

Brookfield Funds



Brascan SoundVest Rising Distribution Split Trust

BSD.UN / BSD.PR.A

2008 Semi-Annual Report



IN PROFILE

Brascan SoundVest Rising Distribution Split Trust (the “Fund”) is managed by Brookfield Investment Funds Management Inc., a subsidiary of Brookfield Asset Management Inc., a global asset manager focused on property, power and other infrastructure assets, with approximately US\$95 billion of assets under management.

The Fund’s investment advisor and portfolio manager is Brookfield SoundVest Capital Management Ltd., an established investment advisor with recognized expertise investing in income trusts and equities.

BSD.UN / BSD.PR.A (TSX LISTED) UNIT INFORMATION

Units Outstanding (June 30, 2008):	5,682,543 capital units and 5,682,543 preferred securities
Targetted 2008 Monthly Distribution:	Capital units: \$0.084 per unit, payable monthly (\$1.008 per unit annually)
Targetted 2008 Quarterly Distribution:	Preferred securities: \$0.15 per security, payable quarterly (\$0.60 per unit annually)
Record Date:	Capital units: Last business day of each month Preferred securities: Last business day of February, May, August and November
Payment Date:	Capital units: On or about the 15th day of each subsequent month Preferred securities: On or about the 15th day of March, June, September and December

CONTENTS

Report to Unitholders	1
Management Report on Fund Performance	5
Financial Statements	11
Board and Management	19
Corporate Information	19

REPORT TO UNITHOLDERS

We are committed to providing unitholders with a stable stream of monthly distributions and maximizing long-term total return.

We will continue to seek opportunities to acquire investments in high quality businesses, run by strong management teams at attractive prices.

Dear Fellow Unitholders,

The first six months of 2008 have been a strong period for income trusts although the income trust market has been permanently changed by the Canadian Federal Government's October 31, 2006 announcement of the Tax Fairness Plan for Canadians. We will provide an overview of events occurring since the announcement and a synopsis of returns for the first six months of 2008. In addition, we will provide our comments on the current status of the income trust market and our expectations for the income trust sector in the future.

MARKET OVERVIEW

The Tax Fairness Plan for Canadians is now law and income trusts have approximately two and a half years remaining before they will be subject to a Distribution Tax beginning in their 2011 taxation year. Effectively, income trusts can now be viewed as corporations with a tax holiday until 2011.

The performance of the income trust sector and the S&P/TSX Composite Index (as a proxy for the overall Canadian equity market) since the announcement is as follows:

	S&P/TSX Capped Income Trust Total Return Index	S&P/TSX Composite Index	Difference
October 31, 2006 to June 30, 2008 ¹	21.3%	22.3%	(1.0%)
June 30, 2007 to June 30, 2008	20.6%	6.8%	13.8%
December 31, 2007 to June 30, 2008	24.5%	6.0%	18.5%

¹ Based on closing price prior to the announcement

Since the announcement, the S&P/TSX Capped Income Trust Total Return Index has almost matched the performance of the S&P/TSX Composite Index. However, over the past six and twelve month periods, the S&P/TSX Capped Income Trust Total Return Index has significantly outperformed the S&P/TSX Composite Index.

The strong income trust unit performance for the six month period ending June 30, 2008 was not consistent across all sub-sectors. According to BMO Capital Markets, Oil and Gas Royalty Trusts were the top performers with a 44.5% return. Returns for the other sectors were as follows: Business Trusts gained 9.3% and REITs lost 3.7%. Oil and Gas Royalty Trusts continue to form the largest portion of the S&P/TSX Capped Income Trust Index representing approximately 56% as at June 30, 2008 and were largely responsible for the strong performance of the Index for the first six months of the year. As a result, the Index is highly sensitive to changes in the prices of Oil and Gas Royalty Trusts and therefore to changes in the underlying prices of oil and gas.

INCOME TRUSTS – STILL A LARGE SECTOR

The table below summarizes the income trust market as of June 30, 2008:

Sub-sector	# of Trusts	Market Capitalization ¹	Average Yield
Oil and gas royalty trusts	23	\$ 94.1	9.6%
Business trusts	126	63.9	10.2%
Real estate investment trusts (REITs)	27	21.9	9.1%
Power and pipeline trusts	17	16.5	9.6%
Total	193	\$ 196.4	9.9%

¹ In \$ billions

The income trust market as of June 30, 2006 (prior to the Canadian Federal Government's October 31, 2006 announcement of the Tax Fairness Plan for Canadians) were as follows:

Sub-sector	# of Trusts	Market Capitalization ¹	Average Yield
Oil and gas royalty trusts	31	\$ 71.0	14.5%
Business trusts	168	85.5	11.2%
Real estate investment trusts (REITs)	33	30.3	6.9%
Power and pipeline trusts	23	18.4	9.4%
Total	255	\$ 205.2	10.9%

¹ In \$ billions

As seen in the table below, the sub-sector with the largest decrease in the number of trusts has been the Business Trust sub-sector but on a percentage basis, the decrease in the number of trusts has been fairly consistent across the sub-sectors, ranging from 18% to 26%, with an average of 24%. The only sub-sector that has seen an increase in market capitalization is Oil and Gas Royalty Trusts. Despite this sub-sector decreasing by 8 trusts, its market capitalization has increased by \$23.1 billion or 33% due to higher valuations as a result of rising oil and gas prices. Overall, with more than 190 income trusts and an aggregate market capitalization of almost \$200 billion, the income trust market is still a large sector.

