

Brascan SoundVest Rising Distribution Split Trust

Annual Report 2005



IN PROFILE

Brascan SoundVest Rising Distribution Split Trust (the “Fund”) is managed by a subsidiary of Brookfield Asset Management Inc., an asset management company focussed on property, power and infrastructure assets, with approximately US\$50 billion of assets under management.

The Fund’s investment advisor and portfolio manager is SoundVest Capital Management Ltd., an established investment advisor with recognized expertise investing in income trusts and equities.

Together, we are partnering for performance, building a track record of sustainable and growing distributions for our unitholders.

BSD.UN

2006 annual target distribution (capital units) **135 cents**

BSD.PR.A

2006 annual target distribution (preferred securities) **60 cents**

We are committed to providing unitholders with a stable stream of monthly distributions and maximizing your long-term total return.

We will continue to seek opportunities to acquire investments in high quality businesses, run by strong management teams at attractive prices.

This approach has enabled us to achieve our target distributions for 2005.

REPORT TO UNITHOLDERS

Dear Fellow Unitholders,

2005 was a year in which we maintained steady performance through a turbulent period for the income trust industry. We are pleased to share with you an overview of the income trust market, the performance for Brascan SoundVest Rising Distribution Split Trust (the “Fund”), which launched during the year, as well as our view for 2006.

MARKET OVERVIEW

2005 was another strong year for income trusts with the S&P/TSX Capped Income Trust Total Return Index gaining 31.0% for the year, the seventh straight year of positive returns for this Index. However, the performance was not consistent across all sectors of the income trust market. According to the CIBC WM Income Trust Group Indices, Oil and Gas Trusts returned 51.3%, REITs returned 24.1%, Business Trusts returned 15.0%, and Power and Pipeline Trusts returned 7.5%.

2005 was marked by two major events: (1) the consultation process on income trusts by the Department of Finance; and (2) the inclusion of income trusts into the S&P/TSX Composite Index.

The Department of Finance issued a White Paper on September 8, 2005 entitled “Tax and Other Issues Related to Publicly Listed Flow-Through Entities (Income Trusts and Limited Partnerships)” to “promote discussion and third party input on a number of key questions” related to income trusts. On September 19, 2005, the Federal Government imposed a moratorium on the issue of advance tax rulings by the Canada Revenue Agency with respect to conversions by corporations into income trusts while the consultation process was ongoing.

The Federal Government’s action, combined with some fundamental factors (including a temporary increase in interest rates and a temporary decrease in oil and gas prices) acted as catalysts for the decline in the S&P/TSX Capped Income Trust Total Return Index from a peak of 228.36 on October 3, 2005 to a trough of 194.67 on October 20, 2005. The Index closed the year at 230.30 (compared with 175.83 on December 31, 2004).

On November 23, 2005, the Department of Finance issued a press release officially responding to the status of income trusts. In summary, the announcement was good news for income trust investors and confirmed:

- (1) there will be no new taxes on income trusts;
- (2) the Canada Revenue Agency will resume providing advance tax rulings for income trusts;
- (3) approval for dividends to be taxed at a reduced rate starting in 2006 to better level the playing field between income trusts and corporations; and
- (4) the official end of the consultation process.

The Department of Finance stated that these actions were aligned with the overwhelming consensus of submissions received during the consultation process. The announcement to maintain the status quo for income trusts and to reduce the effective tax rate on corporate dividends is positive for all investors.

Standard & Poor’s added income trusts to the S&P/TSX Composite Index in 2005, a positive development for this asset class that will broaden the market acceptance of income trusts, especially among institutional investors. On December 16, 2005, as a result of the quarterly S&P/TSX Composite Index Review, 72 income trusts were added to the S&P/TSX Composite Index, based on a 50% weighting of their market capitalization. The remaining 50% weighting was added at the S&P/TSX Composite Index Review in 2006 and effective close of business on March 17, 2006.

INCOME TRUSTS – AN ATTRACTIVE INVESTMENT

We continue to believe that income trusts represent an attractive investment opportunity from both a structural and a financial perspective. As of December 31, 2005, there were over 230 income trusts trading on the TSX with a market capitalization of over \$187 billion.

From a structural perspective, investors benefit from the discipline required by management to pay distributions and from the increased transparency required when undertaking growth initiatives. In a proper income trust model, a large percentage of a fund's pre-tax cash flow is used to pay monthly (or quarterly) cash distributions to unitholders after allocating the appropriate amount of cash flow required for maintenance capital expenditures.

In addition, most income trusts typically maintain a certain amount of pre-tax cash flow as a financial cushion or to finance growth-related capital expenditures; however, income trusts have less flexibility to undertake high risk projects and/or projects with uncertain returns. Income trusts cannot generally fund major growth initiatives and payout a large portion of their pre-tax cash flow at the same time. For significant growth initiatives, most management teams are dependent on raising additional capital which requires the approval of unitholders. This "capital markets test" acts as an additional financial screen for determining the merits of a major growth or expansion project and typically will reduce the likelihood of an inadequate major capital investment.

