

Semi-Annual Report 2008

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 2008 Semi-Annual Report

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Message to Clients

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Volatility continued to weigh upon global markets for the first six months of 2008, which reflected concerns over the ongoing credit crisis, rising inflation, and soaring commodity prices. Amidst these trying times, the importance of remaining disciplined and focused on your long-term financial goals comes to the forefront.

With that in mind, each of the Pinnacle Program Funds and The Pinnacle Portfolios were designed with a long-term, disciplined investment process at their foundation. Key components of this process include the construction and monitoring of portfolios that are poised to benefit from a complementary mix of world-class investment managers and efficient diversification across asset classes, market capitalizations, countries and investment styles. Regular portfolio reviews and the option of rebalancing will also help you move closer to achieving your long-term financial goals.

With the Pinnacle Program and The Pinnacle Portfolios, you can experience greater peace of mind knowing that your affairs are in the hands of highly capable investment managers. These managers have been carefully chosen by ScotiaMcLeod and Northern Trust Global Advisors, a leading third party investment management consulting firm hired to select and perform ongoing due diligence in respect of the investment managers in the Pinnacle Program. During these times, we are confident that the rigorous, long-term, disciplined investment processes employed by the investment managers will well-position their portfolios to weather the current market volatility.

While these markets have tested the most patient of investors, 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. While your advisor works to ensure that you remain on track with your asset mix, it is critical that you discuss any changes to your risk profile as this may affect your current asset mix. In the absence of any asset mix changes, rebalancing your portfolio will ensure you stay on track with your long-term financial goals.

We are pleased to present to you this Semi-Annual Report and encourage you to contact your ScotiaMcLeod advisor with any questions you may have regarding your portfolio. We thank you for your continued support and for choosing the Pinnacle Program and The Pinnacle Portfolios, and look forward to better markets ahead.

We wish you all the best for a successful second half of 2008.

Best regards,



Hamish Angus
Managing Director
ScotiaMcLeod

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$12,888,790	\$11,262,661
Cash	59,226	43,301
Subscriptions receivable	1,773	10,110
Accrued investment income	38,916	11,089
	<u>12,988,705</u>	<u>11,327,161</u>
Liabilities		
Redemptions payable	3,100	–
Distributions payable	944	1,063
Accrued expenses	24,455	26,416
	<u>28,499</u>	<u>27,479</u>
Net assets representing unitholders' equity	<u>\$12,960,206</u>	<u>\$11,299,682</u>
Number of units outstanding	1,296,001	1,129,960
Net assets per unit	<u>\$ 10.00</u>	<u>\$ 10.00</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$209,703	\$227,963
Securities lending	165	36
	<u>209,868</u>	<u>227,999</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	6,452	5,879
Custody fees	1,131	1,369
Filing fees	8,774	8,626
Independent Review Committee fees	1,128	–
Unitholder reporting costs	1,303	7,154
Unitholder administration, service fees and GST	27,349	21,938
	<u>47,189</u>	<u>46,074</u>
Rebated and absorbed expenses	(18,668)	(17,182)
Net expenses	<u>28,521</u>	<u>28,892</u>
Net investment income (loss)	181,347	199,107
Increase (Decrease) in Net Assets from Operations	<u>\$181,347</u>	<u>\$199,107</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.16</u>	<u>\$ 0.19</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$11,299,682	\$10,941,038
Increase (decrease) in net assets from operations	181,347	199,107
Distributions to unitholders		
Investment income	(181,232)	(199,107)
	<u>11,299,797</u>	<u>10,941,038</u>
Unit Transactions:		
Proceeds from issue	5,395,252	6,135,593
Reinvested distributions	180,937	196,919
Payments on redemption	(3,915,780)	(3,918,915)
	<u>1,660,409</u>	<u>2,413,597</u>
Increase (decrease) in net assets	1,660,524	2,413,597
Net Assets, End of Period	<u>\$12,960,206</u>	<u>\$13,354,635</u>

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Fair Value (\$)
\$1,100,000	Alberta Treasury Branches DN 1.67%	07/03/2008	1,099,849
400,000	Alberta Treasury Branches DN 2.50%	09/22/2008	397,712
300,000	American Express Canada Credit Corp. 4.24%	01/27/2009	299,713
300,000	Bank of Montreal 10.85%	12/20/2008	309,970
175,000	Bank of Montreal BDN 3.19%	01/30/2009	171,792
400,000	Barclays Bank PLC BA 4.42%	07/16/2008	399,226
760,000	Canada Housing Trust 3.70%	09/15/2008	761,415
100,000	Canadian Imperial Bank of Commerce BA 3.07%	12/01/2008	98,720
100,000	Canadian Imperial Bank of Commerce BA 3.11%	08/29/2008	99,491
200,000	Canadian Imperial Bank of Commerce BA 3.23%	02/12/2009	196,060
300,000	Caterpillar Financial Services Ltd. DN 3.02%	07/07/2008	299,826
300,000	Citibank BA 3.14%	09/04/2008	298,304
100,000	Enbridge Gas Distribution Inc. 4.48%	12/16/2008	100,335
200,000	Enbridge Inc. DN 3.18%	09/18/2008	198,618
500,000	GE Capital Canada Funding Company DN 3.07%	08/18/2008	497,946
900,000	Government of Canada Treasury Bills 2.27%	07/10/2008	898,987
220,000	Government of Canada Treasury Bills 2.57%	08/21/2008	219,207
200,000	Greater Toronto Airport Authority 4.45%	02/04/2009	200,362
100,000	HSBC Financial Corporation Limited BA 3.40%	07/14/2008	99,870
200,000	HSBC Financial Corporation Ltd. 3.50%	12/01/2008	199,661
150,000	Manulife Canada DN 3.14%	09/17/2008	148,986
200,000	Manulife Canada DN 3.14%	09/18/2008	198,634
300,000	Merrill Lynch Canada Finance Company 4.70%	09/12/2008	300,140
100,000	National Bank of Canada BA 3.03%	08/25/2008	99,537
160,000	National Bank of Canada BA 3.13%	03/18/2009	156,497
100,000	Omers Realty Corporation DN 2.93%	07/30/2008	99,760
200,000	Omers Realty Corporation DN 3.08%	09/09/2008	198,808
650,000	Province of Manitoba 2.64%	09/24/2008	645,987
200,000	Province of Ontario 2.58%	08/21/2008	199,269
1,300,000	Province of Ontario 4.40%	11/19/2008	1,307,997
300,000	Province of Quebec 5.45%	04/01/2009	305,723
140,000	Royal Bank of Canada BD 3.16%	09/17/2008	139,050
400,000	Royal Bank of Canada BD 3.21%	10/01/2008	396,751
300,000	Terasen Gas Inc. CP 3.08%	07/07/2008	299,823
800,000	The Bank of Nova Scotia BA 2.63%	08/20/2008	797,065
550,000	The Toronto-Dominion Bank BA 3.01%	08/29/2008	547,289
200,000	TransCanada PipeLines Limited 4.10%	02/20/2009	200,410
	Total Investment Portfolio (99.4%)		12,888,790
	Other Assets, Less Liabilities (0.6%)		71,416
	Total Net Assets (100.0%)		12,960,206
	Net Assets Per Unit		\$10.00

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Short Term Income Fund (the “Fund”) is to preserve investment capital while providing interest income and maintaining liquidity by investing primarily in highly liquid, senior investment grade money market instruments (i.e. federal and provincial treasury bills and bonds) and bankers acceptances with a minimum credit rating of R-1 (low) or A-1 (low).

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

B. Liquidity risk

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

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

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

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

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$322,182,031	\$328,673,394
Cash	61,743	9,537
Subscriptions receivable	736,972	722,410
Accrued investment income	1,969,155	1,919,724
	<u>324,949,901</u>	<u>331,325,065</u>
Liabilities		
Redemptions payable	1,455,161	322,642
Accrued expenses	55,877	65,190
	<u>1,511,038</u>	<u>387,832</u>
Net assets representing unitholders' equity	<u>\$323,438,863</u>	<u>\$330,937,233</u>
Number of units outstanding	<u>30,487,731</u>	<u>31,071,274</u>
Net assets per unit	<u>\$ 10.61</u>	<u>\$ 10.65</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 7,753,070	\$ 6,741,500
Securities lending	19,033	16,874
	<u>7,772,103</u>	<u>6,758,374</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,247	6,498
Custody fees	18,131	17,190
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	11,171	24,869
Unitholder administration, service fees and GST	72,581	63,432
	<u>120,095</u>	<u>119,740</u>
Rebated and absorbed expenses	-	-
Net expenses	<u>120,095</u>	<u>119,740</u>
Net investment income (loss)	<u>7,652,008</u>	<u>6,638,634</u>
Net realized gain (loss) on investments sold	4,119,372	(3,535,404)
Change in unrealized appreciation (depreciation) of investments	<u>(4,744,342)</u>	<u>(4,175,390)</u>
Net gain (loss) on investments	<u>(624,970)</u>	<u>(7,710,794)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 7,027,038</u>	<u>\$(1,072,160)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.23</u>	<u>\$ (0.04)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$330,937,233	\$256,625,578
New accounting policy adjustment (Note 2)	-	(81,968)
Increase (decrease) in net assets from operations	7,027,038	(1,072,160)
Distributions to unitholders		
Investment income	(8,177,869)	(7,027,639)
	<u>329,786,402</u>	<u>248,443,811</u>
Unit Transactions:		
Proceeds from issue	40,152,327	85,860,222
Reinvested distributions	8,154,476	7,007,660
Payments on redemption	(54,654,342)	(25,014,359)
	<u>(6,347,539)</u>	<u>67,853,523</u>
Increase (decrease) in net assets	<u>(7,498,370)</u>	<u>59,671,756</u>
Net Assets, End of Period	<u>\$323,438,863</u>	<u>\$316,297,334</u>

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
Federal Government (44.5%)					1,982,936	New Brunswick FM Project Inc. 6.47%	11/30/2027	1,922,715	2,294,939
\$ 3,900,000	Canada Housing Trust 4.60%	09/15/2011	4,061,538	3,993,385	402,000	NOVA Gas Transmission Ltd. 11.20%	06/01/2014	543,504	503,586
23,790,000	Government of Canada 3.75%	09/01/2011	24,090,749	24,035,347	484,000	NOVA Gas Transmission Ltd. 11.70%	10/15/2008	627,748	494,750
44,900,000	Government of Canada 3.75%	06/01/2012	45,909,956	45,412,804	1,400,000	Ontario Infrastructure Projects Corp. 4.70%	06/01/2037	1,401,862	1,354,558
24,700,000	Government of Canada 4.00%	06/01/2017	25,467,450	25,178,439	726,093	Ontario School Boards Financing Corp. 5.80%	11/07/2028	723,596	775,236
17,300,000	Government of Canada 5.00%	06/01/2014	18,443,764	18,648,522	1,424,327	Ontario School Boards Financing Corp. 5.90%	10/11/2027	1,439,519	1,581,453
23,000,000	Government of Canada 5.00%	06/01/2037	26,496,707	26,553,040	2,001,490	Ontario School Boards Financing Corp. 6.55%	10/19/2026	1,992,844	2,282,882
			144,470,164	143,821,537	4,037,528	Ontario School Boards Financing Corp. 7.20%	06/09/2025	4,693,242	4,971,153
Provincial Government (17.1%)					3,100,000	Royal Bank of Canada 4.97%	06/05/2014	3,052,663	3,094,635
5,435,000	Province of Ontario 4.70%	06/02/2037	5,200,470	5,397,364	11,000,000	Royal Office Finance LP 5.21%	11/12/2032	10,999,890	11,197,839
4,200,000	Province of Ontario 5.38%	12/02/2012	4,450,320	4,429,979	1,400,000	TCHC Issuer Trust 4.88%	05/11/2037	1,400,000	1,354,100
8,350,000	Province of Quebec 4.50%	12/01/2017	8,320,190	8,372,156	900,000	TD Capital Trust 7.60%	12/31/2049	948,885	932,250
11,700,000	Province of Quebec 5.25%	10/01/2013	12,290,265	12,335,044	5,491,000	The Greater Toronto Airports Authority 6.45%	12/03/2027	6,053,512	6,054,317
7,700,000	Province of Quebec 5.50%	12/01/2014	8,229,991	8,254,810	2,605,020	The Greater Toronto Airports Authority 6.45%	07/30/2029	2,489,505	2,813,345
14,090,000	Province of Quebec 5.75%	12/01/2036	15,681,002	16,049,337	1,600,000	The Greater Toronto Airports Authority 6.47%	02/02/2034	1,916,197	1,792,413
			54,172,238	54,838,690	3,900,000	The Royal Bank of Scotland Group PLC 6.67%	12/31/2049	3,964,468	3,557,602
Corporate (38.0%)					8,500,000	The Toronto-Dominion Bank 4.78%	12/14/2105	7,968,070	7,605,130
300,000	407 International Inc. 5.96%	12/03/2035	299,790	314,545	4,700,000	The Toronto-Dominion Bank 5.38%	11/01/2017	4,700,000	4,751,700
277,004	Alliance Pipeline LP 5.55%	12/31/2023	277,004	282,523	8,600,000	The Toronto-Dominion Bank 5.76%	12/18/2106	8,600,000	8,124,784
1,177,203	Alliance Pipeline LP 7.22%	12/31/2025	1,177,203	1,335,639	1,050,187	Toronto Hospital 5.64%	12/08/2022	1,033,528	1,100,675
536,260	Blue Water Bridge Authority 6.41%	07/09/2027	536,260	638,225	700,000	TransCanada PipeLines Limited 7.90%	04/15/2027	734,488	822,859
1,100,000	British Columbia Ferry Services Inc. 5.02%	03/20/2037	1,100,000	1,004,772	300,000	TransCanada PipeLines Limited 8.21%	04/25/2030	366,030	365,468
860,000	British Columbia Ferry Services Inc. 5.74%	05/27/2014	875,032	906,170	1,296,000	Union Gas Ltd. 10.75%	07/31/2009	1,535,923	1,371,546
1,022,000	Electricity Distributors Financial Corp. 6.45%	08/15/2012	1,052,743	1,077,769	1,000,000	York Region District School Board 6.55%	04/12/2023	995,850	1,173,552
170,000	Enbridge Inc. 3.95%	02/15/2010	167,484	168,848				122,606,409	123,412,272
1,200,000	Enbridge Inc. 7.20%	06/18/2032	1,218,300	1,317,702	Short-Term Notes (Schedule 1) (0.0%)				
200,000	Enbridge Inc. 7.22%	07/24/2030	245,800	218,687				109,532	109,532
1,500,000	FortisAlberta Inc. 5.33%	10/31/2014	1,499,400	1,548,529	Total Investment Portfolio (99.6%)				
2,600,000	Glacier Credit Card Trust 4.27%	11/20/2009	2,567,682	2,581,638				321,358,343	322,182,031
4,900,000	Glacier Credit Card Trust 4.27%	11/18/2011	4,759,990	4,776,693	Other Assets, Less Liabilities (0.4%)				
800,000	Glacier Credit Card Trust 4.67%	11/20/2009	800,000	788,109					1,256,832
3,700,000	HSBC Canada Asset Trust 7.78%	12/31/2049	3,842,500	3,882,882	Total Net Assets (100.0%)				
2,600,000	Instituto de Credito Oficial 4.53%	03/17/2016	2,514,044	2,637,887					323,438,863
500,000	Investors Group Inc. 6.58%	03/07/2018	501,985	537,212	Net Assets Per Unit				
2,600,000	Kommunalbanken AS 4.48%	02/15/2019	2,461,030	2,563,626					\$10.61
5,000,000	Kreditanstalt fuer Wiederaufbau 5.15%	12/15/2017	5,023,500	5,258,461	Schedule 1 Short-Term Notes				
4,100,000	Landwirtschaftliche Rentenbank 4.25%	11/16/2012	3,970,235	4,121,477	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
1,000,000	Loblaws Companies Limited 7.10%	06/01/2016	1,004,400	991,333	\$110,000	Government of Canada Treasury Bills 3.46%	10/04/2008	109,532	109,532
2,050,000	Merrill Lynch Financial Assets, Inc. 5.74%	11/12/2034	2,096,248	2,074,579	Total Short-Term Notes				
1,700,000	Merrill Lynch Financial Assets, Inc. 6.14%	04/12/2034	1,762,900	1,740,435				109,532	109,532
3,152,177	Merrill Lynch Financial Assets, Inc. 6.67%	05/07/2021	3,302,628	3,015,222					
2,950,000	Merrill Lynch Mortgage Loans, Inc. 6.75%	11/15/2032	3,063,943	3,039,131					
2,500,000	Merrill Lynch Mortgage Loans, Inc. 7.14%	03/15/2032	2,601,950	2,570,688					
831,667	Merrill Lynch Mortgage Loans, Inc. 7.37%	05/10/2022	934,544	822,199					
200,000	Merrill Lynch Mortgage Loans, Inc. 7.77%	09/05/2021	199,998	223,976					
701,644	Milit-Air Inc. 5.75%	06/30/2019	760,351	758,409					
900,000	N 45 Degrees First Issuer Corporation 5.67%	11/15/2020	917,796	909,463					
900,000	N 45 Degrees First Issuer Corporation 7.34%	07/15/2015	967,630	934,671					

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.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2008, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets would have decreased or increased by approximately \$5,708,735 (approximately 1.8% of the Fund’s net assets). The Fund’s sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

(\$)	Less than					Total
	1 year	1-3 years	3-5 years	5-10 years	> 10 years	
Bonds	<u>604,282</u>	<u>4,910,141</u>	<u>87,847,454</u>	<u>93,953,157</u>	<u>134,866,998</u>	<u>322,182,031</u>

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

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

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

Discussion of Financial Instrument Risk

As at June 30, 2008

As of June 30, 2008, debt securities by credit rating are as follows:

	Percent of Total Bonds (%)	Percent of Total Net Assets* (%)
A- to AAA+	86.1	85.8
B- to BBB+	0.8	0.8
C- to CCC+	0.0	0.0
D- to DDD+	0.0	0.0
NR or other	<u>13.1</u>	<u>13.0</u>
Total	<u>100.0</u>	<u>99.6</u>

* Based on GAAP NAV.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$144,640,721	\$148,555,168
Cash	241,781	65,105
Receivable on open spot and forward contracts	-	265,224
Subscriptions receivable	426,691	226,342
Accrued investment income	2,147,613	2,249,966
	<u>147,456,806</u>	<u>151,361,805</u>
Liabilities		
Payable for securities purchased	2,790,620	21,413
Redemptions payable	150,221	189,706
Accrued expenses	58,802	65,230
	<u>2,999,643</u>	<u>276,349</u>
Net assets representing unitholders' equity	<u>\$144,457,163</u>	<u>\$151,085,456</u>
Number of units outstanding	<u>16,698,674</u>	<u>16,861,609</u>
Net assets per unit	<u>\$ 8.65</u>	<u>\$ 8.96</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ -	\$ (708)
Interest	5,323,515	5,391,228
Securities lending	136	148
Less: Foreign withholding taxes	(4,931)	-
	<u>5,318,720</u>	<u>5,390,668</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,247	6,498
Custody fees	9,667	16,023
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	11,040	24,633
Unitholder administration, service fees and GST	66,485	61,458
	<u>105,404</u>	<u>116,363</u>
Net expenses	105,404	116,363
Net investment income (loss)	5,213,316	5,274,305
Net realized gain (loss) on investments sold	(3,506,712)	114,600
Net realized gain (loss) on foreign exchange	288,271	453,036
Change in unrealized appreciation (depreciation) of investments	(1,170,280)	(9,501,136)
Change in unrealized appreciation (depreciation) of foreign exchange	(242,900)	2,658,270
Net gain (loss) on investments	<u>(4,631,621)</u>	<u>(6,275,230)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 581,695</u>	<u>\$(1,000,925)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.04</u>	<u>\$ (0.06)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period		
Net Assets, Beginning of Period	\$151,085,456	\$144,833,723
New accounting policy adjustment (Note 2)	-	(522,198)
Increase (decrease) in net assets from operations	581,695	(1,000,925)
Distributions to unitholders	(5,586,347)	(5,625,231)
	<u>146,080,804</u>	<u>137,685,369</u>
Unit Transactions:		
Proceeds from issue	17,311,066	35,883,777
Reinvested distributions	5,570,691	5,609,604
Payments on redemption	(24,505,398)	(18,176,550)
	<u>(1,623,641)</u>	<u>23,316,831</u>
Increase (decrease) in net assets	<u>(6,628,293)</u>	<u>16,168,477</u>
Net Assets, End of Period	<u>\$144,457,163</u>	<u>\$161,002,200</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.

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	
Bonds (88.8%)										
*Corporate (88.8%)										
\$2,100,000	Abitibi-Consolidated Inc. 8.38%	04/01/2015	2,369,860	961,679	2,500,000	NIF-T 4.29%	09/17/2008	2,500,000	2,499,072	
1,500,000	Advanced Micro Devices, Inc. 7.75%	11/01/2012	1,395,354	1,320,401	500,000	Norske Skog Canada Limited 8.63%	06/15/2011	555,912	432,501	
3,000,000	Ahern Rentals Inc. 9.25%	08/15/2013	3,616,484	2,243,918	1,750,000	Nortel Networks Ltd. 9.49%	07/15/2011	1,886,313	1,682,939	
3,100,000	Allied Waste North America Inc. 7.25%	03/15/2015	3,501,084	3,146,828	2,400,000	North American Energy Partners Inc. 8.75%	12/01/2011	2,602,736	2,466,784	
1,000,000	Amscan Holdings, Inc. 8.75%	05/01/2014	1,164,240	903,164	1,135,000	NOVA Chemicals Corporation 6.50%	01/15/2012	1,188,024	1,033,754	
3,320,000	Avenor Inc. 10.85%	11/30/2014	3,519,840	1,992,562	1,240,523	*Paragon Gaming 12.50%	04/15/2012	1,240,523	1,240,523	
1,100,000	Bell Aliant Regional Communications LP 6.17%	02/26/2037	1,090,920	896,383	2,040,000	Paramount Resources Ltd. 8.50%	01/31/2013	2,470,276	2,096,766	
2,000,000	Bombardier Inc. 7.35%	12/22/2026	2,025,000	1,919,337	1,050,000	Peabody Energy Corporation 6.88%	03/15/2013	1,193,771	1,071,204	
1,000,000	Bombardier Inc. 7.99%	11/15/2013	1,452,834	1,574,801	3,000,000	RioCan Real Estate Investment Trust 5.70%	09/11/2012	2,992,980	2,945,533	
3,000,000	Brookfield Power 5.25%	11/05/2018	2,998,920	2,639,890	2,500,000	RONA Inc. 5.40%	10/20/2016	2,494,800	2,005,142	
1,000,000	Brookfield Power 5.45%	12/18/2017	1,157,300	993,328	667,000	Sealy Mattress Co. 8.25%	06/15/2014	816,414	563,381	
3,973,000	Canadian Tire Corporation, Limited 5.61%	09/04/2035	3,621,065	3,289,378	1,000,000	Shaw Communications, Inc. 6.15%	05/09/2016	944,500	978,513	
3,900,000	CanWest Media Inc. 8.00%	09/15/2012	4,457,903	3,532,263	3,500,000	Sherritt International Corporation 7.75%	10/15/2015	3,500,000	3,511,591	
2,200,000	CanWest MediaWorks Inc. 9.25%	08/01/2015	2,338,050	1,847,035	3,500,000	Sherritt International Corporation 8.25%	10/24/2014	3,500,000	3,604,094	
2,000,000	Cascades Inc. 7.25%	02/15/2013	2,244,631	1,785,976	1,500,000	Sobeys Inc. 7.16%	02/26/2018	1,673,535	1,451,279	
1,650,000	Catalyst Paper Corporation 7.38%	03/01/2014	2,117,695	1,242,551	448,656	*SR Telecom Inc. 1.00%	10/01/2020	465,002	22,829	
2,000,000	CCS Inc. 11.00%	11/15/2015	1,814,914	1,784,144	867,302	*SR Telecom Inc. 19.42%	10/01/2011	1,052,698	44,130	
253,000	Charter Communications Holdings LLC 10.00%	05/15/2014	218,051	145,468	1,500,000	Superior Plus Income Fund 5.75%	12/31/2012	1,500,000	1,477,500	
1,105,000	Charter Communications Holdings LLC 11.00%	10/01/2015	1,261,538	837,755	3,000,000	The Royal Bank of Scotland Group PLC 6.67%	12/31/1949	2,741,310	2,736,617	
3,005,000	CHC Helicopter Corporation 7.38%	05/01/2014	3,550,849	3,180,360	3,250,000	Wynn Las Vegas LLC 6.63%	12/01/2014	3,602,406	3,026,237	
3,240,000	Chesapeake Energy Corporation 6.38%	06/15/2015	3,557,005	3,124,084	3,500,000	YPG Holdings Inc. 5.25%	02/15/2016	3,204,730	3,223,570	
1,500,000	Couche-Tard U.S. LP 7.50%	12/15/2013	1,859,216	1,518,843	1,500,000	YPG Holdings Inc. 5.50%	08/01/2011	1,500,000	1,455,000	
2,250,000	Dole Food Company, Inc. 7.25%	06/15/2010	2,813,138	2,072,190	4,000,000	YPG Holdings Inc. 5.85%	11/18/2019	3,865,000	3,625,350	
1,000,000	Domtar Inc. 7.13%	08/15/2015	1,210,937	969,312					150,323,494	128,286,612
750,000	Domtar Inc. 9.50%	08/01/2016	838,353	779,456						
1,925,000	EchoStar DBS Corporation 6.38%	10/01/2011	2,397,208	1,905,104						
3,000,000	El Paso Corporation 6.88%	06/15/2014	3,189,369	3,045,318						
400,000	El Paso Corporation 7.25%	06/01/2018	407,146	402,989						
950,000	Enbridge Income Fund 5.25%	12/22/2014	949,924	953,960						
1,500,000	ERAC Canada Finance Ltd. 5.38%	02/26/2016	1,498,980	1,452,035						
3,550,000	Fairfax Financial Holdings Limited 7.38%	04/15/2018	3,816,192	3,323,645						
4,000,000	Ford Floorplan Auto Securitization Trust 4.58%	11/15/2009	4,000,000	3,945,038						
1,900,000	Husky Energy Inc. 6.15%	06/15/2019	2,115,567	1,926,583						
2,500,000	Idearc Inc. 8.00%	11/15/2016	2,313,873	1,602,799						
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	2,506,364						
2,850,000	Kingsway 2007 General Partnership 6.00%	07/11/2012	2,570,180	2,403,253						
700,000	Kingsway America Inc. 7.50%	02/01/2014	902,563	631,544						
2,000,000	Las Vegas Sands Corp. 6.38%	02/15/2015	2,167,761	1,719,828						
1,000,000	Mariner Energy Inc. 8.00%	05/15/2017	1,119,939	984,576						
2,080,000	Masonite International Corporation 11.00%	04/06/2015	2,372,414	1,354,696						
2,940,000	Massey Energy Company 6.88%	12/15/2013	3,413,331	2,913,354						
3,000,000	Merrill Lynch & Co., Inc. 4.50%	01/30/2012	2,997,330	2,812,174						
1,000,000	Merrill Lynch Financial Assets, Inc. 6.45%	10/12/2013	952,460	985,359						
599,000	Merrill Lynch Financial Assets, Inc. 6.45%	11/12/2014	527,959	575,424						
500,000	Merrill Lynch Financial Assets, Inc. 6.65%	11/12/2034	492,950	494,793						
3,000,000	Millar Western Forest Products Ltd. 7.75%	11/15/2013	3,153,358	1,984,417						
					No. of Shares	Issuer	Average Cost (\$)		Fair Value (\$)	
					Equity Investments (0.0%)					
					Health Care (0.0%)					
					44,000	*Insight Health Services Holdings	580,993		17,911	
					Short-Term Notes (Schedule 1) (11.3%)					
					Total Investments (100.1%)					
					Liabilities, Less Other Assets (-0.1%)					
					Total Net Assets (100.0%)					
					Net Assets Per Unit					
					\$8.65					
* This security is not actively traded.										
Schedule 1										
Short-Term Notes										
Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	
\$2,250,000	Alberta Treasury Branches 1.76%	07/09/2008	2,308,265	2,288,719	1,400,000	Bank of Montreal 2.44%	07/07/2008	1,399,346	1,399,346	
3,550,000	Bank of Montreal 2.76%	07/11/2008	3,547,050	3,547,050	2,800,000	Bank of Montreal 2.76%	08/01/2008	2,812,201	2,844,719	
165,000	Province of Ontario 1.81%	07/08/2008	168,283	167,846	4,300,000	Royal Bank of Canada 2.96%	07/30/2008	4,289,567	4,289,567	
1,800,000	Toronto-Dominion Bank 2.66%	07/08/2008	1,798,951	1,798,951						
					Total Short-Term Notes					
					16,323,663					
					16,336,198					

* Corporate bonds are comprised of 50% U.S. denominated bonds, 49% Canadian denominated bonds, and 1% Euro 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.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Euro Currency	1,574,801	1.1
U.S. Dollar	<u>71,968,640</u>	<u>49.8</u>
Total	<u>73,543,441</u>	<u>50.9</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$7,354,344 (approximately 5.1% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2008, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets would have decreased or increased by approximately \$1,443,426 (approximately 1.0% of the Fund’s net assets). The Fund’s sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

(\$)	Less than 1 year	1-3 years	3-5 years	5-10 years	> 10 years	Total
Bonds	<u>18,835,270</u>	<u>6,449,729</u>	<u>29,273,304</u>	<u>72,513,347</u>	<u>17,551,160</u>	<u>144,622,810</u>

Discussion of Financial Instrument Risk

As at June 30, 2008

E. Credit risk

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

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

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

As of June 30, 2008, debt securities by credit rating are as follows:

	Percent of Total Bonds (%)	Percent of Total Net Assets* (%)
A– to AAA+	6.4	5.7
B– to BBB+	58.0	51.5
C– to CCC+	9.5	8.4
D– to DDD+	0.0	0.0
NR or other	<u>26.1</u>	<u>23.2</u>
Total	<u>100.0</u>	<u>88.8</u>

