4.5%)			
64,500	Aastra Technologies Limited	921,431	2,193,645
34,600	MacDonald, Dettwiler and Associates Ltd.	1,492,014	1,444,550
37,631	Nortel Networks Corporation	7,861,008	563,712

Portfolio Advisor: BonaVista Asset Management Ltd.

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

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
70,900	Open Text Corporation	1,294,375	2,200,027
		<u>11,568,828</u>	<u>6,401,934</u>
Telecommunication Services (4.5%)			
28,900	Manitoba Telecom Services Inc.	1,151,384	1,328,533
75,200	Rogers Communications Inc. Cl. B	2,251,399	3,383,248
35,700	TELUS Corporation	1,113,401	1,764,651
		<u>4,516,184</u>	<u>6,476,432</u>
Short-Term Notes (Schedule 1) (5.5%)			
		<u>7,833,000</u>	<u>7,833,000</u>
Total Investment (99.7%)			
		<u>105,943,387</u>	<u>142,649,776</u>
Foreign Currency Spot Contracts – Schedule 2 (0.0%)			
		–	(5)
Adjustment for Transaction Costs (Note 2)			
		(68,369)	–
Total Investment Portfolio (99.7%)			
		<u>105,875,018</u>	<u>142,649,771</u>
Other Assets, Less Liabilities (0.3%)			
			493,467
Total Net Assets (100.0%)			
			<u>143,143,238</u>
Net Assets Per Unit			
			\$20.77

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$7,833,000	Royal Bank of Canada 4.20%	01/02/2008	7,833,000	7,833,000
Total Short-Term Notes			<u>7,833,000</u>	<u>7,833,000</u>

Schedule 2 Foreign Currency Spot Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
1	389 U.S. Dollar	378 Canadian Dollar	01/02/2008	AA	(5)
Total Foreign Currency Spot Contracts Value					<u>(5)</u>

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

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

-For equities, all common shares unless otherwise noted.

Pinnacle Canadian Value Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$142,649,776	\$129,142,438
*Cash	7,449	212,501
Subscriptions receivable	328,023	517,030
Accrued investment income	342,116	286,556
	<u>143,327,364</u>	<u>130,158,525</u>
Liabilities		
Payable on open spot and forward contracts	5	–
Redemptions payable	113,870	284,223
Accrued expenses	70,251	45,159
	<u>184,126</u>	<u>329,382</u>
Net assets representing unitholders' equity	<u>\$143,143,238</u>	<u>\$129,829,143</u>
Number of units outstanding	<u>6,890,600</u>	<u>6,382,171</u>
Net assets per unit	<u>\$ 20.77</u>	<u>\$ 20.34</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 2,575,882	\$ 1,813,556
Interest	430,044	435,496
Securities lending	16,592	4,382
	<u>3,022,518</u>	<u>2,253,434</u>
Expenses		
Legal fees	3,924	–
Audit fees	17,104	14,224
Custody fees	21,804	19,054
Filing fees	13,396	13,020
Directors' fees	1,389	–
Unitholder reporting costs	46,268	32,106
Unitholder administration, service fees and GST	156,583	139,231
	<u>260,468</u>	<u>217,635</u>
Net investment income (loss)	<u>2,762,050</u>	<u>2,035,799</u>
Net realized gain (loss) on investments sold	11,778,125	8,649,569
Net realized gain (loss) on foreign exchange	(120,485)	3,953
Change in unrealized appreciation (depreciation) of investments	(8,494,881)	9,701,642
Change in unrealized appreciation (depreciation) of foreign exchange	(87)	115
Transaction costs (Note 2)	(56,477)	–
Net gain (loss) on investments and transaction costs	<u>3,106,195</u>	<u>18,355,279</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 5,868,245</u>	<u>\$20,391,078</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.87</u>	<u>\$ 3.25</u>

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

	2007	2006
Net Assets, Beginning of Period		
Net Assets, Beginning of Period	\$129,829,143	\$111,391,114
New accounting policy adjustment (Note 2)	(105,744)	–
Increase (decrease) in net assets from operations	5,868,245	20,391,078
Distributions to unitholders	–	–
Investment income	(2,705,371)	(1,969,282)
	<u>132,886,273</u>	<u>129,812,910</u>
Unit Transactions:		
Proceeds from issue	41,129,315	34,137,318
Reinvested distributions	2,699,287	1,964,270
Payments on redemption	(33,571,637)	(36,085,355)
	<u>10,256,965</u>	<u>16,233</u>
Increase (decrease) in net assets	<u>13,314,095</u>	<u>18,438,029</u>
Net Assets, End of Period	<u>\$143,143,238</u>	<u>\$129,829,143</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle Canadian Mid Cap Value Equity Fund

30

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (25.1%)			
29,800	Canadian Natural Resources Limited	697,758	2,161,692
33,000	CHC Helicopter Corporation Cl. A Sub. Voting	773,054	831,600
136,700	Enerflex Systems Income Fund	1,762,593	1,209,795
74,200	Ensign Energy Services, Inc.	748,959	1,131,550
48,000	Husky Energy Inc.	487,565	2,137,440
107,500	Pason Systems Inc.	1,606,500	1,336,225
96,500	Precision Drilling Trust	2,375,100	1,449,430
105,400	Savana Energy Services Corp.	2,380,690	1,686,400
31,500	ShawCor Ltd. Cl. A Sub. Voting	514,415	1,110,375
		<u>11,346,634</u>	<u>13,054,507</u>
Materials (12.7%)			
17,300	Agrium Inc.	291,829	1,239,891
121,800	Cascades Inc.	1,325,238	1,026,774
300,800	Norbord Inc.	2,533,140	2,394,368
35,800	NOVA Chemicals Corporation	1,331,440	1,151,328
36,800	Sino-Forest Corporation	139,100	787,520
		<u>5,620,747</u>	<u>6,599,881</u>
Industrials (5.5%)			
75,800	Russel Metals Inc.	1,347,610	1,929,110
58,600	Transcontinental Inc. Cl. A Sub. Voting	1,347,670	920,020
		<u>2,695,280</u>	<u>2,849,130</u>
Consumer Discretionary (17.2%)			
237,800	CanWest Global Communications Corp. Sub. Voting	1,809,176	1,693,136
16,500	Corus Entertainment Inc. Cl. B Non-Voting	808,645	796,785
38,200	Dorel Industries Inc. Cl. B Sub. Voting	1,104,753	1,101,688
8,900	Magna International Inc. Cl. A Sub. Voting	778,459	710,665
73,300	RONA Inc.	1,570,130	1,249,032
81,100	The Forzani Group Ltd. Cl. A	1,146,189	1,354,370
66,500	TVA Group Inc. Cl. B	1,106,632	1,000,160
34,400	Uni-Select Inc.	1,025,630	1,076,720
		<u>9,349,614</u>	<u>8,982,556</u>
Consumer Staples (3.2%)			
48,600	Loblaw Companies Limited	1,556,172	1,650,456
Financials (24.4%)			
37,400	Home Capital Group Inc. Cl. B Sub. Voting	1,267,562	1,564,442
22,800	IGM Financial Inc.	934,886	1,140,684
54,250	Industrial Alliance Insurance and Financial Services Inc.	1,736,714	2,307,253
36,800	ING Canada Inc.	1,681,712	1,458,016
63,350	Kingsway Financial Services Inc.	1,398,104	760,200
19,030	Morguard Corp.	531,551	723,330
40,500	National Bank of Canada	2,499,555	2,112,885
28,000	Northbridge Financial Corp.	854,452	1,029,560
28,250	Sun Life Financial Inc.	1,259,729	1,570,418
		<u>12,164,265</u>	<u>12,666,788</u>
Information Technology (5.0%)			
132,700	CGI Group Inc. Cl. A Sub. Voting	1,070,329	1,526,050
35,300	Open Text Corporation	687,694	1,095,359
		<u>1,758,023</u>	<u>2,621,409</u>

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Telecommunication Services (3.4%)			
36,600	TELUS Corporation Non-Voting	1,526,337	1,754,238
Short-Term Notes (Schedule 1) (2.9%)			
		1,490,353	1,490,353
Total Investment (99.4%)			
		<u>47,507,425</u>	<u>51,669,318</u>
Adjustment for Transaction Cost (Note 2)			
		(64,646)	–
Total Investment Portfolio			
		<u>47,442,779</u>	<u>51,669,318</u>
Other Assets, Less Liabilities (0.6%)			
			305,306
Total Net Assets (100.0%)			
			<u>51,974,624</u>
Net Assets Per Unit			
			\$14.63

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$575,000	Government of Canada Treasury Bills	02/21/2008	571,760	571,760
925,000	Government of Canada Treasury Bills	03/06/2008	918,593	918,593
Total Short-Term Notes			<u>1,490,353</u>	<u>1,490,353</u>

Portfolio Advisor: Foyston, Gordon & Payne Inc. Effective January 2, 2008, the portfolio advisor changed to Montrusco Bolton Investments Inc.

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

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

-For equities, all common shares unless otherwise noted.

Pinnacle Canadian Mid Cap Value Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$51,669,318	\$47,876,205
Cash	107,058	62,519
Subscriptions receivable	139,770	218,771
Accrued investment income	151,429	97,219
	<u>52,067,575</u>	<u>48,254,714</u>
Liabilities		
Payable for securities purchased	–	571,022
Redemptions payable	31,761	73,790
Accrued expenses	61,190	43,132
	<u>92,951</u>	<u>687,944</u>
Net assets representing unitholders' equity	<u>\$51,974,624</u>	<u>\$47,566,770</u>
Number of units outstanding	<u>3,553,441</u>	<u>2,905,455</u>
Net assets per unit	<u>\$ 14.63</u>	<u>\$ 16.37</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 1,152,460	\$ 761,746
Interest	77,027	50,078
Securities lending	35,729	46,072
	<u>1,265,216</u>	<u>857,896</u>
Expenses		
Legal fees	3,924	–
Audit fees	15,104	14,224
Custody fees	12,759	8,527
Filing fees	13,396	13,020
Directors' fees	1,389	–
Unitholder reporting costs	39,052	32,131
Unitholder administration, service fees and GST	113,169	96,638
	<u>198,793</u>	<u>164,540</u>
Net investment income (loss)	<u>1,066,423</u>	<u>693,356</u>
Net realized gain (loss) on investments sold	7,079,889	363,208
Net realized gain (loss) on foreign exchange	(1,192)	(292)
Change in unrealized appreciation (depreciation) of investments	(5,831,010)	4,572,258
Change in unrealized appreciation (depreciation) of foreign exchange	(7)	(125)
Transaction costs (Note 2)	(72,584)	–
Net gain (loss) on investments and transaction costs	<u>1,175,096</u>	<u>4,935,049</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 2,241,519</u>	<u>\$ 5,628,405</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.74</u>	<u>\$ 2.01</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 47,566,770	\$ 40,849,263
New accounting policy adjustment (Note 2)	(125,402)	–
Increase (decrease) in net assets from operations	2,241,519	5,628,405
Distributions to unitholders		
Investment income	(901,246)	(629,188)
Capital gains	(6,386,139)	–
	<u>42,395,502</u>	<u>45,848,480</u>
Unit Transactions:		
Proceeds from issue	15,740,782	13,559,070
Reinvested distributions	7,271,783	627,518
Payments on redemption	(13,433,443)	(12,468,298)
	<u>9,579,122</u>	<u>1,718,290</u>
Increase (decrease) in net assets	<u>4,407,854</u>	<u>6,717,507</u>
Net Assets, End of Period	<u>\$ 51,974,624</u>	<u>\$ 47,566,770</u>

Portfolio Advisor: Foyston, Gordon & Payne Inc. Effective January 2, 2008, the portfolio advisor changed to Montrusco Bolton Investments Inc.

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

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

Pinnacle Canadian Growth Equity Fund

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (26.6%)			
100,700	Birchcliff Energy Ltd.	450,931	736,117
49,100	Cameco Corporation	2,060,431	1,942,887
31,041	Canadian Natural Resources Limited	1,770,646	2,251,714
182,700	Cyrius Energy Inc.	1,750,707	1,231,398
40,700	Duvernay Oil Corp.	1,407,977	1,179,486
83,200	EnCana Corporation	4,443,854	5,616,000
170,200	Highpine Oil & Gas Ltd. Cl. A	1,826,711	1,690,086
29,300	Husky Energy Inc.	1,174,760	1,304,729
120,000	Nexen Inc.	3,785,349	3,847,200
13,400	Niko Resources Ltd.	1,351,800	1,193,404
190,000	OPTI Canada Inc.	3,639,354	3,152,100
90,462	Petro-Canada	4,540,127	4,817,101
95,300	Savana Energy Services Corp.	1,842,004	1,524,800
864,500	Stratic Energy Corporation	1,022,897	743,470
61,500	Suncor Energy, Inc.	5,019,082	6,636,465
123,700	Synenco Energy Inc. Cl. A	1,933,505	1,039,080
202,110	Talisman Energy Inc.	3,492,804	3,710,740
69,700	TransCanada Corporation	2,661,157	2,823,547
148,700	UTS Energy Corp.	805,118	800,006
345,500	West Energy Ltd.	1,622,200	791,195
		46,601,414	47,031,525
Materials (18.7%)			
15,400	Agrium Inc.	900,039	1,103,718
243,800	Allen-Vanguard Corporation	2,047,416	1,297,016
76,115	Anvil Mining Limited	1,242,098	1,159,232
325,400	Aurelian Resources Inc.	2,611,109	2,492,564
326,800	B2Gold Corporation	817,000	767,980
229,600	Baffinland Iron Mines Corporation	639,317	1,021,720
54,200	Baffinland Iron Mines Corporation Warrants (Exp.01/31/12)	–	84,010
62,906	Barrick Gold Corporation	2,230,556	2,621,293
722,700	Breakwater Resources Ltd.	1,689,499	1,235,817
4,300	Detour Gold Corporation	44,947	52,245
416,600	Eastern Platinum Limited	1,010,966	1,191,476
84,400	Fronteer Development Group Inc.	991,140	829,652
189,543	Goldcorp Inc.	5,673,165	6,397,076
64,200	Ivanhoe Mines Ltd.	822,044	686,940
159,700	Lundin Mining Corporation	1,951,462	1,517,150
148,800	Northern Dynasty Minerals Ltd.	1,833,961	1,937,376
51,700	Pan American Silver Corp.	1,685,518	1,795,024
61,400	Polaris Minerals Corporation	607,043	690,750
11,300	Potash Corporation of Saskatchewan Inc.	1,243,249	1,616,917
101,500	Sherritt International Corporation Restricted Voting	1,409,808	1,339,800
92,300	Teck Cominco Limited Cl. B Sub. Voting	3,685,456	3,270,189
		33,135,793	33,107,945
Industrials (7.6%)			
78,500	ACE Aviation Holdings Inc.	1,765,037	2,220,765
94,900	Air Canada Cl. B	1,354,045	1,142,596
316,650	CAE Inc.	4,018,983	4,195,612
30,500	Canadian National Railway Company	1,582,360	1,422,825
283,230	Jazz Air Income Fund	2,399,410	2,158,213
88,700	Russel Metals Inc.	2,406,313	2,257,415
		13,526,148	13,397,426
Consumer Discretionary (3.7%)			
50,900	Lions Gate Entertainment Corp.	625,363	470,709
86,500	Martinrea International Inc.	1,382,630	1,055,300
123,650	The Thomson Corporation	5,438,617	4,980,622
		7,446,610	6,506,631
Consumer Staples (1.9%)			
185,600	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	4,352,617	3,363,072

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Health Care (2.2%)			
332,600	BioMS Medical Corp.	1,096,142	1,280,510
54,650	BioMS Medical Corp. Warrants (Exp. 05/23/10)	22,953	–
32,750	BioMS Medical Corp. Warrants (Exp. 05/30/10)	–	–
174,400	Cangene Corp.	1,413,233	1,210,336
149,600	Cardiome Pharma Corp.	1,535,267	1,331,440
		4,067,595	3,822,286
Financials (28.9%)			
35,400	Bank of Montreal	2,143,696	1,991,250
40,400	Brookfield Properties Corporation	859,687	773,256
117,482	Canaccord Capital Inc.	2,194,596	1,795,125
21,400	Canadian Imperial Bank of Commerce	1,730,771	1,509,770
49,100	Canadian Western Bank	1,208,963	1,537,812
175,100	Dundee Wealth Management Inc.	2,325,106	3,144,796
4,860	E-L Financial Corporation Limited	1,643,945	2,673,000
68,400	GMP Capital Trust	1,370,957	1,682,640
33,000	IGM Financial Inc.	1,728,540	1,650,990
176,880	Manulife Financial Corporation	6,525,395	7,154,796
13,600	Onex Corporation Sub. Voting	515,659	474,640
217,170	Royal Bank of Canada	10,599,939	11,008,347
53,600	Sun Life Financial Inc.	2,795,993	2,979,624
161,100	The Toronto-Dominion Bank	10,212,645	11,188,395
28,700	TSX Group Inc.	1,505,397	1,515,360
		47,361,289	51,079,801
Information Technology (5.4%)			
185,300	COM DEV International Ltd.	992,151	667,080
111,100	Genuum Corporation	1,377,226	1,172,105
70,300	Q9 Networks Inc.	976,968	920,930
54,100	Research In Motion Limited	3,416,228	6,089,496
204,100	Sandvine Corporation	1,176,981	779,662
		7,939,554	9,629,273
Telecommunication Services (2.9%)			
88,700	Rogers Communications Inc. Cl. B	3,416,153	3,990,613
24,300	TELUS Corporation	1,375,016	1,201,149
		4,791,169	5,191,762
Total Investment (97.9%)		169,222,189	173,129,721
Foreign Currency Spot Contracts – Schedule 1 (0.0%)		–	(38)
Adjustment for Transaction Costs (Note 2)		(269,078)	–
Total Investment Portfolio (97.9%)		168,953,111	173,129,683
Other Assets, Less Liabilities (2.1%)			3,668,647
Total Net Assets (100.0%)			176,798,330
Net Assets Per Unit			\$14.74

