

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 “Trust”) for the year ended December 31, 2008 (the “Period”). All figures in the MRFP are in Canadian dollars as at December 31, 2008, unless otherwise indicated.

This annual MRFP contains financial highlights but does not contain the complete annual financial statements of the Trust. You can get a copy of the annual financial statements at your request, and at no cost, by calling 888-777-4019; 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 Trust’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

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 the repayment of the original subscription price at maturity. For unitholders, the Trust’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 Trust is an actively managed investment fund that invests 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.

RISKS

The risks of investing in the Trust remain as discussed in the Trust’s Annual Information Form and Prospectus. As stated under “Risk Factors – No Assurances at Achieving Objectives” in the Trust’s Annual Information Form, the Trust intends to make monthly cash distributions to unitholders. However, such distributions may not be made if, after giving effect to the proposed distributions, the Combined Value would be less than 1.4 times the Repayment Price (as such terms are defined in the Trust’s Annual Information Form) (the “Coverage Ratio”). On October 23, 2008, the Trust announced that it had suspended its distribution on its capital units for the month of October in accordance with its Declaration of Trust, as the Combined Value was below the Coverage Ratio. The Trust also suspended the distribution on its capital units in respect of November and December 2008, as well as for each of January, February and March 2009, as the Combined Value continued to be below the Coverage Ratio required to pay such distribution under its Declaration of Trust. The Trust will continue to monitor its Coverage Ratio to determine if it will be able to make monthly distributions on its capital units in the future.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November in respect of both its Capital Units and Preferred Securities. The Trust’s Declaration of Trust provides for the suspension of redemptions when the Coverage Ratio cannot be maintained. The Trust is continuing to monitor its net asset value to determine when it will be able to resume redemptions.

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.

RESULTS OF OPERATIONS

The Trust’s net assets decreased by \$38.4 million or 100.0%, from \$38.4 million as at December 31, 2007 to \$0 million as at December 31, 2008. Of this change, \$34.1 million is attributable to investment performance (net of expenses) and \$4.3 million to unitholder activity, which is composed of \$4.3 million of distributions and \$0 million of redemptions. The Trust’s investment performance and unitholder activity for 2008 are discussed in more detail below.

Investment Performance

The Trust generated net losses from operations of \$34.1 million for the year, which consisted of net realized losses of \$13.0 million, net unrealized losses of \$32.9 million and return of capital of \$2.2 million, offset by net investment income of \$5.1 million and a decrease in value of preferred securities of \$8.9 million. 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 the year ended December 31, 2008, the Trust generated net realized losses of approximately \$13.0 million. This was largely due to liquidating the Trust's positions in Newport Partners Income Fund, Petrowest Energy Services Trust, XS Cargo Income Fund, and BTB REIT for losses of \$7.5 million, \$3.4 million, \$1.1 million, and \$0.9 million, respectively. All were sold due to their deteriorating business prospects.

During the year, the Trust's published net asset value per unit, which is used for purchases and redemptions, decreased by 100.0%, resulting in a total return, including distributions, of negative 89.0%. During the same time frame, the S&P/TSX Capped Income Trust Total Return Index lost 26.1%. Given the split share structure of the Trust, the Trust had leverage in excess of 2.0 times throughout the year, which magnifies both the positive and negative returns of the Trust by approximately two times. The Trust underperformed the Index largely due to the poor performance of the portfolio's investments in the business trust sector, which comprised approximately 33% of the Trust's total portfolio at December 31, 2008 compared to 20% for the Index. At the start of 2008, over 45% of the Trust was invested in income trusts in the business trust sector, which was one of the worst-performing income trust sub-sectors, according to RBC Capital Markets, with a negative return of 40% for 2008.