* Based on GAAP NAV.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$68,734,375	\$69,825,641
Cash	133,158	1,670,643
Receivable on open spot and forward contracts	–	33,231
Subscriptions receivable	271,673	138,449
Receivable for securities sold	1,913,053	383,264
Accrued investment income	768,817	764,490
	<u>71,821,076</u>	<u>72,815,718</u>
Liabilities		
Payable on open spot and forward contracts	44,914	–
Payable for securities purchased	8,105,897	5,983,877
Redemptions payable	120,053	51,068
Accrued expenses	41,783	64,495
	<u>8,312,647</u>	<u>6,099,440</u>
Net assets representing unitholders' equity	<u>\$63,508,429</u>	<u>\$66,716,278</u>
Number of units outstanding	<u>9,218,139</u>	<u>9,592,846</u>
Net assets per unit	<u>\$ 6.89</u>	<u>\$ 6.95</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 17,488	\$ 44,736
Interest	2,111,469	662,320
Securities lending	66	–
Less: Foreign withholding taxes	(6,324)	(2,931)
	<u>2,122,699</u>	<u>704,125</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	8,073	5,879
Custody fees	54,698	52,501
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	4,126	12,222
Unitholder administration, service fees and GST	108,983	44,938
	<u>184,845</u>	<u>123,291</u>
Net expenses	184,845	123,291
Net investment income (loss)	1,937,854	580,834
Net realized gain (loss) on investments sold	(697,435)	(1,843,281)
Net realized gain (loss) on foreign exchange	370,343	505,052
Change in unrealized appreciation (depreciation) of investments	296,482	(5,079,363)
Change in unrealized appreciation (depreciation) of foreign exchange	(303,788)	260,341
Transaction costs (Note 2)	(1)	(40)
Net gain (loss) on investments and transaction costs	(334,399)	(6,157,291)
Increase (Decrease) in Net Assets from Operations	<u>\$1,603,455</u>	<u>\$(5,576,457)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.18</u>	<u>\$ (0.65)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$ 66,716,278	\$58,956,596
New accounting policy adjustment (Note 2)	–	(72,137)
Increase (decrease) in net assets from operations	1,603,455	(5,576,457)
Distributions to unitholders		
Investment income	(2,026,947)	(988,924)
	<u>66,292,786</u>	<u>52,319,078</u>
Unit Transactions:		
Proceeds from issue	6,845,030	20,547,745
Reinvested distributions	2,025,418	988,352
Payments on redemption	(11,654,805)	(6,702,679)
	<u>(2,784,357)</u>	<u>14,833,418</u>
Increase (decrease) in net assets	(3,207,849)	8,195,900
Net Assets, End of Period	<u>\$ 63,508,429</u>	<u>\$67,152,496</u>

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
*Bonds (95.9%)					75,000	BF Saul REIT 7.50%	03/01/2014	82,654	67,356
Corporate (62.8%)					50,000	Boston Scientific Corporation 6.40%	06/15/2016	46,414	47,830
51,000	Abbott Laboratories 5.60%	11/30/2017	49,391	52,293	95,000	Bowater Incorporated 9.00%	08/01/2009	91,807	89,909
141,274	Adjustable Rate Mortgage Trust 5.42%	01/25/2036	144,500	141,465	120,000	Capital One Multi Asset Execution Trust 5.75%	07/15/2020	120,073	120,983
270,000	Aetna Inc. 6.75%	12/15/2037	264,978	261,371	225,000	Capmark Financial Group Inc. 5.88%	05/10/2012	164,675	160,280
35,000	AMB Property L.P. 6.30%	06/01/2013	36,058	35,686	50,000	Carrols Corporation 9.00%	01/15/2013	51,139	44,268
225,000	American International Group, Inc., 6.25%	03/15/2037	189,806	180,562	100,000	Casella Waste Systems, Inc. 9.75%	02/01/2013	111,151	101,256
355,000	Ameriprise Financial, Inc. 7.52%	06/01/2066	361,349	310,073	45,000	Caterpillar Financial Asset Trust 5.34%	06/25/2012	46,380	45,957
70,000	Amgen Inc. 6.15%	06/01/2018	69,269	72,044	40,000	Caterpillar Inc. 6.05%	08/15/2036	45,506	40,493
175,000	Anadarko Petroleum Corporation 5.95%	09/15/2016	199,402	178,469	20,000	Centennial Communications Corp. 8.45%	01/01/2013	23,463	19,539
134,000	AO Siberian Oil Company 10.75%	01/15/2009	156,513	139,744	150,000	Centex Home Equity Loan Trust 5.27%	10/25/2035	155,042	145,377
75,000	Apache Corporation 5.25%	04/15/2013	85,661	77,124	143,000	Charter Communications Holdings LLC 13.50%	01/15/2011	118,419	120,057
40,000	Appalachian Power Company 5.65%	08/15/2012	42,463	40,749	150,000	Charter Communications Holdings, LLC 13.50%	01/15/2014	157,260	108,380
13,000,000	ASIF III Jersey Ltd. 0.95%	07/15/2009	107,096	124,210	277,281	Chase Mortgage Finance Corporation 4.24%	02/25/2037	253,866	271,219
35,000	AT&T Corp. 8.05%	11/15/2011	37,661	37,763	334,696	Chase Mortgage Finance Corporation 5.00%	09/25/2018	391,505	318,691
31,000	AT&T Corp. 8.50%	11/15/2031	41,348	36,276	260,000	Citibank Credit Card Issuance Trust 6.15%	06/15/2039	277,353	258,389
20,000	AT&T Inc. 6.30%	01/15/2038	19,806	19,264	125,000	Citigroup Capital XXI 8.30%	12/21/2077	128,174	119,677
115,000	AVA Capital Trust III 6.50%	04/01/2034	150,535	109,695	110,000	Citigroup Inc. 5.50%	04/11/2013	110,633	108,203
60,000	Banc of America Commercial Mortgage Inc. 5.35%	09/10/2047	59,847	56,568	250,000	Citigroup Inc. 8.40%	04/29/2049	251,762	235,642
130,000	Banc of America Commercial Mortgage Inc. 5.49%	06/10/2039	137,613	129,359	544,058	Citigroup Mortgage Loan Trust Inc. 5.63%	03/25/2037	573,099	440,714
115,000	Banc of America Commercial Mortgage Inc. 5.63%	04/10/2049	125,311	115,494	593,490	Citigroup Mortgage Securities, Inc. 5.50%	01/25/2022	611,268	573,465
330,000	Banc of America Commercial Mortgage Inc. 5.63%	07/10/2046	378,606	323,402	160,000	Citizens Communications Company 9.00%	08/15/2031	160,137	146,949
435,000	Banc of America Commercial Mortgage Inc. 5.89%	07/10/2044	484,402	433,409	60,000	CNH Equipment Trust 5.40%	10/17/2011	62,224	61,574
95,000	Banc of America Commercial Mortgage Inc. 6.20%	12/10/2017	96,910	94,959	150,000	Comcast Corporation 5.80%	07/14/2009	162,002	150,935
147,614	Banc of America Mortgage Securities 4.92%	08/25/2035	142,690	142,767	315,000	Comcast Corporation 6.30%	11/15/2017	325,939	320,189
40,323	Banc of America Mortgage Securities 5.50%	09/25/2035	40,293	40,929	65,000	Comcast Corporation 6.50%	11/15/2035	65,997	63,544
60,000	Bancolumbia S.A. 6.88%	05/25/2017	64,255	60,067	50,000	Commercial Mortgage Pass-Through Certificates 5.69%	06/10/2046	55,645	50,874
54,203	Bank of America Alternative Loan Trust 5.50%	04/25/2020	68,569	55,143	115,000	Commonwealth Edison Company 6.15%	09/15/2017	120,740	117,709
78,397	Bank of America Alternative Loan Trust 6.00%	12/25/2033	106,661	67,908	180,000	Constellation Brands, Inc. 8.13%	01/15/2012	181,997	182,261
49,156	Bank of America Alternative Loan Trust 6.00%	12/25/2034	62,164	42,775	90,000	Continental Airlines, Inc. 6.50%	06/15/2011	110,225	84,719
60,053	Bank of America Alternative Loan Trust 6.00%	06/25/2035	76,847	59,203	40,000	Cooper-Standard Automotive, Inc. 8.38%	12/15/2014	35,318	30,122
45,736	Bank of America Alternative Loan Trust 6.00%	03/25/2034	63,001	42,718	6,096	Countrywide Alternative Loan Trust 4.67%	08/25/2034	7,495	6,153
26,532	Bank of America Alternative Loan Trust 6.00%	11/25/2034	34,288	23,091	76,491	Countrywide Alternative Loan Trust 5.50%	03/25/2036	88,154	74,236
105,000	Bank of America Corporation 5.65%	05/01/2018	105,712	99,916	122,279	Countrywide Alternative Loan Trust 5.92%	11/25/2035	145,767	115,227
235,000	Bank of America Corporation 8.00%	12/29/2049	235,803	226,059	52,548	Countrywide Alternative Loan Trust 6.00%	01/25/2035	64,719	47,067
173,127	Bank of America Mortgage Securities 6.00%	09/25/2037	169,094	168,475	130,000	Countrywide Asset Backed Certificates 5.73%	08/25/2036	150,361	82,886
175	Bank of America Mortgage Securities Inc. 3.43%	05/25/2033	255	173	200,000	Countrywide Asset-Backed Certificates 5.71%	11/25/2035	229,168	71,248
104,513	Bank of America Mortgage Securities Inc. 4.75%	10/25/2020	120,777	97,934	62,535	Countrywide Home Loans 6.00%	03/25/2036	71,722	61,014
45,000	Bank One Corporation 5.90%	11/15/2011	47,423	46,236	80,895	Countrywide Home Loans 6.14%	05/20/2036	95,460	70,328
265,000	Baxter Internatioal Inc. 4.63%	03/15/2015	257,150	256,071	45,848	Countrywide Home Loans Inc. 4.84%	09/20/2034	44,477	43,349
65,000	Baxter International Inc. 5.38%	06/01/2018	64,281	65,094	70,000	Countrywide Home Loans, Inc. 4.13%	09/15/2009	63,753	68,030
83,421	Bear Stearns ALT-A Trust 6.21%	05/25/2036	98,331	65,855	85,000	Cox Communications, Inc. 4.63%	01/15/2010	95,208	85,620
87,943	Bear Stearns Asset Backed Securities, Inc. 5.50%	11/25/2035	100,657	71,727	75,000	CP&L, Inc. 6.30%	04/01/2038	74,690	77,150
40,000	BellSouth Corporation 4.20%	09/15/2009	47,245	40,965	20,000	CPG International 1 Inc. 10.50%	07/01/2013	23,678	16,995
90,000	Berkshire Hathaway Finance Corp. 4.85%	01/15/2015	91,007	91,004					

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 (Unaudited – Continued)

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
13,501	Credit Suisse First Boston Mortgage Corp. 7.00%	12/25/2033	18,747	11,478	300,000	General Motors Acceptance Corporation 8.00%	11/01/2031	296,451	198,442
5,815	Credit Suisse First Boston Mortgage Corp. 7.00%	02/25/2034	8,111	5,895	60,000	General Motors Corporation 8.38%	07/15/2033	51,543	35,720
30,000	Credit Suisse First Boston Mortgage Corp. 5.56%	02/15/2039	33,524	29,763	85,000	Georgia-Pacific Corp. 9.50%	12/01/2011	87,393	88,230
100,000	Credit-Based Asset Servicing and Securitization LLC 5.72%	01/25/2037	117,985	87,389	23,900,000	Glitnir Banki HF 12.50%	08/25/2008	321,024	307,698
50,000	CVS Caremark Corporation 4.875%	09/15/2014	47,265	48,929	753,486	GMAC Mortgage Corporation Loan Trust 5.19%	05/25/2035	793,152	722,425
50,000	Darden Restaurants, Inc. 6.80%	10/15/2037	48,667	43,414	589,896	GSR Mortgage Loan Trust 5.39%	01/25/2036	611,180	566,376
75,000	Dean Holding Co. 6.63%	05/15/2009	74,794	75,847	200,000	Harrah's Operating Company, Inc. 6.50%	06/01/2016	196,647	111,942
60,000	Developers Diversified Realty Corporation 4.63%	08/01/2010	58,664	58,811	125,000	HCA, Inc. 6.38%	01/15/2015	103,219	105,581
25,000	Developers Diversified Realty Corporation 5.38%	10/15/2012	24,598	23,825	100,000	Health Net Inc. 6.38%	06/01/2017	110,488	87,943
150,000	Devon Energy Corporation 7.95%	04/15/2032	182,281	180,942	105,000	HEALTHSOUTH Corporation 10.75%	06/15/2016	111,355	115,001
135,000	Discover Financial Services 3.32%	06/11/2010	119,850	119,695	50,000	HEALTHSOUTH Corporation 9.13%	06/15/2014	48,706	51,837
75,000	Duke Energy Carolinas, LLC 6.05%	04/15/2038	76,234	75,192	250,000	Hellenic Republic Government Bond 4.30%	07/20/2017	366,579	373,805
40,613	Elwood Energy, LLC 8.16%	07/05/2026	50,123	39,677	75,000	HRPT Properties Trust 5.75%	02/15/2014	72,462	71,060
220,000	Enterprise Products Operating L.P. 4.63%	10/15/2009	248,724	223,596	45,000	Hyundai Auto Receivables Trust 5.04%	01/17/2012	45,668	46,056
75,000	Enterprise Products Operating LLC 6.50%	01/31/2019	77,023	76,698	28,000	Idearc Inc. 8.00%	11/15/2016	29,474	17,951
80,000	EXCO Resources, Inc. 7.25%	01/15/2011	77,757	80,089	83,134	IndyMac INDX Mortgage Loan Trust 5.91%	12/25/2035	98,447	60,590
139,676	First Horizon Mortgage Pass-Through Trust 5.41%	09/25/2035	126,153	113,732	30,000	Inmarsat Finance PLC 10.38%	11/15/2012	29,691	30,797
53,584	First Horizon Mortgage Pass-Through Trust 5.70%	10/25/2034	68,774	52,323	45,000	Interface, Inc. 10.38%	02/01/2010	57,252	48,084
252,014	First Horizon Mortgage Pass-Through Trust 6.33%	11/25/2037	264,234	246,192	200,000	International Business Machines Corporation 5.70%	09/14/2017	205,112	206,636
17,879	First Horizon Mortgage Pass-Through Trust 8.00%	07/25/2033	26,846	17,763	65,000	International Lease Finance Corp. 5.88%	05/01/2013	67,852	59,695
235,000	Ford Motor Company 7.45%	07/16/2031	188,631	138,108	100,000	Intertape Polymer U.S. Inc. 8.50%	08/01/2014	93,303	90,316
30,000	Ford Motor Credit Company 7.38%	10/28/2009	31,779	28,033	135,000	Invesco PLC 5.63%	04/17/2012	153,828	132,014
100,000	Ford Motor Credit Company 8.00%	12/15/2016	112,820	74,799	65,000	iStar Financial Inc. 5.15%	03/01/2012	64,753	53,579
200,000	Ford Motor Credit Company 8.11%	01/13/2012	223,070	152,700	80,000	J.P. Morgan Chase & Co. 5.75%	01/02/2013	80,259	82,216
880,000	Ford Motor Credit Company 9.88%	08/10/2011	880,755	752,714	110,000	J.P. Morgan Mortgage Trust 5.14%	09/25/2035	129,549	102,983
620,000	Ford Motor Credit Company LLC 7.80%	06/01/2012	641,171	490,970	55,863	J.P. Morgan Mortgage Trust 5.41%	07/25/2035	61,430	55,443
105,000	FPL Group Capital Inc. 5.63%	09/01/2011	118,895	110,291	25,000	J.C. Penney Corp Inc. 6.38%	10/15/2036	24,831	21,555
25,000	Freeport-McMoran Copper & Gold, Inc. 8.25%	04/01/2015	29,391	26,268	125,000	J.P. Morgan Chase Commercial Mortgage Securities Corp. 4.99%	01/12/2037	153,951	123,127
280,000	Freescale Semiconductor Inc. 8.88%	12/15/2014	233,807	231,515	210,000	J.P. Morgan Chase Commercial Mortgage Securities Corp. 5.13%	05/15/2047	210,602	202,721
50,000	FTI 7.63%	06/15/2013	57,011	51,646	60,000	J.P. Morgan Chase Commercial Mortgage Securities Corp. 5.38%	07/12/2037	80,833	62,010
30,000	Gaylord Entertainment Company 8.00%	11/15/2013	36,388	29,308	104,352	J.P. Morgan Mortgage Trust 4.78%	02/25/2035	120,277	102,583
200,000	GE Capital Commercial Mortgage Corporation 6.53%	05/15/2033	206,669	207,855	205,000	J.P. Morgan Chase & Co. 6.40%	05/15/2038	202,725	196,228
68,000	GE Capital UK Funding 4.40%	01/18/2016	141,234	120,402	305,000	J.P. Morgan Chase & Co. 7.90%	04/29/2049	305,472	290,106
175,000	GE Capital Commercial Mortgage Corporation 6.30%	12/10/2035	226,403	179,049	193,774	J.P. Morgan Mortgage Trust 6.04%	10/25/2036	191,791	175,759
265,000	General Electric Capital Corporation 6.50%	01/27/2009	204,185	202,668	126,000	Kansas City Southern Railway 7.50%	06/15/2009	127,828	129,506
500,000	General Electric Capital Corporation 5.02%	02/02/2011	91,176	99,039	50,000	Kansas City Southern Railway 8.00%	06/01/2015	49,718	51,519
500,000	General Electric Capital Corporation 5.13%	01/28/2014	82,728	81,068	8,000,000	KfW International Finance Inc. 1.75%	03/23/2010	83,346	77,776
120,000	General Electric Capital Corporation 5.63%	05/01/2018	119,865	119,936	10,000,000	KfW International Finance Inc. 2.60%	06/20/2037	100,859	98,388
215,000	General Electric Capital Corporation 5.88%	01/14/2038	206,347	198,328	520,000	Kommunal banken AS 4.25%	10/24/2011	96,018	98,734
20,000	General Electric Company 5.25%	12/06/2017	19,772	19,698	130,000	Kraft Foods Inc. 4.13%	11/12/2009	145,081	131,945
15,000	General Motors Acceptance Corporation 6.88%	08/28/2012	13,749	10,292	95,000	Kraft Foods Inc. 6.13%	08/23/2018	92,485	93,588
400,000	General Motors Acceptance Corporation 6.88%	09/15/2011	459,652	291,322	145,000	LaBranche & Co Inc. 11.00%	05/15/2012	149,839	152,355
					100,000	LB-UBS Commerical Mortgage Trust 6.46%	03/15/2031	122,918	98,589
					45,000	Lear Corporation 8.75%	12/01/2016	52,908	35,834
					10,000	Lehman Brothers Holdings Inc. 6.75%	12/28/2017	10,541	9,609
					110,000	Lehman Brothers Holdings Inc. 6.88%	07/17/2037	113,388	96,474
					40,000	Lehman Brothers Holdings Inc. 6.88%	05/02/2018	40,417	39,597
					215,000	Lehman Brothers Holdings Inc. 7.50%	05/11/2038	214,764	202,687
					75,769	Lehman Mortgage Trust 5.50%	12/25/2035	90,108	74,059

Portfolio Advisor: Logan Circle Partners, L.P.

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Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
35,000	Level 3 Financing, Inc. 8.75%	02/15/2017	33,212	30,542	52,710	Residential Asset Mortgage Products, Inc. 6.00%	05/25/2032	68,457	51,953
60,000	Macy's Retail Holdings Inc 7.88%	07/15/2015	60,840	61,620	36,546	Residential Asset Mortgage Products, Inc. 6.50%	07/25/2032	46,754	34,014
75,000	Mandalay Resort Group 9.38%	02/15/2010	79,475	75,942	8,045	Residential Asset Mortgage Products, Inc. 7.00%	11/25/2031	11,358	8,177
40,000	Mandalay Resort Group 9.50%	08/01/2008	45,843	40,808	55,000	Residential Capital Corporation 8.13%	11/21/2008	48,718	49,254
70,000	Masco Corporation 6.00%	03/12/2010	73,262	66,476	65,000	Residential Capital LLC 5.98%	11/21/2008	58,967	57,879
10,469	Master Adjustable Rate Mortgages Trust 3.13%	12/25/2033	13,826	10,648	83,028	Residential Funding Mortgage Securities I 6.08%	09/25/2036	93,177	69,171
32,795	Master Adjustable Rate Mortgages Trust 5.38%	06/25/2035	36,064	33,165	155,000	Residential Funding Mortgage Securities II 5.79%	02/25/2036	173,703	93,561
52,079	Master Alternative Loans Trust 5.50%	12/25/2018	70,757	50,314	50,000	Resona Bank, Limited 4.13%	12/31/2049	74,018	66,185
10,354	Master Alternative Loans Trust 8.00%	09/25/2033	14,851	10,678	40,000	Reynolds American Inc. 6.50%	07/15/2010	43,830	41,520
80,000	McDonald's Corporation 5.80%	10/15/2017	77,902	82,776	265,000	Rio Tinto Finance (USA) Limited 5.88%	07/15/2013	267,386	271,362
85,000	Medco Health Solutions, Inc. 6.13%	03/15/2013	87,530	86,862	80,000	Rio Tinto Finance (USA) Limited 7.13%	07/15/2028	80,472	82,770
140,000	Medco Health Solutions, Inc. 7.25%	08/15/2013	148,813	151,304	100,000	Royal Bank of Scotland Group PLC 7.64%	03/31/2049	105,854	92,839
135,000	Merrill Lynch & Co., Inc. 6.15%	04/25/2013	137,213	134,088	100,000	RSB Bondco LLC 5.72%	04/01/2018	106,715	101,164
175,000	Merrill Lynch & Co., Inc. 6.88%	04/25/2018	176,301	169,420	100,000	RSHB Capital SA 6.88%	11/29/2010	100,938	103,044
160,000	Merrill Lynch & Co., Inc. 7.75%	05/14/2038	161,019	156,951	30,000	Rural Cellular Corporation 9.88%	02/01/2010	39,144	31,178
30,000	Merrill Lynch Mortgage Trust 5.69%	02/12/2051	29,707	28,738	75,000	Safeway Inc. 6.35%	08/15/2017	78,768	77,823
100,000	Merrill Lynch & Co., Inc. 6.11%	01/29/2037	82,428	82,972	25,000	Seabulk International, Inc. 9.50%	08/15/2013	34,425	26,713
30,000	MetLife, Inc. 5.00%	06/15/2015	28,851	29,038	75,000	SLM Corporation 5.40%	10/25/2011	80,543	68,055
60,000	Michaels Stores, Inc. 11.38%	11/01/2016	58,409	48,695	145,000	SLM Corporation 8.45%	06/15/2018	144,894	139,840
21,956	Mid State Trust 4.86%	07/15/2038	29,217	21,928	110,000	Smurfit-Stone Container Corp. 8.38%	07/01/2012	107,875	98,509
95,000	MidAmerican Funding, LLC 6.75%	03/01/2011	117,782	101,525	120,000	Southern Copper Corporation 7.50%	07/27/2035	128,067	118,302
16,967	Mid-State Capital Corporation 6.01%	08/15/2037	22,604	16,914	180,000	Sprint Capital Corp. 7.63%	01/30/2011	218,726	180,058
145,000	Montpelier Re Holdings Ltd. 6.13%	08/15/2013	158,556	141,711	35,000	Sprint Capital Corp. 8.75%	03/15/2032	34,849	34,178
250,000	Morgan Stanley 10.09%	05/03/2017	131,285	122,044	95,000	Sprint Nextel Corporation 5.76%	06/28/2010	100,966	89,147
395,000	Morgan Stanley 6.63%	04/01/2018	408,007	383,086	54,213	Structured Adjustable Rate Mortgage Loan 5.50%	12/25/2034	65,382	51,917
39,928	Morgan Stanley Mortgage Loan Trust 6.50%	02/25/2036	46,636	35,731	348,210	Structured Adjustable Rate Mortgage Loan 5.58%	06/25/2036	366,732	282,086
170,000	Motorola, Inc. 5.38%	11/15/2012	170,449	158,489	48,614	Structured Asset Securities Corporation 3.38%	08/25/2031	55,404	41,152
285,000	New Cingular Wireless Services Inc. 8.13%	05/01/2012	330,981	317,847	45,725	Structured Asset Securities Corporation 6.00%	05/25/2034	61,907	43,520
100,000	New South Wales Treasury Corporation 6.00%	05/01/2012	85,225	93,332	11,325	Structured Asset Securities Corporation 7.00%	11/25/2032	16,430	11,719
149,733	Nomura Asset Acceptance Corporation 4.79%	03/25/2035	187,871	145,400	95,000	SunGard Data Systems Inc. 10.25%	08/15/2015	99,934	97,160
30,000,000	Nordic Investment Bank 1.70%	04/27/2017	283,571	289,947	350,000	Target Corporation 7.00%	01/15/2038	369,865	362,968
840,000	Nordic Investment Bank 4.63%	07/30/2010	147,406	161,805	90,000	Telecom Italia Capital SA 7.00%	06/04/2018	89,114	92,453
35,000	NRG Energy, Inc. 7.38%	02/01/2016	35,959	33,659	140,000	Telecom Italia Capital SA 7.72%	06/04/2038	138,881	147,611
50,000	Nuveen Investments Inc. 5.00%	09/15/2010	45,866	45,285	165,000	Telecom Italia Capital SA 4.00%	01/15/2010	179,757	165,542
120,000	Oracle Corporation 5.75%	04/15/2018	122,313	121,247	120,000	Telecom Italia Capital SA 6.11%	07/18/2011	136,062	116,090
50,000	Orion Power Holdings, Inc. 12.00%	05/01/2010	69,404	54,826	75,000	Telefonica Emisiones SAU 5.98%	06/20/2011	83,082	78,016
30,000	Pactiv Corporation 6.40%	01/15/2018	31,812	29,485	82,000	The Bear Stearns Companies Inc. 5.63%	07/16/2009	85,829	82,523
95,000	Pepco Holdings, Inc. 5.86%	06/01/2010	107,133	95,448	125,000	The Bear Stearns Companies Inc. 5.85%	07/19/2010	130,738	129,907
25,000	PetroHawk Energy Corporation 9.13%	07/15/2013	30,450	26,014	20,000	The Bear Stearns Companies Inc. 7.25%	02/01/2018	20,075	21,301
175,000	Philip Morris International Inc. 4.88%	05/16/2013	175,075	175,023	55,000	The Bear Stearns Companies Inc., 5.55%	01/22/2017	52,021	51,777
295,000	Philip Morris International Inc. 5.65%	05/16/2018	295,163	292,765	63,000,000	The Development Bank of Japan 1.70%	09/20/2022	542,184	582,788
125,000	Philip Morris International Inc. 6.38%	05/16/2038	124,834	124,316	30,000	The Goldman Sachs Group, Inc. 6.75%	10/01/2037	28,829	28,300
55,000	Popular North America Capital Trust I 6.56%	09/15/2034	67,367	38,151	194,000	The International Bank for Reconstruction and Development 17.75%	07/30/2008	158,350	161,070
50,000	Potlatch Corporation 9.13%	12/01/2009	65,176	54,126	175,000	The Kroger Co. 6.40%	08/15/2017	177,666	183,838
24,247	Prime Mortgage Trust 6.00%	02/25/2034	33,066	23,219					
65,000	Quebecor World Inc. 6.13%	11/15/2013	53,620	25,136					
15,000	R.H. Donnelley Corp. 8.88%	01/15/2016	18,130	9,388					
95,000	Regency Centers LP 5.88%	06/15/2017	98,153	89,256					
190,000	Renaissance Home Equity Loan Trust 5.61%	05/25/2036	216,633	186,314					
50,000	Renaissance Home Equity Loan Trust 5.68%	06/25/2037	55,338	46,061					

Portfolio Advisor: Logan Circle Partners, L.P.

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

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
8,181	Fannie Mae 7.50%	04/01/2032	11,883	8,867
8,207	Fannie Mae 7.50%	12/25/2041	11,831	8,859
5,810	Fannie Mae 7.50%	06/01/2031	9,316	6,300
15,835	Fannie Mae 7.50%	06/01/2034	20,819	17,072
27,236	Fannie Mae 7.50%	11/25/2026	38,917	29,322
22,792	Fannie Mae 9.50%	07/25/2041	35,263	24,091
13,731	Freddie Mac 3.73%	04/01/2034	17,933	14,043
17,900	Freddie Mac 4.00%	02/01/2014	22,311	17,616
145,000	Freddie Mac 4.50%	07/15/2019	142,314	142,500
70,353	Freddie Mac 4.50%	10/15/2031	84,449	70,921
20,000	Freddie Mac 4.88%	05/18/2012	21,142	21,035
50,000	Freddie Mac 5.00%	12/15/2028	60,118	51,581
115,000	Freddie Mac 5.00%	02/15/2029	133,030	118,613
115,000	Freddie Mac 5.00%	07/15/2025	127,146	111,804
78,506	Freddie Mac 5.00%	06/01/2018	78,867	79,366
55,000	Freddie Mac 5.00%	05/15/2036	50,155	53,095
115,000	Freddie Mac 5.00%	11/15/2029	138,524	118,469
100,000	Freddie Mac 5.00%	11/15/2029	120,295	102,996
100,000	Freddie Mac 5.00%	10/15/2024	97,350	97,821
113,524	Freddie Mac 5.00%	09/01/2033	154,646	111,541
105,000	Freddie Mac 5.50%	07/15/2030	104,989	109,332
85,000	Freddie Mac 6.00%	04/15/2035	90,476	88,864
155,000	Freddie Mac 6.00%	12/01/2099	159,821	159,313
70,806	Freddie Mac 6.50%	06/15/2031	92,091	75,012
35,091	Freddie Mac 6.50%	09/25/2043	50,523	37,398
30,268	Freddie Mac 7.00%	05/15/2024	39,583	32,399
14,375	Freddie Mac 7.00%	11/01/2033	20,077	15,479
81,741	Freddie Mac 5.68%	07/01/2036	86,510	84,905
81,566	Ginnie Mae 7.00%	12/15/2034	99,774	88,359
5,446	Ginnie Mae 7.50%	02/15/2032	7,943	5,928
30,000	State of California 5.00%	02/01/2033	40,773	30,145
40,000	State of California 5.00%	11/01/2030	50,373	40,867
80,000	State of New Jersey 5.75%	06/15/2029	96,410	78,616
280,000	United States Treasury Bond Zero Coupon	11/15/2013	237,679	236,235
50,000	United States Treasury Bond 2.00%	01/15/2026	57,965	53,933
1,525,000	United States Treasury Bond 3.88%	05/15/2018	1,519,686	1,540,519
5,000	United States Treasury Bond 4.38%	02/15/2038	4,840	4,968
			15,753,251	15,239,699

Sovereign Bonds (9.2%)

87,000	Asian Development Bank 0.50%	10/09/2012	53,169	63,105
27,000,000	European Investment Bank 1.40%	06/20/2017	245,591	254,301
200,000	European Investment Bank 3.63%	10/15/2013	305,509	300,460
775,000	Federal Republic of Germany 3.50%	01/04/2016	1,120,530	1,153,752
85,000	Federal Republic of Germany 3.75%	01/04/2017	113,865	127,903
305,000	Federal Republic of Germany 4.00%	01/04/2037	414,989	422,755
160,000	Federal Republic of Germany 5.00%	01/04/2012	234,462	258,746
395,000	Government of France 3.75%	01/12/2013	624,497	606,471
100,000	Government of France 4.00%	10/25/2038	147,827	135,547
155,000	Government of France 4.00%	04/25/2055	215,431	205,352
195,000	Government of Poland 5.25%	10/25/2017	73,395	84,524
254,000	Government of Poland 6.25%	10/24/2015	99,674	118,401

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
280,000	Inter-American Development Bank 9.00%	08/06/2010	156,460	169,197
30,000,000	Japan Finance Corporation for Municipal Enterprises 1.90%	06/22/2018	282,944	290,252
340,000	Kingdom of Belgium 3.00%	03/28/2010	537,892	528,980
435,000	Republic of Argentina 1.32%	12/15/2035	24,203	43,825
89,000	Republic of Austria 5.25%	01/04/2011	131,955	144,269
75,000	Republic of Korea 4.25%	12/07/2021	113,400	100,566
10,000	Republic of Turkey 6.88%	03/17/2036	11,158	8,472
130,000	United Kingdom Treasury 4.25%	03/07/2011	254,071	257,553
112,000	United Kingdom Treasury 5.00%	03/07/2012	222,313	225,775
70,000	United Kingdom Treasury 5.00%	09/07/2014	140,419	140,747
20,000	United Kingdom Treasury 5.00%	03/07/2018	42,583	40,124
29,000	United Kingdom Treasury 9.00%	07/12/2011	72,800	64,945
			5,639,137	5,746,022

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
	Equity Investments (0.8%)		
	Financials (0.8%)		
28,271	Adelphia Recovery Trust	18,502	9,494
3,525	Fannie Mae 8.25% Series S Preferred	88,715	82,111
4,950	Fannie Mae 8.25% Series T Preferred	124,146	120,443
11,325	Freddie Mac 8.38% 12/31/12 Series Z Preferred	285,923	278,902
		517,286	490,950
	Utilities (0.0%)		
10	Mirant Corporation	—	398
	Short-Term Notes (Schedule 1) (11.5%)	7,359,017	7,326,353
	Total Investments (108.2%)	73,827,329	68,734,375
	Foreign Currency Spot and Forward Contracts (Schedule 2) (-0.1%)	—	(44,914)
	Total Investment Portfolio (108.1%)	73,827,329	68,689,461
	Other Assets, Less Liabilities (-8.1%)		(5,181,032)
	Total Net Assets (100.0%)		63,508,429
	Net Assets per Unit		\$6.89

* Bonds are comprised of 87% US\$ denominated bonds and 13% bonds denominated in other foreign currencies.

