

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:

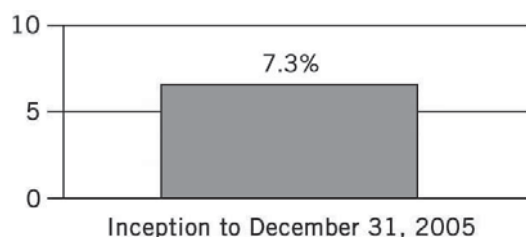
- a) provide holders of preferred securities with i) fixed quarterly interest payments in the amount of \$0.15 per preferred security (\$0.60 per annum to yield 6% per annum on the original subscription price of \$10.00), and ii) repayment of the original subscription price at maturity;
- b) provide 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 Weighting ²	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