Fees and Expenses

Fees and expenses for the year totalled \$4.8 million, down from \$6.1 million for 2007, representing an annualized management expense ratio ("MER") of 16.29% as compared to 10.83% for the year ended December 31, 2007. The MER is based on the total expenses of the Trust, 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. The MER before interest expense for the years ended December 2008 and 2007 was 4.06% and 3.44%, respectively. Although fees and expenses for the year declined as compared to the same period in 2007, 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 47.6%, while expenses declined by 21.2% 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 Trust are listed on the TSX under the symbols BSD.UN and BSD.PR.A, respectively. Under terms of the Trust's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, under which the Trust'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. On October 23, 2008, the Trust announced that the annual redemption rights that would have arisen in November 2008 had been temporarily suspended. See "Redemptions" below. In addition, the Trust has a market purchase program whereby throughout the year the Trust, 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 2008, none of the Trust units or preferred securities were redeemed or cancelled, under the annual redemption program and no units were redeemed under the market purchase program. The manager of the Trust, however, announced on February 9, 2009 that the Toronto Stock Exchange had accepted its Notice of Intention to make a normal course issuer bid for the capital units and preferred securities of the Trust. See "Events Subsequent to Year End and Outlook" below.

Redemptions

On October 23, 2008, the Trust also 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.

Credit Facility

As at December 31, 2008, the Trust 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 Trust utilizes the borrowings to purchase additional portfolio investments and for general Trust purposes. The maximum draw under the facility is limited to the lower of \$8.5 million or an amount not exceeding 7% of the value of the assets within the portfolio of the Trust, which was reduced from a limit of \$11.0 million or an amount 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 \$5.0 million or an amount 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. As at December 31, 2008, \$1.0 million was drawn on the facility, which represented 0% of net assets of the Trust. The minimum and maximum amounts borrowed under the facility during 2008 were \$1.0 million and \$5.1 million, respectively. 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.

RELATED-PARTY TRANSACTIONS

Brookfield Investment Funds Management Inc. (the “Manager”), a subsidiary of Brookfield Asset Management Inc., is the Manager of the Trust and is responsible for managing all of the Trust’s activities. Management fees are paid to the Manager based on terms set out in the Management Agreement at a rate of 1.10% per annum of the net asset value of the Trust. In addition, the Trust also pays the Manager a service fee equal to 0.40% per annum of the net asset value of the Trust. The service fee is, in turn, paid to investment dealers based on the proportionate number of units held by clients of such dealers. During the year, management fees accrued or paid to the Manager totalled \$0.9 million, of which \$0.45 million was paid to Brookfield Soundvest Capital Management Ltd. (the “Investment Advisor”). Service fees accrued or paid during the year totalled \$0.1 million.

RECENT DEVELOPMENTS

Accounting Policy Changes

Capital Disclosures

On December 1, 2006, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 1535, Capital Disclosures (“Section 1535”) of the CICA Handbook, which establishes Generally Accepted Accounting Principles (“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.

Financial Instruments—Disclosures and Presentation

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 on 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.

International Financial Reporting Standards

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 MRFP.

EVENTS SUBSEQUENT TO YEAR END AND OUTLOOK

On February 9, 2009, Brookfield Investment Funds Management Inc. (the "Manager"), 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 must 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 capital units and preferred securities as of January 29, 2009. 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.

The Trust suspended its distribution on capital units for each of the months of January, February and March 2009 as the Trust's net asset value continued to be below the required 1.4 times coverage ratio. The Trust will continue to monitor its coverage ratio to determine if it will be able to make monthly distributions on its capital units in the future.

We expect the income trust sector to continue to transition until 2013. Until the income trust sector becomes taxable starting in 2011, we believe the high level of acquisitions and strategic-review activity will continue. Income trusts will continue to convert to corporations, and the overall number of income trusts is expected to continue to decrease. By 2011, we expect most income trusts (with the exception of REITs) to convert to corporations, with the balance converting by the end of 2013. We continue to evaluate the Trust's investment strategy in light of the changes in the income trust sector.

In the meantime, we believe that income trusts offer an attractive opportunity for investors searching for yield and value. Not only does the sector offer a significantly higher yield at 14.9% versus the TSX Composite at 4.0% or the 10-year Canada bond at 2.7%, but specific company valuations have become more attractive over the past year as a result of the large decline in equity prices.