Schedule 1 Foreign Currency Spot Contracts Value

Contracts Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)	
1	2,843 U.S. Dollar	2,768 Canadian Dollar	01/02/2008	AA	(38)
Total Foreign Currency Spot Contracts Value					(38)

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle Canadian Growth Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$173,129,721	\$153,150,074
*Cash	2,940,960	1,140,139
Subscriptions receivable	373,190	610,401
Receivable for securities sold	1,155,319	1,021,937
Accrued investment income	266,618	248,612
	<u>177,865,808</u>	<u>156,171,163</u>
Liabilities		
Payable on open spot contracts	38	-
Payable for securities purchased	866,096	299,625
Redemptions payable	124,817	304,419
Accrued expenses	76,527	47,872
	<u>1,067,478</u>	<u>651,916</u>
Net assets representing unitholders' equity	<u>\$176,798,330</u>	<u>\$155,519,247</u>
Number of units outstanding	<u>11,992,633</u>	<u>9,774,108</u>
Net assets per unit	<u>\$ 14.74</u>	<u>\$ 15.91</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 2,143,537	\$ 1,843,194
Interest	562,254	338,723
Securities lending	43,636	7,970
Less: Foreign withholding taxes	(1,595)	(339)
	<u>2,747,832</u>	<u>2,189,548</u>
Expenses		
Legal fees	3,924	-
Audit fees	17,104	14,224
Custody fees	50,929	40,177
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	41,441	30,865
Unitholder administration, service fees and GST	150,712	138,625
	<u>278,895</u>	<u>236,911</u>
Net investment income (loss)	<u>2,468,937</u>	<u>1,952,637</u>
Net realized gain (loss) on investments sold	26,342,982	25,684,082
Net realized gain (loss) on foreign exchange	(1,936)	(1,538)
Net realized gain (loss) from trust units	(126)	556
Change in unrealized appreciation (depreciation) of investments	(12,293,342)	1,877,137
Change in unrealized appreciation (depreciation) of foreign exchange	(46)	30
Transaction costs (Note 2)	(1,077,035)	-
Net gain (loss) on investments and transaction costs	<u>12,970,497</u>	<u>27,560,267</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 15,439,434</u>	<u>\$29,512,904</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.51</u>	<u>\$ 3.51</u>

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

	2007	2006
Net Assets, Beginning of Period	\$155,519,247	\$127,991,023
New accounting policy adjustment (Note 2)	(242,828)	-
Increase (decrease) in net assets from operations	15,439,434	29,512,904
Distributions to unitholders		
Investment income	(2,385,085)	(1,969,437)
Capital gains	(23,952,500)	(20,766,776)
	<u>144,378,268</u>	<u>134,767,714</u>
Unit Transactions:		
Proceeds from issue	53,503,873	42,288,387
Reinvested distributions	26,273,663	22,659,674
Payments on redemption	(47,357,474)	(44,196,528)
	<u>32,420,062</u>	<u>20,751,533</u>
Increase (decrease) in net assets	<u>21,279,083</u>	<u>27,528,224</u>
Net Assets, End of Period	<u>\$176,798,330</u>	<u>\$155,519,247</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle Canadian Small Cap Equity Fund

34

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (23.4%)			
119,918	AltaGas Income Trust	2,792,153	3,153,843
66,044	AtlasGas Utility Group Inc.	525,940	386,358
113,100	Canadian Energy Services LP Cl. A	978,666	610,740
146,675	CHC Helicopter Corporation Cl. A Sub. Voting	3,162,594	3,696,210
184,115	Crescent Point Energy Trust	3,347,626	4,545,799
119,900	Mullen Group Income Fund	2,457,643	2,098,250
349,539	Prosper Resources Ltd.	1,283,925	999,682
74,300	ShawCor Ltd. Cl. A Sub. Voting	1,168,181	2,619,075
60,300	Zargon Energy Trust	1,495,308	1,374,840
60,224	Zargon Oil & Gas Ltd.	309,831	1,746,496
257,040	ZCL Composites Inc.	1,705,124	2,776,032
		<u>19,226,991</u>	<u>24,007,325</u>
Materials (9.7%)			
120,500	International Forest Products Limited Cl. A Sub. Voting	885,494	723,000
542,200	Neo Material Technologies, Inc.	1,856,419	2,711,000
40,200	Omni-Lite Industries Canada Inc.	106,468	94,470
60,000	Opta Minerals Inc.	232,750	282,600
295,095	Supremex Income Fund	2,802,644	1,746,962
276,700	The Canam Manac Group Inc. Cl. A Sub. Voting	2,730,148	3,893,169
67,660	Wipak Ltd.	741,807	483,769
		<u>9,355,730</u>	<u>9,934,970</u>
Industrials (31.4%)			
411	Bird Construction Income Fund	11,032	15,491
240,984	Contrans Income Fund	2,694,462	2,241,151
99,500	Exco Technologies Ltd.	637,110	383,075
76,046	Genivar Income Fund	856,258	2,000,010
138,486	Global Railway Industries Ltd.	503,910	645,345
84,400	GLV, Inc. Cl. A Sub-Voting	790,122	1,027,148
73,560	Horizon North Logistics Inc.	212,110	241,277
30,200	Horizon North Logistics Inc. Restricted (March 21, 2008)	99,660	99,056
20,800	IBI Income Fund	487,370	496,704
259,692	Lockerbie & Hole, Inc.	2,713,232	3,370,802
52,800	Logibec Groupe Informatique Ltd. Restricted April 12, 2008)	1,029,600	1,029,600
105,677	Marsulex Inc.	999,942	1,512,238
130,800	Richelieu Hardware Ltd.	2,445,787	3,139,200
13,679	Ritchie Bros. Auctioneers Incorporated	403,259	1,124,687
191,701	Russel Metals Inc.	2,189,883	4,878,790
112,600	Stantec Inc.	1,479,669	4,379,014
161,157	Transat A.T. Inc. Cl. B	3,630,744	5,609,875
		<u>21,184,150</u>	<u>32,193,463</u>
Consumer Discretionary (3.9%)			
163,400	Automodular Corp.	323,682	318,630
30,731	MTY Food Group Inc.	309,623	388,440
6,500	The McGraw-Hill Ryerson Ltd.	226,355	302,250
95,400	Uni-Select Inc.	2,210,727	2,986,020
		<u>3,070,387</u>	<u>3,995,340</u>
Health Care (0.8%)			
75,900	Futuremed Healthcare Income Fund	773,843	840,213
Financials (25.5%)			
77,498	Altus Group Income Fund	1,356,866	1,422,088
184,381	Canadian Western Bank	2,055,250	5,774,813
101,417	DirectCash Income Fund	1,537,089	1,237,287
83,794	EGI Financial Holdings, Inc.	890,197	1,177,306
116,882	Equitable Group Inc.	3,172,558	3,332,306
146,148	First National Financial Income Fund	1,627,879	2,003,689
17,152	FirstService Corporation Preferred	17,925	334,331
85,760	FirstService Corporation Sub. Voting	1,726,016	2,598,528
68,078	Grey Horse Corporation	365,377	670,568
85,600	Home Capital Group Inc. Cl. B Sub. Voting	1,475,889	3,580,648

Portfolio Advisor: Mawer Investment Management Ltd.

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

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
60,269	Morneau Sobeco Income Fund	739,583	878,119
1,600	Olympia Financial Group Inc.	35,334	50,400
326,868	Parkbridge Lifestyles Communities Inc. Non-Voting	1,839,187	1,997,164
154,625	Parkbridge Lifestyles Communities Inc.	872,102	983,415
143,478	TIO Networks Corp	136,313	144,913
		<u>17,847,565</u>	<u>26,185,575</u>
Information Technology (2.3%)			
88,571	Constellation Software Inc.	1,886,102	2,218,704
60,068	Solium Capital Inc.	125,779	135,153
		<u>2,011,881</u>	<u>2,353,857</u>
Utilities (0.7%)			
60,626	Caribbean Utilities Company Ltd. Cl. A	951,278	718,616
Short-Term Notes (Schedule 1) (1.9%)			
		1,909,347	1,909,347
Total Investment (99.6%)			
		<u>76,331,172</u>	<u>102,138,706</u>
Adjustment for Transaction Costs (Note 2)			
		(128,705)	—
Total Investment Portfolio (99.6%)			
		<u>76,202,467</u>	<u>102,138,706</u>
Other Assets, Less Liabilities (0.4%)			
			403,692
Total Net Assets (100.0%)			
			<u>102,542,398</u>
Net Assets Per Unit			
			\$22.24

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$1,928,000	Government of Canada Treasury Bill 3.79%	04/03/2008	1,909,347	1,909,347
			<u>1,909,347</u>	<u>1,909,347</u>
Total Short-Term Notes				

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

-For equities, all common shares unless otherwise noted.

Pinnacle Canadian Small Cap Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$102,138,706	\$83,828,551
Cash	10,323	11,366
Subscriptions receivable	175,709	491,441
Receivable for securities sold	115,930	136,168
Accrued investment income	277,611	184,576
	<u>102,718,279</u>	<u>84,652,102</u>
Liabilities		
Payable for securities purchased	15,699	87,747
Redemptions payable	95,597	168,058
Accrued expenses	64,585	36,595
	<u>175,881</u>	<u>292,400</u>
Net assets representing unitholders' equity	<u>\$102,542,398</u>	<u>\$84,359,702</u>
Number of units outstanding	<u>4,611,413</u>	<u>4,045,778</u>
Net assets per unit	<u>\$ 22.24</u>	<u>\$ 20.85</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 1,332,117	\$ 976,513
Interest	2,280,820	1,267,384
Securities lending	5,599	800
	<u>3,618,536</u>	<u>2,244,697</u>
Expenses		
Legal fees	2,948	-
Audit fees	16,104	14,224
Custody fees	29,534	20,376
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	43,562	28,311
Unitholder administration, service fees and GST	145,182	121,588
	<u>252,115</u>	<u>197,519</u>
Net investment income (loss)	<u>3,366,421</u>	<u>2,047,178</u>
Net realized gain (loss) on investments sold	11,266,467	4,546,840
Net realized gain (loss) on foreign exchange	(1,842)	63
Net realized gain (loss) from trust units	5,436	16,302
Change in unrealized appreciation (depreciation) of investments	431,475	5,195,273
Transaction costs (Note 2)	(72,027)	-
Net gain (loss) on investments and transaction costs	<u>11,629,509</u>	<u>9,758,478</u>
Increase (Decrease) in Net Assets from Operations	<u>\$14,995,930</u>	<u>\$11,805,656</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 3.54</u>	<u>\$ 3.12</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 84,359,702	\$ 68,176,812
New accounting policy adjustment (Note 2)	(582,178)	-
Increase (decrease) in net assets from operations	14,995,930	11,805,654
Distributions to unitholders		
Investment income	(3,302,690)	(2,450,377)
Capital gains	(5,198,883)	-
	<u>90,271,881</u>	<u>77,532,089</u>
Unit Transactions:		
Proceeds from issue	29,578,806	23,542,633
Reinvested distributions	8,487,981	2,445,304
Payments on redemption	(25,796,270)	(19,160,324)
	<u>12,270,517</u>	<u>6,827,613</u>
Increase (decrease) in net assets	<u>18,182,696</u>	<u>16,182,890</u>
Net Assets, End of Period	<u>\$102,542,398</u>	<u>\$ 84,359,702</u>

Pinnacle American Value Equity Fund

36

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (6.8%)			
32,100	ConocoPhillips	1,527,533	2,795,857
35,000	Weatherford International Ltd.	1,107,628	2,369,667
		<u>2,635,161</u>	<u>5,165,524</u>
Materials (2.8%)			
21,400	Air Products and Chemicals Inc.	1,457,746	2,080,392
Industrials (12.0%)			
40,000	Deere & Company	1,623,981	3,672,243
23,800	Northrop Grumman Corporation	1,823,303	1,847,207
23,400	The Boeing Company	1,175,885	2,017,547
32,000	Thomas & Betts Corporation	1,840,791	1,548,801
		<u>6,463,960</u>	<u>9,085,798</u>
Consumer Discretionary (8.6%)			
38,000	J.C. Penney Company, Inc.	1,696,770	1,646,055
53,000	Lowe's Companies, Inc.	1,338,464	1,182,169
55,300	Matsushita Electric Industrial Co., Ltd. ADR	945,430	1,113,944
128,000	Time Warner Inc.	2,363,408	2,080,648
75,300	Warner Music Group Corp.	1,602,037	449,620
		<u>7,946,109</u>	<u>6,472,436</u>
Consumer Staples (17.3%)			
54,600	Archer-Daniels-Midland Company	1,091,526	2,501,995
15,000	Diageo PLC ADR	1,060,148	1,269,168
30,000	Kellogg Co.	1,543,133	1,550,005
35,000	L'Oreal SA ADR	710,985	982,756
58,000	Safeway Inc.	1,923,677	1,955,424
60,400	Sysco Corp.	2,101,723	1,857,503
23,000	The Estee Lauder Companies Inc. Cl. A	998,720	989,714
36,100	UST Inc.	1,786,510	1,949,257
		<u>11,216,422</u>	<u>13,055,822</u>
Health Care (8.9%)			
39,400	Baxter International Inc.	1,685,346	2,256,933
33,000	Eli Lilly and Company	1,935,775	1,738,878
31,000	Hospira, Inc.	1,347,823	1,303,672
28,000	Universal Health Services, Inc. Cl. B	1,838,212	1,411,299
		<u>6,807,156</u>	<u>6,710,782</u>
Financials (20.3%)			
36,200	AFLAC Incorporated	1,801,493	2,231,903
28,300	American International Group, Inc.	2,447,355	1,625,007
36,000	Citigroup Inc.	1,088,767	1,041,390
8,350	Discover Financial Services	187,240	123,945
57,600	J.P. Morgan Chase & Co.	2,769,958	2,476,313
150,000	Mitsubishi UFJ Financial Group, Inc. ADR	1,518,610	1,376,795
28,000	Morgan Stanley	1,570,004	1,464,634
113,500	The Charles Schwab Corporation	1,661,685	2,855,360
28,000	Wells Fargo & Company	1,118,800	831,802
28,000	Zions Bancorporation	1,526,895	1,288,601
		<u>15,690,807</u>	<u>15,315,750</u>
Information Technology (15.2%)			
18,500	Apple Computer, Inc.	570,484	3,616,476
19,300	International Business Machines Corporation	2,325,056	2,055,484
60,300	Molex Incorporated Cl. A	2,162,799	1,559,243
113,000	Oracle Corporation	1,722,748	2,511,551
52,000	Texas Instruments Incorporated	1,480,696	1,711,055
		<u>8,261,783</u>	<u>11,453,809</u>
Telecommunication Services (4.8%)			
61,700	AT&T Inc.	1,992,413	2,527,135
29,737	Vodafone Group PLC ADR	916,208	1,092,367
		<u>2,908,621</u>	<u>3,619,502</u>

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Utilities (2.8%)			
45,600	Dominion Resources, Inc.	2,217,164	2,132,333
		<u>2,217,164</u>	<u>2,132,333</u>
Total Investment (99.5%)		<u>65,604,929</u>	<u>75,092,148</u>
Adjustment for Transaction Costs (Note 2)		(97,061)	–
Total Investment Portfolio (99.5%)		<u>65,507,868</u>	<u>75,092,148</u>
Other Assets, Less Liabilities (0.5%)			345,996
Total Net Assets (100.0%)			<u>75,438,144</u>
Net Assets Per Unit			\$10.96

ADR – American Depository Receipt

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle American Value Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$75,092,148	\$73,766,984
*Cash	329,302	2,901,433
Subscriptions receivable	72,922	371,074
Accrued investment income	63,112	91,367
	<u>75,557,484</u>	<u>77,130,858</u>
Liabilities		
Payable for securities purchased	–	458,437
Redemptions payable	47,105	120,863
Accrued expenses	72,235	48,460
	<u>119,340</u>	<u>627,760</u>
Net assets representing unitholders' equity	<u>\$75,438,144</u>	<u>\$76,503,098</u>
Number of units outstanding	<u>6,884,345</u>	<u>6,449,297</u>
Net assets per unit	<u>\$ 10.96</u>	<u>\$ 11.86</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 1,472,047	\$ 1,277,552
Interest	40,143	91
Securities lending	28,256	19,855
Less: Foreign withholding taxes	<u>(191,131)</u>	<u>(143,820)</u>
	<u>1,349,315</u>	<u>1,153,678</u>
Expenses		
Legal fees	2,948	–
Audit fees	16,104	14,224
Custody fees	15,370	7,226
Filing fees	13,396	13,019
Directors' fees	1,389	–
Unitholder reporting costs	44,146	37,420
Unitholder administration, service fees and GST	<u>168,824</u>	<u>164,226</u>
	<u>262,177</u>	<u>236,115</u>
Net investment income (loss)	<u>1,087,138</u>	<u>917,563</u>
Net realized gain (loss) on investments sold	2,355,767	3,564,097
Net realized gain (loss) on foreign exchange	(382,598)	(61,302)
Change in unrealized appreciation (depreciation) of investments	(8,099,279)	9,106,807
Change in unrealized appreciation (depreciation) of foreign exchange	(47,584)	47,954
Transaction costs (Note 2)	<u>(44,198)</u>	<u>–</u>
Net gain (loss) on investments and transaction costs	<u>(6,217,892)</u>	<u>12,657,556</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (5,130,754)</u>	<u>\$ 13,575,119</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.75)</u>	<u>\$ 2.14</u>

