

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Brascan SoundVest Rising Distribution Split Trust (the "Trust") and other financial information have been prepared by Brookfield Investment Funds Management Inc., a subsidiary of Brookfield Asset Management Inc. (the "Manager" of the Trust), which is responsible for their integrity and accuracy. To fulfill these responsibilities, the Trust 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 Trust. They have examined the financial statements set out on pages 16 through 26 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 24, 2009



Rajeev Viswanathan
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 "Trust") as at December 31, 2008, the statements of net assets as at December 31, 2008 and 2007, 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 Trust'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 Trust as at December 31, 2008 and 2007 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.

Toronto, Ontario
March 24, 2009



*Chartered Accountants
Licensed Public Accountants*



STATEMENTS OF NET ASSETS

As at	December 31, 2008	December 31, 2007
Assets		
Investments, at fair value	\$ 48,238,409	\$ 99,875,412
Cash and equivalents	214,015	660,559
Distributions and interest receivable	912,760	1,020,901
Total assets	49,365,184	101,556,872
Liabilities		
Accounts payable and accrued liabilities <i>(note 5)</i>	463,017	1,264,987
Loan payable <i>(note 6)</i>	998,239	5,072,267
Preferred securities <i>(note 7)</i>	47,903,928	56,825,430
Total liabilities	49,365,184	63,162,684
Net assets representing unitholders' equity	\$ —	\$ 38,394,188
Units outstanding <i>(note 8)</i>	5,682,543	5,682,543
Net assets per capital unit <i>(note 4)</i>	\$ —	\$ 6.76
Redemption value per preferred security	\$ 8.43	\$ 10.00
Combined Net Asset Value (for a capital unit and a preferred security)	\$ 8.43	\$ 16.76

The accompanying notes are integral to these financial statements.

Approved by the Manager, by:

Bruce K. Robertson
Director

George E. Myhal
Director

STATEMENTS OF OPERATIONS¹

For the years ended December 31	2008	2007
Income and distributions		
Distributions from income trusts	\$ 7,472,855	\$ 9,499,526
Return of capital	2,193,960	3,467,509
Interest income	140,358	162,693
Security lending revenue	39,453	37,555
	9,846,626	13,167,283
Expenses		
Preferred securities interest expense	3,433,657	3,909,570
Management fees (note 10)	919,719	1,345,704
Service fees (note 10)	99,382	210,756
Other interest expense	153,964	228,596
Audit fees	33,110	52,878
Legal and exchange fees	34,131	49,228
Accounting and administrative	33,799	41,150
Custodial fees	26,925	34,651
Trustee fees	15,997	26,486
Unitholders' communication fees	12,461	152,495
Directors' fees	17,239	13,375
	4,780,384	6,064,889
Net investment income	5,066,242	7,102,394
Transaction costs (11)	(51,783)	(119,925)
Net realized losses on sale of investments (note 11)	(12,989,629)	(5,159,373)
Net change in unrealized losses on investments	(32,850,560)	(2,618,968)
Return of capital	(2,193,960)	(3,467,509)
Decrease in value of preferred securities	8,921,502	—
Results of operations	\$ (34,098,188)	\$ (4,263,381)
Results of operations per unit^{1,2}		
Net investment income	\$ 0.90	\$ 1.09
Transaction costs	(0.01)	(0.02)
Net realized losses on sale of investments	(2.29)	(0.79)
Net change in unrealized losses on investments	(5.78)	(0.40)
Return of capital	(0.39)	(0.53)
Increase in value of preferred securities	1.57	—
Decrease in net assets from operations	\$ (6.00)	\$ (0.65)

¹ Certain comparative figures have been reclassified to conform to the current year presentation

² Based on the weighted average number of units outstanding for the period (note 8)

The accompanying notes are integral to these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31	2008	2007
Net assets - beginning of year	\$ 38,394,188	\$ 58,781,011
Fair value adjustment		
Adjustment from December 31, 2006 closing prices to bid prices	—	(1,128,280)
Operations		
Net investment income	5,066,242	7,102,394
Transaction costs <i>(note 11)</i>	(51,783)	(119,925)
Net realized losses on sale of investments <i>(note 11)</i>	(12,989,629)	(5,159,373)
Net change in unrealized losses on investments	(32,850,560)	(2,618,968)
Return of capital	(2,193,960)	(3,467,509)
Decrease in value of preferred securities	8,921,502	—
	(34,098,188)	(4,263,381)
Unitholder transactions		
Distribution to unitholders		
From dividend income	(558,321)	(336,309)
From net investment income	(1,976,792)	(2,232,681)
From return of capital	(1,760,887)	(6,555,947)
Redemption of capital units <i>(note 8)</i>	—	(5,870,225)
	(4,296,000)	(14,995,162)
Net decrease in net assets during the year	(38,394,188)	(20,386,823)
Net assets - end of year	\$ —	\$ 38,394,188