We continue to believe that the Trust's holdings of income trusts are run by quality management and possess attractive business economics. Over the long term, for any equity investment – whether it is legally constituted as a corporation, a trust, or another legal form – we believe it is the business performance of the entity that will determine the success of the investment. We will continue to monitor the business performance of the Trust's investments and will continue to adapt to the changing income trust environment.



FINANCIAL HIGHLIGHTS

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

The Trust's Net Assets Per Unit¹

	2008 ³	2007 ³	2006 ³	2005 ⁴
Net asset value - beginning of year	\$ 6.76	\$ 8.92	\$ 13.79	\$ 13.79 ⁵
Increase (decrease) from operations				
Total revenue	1.73	2.00	2.29	1.78
Total expenses	(0.83)	(0.91)	(1.00)	(0.82)
Transaction costs	(0.01)	(0.02)	—	—
Net realized losses on sale of investments	(2.29)	(0.79)	(2.99)	(0.51)
Net changes in unrealized (losses) gains	(5.78)	(0.40)	(1.09)	0.97
Return of capital	(0.39)	(0.53)	(0.72)	(0.50)
Increase in value of preferred securities	1.57	—	—	—
Total (decrease) increase from operations²	(6.00)	(0.65)	(3.51)	0.92
Distributions				
From dividend income	(0.10)	(0.05)	—	—
From investment income	(0.35)	(0.34)	(0.37)	(0.26)
Return of capital	(0.31)	(1.01)	(1.01)	(0.75)
Total distributions⁶	(0.76)	(1.40)	(1.38)	(1.01)
Net asset value - end of year⁷	\$ —	\$ 6.76	\$ 8.92	\$ 13.79

¹ This information is derived from the Trust'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 MRFP. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Trust

² Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase from operations is based on the weighted average number of units outstanding over the financial period.

³ As at and for the twelve months ended December 31

⁴ As at and for the period from inception (March 16, 2005) to December 31, 2005

⁵ Initial public offering price of \$15.00 per unit, net of issuance costs

⁶ Distributions were paid in cash

⁷ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase 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 Trust's overall return:

	2008 ¹	2007 ¹	2006 ¹	2005 ²
Net investment income	\$ 5,066,242	\$ 7,102,394	\$ 8,787,805	\$ 7,034,556
Transaction costs	(51,783)	(119,925)	—	—
Net realized losses on sale of investments	(12,989,629)	(5,159,373)	(20,385,698)	(3,714,117)
Net change in unrealized (losses) gains	(32,850,560)	(2,618,968)	(7,415,288)	7,077,409
Return of capital	(2,193,960)	(3,467,509)	(4,945,140)	(3,642,936)
Decrease in value of preferred securities	8,921,502	—	—	—
(Loss) income from operations	(34,098,188)	(4,263,381)	(23,958,321)	6,754,912
(Loss) income from operations per unit	(6.00)	(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

	2008 ¹	2007 ¹	2006 ¹	2005 ²
Net assets	\$ —	\$ 38,394,188	\$ 58,781,011	\$ 94,364,187
Number of units outstanding	5,682,543	5,682,543	6,591,715	6,842,341
Management expense ratio before interest expense	4.06%	3.44%	2.90%	2.64%
Management expense ratio ³	16.29%	10.83%	8.22%	7.33%
Management expense ratio before waivers or absorptions	16.29%	10.83%	8.22%	7.33%
Management expense ratio including one time agent's fees and issuance costs	16.29%	10.83%	8.22%	18.27%
Trading expense ratio ⁴	0.18%	0.21%	0.18%	0.50%
Portfolio turnover rate ⁵	12.58%	17.25%	22.58%	35.23%
Monthly distribution per unit	\$ 0.084	\$ 0.1167	\$ 0.1167	\$ 0.1125
Annualized trailing yield ⁶	—	22.0%	17.3%	11.0%
Closing market price	\$ 0.27	\$ 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 Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust 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 Trust 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 Trust

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

Management and Service Fees

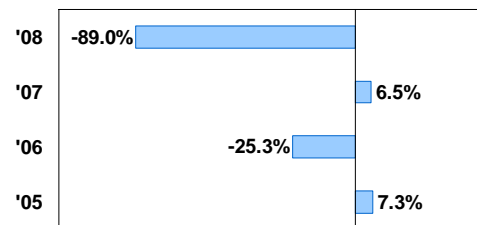
Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the net asset value of the Trust, calculated and paid monthly, plus applicable taxes. The Trust also pays to the Manager a service 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.