**Schedule 1
Short-Term Notes**

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$6,500,000	Freddie Mac 2.03%	07/14/2008	6,647,214	6,609,590
704,331	State Street Trust Company Canada U.S. Dollar Call Deposit	07/02/2008	711,803	716,763
Total Short-Term Notes			7,359,017	7,326,353

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.

Statement of Investment Portfolio as at June 30, 2008

Schedule 2

Foreign Currency Forward and Spot Contracts Value

Contracts	Pay		Receive		Due Date	Credit Rating(1)	Fair Value (\$)
1	243,148	Australia Dollar	232,855	U.S. Dollar	07/03/2008	AA	(280)
1	1,000,000	Australia Dollar	956,090	U.S. Dollar	07/09/2008	AA-	(1,493)
1	750,000	Australia Dollar	714,684	U.S. Dollar	07/09/2008	AA-	(15,382)
1	77,010	Australia Dollar	71,104	U.S. Dollar	07/16/2008	A+	(2,609)
1	327,990	Australia Dollar	302,576	U.S. Dollar	09/16/2008	AA	(9,078)
1	90,000	Brazilian Real	56,320	U.S. Dollar	07/02/2008	AA	(14)
1	100,000	Brazilian Real	62,578	U.S. Dollar	07/02/2008	AA	(15)
1	125,000	Brazilian Real	77,640	U.S. Dollar	07/02/2008	AA	(612)
1	125,000	Brazilian Real	77,018	U.S. Dollar	08/04/2008	AA	(581)
1	150,000	Euro Dollar	231,215	U.S. Dollar	09/16/2008	AA	(4,344)
1	1,993,911	Euro Dollar	3,076,823	U.S. Dollar	09/16/2008	AA	(54,337)
1	170,000	Euro Dollar	264,238	U.S. Dollar	09/16/2008	AA	(3,583)
1	170,000	Euro Dollar	264,238	U.S. Dollar	09/16/2008	AA	(2,689)
1	31,848,000	Japanese Yen	300,000	U.S. Dollar	07/01/2008	A+	(360)
1	105,396,000	Japanese Yen	1,000,000	U.S. Dollar	07/03/2008	AA	6,132
1	53,809,000	Japanese Yen	500,000	U.S. Dollar	09/16/2008	AA	(10,161)
1	134,071,358	Japanese Yen	1,248,112	U.S. Dollar	09/19/2008	AA	(23,158)
1	358,000	Pound Sterling	691,925	U.S. Dollar	09/16/2008	AA	(18,315)
1	70,667	Pound Sterling	140,026	U.S. Dollar	09/16/2008	A+	(110)
1	498,047	Swiss Franc	478,110	U.S. Dollar	09/16/2008	AA-	(11,101)
1	1,430,018	U.S. Dollar	1,500,000	Australia Dollar	07/09/2008	AA-	6,431
1	475,757	U.S. Dollar	503,250	Australia Dollar	09/16/2008	AA-	2,222
1	230,602	U.S. Dollar	243,148	Australia Dollar	09/16/2008	AA	323
1	60,643	U.S. Dollar	100,000	Brazilian Real	07/02/2008	AA	1,985
1	54,595	U.S. Dollar	90,000	Brazilian Real	07/02/2008	AA	1,769
1	75,666	U.S. Dollar	125,000	Brazilian Real	07/02/2008	AA	2,621
1	99	U.S. Dollar	100	Canadian Dollar	09/16/2008	AA	-
1	697,208	U.S. Dollar	450,000	Euro Dollar	07/25/2008	A+	10,832
1	1,698,532	U.S. Dollar	1,100,000	Euro Dollar	09/16/2008	AA-	28,845
1	313	U.S. Dollar	202	Euro Dollar	09/16/2008	AA	4
1	300,000	U.S. Dollar	31,899,000	Japanese Yen	07/01/2008	A+	849
1	1,000,000	U.S. Dollar	105,793,000	Japanese Yen	07/03/2008	AA-	(2,323)
1	745,071	U.S. Dollar	80,000,000	Japanese Yen	09/16/2008	AA-	13,375
1	732,309	U.S. Dollar	78,862,362	Japanese Yen	09/16/2008	AA	15,391
1	300,000	U.S. Dollar	31,767,000	Japanese Yen	09/16/2008	A+	1,096
1	140,830	U.S. Dollar	70,667	Pound Sterling	07/03/2008	A+	38
1	660,851	U.S. Dollar	4,000,000	Swedish Krona	09/16/2008	AA	1,283
1	763,453	U.S. Dollar	800,000	Swiss Franc	09/16/2008	AA	22,435
Total Foreign Currency Forward and Spot Contracts Value							(44,914)

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	5,034	0.0
Brazilian Real	90,201	0.1
Euro Currency	3,234,556	5.1
Iceland Krona	343,764	0.5
Japanese Yen	1,577,581	2.5
New Russian Ruble	104	0.0
New Turkish Lira	161,070	0.3
New Zealand Dollar	203,358	0.3
Norwegian Krone	359,579	0.6
Polish Zloty	202,927	0.3
Pound Sterling	127,651	0.2
Swedish Krona	757,348	1.2
Swiss Franc	318,182	0.5
U.S. Dollar	<u>61,452,711</u>	<u>96.8</u>
Total	<u>68,834,066</u>	<u>108.4</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$6,883,407 (approximately 10.8% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2008, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables

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

Discussion of Financial Instrument Risk

As at June 30, 2008

held constant, net assets would have decreased or increased by approximately \$708,156 (approximately 1.1% of the Fund's net assets). The Fund's sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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

(\$)	Less than					Total
	1 year	1-3 years	3-5 years	5-10 years	> 10 years	
Bonds	<u>8,671,970</u>	<u>4,725,696</u>	<u>6,783,595</u>	<u>13,071,258</u>	<u>34,990,508</u>	<u>68,243,027</u>

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

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

The Fund enters into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the market value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned. As of June 30, 2008, debt securities by credit rating are as follows:

	Percent of Total Bonds (%)	Percent of Total Net Assets* (%)
A- to AAA+	57.9	55.5
B- to BBB+	22.1	21.2
C- to CCC+	1.6	1.6
D- to DDD+	0.2	0.2
NR or other	<u>18.2</u>	<u>17.4</u>
Total	<u>100.0</u>	<u>95.9</u>

* Based on GAAP NAV.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$90,994,933	\$100,870,237
*Cash	7,738,013	6,411,509
Subscriptions receivable	443,565	302,809
Receivable for securities sold	168,742	–
Accrued investment income	370,946	425,857
	<u>99,716,199</u>	<u>108,010,412</u>
Liabilities		
Payable on open spot contracts	312	1,520
Payable for securities purchased	547,517	212,812
Redemptions payable	153,989	58,326
Accrued expenses	60,122	75,164
	<u>761,940</u>	<u>347,822</u>
Net assets representing unitholders' equity	<u>\$98,954,259</u>	<u>\$107,662,590</u>
Number of units outstanding	<u>7,706,102</u>	<u>7,616,274</u>
Net assets per unit	<u>\$ 12.84</u>	<u>\$ 14.14</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 1,729,610	\$ 1,027,028
Interest	119,724	415,174
Securities lending	24,015	9,267
Less: Foreign withholding taxes	<u>(334,034)</u>	<u>(221,681)</u>
	<u>1,539,315</u>	<u>1,229,788</u>
Expenses		
Legal fees	2,552	1,108
Audit fees	9,646	8,855
Custody fees	53,134	20,734
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	10,117	22,979
Unitholder administration, service fees and GST	59,813	55,121
	<u>143,175</u>	<u>115,440</u>
Net investment income (loss)	<u>1,396,140</u>	<u>1,114,348</u>
Net realized gain (loss) on investments sold	(3,214,168)	7,127,925
Net realized gain (loss) on foreign exchange	(48,248)	(101,533)
Net realized gain (loss) from trust units/ underlying funds	136,388	(32,140)
Change in unrealized appreciation (depreciation) of investments	(7,805,677)	(18,307,203)
Change in unrealized appreciation (depreciation) of foreign exchange	32,163	(18,347)
Transaction costs (Note 2)	<u>(150,046)</u>	<u>(57,656)</u>
Net gain (loss) on investments and transaction costs	<u>(11,049,588)</u>	<u>(11,388,954)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (9,653,448)</u>	<u>\$ (10,274,606)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.24)</u>	<u>\$ (1.90)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$107,662,590	\$105,244,128
Increase (decrease) in net assets from operations	<u>(9,653,448)</u>	<u>(10,274,606)</u>
	<u>98,009,142</u>	<u>94,969,522</u>
Unit Transactions:		
Proceeds from issue	17,575,009	25,583,180
Payments on redemption	<u>(16,629,892)</u>	<u>(16,476,323)</u>
	<u>945,117</u>	<u>9,106,857</u>
Increase (decrease) in net assets	<u>(8,708,331)</u>	<u>(1,167,749)</u>
Net Assets, End of Period	<u>\$ 98,954,259</u>	<u>\$104,076,379</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (9.3%)				Sweden (2.6%)			
1,154,000	Commonwealth Property Office Fund	1,565,707	1,388,597	165,300	Fabege AB	1,713,075	1,118,136
607,651	DB RREEF Trust	869,532	816,605	145,100	Hufvudstaden AB Series A	1,488,214	1,417,900
273	General Property Trust	1,193	593			<u>3,201,289</u>	<u>2,536,036</u>
409,992	Macquarie Goodman Group	2,140,859	1,239,187	United Kingdom (9.8%)			
322,984	Stockland	2,354,552	1,695,767	124,579	British Land Company, PLC	2,135,149	1,778,597
256,204	Westfield Group	4,683,743	4,062,767	58,300	Brixton PLC	384,991	283,853
		<u>11,615,586</u>	<u>9,203,516</u>	61,003	Derwent Valley Holdings PLC	2,032,370	1,245,311
Belgium (0.9%)				88,604	Great Portland Estates PLC	952,270	605,034
4,600	Cofinimmo	879,442	849,896	83,300	Hammerson Property & Investment Development Corporation, PLC	1,939,599	1,499,598
Canada (1.2%)				144,900	Helical Bar PLC	1,160,288	864,825
27,062	Allied Properties REIT	541,610	545,840	86,248	Land Securities Group PLC	2,701,199	2,141,988
35,439	Primaris Retail REIT	559,356	645,699	74,200	Liberty International PLC	1,495,339	1,288,341
		<u>1,100,966</u>	<u>1,191,539</u>			<u>12,801,205</u>	<u>9,707,547</u>
China (0.6%)				United States (34.3%)			
296,400	Guangzhou R&F Properties Company Limited	1,234,219	560,983	11,500	Alexandria Real Estate Equities, Inc.	1,079,588	1,139,168
Finland (0.9%)				23,700	AMB Property Corp.	1,371,703	1,213,392
92,764	Citycon Oyj	530,682	476,746	16,600	Avalonbay Communities, Inc.	1,846,379	1,506,179
51,900	Technopolis Oyj	419,181	429,910	28,500	Boston Properties, Inc.	2,650,675	2,613,463
		<u>949,863</u>	<u>906,656</u>	12,400	Digital Realty Trust, Inc.	438,713	515,859
France (4.4%)				66,400	Douglas Emmett, Inc.	1,596,519	1,484,556
4,100	Gecina	660,240	504,056	13,600	Equity Residential	627,630	529,381
16,320	Unibail	3,739,162	3,835,716	7,400	Essex Property Trust, Inc.	771,366	802,010
		<u>4,399,402</u>	<u>4,339,772</u>	23,600	Federal Realty Investment Trust	1,786,853	1,657,141
Germany (0.7%)				33,600	General Growth Properties Inc.	1,680,511	1,196,073
34,128	IVG Immobilien AG	1,230,477	683,874	88,432	Host Marriott Corp.	1,613,631	1,227,502
Hong Kong (12.5%)				49,200	Kimco Realty Corp.	2,007,659	1,726,858
714,100	China Resources Land Limited	1,361,434	1,004,692	19,300	LaSalle Hotel Properties	790,152	492,391
557,600	Hang Lung Properties Ltd.	2,318,780	1,814,990	52,500	ProLogis Trust	3,022,248	2,898,929
311,100	Hongkong Land Holdings Limited	1,360,297	1,344,181	17,300	Public Storage, Inc.	1,343,449	1,422,160
190,400	Hysan Development Company, Limited	594,335	532,465	21,500	Regency Centers Corp.	1,487,337	1,293,296
251,319	Kerry Properties Limited	1,281,411	1,340,087	44,800	Simon Property Group, Inc.	3,697,497	4,098,150
594,900	Kowloon Development Company Limited	1,451,332	1,107,866	23,000	Sovran Self Storage, Inc.	893,909	970,411
247,000	Sun Hung Kai Properties Limited	4,056,768	3,403,032	11,600	Starwood Hotels & Resorts Worldwide, Inc.	672,196	473,016
476,600	The Link REIT	1,097,027	1,103,417	27,100	Tanger Factory Outlet Centers, Inc.	995,732	990,889
184,100	The Wharf (Holdings) Limited	880,637	782,858	15,700	Taubman Centers, Inc.	755,887	776,487
		<u>14,402,021</u>	<u>12,433,588</u>	11,600	The Macerich Co. REIT	843,066	733,428
Japan (11.1%)				46,300	Ventas, Inc.	1,989,833	2,005,779
16,000	AEON Mall Co., Ltd.	429,744	480,699	24,500	Vornado Realty Trust	2,462,068	2,194,053
114	Frontier Real Estate Investment Corporation	960,535	838,078			<u>36,424,601</u>	<u>33,960,571</u>
85	Kenedix Realty Investment Corporation	571,172	514,630	Total Investments (92.0%)			
148,000	Mitsubishi Estate Company, Limited	4,022,222	3,443,542			104,852,721	90,994,933
169,900	Mitsui Fudosan Co. Ltd.	4,018,663	3,690,960	Foreign Currency Spot Contracts —			
94	Nippon Building Fund Inc.	1,194,909	1,124,679	Schedule 1 (0.0%)			
284	NTT Urban Development Corporation	623,974	378,009			—	(312)
82,500	Tokyu Land Corporation	766,766	479,336	Adjustment for Transaction Costs (Note 2)			
		<u>12,587,985</u>	<u>10,949,933</u>			(70,224)	—
New Zealand (0.8%)				Total Investment Portfolio (92.0%)			
857,000	AMP NZ Office Trust	827,918	777,257			<u>104,782,497</u>	<u>90,994,621</u>
Singapore (2.4%)				Other Assets, Less Liabilities (8.0%)			
790,000	Ascott Residence Trust	828,789	633,372				7,959,638
182,000	Capitaland Limited	927,187	778,264	Total Net Assets (100.0%)			
192,000	CapitaMall Trust	395,351	430,370				<u>98,954,259</u>
649,900	Parkway Life Real Estate Investment Trust	500,846	549,996	Net Assets Per Unit			
		<u>2,652,173</u>	<u>2,392,002</u>				\$12.84
South Africa (0.5%)				REIT – Real Estate Investment Trust			
347,500	Growthpoint Properties Limited	545,574	501,763				

Portfolio Advisor: Citigroup Alternative Investments LLC

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

Schedule 1

Foreign Currency Spot Contracts Value

Contracts	Pay		Receive		Due Date	Credit Rating(1)	Fair Value (\$)
1	7,930	Pound Sterling	15,974	Canadian Dollar	07/02/2008	AA	(114)
1	169,056	Hong Kong Dollar	21,880	Canadian Dollar	07/02/2008	AA	(185)
1	184,884	Japanese Yen	1,761	Canadian Dollar	07/02/2008	AA	(13)
Total Foreign Currency Spot Contracts Value							(312)

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	9,202,260	9.3
Euro Currency	6,780,198	6.9
Hong Kong Dollar	11,655,981	11.8
Japanese Yen	10,814,113	10.9
New Zealand Dollar	777,257	0.8
Pound Sterling	9,707,548	9.8
Singapore dollar	2,392,002	2.4
South African Rand	501,763	0.5
Swedish Krona	2,683,132	2.7
U.S. Dollar	<u>35,733,062</u>	<u>36.1</u>
Total	<u>90,247,316</u>	<u>91.2</u>

The amounts in the above table are based on the fair value of the Fund’s financial instruments (including cash and cash equivalents as well as the underlying principal amounts of forward currency contracts). Other financial assets (including dividends and interest receivable and receivable for investments sold) and financial liabilities that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$9,024,732 (approximately 9.1% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

Discussion of Financial Instrument Risk

As at June 30, 2008

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$8,553,524 (approximately 8.6% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$86,628,354	\$91,448,365
*Cash	220,789	393,685
Margin deposits	69,096	15,120
Receivable on open forward contracts	1,672	27,966
Subscriptions receivable	55,322	320,587
Receivable for securities sold	643,693	287,262
Accrued investment income	360,446	360,071
	<u>87,979,372</u>	<u>92,853,056</u>
Liabilities		
Payable on open futures contracts	30,981	26,728
Payable for securities purchased	745,962	169,161
Redemptions payable	147,066	155,677
Accrued expenses	64,263	96,061
	<u>988,272</u>	<u>447,627</u>
Net assets representing unitholders' equity	<u>\$86,991,100</u>	<u>\$92,405,429</u>
Number of units outstanding	<u>5,473,079</u>	<u>5,833,679</u>
Net assets per unit	<u>\$ 15.89</u>	<u>\$ 15.84</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 515,780	\$ 441,948
Interest	1,021,960	1,164,033
Securities lending	6,933	5,795
Income (loss) from derivatives	(69,519)	-
Less: Foreign withholding taxes	(18,280)	(17,085)
	<u>1,456,874</u>	<u>1,594,691</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,484	7,986
Custody fees	101,998	107,689
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	4,852	13,525
Unitholder administration, service fees and GST	64,452	59,877
	<u>189,751</u>	<u>196,828</u>
Net investment income (loss)	<u>1,267,123</u>	<u>1,397,863</u>
Net realized gain (loss) on investments sold	(1,419,228)	4,377,588
Net realized gain (loss) on foreign exchange	27,243	27,701
Net realized gain (loss) from trust units	51,893	(12,367)
Gain (loss) on derivative investments	-	(18,042)
Change in unrealized appreciation (depreciation) of investments	1,640,419	(653,822)
Change in unrealized appreciation (depreciation) of foreign exchange	(28,108)	131,684
Transaction costs (Note 2)	(65,025)	(127,266)
Net gain (loss) on investments and transaction costs	<u>207,194</u>	<u>3,725,476</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 1,474,317</u>	<u>\$ 5,123,339</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.27</u>	<u>\$ 0.86</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$ 92,405,429	\$ 96,772,331
New accounting policy adjustment (Note 2)	-	(126,821)
Increase (decrease) in net assets from operations	1,474,317	5,123,339
Distributions to unitholders		
Investment income	(1,336,061)	(1,336,548)
	<u>92,543,685</u>	<u>100,432,301</u>
Unit Transactions:		
Proceeds from issue	6,227,589	16,170,449
Reinvested distributions	1,334,513	1,335,858
Payments on redemption	(13,114,687)	(16,032,313)
	<u>(5,552,585)</u>	<u>1,473,994</u>
Increase (decrease) in net assets	<u>(5,414,329)</u>	<u>5,133,964</u>
Net Assets, End of Period	<u>\$ 86,991,100</u>	<u>\$ 101,906,295</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.

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
Federal Government (10.1%)									
\$ 253,000	Canada Housing Trust 3.55%	03/15/2009	254,678	253,640	73,000	Canadian Tire Corporation, Limited 6.32%	02/24/2034	78,349	66,916
3,958,000	Canada Housing Trust 3.60%	06/15/2013	3,921,993	3,897,739	119,000	CHIP Mortgage Trust 5.61%	05/02/2011	119,000	117,810
320,000	Canada Housing Trust 3.70%	09/15/2008	321,462	320,602	237,000	Citigroup Finance Canada Inc. 5.50%	05/21/2013	235,970	233,529
1,173,000	Canada Housing Trust Strip Bond	06/15/2012	950,130	1,024,264	13,000	Citigroup Inc. 4.63%	01/17/2017	12,931	11,575
234,000	Government of Canada Strip Bond	06/01/2012	190,237	204,466	19,000	Citigroup Inc. 4.65%	10/11/2022	18,738	16,572
468,000	Government of Canada Strip Bond	03/15/2014	351,407	381,992	192,000	Citigroup Inc. 5.37%	03/06/2036	171,847	147,204
2,062,000	Government of Canada 4.50%	06/01/2018	2,129,397	2,133,588	241,381	Claregold Trust 5.07%	05/15/2044	238,891	238,110
364,000	Government of Canada 5.00%	06/01/2037	423,668	420,231	88,000	Column Canada Issuer Corporation 4.93%	01/15/2022	88,202	83,673
72,000	United States Treasury Notes 3.50%	05/31/2013	73,108	73,866	67,000	Countrywide Financial Corporation 6.25%	05/15/2016	67,832	60,342
			<u>8,616,080</u>	<u>8,710,388</u>	200,000	Credit Agricole SA 5.50%	12/31/2049	201,981	170,465
Provincial Government (3.6%)									
150,000	Alberta Capital Finance Authority 4.45%	12/15/2025	144,390	144,840	206,000	Domtar Corporation 5.38%	12/01/2013	203,836	185,528
720,000	Hydro-Quebec 5.00%	02/15/2045	725,135	739,787	96,000	ERAC Canada Finance Ltd. 5.38%	02/26/2016	95,918	92,930
19,000	Hydro-Quebec 6.00%	02/15/2040	22,465	22,534	54,000	Erac USA Finance Company 7.00%	10/15/2037	52,426	46,254
28,000	Hydro-Quebec 6.50%	02/15/2035	35,252	34,846	131,000	GE Capital Canada Funding Company 4.55%	01/17/2017	123,660	121,882
19,000	Province of British Columbia 4.70%	06/18/2037	18,233	18,983	177,000	GE Capital Canada Funding Company 5.73%	10/22/2037	175,662	165,352
15,000	Province of New Brunswick 4.65%	09/26/2035	15,282	14,631	290,000	General Motors Acceptance Corporation of Canada Ltd. 5.20%	05/21/2009	289,561	274,124
63,000	Province of New Brunswick 4.80%	09/26/2039	63,568	62,825	70,000	General Motors Acceptance Corporation of Canada Ltd. 5.55%	11/30/2009	68,942	65,688
17,000	Province of Newfoundland 4.50%	04/17/2037	16,895	16,205	164,000	General Motors Acceptance Corporation of Canada Ltd. 5.60%	01/18/2010	162,140	150,171
125,000	Province of Newfoundland 5.70%	10/17/2035	145,739	141,927	146,000	Golden Credit Card Trust 5.42%	04/15/2013	146,000	148,797
566,000	Province of Ontario 4.20%	03/08/2018	556,320	555,276	175,000	Great-West Lifeco Inc. 5.69%	06/21/2067	175,000	161,434
403,000	Province of Ontario 4.50%	03/08/2015	410,439	410,208	67,000	HSBC Bank Canada 4.80%	04/10/2022	66,926	62,208
308,000	Province of Ontario 4.70%	06/02/2037	304,757	305,867	136,000	HSBC Bank Canada 4.80%	03/16/2021	130,935	129,854
183,000	Province of Ontario 5.60%	06/02/2035	212,516	206,556	69,000	HSBC Bank Canada 5.31%	10/12/2010	68,992	69,849
211,000	Province of Ontario Strip Bond	12/02/2025	89,502	89,939	35,000	HSBC Holdings PLC 6.50%	09/15/2037	36,693	32,469
151,000	Province of Ontario Strip Bond	06/02/2025	65,507	65,905	50,000	Hutchison Whampoa Finance 06 Limited 4.63%	09/21/2016	72,092	69,365
242,000	Province of Ontario Strip Bond	06/02/2026	100,771	100,544	15,000	Lear Corporation 8.75%	12/01/2016	13,580	11,945
239,000	Province of Quebec 5.00%	12/01/2038	243,951	245,011	140,000	Lehman Brothers Holdings Inc. 6.50%	07/19/2017	134,777	132,741
96,000	Province of Saskatchewan 4.75%	06/01/2040	96,121	96,174	92,000	Loblaw Companies Limited 5.90%	01/18/2036	68,665	68,474
			<u>3,266,843</u>	<u>3,272,058</u>	1,000	Loblaw Companies Limited 6.05%	06/09/2034	982	764
Corporate (15.1%)									
383,000	African Development Bank 4.85%	07/24/2012	389,177	395,283	36,000	Loblaw Companies Limited 6.50%	01/22/2029	35,824	29,773
253,000	AltaLink Investment LP 5.02%	11/21/2012	253,776	251,471	38,000	Loblaw Companies Limited 6.65%	11/08/2027	38,488	32,235
106,000	American International Group, Inc. 4.90%	06/02/2014	105,987	98,296	27,000	Loblaw Companies Limited 6.85%	03/01/2032	29,965	23,081
66,936	Arrow Lakes Power 5.39%	03/31/2015	69,533	69,593	100,000	Mansfield Trust 6.84%	08/15/2010	107,976	103,546
78,000	Bank of America Corporation 5.45%	09/17/2014	77,928	78,733	57,000	Manulife Financial LP 5.06%	12/15/2041	56,965	48,925
56,000	Bank of Montreal 5.18%	06/10/2015	55,974	55,725	62,000	Maritimes & Northeast Pipeline 6.90%	11/30/2019	71,405	67,851
115,000	bclMC Realty Corporation 5.25%	09/19/2012	114,860	115,554	64,000	Master Credit Card Trust 4.44%	11/21/2011	64,000	63,167
118,000	bclMC Realty Corporation 5.65%	01/05/2018	118,681	117,543	131,000	Master Credit Card Trust 5.24%	05/21/2013	131,000	132,417
30,000	Bell Canada 7.00%	09/24/2027	28,085	24,389	87,000	Merrill Lynch & Co., Inc 4.68%	08/12/2015	85,352	85,005
230,000	BMO Subordinated Notes Trust 5.75%	09/26/2022	230,712	231,025	270,000	Merrill Lynch & Co., Inc. 5.29%	05/30/2022	245,691	223,213
79,000	Brascan Corporation 5.95%	06/14/2035	81,286	59,952	50,000	Merrill Lynch Canada Finance Company 5.00%	02/18/2014	48,149	46,942
73,203	Brilliant Power Funding Corp. 5.67%	05/31/2026	78,078	78,874	96,000	Merrill Lynch Financial Asset Inc. 5.26%	05/12/2044	95,997	94,607
288,000	Brookfield Asset Management Inc 5.29%	04/25/2017	283,828	254,247	76,000	Molson Coors Capital Finance ULC 5.00%	09/22/2015	75,109	72,996
76,000	Brookfield Renewable Power Inc. 5.84%	11/05/2036	75,978	60,657	437,000	Morgan Stanley 4.90%	02/23/2017	413,337	386,469
505,000	Canadian Imperial Bank of Commerce 5.00%	09/10/2012	507,118	504,515	57,000	Odessey Re Holdings Corp. 7.65%	11/01/2013	72,136	61,579
107,000	Canadian Imperial Bank of Commerce 5.15%	06/06/2018	106,846	105,550	140,000	Omers Realty Corp 4.09%	06/04/2013	139,996	137,954
251,000	Canadian Revolving Auto Floorplan Trust 5.68%	11/15/2012	251,000	244,905	79,339	Pearson International Fuel Facilities Corp 5.09%	03/09/2032	79,208	78,871
163,000	Canadian Tire Corporation, Limited 5.61%	09/04/2035	152,538	134,953	55,000	RBC Capital Trust 4.87%	12/31/2015	52,643	50,347

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

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

Pinnacle Strategic Balanced Fund (Unaudited – Continued)