From a financial perspective, income trust unitholders benefit from the opportunity of increased distributions and the high average yield for the overall income trust market. Distributions of income trusts are not fixed but tend to vary over time based on the economic performance of the business underlying the income trust and its distribution policy. While the headlines in the newspapers tend to focus on distribution cuts and trusts with problems, the figures presented in the table below show the opposite. Over the past two years, the majority of trusts have either maintained or increased their distributions:

Percentage of TSX Trusts	2005	2004
Increased distributions ¹	44.9%	38.3%
Maintained distributions ¹	46.6%	52.0%
Decreased / omitted / no distribution	8.5%	9.7%

¹ Based on date of announcement of change in distributions for each trust.

At year end, the average yield on all income trusts totalled 9.4%. The long-term historical performance for equities over the last 45 years was 10.4% per annum and somewhat lower for bonds.

FUND PERFORMANCE

Our Fund was fully invested prior to year end. During 2005, the net asset value of our Fund has remained fairly consistent and we met our distribution targets. Although fund performance may vary during the year as detailed on the table below, our performance is in line with the objectives for our Fund:

	2005
Beginning NAV	\$ 13.79
Ending NAV	\$ 13.79
Change in NAV	\$ —
Beginning monthly distribution	\$ 0.1125
Ending monthly distribution	\$ 0.1125

OUTLOOK

2005 proved to be a turbulent but strong year for both income trusts and common equities. We expect this instability to continue in 2006 especially in the oil and gas sector. As a result, our Fund has a lower weighting in the oil and gas royalty trust sector as compared to the S&P/TSX Capped Income Trust Index, which had an average weighting of 47% in this sector in 2005. We continue to believe that it is not prudent to have nearly half of a fund invested in this attractive but historically very volatile sector. However, given the strength of the economy in the West, we have positioned the portfolio with a Western Canadian bias in businesses other than oil and gas which should bode well for the future performance of our funds.

As always, capital preservation is our top priority. We will continue to seek opportunities to acquire high quality businesses run by strong management teams at attractive prices. We believe that investors who are able to withstand the ups and downs of equity market prices will eventually be rewarded with both strong absolute and relative returns over the long term from a prudently selected and well balanced portfolio.

Thank you for your continued support.



Bruce Robertson
On behalf of the Manager



Kevin Charlebois
On behalf of the Investment Advisor

Forward Looking Statements

The Report to Unitholders and Management Report of Fund Performance contain "forward-looking statements" and information. The words "believe," "typically," "generally," "anticipate," "expect," "will," "potential," "positioned," "should," "seek," and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters identify forward-looking statements. Although the Fund Manager and Investment Advisor believe that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements or information include: general economic conditions; changes in interest and exchange rates; changes in legislation or practices governing the income trust sector, and other risks and factors described from time to time in the documents filed by the Manager with the securities regulators in Canada. The Manager undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

BOARD AND MANAGEMENT

ADVISORY BOARD

Bruce K. Robertson

Director, President and Chief Executive Officer of the Manager, and Managing Partner, Brookfield Asset Management Inc.

James C. Bacon

Business Consultant

John P. Barratt

Chief Operating Officer

The Caldwell Partners International Inc.

MANAGEMENT TEAM

The Manager (Brookfield)

Bruce K. Robertson

Director, President and Chief Executive Officer

Kevin Cash

Director, Vice President and Chief Financial Officer

Krista Matheson

Director and Secretary

Investment Advisor (SoundVest)

Kevin Charlebois

President and Chief Investment Officer

Ernest Meszaros

Vice President and Portfolio Manager

Scott Jarvis

Portfolio Manager and Analyst

Brian Durno

Analyst

Seth Powter

Analyst

Tracy Albert

Analyst

CORPORATE INFORMATION

Brookfield Funds welcome inquiries from unitholders, analysts, media representatives or other interested parties.

Head Office

The Manager
Brascan Rising Distribution Split Management Ltd.
(subsidiary of Brookfield Asset Management Inc.)
BCE Place - 181 Bay Street, Suite 300
Toronto, Ontario M5J 2T3

Please direct your inquiries to:

Krista Matheson

Director, Investor Relations

t. 416.359.8557

f. 416.365.9642

e. kmatheson@brookfield.com

w. www.brookfieldfunds.com

The Investment Advisor

SoundVest Capital Management Ltd.
100 Sparks Street, 9th Floor
Ottawa, Ontario K1P 5B7

Trustee, Transfer Agent and Registrar

Unitholder inquiries relating to distributions, address changes and unitholder account information should be directed to:

Brookfield Funds' Transfer Agent:
Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

t. 1.800.564.6253 (toll-free North America)
International 514.982.7555

f. 1.866.249.7775 (toll-free North America)
International 416.263.9524

e. service@computershare.com

w. www.computershare.com

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance (“MRFP”) is intended to provide readers with the financial highlights and an assessment of the performance of **Brascan SoundVest Rising Distribution Split Trust** (the “Fund”) from inception (March 16, 2005) to December 31, 2005. The MRFP does not contain the complete annual financial statements of the Fund and should be read in conjunction with the attached annual audited financial statements and the accompanying notes. All figures in the MRFP are in Canadian dollars as at December 31, 2005 unless otherwise indicated.