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

	2007	2006
Net Assets, Beginning of Period		
Net Assets, Beginning of Period	\$ 76,503,098	\$ 63,380,610
New accounting policy adjustment (Note 2)	(106,466)	–
Increase (decrease) in net assets from operations	(5,130,754)	13,575,119
Distributions to unitholders	–	–
Investment income	<u>(1,102,617)</u>	<u>(944,022)</u>
	<u>70,163,261</u>	<u>76,011,707</u>
Unit Transactions:		
Proceeds from issue	21,571,767	18,676,244
Reinvested distributions	1,101,062	942,709
Payments on redemption	<u>(17,397,946)</u>	<u>(19,127,562)</u>
	<u>5,274,883</u>	<u>491,391</u>
Increase (decrease) in net assets	<u>(1,064,954)</u>	<u>13,122,488</u>
Net Assets, End of Period	<u>\$ 75,438,144</u>	<u>\$ 76,503,098</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle American Mid Cap Value Equity Fund

38

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (2.7%)							
2,868	Cameron International Corporation	120,594	135,952	3,842	Assurant, Inc.	178,982	252,917
2,965	Newfield Exploration Company	157,454	153,894	5,161	Assured Guaranty Ltd.	132,448	135,185
1,770	Noble Energy, Inc.	116,645	138,617	9,614	BankUnited Financial Corporation	239,115	65,376
		<u>394,693</u>	<u>428,463</u>	3,610	Camden Property Trust	245,650	171,197
Materials (7.9%)							
4,163	Airgas, Inc.	172,948	213,651	8,437	Chimera Investment Corporation	124,809	148,219
5,352	Celanese Corporation, Series A	193,900	223,224	7,921	Corrections Corporation of America	213,111	229,917
1,929	CF Industries Holdings, Inc.	111,973	209,269	8,234	DuPont Fabros Technology Inc.	169,840	158,061
3,017	Greif Inc. Cl. A	181,976	194,647	26,343	E*TRADE Group, Inc.	134,142	90,997
7,380	Pactiv Corp.	208,721	193,673	7,465	First Horizon National Corporation	244,295	133,280
4,110	Peabody Energy Corporation	194,768	249,507	4,732	First Midwest Bancorp, Inc.	146,869	142,910
		<u>1,064,286</u>	<u>1,283,971</u>	4,352	Hanover Insurance Group Inc.	230,265	196,334
Industrials (13.0%)							
2,496	AGCO Corporation	109,806	166,848	6,516	Marshall & Ilsely Corporation	320,484	170,035
1,208	Alliant Techsystems Inc.	109,400	135,629	18,064	New York Community Bancorp, Inc.	341,825	312,708
2,124	Apollo Group, Inc. Cl. A	131,442	146,698	6,658	Realty Income Corporation	207,346	176,829
2,815	Ceradyne, Inc.	121,242	130,384	13,941	Sovereign Bancorp, Inc.	368,097	156,577
2,753	CSX Corp.	134,800	119,280	6,318	The Colonial BancGroup, Inc.	171,626	84,367
2,701	DeVry Inc.	105,551	138,219	16,279	Thornburg Mortgage, Inc.	172,757	148,294
3,525	Esterline Technologies Corporation	188,747	179,655	9,814	UnumProvident Corporation	238,305	230,041
1,598	Jacobs Engineering Group Inc.	79,895	150,791	5,745	W. R. Berkley Corporation	251,511	168,967
2,680	Oshkosh Truck Corporation	169,485	125,004	4,880	Washington Real Estate Investment Trust	192,513	150,991
5,118	Pall Corporation	223,682	203,311	2,210	Zions Bancorporation	152,933	101,707
6,780	Republic Services, Inc. Cl. A	191,868	209,779			<u>5,308,753</u>	<u>4,188,548</u>
6,806	Spirit Aerosystems Holdings Inc. Cl. A	231,334	231,743	Information Technology (10.4%)			
3,175	URS Corporation	154,751	169,808	10,759	ADC Telecommunications, Inc.	178,687	165,119
		<u>1,952,003</u>	<u>2,107,149</u>	3,485	Arrow Electronics Inc.	152,335	135,104
Consumer Discretionary (9.7%)							
3,484	AnnTaylor Stores Corporation	108,629	87,889	41,622	Atmel Corporation	251,141	177,461
3,408	BorgWagner, Inc.	150,549	162,831	5,518	BMC Software, Inc.	187,088	194,095
2,644	CBRL Group, Inc.	146,228	84,495	3,717	Diodes Incorporated	103,713	110,312
5,188	Centex Corp.	256,887	129,083	11,879	Mentor Graphics Corporation	164,482	126,385
3,543	Gannett Co., Inc.	232,471	136,374	1	Metavante Technologies, Inc.	24	23
7,478	Goodyear Tire & Rubber Company	255,332	207,759	2,072	Mettler Toledo International Incorporated	145,132	232,655
6,105	Lennar Corporation Cl. A	265,907	107,793	7,664	Parametric Technology Corporation	137,738	134,941
5,295	Macy's, Inc.	170,964	134,881	6,832	PerkinElmer Inc.	171,554	175,044
4,301	Penn National Gaming Inc.	229,732	252,612	4,040	Plexus Corp.	108,615	104,706
4,041	R.H. Donnelley Corp.	294,438	145,133	4,005	Western Digital Corporation	98,209	119,294
1,383	Whirlpool Corporation	135,239	111,421			<u>1,698,718</u>	<u>1,675,139</u>
		<u>2,246,376</u>	<u>1,560,271</u>	Telecommunication Services (1.1%)			
Consumer Staples (6.9%)							
3,943	Campbell Soup Co.	166,344	138,850	3,625	Embarq Corporation	210,634	176,845
2,463	Loews Corp-Carolina Group	140,661	207,352	Utilities (13.5%)			
3,272	Longs Drug Stores Corporation	166,232	151,777	5,209	AGL Resources Inc.	215,645	193,148
3,310	Molson Coors Brewing Company Cl. B	181,630	168,633	5,233	American Electric Power Company, Inc.	223,093	239,849
6,170	Safeway Inc.	235,933	208,017	5,579	Edison International	298,450	293,645
4,120	Smithfield Foods, Inc.	131,698	117,555	4,890	PPL Corp.	149,339	251,010
3,166	The Pepsi Bottling Group Inc.	126,856	123,050	5,217	Sempra Energy	299,924	317,997
		<u>1,149,354</u>	<u>1,115,234</u>	6,440	UGI Corporation	180,412	173,200
Health Care (4.8%)							
6,023	Endo Pharmaceuticals Holdings Inc.	183,858	158,597	6,700	Vectren Corporation	192,118	191,434
2,903	Magellan Health Services, Inc.	145,876	133,514	5,427	Wisconsin Energy Corporation	256,656	260,899
12,537	Mylan Laboratories Inc.	169,569	172,732	11,571	Xcel Energy Incorporated	250,867	257,293
3,931	Universal Health Services, Inc. Cl. B	247,730	198,136			<u>2,066,504</u>	<u>2,178,475</u>
4,173	Watson Pharmaceuticals, Inc.	132,348	111,654	Short-Term Notes (Schedule 1) (3.1%)			
		<u>879,381</u>	<u>774,633</u>			503,074	495,868
Financials (25.9%)							
2,067	Alexandria Real Estate Equities, Inc.	241,077	205,655	Total Investment (99.0%)			
4,654	AON Corporation	186,087	218,685			<u>17,473,776</u>	15,984,596
2,827	Arch Capital Group Ltd.	215,400	196,284	Adjustment for Transaction Costs (Note 2)			
5,353	Associated Banc-Corp	189,266	143,015			(25,870)	-
				Total Investment Portfolio (99.0%)			
						<u>17,447,906</u>	15,984,596
				Other Assets, Less Liabilities (1.0%)			
				Total Net Assets (100.0%)			
				Net Assets Per Unit			
				\$8.89			

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle American Mid Cap Value Equity Fund (Continued)

Statement of Investment Portfolio as at December 31, 2007

Schedule 1
Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$494,378	State Street Trust Company Canada U.S. Dollar Call Deposit	01/02/2008	495,037	487,926
8,047	State Street Trust Company Canada U.S. Dollar Call Deposit	01/02/2008	8,037	7,942
Total Short-Term Notes			<u>503,074</u>	<u>495,868</u>

Pinnacle American Mid Cap Value Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$15,984,596	\$18,385,557
*Cash	111,145	243,514
Subscriptions receivable	72,056	96,893
Receivable for securities sold	—	130,497
Accrued investment income	25,925	16,998
	<u>16,193,722</u>	<u>18,873,459</u>
Liabilities		
Payable for securities purchased	—	177,679
Redemptions payable	3,864	16,741
Accrued expenses	44,362	38,895
	<u>48,226</u>	<u>233,315</u>
Net assets representing unitholders' equity	<u>\$16,145,496</u>	<u>\$18,640,144</u>
Number of units outstanding	<u>1,815,173</u>	<u>1,696,386</u>
Net assets per unit	<u>\$ 8.89</u>	<u>\$ 10.99</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 321,574	\$ 354,220
Interest	(73,189)	4,191
Securities lending	834	784
Less: Foreign withholding taxes	<u>(46,064)</u>	<u>(44,476)</u>
	<u>203,155</u>	<u>314,719</u>
Expenses		
Legal fees	2,948	—
Audit fees	15,104	14,224
Custody fees	19,765	18,323
Filing fees	13,396	13,020
Directors' fees	1,389	—
Unitholder reporting costs	18,806	19,275
Unitholder administration, service fees and GST	<u>80,932</u>	<u>77,541</u>
	<u>152,340</u>	<u>142,383</u>
Rebated and absorbed expenses	<u>(53,016)</u>	<u>(56,591)</u>
Net expenses	<u>99,324</u>	<u>85,792</u>
Net investment income (loss)	<u>103,831</u>	<u>228,927</u>
Net realized gain (loss) on investments sold	753,961	1,079,599
Net realized gain (loss) on foreign exchange	(13,428)	(13,015)
Change in unrealized appreciation (depreciation) of investments	<u>(3,259,087)</u>	<u>1,521,450</u>
Change in unrealized appreciation (depreciation) of foreign exchange	(107)	(326)
Transaction costs (Note 2)	<u>(59,181)</u>	<u>—</u>
Net gain (loss) on investments and transaction costs	<u>(2,577,842)</u>	<u>2,587,708</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(2,474,011)</u>	<u>\$2,816,635</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.44)</u>	<u>\$ 1.68</u>

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

	2007	2006
Net Assets, Beginning of Period	<u>\$18,640,144</u>	<u>\$16,098,198</u>
New accounting policy adjustment (Note 2)	(19,996)	—
Increase (decrease) in net assets from operations	<u>(2,474,011)</u>	<u>2,816,635</u>
Distributions to unitholders		
Investment income	(217,535)	(112,394)
Capital gains	<u>(853,345)</u>	<u>(469,734)</u>
	<u>15,075,257</u>	<u>18,332,705</u>
Unit Transactions:		
Proceeds from issue	5,502,192	5,268,225
Reinvested distributions	1,068,725	580,815
Payments on redemption	<u>(5,500,678)</u>	<u>(5,541,601)</u>
	<u>1,070,239</u>	<u>307,439</u>
Increase (decrease) in net assets	<u>(2,494,648)</u>	<u>2,541,946</u>
Net Assets, End of Period	<u>\$16,145,496</u>	<u>\$18,640,144</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle American Large Cap Growth Equity Fund

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (8.8%)							
15,500	Apache Corporation	1,308,526	1,641,905	27,600	The Charles Schwab Corporation	596,205	694,343
14,800	Cameron International Corporation	554,561	701,567	13,900	The Chubb Corporation	735,091	748,624
14,100	Devon Energy Corporation	1,156,759	1,235,601	22,900	Waddell & Reed Financial Inc. Cl. A	739,508	815,676
7,600	Exxon Mobil Corporation	685,909	702,377				
10,200	Schlumberger Limited	843,379	988,166	Information Technology (27.9%)			
21,850	XTO Energy, Inc.	1,091,370	1,107,571	19,900	ADC Telecommunications, Inc.	411,257	305,407
				15,400	Apple Computer, Inc.	1,589,793	3,010,472
				45,800	Cisco Systems, Inc.	1,218,248	1,222,270
Materials (3.1%)				34,400	Dell Inc.	1,003,871	831,801
7,400	Freeport-McMoran Copper & Gold, Inc.	787,106	746,337	16,200	Electronic Arts Inc.	903,698	931,655
13,556	Monsanto Company	899,645	1,490,030	3,200	Google Inc. Cl. A	1,672,766	2,183,449
				97,500	Intel Corporation	2,504,859	2,559,655
				26,400	Intersil Corporation Cl. A	846,463	637,578
Industrials (12.6%)				13,300	MEMC Electronics Materials, Inc.	914,257	1,161,558
18,000	Cooper Industries Ltd. Cl. A	929,747	937,642	80,636	Microsoft Corporation	2,759,715	2,832,384
12,400	DST Systems, Inc.	1,038,733	1,009,650	44,700	Oracle Corporation	929,799	993,507
32,700	Emerson Electric Co.	1,565,881	1,824,730	16,100	QUALCOMM Incorporated	792,421	624,314
11,000	General Electric Company	473,906	401,472	3,100	Research In Motion Limited	287,057	346,708
20,200	Honeywell International Inc.	1,199,209	1,226,287	9,907	Roper Industries, Inc.	541,205	609,934
26,300	Raytheon Company	1,637,054	1,572,981	23,800	Thermo Electron Corp.	1,290,408	1,352,755
19,600	United Technologies Corporation	1,307,786	1,478,092	7,300	VMware Inc. Cl. A	501,324	608,872
7,264	Valmont Industries, Inc.	531,250	638,848				
				Telecommunication Services (1.9%)			
				8,500	American Tower Corporation Cl. A	358,004	356,536
Consumer Discretionary (14.8%)				24,200	AT&T Inc.	1,017,793	991,194
12,700	Amazon.com, Inc.	1,069,952	1,161,174				
29,500	BorgWagner, Inc.	1,337,976	1,409,458	Total Investments (99.8%)			
19,100	Costco Wholesale Corp.	1,278,666	1,315,217	67,247,212 72,368,730			
15,400	Eaton Corporation	1,557,325	1,473,546	Adjustment for Transaction Costs (Note 2)			
12,842	GameStop Corporation	512,799	786,067	(32,465) -			
4,500	Priceline.com Incorporated	341,635	510,125	Total Investment Portfolio (99.8%)			
37,600	The TJX Companies Inc.	1,160,727	1,064,666	67,214,747 72,368,730			
17,100	Urban Outfitters, Inc.	478,852	459,219	Other Assets, Less Liabilities (0.2%)			
39,200	Viacom Inc. Cl. B	1,722,232	1,696,488	160,822			
20,300	Wal-Mart Stores, Inc.	1,120,079	951,667	Total Net Assets (100.0%)			
				72,529,552			
				Net Assets Per Unit			
				\$7.57			
Consumer Staples (9.8%)							
28,500	PepsiCo, Inc.	2,039,277	2,130,702				
28,800	The Coca-Cola Company	1,646,510	1,741,264				
28,300	The Procter & Gamble Company	2,008,353	2,047,319				
21,300	Wm. Wrigley Jr. Company	1,364,004	1,228,528				
Health Care (12.1%)							
3,700	Alcon Inc.	535,731	522,305				
20,000	Allergan, Inc.	1,294,302	1,265,467				
25,000	Baxter International Inc.	1,353,296	1,432,064				
18,622	Becton, Dickinson and Company	1,450,133	1,536,115				
2,900	C.R. Bard Inc.	266,815	270,703				
16,600	DENTSPLY International Inc.	626,899	737,415				
3,200	Idexx Labs Incorporated	156,254	185,168				
6,400	illumina, Inc.	331,109	374,315				
1,100	Intuitive Surgical, Inc.	174,138	350,175				
15,400	Johnson & Johnson	995,372	1,012,407				
11,900	Novo Nordisk A/S Cl. B	712,868	766,853				
7,100	VCA Antech Inc.	278,127	309,935				
Financials (8.8%)							
1,300	CME Group Inc.	834,780	879,200				
4,700	IntercontinentalExchange Inc.	830,620	890,948				
42,800	Invesco Limited	1,224,784	1,317,934				
13,500	Northern Trust Corporation	919,034	1,020,338				

