Brookfield Soundvest Equity Fund
(formerly **Brascan** SoundVest Focused Business Trust)

BSE.UN

2010 Semi-Annual Report

Brookfield Soundvest Funds

IN PROFILE

Brookfield Soundvest Equity Fund (the "Fund") is managed by Brookfield Soundvest Capital Management Ltd., an affiliate of Brookfield Asset Management Inc., a global asset manager focused on property, power and other infrastructure assets, with over US$100 billion of assets under management.

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

BSE.UN (TSX LISTED) UNIT INFORMATION

Units Outstanding (June 30, 2010):	10,030,021
Targeted 2010 Monthly Distribution:	$0.025 per unit ($0.30 per unit annually)
Record Date:	Last business day of each month
Payment Date:	On or about the 15th day of each subsequent month

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REPORT TO UNITHOLDERS

Dear Fellow Unitholders,

In this letter we will provide an overview of the returns for the worldwide markets and how this compares to the performance of both the income trust and equity markets. In addition, we will look at the current status of the income trust market (alternatively, the "high yield equity sector") and our expectations for this sector in the future. Also, we will explain Fund performance for the first half of 2010 and share our outlook for the second half of 2010.

MARKET OVERVIEW

During the first half of 2010, the high yield equity market outperformed the general stock market. The income trust market provided a positive 3.6% during the first six months of the year while the Canadian equity market provided a negative 2.5% return over the same period. The U.S. and world markets provided negative returns during the first half of 2010 as concerns over domestic and international economic stability took centre stage.

Index	YTD Return (ending June 30th)
S&P/TSX Capped Income Trust Total Return	3.6%
S&P/TSX Composite	(2.5%)
S&P 500	(5.7%)
Dow Jones Industrial Average	(4.0%)
MSCI EAFE (Europe, Australasia, Far East)	(12.9%)
MSCI World	(9.6%)

Source: RBC Capital Markets

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

Sector	YTD Return (ending June 30th)
S&P/TSX Capped Energy Trust Total Return Index	3.2%
S&P/TSX Capped REIT Total Return Index	5.4%

Source: RBC Capital Markets

INCOME TRUSTS – A SECTOR IN TRANSITION

The Tax Fairness Plan for Canadians is now law and income trusts have less than 6 months remaining before they will be subject to a Distribution Tax beginning in their 2011 taxation year. Effectively, income trusts are viewed as corporations with a tax holiday until 2011. It should be noted that qualifying REIT's receive an exemption.

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

Sub-Sector	# of Trusts				2007 to 2008 Change	2008 to 2009 Change	2009 to June 2010 Change	2007 to June 2010 Change
	Dec-07	Dec-08	Dec-09	Jun-10				
Oil & Gas Royalty Trusts	27	22	17	14	(5)	(5)	(3)	(13)
Business Trusts	135	119	96	82	(16)	(23)	(14)	(53)
REITs (1)	27	27	26	26	0	(1)	0	(1)
Power & Pipeline Trusts	19	16	13	12	(3)	(3)	(1)	(7)
Total	**208**	**184**	**152**	**134**	**(24)**	**(32)**	**(18)**	**(74)**

(1) Subject to individual circumstances, REITs are generally not impacted by the Tax Fairness Plan for Canadians

The decrease in the number of income trusts during the first half of 2010 has been largely due to the significant number of conversions as seen in the table below:

	#	Market Capitalization ($B)
Takeovers/mergers/sales	(6)	$3.1
Conversions to corporations	(12)	$4.0
Total	**(18)**	**$7.1**

Source: RBC Capital Markets

Conversions to corporations were responsible for the largest number of transactions (12 out 18) representing $4.1 billion of market capitalization. It is expected that the number of income trusts will continue to decease as 2011 approaches. In 2011, we expect that many of the businesses will continue to exist; however, their legal form will to be different. Most trusts will convert back to corporations and retain some of their cash flow to fund future growth, while others will become high dividend paying corporations. As for trusts that are acquired, takeovers will likely continue to be done at a premium to their trading price prior to any announcement. We expect that all income trusts (excluding REITs) will convert to corporations prior to 2013 (tax free rollovers from trusts to corporations expire on December 31, 2012). As at June 30, 2010, 39 trusts had announced their intention to convert to a corporation either prior to or immediately following the year end. The combined market cap of the 39 trusts planning to covert is approximately $29.1 billion. More conversions will follow in the second half of 2010.

Throughout this continuing transition in the income trust market, trusts still offer investors a source for yield. As seen from the table below, the current income trust market continues to offer investors a diverse group of businesses offering high yields. As at June 30, 2010 the average yield for the income trust sector was 7.6%. As noted earlier, many of the businesses currently structured as trusts will continue to offer above-average yields both now and beyond 2010.

The income trust market as of June 30, 2010:

Sub-Sector	# of Trusts	Market Capitalization ($B)	Average Yield
Oil & Gas Royalty Trusts	14	$50.1	9.0%
Business Trusts	82	$25.3	7.5%
REITs	26	$22.3	6.9%
Power & Pipeline Trusts	12	$17.5	8.6%
Total	**134**	**$115.2**	**7.6%**

When compared to the end of 2009, the number of income trusts has decreased by 18 and the overall market capitalization has decreased from $119.2 billion to $115.2 billion. The decrease in market capitalization can be attributed to continued acquisition and conversion activity. In addition, the average yield has increased to 7.6% from 7.3% at the end of 2009. The increase in yield can mainly be attributed to lower yielding trusts either converting or being acquired.

In addition to the income trust market the Canadian equity market is and will continue to be attractive for investors with an appetite for yield. The S&P/TSX Composite Index provided a 2.9% yield as at June 30, 2010. From a total return perspective (capital gains + dividend yield) the 2.9% yield compares favorably to the 3.1% yield available from the 10 year government of Canada bond at the same point in time. It is should be noted there are many good companies within the S&P/TSX Composite Index and the Canadian equity market as a whole providing significantly higher yields.

The distributions of income trusts are not fixed but tend to vary over time based on the economic performance of the business underlying the income trust and its distribution policy. The pending Tax has hindered the ability of a trust to maintain its current distribution in 2011, although certain trusts will be able to grow their distributable cash to offset the impact of the new Tax. In 2004, 2005 and 2006, approximately 40% of trusts, each year, increased their distributions. However, since the Tax was announced, less than 22% of trusts increased their distributions during 2007, 12% in 2008 and only 10% of income trusts increased their distribution in 2009. During the first half of 2010 only 7% of trusts increased their distribution while the other 91% kept distributions constant and 2% decreased distributions (note, the number of decreases was small as most trusts that have converted to corporations decreased distributions/dividends upon conversion).