Additional information is available on the Manager's website at www.brookfieldfunds.com, on SEDAR at www.sedar.com or by writing to us at Brascan SoundVest Rising Distribution Split Trust, BCE Place – 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

Security holders may also contact us to request a copy of the proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure. Unitholders are advised that commencing in 2006, the Fund will make available on its website quarterly disclosure of the investment portfolio within 60 days after the end of the quarter. Interim financial statements and the interim MRFP will be made available for the six month period ended June 30 within 60 days after the end of the period.

THE FUND

The Fund is a closed-ended investment trust, issuing capital units (“units”) and preferred securities, both listed on the Toronto Stock Exchange under the symbols BSD.UN and BSD.PR.A, respectively. The Fund commenced operations on March 16, 2005, issuing 7,370,000 units at \$15.00 per unit through an initial public offering. The Fund also issued an equal number of preferred securities at \$10.00 per unit as part of the initial public offering. As this is the first reporting year for the Fund, there are no comparatives.

The Fund will terminate on March 31, 2015 and its net assets will be distributed thereafter to unitholders unless unitholders determine to continue the Fund by a majority vote at a meeting called for such purpose.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund is an actively managed investment fund, which invests in a diversified portfolio of income trusts. The Fund may also opportunistically invest in high-yielding, equity based securities, up to a maximum of 10% of the value of the Portfolio.

The Fund's investment objectives are to:

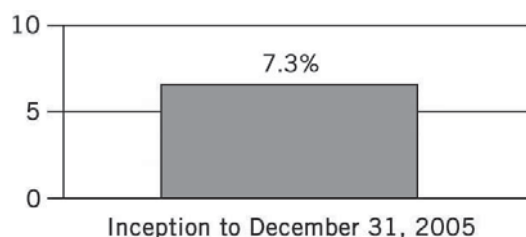
- a) provide holders of preferred securities with i) fixed quarterly interest payments in the amount of \$0.15 per preferred security (\$0.60 per annum to yield 6% per annum on the original subscription price of \$10.00), and ii) repayment of the original subscription price at maturity;
- b) provide holders of units with i) tax efficient and growing monthly cash distributions, a significant portion of which is tax deferred; and ii) capital appreciation on the portfolio.

FUND PERFORMANCE

The Fund was fully invested as of December 31, 2005. The Fund was formed to select and actively manage a diversified portfolio of income trust securities from four primary sectors: 1) business trusts; 2) power generation and pipeline trusts; 3) oil and gas royalty trusts; and 4) real estate investment trusts (“REITs”). We focus on trusts in each of these four sectors that are capable of generating high quality cash flows with minimal sustaining capital requirements and the potential to appreciate in value.

During the period from March 16, 2005 to December 31, 2005, the net asset value per unit remained relatively consistent while distributions of \$1.0125 per unit provided a total return of 7.3% or 9.2% on an annualized basis. During the same period, the S&P/TSX Capped Income Trust Total Return Index gained 22.6%. For the three months ended December 31, 2005 (the “Quarter”), the Fund's net asset value per unit decreased 11.0%. The Fund distributed \$0.3375 per unit during the Quarter for a total negative return of 8.9%. During the Quarter, the S&P/TSX Capped Income Trust Total Return Index gained 1.3%.

Period Return



	Since Inception
Fund – NAV Return	—%
Fund – Total Return	7.3%
S&P/TSX Capped Income Trust Total Return Index	22.6%

While the Fund met its absolute rate of return objectives, results in 2005 were lower than the comparable index returns on a relative basis. The underperformance of the Fund was largely due to the Fund's underweight position in oil and gas royalty trusts and overweight position in business trusts. 2005 was an extremely strong year for oil and gas royalty trusts with the average oil and gas royalty trust returning 51.3% while business trusts had a return of only 15% (excluding oil and gas service companies business trusts had a return of only 2%). The Fund's weighting in the oil and gas royalty sector ranged from 21% to 26% while the S&P/TSX Capped Income Trust Total Return Index had an average weighting of 47% for the year. We were underweight as we did not feel it was prudent to have nearly half of the Fund invested in oil and gas royalty trusts, which we believe is an attractive but historically, very volatile sector.

The Fund declared and paid monthly distributions commencing May 2005 at its targetted monthly rate of \$0.1125 per unit, and paid quarterly distributions commencing June 2005 at its quarterly rate of \$0.15 per preferred security. The Fund has met all its distribution targets since inception and is committed to delivering stable distributions to unitholders. The portfolio is expected to generate a reliable flow of cash which will be sufficient to meet the Fund's distribution objectives.

Ratios and Supplemental Data

As at December 31	2005 ¹
Net assets	\$ 94,364,187
Number of units outstanding	6,842,341
Management expense ratio before preferred securities and other interest expense	2.64%
Management expense ratio including preferred securities and other interest expense ²	7.33%
Management expense ratio before waivers or absorptions	7.33%
Management expense ratio including one time agents' fees and issuance costs	18.27%
Portfolio turnover rate ³	35.23%
Monthly distribution per unit	\$ 0.1125
Annualized trailing yield ⁴	10.98%
Trading expense ratio ⁵	0.50%
Closing market price	\$ 12.30

¹ Period from inception (March 16, 2005) to December 31, 2005.

² Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of weekly average net assets during the period.

³ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

⁴ Based on annualized cumulative distributions per unit and the closing market price.

⁵ The trading expense ratio represents commission costs expressed as an annualized percentage of weekly average net assets during the period.