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle American Large Cap Growth Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$72,368,730	\$64,148,137
*Cash	—	380,237
Subscriptions receivable	74,690	340,020
Receivable for securities sold	361,406	480,188
Accrued investment income	54,430	64,628
	<u>72,859,256</u>	<u>65,413,210</u>
Liabilities		
Bank overdraft	199,357	—
Payable for securities purchased	—	360,061
Redemptions payable	42,614	124,062
Accrued expenses	87,733	59,456
	<u>329,704</u>	<u>543,579</u>
Net assets representing unitholders' equity	<u>\$72,529,552</u>	<u>\$64,869,631</u>
Number of units outstanding	<u>9,585,233</u>	<u>8,601,972</u>
Net assets per unit	<u>\$ 7.57</u>	<u>\$ 7.54</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 752,189	\$ 637,366
Interest	4,579	4,628
Securities lending	15,461	11,982
Less: Foreign withholding taxes	(109,617)	(89,847)
	<u>662,612</u>	<u>564,129</u>
Expenses		
Legal fees	2,948	—
Audit fees	16,104	14,224
Custody fees	87,816	90,809
Filing fees	13,396	13,020
Directors' fees	1,389	—
Unitholder reporting costs	42,424	37,315
Unitholder administration, service fees and GST	147,002	137,223
	<u>311,079</u>	<u>292,591</u>
Rebated and absorbed expenses	—	(5,044)
Net expenses	<u>311,079</u>	<u>287,547</u>
Net investment income (loss)	<u>351,533</u>	<u>276,582</u>
Net realized gain (loss) on investments sold	2,475,240	241,560
Net realized gain (loss) on foreign exchange	(100,450)	(74,529)
Change in unrealized appreciation (depreciation) of investments	(2,112,139)	4,620,610
Change in unrealized appreciation (depreciation) of foreign exchange	(2,697)	4,088
Transaction costs (Note 2)	(81,958)	—
Net gain (loss) on investments and transaction costs	<u>177,996</u>	<u>4,791,729</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 529,529</u>	<u>\$5,068,311</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.06</u>	<u>\$ 0.61</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 64,869,631	\$ 53,489,639
New accounting policy adjustment (Note 2)	(64,096)	—
Increase (decrease) in net assets from operations	529,529	5,068,311
Distributions to unitholders	—	—
Investment income	(404,672)	(234,019)
	<u>64,930,392</u>	<u>58,323,931</u>
Unit Transactions:		
Proceeds from issue	21,904,857	21,066,454
Reinvested distributions	403,895	233,537
Payments on redemption	(14,709,592)	(14,754,291)
	<u>7,599,160</u>	<u>6,545,700</u>
Increase (decrease) in net assets	<u>7,659,921</u>	<u>11,379,992</u>
Net Assets, End of Period	<u>\$ 72,529,552</u>	<u>\$ 64,869,631</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle American Mid Cap Growth Equity Fund

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (11.3%)							
4,000	Core Laboratories NV	400,853	492,212	9,300	Cavium Networks Inc.	241,853	211,109
14,400	FMC Technologies, Inc.	438,941	805,683	7,900	Cerner Corporation	426,058	439,589
8,600	Oceaneering International, Inc.	458,299	571,651	16,900	Cognizant Technology Solutions Corp. Cl. A	476,411	566,101
12,500	Smith International, Inc.	506,421	908,857	6,870	Hittite Microwave Corporation	206,040	323,829
		<u>1,804,514</u>	<u>2,778,403</u>	23,200	Infinera Corporation	533,742	338,879
Materials (2.6%)							
5,100	Allegheny Technologies Inc.	601,524	434,084	25,900	Marvell Technology Group Ltd.	545,172	357,357
3,400	Cytec Industries Inc.	237,261	206,271	7,900	Research In Motion Limited	147,604	883,545
		<u>838,785</u>	<u>640,355</u>	10,500	Salesforce.com, Inc.	261,001	648,308
Industrials (17.4%)							
9,000	Clean Harbors, Inc.	452,015	459,317	16,500	Take-Two Interactive Software, Inc.	246,626	299,964
10,306	Compagnie Generale de Geophysique-Veritas ADR	300,772	570,113	2,552	VMware Inc. Cl. A	133,957	212,855
2,100	Cummins Inc.	264,225	263,986			<u>4,234,756</u>	<u>5,774,506</u>
5,700	Flowserve Corporation	429,673	541,184	Telecommunication Services (3.0%)			
3,356	Foster Wheeler Ltd.	167,440	513,458	28,500	Clearwire Corporation Cl. A	582,371	383,667
20,300	Resources Connection Incorporated	560,206	363,036	15,700	Cogent Communications Group, Inc.	473,286	367,389
14,500	Spirit Aerosystems Holdings Inc. Cl.A	531,634	493,722			<u>1,055,657</u>	<u>751,056</u>
3,600	Strayer Education, Inc.	451,907	605,719	Total Investments (98.1%)			
7,800	The Corporate Executive Board Company	654,431	461,892			<u>20,677,952</u>	<u>24,169,595</u>
		<u>3,812,303</u>	<u>4,272,427</u>	Adjustment for Transaction Costs (Note 2)			
Consumer Discretionary (13.3%)							
3,900	Chipotle Mexican Grill, Inc. Cl. B	271,732	473,632	Total Investment Portfolio (98.1%)			
12,500	Ctrip.com International Ltd. ADR	528,154	707,026			<u>20,654,313</u>	<u>24,169,595</u>
8,500	Dick's Sporting Goods, Inc.	243,436	232,797	Other Assets, Less Liabilities (1.9%)			
8,300	Home Inns & Hotels Management, Inc. ADR	367,710	291,706				479,412
6,604	Mercadolibre Inc.	170,031	480,298	Total Net Assets (100.0%)			
14,700	P.F. Chang's China Bistro, Inc.	589,242	330,931				<u>24,649,007</u>
9,600	PETsMART, Inc.	247,030	222,845	Net Assets Per Unit			
10,900	Urban Outfitters, Inc.	218,222	292,719				\$17.03
2,300	Wynn Resorts, Ltd.	158,135	254,534	ADR – American Depository Receipt			
		<u>2,793,692</u>	<u>3,286,488</u>				
Consumer Staples (4.5%)							
15,900	Bare Essentials, Inc.	608,621	379,131				
11,700	Hansen Natural Corporation	501,788	509,467				
8,900	Zumiez Inc.	322,741	213,975				
		<u>1,433,150</u>	<u>1,102,573</u>				
Health Care (8.3%)							
10,200	CV Therapeutics Inc.	258,732	91,105				
1,500	Intuitive Surgical, Inc.	178,270	477,511				
9,600	Isis Pharmaceuticals, Inc.	157,211	149,227				
6,700	The Advisory Board Company	370,915	424,461				
11,700	Thoratec Corporation	242,856	209,699				
7,600	Vertex Pharmaceuticals Inc.	293,833	174,244				
17,738	WuXi PharmaTech Cayman Inc. ADR	384,619	511,891				
		<u>1,886,436</u>	<u>2,038,138</u>				
Financials (14.3%)							
3,700	Affiliated Managers Group, Inc.	383,186	427,543				
5,164	Bankrate, Inc.	245,466	245,096				
15,900	eHealth, Inc.	363,939	503,886				
3,100	GFI Group Inc.	187,553	290,412				
1,500	IntercontinentalExchange Inc.	229,696	284,345				
7,700	MF Global Ltd.	220,355	238,701				
9,536	MSCI Inc. Cl. A	223,475	359,992				
12,300	National Interstate Corporation	283,993	399,511				
15,800	SEI Investments Company	486,260	500,405				
4,600	T. Rowe Price Group Inc.	194,736	275,758				
		<u>2,818,659</u>	<u>3,525,649</u>				
Information Technology (23.4%)							
16,400	Akamai Technologies, Inc.	572,995	559,873				
9,642	Ansys Inc.	271,968	394,540				
1,400	Baidu.com, Inc.	171,329	538,557				

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle American Mid Cap Growth Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$24,169,595	\$32,708,838
*Cash	55,157	111,800
Subscriptions receivable	6,611	80,151
Receivable for securities sold	692,097	-
Accrued investment income	14,201	5,991
	<u>24,937,661</u>	<u>32,906,780</u>
Liabilities		
Payable for securities purchased	217,000	-
Redemptions payable	13,006	41,623
Accrued expenses	58,648	43,175
	<u>288,654</u>	<u>84,798</u>
Net assets representing unitholders' equity	<u>\$24,649,007</u>	<u>\$32,821,982</u>
Number of units outstanding	<u>1,447,725</u>	<u>2,100,787</u>
Net assets per unit	<u>\$ 17.03</u>	<u>\$ 15.62</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 125,805	\$ 127,206
Interest	(74,278)	32,735
Securities lending	9,206	7,270
Less: Foreign withholding taxes	(18,842)	(18,566)
	<u>41,891</u>	<u>148,645</u>
Expenses		
Legal fees	2,948	-
Audit fees	15,104	14,224
Custody fees	23,402	18,609
Filing fees	13,396	13,019
Directors' fees	1,389	-
Unitholder reporting costs	24,372	24,691
Unitholder administration, service fees and GST	150,561	154,107
	<u>231,172</u>	<u>224,650</u>
Rebated and absorbed expenses	(52,235)	(67,738)
Net expenses	<u>178,937</u>	<u>156,912</u>
Net investment income (loss)	<u>(137,046)</u>	<u>(8,267)</u>
Net realized gain (loss) on investments sold	4,795,806	1,402,460
Net realized gain (loss) on foreign exchange	(46,340)	(35,582)
Change in unrealized appreciation (depreciation) of investments	(2,299,662)	(715,477)
Change in unrealized appreciation (depreciation) of foreign exchange	1,755	(62)
Transaction costs (Note 2)	(62,296)	-
Net gain (loss) on investments and transaction costs	<u>2,389,263</u>	<u>651,339</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 2,252,217</u>	<u>\$ 643,072</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 1.15</u>	<u>\$ 0.31</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 32,821,982	\$ 31,775,963
New accounting policy adjustment (Note 2)	(38,848)	-
Increase (decrease) in net assets from operations	<u>2,252,217</u>	<u>643,072</u>
	<u>35,035,351</u>	<u>32,419,035</u>
Unit Transactions:		
Proceeds from issue	10,404,618	10,552,140
Payments on redemption	(20,790,962)	(10,149,193)
	<u>(10,386,344)</u>	<u>402,947</u>
Increase (decrease) in net assets	<u>(8,172,975)</u>	<u>1,046,019</u>
Net Assets, End of Period	<u>\$ 24,649,007</u>	<u>\$ 32,821,982</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle International Equity Fund

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (3.3%)				26,454	SAP AG	1,316,664	1,348,956
45,640	AMP Limited	361,689	391,975	12,424	Siemens AG	1,650,508	1,924,982
13,214	Australia and New Zealand Banking Group Limited	265,339	312,725				
23,439	BHP Billiton Limited	402,928	811,237			14,874,149	15,491,480
12,297	Brambles Limited	100,635	122,314	Hong Kong (2.4%)			
32,711	Coca-Cola Amatil Limited	272,722	267,606	192,000	Aeon Credit Service (Asia) Company Limited	166,849	164,204
19,016	Crown Ltd.	249,419	221,644	22,000	Cathay Pacific Airways Ltd.	56,200	56,421
55,973	Macquarie Airports	170,908	195,724	31,000	Cheung Kong (Holdings) Limited	418,669	557,879
8,227	National Australia Bank Limited	245,895	267,865	77,000	China Insurance International Holdings Company Limited	117,624	209,661
21,933	Origin Energy Limited	136,117	167,717	17,000	CLP Holdings Limited	109,469	114,077
16,845	Paladin Resources Limited	115,364	97,710	326,000	CNOOC Limited	253,674	540,089
19,016	Publishing and Broadcasting Limited	62,019	69,159	45,200	Dah Sing Financial Group	362,580	439,511
6,943	QBE Insurance Group Limited	152,913	199,672	111,000	Foxconn International Holdings Ltd.	345,531	244,719
15,823	Westpac Banking Corporation	297,849	380,524	55,000	Hongkong Land Holdings Limited	256,606	266,470
6,451	Woodside Petroleum Limited	260,386	280,013	62,000	Li & Fung Ltd.	189,788	244,135
		3,094,183	3,785,885			2,276,990	2,837,166
Austria (1.3%)				India (0.7%)			
53,637	Telekom Austria AG	1,626,666	1,467,028	10,349	Axis Bank Limited GDR	109,529	251,481
Belgium (1.3%)				17,818	Mahindra & Mahindra Ltd.	257,960	394,794
31,754	Agfa-Gevaert NV	646,997	479,409	11,700	Wipro Limited ADR	170,351	171,362
22,034	UCB SA	1,398,815	980,780				
						537,840	817,637
		2,045,812	1,460,189	Ireland (0.6%)			
Canada (0.2%)				34,510	Elan Corporation PLC	592,616	734,928
170,500	Sino-Ocean Land Holdings Ltd.	238,854	206,062	Italy (3.0%)			
China (0.9%)				31,275	Eni SpA	878,290	1,124,684
50,000	China High Speed Transmission Equipment Group Co., Ltd.	119,801	129,276	273,738	UniCredito Italiano SpA	2,460,182	2,248,441
394,000	China Railway Group Ltd. Cl. H	292,323	535,607				
20,000	China Shipping Development Company Limited	54,638	51,476			3,338,472	3,373,125
144,000	Yanzhou Coal Mining Company Limited Cl. H	164,118	276,044	Japan (19.7%)			
				15,840	AEON Mall Co., Ltd.	499,708	410,359
		630,880	992,403	12,500	Aoyama Trading Co., Ltd.	441,087	320,815
Denmark (0.6%)				13,800	Astellas Pharma Inc.	636,531	594,197
27,000	H. Lundbeck A/S	758,604	715,628	29,300	Benesse Corp.	1,085,682	1,229,239
Finland (1.8%)				30,900	Canon Inc.	1,591,414	1,393,406
44,668	Elisa Corporation Cl. A	1,389,876	1,345,135	44	Central Japan Railway Company	474,187	369,409
33,379	TietoEnator OYJ	1,081,924	734,268	16,000	Credit Saison Co., Ltd.	758,113	430,889
				11,600	Daiichi Sankyo Company, Limited	352,502	351,743
		2,471,800	2,079,403	7,500	Daikin Industries, Ltd.	369,354	413,262
France (12.3%)				21,000	Denso Corp.	840,211	842,331
54,579	Axa SA	2,210,633	2,144,776	258	East Japan Railway Company	2,019,332	2,090,957
68,750	France Telecom SA	2,222,553	2,435,025	12,500	Eisai Co., Ltd.	614,084	486,455
21,124	Peugeot SA	1,474,193	1,567,376	8,200	Hogy Medical Co., Ltd.	421,840	341,605
22,189	Rhodia SA	1,157,784	835,708	6,800	Ibiden Co. Ltd.	469,674	463,557
59,851	Safran SA	1,611,536	1,202,984	11	INPEX Holdings Inc.	115,444	116,781
26,421	Sanofi-Aventis	2,621,104	2,383,377	6,200	Japan Petroleum Exploration Co., Ltd.	448,707	444,892
31,530	Silicon-On-Insulator Technologies SA	819,311	374,182	2,100	Keyence Corporation	535,151	507,746
39,793	Total SA	2,433,670	3,259,309	45,500	Komatsu Ltd.	1,067,843	1,214,176
				31,000	Kyowa Exeo Corporation	388,695	230,866
		14,550,784	14,202,737	20,200	Mitsubishi Corporation	596,659	543,049
Germany (13.4%)				82,000	Mitsubishi Estate Company, Limited	2,180,892	1,939,962
23,234	Bayerische Motoren Werke (BMW) AG	1,552,603	1,416,001	83,000	Mitsui & Co.	1,306,602	1,737,952
27,081	Commerzbank AG	1,146,726	1,011,649	32,000	Mitsui Fudosan Co. Ltd.	673,753	682,557
12,102	Deutsche Postbank AG	833,966	1,055,973	2,490	Obic Co., Ltd.	538,653	454,970
75,476	Deutsche Telekom AG	1,410,573	1,629,221	8,400	OTSUKA Corporation	925,272	707,826
12,206	E.ON AG	1,976,762	2,557,828	112,000	Sumitomo Metal Industries, Ltd.	555,982	510,446
25,657	Henkel KGaA Preferred	1,438,329	1,419,442	57	Sumitomo Mitsui Financial Group Inc.	685,697	418,609
66,049	Infineon Technologies AG	923,948	762,220	18,200	Sundrug Co., Ltd.	504,564	477,377
8,846	Muenchener Rueckversicherungs-Gesellschaft AG	1,356,057	1,687,714	16,600	Takeda Pharmaceutical Company Limited	1,208,567	957,728
12,910	Praktiker Bau- und Heimwerkermaerkte Holding AG	569,450	376,879	30,000	Toyota Motor Corporation	1,677,509	1,593,681
42,600	Qimonda AG ADR	698,563	300,615	6,300	Uni-Charm Corp.	449,115	391,495
						24,432,824	22,668,337

Portfolio Advisor: Wellington Management Company, LLP

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

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

-For equities, all common shares unless otherwise noted.