Statement of Investment Portfolio as at June 30, 2008

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
100,000	RBC Capital Trust 6.82%	06/30/2018	100,783	100,166	200	Akita Drilling Ltd. Cl. A Non-Voting	5,020	2,910
215,000	RBC Subordinated Notes Trust 4.58%	04/30/2017	211,046	210,899	10,800	AltaGas Income Trust	259,049	276,588
144,589	Real Estate Asset Liquidity Trust 5.20%	03/12/2046	144,034	142,374	449	Anadarko Petroleum Corporation	23,607	34,196
207,000	Reliance LP 7.30%	04/03/2013	207,000	203,889	1,500	ARC Energy Trust	46,986	50,520
82,000	Riocan Real Estate Investment Trust 4.94%	03/24/2010	81,461	80,907	2,800	Avenir Diversified Income Trust	24,969	22,904
201,000	RioCan Real Estate Investment Trust 5.70%	09/11/2012	200,978	197,351	1,400	Baytex Energy Trust	44,696	48,692
74,000	Rogers Wireless Communications Inc. 7.63%	12/15/2011	79,567	77,722	667	BJ Services Company	17,456	21,632
394,000	Royal Bank of Canada 4.84%	03/11/2018	393,956	388,604	4,500	Bonavista Energy Trust	137,023	168,525
93,000	Royal Bank of Canada 5.00%	06/06/2018	92,971	92,233	500	Bonterra Energy Income Trust	15,079	18,250
203,000	Royal Bank of Canada 5.20%	08/15/2012	206,458	205,843	13,631	BP PLC	166,642	161,051
194,000	Royal Bank of Canada 5.95%	06/18/2014	202,009	193,205	8,300	Breaker Energy Ltd. Cl. A	72,570	103,916
186,000	Royal Bank of Scotland Group PLC 6.99%	10/29/2049	182,804	170,454	4,100	Calfrac Well Services Ltd.	118,475	131,733
50,000	Royal Office Finance LP 5.21%	11/12/2032	50,000	50,899	600	Cameco Corporation	23,948	26,226
166,505	Schooner Trust 3.97%	09/12/2020	160,284	159,415	15,200	Canadian Natural Resources Limited	1,124,318	1,532,768
45,000	Shaw Communications, Inc. 6.15%	05/09/2016	44,497	44,033	19,200	Canadian Oil Sands Trust	734,592	1,050,048
59,000	Solar Trust 6.70%	11/15/2021	63,103	60,738	7,200	Celtic Exploration Ltd.	92,307	142,272
12,000	Sun Life Financial Inc. 5.40%	05/29/2042	11,267	10,960	910	Chevron Corporation	69,553	91,699
25,000	TCHC Issuer Trust 4.88%	05/11/2037	25,000	24,180	430	ConocoPhillips	39,852	41,212
183,000	TCNZ Finance Limited 4.75%	10/11/2013	182,752	174,918	2,900	Corridor Resources Inc.	31,797	25,230
140,000	TD Banknorth, Inc. 4.64%	09/20/2022	135,568	128,860	17,200	Crescent Point Energy Trust	430,531	693,332
65,000	Terasen Gas Inc 5.55%	09/25/2036	64,995	63,441	1,200	Crew Energy Inc.	14,793	22,128
87,000	Terasen Gas Inc. 5.90%	02/26/2035	93,207	89,206	4,800	Dension Mines Corporation	57,998	42,720
4,000	Terasen Gas Inc. 6.50%	05/01/2034	4,595	4,409	2,200	Duvernay Oil Corp.	66,052	136,950
14,000	Terasen Gas Vancouver Island Inc. 6.05%	02/15/2038	13,990	14,341	9,100	Enbridge Inc.	391,418	400,673
80,000	Tesoro Corporation 6.50%	06/01/2017	73,034	73,271	25,610	EnCana Corporation	1,690,796	2,375,328
20,000	The Bear Stearns Companies Inc. 4.35%	07/20/2012	18,637	19,001	17,800	Enerflex Systems Income Fund	234,859	250,090
187,000	The Goldman Sachs Group, Inc. 5.20%	04/19/2022	180,549	170,130	800	Enerplus Resources Fund	42,120	37,680
41,000	The Greater Toronto Airports Authority 6.47%	02/02/2034	47,680	45,931	1,947	Eni SpA	65,573	73,806
17,000	The Greater Toronto Airports Authority 6.98%	10/15/2032	19,920	20,064	900	Ensign Energy Services, Inc.	18,180	19,971
196,000	The Royal Bank of Scotland Group PLC, 6.67%	12/31/2049	189,077	178,792	600	Fort Chicago Energy Partners L.P. Cl. A	6,433	6,510
217,000	The Royal Bank of Scotland PLC 5.37%	05/12/2016	217,297	195,269	1,100	Galleon Energy Inc. Cl. A	15,718	22,660
62,000	The Thomson Corporation 5.20%	12/01/2014	62,820	60,642	500	Gazprom ADR	30,415	29,512
103,000	The Toronto Dominion Bank 5.48%	04/02/2020	103,000	102,895	10,100	Imperial Oil Limited	500,661	563,681
669,000	The Toronto Dominion Bank 5.76%	12/18/2106	663,553	632,033	4	INPEX Holdings Inc.	41,150	51,640
483,000	The Toronto-Dominion Bank 4.78%	12/14/2105	456,402	432,150	1,600	Inter Pipeline Fund Cl. A	15,318	16,032
165,000	The Toronto-Dominion Bank 4.85%	02/13/2013	165,000	164,684	20,946	Iteration Energy Ltd.	135,018	172,805
140,000	Thomson Reuters Corporation 5.70%	07/15/2015	140,157	140,460	15,700	Keyera Facilities Income Fund	266,102	346,499
105,000	West Fraser Timber Co. Ltd. 4.94%	10/19/2009	101,856	103,731	1,164	LUKOIL ADR	106,294	116,796
92,000	Western Oil Sands Inc. 8.38%	05/01/2012	113,896	101,231	1,913	Marathon Oil Corporation	108,166	100,920
			13,650,357	13,085,599	18,000	Nexen Inc.	687,848	728,100
					1,400	Niko Resources Ltd.	127,625	136,626
					5,500	Oilexco Incorporated	63,078	106,975
					4,100	Open Range Energy Corporation	18,700	32,636
					6,700	Orleans Energy Ltd.	22,745	35,108
					4,500	Paladin Resources Limited	30,261	28,035
					3,582	Parkland Income Fund	47,862	37,826
					4,100	Pason Systems Inc.	64,197	67,404
					12,100	Pembina Pipeline Income Fund	205,300	216,711
					12,000	Pengrowth Energy Trust	233,530	245,880
					2,900	Penn West Energy Trust	83,405	99,905
					6,200	Petro Andina Resources Inc. Cl. A	81,629	69,440
					6,200	Petrobank Energy and Resources Ltd.	270,129	328,352
					11,300	Petro-Canada	623,014	641,275
					38,000	PetroChina Company Limited	53,640	49,993
					1,100	Precision Drilling Trust	30,462	30,239
					7,400	ProEx Energy Ltd.	107,505	169,904
					6,500	Progress Energy Trust	86,879	94,510
					4,427	Santos Limited	55,193	92,524
					3,500	Savana Energy Services Corp.	71,706	82,250
					11,300	ShawCor Ltd. Cl. A Sub. Voting	321,422	406,800
					8,800	Storm Exploration Inc.	78,075	168,608
					23,400	Suncor Energy, Inc.	1,247,327	1,382,706
					16,300	Talisman Energy Inc.	352,692	366,750
					365	Technip SA	27,725	34,371
					1,325	Total SA	101,340	114,995
1,800	Addax Petroleum Corporation		66,258	88,488	6,500	TransCanada Corporation	247,912	256,490
500	Advantage Energy Income Fund		5,738	6,575	3,200	Trican Well Service Ltd.	60,516	80,960

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 (Unaudited – Continued)

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
2,711	CBS Corporation Cl. B	64,074	53,660	2,163	The Cooper Companies, Inc.	83,433	81,774
1,000	Cervus LP	18,623	24,570	5,600	Theratechnologies Inc.	21,122	25,256
1,900	Cineplex Galaxy Income Fund	34,287	27,892	1,537	Wyeth	81,134	74,953
2,600	Cogeco Cable Inc.	106,540	95,940			1,338,873	1,174,736
360	Compagnie Generale des Etablissements Michelin Cl. B	34,529	26,330		Financials (13.1%)		
4,700	Corus Entertainment Inc. Cl. B Non-Voting	100,872	85,305	388	Allianz AG	76,081	69,647
314	DaimlerChrysler AG	22,988	19,754	1,082	Alpha Credit Bank AE	32,337	32,951
400	Dorel Industries Inc. Cl. B Sub. Voting	12,176	11,700	1,400	American International Group, Inc.	95,969	37,584
2,700	Gamehost Income Fund	35,394	34,290	3,000	Artis Real Estate Investment Trust	46,621	46,080
1,998	General Motors Corporation	59,073	23,240	6,698	Aviva PLC	95,745	67,593
2,700	Gildan Activewear Inc. Cl. A Sub. Voting	85,259	70,767	1,593	Axa SA	60,785	48,156
6,300	Great Canadian Gaming Corporation	82,427	57,141	2,350	Banco Bradesco SA ADR	32,933	48,834
28,400	Groupe Aeroplan, Inc.	477,120	483,084	2,086	Bank of America Corporation	111,574	50,459
1,464	Karstadt AG	57,321	17,247	13,600	Bank of East Asia, Ltd.	76,353	74,817
1,079	KB Home	49,124	18,568	4,800	Bank of Montreal	246,440	201,840
1,049	Lennar Corporation Cl. A	16,179	13,077	1,977	Barclays PLC Rights (Exp. 07/17/2008)	–	381
5,500	Linamar Corporation	124,023	68,365	9,227	Barclays PLC	107,776	54,516
3,000	Magna International Inc. Cl. A Sub. Voting	226,808	182,040	12,400	Boardwalk Real Estate Investment Trust	482,454	470,332
400	North West Company Fund	7,507	6,604	100	Brookfield Asset Management Inc. Cl. A Limited Voting	3,376	3,303
295	Pinault-Printemps-Redoute SA	49,872	33,411	300	Brookfield Properties Corporation	5,671	5,445
3,200	RONA Inc.	39,883	39,200	19,100	Calloway Real Estate Investment Trust	477,149	371,686
30,000	Score Media, Inc. Cl. A Sub-Voting	45,265	24,900	21,900	Canadian Apartment Properties Real Estate Investment Trust	356,584	379,308
6,300	Shaw Communications Inc. Cl. B Non-Voting	152,976	130,851	4,700	Canadian Imperial Bank of Commerce	339,778	262,824
10,000	Television Broadcasts Ltd.	63,427	58,667	5,600	Canadian Western Bank	145,941	138,600
3,255	The Home Depot, Inc.	112,427	77,379	1,968	Capital One Financial Corp.	158,732	76,044
2,000	Thomson Reuters Corporation	77,142	65,520	19,000	Capitaland Limited	81,120	80,472
600	Tim Hortons, Inc.	20,303	17,502	23,100	Chartwell Seniors Housing Real Estate Investment Trust	216,130	209,979
1,400	Toyota Motor Corporation	81,763	67,181	4,000	Cheung Kong (Holdings) Limited	56,552	54,869
1,171	Vivendi Universal SA	51,285	45,216	11,100	CI Financial Income Fund	278,758	244,200
1,989	Wolters Kluwer NV	56,733	47,311	3,606	Citigroup Inc.	150,461	61,246
3,100	Yamaha Motor Company	71,268	59,057	6,217	Conseco, Inc.	122,422	62,698
40,400	Yellow Pages Income Fund	553,524	357,136	3,417	Countrywide Financial Corporation	93,882	14,813
		3,072,551	2,411,739	866	Credit Suisse Group	54,018	40,558
	Consumer Staples (1.5%)			1,300	Davis + Henderson Income Fund	25,347	20,202
1,400	Alliance Grain Traders Income Fund	21,700	21,854	408	Deutsche Bank AG	55,393	35,935
100	Canada Bread Co., Ltd.	6,975	7,001	13,127	Dundee Real Estate Investment Trust Series A	478,348	409,694
400	Corby Distilleries Ltd. Cl. A	9,290	7,120	8,098	E*TRADE Group, Inc.	68,771	25,712
488	Dr. Pepper Snapple Group, Inc.	12,291	10,404	110	E-L Financial Corporation Limited	61,834	59,402
715	Heineken NV	42,383	37,155	1,900	Fairfax Financial Holdings Limited Sub. Voting	472,455	471,390
2,000	Kao Corporation	64,501	53,169	1,800	FirstService Corporation Sub. Voting	46,519	26,280
6,100	Liquor Stores Income Fund	124,738	108,519	360	FirstService Corporation, 7.00% Preferred	376	6,924
300	Molson Coors Canada Inc. Cl. B	13,678	16,569	700	GMP Capital Trust	15,372	11,109
1,390	Nestlé SA	67,052	63,796	800	Great-West Lifeco Inc.	27,937	23,312
7,000	Rothmans Inc.	176,041	189,700	2,100	Guardian Capital Group Ltd. Cl. A	26,250	16,233
13,700	Saputo Inc.	324,452	399,218	6,100	Home Capital Group Inc. Cl. B Sub. Voting	227,101	240,950
1,200	Shoppers Drug Mart Corporation	64,879	67,056	400	ICICI Bank Limited ADR	19,781	11,687
1,005	The Procter & Gamble Company	70,602	62,090	500	IGM Financial Inc.	26,962	21,110
2,374	Unilever NV	80,151	68,538	7,500	Industrial Alliance Insurance and Financial Services Inc.	277,648	256,875
12,000	Viterra, Inc.	130,714	167,760	800	ING Canada Inc.	43,375	28,416
		1,209,447	1,279,949	1,636	ING Groep NV	56,315	53,101
	Health Care (1.4%)			2,103	J.P. Morgan Chase & Co.	81,357	73,427
1,451	Amgen Inc.	105,182	69,637	3,200	Laurentian Bank of Canada	132,476	134,112
28,900	CML Healthcare Income Fund	452,778	411,825	12,579	Legal & General Group PLC	38,411	25,418
1,161	DaVita, Inc.	63,162	62,666	2,447	Lehman Brothers Holdings Inc.	97,539	48,932
312	Eli Lilly and Company	18,757	14,634	40,800	Manulife Financial Corporation	1,548,970	1,444,728
1,871	GlaxoSmithKline PLC	58,392	42,114	2,119	Merrill Lynch & Co., Inc.	124,804	68,272
3,400	IMRIS, Inc.	20,400	13,702	8,300	Mitsubishi UFJ Financial Group, Inc.	134,247	74,560
5,000	Isotechnika Inc. Warrants (Exp. 02/15/2009)	–	–	2,000	Mitsui Fudosan Co. Ltd.	55,555	43,284
1,188	Johnson & Johnson	87,039	77,700	3,400	National Bank of Canada	173,938	171,564
10,300	MethylGene Inc.	31,738	23,175	4,700	Nomura Holdings, Inc.	85,665	70,683
11,400	Patheon Inc.	42,414	46,740	7,500	Onex Corporation Sub. Voting	235,809	224,400
2,581	Pfizer Inc.	61,481	45,833	22,200	Power Corporation of Canada	831,911	692,418
496	Roche Holding AG	95,041	90,910	5,500	Power Financial Corporation	217,628	182,215
619	Sanofi-Aventis	56,607	42,088				
1,000	Takeda Pharmaceutical Company Limited	60,193	51,729				

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

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
49,166	Primeag Australia Ltd	86,343	86,426
3,576	QBE Insurance Group Limited	76,857	77,669
11,200	RioCan Real Estate Investment Trust	241,041	221,760
22,900	Royal Bank of Canada	1,161,701	1,041,492
1,700	Saxon Financial, Inc.	39,843	21,284
16,900	Scott's Real Estate Investment Trust	145,178	104,611
11,700	*Semcan, Inc. Restricted	11,115	10,998
5,850	*Semcan, Inc. Warrants (Exp. 10/21/2009)	–	–
166,000	Shenzhen Investment Limited	76,324	60,880
8,634	SM Investments Corporation	65,161	47,890
20,900	The Toronto-Dominion Bank	1,418,736	1,329,031
2,689	TMX Group Inc.	128,140	112,992
3,678	UniCredito Italiano SpA	33,493	22,903
1,892	UnumProvident Corporation	43,171	39,278
125	Zurich Financial Services AG	40,054	32,614
		13,260,893	11,391,408
	Information Technology (4.0%)		
2,423	ASML Holding NV	62,514	60,663
1,821	Broadcom Corporation Cl. A	40,251	50,572
700	Celestica Inc. Sub. Voting	6,064	6,006
28,300	CGI Group Inc. Cl. A Sub. Voting	316,833	287,245
1,200	Constellation Software Inc.	22,313	33,300
827	Dell Inc.	16,565	18,423
3,000	Evertz Technologies Limited	32,573	58,500
9,200	EXFO Electro-Optical Engineering Inc.	56,397	41,584
56	Google Inc. Cl. A	26,445	30,010
2,104	Intel Corporation	43,315	45,992
12,600	Kaboose inc.	41,897	11,340
1,459	Lexmark International Inc. Cl. A	65,844	49,635
700	MacDonald, Dettwiler and Associates Ltd.	32,612	26,467
4,955	Maxim Integrated Products, Inc.	104,028	105,892
1,894	Microsoft Corporation	53,182	53,062
7,400	Miranda Technologies Inc.	96,106	56,684
3,956	Motorola, Inc.	65,207	29,549
1,300	Murata Manufacturing Company, Ltd.	83,751	61,634
3,523	Netapp Inc.	87,859	77,547
2,000	Nippon Electric Glass Co., Ltd.	34,195	35,164
2,311	Nokia Oyj	64,802	57,341
3,300	Nomura Research Inc.	92,491	78,703
300	Nortel Networks Corporation	4,556	2,499
6,900	Open Text Corporation	229,360	224,871
6,000	Q9 Networks Inc.	64,500	64,560
11,800	Research In Motion Limited	701,875	1,406,560
5,500	Ruggedcom, Inc.	73,459	74,250
3,009	Seagate Technology	80,067	58,456
8,449	Taiwan Semiconductor Manufacturing Company Limited ADR	104,552	93,634
17,700	Teranet Income Fund	169,275	153,813
4,662	Xyratex Ltd.	108,907	78,803
		2,981,795	3,432,759
	Telecommunication Services (2.5%)		
800	America Movil SA de CV Series L ADR	41,040	42,920
19,098	BCE Inc.	615,206	678,934
9,900	Bell Aliant Regional Communications Income Fund	306,507	287,793
513	Bouygues SA	33,971	34,658
5,000	China Mobile (Hong Kong) Limited	74,984	68,325
1,119	China Mobile (Hong Kong) Limited ADR	50,415	76,125
2,400	Chunghwa Telecom Co., Ltd.	61,202	61,963
3,189	Deutsche Telekom AG	62,486	53,134
4,900	Manitoba Telecom Services Inc.	226,019	196,000
10,800	Rogers Communications Inc. Cl. B	429,564	426,060
2,760	Telefonica SA	73,958	74,631
2,600	TELUS Corporation	141,688	111,462
3,600	TeraGo Inc.	42,300	18,180

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
27,212	Vodafone Group PLC	84,465	81,659
		2,243,805	2,211,844
	Utilities (1.7%)		
4,900	ATCO Ltd. Cl. I Non-Voting	225,158	254,702
4,500	Canadian Utilities Limited Cl. A	209,051	198,000
15,600	Enbridge Income Fund	167,522	181,896
900	Fortis, Inc.	25,861	24,444
1,200	Macquarie Power & Infrastructure Income Fund	11,277	9,804
4,129	National Grid PLC	60,482	55,107
884	Suez SA	55,061	61,267
52,000	Tonbridge Power, Inc.	19,994	14,821
17,600	TransAlta Corporation	535,340	648,208
		1,309,746	1,448,249
	Short-Term Notes (Schedule 1) (6.9%)	6,027,950	6,027,950
	Total Investments (99.6%)	83,370,769	86,628,354
	Futures Contracts Value (Schedule 2) (0.0%)	–	(30,981)
	Foreign Currency Forward Contracts (Schedule 3) (0.0%)	–	1,672
	Adjustment for Transaction Cost (Note 2)	(5,221)	–
	Total Investment Portfolio (99.6%)	83,365,548	86,599,045
	Other Assets, Less Liabilities (0.4%)		392,055
	Total Net Assets (100.0%)		86,991,100
	Net Assets Per Unit		\$15.89

* This security is not actively traded.

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

**Schedule 1
Short-Term Notes**

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$ 150,000	Canadian Imperial Bank of Commerce	07/15/2008	149,824	149,824
100,000	Canadian Imperial Bank of Commerce	07/25/2008	99,798	99,798
400,000	Canadian Imperial Bank of Commerce	08/06/2008	398,763	398,763
1,250,000	Canadian Imperial Bank of Commerce	08/08/2008	1,245,960	1,245,960
100,000	Canadian Imperial Bank of Commerce	08/12/2008	99,644	99,644
150,000	Canadian Imperial Bank of Commerce	08/14/2008	149,442	149,442
2,800,000	Canadian Imperial Bank of Commerce	08/25/2008	2,787,796	2,787,796
150,000	Government of Canada Treasury Bills	07/10/2008	149,907	149,907
400,000	Government of Canada Treasury Bills	08/07/2008	398,988	398,988
450,000	Government of Canada Treasury Bills	08/21/2008	448,357	448,357
100,000	Royal Bank of Canada	09/03/2008	99,471	99,471
	Total Short-Term Notes		6,027,950	6,027,950

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

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

Schedule 2**Futures Contracts Value**

Futures	Contracts	Expiration Date	Exercise Price (\$)	Fair Value (\$)
Canadian 10 Year Bond Future	8	09/19/2008	940,200	940,080
Euro-Bund	2	09/08/2008	361,026	354,454
Government of Switzerland Bond Future	1	09/08/2008	122,174	120,787
LIF Long Gilt	2	09/26/2008	111,311	102,791
US Treasury Bond Future	(5)	09/17/2008	598,990	588,806
US Treasury Notes 10 Year Future	(6)	09/18/2008	676,427	672,229
			<u>2,810,128</u>	<u>2,779,147</u>
Exercise Price				<u>(2,810,128)</u>
Total Futures Contracts Value				<u>(30,981)</u>

Schedule 3**Foreign Currency Forward Contracts**

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
1	15,321 Canadian Dollar	15,100 U.S. Dollar	09/19/2008	AA-	50
1	6,595 Canadian Dollar	6,500 U.S. Dollar	09/19/2008	AA-	22
1	47,300 Euro	74,540 Canadian Dollar	09/19/2008	AA-	(1,220)
1	813,000 U.S. Dollar	827,349 Canadian Dollar	09/12/2008	AA	(142)
1	639,900 U.S. Dollar	653,293 Canadian Dollar	09/19/2008	AA-	1,922
1	346,200 U.S. Dollar	353,446 Canadian Dollar	09/19/2008	AA-	1,040
Total Foreign Currency Forward Contracts Value					<u>1,672</u>

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	552,138	0.6
Euro Currency	1,517,208	1.7
Hong Kong Dollar	367,550	0.4
Japanese Yen	1,071,336	1.2
Philippine Peso	49,135	0.1
Pound Sterling	827,711	1.0
Singapore Dollar	80,464	0.1
Swiss Franc	304,488	0.4
U.S. Dollar	<u>2,309,095</u>	<u>2.7</u>
Total	<u>7,079,125</u>	<u>8.2</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively by approximately \$707,913 (approximately 0.8% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. As at June 30, 2008, had prevailing interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and all other variables held constant, net assets would have decreased or increased by approximately \$412,996 (approximately 0.5% of the Fund’s net assets). The Fund’s sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Discussion of Financial Instrument Risk

As at June 30, 2008

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

(\$)	Less than					Total
	1 year	1-3 years	3-5 years	5-10 years	> 10 years	
Bonds	<u>6,876,316</u>	<u>691,702</u>	<u>8,397,648</u>	<u>7,324,097</u>	<u>7,806,232</u>	<u>31,095,995</u>

E. Credit risk

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

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

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

As of June 30, 2008, debt securities by credit rating are as follows:

	Percent of Total Bonds (%)	Percent of Total Net Assets* (%)
A- to AAA+	66.0	19.0
B- to BBB+	8.4	2.4
C- to CCC+	0.0	0.0
D- to DDD+	0.0	0.0
NR or other	<u>25.6</u>	<u>7.4</u>
Total	<u>100.0</u>	<u>28.8</u>

* Based on GAAP NAV.

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$6,441,518 (approximately 7.4% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$140,754,502	\$142,649,776
*Cash	–	7,449
Subscriptions receivable	830,718	328,023
Accrued investment income	357,193	342,116
	<u>141,942,413</u>	<u>143,327,364</u>
Liabilities		
Bank overdraft	301,744	–
Payable on open spot and forward contracts	–	5
Redemptions payable	256,208	113,870
Accrued expenses	66,850	70,251
	<u>624,802</u>	<u>184,126</u>
Net assets representing unitholders' equity	<u>\$141,317,611</u>	<u>\$143,143,238</u>
Number of units outstanding	<u>6,644,916</u>	<u>6,890,600</u>
Net assets per unit	<u>\$ 21.27</u>	<u>\$ 20.77</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 1,436,810	\$ 1,304,385
Interest	111,131	218,450
Securities lending	25,456	4,851
	<u>1,573,397</u>	<u>1,527,686</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	10,606	8,482
Custody fees	10,194	9,337
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	13,073	28,282
Unitholder administration, service fees and GST	80,826	74,066
	<u>123,664</u>	<u>127,918</u>
Net investment income (loss)	<u>1,449,733</u>	<u>1,399,768</u>
Net realized gain (loss) on investments sold	4,794,483	1,147,917
Net realized gain (loss) on foreign exchange	(513)	298
Change in unrealized appreciation (depreciation) of investments	(2,827,813)	11,364,682
Change in unrealized appreciation (depreciation) of foreign exchange	(5)	(97)
Transaction costs (Note 2)	(22,026)	(25,331)
Net gain (loss) on investments and transaction costs	<u>1,944,126</u>	<u>12,487,469</u>
Increase (Decrease) in Net Assets from Operations	\$ 3,393,859	\$ 13,887,237
Increase (decrease) in net assets from operations per unit	<u>\$ 0.50</u>	<u>\$ 2.08</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period		
Net Assets, Beginning of Period	\$143,143,238	\$129,829,143
New accounting policy adjustment (Note 2)	–	(105,744)
Increase (decrease) in net assets from operations	3,393,859	13,887,237
Distributions to unitholders		
Investment income	402	–
	<u>146,537,499</u>	<u>143,610,636</u>
Unit Transactions:		
Proceeds from issue	16,106,152	26,452,563
Reinvested distributions	(402)	–
Payments on redemption	(21,325,638)	(16,081,184)
	<u>(5,219,888)</u>	<u>10,371,379</u>
Increase (decrease) in net assets	<u>(1,825,627)</u>	<u>24,152,872</u>
Net Assets, End of Period	\$141,317,611	\$153,982,015

* 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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (30.6%)			
15,600	Cameco Corporation	535,442	681,876
70,100	Canadian Natural Resources Limited	1,675,733	7,068,884
44,500	CHC Helicopter Corporation Cl. A Sub. Voting	616,794	1,396,855
78,800	EnCana Corporation	3,125,222	7,308,700
50,200	Husky Energy Inc.	1,224,271	2,450,764
121,500	Nexen Inc.	2,395,000	4,914,675
122,400	Petro-Canada	2,986,779	6,946,200
41,200	Precision Drilling Trust	1,324,542	1,132,588
97,000	Suncor Energy, Inc.	1,861,298	5,731,730
205,400	Talisman Energy Inc.	1,507,587	4,621,500
20,600	Trican Well Service Ltd.	455,427	521,180
55,900	Uranium One, Inc.	580,672	267,202
		<u>18,288,767</u>	<u>43,042,154</u>
Materials (15.5%)			
34,600	Agrium Inc.	2,083,961	3,791,468
30,100	FNX Mining Company Inc.	797,722	725,410
109,800	Gerdau Ameristeel Corporation	1,491,220	2,163,060
25,900	Goldcorp Inc.	691,822	1,217,300
22,300	Inmet Mining Corp.	1,784,022	1,505,250
131,600	Lundin Mining Corporation	1,644,062	817,236
44,200	NOVA Chemicals Corporation	1,576,101	1,107,652
22,900	Polaris Minerals Corporation	314,875	120,683
14,200	Quadra Mining Ltd.	351,744	301,182
174,078	Teck Cominco Limited Cl. B Sub. Voting	2,380,844	8,519,378
31,500	Thompson Creek Metals Company, Inc.	539,585	624,330
55,500	Yamana Gold Inc.	703,075	934,065
		<u>14,359,033</u>	<u>21,827,014</u>
Industrials (8.9%)			
261,800	Bombardier Inc. Cl. B	2,238,860	1,918,994
130,800	CAE Inc.	1,240,313	1,505,508
111,000	Canadian National Railway Company	2,967,319	5,435,670
32,000	CP Railway Limited	1,840,081	2,166,400
49,600	Finning International Inc.	1,376,455	1,264,304
12,100	Stantec Inc.	350,549	316,899
		<u>10,013,577</u>	<u>12,607,775</u>
Consumer Discretionary (5.6%)			
41,600	Canadian Tire Corporation, Limited Cl. A	1,909,384	2,199,808
35,300	Magna International Inc. Cl. A Sub. Voting	2,578,851	2,142,004
69,100	MEGA Brands Inc.	1,534,046	276,400
51,300	Quebecor Inc. Cl. B	1,885,303	1,446,660
58,100	Thomson Reuters Corporation	2,100,249	1,903,356
		<u>10,007,833</u>	<u>7,968,228</u>
Consumer Staples (2.1%)			
67,800	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	1,364,071	927,504
53,200	Saputo Inc.	758,030	1,550,248
61,500	The Jean Coutu Group (PJC) Inc. Cl. A Sub. Voting	1,017,026	505,530
		<u>3,139,127</u>	<u>2,983,282</u>
Health Care (0.1%)			
58,800	Angiotech Pharmaceuticals, Inc.	1,084,040	178,752
Financials (27.1%)			
49,300	Bank of Montreal	1,669,853	2,073,065
104,700	Canadian Imperial Bank of Commerce	5,995,470	5,854,824
48,000	IGM Financial Inc.	1,338,425	2,026,560
85,700	Kingsway Financial Services Inc.	1,040,150	755,017
147,600	Manulife Financial Corporation	3,482,980	5,226,516
161,000	Royal Bank of Canada	6,299,485	7,322,280
92,500	Sun Life Financial Inc.	3,265,849	3,861,875
133,300	The Toronto-Dominion Bank	5,275,345	8,476,547
64,700	TMX Group Inc.	2,730,637	2,718,694
		<u>31,098,194</u>	<u>38,315,378</u>

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Information Technology (3.9%)			
71,600	Aastra Technologies Limited	1,101,087	1,582,360
34,600	MacDonald, Dettwiler and Associates Ltd.	1,492,014	1,308,226
37,631	Nortel Networks Corporation	7,861,008	313,466
72,200	Open Text Corporation	1,344,336	2,352,998
		<u>11,798,445</u>	<u>5,557,050</u>
Telecommunication Services (5.0%)			
41,400	BCE Inc.	1,413,930	1,471,770
28,900	Manitoba Telecom Services Inc.	1,151,384	1,156,000
75,200	Rogers Communications Inc. Cl. B	2,251,399	2,966,640
35,700	TELUS Corporation	1,113,401	1,530,459
		<u>5,930,114</u>	<u>7,124,869</u>
Short-Term Notes (Schedule 1) (0.8%)			
		1,150,000	1,150,000
Adjustment for Transaction Costs (Note 2)			
		(61,573)	–
Total Investment Portfolio (99.6%)			
		<u>106,807,557</u>	<u>140,754,502</u>
Other Assets, Less Liabilities (0.4%)			
			563,109
Total Net Assets (100.0%)			
			<u>141,317,611</u>
Net Assets Per Unit			
			\$21.27

**Schedule 1
Short-Term Notes**

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$1,150,000	National Bank of Canada	0.00%	7/02/2008	1,150,000
				<u>1,150,000</u>
Total Short-Term Notes				<u>1,150,000</u>

Portfolio Advisor: BonaVista Asset Management Ltd.

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

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$15,216,891 (approximately 10.8% of the Fund’s net assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$47,978,732	\$51,669,318
Cash	62,431	107,058
Subscriptions receivable	312,452	139,770
Receivable for securities sold	136,342	–
Accrued investment income	84,361	151,429
	<u>48,574,318</u>	<u>52,067,575</u>
Liabilities		
Redemptions payable	93,629	31,761
Accrued expenses	51,862	61,190
	<u>145,491</u>	<u>92,951</u>
Net assets representing unitholders' equity	<u>\$48,428,827</u>	<u>\$51,974,624</u>
Number of units outstanding	3,544,658	3,553,441
Net assets per unit	<u>\$ 13.66</u>	<u>\$ 14.63</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 422,918	\$ 570,042
Interest	15,030	24,484
Securities lending	5,456	27,463
	<u>443,404</u>	<u>621,989</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	8,863	7,490
Custody fees	5,271	5,574
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	10,536	23,730
Unitholder administration, service fees and GST	55,984	51,434
	<u>89,619</u>	<u>95,979</u>
Net investment income (loss)	353,785	526,010
Net realized gain (loss) on investments sold	1,675,638	6,008,497
Net realized gain (loss) on foreign exchange	(28)	(831)
Change in unrealized appreciation (depreciation) of investments	(5,341,964)	216,135
Change in unrealized appreciation (depreciation) of foreign exchange	25	(40)
Transaction costs (Note 2)	(179,449)	(42,860)
Net gain (loss) on investments and transaction costs	<u>(3,845,778)</u>	<u>6,180,901</u>
Increase (Decrease) in Net Assets from Operations	\$ (3,491,993)	\$ 6,706,911
Increase (decrease) in net assets from operations per unit	<u>\$ (0.97)</u>	<u>\$ 2.24</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$51,974,624	\$47,566,770
New accounting policy adjustment (Note 2)	–	(125,402)
Increase (decrease) in net assets from operations	<u>(3,491,993)</u>	<u>6,706,911</u>
	<u>48,482,631</u>	<u>54,148,279</u>
Unit Transactions:		
Proceeds from issue	6,619,337	9,296,039
Payments on redemption	<u>(6,673,141)</u>	<u>(7,400,717)</u>
	<u>(53,804)</u>	<u>1,895,322</u>
Increase (decrease) in net assets	<u>(3,545,797)</u>	<u>8,476,831</u>
Net Assets, End of Period	\$48,428,827	\$56,043,601

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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (31.4%)			
35,400	Addax Petroleum Corporation	1,505,202	1,740,264
251,900	Highpine Oil & Gas Ltd. Cl. A	2,724,539	3,365,384
104,900	Iteration Energy Ltd.	758,810	865,425
10,900	Pason Systems Inc.	185,083	179,196
31,700	Petro-Canada	1,718,635	1,798,975
103,200	Talisman Energy Inc.	1,958,427	2,322,000
152,600	Tristar Oil & Gas Ltd.	2,007,209	3,145,086
88,600	UTS Energy Corp.	480,859	527,170
28,400	Vermilion Energy Trust	1,008,004	1,256,700
		<u>12,346,768</u>	<u>15,200,200</u>
Materials (15.9%)			
11,600	Agnico-Eagle Mines Limited	677,009	880,672
35,600	FNX Mining Company Inc.	972,798	857,960
59,400	HudBay Minerals, Inc.	966,236	839,916
100,000	Jaguar Mining Inc.	1,214,560	985,000
33,700	Major Drilling Group International Inc.	1,973,502	1,685,000
145,900	Yamana Gold Inc.	2,417,024	2,455,497
		<u>8,221,129</u>	<u>7,704,045</u>
Industrials (13.5%)			
185,800	Allen-Vanguard Corporation	861,160	457,068
68,900	CAE Inc.	883,732	793,039
33,700	Finning International Inc.	868,557	859,013
50,700	Newalta Income Fund	881,389	1,006,902
44,400	Ritchie Bros. Auctioneers Incorporated	1,152,903	1,205,460
25,600	Stantec Inc.	830,423	670,464
51,175	Transat A.T. Inc. Cl. B	1,471,178	1,031,176
41,700	WestJet Airlines Ltd.	733,540	522,501
		<u>7,682,882</u>	<u>6,545,623</u>
Consumer Discretionary (7.2%)			
17,800	Dorel Industries Inc. Cl. B Sub. Voting	514,780	520,650
57,000	Gildan Activewear Inc. Cl. A Sub. Voting	2,078,464	1,493,970
49,200	North West Company Fund	957,585	812,292
51,970	RONA Inc.	1,113,229	636,633
		<u>4,664,058</u>	<u>3,463,545</u>
Consumer Staples (2.7%)			
53,100	Metro Inc. Cl. A Sub. Voting	1,458,863	1,287,144
Health Care (2.6%)			
57,900	CML Healthcare Income Fund	979,471	825,075
110,000	CryoCath Technologies Inc.	484,000	452,100
		<u>1,463,471</u>	<u>1,277,175</u>
Financials (20.3%)			
83,500	Canadian Western Bank	2,317,297	2,066,625
47,100	GMP Capital Trust	1,013,510	747,477
50,400	Home Capital Group Inc. Cl. B Sub. Voting	1,760,832	1,990,800
38,200	IGM Financial Inc.	1,667,015	1,612,804
33,100	Industrial Alliance Insurance and Financial Services Inc.	1,073,456	1,133,675
32,948	Power Corporation of Canada	1,216,005	1,027,648
30,500	TMX Group Inc.	1,436,154	1,281,610
		<u>10,484,269</u>	<u>9,860,639</u>
Information Technology (4.2%)			
111,500	CGI Group Inc. Cl. A Sub. Voting	1,149,200	1,131,725
62,700	SXC Health Solutions Corporation	995,816	880,935
		<u>2,145,016</u>	<u>2,012,660</u>
Short-Term Notes (Schedule 1) (1.3%)			
		627,701	627,701
Total Investment Portfolio (99.1%)			
		<u>49,094,157</u>	<u>47,978,732</u>
Other Assets, Less Liabilities (0.9%)			
			450,095
Total Net Assets (100.0%)			
			<u>48,428,827</u>
Net Assets Per Unit			
			<u>\$13.66</u>

Schedule 1
Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$630,000	Government of Canada Treasury Bills 2.57%	8/21/2008	627,701	627,701
Total Short-Term Notes			<u>627,701</u>	<u>627,701</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.

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$4,261,593 (approximately 8.8% of the Fund’s net assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$170,719,650	\$173,129,721
* Cash	—	2,940,960
Subscriptions receivable	411,043	373,190
Receivable for securities sold	3,561,046	1,155,319
Accrued investment income	251,914	266,618
	<u>174,943,653</u>	<u>177,865,808</u>
Liabilities		
Bank overdraft	360,166	—
Payable on open spot and forward contracts	—	38
Payable for securities purchased	581,595	866,096
Redemptions payable	338,461	124,817
Accrued expenses	68,411	76,527
	<u>1,348,633</u>	<u>1,067,478</u>
Net assets representing unitholders' equity	<u>\$173,595,020</u>	<u>\$176,798,330</u>
Number of units outstanding	<u>11,601,675</u>	<u>11,992,633</u>
Net assets per unit	<u>\$ 14.96</u>	<u>\$ 14.74</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 3,603,487	\$ 997,754
Interest	316,811	273,693
Securities lending	27,332	24,121
Less: Foreign withholding taxes	—	(714)
	<u>3,947,630</u>	<u>1,294,854</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	10,606	8,482
Custody fees	24,863	23,962
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	—
Unitholder reporting costs	11,495	25,452
Unitholder administration, service fees and GST	76,332	69,830
	<u>132,261</u>	<u>135,477</u>
Net investment income (loss)	3,815,369	1,159,377
Net realized gain (loss) on investments sold	4,785,263	14,384,621
Net realized gain (loss) on foreign exchange	985	(5)
Net realized gain (loss) from trust units	12,513	(262)
Change in unrealized appreciation (depreciation) of investments	(5,656,314)	(661,760)
Change in unrealized appreciation (depreciation) of foreign exchange	74	(35)
Transaction costs (Note 2)	(504,529)	(513,596)
Net gain (loss) on investments and transaction costs	<u>(1,362,008)</u>	<u>13,208,963</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ 2,453,361</u>	<u>\$14,368,340</u>
Increase (decrease) in net assets from operations per unit	<u>\$ 0.21</u>	<u>\$ 1.42</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period		
New accounting policy adjustment (Note 2)	—	(242,828)
Increase (decrease) in net assets from operations	2,453,361	14,368,340
	<u>179,251,691</u>	<u>169,644,759</u>
Unit Transactions:		
Proceeds from issue	19,719,105	33,549,020
Payments on redemption	(25,375,776)	(23,835,921)
	<u>(5,656,671)</u>	<u>9,713,099</u>
Increase (decrease) in net assets	<u>(3,203,310)</u>	<u>23,838,611</u>
Net Assets, End of Period	<u>\$173,595,020</u>	<u>\$179,357,858</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (27.3%)							
64,600	Advantage Energy Income Fund	835,799	849,490	23,200	Tim Hortons, Inc.	734,174	676,744
48,900	Cameco Corporation	1,882,686	2,137,419			11,430,736	9,261,687
44,641	Canadian Natural Resources Limited	2,842,592	4,501,598	Consumer Staples (2.2%)			
89,600	Enbridge Inc.	3,888,754	3,945,088	194,200	Alimentation Couche-Tard Inc. Cl. B Sub. Voting	4,377,497	2,656,656
96,700	EnCana Corporation	5,706,524	8,968,925	100,800	Maple Leaf Foods Inc.	1,209,448	1,101,744
54,800	Highpine Oil & Gas Ltd. Cl. A	583,879	732,128			5,586,945	3,758,400
82,982	Iteration Energy Ltd.	490,843	684,601	Health Care (1.5%)			
89,600	Ivanhoe Energy Inc.	277,762	318,080	332,600	BioMS Medical Corp.	1,096,142	1,067,646
71,200	Nexen Inc.	2,202,112	2,880,040	54,650	*BioMS Medical Corp. Warrants (Exp. 05/23/2010)	22,953	–
26,500	Oilexco Incorporated	370,412	515,425	32,750	*BioMS Medical Corp. Warrants (Exp. 05/30/2010)	–	–
91,300	OPTI Canada Inc.	1,749,642	2,105,378	174,400	Cangene Corp.	1,413,233	854,560
64,900	Petro Andina Resources Inc.	775,453	726,880	79,700	Cardiome Pharma Corp.	817,920	708,533
42,962	Petro-Canada	2,157,380	2,438,094			3,350,248	2,630,739
857,900	Stratic Energy Corporation	1,015,087	712,057	Financials (23.9%)			
110,000	Suncor Energy, Inc.	4,750,121	6,499,900	102,800	Bank of Montreal	5,264,391	4,322,740
90,010	Talisman Energy Inc.	1,573,457	2,025,225	41,200	Brookfield Asset Management Inc. Cl. A Limited Voting	1,215,222	1,360,836
85,700	TransCanada Corporation	3,235,173	3,381,722	40,400	Brookfield Properties Corporation	859,687	733,260
33,200	Trinidad Drilling Ltd.	486,380	474,428	156,782	Canaccord Capital Inc.	2,353,914	1,237,010
336,600	UTS Energy Corp.	1,886,494	2,002,770	71,200	Canadian Western Bank	1,768,260	1,762,200
356,000	West Energy Ltd.	1,587,724	1,370,600	25,300	Dundee Bancorp Inc. Cl. A Sub. Voting	354,195	311,190
		38,298,274	47,269,848	195,400	Dundee Wealth Management Inc.	2,579,506	2,546,062
Materials (24.1%)				4,862	E-L Financial Corporation Limited	1,650,674	2,625,577
13,300	Agnico-Eagle Mines Limited	790,428	1,009,736	123,800	GMP Capital Trust	2,349,719	1,964,706
15,800	Agrium Inc.	1,031,211	1,731,364	36,100	IGM Financial Inc.	1,799,686	1,524,142
107,015	Anvil Mining Limited	1,615,332	1,024,134	159,380	Manulife Financial Corporation	5,939,571	5,643,646
319,200	Aurelian Resources Inc.	2,598,422	1,800,288	137,770	Royal Bank of Canada	6,725,148	6,265,780
417,700	B2Gold Corporation	961,760	459,470	69,600	Sun Life Financial Inc.	3,452,205	2,905,800
317,900	Baffinland Iron Mines Corporation	938,316	972,774	112,900	The Toronto-Dominion Bank	7,330,910	7,179,311
54,200	*Baffinland Iron Mines Corporation Warrants (Exp.01/31/2012)	–	53,116	26,100	TMX Group Inc.	1,328,044	1,096,722
29,300	Barrick Gold Corporation	1,315,538	1,361,278			44,971,132	41,478,982
979,200	Breakwater Resources Ltd.	1,836,327	381,888	Information Technology (5.4%)			
163,200	Denison Mines Corporation	1,205,208	1,452,480	249,200	COM DEV International Ltd.	1,201,771	809,900
250,100	Eastern Platinum Limited	665,016	680,272	135,300	Genum Corporation	1,596,880	1,237,995
371,500	Equinox Minerals Limited	1,863,917	1,645,745	1,829	Nortel Networks Corporation	14,943	15,235
116,000	Fronteer Development Group Inc.	950,579	592,760	76,200	Q9 Networks Inc.	982,386	819,912
129,543	Goldcorp Inc.	4,494,192	6,088,521	55,100	Research In Motion Limited	4,968,666	6,567,920
71,100	HudBay Minerals, Inc.	1,412,460	1,005,354			8,764,646	9,450,962
177,500	Kinross Gold Corp.	3,835,135	4,274,200	Telecommunication Services (2.4%)			
111,900	Northern Dynasty Minerals Ltd.	1,364,749	917,580	30,700	BCE Inc.	1,020,262	1,091,385
118,400	Polaris Minerals Corporation	1,093,204	623,968	35,500	Rogers Communications Inc. Cl. B	1,394,602	1,400,475
35,410	Potash Corporation of Saskatchewan Inc.	6,133,310	8,266,464	38,600	TELUS Corporation	1,794,317	1,654,782
44,700	Quadra Mining Ltd.	985,936	948,087			4,209,181	4,146,642
92,300	Sherritt International Corporation Restricted Voting	1,381,122	1,415,882	Adjustment for Transaction Costs (Note 2)			
248,600	Shore Gold Inc.	1,034,849	663,762			(36,998)	–
85,900	Silver Wheaton Corporation	1,165,332	1,285,064	Total Investment Portfolio (98.3%)			
30,000	Teck Cominco Limited Cl. B Sub. Voting	1,248,220	1,468,200			172,199,354	170,719,650
106,560	Yamana Gold Inc.	1,519,868	1,793,405	Other Assets, Less Liabilities (1.7%)			
		41,440,431	41,915,792				2,875,370
Industrials (6.2%)				Total Net Assets (100.0%)			
76,800	Aecon Group Inc.	1,274,407	1,238,016	Net Assets Per Unit			
302,600	Allen-Vanguard Corporation	2,214,670	744,396	\$14.96			
224,700	Bombardier Inc. Cl. B	1,810,059	1,647,051	* This security is not actively traded.			
267,850	CAE Inc.	3,371,154	3,082,953				
508,630	Jazz Air Income Fund	4,000,953	2,873,760				
97,400	WestJet Airlines Ltd.	1,513,516	1,220,422				
		14,184,759	10,806,598				
Consumer Discretionary (5.3%)							
20,800	Astral Media Inc. Cl. A	701,998	666,224				
28,500	Canadian Tire Corporation, Limited Cl. A	1,687,618	1,507,080				
124,000	Great Canadian Gaming Corporation	1,514,613	1,124,680				
158,900	Martinrea International Inc.	2,091,087	966,112				
120,100	Shaw Communications Inc. Cl. B Non-Voting	2,460,763	2,494,477				
55,750	Thomson Reuters Corporation	2,240,483	1,826,370				

Portfolio Advisor: Aurion Capital Management Inc.

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

* For equities, all common shares unless otherwise noted.

Discussion Of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$18,267,003 (approximately 10.5% of the Fund’s net assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$93,000,729	\$102,138,706
Cash	11,289	10,323
Subscriptions receivable	126,359	175,709
Receivable for securities sold	90,658	115,930
Accrued investment income	269,168	277,611
	<u>93,498,203</u>	<u>102,718,279</u>
Liabilities		
Payable for securities purchased	85,336	15,699
Redemptions payable	135,963	95,597
Accrued expenses	56,452	64,585
	<u>277,751</u>	<u>175,881</u>
Net assets representing unitholders' equity	<u>\$93,220,452</u>	<u>\$102,542,398</u>
Number of units outstanding	<u>4,397,262</u>	<u>4,611,413</u>
Net assets per unit	<u>\$ 21.20</u>	<u>\$ 22.24</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 497,600	\$ 346,008
Interest	1,065,723	1,136,726
Securities lending	1,750	541
	<u>1,565,073</u>	<u>1,483,275</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,484	7,986
Custody fees	11,396	13,184
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	12,087	26,514
Unitholder administration, service fees and GST	70,818	65,689
	<u>112,750</u>	<u>121,124</u>
Net investment income (loss)	<u>1,452,323</u>	<u>1,362,151</u>
Net realized gain (loss) on investments sold	2,637,586	4,734,219
Net realized gain (loss) on foreign exchange	(129)	(302)
Net realized gain (loss) from trust units	258,069	892
Change in unrealized appreciation (depreciation) of investments	(9,389,358)	8,193,584
Change in unrealized appreciation (depreciation) of foreign exchange	50	-
Transaction costs (Note 2)	(23,111)	(37,310)
Net gain (loss) on investments and transaction costs	<u>(6,516,893)</u>	<u>12,891,083</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (5,064,570)</u>	<u>\$ 14,253,234</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.13)</u>	<u>\$ 3.40</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$102,542,398	\$ 84,359,702
New accounting policy adjustment (Note 2)	-	(582,178)
Increase (decrease) in net assets from operations	<u>(5,064,570)</u>	<u>14,253,234</u>
	<u>97,477,828</u>	<u>98,030,758</u>
Unit Transactions:		
Proceeds from issue	9,712,684	18,416,309
Payments on redemption	<u>(13,970,060)</u>	<u>(12,814,240)</u>
	<u>(4,257,376)</u>	<u>5,602,069</u>
Increase (decrease) in net assets	<u>(9,321,946)</u>	<u>19,273,125</u>
Net Assets, End of Period	<u>\$ 93,220,452</u>	<u>\$103,632,827</u>

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (27.7%)			
122,614	AltaGas Income Trust	2,861,905	3,140,144
74,344	AtlasGas Utility Group Inc.	579,329	495,874
122,730	Canadian Energy Services LP Cl. A	1,078,973	1,509,579
97,493	CHC Helicopter Corporation Cl. A Sub. Voting	2,102,136	3,060,305
138,015	Crescent Point Energy Trust	2,484,711	5,563,385
114,000	Mullen Group Income Fund	2,344,426	2,574,120
336,639	ProspEx Resources Ltd.	1,236,542	1,161,405
69,800	ShawCor Ltd. Cl. A Sub. Voting	1,097,430	2,512,800
60,800	Zargon Energy Trust	1,498,050	1,565,600
60,224	Zargon Oil & Gas Ltd.	309,832	2,089,773
254,740	ZCL Composites Inc.	1,696,285	2,150,006
		<u>17,289,619</u>	<u>25,822,991</u>
Materials (8.3%)			
87,400	International Forest Products Limited Cl. A Sub. Voting	642,259	450,110
516,500	Neo Material Technologies, Inc.	1,768,425	2,262,270
38,100	Omni-Lite Industries Canada Inc.	100,906	75,819
54,565	Opta Minerals Inc.	211,667	193,706
287,895	Supremex Income Fund	2,734,263	1,770,554
263,700	The Canam Manac Group Inc. Cl. A Sub. Voting	2,601,879	2,644,911
65,860	Winpak Ltd.	722,072	333,251
		<u>8,781,471</u>	<u>7,730,621</u>
Industrials (29.1%)			
11,454	Bird Construction Income Fund	361,472	472,478
228,714	Contrans Income Fund	2,517,413	2,014,970
99,500	Exco Technologies Ltd.	637,110	300,490
56,746	Genivar Income Fund	640,550	1,390,277
132,586	Global Railway Industries Ltd.	482,441	466,703
74,900	GLV, Inc. Cl. A Sub-Voting	701,186	1,017,891
76,460	Horizon North Logistics Inc.	233,051	247,730
56,256	IBI Income Fund	1,236,835	1,246,070
256,392	Lockerbie & Hole, Inc.	2,678,754	3,525,390
124,701	Marsulex Inc.	1,255,642	1,639,818
127,500	Richelieu Hardware Ltd.	2,384,082	2,393,175
26,837	Ritchie Bros. Auctioneers Incorporated	263,720	728,624
176,095	Russel Metals Inc.	2,026,544	5,318,069
105,900	Stantec Inc.	1,391,624	2,773,521
175,557	Transat A.T. Inc. Cl. B	3,978,680	3,537,474
		<u>20,789,104</u>	<u>27,072,680</u>
Consumer Discretionary (3.5%)			
159,700	Automodular Corp.	316,352	178,864
68,364	MTY Food Group Inc.	681,099	608,440
6,500	*The McGraw-Hill Ryerson Ltd.	226,355	279,500
91,200	Uni-Select Inc.	2,113,400	2,194,272
		<u>3,337,206</u>	<u>3,261,076</u>
Health Care (0.7%)			
72,100	Futuremed Healthcare Income Fund	722,248	659,715
Financials (25.2%)			
150,398	Altus Group Income Fund	2,647,404	2,681,596
155,697	Canadian Western Bank	1,735,517	3,853,501
93,417	DirectCash Income Fund	1,415,839	1,027,587
85,015	EGI Financial Holdings, Inc.	904,939	1,008,278
122,882	Equitable Group Inc.	3,289,392	2,633,361
145,725	First National Financial Income Fund	1,708,571	1,815,733
162,660	FirstService Corporation Sub. Voting	3,295,683	2,374,836
16,352	FirstService Corporation Preferred	17,089	314,508
68,786	Grey Horse Corporation	370,848	574,363
82,900	Home Capital Group Inc. Cl. B Sub. Voting	1,429,337	3,274,550
84,485	Morneau Sobeco Income Fund	1,024,608	933,559
557,293	Parkbridge Lifestyles Communities Inc.	3,086,454	2,959,226
143,478	TIO Networks Corp	136,313	73,174
		<u>21,061,994</u>	<u>23,524,272</u>

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Information Technology (3.9%)			
90,406	Constellation Software Inc.	1,935,426	2,508,767
52,800	Logibec Groupe Informatique Ltd.	1,029,600	1,056,528
62,078	Solium Capital Inc.	130,402	90,013
		<u>3,095,428</u>	<u>3,655,308</u>
Utilities (0.8%)			
58,326	Caribbean Utilities Company Ltd. Cl. A	915,188	697,427
		<u>576,639</u>	<u>576,639</u>
Short-Term Notes (Schedule 1) (0.6%)			
Total Investments (99.8%)		<u>76,568,897</u>	<u>93,000,729</u>
Adjustment for Transaction Cost (Note 2)		(115,049)	–
Net Investment Portfolio		<u>76,453,848</u>	<u>93,000,729</u>
Other Assets, Less Liabilities (0.2%)			219,723
Total Net Assets (100.0%)			<u>93,220,452</u>
Net Assets Per Unit			\$21.20

* This security is not actively traded.

Schedule 1 Short-Term Notes

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$512,000	Government of Canada Treasury Bill 2.36%	9/04/2008	509,864	509,864
67,000	Government of Canada Treasury Bill 2.57%	8/21/2008	66,775	66,775
Total Short-Term Notes			<u>576,639</u>	<u>576,639</u>

Portfolio Advisor: Mawer Investment Management Ltd.

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

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

The Fund’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in securities that are not traded in an active market and may be illiquid. Illiquid securities are identified in the Statement of Investment Portfolio.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$6,931,807 (approximately 7.4% of the Fund’s net assets). The Fund’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$64,221,461	\$75,092,148
*Cash	1,474,123	329,302
Subscriptions receivable	399,181	72,922
Receivable for securities sold	850,431	-
Accrued investment income	108,094	63,112
	<u>67,053,290</u>	<u>75,557,484</u>
Liabilities		
Payable for securities purchased	210,816	-
Redemptions payable	161,146	47,105
Accrued expenses	73,358	72,235
	<u>445,320</u>	<u>119,340</u>
Net assets representing unitholders' equity	<u>\$66,607,970</u>	<u>\$75,438,144</u>
Number of units outstanding	<u>6,560,276</u>	<u>6,884,345</u>
Net assets per unit	<u>\$ 10.15</u>	<u>\$ 10.96</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 746,918	\$ 705,063
Interest	112	5,268
Securities lending	2,930	17,220
Less: Foreign withholding taxes	<u>(98,124)</u>	<u>(89,654)</u>
	<u>651,836</u>	<u>637,897</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,484	7,986
Custody fees	6,001	7,695
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	12,269	26,839
Unitholder administration, service fees and GST	88,297	80,146
	<u>125,016</u>	<u>130,417</u>
Net investment income (loss)	<u>526,820</u>	<u>507,480</u>
Net realized gain (loss) on investments sold	2,373,257	1,757,722
Net realized gain (loss) on foreign exchange	42,538	(159,067)
Change in unrealized appreciation (depreciation) of investments	(8,399,720)	(3,577,654)
Change in unrealized appreciation (depreciation) of foreign exchange	33,359	(92,397)
Transaction costs (Note 2)	<u>(30,601)</u>	<u>(19,204)</u>
Net gain (loss) on investments and transaction costs	<u>(5,981,167)</u>	<u>(2,090,600)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (5,454,347)</u>	<u>\$ (1,583,120)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.82)</u>	<u>\$ (0.24)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$75,438,144	\$76,503,098
New accounting policy adjustment (Note 2)	-	(106,466)
Increase (decrease) in net assets from operations	<u>(5,454,347)</u>	<u>(1,583,120)</u>
	<u>69,983,797</u>	<u>74,813,512</u>
Unit Transactions:		
Proceeds from issue	6,253,344	13,741,341
Payments on redemption	<u>(9,629,171)</u>	<u>(9,531,673)</u>
	<u>(3,375,827)</u>	<u>4,209,668</u>
Increase (decrease) in net assets	<u>(8,830,174)</u>	<u>2,520,082</u>
Net Assets, End of Period	<u>\$66,607,970</u>	<u>\$79,023,180</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (8.8%)				Index Fund (1.4%)			
27,900	ConocoPhillips	1,327,669	2,673,999	46,000	Financial Select Sector SPDR Fund	1,228,424	943,260
63,000	Weatherford International Ltd.	996,865	3,175,465		Adjustment for Transaction Costs (Note 2)	(82,987)	–
		<u>2,324,534</u>	<u>5,849,464</u>		Total Investment Portfolio (96.4%)	<u>63,036,901</u>	<u>64,221,461</u>
Materials (3.2%)				Other Assets, Less Liabilities (3.6%)			
21,400	Air Products and Chemicals Inc.	1,457,745	2,149,895				2,386,509
Industrials (9.1%)				Total Net Assets (100.0%)			
25,000	Deere & Company	1,014,988	1,835,077				<u>66,607,970</u>
21,300	Northrop Grumman Corporation	1,631,780	1,450,121	Net Assets Per Unit			
23,400	The Boeing Company	1,175,884	1,564,753	\$10.15			
32,000	Thomas & Betts Corporation	1,840,791	1,230,949	ADR – American Depository Receipt			
		<u>5,663,443</u>	<u>6,080,900</u>				
Consumer Discretionary (7.2%)							
31,300	J.C. Penney Company, Inc.	1,397,603	1,155,607				
48,000	The Home Depot, Inc.	1,228,680	1,141,071				
128,000	Time Warner Inc.	2,363,408	1,921,323				
75,300	Warner Music Group Corp.	1,602,037	546,365				
		<u>6,591,728</u>	<u>4,764,366</u>				
Consumer Staples (19.7%)							
53,000	Archer-Daniels-Midland Company	1,187,233	1,817,085				
78,000	ConAgra Foods, Inc.	1,820,153	1,530,383				
23,000	Diageo PLC ADR	1,714,767	1,726,423				
30,000	Kellogg Co.	1,543,133	1,464,195				
73,000	L'Oreal SA ADR	1,645,728	1,604,630				
58,000	Safeway Inc.	1,923,677	1,685,127				
53,400	Sysco Corp.	1,858,146	1,493,875				
32,600	UST Inc.	1,613,303	1,809,386				
		<u>13,306,140</u>	<u>13,131,104</u>				
Health Care (10.1%)							
37,000	Baxter International Inc.	1,658,194	2,404,524				
33,000	Eli Lilly and Company	1,935,775	1,547,815				
31,000	Hospira, Inc.	1,347,822	1,265,041				
24,000	Universal Health Services, Inc. Cl. B	1,575,611	1,540,885				
		<u>6,517,402</u>	<u>6,758,265</u>				
Financials (16.4%)							
31,100	AFLAC Incorporated	1,547,692	1,985,336				
42,000	American International Group, Inc.	2,975,282	1,127,516				
51,700	J.P. Morgan Chase & Co.	2,486,230	1,805,135				
130,000	Mitsubishi UFJ Financial Group, Inc. ADR	1,316,128	1,164,192				
28,000	Morgan Stanley	1,570,004	1,026,361				
131,000	Synovus Financial Corp.	1,528,160	1,163,815				
83,000	The Charles Schwab Corporation	1,215,153	1,734,910				
28,000	Zions Bancorporation	1,526,895	897,282				
		<u>14,165,544</u>	<u>10,904,547</u>				
Information Technology (15.7%)							
15,000	Apple Computer, Inc.	462,554	2,555,930				
58,000	EMC Corporation	973,928	865,878				
15,900	International Business Machines Corporation	1,915,461	1,914,331				
60,300	Molex Incorporated Cl. A	2,162,799	1,404,015				
103,600	Oracle Corporation	1,579,440	2,213,999				
52,000	Texas Instruments Incorporated	1,480,696	1,488,048				
		<u>8,574,878</u>	<u>10,442,201</u>				
Telecommunication Services (1.8%)							
40,000	Vodafone Group PLC ADR	1,277,098	1,199,199				
Utilities (3.0%)							
41,400	Dominion Resources, Inc.	2,012,952	1,998,260				

Portfolio Advisor: Metropolitan West Capital Management, LLC

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

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
U.S. Dollar	65,695,584	98.6
Total	<u>65,695,584</u>	<u>98.6</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$6,569,558 (approximately 9.9% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

As at June 30, 2008, the Fund had no significant investments in debt investments.

The Fund enters into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these

Discussion of Financial Instrument Risk

As at June 30, 2008

transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the market value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as the June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$5,487,157 (approximately 8.2% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$14,970,184	\$15,984,596
* Cash	148,946	111,145
Subscriptions receivable	9,814	72,056
Receivable for securities sold	368,777	–
Accrued investment income	27,425	25,925
	<u>15,525,146</u>	<u>16,193,722</u>
Liabilities		
Payable for securities purchased	335,682	–
Redemptions payable	35,903	3,864
Accrued expenses	35,254	44,362
	<u>406,839</u>	<u>48,226</u>
Net assets representing unitholders' equity	<u>\$15,118,307</u>	<u>\$16,145,496</u>
Number of units outstanding	<u>1,876,362</u>	<u>1,815,173</u>
Net assets per unit	<u>\$ 8.06</u>	<u>\$ 8.89</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 141,516	\$ 124,881
Interest	23,591	(62,247)
Securities lending	2,296	177
Less: Foreign withholding taxes	(23,128)	(22,467)
	<u>144,275</u>	<u>40,344</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	8,863	7,490
Custody fees	11,188	10,281
Filing fees	6,785	6,642
Independent Review Committee fees	1,128	–
Unitholder reporting costs	3,880	11,782
Unitholder administration, service fees and GST	42,158	37,499
	<u>75,054</u>	<u>74,802</u>
Rebated and absorbed expenses	(34,963)	(25,709)
Net expenses	<u>40,091</u>	<u>49,093</u>
Net investment income (loss)	<u>104,184</u>	<u>(8,749)</u>
Net realized gain (loss) on investments sold	(1,463,086)	1,174,895
Net realized gain (loss) on foreign exchange	(25,696)	1,139
Change in unrealized appreciation (depreciation) of investments	(152,999)	(879,068)
Change in unrealized appreciation (depreciation) of foreign exchange	623	(471)
Transaction costs (Note 2)	(29,193)	(31,540)
Net gain (loss) on investments and transaction costs	<u>(1,670,351)</u>	<u>264,955</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(1,566,167)</u>	<u>\$ 256,206</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.84)</u>	<u>\$ 0.15</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$16,145,496	\$18,640,144
New accounting policy adjustment (Note 2)	–	(19,996)
Increase (decrease) in net assets from operations	<u>(1,566,167)</u>	<u>256,206</u>
	<u>14,579,329</u>	<u>18,876,354</u>
Unit Transactions:		
Proceeds from issue	2,641,335	2,799,597
Payments on redemption	(2,102,357)	(2,896,420)
	<u>538,978</u>	<u>(96,823)</u>
Increase (decrease) in net assets	<u>(1,027,189)</u>	<u>139,387</u>
Net Assets, End of Period	<u>\$15,118,307</u>	<u>\$18,779,531</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (5.1%)							
3,048	Frontier Oil Corporation	79,792	74,164	8,115	Associated Banc-Corp	255,610	159,466
2,595	Holly Corporation	111,204	97,340	4,092	Assurant, Inc.	194,659	274,631
2,661	Hornbeck Offshore Svcs Inc New	154,057	153,027	5,431	Assured Guaranty Ltd.	138,677	99,428
3,165	Newfield Exploration Company	168,101	209,614	6,169	Calamos Asset Management, Inc. Cl. A	97,949	106,912
1,564	Pioneer Natural Resources Company	110,881	124,400	8,431	Corrections Corporation of America	226,289	235,687
1,541	Plains Exploration & Production Company	111,128	114,337	10,200	DuPont Fabros Technology Inc.	202,742	193,069
		<u>735,163</u>	<u>772,882</u>	27,088	E*TRADE Group, Inc.	137,741	86,006
Materials (7.3%)							
3,650	Airgas, inc.	153,573	216,254	1,207	Everest Re Group, Ltd.	124,686	97,896
2,699	Albemarle Corporation	121,119	109,426	11,151	Fidelity National Financial, Inc. Cl. A	198,033	142,983
4,735	Celanese Corporation, Series A	173,077	219,968	8,038	First Horizon National Corporation	84,571	60,613
1,221	CF Industries Holdings, Inc.	131,985	189,588	5,042	First Midwest Bancorp, Inc.	155,492	95,693
3,217	Greif Inc.	194,920	209,620	2,940	FirstFed Financial Corp.	87,231	23,995
6,704	Pactiv Corp.	186,344	144,633	4,632	Hanover Insurance Group Inc.	242,623	200,335
		<u>961,018</u>	<u>1,089,489</u>	6,010	Marsh & McLennan Companies, Inc.	159,605	162,198
Industrials (9.2%)							
2,950	Actuant Corporation	83,379	94,115	6,926	Marshall & Ilsely Corporation	330,808	107,838
5,767	Advanced Energy Industries, Inc.	77,661	80,402	17,891	National City Corp.	105,213	86,664
1,368	AGCO Corporation	66,460	72,809	19,088	New York Community Bancorp, Inc.	361,256	345,958
1,288	Alliant Techsystems Inc.	117,872	133,275	7,048	Realty Income Corporation	216,456	163,172
3,364	Belden CDT Inc.	130,393	115,984	9,709	The Colonial BancGroup, Inc.	79,742	43,572
1,708	Jacobs Engineering Group Inc.	88,769	140,043	10,394	UnumProvident Corporation	251,775	215,780
3,065	Kansas City Southern	145,573	137,209	5,190	Washington Real Estate Investment Trust	202,419	158,343
5,448	Pall Corporation	236,417	219,493	3,353	Willbros Group Inc	160,748	149,454
7,629	Quanta Services, Inc.	181,171	258,219	4,386	Zions Bancorporation	249,081	140,553
1,911	Ryder Systems Inc.	133,711	133,681			<u>5,258,181</u>	<u>4,282,580</u>
		<u>1,261,406</u>	<u>1,385,230</u>	Information Technology (11.7%)			
Consumer Discretionary (9.0%)							
5,090	AnnTaylor Stores Corporation	140,751	124,057	12,954	ADC Telecommunications, Inc.	202,248	194,444
2,254	BorgWagner, Inc.	100,048	101,523	4,321	Arrow Electronics Inc.	175,698	134,908
4,180	CBRL Group, Inc.	192,611	104,260	48,812	Atmel Corporation	276,800	172,864
1,462	Eaton Corporation	123,920	126,419	5,417	BMC Software, Inc.	183,031	198,013
4,204	Ethan Allen Interiors Inc	122,412	105,244	12,033	Integrated Device Technology, Inc.	100,611	121,597
3,773	Gannett Co., Inc.	239,745	83,204	1,867	Mettler Toledo International Incorporated	134,229	180,210
3,607	J.C. Penney Company, Inc.	139,688	133,172	9,810	Parametric Technology Corporation	171,542	166,419
9,577	Lennar Corporation Cl. A	330,971	119,389	7,262	PerkinElmer Inc.	182,777	205,816
9,179	Macy's, Inc.	248,261	180,842	4,887	Plexus Corp.	121,185	137,660
2,505	Penn National Gaming Inc.	130,450	81,549	6,556	Seagate Technology	139,339	127,363
2,742	Phillips-Van Heusen Corporation	116,339	102,184	4,377	Sybase Inc.	117,513	131,044
1,463	Whirlpool Corporation	142,057	91,905			<u>1,804,973</u>	<u>1,770,338</u>
		<u>2,027,253</u>	<u>1,353,748</u>	Telecommunication Services (1.4%)			
Consumer Staples (6.2%)							
3,010	H.J. Heinz Company	135,734	146,387	4,551	Embarq Corporation	255,751	218,923
3,482	Longs Drug Stores Corporation	176,161	149,215	Utilities (12.1%)			
2,281	Lorillard Inc	132,946	160,236	5,549	AGL Resources Inc.	227,973	194,932
4,300	Molson Coors Brewing Company Cl. B	226,742	237,742	5,493	American Electric Power Company, Inc.	234,309	224,437
4,864	Safeway Inc.	183,823	141,318	3,927	Edison International	209,781	205,091
5,399	Smithfield Foods, Inc.	166,765	109,117	4,643	Sempra Energy	267,929	266,156
		<u>1,022,171</u>	<u>944,015</u>	6,850	UGI Corporation	191,347	199,786
Health Care (5.9%)							
8,150	Endo Pharmaceuticals Holdings Inc.	240,251	200,628	7,070	Vectren Corporation	202,317	224,190
3,652	Forest Laboratories, Inc.	122,271	129,110	5,787	Wisconsin Energy Corporation	273,072	266,307
3,083	Magellan Health Services, Inc.	153,536	116,179	12,311	Xcel Energy Incorporated	266,233	251,192
4,181	Universal Health Services, Inc. Cl. B	260,807	268,435			<u>1,872,961</u>	<u>1,832,091</u>
6,360	Watson Pharmaceuticals, Inc.	194,390	175,592			<u>429,863</u>	<u>430,944</u>
		<u>971,255</u>	<u>889,944</u>	Short-Term Notes (Schedule 1) (2.9%)			
Financials (28.3%)							
2,177	Alexandria Real Estate Equities, Inc.	251,542	215,649	Adjustment for Transaction Costs (Note 2)			
10,454	Annaly Mortgage Management Inc.	169,815	165,003	Total Investment Portfolio (99.1%)			
20,429	Anworth Mortgage Asset Corporation	167,556	135,340	<u>16,586,493</u>			
4,924	AON Corporation	197,512	230,001	Other Assets, Less Liabilities (0.9%)			
2,761	Arch Capital Group Ltd.	208,350	186,341	<u>148,123</u>			
				Total Net Assets (100.0%)			
				<u>15,118,307</u>			
				Net Assets Per Unit			
				<u>\$8.06</u>			

ADR – American Depository Receipt

Portfolio Advisor: Integrity Asset Management, LLC

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

**Schedule 1
Short-Term Notes**

Face Amount	Issuer	Maturity Date	Average Cost (\$)	Fair Value (\$)
\$404,742	State Street Trust Company Canada U.S. Dollar Call Deposit	07/02/2008	411,224	411,885
18,728	State Street Trust Company Canada U.S. Dollar Call Deposit	07/02/2008	18,639	19,059
Total Short-Term Notes			429,863	430,944

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
U.S. Dollar	14,977,630	99.1
Total	<u>14,977,630</u>	<u>99.1</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$1,497,018 (approximately 9.9% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

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

Discussion of Financial Instrument Risk

As at June 30, 2008

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$1,381,228 (approximately 9.1% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$64,720,143	\$72,368,730
*Cash	544,751	—
Subscriptions receivable	189,712	74,690
Receivable for securities sold	807,679	361,406
Accrued investment income	44,013	54,430
	<u>66,306,298</u>	<u>72,859,256</u>
Liabilities		
Bank overdraft	—	199,357
Payable for securities purchased	580,155	—
Redemptions payable	146,555	42,614
Accrued expenses	70,235	87,733
	<u>796,945</u>	<u>329,704</u>
Net assets representing unitholders' equity	<u>\$65,509,353</u>	<u>\$72,529,552</u>
Number of units outstanding	<u>9,182,686</u>	<u>9,585,233</u>
Net assets per unit	<u>\$ 7.13</u>	<u>\$ 7.57</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 403,883	\$ 381,411
Interest	1,356	4,520
Securities lending	4,675	10,034
Less: Foreign withholding taxes	<u>(56,370)</u>	<u>(55,734)</u>
	<u>353,544</u>	<u>340,231</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,484	7,986
Custody fees	41,023	45,501
Filing fees	6,785	6,643
Independent Review Committee fees	1,129	—
Unitholder reporting costs	11,674	25,772
Unitholder administration, service fees and GST	74,126	67,941
	<u>145,273</u>	<u>154,951</u>
Net investment income (loss)	<u>208,271</u>	<u>185,280</u>
Net realized gain (loss) on investments sold	(594,116)	3,164,187
Net realized gain (loss) on foreign exchange	(31,571)	(47,471)
Change in unrealized appreciation (depreciation) of investments	(3,701,841)	(4,477,553)
Change in unrealized appreciation (depreciation) of foreign exchange	3,463	(3,865)
Transaction costs (Note 2)	<u>(28,037)</u>	<u>(38,565)</u>
Net gain (loss) on investments and transaction costs	<u>(4,352,102)</u>	<u>(1,403,267)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (4,143,831)</u>	<u>\$ (1,217,987)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.44)</u>	<u>\$ (0.13)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$72,529,552	\$64,869,631
New accounting policy adjustment (Note 2)	—	(64,096)
Increase (decrease) in net assets from operations	<u>(4,143,831)</u>	<u>(1,217,987)</u>
	<u>68,385,721</u>	<u>63,587,548</u>
Unit Transactions:		
Proceeds from issue	6,607,055	15,685,649
Payments on redemption	<u>(9,483,423)</u>	<u>(6,746,419)</u>
	<u>(2,876,368)</u>	<u>8,939,230</u>
Increase (decrease) in net assets	<u>(7,020,199)</u>	<u>7,657,147</u>
Net Assets, End of Period	<u>\$65,509,353</u>	<u>\$72,526,778</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Energy (12.3%)							
7,500	Apache Corporation	637,662	1,060,366	5,900	VCA Antech Inc.	219,073	166,735
13,000	Devon Energy Corporation	1,089,086	1,587,931	3,000	Wyeth	142,607	146,297
3,200	EOG Resources, Inc.	415,383	427,250			9,172,072	9,248,511
19,700	Helmerich & Payne, Inc.	1,167,380	1,443,836	Financials (6.7%)			
3,900	National-Oilwell Varco Inc.	329,211	352,115	5,300	Digital Realty Trust, Inc.	215,194	220,488
4,000	Schlumberger Limited	340,601	436,938	2,700	IntercontinentalExchange Inc.	466,679	313,205
8,400	Transocean Inc.	1,210,461	1,300,874	43,200	Invesco Limited	1,246,926	1,051,582
20,350	XTO Energy, Inc.	1,040,238	1,417,336	9,400	Northern Trust Corporation	639,920	655,265
		6,230,022	8,026,646	16,800	Synovus Financial Corp.	213,986	149,253
Materials (4.6%)				13,100	The Chubb Corporation	694,049	653,363
9,500	Freeport-McMoran Copper & Gold, Inc.	1,003,218	1,132,858	7,500	Visa, Inc., Cl. A	475,705	620,207
10,356	Monsanto Company	693,101	1,329,257	19,800	Waddell & Reed Financial Inc. Cl. A	641,210	705,433
5,564	Valmont Industries, Inc.	406,921	590,455			4,593,669	4,368,796
		2,103,240	3,052,570	Information Technology (27.0%)			
Industrials (10.0%)				17,790	Activision, Inc.	564,192	616,984
3,300	Caterpillar Inc.	225,697	247,570	22,200	ADC Telecommunications, Inc.	408,518	333,229
20,600	Cooper Industries Ltd. Cl. A	1,053,386	826,594	22,300	Adobe Systems Inc.	932,521	892,312
31,000	Emerson Electric Co.	1,503,892	1,558,429	31,900	Altera Corp.	710,071	671,985
12,600	Global Payments Inc.	573,832	597,011	10,000	Apple Computer, Inc.	1,063,123	1,703,953
29,200	Honeywell International Inc.	1,719,156	1,492,306	51,600	Cisco Systems, Inc.	1,382,946	1,221,400
20,600	Raytheon Company	1,280,267	1,177,944	27,200	Corning Incorporated	674,441	638,026
8,700	Union Pacific Corporation	628,279	667,293	55,000	Dell Inc.	1,389,381	1,225,200
		6,984,509	6,567,147	62,200	Flextronics International Ltd.	704,544	593,734
Consumer Discretionary (15.0%)				1,100	Google Inc. Cl. A	575,013	589,484
17,000	Advance Auto Parts, Inc.	607,654	671,242	54,400	Intel Corporation	1,372,456	1,189,136
14,300	AnnTaylor Stores Corporation	380,564	348,530	33,700	Linear Technology Corporation	990,966	1,116,296
29,300	BorgWagner, Inc.	1,328,924	1,319,707	4,700	MEMC Electronics Materials, Inc.	332,281	294,247
14,200	Costco Wholesale Corp.	952,368	996,556	48,836	Microsoft Corporation	1,668,221	1,368,185
22,300	Darden Restaurants, Inc.	783,347	724,833	52,700	Oracle Corporation	1,133,589	1,126,233
13,100	Eaton Corporation	1,307,374	1,132,753	44,900	QUALCOMM Incorporated	1,951,818	2,027,375
34,100	Family Dollar Stores Inc.	688,500	691,955	1,400	Research In Motion Limited	137,895	166,549
10,100	KB Home	256,093	173,806	6,700	Salesforce.com, Inc.	396,743	464,255
30,700	Lowe's Companies, Inc.	772,086	646,394	15,800	Thermo Electron Corp.	860,632	895,593
4,100	Mohawk Industries, Inc.	307,325	267,449	21,100	Xilinx, Inc.	545,392	541,105
2,600	Priceline.com Incorporated	197,389	305,415			17,794,743	17,675,281
4,300	Scripps Networks Interactive Cl. A	179,930	167,816	Telecommunication Services (1.6%)			
16,600	Urban Outfitters, Inc.	470,608	517,090	24,300	American Tower Corporation Cl. A	987,074	1,043,312
7,100	Viacom Inc. Cl. B	311,935	216,621	Utilities (1.2%)			
29,100	Wal-Mart Stores, Inc.	1,596,197	1,661,324	900	First Solar, Inc.	250,713	249,762
		10,140,294	9,841,491	8,000	FPL Group, Inc.	563,582	533,248
Consumer Staples (6.3%)						814,295	783,010
22,000	Nestlé SA	1,013,261	1,009,718	Total Investment (98.8%)			
18,100	PepsiCo, Inc.	1,293,598	1,171,109	Adjustment for Transaction Costs (Note2)			
21,400	The Coca-Cola Company	1,231,542	1,129,392	Total Investment Portfolio (98.8%)			
13,000	The Procter & Gamble Company	921,240	803,160	Other Assets, Less Liabilities (0.2%)			
		4,459,641	4,113,379	Total Net Assets (100.0%)			
Health Care (14.1%)				Net Assets Per Unit			
3,000	Alexion Pharmaceuticals Inc.	206,857	221,339	\$7.13			
17,800	Allergan, Inc.	1,124,444	942,118				
9,600	Baxter International Inc.	532,144	613,056				
15,622	Becton, Dickinson and Company	1,224,946	1,292,008				
7,300	C.R. Bard Inc.	689,671	653,293				
13,000	DENTSPLY International Inc.	493,489	486,844				
3,500	Elan Corporation, PLC ADR	109,926	126,621				
9,500	Express Scripts, Inc. Cl. A	657,621	606,453				
5,800	Genentech, Inc.	442,978	447,695				
3,700	Gen-Probe Incorporated	212,357	178,814				
3,100	Idexx Labs Incorporated	151,371	153,761				
1,500	Illumina, Inc.	77,604	132,956				
2,100	Intuitive Surgical, Inc.	507,385	575,148				
6,200	Laboratory Corporation of America Holdings	466,881	439,262				
19,300	Medtronic, Inc.	944,802	1,014,636				
13,200	Novo Nordisk A/S Cl. B	802,333	879,484				
8,400	QIAGEN NV	165,583	171,991				

Portfolio Advisor: American Century Investment Management, Inc.

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

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Danish Krone	879,915	1.3
Swiss Franc	1,009,718	1.5
U.S. Dollar	<u>63,370,342</u>	<u>96.7</u>
Total	<u>65,259,975</u>	<u>99.5</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$6,525,998 (approximately 10.0% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

As at June 30, 2008, the Fund had no significant investments in debt investments.

Discussion of Financial Instrument Risk

As at June 30, 2008

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$6,277,854 (approximately 9.6% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$21,724,291	\$24,169,595
*Cash	80,602	55,157
Subscriptions receivable	39,459	6,611
Receivable for securities sold	560,581	692,097
Accrued investment income	11,592	14,201
	<u>22,416,525</u>	<u>24,937,661</u>
Liabilities		
Payable for securities purchased	170,585	217,000
Redemptions payable	32,892	13,006
Accrued expenses	59,148	58,648
	<u>262,625</u>	<u>288,654</u>
Net assets representing unitholders' equity	<u>\$22,153,900</u>	<u>\$24,649,007</u>
Number of units outstanding	<u>1,358,554</u>	<u>1,447,725</u>
Net assets per unit	<u>\$ 16.31</u>	<u>\$ 17.03</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 26,473	\$ 42,096
Interest	28,140	(67,807)
Securities lending	18,928	3,182
Less: Foreign withholding taxes	(3,503)	(5,831)
	<u>70,038</u>	<u>(28,360)</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	8,863	7,490
Custody fees	7,388	8,760
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	6,517	16,515
Unitholder administration, service fees and GST	79,384	69,953
	<u>111,117</u>	<u>110,469</u>
Rebated and absorbed expenses	(52,844)	(15,394)
Net expenses	<u>58,273</u>	<u>95,075</u>
Net investment income (loss)	<u>11,765</u>	<u>(123,435)</u>
Net realized gain (loss) on investments sold	59,636	2,570,046
Net realized gain (loss) on foreign exchange	(7,290)	(13,168)
Change in unrealized appreciation (depreciation) of investments	(1,126,500)	(1,973,031)
Change in unrealized appreciation (depreciation) of foreign exchange	(1,895)	(238)
Transaction costs (Note 2)	(18,776)	(32,401)
Net gain (loss) on investments and transaction costs	<u>(1,094,825)</u>	<u>551,208</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (1,083,060)</u>	<u>\$ 427,773</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.76)</u>	<u>\$ 0.19</u>

Statement of Changes in Net Assets for six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$24,649,007	\$32,821,982
New accounting policy adjustment (Note 2)	-	(38,848)
Increase (decrease) in net assets from operations	(1,083,060)	427,773
	<u>23,565,947</u>	<u>33,210,907</u>
Unit Transactions:		
Proceeds from issue	1,834,189	8,129,582
Payments on redemption	(3,246,236)	(4,170,550)
	<u>(1,412,047)</u>	<u>3,959,032</u>
Increase (decrease) in net assets	<u>(2,495,107)</u>	<u>4,347,957</u>
Net Assets, End of Period	<u>\$22,153,900</u>	<u>\$37,169,939</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.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
U.S. Dollar	<u>21,703,021</u>	<u>98.0</u>
Total	<u>21,703,021</u>	<u>98.0</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$2,170,302 (approximately 9.8% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

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

Discussion of Financial Instrument Risk

As at June 30, 2008

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$2,324,499 (approximately 10.5% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$103,533,797	\$113,544,078
*Cash	730,506	1,431,393
Receivable on open spot and forward contracts	-	3,963
Subscriptions receivable	561,726	170,272
Receivable for securities sold	3,118,877	1,385,626
Accrued investment income	277,706	458,548
	<u>108,222,612</u>	<u>116,993,880</u>
Liabilities		
Payable on open spot contracts	3,667	-
Payable for securities purchased	3,092,197	1,562,679
Redemptions payable	174,701	67,919
Accrued expenses	92,503	116,264
	<u>3,363,068</u>	<u>1,746,862</u>
Net assets representing unitholders' equity	<u>\$104,859,544</u>	<u>\$115,247,018</u>
Number of units outstanding	<u>9,797,699</u>	<u>9,741,115</u>
Net assets per unit	<u>\$ 10.70</u>	<u>\$ 11.83</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 2,483,359	\$ 2,269,769
Interest	10,870	28,339
Securities lending	54,919	63,285
Less: Foreign withholding taxes	(295,495)	(286,312)
	<u>2,253,653</u>	<u>2,075,081</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,646	8,855
Custody fees	62,985	76,300
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	-
Unitholder reporting costs	12,300	26,895
Unitholder administration, service fees and GST	97,982	90,685
	<u>191,878</u>	<u>210,486</u>
Net investment income (loss)	<u>2,061,775</u>	<u>1,864,595</u>
Net realized gain (loss) on investments sold	(3,876,186)	4,431,868
Net realized gain (loss) on foreign exchange	(34,092)	(44,440)
Change in unrealized appreciation (depreciation) of investments	(9,150,493)	(8,599,554)
Change in unrealized appreciation (depreciation) of foreign exchange	46,797	(28,132)
Transaction costs (Note 2)	(102,209)	(105,104)
Net gain (loss) on investments and transaction costs	<u>(13,116,183)</u>	<u>(4,345,362)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(11,054,408)</u>	<u>\$(2,480,767)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.13)</u>	<u>\$ (0.28)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$115,247,018	\$116,431,670
Increase (decrease) in net assets from operations	(11,054,408)	(2,480,767)
	<u>104,192,610</u>	<u>113,950,903</u>
Unit Transactions:		
Proceeds from issue	13,868,192	21,762,431
Payments on redemption	(13,201,258)	(12,272,882)
	<u>666,934</u>	<u>9,489,549</u>
Increase (decrease) in net assets	<u>(10,387,474)</u>	<u>7,008,782</u>
Net Assets, End of Period	<u>\$104,859,544</u>	<u>\$123,440,452</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (3.3%)				Hong Kong (2.9%)			
45,640	AMP Limited	361,689	297,430	192,000	Aeon Credit Service (Asia) Company Limited	166,849	196,713
23,439	BHP Billiton Limited	402,928	1,016,086	58,000	Cathay Pacific Airways Ltd.	146,118	112,308
32,711	Coca-Cola Amatil Limited	272,722	223,519	31,000	Cheung Kong (Holdings) Limited	418,670	424,244
2,832	Commonwealth Bank of Australia	114,725	110,761	77,000	China Insurance International Holdings Company Limited	117,624	185,969
19,016	Crown Ltd.	249,418	172,100	13,500	China Mobile (Hong Kong) Limited	211,532	183,857
16,204	David Jones Limited	58,112	44,367	16,000	CLP Holdings Limited	115,390	139,425
3,091	Leighton Holdings Limited	147,308	151,624	326,000	CNOOC Limited	253,674	575,442
15,217	Origin Energy Limited	94,437	238,542	45,200	Dah Sing Financial Group	362,580	371,428
16,845	Paladin Resources Limited	115,364	104,692	111,000	Foxconn International Holdings Ltd.	345,531	108,482
6,943	QBE Insurance Group Limited	152,913	150,070	112,000	Hutchison Telecommunications International Limited	159,704	161,705
48,061	Seek Limited	271,825	234,160	62,000	Li & Fung Ltd.	189,788	189,739
68,346	Spark Infrastructure Group	115,273	103,898	370,000	RREEF China Commercial Trust	173,757	180,878
15,823	Westpac Banking Corporation	297,849	308,122	72,266	Sino Land Company, Limited	201,433	145,850
6,451	Woodside Petroleum Limited	260,386	426,264				
		2,914,949	3,581,635			2,862,650	2,976,040
Austria (1.3%)				India (0.3%)			
62,215	Telekom Austria AG	1,812,636	1,370,606	10,349	Axis Bank Limited GDR	109,529	148,104
Belgium (1.4%)				17,818	Mahindra & Mahindra Ltd.	257,960	205,804
78,749	Agfa-Gevaert NV	1,045,949	517,940			367,489	353,908
24,358	UCB SA	1,487,736	912,036				
		2,533,685	1,429,976	Ireland (1.2%)			
Canada (0.2%)				35,155	Elan Corporation PLC	606,550	1,281,902
286,500	Sino-Ocean Land Holdings Ltd.	333,744	164,528	Italy (1.4%)			
China (0.7%)				237,205	UniCredito Italiano SpA	2,122,265	1,471,007
138,000	Bank of Communications Ltd. Cl. H	176,844	164,070	Japan (19.8%)			
104,000	China High Speed Transmission Equipment Group Co., Ltd.	225,426	217,898	14,940	AEON Mall Co., Ltd.	471,316	448,853
161,000	China Railway Construction Corporation Cl. H	218,494	230,770	21,100	Benesse Corp.	781,839	869,936
164,000	Industrial and Commercial Bank of China	117,078	113,806	22,000	Canon Inc.	1,133,046	1,149,248
		737,842	726,544	115	Central Japan Railway Company	1,175,248	1,290,642
Denmark (0.7%)				19,700	Daiichi Sankyo Company, Limited	594,693	552,020
32,100	H. Lundbeck A/S	876,928	741,966	8,600	Daikin Industries, Ltd.	413,635	441,457
Finland (1.1%)				12,000	Denso Corp.	480,120	418,587
51,968	Elisa Corporation Cl. A	1,356,774	1,102,499	274	East Japan Railway Company	2,145,589	2,272,778
France (13.9%)				7,700	Hogy Medical Co., Ltd	396,118	397,948
31,948	Air France	872,513	775,078	42	INPEX Holdings Inc.	456,054	542,220
42,836	Axa SA	1,731,501	1,285,345	2,000	Keyence Corporation	509,668	484,674
20,768	Carrefour SA	1,361,526	1,192,217	52,800	Komatsu Ltd.	1,314,246	1,496,216
12,000	Faurecia	515,956	515,565	27,400	Mitsubishi Corporation	841,473	918,780
77,329	France Telecom SA	2,472,105	2,310,943	35,500	Mitsubishi Estate Company, Limited	944,167	825,985
28,263	Peugeot SA	1,919,421	1,549,174	81,000	Mitsui & Co.	1,287,448	1,822,436
44,898	Rhodia SA	1,677,941	835,239	35,000	Mitsui Fudosan Co. Ltd.	762,608	760,351
51,606	Safran SA	1,383,631	1,012,860	61,000	Nabtesco Corporation	787,995	952,826
26,915	Sanofi-Aventis	2,658,300	1,822,832	1,400	Nintendo Co., Ltd.	753,563	802,964
53,086	Silicon-On-Insulator Technologies SA	986,536	328,143	2,350	Obic Co., Ltd.	508,367	401,305
14,282	Societe Generale	1,490,463	1,251,699	10,000	OTSUKA Corporation	1,020,700	702,334
19,031	Total SA	1,168,857	1,651,674	5,400	Shima Seiki MFG., Ltd.	212,440	149,481
		18,238,750	14,530,769	106,000	Sumitomo Metal Industries, Ltd.	526,197	474,070
Germany (10.5%)				54	Sumitomo Mitsui Financial Group Inc.	649,607	412,851
23,102	Bayerische Motoren Werke (BMW) AG	1,526,453	1,128,654	17,200	Sundrug Co., Ltd.	476,841	355,639
34,375	Commerzbank AG	1,357,964	1,033,992	15,700	Takeda Pharmaceutical Company Limited	1,143,042	811,389
8,105	Deutsche Postbank AG	562,470	721,967	13,200	Toyota Motor Corporation	738,104	632,752
112,672	Deutsche Telekom AG	2,050,477	1,875,412	6,000	Uni-Charm Corp.	427,728	433,920
8,986	E.ON AG	1,459,987	1,842,219			20,951,852	20,821,662
67,308	Infineon Technologies AG	887,114	592,048	Korea (1.2%)			
9,011	Muenchener Rueckversicherungs-Gesellschaft AG	1,388,651	1,605,641	3,257	Hyundai Development Company	282,537	168,270
37,205	Praktiker Bau- und Heimwerkermaerkte Holding AG	1,092,136	796,337	2,656	Kookmin Bank	243,154	158,527
128,900	Qimonda AG ADR	997,311	312,197	272	POSCO	165,225	144,027
9,715	Siemens AG	1,268,014	1,095,196	2,048	Samsung Electronics Co., Ltd. GDR	614,850	614,302
		12,590,577	11,003,663	4,220	Shinhan Financial Group Co. Ltd.	218,051	193,938
						1,523,817	1,279,064
				Netherlands (8.8%)			
				33,449	ING Groep NV	1,572,743	1,076,119
				77,928	Koninklijke (Royal) KPN NV	1,397,204	1,356,227