The accompanying notes are integral to these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31	2008	2007
Operating activities		
Net investment income	\$ 5,066,242	\$ 7,102,394
Transaction costs <i>(note 11)</i>	(51,783)	(119,925)
Return of capital	(2,193,960)	(3,467,509)
Change in other assets and liabilities	(693,829)	58,655
	2,126,670	3,573,615
Financing activities		
Loan payable, net repayments	(4,074,028)	(511,498)
Distributions to unitholders	(4,296,000)	(9,124,937)
Redemption of preferred securities <i>(note 7)</i>	—	(9,091,720)
Redemption of units <i>(note 8)</i>	—	(5,870,225)
	(8,370,028)	(24,598,380)
Investing activities		
Purchase of investment securities <i>(note 11)</i>	(10,953,297)	(21,559,856)
Proceeds from sale of investments <i>(note 11)</i>	16,750,111	42,305,618
	5,796,814	20,745,762
Net decrease in cash and equivalents during the year	(446,544)	(279,003)
Cash and equivalents, beginning of year	660,559	939,562
Cash and equivalents, end of year	\$ 214,015	\$ 660,559

The accompanying notes are integral to these financial statements.



STATEMENT OF INVESTMENTS

As at December 31, 2008

Number of Units ¹		Average Cost	Fair Value	Percentage of Net Assets
Business Trusts				
290,000	First National Financial Income Fund	\$ 2,703,654	\$ 2,902,900	0%
279,628	Energy Savings Income Fund	4,593,283	2,424,375	0%
254,800	Altus Group Income Fund	2,416,133	1,931,384	0%
135,000	IBI Income Fund	3,157,590	1,647,000	0%
303,300	Avenir Diversified Income Trust	2,327,274	1,540,764	0%
160,000	Exchange Industrial Income Fund	2,000,000	1,440,000	0%
1,272,389	Eveready Income Fund	5,056,426	1,310,561	0%
314,400	Coast Wholesale Appliances Income Fund	2,871,734	1,012,368	0%
125,000	Yellow Pages Income Fund	1,214,560	828,750	0%
220,350	AutoCanada Income Fund	2,182,355	473,753	0%
199,000	Big Eagle Services Trust - Private Placement	995,000	—	0%
		29,518,009	15,511,855	0%
Power Generation and Pipeline Trusts				
461,300	Macquarie Power & Infrastructure Income Fund	3,731,332	2,181,949	0%
173,500	Atlantic Power Corporation	1,710,755	1,360,240	0%
		5,442,087	3,542,189	0%
Oil and Gas Royalty Trusts				
177,500	Crescent Point Energy Trust	3,234,185	4,260,000	0%
216,000	Bonavista Energy Trust	6,752,429	3,643,920	0%
361,000	Progress Energy Trust	4,637,941	3,198,460	0%
95,200	Enerplus Resources Fund	4,285,189	2,271,472	0%
72,600	Vermilion Energy Trust	2,879,430	1,817,178	0%
63,000	Zargon Energy Trust	1,475,113	1,088,010	0%
169,000	Paramount Energy Trust	1,702,112	834,860	0%
60,850	Penn West Energy Trust	1,828,130	822,692	0%
		26,794,529	17,936,592	0%
Real Estate Investment Trusts (REITs)				
364,000	Artis REIT	3,065,185	2,660,838	0%
91,000	Calloway REIT	1,423,443	1,030,120	0%
82,400	Allied Properties REIT	978,971	1,022,584	0%
71,000	H&R REIT	1,150,942	525,400	0%
649,400	Lakeview Hotel REIT	1,564,851	519,520	0%
2,441,600	Huntingdon REIT	3,916,611	463,904	0%
391,600	InterRent REIT	1,951,441	399,432	0%
		14,051,444	6,621,798	0%
High-Yielding Equity-Based Securities				
1,700,000	Lanesborough REIT - Convertible Debenture	1,700,000	1,388,367	0%
389,000	Trinidad Drilling Ltd.	3,948,350	1,696,040	0%
148,800	BFI Canada Ltd.	3,779,011	1,541,568	0%
		9,427,361	4,625,975	0%
	Investment portfolio ²	85,233,430	48,238,409	0%
	Transaction costs	(59,334)	—	—%
	Total investment portfolio	\$ 85,174,096	\$ 48,238,409	0%
	Cash and equivalents		214,015	0%
	Liabilities in excess of other assets		(48,452,424)	0%
	Net assets		\$ —	0%

