

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

BSE.UN

2011 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\$150 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 a variety of asset classes for high net worth and institutional clients since 1970.

BSE.UN (TSX LISTED) UNIT INFORMATION

Units Outstanding (June 30, 2011):	6,581,260
Targeted 2011 Monthly Distribution:	\$0.02 per unit (\$0.24 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 the Canadian equity market. In addition, we will look at the current status of the “high yield equity sector” and our expectations for this sector in the future. Also, we will explain Fund performance for the first half of 2011 and share our outlook for the second half of the year.

MARKET OVERVIEW

During the first half of 2011 the Canadian market returns were positive with a 0.2% rate of return. Both the U.S. and world markets outperformed Canada, providing returns of 6.0% and 5.6%, respectively.

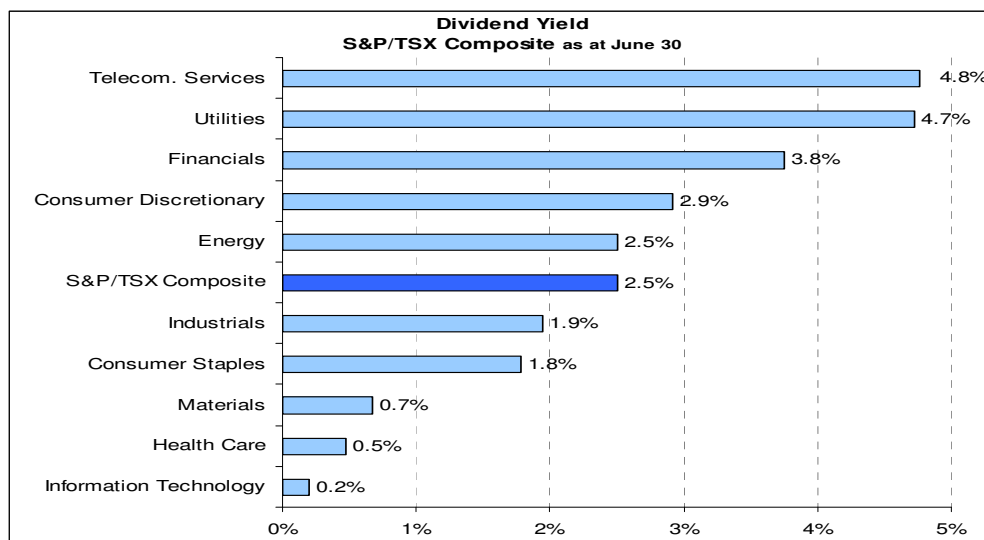
Index	YTD Return (ending June 30th)
S&P/TSX Composite	0.2%
S&P 500	6.0%
Dow Jones Industrial Average	8.6%
MSCI EAFE (Europe, Australasia, Far East)	5.3%
MSCI World	5.6%

It should be noted that, except for Real Estate Investment Trusts, most other Trusts have converted to Corporations as they became taxable in 2011.

