Brookfield Soundvest Split Trust
BSD.UN / BSD.PR.A

2016 Semi-Annual Report

Brookfield Soundvest Funds

IN PROFILE

Brookfield Soundvest Split Trust (the "Trust") is managed by Brookfield Soundvest Capital Management Ltd., an affiliate of Brookfield Asset Management Inc., a global alternative asset manager focused on property, renewable energy, infrastructure, and private equity, with over US$240 billion of assets under management.

The Trust's investment advisor and portfolio manager is also 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.

BSD.UN / BSD.PR.A (TSX LISTED) UNIT INFORMATION

Units Outstanding (June 30, 2016): 2,127,456 capital units and 2,127,456 preferred securities

Targeted 2016 Distributions:

- Capital Units:	Capital unit distributions were suspended from October 2008 through to January 2011, in accordance with the terms of the Trust's Declaration of Trust. On February 17, 2011 a quarterly distribution of $0.01 per capital unit was declared, reflecting an annualized rate of $0.04 per unit, subject to quarterly review. On August 22, 2011 the capital unit distributions suspension was reinstated.
- Preferred Securities:	$0.15 per security, payable quarterly ($0.60 per security annually)
Record Date:	Capital units: Last business day of February, May, August and November
	Preferred securities: Last business day of February, May, August and November
Payment Date:	Capital units: On or about the 15th day of March, June, September and December
	Preferred securities: On or about the 15th day of March, June, September and December

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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 comment on 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 six-month period ending June 30, 2016 and share our outlook for the second half of 2016.

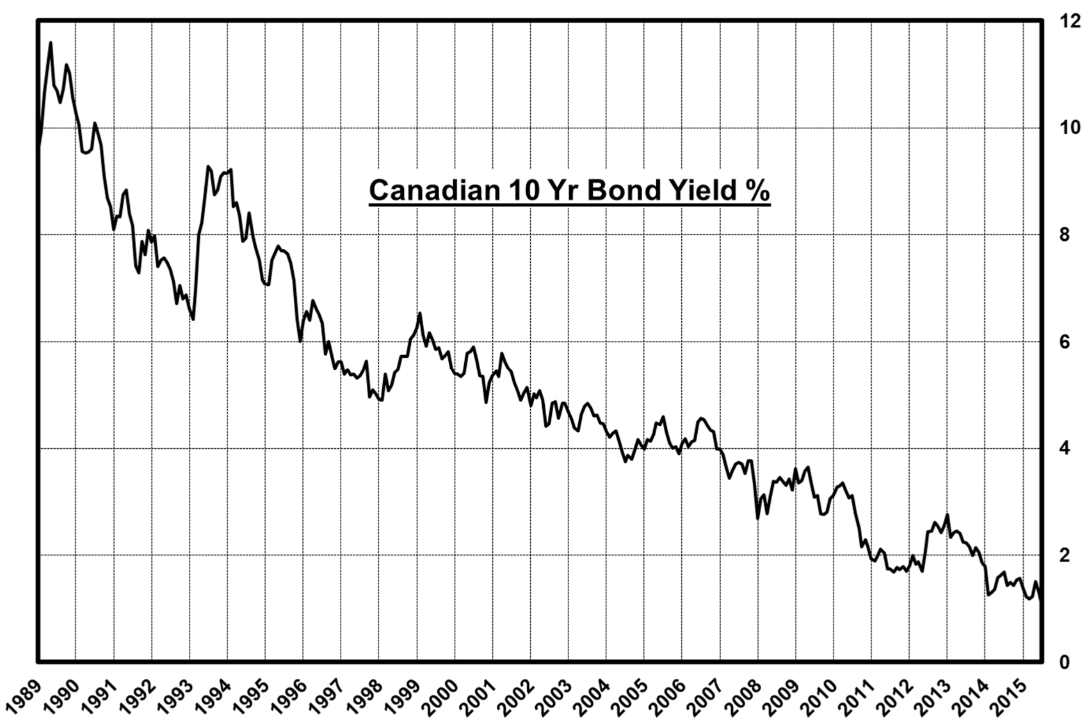
MARKET OVERVIEW

During the six months ending June 30, 2016 the Canadian market provided a positive 9.8% rate of return. Both the U.S. and world markets underperformed Canada providing rates of return of 4.2% and 1.0%, respectively.