Sub-sector	Change in # of Trusts	% Change in # of Trusts	Change in Market Capitalization ¹	% Change in Market Capitalization
Oil and gas royalty trusts	(8)	(24%)	\$ 23.1	33%
Business trusts	(42)	(25%)	(21.6)	(25%)
Real estate investment trusts (REITs)	(6)	(18%)	(8.4)	(28%)
Power and pipeline trusts	(6)	(26%)	(1.9)	(10%)
Total	(62)	(24%)	\$ (8.8)	(4%)

¹ In \$ billions

We continue to expect that the number of the income trusts will decrease over time as the date for the implementation of the Distribution Tax in 2011 approaches. We still expect that many of the businesses will continue to exist as independent entities; however, we expect their legal form to be different. Some trusts may convert back to corporations and retain their cash flow to fund future growth, while others may become high dividend paying corporations. We also expect some trusts to remain as income trusts.

Draft legislation published on July 14, 2008, effectively will allow trusts to convert to corporate form between now and 2013 on a tax-free rollover basis. Consultations on the 186-page report will be held until September 15, 2008 and the Federal Government intends to pass legislation by year-end.

Throughout this continuing transition in the income trust market, trusts still offer investors the highest source for yield. As seen from the table above showing the income trust market at June 30, 2008, the current income trust market continues to offer investors a diverse group of companies offering high yields. The average yield of 9.9% for the income trust sector is significantly higher than the 2.6% yield offered from the S&P/TSX Composite Index and the 3.8% yield on the 10-year Canada bond. As a result, there continue to be few better places to meet an investor's desire for yield than income trusts.

The distributions of income trusts are not fixed but tend to vary over time based on the economic performance of the business underlying the income trust and its distribution policy. While the Tax will hinder the ability of a trust to maintain its current distribution in 2011, there are approximately two and a half years before the new tax will be effective and certain trusts will be able to grow their distributable cash over this period to offset the impact of the new tax. From 2004 to 2006, approximately 40% of trusts each year had increased their distributions. However, going forward, we expect this figure to be lower as trusts adapt to the future tax, as can be evidenced by the fact that only about 20% of income trusts increased their distributions during 2007. The relatively high number of distribution increases for the first six months of 2008 is largely due to the Oil and Gas Royalty Trust sub-sector whereby approximately 35% of the trusts in this sub-sector have increased distributions due to high oil & gas commodity prices:

Percentage of TSX Trusts	2008 YTD	2007	2006	2005	2004
Increased distributions ¹	18.7%	21.2%	39.2%	44.9%	38.3%
Maintained distributions ¹	70.4%	57.7%	45.1%	46.6%	52.0%
Decreased/omitted/no distribution ¹	10.9%	21.2%	15.7%	8.5%	9.7%

¹ Based on announcement date

There are a number of income trusts that are strong businesses run by experienced management and possess attractive economics, which have managed to grow their distributable cash and increase their distributions in the past. We are confident that the strongest trusts will continue to perform well in the future and will provide attractive long-term investment opportunities if purchased at reasonable prices.

FUND PERFORMANCE

The Fund was formed to actively manage a diversified portfolio of selected income trust securities from four primary sectors: 1) business trusts; 2) power generation and pipeline trusts; 3) oil and gas royalty trusts; and 4) REITs. We invest in trusts in each of these four sectors that we believe are capable of generating high quality cash flows with minimal sustaining capital requirements and that have the potential to appreciate in value.

For the six-month period ended June 30, 2008, the Fund's published net asset value per unit, which is used for purchases and redemptions, increased by 8.0%, resulting in a total return, including distributions, of 15.2%. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index gained 24.5%. The Fund underperformed the Index largely due to its overweight position in REITs and its underweight position in Oil and Gas Royalty Trusts, relative to that of the Index. As at June 30, 2008, Oil and Gas Royalty Trusts made up approximately 35% of the Fund's investment portfolio while REITs and Real Estate Related Equities made up approximately 20% of the Fund's investment portfolio. This compares to the Index which had weightings of 56% and 11% respectively. According to BMO Capital Markets, for the first six months of the year, the BMO CM RT (Royalty Trust) Index was the top performing sub-sector with a total return of 44.5% while the BMO CM REIT Index was the worst performing sub-sector with a total return of negative 3.7%.

For the first six months of the year, the Fund generated net realized losses of approximately \$6.1 million. This was largely due to realizing losses of \$3.4 million on Petrowest Energy Services Trust, \$3.0 million on Vault Energy Trust and \$1.1 million on XS Cargo Income Fund. All three were sold due to their deteriorating business prospects. The capital losses were partially offset by taking profits of \$0.5 million on a small portion of the Fund's holdings in Crescent Point Energy Trust and \$0.1 million on Penn West Energy Trust.

