

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”) as at and for the year-ended December 31, 2006.

This annual MRFP contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 416-956-5154, by writing to us at BCE Place - 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3 or by visiting our website at www.brookfieldfunds.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund’s investment objectives are to provide holders of preferred securities with 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 the repayment of the original subscription price at maturity. For unitholders, the Fund’s objectives are to provide holders with tax efficient and growing monthly cash distributions, a significant portion of which is tax deferred, and capital appreciation on the portfolio.

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.

RISKS

The risks of investing in the Fund remain as discussed in the Fund’s Annual Information Form and Prospectus.

RESULTS OF OPERATIONS

The Fund’s net assets decreased \$35.6 million or 38%, from \$94.4 million as at December 31, 2005 to \$58.8 million as at December 31, 2006. Of this change, a decline of \$24.0 million is attributable to investment performance (net of expenses) and a further \$11.6 million decline is attributable to unitholder activity, comprised of \$2.2 million of redemptions and \$9.4 million of distributions. The Fund’s investment performance and unitholder activity for 2006 are discussed below.

Investment Performance

The Fund had a net loss from operations of \$24.0 million, which consisted of net investment income of \$8.8 million, offset by realized losses of \$20.4 million, unrealized losses of \$7.4 million, and return of capital of \$5.0 million.

On October 31, 2006 the Canadian Federal Government announced the Tax Fairness Plan (the “Plan”), which if passed into law, among other matters will result in a Distribution Tax of 31.5% on distributions from publicly traded income trusts and limited partnerships effective in 2011. Such a tax would decrease the amount of proceeds available for distribution to investors and hence the Fund. In addition the Plan will also restrict the growth of income trusts through the issuance of their own units which may cause certain income trusts to convert to a corporate structure sooner than 2011, thereby subjecting their earnings to corporate taxes which would ultimately decrease the amount of dividends paid to investors such as the Fund. While the Plan has created a challenge for the income trust sector, its financial impact appears to have resulted in a one-time downward adjustment on the underlying capital values of the income trust sector, including investments held by the Fund.

For the 12-month period ended December 31, 2006, the Fund generated a total negative return of 25.3% versus the comparable S&P/TSX Capped Income Trust Total Return Index (the “Index”) which declined 2.8% over the same timeframe. The Fund’s underperformance relative to the Index was due to two main factors. Given the split share structure of the Fund, the Fund had leverage throughout the year of approximately 1.9x. As such, the impact of this leverage is that it magnifies both positive and negative investment returns by almost two times. In addition, the Fund was approximately 50% invested in business trusts throughout the year. The Business Trust Total Return Index lost 8.5% in 2006 and was the poorest performing trust index group according to the CIBC WM Income Trust Group Indices performance summary. The overweight position in business trusts, combined with the effect of leverage, was largely responsible for the underperformance.

In 2006, the Fund chose to realize its largest loss positions in the portfolio. The Fund sold its positions in Entertainment One Income Fund, Madacy Entertainment Income Fund, Rentcash Inc. and Terravest Income Fund for losses of \$6.5 million, \$5.3 million, \$4.1 million and \$3.9 million, respectively. All four positions were sold due to deteriorating business conditions and prospects for the four companies. As at December 31, 2006, the Fund's largest unrealized loss position was \$2.8 million in Newport Partners Income Fund. The underperformance of Newport Partners Income Fund was largely due to the poor business performance of its distribution segment, however the Fund continues to hold Newport Partners Income Fund as it continues to execute on its acquisition strategy and there is the expectation of improved operational performance.

As at December 31, 2006, the Fund continues to hold several securities with large unrealized gains due to the continued strong growth prospects of these companies. These include Eveready Income Fund and Westfield REIT, which have generated unrealized gains of \$2.9 million and \$2.6 million, respectively.

Fees and Expenses

Fees and expenses for the Period totalled \$6.8 million, compared to \$6.0 million for the period March 16 to December 31, 2005 (the "Prior Period"), representing an annualized management expense ratio of 8.22% as compared to 7.33% in the Prior Period. The \$0.8 million increase in the expenses of the Fund over the Prior Period is a result of a full year of operations in 2006. The increase in the management expense ratio is due to the decline in the Fund's net asset value.

Unitholder Activity

To provide liquidity, capital units and preferred securities of the Fund are listed on the TSX under the symbols BSD.UN and BSD.PR.A, respectively. Under terms of the Fund's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, under which the Fund's units and preferred securities, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In addition, the Fund has a market purchase program whereby throughout the year the Fund, under certain conditions, is required to purchase shares when the units trade below 95% of their net asset value per unit, to a limit of 1.25% of the outstanding number of shares for a three-month period. During 2006, 250,626 of the Fund units and preferred securities were redeemed and cancelled for proceeds of \$2.2 million under the annual redemption program without any units being redeemed under the market purchase program, resulting in a 3.7% reduction in the number of outstanding units from December 31, 2005.