FINANCIAL HIGHLIGHTS AND RESULTS OF OPERATIONS

The following tables show selected key financial information about the Fund and are intended to assist readers understand the Fund's financial performance since inception. This information is derived from the Fund's audited financial statements.

The Fund's Net Asset Value Per Unit

	2005 ¹
Net asset value – beginning of period ²	\$ 13.79
Increase (decrease) from operations	
Total revenue	1.78
Total expenses	(0.82)
Realized losses for the period	(0.51)
Return of capital	(0.50)
Unrealized gains for the period	0.97
Total increase from operations ³	0.92
Distributions	
Investment income	(0.26)
Return of capital	(0.75)
Total annual distributions ⁴	(1.01)
Net asset value – end of year	\$ 13.79

¹ Period from inception (March 16, 2005) to December 31, 2005.

² Initial public offering price of \$15.00 per unit net of issuance costs.

³ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period. Accordingly, totals may not sum in the above table due to the different basis for computing the per unit amounts.

⁴ Distributions were paid in cash.

The following table illustrates components of the Fund's overall return:

	2005 ¹
Net investment income	\$ 7,034,556
Realized loss	(3,714,117)
Return of capital	(3,642,936)
Unrealized gains	7,077,409
Income from operations	6,754,912
Income from operations per unit	0.96
Net asset value per unit	13.79

¹ Period from inception (March 16, 2005) to December 31, 2005.

Net income from operations since inception (March 16, 2005) to December 31, 2005 totalled \$6.8 million, which consisted of net investment income of \$7 million, realized losses of \$3.7 million and unrealized gains of \$7.1 million, less a return of capital of \$3.6 million.

The net investment income of \$7 million primarily represents distributions received from income trust units held in the investment portfolio and interest income net of interest expense, management fees, service fees and general expenses of the Fund. Fees and expenses for the year totalled \$6 million, which included \$3.7 million of interest on preferred securities and \$0.2 million of interest on our credit facility. The annualized management expense ratio based on total expenses (including interest expense on preferred securities and on the Fund's loan facility) for the year is 7.33%. Adjusted for interest expenses, the management expense ratio decreased to 2.64%. The management expense ratio adjusted for interest expenses and based on the annualized percentage of weekly average net assets plus preferred securities during the period is 1.54%.

CAPITAL RESOURCES, LIQUIDITY AND UNITS

As at December 31, 2005, the Fund had a credit facility available through Prime Rate Loans or Bankers Acceptances. The Fund will use borrowings to purchase additional investments and for general Fund purposes. Under the current terms of the credit facility, the maximum draw is limited to the lower of \$15 million and 7% of the total value of the assets in the portfolio. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets. As at December 31, 2005, \$6.4 million is due under the facility.

As at December 31, 2005, the Fund had a \$0.1 million working capital deficit position comprised of \$1.6 million of current assets offset by \$1.7 million of current liabilities. Current assets of \$1.6 million were comprised of \$0.2 million of cash and equivalents, and \$1.4 million of distributions and interest receivable. Current liabilities of \$1.7 million were comprised of \$0.8 million of distributions payable to unitholders, \$0.2 million of management and service fees payable, \$0.2 million of issuance costs payable, interest payable of \$0.3 million, and \$0.2 million of other amounts payable.

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption at any time during November of any year, but at least 15 business days prior to the last business day in November (the "Redemption Date"). Redemption of surrendered units will be effected at net asset value on the Redemption Date each year and will be settled on or before the 15th business day following such effective date.

SUMMARY OF INVESTMENT PORTFOLIO¹

As at December 31, 2005, the Fund was invested in 40 securities from the following sectors in the percentages shown below:

	Actual Weighting²	Permitted Weighting
Cash and cash equivalents	0.0%	0% – 10%
Business trusts	52.5%	20% – 60%
Power generation and pipeline trusts	5.2%	5% – 35%
Oil and gas royalty trusts	26.3%	10% – 50%
REITs	13.7%	5% – 45%
High-yielding equity-based securities	2.3%	0% – 10%

¹ The Summary of Investment Portfolio may change due to ongoing portfolio transactions of investments in the Fund and a quarterly update is available.

² Based on market value as of December 31, 2005.

Top 25 positions held within the Fund as at December 31, 2005 were as follows:

Number of Units		Market Value	Percentage of Investment Portfolio
579,300	Energy Savings Income Fund	\$ 11,000,907	6.5%
341,500	BFI Canada Income Fund	9,592,735	5.7%
320,000	Peyto Energy Trust	8,124,800	4.8%
825,000	Newport Partners Income Fund	7,755,000	4.6%
497,800	Altus Group Income Fund	7,302,726	4.3%
425,000	Progress Energy Trust	7,297,250	4.3%
449,000	Trinidad Energy Services Income Fund	7,103,180	4.2%
499,900	XS Cargo Income Fund	6,973,605	4.1%
2,498,000	Huntingdon REIT	6,869,500	4.1%
176,100	Bonavista Energy Trust	6,709,410	4.0%
1,000,000	Eveready Income Fund	6,700,000	4.0%
281,000	StarPoint Energy Trust	6,406,800	3.8%
250,000	Trilogy Energy Trust	5,950,000	3.5%
497,500	Vault Energy Trust	5,671,500	3.4%
446,000	Terravest Income Fund	5,218,200	3.1%
698,000	Madacy Entertainment Income Fund	5,095,400	3.0%
5,530,000	Westfield REIT	4,729,500	2.8%
770,000	Entertainment One Income Fund	3,850,000	2.3%
355,000	Atlantic Power Corporation	3,692,000	2.2%
219,200	Avenir Diversified Income Trust	2,812,336	1.7%
74,000	Penn West Energy Trust	2,811,260	1.7%
135,000	H&R REIT	2,808,000	1.7%
400,000	Gienow Windows & Doors Income Fund	2,780,000	1.6%
350,000	Coast Wholesale Appliances Income Fund	2,726,500	1.6%
625,000	CanWel Building Materials Income Fund	2,712,500	1.6%

