Brookfield Soundvest Equity Fund
BSE.UN

2013 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 alternative asset manager focused on property, renewable power, infrastructure, and private equity assets, with over $183 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, 2013):	3,838,106
Targeted 2013 Monthly Distribution:	$0.020 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 the investment performance for the period ending June 30, 2013 and share our outlook for the second half of 2013.

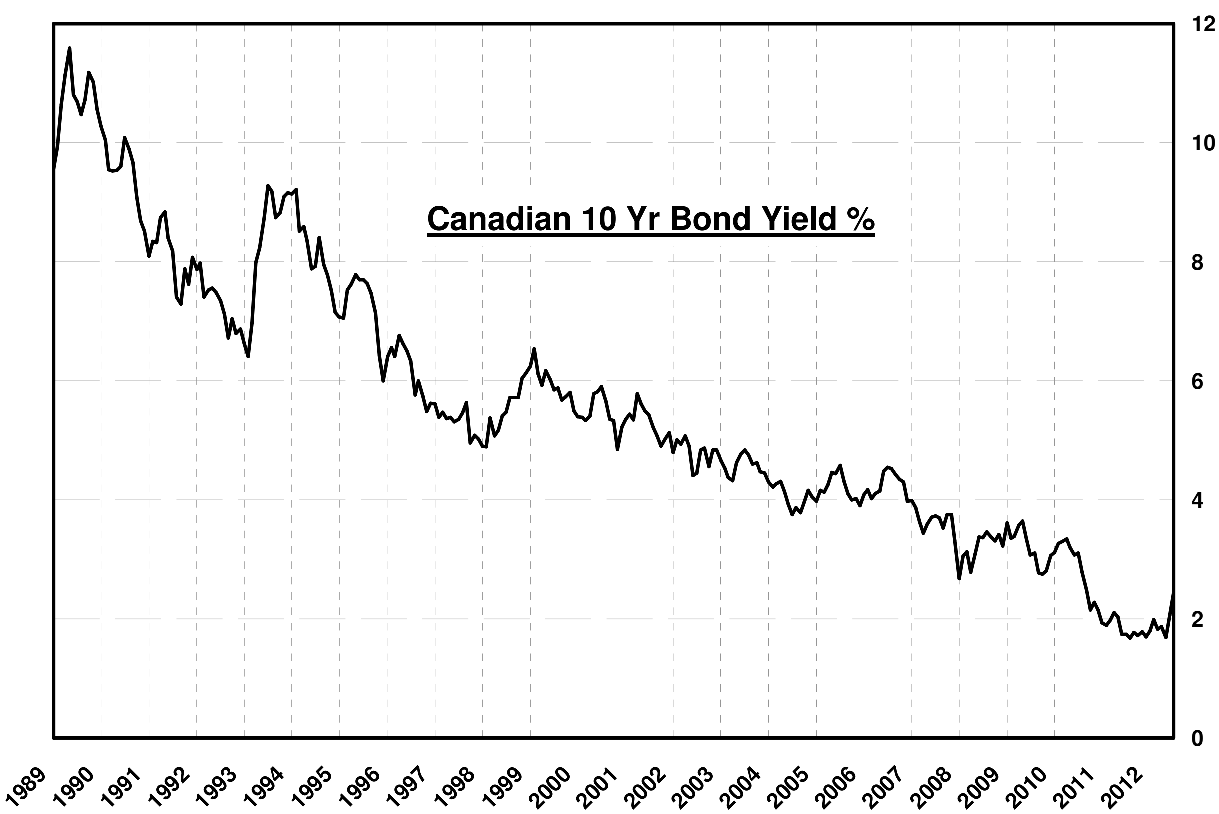
MARKET OVERVIEW

During the first six months of 2013 the Canadian market provided a negative 0.9% rate of return. The U.S. and world markets outperformed Canada providing a positive 13.8% and 8.8%, respectively.

Index	YTD 2013 ROR (as at June 30)
S&P/TSX Composite	(0.9%)
S&P 500	13.8%
Dow Jones Industrial Average	13.8%
MSCI EAFE ($USD) (Europe, Australia, Far East)	4.5%
MSCI World ($USD)	8.8%

