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 Brookfield Investment Funds Management Inc., 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 12 through 22 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.

Toronto, Ontario
March 9, 2008

Kevin Cash
Vice President & Chief Financial Officer
of the Manager

AUDITORS' REPORT

To the Unitholders of Brascan SoundVest Rising Distribution Split Trust

We have audited the statement of investments of Brascan SoundVest Rising Distribution Split Trust (the "Fund") as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006, and the statements of operations, changes in net assets, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, 2007 and 2006 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Toronto, Ontario
March 9, 2008

Chartered Accountants
Licenced Public Accountants

STATEMENTS OF NET ASSETS

As at December 31	2007	2006
Assets		
Investments, at fair value *(note 2)*	$ 99,875,412	$ 129,527,795
Cash and equivalents	660,559	939,562
Distributions and interest receivable	1,020,901	1,204,871
Total assets	$ 101,556,872	$ 131,672,228
Liabilities		
Accounts payable and accrued liabilities *(note 5)*	1,264,987	1,390,302
Loan payable *(note 6)*	5,072,267	5,583,765
Preferred securities *(note 7)*	56,825,430	65,917,150
Total liabilities	63,162,684	72,891,217
Net assets representing unitholders' equity	$ 38,394,188	$ 58,781,011
Units outstanding *(note 8)*	5,682,543	6,591,715
Net assets per unit *(note 4)*	$ 6.76	$ 8.92

The accompanying notes are integral to these financial statements

Approved by the Manager, by:

Bruce K. Robertson
Director

Kevin Cash
Director

STATEMENTS OF OPERATIONS

For the years ended December 31	2007	2006
Income and distributions		
Distributions from income trusts	$ 9,499,526	$ 10,524,829
Return of capital	3,467,509	4,945,140
Interest income	162,693	151,538
Security lending revenue	37,555	—
	13,167,283	15,621,507
Expenses		
Preferred securities interest expense	3,909,570	4,105,405
Management fees *(note 10)*	1,345,704	1,691,781
Service fees *(note 10)*	210,756	317,888
Other interest expense	228,596	314,156
General and administrative	138,928	212,684
Audit fees	52,878	46,992
Legal and exchange fees	49,228	44,459
Accounting and administrative	41,150	26,710
Custodial fees	34,651	30,355
Trustee fees	26,486	24,935
Investor communication fees	13,567	10,312
Directors' fees	13,375	8,025
	6,064,889	6,833,702
Net investment income	7,102,394	8,787,805
Transaction costs *(notes 3c, 11)*	(119,925)	—
Net realized losses on sale of investments *(note 11)*	(5,159,373)	(20,385,698)
Net change in unrealized gains on investments	(2,618,968)	(7,415,288)
Return of capital	(3,467,509)	(4,945,140)
Results of operations	$ (4,263,381)	$ (23,958,321)
Results of operations per unit[1]		
Net investment income	$ 1.09	$ 1.29
Transaction costs	(0.02)	—
Net realized losses on sale of investments	(0.79)	(2.99)
Net change in unrealized gains on investments	(0.40)	(1.09)
Return of capital	(0.53)	(0.72)
Decrease in net assets from operations	$ (0.65)	$ (3.51)

The accompanying notes are integral to these financial statements

1 Based on the weighted average number of units outstanding for the period (note 8)

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31	2007	2006
Net assets – beginning of year	**$ 58,781,011**	$ 94,364,187
Fair value adjustment		
Adjustment from December 31, 2006 closing prices to bid prices *(note 2)*	**(1,128,280)**	—
Operations		
Net investment income	**7,102,394**	8,787,805
Transaction costs *(notes 3c, 11)*	**(119,925)**	—
Net realized losses on sale of investments *(note 11)*	**(5,159,373)**	(20,385,698)
Net change in unrealized gains on investments	**(2,618,968)**	(7,415,288)
Return of capital	**(3,467,509)**	(4,945,140)
	(4,263,381)	(23,958,321)
Unitholder transactions		
Distributions to unitholders		
From net investment income	**(2,232,681)**	(2,530,278)
From dividend income	**(336,309)**	—
From return of capital	**(6,555,947)**	(6,907,537)
Redemption of capital units *(note 8)*	**(5,870,225)**	(2,187,040)
	(14,995,162)	(11,624,855)
Net decrease in net assets during the year	**(20,386,823)**	(35,583,176)
Net assets – end of year	**$ 38,394,188**	$ 58,781,011