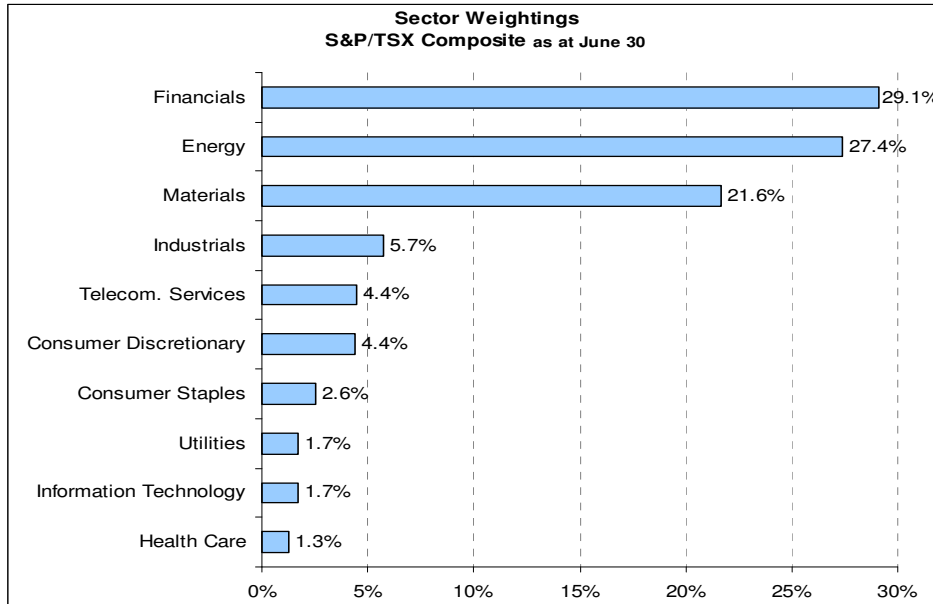
Canadian High Yield Market

The S&P/TSX Composite continues to provide investors with an opportunity to generate income. The Canadian market, as measured by the S&P/TSX Composite, provided an overall yield on market of 2.5%. This compares favorably to the 2 and 5-year Government of Canada bond yields of 1.6% and 2.4%, respectively as at June 30. The 10-year Government of Canada bond yield was 3.1%.

Canada’s dividend yield universe remains broad and diversified with five of the ten sectors providing overall yields in excess of 2.0%. The Telecom and Services sector provided the greatest overall yield at 4.8% while the Information Technology sector provided the lowest at 0.2%. The Utilities, Financials, Consumer Discretionary and Energy are the other sectors providing dividend yields above 2.0%.



Source: TD Newcrest Market Statistics & Returns



Source: TD Newcrest Market Statistics & Returns

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

The TSX/S&P Composite is made up of 260 securities, of which 214 pay a dividend. Within those 214 dividend paying securities, more than 50 provide a yield of 5% or greater, higher than the 3.1% offered by Government of Canada 10-year bonds. Many of these are REITs with most of the remaining balance being former income trusts. When evaluating investments from a total return perspective many of Canada's corporations have effectively managed their dividend payments while growing their business.

FUND PERFORMANCE

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

For the six month period ending June 30, 2011 the Fund's published net asset value per unit, which is used for purchases and redemptions, increased 0.6%, resulting in a total return, including distributions, of 2.7%. During the same timeframe the S&P/TSX Composite provided a return of 0.2%.

For the six months ended June 30, 2011, the Fund generated net realized gains of approximately \$172 thousand. Most of the sales were executed in order to reduce existing positions and attain desired weightings within the Fund while others were executed with the intention to exit positions entirely. The net realized gain was largely due to reducing the Fund's positions in Tourmaline Oil Corp (\$121 thousand gain), Vermillion Energy Inc (\$68 thousand gain), Inter Pipeline Fund (\$59 thousand gain), Bonterra Energy Corp (\$55 thousand gain), Bonavista Energy Corp (\$51 thousand gain), Baytex Energy Corp (\$45 thousand gain), Crescent Point Energy Corp (\$34 thousand gain) and New Flyer Industries (\$23 thousand gain) to a desired weighting and exiting the entire position in Zargon Oil & Gas (\$108 thousand gain). The gains were partially offset by sales generating capital losses. Losses were realized primarily on the partial sale of the Fund's position in Armtex Infrastructure Inc (\$408 thousand loss) which was executed to reduce the Fund's holding.

Distributions

The Fund paid a monthly distribution of \$0.02 through the first six months of 2011.

OUTLOOK

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

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

Thank you for your continued support of our Fund.



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 high yield equity sector, the ability and likelihood of certain securities to increase or decrease their distributable cash, acquisition trends in the high yield equity sector, Fund annual distribution targets and portfolio weightings, future positioning of the Fund, dividend 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 high yield equity and income trust sectors; 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, 2011 (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, 2011, unless otherwise indicated.

This interim MRFP contains financial highlights, and the interim financial statements are included at end of this section. 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; by visiting our website at www.brookfieldsoundvest.com or SEDAR at www.sedar.com.

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 investment strategy is to invest its net assets in a diversified portfolio of securities consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds and debentures, income trusts, real estate investment trusts (“REITs”), Canadian mortgage-backed securities and cash and cash equivalents. The Fund may also invest up to 20% of the value of the Portfolio in any other security in the discretion of the Investment Advisor.

RISKS

The risks of investing in the Fund remain as discussed in the Fund’s Annual Information Form dated March 31, 2011 and the Joint Information Circular dated November 12, 2009.

RESULTS OF OPERATIONS

The Fund’s net assets increased by \$0.2 million or 0.6%, from \$38.2 million as at December 31, 2010 to \$38.4 million as at June 30, 2011. This change is entirely attributable to investment performance (net of expenses) where a gain of \$0.2M was reported. The Fund’s investment performance and unitholder activity for 2011 are discussed in more detail below.