	YTD 2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Increased distributions*	7 %	10%	12%	21%	39%	45%	38%
Constant distributions*	91%	43%	58%	58%	45%	47%	52%
Decreased/omitted/no distribution*	2%	47%	30%	21%	16%	8%	10%

* Based on announcement date

When evaluating the strength of the income trust market there are a number of weak businesses that would struggle regardless of their legal structure but there are also a number of income trusts that are strong businesses run by experienced management and possess attractive economics, which have managed to grow their distributable cash and increase their distributions in the past. We are confident that the strongest businesses, whether in trust or corporate form, will continue to perform well in the future and will provide attractive long-term investment returns if purchased at reasonable prices.

FUND PERFORMANCE

The Fund has a mandate to actively manage a diversified portfolio of selected income trust securities, common shares, and other income-oriented securities. We invest primarily in income trusts and common shares that we believe are capable of generating high quality cash flows with minimal sustaining capital requirements and that have the potential to appreciate in value.

For the six month period ending June 30, 2010 the Fund's published net asset value per unit, which is used for purchases and redemptions, decreased 2.0%, resulting in a total return, including distributions, of positive 1.2%. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index returned positive 3.6% and the S&P/TSX Composite returned a negative 2.5%

For the six months ended June 30, 2010, the Fund generated net realized losses of approximately $170 thousand. Most of the sales were executed in order to reduce existing positions to a desired weighting within the Fund while others were executed with the intention to exit positions entirely. The net realized loss was largely due to exiting the position of Yellow Pages Income Fund and significantly reducing the Fund position in Acadian Timber Corp. The sale of Yellow Pages Income Fund resulted in a loss of $155 thousand while multiple sales of Acadian Timber Corp. resulted in a combined loss of $112 thousand. The losses were partially offset by a number of smaller sales resulting in gains but namely the partial sale of Baytex Energy Trust resulting in a gain of $25 thousand.

Distributions

The Fund paid a monthly distribution of $0.025 through the first six months of 2010.

MERGER OF FUNDS

On January 4, 2010, Brookfield Soundvest Capital Management Ltd. announced the completion of the previously announced merger of Brascan Soundvest Diversified Income Fund (TSX: BSI.UN) and Brascan Soundvest Total Return Fund (TSX: BST.UN) into Brascan Soundvest Focused Business Trust (TSX: BSF.UN), which is the continuing fund, effective January 1, 2010. The merger was approved at a special meeting of unitholders of the three funds held on December 15, 2009. In conjunction with the merger, the continuing fund was renamed Brookfield Soundvest Equity Fund ("BSE") (TSX: BSE.UN). BSE currently has 10,030,021 units outstanding. Also Brookfield Soundvest Capital Management Ltd., 50% owned by Brookfield Asset Management Ltd., replaces Brookfield Investment Management (Canada) Inc., a subsidiary of Brookfield Asset Management Ltd, as the manager of BSE.

The management fee of the continuing fund was reduced from 1.10% to 0.95% on January 1, 2010. The continuing Fund's investment mandate was expanded to allow investment in a broader set of primarily high yielding equity securities. The Fund's investment objectives remain the same: to provide unitholders with a stable stream of monthly distributions and to maximize long-term total return to unitholders. The targeted 2010 monthly distribution for the Fund is $0.025 per unit, or $0.30 per unit per year. In addition, the Fund's redemption date was changed to the last business day in August of each year.

The merger was implemented at an exchange ratio calculated as the net asset value ("NAV") per unit of BSI.UN and BST.UN divided by the NAV per unit of BSE.UN (formerly BSF.UN), each determined as at the close of business on December 31, 2009. The table below provides the NAV per unit for each of the funds and the resultant exchange ratio at such time.

Fund	NAV Per Unit	Exchange Ratio	Units of BSE Issued on Exchange
Brascan Soundvest Diversified Income Fund	$7.754836	1.655611 to 1.000000	5,078,831
Brascan Soundvest Total Return Fund	$5.884600	1.256327 to 1.000000	3,615,521
Brascan Soundvest Focused Business Trust	$4.683971		1,335,669

OUTLOOK

We believe the high level of conversion and acquisition activity will continue for the balance of 2010. By the time 2011 arrives, we expect most income trusts (with the exception of REITs) to have converted to corporations with most of the balance converting by the end of 2012. Throughout the transition period the Fund will take advantage of its broader menu to invest in income trusts and stocks providing both yield and the potential for capital appreciation.

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

Thank you for your continued support of our Fund.

Kevin Charlebois

Kevin Charlebois
On behalf of the Manager and the Investment Advisor

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

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance ("MRFP") is intended to provide readers with the financial highlights and an assessment of the performance of Brookfield Soundvest Equity Fund (the "Fund") for the six months ended June 30, 2010 (the "Period"). The interim financial statements are unaudited and have been prepared by and are the responsibility of the manager of the Fund. The Fund's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants. All figures in the MRFP are in Canadian dollars as at June 30, 2010, unless otherwise indicated.

This interim MRFP contains financial highlights, and the interim financial statements are included at end of this section. However, the annual financial statements of the Fund are not included with this report. You can get a copy of the annual financial statements at your request, and at no cost, by calling 888-777-4019; by writing to us at Brookfield Soundvest Capital Management Ltd. – 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7; or by visiting our website at www.brookfieldsoundvest.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives are to provide unitholders with a stable stream of monthly distributions and maximize long-term total returns.

The Fund's strategy is to invest its net assets in a diversified portfolio of securities consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds, and debentures, income trusts, real estate investment trusts ("REIT's"), Canadian mortgage-backed securities and cash and cash equivalents. The Trust may also invest up to 20% of the value of the portfolio in any other security that is not otherwise prohibited.

RISKS

The risks of investing in the Fund remain as discussed in the Fund's Annual Information Form and the Joint Information Circular dated November 12, 2009.

RESULTS OF OPERATIONS

The Fund's net assets increased by $39.6 million or 736.9%, from $6.2 million as at December 31, 2009 to $45.8 million as at June 30, 2010. Of this change, $0.4 million is attributable to investment performance (net of expenses) and $39.2 million to unitholder activity. Unitholder activity consists of $40.7 million contributed through the merger of funds referred to above which is reduced by the $1.5 million of distributions paid to unitholders. The Fund's investment performance and unitholder activity for 2010 are discussed in more detail below.

Investment Performance

For the six month period ending June 30, 2010 the Fund's published net asset value per unit, which is used for purchases and redemptions, decreased 2.0%, resulting in a total return, including distributions, of positive 1.2%. During the same timeframe, the S&P/TSX Capped Income Trust Total Return Index returned positive 3.6% and the S&P/TSX Composite returned a negative 2.5%

For the six months ended June 30, 2010, the Fund generated net realized losses of approximately $170 thousand. Most of the sales were executed in order to reduce existing positions to a desired weighting within the Fund while others were executed with the intention to exit positions entirely. The net realized loss was largely due to exiting the position of Yellow Pages Income Fund and significantly reducing the Fund position in Acadian Timber Corp. The sale of Yellow Pages Income Fund resulted in a loss of $155 thousand while multiple sales of Acadian Timber Corp. resulted in a combined loss of $112 thousand. The losses were partially offset by a number of smaller sales resulting in gains but namely the partial sale of Baytex Energy Trust resulting in a gain of $25 thousand.