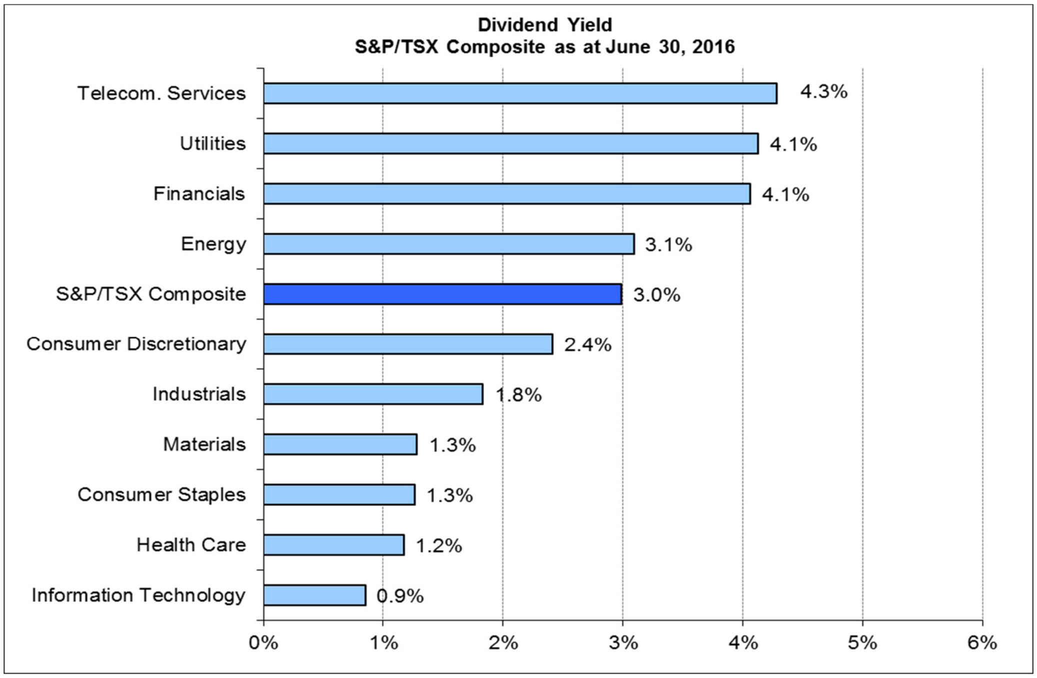
Index	June 30, 2016 ROR
S&P/TSX Composite	9.8%
S&P 500	4.2%
Dow Jones Industrial Average	2.9%
MSCI EAFE (Europe, Australasia, Far East)	(4.0%)
MSCI World	1.0%

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 a dividend yield on market of 3.0% as at June 30, 2016. This compared favorably when comparing against available Government of Canada bond yields. The 10-year Government of Canada bond yield for the period ending June 30, 2016 was 1.06%, down 33 basis points on a year-to-date basis. Interest rates, both domestically and internationally remained low through the first half of 2016 and are expected to stay low for some time.