¹ The Summary of Investment Portfolio may change due to ongoing portfolio transactions of investments in the Fund and a quarterly update is available.

TRANSACTIONS WITH RELATED PARTIES

Brascan Rising Distribution Split Management Ltd. (the “Manager”), a subsidiary of Brookfield Asset Management Inc., is the Manager of the Fund and is responsible for managing all of the Fund’s activities. Management fees are paid to the Manager based on terms set out in the Management Agreement at a rate of 1.10% per annum of the net asset value of the Fund. In addition, the Fund also pays the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is, in turn, paid to the investment dealers based on the proportionate number of units held by clients of such dealers. During the year, management fees accrued or paid to the Manager totalled \$1.6 million, of which \$0.80 million was paid to SoundVest Capital Management Ltd. (the “Investment Advisor”). Service fees accrued or paid during the year totalled \$0.3 million.


RISKS AND MITIGATING FACTORS

On September 8, 2005, the Federal Department of Finance issued a “White Paper” entitled “Tax and Other Issues Related to Publicly Listed Flow-Through Entities (Income Trusts and Limited Partnerships).” On September 19, 2005, the Federal Government issued a moratorium on advanced tax rulings with respect to income funds. On November 23, 2005, a decision was made by the Federal Government to maintain the status quo for income trusts, resume the issuance of advanced tax rulings, and to reduce the effective tax rate on corporate dividends.

There is no other material event during the year that affected the overall level of risk associated with the Fund’s investment portfolio. Risk factors remain as disclosed in the Fund’s prospectus and unitholders are encouraged to review these risks. A summary of risks and their mitigating factors can be found in our Final Offering Prospectus filed on SEDAR at www.sedar.com.

OUTLOOK

We continue to seek opportunities to acquire high quality businesses run by strong management teams at attractive prices. As always, capital preservation is our top priority. We believe that investors that are able to withstand the ups and downs of stock market prices will eventually be rewarded with both strong absolute and relative returns over the long term. Based on the current quality and mix of investments, we anticipate that the Fund will continue to meet its target monthly distributions of \$0.1125 per unit and quarterly distributions of \$0.15 per preferred security.



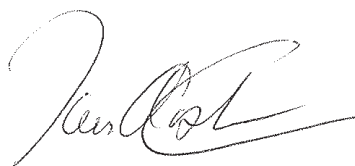
Kevin Cash
Vice President and Chief Financial Officer of the Manager
April 13, 2006

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Brascan SoundVest Rising Distribution Split Trust (the "Fund") and other financial information have been prepared by Brascan Rising Distribution Split Management Ltd., a subsidiary of Brookfield Asset Management Inc. (the "Manager" of the Fund), which is responsible for their integrity and accuracy. To fulfill these responsibilities, the Fund maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate. These policies and procedures are designed to provide a high degree of assurance that relevant and reliable financial information is produced.

These financial statements have been prepared in conformity with accounting principles generally accepted in Canada, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying financial statements.

The Manager, on behalf of the unitholders, has appointed the external firm Deloitte & Touche LLP as the independent auditors of the Fund. They have examined the financial statements set out on pages 11 through 18 in accordance with auditing standards generally accepted in Canada to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.



Kevin Cash
*Director, Vice President and Chief Financial Officer
of the Manager*

Toronto, Ontario
April 13, 2006

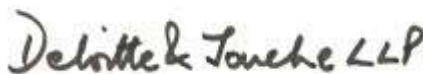
AUDITORS' REPORT

To the Unitholders of Brascan SoundVest Rising Distribution Split Trust

We have audited the statements of net assets and investments of Brascan SoundVest Rising Distribution Split Trust (the "Fund") as at December 31, 2005 and the statements of operations, changes in net assets, and cash flows for the period from March 16, 2005, the date of inception, to December 31, 2005. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2005 and the results of its operations, changes in its net assets, and cash flows for the period ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario
April 13, 2006

STATEMENT OF NET ASSETS

As at December 31	2005
Assets	
Investments, at market value	\$ 169,271,644
Cash and equivalents	170,904
Distributions and interest receivable	1,450,212
Total assets	170,892,760
Liabilities	
Accounts payable and accrued liabilities <i>(note 3)</i>	1,718,025
Loan payable <i>(note 4)</i>	6,387,138
Preferred securities <i>(note 5)</i>	68,423,410
Total liabilities	76,528,573
Net assets representing unitholders' equity	\$ 94,364,187
Units outstanding <i>(note 6)</i>	6,842,341
Net asset value per unit	\$ 13.79

The accompanying notes are integral to these financial statements.

