

REPORT TO UNITHOLDERS

Dear Fellow Unitholders,

In this letter we will provide an overview of the returns for the worldwide markets and how this compares to the performance of both the income trust and equity markets. In addition, we will look at the current status of the “high yield equity sector” and our expectations for this sector in the future. Also, we will explain Trust performance for 2010 and share our outlook for 2011.

MARKET OVERVIEW

During 2010 the high yield equity market significantly outperformed the general stock market. The income trust market provided a 26.7% return in 2010 while the Canadian equity market provided a 17.6% return over the same period. The U.S. and world markets provided returns of 15.1% and 12.3% respectively in 2010.

Index	2010 Return
S&P/TSX Capped Income Trust Total Return	26.7%
S&P/TSX Composite	17.6%
S&P 500	15.1%
Dow Jones Industrial Average	11.0%
MSCI EAFE (Europe, Australasia, Far East)	8.2%
MSCI World	12.3%

Source: RBC Capital Markets

Both the Energy and REIT components of the index contributed to the positive performance of S&P/TSX Capped Income Trust Total Return Index.

Sector	2010 Return
S&P/TSX Capped Energy Trust Total Return Index	29.6%
S&P/TSX Capped REIT Total Return Index	22.6%

Source: RBC Capital Markets

INCOME TRUSTS - A SECTOR WINDING DOWN

The income trust sector as we knew it came to an official end at December 31, 2010 as a result of the implementation of a change in tax laws on January 1, 2011. Most trusts have converted to corporations and only a few remain as income trusts. In addition, there are a handful of income deposit securities and limited partnerships. Qualifying REITs continue to be exempt from the new laws.

Since the announcement of the Tax Fairness Plan for Canadians on October 31, 2006, the overall number of income trusts has continued to decrease.

Sub-Sector	# of Trusts at December 31				
	2006	2007	2008	2009	2010
Oil & Gas Royalty Trusts	31	27	22	17	12
Business Trusts	168	135	119	96	77
REITs	33	27	27	26	27
Power & Pipeline Trusts	23	19	16	13	7
Total	255	208	184	152	123

The income trust market as of December 31, 2010:

Sub-Sector	# of Trusts	Market Capitalization (\$B)	Average Yield
Oil & Gas Royalty Trusts	12	\$57.5	7.7%
Business Trusts	77	\$26.4	7.4%
REITs	27	\$27.9	6.1%
Power & Pipeline Trusts	7	\$12.8	8.6%
Total	123	\$124.6	7.1%

When compared to the end of 2009, the number of income trusts has decreased materially to 123 from 152; however, the overall capitalization of the income trust market has actually increased by \$5.4 billion from \$119.2 as at December 31, 2010 to \$124.6 billion at the end of 2010. The overall market yield as at December 31, 2010 stood at 7.1%, down from the 7.3% market yield at the prior year end. The decrease can be attributed to a combination of distribution cuts and higher income trust valuations. The S&P/TSX composite provided an average overall yield of 2.5% as at December 31, 2010.

As income trusts become taxable in 2011 some trusts have decided to reduce their distributions while others will maintain their pre-conversion distribution. The decision making process varied across the trust universe. Some income trusts have the ability to maintain their distributions as dividends at current levels due to their conservative payout ratios leading up to 2011. Some trusts made the decision to reduce their cash distributions to an after-tax equivalent dividend while others evaluated their internal growth prospects and decided to retain cash for future capital expenditure programs. Regardless of their distribution/dividend policy going forward most have established and announced their payout intentions and the market has adjusted relatively efficiently.

TRUST PERFORMANCE

The Trust's investment strategy is to invest its net assets in a diversified portfolio of securities consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds and debentures, income trusts, real estate investment trusts ("REITs"), Canadian mortgage-backed securities and cash and cash equivalents. The Trust may also invest up to 20% of the value of the Portfolio in any other security in the discretion of the Investment Advisor. The Trust seeks investments capable of generating high quality cash flows and that have the potential to appreciate in value.

For the twelve months ended December 31, 2010, the Trust's published net asset value per unit of the Capital Units, which is used for purchases and redemptions, was \$4.41. The combined net asset value of the Trust was \$14.41 at December 31, 2010, an increase of \$2.09 from December 31, 2009. The published NAV of the combined units increased 17.0% for the twelve months ended December 31, 2010. If interest paid on the preferred units is included, the return based on NAV for the twelve months ended December 31, 2010 was 21.9% for the combined units. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index returned 26.7% and the S&P/TSX Composite returned 17.6%.

The Trust's split share structure results in structural leverage for the Capital Units. The amount of structural leverage of the Capital Units is based on the ratio of the Trust's total portfolio over the net asset value of the Capital Units. The structural leverage compounded the positive returns experienced during 2010, resulting in the Capital Units appreciating from \$2.32 as at December 31, 2009 to \$4.41 as at December 31, 2010, providing a return of 90.3%.