Distributions

The Fund declared and paid monthly distributions for the first six months of 2008 at its targeted monthly rate of \$0.084 per unit, or \$1.008 per unit per annum. The Fund has increased its distribution once since its original targeted annual distribution of \$1.35 per unit per year in May 2006. On December 18, 2007, the Fund announced that it was decreasing its distribution to \$0.084 per unit or \$1.008 on an annual basis effective with the January 2008 distribution (payable February 2008). The reduction was partly due to distribution decreases by certain trusts in the Portfolio, fewer distribution increases by other trusts due to regulatory changes in the income trust sector, and increased borrowing costs due to higher interest rates relative to last year. The targeted annual distribution of \$1.008 per unit in 2008 is expected to be more sustainable in the current environment, provides a greater margin of safety, and better reflects the income-generating ability of the Portfolio.

OUTLOOK

The S&P/TSX Capped Income Trust Total Return Index will continue to be heavily influenced by the performance of the Oil and Gas Royalty Trusts due to their large index weighting (currently 56%) which we expect to be very volatile due to their direct exposure to oil and gas prices. We will continue to be underweight Oil and Gas Royalty Trusts relative to the Index as we continue to believe it is not prudent to have over 50% of the Fund invested in a single sub-sector. However, we plan to continue to position our Funds with exposure to the oil and gas sector through direct oil and gas investment, exposure through its service sector, and investing in businesses that are economically connected with Canada's western economy.

The Fund'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 - 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 Fund's investments and will adapt to the changing income trust sector.

Thank you for your continued support of our Fund.



Bruce Robertson
On behalf of the Manager



Kevin Charlebois
On behalf of the Investment Advisor

August 27, 2008

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 "believe," "sustainability," "may," "plan," "expect," "will," "potential," "should," "seek," 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 of certain trusts to increase their distributable cash, acquisition trends in the income trust sector, Fund annual distribution targets and portfolio weightings, future performance of Oil and Gas Royalty Trusts, future positioning of the Fund, 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 Fund 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 Fund'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.

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim 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”) for the six months ended June 30, 2008 (the “Period”). The interim financial statements are unaudited and have been prepared by and are the responsibility of the manager of the Fund. The Fund’s independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants. All figures in the MRFP are in Canadian dollars as at June 30, 2008 unless otherwise indicated.

This interim MRFP contains financial highlights but does not contain either the interim or 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 increased \$3.7 million or 9.6%, from \$38.4 million as at December 31, 2007 to \$42.1 million as at June 30, 2008. Of this change, an increase of \$6.6 million is attributable to investment performance (net of expenses) which was partially offset by \$2.9 million to distributions paid to unitholders. The Fund’s investment performance and unitholder activity for the Period are discussed in more detail below.

Investment Performance

The Fund generated net income from operations of \$6.6 million for the Period, which consisted of net investment income of \$2.7 million and net unrealized gains of \$11.4 million, which were partially offset by net realized losses of \$6.1 million and return of capital of \$1.4 million.

During the Period, the Fund had net realized losses of approximately \$6.1 million. This was largely due to realizing losses of \$3.4 million on Petrowest Energy Services Trust, \$3.0 million on Vault Energy Trust and \$1.1 million on XS Cargo Income Fund. All three were sold due to their deteriorating business prospects. The capital losses were partially offset by taking profits of \$0.5 million on a small portion of the Fund’s holdings in Crescent Point Energy Trust and \$0.1 million on Penn West Energy Trust.

For the six-month period ended June 30, 2008, the Fund’s published net asset value per unit, which is used for purchases and redemptions, increased by 8.0%, resulting in a total return, including distributions, of 15.2%. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index gained 24.5%. The Fund underperformed the Index largely due to its overweight position in REITs and its underweight position in Oil & Gas Royalty Trusts, relative to that of the Index. As at June 30, 2008, Oil & Gas Royalty Trusts made up approximately 35% of the Fund’s investment portfolio while REITs and Real Estate Related Equities made up approximately 20% of the Fund’s investment portfolio. This compares to the Index which had weightings of 56% and 11% respectively. According to BMO Capital Markets, for the first six months of the year, the BMO CM RT (Royalty Trust) Index was the top performing sub-sector with a total return of 44.5% while the BMO CM REIT Index was the worst performing sub-sector with a total return of negative 3.7%.

Fees and Expenses

Fees and expenses for the Period totalled \$2.5 million, down from \$3.1 million for the same period in 2007, representing an annualized management expense ratio (“MER”) of 13.15% as compared to 10.83% for the twelve months ended December 31, 2007. The MER is based on the total expenses of the Fund, including interest on preferred securities, for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of the daily average published net asset value for the period. Although fees and expenses for the Period declined as compared to the same period in 2007, MER increased as the rate of decline in average published net asset value was greater than that of fees and expenses. Daily average published net asset value declined by 31.8%, while expenses declined by 17.2% during the same period as several expenses of the Fund are relatively fixed in nature and do not decrease in proportion to changes in the average published net asset value of the Fund.