The decision to maintain a meaningful income trust weighting benefitted the Fund as income trusts outperformed the S&P/TSX Composite for the six months ending June 30, 2010. The combined effect of an overweight position and security selection in the underperforming business trust sector contributed negatively to performance. Security selection in the oil and gas, power and pipeline and REIT sectors contributed positively to Fund performance as the Fund sector performance was superior to the index sector performance in all three sectors.

Fees and Expenses

Fees and expenses for the Period totalled $0.6 million, compared to $0.1 million for the same period in 2009, representing an annualized management expense ratio ("MER") of 2.31% as compared to 3.91% for the period ended June 30, 2009. The MER is based on the total expenses of the Fund for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of the daily average net asset value for the period. The MER before interest expense for the period ended June 2010 and 2009 was 1.94% and 3.78%, respectively. Fees and expenses for the Period increased as compared to the same period in 2009 in response to the increase in net asset value from the merger of funds discussed above. However, the MER declined with the lowering of the management fee from 110 bps to 95 bps as part of the merger of funds and through economies of scale possible with the significant increase in the Funds net assets. Daily average net asset value increased by 722.0% for the period ended June 2010 over the same period in 2009, while expenses increased by 427.8% during the same period.

Unitholder Activity

To provide liquidity, units of the Fund are listed on the TSX under the symbol BSE.UN. Under terms of the Fund's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, under which the Fund's units, under certain conditions, are redeemable on the last business day of August of each year at 100% of the net asset value per unit. The last date for requesting redemptions based on the August 31, 2010 net asset value per unit was August 10th and unitholders have requested redemption of 3,425,961 units. These units will be redeemed no later than September 22, 2010.

During the first six months of 2010, the Fund maintained its monthly distribution of $0.025 per unit and paid out distributions that totalled $0.15 per unit or $1.5million. The Fund's distributions included a return of capital of 14.5% or $0.02 per unit. Since the Fund's inception in October 17, 2005, the Fund has increased its original distribution rate once from its initial annual targeted distribution of $0.75 per unit.

Loan Facility

As at June 30, 2010, the Fund had access to the combined demand facilities of the three predecessor funds, bearing variable interest at Prime or bankers' acceptance rate. The maximum draw available to the Fund was limited to the lower of $12.0 million, an amount not exceeding 25% of the total value of the assets in the portfolio or the sum of 33.33% of readily marketable equity securities, 95% of government of Canada bonds and 100% of cash or equivalents.

On August 16, 2010 the demand facilities were replaced by a 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime and bankers' acceptance rates. The maximum draw under the facility was limited to the lower of $8.0 million, an amount not exceeding 25% of the total value of the assets in the portfolio, or the sum of 33.33% of readily marketable equity securities, 95% of government of Canada bonds and 100% of cash or equivalents. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2010, $5.9 million was drawn against the available limit, which represented 13% of net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during 2010 were $5.9 million and $7.8 million, respectively. A reduction or termination in the credit facility may limit the Fund's ability to employ leverage to magnify returns. In the current environment, the Fund will seek to cautiously use leverage as deemed appropriate.

RELATED-PARTY TRANSACTIONS

Brookfield Soundvest Capital Management Ltd. (the "Manager" and "Investment Advisor"), an affiliate of Brookfield Asset Management Inc., is the Manager of the Fund and is responsible for managing all of the Fund's activities. Management fees are paid to the Manager based on terms set out in the management agreement. Prior to the merger of Brascan Soundvest Diversified Income Fund and Brascan Soundvest Total Return Fund into Brascan

Soundvest Focused Business Trust, effective January 1, 2010, the management fee was at a rate of 1.10% per annum of the net asset value of the Fund. With the merger, the management fee rate was reduced to 0.95% per annum of the net asset value of the Fund. In addition, the Fund also pays the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is, in turn, paid to the investment dealers based on the proportionate number of units held by clients of such dealers. During the Period, management fees accrued or paid to the Manager totalled $227 thousand. Service fees accrued or paid during the Period totalled $95 thousand.

RECENT DEVELOPMENTS

Accounting Policy Changes

Future Accounting Changes - International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to be replaced with International Financial Reporting Standards ("IFRS"). In May 2007, the AcSB published an updated version of its implementation plan which outlines the key decisions that the AcSB will need to make as it implements the Strategic Plan for publicly accountable enterprises that will replace Canadian GAAP with IFRS by January 1, 2011. The key elements of the plan include the disclosures of the qualitative impact in the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. In February 2008, the AcSB released its final report on progress in preparing for the crossover, noting that the necessary infrastructure and awareness was in place for a successful conversion.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the net asset value of the Fund will be impacted by the changeover to IFRS. The Manager expects that the impact of IFRS on the Fund’s financial statements will result in additional disclosures and potentially different presentation.

However, the Accounting Standards Board is proposing that Canadian investment companies have the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2012. The Manager is currently assessing the impact of this announcement on the Fund and its plans for adopting IFRS. Accordingly, the Fund will adopt IFRS for either its fiscal period beginning January 1, 2011 or 2012, and will issue its initial financial statements in accordance with IFRS, including comparative information, for either the interim period ending June 30, 2011 or 2012.

Merger of funds

On January 4, 2010, Brookfield Soundvest Capital Management Ltd. announced the completion of the previously announced merger of Brascan Soundvest Diversified Income Fund (TSX: BSI.UN) and Brascan Soundvest Total Return Fund (TSX: BST.UN) into Brascan Soundvest Focused Business Trust (TSX: BSF.UN), which is the continuing fund, effective January 1, 2010. The merger was approved at a special meeting of unitholders of the three funds held on December 15, 2009.

The management fee of the continuing fund was reduced from 1.10% to 0.95% on January 1, 2010. The continuing Fund’s investment mandate was expanded to allow investment in a broader set of primarily high yielding equity securities. The Fund’s investment objectives remain the same: to provide unitholders with a stable stream of monthly distributions and to maximize long-term total return to unitholders. The targeted 2010 monthly distribution for the Fund is $0.025 per unit, or $0.30 per unit per year. In addition, the Fund’s redemption date was changed to the last business day in August of each year.

In conjunction with the merger, the continuing fund was renamed Brookfield Soundvest Equity Fund (“BSE”) (TSX: BSE.UN). BSE currently has 10,030,021 units outstanding. Also Brookfield Soundvest Capital Management Ltd. replaces Brookfield Investment Management (Canada) Inc. as the manager of BSE.

The merger was implemented at an exchange ratio calculated as the net asset value ("NAV") per unit of BSI.UN and BST.UN divided by the NAV per unit of BSE.UN (formerly BSF.UN), each determined as at the close of business on December 31, 2009. The table below provides the NAV per unit for each of the funds and the resultant exchange ratio at such time.