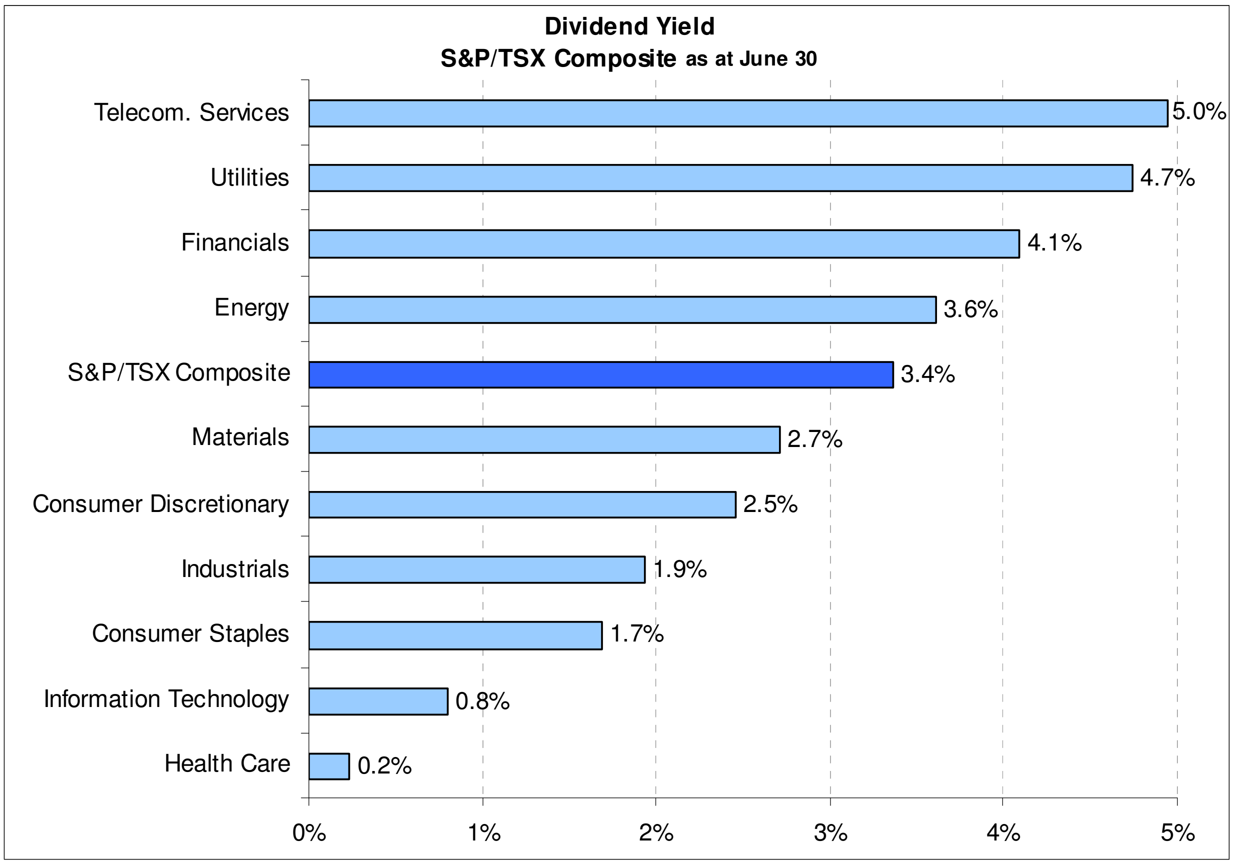
Canadian High Yield Market

The S&P/TSX Composite provides investors with an opportunity to generate income and enhance their total rate of return. The Canadian market, as measured by the S&P/TSX Composite, provided an overall yield on market of 3.4% as at June 30, 2013, an increase from 3.2% and 2.9% at March 31, 2013 and December 31, 2012, respectively. This compared favorably against available Government of Canada bond yields. The 10-year Government of Canada bond yield ended the second quarter at 2.4%, an increase of 57 basis points from the end of the first quarter.



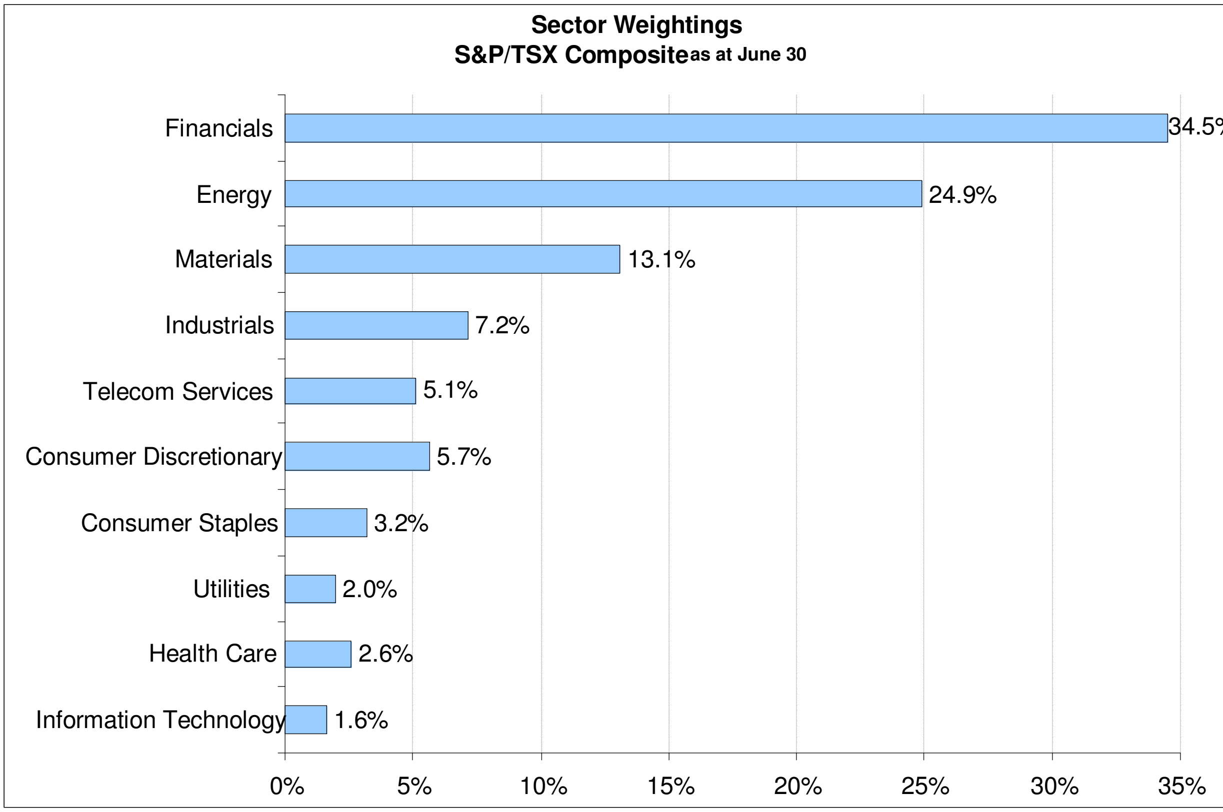
As bond yields rise and investors incorporate the expectation of continued yield increases into their valuations, both bond prices and high yielding equities have come under pressure. High yield equities have enjoyed elevated valuations during the current low interest rate environment as investors sought out yield, pushing up equity prices, to compensate for historically low bond yields.