Investment Performance

For the six month period ending June 30, 2011 the Fund’s published net asset value per unit, which is used for purchases and redemptions, increased 0.6%, resulting in a total return, including distributions, of 2.7%. During the same timeframe the S&P/TSX Composite provided a return of 0.2%.

For the six months ended June 30, 2011, the Fund generated net realized gains of approximately \$172 thousand. Most of the sales were executed in order to reduce existing positions and attain desired weightings within the Fund while others were executed with the intention to exit positions entirely. The net realized gain was largely due to reducing the Fund’s positions in Tourmaline Oil Corp (\$121 thousand gain), Vermillion Energy Inc (\$68 thousand gain), Inter Pipeline Fund (\$59 thousand gain), Bonterra Energy Corp (\$55 thousand gain), Bonavista Energy Corp (\$51 thousand gain), Baytex Energy Corp (\$45 thousand gain), Crescent Point Energy Corp (\$34 thousand gain) and New Flyer Industries (\$23 thousand gain) to a desired weighting and exiting the entire position in Zargon Oil & Gas (\$108 thousand gain). The gains were partially offset by sales generating capital losses. Losses were realized primarily on the partial sale of the Fund’s position in Armtec Infrastructure Inc (\$408 thousand loss) which was executed to reduce the Fund’s holding.

The decision to maintain a meaningful weighting in the Utilities sector significantly benefited Fund performance during the first six months as the sector outperformed the S&P/TSX Composite Index. While both the Consumer

Discretionary and Energy sectors within the index under performed the broad market, the Fund benefited from an overweight position in both as security selection was superior and resulted in a material positive contribution to the Fund. The Fund continued to be underweight both the Materials and Information Technology sectors during the first six months which also contributed positively to performance as both sectors provided negative returns. Both the Industrials and Financials sectors performed well during the first six months however the Fund's security selection resulted in underperformance. The Fund's underweight position in the Telecommunications sector also detracted from performance.

Fees and Expenses

Fees and expenses for the Period totalled \$0.5 million, compared to \$0.6 million for the same period in 2010, representing an annualized management expense ratio ("MER") of 2.35% as compared to 2.31% for the period ended June 30, 2010. 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 2011 and 2010 was 2.00% and 1.94%, respectively. Fees and expenses for the Period decreased as compared to the same period in 2010 in response to the decrease in net asset value over the twelve month period from June 2010 to June 2011, relating to the September 2010 redemption of 3,425,961 units. The minor increase in MER was due to the reduction in the net asset value relating from the September 2010 share redemption. The daily net asset value decreased by 16.2% from \$45.9 million at June 30, 2010 to \$38.4 million at June 30, 2011, while expenses decreased by 17.3% 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 day for requesting redemptions based on the August 31, 2011 net asset value per unit was August 10th and unitholders have requested redemption of 1,674,519 units. Unitholder payment for the redeemed shares will take place no later than September 21, 2011.

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 ("NCIB"). The Fund has 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.

Under the NCIB, 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 NCIB by the TSX.

The NCIB commenced on July 5, 2010 and ended on July 4, 2011. The price to be paid for the Units under the NCIB is the market price at the time of purchase. All Units purchased by the Fund under this bid will be promptly cancelled.

During 2010, 22,800 units were repurchased and cancelled under the NCIB. In the first six months of 2011, there were no units repurchased under the NCIB.

During the first six months of 2011, the Fund provided a monthly distribution of \$0.02 per unit and paid out distributions that totalled \$0.12 per unit or \$0.8 million. The Fund's distributions included a return of capital of 18.4% or \$0.02 per unit.

Loan Facility

The Fund began 2010 with 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 with a 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates. The maximum draw under the facility is 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 facility was renewed on August 16, 2011 under existing terms through to August 14, 2012.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2011, \$5.0 million was drawn against the available limit (December 31, 2010 - \$6.0 million), which represented 13% of the net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during the first six months of 2011 were \$4.8 million and \$6.0 million, respectively (first six months of 2010 - \$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 \$188 thousand (2010 - \$227 thousand). Service fees accrued or paid during the Period totalled \$78 thousand (2010 - \$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 included 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 has approved Canadian investment companies having the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2013.