The accompanying notes are integral to these financial statements

STATEMENTS OF CASH FLOWS

For the years ended December 31	2007	2006
Operating activities		
Net investment income	$ 7,102,394	$ 8,787,805
Transaction costs *(notes 3c, 11)*	(119,925)	—
Return of capital	(3,467,509)	(4,945,140)
Change in other assets and liabilities	58,655	(82,382)
	3,573,615	3,760,283
Financing activities		
Loan payable, net borrowings (repayment)	(511,498)	(803,373)
Distributions to unitholders	(9,124,937)	(9,437,815)
Redemption of preferred securities *(note 7)*	(9,091,720)	(2,506,260)
Redemption of capital units *(note 8)*	(5,870,225)	(2,187,040)
	(24,598,380)	(14,934,488)
Investing activities		
Purchase of investment securities *(note 11)*	(21,559,856)	(35,739,619)
Proceeds from sale of investments *(note 11)*	42,305,618	47,682,482
	20,745,762	11,942,863
Net (decrease) increase in cash and equivalents during the year	(279,003)	768,658
Cash and equivalents, beginning of year	939,562	170,904
Cash and equivalents, end of year	**$ 660,559**	$ 939,562

The accompanying notes are integral to these financial statements

STATEMENT OF INVESTMENTS[1]

As at December 31, 2007

Number of Units[2]		Average Cost	Fair Value	Percentage of Net Assets
	Business Trusts			
434,300	Energy Savings Income Fund	$ 7,140,265	$ 7,231,095	18.8%
254,800	Altus Group Income Fund	2,473,290	4,675,580	12.2%
1,160,000	Eveready Income Fund	4,628,734	4,605,200	12.0%
389,000	Trinidad Energy Services Income Trust	4,043,701	4,084,500	10.6%
290,000	First National Financial Income Fund	2,703,654	3,975,900	10.4%
148,800	BFI Canada Income Fund	3,739,082	3,958,080	10.3%
769,300	Newport Partners Income Fund	6,505,455	3,331,069	8.7%
135,000	IBI Income Fund	3,157,695	3,223,800	8.4%
314,400	Coast Wholesale Appliances Income Fund	2,875,420	2,876,760	7.5%
303,300	Avenir Diversified Income Trust	2,327,274	2,314,179	6.0%
255,400	AutoCanada Income Fund	2,528,456	2,308,816	6.0%
160,000	Exchange Industrial Income Fund	2,000,000	1,656,000	4.3%
380,000	Petrowest Energy Services Trust	3,699,420	767,600	2.0%
120,100	XS Cargo Income Fund	1,165,945	193,361	0.5%
199,000	Big Eagle Services Trust – Private Placement	995,000	169,150	0.4%
		49,983,391	45,371,090	118.1%
	Power Generation and Pipeline Trusts			
365,300	Macquarie Power & Infrastructure Income Fund	3,242,410	3,441,126	9.0%
173,500	Atlantic Power Corporation	1,710,755	1,856,450	4.8%
		4,953,165	5,297,576	13.8%
	Oil and Gas Royalty Trusts			
216,000	Bonavista Energy Trust	6,752,428	6,130,080	16.0%
246,900	Crescent Point Energy Trust	4,507,559	6,095,961	15.9%
411,000	Progress Energy Trust	5,290,180	4,447,020	11.6%
224,000	Focus Energy Trust	4,295,230	3,745,280	9.8%
607,500	Vault Energy Trust	5,373,177	2,168,775	5.6%
68,000	Penn West Energy Trust	2,226,935	1,748,280	4.6%
169,000	Paramount Energy Trust	1,702,112	1,057,940	2.7%
		30,147,621	25,393,336	66.2%
	Real Estate Investment Trusts (REITs)			
2,441,600	Huntingdon REIT	4,429,274	5,591,264	14.6%
364,000	Artis REIT	3,446,108	5,478,200	14.3%
649,400	Lakeview Hotel REIT	1,756,357	2,253,418	5.9%
91,000	Calloway REIT	1,500,498	2,204,930	5.7%
930,000	BTB REIT	1,787,628	2,008,800	5.2%
82,400	Allied Properties REIT	1,040,844	1,703,208	4.4%
391,600	InterRent REIT	2,064,496	1,468,500	3.8%
71,000	H&R REIT	1,196,355	1,405,090	3.7%
		17,221,560	22,113,410	57.6%
	High-Yielding Equity-Based Securities			
1,700,000	Lanesborough REIT Convertible Debenture	1,700,000	1,700,000	4.4%
Investment portfolio		104,005,737	99,875,412	260.1%
Transaction costs *(notes 3c, 11)*		(45,198)	—	—%
Total investment portfolio		$ 103,960,539	99,875,412	260.1%
Cash and equivalents			660,559	1.7%
Liabilities in excess of other assets			(62,141,783)	(161.8%)
Net assets			$ 38,394,188	100.0%

