

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, 2007. All figures in the MRFP are in Canadian dollars unless otherwise indicated.

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 416-359-1955, by writing to us at Brookfield 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 \$20.4 million or 34.7%, from \$58.8 million as at December 31, 2006 to \$38.4 million as at December 31, 2007. Of this change, a decrease of \$4.3 million is attributable to investment performance (net of expenses) and a further \$15.0 million decline is attributable to unitholder activity, comprised of \$9.1 million of distributions and \$5.9 million of redemptions, and a \$1.1 million reduction in the opening net assets of the Fund as a result of an accounting policy change during the year. The Fund’s investment performance and unitholder activity for 2007 are discussed in more detail below.

Investment Performance

The Fund generated net loss from operations of \$4.3 million for the year, which consisted of net investment income of \$7.1 million offset by net realized losses of \$5.2 million, net increase in unrealized losses of \$2.6 million, return of capital of \$3.5 million, and \$0.1 million of transaction costs expensed during the year.

For the year ended December 31, 2007, the Fund generated net realized losses of approximately \$5.2 million. This was largely due to realizing losses of \$2.7 million on investments in Canetic Resources Trust, \$1.8 million on Peyto Energy Trust, and \$1.0 million on Trilogy Energy Trust as the funds were redeployed into three other Oil and Gas Royalty Trusts: Crescent Point Energy Trust, Focus Energy Trust, and Paramount Energy Trust. As well, there were realized losses of \$1.6 million, \$1.1 million, and \$1.1 million from the sale of Primary Energy Recycling Corporation, XS Cargo Income Fund and Blackwatch Energy Services Trust respectively. All three were sold due to their deteriorating business prospects. The capital losses were partially offset by realized gains in a number of positions, including \$1.8 million on the Altus Group Income Fund.

During the year, the Fund’s published net asset value, which is used for purchases and redemption, per unit decreased by 22.3%, resulting in a total return, including distributions, of negative 6.5%. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index gained 6.6%. Given the split share structure of the Fund, the Fund had leverage in excess of 2.0 times throughout the year, which magnifies both the positive and negative returns of the Fund by approximately two times. The Fund underperformed the Index largely due to the poor performance of the Portfolio’s investments in the Oil & Gas Services sector. At the start of 2007, over 13% of the Fund was invested in income trusts in the Oil & Gas Services sector which was the worst performing income trust sub-sector according to RBC Capital Markets with a negative return of 33% for 2007.

Fees and Expenses

Fees and expenses for the year totaled \$6.1 million, down from \$6.8 million for 2006, representing an annualized management expense ratio (“MER”) of 10.83% as compared to 8.22% for the year ended December 31, 2006. The MER is based on the total expenses of the Fund, including interest on Preferred Securities, for the stated year (excluding brokerage commissions) and is expressed as an annualized percentage of the daily average Net Asset Value for the year. Although fees and expenses for the year declined as compared to the same period in 2006, the MER increased as the rate of decline in average net assets was greater than that of fees and expenses. Daily average Net Asset Value declined by 32.8%, while expenses declined by 11.3% during the same period owing to the fixed nature of the interest on the Preferred Securities.

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 2007, 909,172 of the Fund units and preferred securities were redeemed and cancelled for proceeds of \$5.9 million and \$9.1 million, respectively, under the annual redemption program and no units being redeemed under the market purchase program, which resulted in a 13.8% reduction in the number of outstanding units from December 31, 2006.

During 2007, the Fund maintained its monthly distribution of \$0.1167 and paid out distributions which totaled \$1.40 per unit or \$9.1 million. The Fund’s distributions to capital unitholders included a return of capital of 71.8% or \$1.01 per unit. During 2007, the Fund also met its targeted quarterly distributions to preferred security holders of \$0.15 per unit, or \$0.60 per unit annually. Since the Fund’s inception in March 2005, the Fund has increased its initial annual targeted distribution rate once from its initial annual targeted distribution of \$1.35 per unit. 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.