OUTLOOK

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

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

FINANCIAL HIGHLIGHTS

The following tables provides selected key financial information about the Fund and are intended to assist readers in understanding the Fund's financial performance since inception. Information up 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 Unit¹

	2011 ²	2010 ³	2009 ³	2008 ³	2007 ³	2006 ³
Net assets - beginning of period	\$ 5.81	\$ 4.66	\$ 3.42	\$ 8.03	\$ 8.14	\$ 10.27
Increase (decrease) from operations						
Total revenue	0.19	0.43	0.46	0.90	0.98	1.03
Total expenses	(0.07)	(0.12)	(0.16)	(0.23)	(0.27)	(0.24)
Transaction costs	—	(0.01)	(0.01)	(0.02)	—	—
Net realized (losses) gains on sale of investments	0.03	0.05	(1.59)	(3.98)	0.30	(0.71)
Net change in unrealized (losses) gains	0.04	0.90	2.83	(0.48)	(0.26)	(1.34)
Return of capital	(0.02)	(0.04)	(0.03)	(0.07)	(0.13)	(0.19)
Total (decrease) increase from operations ⁴	0.17	1.21	1.50	(3.88)	0.62	(1.45)
Distributions						
From investment income	(0.10)	(0.06)	—	(0.15)	(0.46)	(0.43)
From dividend income	—	(0.13)	—	(0.08)	(0.04)	(0.05)
Return of capital	(0.02)	(0.11)	(0.32)	(0.55)	(0.28)	(0.28)
Total distributions ⁵	(0.12)	(0.30)	(0.32)	(0.78)	(0.78)	(0.76)
Net assets - end of period⁶	\$ 5.84	\$ 5.81	\$ 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, 2011 (unaudited).

3 As at and for the twelve months ended December 31.

4 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.

5 Distributions were paid in cash.

6 Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the period. Accordingly, totals may not sum in the above table due to the different basis for computing the per unit amounts.

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

	2011 ¹	2010 ²	2009 ²	2008 ²	2007 ²	2006 ²
Net investment income	\$763,259	\$2,748,531	\$ 556,019	\$ 1,470,151	\$ 2,822,131	\$ 3,923,810
Transaction costs	(11,943)	(63,256)	(13,903)	(36,454)	(19,381)	—
Net realized (losses) gains on sale of investments	172,098	425,734	(2,947,051)	(8,712,532)	1,170,751	(3,553,581)
Net change in unrealized (losses) gains	239,803	7,974,669	5,259,023	(1,060,612)	(1,010,864)	(6,645,424)
Return of capital	(145,624)	(389,644)	(63,008)	(156,812)	(519,505)	(931,418)
Income (loss) from operations	1,017,593	10,696,034	2,791,080	(8,496,259)	2,443,132	(7,206,613)
Income (loss) from operations per unit	0.17	1.21	1.50	(3.88)	0.62	(1.45)
Net assets per unit	\$ 5.84	\$ 5.81	\$ 4.66	\$ 3.42	\$ 8.03	\$ 8.14

¹ As at and for the six months ended June 30, 2011 (unaudited)

² As at and for the twelve months ended December 31

Ratios and Supplemental Data

	2011 ¹	2010 ²	2009 ²	2008 ²	2007 ²	2006 ²
Total net asset value	\$ 38,443,042	\$ 38,215,200	\$ 6,222,979	\$ 6,401,266	\$ 17,700,160	\$ 32,449,837
Number of units outstanding	6,581,260	6,581,260	1,335,669	1,874,434	2,203,634	3,984,572
Management expense ratio before interest expense	2.00%	2.08%	3.95%	2.62%	2.19%	1.89%
Management expense ratio ³	2.35%	2.41%	4.07%	3.57%	3.13%	2.53%
Management expense ratio before waivers or absorptions	2.35%	2.41%	4.07%	3.57%	3.13%	2.53%
Trading expense ratio ⁴	0.06%	0.14%	0.19%	0.26%	0.06%	0.14%
Portfolio turnover rate ⁵	7.27%	9.69%	20.58%	18.42%	8.64%	24.33%
Monthly distribution per unit	\$ 0.020	\$ 0.025	\$ 0.027	\$ 0.065	\$ 0.065	\$ 0.065
Annualized trailing yield ⁶	4.30%	5.44%	7.68%	29.32%	10.5%	10.4%
Closing market price	\$ 5.58	\$ 5.51	\$ 4.22	\$ 2.66	\$ 7.46	\$ 7.50

¹ As at and for the six months ended June 30, 2011 (unaudited).

² As at and for the twelve months ended December 31.

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

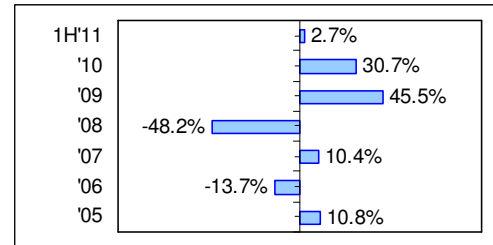
Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% (1.10% prior to 2010) per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays 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 up 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, 2011. 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 as well as the three-year and five-year periods ended June 30, 2011, compared with the S&P/TSX Composite Index.

