

BROOKFIELD SOUNDVEST EQUITY FUND
(formerly Brascan SoundVest Focused Business Fund)

ANNUAL INFORMATION FORM

DATED MARCH 27, 2012

Forward-Looking Statements: This Annual Information Form contains “forward-looking statements” and information. The words “believe,” “typically,” “generally,” “expect,” “will,” “potential,” “should,” “seek,” “likely,” “could,” “may,” 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. 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; availability of financing and other risks and factors described from time to time in the documents filed by the Fund, the Manager and the Investment Advisor with the securities regulators in Canada. Neither the Fund, the Manager nor the Investment Advisor undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by law.

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THE FUND

This is the annual information form applicable to the transferable, redeemable trust units (the “Units”) of the Brookfield Soundvest Equity Fund (the “Fund”). The Fund is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated September 28, 2005. The declaration of trust was amended and restated as of March 28, 2008 for the purpose of establishing an independent review committee pursuant to National Instrument 81-107 of the Canadian Securities Administrators in lieu of an advisory board. The declaration of trust was further amended and restated as of January 1, 2010 (the “Declaration of Trust”) to reflect the fund mergers and restructuring described below, under “Restructuring”. The manager of the Fund is Brookfield Soundvest Capital Management Ltd. (in such capacity, the “Manager”) and the Fund’s investment advisor is Brookfield Soundvest Capital Management Ltd. (in such capacity, the “Investment Advisor”). Computershare Fund Company of Canada is the trustee of the Fund (the “Trustee”). The Trustee and the Manager (or any replacement thereof) will at all times be residents of Canada for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”). The head office of the Fund is located at 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7.

The Fund closed its initial public offering on September 28, 2005, issuing 4,800,000 Units. An additional 250,000 Units were issued on October 28, 2005 pursuant to an over-allotment option. The Fund received net proceeds of \$47,975,000 from the public offering and over-allotment. The Fund is currently traded on the TSX under the symbol “BSE.UN”. Because the primary market for the Units is the TSX, the Fund has not developed policies or procedures to monitor, detect, or deter short-term trades of Units by investors.

Restructuring

On December 15, 2009, at a joint extraordinary meeting (“Restructuring Meeting”) of unitholders of each of Brascan SoundVest Diversified Income Fund (“Diversified”), Brascan SoundVest Total Return Fund (“Total Return”), and Brascan SoundVest Focused Business Fund, the unitholders of each fund approved resolutions to combine all three funds into Brascan SoundVest Focused Business Fund, which was renamed Brookfield Soundvest Equity Fund. Unitholders also approved amendments to the Fund’s investment strategy and a change of the Fund’s manager (from Brookfield Investment Funds Management Inc. to the Manager). These changes were implemented on January 1, 2010 (the “Effective Date”) and unitholders of Diversified and Total Return became unitholders of the Fund on that date.

Also, on the Effective Date, the management fee of the Fund was reduced from 1.10% to 0.95% and the Fund’s investment mandate was expanded to allow investment in a broader set of primarily high yielding equity securities. In addition, further amendments were made to the Declaration of Trust to eliminate the fixed termination date of the Fund, remove the mandatory unit repurchase obligation, and change the annual redemption date to the last business day in August of each year.

Details of the matters considered at the Restructuring Meeting are set out in the Joint Information Circular dated November 12, 2009, which was sent to all Unitholders and is available at www.sedar.com. All of the changes discussed above are referred to, collectively, herein as the “Restructuring”.

The Restructuring was referred to and reviewed by the Independent Review Committee of the Fund. After due consideration, the Independent Review Committee provided its positive recommendation that the Restructuring achieved a fair and reasonable result for the Fund.

Status of the Fund

The Fund is not considered to be a mutual fund under the securities legislation of the provinces of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds, including National Instrument 81-102 of the Canadian Securities Administrators (“NI 81-102”).

The Fund is not a trust company and does not carry on business as a trust company and, accordingly, the Fund is not registered under the Fund company legislation of any jurisdiction. Units are not “deposits” within the

meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

INVESTMENTS OF THE FUND

Investment Objectives

The Fund's investment objectives are:

- (a) to provide holders of Units ("Unitholders") with a stable stream of monthly distributions; and
- (b) to maximize long-term total return to Unitholders.

Investment Strategy

The Fund seeks to achieve its investment objectives by diligently selecting and actively managing a diversified portfolio (the "**Portfolio**") of select securities that the Investment Advisor believes will provide an attractive yield to investors, while offering the potential for capital appreciation.

In order to achieve the Fund's investment objectives, the Fund shall invest its net assets in a Portfolio consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds and debentures, income trusts, real estate investment trusts ("**REIT's**"), Canadian mortgage-backed securities, and cash and cash equivalents. The Fund may also invest up to 20% of the value of the Portfolio in any other security, at the discretion of the Investment Advisor, which is not otherwise prohibited by its Declaration of Trust.

The Investment Advisor uses a conservative, long-term "growing-concern" approach to the management of investments, and applies a rigorous buy/sell discipline to all investments. The Investment Advisor actively seeks to identify and invest in successful businesses run by strong and experienced management teams and which are available at attractive prices. In managing the Portfolio, the Investment Advisor employs risk management and risk reduction techniques that are intended to preserve and protect capital.

Securities selection for the Portfolio is based primarily on an assessment of the attractiveness of individual issuers. This involves an in-depth review of the business carried on by each issuer, its prospects, its management and its value. The Investment Advisor also assesses various macro factors to ensure diversification by industry amongst the issuers included in the Portfolio to enable the Fund to benefit from trends and other factors affecting a particular industry.

The Investment Advisor's examination of individual issuers incorporates an intensive and ongoing analysis of the fundamentals of each issuer. As part of the process, the Investment Advisor generally: (a) conducts interviews with the issuer's management, competitors and investment analysts; (b) assesses the competitive position of the issuer's business, factors that affect the issuer's profitability, and the ability of the issuer's management to effectively allocate capital; and (c) analyzes the capability of the issuer to consistently earn a rate of return on its invested capital which is meaningfully higher than its cost of capital.

The criteria used to select specific securities for the Portfolio revolves around three key areas of analysis: (i) management, (ii) the micro-economics of the business and (iii) valuation.

Management
<p>The Investment Advisor assesses the integrity, competence and track record of management of each issuer by examining a number of factors including the following:</p> <ul style="list-style-type: none"> • cost control discipline; • prudent assumptions for both maintenance and growth capital expenditures; • conservative approach to the use of leverage; • margin of safety in the issuer’s pay-out ratio; • customer and investor focus; • selection of conservative accounting practices; and • sound corporate governance.

Micro-economics
<p>The Investment Advisor seeks the following factors in its selection of investments:</p> <ul style="list-style-type: none"> • sustainable competitive position in its chosen market place; • ability to consistently generate a steady or growing level of free cash flow on a per unit or security basis through various economic cycles; • ability to distribute substantially all of its free cash flow to securityholders without impairing the underlying prospects of the business; and • reasonable returns on invested capital with conservative leverage.

Valuation
<p>The Investment Advisor seeks to invest in issuers that are priced below their intrinsic value. However, if the intrinsic value of an issuer is growing at a meaningful rate, the Investment Advisor may invest in such an issuer, at such value, particularly when cash distributions are at attractive yield levels. The Investment Advisor will determine intrinsic values using the following methods:</p> <ul style="list-style-type: none"> • detailed discounted cash flow analysis; • private market valuation analysis on standard metrics for the respective industry; and • comparative business analysis.

To assess the relative attractiveness of a particular security, its intrinsic value is compared with both its market price and an expected trading range as determined by the Investment Advisor.

Investment Criteria

The Fund is subject to certain investment criteria that specify the equity securities and other securities the Fund may acquire for the Portfolio. The Fund’s investment criteria may not be changed without the approval of the Unitholders by a two-thirds majority vote of those Unitholders who attend and vote at a meeting called for such purpose. The Fund’s investment criteria for the Portfolio provide that the Fund may purchase:

- (a) common shares of Canadian issuers;

- (b) preferred shares of Canadian issuers;
- (c) income securities, including bonds and debentures;
- (d) income trusts;
- (e) REIT's;
- (f) Canadian mortgage-backed securities;
- (g) cash or cash equivalents, in such amounts as the Investment Advisor deems advisable, including indebtedness that has a remaining term to maturity of less than one year and that is issued by the Government of Canada or of a jurisdiction thereof, the government of the United States and of certain other foreign countries having an approved credit rating for the purposes of NI 81-102 (as if the Fund were subject to NI 81-102) and certain Canadian or foreign financial institutions rated as short-term debt and having an approved credit rating for the purposes of NI 81-102 (as if the Fund were subject to NI 81-102); and
- (h) up to 20% of the value of the Portfolio in securities not already listed above and not otherwise prohibited by the Declaration of Trust.

The Fund maintains its intention to purchase securities of Canadian issuers but may from time to time invest in foreign securities which will primarily be securities issued by United States issuers.