Fund	NAV Per Unit	Exchange Ratio	Units of BSE Issued on Exchange
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OUTLOOK

We believe the high level of conversion and acquisition activity will continue for the balance of 2010. By the time 2011 arrives, we expect most income trusts (with the exception of REITs) to have converted to corporations with most of the balance converting by the end of 2012. Throughout the transition period the Fund will take advantage of its broader menu to invest in income trusts and stocks providing both yield and the potential for capital appreciation.

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

FINANCIAL HIGHLIGHTS

The following tables detail selected key financial information about the Fund and are intended to assist readers in understanding the Fund's financial performance since inception. Information to December 31, 2009 is that of Brascan SoundVest Focused Business Trust which became Brookfield Soundvest Equity Fund concurrent with the merger of Brascan Soundvest Diversified Income Fund and Brascan Soundvest Total Return Fund into Brascan Soundvest Focused Business Trust, effective January 1, 2010. Information subsequent to 2009 represents the results for the merged entity.

The Fund's Net Assets Per Unit[1]

	2010[2]	2009[3]	2008[3]	2007[3]	2006[3]
Net assets – beginning of period	**$ 4.66**	$ 3.42	$ 8.03	$ 8.14	$ 10.27
Increase (decrease) from operations					
Total revenue	**0.22**	0.46	0.90	0.98	1.03
Total expenses	**(0.06)**	(0.16)	(0.23)	(0.27)	(0.24)
Transaction costs	**–**	(0.01)	(0.02)	–	–
Net realized (losses) gains on sale of investments	**(0.02)**	(1.59)	(3.98)	0.30	(0.71)
Net change in unrealized (losses) gains	**(0.09)**	2.83	(0.48)	(0.26)	(1.34)
Return of capital	**(0.02)**	(0.03)	(0.07)	(0.13)	(0.19)
Total (decrease) increase from operations[4]	**0.03**	1.50	(3.88)	0.62	(1.45)
Distributions					
From investment income	**(0.13)**	–	(0.15)	(0.46)	(0.43)
From dividend income	–	–	(0.08)	(0.04)	(0.05)
Return of capital	**(0.02)**	(0.32)	(0.55)	(0.28)	(0.28)
Total distributions[5]	**(0.15)**	(0.32)	(0.78)	(0.78)	(0.76)
Net assets - end of period[6]	**$ 4.57**	$ 4.66	$ 3.42	$ 8.03	$ 8.14

1 *This information is derived from the Fund's audited and unaudited financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Fund*
2 *As at and for the six months ended June 30, 2010 (unaudited)*
3 *As at and for the twelve months ended December 31 for Brascan Soundvest Focused Business Trust*
5 *Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase from operations is based on the weighted average number of units outstanding over the financial period.*
6 *Distributions were paid in cash*
7 *Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period. Accordingly, totals may not sum in the above table due to the different basis for computing the per unit amounts*

The following table illustrates components of the Fund's overall return:

	2010[1]	2009[2]	2008[2]	2007[2]	2006[2]
Net investment income	**$1,651,939**	$ 556,019	$ 1,470,151	$ 2,822,131	$ 3,923,810
Transaction costs	**(10,595)**	(13,903)	(36,454)	(19,381)	—
Net realized (losses) gains on sale of investments	**(170,061)**	(2,947,051)	(8,712,532)	1,170,751	(3,553,581)
Net change in unrealized (losses) gains	**(883,903)**	5,259,023	(1,060,612)	(1,010,864)	(6,645,424)
Return of capital	**(219,405)**	(63,008)	(156,812)	(519,505)	(931,418)
Income (loss) from operations	**367,975**	2,791,080	(8,496,259)	2,443,132	(7,206,613)
Income (loss) from operations per unit	**0.03**	1.50	(3.88)	0.62	(1.45)
Net assets per unit	**$ 4.57**	$ 4.66	$ 3.42	$ 8.03	$ 8.14

1 *As at and for the six months ended June 30, 2010 (unaudited)*
2 *As at and for the twelve months ended December 31 for Brascan Soundvest Focused Business Trust*

Ratios and Supplemental Data

	2010[1]	2009[2]	2008[2]	2007[2]	2006[2]
Total net asset value	**$ 45,858,809**	$ 6,222,979	$ 6,401,266	$ 17,700,160	$ 32,449,837
Number of units outstanding	**10,030,021**	1,335,669	1,874,434	2,203,634	3,984,572
Management expense ratio before interest expense	**1.94%**	3.95%	2.62%	2.19%	1.89%
Management expense ratio[3]	**2.31%**	4.07%	3.57%	3.13%	2.53%
Management expense ratio before waivers or absorptions	**2.31%**	4.07%	3.57%	3.13%	2.53%
Trading expense ratio[4]	**0.04%**	0.19%	0.26%	0.06%	0.14%
Portfolio turnover rate[5]	**5.05%**	20.58%	18.42%	8.64%	24.33%
Monthly distribution per unit	**$ 0.025**	$ 0.027	$ 0.065	$ 0.065	$ 0.065
Annualized trailing yield[6]	**6.94%**	7.68%	29.32%	10.5%	10.4%
Closing market price	**$ 4.32**	$ 4.22	$ 2.66	$ 7.46	$ 7.50

1 *As at and for the six months ended June 30, 2010 (unaudited)*
2 *As at and for the twelve months ended December 31 for Brascan Soundvest Focused Business Trust*
3 *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period*
4 *The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period*
5 *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund*
6 *Based on annualized cumulative distributions per unit and the closing market price*

Management and Service Fees

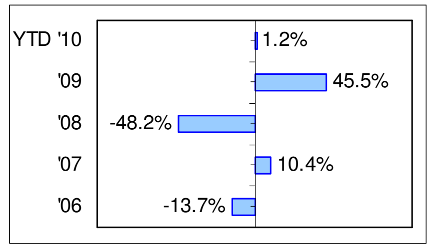
Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% (1.10% prior to 2010) per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund, calculated and paid quarterly. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

PAST PERFORMANCE

The following chart and table show the past performance of the Fund and do not necessarily indicate how the Fund will perform in the future. Information to December 31, 2009 is that of Brascan SoundVest Focused Business Trust which became Brookfield Soundvest Equity Fund concurrent with the merger of Brascan Soundvest Diversified Income Fund and Brascan Soundvest Total Return Fund into Brascan Soundvest Focused Business Trust, effective January 1, 2010. Information subsequent to 2009 represents the results for the merged entity. The information shown is based on the net assets per unit and assumes that distributions made by the Fund in the periods shown were reinvested (at the net assets per unit) in additional units of the Fund.

Year-by-Year Returns

The bar chart shows the Fund's total returns from the Annual Compound Returns table below (based on net assets per unit) and includes distributions made in each period since inception to June 30, 2010. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have increased or decreased by the last day of the fiscal period.