Unitholder Activity

There was no change in the number of outstanding capital units or preferred securities of the Fund during the six months ended June 30, 2008.

During the Period, the Fund maintained its monthly distribution of \$0.084 per unit and paid out distributions to capital unitholders which totalled \$0.504 per unit or \$2.9 million.

Credit Facility

The Fund has a 364-day revolving term credit facility with a Canadian chartered bank up to a maximum amount of \$8.5 million, but not exceeding 7% of the net asset value of the Fund. This was reduced from the lower of \$11.0 million but not exceeding 7% of the total value of the net assets of the Fund as at December 31, 2007. The facility is secured by a first-ranking and exclusive charge on all of the Fund’s assets. The Fund uses borrowings to purchase additional investments and for general Fund purposes. As at June 30, 2008, \$3.7 million was drawn on the facility (December 31, 2007 - \$5.1 million), representing 8.8% of the net assets of the Fund. The minimum and maximum borrowed during the six months ended June 30, 2008 was \$1.7 million and \$5.1 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 published 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 Period, management fees accrued or paid to the Manager totalled \$0.5 million, of which \$0.3 million was paid to Brookfield SoundVest Capital Management Ltd. (the “Investment Advisor”). Service fees accrued or paid during the Period 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 Fund 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 statements 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 Fund 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 Fund’s annual MRFP.

FINANCIAL HIGHLIGHTS

The following tables detail selected key financial information about the Fund and are intended to assist readers 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 Unit

	2008 ¹	2007 ²	2006 ²	2005 ³
Net assets - beginning of period	\$ 6.76	\$ 8.92	\$ 13.79	\$ 13.79 ⁴
Increase (decrease) from operations				
Total revenue	0.91	2.00	2.29	1.78
Total expenses	(0.44)	(0.91)	(1.00)	(0.82)
Transaction costs	(0.01)	(0.02)	—	—
Net realized losses on sale of investments	(1.07)	(0.79)	(2.99)	(0.51)
Net change in unrealized gains (losses)	2.00	(0.40)	(1.09)	0.97
Return of capital	(0.24)	(0.53)	(0.72)	(0.50)
Total increase (decrease) from operations	1.15	(0.65)	(3.51)	0.92
Distributions				
From investment income	(0.26)	(0.34)	(0.37)	(0.26)
From dividend income	—	(0.05)	—	—
Return of capital	(0.24)	(1.01)	(1.01)	(0.75)
Total distributions⁵	(0.50)	(1.40)	(1.38)	(1.01)
Net assets - end of period⁶	\$ 7.41	\$ 6.76	\$ 8.92	\$ 13.79

¹ As at and for the six months ended June 30, 2008 (unaudited)

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:

	2008 ¹	2007 ²	2006 ²	2005 ³
Net investment income	\$ 2,689,038	\$ 7,102,394	\$ 8,787,805	\$ 7,034,556
Transaction costs	(36,421)	(119,925)	—	—
Net realized losses on sale of investments	(6,101,933)	(5,159,373)	(20,385,698)	(3,714,117)
Net change in unrealized gains (losses)	11,364,407	(2,618,968)	(7,415,288)	7,077,409
Return of capital	(1,359,171)	(3,467,509)	(4,945,140)	(3,642,936)
Income (loss) from operations	6,555,920	(4,263,381)	(23,958,321)	6,754,912
Income (loss) from operations per unit	1.15	(0.65)	(3.51)	0.96
Net assets per unit	\$ 7.41	\$ 6.76	\$ 8.92	\$ 13.79

¹ As at and for the six months ended June 30, 2008 (unaudited)

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

Ratios and Supplemental Data

	2008 ¹	2007 ²	2006 ²	2005 ³
Net assets	\$ 42,086,106	\$ 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	3.72%	3.44%	2.90%	2.64%
Management expense ratio ⁴	13.15%	10.83%	8.22%	7.33%
Management expense ratio before waivers or absorptions	13.15%	10.83%	8.22%	7.33%
Management expense ratio including one time agent’s fees and issuance costs	13.15%	10.83%	8.22%	18.27%
Trading expense ratio ⁵	0.19%	0.21%	0.18%	0.50%
Portfolio turnover rate ⁶	11.78%	17.25%	22.58%	35.23%
Monthly distribution per unit	\$ 0.084	\$ 0.1167	\$ 0.1167	\$ 0.1125
Annualized trailing yield ⁷	14.5%	22.0%	17.3%	11.0%
Closing market price	\$ 6.95	\$ 6.37	\$ 8.10	\$ 12.30

¹ As at and for the six months ended June 30, 2008 (unaudited)

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 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

⁵ The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period

⁶ 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.

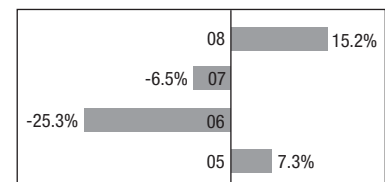
⁷ Based on annualized cumulative distributions of \$1.008 per unit and the closing market price

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.