¹ The Summary of Investment Portfolio may change due to ongoing portfolio transactions in the Fund. A quarterly update is available at www.brookfieldfunds.com

² The Trust did not participate in any securities lending activity as at December 31, 2008
The accompanying notes are integral to these financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2008

1. OPERATIONS

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

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

There can be no assurance that the Trust will be able to repay the original subscription price. Please refer to the risks discussed under the section "Risk Factors - No Assurances at Achieving Objectives" in the Trust's Annual Information Form and Prospectus.

2. ACCOUNTING POLICY CHANGES

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 according to 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 Trust adopted the amended valuation policy for actively traded securities held by the Trust on a retroactive basis (without restatement of prior periods). This change affects the reported value of the Trust's investments in its annual and interim financial statements prepared in accordance with GAAP ("Financial Statement NAV"). However, as a result of changes to National Instrument 81-106 by the Canadian Securities Authorities, the value used to determine the daily price of the Trust'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 resulted in a reduction of the Financial Statement NAV of the Trust as at December 31, 2006, by \$1,128,280 or \$0.17 per unit.

On December 1, 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1535, Capital Disclosures ("Section 1535") of the CICA Handbook, which establishes GAAP for financial reporting purposes. Section 1535 requires the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. This section applies to fiscal years beginning on or after October 1, 2007. As a result, the Trust adopted this section prospectively, beginning January 1, 2008.

In December 2006, the CICA issued Section 3862 Financial Instruments: Disclosure ("Section 3862") and Section 3863 Financial Instruments: Presentation ("Section 3863"). These two sections replaced CICA Handbook Section 3861 Financial Instruments - Disclosure and Presentation. Section 3862 requires financial statement disclosures of the nature and extent of risks arising from financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. Section 3863 describes the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections apply to fiscal years beginning on or after October 1, 2007. As a result, the Trust adopted these sections prospectively, beginning January 1, 2008.

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to be replaced with International Financial Reporting Standards ("IFRS"). In May 2007, the CICA published an updated version of its implementation plan, which outlines the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will replace Canadian GAAP with IFRS by January 1, 2011. The key elements of the Strategic Plan include disclosure of the qualitative impact in the 2008 financial statements, which will be disclosed in the Trust's annual MRFPP.

3 SIGNIFICANT ACCOUNT POLICIES

These audited financial statements have been prepared using the following policies determined under Canadian GAAP, 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 Trust'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 that are listed on the stock exchange and that 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 Trust is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Trust makes distributions in each year of its net taxable income and taxable net capital gains, the Trust will not generally be liable for income tax. It is the intention of the Trust 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) Other Assets and Liabilities

Distributions and interest receivable are designated as loans and receivables and are carried at amortized cost. Accounts payable and accrued liabilities, and loan payable are designated as other liabilities and are carried at amortized cost. The carrying value of the financial assets and liabilities approximates fair value.

4. NET ASSET VALUE PER UNIT

At December 31, 2008, the decline in the value of the investment portfolio exceeded the subscriptions received from the capital units which resulted in the excess being absorbed by the preferred securities. As the preferred securities are redeemable at \$10 or combined value, whichever is lower, the losses were adjusted against the preferred securities.

For financial statement reporting purposes, the fair value of the Trust'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 an exemption provided by the Canadian securities regulatory authorities, the Trust continues to calculate the published net asset value using the last trading price.