Canada's dividend yield universe is broad and diversified with six of the ten sectors within the index providing overall yields in excess of 2.0%. The Telecom Services and Utilities sectors provided the highest dividend yields at June 30 with yields of 5.0% and 4.7%, respectively. The Financials sector which is dominated by the big banks also provided a healthy yield of 4.1%. Investors should remain focused on companies within individual sectors with the ability to maintain conservative payout ratios, strong balance sheets while providing divided growth on a go forward basis. High yielding equities as a group could experience some pricing pressure as investors adjust their required yields, however those equities with a positive dividend growth profile should continue to receive premium valuations.



Source: TD Newcrest Market Statistics & Returns

The Canadian equity market as represented by the S&P/TSX Composite is dominated by three main sectors, Financials (34.5% weighting) which includes Real Estate, Energy (24.9%) and Materials (13.1%). The three sectors combined weighting was 72.5% at June 30, 2013.



Source: TD Newcrest Market Statistics & Returns

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, 2013 the Fund's published net asset value per unit, which is used for purchases and redemptions, decreased 6.9%, resulting in a total return, including distributions, of negative 4.5%. During the same timeframe the S&P/TSX Composite returned a negative 0.9%.

For the six months ended June 30, 2013, the Fund generated net realized losses of approximately $1.3 million. Some of the sales were executed in order to reduce existing positions, attain desired weightings within the Fund and exit other positions entirely. A net gain was realized from the sale of Tourmaline Oil Corp. ($41 thousand gain) and C2C Industrial Properties ($77 thousand gain). The gain was offset by sales generating capital losses. These losses were realized when exiting the Fund's positions in IBI Group ($645 thousand loss), Bonavista Energy ($336 thousand loss), Poseidon Concepts Corp ($275 thousand loss) and CML Healthcare ($201 thousand loss).

Distributions

The Fund declared and paid a monthly distribution of $0.02 for the first six months of 2013 and 2012.

OUTLOOK

North American fixed income markets had a different tone during the second quarter as bond yields adjusted to the Federal Open Market Committee ("FOMC") announcement of the conditionally planned tapering of the Quantitative Easing ("QE") program. Many experts believe markets have priced in expected yield increases and the effects of tapering the asset purchase program. Bond yields in both the U.S. and Canada could increase further, however, should improving fundamentals in the U.S. economy lead the FOMC to adjust the timing for any expected tightening of monetary policy. At this point the general expectation seems to be that rates will rise gradually over time.

U.S. equity markets provided positive returns during the second quarter as investor confidence remained stable and data points continued to signal an improving economy. Equity markets in the U.S. should continue to benefit from positive funds flow from both money market and fixed income investments as the U.S. economy continues to show signs of improvement. The U.S. housing market remains strong and continues to be a driving force behind investor confidence. It is worth noting the threat of rising interest rates, ultimately leading to higher borrowing rates, could become a wild card as some of the home construction and home price appreciation fuelling the economic recovery could be slowed.

Canada's equity markets have been range bound with a negative trend on a year-to-date basis as investors remain concerned with a slowing housing market and subdued outlook for commodities. The S&P/TSX Composite had a 38% weighting in Energy and Materials at the end of June 2013. Despite its prominent weighting in commodities, Canada should benefit from the resurgence of economic activity in the U.S. and benefit even further should the Canadian dollar remain in check, helping alleviate some of the competitiveness pressures currently facing Canadian businesses. Continued economic weakness from Europe and fears of slowing economic growth in China remain headwinds. Should China and other emerging market countries renew their strong growth, Canada could benefit. Domestically, Canada's economy remains steady, however fears continue to surface regarding the slowing housing market and affordability issues should borrowing rates increase meaningfully.

Many European Union members remain embattled with high debt levels and increasing resistance to austerity measures. On the positive side, sovereign bond yields have generally remained stable. It remains unclear as to what the ultimate solution will be but it is certain there will not be a quick fix.

Although numerous global issues loom we remain committed to selecting quality investments, run by strong management teams at reasonable valuations. While each investment is selected on its own merits, we continue to hold a bias towards investments providing a steady stream of cash flow supported by a healthy balance sheet.

Thank you for your continued support.

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. The words "may", "will", "continue", "resume" and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify the above mentioned and other forward-looking statements. These forward-looking statements include, among others, statements with respect to the future performance of the high yield Canadian equity market and particular market sectors, the ability and likelihood of certain companies to increase or decrease their distributable cash, acquisition trends in the equity market, the Fund's annual distribution targets and portfolio weightings, future positioning of the Fund, equity market yields and distribution levels in the future, and other statements with respect to our beliefs, outlooks, plans, expectations and intentions. Although the Manager believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on them, or any other forward-looking statements or information in these reports. The future performance and prospects of the Fund are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of the Fund to differ materially from those contemplated or implied by the statements in these reports include general economic conditions in Canada and elsewhere, changes in legislation including tax laws and regulations and other risks and factors described in the documents filed by the Manager with the securities regulators in Canada including under "Risk Factors" and other risks and factors described in the Fund's prospectus and the Fund's most recently filed Management Report of Fund Performance, Annual Information Form and other continuous disclosure documents available at www.sedar.com or www.brookfieldsoundvest.com. 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, 2013. 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, 2013, unless otherwise indicated.

This interim MRFP contains financial highlights, and the interim financial statements are included at the end of this section. The annual financial statements of the Fund are not included with this report. You can obtain a copy of the annual financial statements at your request, and at no cost, by calling 855-423-7986; by writing to us at 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7; or 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 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 Fund may also invest up to 20% of the value of the portfolio in any other security that is not otherwise prohibited at the discretion of the Investment Advisor.