Pinnacle International Equity Fund (Continued)

46

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Korea (1.2%)				United Kingdom (16.0%)			
1,861	Hyundai Development Company	174,909	179,523	376,396	Aberdeen Asset Management PLC	1,508,682	1,238,538
2,656	Kookmin Bank	243,154	192,671	47,223	AstraZeneca PLC	2,380,585	2,002,622
272	POSCO	165,225	162,473	271,849	British Petroleum Co PLC	3,226,712	3,281,214
2,048	Samsung Electronics Co., Ltd. GDR	614,850	591,728	211,639	Compass Group PLC	1,423,879	1,273,580
5,217	Shinhan Financial Group Co. Ltd.	269,568	295,430	286,954	Debenhams PLC	1,095,984	450,042
		<u>1,467,706</u>	<u>1,421,825</u>	115,302	HBOS PLC	2,637,032	1,650,140
Luxembourg (0.9%)				79,600	HSBC Holdings PLC	1,677,715	1,317,829
14,313	ArcelorMittal	962,416	1,082,581	68,958	Invensys PLC	272,219	303,470
Malaysia (0.1%)				5,788	Lighthouse Caledonia ASA	9,955	5,429
43,900	Tenaga Nasional Berhad	143,140	125,353	11,560	Michael Page International PLC	63,001	64,953
Netherlands (8.5%)				413,480	Old Mutual PLC	1,364,424	1,353,036
66,044	AEGON NV	1,334,881	1,143,582	71,477	Paragon Group Companies PLC	647,566	186,055
32,835	ING Groep NV	1,549,633	1,264,909	106,504	Rexam PLC	1,135,208	869,704
45,073	Koninklijke (Royal) Philips Electronics NV	1,589,228	1,927,875	45,896	Smiths Group PLC	1,400,296	908,024
32,004	TPG NV	1,244,052	1,314,389	45,346	Tesco PLC	368,812	422,601
78,098	Unilever NV	2,515,951	2,822,059	847,591	Vodafone Group PLC	2,861,773	3,117,758
42,477	Wolters Kluwer NV	1,305,034	1,369,678			<u>22,073,843</u>	<u>18,444,995</u>
		<u>9,538,779</u>	<u>9,842,492</u>	United States (0.8%)			
Norway (0.4%)				28,670	Invesco Limited	774,834	882,831
681,000	Pan Fish ASA	741,770	428,884	Index Fund (3.4%)			
Singapore (0.7%)				15,500	iShares MSCI Japan Index Fund	216,680	203,307
325,000	Banyan Tree Holdings Limited	241,242	454,535	10,500	iShares MSCI EAFE Index Fund	851,658	813,494
112,560	Singapore Telecommunications Limited	220,068	304,857	34,200	iShares MSCI Taiwan Index Fund	562,852	507,318
		<u>461,310</u>	<u>759,392</u>	21,500	iShares S & P Europe 350 Index Fund	2,560,959	2,426,229
Spain (0.2%)						<u>4,192,149</u>	<u>3,950,348</u>
5,950	Repsol YPF, SA	207,892	209,393	Total Investments (98.5%)			
Sweden (0.5%)						<u>118,297,885</u>	<u>113,544,078</u>
58,200	Lundin Petroleum AB	669,864	593,983	Foreign Currency Spot Contracts (Schedule 1) (0.0%)			
Switzerland (4.3%)							3,963
20,782	Adecco SA	1,500,402	1,099,852	Adjustment for Transaction Costs (Note 2)			
23,575	Paris RE Holdings Ltd.	569,545	478,516			(228,800)	-
4,637	Swiss Life Holding	1,381,651	1,132,956	Total Investment Portfolio (98.5%)			
49,280	UBS AG	2,142,110	2,258,669			<u>118,069,085</u>	<u>113,548,041</u>
		<u>5,593,708</u>	<u>4,969,993</u>	Other Assets, Less Liabilities (1.5%)			
							1,698,977
				Total Net Assets (100.0%)			
				Net Assets Per Unit			
				\$11.83			

ADR – American Depository Receipt
GDR – Global Depository Receipt

Schedule 1 Foreign Currency Spot Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
Spot Currency Contracts					
1	37,725 Canadian Dollar	195,849 Danish Krone	01/03/2008	AA+	175
1	65,484 Canadian Dollar	45,910 Euro Dollar	01/04/2008	AA-	(103)
1	119,999 Canadian Dollar	13,947,042 Japanese Yen	01/04/2008	AA	3,217
1	47,717 Canadian Dollar	5,559,661 Japanese Yen	01/07/2008	AA	1,401
1	506,494 Canadian Dollar	258,785 Pound Sterling	01/02/2008	AA+	1,921
1	63,657 Canadian Dollar	32,578 Pound Sterling	01/03/2008	AA+	346
1	118,540 Canadian Dollar	137,567 Swiss Franc	01/04/2008	AA	1,384
1	9,778 Australia Dollar	8,351 Canadian Dollar	01/02/2008	AA	(123)
1	316,260 Euro Dollar	453,358 Canadian Dollar	01/02/2008	AA+	(2,995)
1	172,397 Euro Dollar	248,821 Canadian Dollar	01/04/2008	AA	56
1	2,033,927 Japanese Yen	17,625 Canadian Dollar	01/08/2008	AA	(344)
1	163,538 U.S. Dollar	160,430 Canadian Dollar	01/02/2008	AA	(972)
Total Foreign Currency Spot Contracts Value					<u>3,963</u>

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

Portfolio Advisor: Wellington Management Company, LLP

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

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

-For equities, all common shares unless otherwise noted.

Pinnacle International Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$113,544,078	\$114,334,125
*Cash	1,431,393	1,109,627
Receivable on open spot and forward contracts	3,963	-
Subscriptions receivable	170,272	473,917
Receivable for securities sold	1,385,626	724,927
Accrued investment income	458,548	406,087
	<u>116,993,880</u>	<u>117,048,683</u>
Liabilities		
Payable on open spot contracts	-	1,359
Payable for securities purchased	1,562,679	337,985
Redemptions payable	67,919	195,744
Accrued expenses	116,264	81,925
	<u>1,746,862</u>	<u>617,013</u>
Net assets representing unitholders' equity	<u>\$115,247,018</u>	<u>\$116,431,670</u>
Number of units outstanding	<u>9,741,115</u>	<u>8,587,548</u>
Net assets per unit	<u>\$ 11.83</u>	<u>\$ 13.56</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 3,278,253	\$ 2,466,892
Interest	188,422	22,859
Securities lending	97,459	59,254
Less: Foreign withholding taxes	<u>(368,717)</u>	<u>(174,841)</u>
	<u>3,195,417</u>	<u>2,374,164</u>
Expenses		
Legal fees	2,948	-
Audit fees	17,856	16,224
Custody fees	134,373	132,474
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	44,024	38,414
Unitholder administration, service fees and GST	<u>187,068</u>	<u>188,588</u>
	<u>401,054</u>	<u>388,720</u>
Net investment income (loss)	<u>2,794,363</u>	<u>1,985,444</u>
Net realized gain (loss) on investments sold	7,603,285	9,773,361
Net realized gain (loss) on foreign exchange	(54,857)	(22,498)
Change in unrealized appreciation (depreciation) of investments	(23,828,841)	11,961,683
Change in unrealized appreciation (depreciation) of foreign exchange	(26,593)	23,438
Transaction costs (Note 2)	<u>(211,785)</u>	<u>-</u>
Net gain (loss) on investments and transaction costs	<u>(16,518,791)</u>	<u>21,735,984</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(13,724,428)</u>	<u>\$23,721,428</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.49)</u>	<u>\$ 2.81</u>

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

	2007	2006
Net Assets, Beginning of Period	\$116,431,670	\$ 92,264,165
Increase (decrease) in net assets from operations	(13,724,428)	23,721,428
Distributions to unitholders	-	-
Investment income	<u>(2,696,501)</u>	<u>(1,842,759)</u>
	<u>100,010,741</u>	<u>114,142,834</u>
Unit Transactions:		
Proceeds from issue	36,000,524	27,753,624
Reinvested distributions	2,691,236	1,839,118
Payments on redemption	<u>(23,455,483)</u>	<u>(27,303,906)</u>
	<u>15,236,277</u>	<u>2,288,836</u>
Increase (decrease) in net assets	<u>(1,184,652)</u>	<u>24,167,505</u>
Net Assets, End of Period	<u>\$115,247,018</u>	<u>\$116,431,670</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

Portfolio Advisor: Wellington Management Company, LLP

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

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

Pinnacle International Small To Mid Cap Value Equity Fund

48

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (5.1%)							
149,345	Abacus Property Group	244,307	225,465	3,510	Nexity	206,087	157,399
26,959	AED Oil Limited	210,206	98,814	1,925	Pierre & Vacances	226,177	262,481
80,172	Australian Worldwide Exploration Limited	240,896	232,205	10,310	Pinguely-Haulotte	359,022	302,093
15,259	Babcock & Brown Limited	305,789	355,217	6,258	Rhodia SA	236,837	235,696
111,094	Challenger Financial Services Group Limited	495,067	476,846	1,178	Rubis	111,997	113,440
5,300	Cochlear Ltd.	286,223	343,407	1,766	SEB SA	359,292	315,155
14,923	Flight Centre Ltd.	329,289	416,711	2,853	Sopra Group	245,089	222,418
10,800	Incitec Pivot Limited	445,367	1,090,845	8,535	SR Teleperformance	334,050	326,320
60,380	SMS Management & Technology Limited	374,529	396,431			<u>6,184,218</u>	<u>6,577,938</u>
23,471	Transfield Services Limited	300,688	278,508				
		<u>3,232,361</u>	<u>3,914,449</u>				
Austria (1.0%)				Germany (9.5%)			
6,334	Andritz AG	336,025	374,761	20,508	Aixtron AG	232,401	276,685
11,023	Zumtobel AG	444,440	390,504	1,753	Deutsche Boerse AG	112,359	341,493
		<u>780,465</u>	<u>765,265</u>	8,258	Fresenius AG Preferred Non-Voting	463,052	676,674
				4,741	Fuchs Petrolub AG, Non-Voting Preferred	447,895	413,948
Belgium (1.8%)				5,200	Hannover Rueckversicherungs AG	250,008	235,508
4,844	Mobistar SA	412,069	433,269	10,592	Hypo Real Estate Holding AG	658,522	543,845
6,500	Telenet Group Holding NV	177,315	186,477	6,578	IVG Immobilien AG	274,369	219,725
5,059	Tessenderlo Chemie NV	271,265	241,251	7,580	Lanxess AG	352,909	363,134
2,195	Umicore	364,609	534,271	4,593	Man AG	369,854	745,908
		<u>1,225,258</u>	<u>1,395,268</u>	8,175	MG Technologies AG	262,293	278,666
				7,170	MTU Aero Engines Holding AG	331,661	410,910
Canada (7.6%)				11,831	ProSiebenSat.1 Media AG Preferred	326,776	276,862
13,200	Astral Media Inc. Cl. A	489,360	815,120	10,772	Rhoen-Klinikum AG	305,454	332,503
4,201	ATCO Ltd. Cl. I Non-Voting	266,351	230,425	3,878	Salzgitter AG	640,631	563,493
36,600	Bow Valley Energy Ltd.	231,631	229,482	4,136	Software AG	236,975	358,403
16,340	Canaccord Capital Inc.	339,930	249,675	6,275	Stada Arzneimittel AG	293,542	378,000
10,500	Canadian Western Bank	288,438	328,860	15,200	Vivacon AG	614,946	284,261
12,800	Crescent Point Energy Trust	262,818	316,032	892	Wacker Chemie AG	245,141	252,505
13,300	Gildan Activewear Inc. Cl. A Sub. Voting	351,616	544,369	3,440	Wincor Nixdorf AG	204,690	319,950
22,809	Great Canadian Gaming Corporation	307,436	353,311			<u>6,623,478</u>	<u>7,272,473</u>
4,900	Inmet Mining Corp.	141,855	393,862				
7,865	Major Drilling Group International Inc.	452,838	492,349	Greece (0.7%)			
6,500	Northbridge Financial Corp.	221,218	239,005	14,024	Gr. Sarantis S.A.	276,927	282,057
22,636	Oilexco Incorporated	382,866	298,342	7,227	Hellenic Exchanges Holding SA	239,516	249,928
15,210	Open Text Corporation	497,665	470,010			<u>516,443</u>	<u>531,985</u>
44,200	Sherritt International Corporation Restricted Voting	622,707	583,440	Hong Kong (1.4%)			
21,000	WestJet Airlines Ltd.	294,468	472,500	202,000	Noble Group Limited	336,353	332,367
		<u>5,151,197</u>	<u>5,816,782</u>	36,600	Wing Hang Bank Limited	401,695	537,826
				232,000	Xinyi Glass Holdings Co Ltd.	270,651	218,263
						<u>1,008,699</u>	<u>1,088,456</u>
China (0.4%)				Ireland (1.3%)			
164,000	Xiniao Gas Holdings Limited	288,041	320,721	50,862	Glanbia PLC	317,292	332,668
Denmark (1.0%)				45,000	Greencore Group PLC	319,112	291,021
3,350	Det Ostasiatiske Kompagni A/S	228,459	255,872	10,755	Kingspan Group PLC	222,866	161,004
12,400	Sydbank A/S	602,754	520,007	42,652	United Drug PLC	240,925	242,742
		<u>831,213</u>	<u>775,879</u>			<u>1,100,195</u>	<u>1,027,435</u>
Finland (1.6%)				Italy (4.4%)			
15,131	KCI Konecranes OYJ	402,715	507,732	44,804	Azimut Holding SpA	721,286	566,969
10,420	Nokian Renkaat Oyj	261,949	358,245	15,550	Banca Popolare di Milano	236,687	207,454
3,704	Wartsila Corporation Cl. B	189,429	276,452	26,000	Cementir SpA	368,872	224,849
		<u>854,093</u>	<u>1,142,429</u>	28,460	Credito Emiliano SpA	457,487	388,287
				7,957	Fondiarria Sai SpA	303,170	324,289
France (8.6%)				22,000	Marr SpA	258,406	221,011
8,450	Air France	300,382	290,802	11,600	Merloni Elettrodomestici SpA	273,710	176,031
1,119	Alstom	170,625	234,690	42,840	Milano Assicurazioni SpA	274,750	329,164
5,723	CNP Assurances	650,165	732,363	3,539	Pirelli & C. Real Estate SpA	149,299	127,598
1,076	Compagnie Generale de Geophysique SA	227,174	298,688	18,227	Prysman SpA	474,340	440,484
3,630	Compagnie Generale des Etablissements Michelin Cl. B	360,179	410,727	39,282	Recordati SpA	341,670	344,296
2,314	Etab Eco Casino Guich Perr & Company	243,132	248,522			<u>3,859,677</u>	<u>3,350,432</u>
4,493	Euler & Hermes SA	410,125	547,389	Japan (14.7%)			
2,324	Groupe Laurent-Perrier	389,885	434,533	12,700	ABC-Mart, Inc.	286,856	274,175
7,996	Ipsen SA	440,857	474,735	19,700	AOC Holdings, Inc.	327,081	283,372
7,400	Ipsos	295,683	207,751	8,700	Atrium Co., Ltd.	242,202	176,750
6,333	Neuf Cegetel	294,506	314,754	21,000	Chugoku Marine Paints, Ltd.	262,810	187,861
3,665	Nexans SA	322,954	447,982	5,400	Disco Corp.	299,731	296,024

Portfolio Advisor: Munder Capital Management

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

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

-For equities, all common shares unless otherwise noted.