The accompanying notes are integral to these financial statements

1 The Statement of Investments may change due to ongoing portfolio transactions of investments in the Fund. A quarterly update is available at www.brookfieldfunds.com

2 Unless otherwise stated

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2007

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 Brookfield Investment Funds Management Inc., (in such capacity, the "Manager") a subsidiary of Brookfield Asset Management Inc. 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 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 repayment of the original subscription price at maturity. For unitholders, the Fund's objectives are to provide holders of units with tax efficient and growing monthly cash distributions, a significant portion of which is tax deferred, and 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. ACCOUNTING POLICY CHANGE

Effective October 1, 2006, CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, requires that the fair value of financial instruments which are actively traded be measured based on the bid price for the security. Previously, fair value for generally accepted accounting principles ("GAAP") was based on the last traded price for the day, when available. For financial reporting purposes, on January 1, 2007, the Fund adopted the amended valuation policy for actively traded securities held by the Fund on a retroactive basis (without restatement of prior periods). This change impacts the reported value of the Fund's investments in its annual and interim financial statements prepared in accordance with GAAP ("Financial Statement NAV"). However, as a result of a temporary exemption provided by the Canadian Securities Administrators, the value used to determine the daily price of the Fund's securities for purchase and redemption by clients ("Published NAV") is not affected. The impact of adopting the amended valuation policy for financial reporting purposes for the Period resulted in a reduction of the Financial Statement NAV of the Fund as at December 31, 2006 by $1,128,280 or $0.17 per unit.

3. SIGNIFICANT ACCOUNTING POLICIES

These audited 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 year. 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 fair value. Investments that are publicly traded are valued at their last bid price. As noted in Note 2, prior to January 1, 2007, such investments were generally valued at their last closing price. 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 their fair value. Investments for which reliable quotations are not readily available, or for which there is no closing bid price, are valued at fair value as determined using the Manager's best estimates thereof pursuant to procedures established by the Manager and taking into account the last closing price, where appropriate.

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 the investments as a portfolio.

c) Investment Transactions and Income Recognition

Investment transactions are recorded on the 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, including trusts and limited partnerships, 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.