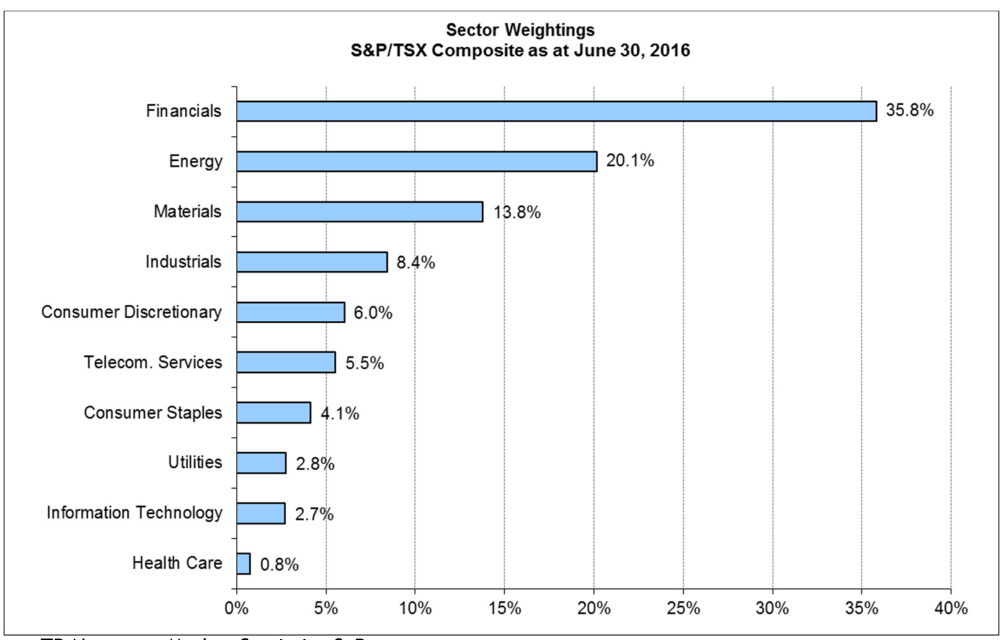


Canada's dividend yield universe is broad and diversified with five of the ten sectors within the index providing overall yields in excess of 2.0%. The Telecom Services and Utilities sectors provided the highest dividend yields at quarter end with yields of 4.3% and 4.1%, respectively. The Financials sector which is dominated by the big banks also provided a healthy yield, ending the second quarter at 4.1% while the Energy sector continues to provide an attractive 3.1% yield.



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 (35.8% weighting) which includes Real Estate (3.3%), Energy (20.1%) and Materials (13.8%). The three sectors' combined weighting was 69.7% at quarter end.



Source: TD Newcrest Market Statistics & Returns

TRUST PERFORMANCE

The Trust'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 Trust may also invest up to 20% of the value of the Portfolio in any other security at the discretion of the Investment Advisor. The Trust seeks investments capable of generating high quality cash flows that have the potential to appreciate in value.

For the six-month period ending June 30, 2016, the Trust's published net asset value per unit ("NAV") of the capital units, which is used for purchases and redemptions was $1.94. The combined NAV of the Trust was $11.94 at June 30, 2016, an increase of $1.34 from December 31, 2015. The published NAV of the combined units increased 12.64% for the six-month period ending June 30, 2016. If interest on the preferred securities are included, the return based on NAV of the combined units for the six-month period ending June 30, 2016 is 15.45%. During the same timeframe the S&P/TSX Composite returned 9.84%.

The Trust's split share structure results in structural leverage for the capital units. The amount of structural leverage of the capital units is based on the ratio of the Trust's total portfolio over the net asset value of the capital units. For the six-month period ending June 30, 2016 the structural leverage for the capital units resulted in a 223.15% rate of return.

For the six-month period ending June 30, 2016, the Trust generated net realized gains of approximately $450 thousand. The sales were executed to attain desired weightings within the Trust. The Trust realized gains on partial sales of First National Financial Corp ($293 thousand) and Exchange Income Corp ($157 thousand). There were no realized losses during the six-month period ending June 30, 2016.

Distributions

In accordance with the Declaration of Trust, the Trust is not permitted to make or cause to be made any cash distributions on the capital units if, immediately after giving effect to the proposed distribution, the Combined Value determined as of the date such distribution is declared would be less than 1.4 times the Repayment Price determined as of the same date. In order to satisfy the coverage ratio as set out in the Declaration of Trust, the net asset value per capital unit is required to be approximately $4.00 or greater. The Trust will continue to monitor its net asset value to determine if and when it will be able to make future distributions on its capital units.

Distributions of $0.15 per quarter continue to be paid on the preferred securities.

Redemptions

On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. Under the annual redemption program, preferred securities and capital units are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In 2015, unitholders tendered 75,104 combined securities (being one capital unit and a $10.00 principal amount of preferred securities) and 37,158 capital units were tendered alone. In accordance with the Declaration of Trust, 37,158 preferred securities were purchased in the market at a total price of $368,115 to match the capital units tendered alone and total redemption proceeds of $885,158 were paid on December 18, 2015 to settle the capital units and combined securities surrendered through the redemption process.