	2011 ¹	2010 ²	3-Year ³	5-Year ⁴	Since Inception ⁵
Fund - Net asset value	0.6%	24.3%	(7.3%)	(10.0%)	(7.9%)
Fund - Total Return, including distributions	2.7%	30.7%	(1.7%)	(2.9%)	(0.6%)
S&P/TSX Composite Return Index	0.2%	17.6%	0.2%	5.7%	7.0%

¹ For the six months ended June 30, 2011.

² For the twelve months ended December 31, 2010.

³ Period from June 30, 2008 to June 30, 2011.

⁴ Period from June 30, 2006 to June 30, 2011.

⁵ For the period from inception (October 17, 2005) to June 30, 2011.

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, 2011, the Fund was invested in the following sectors in the percentages shown below:

	2011¹	
	Percentage of Net Assets	Permitted Percentage of Total Investment Portfolio
Canadian Bonds and Debentures	0.0%	0%-100%
Canadian Preferred Stocks	0.0%	0%-100%
Canadian Income Trusts	25.5%	0%-100%
Canadian Common Stocks	86.0%	0%-100%
Other	0.0%	0%-20%
Total Investment Portfolio	111.5%	100%
Cash and Equivalents	0.2%	
Liabilities in excess of other assets	(11.7%)	
	100.0%	

¹ Based on market value as at June 30, 2011.



Top 25 Positions

The top 25 positions held by the Fund as at June 30, 2011, were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
2,551,500	Edleun Group Inc.	\$ 2,806,650	6.5%
190,000	Just Energy Group Inc.	2,698,000	6.3%
45,200	Bonterra Energy Corporation	2,566,004	6.0%
76,000	Tourmaline Oil Corporation	2,432,000	5.7%
90,000	ARC Resources Limited	2,247,300	5.2%
48,000	Crescent Point Energy Corporation	2,139,360	5.0%
40,700	Vermilion Energy Inc.	2,070,002	4.8%
38,000	Baytex Energy Corporation	1,991,960	4.6%
90,000	H&R Real Estate Investment Trust	1,939,500	4.5%
138,000	Artis Real Estate Investment Trust	1,932,000	4.5%
78,000	Brookfield Renewable Power Fund	1,794,000	4.2%
63,000	Bonavista Energy Corporation	1,791,090	4.2%
110,000	Inter Pipeline Fund LP 'A'	1,742,400	4.1%
78,000	Exchange Income Corporation	1,670,760	3.9%
117,910	IBI Group Inc.	1,623,621	3.8%
60,000	Calloway Real Estate Investment Trust	1,509,000	3.5%
86,000	First National Financial Corporation	1,436,200	3.3%
43,000	Enerplus Corporation	1,307,630	3.0%
144,500	Altus Group Limited	1,027,395	2.4%
70,000	Brookfield Real Estate Services Inc.	997,500	2.3%
96,300	CML Healthcare Inc.	897,516	2.1%
32,700	Cineplex Inc.	869,820	2.0%
14,000	Boardwalk Real Estate Investment Trust	674,800	1.6%
39,920	First Capital Realty Inc.	656,684	1.5%
50,000	Pengrowth Energy Corporation	605,000	1.4%

Pierre M. Fauvel
 Chief Financial Officer of the Manager

August 26, 2011

STATEMENTS OF NET ASSETS

(Unaudited)

As at	June 30, 2011	December 31, 2010 (Note 1)
Assets		
Investments, at fair value	\$ 42,891,457	\$ 44,187,082
Cash and equivalents	67,127	107,120
Distributions and interest receivable	193,232	229,049
Due from brokers	518,899	—
Prepaid and other	12,658	10,439
Total assets	43,683,373	44,533,690
Liabilities		
Accounts payable and accrued liabilities <i>(note 5)</i>	247,767	324,949
Loan payable <i>(note 6)</i>	4,992,564	5,993,541
Total liabilities	5,240,331	6,318,490
Net assets representing unitholders' equity	\$ 38,443,042	\$ 38,215,200
Units outstanding <i>(note 7)</i>	6,581,260	6,581,260
Net assets per unit <i>(note 4)</i>	\$ 5.84	\$ 5.81

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

(Unaudited)