Effective January 1, 2007, brokerage commissions incurred for portfolio transactions are included as an expense in the Statements of Operations. Brokerage commissions incurred prior to January 1, 2007 were included in the cost of investments purchased or as a reduction of the proceeds received upon the sale of investments. The Statement of Investments includes an adjustment to reduce the cost of investments for this change in accounting policy on a prospective basis.

d) Income Taxes

The Fund is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Fund makes distributions in each year of its net taxable income and taxable net 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 taxable income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

e) Foreign Exchange

The fair 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 that are treated as a return of capital for income tax purposes are included in investment income and are adjusted for in the Statements of Operations. These distributions are used to reduce the average cost of the underlying investments on the Statement of Investments.

g) Future Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures ("Section 1535"), Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862"), and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863"). These new standards will be effective beginning on January 1, 2008 for the Fund.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing unitholders' equity; (ii) quantitative data about what the entity regards as unitholders' equity; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Manager has policies and procedures in place to manage the capital of the Fund in accordance with the Fund's investment objectives, strategies and restrictions.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements, and carry forward the presentation requirements under the existing Section 3861. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from recognized and unrecognized financial instruments and how the Fund manages those risks. The Fund's Manager manages those risks in accordance with the Fund's investment objectives, strategies, and restrictions.

In June 2007, the CICA issued amendments to Handbook Section 1400, General Standards of Financial Statement Presentation to include requirements, to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for the Fund beginning on January 1, 2008. The Manager does not expect the implementation to have a significant impact on the financial statements.

4. NET ASSET VALUE PER UNIT

For financial statement reporting purposes, the fair value of the Fund's investments is measured in accordance with Section 3855 of the CICA Handbook, which for publicly listed securities is based on closing bid prices on the recognized stock exchange on which the investments are listed or principally traded. However, pursuant to a temporary exemption provided by the Canadian securities regulatory authorities, the Fund continues to calculate the published Net Asset Value using the last trading price.

The difference between the published Net Asset Value per unit and the financial statement Net Asset Value per unit reflected in the financial statements as at December 31 is as follows:

As at December 31, 2007				Per Unit
Published Net Asset Value used for purchases and redemptions	$	39,345,135	$	6.90
Section 3855 adjustment *(note 2)*		(950,947)		(0.14)
Net Assets per financial statements	$	38,394,188	$	6.76

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

As at December 31		2007		2006
Distributions payable to unitholders *(note 9)*	$	663,153	$	769,253
Interest payable to security holders		284,127		344,949
Other accounts payable and accrued liabilities		187,207		106,351
Management fees payable		90,979		111,363
Service fees payable		39,521		58,386
	$	1,264,987	$	1,390,302

6. LOAN FACILITY

The Fund has a 364-day revolving term credit facility with a Canadian chartered bank up to a maximum amount of $11,000,000, but not exceeding 7% of the net asset value of the Fund, which was reduced from the lower of $15,000,000 but not exceeding 7% of the total value of the net assets of the Fund as at December 31, 2006. Subsequent to December 31, 2007, the maximum draw under the facility was further reduced to a limit of $8,500,000 but not exceeding 7% of the total value of the net assets of the Fund. 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, 2007, $5,072,267 was drawn on the facility (2006 – $5,583,765), representing 13.2% of net assets of the Fund. 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. The minimum and maximum amounts borrowed during the year ended December 31, 2007 were $1,294,724 and $5,891,263, respectively ($nil and $9,300,000, respectively during 2006).

7. 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.

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 annually each November each year thereafter. During 2006, 250,626 preferred securities were redeemed for $2.5 million and 909,172 preferred securities were redeemed for $9.1 million in 2007.

A continuity of the preferred securities of the Fund is as follows:

Issued	Number of Units		Amount
Preferred securities – December 31, 2005	6,842,341	$	68,423,410
Redeemed for cash			
Cancelled after redemption for cash	(250,626)		(2,506,260)
Preferred securities – December 31, 2006	6,591,715		65,917,150
Redeemed for cash			
Cancelled after redemption for cash	(909,172)		(9,091,720)
Preferred securities – December 31, 2007	5,682,543	$	56,825,430

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.