At a special meeting of the holders of capital units and preferred securities (the "combined securities' holders") of the Trust held on March 27, 2015, the combined securities' holders approved the resolution to extend the term of the preferred securities for additional five-year renewal terms following the original maturity date of March 31, 2015 and to provide the combined securities' holders with the right to retract and receive repayment of their combined securities on March 31, 2015. On March 31, 2015, a total of 1,779,807 preferred securities and 1,779,807 capital units were redeemed and cancelled for proceeds of $17.8 million and $4.7 million, respectively. Further details are provided on page 8 under "Recent Developments".

OUTLOOK

The U.S. economy is expected to progress positively through 2016 despite weakness in China and the rest of the world. U.S. employment should continue to develop positively, supporting solid consumer spending and an improving housing market. Many now expect the Federal Open Market Committee (the "Committee") to remain on the sidelines through 2016 as the Committee continues to interpret data and evaluate economic progress on an ongoing basis. As a result, the U.S. consumer should continue to benefit from loose monetary policy and increasing credit growth, providing a stable footing for economic growth on an ongoing basis.

The Canadian economy is ultimately expected to benefit from an increase in trade with a more competitive Canadian dollar and a strengthening U.S. economy. The impact of Brexit on Canadian exporters is unclear at this time, however weakness in UK demand for Canadian goods could be offset by trade with other EU nations should exit negotiations become complicated. Positively, a recovery in commodity prices, namely oil, would provide additional support in Western Canada while loose monetary policy should allow for continued cheap credit, providing additional support to the Canadian consumer.

We do not know what returns the stock market will provide in any given year. What we do know is the following: buying shares at reasonable prices of companies with well-constructed balance sheets, 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
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 Trust's annual distribution targets and portfolio weightings, future positioning of the Trust, 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 Trust are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of the Trust 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 Trust's prospectus and the Trust'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 Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the "Trust") for the six months ended June 30, 2016. The interim financial statements are unaudited and have been prepared by and are the responsibility of the manager of the Trust. The Trust'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, 2016, 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 Trust 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 888-777-4019; 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.

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

INVESTMENT OBJECTIVES AND STRATEGY

The Trust's investment objectives are to provide holders of preferred securities with fixed quarterly interest payments in the amount of $0.15 per preferred security ($0.60 per annum to yield 6% per annum on the original subscription price of $10.00) and the repayment of the original subscription price at maturity. For unitholders, the Trust's objectives are to provide holders with regular cash distributions and to maximize the long-term total return of the Trust's portfolio.

The Trust'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 Trust may also invest up to 20% of the value of the Investment Portfolio in any other security at the discretion of the Investment Advisor. The Trust seeks investments capable of generating high quality cash flows that have the potential to appreciate in value.

RISKS

The risks of investing in the Trust remain as discussed in the Trust's Annual Information Form and Prospectus. As stated under "Risk Factors – No Assurances of Achieving Objectives" in the Trust's Annual Information Form filed annually, the Trust intends to make monthly cash distributions to unitholders. However, such distributions may not be made if, after giving effect to the proposed distributions, the Combined Value would be less than 1.4 times the Repayment Price (as such terms are defined in the Trust's Annual Information Form; the "Coverage Ratio").

On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. Under the annual redemption program, preferred securities and capital units are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In 2015, unitholders tendered 75,104 combined securities (being one capital unit and a $10.00 principal amount of preferred securities) and 37,158 capital units were tendered alone. In accordance with the Declaration of Trust, 37,158 preferred securities were purchased in the market at a total price of $368,115 to match the capital units tendered alone and total redemption proceeds of $885,158 were paid on December 18, 2015 to settle the capital units and combined securities surrendered through the redemption process.

At a special meeting of the holders of capital units and preferred securities (the "combined securities") of the Trust held on March 27, 2015, the combined securities approved the resolution to provide the combined securities with the right to retract and receive repayment of their combined securities on March 31, 2015. On March 31, 2015, a total of 1,779,807 preferred securities and 1,779,807 capital units were redeemed and cancelled for proceeds of $17.8 million and $4.7 million, respectively.

There can be no assurance that the Trust will be able to repay the original subscription price. Please refer to the risks discussed under the section “Risk Factors – No Assurances at Achieving Objectives” in the Trust’s Annual Information Form and Prospectus.