Approved by the Manager, by:



Bruce K. Robertson
Director



Kevin Cash
Director

STATEMENT OF OPERATIONS

For the period from inception (March 16, 2005) to December 31, 2005	2005
Income and distributions	
Distributions from income trusts	\$ 8,972,737
Interest income	384,607
Return of capital	3,642,936
	13,000,280
Expenses	
Preferred securities interest expense	3,665,178
Management fees <i>(note 8)</i>	1,563,736
Service fees <i>(note 8)</i>	328,916
Other interest expense	149,460
General and administrative	146,281
Investor communication and reporting	34,796
Legal fees	28,349
Audit fees	24,000
Accounting and administration	15,570
Trustee fees	9,438
	5,965,724
Net investment income	7,034,556
Net realized loss on sale of investments <i>(note 9)</i>	(3,714,117)
Return of capital	(3,642,936)
Net change in unrealized gain on investments	7,077,409
Results of operations	\$ 6,754,912
Results of operations per unit ¹	
Net investment income	\$ 0.96
Net realized loss on sale of investments	(0.51)
Return of capital	(0.50)
Net change in unrealized gain on investments	0.97
	\$ 0.92

¹ Based on the weighted average number of units outstanding for the period *(note 6)*.
The accompanying notes are integral to these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

For the period from inception (March 16, 2005) to December 31, 2005	2005
Net assets – beginning of period	\$ —
Operations	
Net investment income	7,034,556
Net realized gain on sale of investments	(3,714,117)
Return of capital	(3,642,936)
Net change in unrealized gain on investments	7,077,409
	6,754,912
Unitholder transactions	
Proceeds from issuance of units, net <i>(note 6)</i>	101,650,875
Distribution to unitholders	
From investment income	(3,759,827)
From return of capital	(3,642,936)
Redemption of units <i>(note 6)</i>	(6,638,837)
	87,609,275
Net increase in net assets during the period	94,364,187
Net assets – end of period	\$ 94,364,187

The accompanying notes are integral to these financial statements.

STATEMENT OF CASH FLOWS

For the period from inception (March 16, 2005) to December 31, 2005	2005
Operating activities	
Net investment income	\$ 7,034,556
Return of capital	(3,642,936)
Change in other assets and liabilities	267,813
Cash flows provided by operating activities	3,659,433
Financing activities	
Loan payable	6,387,138
Distributions to unitholders	(7,402,763)
Proceeds from issuance of capital units and preferred securities	175,350,875
Redemption of preferred securities	(5,276,590)
Redemption of capital units	(6,638,837)
Cash flows provided by financing activities	162,419,823
Investing activities	
Purchase of investment securities	(222,794,281)
Proceeds from sale of investments	56,885,929
Cash flows used in investing activities	(165,908,352)
Net increase in cash during the period	170,904
Cash – end of period	\$ 170,904

The accompanying notes are integral to these financial statements.

STATEMENT OF INVESTMENTS¹

As at December 31, 2005

Number of Units		Cost	Market Value	Percentage of Net Assets
Business Trusts				
579,300	Energy Savings Income Fund	\$ 9,573,479	\$ 11,000,907	11.7%
341,500	BFI Income Trust	8,785,899	9,592,735	10.2%
825,000	Newport Partners Income Fund	8,210,348	7,755,000	8.2%
497,800	Altus Group Income Fund	4,905,766	7,302,726	7.7%
449,000	Trinidad Energy Services Income Fund	4,779,652	7,103,180	7.5%
499,900	XS Cargo Income Fund	4,918,028	6,973,605	7.4%
1,000,000	Eveready Income Fund	3,694,560	6,700,000	7.1%
446,000	Terravest Income Fund	5,667,988	5,218,200	5.5%
698,000	Madacy Entertainment Income Fund	6,846,429	5,095,400	5.4%
770,000	Entertainment One Income Fund	7,878,647	3,850,000	4.1%
219,200	Avenir Diversified Income Fund	2,754,106	2,812,336	3.0%
400,000	Gienow Windows & Doors Income Fund	4,189,327	2,780,000	2.9%
350,000	Coast Wholesale Appliances Income Fund	3,449,606	2,726,500	2.9%
625,000	CanWel Trust Building Materials Income Fund	5,350,370	2,712,500	2.9%
345,000	Arriscraft International Income Fund	3,954,388	2,083,800	2.6%
280,000	OFI Income Fund	2,774,344	2,478,000	2.2%
174,700	Sir Royalty Income Fund	1,686,894	1,703,325	1.8%
199,000	Big Eagle Trust – Private Placement	995,000	995,000	1.1%
		90,414,831	88,883,214	94.2%
Power Generation and Pipeline Trusts				
355,000	Atlantic Power Corporation	3,577,215	3,692,000	3.9%
80,000	AltaGas Income Trust	1,923,345	2,236,000	2.4%
190,000	Taylor NGL LP	1,664,739	1,909,500	2.0%
114,000	Primary Energy Recycling Corporation	1,123,269	1,071,600	1.1%
		8,288,568	8,909,100	9.4%
Oil and Gas Royalty Trusts				
320,000	Peyto Energy Trust	7,984,036	8,124,800	8.6%
425,000	Progress Energy Trust	5,531,581	7,297,250	7.7%
176,100	Bonavista Energy Trust	5,438,153	6,709,410	7.1%
281,000	StarPoint Energy Trust	5,272,457	6,406,800	6.8%
250,000	Trilogy Energy Trust	3,863,300	5,950,000	6.3%
497,500	Vault Energy Trust	4,784,748	5,671,500	6.0%
74,000	Penn West Energy Trust	2,423,429	2,811,260	3.0%
78,000	Acclaim Energy Trust	1,105,715	1,478,100	1.6%
		36,403,419	44,449,120	47.1%
Real Estate Investment Trusts ("REITs")				
2,498,000	Huntingdon REIT	5,883,606	6,869,500	7.3%
5,530,000	Westfield REIT ²	3,920,409	4,729,500	5.0%
135,000	H&R REIT	2,470,498	2,808,000	3.0%
150,000	Allied Properties REIT	2,031,140	2,542,500	2.7%
100,000	Calloway REIT	1,819,130	2,374,000	2.6%
899,000	Whiterock REIT	1,846,246	2,427,300	2.5%
70,000	IPC US REIT	758,858	795,200	0.8%
241,400	Lakeview Hotel REIT ³	703,681	663,850	0.7%
		19,433,568	23,209,850	24.6%
High-Yielding Equity-Based Securities				
347,600	Rentcash Inc.	5,953,849	2,120,360	2.2%
1,700	Lanesborough REIT Debenture	1,700,000	1,700,000	1.8%
		7,653,849	3,820,360	4.0%
Total investment portfolio		\$ 162,194,235	169,271,644	179.4%
Cash and equivalents			170,904	0.2%
Liabilities in excess of other assets			(75,078,361)	(79.6%)
Net assets			\$ 94,364,187	100.0%