For the twelve months ended December 31, 2010, the Trust generated net realized losses of approximately \$170 thousand. Most of the sales were executed in order to reduce existing positions and attain desired weightings while others were executed with the intention to exit positions entirely. The net realized loss was largely due to reducing the Trust's positions in Coast Wholesale Income Fund (\$291 thousand loss) to a desired weighting and from exiting the entire position in Avenir Diversified Income Fund (\$425 thousand loss), Yellow Pages Income Fund (\$457 thousand loss) and Paramount Energy Trust (\$356 thousand loss). The losses were partially offset by a number of sales generating capital gains. Gains were realized on the partial sales of the Trust's position in Vermillion Energy (\$149 thousand gain) and Atlantic Power Corp (\$163 thousand gain) which were executed to

reduce the holding to its desired weighting. Gains were also realized from selling the entire position of Davis and Henderson Income Fund (\$298 thousand gain) and Bird Construction Income Fund (\$242 thousand gain).

Distributions

On October 23, 2008, the Trust announced that it was temporarily suspending the 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. On February 17, 2011, when it was anticipated that a distribution could be paid without violating the 1.4 times coverage ratio, a quarterly distribution of \$0.01 per Capital Unit was declared, reflecting a current annualized rate of \$0.04 per unit. Distributions of \$0.15 per quarter continue to be paid on the Preferred Securities.

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. By January 2011 it was anticipated that redemptions could be processed without violating the 1.4 times coverage ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one Capital Unit and a \$10.00 principal amount of Preferred Securities) and 260,174 Capital Units were tendered alone. In accordance with the Declaration of Trust, 260,174 Preferred Securities were purchased in the market at a total price of \$2,676,831 to match with the Capital Units tendered alone and total redemption proceeds of \$20,445,419 were paid on March 4, 2011 to settle the Capital Units and Combined Securities surrendered through the redemption process.

AMENDMENTS TO THE DECLARATION OF TRUST

On March 11, 2010, a proposal was announced to amend the declaration of trust of Brascan SoundVest Rising Distribution Split Trust, as well as to change the manager, and to rename the Trust "Brookfield Soundvest Split Trust". At the meeting of unitholders held on April 20, 2010 unitholders showed strong support for the proposed changes with unitholders of Brascan SoundVest Rising Distribution Split Trust voting more than 95% of votes cast in favour.

The changes became effective on April 30, 2010 and resulted in the expansion of the Trust's investment mandate to allow investment in a broader set of primarily high yielding equity securities. The Trust's investment objectives remain the same: with respect to the preferred securities, (i) to provide securityholders 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 (ii) to repay the original subscription price at maturity on March 31, 2015; and with respect to the capital units, (i) to provide unitholders with regular distributions and (ii) to maximize long-term total return with the Trust's portfolio. Brookfield Soundvest Capital Management Ltd. became the Manager of the Trust and will also continue to be the Investment Advisor to the Trust.

OUTLOOK

While the income trust era is over, there remains a strong and vibrant “high yield equity sector” in Canada which should continue to play a prominent role in investors’ strategic asset allocation decision making process. While many conventional corporations retain significant amounts of internally generated cash and are expected to do so going forward, many corporations, formerly income trusts, should continue to generate significant free cash flow. This will allow for meaningful dividends, providing investors with appealing market yields both on a before and after-tax basis.

The Trust will remain focused on yield oriented investments along with a bias towards total return investing. While many investments provide high yields, not all meet the rigorous requirements for inclusion into the Trust. The Trust remains focused on investments with strong management teams, attractive business economics and reasonable valuations.

Thank you for your continued support of the Brookfield Soundvest Split Trust.



Kevin Charlebois

On behalf of the Manager and the Investment Advisor

Caution Regarding Forward-Looking Statements

The Report to Unitholders and Management Report of Fund Performance contain forward-looking information within the meaning of Canadian provincial securities laws and other “forward-looking statements” and information. The words “expect,” “tend,” “continue,” “likely,” “believe,” “may,” “aims,” “will,” “seeks,” and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify forward-looking statements. These forward-looking statements include, among others, statements with respect to the future performance of the income trust sector and particular trusts, the likelihood of income trust conversions to corporate structures, the ability and likelihood of certain trusts to increase or decrease their distributable cash, acquisition trends in the income trust sector, Trust annual distribution targets and portfolio weightings, future performance of Oil and Gas Royalty Trusts, future positioning of the Trust, income trust yields and distribution levels in the future, and other statements with respect to our beliefs, outlooks, plans, expectations and intentions. Although the Manager and Investment Advisor believe that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements or information include: general economic conditions; changes in interest and exchange rates; changes in legislation or practices governing the income trust sector; and other risks and factors described from time to time in the Trust’s Prospectus, Annual Information Form and other documents filed by the Manager with the securities regulators in Canada. Except as required by law, the Manager undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.