RESULTS OF OPERATIONS

The Trust’s net assets increased by $2.8 million or 223.15%, from $1.3 million as at December 31, 2015 to $4.1 million as at June 30, 2016. This increase is attributable to investment performance (net of expenses) where a gain of $2.8 million was reported. The Trust’s investment performance and unitholder activity for 2016 are discussed in more detail below.

Investment Performance

For the six-month period ending June 30, 2016, the Trust’s published net asset value per unit (“NAV”) of the capital units, which is used for purchases and redemptions was $1.94. The combined NAV of the Trust was $11.94 at June 30, 2016, an increase of $1.34 from December 31, 2015. The published NAV of the combined units increased 12.64% for the six-month period ending June 30, 2016. If interest on the preferred securities are included, the return based on NAV of the combined units for the six-month period ending June 30, 2016 is 15.45%. During the same timeframe the S&P/TSX Composite returned 9.84%.

The Trust’s split share structure results in structural leverage for the capital units. The amount of structural leverage of the capital units is based on the ratio of the Trust’s total portfolio over the net asset value of the capital units. For the six-month period ending June 30, 2016 the structural leverage for the capital units resulted in a 223.15% rate of return.

For the six-month period ending June 30, 2016, the Trust generated net realized gains of approximately $450 thousand. The sales were executed to attain desired weightings within the Trust. The Trust realized gains on partial sales of First National Financial Corp ($293 thousand) and Exchange Income Corp ($157 thousand). There were no realized losses during the six-month period ending June 30, 2016.

The Trust’s decision to not hold any stocks in the Health Care sector benefited performance during the six-month period ending June 30, 2016 as the sector materially underperformed the S&P/TSX Composite Index (“Index”). The Trust benefited from its overweight positions in the Utilities and Real Estate sectors as both outperformed the overall index. The Trust benefited from positive security selection in the Energy and Financials sectors as securities held in the Trust outperformed those in the sub-index. The Trust’s underweight position in Materials and Telecommunication sectors detracted from performance.

Fees and Expenses

Fees and expenses for the six months ended June 30, 2016 totaled $849 thousand compared $1.4 million for the same period in 2015 representing an annualized management expense ratio (“MER”) of 90.8% as compared to 31.0% for the six months ended June 30, 2015. The MER is based on the total expenses of the Trust, including interest on preferred securities, for the stated year (excluding brokerage commissions) and is expressed as an annualized percentage of the daily average net asset value of the capital units for the period. The MER before interest expense for the six months ended June 30, 2016 and 2015 was 24.3% and 11.3%, respectively. The MER before interest expense for the six months ended June 30, 2016 and 2015 on the combined units was 2.0% and 2.3%, respectively.

Unitholder Activity

To provide liquidity, capital units and preferred securities of the Trust are listed on the TSX under the symbols BSD.UN and BSD.PR.A, respectively. Under terms of the Trust’s Declaration of Trust, additional liquidity is provided by way of an annual redemption program, under which the Trust’s units and preferred securities, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit. On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. See “Redemptions” below.

On March 9, 2015, Brookfield Soundvest Capital Management Ltd., as Manager of the Trust, announced that the Toronto Stock Exchange ("TSX") had accepted its Notice of Intention to make a normal course issuer bid ("NCIB"). The Trust has the right under the NCIB to purchase for cancellation up to 355,319 of its capital units and preferred securities (collectively, the "Shares") issued and outstanding as at February 26, 2015.

The NCIB commenced on March 11, 2015 and ended on March 10, 2016. Purchases made pursuant to the NCIB would be made in the open market through the facilities of the TSX. The price that the Trust 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 shares of the Trust may have become available during the proposed purchase period at prices that would make such purchases in the best interests of the Trust and its securityholders. All shares purchased by the Trust under this bid will be promptly cancelled. Under the NCIB, the Trust may not purchase in any 30-day period more than 80,404 shares, representing 2% of the issued and outstanding shares as at the date of acceptance of the notice of the NCIB by the TSX. As at March 10, 2016, 700 capital units and 700 preferred securities were repurchased and cancelled under the NCIB for a total of $8,465. Under the previous NCIB, which commenced on March 11, 2014 and ended on March 10, 2015, 10,000 capital units and 10,000 preferred securities were repurchased and cancelled under the NCIB for a total of $123,435.

Distributions of $0.15 per quarter continue to be paid on the preferred securities.