Year-by-Year Return

The bar chart shows the Fund’s total return (based on the published net asset value per unit) and includes distributions made in each period since inception to June 30, 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 Fund's compound return for the periods noted and the annual compound return since inception, compared with the Index.

	2008 ¹	2007 ²	2006 ²	2005 ³	3-Year ⁴	Since Inception ⁵
Fund - Net asset value	8.0%	(22.3%)	(35.3%)	—%	(20.1%)	(17.0%)
Fund - Total Return, including distributions	15.2%	(6.5%)	(25.3%)	7.3%	(7.9%)	(4.7%)
S&P/TSX Capped Income Trust Total Return Index	24.5%	6.6%	(2.8%)	22.6%	14.5%	14.9%

¹ For the six months ended June 30, 2008

² For the twelve months ended December 31

³ For the period from inception (March 16, 2005) to December 31, 2005

⁴ For the period from July 1, 2005 to June 30, 2008

⁵ For the period from inception (March 16, 2005) to June 30, 2008

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 June 30, 2008, the Fund was invested in the following sectors in the percentages shown below:

	Actual Weighting 2008 ¹	Actual Weighting 2007 ²	Actual Weighting 2006 ²	Permitted Weighting
Business trusts	35.0%	45.4%	44.2%	20% - 60%
Power generation and pipeline trusts	5.1%	5.3%	7.2%	5% - 35%
Oil and gas royalty trusts	34.8%	25.4%	24.3%	10% - 50%
REITs	18.1%	22.2%	23.0%	5% - 45%
Total income trusts	93.0%	98.3%	98.7%	90% - 100%
High-yielding equity-based securities	7.0%	1.7%	1.3%	0% - 15%
	100.0%	100.0%	100.0%	

¹ Based on market value as at June 30, 2008

² Based on market value as at December 31

Top 25 Positions

Top 25 positions held by the Fund as at June 30, 2008, were as follows:

Number of Units ¹		Fair Value	Percentage of Investment Portfolio
214,200	Crescent Point Energy Trust	\$ 8,634,402	8.4%
216,000	Bonavista Energy Trust	8,089,200	7.9%
411,000	Progress Energy Trust	5,975,940	5.8%
364,000	Artis REIT	5,591,040	5.4%
389,000	Trinidad Drilling Limited	5,558,810	5.4%
376,076	Energy Savings Income Fund	5,298,911	5.2%
2,441,600	Huntingdon REIT	4,907,616	4.8%
254,800	Altus Group Income Fund	4,543,084	4.4%
1,272,393	Eveready Income Fund	4,529,719	4.4%
95,200	Enerplus Resources Fund	4,491,536	4.4%
461,300	Macquarie Power & Infrastructure Income Fund	3,768,821	3.7%
290,000	First National Financial Income Fund	3,613,400	3.5%
148,800	BFI Canada Income Fund	3,446,208	3.4%
72,600	Vermilion Energy Trust	3,212,550	3.1%
135,000	IBI Income Fund	2,990,250	2.9%
303,300	Avenir Diversified Income Trust	2,480,994	2.4%
769,300	Newport Partners Income Fund	2,477,146	2.4%
649,400	Lakeview Hotel REIT	2,298,876	2.2%
314,400	Coast Wholesale Appliances Income Fund	2,207,088	2.1%
60,850	Penn West Energy Trust	2,096,283	2.0%
91,000	Calloway REIT	1,770,860	1.7%
160,000	Exchange Industrial Income Fund	1,696,000	1.7%
169,000	Paramount Energy Trust	1,695,070	1.6%
1,700,000	Lanesborough REIT - Convertible Debenture	1,690,650	1.6%
82,400	Allied Properties REIT	1,662,008	1.6%

¹ Unless otherwise stated



Kevin Cash
Vice President & Chief Financial Officer of the Manager

August 27, 2008

STATEMENTS OF NET ASSETS

(Unaudited)

As at	June 30, 2008	December 31, 2007
Assets		
Investments, at fair value	\$ 102,750,950	\$ 99,875,412
Cash and equivalents	97,162	660,559
Distributions and interest receivable	821,429	1,020,901
Total assets	\$ 103,669,541	\$ 101,556,872
Liabilities		
Accounts payable and accrued liabilities <i>(note 4)</i>	1,068,795	1,264,987
Loan payable <i>(note 5)</i>	3,689,210	5,072,267
Preferred securities <i>(note 6)</i>	56,825,430	56,825,430
Total liabilities	61,583,435	63,162,684
Net assets representing unitholders' equity	\$ 42,086,106	\$ 38,394,188
Units outstanding <i>(note 7)</i>	5,682,543	5,682,543
Net assets per unit	\$ 7.41	\$ 6.76

The accompanying notes are integral to these financial statements.