As at December 31, 2008, the published net asset value per capital unit and the financial statement net asset value per capital unit reflected in the financial statements are both \$0.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

As at December 31	2008	2007
Distributions payable to unitholders <i>(note 9)</i>	\$ —	\$ 663,153
Interest payable to security holders	308,259	284,127
Service fees payable	786	187,207
Management fees payable	45,573	90,979
Other accounts payable and accrued liabilities	108,399	39,521
	\$ 463,017	\$ 1,264,987

6. LOAN FACILITY

The Trust has a 364-day revolving term credit facility with a Canadian chartered bank up to a maximum amount of \$8,500,000, but not exceeding 7% of the value of the assets within the portfolio of the Trust, which was reduced from the lower of \$11,000,000 but not exceeding 7% of the value of the assets within the portfolio of the Trust as at December 31, 2007. Subsequent to December 31, 2008, the maximum draw under the facility was further reduced to a limit of \$5,000,000 but not exceeding 7% of the value of the assets within the portfolio of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets. The Trust uses borrowings to purchase additional investments and for general Trust purposes. As at December 31, 2008, \$998,239 was drawn on the facility (December 31, 2007 - \$5,072,267), which represented 0% of net assets of the Trust. As the loan is payable at any time 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, 2008 were \$997,640 and \$5,093,939, respectively (\$1,294,724 and \$5,891,263, respectively during 2007). A reduction in the credit facility may limit the Trust's ability to employ leverage to magnify returns. In the current environment, the Trust will seek to cautiously use leverage as deemed appropriate.

7. PREFERRED SECURITIES

On March 16, 2005, as part of the initial public offering of the Trust, 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 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. No preferred securities were redeemed in 2008.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times coverage ratio cannot be maintained. The Trust is continuing to monitor its net asset value to determine if and when it will be able to resume redemptions.

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

Issued	Number of Units	Amount
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
Redeemed for cash		
Cancelled after redemption for cash	—	—
Decrease in value of preferred securities (<i>note 4</i>)	—	(8,921,502)
Preferred securities - December 31, 2008	5,682,543	\$ 47,903,928

The preferred securities will mature on March 31, 2015. Upon maturity, the preferred securities will receive the lesser of the original subscription price \$10.00 or combined value. At December 31, 2008, the decline in the value of the investment portfolio exceeded the subscriptions received from the capital units, which resulted in the excess being absorbed by the preferred securities. As the preferred securities are redeemable at \$10.00 or combined value, whichever is lower, the losses were adjusted against the preferred securities. 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 was equal to \$11.00 and declining 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 TRUST

On March 16, 2005, the Trust 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. As at December 31, 2008, the Trust had \$2,150,622 (2007 - \$3,930,447) of issuance costs available, which will be deducted for tax purposes over the next two years.

The Trust 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 Trust. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust. 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.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times coverage ratio cannot be maintained. The Trust is continuing to monitor its net asset value to determine if and when it will be able to resume redemptions.

To enhance liquidity and provide market support for the units, the Trust has a market repurchase program under which the Trust 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 2008, the Trust did not purchase any units for cancellation under the market repurchase program (2007 - nil units).

During 2008, the Trust received 0 units (2007 - 909,172 units) for redemption (see note 7), which were cancelled at an average price of \$0 per unit (2007 - \$6.46 per unit). The Trust may use 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 Trust is as follows:

Issued	Number of Units		Amount
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
Redeemed for cash			
Cancelled after redemption for cash	-		-
Units - December 31, 2008	5,682,543	\$	86,954,773

The weighted average number of units outstanding for the year ended December 31, 2008 was 5,682,543 (2007 - 6,571,788).

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 day of 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, 2008 totalled \$0 (2007 - \$663,153). On December 18, 2007, the Trust 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. On October 23, 2008, the Trust announced that it was suspending its distribution on its capital units, in accordance with its Declaration of Trust, as the Trust's net asset value was below the required 1.4 times coverage ratio. The distribution was suspended for the remainder of 2008 and the Trust will continue to monitor its net asset value per capital unit to determine if it will be able to make monthly distributions in the future.

10. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the net asset value of the Trust, calculated and paid monthly, plus applicable taxes. The Trust also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Trust, 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 transactions¹ for the year ended December 31 were as follows:

	2008	2007
Proceeds from sale of investments	\$ 16,750,111	\$ 42,305,618
Less cost of investments sold		
Investments at cost - beginning of year	103,960,539	129,865,674
Investments purchased during the year	10,953,297	21,559,856
Investments at cost - end of year	85,174,096	103,960,539
Cost of investments sold during the year	29,739,740	47,464,991
Net realized losses on sale of investments	\$ (12,989,629)	\$ (5,159,373)

¹ All balances have been adjusted for Return of Capital amounts

Brokerage commissions on securities purchased and sold during the year ended December 31, 2008 totalled \$51,783 and are included as an expense in the Statements of Operations. Brokerage commissions on securities purchased and sold during the year ended December 31, 2007 totalled \$119,925 and are included in the cost of securities purchased or netted against proceeds received from securities sold.