Redemptions

On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. Under the annual redemption program, preferred securities and capital units are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In 2015, unitholders tendered 75,104 combined securities (being one capital unit and a $10.00 principal amount of preferred securities) and 37,158 capital units were tendered alone. In accordance with the Declaration of Trust, 37,158 preferred securities were purchased in the market at a total price of $368,115 to match the capital units tendered alone and total redemption proceeds of $885,158 were paid on December 18, 2015 to settle the capital units and combined securities surrendered through the redemption process.

At a special meeting of the holders of capital units and preferred securities (the "combined securities") of the Trust held on March 27, 2015, the combined securities approved the resolution to provide the combined securities with the right to retract and receive repayment of their combined securities on March 31, 2015. On March 31, 2015, a total of 1,779,807 preferred securities and 1,779,807 capital units were redeemed and cancelled for proceeds of $17.8 million and $4.7 million, respectively.

Margin Loan Facility

On March 4, 2015, the Trust renewed its existing credit facility with a Canadian chartered bank through to March 31, 2015. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $2.5 million or an amount not exceeding 7% of the value of the assets within the portfolio, or the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets.

On March 31, 2015, the Trust renewed its existing credit facility with a Canadian chartered bank through to June 30, 2015. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $2.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, or the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets. The Trust has the option to utilize a demand facility with a Canadian chartered bank which would bear a variable interest at prime or banker acceptance rate and be secured by a first-ranking and exclusive charge on all of the Trust's assets.

Effective November 30, 2015, the Trust entered into an agreement with the National Bank Correspondent Network Inc. ("NBCN"), an indirect, wholly owned subsidiary of the National Bank of Canada. Under this agreement, the Trust has the ability to borrow money under a margin account at an interest rate of prime plus 1%.

The Trust utilizes borrowings to purchase additional portfolio investments and for general Trust purposes. As at June 30, 2016 and June 30, 2015, there were no balances outstanding on this facility. There were no amounts borrowed under these arrangements during the six months ended June 30, 2016 and 2016. A reduction or termination in the margin loan facility may limit the Trust's ability to employ leverage to magnify returns. In the current environment, the Trust 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 Trust since its inception and is also the Manager of the Trust since April 20, 2010, responsible for managing all of the Trust's activities.

The Manager of the Trust is responsible for managing all of the Trust's activities and management fees are paid to the Manager based on terms set out in the management agreement at a rate of 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility. In addition, the Trust also pays the Manager a service fee equal to 0.40% per annum of the net asset value. The service fee is, in turn, paid to investment dealers based on the proportionate number of units held by clients of such dealers. During the six months ended June 30, 2016, management fees including HST accrued or paid to the Manager totaled $144 thousand (June 30, 2015 -$243 thousand). Service fees accrued or paid during the six months ended June 30, 2016 totaled $3.7 thousand (June 30, 2015 - $19 thousand).

RECENT DEVELOPMENTS

Special Meeting of Holders of Preferred Securities and Holders of Trust's Capital Units

At a special meeting of the holders of capital units and preferred securities of the Trust held on March 27, 2015, preferred securityholders approved the extraordinary resolution relating to the preferred securities as follows:

- extend the term of the preferred securities for additional five-year renewal terms following the maturity date of March 31, 2015;
- determine the interest rate on the preferred securities for each subsequent extended five-year renewal term of the preferred securities, and set the interest rate for the first renewal term at 6.0% per annum; and
- provide the preferred securityholders with the right to retract and receive repayment of their preferred securities on March 31, 2015, and at the end of each subsequent renewal term of the preferred securities, if they so choose (the "Preferred Special Repayment Right").

On March 31, 2015, a total of 1,779,807 preferred securities were redeemed and cancelled for proceeds of $17.8 million.