Investment Restrictions

The Fund does not engage in any undertaking other than the investment of the Fund's assets in accordance with the Fund's investment objectives, strategy and criteria specified herein. The Fund is subject to the following investment restrictions pursuant to which the Fund will not:

- (a) invest more than 10% of the net assets of the Fund in the securities of any single issuer, other than securities issued by the Government of Canada or a jurisdiction thereof;
- (b) purchase or sell derivative instruments except as described under "Investments of the Fund— Use of Derivative Investments";
- (c) borrow money, other than under the Loan Facility (as defined herein under "Loan Facility");
- (d) make loans, provided that the Fund may engage in securities lending and may purchase and hold debt obligations (including bonds, debt securities or other obligations and certificates of deposit, bankers' acceptances and fixed term deposits) in accordance with the Fund's investment strategy, objectives and criteria specified herein;
- (e) purchase real estate or real estate mortgage loans;
- (f) purchase or sell commodities or commodities contracts;
- (g) make short sales of securities or maintain short positions;
- (h) own more than 10% of any class of securities of any one issuer or purchase the securities of an issuer for the purpose of exercising control over management of any issuer;
- (i) guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Fund;

- (j) act as an underwriter, except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of Portfolio securities;
- (k) make or hold any investment that would result in the Fund failing to qualify as a “unit trust” within the meaning of paragraph 108(2) (b) of the Tax Act. Among other requirements, in order for the Fund to so qualify:
 - (i) at all times at least 80% of the property of the Fund must consist of a combination of: shares; property that, under the terms or conditions of which or under an agreement, is convertible into, exchangeable for, or confers a right to acquire, shares; cash; bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations; marketable securities; real property situated in Canada and interests in real property situated in Canada; or rights to and interests in any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada;
 - (ii) not less than 95% of the Fund’s income for each year must be derived from, or from the disposition of, investments described in (i) above; and
 - (iii) at no time may more than 10% of the Fund’s property consist of bonds, securities or shares in the capital stock of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality;
- (l) make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (m) invest in or hold the securities of any non-resident corporation or trust or other non-resident entity (or in interests in any partnership that holds such securities) if the Fund (or the partnership) would be required to include any significant amounts in income in respect of such securities pursuant to proposed sections 94.1 or 94.3 of the Tax Act, or to mark to market its investment in such securities in accordance with proposed section 94.2 of the Tax Act, as set forth in the proposed amendments to the Tax Act dealing with foreign investment entities announced by the Minister of Finance (Canada) on November 9, 2006 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- (n) invest in securities of a non-resident trust (or in interests in any partnership that holds interests in such a trust) other than an “exempt foreign trust” as such term is defined in the proposed amendments to the Tax Act dealing with non-resident trusts announced by the Minister of Finance (Canada) on November 9, 2006 (or amendments to such proposed provisions as enacted into law or successor provisions thereto);
- (o) make or hold any investment that is a “tax shelter investment” for purposes of section 143.2 of the Tax Act;
- (p) with the exception of securities of the Fund’s own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or the Investment Advisor or any of their respective affiliates, with any officer, director or shareholder of any of them, with any person, trust, firm or corporation managed by the Manager or the Investment Advisor or any of their respective affiliates or with any firm or corporation in which any officer, director or shareholder of the Manager or the Investment Advisor may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any such purchase or sale of securities, any such transaction is effected through normal market facilities, and the purchase price approximates the prevailing market price;

- (q) make or hold any investment that is “non-portfolio property” for purposes of section 122.1 of the Tax Act; or
- (r) invest more than 20% of the value of the Portfolio in securities not already listed under Investment Objectives above and not otherwise prohibited in the Declaration of Trust.

Use of Derivative Instruments

The Fund may invest in or use derivative instruments for hedging purposes consistent with its investment objectives and investment strategy and subject to its investment restrictions, as permitted by Canadian securities regulators from time to time. For example, the Fund may use derivatives, including interest rate and foreign exchange hedges with the intention of offsetting or reducing risks associated with an investment or group of investments. These risks include currency value fluctuations, commodity price fluctuations, stock market risks and interest rate changes.

Securities Lending

In order to generate additional returns, the Fund may lend Portfolio securities to borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and each borrower (a “Securities Lending Agreement”). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act as proposed to be amended; and (iii) the Fund will receive collateral security which it may pledge as security as necessary under the Loan Facility (as defined herein under “Loan Facility”).

MANAGEMENT OF THE FUND

The Manager

Pursuant to an amended and restated management agreement dated as of January 1, 2010, (the “Management Agreement”), the Manager was appointed to act as the manager of the Fund and was given the authority to manage the activities and day to day operations of the Fund, including providing and arranging for the provision of marketing and administrative services required by the Fund. Under the Management Agreement, the Manager may delegate certain of its duties to third parties. The Manager’s duties include: maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax forms and financial and accounting information as required by the Fund; calculating the net asset value (the “NAV”) per Unit of the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required by applicable law from time to time; monitoring the Fund’s compliance with regulatory requirements and any applicable stock exchange listing requirements; preparing the Fund’s reports to Unitholders, the Canadian securities regulatory authorities and any stock exchange on which the Units are listed; and negotiating contractual agreements with third party providers of services, including auditors and printers. The Manager, acting in such capacity, does not participate in the day to day management of the Portfolio. The Manager is registered as a Portfolio Manager and Investment Fund Manager under the Securities Act (Ontario).

The Manager, 50% owned by Brookfield Asset Management Inc. (“Brookfield”) and 50% owned by entities controlled by Kevin Charlebois, has been the Fund’s investment advisor since its inception. The Manager is located at 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7.

The Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties as manager honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Management Agreement provides that the Manager

will not be liable for any default, failure or defect in any of the securities comprising the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager’s standard of care or by any material breach or default by it of its obligations under the Management Agreement.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Fund. The Manager may resign if the Fund is in breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days’ notice of such breach or default to the Fund and the Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act. The Manager may not be removed other than by an Extraordinary Resolution (as defined herein under “Description of Units and Unitholder Matters — Meetings of Unitholders and Extraordinary Resolutions”) of the Unitholders. In the event that the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days’ notice of such breach or default to the Manager, the Trustee shall give notice thereof to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor manager.

The Manager receives fees for its services as manager under the Management Agreement, as described under “Fees and Expenses”, and is reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. In addition, the Manager and each of its directors, officers, employees and agents will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its officers, directors, employees or agents, in the exercise of its duties as manager, except those resulting from the Manager’s wilful misconduct, bad faith, negligence, disregard of the Manager’s standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

The management services provided by the Manager under the Management Agreement are not exclusive to the Fund and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

Directors and Officers of the Manager

The name, municipality of residence, positions and principal occupations of each of the directors and officers of the Manager are as follows:

Name and Municipality	Position with the Manager	Principal Occupation
Kevin Charlebois, CFA Ottawa, Ontario	Director, President, Chief Executive Officer, Secretary and Chief Investment Officer	Same
George Myhal Toronto, Ontario	Chairman	Senior Managing Partner, Brookfield Asset Management Inc.
Gail Cecil Toronto, Ontario	Director	Director, Brookfield Investment Management (Canada) Inc.
Audrey Charlebois Ottawa, Ontario	Director	Same
Gabrielle Lenz Ottawa, Ontario	Chief Financial Officer and Controller	Same

Kevin Charlebois, President, Chief Executive Officer, Secretary and Chief Investment Officer

Mr. Charlebois is the President and Chief Investment Officer of Brookfield Soundvest Capital Management Ltd. and is primarily responsible for providing investment advisory and portfolio management services for the Fund. Mr. Charlebois earned a Bachelor of Commerce degree from Carleton University (1974) and joined the company in 1975. He has managed investments in Canadian and U.S. stocks, bonds, money market, mortgages, real estate, venture capital, private placements and high yielding equities since that time. His experience in high yield equities dates back to the 1970s with direct, private investments in real estate and mortgages, and in oil and gas properties on behalf of pension fund clients. In addition, Mr. Charlebois has created and taught finance courses at Carleton University, is past Chairman of the Finance Committee of the School of Business at Algonquin College, is a past director of the Ottawa-Carleton Board of Trade (and past Chairman of the Board's Finance and Taxation Committee), a past Chairman of the Young Professional Associates, a past director of the Foundation of the Ottawa General Hospital and a former President of the Ottawa Chapter of Financial Analysts. Mr. Charlebois is a Chartered Financial Analyst charterholder.

George Myhal, Chairman

Mr. Myhal is a Senior Managing Partner and Chief Operating Officer of Brookfield Asset Management Inc. and has held a number of senior positions within Brookfield since joining the company in 1981. He has been instrumental in the development and growth of Brookfield's asset management business. Mr. Myhal was previously the Treasurer of Brookfield and has extensive experience in the capital markets, particularly with respect to corporate debt and high yield debt. Mr. Myhal is a Chartered Accountant and an Industrial Engineering graduate of the University of Toronto.

Gail Cecil, Director

Ms. Cecil joined Brookfield Asset Management Inc. in 2003 and was primarily involved in the company's restructuring and lending activities. For the past several years, Ms. Cecil has principally been involved in managing investments in public securities across a broad range of industries and asset classes. Previously, Ms. Cecil worked for BMO Nesbitt Burns in its mergers and acquisitions, corporate finance and equity capital markets groups. Ms. Cecil has a B.A. in Statistics from the University of Western Ontario, an HBA from the Richard Ivey School of Business and an MBA from the Wharton School. Ms. Cecil is a Chartered Financial Analyst charter holder.

Audrey Charlebois, Director

Mrs. Charlebois was the Manager of Finance and Administration for Brookfield Soundvest Capital Management Ltd's predecessor companies from 1987 to 2005. She was responsible for all administrative and accounting functions of the company and managed services provided by external contractors. Mrs. Charlebois is a director and officer of a shareholder of Brookfield Soundvest.

Gabrielle Lenz, Chief Financial Officer

Ms. Lenz joined Brookfield Soundvest Capital Management Ltd. in September 2011 and is responsible for the financial operations and reporting of the company and the funds it manages. Ms. Lenz is a Chartered Accountant (1985) with post public accounting experience ranging from financial reporting to operations management. She has served as Controller and Director of Finance with public and private companies in the manufacturing and professional services sectors.

The Independent Review Committee

As of the Effective Date, coincident with the Restructuring, the independent review committee ("Independent Review Committee") of the Fund ceased to hold office in accordance with the provisions of National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-017"). The Manager, however, immediately reconstituted the Fund's Independent Review Committee such that the previous members were all re-appointed by Manager. Consequently, the same individuals that previously comprised the Independent Review

Committee of the Fund, John P. Barratt, James C. Bacon and James L. R. Kelly, continued to serve as the Independent Review Committee of the Fund. Mr. Bacon passed away in July 2010 and Mr. Frank N.C. Lochan was appointed effective January 1, 2011 for an initial term of one year to fill the vacancy created by Mr. Bacon's death. At the November 29, 2011 Board meeting, the terms of Messrs. Barratt, Kelly, and Lochan were extended for a three year period effective January 1, 2012.

The Manager established the Independent Review Committee as required by NI 81-017, for all publicly offered investment funds managed by the Manager. The Independent Review Committee is responsible for reviewing, and if desirable providing input to the Manager on, the Manager's written policies and procedures which deal with conflicts of interest involving the Manager, as well as, any other matter that the Manager requests the Independent Review Committee to review. Each member is independent as that term is defined under NI 81-107. The members of the Independent Review Committee are required to act honestly and in good faith and in the best interests of the Fund and in connection with that duty exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

At least annually the Independent Review Committee will prepare a report of its activities for unitholders of the Fund which will be available on the Brookfield Soundvest internet web site at brookfieldsoundvest.com, at www.sedar.com or at the unitholder's request at no cost, by contacting the Brookfield Funds at inquiries@brookfieldsoundvest.com.