Credit Facility

As at December 31, 2007, 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 and for general Fund purposes. The maximum draw under the facility is limited to the lower of \$11.0 million but not exceeding 7% of the net asset value of the Fund which was reduced from a limit of \$15.0 million but not exceeding 7% of the net asset value 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 \$8.5 million but not exceeding 7% of the net asset value 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, 2007, \$5.1 million was drawn on the facility representing 13.2% of the net assets of the Fund. The minimum and maximum amount borrowed under the facility during 2007 was \$1.3 million and \$5.9 million, respectively.

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 the year, management fees accrued or paid to the Manager totaled \$1.3 million, of which \$0.7 million was paid to SoundVest Capital Management Ltd. (the “Investment Advisor”). Service fees accrued or paid during the year totaled \$0.2 million.

RECENT DEVELOPMENTS

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.

Takeover, Mergers and Sales of Income Trusts

The Tax Fairness Plan for Canadians was passed in the Federal Budget announced March 19, 2007 and has now become law. Effectively, income trusts can now be viewed as corporations with a tax holiday until 2011. Largely as a result of this change in tax status there have been a large number of takeovers, mergers and sales of some income trusts to monetize their underlying intrinsic value.

While this corporate activity has provided some investors with strong short-term returns, it has also resulted in the reduction of the number of income trusts in the market, which are expected to continue to decline as we approach January 1, 2011.

FINANCIAL HIGHLIGHTS

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

The Fund's Net Assets Per Unit¹

	2007 ²	2006 ²	2005 ³
Net asset value - beginning of year	\$ 8.92	\$ 13.79	\$ 13.79 ⁴
Increase (decrease) from operations			
Total revenue	2.00	2.29	1.78
Total expenses	(0.91)	(1.00)	(0.82)
Transaction costs	(0.02)	—	—
Net realized losses on sale of investments for the year	(0.79)	(2.99)	(0.51)
Net changes in unrealized gains (losses) for the year	(0.40)	(1.09)	0.97
Return of capital	(0.53)	(0.72)	(0.50)
Total increase (decrease) from operations	(0.65)	(3.51)	0.92
Distributions			
From dividend income	(0.05)	—	—
From investment income	(0.34)	(0.37)	(0.26)
Return of capital	(1.01)	(1.01)	(0.75)
Total distributions⁵	(1.40)	(1.38)	(1.01)
Net assets - end of year⁶	\$ 6.76	\$ 8.92	\$ 13.79

¹ This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the Recent Developments section of this MRF. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Fund

² As at and for the twelve months ended December 31

³ As at and for the period from inception (March 16, 2005) to December 31, 2005

⁴ Initial public offering price of \$15.00 per unit, net of issuance costs

⁵ Distributions were paid in cash

⁶ Net assets 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:

	2007 ¹	2006 ¹	2005 ²
Net investment income	\$ 7,102,394	\$ 8,787,805	\$ 7,034,556
Transaction costs	(119,925)	—	—
Net realized losses on sale of investments	(5,159,373)	(20,385,698)	(3,714,117)
Net change in unrealized gains (losses)	(2,618,968)	(7,415,288)	7,077,409
Return of capital	(3,467,509)	(4,945,140)	(3,642,936)
(Loss) income from operations	(4,263,381)	(23,958,321)	6,754,912
(Loss) income from operations per unit	(0.65)	(3.51)	0.96
Net assets per unit	\$ 6.76	\$ 8.92	\$ 13.79

¹ As at and for the twelve months ended December 31

² As at and for the period from inception (March 16, 2005) to December 31, 2005

Ratios and Supplemental Data

	2007 ¹	2006 ¹	2005 ²
Net assets	\$ 38,394,188	\$ 58,781,011	\$ 94,364,187
Number of units outstanding	5,682,543	6,591,715	6,842,341
Management expense ratio before interest expense	3.44%	2.90%	2.64%
Management expense ratio ³	10.83%	8.22%	7.33%
Management expense ratio before waivers or absorptions	10.83%	8.22%	7.33%
Management expense ratio including one time agent's fees and issuance costs	10.83%	8.22%	18.27%
Trading expense ratio ⁴	0.21%	0.18%	0.50%
Portfolio turnover rate ⁵	17.25%	22.58%	35.23%
Monthly distribution per unit	\$ 0.1167	\$ 0.1167	\$ 0.1125
Annualized trailing yield ⁶	22.0%	17.3%	11.0%
Closing market price	\$ 6.37	\$ 8.10	\$ 12.30