For the six months ended June 30	2011	2010
Income and distributions		
Distributions	\$ 1,080,282	\$ 1,935,581
Return of capital	145,624	219,405
Interest income	26	56,435
	1,225,932	2,211,421
Expenses		
Management fees <i>(note 9)</i>	187,947	227,039
Service fees <i>(note 9)</i>	78,082	94,989
Interest expense	68,815	89,677
General and administrative	38,473	32,468
Accounting and administrative	22,810	16,261
Directors' fees	21,239	18,271
Audit fees	20,117	25,166
Trustee fees	14,348	13,197
Custodial fees	9,256	9,464
Unitholders' communication fees	4,667	2,512
Legal and exchange fees	(3,081)	30,438
	462,673	559,482
Net investment income	763,259	1,651,939
Transaction costs <i>(note 10)</i>	(11,943)	(10,595)
Net realized gains (losses) on sale of investments <i>(note 10)</i>	172,098	(170,061)
Net change in unrealized gains (losses) on investments	239,803	(883,903)
Return of capital	(145,624)	(219,405)
Results of operations	\$ 1,017,593	\$ 367,975
Results of operations per unit¹		
Net investment income	\$ 0.12	\$ 0.16
Transaction costs	(0.00)	(0.00)
Net realized gains (losses) on sale of investments	0.03	(0.02)
Net change in unrealized gains (losses) on investments	0.04	(0.09)
Return of capital	(0.02)	(0.02)
Increase in net assets from operations	\$ 0.17	\$ 0.03

¹ 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	2011	2010 (Note 1)
Net assets - beginning of period	\$ 38,215,200	\$ 6,222,979
Operations		
Net investment income	763,259	1,651,939
Transaction costs <i>(note 10)</i>	(11,943)	(10,595)
Net realized gains (losses) on sale of investments <i>(note 9)</i>	172,098	(170,061)
Net change in unrealized gains (losses) on investments	239,803	(883,903)
Return of capital	(145,624)	(219,405)
	1,017,593	367,975
Unitholder transactions		
Issuance of units on merger of funds <i>(note 7)</i>	—	40,772,359
Distribution to unitholders		
From net investment income	(644,127)	(1,285,099)
From return of capital	(145,624)	(219,405)
	(789,751)	39,267,855
Net increase in net assets during the period	227,842	39,635,830
Net assets - end of period	\$ 38,443,042	\$ 45,858,809

STATEMENTS OF CASH FLOWS

(Unaudited)

For the six months ended June 30	2011	2010 (Note 1)
Operating activities		
Net investment income	\$ 763,259	\$ 1,651,939
Transaction costs <i>(note 10)</i>	(11,943)	(10,595)
Return of capital	(145,624)	(219,405)
Change in non-cash working capital	(562,483)	(59,470)
	43,209	1,362,469
Financing activities		
Loan payable, net increase/(decrease)	(1,000,977)	4,789,595
Distributions to unitholders	(789,751)	(1,504,504)
	(1,790,728)	3,285,091
Investing activities		
Payment of net liabilities assumed on merger of funds	—	(4,474,734)
Purchase of investment securities <i>(note 10)</i>	(1,572,344)	(2,770,028)
Proceeds from sale of investments <i>(note 10)</i>	3,279,870	2,559,420
	1,707,526	(4,685,342)
Net decrease in cash and equivalents during the period	(39,993)	(37,782)
Cash and equivalents, beginning of period	107,120	121,410
Cash and equivalents, end of period	\$ 67,127	\$ 83,628

The accompanying notes are integral to these financial statements



STATEMENT OF INVESTMENTS
(Unaudited)