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

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
14,200	Don Quijote Co. Ltd.	273,718	274,393	14,990	Wing Tai Holdings Limited Rights	–	7,194
10,600	Exedy Corporation	317,969	352,558			563,731	572,955
12,500	GIGAS KS Denki Corporation	374,629	320,926		Spain (4.4%)		
10,700	Glory Ltd.	319,378	245,201	10,339	Bolsas y Mercados Espanoles	611,500	687,321
5,470	Goldcrest Co., Ltd.	306,784	160,721	8,922	Gestevisión Telecinco SA	233,979	222,737
11,600	Hisamitsu Pharmaceutical Co., Inc.	364,758	348,765	5,447	Obrascon Huarte Lain SA	268,466	180,295
49,000	Hitachi Cable Limited	322,808	284,321	5,836	Red Electrica de Espana	321,818	361,983
19,100	Hitachi Koki Co., Ltd.	307,894	295,450	9,690	Sol Melia, SA	182,025	145,439
28,000	Hitachi Kokusai Electric Inc.	365,368	339,191	72,567	Tubacex SA	733,334	693,734
5,800	Hogy Medical Co., Ltd	318,862	241,623	12,707	Union Electrica Fenosa SA	741,395	841,163
11,000	Joint Corporation	409,069	209,563	10,800	Viscofan, SA	264,889	223,529
397	Kenedix, Inc.	843,577	630,463			3,357,406	3,356,201
10,900	Kintetsu World Express Inc.	406,229	372,258		Sweden (0.9%)		
10,600	Mandom Corporation	249,712	279,045	16,600	NCC AB – B Shares	523,273	348,435
9,600	Mitsumi Electric Company Ltd.	362,363	316,203	27,900	Peab AB	280,722	280,688
4,600	Nihon Dempa Kogyo Co.	284,643	221,683			803,995	629,123
24,400	Nippon System Development Co., Ltd.	450,565	319,764		Switzerland (6.0%)		
8,300	Nissha Printing Co., Ltd.	317,074	322,559	11,520	Actelion Ltd.	402,962	518,117
19,700	Nissin Kogyo Co. Ltd.	435,501	455,156	307	Barry Callebaut AG	228,625	229,575
78,000	Nitto Boseki Co., Ltd.	202,602	189,845	1,111	Galenica Holding AG	393,584	476,265
27,200	Sumitomo Rubber Industries Ltd.	289,601	237,146	693	Georg Fischer AG	378,755	418,965
34,000	Suruga Bank, Ltd.	404,344	364,104	2,700	Holcim Ltd.	315,161	283,142
6,300	Takeuchi Mfg. Co., Ltd.	329,949	247,998	7,028	Julius Baer Holding Ltd.	461,298	563,807
24,900	Toho Pharmaceutical Co., Ltd	477,250	480,328	894	Rieter Holding AG	367,788	387,473
17,200	Tokai Rika Co. Ltd.	469,425	532,575	248	Sika AG	204,102	460,096
38,000	Toshiba Machine Co., Ltd.	290,264	308,921	2,279	Swatch Group	636,377	674,349
73,000	Tosoh Corporation	392,429	309,200	1,393	Syngenta AG	309,534	348,827
16,000	Toyo Suisan Kaisha, Ltd.	302,621	287,028	4,300	Vontobel Holding AG	274,087	205,596
11,000	Tsuruha Holdings, Inc.	354,956	416,579			3,972,273	4,566,212
132,000	UBE Industries Limited	471,978	442,855		United Kingdom (17.0%)		
15,300	Urban Corporation	209,710	200,886	38,446	Aga Foodservice Group PLC	306,081	269,237
		12,644,710	11,225,490	63,132	Amlin PLC	435,042	366,276
				71,024	Amlin PLC Series B	–	31,256
	Korea (3.9%)			16,199	Antofagasta PLC	257,793	225,959
10,500	Daegu Bank	213,543	170,034	131,938	Beazley Group PLC	424,644	417,982
23,420	Hankook Tire Co., Ltd.	431,803	437,578	18,198	BPP Holdings PLC	223,138	221,561
2,330	Hite Brewery Co., Ltd.	344,895	349,024	42,871	British Airways PLC	281,214	258,403
3,112	Honam Petrochemical Corporation	332,018	340,251	44,200	Britvic PLC	351,855	298,977
16,100	Jusung Engineering Co., Ltd.	225,437	299,301	43,120	Cattles PLC	336,951	248,887
1,847	Korea Line Corporation	452,876	316,446	27,384	Charter PLC	275,995	423,941
2,710	Korea Zinc Co., Ltd.	342,177	370,354	11,621	Chemring Group PLC	500,908	466,917
27,100	Pusan Bank	464,261	444,270	23,870	Close Brothers Group PLC	357,060	442,775
5,131	STX Shipbuilding Co., Ltd.	408,844	265,500	33,233	Cookson Group PLC	359,777	457,779
		3,215,854	2,992,758	23,090	Croda International PLC	287,538	261,537
	Luxembourg (0.4%)			26,696	CSR PLC	310,648	312,155
2,400	Millicom International Cellular SA	255,756	279,362	23,870	Dairy Crest Group PLC	352,240	273,173
	Netherlands (4.1%)			16,896	Dana Petroleum PLC	401,835	459,168
19,100	Aalberts Industries N.V.	258,860	371,553	116,149	DS Smith PLC	519,323	473,568
10,600	ASM International NV	282,971	256,765	29,618	Enterprise Inns PLC	218,255	281,585
9,269	DSM NV	479,747	427,691	22,200	FirstGroup PLC	306,208	353,634
9,589	Fugro NV	495,741	725,416	85,700	Galliford Try PLC	270,737	172,408
13,406	Imtech NV	400,888	325,183	13,697	Green King PLC	266,398	213,616
15,079	Koninklijke BAM Groep NV	404,802	350,254	2,406	Greggs PLC	229,655	220,997
3,288	Nutreco Holding NV	234,194	186,681	32,200	Halfords Group PLC	272,993	189,806
6,800	TomTom NV	341,923	501,576	47,038	Inchcape PLC	282,584	346,878
		2,899,126	3,145,119	43,976	Informa PLC	413,028	397,001
	Norway (1.4%)			26,193	Inmarsat PLC	254,284	277,043
246,000	Det Norske Oljeselskap (DNO) ASA	435,587	447,449	25,272	International Power PLC	149,291	223,899
40,200	Ementor ASA	274,061	296,255	29,091	Interserve PLC	320,206	270,254
16,600	Tandberg ASA	356,509	337,592	69,000	John Wood Group PLC	451,956	584,821
		1,066,157	1,081,296	8,220	Kier Group PLC	177,110	233,939
	Portugal (0.3%)			111,180	MFI Furniture Group PLC	243,804	196,005
33,920	Banco BPI SA	229,564	260,096	57,480	Michael Page International PLC	353,794	322,967
	Singapore (0.8%)			44,001	Morgan Crucible Company PLC	284,946	173,186
126,000	Tat Hong Holdings Limited	224,510	292,666	9,864	Morgan Sindall PLC	211,391	200,119
149,900	Wing Tai Holdings Limited	339,221	273,095	37,111	N Brown Group PLC	237,455	171,298
				46,850	Petrofac Limited	357,263	502,017

Portfolio Advisor: Munder Capital Management

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

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

-For equities, all common shares unless otherwise noted.

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

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
106,660	Regus Group PLC	247,036	171,808
77,904	Restaurant Group PLC	338,292	284,130
34,300	Savills PLC	495,950	187,121
18,223	Speedy Hire PLC	273,369	297,871
28,300	Sthree PLC	270,803	123,150
14,979	Venture Production PLC	243,602	231,538
20,495	Vitec Group PLC	257,956	235,008
19,961	William Hill PLC	225,719	204,319
		<u>13,636,127</u>	<u>12,975,969</u>
	Total Investments (98.3%)	<u>74,300,037</u>	<u>75,064,093</u>
	Adjustment for Transaction Costs (Note 2)	(155,924)	-
	Total Investment Portfolio (98.3%)	<u>74,144,113</u>	<u>75,064,093</u>
	Other Assets, Less Liabilities (1.7%)		<u>1,326,706</u>
	Total Net Assets (100.0%)		<u>76,390,799</u>
	Net Assets Per Unit		\$18.06

Portfolio Advisor: Munder Capital Management

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

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

-For equities, all common shares unless otherwise noted.

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

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$75,064,093	\$76,018,369
*Cash	1,122,657	1,155,535
Receivable on open futures contracts	–	16,229
Subscriptions receivable	271,255	255,315
Receivable for securities sold	–	192,310
Accrued investment income	134,641	80,133
	<u>76,592,646</u>	<u>77,717,891</u>
Liabilities		
Margin Payable	–	18,009
Payable on open spot contracts	–	250
Payable for securities purchased	17,639	–
Redemptions payable	26,794	412,144
Accrued expenses	157,414	81,936
	<u>201,847</u>	<u>512,339</u>
Net assets representing unitholders' equity	<u>\$76,390,799</u>	<u>\$77,205,552</u>
Number of units outstanding	<u>4,229,797</u>	<u>3,179,387</u>
Net assets per unit	<u>\$ 18.06</u>	<u>\$ 24.28</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 1,507,160	\$ 1,297,277
Interest	(6,386)	20,635
Securities lending	26,408	15,157
Income (loss) from derivatives	(204,974)	264,666
Less: Foreign withholding taxes	(143,572)	(88,120)
	<u>1,178,636</u>	<u>1,509,615</u>
Expenses		
Legal fees	2,948	–
Audit fees	17,856	16,224
Custody fees	361,298	195,874
Filing fees	13,396	13,020
Directors' fees	1,389	–
Unitholder reporting costs	39,179	35,951
Unitholder administration, service fees and GST	150,203	126,817
	<u>586,269</u>	<u>387,886</u>
Rebated and absorbed expenses	(140,596)	(62,829)
Net expenses	<u>445,673</u>	<u>325,057</u>
Net investment income (loss)	<u>732,963</u>	<u>1,184,558</u>
Net realized gain (loss) on investments sold	9,893,442	9,317,032
Net realized gain (loss) on foreign exchange	(135,268)	147,358
Change in unrealized appreciation (depreciation) of investments	(22,231,029)	8,155,921
Change in unrealized appreciation (depreciation) of foreign exchange	(9,027)	11,648
Transaction costs (Note 2)	(361,263)	–
Net gain (loss) on investments and transaction costs	<u>(12,843,145)</u>	<u>17,631,959</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(12,110,182)</u>	<u>\$18,816,517</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (3.52)</u>	<u>\$ 6.28</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 77,205,552	\$ 59,175,166
New accounting policy adjustment (Note 2)	(7,079)	–
Increase (decrease) in net assets from operations	(12,110,182)	18,816,517
Distributions to unitholders		
Investment income	(795,957)	(1,170,817)
Capital gains	(9,603,032)	(2,711,357)
	<u>54,689,302</u>	<u>74,109,509</u>
Unit Transactions:		
Proceeds from issue	32,724,490	22,182,814
Reinvested distributions	10,384,261	3,875,281
Payments on redemption	(21,407,254)	(22,962,052)
	<u>21,701,497</u>	<u>3,096,043</u>
Increase (decrease) in net assets	<u>(814,753)</u>	<u>18,030,386</u>
Net Assets, End of Period	<u>\$ 76,390,799</u>	<u>\$ 77,205,552</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

Portfolio Advisor: Munder Capital Management

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

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

Pinnacle Global Equity Fund

52

Statement of Investment Portfolio as at December 31, 2007

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (1.3%)				United Kingdom (6.4%)			
16,900	Cochlear Ltd.	1,023,119	1,095,014	65,100	Pearson PLC	1,274,521	933,681
Austria (1.3%)				18,900	Rio Tinto PLC	790,487	1,954,268
14,900	Erste Bank der Oesterreichischen Sparkassen AG	916,160	1,045,195	66,600	Standard Chartered PLC	1,482,311	2,387,130
Canada (2.4%)				United States (50.0%)			
29,900	EnCana Corporation	752,493	2,003,421	27,700	3M Co.	2,556,971	2,305,184
France (6.9%)				30,300	Abbott Laboratories	1,598,230	1,674,956
8,706	Air Liquide SA	842,880	1,273,112	11,023	Air Products and Chemicals Inc.	708,509	1,071,596
21,000	Dassault Systemes SA	1,472,283	1,220,652	28,300	American International Group, Inc.	2,394,290	1,625,007
16,700	L'Oréal SA	1,944,555	2,352,817	39,500	Analog Devices, Inc.	1,771,713	1,235,420
7,435	LVMH Moët Hennessy Louis Vuitton SA	737,155	881,954	16,700	Automatic Data Processing, Inc.	808,706	732,628
Hong Kong (4.7%)				29,100	Caterpillar Inc.	1,283,700	2,081,931
328,000	China Merchants Holdings International Company Limited	799,286	1,979,514	98,540	Cisco Systems, Inc.	2,331,225	2,629,750
481,800	Li & Fung Ltd.	972,290	1,897,165	15,600	Colgate-Palmolive Company	1,102,780	1,200,305
Indonesia (1.4%)				35,200	eBay Inc.	1,155,535	1,153,042
27,700	PT Telekomunikasi Indonesia ADR	1,431,882	1,148,491	28,700	Electronic Arts Inc.	1,668,245	1,650,525
Japan (9.6%)				52,100	Emerson Electric Co.	2,176,629	2,907,292
6,900	Fanuc Ltd.	735,081	664,356	26,940	Exxon Mobil Corporation	1,805,079	2,489,741
66,100	JSR Corporation	1,816,958	1,687,593	43,300	Fortress Investment Group LLC Cl. A	931,990	864,528
8,500	Keyence Corporation	1,885,437	2,055,161	7,827	Genentech, Inc.	695,379	518,106
1,395	Monex Beans Holdings, Inc.	1,352,587	914,196	51,700	General Electric Company	2,163,009	1,888,816
77,500	Nomura Holdings, Inc.	1,790,772	1,278,632	22,700	Gmarket Inc.	527,858	557,854
36,000	Sumitomo Realty & Development Co., Ltd.	729,720	873,913	18,669	Medco Health Solutions, Inc.	1,029,854	1,864,832
50,500	Yokogawa Electric Corporation	1,028,513	546,645	31,550	Medtronic, Inc.	1,909,527	1,563,141
Mexico (1.6%)				14,900	Praxair, Inc.	670,963	1,301,736
21,900	America Movil SA de CV Series L ADR	853,641	1,326,896	22,900	QUALCOMM Incorporated	710,167	887,999
Netherlands (2.3%)				36,100	Schlumberger Limited	1,488,280	3,497,332
90,330	Qiagen NV	1,383,661	1,914,654	5,900	Synthes, Inc.	768,197	717,195
Russia (1.8%)				17,450	The Coca-Cola Company	1,014,149	1,055,037
27,140	Gazprom ADR	1,535,580	1,508,359	36,950	Viacom Inc. Cl. B	1,618,981	1,599,113
Singapore (1.0%)				40,700	Walgreen Co.	1,994,050	1,528,024
436,000	Olam International Limited	865,398	845,922	34,900	Wells Fargo & Company	1,320,697	1,036,781
South Africa (1.6%)				Total Investments (99.1%)			
27,300	Sasol	753,474	1,336,496	Foreign Currency Forward Contracts (Schedule 1) (0.0%)			
Switzerland (6.8%)				Adjustment for Transaction Costs (Note 2)			
9,200	Alcon Inc.	1,187,773	1,298,795	Total Investment Portfolio (99.1%)			
16,620	Nestlé SA ADR	1,387,928	1,883,500	Other Assets, Less Liabilities (0.9%)			
16,000	Novartis AG	911,837	860,277	Total Net Assets (100.0%)			
4,740	Roche Holding AG	715,235	805,816	Net Assets Per Unit			
10,950	Swiss Re	974,069	758,091	ADR – American Depository Receipt			
				38,204,713			
				41,435,971			
				72,551,799			
				82,167,687			
				–			
				(91,229)			
				72,460,570			
				82,164,991			
				784,242			
				82,949,233			
				\$13.21			

Schedule 1 Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
Forward Currency Contracts					
1	10,597,392 Japanese Yen	91,153 Canadian Dollar	01/04/2008	AA	(2,471)
1	451,980 Japanese Yen	3,913 Canadian Dollar	01/04/2008	AA	(80)
1	10,855 U.S. Dollar	10,568 Canadian Dollar	01/02/2008	AA	(145)
Total Foreign Currency Forward Contracts Value					(2,696)

(1) Credit rating refers to the credit worthiness of the counterparty, not the contract.

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 fair value to total net assets of the Fund.

-For equities, all common shares unless otherwise noted.

Pinnacle Global Equity Fund (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at fair value	\$82,167,687	\$80,325,039
*Cash	622,640	1,139,906
Subscriptions receivable	133,719	421,092
Receivable for securities sold	93,623	-
Accrued investment income	88,429	106,064
	<u>83,106,098</u>	<u>81,992,101</u>
Liabilities		
Payable on open spot contracts	2,696	-
Redemptions payable	73,155	123,962
Accrued expenses	81,014	56,100
	<u>156,865</u>	<u>180,062</u>
Net assets representing unitholders' equity	<u>\$82,949,233</u>	<u>\$81,812,039</u>
Number of units outstanding	<u>6,278,702</u>	<u>6,037,596</u>
Net assets per unit	<u>\$ 13.21</u>	<u>\$ 13.55</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Dividends	\$ 1,373,035	\$ 1,135,342
Interest	210,718	20,603
Securities lending	32,716	12,049
Less: Foreign withholding taxes	<u>(152,609)</u>	<u>(83,908)</u>
	<u>1,463,860</u>	<u>1,084,086</u>
Expenses		
Legal fees	2,948	-
Audit fees	17,856	16,224
Custody fees	27,234	26,073
Filing fees	13,395	13,020
Directors' fees	1,389	-
Unitholder reporting costs	44,383	40,829
Unitholder administration, service fees and GST	<u>176,566</u>	<u>176,648</u>
	<u>283,771</u>	<u>272,794</u>
Net investment income (loss)	<u>1,180,089</u>	<u>811,292</u>
Net realized gain (loss) on investments sold	5,928,500	3,244,451
Net realized gain (loss) on foreign exchange	(100,714)	(134,788)
Change in unrealized appreciation (depreciation) of investments	(7,946,835)	8,875,570
Change in unrealized appreciation (depreciation) of foreign exchange	(453)	2,658
Transaction costs (Note 2)	<u>(59,375)</u>	<u>-</u>
Net gain (loss) on investments and transaction costs	<u>(2,178,877)</u>	<u>11,987,891</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (998,788)</u>	<u>\$ 12,799,183</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.16)</u>	<u>\$ 2.15</u>

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

	2007	2006
Net Assets, Beginning of Period		
	\$ 81,812,039	\$ 67,758,504
New accounting policy adjustment (Note 2)	(33,752)	-
Increase (decrease) in net assets from operations	(998,788)	12,799,183
Distributions to unitholders		
Investment income	<u>(1,214,183)</u>	<u>(782,493)</u>
	<u>79,565,316</u>	<u>79,775,194</u>
Unit Transactions:		
Proceeds from issue	21,260,891	21,991,005
Reinvested distributions	1,211,352	780,607
Payments on redemption	<u>(19,088,326)</u>	<u>(20,734,767)</u>
	<u>3,383,917</u>	<u>2,036,845</u>
Increase (decrease) in net assets	<u>1,137,194</u>	<u>14,053,535</u>
Net Assets, End of Period	<u>\$ 82,949,233</u>	<u>\$ 81,812,039</u>

* Cash contains currencies that may be in denominations other than Canadian dollars.

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 fair value to total net assets of the Fund.

Pinnacle Balanced Income Portfolio

Statement of Investment Portfolio as at December 31, 2007

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (95.5%)			
274,271	Pinnacle American Core-Plus Bond Fund	2,114,387	1,908,926
67,771	Pinnacle Canadian Growth Equity Fund	1,095,028	1,002,332
27,361	Pinnacle Canadian Mid Cap Value Equity Fund	438,526	401,113
33,265	Pinnacle Canadian Value Equity Fund	656,962	691,904
36,700	Pinnacle Global Equity Fund	470,102	485,172
74,599	Pinnacle High Yield Income Fund	752,939	670,641
389,495	Pinnacle Income Fund	4,166,334	4,152,020
21,683	Pinnacle International Small to Mid Cap Value Equity Fund	469,070	391,594
	Total Investment Portfolio (95.5%)	<u>10,163,348</u>	<u>9,703,702</u>
	Other Assets, Less Liabilities (4.5%)		<u>461,783</u>
	Total Net Assets (100.0%)		<u>10,165,485</u>
	Net Assets Per Unit		\$9.86

Pinnacle Balanced Income Portfolio (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at market value	\$ 9,703,702	\$6,924,369
Cash	466,085	215,492
Subscriptions receivable	14,103	693
Receivable for securities sold	85,104	139,704
	<u>10,268,994</u>	<u>7,280,258</u>
Liabilities		
Payable for securities purchased	66,110	2,645
Accrued expenses	37,399	28,279
	<u>103,509</u>	<u>30,924</u>
Net assets representing unitholders' equity	<u>\$10,165,485</u>	<u>\$7,249,334</u>
Number of units outstanding	<u>1,030,465</u>	<u>688,148</u>
Net assets per unit	<u>\$ 9.86</u>	<u>\$ 10.53</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$ 2,098	\$ 1,883
Income from underlying funds	<u>323,349</u>	<u>195,314</u>
	<u>325,447</u>	<u>197,197</u>
Expenses		
Management fees (including GST)	189,861	99,132
Legal fees	9,772	341
Audit fees	9,099	14,224
Custody fees	21,048	19,330
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	14,406	15,129
Unitholder administration, service fees and GST	<u>30,227</u>	<u>18,397</u>
	<u>289,198</u>	<u>179,573</u>
Rebated and absorbed expenses	(49,916)	(55,310)
Net expenses	<u>239,282</u>	<u>124,263</u>
Net investment income (loss)	<u>86,165</u>	<u>72,934</u>
Net realized gain (loss) on investments sold	47,888	30,369
Net realized gain (loss) from underlying funds	236,749	126,621
Change in unrealized appreciation (depreciation) of investments	<u>(607,647)</u>	<u>150,001</u>
Net gain (loss) on investments	<u>(323,010)</u>	<u>306,991</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (236,845)</u>	<u>\$379,925</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.26)</u>	<u>\$ 0.78</u>

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

	2007	2006
Net Assets, Beginning of Period	\$ 7,249,334	\$ 2,152,163
Increase (decrease) in net assets from operations	(236,845)	379,925
Distributions to unitholders		
Investment income	(88,070)	(80,602)
Capital gains	<u>(357,855)</u>	<u>(106,347)</u>
	<u>6,566,564</u>	<u>2,345,139</u>
Unit Transactions:		
Proceeds from issue	6,570,340	5,721,919
Reinvested distributions	445,420	184,517
Payments on redemption	<u>(3,416,839)</u>	<u>(1,002,241)</u>
	<u>3,598,921</u>	<u>4,904,195</u>
Increase (decrease) in net assets	<u>2,916,151</u>	<u>5,097,171</u>
Net Assets, End of Period	<u>\$10,165,485</u>	<u>\$ 7,249,334</u>

Pinnacle Conservative Balanced Growth Portfolio

Statement of Investment Portfolio as at December 31, 2007

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (100.0%)			
313,044	Pinnacle American Large Cap Growth Equity Fund	2,265,870	2,372,875
217,410	Pinnacle American Value Equity Fund	2,371,495	2,384,983
829,540	Pinnacle Canadian Growth Equity Fund	13,385,054	12,268,893
167,547	Pinnacle Canadian Mid Cap Value Equity Fund	2,642,681	2,456,235
146,505	Pinnacle Canadian Small Cap Equity Fund	3,005,848	3,283,173
387,930	Pinnacle Canadian Value Equity Fund	7,496,971	8,068,946
359,107	Pinnacle Global Equity Fund	4,522,762	4,747,392
450,469	Pinnacle Global Real Estate Securities Fund	7,839,931	6,369,628
781,652	Pinnacle High Yield Income Fund	7,913,255	7,027,048
2,292,932	Pinnacle Income Fund	24,557,882	24,442,652
336,232	Pinnacle International Equity Fund	4,095,862	3,977,620
132,773	Pinnacle International Small to Mid Cap Value Equity Fund	2,806,462	2,397,889
Total Investment Portfolio (100.0%)		<u>82,904,073</u>	<u>79,797,334</u>
Other Assets, Less Liabilities (0.0%)			7,513
Total Net Assets (100.0%)			<u>79,804,847</u>
Net Assets Per Unit			\$10.57

Portfolio Advisor: Scotia Capital 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 Conservative Balanced Growth Portfolio (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at market value	\$79,797,334	\$55,003,999
Cash	196,907	1,745,636
Subscriptions receivable	18,344	259,344
	<u>80,012,585</u>	<u>57,008,979</u>
Liabilities		
Payable for securities purchased	86,378	824,988
Redemptions payable	1,862	77,105
Accrued expenses	119,498	74,170
	<u>207,738</u>	<u>976,263</u>
Net assets representing unitholders' equity	<u>\$79,804,847</u>	<u>\$56,032,716</u>
Number of units outstanding	<u>7,551,582</u>	<u>4,947,358</u>
Net assets per unit	<u>\$ 10.57</u>	<u>\$ 11.33</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$ 5,012	\$ 13,763
Income from underlying funds	<u>2,359,767</u>	<u>1,190,287</u>
	<u>2,364,779</u>	<u>1,204,050</u>
Expenses		
Management fees (including GST)	1,645,548	832,191
Legal fees	9,772	341
Audit fees	9,099	14,224
Custody fees	44,578	39,412
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	25,828	21,452
Unitholder administration, service fees and GST	<u>46,122</u>	<u>24,835</u>
	<u>1,795,732</u>	<u>945,475</u>
Net investment income (loss)	<u>569,047</u>	<u>258,575</u>
Net realized gain (loss) on investments sold	615,796	120,034
Net realized gain (loss) from underlying funds	3,088,891	1,470,952
Change in unrealized appreciation (depreciation) of investments	<u>(5,766,069)</u>	<u>2,470,008</u>
Net gain (loss) on investments	<u>(2,061,382)</u>	<u>4,060,994</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(1,492,335)</u>	<u>\$4,319,569</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.23)</u>	<u>\$ 1.27</u>

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

	2007	2006
Net Assets, Beginning of Period	\$56,032,716	\$17,685,034
Increase (decrease) in net assets from operations	(1,492,335)	4,319,569
Distributions to unitholders		
Investment income	(591,129)	(331,156)
Capital gains	<u>(3,666,927)</u>	<u>(1,314,270)</u>
	<u>50,282,325</u>	<u>20,359,177</u>
Unit Transactions:		
Proceeds from issue	34,945,271	40,448,306
Reinvested distributions	4,226,922	1,632,742
Payments on redemption	<u>(9,649,671)</u>	<u>(6,407,509)</u>
	<u>29,522,522</u>	<u>35,673,539</u>
Increase (decrease) in net assets	<u>23,772,131</u>	<u>38,347,682</u>
Net Assets, End of Period	<u>\$79,804,847</u>	<u>\$56,032,716</u>

Pinnacle Balanced Growth Portfolio

Statement of Investment Portfolio as at December 31, 2007

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.9%)			
470,600	Pinnacle American Core-Plus Bond Fund	3,651,629	3,275,375
150,074	Pinnacle American Large Cap Growth Equity Fund	1,115,860	1,137,564
30,658	Pinnacle American Mid Cap Growth Equity Fund	476,884	522,720
63,964	Pinnacle American Value Equity Fund	729,731	701,686
159,015	Pinnacle Canadian Growth Equity Fund	2,580,201	2,351,833
49,374	Pinnacle Canadian Mid Cap Value Equity Fund	791,689	723,826
24,315	Pinnacle Canadian Small Cap Equity Fund	506,480	544,906
77,201	Pinnacle Canadian Value Equity Fund	1,525,932	1,605,791
39,699	Pinnacle Global Equity Fund	510,787	524,823
96,107	Pinnacle High Yield Income Fund	970,748	864,006
261,711	Pinnacle Income Fund	2,800,911	2,789,843
141,320	Pinnacle International Equity Fund	1,754,482	1,671,810
48,895	Pinnacle International Small to Mid Cap Value Equity Fund	1,056,011	883,042
	Total Investment Portfolio (98.9%)	18,471,345	17,597,225
	Other Assets, Less Liabilities (1.1%)		203,113
	Total Net Assets (100.0%)		17,800,338
	Net Assets Per Unit		\$10.39

Portfolio Advisor: Scotia Capital 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 Balanced Growth Portfolio (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at market value	\$17,597,225	\$10,384,519
Cash	296,271	181,743
Subscriptions receivable	14,165	-
Receivable for securities sold	5,477	262,077
	<u>17,913,138</u>	<u>10,828,339</u>
Liabilities		
Payable for securities purchased	13,049	93,599
Redemptions payable	42,662	-
Accrued expenses	57,089	33,026
	<u>112,800</u>	<u>126,625</u>
Net assets representing unitholders' equity	<u>\$17,800,338</u>	<u>\$10,701,714</u>
Number of units outstanding	<u>1,712,762</u>	<u>960,056</u>
Net assets per unit	<u>\$ 10.39</u>	<u>\$ 11.15</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$ 2,125	\$ 2,450
Income from underlying funds	411,150	219,242
	<u>413,275</u>	<u>221,692</u>
Expenses		
Management fees (including GST)	357,731	154,989
Legal fees	9,772	341
Audit fees	9,100	14,224
Custody fees	40,189	30,801
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	15,974	15,300
Unitholder administration, service fees and GST	33,131	19,346
	<u>480,682</u>	<u>248,021</u>
Rebated and absorbed expenses	(36,301)	(58,425)
Net expenses	444,381	189,596
Net investment income (loss)	(31,106)	32,096
Net realized gain (loss) on investments sold	97,116	43,150
Net realized gain (loss) from underlying funds	548,692	220,215
	<u>(1,330,725)</u>	<u>436,527</u>
Net gain (loss) on investments	(684,917)	699,892
Increase (Decrease) in Net Assets from Operations	<u>\$ (716,023)</u>	<u>\$731,988</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.49)</u>	<u>\$ 1.13</u>

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

	2007	2006
Net Assets, Beginning of Period		
	\$10,701,714	\$ 3,001,456
Increase (decrease) in net assets from operations	(716,023)	731,988
Distributions to unitholders		
Investment income	-	(44,603)
Capital gains	(587,543)	(182,114)
	<u>9,398,148</u>	<u>3,506,727</u>
Unit Transactions:		
Proceeds from issue	9,840,159	8,238,721
Reinvested distributions	580,074	221,485
Payments on redemption	(2,018,043)	(1,265,219)
	<u>8,402,190</u>	<u>7,194,987</u>
Increase (decrease) in net assets	<u>7,098,624</u>	<u>7,700,258</u>
Net Assets, End of Period	<u>\$17,800,338</u>	<u>\$10,701,714</u>

Pinnacle Conservative Growth Portfolio

Statement of Investment Portfolio as at December 31, 2007

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.6%)			
116,101	Pinnacle American Large Cap Growth Equity Fund	841,610	880,046
48,423	Pinnacle American Value Equity Fund	528,725	531,205
308,097	Pinnacle Canadian Growth Equity Fund	4,963,485	4,556,759
62,251	Pinnacle Canadian Mid Cap Value Equity Fund	988,609	912,593
40,874	Pinnacle Canadian Small Cap Equity Fund	839,850	915,993
147,037	Pinnacle Canadian Value Equity Fund	2,845,073	3,058,371
66,728	Pinnacle Global Equity Fund	844,133	882,140
125,534	Pinnacle Global Real Estate Securities Fund	2,164,017	1,775,044
96,847	Pinnacle High Yield Income Fund	981,157	870,654
247,046	Pinnacle Income Fund	2,640,295	2,633,509
49,299	Pinnacle International Small to Mid Cap Value Equity Fund	1,052,099	890,334
Total Investment Portfolio (98.6%)		18,689,053	17,906,648
Other Assets, Less Liabilities (1.4%)			261,159
Total Net Assets (100.0%)			18,167,807
Net Assets Per Unit			\$11.32

Portfolio Advisor: Scotia Capital 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 Conservative Growth Portfolio (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at market value	\$17,906,648	\$12,739,002
Cash	350,758	582,889
Subscriptions receivable	6,927	2,595
Receivable for securities sold	3,587	-
	<u>18,267,920</u>	<u>13,324,486</u>
Liabilities		
Payable for securities purchased	-	28,567
Redemptions payable	52,350	5,498
Accrued expenses	47,763	37,718
	<u>100,113</u>	<u>71,783</u>
Net assets representing unitholders' equity	<u>\$18,167,807</u>	<u>\$13,252,703</u>
Number of units outstanding	<u>1,604,859</u>	<u>1,097,647</u>
Net assets per unit	<u>\$ 11.32</u>	<u>\$ 12.07</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$ 2,578	\$ 3,533
Income from underlying funds	415,518	241,234
	<u>418,096</u>	<u>244,767</u>
Expenses		
Management fees (including GST)	441,782	254,465
Legal fees	9,772	341
Audit fees	9,099	14,224
Custody fees	30,000	32,362
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	16,250	16,086
Unitholder administration, service fees and GST	31,917	20,005
	<u>553,605</u>	<u>350,503</u>
Rebated and absorbed expenses	(28,194)	(45,793)
Net expenses	<u>525,411</u>	<u>304,710</u>
Net investment income (loss)	(107,315)	(59,943)
Net realized gain (loss) on investments sold	209,464	72,948
Net realized gain (loss) from underlying funds	1,081,280	517,608
Change in unrealized appreciation (depreciation) of investments	(1,578,984)	736,054
Net gain (loss) on investments	<u>(288,240)</u>	<u>1,326,610</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (395,555)</u>	<u>\$ 1,266,667</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.29)</u>	<u>\$ 1.45</u>

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

	2007	2006
Net Assets, Beginning of Period		
	\$13,252,703	\$ 4,777,797
Increase (decrease) in net assets from operations	(395,555)	1,266,667
Distributions to unitholders		
Capital gains	(907,262)	(234,950)
	<u>11,949,886</u>	<u>5,809,514</u>
Unit Transactions:		
Proceeds from issue	8,824,805	9,221,917
Reinvested distributions	898,124	232,368
Payments on redemption	(3,505,008)	(2,011,096)
	<u>6,217,921</u>	<u>7,443,189</u>
Increase (decrease) in net assets	<u>4,915,104</u>	<u>8,474,906</u>
Net Assets, End of Period	<u>\$18,167,807</u>	<u>\$13,252,703</u>

Pinnacle Growth Portfolio

Statement of Investment Portfolio as at December 31, 2007

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.7%)			
101,742	Pinnacle American Large Cap Growth Equity Fund	735,717	771,204
16,897	Pinnacle American Mid Cap Growth Equity Fund	261,073	288,101
32,072	Pinnacle American Mid Cap Value Equity Fund	332,014	285,757
48,621	Pinnacle American Value Equity Fund	534,479	533,372
80,939	Pinnacle Canadian Growth Equity Fund	1,300,793	1,197,082
23,858	Pinnacle Canadian Mid Cap Value Equity Fund	377,273	349,752
15,646	Pinnacle Canadian Small Cap Equity Fund	322,861	350,624
42,543	Pinnacle Canadian Value Equity Fund	842,955	884,886
80,237	Pinnacle Global Equity Fund	1,018,526	1,060,736
34,345	Pinnacle Global Real Estate Securities Fund	606,579	485,641
52,921	Pinnacle High Yield Income Fund	534,599	475,763
135,198	Pinnacle Income Fund	1,447,126	1,441,208
94,190	Pinnacle International Equity Fund	1,163,709	1,114,262
26,927	Pinnacle International Small to Mid Cap Value Equity Fund	607,042	486,310
	Total Investment Portfolio (98.7%)	<u>10,084,746</u>	<u>9,724,698</u>
	Other Assets, Less Liabilities (1.3%)		169,837
	Total Net Assets (100.0%)		<u>9,894,535</u>
	Net Assets Per Unit		\$10.79