RISKS

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

RESULTS OF OPERATIONS

The Fund's net assets decreased by $1.2 million or 6.3%, from $19.2 million as at December 31, 2012 to $18.0 million as at June 30, 2013. This change is attributable to investment performance (net of expenses) where a loss of $762 thousand was reported and to distributions of $461 thousand. The Fund's investment performance and unitholder activity for 2013 are discussed in more detail below.

Investment Performance

For the six month period ending June 30, 2013 the Fund's published net asset value per unit, which is used for purchases and redemptions, decreased 6.9%, resulting in a total return, including distributions, of negative 4.5%. During the same timeframe the S&P/TSX Composite returned a negative 0.9%.

For the six months ended June 30, 2013, the Fund generated net realized losses of approximately $1.3 million. Some of the sales were executed in order to reduce existing positions, attain desired weightings within the Fund and exit other positions entirely. A net gain was realized from the sale of Tourmaline Oil Corp. ($41 thousand gain) and C2C Industrial Properties ($77 thousand gain). The gain was offset by sales generating capital losses. These losses were realized when exiting the Fund's positions in IBI Group ($645 thousand loss), Bonavista Energy ($336 thousand loss), Poseidon Concepts Corp ($275 thousand loss) and CML Healthcare ($201 thousand loss).

The decision to maintain an underweight position in the Materials sector benefited the Fund's performance during the six months ended June 30, 2013 as the sector materially underperformed the S&P/TSX Composite Index ("Index"). The Fund benefited from its overweight position in Energy as the sector outperformed the overall Index. The Fund also benefited from positive security selection contribution during the quarter. Security selection within both the Energy and Utility sectors outperformed those in the Index. Security selection within the Consumer Discretionary, Financials, and Industrials sectors detracted from performance during the six months end June 30, 2013 while the Fund's underweight position in Consumer Staples, Healthcare, and Information Technology also detracted from performance.

Fees and Expenses

Fees and expenses for the six months ending June 30, 2013 totalled $252 thousand, compared to $324 thousand for the same period in 2012, representing an annualized management expense ratio ("MER") of 2.64% as compared to 2.40% for the six months ending June 30, 2012. 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 six months ending June 30, 2013 and 2012 was 2.31% and 2.30%, respectively. Fees and expenses for the six months ending June 30, 2013 decreased as compared to the same period in 2012 in response to the decrease in net asset value for the twelve month period from June 30, 2012 to June 30, 2013 relating to the September 2012 redemption of 1,057,835 units. The daily net asset value decreased by 29.1% from $25.4 million at June 30, 2012 to $18.0 million at June 30, 2013 while expenses decreased by 22.3% during the same period.

Unitholder Activity

To provide liquidity, units of the Fund are listed on the TSX under the symbol BSE.UN. Under the 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 30, 2013 net asset value per unit was August 9th and unitholders have requested redemption of 609,675 units (2012 – 1,057,835 units). Unitholder payment for the redeemed shares will take place no later than September 23, 2013.

On July 8, 2013, 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 NCIB to purchase for cancellation up to 383,172 of its capital units issued and outstanding as at June 28, 2013.

The NCIB commenced on July 10, 2013 and will end on July 9, 2014. Purchases made pursuant to the NCIB would be made in the open market through the facilities of the Toronto Stock Exchange. The price that the Fund would pay for any such shares would be the market price of such shares at the time of acquisition. The Manager is of the opinion that units of the Fund may have become available during the proposed purchase period at prices that would make such purchases in the best interests of the Fund and its securityholders. 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 76,762 units, representing 2% of the issued and outstanding units as at the date of acceptance of the notice of the NCIB by the TSX. As at August 29, 2013, 8,400 units were repurchased and cancelled under the NCIB for $40 thousand.

During the first six months of 2013, the Fund provided a monthly distribution of $0.02 per unit and paid out distributions that totalled $0.12 per unit or $461 thousand (2012 - $0.12 per unit or $589 thousand). The Fund's distributions included a return of capital of 20.0% or $0.02 per unit (2012 – 25.0% or $0.03 per unit).

Loan Facility

On August 16, 2011, the 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates was renewed through to August 14, 2012. 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. On October 4, 2011, an amendment was issued to reduce the maximum draw under the facility to $5.5 million.

On July 23, 2012, an amendment was issued to extend the term of the existing facility to October 12, 2012. The amendment was issued so that the term of the facility would renew subsequent to the Fund's annual redemption program. The facility was renewed on October 11, 2012 through to October 12, 2013. Under the terms of the renewal, the maximum draw under the facility was limited to the lower of $4.5 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, 2013, $2.5 million (December 31, 2012 - $2.8 million) was drawn against the available limit, which represented 13.9% (December 31, 2012 – 14.6%) of the net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during the first six months of 2013 were $2.3 and $2.7 million, respectively (first six months of 2012 - $0.9 and $2.3 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., has been the Investment Advisor to the Fund since its inception and is also the Manager of the Fund, responsible for managing all of the Fund's activities. Management fees are paid to the Manager based on terms set out in the management agreement at a rate of 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 six months ending June 30, 2013, management fees including taxes accrued or paid to the Manager totalled $98 thousand (June 30, 2012 - $140 thousand). Service fees accrued or paid during the six months ending June 30, 2013 totalled $31 thousand (June 30, 2012 - $54 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 outlined the key decisions that the AcSB would need to make in order to implement the strategic plan for publicly accountable enterprises that would replace Canadian Institute of Chartered Accountants Handbook - Canadian Generally Accepted Accounting Principles ("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.

In December 2011, the AcSB gave approval to provide Canadian investment companies with the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2014. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2014.

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 significantly 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.

OUTLOOK

North American fixed income markets had a different tone during the second quarter as bond yields adjusted to the Federal Open Market Committee ("FOMC") announcement of the conditionally planned tapering of the Quantitative Easing ("QE") program. Many experts believe markets have priced in expected yield increases and the effects of tapering the asset purchase program. Bond yields in both the U.S. and Canada could increase further, however, should improving fundamentals in the U.S. economy lead the FOMC to adjust the timing for any expected tightening of monetary policy. At this point the general expectation seems to be that rates will rise gradually over time.

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Although numerous global issues loom we remain committed to selecting quality investments, run by strong management teams at reasonable valuations. While each investment is selected on its own merits, we continue to hold a bias towards investments providing a steady stream of cash flow supported by a healthy balance sheet.

FINANCIAL HIGHLIGHTS

The following tables provide selected key financial information about the Fund and are intended to assist readers in understanding the Fund's financial performance over the last five years. 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]

	2013[2]	2012[3]	2011[3]	2010[3]	2009[3]
Net assets – beginning of period	$ 5.00	$ 5.65	$ 5.81	$ 4.66	$ 3.42
(Decrease) increase from operations					
Total revenue	0.16	0.33	0.36	0.43	0.46
Total expenses	(0.07)	(0.13)	(0.13)	(0.12)	(0.16)
Transaction costs	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Net realized (losses) gains on sale of investments	(0.35)	0.18	0.25	0.05	(1.59)
Net change in unrealized gains (losses)	0.08	(0.71)	(0.41)	0.90	2.83
Return of capital	(0.02)	(0.05)	(0.04)	(0.04)	(0.03)
Total (decrease) increase from operations[4]	(0.20)	(0.38)	0.02	1.21	1.50
Distributions					
From investment income	–	–	–	(0.06)	–
From dividend income	(0.10)	(0.09)	(0.08)	(0.13)	–
Return of capital	(0.02)	(0.15)	(0.16)	(0.11)	(0.32)
Total distributions[5]	(0.12)	(0.24)	(0.24)	(0.30)	(0.32)
Net assets – end of period[6]	$ 4.68	$ 5.00	$ 5.65	$ 5.81	$ 4.66

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, 2013 (unaudited).*
3 *As at and for the twelve months ended December 31 (audited).*
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 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. 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:

	2013[1]	2012[2]	2011[2]	2010[2]	2009[2]
Net investment income	$ 351,879	$ 932,634	$ 1,340,470	$ 2,748,531	$ 556,019
Transaction costs	(6,235)	(16,111)	(39,622)	(63,256)	(13,903)
Net realized (losses) gains on sale of investments	(1,346,073)	827,396	1,517,662	425,734	(2,947,051)
Net change in unrealized gains (losses)	330,876	(3,248,543)	(2,455,604)	7,974,669	5,259,023
Return of capital	(92,130)	(249,229)	(258,371)	(389,644)	(63,008)
(Loss) income from operations	(761,683)	(1,753,853)	104,535	10,696,034	2,791,080
(Loss) income from operations per unit	(0.20)	(0.38)	0.02	1.21	1.50
Net assets per unit	$ 4.68	$ 5.00	$ 5.65	$ 5.81	$ 4.66

1 *As at and for the six months ended June 30, 2013 (unaudited).*
2 *As at and for the twelve months ended December 31 (audited).*

Ratios and Supplemental Data

	2013[1]	2012[2]	2011[2]	2010[2]	2009[2]
Total net asset value	$ 17,949,966	$ 19,172,223	$ 27,699,875	$ 38,215,200	$ 6,222,979
Number of units outstanding	3,838,106	3,838,106	4,906,741	6,581,260	1,335,669
Management expense ratio before interest expense	2.31%	2.22%	2.04%	2.08%	3.95%
Management expense ratio[3]	2.64%	2.38%	2.31%	2.41%	4.07%
Management expense ratio before waivers or absorptions	2.64%	2.38%	2.31%	2.41%	4.07%
Trading expense ratio[4]	0.07%	0.07%	0.11%	0.14%	0.19%
Portfolio turnover rate[5]	1.96%	5.90%	5.15%	9.69%	20.58%
Monthly distribution per unit	$ 0.020	$ 0.020	$ 0.020	$ 0.025	$ 0.027
Annualized trailing yield[6]	5.30%	5.05%	4.47%	5.44%	7.68%
Closing market price	$ 4.53	$ 4.75	$ 5.37	$ 5.51	$ 4.22

1 *As at and for six months ended June 30, 2013 (unaudited).*
2 *As at and for the twelve months ended December 31 (audited).*
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 is 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

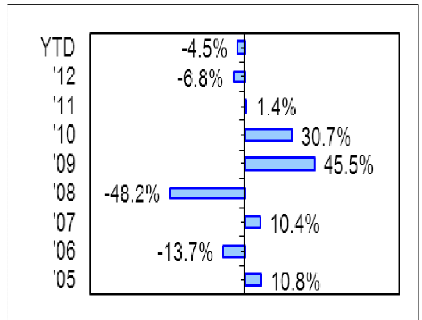
Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service 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 does 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 asset value per unit and assumes that distributions made by the Fund in the periods shown were reinvested (at the net asset value 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 asset value per unit) and includes distributions made in each period since inception (October 17, 2005) to June 30, 2013. 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 and five-year periods ended June 30, 2013, compared with the Index.

	2013[1]	2012[2]	3-Year[3]	5-Year[4]	Since Inception[5]
Fund – Net asset value	(6.9%)	(11.0%)	0.7%	(8.6%)	(8.6%)
Fund – Total Return, including distributions	(4.5%)	(6.8%)	5.8%	(3.0%)	(1.5%)
S&P/TSX Composite Return Index	(0.9%)	7.2%	5.4%	(0.5%)	4.7%

1 *For the six months ended June 30 (unaudited).*
2 *For the twelve months ended December 31 (audited).*
3 *Period from June 30, 2010 to June 30, 2013.*
4 *Period from June 30, 2008 to June 30, 2013.*
5 *For the period from inception (October 17, 2005) to June 30, 2013.*

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, 2013 the Fund was invested in the following sectors in the percentages shown below:

	2013[1] **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	**21.2%**	0%-100%
Canadian Common Stocks	**74.8%**	0%-100%
Limited Partnerships	**13.9%**	0%-20%
Total Investment Portfolio	**109.9%**	100%
Cash	**0.3%**	
Liabilities in excess of other assets	**(10.2%)**	
	100.0%	

1 *Based on market value as at June 28, 2013.*

Top 25 Positions

The top 25 positions held by the Fund as at June 30, 2013 were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
		$	
50,000	Exchange Income Corporation	1,305,500	6.6%
59,000	Inter Pipeline Fund LP ‘A’	1,276,170	6.5%
42,000	Brookfield Renewable Energy Partners L.P.	1,218,420	6.2%
42,000	ARC Resources Limited	1,150,800	5.8%
26,000	Tourmaline Oil Corporation	1,092,000	5.5%
22,000	Bonterra Energy Corporation	1,084,160	5.5%
30,000	Crescent Point Energy Corporation	1,069,500	5.4%
70,000	Artis REIT	1,050,000	5.3%
47,000	H&R REIT	1,032,120	5.2%
19,000	Vermilion Energy Inc.	975,080	4.9%
35,000	Calloway REIT	899,850	4.6%
140,000	Just Energy Group Inc.	870,800	4.4%
52,000	First National Financial Corporation	820,560	4.2%
58,000	Brookfield Real Estate Services Inc.	705,280	3.6%
18,500	Baytex Energy Corporation	697,265	3.5%
2,360,000	Edleun Group Inc.	672,600	3.4%
16,000	Cineplex Inc.	588,640	3.0%
52,000	Whitecap Resources Inc.	563,160	2.9%
30,000	First Capital Realty Inc.	532,200	2.7%
55,000	Dundee REIT	497,750	2.5%
65,000	Tricon Capital Group Inc.	408,850	2.1%
15,500	Genivar Inc.	370,760	1.9%
10,000	Allied Properties REIT	319,100	1.6%
17,000	Parkland Fuel Corporation	290,530	1.5%
6,700	Davis + Henderson Income Fund	151,353	0.8%

Gabrielle Lenz
Chief Financial Officer of the Manager

August 29, 2013

STATEMENTS OF NET ASSETS
(Unaudited)

As at	**June 30, 2013**	December 31, 2012
Assets		
Investments, at fair value (cost: 2013-$16,447,166;2012-$19,025,038)	**$ 19,718,300**	$ 21,965,296
Cash	**54,759**	38,700
Distributions and interest receivable	**754,050**	101,383
Prepaid and other	**54,208**	37,130
Total assets	**20,581,317**	22,142,509
Liabilities		
Accounts payable and accrued liabilities *(Note 5)*	**132,204**	172,546
Loan payable *(Note 6)*	**2,499,147**	2,797,740
Total liabilities	**2,631,351**	2,970,286
Net assets representing unitholders' equity	**$ 17,949,966**	$ 19,172,223
Units outstanding *(Note 7)*	**3,838,106**	3,838,106
Net assets per unit *(Note 4)*	**$ 4.68**	$ 5.00

The accompanying notes are an integral part of the 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	**2013**	2012
Income and distributions		
Distributions	$ **511,458**	$ 689,712
Return of capital	**92,130**	143,899
	603,588	833,611
Expenses		
Management fees *(Note 9)*	**97,552**	140,328
Interest expense	**31,622**	19,226
Service fees *(Note 9)*	**31,296**	53,740
Independent review committee fees	**21,244**	21,283
Accounting and administrative	**20,361**	20,119
Audit fees	**18,887**	19,651
Trustee fees	**14,475**	14,387
Custodial fees	**9,068**	9,084
General and administrative	**7,204**	24,920
Legal and exchange fees	**-**	1,500
	251,709	324,238
Net investment income	**351,879**	509,373
Transaction costs *(Note 10)*	**(6,235)**	(6,780)
Net realized losses on sale of investments *(Note 10)*	**(1,346,073)**	(501,069)
Net change in unrealized gains (losses) on investments	**330,876**	(1,611,584)
Return of capital	**(92,130)**	(143,899)
Results of operations	$ **(761,683)**	$ (1,753,959)
Results of operations per unit[1]		
Net investment income	$ **0.09**	$ 0.10
Transaction costs	**(0.00)**	(0.00)
Net realized losses on sale of investments	**(0.35)**	(0.10)
Net change in unrealized gains (losses) on investments	**0.08**	(0.33)
Return of capital	**(0.02)**	(0.03)
Decrease in net assets from operations	$ **(0.20)**	$ (0.36)

1 *Based on the weighted-average number of units outstanding for the period (note 7).*

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

For the six months ended June 30	**2013**	2012
Net assets - beginning of period	**$ 19,172,223**	$ 27,699,875
Operations		
Net investment income	**351,879**	509,373
Transaction costs *(Note 10)*	**(6,235)**	(6,780)
Net realized losses on sale of investments *(Note 10)*	**(1,346,073)**	(501,069)
Net change in unrealized gains (losses) on investments	**330,876**	(1,611,584)
Return of capital	**(92,130)**	(143,899)
	(761,683)	(1,753,959)
Unitholder transactions		
Distribution to unitholders		
From net investment income	**(368,444)**	(444,909)
From return of capital	**(92,130)**	(143,899)
	(460,574)	(588,808)
Net decrease in net assets during the period	**(1,222,257)**	(2,342,767)
Net assets - end of period	**$ 19,172,223**	$ 25,357,108

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
(Unaudited)

For the six months ended June 30	**2013**	2012
Operating activities		
Net investment income	**$ 351,879**	$ 509,373
Transaction costs *(Note 10)*	**(6,235)**	(6,780)
Return of capital	**(92,130)**	(143,899)
Change in non-cash operating working capital	**(710,087)**	(38,283)
	(456,573)	320,411
Financing activities		
Loan payable, net repayments	**(298,593)**	(298,941)
Distributions to unitholders	**(460,574)**	(588,808)
	(759,167)	(887,749)
Investing activities		
Purchase of investment securities *(Note 10)*	**(1,004,663)**	(1,060,357)
Proceeds from sale of investments *(Note 10)*	**2,236,462**	1,603,297
	1,231,799	542,940
Net increase (decrease) in cash during the period	**16,059**	(24,398)
Cash, beginning of period	**38,700**	146,780
Cash, end of period	**$ 54,759**	$ 122,382

The accompanying notes are an integral part of the financial statements.

STATEMENT OF INVESTMENTS

(Unaudited)

As at June 30, 2013

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Canadian Common Stocks			
50,000	Exchange Income Corporation	$ 645,500	$ 1,305,500	7.3%
42,000	ARC Resources Limited	835,968	1,150,800	6.4%
26,000	Tourmaline Oil Corporation	546,893	1,092,000	6.1%
22,000	Bonterra Energy Corporation	762,520	1,084,160	6.0%
30,000	Crescent Point Energy Corporation	1,171,728	1,069,500	6.0%
19,000	Vermilion Energy Inc.	615,980	975,080	5.4%
140,000	Just Energy Group Inc.	2,079,822	870,800	4.9%
52,000	First National Financial Corporation	866,796	820,560	4.6%
58,000	Brookfield Real Estate Services Inc.	674,980	705,280	3.9%
18,500	Baytex Energy Corporation	549,450	697,265	3.9%
2,360,000	Edleun Group Inc.	1,180,000	672,600	3.7%
16,000	Cineplex Inc.	272,043	588,640	3.3%
52,000	Whitecap Resources Inc.	442,749	563,160	3.1%
30,000	First Capital Realty Inc.	406,125	532,200	3.0%
65,000	Tricon Capital Group Inc.	280,800	408,850	2.3%
15,500	Genivar Inc.	410,071	370,760	2.1%
17,000	Parkland Fuel Corporation	163,658	290,530	1.6%
6,700	Davis + Henderson Income Fund	103,448	151,353	0.8%
44,100	IBI Group Inc.	639,386	75,852	0.4%
365,400	Big Eagle Services Trust – Private Placement	-	-	0.0%
		12,647,917	13,424,890	74.8%
	Real Estate Investment Trusts (REIT's)			
70,000	Artis REIT	532,000	1,050,000	5.9%
47,000	H&R REIT	663,196	1,032,120	5.7%
35,000	Calloway REIT	556,266	899,850	5.0%
55,000	Dundee REIT	576,584	497,750	2.8%
10,000	Allied Properties REIT	157,742	319,100	1.8%
		2,485,788	3,798,820	21.2%
	Limited Partnerships			
59,000	Inter Pipeline Fund LP 'A'	599,686	1,276,170	7.1%
42,000	Brookfield Renewable Energy Partners L.P.	734,914	1,218,420	6.8%
		1,334,600	2,494,590	13.9%
Investment portfolio		16,468,305	19,718,300	109.9%
Transaction costs		(21,139)	—	—%
Total investment portfolio		16,447,166	19,718,300	109.9%
Cash			54,759	0.3%
Liabilities in excess of other assets			(1,823,093)	(10.2)%
Net assets			$ 17,949,966	100.2%

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 an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013 (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") and 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").

The Fund 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 Fund 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

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 outlined the key decisions that the AcSB would need to make in order to implement the strategic plan for publicly accountable enterprises that would replace Canadian Institute of Chartered Accountants Handbook - Canadian Generally Accepted Accounting Principles ("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.

In December 2011, the AcSB gave approval to provide Canadian investment companies with the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2014. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2014.

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 significantly 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.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared using the following policies determined under Part V of the Canadian Institute of Chartered Accountants Handbook Accounting Standards, and they include estimates and assumptions made by the Manager that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the six months ended June 30, 2013 and 2012. Actual results could differ from those estimates.

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) 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 any 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 Financial 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 given their short-term nature.

4. NET ASSET 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 per unit reflected in the financial statements as at June 30, 2013 and December 31, 2012 is as follows:

As at June 30, 2013				**Per Unit**
Published net asset value used for purchases and redemptions	$	18,010,762	$	4.69
Section 3855 adjustment		(60,796)		(0.01)
Net assets per financial statements	$	17,949,966	$	4.68

As at December 31, 2012				Per Unit
Published net asset value used for purchases and redemptions	$	19,340,984	$	5.04
Section 3855 adjustment		(168,761)		(0.04)
Net assets per financial statements	$	19,172,223	$	5.00

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2013		December 31, 2012
Distributions payable to unitholders *(note 8)*	$	76,762	$	76,762
Other accounts payable and accrued liabilities		26,980		58,803
Management fees payable *(note 9)*		15,168		17,820
Service fees payable *(note 9)*		13,294		19,161
	$	132,204	$	172,546

6. LOAN FACILITY

On August 16, 2011, the 364-day revolving term credit facility (the "facility") available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates was renewed through to August 14, 2012. 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. On October 4, 2011, an amendment was issued to reduce the maximum draw under the facility to $5.5 million.

On July 23, 2012, an amendment was issued to extend the term of the existing facility to October 12, 2012. The amendment was issued so that the term of the facility would renew subsequent to the Fund's annual redemption program. The facility was renewed on October 11, 2012 through to October 12, 2013. Under the terms of the renewal, the maximum draw under the facility was limited to the lower of $4.5 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, 2013, $2.5 million (December 31, 2012 - $2.8 million) was drawn against the available limit, which represented 13.9% (December 31, 2012 – 14.6%) of the net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during the first six months of 2013 were $2.3 and $2.7 million, respectively (first six months of 2012 - $0.9 and $2.3 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 fees 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, and 8,694,352 units of the continuing fund were issued to complete the merger.

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 affected 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 day for requesting redemptions based on the August 30, 2013 net asset value per unit was August 9th and unitholders have requested redemption of 609,675 units (2012 – 1,057,835 units). Unitholder payment for the redeemed shares will take place no later than September 23, 2013.

On July 8, 2013, 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 NCIB to purchase for cancellation up to 383,172 of its capital units issued and outstanding as at June 28, 2013.

The NCIB commenced on July 10, 2013 and will end on July 9, 2014. Purchases made pursuant to the NCIB would be made in the open market through the facilities of the Toronto Stock Exchange. The price that the Fund would pay for any such shares would be the market price of such shares at the time of acquisition. The Manager is of the opinion that capital units of the Fund may have become available during the proposed purchase period at prices that would make such purchases in the best interests of the Fund and its securityholders. 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 76,762 units, representing 2% of the issued and outstanding units as at the date of acceptance of the notice of the NCIB by the TSX. As at August 29, 2013, 8,400 units were repurchased and cancelled under the NCIB for $40 thousand.

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

Issued	Number of Units	Amount
Units - December 31, 2011	4,906,741	36,227,519
Redeemed for cash		
Cancelled under NCIB	(10,800)	(55,780)
Cancelled after redemption for cash	(1,057,835)	(5,626,300)
Units - June 30, 2013 and December 31, 2012	3,838,106	$ 30,545,439

The weighted-average number of units outstanding for the six months ended June 30, 2013 was 3,838,106 (December 31, 2012 – 4,558,100).

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, 2013 totalled $76,762 (December 31, 2012 – $76,762).

9. RELATED-PARTY TRANSACTIONS

Brookfield Soundvest Capital Management Ltd., the Manager and Investment Advisor to the Fund, is 50% owned by Brookfield Asset Management Inc. ("Brookfield"). Due to Brookfield's ability to control the Fund, Brookfield and its affiliates over which it has the ability to exercise control or significant influence are related parties of the Fund by virtue of common control or common significant influence. Transactions with related parties, including investment transactions, are conducted in the normal course of operations and are recorded at exchange amounts, which are equivalent to normal market terms.

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. Management fees payable as at June 30, 2013 totalled $15,168 (December 31, 2012 – $17,820).

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. Service fees payable as at June 30, 2013 totalled $13,294 (December 31, 2012 – $19,161).

10. INVESTMENT TRANSACTIONS

Investment transactions[1] for the six months ending June 30 were as follows:

	2013	2012
Proceeds from sale of investments	$ 2,236,462	$ 1,603,297
Less cost of investments sold		
Investments at cost – beginning of period	19,025,038	22,628,247
Investments purchased during the period	1,004,663	1,060,357
Investments at cost – end of period	16,447,166	21,584,238
Cost of investments sold during the period	3,582,535	2,104,366
Net realized gains on sale of investments	$ (1,346,073)	$ (501,069)

1 All balances have been adjusted for return of capital amounts.

Brokerage commissions on securities purchased and sold during the six months ending June 30, 2013 totalled $6,235(2012 - $6,780) and are included as an expense in the statements of operations.

11. CAPITAL DISCLOSURES

The Fund's capital structure is composed 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 reevaluate 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 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 Manager uses a disciplined and 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 due to changes in market price. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investing in 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 of the Fund.

The Manager's best estimate of the effect on net asset value due to a reasonably possible change in the S&P/TSX Composite Index, with other variables held constant, for the periods ended June 30, 2013 and December 31, 2012 is as follows:

	Change in Net Assets of Fund	
Change in Prices on the Index	**June 30, 2013**	December 31, 2012
10%	**6.8%**	7.4%
(10%)	**(7.2%)**	(7.7%)

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, 2013 are non-interest bearing; however, the bank loan facility bears interest at the prime or bankers' acceptance rates. 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 or 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 Section 3862 of the Canadian Institute of Chartered Accountants Handbook. See Note 3 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables presents information about the Fund's assets measured at fair value as of June 30, 2013 and December 31, 2012. There were no significant transfers of amounts between Level 1, Level 2 or Level 3.

As at June 30, 2013	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash	$ 54,759	$ -	$ -	$ 54,759
Income trusts	3,798,820	-	-	3,798,820
Limited partnerships	2,494,590			2,494,590
Canadian common stocks	13,424,890	-	-	13,424,890
Total financial assets measured at fair value	$ 19,773,059	$ -	$ -	$ 19,773,059

As at December 31, 2012	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash	$ 38,700	$ -	$ -	$ 38,700
Income trusts	3,568,500	-	-	3,568,500
Limited partnerships	2,615,920			2,615,920
Canadian common stocks	15,780,876	-	-	15,780,876
Total financial assets measured at fair value	$ 22,003,996	$ -	$ -	$ 22,003,996

14. SUBSEQUENT EVENT

On July 8, 2013, 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 383,172 of its capital units issued and outstanding as at June 28, 2013.

The NCIB commenced on July 10, 2013 and will end on July 9, 2014. 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 76,762 units, representing 2% of the issued and outstanding units as at the date of acceptance of the notice of the NCIB by the TSX.

As at August 23, 2013, 8,400 units were repurchased and cancelled under the NCIB for $40 thousand.

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

Gabrielle Lenz
Chief Financial Officer

George E. Myhal
Director & Chairman of the Board

Gail Cecil
Managing Director

Audrey J. Charlebois
Director

Investment Advisor (Brookfield Soundvest Capital Management Ltd.)

Kevin W. Charlebois
Chief Investment Officer

Ryan Cody
Portfolio Manager and Equity *Analyst*

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Trustee, Transfer Agent and Registrar

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