¹ The Statement of Investments may change due to ongoing portfolio transactions of investments in the Fund and a quarterly update is available.

² 1,650,000 units are under a hold period until January 3, 2006.

³ Securities under a hold period until March 10, 2006.

The accompanying notes are integral to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

1. OPERATIONS

Brascan SoundVest Rising Distribution Split Trust (the "Fund") was established under the laws of the Province of Ontario by a declaration of trust dated as at March 16, 2005. The manager of the Fund is Brascan Rising Distribution Split Management Ltd., a subsidiary of Brookfield Asset Management Inc. (in such capacity, the "Manager") and the investment advisor is SoundVest Capital Management Ltd. (the "Investment Advisor"). Computershare Trust Company of Canada is the trustee of the Fund. The Fund is authorized to issue an unlimited number of capital units ("units") and preferred securities. The Fund is listed on the Toronto Stock Exchange and effectively commenced operations on March 16, 2005.

The Fund's investment objectives are to:

- a) provide holders of preferred securities with i) fixed quarterly interest payments in the amount of \$0.15 per preferred security (\$0.60 per annum to yield 6% per annum on the original subscription price of \$10.00), and ii) repayment of the original subscription price at maturity;
- b) provide holders of units with i) tax efficient and growing monthly cash distributions, a significant portion of which is tax deferred; and ii) capital appreciation on the portfolio.

The Fund seeks to achieve these objectives by investing in a diversified portfolio of income trusts. The Fund may also opportunistically invest in high-yielding, equity based securities, up to a maximum of 10% of the value of the Portfolio.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the following policies determined under Canadian generally accepted accounting principles and they include estimates and assumptions made by the Manager that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

a) *Cash and Equivalents*

Cash and equivalents are cash balances and short-term, highly liquid investments with original maturities of 90 days or less, and are carried at cost plus accrued interest.

b) *Valuation of Investments*

The Fund's investments are presented at market value. Investments that are publicly traded are valued at their last closing price. If a closing price is not available, then these investments are valued using an average of the latest bid and ask prices. Securities which are listed on the stock exchange and which are subject to a hold period or other trading restrictions will be valued as described above, with an appropriate discount as determined by the Manager, acting reasonably. Short-term investments are valued at cost which, when taken together with accrued interest income, approximates their market value. The value of any security or other asset for which no published market exists, including securities of private issuers, will be determined by the Manager in accordance with the following: (i) such securities or other assets will normally be carried at cost unless: (a) there is an arm's length transaction which in the Manager's reasonable opinion establishes a different value, or (b) a material change in the value of an issuer occurs as determined by the Manager, acting reasonably.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold. These differences could be material to the fair value of investments as a portfolio.

c) *Investment Transactions and Income Recognition*

Investment transactions are recorded on trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis, with dividends recorded on the ex-dividend date. Distributions from income funds include trusts and limited partnerships and are recognized on the ex-distribution date. Net realized gains (losses) on sale of investments include net realized gains or losses from foreign currency changes.

d) Income Taxes

The Fund is taxed as a mutual fund trust under the Income Tax Act (Canada). Provided that the Fund makes distributions in each year of its net income and capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

e) Foreign Exchange

The market value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the closing rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments, are translated at the rate of exchange prevailing on the respective dates of such transactions.

f) Return of Capital

Distributions from the Fund's investments that represent a return of capital reduce the carrying amount of the investments. Return of capital received during the period is disclosed in the statement of operations.