Annual Compound Returns

The following table shows the Fund's compound return, based on published net asset values, for the periods noted and the annual compound returns, based on net asset values, since inception and for the three-year period ended June 30, 2010, compared with the Index.

	2010[1]	2009[2]	2008[2]	2007[2]	2006[2]	3-Year[3]	Since Inception[4]
Fund – Net asset value	**(2.0%)**	36.1%	(57.8%)	0.8%	(21.1%)	(20.1%)	(14.1%)
Fund – Total Return, including distributions	**1.2%**	45.5%	(48.2%)	10.4%	(13.7%)	(11.6%)	(4.6%)
S&P/TSX Capped Income Trust Total Return Index	**3.6%**	42.2%	(26.1%)	6.6%	(2.8%)	1.8%	4.6%
S&P/TSX Composite Return Index	**(2.5%)**	35.0%	(33.0%)	9.8%	17.3%	(3.9%)	4.3%

1 *For the six months ended June 30, 2010*
2 *For the twelve months ended December 31 for Brascan Soundvest Focused Business Trust*
3 *Period from June 30, 2007 to June 30, 2010*
4 *For the period from inception (October 17, 2005) to June 30, 2010*

SUMMARY OF INVESTMENT PORTFOLIO

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

Portfolio Composition

As at June 30, 2010, the Fund was invested in the following sectors in the percentages shown below:

	2010[1] Percentage of Net Assets	Permitted Percentage of Total Investment Portfolio
Canadian Bonds and Debentures	**2.3%**	0%-100%
Canadian Preferred Stocks	**0.0%**	0%-100%
Canadian Income Trusts	**91.9%**	0%-100%
Canadian Common Stocks	**18.5%**	0%-100%
Other	**0.0%**	0%-20%
Total Investment Portfolio	**112.7%**	100%
Cash and Equivalents	**0.2%**	
Liabilities in excess of other assets	**(12.9%)**	
	100.0%	

1 *Based on market value as at June 30, 2010*

Top 25 Positions
The top 25 positions held by the Fund as at June 30, 2010, were as follows:

Number of Units			Fair Value	Percentage of Investment Portfolio
343,000	Just Energy Income Fund	$	4,335,520	8.4%
82,000	Crescent Point Energy Corporation		3,047,120	5.9%
161,000	First National Financial Income Fund		2,706,410	5.2%
116,000	Bonavista Energy Trust		2,644,800	5.1%
74,000	Baytex Energy Trust		2,350,980	4.6%
157,910	IBI Group Income Fund		2,172,842	4.2%
115,900	Zargon Energy Trust		2,105,903	4.1%
101,400	Brookfield Renewable Power Fund		2,025,972	3.9%
185,000	Artis Real Estate Investment Trust		1,998,000	3.9%
100,000	ARC Energy Trust		1,971,000	3.8%
157,500	Altus Group Income Fund		1,960,875	3.8%
160,000	Inter Pipeline Fund LP 'A'		1,910,400	3.7%
83,000	Enerplus Resources Fund		1,897,380	3.7%
55,100	Vermilion Energy Trust		1,847,503	3.6%
86,600	Calloway Real Estate Investment Trust		1,809,940	3.5%
47,400	Bonterra Energy Corporation		1,646,676	3.2%
97,000	H&R Real Estate Investment Trust		1,642,210	3.2%
2,940,000	Edleun Group Inc.		1,558,200	3.0%
218,800	Avenir Diversified Income Trust		1,166,204	2.3%
78,000	Exchange Income Corporation		1,083,420	2.1%
1,040,000	InterRent International Properties Inc. - Convertible debenture		1,033,263	2.0%
32,300	Bird Construction Income Fund		992,256	1.9%
80,100	Brookfield Real Estate Services Fund		961,200	1.9%
96,300	CML Healthcare Income Fund		961,074	1.9%
20,000	Boardwalk Real Estate Investment Trust		800,200	1.5%

Garry M Skinner
Chief Financial Officer of the Manager

August 27, 2010

STATEMENTS OF NET ASSETS
(Unaudited)

As at		June 30, 2010		December 31, 2009 (Note 1)
Assets				
Investments, at fair value	**$**	**51,660,928**	$	7,257,191
Cash and equivalents		**83,628**		121,410
Distributions and interest receivable		**384,178**		66,440
Prepaid and other		**10,570**		1,099
Total assets		**52,139,304**		7,446,140
Liabilities				
Accounts payable and accrued liabilities *(note 5)*		**391,546**		123,807
Loan payable *(note 6)*		**5,888,949**		1,099,354
Total liabilities		**6,280,495**		1,223,161
Net assets representing unitholders' equity	**$**	**45,858,809**	**$**	**6,222,979**
Units outstanding *(note 7)*		**10,030,021**		1,335,669
Net assets per unit *(note 4)*	**$**	**4.57**	$	4.66

The accompanying notes are integral to these financial statements

Approved by the Manager, by:

Kevin W. Charlebois
Director

George E. Myhal
Director

STATEMENTS OF OPERATIONS[1]
(Unaudited)

For the six months ended June 30		2010		2009
Income and distributions				
Distributions	$	**1,935,581**	$	408,460
Return of capital		**219,405**		37,729
Interest income		**56,435**		35
		2,211,421		446,224
Expenses				
Management fees *(note 9)*		**227,039**		36,585
Service fees *(note 9)*		**94,989**		13,159
Interest expense		**89,677**		4,201
General and administrative		**32,468**		20,764
Legal and exchange fees		**30,438**		–
Audit fees		**25,166**		21,408
Directors' fees		**18,271**		2,332
Accounting and administrative		**16,261**		16,977
Trustee fees		**13,197**		6,916
Custodial fees		**9,464**		9,084
Unitholders' communication fees		**2,512**		(636)
		559,482		130,790
Net investment income		**1,651,939**		315,434
Transaction costs *(note 10)*		**(10,595)**		(2,002)
Net realized losses on sale of investments *(note 10)*		**(170,061)**		(1,029,681)
Net change in unrealized (losses) gains on investments		**(883,903)**		1,651,368
Return of capital		**(219,405)**		(37,729)
Results of operations	$	**367,975**	$	897,390
Results of operations per unit[1,2]				
Net investment income	$	**0.16**	$	0.17
Transaction costs		**(0.00)**		(0.00)
Net realized losses on sale of investments		**(0.02)**		(0.55)
Net change in unrealized (losses) gains on investments		**(0.09)**		0.88
Return of capital		**(0.02)**		(0.02)
Increase in net assets from operations	$	**0.03**	$	0.48

1 *Certain comparative figures have been reclassified to conform to the current period presentation*
2 *Based on the weighted average number of units outstanding for the period (note 7)*