During 2006, the Fund increased its monthly distribution per unit from \$0.1125 to \$0.1167 beginning with its distribution paid in June 2006. The total annual distributions paid in 2006 of \$1.3794 per unit, or \$9.4 million in aggregate, exceeded the Fund's original targetted distributions of \$1.35 annually. The Fund's distributions to capital unitholders included a return of capital of 73% or \$1.01 per unit. During 2006, the Fund also met its targetted quarterly distributions to preferred security holders of \$0.15 per unit, or \$0.60 per unit annually.

Credit Facility

As at December 31, 2006, the Fund had a 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates. The Fund utilizes the borrowings to purchase additional portfolio investments to increase overall distributions and for general Fund purposes. The maximum draw under the facility is limited to the lower of \$15 million and 7% of the net value of the assets of the Fund. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets. As at December 31, 2006, \$5.6 million was drawn on the facility representing 9.5% of the net assets of the Fund. The minimum and maximum amount borrowed under the facility during 2006 was \$nil and \$9.3 million, respectively. Subsequent to year end, the Fund reduced its maximum borrowing requirements to the lower of \$11 million and 7% of the total value of the net assets of the Fund, due to the decline in the Fund's net assets, which resulted in part due to the 10.6% decrease in the Fund's outstanding units since the Fund's inception as a result of units redeemed under the annual redemption program.

RELATED PARTY TRANSACTIONS

Brookfield Investment Funds Management Inc. (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 total assets of the Fund less the amounts outstanding under the credit facility. 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 2006, management fees accrued or paid to the Manager totalled \$1.7 million, of which \$0.8 million was paid to SoundVest Capital Management Ltd. (the “Investment Advisor”). Service fees accrued or paid during the year totalled \$0.3 million.

RECENT DEVELOPMENTS

Canadian Federal Government’s Tax Fairness Plan

Notwithstanding the challenges faced by the income trust market in 2006, in particular the impact of the Canadian Federal Government’s Tax Fairness Plan and proposed Distribution Tax announcement, we continue to believe that there are many businesses in the income trust sector that provide attractive long-term investment opportunities and accordingly we have not appreciably reduced our weighting in this sector. As shown in the table below, the current income trust market continues to offer investors a diverse group of businesses offering high yields. As at December 31, 2006, the average yield for the income trust sector was 10.9%. This is significantly higher than the 2.4% yield offered from the S&P/TSX Composite Index and the 4.1% yield on the 10-year Canada bond at that date.

Sub-sector	# of Trusts	Market Capitalization ¹	Average Yield
Oil and gas royalty trusts	31	\$ 71.0	14.5%
Business trusts	168	85.5	11.2%
Real estate investment trusts (REITs)	33	30.3	6.9%
Power and pipeline trusts	23	18.4	9.4%
Total	255	\$ 205.2	10.9%

¹ In \$ billions

Additionally, the 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 we expect the proposed Distribution Tax to hinder the ability of a trust to maintain its current distribution in 2011, there are still up to four years before the Distribution Tax will be payable and certain trusts will be able to grow their distributable cash over this period to offset the impact of the new Distribution Tax.

New Accounting Standard

The method for calculating the net asset value and management expense ratio of an investment fund may change. These changes arise because the Fund was required to adopt a new accounting standard on January 1, 2007, for the valuation of investments and accounting for transaction costs such as brokerage commissions.

Securities regulators are currently reviewing the suitability of applying the new accounting standard for the purposes of calculating net asset value and management expense ratios, and have granted all investment funds a temporary exemption from adopting this accounting standard. The exemption is effective until September 30, 2007. Pending the outcome of this review, on October 1, 2007, the method by which the Fund’s net asset values and management expense ratios are calculated may change. Should the Fund be required to adopt the new rules for calculating net asset value, it would result in a change to the net asset value of the Fund on that date.

FINANCIAL HIGHLIGHTS

The following tables detail 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

As at December 31	2006	2005 ¹
Net asset value - beginning of period	\$ 13.79	\$ 13.79 ²
Increase (decrease) from operations		
Total revenue	2.29	1.78
Total expenses	(1.00)	(0.82)
Realized losses for the period	(2.99)	(0.51)
Return of capital	(0.72)	(0.50)
Unrealized gains (losses) for the period	(1.09)	0.97
Total increase (decrease) from operations³	(3.51)	0.92
Distributions		
From investment income	(0.37)	(0.26)
Return of capital	(1.01)	(0.75)
Total annual distributions³	(1.38)	(1.01)
Net asset value - end of year⁴	\$ 8.92	\$ 13.79

¹ Period from commencement of operations (March 16, 2005) to December 31, 2005

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

³ Distributions were paid in cash.

⁴ 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.