Approved by the Manager, by:



Bruce K. Robertson
Director



Kevin Cash
Director

STATEMENTS OF OPERATIONS¹

(Unaudited)

For the six months ended June 30	2008	2007
Income and distributions		
Distributions from income trusts	\$ 3,746,739	\$ 4,783,987
Return of capital	1,359,171	1,843,910
Interest income	70,783	74,881
Security lending revenue	22,445	—
	5,199,138	6,702,778
Expenses		
Preferred securities interest expense	1,704,763	1,977,515
Management fees (note 9)	527,558	704,233
Service fees (note 9)	77,642	119,018
Other interest expense	95,487	125,699
General and administrative	35,661	70,126
Legal fees	15,022	—
Accounting and administrative	12,344	17,329
Custodial fees	11,615	19,113
Audit fees	9,449	12,500
Trustee fees	8,887	18,988
Directors' fees	6,057	5,350
Unitholders' communication fees	5,615	2,760
	2,510,100	3,072,631
Net investment income	2,689,038	3,630,147
Transaction costs (note 10)	(36,421)	(89,605)
Net realized losses on sale of investments (note 10)	(6,101,933)	(3,594,286)
Net change in unrealized gains on investments	11,364,407	9,683,748
Return of capital	(1,359,171)	(1,843,910)
Results of operations	\$ 6,555,920	\$ 7,786,094
Results of operations per unit^{1,2}		
Net investment income	\$ 0.47	\$ 0.55
Transaction costs	(0.01)	(0.01)
Net realized losses on sale of investments	(1.07)	(0.55)
Net change in unrealized gains on investments	2.00	1.47
Return of capital	(0.24)	(0.28)
Increase in net assets from operations	\$ 1.15	\$ 1.18

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

² Based on the weighted average number of units outstanding for the period (note 7)

The accompanying notes are integral to these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

For the six months ended June 30	2008	2007
Net assets - beginning of period	\$ 38,394,188	\$ 58,781,011
Fair value adjustment		
Adjustment from December 31, 2006 closing prices to bid prices	—	(1,128,281)
Operations ¹		
Net investment income	2,689,038	3,630,147
Transaction costs (note 10)	(36,421)	(89,605)
Net realized losses on sale of investments (note 10)	(6,101,933)	(3,594,286)
Net change in unrealized gains on investments	11,364,407	9,683,748
Return of capital	(1,359,171)	(1,843,910)
	6,555,920	7,786,094
Unitholder transactions		
Distribution to unitholders		
From net investment income	(1,504,831)	(2,771,609)
From return of capital	(1,359,171)	(1,843,910)
	(2,864,002)	(4,615,519)
Net increase in net assets during the period	3,691,918	2,042,294
Net assets - end of period	\$ 42,086,106	\$ 60,823,305

¹ Certain comparative figures have been reclassified to conform with current year presentation
The accompanying notes are integral to these financial statements.

STATEMENTS OF CASH FLOWS

(Unaudited)

For the six months ended June 30	2008	2007
Operating activities¹		
Net investment income	\$ 2,689,038	\$ 3,630,147
Transaction costs (note 10)	(36,421)	(89,605)
Return of capital	(1,359,171)	(1,843,910)
Change in other assets and liabilities	3,280	142,914
	1,296,726	1,839,546
Financing activities		
Loan payable, net borrowings (repayment)	(1,383,057)	290,327
Distributions to unitholders	(2,864,002)	(4,615,519)
	(4,247,059)	(4,325,192)
Investing activities		
Purchase of investment securities (note 10)	(11,733,079)	(16,049,336)
Proceeds from sale of investments (note 10)	14,120,015	17,913,363
	2,386,936	1,864,027
Net decrease in cash and equivalents during the period	(563,397)	(621,619)
Cash and equivalents, beginning of period	660,559	939,562
Cash and equivalents, end of period	\$ 97,162	\$ 317,943

¹ Certain comparative figures have been reclassified to conform with current year presentation
The accompanying notes are integral to these financial statements.

STATEMENT OF INVESTMENTS

(Unaudited)