The accompanying notes are integral to these financial statements

STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

For the six months ended June 30	2010	2009 (Note 1)
Net assets - beginning of period	**$ 6,222,979**	$ 6,401,266
Operations[1]		
Net investment income	**1,651,939**	315,434
Transaction costs *(note 3c, 10)*	**(10,595)**	(2,002)
Net realized losses on sale of investments *(note 9)*	**(170,061)**	(1,029,681)
Net change in unrealized (losses) gains on investments	**(883,903)**	1,651,368
Return of capital	**(219,405)**	(37,729)
	367,975	897,390
Unitholder transactions		
Issuance of units on merger of funds (note 7)	**40,772,359**	–
Distribution to unitholders		
From net investment income	**(1,285,099)**	(265,929)
From return of capital	**(219,405)**	(37,729)
	39,267,855	(303,658)
Net increase in net assets during the period	**39,635,830**	593,732
Net assets - end of period	**$ 45,858,809**	$ 6,994,998

1 *Certain comparative figures have been reclassified to conform to current period presentation*

STATEMENTS OF CASH FLOWS
(Unaudited)

For the six months ended June 30	2010	2009 (Note 1)
Operating activities[1]		
Net investment income	**$ 1,651,939**	$ 315,434
Transaction costs *(note 10)*	**(10,595)**	(2,002)
Return of capital	**(219,405)**	(37,729)
Change in non-cash working capital	**(59,470)**	(50,334)
	1,362,469	225,369
Financing activities		
Loan payable, net increase	**4,789,595**	–
Distributions to unitholders	**(1,504,504)**	(303,658)
	3,285,091	(303,658)
Investing activities		
Payment of net liabilities assumed on merger of funds	**(4,474,734)**	–
Purchase of investment securities *(note 10)*	**(2,770,028)**	(351,214)
Proceeds from sale of investments *(note 10)*	**2,559,420**	476,180
	(4,685,342)	124,966
Net (decrease) increase in cash and equivalents during the period	**(37,782)**	46,677
Cash and equivalents, beginning of period	**121,410**	25,816
Cash and equivalents, end of period	**$ 83,628**	$ 72,493

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

The accompanying notes are integral to these financial statements

STATEMENT OF INVESTMENTS
(Unaudited)

As at June 30, 2010

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Debentures			
1,040,000	Interrent International Properties Inc. 7.25% September 22/10 Convertible Debenture.	$ 1,013,956	$ 1,033,263	2.3%
	Income Trusts			
343,000	Just Energy Income Fund	5,092,180	4,335,520	9.5%
161,000	First National Financial Income Fund	2,659,360	2,706,410	5.9%
116,000	Bonavista Energy Trust	2,591,827	2,644,800	5.8%
74,000	Baytex Energy Trust	2,197,800	2,350,980	5.1%
157,910	IBI Group Income Fund	2,287,365	2,172,842	4.7%
115,900	Zargon Energy Trust	2,231,629	2,105,903	4.6%
101,400	Brookfield Renewable Power Fund	1,936,514	2,025,972	4.4%
185,000	Artis REIT	2,005,400	1,998,000	4.4%
100,000	Arc Energy Trust	1,992,200	1,971,000	4.3%
157,500	Altus Group Income Fund	1,785,359	1,960,875	4.3%
160,000	Inter Pipeline Fund LP ‘A’	1,729,600	1,910,400	4.2%
83,000	Enerplus Resources Fund	1,995,571	1,897,380	4.1%
55,100	Vermilion Energy Trust	1,786,342	1,847,503	4.0%
86,600	Calloway REIT	1,647,137	1,809,940	3.9%
97,000	H&R REIT	1,498,619	1,642,210	3.6%
218,800	Avenir Diversified Income Trust	1,184,679	1,166,204	2.5%
32,300	Bird Construction Income Fund	606,096	992,256	2.2%
80,100	Brookfield Real Estate Services Fund	932,280	961,200	2.1%
96,300	CML Health Care Income Fund	1,301,565	961,074	2.1%
20,000	Boardwalk REIT	732,301	800,200	1.7%
32,700	Cineplex Galaxy Income Fund	556,455	636,996	1.4%
34,300	Davis & Henderson Income Fund	546,807	568,351	1.2%
56,900	Medical Facilities Corporation	633,015	492,185	1.1%
15,500	Genivar Income Fund	410,071	395,405	0.9%
40,000	New Flyer Industry Inc.	420,875	392,000	0.9%
36,100	Sir Royalty Income Fund	313,211	330,676	0.7%
76,500	Coast Wholesale Appliances Inc	528,293	318,240	0.7%
16,300	Armtec Infrastructure Income Fund	379,940	302,365	0.7%
22,500	Parkland Income Fund	216,606	241,875	0.5%
10,000	Allied Properties REIT	188,947	196,000	0.4%
		42,388,044	42,134,762	91.9%

STATEMENT OF INVESTMENTS
(Unaudited)

As at June 30, 2010

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Canadian Common Stocks			
82,000	Crescent Point Energy Corporation	3,238,180	3,047,120	6.6%
47,400	Bonterra Energy Corporation	1,642,884	1,646,676	3.6%
2,940,000	Edleun Group Inc	1,470,000	1,558,200	3.4%
78,000	Exchange Income Corporation	1,006,980	1,083,420	2.4%
43,520	First Capital Reality Inc.	589,152	591,872	1.3%
41,500	Atlantic Power Corp	476,005	512,110	1.1%
8,700	Acadian Timber Income Fund	75,109	53,505	0.1%
		8,498,310	8,492,903	18.5%
Investment portfolio		51,900,310	51,660,928	112.7%
Transaction costs		(25,216)	—	—%
Total investment portfolio		$ 51,875,094	$ 51,660,928	112.7%
Cash and equivalents			83,628	0.2%
Liabilities in excess of other assets			(5,885,747)	(12.9)%
Net assets			$ 45,858,809	100.0%

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

The accompanying notes are integral to these financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010 (Unaudited)

1. OPERATIONS

On January 4, 2010, Brookfield Soundvest Capital Management Ltd. announced the completion of the previously announced merger of Brascan Soundvest Diversified Income Fund and Brascan Soundvest Total Return Fund into Brascan Soundvest Focused Business Trust, which is the continuing fund, effective January 1, 2010. The merger was approved at a special meeting of unitholders of the three funds held on December 15, 2009. In conjunction with the merger, the continuing fund was renamed Brookfield Soundvest Equity Fund (the "Fund"). In conjunction with the merger, Brookfield Soundvest Capital Management Ltd., which is 50% owned by Brookfield Asset Management Ltd., replaced Brookfield Investment Management (Canada) Inc., a subsidiary of Brookfield Asset Management Ltd., as the manager of the Fund(in such capacity, the "Manager"). Information presented in these financial statements to December 31, 2009 is that of Brascan SoundVest Focused Business Trust while information subsequent to 2009 represents the results for the merged entity.