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

For the years ended December 31	2006	2005 ¹
Net investment income	\$ 8,787,805	\$ 7,034,556
Realized loss	(20,385,698)	(3,714,117)
Unrealized gains (losses)	(7,415,288)	7,077,409
Return of capital	(4,945,140)	(3,642,936)
Income (loss) from operations	(23,958,321)	6,754,912
Income (loss) from operations per unit	(3.51)	0.96
Net asset value per unit	\$ 8.92	\$ 13.79

¹ Period from commencement of operations (March 16, 2005) to December 31, 2005

Ratios and Supplemental Data

As at December 31	2006	2005 ¹
Net assets	\$ 58,781,011	\$ 94,364,187
Number of units outstanding	6,591,715	6,842,341
Management expense ratio before interest expense	2.90%	2.64%
Management expense ratio ²	8.22%	7.33%
Management expense ratio before waivers or absorptions	8.22%	7.33%
Management expense ratio including one time agent's fees and issuance costs	8.22%	18.27%
Portfolio turnover rate ³	22.58%	35.23%
Monthly distribution per unit	\$ 0.1167	\$ 0.1125
Annualized trailing yield ⁴	17.29%	10.98%
Trading expense ratio ⁵	0.18%	0.50%
Closing market price	\$ 8.10	\$ 12.30

¹ Period from commencement of operations (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

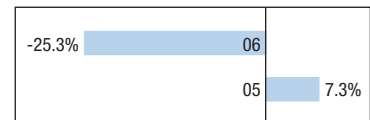
⁵ The trading expense ratio represents commission costs expressed as an annualized percentage of weekly average net assets during the period.

PAST PERFORMANCE

The following chart and table show the past performance of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown is based on net asset value per unit and assumes that distributions made by the Fund in the periods shown were reinvested (at the net asset value per unit) in additional units of the Fund.

Year-by-Year Return

The bar chart shows the Fund's return (based on net asset value per unit) and includes distributions made in each year since inception to December 31, 2006. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have increased or decreased by the last day of the fiscal period.



Annual Compound Returns

The following table shows the Fund's compound return for the periods ended December 31 and the annual compound return since inception, compared with the Index.

For the years ended December 31	2006	2005 ¹	Since Inception ²
Fund - Net Asset Value	(35.3%)	—%	(21.8%)
Fund - Total Return, including distributions	(25.3%)	7.3%	(10.6%)
S&P/TSX Capped Income Trust Total Return Index	(2.8%)	22.6%	10.2%

¹ Period from commencement of operations (March 16, 2005) to December 31, 2005, net of issuance costs

² Period from commencement of operations (March 16, 2005) to December 31, 2006, net of issuance costs

SUMMARY OF INVESTMENT PORTFOLIO

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of investments in the Fund. A quarterly update is available at www.brookfieldfunds.com.

Portfolio Composition

As at December 31, 2006, the Fund was invested in the following sectors in the percentages shown below:

	2006 Actual Weighting ¹	2005 Actual Weighting ²	Permitted Weighting
Business trusts	44.2%	52.5%	20% - 60%
Power generation and pipeline trusts	7.2%	5.2%	5% - 35%
Oil and gas royalty trusts	24.3%	26.3%	10% - 50%
REITs	23.0%	13.7%	5% - 45%
Total Income trusts	98.7%	97.7%	90% - 100%
High-yielding equity-based securities	1.3%	2.3%	0% - 10%
	100.0%	100.0%	

¹ Based on market value as at December 31, 2006

² Based on market value as of December 31, 2005

Top 25 Positions

Top 25 positions held by the Fund as at December 31, 2006, were as follows:

Number of Units ¹		Market Value	Percentage of Investment Portfolio
579,300	Energy Savings Income Fund	\$ 7,791,585	6.0%
440,000	Westfield REIT	7,194,000	5.6%
1,080,000	Eveready Income Fund	6,858,000	5.3%
217,800	Bonavista Energy Trust	6,131,070	4.7%
219,400	BFI Canada Income Fund	5,901,860	4.6%
2,441,600	Huntingdon REIT	5,615,680	4.3%
404,000	Trinidad Energy Services Income Trust	5,575,200	4.3%
309,000	Peyto Energy Trust	5,469,300	4.2%
497,800	Altus Group Income Fund	5,316,504	4.1%
319,999	Canetic Resources Energy Trust	5,260,784	4.1%
895,000	Newport Partners Income Fund	5,182,050	4.0%
411,000	Progress Energy Trust	5,166,270	4.0%
355,000	Atlantic Power Corporation	4,007,950	3.1%
290,000	First National Financial Income Fund	3,923,700	3.0%
607,500	Vault Energy Trust	3,341,250	2.6%
300,000	Primary Energy Recycling Corporation	3,135,000	2.4%
319,900	XS Cargo Income Fund	3,122,224	2.4%
380,000	Petrowest Energy Services Trust	3,116,000	2.4%
132,400	Allied Properties REIT	3,078,300	2.4%
649,400	Lakeview Hotel REIT	2,798,914	2.2%
201,750	Whiterock REIT	2,683,275	2.1%
111,000	H&R REIT	2,673,990	2.1%
91,000	Calloway REIT	2,511,600	1.9%
280,000	OFI Income Fund	2,458,400	1.9%
68,000	PennWest Energy Trust	2,418,760	1.9%

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of investments in the Fund. A quarterly update is available at www.brookfieldfunds.com.

¹ Unless otherwise stated



Kevin Cash
Vice President & Chief Financial Officer of the Manager

March 9, 2007