The Manager has developed a detailed policies and procedures manual to help ensure compliance with applicable laws and policies in respect of the oversight, operation, marketing, and administration of the Fund. The Manager's policies and procedures manual include provisions regarding personal trading standards of conduct, conflict of interest guidelines, and a code of ethics.

As part of its mandate, the Independent Review Committee has reviewed and provided standing instructions to the Manager that it may rely on its policies on Allocation of Expenses Among the Funds, Net Valuation Calculation Errors, Use of Brokerage Services Provided to the Fund, Trade Allocation, Best Execution, Voting Proxies or Taking Other Corporate Action on Securities held by the Funds, Personal Trading, and Soft Dollars.

All fees and expenses of the Independent Review Committee incurred in connection with its duties to the Fund are paid by the Fund. The Independent Review Committee has the authority to retain independent counsel or other advisors if the Independent Review Committee determines it is useful or necessary to do so in order to carry out its duties and to set and pay, at the expense of the Fund, reasonable compensation and proper expenses for the independent advisors.

Members of the Independent Review Committee are each entitled to compensation of \$25,000 per annum plus reimbursement of expenses, being the aggregate total for their duties on behalf of the Manager's multiple independent review committees. For the fiscal year ended December 31, 2011, a total of \$42,427 (including taxes) was paid by the Fund to Independent Review Committee members; reimbursement of expenses made to Independent Review Committee members was nominal.

The members of the Independent Review Committee will be indemnified by the Fund except in cases of breach of the members' standard of care and subject to the limitations imposed by NI 81-107. The members of the Independent Review Committee may serve in a similar capacity in respect of other entities managed by the Manager.

John P. Barratt

Mr. Barratt is currently a corporate director. Mr. Barratt served as Chief Operating Officer (2005 -2006) and then as the Board Liaison Officer (2006 – 2009) of The Caldwell Partners International. The Caldwell Partners International is a Canadian based human capital services company. From 2002 to 2007, Mr. Barratt acted as the court-appointed Responsible Person and Liquidation Manager of Beyond.com Corporation, Debtor-in-Possession, a US Chapter 11 Bankruptcy case, in which capacity Mr. Barratt reported to the court and the U.S. Trustee's Office. From September 2000 until the date of its Chapter 11 bankruptcy filing (2002), Mr. Barratt acted in the capacity of

Chief Operating Officer of Beyond.com Corporation, an electronic fulfillment provider. Between 1996 and 2000, Mr. Barratt was partner in residence with the Quorum Group of Companies, an international investment partnership specializing in providing debt and/or equity capital coupled with strategic direction to emerging technology companies. Between 1988 and 1995, Mr. Barratt held a number of positions with Coscan Development Corporation, a real estate development company, the last position of which was Executive Vice-President and Chief Operating Officer. Mr. Barratt is currently Chairman of the Board of Generex Biotechnology Corporation, a member of the Board of Directors of Brookfield Investments Corporation, BAM Split Corp. and Crystal Fountains Holdings Inc. In addition, Mr. Barratt is a Member of the Board and Chairman of the Risk Policy Committee for the Bank of China (Canada).

James L. R. Kelly

Mr. Kelly is President of Earth Power Tractors and Equipment Inc., a farm equipment dealer, a position he has held since 1998. Between 1994 and 1998, Mr. Kelly was self-employed as a management consultant providing management and financial services, and prior to that time from 1990 was Senior Vice President and Chief Financial Officer of Triathlon Leasing Inc. From 1972 to 1990, Mr. Kelly held various senior finance and administrative positions with Xerox Canada Inc. Mr. Kelly is a Chartered Accountant.

Frank N. C. Lochan

Mr. Lochan is currently Chairman or Director of a number of Canadian and international companies operating in the investment management and insurance sectors, and serves on various committees of those companies. Mr. Lochan held various executive positions with the Brookfield group of companies from 1974 until his retirement in 2005, when he was Executive Vice-President, Taxation. Mr. Lochan is a Fellow of the Institute of Chartered Accountants of England and Wales, and of the Association of Certified Chartered Accountants. He is also a member of the Institute of Chartered Accountants of Ontario and of the Canadian Institute of Chartered Business Valuators.

The Investment Advisor

Pursuant to an investment advisory agreement (the "Investment Advisory Agreement") dated as of September 28, 2005, the Investment Advisor was retained to provide investment advisory and portfolio management services to the Fund. The Investment Advisory Agreement was amended and restated as of the Effective Date to reflect the appointment of the Manager as manager of the Fund and the other matters contemplated by the Restructuring. The Investment Advisor, established in 1970, is registered as an investment manager with securities commissions in both Canada and the United States and is located at 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7.

Brookfield SoundVest is 50% owned by Brookfield Asset Management Inc. and 50% owned by entities controlled by Kevin Charlebois. On April 3, 2008, the Investment Advisor's name was changed from SoundVest Capital Management Ltd. to Brookfield SoundVest Capital Management Ltd. Prior to March 2003, the Investment Advisor's name was Queensway Investment Counsel Limited. From 1970 to 1996, the Investment Advisor's name was JRF Financial Consultants Ltd.

The individual primarily responsible for managing the investments within the Portfolio is Kevin Charlebois, who is supported by a team of experienced professionals. The employees of the Investment Advisor, including Kevin Charlebois, who are be involved in providing investment management services to the Manager under the Investment Advisory Agreement are as follows:

<u>Name and Municipality</u>	<u>Principal Occupation and Position with the Investment Advisor</u>
Kevin Charlebois, CFA Ottawa, Ontario	President and Chief Investment Officer
Ryan Cody, CFA Ottawa, Ontario	Portfolio Manager and Equity Analyst
Tyson Charlebois Ottawa, Ontario	Equity Analyst

Kevin Charlebois

Mr. Charlebois is the President, Chief Executive Officer and Chief Investment Officer of Brookfield Soundvest Capital Management Inc. and is primarily responsible for providing investment advisory and portfolio management services for the Fund. Mr. Charlebois earned a Bachelor of Commerce degree from Carleton University (1974) and joined the company in 1975. He has managed investments in Canadian and U.S. stocks, bonds, money market, mortgages, real estate, venture capital, private placements and high yielding equities since that time. His experience in high yield equities dates back to the 1970s with direct, private investments in real estate and mortgages, and in oil and gas properties on behalf of pension fund clients. In addition, Mr. Charlebois has created and taught finance courses at Carleton University, is past Chairman of the Finance Committee of the School of Business at Algonquin College, is a past director of the Ottawa-Carleton Board of Trade (and past Chairman of the Board's Finance and Taxation Committee), a past Chairman of the Young Professional Associates, a past director of the Foundation of the Ottawa General Hospital and a former President of the Ottawa Chapter of Financial Analysts. Mr. Charlebois is a Chartered Financial Analyst charterholder.

Ryan Cody

Ryan is a portfolio manager with Brookfield Soundvest Capital Management Ltd. In addition to his portfolio management duties, Ryan is responsible for performing detailed fundamental analysis on selected industries providing support to the rest of the management team. Ryan joined the firm in 2000 as an account manager and was subsequently promoted to the position of research analyst in 2006 and then portfolio manager in 2010. Ryan earned both a Bachelor of Social Science degree with a major in Economics from the University of Ottawa and a 3-year Business Administration diploma from Algonquin College. Ryan has also completed the Canadian Securities Course and the Options and Derivatives Fundamentals Course offered through the Canadian Securities Institute. Ryan is a Chartered Financial Analyst charterholder.

Tyson Charlebois

Tyson joined Brookfield Soundvest Capital Management Inc. in 2009 and is responsible for providing fundamental equity analysis in support of the equity investment team. Tyson earned a Bachelor of Business Administration degree from Wilfrid Laurier University in 2005. In addition, he has completed the Canadian Securities Course, Wealth Management Essentials Course, Options Licensing Course and Derivatives Fundamentals Course offered through the Canadian Securities Institute. Tyson comes to the firm from TD Waterhouse with five years of experience in the financial services industry and is currently enrolled in Level III of the Chartered Financial Analyst program.

The Investment Advisory Agreement

In accordance with the Investment Advisory Agreement, the Investment Advisor is required to manage the Portfolio in a manner consistent with the investment objectives, strategy, criteria and restrictions of the Fund. The services to be provided by the Investment Advisor pursuant to the Investment Advisory Agreement include providing investment advice in respect of the Portfolio in accordance with the investment objectives, strategy and criteria of the Fund, and subject to the investment restrictions. In the purchase and sale of securities for the Fund, the Investment Advisor will seek to obtain overall services and prompt execution of orders on favourable terms.

Under the Investment Advisory Agreement, the Investment Advisor is required to act at all times on a basis which is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Investment Advisory Agreement provides that the Investment Advisor will not be liable in any way for any default, failure or defect in any of the securities of the Fund, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Investment Advisor may, however, incur liability in cases of wilful misconduct, bad faith, negligence, disregard of the Investment Advisor's standard of care or material breach or default by the Investment Advisor of its obligations under the Investment Advisory Agreement. See "Description of Units and Unitholder Matters — Meetings of Unitholders and Extraordinary Resolutions".

The Investment Advisory Agreement, unless terminated as described below, will continue in effect until the termination of the Fund. The Manager may terminate the Investment Advisory Agreement if the Investment Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured within 30 days after notice thereof has been given to the Investment Advisor and the Trustee by the Manager. Except as described above, the Investment Advisor cannot be terminated as the investment advisor to the Fund without Unitholder approval.

The Investment Advisor may terminate the Investment Advisory Agreement if the Fund is in material breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 30 days of notice of same to the Manager and to the Trustee or if there is a material change in the investment objectives, strategy or criteria or investment restrictions of the Fund that has not been previously consented to by the Investment Advisor. If the Investment Advisory Agreement is terminated, the Manager will promptly appoint one or more successor investment managers to carry out the activities of the Investment Advisor until a meeting of Unitholders is held to confirm such appointment.