Brookfield Soundvest Equity Fund (formerly Brascan SoundVest Focused Business Trust) was established under the laws of the Province of Ontario by a declaration of trust dated September 28, 2005. In addition to being the Manager, Brookfield Soundvest Capital Management Ltd. is also the investment advisor (in such capacity, the "Investment Advisor"). Computershare Trust Company of Canada is the trustee of the Fund. The Fund is authorized to issue an unlimited number of units. The Fund is listed on the Toronto Stock Exchange and effectively commenced operations on October 17, 2005.

The Fund's investment objectives are to provide unitholders with a stable stream of monthly distributions and maximize long-term total return to unitholders.

The Fund seeks to achieve these objectives by investing in a portfolio of securities consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds, and debentures, income trusts, real estate investment trusts ("REIT's"), Canadian mortgage-backed securities and cash and cash equivalents. The Trust may also invest up to 20% of the value of the portfolio in any other security that is not otherwise prohibited.

2. ACCOUNTING POLICY CHANGES

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to be replaced with International Financial Reporting Standards ("IFRS"). In May 2007, the AcSB published an updated version of its implementation plan which outlines the key decisions that the AcSB will need to make as it implements the Strategic Plan for publicly accountable enterprises that will replace Canadian GAAP with IFRS by January 1, 2011. The key elements of the plan include the disclosures of the qualitative impact in the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. In February 2008, the AcSB released its final report on progress in preparing for the crossover, noting that the necessary infrastructure and awareness was in place for a successful conversion. Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the net asset value of the Fund will be impacted by the changeover to IFRS. The Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation. However, the Accounting Standards Board is proposing that Canadian investment companies have the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2012. The Manager is currently assessing the impact of this announcement on the Fund and its plans for adopting IFRS. Accordingly, the Fund will adopt IFRS for either its fiscal period beginning January 1, 2011 or 2012, and will issue its initial financial statements in accordance with IFRS, including comparative information, for either the interim period ending June 30, 2011 or 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared using the following policies determined under Canadian GAAP, and they include estimates and assumptions made by the Manager that affect the reported amounts of assets and liabilities at the date of these interim financial statements and the reported amounts of income and expenses during the six-month period end June 30, 2010. Actual results could differ from these estimates. The notes to these interim financial statements are presented in a condensed or summarized format and, therefore, should be read in conjunction with the Fund's December 31, 2009 annual financial statements. These financial statements follow the same accounting policies and methods of their application as those used in preparing the annual financial statements.

a) Cash and Equivalents

Cash and equivalents are cash balances and short-term, highly liquid investments with original maturities of 90 days or less, and are carried at cost plus accrued interest.

b) Valuation of Investments

The Fund's investments are presented at fair value. Investments that are publicly traded are valued at their last bid price. Short-term investments are valued at their fair value. Investments for which reliable quotations are not readily available, or for which there is no closing bid price, are valued at fair value as determined using the Manager's best estimates thereof pursuant to procedures established by the Manager and taking into account the last closing price, where appropriate.

The process of valuing investments for which no published market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the investments, and may differ from the prices at which the investments may be sold. These differences could be material to the fair value of the investments as a portfolio.

c) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis, with dividends recorded on the ex-dividend date. Distributions from income funds, including trusts and limited partnerships, are recognized on the ex-distribution date. Net realized gains (losses) on sale of investments include net realized gains or losses from foreign currency changes.

d) Income Taxes

The Fund is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Fund makes distributions in each year of its net taxable income and taxable net capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net taxable income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

e) Foreign Exchange

The fair value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the closing rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

f) Return of Capital

Distributions that are treated as a return of capital for income tax purposes are included in investment income and are adjusted for in the Statements of Operations. These distributions are used to reduce the average cost of the underlying investments on the Statement of Investments.

g) Other Assets and Liabilities

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

4. NET ASSET VALUE PER UNIT

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

The difference between the published net asset value per unit and the financial statement net asset value per unit reflected in the financial statements as at June 30, 2010 and December 31, 2009 is as follows:

As at June 30, 2010		Per Unit
Published net asset value used for purchases and redemptions	$ 46,051,680	$ 4.59
Section 3855 adjustment	(192,871)	(0.02)
Net assets per financial statements	$ 45,858,809	$ 4.57

As at December 31, 2009		Per Unit
Published net asset value used for purchases and redemptions	$ 6,256,235	$ 4.68
Section 3855 adjustment	(33,256)	(0.02)
Net assets per financial statements	$ 6,222,979	$ 4.66

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2010	December 31, 2009
Distributions payable to unitholders *(note 8)*	**$ 250,751**	$ 36,063
Management fees payable	**35,956**	5,845
Service fees payable	**54,301**	8,251
Other accounts payable and accrued liabilities	**50,538**	73,648
	$ 391,546	$ 123,807

6. LOAN FACILITY

As at June 30, 2010, the Fund had access to the combined demand facilities of the three predecessor funds, bearing variable interest at Prime or bankers' acceptance rate. The maximum draw available to the Fund was limited to the lower of $12.0 million, an amount not exceeding 25% of the total value of the assets in the portfolio or the sum of 33.33% of readily marketable equity securities, 95% of government of Canada bonds and 100% of cash or equivalents.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2010, $5.9 million was drawn against the available limit, which represented 13% of net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during 2010 were $5.9 million and $7.8 million, respectively (there were no borrowings against the loan facility during the first six months of 2009). A reduction or termination in the credit facility may limit the Fund's ability to employ leverage to magnify returns. In the current environment, the Fund will seek to cautiously use leverage as deemed appropriate.

7. UNITS OF THE FUND

On October 17, 2005, the Fund completed its initial public offering of 4,800,000 units at a price of $10.00 per unit. On October 28, 2005, the Fund completed the issuance of an additional 250,000 units at a price of $10.00 per unit pursuant to the exercise of the overallotment option granted to the agents in connection with the initial public offering. Proceeds raised, net of agent's fees and estimated issuance costs of $3,175,000 totalled $47,325,000.

Actual agent's fee and issuance costs were $3,065,895, which were adjusted for on the Statements of Changes in Net Assets.

On January 4, 2010, Brookfield Soundvest Capital Management Ltd. announced the completion of the previously announced merger of Brascan Soundvest Diversified Income Fund (TSX: BSI.UN) and Brascan Soundvest Total Return Fund (TSX: BST.UN) into Brascan Soundvest Focused Business Trust (TSX: BSF.UN), which is the continuing fund, effective January 1, 2010. The merger was approved at a special meeting of unitholders of the three funds held on December 15, 2009

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption at any time during August of any year, but at least 15 business days prior to the last business day in August (the "Redemption Date"). Redemption of surrendered units will be effected at net asset value on the Redemption Date each year and will be settled on or before the 15th business day following such effective date. The last date for requesting redemptions based on the August 31, 2010 net asset value per unit was August 10th and unitholders have requested redemption of 3,425,961 units. These units will be redeemed no later than September 22, 2010.