As at June 30, 2008

Number of Units ¹		Average Cost	Fair Value	Percentage of Net Assets
Business Trusts				
376,076	Energy Savings Income Fund	\$ 6,181,319	\$ 5,298,911	12.6%
254,800	Altus Group Income Fund	2,444,712	4,543,084	10.8%
1,272,393	Eveready Income Fund	5,056,426	4,529,719	10.8%
290,000	First National Financial Income Fund	2,703,654	3,613,400	8.6%
148,800	BFI Canada Income Fund	3,713,165	3,446,208	8.2%
135,000	IBI Income Fund	3,157,644	2,990,250	7.1%
303,300	Avenir Diversified Income Trust	2,327,274	2,480,994	5.9%
769,300	Newport Partners Income Fund	6,333,790	2,477,146	5.9%
314,400	Coast Wholesale Appliances Income Fund	2,873,486	2,207,088	5.2%
160,000	Exchange Industrial Income Fund	2,000,000	1,696,000	4.0%
255,400	AutoCanada Income Fund	2,528,456	1,409,808	3.3%
125,000	Yellow Pages Income Fund	1,216,015	1,107,500	2.6%
199,000	Big Eagle Services Trust - Private Placement	995,000	169,150	0.4%
		41,530,941	35,969,258	85.4%
Power Generation and Pipeline Trusts				
461,300	Macquarie Power & Infrastructure Income Fund	3,900,859	3,768,821	9.0%
173,500	Atlantic Power Corporation	1,710,755	1,455,665	3.5%
		5,611,614	5,224,486	12.5%
Oil and Gas Royalty Trusts				
214,200	Crescent Point Energy Trust	3,921,991	8,634,402	20.5%
216,000	Bonavista Energy Trust	6,752,428	8,089,200	19.2%
411,000	Progress Energy Trust	5,285,248	5,975,940	14.2%
95,200	Enerplus Resources Fund	4,290,715	4,491,536	10.7%
72,600	Vermilion Energy Trust	2,838,048	3,212,550	7.6%
60,850	Penn West Energy Trust	1,828,130	2,096,283	5.0%
169,000	Paramount Energy Trust	1,702,112	1,695,070	4.0%
63,000	Zargon Energy Trust	1,475,113	1,628,550	3.9%
		28,093,785	35,823,531	85.1%
Real Estate Investment Trusts (REITs)				
364,000	Artis REIT	3,261,745	5,591,040	13.3%
2,441,600	Huntingdon REIT	4,087,499	4,907,616	11.7%
649,400	Lakeview Hotel REIT	1,662,339	2,298,876	5.5%
91,000	Calloway REIT	1,461,970	1,770,860	4.2%
82,400	Allied Properties REIT	1,010,144	1,662,008	3.9%
71,000	H&R REIT	1,173,651	1,270,900	3.0%
391,600	InterRent REIT	1,997,845	982,915	2.3%
		14,655,193	18,484,215	43.9%
High-Yielding Equity-Based Securities				
389,000	Trinidad Drilling Limited	3,939,471	5,558,810	13.3%
1,700,000	Lanesborough REIT - Convertible Debenture	1,700,000	1,690,650	4.0%
	Investment portfolio ²	95,531,004	102,750,950	244.2%
	Transaction costs (note 10)	(59,334)	—	—
	Total investment portfolio	\$ 95,471,670	102,750,950	244.2%
	Cash and equivalents		97,162	0.2%
	Liabilities in excess of other assets		(60,762,006)	(144.4%)
	Net assets		\$ 42,086,106	100.0%

¹ Unless otherwise stated

² Securities, or a portion thereof, with an aggregate market value of \$4,565,273 have been used in securities lending activities as at June 30, 2008. In return, the Fund has received collateral with a market value of \$4,818,864

The accompanying notes are integral to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008 (unaudited)

1. OPERATIONS

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

The Fund’s investment objectives are to provide holders of preferred securities with fixed quarterly interest payments in the amount of \$0.15 per preferred security (\$0.60 per annum to yield 6% per annum on the original subscription price of \$10.00), and repayment of the original subscription price at maturity. For unitholders, the Fund’s objectives are to provide holders of units with tax efficient and growing monthly cash distributions, a significant portion of which is tax deferred, and capital appreciation on the portfolio.

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

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared using the following policies determined under Canadian generally accepted accounting principles and they include estimates and assumptions made by the Manager that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the six-month period ended June 30, 2008. Actual results could differ from these estimates. The notes to these interim financial statements are presented in a condensed or summarized format and, therefore, should be read in conjunction with the Fund’s December 31, 2007 annual financial statements. These financial statements follow the same accounting policies and methods of their application as those used in preparing the annual financial statements except for the following:

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 Fund 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 statements 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 Fund adopted these sections prospectively, beginning January 1, 2008.

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.

3. NET ASSET VALUE PER UNIT

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

The difference between the published net asset value per unit and the financial statement net assets per unit reflected in the financial statements as at June 30 is as follows:

As at June 30, 2008		Per Unit
Published net asset value used for purchase and redemptions	\$ 42,479,712	\$ 7.48
Section 3855 adjustment	(393,606)	(0.07)
Net assets per financial statements	\$ 42,086,106	\$ 7.41

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	June 30, 2008	December 31, 2007
Distributions payable to unitholders (<i>notes 7,8</i>)	\$ 477,334	\$ 663,153
Interest payable to security holders	284,127	284,127
Other accounts payable and accrued liabilities	75,971	187,207
Management fees payable	90,503	90,979
Service fees payable	42,209	39,521
Due to broker – unsettled trades	98,651	–
	\$ 1,068,795	\$ 1,264,987

5. LOAN FACILITY

The Fund 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 net asset value of the Fund. This was reduced from the lower of \$11,000,000 but not exceeding 7% of the total value of the net assets of the Fund as at December 31, 2007. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets. The Fund uses borrowings to purchase additional investments and for general Fund purposes. As at June 30, 2008, \$3,689,210 was drawn on the facility (December 31, 2007 - \$5,072,267), representing 8.8% of the net assets of the Fund. The credit facility pays interest at bankers' acceptance rates plus 40 basis points. As the loan is payable at anytime and the interest rate is variable based on the prime rate, its fair value approximates its carrying value. The minimum and maximum borrowed during the six months ended June 30, 2008 was \$1,697,384 and \$5,094,306, respectively.

6. PREFERRED SECURITIES

There have been no securities redeemed during the six months ended June 30, 2008 (2007 - nil). The weighted average number of Preferred Securities outstanding for the six months ended June 30, 2008 was 5,682,543 (2007 - 6,591,715).

7. UNITS OF THE FUND

There have been no units redeemed during the six months ended June 30, 2008 (2007 - nil). The weighted average number of units outstanding for the six months ended June 30, 2008 was 5,682,543 (twelve months ended December 31, 2007 - 6,571,788).

8. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions on units, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the 15th day or the first business day after the 15th, during the month following the record date. Distributions on preferred securities, as declared by the Manager, are made on a quarterly basis to security holders of record on the last business day of February, May, August and November and payable on the 15th day of the subsequent month. Distributions payable as at June 30, 2008 totalled \$477,334 (December 31, 2007 - \$663,153).

9. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 1.10% per annum of the total assets of the Fund less the amounts outstanding under the credit facility, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the published net asset value of the Fund, calculated and paid quarterly. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

10. INVESTMENT TRANSACTIONS

Investment transactions¹ for the six months ended June 30 were as follows:

	2008	2007
Proceeds from sale of investments	\$ 14,120,015	\$ 17,913,363
Less cost of investments sold		
Investments at cost - beginning of period	103,960,539	129,865,674
Investments purchased during the period	11,733,079	16,049,336
Investments at cost - end of period	95,471,670	124,407,361
Cost of investments sold during the period	20,221,948	21,507,649
Net realized loss on sale of investments	\$ (6,101,933)	\$ (3,594,286)

¹ All balances have been adjusted for Return of Capital amounts

Brokerage commissions on securities purchased and sold during the six months ended June 30, 2008 totalled \$36,421 (2007 - \$89,605) and are included as an expense in the Statement of Operations.

11. CAPITAL DISCLOSURES

The Fund's capital structure is comprised of unitholders' equity and the loan payable. The Fund's objective is to utilize prudent levels of leverage to lower the Fund'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 Fund's leverage ratios. The Manager also manages the composition of its investment portfolio to ensure that the Fund is within its investment objectives, and thus in compliance with the requirements of the loan facility.

12. RISK MANAGEMENT

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

Market Risk

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

The Fund's 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 Fund.

The Fund'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 had increased or decreased by 10.00%, and all other variables held constant, the net assets of the Fund would increase or decrease by 8.16%, 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 Fund's assets are non-interest bearing; however, the bank loan facility bears interest at the prime rate. The Fund is also exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund. The Fund maintains all of its cash and equivalents at its custodian or 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 Fund 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 Fund to make a claim to recover its investment. When recovering its investment on a default, the Fund 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 Fund.

Currency Risk

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

Liquidity Risk

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

The Fund is also exposed to annual cash redemptions of Fund units, however, the Fund has up to approximately 30 days to raise the necessary cash to fund the required redemption payment amount. The Fund 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.

BOARD AND MANAGEMENT

INDEPENDENT REVIEW COMMITTEE

John P. Barratt (*Chair*)
Chief Operating Officer
The Caldwell Partners International Inc.

James C. Bacon
Business Consultant

James L. R. Kelly
President
Earth Power Tractors and Equipment

MANAGER

Brookfield Investment Funds Management Inc.

George E. Myhal
Director & President & Chief Executive Officer

Kevin Cash
Director, Vice President & Chief Financial Officer

Joseph S. Freedman
Corporate Secretary

Jeffrey M. Blidner
Director

Bruce K. Robertson
Director

Investment Advisor (Brookfield SoundVest Capital Management Ltd.)

Kevin Charlebois
President & Chief Investment Officer

Ernest Meszaros
Vice President & Portfolio Manager

Scott Jarvis
Portfolio Manager & Analyst

Brian Durno
Analyst

Seth Powter
Analyst

CORPORATE INFORMATION

Brookfield Funds welcome inquiries from unitholders, analysts, media representatives or other interested parties.

Head Office of The Manager

Brookfield Investment Funds Management Inc.
 (a subsidiary of Brookfield Asset Management Inc.)
 Brookfield Place - 181 Bay Street, Suite 300
 Toronto, Ontario M5J 2T3

Please direct your inquiries to:

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Investment Advisor

Brookfield SoundVest Capital Management Ltd.
 100 Sparks Street, 9th Floor
 Ottawa, Ontario K1P 5B7

Trustee, Transfer Agent and Registrar

Unitholder inquiries relating to distributions, address changes and unitholder account information should be directed to:

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 Computershare Trust Company of Canada
 100 University Avenue, 9th Floor
 Toronto, Ontario M5J 2Y1
 t. 1.800.564.6253 (toll-free North America)
 International 514.982.7555
 f. 1.866.249.7775 (toll-free North America)
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