The Investment Advisor receives fees for its services which are payable by the Manager under the Investment Advisory Agreement, as described under "Fees and Expenses", and is reimbursed for all reasonable costs and expenses incurred by the Investment Advisor on behalf of the Fund. In addition, the Investment Advisor and its directors, officers, employees and agents, will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against the Investment Advisor or any of its officers, directors, employees or agents, in the exercise of its duties as an investment advisor, except those resulting from the Investment Advisor's wilful misconduct, bad faith, negligence, disregard of the Investment Advisor's standard of care or material breach or default by the Investment Advisor of its obligations under the Investment Advisory Agreement.

Brokerage Arrangements

Decisions regarding the purchase and sale of portfolio securities for the Fund are made by the Fund's investment advisor taking into consideration the particular investment objectives and policies of the Fund.

Brokerage business is allocated to dealers and brokers based on quality of service and the terms offered for specific transactions including prices, volume, speed and certainty of execution, the competitiveness of commission terms and prices, the range of services and the quality of research provided and total transaction cost. The process for allocation of brokerage business would be the same as described above for dealers that are affiliated entities, but no such relationships have existed between March 30, 2011, the date of the last annual information form, and the date of this report.

There are no ongoing contractual arrangements with any brokers with respect to securities transactions.

In addition to order execution goods and services, dealers or third parties may provide research goods and services, which include: (i) advice as to the value of the securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such research goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event of the provision of a good or service that contains an element that is neither research goods and services nor order execution goods and services (“mixed-use goods and services”), such as data analysis, software applications and data feeds, brokerage commissions will only be used to pay for the portion of such goods and services which would qualify as either research goods and services or order execution goods and services.

The investment advisor makes a good faith determination that the Fund, on whose behalf it directs to a dealer any brokerage transactions involving client brokerage commissions, in return for research and order execution goods and services from such dealer or third party, receives reasonable benefit, considering both the use of the goods or services and the amount of the client brokerage commissions paid.

Since March 30, 2011, the date of the last annual information form, the investment advisor has received order execution and research services from brokers, dealers or third parties in connection with the execution of brokerage transactions on behalf of the Fund.

Where brokerage transactions involving client brokerage commissions of the Fund have been or might be directed to a dealer in return for the provision of any good or service by the dealer or third party other than order execution, the names of such dealers or third parties will be provided upon request by contacting the Manager at 1-888-777-4019 or by email at inquiries@brookfieldsoundvest.com.

Proxy Voting Policies and Procedures

The Manager has adopted written policies on how proxies associated with securities held by the Fund will be voted. In general, these policies require that the all proxies will be voted on behalf of the Fund in a manner that is consistent with the best interests of the Fund and Unitholders. Pursuant to the proxy voting policy:

- (a) the Investment Advisor votes all proxies;
- (b) the Investment Advisor conducts all analysis and due diligence necessary to vote proxies in a manner that is consistent with the best interests of the Fund and Unitholders;
- (c) the Investment Advisor generally votes with management on routine matters relating to the operation of an issuer that are not expected to have a significant economic impact on the issuer and/or the securityholders unless it is determined that supporting management’s position would not be in the best interests of the Fund and Unitholders; and
- (d) the Investment Advisor reviews and analyzes on a case-by-case basis, non-routine proposals that are more likely to affect the structure or operation of the issuer and to have a greater impact on the value of the investment.

In certain circumstances the Investment Advisor may have a conflict of interest in voting proxies on behalf of the Fund. If it is determined that the conflict is not material, the Investment Advisor may vote proxies notwithstanding the existence of a conflict. If it is determined that the conflict is material, the conflict will be addressed with the Independent review Committee.

A copy of the policies and procedures that the Fund follows when voting proxies relating to portfolio securities is available on request, at no cost, by calling 1-888-777-4019, by email at inquiries@brookfieldsoundvest.com, or by writing to the Manager, 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7.

The Manager will prepare an annual proxy voting record for the 12-month period ending on June 30. This annual proxy voting record will be made available no later than August 31 of each year through the Internet at www.brookfieldsoundvest.com and will also be available to any Unitholder on request, at no cost.

The Trustee

Computershare Fund Company of Canada is the trustee of the Fund under the Declaration of Trust. The address of the Trustee is 100 University Avenue, Toronto, Ontario, M5J 2Y1.

The Trustee or any successor trustee may resign upon 60 days' written notice to Unitholders and the Manager or such lesser notice as the Manager may accept. The Trustee will be required to resign at the request of the Manager in certain circumstances. The Trustee may be removed with the approval of a majority of the votes cast at a meeting of Unitholders called for such purpose. Any such resignation or removal shall become effective only upon the appointment of a successor trustee. If the Trustee resigns or is removed, its successor may be appointed by the Manager. If the Trustee is removed by Unitholders, the appointment of its successor must be approved by Unitholders. If, after the resignation of the Trustee, no successor has been appointed within 90 days, the Trustee, the Manager or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee.

The Declaration of Trust provides that the Trustee shall not be liable in carrying out its duties thereunder except in cases of wilful misconduct, bad faith, negligence or material breach or default by the Trustee of its obligations under the Declaration of Trust or in cases where the Trustee fails to act honestly and in good faith and in the best interests of Unitholders to the extent required by laws applicable to trustees, or fails to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee receives fees for acting as trustee of the Fund and is reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with its duties. In 2011, the Trustee was paid \$28,287 (including taxes).

CONFLICTS OF INTEREST

The Manager currently engages in related business, and its services are not exclusive to the Fund. The Manager acts as the manager and investment advisor to other funds which may invest in various asset classes and which may be considered competitors of the Fund. In addition, the directors and officers of the Manager or its affiliates may be directors, officers, shareholders or Unitholders of one or more issuers in which the Fund may acquire securities or of corporations which act as the manager of other investment funds that invest primarily in various asset classes and which may be considered competitors of the Fund. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities and may be managers or portfolio managers of investment funds that invest in the same securities as the Fund. Affiliates and associates of the Manager may be shareholders or Unitholders of one or more issuers in which the Fund may acquire securities. A decision to invest in such issuers is made in accordance with the Manager's policies regarding conflicts of interest and, where applicable, the involvement of the Independent Review Committee.

The Manager, which also serves as the Investment Advisor, is engaged in a broad range of portfolio management, investment advisory and other business activities. The services of the Investment Advisor under the Investment Advisory Agreement are not exclusive and nothing in the Investment Advisory Agreement prevents the Investment Advisor or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies or criteria are similar to those of the Fund) or from engaging in other activities. The Investment Advisor's investment decisions for the Fund are made independently of those made for its other clients and independently of its own investments. On occasion, however, the Investment Advisor may make the same investments for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Investment Advisor are engaged in the purchase or sale of the same securities, the transactions will be effected on an equitable basis.

The Declaration of Trust acknowledges that the Trustee will provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from other parties for comparable services. The services of the Trustee to the Fund are not exclusive.

Principal Holders of Securities

As of March 17, 2011, there are no Unitholders that owned of record, or to our knowledge, beneficially, directly or indirectly, 10% or more of the outstanding Units of the Fund.

Affiliated Entities

As of the date hereof, none of the companies that provide services to the Fund, other than Brookfield Asset Management Inc. (and/or its affiliates), are affiliated with the Manager.

LOAN FACILITY

The Fund has entered into a loan facility (the "Loan Facility") with a Canadian chartered bank (the "Lender"). The Lender is at arm's length to the Fund, the Trustee, the Manager and the Investment Advisor and their respective affiliates and associates.

For the year ended December 31, 2011, pursuant to an amended and restated credit agreement dated August 16, 2010, the Loan Facility permitted the Fund to borrow up to an amount not exceeding the lesser of \$5.5 million (the "Credit Limit") or 25% of the aggregate market value of the Portfolio or the sum of (i) 100% of cash and cash equivalents, (ii) 95% of the aggregate market value of short-term bonds of or guaranteed by the Government of Canada and (iii) 33.33% of the aggregate market value of unrestricted eligible securities trading on a major Canadian or United States stock exchange with a minimum trading value of \$5.00 at the time of determination, that are otherwise freely tradeable and which comply with the terms of the Declaration of Trust, but excluding high yield debt securities, corporate debt instruments, convertible securities, futures, options, warrants, and American deposit receipts. Borrowed funds may be used for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity, funding redemptions and for cash flow purposes. The facility was renewed on August 16, 2011 under existing terms through to August 14, 2012. On October 4, 2011, an amendment was issued to reduce the maximum draw under the facility to \$5.5 million.

In order to ensure that the total amount borrowed by the Fund under the Loan Facility does not exceed at any time the limit specified in the amended and restated credit agreement, the Manager will take appropriate steps with the Portfolio securities which may include liquidating certain of the Portfolio securities and using the proceeds thereof to reduce the amount outstanding under the Loan Facility. The Loan Facility contains provisions to the effect that in the event of a default under the Loan Facility, the Lender's recourse is limited solely to the assets of the Fund. Such provisions are intended to ensure that Unitholders will not be liable for the obligations of the Fund under the Loan Facility. Other than borrowing by the Fund under the Loan Facility, the Fund will not engage in other borrowings. The interest rates, fees and expenses under the Loan Facility are typical of demand facilities of this nature and the Fund was required to provide a security interest in favour of the Lender over the assets of the Fund to secure such borrowings.

DISTRIBUTIONS

Each Unitholder is entitled to receive, on a monthly basis, its *pro rata* portion of any monthly distribution paid by the Fund plus the Unitholder's *pro rata* share of any further distributions declared by the Fund. Distributions are payable to the Unitholders of record on the last business day of each month (each a "Distribution Date") and are paid (net of applicable non-resident withholding tax) on or about the 15th day of the following month (the "Payment Date"). The Fund may make special distributions of amounts determined by the Manager to be amounts not required by the Fund for future monthly distributions.

The Fund intends to pay monthly distributions. It will not have a fixed monthly distribution target, but will at least annually determine and announce each December an anticipated distribution amount (the “Anticipated Distribution”) for the following year based upon prevailing market conditions and the Fund’s estimate of distributable cash flow for the year.

The amounts received by the Fund from issuers whose securities are held in the Portfolio may vary from month to month and certain of these issuers may pay distributions less frequently than monthly, with the result that the monthly cash available for distribution to Unitholders could vary substantially and there can be no assurance that the Fund will make any distribution in any particular month or months. If the monthly cash available for distribution to Unitholders is consistently higher or lower than the Anticipated Distribution, then the Manager on behalf of the Fund may re-evaluate the Fund’s distribution policy. See “Risk Factors”.