PAST PERFORMANCE

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

Year-by-Year Returns

The bar chart shows the Trust's total returns (based on net assets per unit) and includes distributions made in each period since inception to December 31, 2008. 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 Trust's compound return, based on published net asset values, for the periods noted and the annual compound returns, based on net asset values, since inception and for the three-year period ended December 31, 2008, compared with the Index.

	2008 ¹	2007 ¹	2006 ¹	2005 ²	3-Year ³	Since Inception ⁴
Trust - Net asset value	(100.0%)	(22.3%)	(35.3%)	—%	(100.0%)	(100.0%)
Trust - Total Return, including distributions	(89.0%)	6.5%	(25.3%)	7.3%	(36.4%)	(32.7%)
S&P/TSX Capped Income Trust Total Return Index	(26.1%)	6.6%	(2.8%)	22.6%	(8.5%)	(1.7%)

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 Period from January 1, 2006 to December 31, 2008

⁴ For the period from inception (March 16, 2005) to December 31, 2008, net of issuance costs

SUMMARY OF INVESTMENT PORTFOLIO

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

Portfolio Composition

As at December 31, 2008, the Trust was invested in the following sectors in the percentages shown below:

	2008 Actual Weighting ¹	2007 Actual Weighting ¹	2006 Actual Weighting ¹	Permitted Weighting
Business trusts	32.2%	45.4%	44.2%	20% - 60%
Power generation and pipeline trusts	7.3%	5.3%	7.2%	5% - 35%
Oil and gas royalty trusts	37.2%	25.4%	24.3%	10% - 50%
REITs	13.7%	22.2%	23.0%	5% - 45%
Total income trusts	90.4%	98.3%	98.7%	85% - 100%
High-yielding equity-based securities	9.6%	1.7%	1.3%	0% - 10%
	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 Trust as at December 31, 2008, were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
177,500	Crescent Point Energy Trust	4,260,000	8.8%
216,000	Bonavista Energy Trust	3,643,920	7.6%
361,000	Progress Energy Trust	3,198,460	6.6%
290,000	First National Financial Income Fund	2,902,900	6.0%
364,000	Artis REIT	2,660,839	5.5%
279,628	Energy Savings Income Fund	2,424,375	5.0%
95,200	Enerplus Resources Fund	2,271,472	4.7%
461,300	Macquarie Power & Infrastructure Income Fund	2,181,949	4.5%
254,800	Altus Group Income Fund	1,931,384	4.0%
72,600	Vermilion Energy Trust	1,817,178	3.8%
389,000	Trinidad Drilling Ltd.	1,696,040	3.5%
135,000	IBI Income Fund	1,647,000	3.4%
148,800	BFI Canada Ltd.	1,541,568	3.2%
303,300	Avenir Diversified Income Trust	1,540,764	3.2%
1,700,000	Lanesborough REIT - Convertible Debentures	1,388,367	2.9%
160,000	Exchange Industrial Income Fund	1,440,000	3.0%
173,500	Atlantic Power Corporation	1,360,240	2.8%
1,272,389	Eveready Income Fund	1,310,561	2.7%
63,000	Zargon Energy Trust	1,088,010	2.3%
91,000	Calloway REIT	1,030,120	2.1%
82,400	Allied Properties REIT	1,022,584	2.1%
314,400	Coast Wholesale Appliances Income Fund	1,012,368	2.1%
169,000	Paramount Energy Trust	834,860	1.7%
125,000	Yellow Pages Income Fund	828,750	1.7%
60,850	Penn West Energy Trust	822,692	1.7%

Rajeev Viswanathan
Chief Financial Officer of the Manager

March 24, 2009