¹ As at and for the twelve months ended December 31

² As at and for the period from inception (March 16, 2005) to December 31, 2005

³ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period

⁴ The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period

⁵ 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

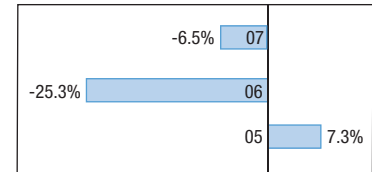
⁶ Based on annualized cumulative distributions of \$1.40 per unit and the closing market price

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 the net assets per unit and assumes that distributions made by the Fund in the periods shown were reinvested (at the net assets per unit) in additional units of the Fund.

Year-by-Year Return

The bar chart shows the Fund's total return (based on net assets per unit) and includes distributions made in each period since inception to December 31, 2007. 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, based on published net asset value, for the periods noted and the annual compound return, based on published net asset value, since inception, compared with the S&P/TSX Capped Income Trust Total Return Index.

	2007 ¹	2006 ¹	2005 ²	Since Inception ³
Fund - Net assets	(22.3%)	(35.3%)	—%	(22.0%)
Fund - Total Return, including distributions	(6.5%)	(25.3%)	7.3%	(8.9%)
S&P/TSX Capped Income Trust Total Return Index	6.6%	(2.8%)	22.6%	8.9%

¹ For the twelve months ended December 31

² For the period from inception (March 16, 2005) to December 31, 2005, net of issuance costs

³ For the period from inception (March 16, 2005) to December 31, 2007, 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, 2007, the Fund was invested in the following sectors in the percentages shown below:

	Actual Weighting 2007 ¹	Actual Weighting 2006 ¹	Actual Weighting 2005 ¹	Permitted Weighting
Business trusts	45.4%	44.2%	52.5%	20% - 60%
Power generation and pipeline trusts	5.3%	7.2%	5.2%	5% - 35%
Oil and gas royalty trusts	25.4%	24.3%	26.3%	10% - 50%
REITs	22.2%	23.0%	13.7%	5% - 45%
Total income trusts	98.3%	98.7%	97.7%	90% - 100%
High-yielding equity-based securities	1.7%	1.3%	2.3%	0% - 15%
	100.0%	100.0%	100.0%	

¹ Based on market value as at December 31

Top 25 Positions

The top 25 positions held by the Fund as at December 31, 2007, were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
434,300	Energy Savings Income Fund	\$ 7,231,095	7.2%
216,000	Bonavista Energy Trust	6,130,080	6.1%
246,900	Crescent Point Energy Trust	6,095,961	6.1%
2,441,600	Huntingdon REIT	5,591,264	5.6%
364,000	Artis REIT	5,478,200	5.5%
254,800	Altus Group Income Fund	4,675,580	4.7%
1,160,000	Eveready Income Fund	4,605,200	4.6%
411,000	Progress Energy Trust	4,447,020	4.5%
389,000	Trinidad Energy Services Income Trust	4,084,500	4.1%
290,000	First National Financial Income Fund	3,975,900	4.0%
148,800	BFI Canada Income Fund	3,958,080	4.0%
224,000	Focus Energy Trust	3,745,280	3.7%
365,300	Macquarie Power & Infrastructure Income Fund	3,441,126	3.4%
769,300	Newport Partners Income Fund	3,331,069	3.3%
135,000	IBI Income Fund	3,223,800	3.2%
314,400	Coast Wholesale Appliances Income Fund	2,876,760	2.9%
303,300	Avenir Diversified Income Trust	2,314,179	2.3%
255,400	AutoCanada Income Fund	2,308,816	2.3%
649,400	Lakeview Hotel REIT	2,253,418	2.3%
91,000	Calloway REIT	2,204,930	2.2%
607,500	Vault Energy Trust	2,168,775	2.2%
930,000	BTB REIT	2,008,800	2.0%
173,500	Atlantic Power Corporation	1,856,450	1.9%
68,000	Penn West Energy Trust	1,748,280	1.8%
82,400	Allied Properties REIT	1,703,208	1.7%



Kevin Cash
Vice President & Chief Financial Officer of the Manager

March 9, 2008