There is no guarantee that the requisite return will be achieved by the Fund in order to meet the Anticipated Distribution. If such return is not achieved or if the borrowing costs increase, monthly distributions may be significantly reduced. See “Risk Factors”.

If, in any year after such monthly cash distributions have been paid, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund intends on or before December 31 of that year to make payable such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for ordinary income tax thereon under the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund provisions under the Tax Act. If the Fund does not have sufficient cash available to fund all of such additional distribution, additional Units will be issued in satisfaction of the deficiency. Any such distribution that is satisfied by the issuance of additional Units will be treated, to the extent possible, as a distribution of net realized capital gains. Immediately following payment of such a distribution in Units, the number of Units outstanding will be automatically consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the distribution.

It is intended that monthly cash distributions over the term of the Fund will be primarily derived from distributions received on the Portfolio and, in certain circumstances, from net realized capital gains from the Portfolio. It is expected that a portion of the distributions to be paid by the Fund will not be taxable because of the character of amounts received by the Fund on the Portfolio and tax deductions otherwise available to the Fund. A Unitholder will be required to reduce the adjusted cost base of such Unitholder’s Units by the amount of distributions made by the Fund that are not taxable (other than the non-taxable portion of capital gains).

The Fund will post on the internet website of CDS Innovations Inc. within the required time, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the Fund in respect of the preceding taxation year of the Fund. See “Canadian Federal Income Tax Considerations”.

Unitholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of any distributions by the Fund in accordance with the Tax Act.

REDEMPTION OF UNITS

As part of the Restructuring, the Fund implemented a change in the timing of its annual redemption privileges. Pursuant to the Restructuring, the month in which Units may be surrendered was changed from November to August.

Effective as of January 1, 2010, Units may be surrendered for redemption in the month of August of each year to Computershare Investor Services Inc., the Fund’s registrar and transfer agent at the address listed under “Registrar and Transfer Agent”, but will be redeemed only on the last business day in August of that year (a “Redemption Date”). Units surrendered for redemption by a Unitholder not later than 5:00 p.m. (Toronto time) on the 15th business day prior to a Redemption Date will be redeemed on such Redemption Date and the Unitholder

will receive payment on or before the 15th business day following such Redemption Date (the “Redemption Payment Date”). The foregoing remains subject to the Fund’s right to suspend redemptions (as described below).

The redemption right must be exercised by causing written notice to be given to Computershare Investor Services Inc. and the Fund within the notice period prescribed above. The surrender of Units will be irrevocable upon the delivery of notice to Computershare Investor Services Inc., except with respect to those Units which are not paid for by the Fund on the relevant Redemption Payment Date.

Unitholders whose Units are redeemed will be entitled to receive the Unit Redemption Price, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs relating to the disposition of the appropriate number of Portfolio securities to fund such redemption. For this purpose, “Unit Redemption Price” means the amount which is equal to the NAV, as defined and calculated in the manner described below, divided by the number of Units outstanding prior to giving effect to such redemptions (the quotient being referred to as the “NAV per Unit”), determined as of the applicable Redemption Date, provided that, at the sole option of the Manager, for the purposes of calculating the Unit Redemption Price, the Manager may value any security which is listed or traded upon a stock exchange (or if more than one, on the stock exchange in which the security primarily trades, as determined by the Manager) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days of such exchange ending on and including such Valuation Date (as defined herein), or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), as at the Valuation Date, all as reported by any means in common use. The Fund may designate a portion of a Unitholder’s Unit redemption proceeds as a payment out of the Fund’s net income or net realized taxable capital gains to effect an equitable allocation of such amounts among Unitholders.

Any unpaid distribution declared in respect of a record date on or before a Redemption Date in respect of Units redeemed on such Redemption Date will be paid to the Unitholder redeeming such Units on the applicable Redemption Payment Date. The NAV per Unit may be lower than the original issue price. The NAV per Unit will vary depending on a number of market factors, including interest rates, volatility in the equity and debt markets and the volatility of the Portfolio securities. See “Risk Factors”.

Resale of Units Surrendered for Redemption

The Fund entered into an agreement dated October 17, 2005 (the “Recirculation Agreement”) with RBC Dominion Securities Inc. (the “Recirculation Agent”) whereby the Recirculation Agent agreed to use commercially reasonable efforts to find purchasers for any Units properly surrendered for redemption, provided that the holder of the Units so surrendered has not withheld consent thereto. The Fund may from time to time appoint additional dealers to act as recirculation agents for any Units surrendered for redemption. The Fund may, but will not be obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the Unitholder on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units less any applicable commission, provided that such amount will not be less than the redemption proceeds otherwise payable for such Units, as described above. Any Units for which the Fund requests the Recirculation Agent to find purchasers and for which purchasers are not found will be redeemed on the applicable Redemption Payment Date at a price per Unit, as described above.

Net Asset Value (“NAV”)

The net asset value (“NAV”) of a Unit of the Fund is calculated on each Valuation Date. The NAV on a particular Valuation Date is equal to the aggregate value of the assets of the Fund, less the aggregate value of the liabilities of the Fund, including any income, net realized capital gains or other amounts made payable to Unitholders on or before such Valuation Date. A Valuation Date is every business day, December 31 of each year and the Termination Date, as well as any other date on which the Manager elects, in its discretion, to calculate the NAV per Unit.

Valuation of Portfolio Securities

The net asset value of the Fund is calculated in accordance with the provisions of the Declaration of Trust. In determining the NAV of the Fund at any time:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash dividends received (or declared to holders of record on a date before the day as of which the NAV is being determined and to be received) and interest accrued and not yet received, is deemed to be the face amount thereof unless the Manager has determined that any such asset is not otherwise worth the face amount thereof, in which case the value thereof is deemed to be such value as the Manager determines to be the fair value thereof;
- (b) the value of any security which is listed or traded upon a stock exchange is determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price should be used), as at the day as of which the NAV is being determined, all as reported by any means in common use;
- (c) the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Fund (or by the Fund's predecessor in title) or by law is determined on the basis of such bid, ask price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Manager reasonably determines best reflects fair value;
- (d) the value of a forward contract or of a futures contract shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract or the futures contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value is based on the current market value of the underlying interest;
- (e) margin paid or deposited in respect of futures contracts and forward contracts is reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (f) the value of any bonds, debentures and other debt obligations are valued by taking the average of the bid and ask prices at the calculation time. Amounts drawn under the Loan Facility (as defined herein under "Loan Facility") are valued at par. Short-term investments, including notes and money market instruments, are valued at cost plus accrued interest;
- (g) if the day as of which NAV is being determined is not a business day, then the securities comprising the Fund's Portfolio and other Fund property are valued as if such day were the preceding business day; and
- (h) the value of all assets of the Fund quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund in foreign currency and the value of all liabilities and contractual obligations payable by the Fund in foreign currency is determined using the prevailing rate of exchange as determined by the Manager, on the day as of which NAV is being determined.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding such rules, the Manager will make such valuation as it considers fair and reasonable in a manner consistent with industry practice for valuing such investment. The Manager has not deviated from the foregoing rules since the establishment of the Fund.

The net asset value of the Fund, for all purposes other than financial statements, is calculated using the valuation principles described above. An investment fund is required to calculate the net assets for purposes of its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Canadian GAAP requires that the fair value of actively traded securities held by the Fund should be valued at the bid price, instead of the close price or last sale price of the securities for the day. Hence, the reported value of securities held by the Fund in the annual and interim financial statements may be different from the net asset value. The financial statements of the Fund will include a reconciliation of the net assets contained in the financial statements to the net asset value used for net asset value calculation purposes.

The NAV per Unit will be made available weekly to the financial press for publication and through the Internet at www.brookfieldsoundvest.com.

Suspension of Redemptions

The Manager may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds: (i) during any period when the Investment Advisor advises the Manager that normal trading is suspended on a market where more than 50% of the securities in the Portfolio (in terms of dollar value) trade and, if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the prior permission of the securities regulatory authorities (where required), for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Trustee to determine the value of the assets of the Fund. The suspension shall apply to all requests for redemption received prior to the suspension date but for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

DESCRIPTION OF UNITS AND UNITHOLDER MATTERS

Fund Units

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each representing an equal, undivided beneficial interest in the net assets of the Fund. All Units have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Fractions of Units are proportionately entitled to all of these rights except voting rights.

Issuance of Additional Units

The Fund does not currently intend to issue additional Units except: (i) by way of private placement or public offering where the net proceeds per Unit to be received by the Fund are not less than the most recently calculated NAV per Unit prior to the date of the setting of the subscription price by the Fund; (ii) on a distribution of Units or on an automatic reinvestment of distributions of net income or net realized capital gains; or (iii) with the approval of Unitholders by Extraordinary Resolution (as defined herein).

Meetings of Unitholders and Extraordinary Resolutions

The Trustee may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request, in writing, by the Manager or by Unitholders holding in aggregate 10% or more of the outstanding Units. The Trustee will convene such meeting within 60 days of receipt of such request.

Except in respect of an Extraordinary Resolution (as described below), a quorum for any meeting of Unitholders is two or more persons present in person or by proxy representing not less than 5% of the Units then outstanding. A quorum for a meeting at which an Extraordinary Resolution (as described below) is to be considered is two or more Unitholders present in person or by proxy representing not less than 10% of the Units then outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting will be cancelled if convened pursuant to a request of Unitholders, but otherwise will be adjourned, and will be held at the same time and place on the day which is 14 days later (or if that date is not a business day, the first business day prior to that date). The Manager will give at least three days' notice by press release to Unitholders of the date of the reconvening of the meeting and, at the reconvened meeting, persons present in person or represented by proxy will constitute a quorum.

Each whole Unit is entitled to one vote at all meetings of Unitholders. Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution (as described below) or unanimous approval of Unitholders as discussed under "Description of Units and Unitholder Matters — Amendments to the Declaration of Trust", require the approval of Unitholders by a resolution passed by holders of not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter.

Pursuant to the Declaration of Trust, certain matters require the approval of Unitholders by extraordinary resolution (an "Extraordinary Resolution"). An Extraordinary Resolution is a resolution passed by holders of not less than 66 ²/₃% of the Units voting thereon at a meeting duly convened for the consideration of such matter. The following matters may be undertaken only with the approval of Unitholders by an Extraordinary Resolution:

- (a) any change in the investment objectives, investment strategy, investment criteria or investment restrictions of the Fund as described under "Investments of the Fund", unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (b) any change of the Manager (other than to an affiliate) or termination of the Management Agreement except in accordance with its terms;
- (c) any change of the Investment Advisor (other than to an affiliate) or termination of the Investment Advisory Agreement other than in circumstances where the Investment Advisor has been removed by the Manager on behalf of the Fund pursuant to the Investment Advisory Agreement;
- (d) any material amendment to the Declaration of Trust, other than those amendments that require unanimous Unitholder approval or the consent of the Manager as discussed under "Description of Units and Unitholder Matters — Amendments to the Declaration of Trust";
- (e) any change in the basis of the calculation of a fee or expense charged to the Fund in a way that could result in an increase in charges to the Fund;
- (f) the liquidation, dissolution or termination of the Fund, other than in accordance with the express provisions of the Declaration of Trust;
- (g) the sale of all or substantially all of the assets of the Fund other than in the ordinary course of its activities;
- (h) any amendment, modification or variation in the provisions or rights attaching to the Units;

- (i) any issue of Units at a subscription price that yields net proceeds less than the NAV per Unit calculated prior to the pricing of the offering; and
- (j) any change in the frequency of calculating the NAV per Unit to less often than daily.

The Fund does not intend to hold annual meetings of Unitholders unless required to do so by applicable securities regulatory authorities.

Amendments to the Declaration of Trust

A material amendment to the Declaration of Trust may only be made with the consent of the Unitholders given by Extraordinary Resolution. However, no amendment can be made to the Declaration of Trust which would have the effect of reducing the interests in the Fund of the Unitholders, increasing the liability of any Unitholder, or changing the right of any Unitholder to vote at any meeting, unless there is unanimous Unitholder approval. No amendment may be made to the Declaration of Trust which would have the effect of reducing the fees payable to the Manager or terminating the Manager, otherwise than in accordance with the Management Agreement, unless the Manager, in its sole discretion, consents.

The Trustee at the request of the Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain purposes, including to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders;
- (d) ensure continuing compliance with applicable laws (including the Tax Act), regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or the Fund (including ensuring that the Fund continues to qualify as a “unit trust” and a “mutual fund trust”, each within the meaning of the Tax Act); or
- (e) make any change to the terms of the Declaration of Trust to provide added protection to Unitholders or which would otherwise not be prejudicial to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee at the request of the Manager upon not less than 30 days' prior written notice to Unitholders.

The Loan Facility requires the Lender's prior written consent to amendments to the Declaration of Trust.

Reporting to Unitholders

The Fund furnishes to Unitholders such financial statements and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to any meeting of Unitholders which is called under the provisions of the Declaration of Trust, the Fund will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to such holders.

Termination of the Fund

As part of the Restructuring, Unitholders approved an amendment to the Declaration of Trust so that the Fund has no fixed termination date and the Manager, in its sole discretion, may wind-up the Fund should the NAV of the Fund fall below \$30 million. Previously, the Declaration of Trust provided that the Fund would terminate on November 30, 2015. The Restructuring also provided the Manager with the authority to terminate the Fund when it is no longer economically practical to continue the Fund. The Manager's ability to terminate or wind-up the Fund is subject to Unitholders being provided with not less than 60 days' and not more than 90 days' notice of the termination or winding up, as applicable. In addition to complying with the notice requirements above and prior to terminating the Fund the Manager would issue a press release announcing the termination of the Fund. These limitations will serve to protect Unitholders.

Upon the termination or winding-up of the Fund, the net assets of the Fund will be distributed to Unitholders in accordance with the provisions of the Declaration of Trust. Upon termination or winding-up, the Manager and the Investment Advisor will, to the extent possible, convert the assets of the Fund to cash.

The Fund will continue until the Termination Date determined by the Manager, as described above, and thereupon will terminate and its net assets will thereafter be distributed to Unitholders. Prior to the Termination Date, the Manager will, to the extent practicable, convert the assets of the Fund to cash. The Manager may, in its discretion and upon not less than 30 days' prior written notice to Unitholders, extend the Termination Date by a period of 90 days, if the Manager would otherwise be unable to convert all the Portfolio assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so. Should the liquidation of certain securities not be practicable or should the Manager consider such liquidation not to be appropriate prior to the Termination Date, such securities will be distributed to Unitholders in kind rather than in cash subject to compliance with any securities or other laws applicable to such distributions. See "Risk Factors".

Non-Resident Unitholders

At no time may non-residents of Canada, including for this purpose partnerships with one or more members that are not resident in Canada for purposes of the Tax Act, be the beneficial owners of a majority of the Units. The Trustee shall inform the transfer agent and registrar of the Fund of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that a majority of the Units are beneficially held by non-residents, the Trustee may send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such manner as the transfer agent and registrar of the Fund may consider equitable and practicable, requiring them to sell their Units or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units. Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel to the Fund that the failure to take any of such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Tax Act.

Book-Entry Only System

Any purchase or transfer of Units must be made through the Canadian Depository for Securities Limited ("CDS") participants ("CDS Participants"), which include securities brokers and dealers, banks and trust companies.

Indirect access to the CDS book-entry only system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Each purchaser of Units will receive a customer confirmation of purchase from the CDS Participant from whom such Units are purchased in accordance with the practices and procedures of such CDS Participant. Reference to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

No Unitholder is entitled to a certificate or other instrument from the transfer agent or CDS for Units evidencing that person's interest in or ownership of Units, or will be shown on the records maintained by CDS, except through an agent who is a CDS Participant. All distributions in respect of Units will be made by the Fund to CDS and distributions to CDS will be forwarded by CDS to CDS Participants, and thereafter to the Unitholders.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Trustee, on behalf of the Fund, has the option to terminate the book-entry only system through CDS, in which case Units in fully registered certificated form will be issued to Unitholders, as of the effective date of such termination.

FEES AND EXPENSES

As of January 1, 2010, pursuant to the Restructuring, the management fee was reduced from 1.10% to 0.95%. Pursuant to the terms of the Management Agreement, the Manager is entitled to a management fee at an annual rate of 0.95% of the NAV paid by the Fund. Pursuant to the terms of the Investment Advisory Agreement, the Investment Advisor is entitled to an advisory fee which is payable by the Manager out of the management fee. The Investment Advisor and the Manager shall agree upon the amount of the advisory fee from time to time. Fees payable to the Manager and the Investment Advisor are calculated and payable monthly based on the NAV as at the last Valuation Date of each month.

The Fund will pay to the Manager a service fee (calculated and paid as soon as practicable after the end of each calendar quarter), equal to 0.40% per annum of the NAV, plus applicable taxes. In turn, the Manager will pay an equal aggregate service fee, plus applicable taxes, to investment dealers based on the respective number of Units held by clients of the sales representatives of such dealers at the end of the relevant calendar quarter.

The Fund will pay for all expenses incurred in connection with the operation and administration of the Fund. It is expected that such expenses will include, without limitation: (a) mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; (b) fees payable to the custodian for acting as custodian of the assets of the Fund; (c) fees and expenses payable to the Trustee for acting as trustee of the Fund; (d) fees payable to Computershare Investor Services Inc. at normal market rates for acting as registrar and transfer agent with respect to Units; (e) fees and expenses payable to the members of the Independent Review Committee; (f) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; (g) fees payable to the auditors and legal advisors of the Fund; (h) regulatory filing, stock exchange and licensing fees; and (i) expenditures incurred upon the termination of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Investment Advisor, the Trustee, or members of the Independent Review Committee is entitled to indemnity by the Fund. The Fund will be subject to an independent audit and report thereon to the Trustee and the Manager will provide reasonable access to its books and records for such purpose. The Fund will also be responsible for all commissions and other costs of securities transactions, debt service and costs relating to any loan facility and any extraordinary expenses which it may incur from time to time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units. This summary is applicable to a holder of Units who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with the Fund and holds Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" (as defined in the Tax Act) owned or subsequently acquired by such Unitholder treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding their particular circumstances.

This summary is based on the current provisions of the Tax Act and the regulations thereto (the "Regulations") in force on the date hereof and the current publicly available administrative and assessing practices of the Canada Revenue Agency (the "CRA"). It also takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is based on the assumption that the Fund qualifies, and will continue to qualify, at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, the Fund must comply on a continuous basis with certain investment criteria referred to under "Investments of the Fund — Investment Restrictions" and certain minimum dispersal requirements relating to the Units. In addition, the Fund may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons. If the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below and under "Eligibility for Investment" would in some respects be materially different.

This summary is based on the assumption that none of the issuers of the securities in the Portfolio are or will be foreign affiliates of the Fund or of any Unitholder and that none of the securities in the Portfolio are or will be a "tax shelter investment" within the meaning of the Tax Act. This summary is also based on the assumption that none of the securities in the Portfolio will be an "offshore investment fund property" under the Tax Act that would require the Fund to include amounts in income under s.94.1 of the Tax Act, or an interest in a fund which would require the Fund to report income in connection with such securities pursuant to the rules in proposed s.94.2 of the Tax Act, or an interest in a non-resident fund other than an "exempt foreign trust" as defined in proposed s.94 of the Tax Act, each as set forth in the proposed amendments to the Tax Act dated August 27, 2010 (or such proposals as amended or enacted or successor provisions thereto).

This summary is based on the assumption that the Fund is not and will not be a SIFT trust within the meaning of the Tax Act. Pursuant to its investment restrictions, the Fund has not and will not at any time hold property that is "non-portfolio property" within the meaning of the SIFT Rules, and provided that the Fund adheres to the investment restrictions, the Fund is not and will not be a SIFT trust in any taxation year. If the Fund were to become a SIFT trust within the meaning of the Tax Act, the income tax considerations discussed herein would be materially and adversely different in certain respects.

On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-residents (including partnerships with one or more non-resident members) is more than 50% of the aggregate fair market value of all units issued by the trust where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. Such draft amendments do not provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed

changes. The Department of Finance (Canada) has suspended implementation of these proposed changes pending further consultation with interested parties.

On October 31, 2003, the Department of Finance (Canada) released, for public consultation, draft proposed amendments (the “October 31, 2003 Proposals”) to the Tax Act that would require, for taxation years commencing after 2004, that there be a reasonable expectation of cumulative profit from a business or property in order for a taxpayer to claim a loss in a particular taxation year from the business or property, and that would make it clear that “profit” for this purpose does not include capital gains. The October 31, 2003 Proposals could, among other things, adversely affect a Unitholder who has borrowed funds in connection with the acquisition of Units or the Fund’s ability to claim certain deductions. In the Canadian federal budget tabled in the House of Commons on February 23, 2005 by the Minister of Finance (Canada), it was announced that the Department of Finance (Canada) would replace the October 31, 2003 Proposals with a revised legislative initiative which is to be released for public comment. No such proposal has been released to date. This summary does not take into account the effect of the October 31, 2003 Proposals on the deduction of interest and other expenses by the Fund and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Unitholders should consult their own tax advisors in this regard.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor’s particular circumstances including the province or provinces in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Taxation of the Fund

The Fund is subject to tax under Part I of the Tax Act in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount.

With respect to each issuer included in the Portfolio that is a Canadian resident trust and that is not subject in a taxation year to the tax imposed under the SIFT Rules, the Fund will be required to include in the calculation of its income the net income and net taxable capital gains paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by the issuer, net taxable capital gains and taxable dividends from taxable Canadian corporations paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund.

The Fund will be required to reduce the adjusted cost base of units of an issuer in the Portfolio that is a Canadian resident trust by any amount paid or payable by such issuer to the Fund except to the extent that the amount was included in calculating the income of the Fund or was the Fund’s share of the non-taxable portion of capital gains of such issuer, the taxable portion of which was designated in respect of the Fund. If the adjusted cost base to the Fund of such units becomes a negative amount at any time in a taxation year of the Fund, that negative amount will be deemed to be a capital gain realized by the Fund in that taxation year and the Fund’s adjusted cost base of such units will be increased by the amount of such deemed capital gain.

With respect to each issuer in the Portfolio that is a limited partnership and that is not subject in a taxation year to the tax imposed under the SIFT Rules, the Fund will be required, in computing its income, to include or will be entitled to deduct, as the case may be, and subject to the “at-risk rules” and other provisions in the Tax Act, its share of net income, capital gains, losses and capital losses for tax purposes of the issuer allocated to the Fund for the fiscal year of the issuer ending in the Fund’s taxation year, whether or not a distribution is received in respect thereof from the issuer.

In general, the adjusted cost base at a particular time to the Fund of units of a limited partnership will be equal to the cost of such units to the Fund plus its share of income and capital gains of the limited partnership allocated to it for fiscal years of the limited partnership ending before the particular time less the total of its share of losses and capital losses of the limited partnership allocated to it for fiscal years of the partnership ending before the particular time and the Fund's share of any distributions received from the limited partnership before the particular time. If the adjusted cost base to the Fund of units of a limited partnership is negative at the end of a fiscal year of the partnership, that negative amount will be deemed to be a capital gain realized by the Fund at that time and the Fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain.

Each issuer in the Portfolio that is a SIFT trust or SIFT partnership as defined in the Tax Act (which generally include income trusts (other than certain REITs), and certain partnerships that hold one or more "non-portfolio properties, the units of which are listed or traded on a stock exchange or other public market) is subject to a tax in respect of its "non-portfolio earnings", which include (i) income from non-portfolio properties (exceeding any losses for the taxation year from non-portfolio properties), other than taxable dividends, and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from dispositions of such properties). For this purpose, non-portfolio properties include: (i) certain Canadian real and resource properties, (ii) a property that the SIFT trust or SIFT partnership (or a non-arm's length person or partnership) uses in the course of carrying on a business in Canada, and (iii) securities of a "subject entity" (other than a "portfolio investment entity"), if the SIFT trust or SIFT partnership holds securities of the subject entity that have a total fair market value that is greater than 10% of the subject entity's equity value or if the SIFT trust or SIFT partnership holds securities of the subject entity which, together with all securities held of affiliates of the subject entity, have a total fair market value that is greater than 50% of the SIFT trust's or SIFT partnership's equity value. A "subject entity" includes corporations resident in Canada, trusts resident in Canada, and Canadian resident partnerships, and a "portfolio investment entity" is an entity that does not hold any non-portfolio property. These rules provide that non-portfolio earnings of a SIFT trust or SIFT partnership are taxed at a rate that is generally equivalent to the combined federal and provincial corporate tax rate. Under these rules, non-portfolio earnings of a SIFT trust or SIFT partnership are generally taxed to unitholders as though they were a taxable dividend from a taxable Canadian corporation. Such dividend is an "eligible dividend" and will therefore benefit from the enhanced gross-up and dividend tax credit rules in the Tax Act.

The Fund will also be required to include in its income for each taxation year all interest on the debt securities it holds that accrues or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

The Fund will be required to include in its income for a taxation year all dividends received in the year on shares of corporations.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on the Loan Facility generally to the extent borrowed funds are used to purchase Portfolio securities.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a *pro rata* basis in respect of distributions from the income trust that are a return of capital which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA's position should not adversely affect the Fund's ability to deduct interest on money borrowed to acquire income trust units in the Portfolio. If the CRA's view were to prevail and apply to the Fund, part of the interest payable by the Fund on money borrowed under the Loan Facility to acquire units of certain income trusts in the Portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders. Income of the Fund that is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

In determining the income of the Fund, gains or losses realized upon dispositions of Portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of

trade. The Fund purchases the Portfolio securities with the objective of earning distributions and income thereon and takes the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition the Fund has elected in accordance with subsection 39(4) of the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities, including most units of income trusts structured as mutual fund trusts, are taxed as capital gains or capital losses. A distribution by the Fund of property distributed upon a redemption of Units will be treated as a disposition by the Fund of the property so distributed for proceeds of disposition equal to its fair market value.

The Portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of Portfolio securities in connection with redemptions of Units.

The Fund generally intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year. Therefore, provided the Fund makes distributions in each year of its net income for tax purposes and net realized capital gains as described under “Distributions”, it will generally not be liable in such year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that would be recoverable by it in such year by reason of the capital gains refund.

Taxation of Unitholders

A Unitholder generally will be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including the taxable portion of the Fund’s net realized capital gains, paid or payable, or deemed to be paid or payable, to the Unitholder in the taxation year whether received in cash, in additional Units or otherwise. The non-taxable portion of the net realized capital gains of the Fund paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any amount in excess of the Unitholder’s share of the net income and the net realized capital gains of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year generally will not be included in the Unitholder’s income for the year but will reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit becomes less than zero, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund; (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit; and (iii) the taxable dividends received, or deemed to be received, by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the applicable gross-up and dividend tax credit rules will apply. The Fund will

pass on to Unitholders in respect of eligible dividends the benefit of the enhanced gross-up and tax credit. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

A Unitholder who acquires additional Units may become taxable on the Unitholder's share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income as described above — See "Redemption of Units") exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. Any additional Units acquired by a Unitholder on a distribution satisfied by the issuance of additional Units or on the reinvestment of distributions will generally have a cost equal to the amount distributed or reinvested, as the case may be.

For the purpose of determining the adjusted cost base to a Unitholder of the Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property at that time.

Where the redemption price for Units is paid by the transfer by the Fund of property of the Fund to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of such property so transferred and the amount of any cash received less any gain realized by the Fund as a result of the transfer of property on the redemption of Units which is made payable by the Fund to the redeeming Unitholder. The cost to the Unitholder of any property distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution.

One-half of any capital gain realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

ELIGIBILITY FOR INVESTMENT

Provided that the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act or the Units are listed on a designated stock exchange (which includes the Toronto Stock Exchange), the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, "Registered Plans"). Notwithstanding the foregoing, if the Units are "prohibited investments" (within the meaning of the Tax Act) for the purposes of a registered retirement savings plan, a registered retirement income fund or a tax-free savings account, an annuitant or a unitholder of the plan will be subject to a penalty tax as set out in the Tax Act. The Units will not be a "prohibited investment" provided that the annuitant or the unitholder of the plan deals at arm's length with the Fund for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in the Fund or in a corporation, partnership or trust with which the Fund does not deal at arm's length for purposes of the Tax Act. Annuitants of registered retirement savings plans and registered retirement income funds, and unitholders of tax-free savings accounts should consult with their own tax advisor in this regard.

RISK FACTORS

An investment in Units is subject to various risk factors, including the following risks which prospective investors should consider before purchasing any Units.

No Assurances of Achieving Objectives

There is no assurance that the Fund will be able to achieve its investment objectives, including being able to pay the Anticipated Distributions. The funds available for distribution to Unitholders will vary according to, among other things, the levels of distributions paid on the securities comprising the Portfolio and the market value of the securities comprising the Portfolio. There is no assurance that the Portfolio will earn any return.

The Manager, on behalf of the Fund, may at any time re-evaluate the Fund's targeted distributions.

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of the Anticipated Distribution not being met in any period.

Fluctuations in Net Asset Value

The NAV per Unit and the funds available for distributions will vary according to, among other things, the value of the Portfolio securities acquired by the Fund and the distributions paid and interest earned thereon. Fluctuations in the market value of the Portfolio securities in which the Fund invests may occur for a number of reasons beyond the control of the Manager, the Investment Advisor or the Fund.

Sensitivity to Interest Rates

It is anticipated that the market price for the Units and the value of the Portfolio at any given time may be affected by the level of interest rates prevailing at such time. A rise in interest rates will increase the costs to the Fund of borrowing, may reduce the trading price of securities held by the Fund, and may have a negative effect on the market price of the Units.

Trading Price of Units

Units may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Units will trade at a price equal to the NAV per Unit. This risk is separate and distinct from the risk that the NAV per Unit may decrease.

In recognition of the possibility that the Units may trade at a discount, the terms and conditions attaching to the Units have been designed to attempt to reduce or eliminate a market value discount from the NAV per Unit by way of the annual redemptions described under "Redemption of Units". The Fund anticipates that the market price of the Units will in any event vary from the NAV per Unit. The market price of the Units will be determined by, among other things, the relative demand for and supply of Units in the market, the Fund's investment performance, the Units' yield and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives.

Equity Risk

The Fund may invest in equities, which are effected by stock market movements. When the economy is strong, the outlook for many companies should be good, and share prices could generally rise, as will the value of funds that own these shares. On the other hand, share prices may decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Small and Medium Sized Companies

Investments in small and medium sized companies may be more volatile than investments in larger companies, as small and medium sized companies generally experience higher growth and failure rates. The trading volume of these securities is normally lower than that of larger companies. Such securities may be less liquid than others and could make it difficult to purchase or sell a security at a time or price desired. Changes in the demand of these securities generally have a disproportionate effect on their market price, tending to make prices rise more in response to buying demand and fall more in response to selling pressure.

Business Income Fund Investments

The value of the Fund's investments in business income trusts and the income generated by such trusts are subject to changes in general economic conditions including interest rates and in industry specific conditions including the performance of competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

Real Estate Investments

Investments in REIT's are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real estate property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distribution to Unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Composition of Portfolio

The composition of Portfolio will vary widely from time to time and may from time to time be concentrated by type of security, industry or geography, resulting in the Portfolio being less diversified than at other times. The returns of the Portfolio may change as its composition changes.

Reliance on the Investment Advisor

The Investment Advisor will advise the Fund in a manner consistent with the investment objectives, strategy and criteria of the Fund and subject to the investment restrictions. Although the employees of the Investment Advisor who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios, there is no certainty that such individuals will continue to be employees of the Investment Advisor throughout the term of the Fund.

Marketability of Units

Although the Units are currently listed on the TSX, there can be no assurance that an active public market will continue indefinitely.

Use of Leverage

It is anticipated that the Fund may at times incur indebtedness under the Loan Facility to purchase additional securities for the Portfolio. There can be no assurance that such a strategy will enhance returns and in fact the strategy may reduce returns (both distributions and capital). If the securities in the Portfolio suffer a decrease in value, the leverage component will cause a decrease in NAV in excess of that which would otherwise be

experienced. In the event that the Loan Facility is called by the Lender, the Fund may be required to liquidate the Portfolio to repay the indebtedness at a time when the market for the securities in the Portfolio may be depressed, thereby forcing the Fund to incur losses.

Illiquid Securities

There is no assurance that an adequate market will exist for Portfolio securities acquired by the Fund. Portfolio securities purchased on a private placement basis or issued by issuers that are not reporting issuers in all provinces may be subject to hold periods under certain provincial securities legislation. The Fund cannot predict whether the Portfolio securities held by it will trade at a discount to, a premium to, or at their respective net asset values.

In addition, if the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the Portfolio securities prior to the Termination Date, Unitholders may, subject to applicable laws, receive distributions of securities in kind upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration. Further, if the Investment Advisor determines that it is appropriate to acquire certain securities for the Fund, the Investment Advisor may be unable to acquire the number of such securities, or to acquire such securities at a price acceptable to the Investment Advisor, if the market for such securities is particularly illiquid.

Installment Receipts

The Fund may purchase certain Portfolio securities as installment receipts representing ownership interests in trust units, the original issue price of which is payable on an installment basis. The Fund may be required to pay subsequent installments despite a decline in the value of the securities of an issuer in which the Fund invests.

Taxation of the Fund

Under the Tax Act, generally, a Canadian resident trust, the units of which are listed or traded on a stock exchange or other public market, and that holds one or more “non-portfolio properties” (as defined in the Tax Act), is a SIFT trust. If the Fund were a SIFT fund, the Fund would be subject to a tax on certain income (other than taxable dividends), commencing in the taxation year in which it becomes a SIFT fund, notwithstanding that the income is distributed to Unitholders. Unitholders would be taxed on distributions of such income in a manner similar to dividends from taxable Canadian Corporations. The deemed dividend is eligible for the enhanced dividend tax credit if paid or allocated to a resident of Canada. The Fund has not held and will not hold investments that would result in the Fund becoming a SIFT fund in any taxation year. If the Fund were to become a SIFT fund within the meaning of the SIFT Rules, the income tax considerations discussed under the heading “Canadian Federal Income Tax Considerations” could be materially and adversely different in certain respects. See “Canadian Federal Income Tax Considerations”.

While the Fund has been structured so that the Fund will generally not be liable to pay income tax, the information available to the Fund and the Manager relating to the characterization, for tax purposes, of the distributions received by the Fund in any year from issuers of Portfolio securities may be insufficient as at December 31 of that year to ensure that the Fund will make sufficient distributions in order that it will not be liable to pay non-refundable income tax in respect of that year.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a *pro rata* basis in respect of distributions from the income trust that are a return of capital and which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA’s view should not affect the Fund’s ability to deduct interest on money borrowed to acquire units of income trusts included in the Portfolio securities. If the CRA’s view were to apply to the Fund, part of the interest payable by the Fund in connection with money borrowed to acquire certain Portfolio securities could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders. Income of the Fund which is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

On October 31, 2003, the Department of Finance (Canada) released for public comment the October 31, 2003 Proposals. In general, the October 31, 2003 Proposals may deny losses in respect of a business or property if in the year it is not reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on, and can reasonably be expected to carry on, that business or has held and can reasonably be expected to hold, that property. Profit, for this purpose, is determined without reference to capital gains or capital losses. The Manager believes that it is reasonable to expect that the Fund will realize a cumulative profit from each of its properties. If the October 31, 2003 Proposals applied to the Fund, losses in respect of property of the Fund could be denied, which may reduce after-tax returns to Unitholders as a result. Income of the Fund that is not distributed to Unitholders would be subject to non-refundable income tax in the Fund. The Fund will monitor its activities in this respect, as well as the October 31, 2003 Proposals. In the Canadian federal budget tabled in the House of Commons on February 23, 2005 by the Minister of Finance (Canada), it was announced that the Department of Finance (Canada) would replace the October 31, 2003 Proposals with a revised legislative initiative to be released for public comment. No such proposal has been released to date.

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under “Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if, at any time after 2004, the aggregate fair market value of all units issued by the trust held by one or more non-residents (including for this purpose partnerships with one or more non-resident members) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units were held by non-residents, the Fund would thereafter cease to be a mutual fund trust. Such draft amendments do not provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these proposed changes. The Department of Finance (Canada) has suspended implementation of these proposed changes pending further consultation with interested parties.

Currency Hedging

The Fund may invest in and use derivative instruments for currency hedging purposes to the extent, if any, considered appropriate by the Investment Advisor, taking into account factors including transaction costs. There can be no assurance that the Fund’s hedging strategies will be effective.

Status of the Fund

As the Fund is not considered to be a mutual fund under Canadian securities legislation, the Fund is not subject to the various policies and regulations that apply to open end mutual funds. The Fund will, however, be a “mutual fund trust” for purposes of the Tax Act.

Securities Lending

The Fund may engage in securities lending as described under “Investments of the Fund — Securities Lending”. Although the Fund will receive collateral for the loans and such collateral will be marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Conflicts of Interest

The Investment Advisor and its directors and officers and its affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts which invest primarily in securities similar to the Portfolio securities.

Although none of the directors or officers of the Investment Advisor will devote his or her full time to the business and affairs of the Fund, each will devote as much time as is necessary to provide portfolio advice to the Fund. See “Conflicts of Interest”.

Nature of Units

A Unit represents an undivided beneficial interest in the net assets of the Fund. Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. Units are dissimilar to debt instruments in that there are no principal amount or interest obligations owing to Unitholders.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, will not be changed or further changed in a manner which could adversely affect the distributions received by the Fund or by the Unitholders. In addition, there can be no assurance that the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of Units. If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

Payment in Kind on Termination

It is possible that on termination of the Fund, it may not be possible to convert all of the Fund’s assets to cash. In such a circumstance, certain assets of the Fund will be distributed in kind. It is possible that assets of the Fund delivered to Unitholders in connection with the termination of the Fund will not be listed on any stock exchange and that no market will develop for such assets. Assets so distributed may be subject to resale restrictions under applicable securities laws and may not be qualified investments for Registered Plans which would have adverse tax consequences to such plans and/or their annuitants or beneficiaries.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Investment Advisor and the Manager receive the fees described under “Fees and Expenses — Fees and Other Expenses” for their respective services to the Fund and are reimbursed by the Fund for all reasonable expenses incurred in connection with the operation and administration of the Fund.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material:

- (a) the amended and restated Declaration of Trust described under “The Fund”, and “Description of Unitholder Matters”;
- (b) the amended and restated Management Agreement described under “Management of the Fund”;
and

- (c) the amended and restated Investment Advisory Agreement described under “Management of the Fund — The Investment Advisory Agreement”.

Copies of the agreements referred to in (a) to (c) above are available on www.sedar.com.

AUDITORS

The auditors of the Fund are Deloitte & Touche LLP, 100 Queen Street, Suite 800, Ottawa, Ontario, K1P 5T8.

CUSTODIAN

CIBC Mellon Global Securities Services Company was appointed the custodian of the Fund’s assets pursuant to the custodian agreement dated as of October 17, 2005 (the “Custodian Agreement”). The address of the custodian is 320 Bay Street, P.O. Box 1, Toronto, Ontario, M5H 4A6. CIBC Mellon Global Securities Services Company provides a full range of custody and asset servicing products and solutions. The custodian may employ sub-custodians as considered appropriate in the circumstances.

REGISTRAR AND TRANSFER AGENT

Pursuant to the registrar and transfer agency agreement dated as of October 17, 2005, Computershare Investor Services Inc. was appointed the registrar and transfer agent for the Units. Computershare Investor Services Inc. is located at 100 University Avenue, Toronto, Ontario, M5J 2Y1. The register of Unitholders is kept in Toronto, Ontario.

BROOKFIELD SOUNDVEST EQUITY FUND

Additional information about the Fund is available in the Fund's management reports of Fund performance and financial statements.

You may obtain a copy of these documents at no cost by calling 1-888-777-4019, or from your dealer or by email at inquiries@brookfieldsoundvest.com.

The financial statements, management reports and other information about the Fund, such as information circulars and material contracts, are also available on the www.brookfieldsoundvest.com or at www.sedar.com.

Managed By:
Brookfield Soundvest Capital Management Ltd.
100 Sparks Street,
Suite 900
Ottawa, Ontario, K1P 5B7
Tel: 613-236-7361

Website: www.brookfieldsoundvest.com