Portfolio Advisor: Wellington Management Company, LLP

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
43,447	Koninklijke (Royal) Philips Electronics NV	1,558,003	1,493,592	147,948	Compass Group PLC	994,989	1,132,036
41,360	TPG NV	1,584,817	1,430,205	86,382	CSR PLC	574,978	468,471
79,559	Unilever NV	2,566,069	2,296,885	109,999	easyJet PLC	649,006	596,001
67,635	Wolters Kluwer NV	1,936,223	1,597,237	166,649	HBOS PLC	2,888,335	928,920
				66,659	HBOS PLC, Rights (Exp. 07/18/2008)	–	14,537
		10,615,059	9,250,265	124,327	Home Retail Group	543,594	546,742
	Norway (0.4%)			138,725	Michael Page International PLC	744,490	656,415
32,600	Cermaq ASA	374,018	395,198	664,445	Old Mutual PLC	1,885,042	1,239,369
	Singapore (0.8%)			108,496	Rexam PLC	1,152,531	851,339
325,000	Banyan Tree Holdings Limited	241,242	321,865	703,648	Vodafone Group PLC	2,372,867	2,111,536
112,560	Singapore Telecommunications Limited	220,069	305,830	224,439	Wolfson Microelectronics PLC	523,278	541,020
66,000	Straits Asia Resources Limited	158,790	171,998			21,090,357	17,018,280
		620,101	799,693		Index Funds (5.0%)		
	Spain (2.9%)			14,300	iShares MSCI EAFE Index Fund	1,113,685	988,835
41,062	Banco Bilbao Vizcaya Argentaria SA	864,139	796,291	112,600	iShares MSCI Japan Index Fund	1,472,284	1,402,550
28,592	Laboratorios Almirall SA	550,746	630,152	34,200	iShares MSCI Taiwan Index Fund	562,852	486,207
41,180	Repsol YPF, SA	1,474,891	1,649,473	23,300	iShares S&P Europe 350 Index Fund	2,600,218	2,295,249
		2,889,776	3,075,916			5,749,039	5,172,841
	Sweden (0.7%)				Total Investments (98.7%)	117,353,830	103,533,797
50,200	Lundin Petroleum AB	570,779	755,705		Foreign Currency Spot Contracts (Schedule 1) (0.0%)	–	(3,667)
	Switzerland (4.0%)				Adjustment for Transaction Costs (Note 2)	(144,533)	–
21,170	Adecco SA	1,522,947	1,064,099		Total Investment Portfolio (98.7%)	117,209,297	103,530,130
27,535	Paris RE Holdings Ltd.	656,177	598,629		Other Assets, Less Liabilities (1.3%)		1,329,414
5,515	Swiss Life Holding	1,607,357	1,492,832		Total Net Assets (100.0%)		104,859,544
50,995	UBS AG	1,827,712	1,074,570		Net Assets Per Unit		\$10.70
		5,614,193	4,230,130				
	United Kingdom (16.2%)						
383,439	Aberdeen Asset Management PLC	1,528,296	1,023,870				
52,492	AstraZeneca PLC	2,591,765	2,273,597				
217,901	British Airways PLC	958,662	944,054				
312,345	British Petroleum Co. PLC	3,682,524	3,690,373				

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	106,650 Canadian Dollar	495,682 Danish krone	07/03/2008	AA–	(114)
1	113,309 Canadian Dollar	71,104 Euro	07/02/2008	AA	659
1	78,122 Canadian Dollar	605,965 Hong Kong Dollar	07/02/2008	AA+	966
1	568,825 Canadian Dollar	282,113 Pound Sterling	07/02/2008	A+	3,466
1	125,848 Canadian Dollar	126,754 Swiss Franc	07/02/2008	AA–	620
1	157,753 Canadian Dollar	158,016 Swiss Franc	07/03/2008	AA–	(93)
1	64,912 Canadian Dollar	64,111 U.S. Dollar	07/02/2008	AA	330
1	1,955 Euro	3,103 Canadian Dollar	07/02/2008	AA	(30)
1	805,772 Euro	1,284,060 Canadian Dollar	07/02/2008	AA	(7,472)
1	47,830 Hong Kong Dollar	6,168 Canadian Dollar	07/02/2008	AA	(74)
1	11,614,677 Japanese Yen	110,100 Canadian Dollar	07/02/2008	AA	(1,370)
1	384,974 Swedish krona	65,123 Canadian Dollar	07/02/2008	AA	45
1	51,961 U.S. Dollar	52,277 Canadian Dollar	07/02/2008	AA	(600)
	Total Foreign Currency Spot Contracts Value				(3,667)

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	3,581,635	3.4
Danish Krone	848,502	0.8
Euro Currency	43,709,511	41.7
Hong Kong Dollar	3,949,959	3.8
Japanese Yen	20,840,257	19.9
Norwegian Krone	409,619	0.4
Pound Sterling	17,699,246	16.9
Singapore Dollar	799,693	0.8
South Korean Won	664,768	0.6
Swedish Krona	690,627	0.7
Swiss Franc	3,915,630	3.7
U.S. Dollar	<u>6,540,472</u>	<u>6.2</u>
Total	<u><u>103,649,919</u></u>	<u><u>98.9</u></u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$10,364,992 (approximately 9.9% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

Discussion of Financial Instrument Risk

As at June 30, 2008

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$10,456,913 (approximately 10.0% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$69,124,487	\$75,064,093
*Cash	215,191	1,122,657
Subscriptions receivable	97,277	271,255
Receivable for securities sold	435,780	–
Accrued investment income	162,412	134,641
	<u>70,035,147</u>	<u>76,592,646</u>
Liabilities		
Payable on open spot and forward contracts	164	–
Payable for securities purchased	54,994	17,639
Redemptions payable	101,495	26,794
Accrued expenses	88,346	157,414
	<u>244,999</u>	<u>201,847</u>
Net assets representing unitholders' equity	<u>\$69,790,148</u>	<u>\$76,390,799</u>
Number of units outstanding	<u>4,256,947</u>	<u>4,229,797</u>
Net assets per unit	<u>\$ 16.39</u>	<u>\$ 18.06</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 1,464,982	\$ 1,072,181
Interest	4,220	7,821
Securities lending	15,724	21,438
Less: Foreign withholding taxes	(160,187)	(119,806)
	<u>1,324,739</u>	<u>981,634</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,646	8,855
Custody fees	91,448	112,035
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	10,483	23,633
Unitholder administration, service fees and GST	70,537	64,825
	<u>191,079</u>	<u>217,099</u>
Rebated and absorbed expenses	–	(41)
Net expenses	<u>191,079</u>	<u>217,058</u>
Net investment income (loss)	<u>1,133,660</u>	<u>764,576</u>
Net realized gain (loss) on investments sold	(5,769,520)	8,479,697
Net realized gain (loss) on foreign exchange	(35,541)	(140,588)
Gain (loss) on derivative investments	–	132,174
Change in unrealized appreciation (depreciation) of investments	(2,360,543)	(8,664,782)
Change in unrealized appreciation (depreciation) of foreign exchange	8,345	(11,396)
Transaction costs (Note 2)	(88,141)	(151,057)
Net gain (loss) on investments and transaction costs	<u>(8,245,400)</u>	<u>(355,952)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (7,111,740)</u>	<u>\$ 408,624</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (1.64)</u>	<u>\$ 0.12</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$ 76,390,799	\$ 77,205,552
Increase (decrease) in net assets from operations	(7,111,740)	408,624
	<u>69,279,059</u>	<u>77,614,176</u>
Unit Transactions:		
Proceeds from issue	10,931,372	18,149,612
Payments on redemption	(10,420,283)	(12,700,792)
	<u>511,089</u>	<u>5,448,820</u>
Increase (decrease) in net assets	<u>(6,600,651)</u>	<u>5,857,444</u>
Net Assets, End of Period	<u>\$ 69,790,148</u>	<u>\$ 83,062,996</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
14,100	Glory Ltd.	401,584	337,081	69,053	Tubacex SA	692,149	844,922
10,800	Hisamitsu Pharmaceutical Co., Inc.	340,729	478,348	7,995	Union Electrica Fenosa SA	469,628	473,690
13,200	Hitachi Koki Co., Ltd.	232,801	222,776	11,288	Viscofan SA	269,907	245,543
7,400	Hogy Medical Co., Ltd.	396,985	382,444			3,155,303	3,072,758
194	Intelligence, Ltd.	294,416	146,837				
412	Kenedix, Inc.	861,882	512,485		Sweden (1.7%)		
11,300	Kintetsu World Express Inc.	418,548	293,633	6,850	Modern Times Group AB	424,885	408,830
18,500	Kuroda Electric Co. Ltd.	270,904	281,155	17,300	NCC AB – B Shares	537,657	263,698
11,200	Mandom Corporation	281,063	289,444	28,900	Peab AB	289,633	201,326
9,300	Micronics Japan Co., Ltd.	343,696	340,833	11,900	Saab AB Series B	291,744	304,708
42,000	Minebea Company	263,269	245,862			1,543,919	1,178,562
8,300	Mitsumi Electric Company Ltd.	309,674	187,952		Switzerland (7.1%)		
52,000	Nippon Denko Co., Ltd.	383,945	610,476	4,799	Actelion Ltd.	171,461	260,258
21,700	Nippon System Development Co., Ltd.	378,320	250,461	2,169	Baloise Holding Ltd.	224,167	231,358
8,500	Nissha Printing Co., Ltd.	323,962	500,426	1,352	Bucher Industries AG	317,369	361,974
131	RISA Partners, Inc.	292,231	203,310	2,129	Dufry Group	220,499	197,725
859	SKY Perfect JSAT Corporation	384,003	356,215	1,193	Galenica Holding AG	439,363	428,530
35,000	Suruga Bank, Ltd.	414,658	464,847	575	Helvetia Holding AG	218,426	226,693
31,000	Tokyo Tatemono Co. Ltd.	210,246	203,880	2,822	Holcim Ltd.	327,422	232,566
50,000	Toshiba Machine Co., Ltd.	375,265	346,745	791	Kaba Holding AG	244,248	244,691
12,000	Toyo Suisan Kaisha, Ltd.	247,561	275,937	695	Kuoni Reisen Holding AG	325,319	339,185
10,900	Tsuruha Holdings, Inc.	353,491	363,787	3,005	Lonza Group AG	403,376	422,809
81,000	UBE Industries Limited	303,550	291,704	296	Sika AG	289,917	472,776
248	Works Applications Co., Ltd.	342,519	318,658	2,126	Swatch Group	592,256	536,938
		10,544,564	9,993,692	2,071	Syngenta AG	518,608	683,120
				10,384	Temenos Group AG	303,140	326,352
	Korea (2.9%)					4,595,571	4,964,975
699	CJ Cheiljedang Corp.	215,071	186,190		United Kingdom (16.2%)		
19,900	Daegu Bank	364,268	269,450	101,516	Aegis Group PLC	253,703	221,583
3,252	Honam Petrochemical Corporation	345,487	235,677	65,555	Amlin PLC	447,049	331,086
1,667	Korea Line Corporation	401,534	284,846	16,138	Aveva Group PLC	343,577	501,308
2,814	Korea Zinc Co., Ltd.	355,872	390,955	24,541	Balfour Beatty PLC	214,859	211,133
24,410	LG Telecom Ltd.	226,764	188,500	172,695	Beazley Group PLC	559,462	387,395
33,950	Pusan Bank	555,434	461,771	19,020	BPP Holdings PLC	232,574	181,437
		2,464,430	2,017,389	46,197	Britvic PLC	364,194	269,871
	Luxembourg (0.4%)			26,513	Charter PLC	270,364	464,772
2,505	Millicom International Cellular SA	265,939	263,844	11,303	Chemring Group PLC	485,291	542,272
	Netherlands (4.5%)			34,508	Cookson Group PLC	373,405	436,881
10,556	DSM NV	538,985	628,378	22,408	Croda International PLC	275,985	290,570
8,687	Fugro NV	455,475	754,070	16,024	Dana Petroleum PLC	381,139	615,170
12,138	Imtech NV	350,488	288,085	13,483	Derwent Valley Holdings PLC	362,601	275,241
21,063	Koninklijke BAM Groep NV	531,922	378,711	89,572	Galliford Try PLC	277,142	68,599
4,119	Koninklijke Boskalis Westminster NV	223,019	224,333	3,749	Greggs PLC	347,147	279,000
4,117	Nutreco Holding NV	297,917	280,817	40,815	ICAP PLC	521,568	444,571
7,200	Sligro Food Group NV	330,901	295,203	50,229	IG Group Holdings PLC	390,566	334,085
14,229	SNS Reaal	289,432	279,168	44,655	Inchcape PLC	269,788	287,877
		3,018,139	3,128,765	29,456	Informa PLC	274,320	246,266
	Norway (0.8%)			45,541	International Personnel Finance	233,933	253,820
46,200	Ementor ASA	324,590	314,882	30,405	Interserve PLC	332,074	284,686
14,000	Tandberg ASA	297,776	233,523	34,970	John Wood Group PLC	229,997	350,205
		622,366	548,405	8,591	Kier Group PLC	186,940	164,232
	Portugal (0.2%)			116,204	MFI Furniture Group PLC	251,028	100,052
41,423	Banco BPI SA	269,820	173,706	41,953	Michael Page International PLC	255,760	198,512
	Singapore (0.7%)			10,309	Morgan Sindall PLC	220,276	156,137
142,000	Indofood Agri Resources Limited	221,139	271,686	31,326	Mothercare PLC	247,327	203,077
131,000	Tat Hong Holdings Limited	234,001	186,914	57,921	N Brown Group PLC	342,011	214,186
		455,140	458,600	37,484	Petrofac Limited	288,906	560,724
	Spain (4.4%)			131,520	Regus Group PLC	279,723	215,636
5,201	Bolsas y Mercados Espanoles	308,207	195,581	26,838	Southern Cross Healthcare Limited	219,786	70,658
80,582	Corporacion Mapfre SA	353,295	390,860	19,046	Speedy Hire PLC	285,265	220,413
7,976	Grifols SA	252,797	258,762	220,339	Spirant PLC	266,513	291,587
6,981	Obrascon Huarte Lain SA	313,968	240,350	51,909	Stagecoach Group PLC	244,267	293,953
4,854	Red Electrica de Espana	268,997	321,083	29,578	Sthree PLC	275,908	96,385
6,971	Solaria Energia y Medio Ambiente SA	226,355	101,967	73,896	Thomas Cook Group PLC	356,536	350,301
				6,193	Vedanta Resources PLC	272,283	275,048

Portfolio Advisor: Munder Capital Management

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

-For equities, all common shares unless otherwise noted.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
18,157	Venture Production PLC	296,588	319,669
29,201	Vitec Group PLC	339,935	267,366
		<u>12,069,790</u>	<u>11,275,764</u>
	Total Investments (99.0%)	<u>70,648,524</u>	<u>69,124,487</u>
	Foreign Currency Spot and Forward Contracts – Schedule 1 (0.0%)	–	(164)
	Adjustment for Transaction Costs (Note 2)	(83,638)	–
	Total Investment Portfolio (99.0%)	<u>70,564,886</u>	<u>69,124,323</u>
	Other Assets, Less Liabilities (1.0%)		665,825
	Total Net Assets (100.0%)		<u>69,790,148</u>
	Net Assets Per Unit		\$16.39

Schedule 1

Foreign Currency Spot Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
1	55,871 Canadian Dollar	35,000 Euro	07/02/2008	AA–	225
1	137,000 Danish krone	29,383 Canadian Dollar	07/02/2008	AA	(62)
1	35,000 Norwegian Krone	6,999 Canadian Dollar	07/02/2008	AA–	1
1	27,000 Pound Sterling	54,664 Canadian Dollar	07/02/2008	AA	(108)
1	7,000 Singapore Dollar	5,205 Canadian Dollar	07/02/2008	AA–	(33)
1	74,000 Swiss Franc	73,647 Canadian Dollar	07/02/2008	AA	(187)
	Total Foreign Currency Spot and Forward Contracts Value				<u>(164)</u>

Discussion of Financial Instrument Risk

As at June 30, 2008

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	3,622,026	5.2
Danish Krone	871,570	1.2
Euro Currency	25,173,110	36.1
Hong Kong Dollar	2,216,226	3.2
Japanese Yen	10,007,243	14.3
New Zealand Dollar	3,906	0.0
Norwegian Krone	736,258	1.1
Pound Sterling	11,226,483	16.1
Singapore Dollar	905,323	1.3
South Korean Won	2,056,833	2.9
Swedish Krona	1,178,728	1.7
Swiss Franc	4,892,749	7.0
U.S. Dollar	882,680	1.3
Total	<u>63,773,135</u>	<u>91.4</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$6,377,314 (approximately 9.1% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

Discussion of Financial Instrument Risk

As at June 30, 2008

E. Credit risk

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

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$7,880,192 (approximately 11.3% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at fair value	\$74,766,202	\$82,167,687
Cash	1,112,734	622,640
Subscriptions receivable	150,636	133,719
Receivable for securities sold	–	93,623
Accrued investment income	110,716	88,429
	<u>76,140,288</u>	<u>83,106,098</u>
Liabilities		
Payable on open spot and forward contracts	144	2,696
Redemptions payable	106,509	73,155
Accrued expenses	79,247	81,014
	<u>185,900</u>	<u>156,865</u>
Net assets representing unitholders' equity	<u>\$75,954,388</u>	<u>\$82,949,233</u>
Number of units outstanding	<u>6,080,739</u>	<u>6,278,702</u>
Net assets per unit	<u>\$ 12.49</u>	<u>\$ 13.21</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Dividends	\$ 813,434	\$ 891,026
Interest	4,169	6,019
Securities lending	14,424	9,563
Less: Foreign withholding taxes	<u>(83,986)</u>	<u>(110,774)</u>
	<u>748,041</u>	<u>795,834</u>
Expenses		
Legal fees	1,052	1,108
Audit fees	9,646	8,855
Custody fees	13,076	13,173
Filing fees	6,785	6,643
Independent Review Committee fees	1,128	–
Unitholder reporting costs	12,436	27,141
Unitholder administration, service fees and GST	91,922	83,860
	<u>136,045</u>	<u>140,780</u>
Net expenses	<u>136,045</u>	<u>140,780</u>
Net investment income (loss)	<u>611,996</u>	<u>655,054</u>
Net realized gain (loss) on investments sold	(74,804)	2,836,798
Net realized gain (loss) on foreign exchange	(52,983)	(48,340)
Change in unrealized appreciation (depreciation) of investments	(4,970,219)	(2,745,409)
Change in unrealized appreciation (depreciation) of foreign exchange	3,935	(1,762)
Transaction costs (Note 2)	<u>(24,182)</u>	<u>(33,616)</u>
Net gain (loss) on investments and transaction costs	<u>(5,118,253)</u>	<u>7,671</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(4,506,257)</u>	<u>\$ 662,275</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.74)</u>	<u>\$ 0.11</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$ 82,949,233	\$81,812,039
Increase (decrease) in net assets from operations	(4,506,257)	662,725
Distributions to unitholders		
Investment income	196	–
	<u>78,443,172</u>	<u>82,474,764</u>
Unit Transactions:		
Proceeds from issue	7,998,366	13,917,560
Reinvested distributions	(196)	–
Payments on redemption	<u>(10,486,954)</u>	<u>(9,757,476)</u>
	<u>(2,488,784)</u>	<u>4,160,084</u>
Increase (decrease) in net assets	<u>(6,994,845)</u>	<u>4,822,809</u>
Net Assets, End of Period	<u>\$ 75,954,388</u>	<u>\$86,634,848</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.

Statement of Investment Portfolio as at June 30, 2008

No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)	No. of Shares	Issuer	Average Cost (\$)	Fair Value (\$)
Australia (1.1%)				Taiwan (0.9%)			
19,650	Cochlear Ltd.	1,165,528	837,850	64,500	Hon Hai Precision Industry Co., Ltd. GDR	710,383	651,593
Austria (1.4%)				United Kingdom (6.0%)			
16,900	Erste Bank der Oesterreichischen Sparkassen AG	1,062,970	1,064,273	70,100	Pearson PLC	1,343,422	872,478
Canada (3.7%)				14,550	Rio Tinto PLC	608,549	1,816,854
30,400	EnCana Corporation	944,566	2,813,061	63,500	Standard Chartered PLC	1,435,560	1,828,836
France (6.9%)				United States (44.8%)			
9,576	Air Liquide SA	842,881	1,285,241	27,700	3M Co.	2,556,971	1,959,411
24,100	Dassault Systemes SA	1,636,271	1,488,820	25,900	Abbott Laboratories	1,366,144	1,393,238
15,300	L'Oréal SA	1,781,539	1,691,905	13,423	Air Products and Chemicals Inc.	997,631	1,348,507
7,435	LVMH Moët Hennessy Louis Vuitton SA	737,155	788,865	31,300	American International Group, Inc.	2,515,003	840,268
Hong Kong (4.0%)				9,200	Automatic Data Processing, Inc.	445,514	392,284
397,000	China Merchants Holdings International Company Limited	1,168,488	1,558,881	28,400	Caterpillar Inc.	1,321,124	2,130,601
459,800	Li & Fung Ltd.	977,635	1,407,131	79,240	Cisco Systems, Inc.	1,874,632	1,875,654
Indonesia (1.2%)				15,450	Colgate-Palmolive Company	1,099,292	1,085,180
27,700	PT Telekomunikasi Indonesia ADR	1,431,882	909,092	35,200	eBay Inc.	1,155,535	978,279
Japan (9.7%)				26,500	Electronic Arts Inc.	1,540,365	1,197,906
8,000	Fanuc Ltd.	848,245	794,380	49,000	Emerson Electric Co.	2,047,118	2,463,324
38,000	JSR Corporation	1,001,941	767,987	21,710	Exxon Mobil Corporation	1,454,650	1,940,665
8,000	Keyence Corporation	1,792,306	1,938,695	43,300	Fortress Investment Group LLC Cl. A	931,990	542,872
1,314	Monex Beans Holdings, Inc.	1,274,049	907,486	11,827	Genentech, Inc.	996,478	912,911
77,500	Nomura Holdings, Inc.	1,790,772	1,166,716	11,100	Genzyme Corporation	785,006	811,950
104	So-net M3, Inc.	413,036	406,642	1,670	Google Inc. Cl. A	910,294	894,944
46,000	Sumitomo Realty & Development Co., Ltd.	968,892	928,723	19,688	Medco Health Solutions, Inc.	543,033	945,074
50,500	Yokogawa Electric Corporation	1,028,513	471,805	28,420	Medtronic, Inc.	1,720,087	1,494,091
Malaysia (2.1%)				50,770	Oracle Corporation	973,993	1,084,988
561,600	Sime Darby Berhad	1,619,231	1,625,260	13,800	Praxair, Inc.	621,428	1,321,921
Mexico (1.5%)				23,400	QUALCOMM Incorporated	754,792	1,056,583
21,600	America Movil SA de CV Series L ADR	870,176	1,159,511	31,100	Schlumberger Limited	1,282,147	3,397,195
Netherlands (1.9%)				5,200	Synthes, Inc.	677,055	729,471
71,330	Qiagen NV	1,092,622	1,467,344	18,950	The Coca-Cola Company	1,102,621	1,000,092
Russia (2.3%)				44,700	Walgreen Co.	2,135,084	1,476,571
29,740	Gazprom ADR	1,675,731	1,751,931	32,700	Wells Fargo & Company	1,217,929	787,671
Singapore (1.7%)				Total Investments (98.7%)			
722,800	Olam International Limited	1,356,782	1,318,022	Foreign Currency Spot Contracts (Schedule 1) (0.0%)			
South Africa (2.1%)							
26,900	Sasol	778,920	1,617,262				
Switzerland (7.1%)				Adjustment for Transaction Costs (Note 2)			
7,780	Alcon Inc.	1,004,443	1,288,860	(79,415)			
15,620	Nestlé SA ADR	1,323,689	1,800,868	Total Investment Portfolio (98.7%)			
14,000	Novartis AG	797,858	782,487	Other Assets, Less Liabilities (1.3%)			
4,140	Roche Holding AG	624,699	757,183	1,188,330			
10,950	Swiss Re	974,069	738,509	Total Net Assets (100.0%)			
				75,954,388			
				Net Assets Per Unit			
				\$12.49			

ADR – American Depository Receipt
GDR – Global Depository Receipt

Schedule 1
Foreign Currency Forward Contracts Value

Contracts	Pay	Receive	Due Date	Credit Rating(1)	Fair Value (\$)
Forward Currency Contracts					
1	1,218,997 Japanese Yen	11,555 Canadian Dollar	07/02/2008	AA	(144)
Total Foreign Currency Forward Contracts Value					(144)

(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.

-For equities, all common shares unless otherwise noted.

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

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

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

B. Liquidity risk

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

C. Currency risk

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

Currency	Financial Instruments (\$)	Percentage of NAV (%)
Australian Dollar	837,850	1.1
Euro Currency	7,786,448	10.3
Hong Kong Dollar	2,966,012	3.9
Japanese Yen	7,391,198	9.7
Malaysian Ringgit	1,625,260	2.1
Pound Sterling	4,518,168	5.9
Singapore Dollar	1,318,022	1.7
South African Rand	1,617,262	2.1
Swiss Franc	3,007,650	4.0
U.S. Dollar	<u>43,722,708</u>	<u>57.6</u>
Total	<u>74,790,578</u>	<u>98.4</u>

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

As at June 30, 2008, if the Canadian dollar had strengthened or weakened by 10% in relation to all currencies, with all other variables held constant, the Fund’s net assets would have increased or decreased, respectively by approximately \$7,480,213 (approximately 9.9% of the Fund’s net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is

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

Discussion of Financial Instrument Risk

As at June 30, 2008

considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

As at June 30, 2008, the Fund had no significant investments in debt investments.

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

F. Other price risk

Other price risk is the risk that the fair value of the Fund's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Fund due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Fund's returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$7,327,088 (approximately 9.6% of the Fund's net assets). The Fund's historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at market value	\$ 9,797,587	\$ 9,703,702
Cash	359,389	466,085
Subscriptions receivable	500	14,103
Receivable for securities sold	60,000	85,104
Accrued investment income	932	—
	<u>10,218,408</u>	<u>10,268,994</u>
Liabilities		
Payable for securities purchased	—	66,110
Redemptions payable	421,111	—
Accrued expenses	28,654	37,399
	<u>449,765</u>	<u>103,509</u>
Net assets representing unitholders' equity	<u>\$ 9,768,643</u>	<u>\$10,165,485</u>
Number of units outstanding	<u>992,598</u>	<u>1,030,465</u>
Net assets per unit	<u>\$ 9.84</u>	<u>\$ 9.86</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 840	\$ 978
Income from underlying funds	194,596	144,281
	<u>195,436</u>	<u>145,259</u>
Expenses		
Management fees (including GST)	97,988	90,406
Legal fees	1,392	1,652
Audit fees	4,936	4,512
Custody fees	9,448	8,893
Filing fees	6,785	6,643
Independent Review Committee fees	1,130	—
Unitholder reporting costs	448	5,938
Unitholder administration, service fees and GST	15,092	11,237
	<u>137,219</u>	<u>129,281</u>
Rebated and absorbed expenses	(12,147)	(15,137)
Net expenses	<u>125,072</u>	<u>114,144</u>
Net investment income (loss)	70,364	31,115
Net realized gain (loss) on investments sold	(101,920)	60,256
Change in unrealized appreciation (depreciation) of investments	3,555	(178,541)
Net gain (loss) on investments	<u>(98,365)</u>	<u>(118,285)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (28,001)</u>	<u>\$ (87,170)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.03)</u>	<u>\$ (0.10)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$10,165,485	\$ 7,249,334
Increase (decrease) in net assets from operations	(28,001)	(87,170)
	<u>10,137,484</u>	<u>7,162,164</u>
Unit Transactions:		
Proceeds from issue	1,190,808	5,217,674
Payments on redemption	(1,559,649)	(2,517,174)
	<u>(368,841)</u>	<u>2,700,500</u>
Increase (decrease) in net assets	<u>(396,842)</u>	<u>2,613,330</u>
Net Assets, End of Period	<u>\$ 9,768,643</u>	<u>\$ 9,862,664</u>

Statement of Investment Portfolio as at June 30, 2008

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (100.3%)			
289,053	Pinnacle American Core-Plus Bond Fund	2,168,011	1,994,463
64,718	Pinnacle Canadian Growth Equity Fund	1,024,460	973,358
28,111	Pinnacle Canadian Mid Cap Value Equity Fund	432,825	384,840
31,123	Pinnacle Canadian Value Equity Fund	628,306	664,468
37,202	Pinnacle Global Equity Fund	479,587	465,019
80,053	Pinnacle High Yield Income Fund	777,822	694,857
400,139	Pinnacle Income Fund	4,286,086	4,249,479
22,628	Pinnacle International Small to Mid Cap Value Equity Fund	456,581	371,103
	Total Investments (100.3%)	10,253,678	9,797,587
	Other Assets, Less Liabilities (-0.3%)		(28,944)
	Total Net Assets (100.0%)		9,768,643
	Net Assets Per Unit		\$9.84

Portfolio Advisor: Scotia Capital Inc.

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Balanced Income Portfolio (the “Portfolio”) is to generate current income and long-term capital growth, with a bias towards income. It invests primarily in a mix of equity and income mutual funds managed by us.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines.