12. CAPITAL DISCLOSURES

The Trust's capital structure is comprised of unitholders' equity and the loan payable. The Trust's objective is to utilize prudent levels of leverage to lower the Trust's cost of capital to increase the total return to unitholders. In managing its capital structure, the Manager may adjust the amount of distributions paid to unitholders or re-evaluate the Trust's leverage ratios. The Manager also manages the composition of its investment portfolio to ensure that the Trust is within its investment objectives, and thus in compliance with the requirements of the loan facility.

13. RISK MANAGEMENT

The Trust 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 Trust for the medium to long term. The Manager also determines the timing to rotate the Trust's portfolio into other sectors and investment vehicles to enhance the Trust'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 Trust are subject to normal market fluctuations and the risks inherent in investment in the trust market. The Trust intends to continue to invest taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for unitholders.

The Trust's preferred securities and the use of the loan facility expose unitholders to leverage such that any increase or decrease in the published net asset value of the investment portfolio will result in a greater proportionate increase or decrease in the net asset value per unit of the Trust.

The Trust's investment portfolio and leverage are monitored on a daily basis by the Manager.

The Manager's best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Capped Income Trust Total Return Index, with other variables held constant, is as follows. If income trust prices on the S&P/TSX Capped Income Trust Total Return Index increased or decreased by 10.00%, and all other variables held constant, the net assets of the Trust would increase or decrease by 14.11%, respectively. In practice, the actual results may differ from the above sensitivity analysis and the difference could be material.

Interest Rate Risk

The majority of the Trust's assets are non-interest bearing; however, the bank loan facility bears interest at the prime rate. The Trust 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 Trust would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Trust. The Trust maintains all of its cash and equivalents at its custodian or 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.

The Trust is also subject to credit risk as the counterparty in securities lending activities may default under the terms of the agreement, which would require the Trust to make a claim to recover its investment. When recovering its investment on a default, the Trust may incur a loss if the value of the portfolio securities loaned may have increased in value relative to the value of the collateral held by the Trust.

Currency Risk

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

Liquidity Risk

The Trust 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.

The Trust is also exposed to annual cash redemptions of Trust units, however, the Trust has up to approximately 30 days to raise the necessary cash to fund the required redemption payment amount. The Trust maintains liquid investments that are traded in an active market and can be readily disposed of, subject to the limitations noted above, to maintain adequate liquidity.

14. SUBSEQUENT EVENT

On February 9, 2009, Brookfield Investment Funds Management Inc., as manager of the Trust, announced that the Toronto Stock Exchange had accepted its Notice of Intention to make a normal course issuer bid. The Trust will have the right under the bid to purchase for cancellation up to 284,127 of its capital units and 284,127 of its preferred securities, representing 5% of the 5,682,543 capital units and 5,682,543 preferred securities issued and outstanding as at January 29, 2009.

In accordance with the Trust's declaration of trust and trust indenture, any capital units purchased for cancellation will be accompanied by the Trust repurchasing an equal number of preferred securities, and vice versa. Purchases may commence on February 11, 2009, and will terminate on February 10, 2010. The Trust will not purchase in any given 30-day period, in the aggregate, more than 113,651 capital units and 113,651 preferred securities, being 2% of the issued and outstanding preferred securities and capital units as of the date hereof. Purchases made pursuant to the normal course issuer bid will be made in the open market through the facilities of the Toronto Stock Exchange. The price that the Trust will pay for any such shares will be the market price of such shares at the time of acquisition.

The Manager is of the opinion that Capital Units and Preferred Securities of the Trust may become available during the proposed purchase period at prices that would make such purchases in the best interests of the Trust and its securityholders. The Trust has not previously purchased its Capital Units or Preferred Securities under a normal course issuer bid.

As at March 24, 2009, the Trust has repurchased 8,400 capital units and 8,400 preferred securities under the normal course issuer bid.