On June 30, 2010, Brookfield Soundvest Capital Management Ltd., as manager of the Fund, announced that the Toronto Stock Exchange had accepted its Notice of Intention to make a normal course issuer bid. The Trust will have the right under the bid to purchase for cancellation up to 794,651 of its capital units issued and outstanding as at June 29, 2010.

The normal course issuer bid will commence on July 5, 2010 and end on July 4, 2011 or on such earlier date as the Fund may complete its purchases or provide notice of termination. The price to be paid for the Units under the normal course issuer bid will be the market price at the time of purchase. All Units purchased by the Fund under this bid will be promptly cancelled.

Under the normal course issuer bid, the Fund may not purchase in any 30 day period more than 200,600 Units, representing 2% of the issued and outstanding Units as at the date of acceptance of the notice of the normal course issuer bid by the TSX.

The merger of Brascan Soundvest Diversified Income Fund ("BSI") and Brascan Soundvest Total Return Fund ("BST") into Brascan Soundvest Focused Business Trust (BSF) was implemented at an exchange ratio calculated as the net asset value ("NAV") per unit of BSI and BST divided by the NAV per unit of BSE (formerly BSF), each determined as at the close of business on December 31, 2009. The table below provides the NAV per unit for each of the funds, the resultant exchange ratio at such time and the number of units issued in the exchange.

Fund	NAV Per Unit	Exchange Ratio	Units of BSE Issued on Exchange
Brascan Soundvest Diversified Income Fund	$7.754836	1.655611 to 1.000000	5,078,831
Brascan Soundvest Total Return Fund	$5.884600	1.256327 to 1.000000	3,615,521
Brascan Soundvest Focused Business Trust	$4.683971		1,335,669

A continuity of the units of the Trust is as follows:

Issued	Number of Units		Amount
Units - December 31, 2008	1,874,434		23,819,065
Redeemed for cash			
Cancelled after redemption for cash	(538,765)		(2,376,597)
Units - December 31, 2009	1,335,669	$	21,442,468
Exchanged on merger to BSI unitholders	5,078,831		23,818,551
Exchanged on merger to BST unitholders	3,615,521		16,953,807
Units - December 31, 2009	10,030,021	$	62,214,826

The weighted average number of units outstanding for the six months ended June 30, 2010 was 10,030,021 (December 31, 2009 – 1,858,197).

8. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the 15th day or the first business day after the 15th day of the month following the record date. Distributions payable as at June 30, 2010 totalled $250,751 (December 31 2009 – $36,063).

9. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund, calculated and paid quarterly. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

10. INVESTMENT TRANSACTIONS

Investment transactions[1] for the period ended June 30 were as follows:

	2010	2009
Proceeds from sale of investments	**$ 2,559,420**	$ 476,180
Less cost of investments sold		
Investments at cost – beginning of period	**6,587,455**	11,053,932
Investments purchased during the period	**2,770,028**	351,214
Investments transferred in on merger *(notes 1 & 7)*	**45,247,092**	—
Investments at cost – end of period	**51,875,094**	9,899,284
Cost of investments sold during the period	**2,729,481**	1,505,862
Net realized losses on sale of investments	**$ (170,061)**	$ (1,029,682)

1 All balances have been adjusted for Return of Capital amounts

Brokerage commissions on securities purchased and sold during the period ended June 30, 2010 totalled $10,595 and are included as an expense in the Statements of Operations. Brokerage commissions on securities purchased and sold during the year ended December 31, 2009 totalled $13,903 and are included in the cost of securities purchased or netted against proceeds received from securities sold.

11. CAPITAL DISCLOSURES

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

12. RISK MANAGEMENT

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

Market Risk

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

The use of the loan facility exposes unitholders to leverage such that any increase or decrease in the net asset value of the investment portfolio will result in a greater proportionate increase or decrease in the published net asset value per unit.

The Manager's best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Capped Income Trust Total Return Index, with other variables held constant, is as follows:

Change in income trust prices on the S&P/TSX Capped Income Trust Total Return Index	Change in Net Assets of Fund June 30, 2010	December 31, 2009
10%	9.0%	6.6%
(10%)	(9.7%)	(8.0%)

In practice, the actual results may differ from the above sensitivity analysis and the difference could be material.

Interest Rate Risk

The majority of the Fund's assets are non-interest bearing; however, if interest rates increase or decrease by 1 percentage point, the valuation of the debentures held would increase or decrease by approximately 0.22%. In practice, the actual results may differ from this sensitivity analysis The bank loan facility bears interest at the prime rate and the Fund is also exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund. The Fund maintains all of its cash and equivalents at its custodian or with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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

Currency Risk

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

Liquidity Risk

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

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

13. FAIR VALUE DISCLOSURE

The Funds' assets recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value as of June 30, 2010 (with comparatives at December 31, 2009) and there have been no transfers between levels during the period.

As at June 30, 2010	Level 1	Level2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash and cash equivalents	$ 83,628	$ -	$ -	$ 83,628
Bonds and debentures	-	1,033,263	-	1,033,263
Income trusts	42,134,762	-	-	42,134,762
Canadian common stocks	8,492,903	-	-	8,492,903
Total financial assets	**$ 50,711,293**	**$ 1,033,263**	**$ -**	**$ 51,744,556**

As at December 31, 2009	Level 1	Level2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash and cash equivalents	$ 121,410	$ -	$ -	$ 121,410
Bonds and debentures	-	-	-	-
Income trusts	7,257,191	-	-	7,257,191
Canadian common stocks	-	-	-	-
Total financial assets	**$ 7,378,601**	**$ -**	**$ -**	**$ 7,378,601**

14. SUBSEQUENT EVENTS

From January 1, 2010 to August 15, 2010, the Fund had access to the combined demand facilities of the three predecessor funds, bearing variable interest at Prime or bankers' acceptance rate. The maximum draw available to the Fund was limited to the lower of $12.0 million, an amount not exceeding 25% of the total value of the assets in the portfolio or the sum of 331/3% of readily marketable equity securities, 95% of government of Canada bonds and 100% of cash or equivalents.

On August 16, 2010 the demand facilities were replaced by a 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime and bankers' acceptance rates. The maximum draw under the facility was limited to the lower of $8.0 million, an amount not exceeding 25% of the total value of the assets in the portfolio, or the sum of 331/3% of readily marketable equity securities, 95% of government of Canada bonds and 100% of cash or equivalents. The facility is secured by a first-ranking and exclusive charge on all of the Fund's assets.

BOARD AND MANAGEMENT

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Brookfield Soundvest Capital Management Ltd.

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Rajeev Viswanathan
Director

Audrey J. Charlebois
Director

Investment Advisor (Brookfield Soundvest Capital Management Ltd.)

Kevin Charlebois
Chief Investment Officer

Ryan Cody
Analyst

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Trustee, Transfer Agent and Registrar

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