g) Fair Value of Financial Instruments

The fair value of the Fund's financial instruments, which are composed of cash and equivalents, distributions and interest receivable, loan payable, accounts payable and accrued liabilities, approximate their carrying value.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	2005
Distributions payable to unitholders and security holders (<i>note 6, 7</i>)	\$ 769,763
Interest payable	344,948
Issuance costs payable	202,841
Other accounts payable and accrued liabilities	158,579
Management fees payable	147,400
Service fees payable	94,494
	\$ 1,718,025

4. LOAN FACILITY

The Fund has a 364-day revolving term credit facility with a Canadian chartered bank up to a maximum amount of \$15 million, but not exceeding 7% of the net asset value of the portfolio. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets. The Fund uses borrowings to purchase additional investments and for general Fund purposes. As at December 31, 2005, \$6,387,138 was drawn on the facility. The credit facility pays interest at a rate of bankers' acceptance plus 40 basis points. As the loan is payable at anytime and the interest rate is variable based on the prime rate, its fair value approximates its carrying value.

5. PREFERRED SECURITIES

On March 16, 2005, as part of the initial public offering of the Fund, 7,370,000 preferred securities were issued at a price of \$10.00 per security for cash proceeds of \$73,700,000. \$5,276,590 of preferred securities were redeemed during the year.

Holders of the preferred securities are entitled to receive fixed quarterly interest payments of \$0.15 per preferred security, or 6% per annum, beginning on June 15, 2005, on the original subscription price of \$10.00. The interest payments are paid in arrears on June 15, September 15, December 15, and March 15 of each year. Preferred securities may be surrendered for redemption together with an equal number of units beginning in November of 2005 and each year thereafter. During the year, \$5,276,590 of preferred securities were redeemed.

The preferred securities will mature on March 31, 2015. The securities may be called and purchased prior to the maturity date if the aggregate amount of preferred securities outstanding would exceed the aggregate number of units outstanding. In such case, preferred securities will be redeemed at a price per security, which until March 31, 2006 will be equal to \$11.00 and will decline by \$0.10 each year thereafter to \$10.10 after March 31, 2014 to March 30, 2015, plus any accrued and unpaid interest.

6. UNITS OF THE FUND

On March 16, 2005, the Fund completed its initial public offering of 7,370,000 units at a price of \$15.00 per unit. Proceeds raised, net of agents' fees and issuance costs of \$8,899,125 totalled \$101,650,875.

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption at any time during November of any year, but at least 15 business days prior to the last business day in November (the "Redemption Date"). Redemption of surrendered units will be effected at the net asset value on the Redemption Date each year and will be settled on or before the 15th business day following such effective date. During the year, 527,659 units were redeemed for cash.

Issued	Number of Units	Amount
Units – beginning of period	—	\$ —
Issued		
Initial public offering	7,370,000	110,550,000
Agents' fees and issue costs	—	(8,899,125)
Cancelled after redemption for cash	(527,659)	(6,638,837)
Units – December 31, 2005	6,842,341	\$ 95,012,038

The weighted average number of units outstanding for the period ended December 31, 2005 was 7,304,802.

7. DISTRIBUTIONS PAYABLE TO UNITHOLDERS AND SECURITY HOLDERS

Distributions on units, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the 15th day or the first business day after the 15th, during the month following the record date. Distributions on preferred securities, as declared by the Manager, are made on a quarterly basis to security holders of record on the last business day of February, May, August and November and payable on the 15th day of the subsequent month.

8. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.10% per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund, calculated and paid quarterly. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

9. INVESTMENT TRANSACTIONS

Investment transactions for the period from inception (March 16, 2005) to December 31, 2005 were as follows:

	2005 ¹
Proceeds from sale of investments	\$ 56,885,929
Less cost of investments sold	
Investments at cost – beginning of period	—
Investments purchased during the period	222,794,281
Investments at cost – end of period	162,194,235
Cost of investments sold during the period	60,600,046
Net realized loss on sale of investments	\$ (3,714,117)

¹ All balances have been adjusted for Return of Capital amounts.

Brokerage commissions on securities purchased and sold during the period ended December 31, 2005 totalled \$410,898 and are included in the cost or sale proceeds of the related investment.

UNIT INFORMATION

Brascan SoundVest Rising Distribution Split Trust

Toronto Stock Exchange:	BSD.UN (Capital Units) and BSD.PR.A (Preferred Securities)
Units outstanding (December 31, 2005):	6,842,341 Capital Units and 6,842,341 Preferred Securities
Targetted 2006 Monthly Distribution:	Capital Units: \$0.1125 per unit, payable monthly (\$1.35 annual)
Targetted 2006 Quarterly Distribution:	Preferred Securities: \$0.15 per security, payable quarterly (\$0.60 annual)
Record Date:	Capital Units: Last business day of each month Preferred Securities: Last business day of February, May, August, November
Payment Date:	Capital Units: On or about the 15th day of each subsequent month Preferred Securities: On or about the 15th day of March, June, September, December
Termination:	The Fund will terminate on March 31, 2015 and its net assets will be distributed thereafter to Unitholders unless Unitholders determine to continue the Fund by a majority vote at a meeting called for such purpose.
Redemption:	Units may redeemed on the last business day of November of each year at 100% of net asset value (less associated fees). Unitholders must provide 15 business days notice when surrendering their units.

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