B. Liquidity risk

The Portfolio’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

F. Other price risk

Other price risk is the risk that the market value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Portfolio due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Portfolio’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$950,366 (approximately 9.7% of the Portfolio’s net assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at market value	\$76,288,320	\$79,797,334
Cash	301,241	196,907
Subscriptions receivable	404,176	18,344
Receivable for securities sold	40,000	—
	<u>77,033,737</u>	<u>80,012,585</u>
Liabilities		
Payable for securities purchased	—	86,378
Redemptions payable	264,652	1,862
Accrued expenses	155,468	119,498
	<u>420,120</u>	<u>207,738</u>
Net assets representing unitholders' equity	<u>\$76,613,617</u>	<u>\$79,804,847</u>
Number of units outstanding	<u>7,431,817</u>	<u>7,551,582</u>
Net assets per unit	<u>\$ 10.31</u>	<u>\$ 10.57</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 497	\$ 3,623
Income from underlying funds	<u>880,736</u>	<u>747,605</u>
	<u>881,233</u>	<u>751,228</u>
Expenses		
Management fees (including GST)	856,027	765,005
Legal fees	1,392	1,652
Audit fees	4,936	4,512
Custody fees	21,458	20,903
Filing fees	6,785	6,643
Independent Review Committee fees	1,130	—
Unitholder reporting costs	2,011	8,744
Unitholder administration, service fees and GST	<u>23,517</u>	<u>15,708</u>
	<u>917,256</u>	<u>823,167</u>
Net investment income (loss)	<u>(36,023)</u>	<u>(71,939)</u>
Net realized gain (loss) on investments sold	(416,080)	319,235
Change in unrealized appreciation (depreciation) of investments	<u>(1,463,378)</u>	<u>422,609</u>
Net gain (loss) on investments	<u>(1,879,458)</u>	<u>741,844</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(1,915,481)</u>	<u>\$669,905</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.25)</u>	<u>\$ 0.11</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$79,804,847	\$56,032,716
Increase (decrease) in net assets from operations	<u>(1,915,481)</u>	<u>669,905</u>
	<u>77,889,366</u>	<u>56,702,621</u>
Unit Transactions:		
Proceeds from issue	6,241,803	25,280,288
Payments on redemption	<u>(7,517,552)</u>	<u>(3,608,742)</u>
	<u>(1,275,749)</u>	<u>21,671,546</u>
Increase (decrease) in net assets	<u>(3,191,230)</u>	<u>22,341,451</u>
Net Assets, End of Period	<u>\$76,613,617</u>	<u>\$78,374,167</u>

Statement of Investment Portfolio as at June 30, 2008

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (99.6%)			
315,035	Pinnacle American Large Cap Growth Equity Fund	2,278,933	2,249,349
214,689	Pinnacle American Value Equity Fund	2,340,129	2,183,390
771,149	Pinnacle Canadian Growth Equity Fund	12,340,380	11,598,084
167,711	Pinnacle Canadian Mid Cap Value Equity Fund	2,600,982	2,295,962
147,592	Pinnacle Canadian Small Cap Equity Fund	3,037,861	3,154,048
353,534	Pinnacle Canadian Value Equity Fund	6,906,021	7,547,960
354,207	Pinnacle Global Equity Fund	4,476,525	4,427,592
433,095	Pinnacle Global Real Estate Securities Fund	7,387,875	5,560,941
816,226	Pinnacle High Yield Income Fund	8,077,432	7,084,842
2,288,509	Pinnacle Income Fund	24,533,902	24,303,962
343,130	Pinnacle International Equity Fund	4,130,809	3,674,923
134,589	Pinnacle International Small to Mid Cap Value Equity Fund	2,747,588	2,207,267
Total Investment Portfolio (99.6%)		80,858,437	76,288,320
Other Assets, Less Liabilities (0.4%)			325,297
Total Net Assets (100.0%)			76,613,617
Net Assets Per Unit			\$10.31

Portfolio Advisor: Scotia Capital Inc.

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Conservative Balanced Growth Portfolio (the “Portfolio”) is to achieve a balance of long-term capital growth and current income. It invests primarily in a mix of equity and income mutual funds managed by us.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines.

B. Liquidity risk

The Portfolio’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

F. Other price risk

Other price risk is the risk that the market value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Portfolio due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Portfolio’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$7,476,255 (approximately 9.8% of the Portfolio’s net assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at market value	\$16,859,047	\$17,597,225
Cash	348,874	296,271
Subscriptions receivable	1,747	14,165
Receivable for securities sold	–	5,477
Accrued investment income	60	–
	<u>17,209,728</u>	<u>17,913,138</u>
Liabilities		
Payable for securities purchased	18,240	13,049
Redemptions payable	12,319	42,662
Accrued expenses	47,685	57,089
	<u>78,244</u>	<u>112,800</u>
Net assets representing unitholders' equity	<u>\$17,131,484</u>	<u>\$17,800,338</u>
Number of units outstanding	<u>1,692,778</u>	<u>1,712,762</u>
Net assets per unit	<u>\$ 10.12</u>	<u>\$ 10.39</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 533	\$ 1,166
Income from underlying funds	<u>206,460</u>	<u>121,412</u>
	<u>206,993</u>	<u>122,578</u>
Expenses		
Management fees (including GST)	191,532	158,362
Legal fees	1,392	1,652
Audit fees	4,936	4,512
Custody fees	15,665	15,923
Filing fees	6,785	6,643
Independent Review Committee fees	1,130	–
Unitholder reporting costs	499	6,028
Unitholder administration, service fees and GST	<u>15,782</u>	<u>11,588</u>
	<u>237,721</u>	<u>204,708</u>
Rebated and absorbed expenses	(483)	(9,984)
Net expenses	<u>237,238</u>	<u>194,724</u>
Net investment income (loss)	(30,245)	(72,146)
Net realized gain (loss) on investments sold	(209,383)	95,037
Change in unrealized appreciation (depreciation) of investments	<u>(223,197)</u>	<u>(103,604)</u>
Net gain (loss) on investments	<u>(432,580)</u>	<u>(8,567)</u>
Increase (Decrease) in Net Assets from Operations	<u>\$(462,825)</u>	<u>\$ (80,713)</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.27)</u>	<u>\$ (0.06)</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$17,800,338	\$10,701,714
Increase (decrease) in net assets from operations	<u>(462,825)</u>	<u>(80,713)</u>
	<u>17,337,513</u>	<u>10,621,001</u>
Unit Transactions:		
Proceeds from issue	1,274,979	7,365,782
Payments on redemption	<u>(1,481,008)</u>	<u>(1,058,947)</u>
	<u>(206,029)</u>	<u>6,306,835</u>
Increase (decrease) in net assets	<u>(668,854)</u>	<u>6,226,122</u>
Net Assets, End of Period	<u>\$17,131,484</u>	<u>\$16,927,836</u>

Statement of Investment Portfolio as at June 30, 2008

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.4%)			
478,958	Pinnacle American Core-Plus Bond Fund	3,618,872	3,304,810
150,694	Pinnacle American Large Cap Growth Equity Fund	1,115,678	1,075,957
30,461	Pinnacle American Mid Cap Growth Equity Fund	477,956	497,129
62,967	Pinnacle American Value Equity Fund	711,916	640,378
146,425	Pinnacle Canadian Growth Equity Fund	2,340,371	2,202,235
49,129	Pinnacle Canadian Mid Cap Value Equity Fund	764,161	672,580
24,351	Pinnacle Canadian Small Cap Equity Fund	508,759	520,387
69,952	Pinnacle Canadian Value Equity Fund	1,406,838	1,493,480
38,819	Pinnacle Global Equity Fund	501,363	485,241
99,690	Pinnacle High Yield Income Fund	974,375	865,309
259,670	Pinnacle Income Fund	2,782,515	2,757,691
143,319	Pinnacle International Equity Fund	1,744,167	1,534,945
49,323	Pinnacle International Small to Mid Cap Value Equity Fund	1,009,393	808,905
Total Investment Portfolio (98.4%)		<u>17,956,364</u>	16,859,047
Other Assets, Less Liabilities (1.6%)			<u>272,437</u>
Total Net Assets (100.0%)			<u>17,131,484</u>
Net Assets Per Unit			\$10.12

Portfolio Advisor: Scotia Capital Inc.

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Balanced Growth Portfolio (the “Portfolio”) is to achieve a balance of long-term capital growth and current income, with a small bias towards capital growth. It invests primarily in a mix of equity and income mutual funds managed by us.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines.

B. Liquidity risk

The Portfolio’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

F. Other price risk

Other price risk is the risk that the market value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Portfolio due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Portfolio’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$1,719,623 (approximately 10.0% of the Portfolio’s net assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at market value	\$16,371,313	\$17,906,648
Cash	447,805	350,758
Subscriptions receivable	11,546	6,927
Receivable for securities sold	–	3,587
	<u>16,830,664</u>	<u>18,267,920</u>
Liabilities		
Payable for securities purchased	48,000	–
Redemptions payable	99,170	52,350
Accrued expenses	47,116	47,763
	<u>194,286</u>	<u>100,113</u>
Net assets representing unitholders' equity	<u>\$16,636,378</u>	<u>\$18,167,807</u>
Number of units outstanding	1,513,976	1,604,859
Net assets per unit	<u>\$ 10.99</u>	<u>\$ 11.32</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 567	\$ 1,391
Income from underlying funds	95,547	85,459
	<u>96,114</u>	<u>86,850</u>
Expenses		
Management fees (including GST)	215,444	200,654
Legal fees	1,393	1,652
Audit fees	4,936	4,512
Custody fees	12,433	13,125
Filing fees	6,785	6,643
Independent Review Committee fees	1,130	–
Unitholder reporting costs	626	6,258
Unitholder administration, service fees and GST	15,882	11,694
	<u>258,629</u>	<u>244,538</u>
Rebated and absorbed expenses	(13)	(4,305)
Net expenses	258,616	240,233
Net investment income (loss)	<u>(162,502)</u>	<u>(153,383)</u>
Net realized gain (loss) on investments sold	(206,751)	167,217
Change in unrealized appreciation (depreciation) of investments	<u>(161,097)</u>	<u>374,887</u>
Net gain (loss) on investments	<u>(367,848)</u>	<u>542,104</u>
Increase (Decrease) in Net Assets from Operations	<u>\$ (530,350)</u>	<u>\$ 388,721</u>
Increase (decrease) in net assets from operations per unit	<u>\$ (0.34)</u>	<u>\$ 0.30</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$18,167,807	\$13,252,703
Increase (decrease) in net assets from operations	(530,350)	388,721
	<u>17,637,457</u>	<u>13,641,424</u>
Unit Transactions:		
Proceeds from issue	1,141,846	6,178,626
Payments on redemption	(2,142,925)	(1,419,724)
	<u>(1,001,079)</u>	<u>4,758,902</u>
Increase (decrease) in net assets	<u>(1,531,429)</u>	<u>5,147,623</u>
Net Assets, End of Period	<u>\$16,636,378</u>	<u>\$18,400,326</u>

Statement of Investment Portfolio as at June 30, 2008

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (98.4%)			
113,285	Pinnacle American Large Cap Growth Equity Fund	823,134	808,854
46,278	Pinnacle American Value Equity Fund	505,613	470,645
277,394	Pinnacle Canadian Growth Equity Fund	4,408,913	4,172,012
60,306	Pinnacle Canadian Mid Cap Value Equity Fund	929,479	825,585
39,795	Pinnacle Canadian Small Cap Equity Fund	823,730	850,416
129,693	Pinnacle Canadian Value Equity Fund	2,568,638	2,768,951
63,668	Pinnacle Global Equity Fund	812,107	795,856
116,688	Pinnacle Global Real Estate Securities Fund	1,947,482	1,498,270
97,850	Pinnacle High Yield Income Fund	956,197	849,338
238,931	Pinnacle Income Fund	2,557,931	2,537,446
48,411	Pinnacle International Small to Mid Cap Value Equity Fund	981,592	793,940
Total Investment Portfolio (98.4%)		17,314,816	16,371,313
Other Assets, Less Liabilities (1.6%)			265,065
Total Net Assets (100.0%)			16,636,378
Net Assets Per Unit			\$10.99

Portfolio Advisor: Scotia Capital Inc.

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Conservative Growth Portfolio (the “Portfolio”) is to achieve long-term capital growth and provide some current income. It invests primarily in a mix of equity and income mutual funds managed by us.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines.

B. Liquidity risk

The Portfolio’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

F. Other price risk

Other price risk is the risk that the market value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Portfolio due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Portfolio’s returns relative to the returns of its benchmark stock index, as of June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$1,620,760 (approximately 9.7% of the Portfolio’s net assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

Statement of Net Assets as at

	June 30, 2008	December 31, 2007
Assets		
Investments at market value	\$8,425,113	\$9,724,698
Cash	289,194	225,398
Subscriptions receivable	1,030	2,964
Receivable for securities sold	70,000	7,865
Accrued investment income	1,835	—
	<u>8,787,172</u>	<u>9,960,925</u>
Liabilities		
Payable for securities purchased	—	5,489
Redemptions payable	400	17,871
Accrued expenses	38,238	43,030
	<u>38,638</u>	<u>66,390</u>
Net assets representing unitholders' equity	<u>\$8,748,534</u>	<u>\$9,894,535</u>
Number of units outstanding	<u>851,961</u>	<u>917,163</u>
Net assets per unit	<u>\$ 10.27</u>	<u>\$ 10.79</u>

Statement of Operations for the six month period ended June 30,

	2008	2007
Investment Income		
Interest	\$ 361	\$ 811
Income from underlying funds	51,447	55,592
	<u>51,808</u>	<u>56,403</u>
Expenses		
Management fees (including GST)	116,418	137,974
Legal fees	1,392	1,652
Audit fees	4,936	4,512
Custody fees	17,405	17,812
Filing fees	6,785	6,643
Independent Review Committee fees	1,130	—
Unitholder reporting costs	646	6,295
Unitholder administration, service fees and GST	15,910	12,252
	<u>164,622</u>	<u>187,140</u>
Rebated and absorbed expenses	(22,877)	(21,543)
Net expenses	141,745	165,597
Net investment income (loss)	(89,937)	(109,194)
Net realized gain (loss) on investments sold	(136,024)	250,515
Change in unrealized appreciation (depreciation) of investments	(241,646)	(50,677)
Net gain (loss) on investments	<u>(377,670)</u>	<u>199,838</u>
Increase (Decrease) in Net Assets from Operations	\$ (467,607)	\$ 90,644
Increase (decrease) in net assets from operations per unit	<u>\$ (0.52)</u>	<u>\$ 0.10</u>

Statement of Changes in Net Assets for the six month period ended June 30,

	2008	2007
Net Assets, Beginning of Period	\$ 9,894,535	\$ 9,108,047
Increase (decrease) in net assets from operations	(467,607)	90,644
	<u>9,426,928</u>	<u>9,198,691</u>
Unit Transactions:		
Proceeds from issue	603,344	4,189,485
Payments on redemption	(1,281,738)	(2,617,591)
	<u>(678,394)</u>	<u>1,571,894</u>
Increase (decrease) in net assets	<u>(1,146,001)</u>	<u>1,662,538</u>
Net Assets, End of Period	\$ 8,748,534	\$ 10,770,585

Statement of Investment Portfolio as at June 30, 2008

No. of Units	Issuer	Average Cost (\$)	Market Value (\$)
Mutual Funds (96.3%)			
93,799	Pinnacle American Large Cap Growth Equity Fund	680,815	669,725
15,480	Pinnacle American Mid Cap Growth Equity Fund	241,919	252,634
30,439	Pinnacle American Mid Cap Value Equity Fund	301,523	245,339
43,953	Pinnacle American Value Equity Fund	483,291	447,005
68,907	Pinnacle Canadian Growth Equity Fund	1,093,633	1,036,355
21,899	Pinnacle Canadian Mid Cap Value Equity Fund	337,157	299,798
14,442	Pinnacle Canadian Small Cap Equity Fund	299,757	308,629
35,537	Pinnacle Canadian Value Equity Fund	716,960	758,717
72,434	Pinnacle Global Equity Fund	926,948	905,425
30,205	Pinnacle Global Real Estate Securities Fund	514,746	387,838
50,749	Pinnacle High Yield Income Fund	495,531	440,506
124,009	Pinnacle Income Fund	1,329,379	1,316,975
88,210	Pinnacle International Equity Fund	1,071,250	944,726
25,088	Pinnacle International Small to Mid Cap Value Equity Fund	533,898	411,441
	Total Investment Portfolio (96.3%)	<u>9,026,807</u>	8,425,113
	Other Assets, Less Liabilities (3.7%)		<u>323,421</u>
	Total Net Assets (100.0%)		<u>8,748,534</u>
	Net Assets Per Unit		\$10.27

Portfolio Advisor: Scotia Capital Inc.

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

Discussion of Financial Instrument Risk

As at June 30, 2008

A. Risk management

The investment objective of Pinnacle Growth Portfolio (the “Portfolio”) is to achieve long-term capital growth and provide some current income, with a strong bias towards capital growth. It invests primarily in equity mutual funds, with some exposure to income mutual funds, managed by us.

Managing risk is among the most important factors in the portfolio management process, guiding investment decisions made for the Portfolio. The Portfolio’s investment practice includes portfolio monitoring to ensure compliance with stated investment guidelines.

B. Liquidity risk

The Portfolio’s exposure to liquidity risk is concentrated in the daily cash redemption of units. The underlying funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio aims to retain sufficient cash and cash equivalent positions to maintain liquidity, and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions.

C. Currency risk

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

D. Interest rate risk

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

E. Credit risk

Credit risk is the risk that the counterparty to a financial interest will fail to discharge an obligation or commitment that it has entered into with the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Portfolio may be exposed to indirect credit risk in the event that the underlying funds invest in debt instruments and derivatives.

F. Other price risk

Other price risk is the risk that the market value of the Portfolio’s financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk). The impact on the net assets of the Portfolio due to a 10% change in the respective benchmark stock index, using a three year historical measure of the sensitivity of the Portfolio’s returns relative to the returns of its benchmark stock index, as the June 30, 2008 with all other variables held constant, would result in an increase or decrease of approximately \$817,236 (approximately 9.3% of the Portfolio’s net assets). The Portfolio’s historical sensitivity measure may not be representative of its future sensitivity measure, and accordingly, the impact on net assets could be materially different.

1. The Funds

All of the funds presented in these financial statements (the “Funds”) are open-ended mutual fund trusts established under the laws of the Province of Ontario pursuant to a master declaration of trust (“Declaration of Trust”) dated as at April 22, 2005, as amended and /or restated from time to time. The inception date for each Fund is as follows:

Fund	Inception Date
Pinnacle Short Term Income Fund	3-Sep-97
Pinnacle Income Fund	3-Sep-97
Pinnacle High Yield Income Fund	3-Sep-97
Pinnacle American Core-Plus Bond Fund	28-Jan-02
Pinnacle Global Real Estate Securities Fund	28-Jan-02
Pinnacle Strategic Balanced Fund	3-Sep-97
Pinnacle Canadian Value Equity Fund	3-Sep-97
Pinnacle Canadian Mid Cap 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	3-Sep-97
(collectively, the “Pinnacle Funds”)	
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	22-Apr-05
(collectively, the “Pinnacle Portfolios”)	

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 notes to these interim financial statements are presented in a summarized format and should be read in conjunction with the Funds’ December 31, 2007 annual financial statements. The significant accounting policies of the Funds are as follows:

(a) Adoption of new accounting standards

On January 1, 2008, the Funds adopted the Canadian Institute of Chartered Accountants (“CICA”) Section 3862, “Financial Instruments – Disclosures” of the CICA Handbook and Section 3863, “Financial Instruments – Presentation”, replacing Section 3861. Section 3862 requires enhanced disclosure of the nature and extent of risks arising from financial instruments and how the Funds manage those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861 with respect to financial instruments.

(b) Valuation of investments

- (i) Effective October 1, 2006, CICA Handbook Section 3855, “Financial Instruments – Recognition and Measurement” (Section 3855), requires measurement of actively traded securities to be based on the bid price for the security for financial reporting purposes. Prior to that, fair value for GAAP was based on the last traded price for the day. Subsequently, investments are recorded at a fair 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 valued at their closing price. All prices are based on observable market prices. The value used to determine the daily price of the fund's units for purchase and redemption by investors ("Pricing NAV") is not affected by this accounting policy change.

Mutual Fund holdings are valued at their market closing price.

- (ii) In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed and are included in "Transaction costs" in the Statement of Operations. Prior to adoption of Section 3855, transaction costs were capitalized and included in the cost of purchase or proceeds from sale of investments. 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 included in the determination of cost of investments. The following table displays the impact of Section 3855 by Fund as at June 30, 2008:

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	12,960,206	–	12,960,206	10.00	–	10.00
Pinnacle Income Fund	323,681,518	(242,655)	323,438,863	10.62	(0.01)	10.61
Pinnacle High Yield Income Fund	144,912,047	(454,884)	144,457,163	8.68	(0.03)	8.65
Pinnacle American Core-Plus Bond Fund	63,693,374	(184,945)	63,508,429	6.91	(0.02)	6.89
Pinnacle Global Real Estate Securities Fund	98,977,427	(23,168)	98,954,259	12.84	–	12.84
Pinnacle Strategic Balanced Fund	87,256,839	(265,739)	86,991,100	15.94	(0.05)	15.89
Pinnacle Canadian Value Equity Fund	141,840,766	(523,155)	141,317,611	21.35	(0.08)	21.27
Pinnacle Canadian Mid Cap Value Equity Fund	48,536,550	(107,723)	48,428,827	13.69	(0.03)	13.66
Pinnacle Canadian Growth Equity Fund	174,501,183	(906,163)	173,595,020	15.04	(0.08)	14.96
Pinnacle Canadian Small Cap Equity Fund	93,988,584	(768,132)	93,220,452	21.37	(0.17)	21.20
Pinnacle American Value Equity Fund	66,685,848	(77,878)	66,607,970	10.17	(0.02)	10.15
Pinnacle American Mid Cap Value Equity Fund	15,132,876	(14,569)	15,118,307	8.07	(0.01)	8.06
Pinnacle American Large Cap Growth Equity Fund	65,601,717	(92,364)	65,509,353	7.14	(0.01)	7.13
Pinnacle American Mid Cap Growth Equity Fund	22,173,454	(19,554)	22,153,900	16.32	(0.01)	16.31
Pinnacle International Equity Fund	104,913,178	(53,634)	104,859,544	10.71	(0.01)	10.70
Pinnacle International Small to Mid Cap Value Equity Fund	69,803,434	(13,286)	69,790,148	16.40	(0.01)	16.39
Pinnacle Global Equity Fund	75,992,561	(38,173)	75,954,388	12.50	(0.01)	12.49
Pinnacle Balanced Income Portfolio	9,768,643	–	9,768,643	9.84	–	9.84
Pinnacle Conservative Balanced Growth Portfolio	76,613,617	–	76,613,617	10.31	–	10.31
Pinnacle Balanced Growth Portfolio	17,131,484	–	17,131,484	10.12	–	10.12
Pinnacle Conservative Growth Portfolio	16,636,378	–	16,636,378	10.99	–	10.99
Pinnacle Growth Portfolio	8,748,534	–	8,748,534	10.27	–	10.27

(c) Short-Term Debt Instruments

Short-term debt instruments are carried at amortized cost, which approximates fair value due to their short term maturity.

(d) Foreign Exchange

Foreign currency amounts are translated into Canadian dollars as follows: Fair 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.

(e) 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 an accrual basis. Realized gains and losses on the sale of short-term debt instruments are recorded as an adjustment to interest income.

(f) 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 is 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 is 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.

(g) Futures, Forward 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.

(h) Forward Commitments/Dollar Roll

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

(i) Other Assets and Liabilities

For the purpose of categorization in accordance with Section 3862, accrued interest and dividends receivable for securities issued, amounts due from brokers, the Manager, and other Funds, and other net assets are designated as receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers and other Funds, accounts payable for securities redeemed, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

(j) 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 arrangements can be terminated by the borrower, the agent or the Fund at any time.

(k) Future Accounting Change

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board, on or by January 1, 2011. The Funds will adopt all of the International Financial Reporting Standards in accordance with the AcSB’s plan. The impact of the adoption of these standards is not known at this time.

3. Income Taxes

The Funds qualify as mutual fund trusts under the Income Tax Act (Canada). In accordance with the terms of the Funds’ master declaration 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	Gross 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	\$ —	—
Pinnacle American Mid Cap Growth Equity Fund	\$ —	\$ 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, 2016
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 six months ended June 30, 2008 and June 30, 2007, the following numbers of units were issued and redeemed:

Fund	2008		2007	
	Units issued (i)	Units redeemed (ii)	Units issued (i)	Units redeemed (ii)
Pinnacle Short Term Income Fund	557,619	391,578	633,251	391,892
Pinnacle Income Fund	4,490,709	5,074,251	8,696,987	2,347,533
Pinnacle High Yield Income Fund	2,576,000	2,738,935	4,083,490	1,798,052
Pinnacle American Core-Plus Bond Fund	1,256,287	1,630,994	2,741,667	871,085
Pinnacle Global Real Estate Securities Fund	1,292,310	1,202,482	1,242,515	804,290
Pinnacle Strategic Balanced Fund	483,463	844,063	1,036,987	947,442
Pinnacle Canadian Value Equity Fund	781,586	1,027,270	1,251,666	755,316
Pinnacle Canadian Mid Cap Value Equity Fund	480,607	489,390	535,879	420,993
Pinnacle Canadian Growth Equity Fund	1,353,236	1,744,194	2,032,493	1,435,460
Pinnacle Canadian Small Cap Equity Fund	465,683	679,834	817,326	566,411
Pinnacle American Value Equity Fund	588,537	912,606	1,143,665	798,212
Pinnacle American Mid Cap Value Equity Fund	312,895	251,706	247,816	255,657
Pinnacle American Large Cap Growth Equity Fund	913,111	1,315,658	2,048,859	884,709
Pinnacle American Mid Cap Growth Equity Fund	116,492	205,663	507,135	261,056
Pinnacle International Equity Fund	1,243,951	1,187,368	1,597,167	901,817
Pinnacle International Small to Mid Cap Value Equity Fund	648,856	621,706	729,840	510,372
Pinnacle Global Equity Fund	621,351	819,314	1,004,736	705,040
Pinnacle Balanced Income Portfolio	120,667	158,534	490,930	237,471
Pinnacle Conservative Balanced Growth Portfolio	603,280	723,045	2,194,040	312,257
Pinnacle Balanced Growth Portfolio	126,273	146,257	654,431	93,896
Pinnacle Conservative Growth Portfolio	104,225	195,108	499,533	115,408
Pinnacle Growth Portfolio	58,188	123,390	356,185	221,140

(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, exclusive of GST, as follows:

Portfolio	Maximum Annual Management Fee (%)
Pinnacle Balanced Income Portfolio	1.85%
Pinnacle Conservative Balanced Growth Portfolio	2.10%
Pinnacle Balanced Growth Portfolio	2.10%
Pinnacle Conservative Growth Portfolio	2.40%
Pinnacle Growth Portfolio	2.40%

9. Securities Lending

The Pinnacle Funds have entered into a securities lending program with their custodian, State Street Trust Company (Canada). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the net assets of the 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 aggregated dollar values of the securities that are on loan and the collateral received by the Funds as at June 30, 2008 are as follows:

Fund	Market Value of Securities Loaned	Market Value of Collateral Received
Pinnacle Short Term Income Fund	\$ 1,118,383	\$ 1,198,790
Pinnacle Income Fund	\$ 92,214,410	\$ 99,106,897
Pinnacle American Core-Plus Bond Fund	\$ 157,797	\$ 190,736
Pinnacle Global Real Estate Securities Fund	\$ 8,995,984	\$ 9,543,257
Pinnacle Strategic Balanced Fund	\$ 6,028,814	\$ 6,355,830
Pinnacle Canadian Value Equity Fund	\$ 19,853,431	\$ 20,919,227
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 9,610,202	\$ 10,107,596
Pinnacle Canadian Growth Equity Fund	\$ 26,425,635	\$ 27,838,911
Pinnacle Canadian Small Cap Equity Fund	\$ 5,516,982	\$ 5,805,839
Pinnacle American Value Equity Fund	\$ 2,219,287	\$ 2,384,543
Pinnacle American Mid Cap Value Equity Fund	\$ 858,694	\$ 928,809
Pinnacle American Large Cap Growth Equity Fund	\$ 222,051	\$ 236,025
Pinnacle American Mid Cap Growth Equity Fund	\$ 1,033,679	\$ 1,095,747
Pinnacle International Equity Fund	\$ 6,449,757	\$ 6,926,180
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 496,346	\$ 521,807
Pinnacle Global Equity Fund	\$ 1,950,835	\$ 2,058,687

10. Related Party Transactions

(a) The total brokerage fees paid to Scotia Capital Inc., during the six-month period ended June 30, 2008 and the twelve-month period ended December 31, 2007 are as follows:

	2008	2007
Pinnacle Global Real Estate Securities Fund	\$ —	\$ 8,388
Pinnacle Strategic Balanced Fund	\$ 7,647	\$ 13,713
Pinnacle Canadian Value Equity Fund	\$ 1,787	\$ 25,544
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 12,963	\$ 5,365
Pinnacle Canadian Growth Equity Fund	\$ 8,695	\$ 29,928
Pinnacle Canadian Small Cap Equity Fund	\$ 2,473	\$ 3,789

(b) The Manager may enter into transactions and service arrangements with its affiliates. Scotia Capital Inc. may be involved in the purchase and sale of portfolio securities and forward contracts. Scotia Cassels Investment Counsel Limited and Scotia Capital Inc. are portfolio advisors for certain Funds. BNS may act as counterparty to derivatives contracts for certain Funds.

11. Soft Dollars

The ascertainable soft dollar commissions in connection with investment portfolio transactions for the six-month period ended June 30, 2008 and June 30, 2007 are set out below.

Fund	2008 Soft Dollars	2007 Soft Dollars
Pinnacle Global Real Estate Securities Fund	\$ —	\$ 5,871
Pinnacle Strategic Balanced Fund	\$ 1,682	\$ 2,759
Pinnacle Canadian Mid Cap Value Equity Fund	\$ 44,261	\$ —
Pinnacle Canadian Growth Equity Fund	\$ 7,171	\$ 9,485
Pinnacle Canadian Small Cap Equity Fund	\$ 5,421	\$ —
Pinnacle American Value Equity Fund	\$ 1,457	\$ —
Pinnacle American Mid Cap Value Equity Fund	\$ 196	\$ —
Pinnacle American Mid Cap Growth Equity Fund	\$ 16,286	\$ 3,203
Pinnacle International Equity Fund	\$ 2,418	\$ 2,646
Pinnacle International Small to Mid Cap Value Equity Fund	\$ 9,250	\$ 676
Pinnacle Global Equity Fund	\$ 3,184	\$ 3,215

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.

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