As at June 30, 2011

Number of Units ¹		Average Cost	Fair Value	Percentage of Net Assets
Canadian Common Stocks				
2,551,500	Edleun Group Inc.	\$ 1,275,750	\$ 2,806,650	7.3%
190,000	Just Energy Group Inc.	2,822,616	2,698,000	7.0%
45,200	Bonterra Energy Corporation	1,566,632	2,566,004	6.7%
76,000	Tourmaline Oil Corporation	1,598,609	2,432,000	6.3%
90,000	ARC Resources Limited	1,791,360	2,247,300	5.8%
48,000	Crescent Point Energy Corporation	1,895,520	2,139,360	5.8%
40,700	Vermilion Energy Inc.	1,319,494	2,070,002	5.4%
38,000	Baytex Energy Corporation	1,128,600	1,991,960	5.2%
63,000	Bonavista Energy Corporation	1,407,630	1,791,090	4.7%
78,000	Exchange Income Corporation	1,006,980	1,670,760	4.3%
117,910	IBI Group Inc.	1,708,919	1,623,621	4.2%
86,000	First National Financial Corporation	1,433,548	1,436,200	3.7%
43,000	Enerplus Corporation	1,032,942	1,307,630	3.4%
144,500	Altus Group Inc.	1,667,222	1,027,395	2.7%
70,000	Brookfield Real Estate Services Inc.	814,632	997,500	2.6%
96,300	CML Healthcare Inc.	1,300,275	897,516	2.3%
32,700	Cineplex Inc.	555,679	869,820	2.3%
39,920	First Capital Realty	540,417	656,684	1.7%
50,000	Pengrowth Energy Corporation	638,830	605,000	1.6%
33,000	Atlantic Power Corporation	378,510	482,130	1.3%
15,500	Genivar Inc.	410,071	398,660	1.0%
22,500	Parkland Fuel Corporation	216,606	278,775	0.7%
20,000	Armtec Infrastructure Inc.	383,568	68,000	0.2%
365,400	Big Eagle Services Trust - Private Placement	—	—	0.0%
		26,894,310	33,062,057	86.0%
Real Estate Investment Trusts (REIT's)				
90,000	H&R REIT	1,376,283	1,939,500	5.0%
138,000	Artis REIT	1,344,630	1,932,000	5.0%
60,000	Calloway REIT	1,085,011	1,509,000	3.9%
14,000	Boardwalk REIT	497,544	674,800	1.8%
10,000	Allied Properties REIT	179,161	237,700	0.6%
		4,482,629	6,293,000	16.3%
Power Generation and Pipeline Trusts				
78,000	Brookfield Renewable Power Fund	1,465,072	1,794,000	4.7%
110,000	Inter Pipeline Fund LP 'A'	1,189,100	1,742,400	4.5%
		2,654,172	3,536,400	9.2%

STATEMENT OF INVESTMENTS
(Unaudited)

As at June 30, 2011

Number of Units ¹	Average Cost	Fair Value	Percentage of Net Assets
Investment portfolio	34,031,111	42,891,457	111.5%
Transaction costs	(23,862)	—	—%
Total investment portfolio	\$ 34,007,249	\$ 42,891,457	111.5%
Cash and equivalents		67,127	0.2%
Liabilities in excess of other assets		(4,515,542)	(11.7)%
Net assets		\$ 38,443,042	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, 2011 (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 actively managing an investment 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 Fund may also invest up to 20% of the value of the portfolio in any other security at the discretion of the Investment Advisor.

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 has approved Canadian investment companies having the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2013.

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, 2011. 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, 2010 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) *Fair Value of Financial Assets and Financial Liabilities*

The Fund classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three-level hierarchy is as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

b) *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.

c) *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.

d) *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.

e) *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.

f) *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.

g) 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.

h) 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, 2011 and December 31, 2010 is as follows:

As at June 30, 2011			Per Unit
Published net asset value used for purchases and redemptions	\$	38,553,277	\$ 5.86
Section 3855 adjustment		(110,235)	(0.02)
Net assets per financial statements	\$	38,443,042	\$ 5.84

As at December 31, 2010			Per Unit
Published net asset value used for purchases and redemptions	\$	38,302,844	\$ 5.82
Section 3855 adjustment		(87,644)	(0.01)
Net assets per financial statements	\$	38,215,200	\$ 5.81

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2011	December 31, 2010
Distributions payable to unitholders <i>(note 8)</i>	\$ 131,625	\$ 164,532
Service fees payable	46,539	47,114
Other accounts payable and accrued liabilities	39,724	82,304
Management fees payable	29,879	30,999
	\$ 247,767	\$ 324,949

6. LOAN FACILITY

The Fund began 2010 with 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 with a 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates. The 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 facility was renewed on August 16, 2011 under existing terms through to August 14, 2012.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2011, \$5.0 million was drawn against the available limit (December 31, 2010 - \$6 million), which represented 13% of the net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during the first six months of 2011 were \$4.8 million and \$6.0 million, respectively (first six months of 2010 - \$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.

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, 2011 net asset value per unit was August 10th and unitholders have requested redemption of 1,674,519 units. Unitholder payment for the redeemed shares will take place no later than September 21, 2011.

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 ("NCIB"). The Fund has 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 NCIB commenced on July 5, 2010 and ended on July 4, 2011. The price to be paid for the Units under the NCIB is the market price at the time of purchase. All Units purchased by the Fund under this bid will be promptly cancelled.