8. 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 totaled $101,650,875. As at December 31, 2007, the Fund has $3,930,447 (2006 - $5,170,272) of issuance costs available, which will be deducted for tax purposes over the next three years.

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.

To enhance liquidity and provide market support for the units, the Fund has a market repurchase program under which the Fund purchases units for cancellation. Purchases may be made at any time the price at which units are offered in the market is less than 95% of the latest determined net asset value per unit, up to a maximum in any calendar quarter of 1.25% of the outstanding units at the beginning of such calendar quarter. During 2007, the Fund did not purchase any units for cancellation under the market repurchase program (2006 – nil units).

During 2007, the Fund received 909,172 units (2006 – 250,626 units) for redemption, which were cancelled at an average price of $6.46 per unit (2006 - $8.73 per unit). The Fund uses commercially reasonable efforts to find purchasers for any units properly surrendered for redemption, in accordance with the Recirculation Agreement.

A continuity of the units of the Fund is as follows:

Issued	Number of Units	Amount
Units – December 31, 2005	6,842,341	$ 95,012,038
Redeemed for cash		
Cancelled after redemption for cash	(250,626)	(2,187,040)
Units – December 31, 2006	6,591,715	92,824,998
Redeemed for cash		
Cancelled after redemption for cash	(909,172)	(5,870,225)
Units – December 31, 2007	5,682,543	$ 86,954,773

The weighted average number of units outstanding for the year ended December 31, 2007 was 6,571,788 (2006 - 6,826,461).

9. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

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. Distributions payable as at December 31, 2007 totaled $663,153 (2006 – $769,253). On December 18, 2007, the Fund announced that it was decreasing its monthly distribution to $0.084 per unit or $1.008 on an annual basis effective with the January 2008 distribution, payable in February 2008.

10. 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.

11. INVESTMENT TRANSACTIONS

Investment transactions[1] for the year ended December 31 were as follows:

	2007	2006
Proceeds from sale of investments	$ 42,305,618	$ 47,682,482
Less cost of investments sold		
Investments at cost – beginning of year	129,865,674	162,194,235
Investments purchased during the year	21,559,856	35,739,619
Investments at cost – end of year	103,960,539	129,865,674
Cost of investments sold during the year	47,464,991	68,068,180
Net realized losses on sale of investments	$ (5,159,373)	$ (20,385,698)

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

Brokerage commissions on securities purchased and sold during the year ended December 31, 2007 totaled $119,925 and are included as an expense in the Statements of Operations. Brokerage commissions on securities purchased and sold during the year ended December 31, 2006 totaled $152,433 and are included in the cost of securities purchased or netted against proceeds received from securities sold.

12. RISK MANAGEMENT

The Fund aims to maximize monthly distributions primarily through investments in business trusts, power generation and pipeline trusts, royalty trusts and real estate investment trusts. The Manager uses a disciplined, fundamental approach in its investment selection and management approach which consists of an intensive and ongoing research process of investment opportunities across a broad range of investment vehicles in various industries and geographic regions. The Manager purchases and holds securities for the Fund for the medium to long-term. The Manager also determines the timing to rotate the Fund's portfolio into other sectors and investment vehicles to enhance the Fund's portfolio performance and/or limit risk.

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investments in the trust market. The Fund intends to continue to invest taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for unitholders. The Fund's investment portfolio is monitored on a daily basis by the Manager.

Interest Rate Risk

The majority of the Fund's assets are non-interest bearing; however, the bank loan facility bears interest at the prime rate. The Fund is also exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund. The Fund maintains all of its cash and equivalents at its custodian or in overnight deposits with a Canadian chartered bank. 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 trade will fail if either party fails to meet its obligation.

Currency Risk

The assets and liabilities of the Fund are predominantly held in the functional currency of the Fund which is the Canadian dollar. The Fund is not exposed to significant foreign currency risks.

Liquidity Risk

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of since it invests only a limited proportion of its assets in investments not actively traded on a stock exchange. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly.