Brookfield Soundvest Equity Fund
BSE.UN

2014 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 $190 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, 2014):	3,215,031
Targeted 2014 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, 2014 and share our outlook for the second half of 2014.

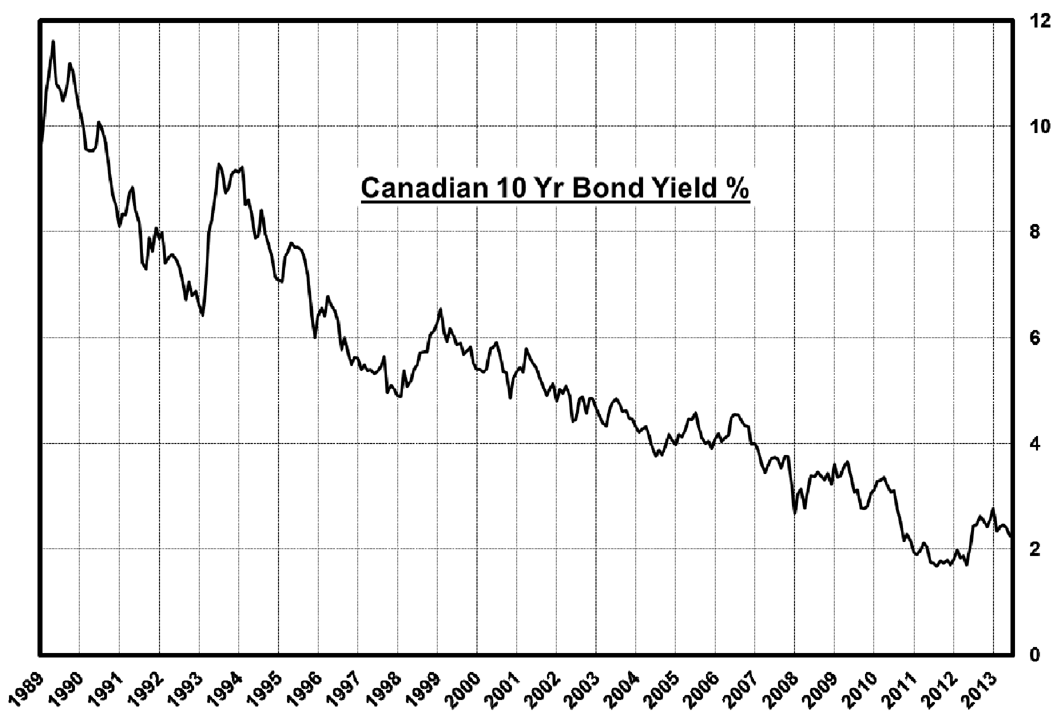
MARKET OVERVIEW

During the first six months of 2014 the Canadian market provided a positive 12.9% rate of return. The U.S. and world markets underperformed Canada providing a positive return of 7.1% and 6.5%, respectively.

Index	Year to Date 2014 ROR (as at June 30)
S&P/TSX Composite	12.9%
S&P 500	7.1%
Dow Jones Industrial Average	1.5%
MSCI EAFE (Europe, Australasia, Far East)	5.1%
MSCI World	6.5%

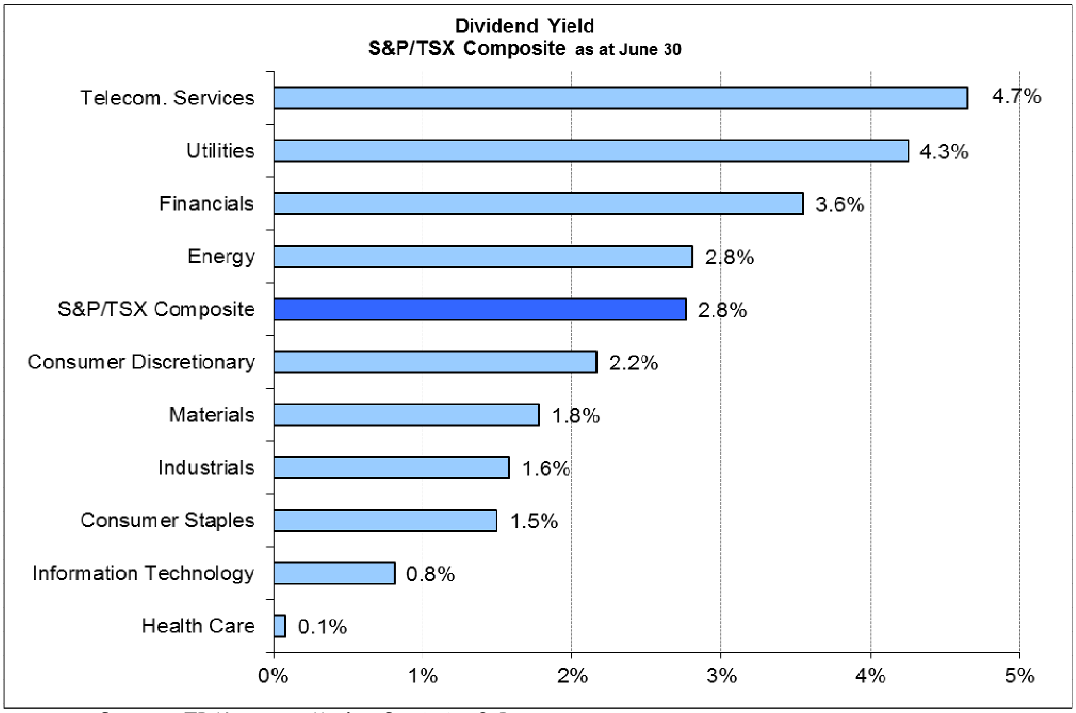
Canadian High Yield Market

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 2.8% as at June 30, 2014. This compared favorably when comparing against available Government of Canada bond yields. The 10-year Government of Canada bond yield ended the second quarter at 2.2%, down 52 basis points from the year end.



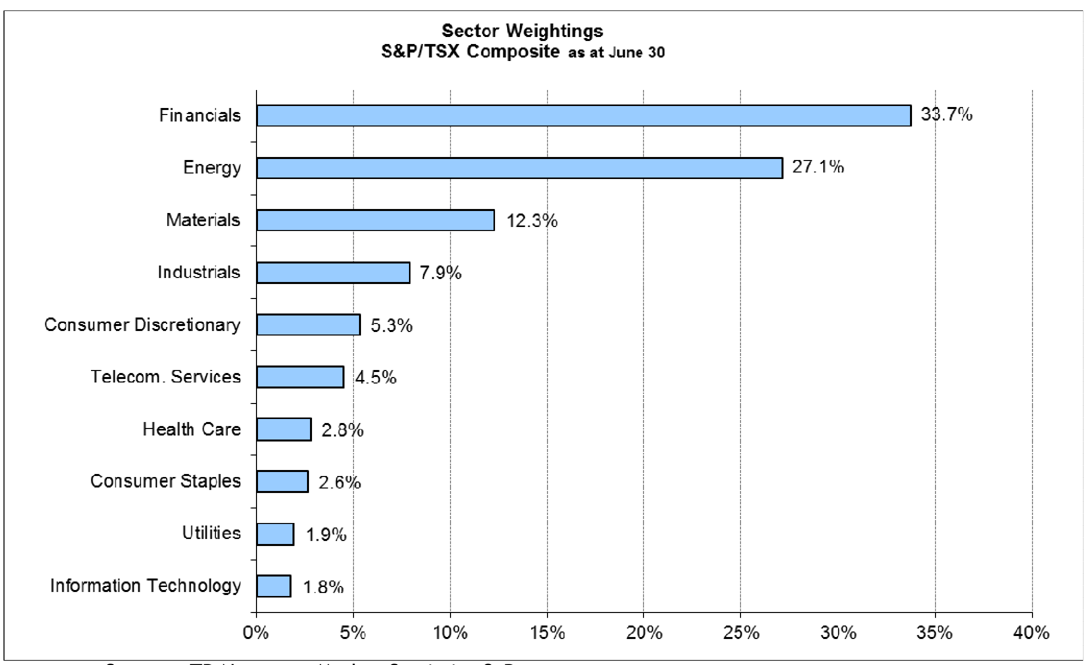
Yield investments produced solid returns during the first half of 2014 as bond yields remained subdued.

Canada's dividend yield universe is broad and diversified with five 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, 2014 with yields of 4.7% and 4.3%, respectively. The Financials sector which is dominated by the big banks also provided a healthy yield at 3.6%.



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 (33.7% weighting) which includes Real Estate, Energy (27.1%) and Materials (12.3%). The three sectors combined weighting was 73.1% at June 30, 2014.



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, 2014 the Fund's published net asset value per unit, which is used for purchases and redemptions, increased 10.6%, resulting in a total return, including distributions, of 12.9%. During the same timeframe the S&P/TSX Composite returned 12.9%.

For the six months ending June 30, 2014, the Fund generated net realized gains of approximately $113 thousand. Some sales were executed in order to reduce existing positions, attain desired weightings within the Fund and one sale was executed to exit a position entirely. Net gains were realized from sales of First Capital Reality ($40 thousand gain), Calloway REIT ($34 thousand gain), Bonterra Energy Corporation ($29 thousand gain), and WSP Global Inc. ($10 thousand gain).

Distributions

The Fund declared and paid a monthly distribution of $0.02 in 2013 and 2012.

OUTLOOK

The U.S. economy continues to benefit from loose monetary policy, facilitating the ongoing housing recovery, increased business investment and consumer spending. In addition to favorable monetary policy, the U.S. consumer continues to gain confidence as more individuals become gainfully employed, as evidenced by increasing nonfarm payrolls numbers. While there could be some short-term bumps along the road, interest rates could remain low over the near term supporting economic growth going forward.

The Canadian economy should continue to benefit from a relatively weaker Canadian dollar as our trading partners continue to strengthen. The Canadian housing market appears to be headed towards a soft landing as low borrowing rates continue to facilitate affordability and relative price stability. While Eastern Canada should benefit from an increase in manufacturing as a result of favourable exchange rate adjusted pricing, Western Canada should remain as the engine of economic growth supported by strong energy prices and elevated capital investment.

We do not know at the beginning of each year what returns the stock market will provide in that year. What we do know is the following: buying shares of companies, at a reasonable price, that have decent balance sheets, with honest and able management who continue to grow their company's earnings, dividends and intrinsic value over time, should reward the shareholders of such companies as the years roll forward.

Thank you for your continued support.

Kevin Charlebois

Kevin Charlebois
On behalf of the Manager and the Investment Advisor

Caution Regarding Forward-Looking Statements

The Report to Unitholders and Management Report of Fund Performance contain forward-looking information within the meaning of Canadian provincial securities laws. 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, 2014. 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 Chartered Professional Accountants Canada. All figures in the MRFP are in Canadian dollars as at June 30, 2014, 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 increased by $1.8 million or 10.6%, from $16.7 million as at December 31, 2013 to $18.5 million as at June 30, 2014. This change is attributable to investment performance (net of expenses) where a gain of $2.2 million was reported offset by distributions of $386 thousand. The Fund’s investment performance and unitholder activity for 2014 are discussed in more detail below.

Investment Performance

For the six month period ending June 30, 2014 the Fund’s published net asset value per unit, which is used for purchases and redemptions, increased 10.6%, resulting in a total return, including distributions, of 12.9%. During the same timeframe the S&P/TSX Composite returned 12.9%.

For the six months ending June 30, 2014, the Fund generated net realized gains of approximately $113 thousand. Some sales were executed in order to reduce existing positions, attain desired weightings within the Fund and one sale was executed to exit a position entirely. Net gains were realized from sales of First Capital Reality ($40 thousand gain), Calloway REIT ($34 thousand gain), Bonterra Energy Corporation ($29 thousand gain), and WSP Global Inc. ($10 thousand gain).

The Fund’s decision to underweight the Financials sector and overweight the Energy sector benefitted performance during the six months ended June 30, 2014. The Financial sector marginally underperformed the S&P/TSX Composite Index (“Index”) while the Energy sector materially outperformed the Index. The Fund’s underweight position in the Materials sector contributed negatively to performance over the first six months of 2014. During the six months ended June 30, 2014 security selection contributed both positively and negatively. Security selection in the Consumer Discretionary and Financial sectors detracted from performance while security selection in Energy, Industrials and Utilities contributed positively.

Fees and Expenses

Fees and expenses for the six months ending June 30, 2014 totalled $217 thousand, compared to $258 thousand for the same period in 2013, representing an annualized management expense ratio ("MER") of 2.47% as compared to 2.64% for the six months ending June 30, 2013. 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, 2014 and 2013 was 2.47% and 2.31%, respectively. Fees and expenses for the six months ending June 30, 2014 decreased as compared to the same period in 2013 in response to the decrease in net asset value for the six months ending June 30, 2014 relating to the September 2013 redemption of 609,675 units. The net asset value increased by 2.9% while expenses decreased by 15.9% for the six months ending June 30, 2014.

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 29, 2014 net asset value per unit was August 8^{th} and unitholders have requested redemption of 632,882 units (2013 – 609,675 units). Unitholder payment for the redeemed shares will take place no later than September 22, 2014.

On July 8, 2014, Brookfield Soundvest Capital Management Ltd., as Manager of the Fund, announced that the Toronto Stock Exchange had accepted its Notice of Intention to issue a normal course issuer bid ("NCIB"). The Fund has the right under the NCIB to purchase for cancellation up to 320,864 of its capital units issued and outstanding as at June 30, 2014.

The NCIB commenced on July 10, 2014 and will end on July 9, 2015. 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 64,300 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 20, 2014, no units were repurchased and cancelled under the NCIB.

During the first six months of 2014, the Fund provided a monthly distribution of $0.02 per unit and paid out distributions that totalled $0.12 per unit or $386 thousand (2013 - $0.12 per unit or $461 thousand). The Fund's distributions included a return of capital of 12.0% or $0.01 per unit (2013 – 20.0% or $0.02 per unit).

Loan Facility

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.

On October 9, 2013, the 364-day revolving term credit facility available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates was renewed through to October 11, 2014. The maximum draw under the facility was limited to the lower of $3.5 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 facility is secured by a first-ranking and exclusive charge on all of the Fund's assets.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2014, $0.0 million (December 31, 2013 - $0.0 million) was drawn against the available limit, which represented 0.0% (December 31, 2013 – 0.0%) of the net assets of the Fund. The minimum and maximum amounts borrowed against the available limit during the first six months of 2014 were $0.0 and $0.0 million, respectively (first six months of 2013 - $2.3 and $2.7 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, 2014, management fees including taxes accrued or paid to the Manager totalled $90 thousand (June 30, 2013 - $98 thousand). Service fees accrued or paid during the six months ending June 30, 2014 totalled $35 thousand (June 30, 2013 - $31 thousand).

RECENT DEVELOPMENTS

Accounting Policy Changes

Investment companies that are publicly accountable enterprises or investment funds, to which National Instrument 81-106 Investment Fund Continuous Disclosure is applicable, are required to adopt International Financial Reporting Standards (“IFRS”) for the first time for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund adopted IFRS beginning January 1, 2014 and published its first financial statements, prepared in accordance with IFRS, for the period ending June 30, 2014. The 2014 semi-annual statements include the 2013 comparative financial information and an opening Statement of Financial Position as at January 1, 2013, also prepared in accordance with IFRS.

As at June 30, 2014, the following is a summary of the impact on the financial statements based on the differences between current Canadian Generally accepted accounting principles (‘‘GAAP’’) and IFRS:

- IFRS 13 *Fair Value Measurement* (“IFRS 9”) allows the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within the bid-ask spread. The Fund adopted accounting policies for the valuation of investments to utilize mid-market prices that align more closely with the calculation of net asset value (“NAV”) used to price unitholder transactions. As a result, net assets for current financial reporting purposes will be impacted and is expected to align with NAV used to price unitholder transactions, eliminating the need for a NAV per unit reconciliation. The impact on the Statement of Financial Position as at January 1, 2013 and December 31, 2013 is disclosed in note 15 of the Fund’s annual financial statements. The net change in these reconciliation adjustments had a corresponding impact to income in the Statement of Comprehensive Income.

- IFRS 10 *Consolidated Financial Statements* (“IFRS 10”) provides an exception to the consolidation requirements and requires an investment entity to account for its subsidiaries at fair value through profit or loss. The Fund has concluded that it meets the definition of an investment entity as at January 1, 2013, for the year ended December 31, 2013 and for the six months ending June 30, 2014.

- Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 *Financial Instruments: Presentation* (“IAS 32”), the units of the Fund are puttable instruments as unitholders have the right to redeem these units during the annual redemption program. IAS 32 requires that units of a fund which include a contractual obligation for the issuer to repurchase or redeem units for cash or another financial asset and an obligation to distribute net taxable income and net realized capital gains to ensure that the Fund is not liable for income taxes be classified as financial liabilities. The Fund’s units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

- IFRS requires financial statements presented will be renamed as follow:

Canadian GAAP	IFRS
Statements of Net Assets	Statement of Financial Position
Statements of Operations	Statement of Comprehensive Income
Statements of Changes in Net Assets	Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
Statements of Cash Flow	Statements of Cash Flow
Statement of Investment Portfolio	Schedule of Investment Portfolio

OUTLOOK

The U.S. economy continues to benefit from loose monetary policy, facilitating the ongoing housing recovery, increased business investment and consumer spending. In addition to favorable monetary policy, the U.S. consumer continues to gain confidence as more individuals become gainfully employed, as evidenced by increasing nonfarm payrolls numbers. While there could be some short-term bumps along the road, interest rates could remain low over the near term supporting economic growth going forward.

The Canadian economy should continue to benefit from a relatively weaker Canadian dollar as our trading partners continue to strengthen. The Canadian housing market appears to be headed towards a soft landing as low borrowing rates continue to facilitate affordability and relative price stability. While Eastern Canada should benefit from an increase in manufacturing as a result of favourable exchange rate adjusted pricing, Western Canada should remain as the engine of economic growth supported by strong energy prices and elevated capital investment.

We do not know at the beginning of each year what returns the stock market will provide in that year. What we do know is the following: buying shares of companies, at a reasonable price, that have decent balance sheets, with honest and able management who continue to grow their company’s earnings, dividends and intrinsic value over time, should reward the shareholders of such companies as the years roll forward.

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.

The Fund's Net Assets Per Unit[1]

	2014[2]	2013[3]	2012[3]	2011[3]	2010[3]
Net assets – beginning of period	**$ 5.20**	$ 5.04	$ 5.66	$ 5.82	$ 4.68
Increase (decrease) from operations					
Total revenue	**0.12**	0.25	0.28	0.32	0.39
Total expenses	**(0.07)**	(0.14)	(0.13)	(0.13)	(0.12)
Transaction costs	**(0.00)**	(0.01)	(0.00)	(0.01)	(0.01)
Net realized gains (losses) on sale of investments	**0.04**	0.09	0.18	0.25	0.05
Net change in unrealized gains (losses)	**0.58**	0.13	(0.69)	(0.41)	0.90
Total increase (decrease) from operations[4]	**0.67**	0.32	(0.36)	0.02	1.21
Distributions					
From investment income	**–**	–	–	–	(0.06)
From dividend income	**(0.11)**	(0.20)	(0.09)	(0.08)	(0.13)
Return of capital	**(0.01)**	(0.04)	(0.15)	(0.16)	(0.11)
Total distributions[4]	**(0.12)**	(0.24)	(0.24)	(0.24)	(0.30)
Net assets - end of period[5]	**$ 5.75**	$ 5.20	$ 5.04	$ 5.66	$ 5.82

1 *This information is derived from the Fund's audited and unaudited financial statements. The net assets per unit presented in the financial statements are the same as the net asset value calculated for fund pricing purposes.*
2 *As at and for the six months ended June 30 (unaudited).*
3 *As at and for the twelve months ended December 31 (audited).*
4 *Distributions were paid in cash.*
5 *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:

	2014[1]	2013[2]	2012[2]	2011[2]	2010[2]
Net investment income	**$ 184,487**	$ 411,419	$ 683,405	$ 1,082,099	$ 2,358,887
Transaction costs	**(1,330)**	(22,068)	(16,111)	(39,622)	(63,256)
Net realized gains (losses) on sale of investments	**112,620**	312,329	827,396	1,517,662	425,734
Net change in unrealized gains (losses)	**1,864,776**	464,644	(3,166,291)	(2,456,739)	8,029,057
Income (loss) from operations	**2,160,553**	1,166,324	(1,671,601)	103,400	10,750,422
Income (loss) from operations per unit	**0.67**	0.32	(0.36)	0.02	1.21
Net assets per unit	**$ 5.75**	$ 5.20	$ 5.04	$ 5.66	$ 5.82

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

Ratios and Supplemental Data

	2014[1]	2013[2]	2012[2]	2011[2]	2010[2]
Total net asset value	$ 18,477,963	$ 16,703,214	$ 19,340,984	$ 27,786,384	$ 38,302,844
Number of units outstanding	3,215,031	3,215,031	3,838,106	4,906,741	6,581,260
Management expense ratio before interest expense	2.47%	2.62%	2.22%	2.04%	2.08%
Management expense ratio[3]	2.47%	2.82%	2.38%	2.31%	2.41%
Management expense ratio before waivers or absorptions	2.47%	2.82%	2.38%	2.31%	2.41%
Trading expense ratio[4]	0.00%	0.12%	0.07%	0.11%	0.14%
Portfolio turnover rate[5]	1.08%	15.67%	5.90%	5.15%	9.69%
Monthly distribution per unit	$ 0.020	$ 0.020	$ 0.020	$ 0.020	$ 0.025
Annualized trailing yield[6]	4.27%	4.85%	5.05%	4.47%	5.44%
Closing market price	$ 5.62	$ 5.20	$ 5.04	$ 5.66	$ 5.82

1 *As at and for the six months ended June 30 (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

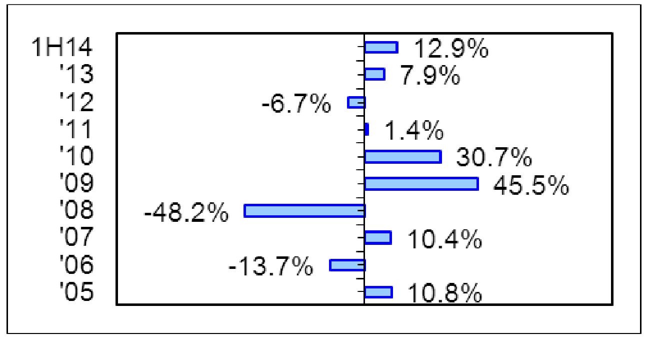
Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. The Fund also pays to the Manager a service 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 (based on net asset value per unit) and includes distributions made in each period since inception (October 17, 2005) to June 30, 2014. 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, 2014, compared with the Index.

	2014[1]	2013[2]	3-Year[3]	5-Year[4]	Since Inception[5]
Fund – Net asset value	10.6%	3.1%	(0.6%)	8.9%	(5.5%)
Fund – Total Return, including distributions	12.9%	7.9%	3.4%	13.5%	0.3%
S&P/TSX Composite Return Index	12.9%	13.0%	3.4%	11.9%	6.1%

1 *For the six months ended June 30 (unaudited).*
2 *For the twelve months ended December 31 (audited).*
3 *Period from June 30, 2011 to June 30, 2014.*
4 *Period from June 30, 2009 to June 30, 2014.*
5 *For the period from inception (October 17, 2005) to June 30, 2014.*

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, 2014 the Fund was invested in the following sectors in the percentages shown below:

	2014[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 (REITs)	**12.9%**	0%-100%
Canadian Common Stocks	**82.2%**	0%-100%
Limited Partnerships	**4.8%**	0%-20%
Total Investment Portfolio	**99.9%**	100%
Cash	**0.2%**	
Liabilities in excess of other assets	**(0.1%)**	
	100.0%	

1 *Based on market value as at June 30, 2014.*

Top 25 Positions

The top 25 positions held by the Fund as at June 30, 2014 were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
24,400	Crescent Point Energy Corporation	$ 1,153,876	6.3%
30,000	Inter Pipeline Limited	993,600	5.4%
2,360,000	Brightpath Early Learning Inc.	991,200	5.4%
17,500	Tourmaline Oil Corporation	984,550	5.3%
120,000	Tricon Capital Group Inc.	944,400	5.1%
28,000	Arc Resources Limited	909,720	4.9%
14,000	Bonterra Energy Corporation	906,640	4.9%
12,200	Vermilion Energy Inc.	905,850	4.9%
54,000	Whitecap Resources Inc.	889,380	4.8%
28,000	Brookfield Renewable Energy Partners LP	883,120	4.8%
17,000	Baytex Energy Corporation	837,250	4.5%
37,000	Exchange Income Corporation	836,570	4.5%
32,000	H&R REIT	741,120	4.0%
47,000	Artis REIT	740,250	4.0%
120,000	Just Energy Group Inc.	736,800	4.0%
27,400	First National Financial Corporation	606,910	3.3%
77,000	Surge Energy Inc.	602,140	3.3%
42,000	Brookfield Real Estate Services Inc.	588,000	3.2%
14,000	Cineplex Inc.	580,300	3.1%
21,000	Calloway REIT	557,760	3.0%
36,800	Torc Oil & Gas Limited	540,224	2.9%
12,500	WSP Global Inc.	472,375	2.6%
10,000	Allied Properties REIT	353,500	1.9%
17,000	Parkland Fuel Corporation	349,520	1.9%
57,700	Aveda Transportation	311,580	1.7%

Gabrielle Lenz
Chief Financial Officer of the Manager

August 20, 2014

STATEMENT OF FINANCIAL POSITION
(Unaudited)

As at	**June 30, 2014**	December 31, 2013	January 1, 2013
Assets			
Financial assets at fair value through profit or loss, (cost: 2014-$13,016,940; December 31, 2013-$13,154,940; January 1, 2013-$19,025,038)	**$ 18,455,375**	$ 16,728,603	$ 22,134,057
Cash	**34,110**	10,736	38,700
Distributions and interest receivable	**63,539**	74,535	101,383
Prepaid and other	**62,954**	45,814	37,130
Total assets	**18,615,978**	16,859,688	22,311,270
Liabilities			
Accounts payable and accrued liabilities *(Note 8)*	**138,015**	156,474	172,546
Loan payable *(Note 9)*	**-**	-	2,797,740
Total liabilities (excluding net assets attributable to holders of redeemable units)	**138,015**	156,474	2,970,286
Net assets attributable to holders of redeemable units	**$ 18,477,963**	$ 16,703,214	$ 19,340,984
Units outstanding *(Note 10)*	**3,215,031**	3,215,031	3,838,106
Net assets attributable to holders of redeemable units per unit	**$ 5.75**	$ 5.20	$ 5.04

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

Approved by the Manager, by:

Kevin W. Charlebois
Director

George E. Myhal
Director

STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

For the six months ended June 30		2014		2013
Income				
Distributions	$	**400,044**	$	511,458
Net realized gains (losses) on financial assets at fair value through profit or loss *(Note 7 and 13)*		**112,620**		(1,346,073)
Net change in unrealized gains on financial assets at fair value through profit or loss *(Note 7)*		**1,864,776**		222,911
Total income (net)		**2,377,440**		(611,704)
Expenses				
Management fees *(Note 12)*		**90,204**		97,552
Service fees *(Note 12)*		**34,634**		31,296
Accounting and administrative		**20,367**		20,361
Audit fees		**18,656**		18,887
Independent review committee fees *(Note 12)*		**14,892**		21,244
Trustee fees		**14,618**		14,475
General and administrative		**12,710**		7,204
Custodial fees		**9,256**		9,068
Transaction costs *(Note 13)*		**1,330**		6,235
Legal and exchange fees		**182**		-
Interest expense		**38**		31,622
Total expenses		**216,887**		257,944
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**2,160,553**	$	(869,648)

Increase (decrease) in net assets attributable to holders of redeemable units per unit[1] *(Note 14)*	**$**	**0.67**	$	(0.23)

1 *Based on the weighted-average number of units outstanding for the period (note 10).*

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS
(Unaudited)

For the six months ended June 30	2014	2013
Net assets attributable to holders of redeemable units - beginning of period	**$ 16,703,214**	$ 19,340,984
Increase (decrease) in net assets attributable to holders of redeemable units	**2,160,553**	(869,648)
Distributions to holders of redeemable units		
From net investment income	**(339,205)**	(368,444)
From return of capital	**(46,599)**	(92,130)
Total distributions to holders of redeemable units	**(385,804)**	(460,574)
Net increase (decrease) in net assets attributable to holders of redeemable units	**1,774,749**	(1,330,222)
Net assets attributable to holders of redeemable units - end of period	**$ 18,477,963**	$ 18,010,762

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

STATEMENT OF CASH FLOWS
(Unaudited)

For the six months ended June 30	2014	2013
Operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	**$ 2,160,553**	$ (869,648)
Adjustments for:		
Net realized (gains) losses on sale of investments	**(112,620)**	1,346,073
Net change in unrealized gains on investments	**(1,864,776)**	(222,911)
Purchase of investment securities *(Note 13)*	**(140,621)**	(1,004,663)
Proceeds from sale of investments *(Note 13)*	**391,244**	2,236,462
Change in non-cash operating working capital	**(24,602)**	(710,087)
Net cash provided by operating activities	**409,178**	775,226
Financing activities		
Loan payable, (net repayments)	-	(298,593)
Distributions to holders of redeemable units	**(385,804)**	(460,574)
Net cash used in financing activities	**(385,804)**	(759,167)
Net increase in cash during the period	**23,374**	16,059
Cash, beginning of period	**10,736**	38,700
Cash, end of period	**$ 34,110**	$ 54,759

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

SCHEDULE OF INVESTMENT PORTFOLIO
(Unaudited)

As at June 30, 2014

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Canadian Common Stocks			
24,400	Crescent Point Energy Corporation	$ 953,006	$ 1,153,876	6.3%
30,000	Inter Pipeline Limited	726,900	993,600	5.4%
2,360,000	Brightpath Early Learning Inc.	1,180,000	991,200	5.4%
17,500	Tourmaline Oil Corporation	368,101	984,550	5.3%
120,000	Tricon Capital Group Inc.	649,908	944,400	5.1%
28,000	Arc Resources Limited	557,312	909,720	4.9%
14,000	Bonterra Energy Corporation	485,240	906,640	4.9%
12,200	Vermilion Energy Inc.	395,524	905,850	4.9%
54,000	Whitecap Resources Inc.	465,149	889,380	4.8%
17,000	Baytex Energy Corporation	504,900	837,250	4.5%
37,000	Exchange Income Corporation	488,400	836,570	4.5%
120,000	Just Energy Group Inc.	1,782,705	736,800	4.0%
27,400	First National Financial Corporation	456,735	606,910	3.3%
77,000	Surge Energy Inc.	468,201	602,140	3.3%
42,000	Brookfield Real Estate Services Inc.	488,779	588,000	3.2%
14,000	Cineplex Inc.	238,038	580,300	3.1%
36,800	Torc Oil & Gas Limited	288,880	540,224	2.9%
12,500	WSP Global Inc.	330,703	472,375	2.6%
17,000	Parkland Fuel Corporation	163,658	349,520	1.9%
57,700	Aveda Transportation	207,720	311,580	1.7%
13,000	Argent Energy Trust	132,600	38,740	0.2%
365,400	Big Eagle Services Trust-Private Placement	-	-	0.0%
		11,332,459	15,179,625	82.2%
	Real Estate Investment Trusts (REIT's)			
32,000	H&R REIT	429,083	741,120	4.0%
47,000	Artis REIT	309,486	740,250	4.0%
21,000	Calloway REIT	333,154	557,760	3.0%
10,000	Allied Properties REIT	149,904	353,500	1.9%
		1,221,627	2,392,630	12.9%
	Limited Partnerships			
28,000	Brookfield Renewable Energy Partners LP	484,341	883,120	4.8%
		484,341	883,120	4.8%
Investment portfolio		13,038,427	18,455,375	99.9%
Transaction costs		(21,487)	-	-
Total investment portfolio		13,016,940	18,455,375	99.9%
Cash			34,110	0.2%
Liabilities in excess of other assets			(11,522)	(0.1%)
Net assets attributable to holders of redeemable units			$ 18,477,963	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 an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014 (Unaudited)

1. REPORTING ENTITY

The Fund is a closed-ended fund established under the laws of the Province of Ontario and is governed by the Declaration of Trust dated September 28, 2005, as amended from time to time. The address of the Fund's registered office is 100 Sparks Street, 9th Floor, Ottawa, Ontario, K1P 5B7.

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

The manager and the investment advisor of the Fund is Brookfield Soundvest Capital Management Ltd. (the "Manager" and "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.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The Fund adopted this basis of accounting on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CICA Handbook ("Canadian GAAP"). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP. The Fund's presentation currency is the Canadian dollar, which is also the functional currency of the Fund.

These financial statements were authorized for issuance by the Board of Directors of the Fund on August 15, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial Instruments

(i) Classification

The Fund classifies its investments as financial assets at fair value through profit or loss. This category has two sub-categories: financial assets held for trading and financial assets designated at fair value through profit or loss at inception.

- Financial assets held for trading

  A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

- Financial assets designated at fair value through profit or loss at inception

  A financial asset classified as designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on the fair value basis in accordance with the Fund's documented investment strategy.

(ii) Recognition

The Fund recognizes financial instruments at fair value upon initial recognition. Financial instruments measured at cost are recognized at fair value upon initial recognition plus transaction costs. Subsequent to initial recognition, changes in fair value of investments are measured at fair value through profit or loss ("FVTPL").

All other financial assets and liabilities, excluding redeemable units, are measured at amortized cost. These financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

(iii) Fair value measurement

The Fund's investments are presented at fair value. Investments held that are traded in an active market through recognized public stock exchanges are valued at quoted market prices at the close of trading on the reporting date. The Fund uses the closing market price for investments where the closing price falls within that day's bid-ask spread. In circumstances where the closing market price does not fall within the bid-ask spread, the Manager determines the point within the bid-ask spread that is the most representative of fair value based on the specific facts and circumstances. Prior to the Fund adopting IFRS 13 – *Fair Value Measurement* effective January 1, 2014, the quoted market price used for financial assets held by the Fund was the current bid price.

Investments held that are not traded in an active market are valued based on the results of valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other investments that are substantially the same, discounted cash flow analysis, and those which make the maximum use of observable inputs. See Note 6 for more information about the Fund's fair value measurements.

(iv) Impairment of financial assets

At each reporting date the Fund assesses whether there is evidence that financial assets at amortized cost are impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related to an event occurring after the impairment was recognized.

b) Income Recognition

Investment transactions are recorded on the trade date. Realized gains or losses from investment transactions are recognized using the average cost of the investments. Interest income is recognized on an accrual basis using the effective interest rate. Dividends are 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 or losses on the sale of investments include any net realized gains or losses from foreign currency changes.

c) Foreign Currency Translation

The fair value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the reporting date. Foreign currency transactions are translated at the rate of exchange prevailing on the respective dates of such transactions.

d) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit in the statement of comprehensive income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period. See Note 14 for the calculation.

e) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of investments, which include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs are immediately recognized in profit or loss as an expense.

f) 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.

g) Future Changes in Accounting Policies

(i) Financial instruments

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by IASB on November 12, 2009 and October 2010, with amendments approved in December 2011. IFRS 9 is effective for annual periods beginning on or after January 1, 2015 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") for classifying and measuring of financial assets and liabilities. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The new standards for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The Fund has not yet determined the impact of IFRS 9 on its financial statements.

(ii) Revenue Recognition

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") is a single comprehensive standard to account for revenue using a five-step model to be applied to all contracts with customers. The new standard's core principle is that revenue is recognized to depict the transfer of promised goods or services to customers for an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. IFRS 15 supersedes current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts,* IFRIC 15 *Real Estate Sales,* IFRIC 13 *Customer Loyalty Programmes,* IFRIC 18 *Transfer of Assets from Customers* and SIC 31 *Advertising Barter Transactions*. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Fund has not yet determined the impact of IFRS 15 on its financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the Manager to make estimates, judgments, and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

In making estimates and assumptions, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and assumptions have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the Manager believes will materially affect the methodology or assumptions utilized in making these estimates and assumptions in these financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions used in determining the recorded amounts for assets and liabilities in the financial statements include the following:

(i) Fair value measurement of investments not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets, including investments. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Broker quotes as obtained from the pricing sources may be indicative and not executable. Where no market data is available, the Fund may value positions using its own models, which are usually based

on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager.
Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. See Note 6 for more information on the fair value measurement of the Fund's financial statements.

(ii) Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the cash flow characteristics of the instruments and the applicability of the fair value option for financial assets under IFRS 9, *Financial Instruments* ("IFRS 9"). The most significant judgment made is the determination that the classification of the Fund's units as financial liabilities.

5. FINANCIAL INSTRUMENTS RISK

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 to limit risk. The Fund's investment portfolio and leverage are monitored on a daily basis by the Manager.

The Fund has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The potential risks that may arise from transacting financial instruments include market risk (which includes currency risk, interest rate risk, and price risk), credit risk, and liquidity risk.

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 net assets attributable to holders of redeemable units of the Fund.

The Manager's best estimate of the effect on net assets attributable to holders of redeemable units due to a reasonably possible change in the S&P/TSX Composite Index, with other variables held constant, is as follows:

	Change in Net Assets of Fund		
Change in Prices on the Index	**June 30, 2014**	December 31, 2013	January 1, 2013
10%	**7.1%**	6.8%	7.4%
(10%)	**(7.2%)**	(7.2%)	(7.7%)

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

(i) Currency risk

Currency risk is the risk that the value of an investment will change due to fluctuations in foreign exchange rates. The investments of the Fund are held in the functional currency of the Fund, which is the Canadian dollar; therefore, the Fund is not exposed to significant foreign currency risks.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Fund's assets at June 30, 2014, December 31, 2013 and January 1, 2013 are non-interest bearing; however, the bank loan facility bears interest at prime or bankers' acceptance rates.

(iii) Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Manager aims to moderate this risk through a careful selection and diversification of investments within the limits of the Fund's investment objectives and strategy. A majority of the net assets attributable to holders of redeemable units is expected to be invested in equity securities. The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to holders of redeemable units. The majority of the Fund's equity investments are publicly traded and are included in the S&P/TSX Composite Index. The Fund's policy requires that the overall market position is monitored on a daily basis by the Manager.

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.

The Fund limits its exposure to credit loss by dealing with counterparties of high credit quality. To maximize the credit quality of its investments, the Fund's Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with the financial liabilities. 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 aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

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.

The tables below analyze the Fund's financial liabilities as at June 30, 2014, December 31, 2013 and January 1, 2013 into relevant groupings based on contractual maturity dates. The amounts in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at June 30, 2014	**On Demand**	**1-3 Months**	**Greater than 3 Months**	**No Stated Maturity**	**Total**
Accounts payable and accrued liabilities	**$ -**	**$ 138,015**	**$ -**	**$ -**	**$ 138,015**
Loan payable	**-**	**-**	**-**	**-**	**-**
Total liabilities	**$ -**	**$ 138,015**	**$ -**	**$ -**	**$ 138,015**

As at December 31, 2013	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	$ -	$ 156,474	$ -	$ -	$ 156,474
Loan payable	-	-	-	-	-
Total liabilities	$ -	$ 156,474	$ -	$ -	$ 156,474

As at January 1, 2013	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	$ -	$ 172,546	$ -	$ -	$ 172,546
Loan payable	-	-	2,797,740	-	2,797,740
Total liabilities	$ -	$ 172,546	$ 2,797,740	$ -	$ 2,970,286

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2014 %	December 31, 2013 %	January 1, 2013 %
Energy	42.1	39.4	29.6
Financials	21.3	23.4	33.1
Consumer Discretionary	17.6	19.3	13.7
Utilities	10.2	9.3	11.8
Industrial	8.8	8.6	10.1
Health Care	0.0	0.0	1.7
Telecom Services	0.0	0.0	0.0
Consumer Staples	0.0	0.0	0.0
Materials	0.0	0.0	0.0
Information Technology	0.0	0.0	0.0
	100.0	100.0	100.0

Capital risk management

The Fund's capital structure is composed of units issued and outstanding 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.

6. FAIR VALUE MEASUREMENT

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 that the Manager has the ability to access at the measurement date
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

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy tables present information about the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

As at June 30, 2014	**Level 1**	**Level 2**	**Level 3**	**Total Financial Assets at Fair Value**
Financial assets designated as fair value through profit or loss:				
Real Estate Investment Trusts	**2,392,630**	**-**	**-**	**2,392,630**
Limited partnerships	**883,120**	**-**	**-**	**883,120**
Canadian common stocks	**15,179,625**	**-**	**-**	**15,179,625**
Total financial assets measured at fair value	**$ 18,455,375**	**$ -**	**$ -**	**$ 18,455,375**

As at December 31, 2013	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets designated as fair value through profit or loss:				
Real Estate Investment Trusts	2,339,820	-	-	2,339,820
Limited partnerships	780,080	-	-	780,080
Canadian common stocks	13,400,983	207,720	-	13,608,703
Total financial assets measured at fair value	$ 16,520,883	$ 207,720	$ -	$ 16,728,603

As at January 1, 2013	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets designated as fair value through profit or loss:				
Real Estate Investment Trusts	3,570,750	-	-	3,570,750
Limited partnerships	2,620,460	-	-	2,620,460
Canadian common stocks	15,942,847	-	-	15,942,847
Total financial assets measured at fair value	$ 22,134,057	$ -	$ -	$ 22,134,057

All fair value measurements are recurring. The carrying values of cash, distribution and interest receivable, prepaid, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

(i) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g. transactions for similar securities of the same issuer) and the fair value is classified as Level 2.

7. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2014:

	Financial assets at fair value through profit or loss				
Assets	Held for Trading	Designated as fair value through profit or loss	Total	Financial assets at amortized costs	Total
Financial assets at fair value through profit or loss	$ -	$ 18,455,375	$18,455,375	$ -	$18,455,375
Cash	-	-	-	34,110	34,110
Distributions and interest receivable	-	-	-	63,539	63,539
Prepaid and other	-	-	-	62,954	62,954
Total	$ -	$ 18,455,375	$18,455,375	$160,603	$18,615,978

	Financial liabilities at fair value through profit or loss				
Liabilities	Held for Trading	Designated as fair value through profit or loss	Total	Financial liabilities at amortized costs	Total
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 138,015	$ 138,015
Loan payable	-	-	-	-	-
Total	$ -	$ -	$ -	$ 138,015	$ 138,015

The following table presents the carrying amounts of the Fund's financial assets by category as at December 31, 2013. All of the Fund's financial liabilities, other than its net assets attributable to holders of redeemable units, as at December 31, 2013 were carried at amortized cost.

	Financial assets at fair value through profit or loss				
Assets	Held for Trading	Designated as fair value through profit or loss	Total	Financial assets at amortized costs	Total
Financial assets at fair value through profit or loss	$ -	$ 16,728,603	$ 16,728,603	$ -	$ 16,728,603
Cash	-	-	-	10,736	10,736
Distributions and interest receivable	-	-	-	74,535	74,535
Prepaid and other	-	-	-	45,814	45,814
Total	$ -	$ 16,728,603	$ 16,728,603	$ 131,085	$ 16,859,688

The following table presents the carrying amounts of the Fund's financial assets by category as at January 1, 2013. All of the Fund's financial liabilities, other than its net assets attributable to holders of redeemable units, as at January 1, 2013 were carried at amortized cost.

	Financial assets at fair value through profit or loss				
Assets	Held for Trading	Designated as fair value through profit or loss	Total	Financial assets at amortized costs	Total
Financial assets at fair value through profit or loss	$ -	$ 22,134,057	$ 22,134,057	$ -	$ 22,134,057
Cash	-	-	-	38,700	38,700
Distributions and interest receivable	-	-	-	101,383	101,383
Prepaid and other	-	-	-	37,130	37,130
Total	$ -	$ 22,134,057	$ 22,134,057	$ 177,213	$ 22,311,270

The following table presents the net gains (losses) on financial instruments at fair value through profit or loss by category for the six months ending June 30, 2014 and 2013:

	2014	2013
Net realized gains (losses) on financial assets at fair value through profit or loss:		
Designated as fair value through profit or loss	**$ 112,620**	$ (1,346,073)
Held for trading	**-**	-
Net realized gains (losses) on financial assets at fair value through profit or loss	**$ 112,620**	$ (1,346,073)
Net unrealized gains on financial assets at fair value through profit or loss:		
Designated as fair value through profit or loss	**$ 1,883,910**	$ 222,911
Held for trading	**-**	-
Net unrealized gains on financial assets at fair value through profit or loss	**$ 1,883,910**	$ 222,911
Total net realized/unrealized gains (losses) on financial assets at fair value through profit or loss	**$ 1,996,530**	$ (1,123,162)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	December 31, 2013	January 1, 2013
Distributions payable to unitholders *(note 11)*	$ 64,301	$ 64,301	$ 76,762
Other accounts payable and accrued liabilities	40,909	60,482	58,803
Management fees payable *(note 12)*	15,576	15,099	17,820
Service fees payable *(note 12)*	17,229	16,592	19,161
	$ 138,015	$ 156,474	$ 172,546

9. LOAN FACILITY

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.

On October 9, 2013, the 364-day revolving term credit facility available with a Canadian chartered bank bearing variable interest at prime or bankers' acceptance rates was renewed through to October 11, 2014. The maximum draw under the facility was limited to the lower of $3.5 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 facility is secured by a first-ranking and exclusive charge on all of the Fund's assets.

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. As at June 30, 2014, $0.0 million (December 31, 2013 - $0.0 million; January 1, 2013 - $2.8 million) was drawn against the available limit, which represented 0.0% (December 31, 2013 – 0.0%; January 1, 2013 – 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 2014 were $0.0 and $0.0 million, respectively (first six months of 2013 - $2.3 and $2.7 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.

10. REDEEMABLE UNITS

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 issuance costs of $3,065,895 totalled $47,434,105.

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, since renamed Brookfield Soundvest Equity Fund, (TSX: BSE.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 the 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 29, 2014 net asset value per unit was August 8th and unitholders have requested redemption of 632,882 units (2013 – 609,675 units). Unitholder payment for the redeemed shares will take place no later than September 22, 2014.

On July 8, 2014, Brookfield Soundvest Capital Management Ltd., as Manager of the Fund, announced that the Toronto Stock Exchange had accepted its Notice of Intention to issue a normal course issuer bid ("NCIB"). The Fund has the right under the NCIB to purchase for cancellation up to 320,864 of its capital units issued and outstanding as at June 28, 2014.

The NCIB commenced on July 10, 2014 and will end on July 9, 2015. 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 64,300 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 8, 2014, no units were repurchased and cancelled under the NCIB.

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 - December 31, 2012	3,838,106	$	30,545,439
Redeemed for cash:			
Cancelled under NCIB	(13,400)		(63,801)
Cancelled after redemption for cash	(609,675)		(2,869,361)
Units - June 30, 2014 and December 31, 2013	3,215,031	$	27,612,277

The weighted-average number of units outstanding for the six months ended June 30, 2014 was 3,215,031 (December 31, 2013 – 3,632,284; January 1, 2012 – 4,558,100).

11. 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, 2014 totalled $64,301 (December 31, 2013 - $64,301; January 1, 2013 – $76,762).

12. 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.

(i) 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. Management fees payable as at June 30, 2014 totalled $15,576 (December 31, 2013 - $15,099; January 1, 2013 – $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, 2014 totalled $17,229 (December 31, 2013 - $16,592; January 1, 2013 – $19,161).

(ii) Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the six month ending June 30, 2014 and 2013 was $14,892 and $21,244, respectively.

13. INVESTMENT TRANSACTIONS

Investment transactions[1] for the six months ending June 30, 2014 and 2013 were as follows:

	2014	2013
Proceeds from sale of investments	$ 391,244	$ 2,236,462
Less cost of investments sold		
Investments at cost - beginning of year	13,154,943	19,025,038
Investments purchased during the year	140,621	1,004,663
Investments at cost - end of year	13,016,940	16,447,166
Cost of investments sold during the year	278,624	3,582,535
Net realized gains (losses) on sale of investments	$ 112,620	$ (1,346,073)

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, 2014 totalled $1,330 (2013 - $6,235) and are included as an expense in the statement of comprehensive income.

14. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2014 and June 30, 2013 is calculated as follows:

	June 30, 2014	June 30, 2013
Increase (decrease) in net assets attributable to holders of redeemable units	**$ 2,160,553**	$ (869,648)
Weighted average units outstanding during the period	**3,215,031**	3,838,106
Increase (decrease) in net assets attributable to holders of redeemable units per unit	**$ 0.67**	$ (0.23)

15. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition Elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss ("FVTPL") upon transition to IFRS. All financial assets designated at FVTPL upon transition (see note 7) were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Reconciliation of Equity and Comprehensive Income as Previously Reported under Canadian GAAP to IFRS

The following tables provides a reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS as at December 31, 2013 and January 1, 2013:

	December 31, 2013	January 1, 2013
Equity as reported under Canadian GAAP	$ 16,684,080	$ 19,172,223
Revaluation of investments at fair value through profit or loss	19,134	168,761
Net assets attributable to holders of redeemable units	$ 16,703,214	$ 19,340,984

	June 30, 2013
Comprehensive income as reported under Canadian GAAP	$ (761,683)
Revaluation of investments at fair value through profit or loss	(107,965)
Decrease in net assets attributable to holders of redeemable units	$ (869,648)

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 *Financial Instruments: Presentation* ("IAS 32") requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liabilities. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Revaluation of Investments at Fair Value Through Profit or Loss

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, *Financial Instruments - Recognition and Measurement*, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, *Fair Value Measurement ("IFRS 13")*, which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. The Fund uses the closing market price for investments where the closing price falls within that day's bid-ask spread. As a result, upon adoption of IFRS an adjustment was recognized to increase the carrying amount of the Fund's investments by $168,761 at January 1, 2013 and $19,134 as at December 31, 2013. The net impact of these adjustments was to increase the Fund's decrease in net assets attributable to holders of redeemable units by $107,965 for the six months ending June 30, 2013.

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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