Under the NCIB, 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 NCIB by the TSX.

In 2010, 22,800 units were repurchased and cancelled under the NCIB for \$103 thousand. For the first six months of 2011, there were no units repurchased under the NCIB.

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 Fund 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 - 2010	5,078,831	23,818,551
Exchanged on merger to BST unitholders - 2010	3,615,521	16,953,807
Redeemed for cash - 2010		
Cancelled under normal course issuer bid	(22,800)	(103,200)
Cancelled after redemption for cash	(3,425,961)	(16,709,788)
Units - June 30, 2011 and December 31, 2010	6,581,260	\$ 45,401,838

The weighted average number of units outstanding for the six months ended June 30, 2011 was 6,581,260 (December 31, 2010 - 8,874,858).

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, 2011 totalled \$131,625 (December 31 2010, - \$164,532).

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 transactions¹ for the period ended June 30 were as follows:

	2011		2010	
Proceeds from sale of investments	\$	3,279,870	\$	2,559,420
Less cost of investments sold				
Investments at cost - beginning of period		35,542,677		6,587,455
Investments purchased during the period		1,572,344		2,770,028
Investments transferred in on merger (notes 1 & 7)		—		45,247,092
Investments at cost - end of period		34,007,249		51,875,094
Cost of investments sold during the period		3,107,772		2,729,481
Net realized gains (losses) on sale of investments	\$	172,098	\$	(170,061)

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 \$11,943 (2010 - \$10,595) and are included as an expense in the Statements of Operations.

11. CAPITAL DISCLOSURES

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

12. RISK MANAGEMENT

The Fund aims to maximize monthly distributions primarily through investments in income trusts. The Manager uses a disciplined, fundamental approach in its investment selection and management approach, which consists of an intensive and ongoing research process of investment opportunities across a broad range of investment vehicles in various industries and geographic regions. The Manager purchases and holds securities for the Fund for the medium to long term. The Manager also determines 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 Composite Index for period ended June 30, 2011 and the Capped Income Trust Total Return Index for the period December 31, 2010, with other variables held constant, is as follows:

Change in prices on the Index	Change in Net Assets of Fund	
	June 30, 2011	December 31, 2010
10%	11.8%	10.6%
(10%)	(10.9%)	(10.3%)

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

Interest Rate Risk

The Fund's assets at June 30, 2011 are non-interest bearing; however, the bank loan facility bears interest at the prime or bankers acceptance rate. The Fund is also exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Credit Risk

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

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

Currency Risk

The assets and liabilities of the Fund are 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 categorized 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, 2011 (with comparatives at December 31, 2010) and there have been no transfers between levels during the period.

As at June 30, 2011	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total Financial Assets at Fair Value
Financial assets				
Cash and cash equivalents	\$ 67,127	\$ -	\$ -	\$ 67,127
Bonds and debentures	-	-	-	-
Income trusts	9,829,400	-	-	9,829,400
Canadian common stocks	33,062,057	-	-	33,062,057
Total financial assets	\$ 42,958,584	\$ -	\$ -	\$ 42,958,584

As at December 31, 2010	<u>Level 1</u>	<u>Level2</u>	<u>Level 3</u>	<u>Total Financial Assets at Fair Value</u>
Financial assets				
Cash and cash equivalents	\$ 107,120	\$ -	\$ -	\$ 107,120
Bonds and debentures	-	-	-	-
Income trusts	29,580,966	-	-	29,580,966
Canadian common stocks	14,606,116	-	-	14,606,116
	<hr/>			
Total financial assets	\$ 44,294,202	\$ -	\$ -	\$ 44,294,202



BOARD AND MANAGEMENT

INDEPENDENT REVIEW COMMITTEE

John P. Barratt (*Chair*)
Corporate Director

Frank N. C. Lochan
Corporate Director

James L. R. Kelly
President
Earth Power Tractor and Equipment Inc.

MANAGER

Brookfield Soundvest Capital Management Ltd.

Kevin W. Charlebois
Director, President, Secretary & Chief Executive Officer

Pierre M. Fauvel
Chief Financial Officer

George E. Myhal
Director & Chairman of the Board

Rajeev Viswanathan
Director

Audrey J. Charlebois
Director

Investment Advisor (Brookfield Soundvest Capital Management Ltd.)

Kevin Charlebois
Chief Investment Officer

Ryan Cody
Portfolio Manager and Equity Analyst

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