Pinnacle Growth Portfolio (Continued)

Statement of Net Assets as at December 31,

	2007	2006
Assets		
Investments at market value	\$9,724,698	\$8,774,447
Cash	225,398	201,708
Subscriptions receivable	2,964	7,358
Receivable for securities sold	7,865	178,698
	<u>9,960,925</u>	<u>9,162,211</u>
Liabilities		
Payable for securities purchased	5,489	16,975
Redemptions payable	17,871	4,826
Accrued expenses	43,030	32,363
	<u>66,390</u>	<u>54,164</u>
Net assets representing unitholders' equity	<u>\$9,894,535</u>	<u>\$9,108,047</u>
Number of units outstanding	<u>917,163</u>	<u>782,872</u>
Net assets per unit	<u>\$ 10.79</u>	<u>\$ 11.63</u>

Statement of Operations for the years ended December 31,

	2007	2006
Investment Income		
Interest	\$ 1,412	\$ 2,428
Income from underlying funds	230,431	144,771
	<u>231,843</u>	<u>147,199</u>
Expenses		
Management fees (including GST)	270,822	153,654
Legal fees	9,772	340
Audit fees	9,099	14,224
Custody fees	35,270	35,935
Filing fees	13,396	13,020
Directors' fees	1,389	-
Unitholder reporting costs	15,583	16,000
Unitholder administration, service fees and GST	32,252	19,982
	<u>387,583</u>	<u>253,155</u>
Rebated and absorbed expenses	(63,513)	(69,024)
Net expenses	<u>324,070</u>	<u>184,131</u>
Net investment income (loss)	(92,227)	(36,932)
Net realized gain (loss) on investments	278,349	80,100
Net realized gain (loss) from underlying funds	355,758	138,826
Change in unrealized appreciation (depreciation) of investments	(929,740)	553,564
Net gain (loss) on investments	(295,633)	772,490
Increase (Decrease) in Net Assets from Operations	<u>\$ (387,860)</u>	<u>\$ 735,558</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.42)</u>	<u>\$ 1.34</u>

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

	2007	2006
Net Assets, Beginning of Period		
	\$ 9,108,047	\$ 1,338,650
Increase (decrease) in net assets from operations	(387,860)	735,558
Distributions to unitholders		
Capital gains	(377,206)	(86,353)
	<u>8,342,981</u>	<u>1,987,855</u>
Unit Transactions:		
Proceeds from issue	5,057,303	8,089,077
Reinvested distributions	376,836	85,940
Payments on redemption	(3,882,585)	(1,054,825)
	<u>1,551,554</u>	<u>7,120,192</u>
Increase (decrease) in net assets	<u>786,488</u>	<u>7,769,397</u>
Net Assets, End of Year	<u>\$ 9,894,535</u>	<u>\$ 9,108,047</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 and trustee of the Pinnacle Portfolios. The custodian for the Funds is State Street Trust Company (Canada).

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying GAAP, Scotia Capital Inc. (the “Manager”) may make estimates and assumptions that may affect the reported amounts in the financial statements. Actual results may differ from such estimates. The following is a summary of significant accounting policies consistently followed by the Pinnacle Funds and Pinnacle Portfolios:

(a) Valuation of Investments

Effective for years commencing on or after October 1, 2006, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” of the CICA Handbook. Section 3855 requires measurement of actively traded securities to be based on the bid price for the security. Prior to that, fair value for GAAP was based on the last traded price for the financial reporting date. Accordingly, investments are recorded at a market value established by the bid price for a security on the recognized exchange on which it is principally traded. Non-North American equities are fair valued. Fair value prices are intended to approximate the securities’ next day opening prices. Securities with no available bid, or a quoted value determined by the Manager to be inaccurate or unreliable, are at fair value as determined by the manager on the basis of the latest reported information. This standard has been adopted by the Funds retrospectively without restatement of prior periods. The impact of the initial adoption of the new valuation policy has been disclosed in the Statement of Changes in Net Assets for the year ended December 31, 2007. However, for purposes of subscriptions and redemptions of fund units on a daily basis, net asset value per unit is calculated using closing price. (“Pricing NAV”)

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in “Transaction costs” in the Statement of Operations. The investment cost of a security represents the amount paid, and is determined on an average cost basis, excluding transaction costs. Prior to the adoption of Section 3855, transaction costs were capitalized and included in the cost of purchase or proceeds from sale of investments.

Within the Statement of Investments, the adjustment for the transaction costs line item is an estimate of commissions, incurred prior to January 1, 2007, for current holdings.

Mutual Fund holdings are valued at their market closing price.

In accordance with relief granted by the Canadian Securities Administrators, a reconciliation between the net asset value used for pricing ("Pricing NAV") and the net assets calculated in accordance with Section 3855 ("GAAP Net Assets") of an investment fund is required in the notes to the financial statements. The following table displays the impact of Section 3855 by Fund as at December 31, 2007:

Fund	Pricing NAV (\$)	Section 3855 Adjustment (\$)	GAAP Net Assets (\$)	Pricing NAV Per Unit (\$)	Section 3855 Per Unit Adjustment (\$)	GAAP Net Assets Per Unit (\$)
Pinnacle Short Term Income Fund	11,299,682	–	11,299,682	10.00	–	10.00
Pinnacle Income Fund	331,132,804	(195,571)	330,937,233	10.66	(0.01)	10.65
Pinnacle High Yield Income Fund	151,568,040	(482,584)	151,085,456	8.99	(0.03)	8.96
Pinnacle American Core-Plus Bond Fund	66,801,908	(85,630)	66,716,278	6.96	(0.01)	6.95
Pinnacle Global Real Estate Securities Fund	107,724,574	(61,984)	107,662,590	14.14	–	14.14
Pinnacle Strategic Balanced Fund	92,587,354	(181,925)	92,405,429	15.87	(0.03)	15.84
Pinnacle Canadian Value Equity Fund	143,318,607	(175,369)	143,143,238	20.80	(0.03)	20.77
Pinnacle Canadian Mid Cap Value Equity Fund	52,110,007	(135,383)	51,974,624	14.66	(0.03)	14.63
Pinnacle Canadian Growth Equity Fund	177,338,195	(539,865)	176,798,330	14.79	(0.05)	14.74
Pinnacle Canadian Small Cap Equity Fund	103,344,351	(801,953)	102,542,398	22.41	(0.17)	22.24
Pinnacle American Value Equity	75,548,262	(110,118)	75,438,144	10.97	(0.01)	10.96
Pinnacle American Mid Cap Value Equity Fund	16,170,595	(25,099)	16,145,496	8.91	(0.02)	8.89
Pinnacle American Large Cap Growth Equity Fund	72,626,353	(96,801)	72,529,552	7.58	(0.01)	7.57
Pinnacle American Mid Cap Growth Equity Fund	24,684,198	(35,191)	24,649,007	17.05	(0.02)	17.03
Pinnacle International Equity Fund	115,252,111	(5,093)	115,247,018	11.83	–	11.83
Pinnacle International Small to Mid Cap Value Equity Fund	76,404,380	(13,581)	76,390,799	18.06	–	18.06
Pinnacle Global Equity Fund	83,013,251	(64,018)	82,949,233	13.22	–	13.21
Pinnacle Balanced Income Portfolio	10,165,485	–	10,165,485	9.86	–	9.86
Pinnacle Conservative Balanced Growth Portfolio	79,804,847	–	79,804,847	10.57	–	10.57
Pinnacle Balanced Growth Portfolio	17,800,338	–	17,800,338	10.39	–	10.39
Pinnacle Conservative Growth Portfolio	18,167,807	–	18,167,807	11.32	–	11.32
Pinnacle Growth Portfolio	9,894,535	–	9,894,535	10.79	–	10.79

(b) Foreign Exchange

Foreign currency amounts are translated into Canadian dollars as follows: Market value of investments, forward and spot currency contracts, and other assets and liabilities at the 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. Realized gains and losses on the sale of short-term debt instruments are recorded as an adjustment to interest income.

(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 Pricing NAV 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. Net assets per unit as reflected in the financial statements and calculated in accordance with Section 3855 by dividing the GAAP Net Assets of each Fund by its outstanding units.

(e) Futures, Forwards and Option Contracts

Futures, forward and option contracts are valued on each business day according to the gain (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. Gains (losses) arising from futures, forward and option contracts which are held as hedges for capital investments are recorded as unrealized gains (losses) on investments until the contracts are closed out or expired, at which time the gains (losses) are realized. Gains (losses) arising from futures, forward and option contracts not held as hedges for capital investments are recorded as income (loss) on a daily basis.

(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 (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 from the counterparty to redeliver the same securities on a future date. The income earned from these securities lending transactions is recorded in the Statement of Operations. The market value of the securities lent and collateral held is determined on a daily basis. The securities lending arrangement can be terminated by the borrower, the agent or Fund at any time.

(h) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

3. Income Taxes

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

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be applied against future taxable income, and will expire on the date indicated. The following Funds have net capital and/or non-capital loss carry forwards as at December 15, 2007:

Fund	Capital Loss	Non-Capital Loss	Expiry Date
Pinnacle American Core-Plus Bond Fund	\$ 12,097,134	\$ –	–
Pinnacle Income Fund	\$ 492,473	\$ –	–
Pinnacle Canadian Value Equity Fund	\$ 3,402,799	\$ –	–
Pinnacle American Value Equity Fund	\$ 23,092,698	\$ –	–
Pinnacle American Large Cap Growth Equity Fund	\$ 12,901,697	\$ –	–
Pinnacle American Mid Cap Growth Equity Fund	\$ 50,243,669	\$ 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 American Mid Cap Growth Equity Fund	\$ –	\$ 106,148	December 15, 2027
Pinnacle International Equity Fund	\$ 18,832,496	\$ –	–
Pinnacle Global Equity Fund	\$ 22,534,940	\$ –	–

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' master declaration of trust to require the Trustee to redeem their units at the current Pricing NAV per unit as described in the Funds' simplified prospectuses.

For the years ended December 31, 2007 and 2006, the following numbers of units were issued and redeemed:

Fund	2007		2006	
	Units issued (i)	Units redeemed (ii)	Units issued (i)	Units redeemed (ii)
Pinnacle Short Term Income Fund	1,462,577	1,426,713	1,028,830	1,785,143
Pinnacle Income Fund	13,043,616	5,953,921	11,477,401	3,640,924
Pinnacle High Yield Income Fund	6,410,414	3,846,262	5,807,734	2,538,163
Pinnacle American Core-Plus Bond Fund	4,309,602	2,115,544	3,835,574	2,181,862
Pinnacle Global Real Estate Securities Fund	3,834,341	1,456,794	1,840,836	1,515,881
Pinnacle Strategic Balanced Fund	1,910,069	1,957,912	2,169,356	1,505,023
Pinnacle Canadian Value Equity Fund	2,049,193	1,540,764	1,892,102	1,898,316
Pinnacle Canadian Mid Cap Value Equity Fund	1,412,898	764,912	925,146	813,660
Pinnacle Canadian Growth Equity Fund	4,998,883	2,780,358	3,986,407	2,633,998
Pinnacle Canadian Small Cap Equity Fund	1,670,075	1,104,440	1,305,344	965,846
Pinnacle American Value Equity Fund	1,943,664	1,508,616	1,817,743	1,782,923
Pinnacle American Mid Cap Value Equity Fund	636,250	517,463	569,591	540,895
Pinnacle American Large Cap Growth Equity Fund	2,934,351	1,951,090	3,050,062	2,096,400
Pinnacle American Mid Cap Growth Equity Fund	644,012	1,297,074	708,211	675,379
Pinnacle International Equity Fund	2,951,998	1,798,431	2,466,940	2,273,692
Pinnacle International Small to Mid Cap Value Equity Fund	1,949,699	899,289	1,182,776	1,039,063
Pinnacle Global Equity Fund	1,637,243	1,396,137	1,856,351	1,681,477
Pinnacle Balanced Income Portfolio	667,013	324,696	572,125	95,117
Pinnacle Conservative Balanced Growth Portfolio	3,449,969	845,745	3,852,189	589,455
Pinnacle Balanced Growth Portfolio	935,015	182,309	787,421	116,820
Pinnacle Conservative Growth Portfolio	795,882	288,670	832,700	175,760
Pinnacle Growth Portfolio	466,611	332,320	751,472	95,200

(i) Includes reinvested distributions

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

6. Operating Expenses

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

The ratio of operating expenses (excluding taxes, interest and brokerage commissions) expressed as a percentage of the average daily net 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 the Manager by redemption of units held in the Pinnacle Funds, unless otherwise determined by the Manager.

8. Management Fees – Pinnacle Portfolios

The Pinnacle Portfolios' management fees are calculated daily and paid monthly. 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 Pinnacle Fund cannot exceed 50% of the net assets of the Pinnacle Fund. The Pinnacle 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 aggregate dollar value of the securities that are on loan and the collateral received by the Pinnacle Funds as at December 31, 2007 are as follows:

Fund	Market Value of Securities Loaned	Market Value of Collateral Received
Pinnacle Short Term Income Fund	\$ 879,525	\$ 899,009
Pinnacle Income Fund	\$ 85,319,253	\$ 91,498,175
Pinnacle High Yield Income Fund	\$ 951,742	\$ 1,020,721
Pinnacle Global Real Estate Securities Fund	\$ 8,645,924	\$ 9,164,429
Pinnacle Strategic Balanced Fund	\$ 7,870,262	\$ 8,335,291
Pinnacle Canadian Value Equity Fund	\$ 24,382,261	\$ 25,673,188
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 8,337,091	\$ 8,773,039
Pinnacle Canadian Growth Equity Fund	\$ 41,009,311	\$ 43,181,461
Pinnacle Canadian Small Cap Growth Equity Fund	\$ 4,252,527	\$ 4,470,930
Pinnacle American Value Equity Fund	\$ 587,280	\$ 622,726
Pinnacle American Mid Cap Value Equity Fund	\$ 388,568	\$ 412,034
Pinnacle American Large Cap Growth Equity Fund	\$ 1,299,574	\$ 1,379,216
Pinnacle American Mid Cap Growth Equity Fund	\$ 424,475	\$ 450,305
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 495,595	\$ 520,512

10. Related Party Transactions

The brokerage fees paid to Scotia Capital Inc., during the twelve-month period ended December 31, 2007 and the twelve-month period ended December 31, 2006 are as follows:

	2007	2006
Pinnacle High Yield Income Fund	–	7,921
Pinnacle Strategic Balanced Fund	13,713	17,530
Pinnacle Canadian Value Equity Fund	25,544	13,572
Pinnacle Canadian Growth Equity Fund	29,928	24,893
Pinnacle Canadian Small Cap Equity Fund	3,789	7,077
Pinnacle Canadian Mid Cap Value Equity Fund	5,365	3,299
Pinnacle Global Real Estate Securities Fund	8,388	7,480

11. Soft Dollars

The ascertainable soft dollar commissions in connection with investment portfolio transactions for the years ended December 31, 2007 and 2006 are set out below.

Fund	2007 Soft Dollars	2006 Soft Dollars
Pinnacle Short Term Income Fund	\$ –	\$ –
Pinnacle Income Fund	\$ –	\$ –
Pinnacle High Yield Income Fund	\$ –	\$ –
Pinnacle American Core-Plus Bond Fund	\$ –	\$ –
Pinnacle Global Real Estate Securities Fund	\$ –	\$ 4,850
Pinnacle Strategic Balanced Fund	\$ 4,077	\$ –
Pinnacle Canadian Value Equity Fund	\$ –	\$ –
Pinnacle Canadian Mid Cap Value Equity Fund	\$ –	\$ –
Pinnacle Canadian Growth Equity Fund	\$ 29,517	\$ –
Pinnacle Canadian Small Cap Equity Fund	\$ 9,868	\$ 9,025
Pinnacle American Value Equity Fund	\$ 7,185	\$ –
Pinnacle American Mid Cap Value Equity Fund	\$ 2,115	\$ 2,456
Pinnacle American Large Cap Growth Equity Fund	\$ –	\$ –
Pinnacle American Mid Cap Growth Equity Fund	\$ 3,929	\$ 7,506
Pinnacle International Equity Fund	\$ 5,842	\$ 7,883
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 2,293	\$ 515
Pinnacle Global Equity Fund	\$ 5,815	\$ 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.

12. Accounting Guideline Changes

The new Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements for fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Funds.

These standards will impact the Funds' disclosure but will not affect the Funds' results of operation or financial position.

The Manager is currently evaluating the impact of these standards on the Funds' financial statements.

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 ScotiaMcLeod Advisor 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 Funds' current 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.

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 7, 2008



Willo Watson
Director
Scotia Capital Inc.

Auditors' Report

To the Unitholders of the Pinnacle Funds and Pinnacle Portfolios

We have audited the statements of investment portfolio of the Pinnacle Funds and Pinnacle Portfolios (the Funds) as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006, and the statements of operations and changes in net assets for the years then ended. 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, 2007 and 2006, and the results of their operations and the changes in their net assets for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 7, 2008

Building Relationships for Life



Recycled
Supporting responsible
use of forest resources

Cert no. SW-COC-1161
www.fsc.org
© 1996 Forest Stewardship Council



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

54D 9098 03/08