Also at this meeting, unitholders approved the extraordinary resolution relating to the units, as follows:

- provide the capital unitholders with the right to retract, in the aggregate, a number of capital units not exceeding the number of preferred securities tendered under the Preferred Special Repayment Right on March 31, 2015 and at the end of each subsequent renewal term of the preferred securities, if they so choose (the "Unit Special Retraction Right"), and receive redemption proceeds equal to the net asset value per unit as of such dates, and accordingly, to the extent that more capital units are tendered for retraction under the Unit Special Retraction Right than preferred securities tendered for repayment under the Preferred Special Repayment Right, capital units so tendered will be redeemed on a *pro rata* basis; and
- in order to maintain the same number of the capital units and the preferred securities outstanding, in the event that more preferred securities are tendered for repayment under the Preferred Special Repayment Right than capital units tendered for retraction under the Unit Special Retraction Right, provide the Trust with the ability to consolidate the capital units on or about March 31, 2015 and at the end of each subsequent renewal term of the preferred securities.

On March 31, 2015, a total of 1,779,807 capital units were redeemed and cancelled for proceeds of $4.7 million.

Accounting Policy Changes

(i) Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by IASB in July 2014 replacing the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Fund has not yet determined the impact of IFRS 9 on its financial statements.

(ii) Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations. Application of the Standard is mandatory and it applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. The IASB has tentatively deferred mandatory adoption of IFRS 15 until periods beginning on or after January 1, 2018 with early application permitted.

The Fund has not yet determined the impact of IFRS 9 on its financial statements.

OUTLOOK

The U.S. economy is expected to progress positively through 2016 despite weakness in China and the rest of the world. U.S. employment should continue to develop positively, supporting solid consumer spending and an improving housing market. Many now expect the Federal Open Market Committee (the "Committee") to remain on the sidelines through 2016 as the Committee continues to interpret data and evaluate economic progress on an ongoing basis. As a result, the U.S. consumer should continue to benefit from loose monetary policy and increasing credit growth, providing a stable footing for economic growth on an ongoing basis.

The Canadian economy is ultimately expected to benefit from an increase in trade with a more competitive Canadian dollar and a strengthening U.S. economy. The impact of Brexit on Canadian exporters is unclear at this time, however weakness in UK demand for Canadian goods could be offset by trade with other EU nations should exit negotiations become complicated. Positively, a recovery in commodity prices, namely oil, would provide additional support in Western Canada while loose monetary policy should allow for continued cheap credit, providing additional support to the Canadian consumer.

We do not know what returns the stock market will provide in any given year. What we do know is the following: buying shares at reasonable prices of companies with well-constructed balance sheets, 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 Trust and are intended to assist readers in understanding the Trust's financial performance over the last five years.

The Trust's Net Assets Per Capital Unit[1]

	2016[2]	2015[3]	2014[2]	2013[3]	2012[3]
Net assets – beginning of period	**$ 0.60**	$ 2.27	$ 2.82	$ 2.07	$ 3.27
Increase (Decrease) from operations					
Total revenue	**0.24**	0.47	0.51	0.52	0.61
Total expenses (including interest)	**(0.40)**	(0.86)	(0.82)	(0.82)	(0.83)
Transaction costs	**(0.00)**	(0.01)	(0.01)	(0.01)	(0.01)
Net realized gains (losses) on sale of investments	**0.21**	3.61	(0.67)	(1.17)	(0.70)
Net change in unrealized gains (losses)[6]	**1.29**	(4.34)	0.45	2.22	(0.26)
Total increase(decrease) from operations	**1.34**	(1.13)	(0.54)	0.74	(1.19)
Distributions					
From dividend income	**–**	–	–	–	–
From investment income	**–**	–	–	–	–
Return of capital	**–**	–	–	–	–
Total distributions[4]	**–**	–	–	–	–
Net assets – end of period[5]	**$ 1.94**	$ 0.60	$ 2.27	$ 2.82	$ 2.07

The Trust's Net Assets Per Preferred Security[1]

	2016[2]	2015[3]	2014[3]	2013[3]	2012[3]
Net assets – beginning of period	**$ 10.00**	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Increase (decrease) from operations					
Total revenue	**–**	–	–	–	–
Total expenses	**–**	–	–	–	–
Transaction costs	**–**	–	–	–	–
Net realized losses on sale of investments	**–**	–	–	–	–
Net change in unrealized gains (losses)[6]	**–**	–	–	–	–
Return of capital	**–**	–	–	–	–
Gain on retirement of preferred securities	**–**	–	–	–	–
(Increase) decrease in value of preferred securities	**–**	–	–	–	–
Total increase (decrease) from operations[6]	–	–	–	–	–
Total distributions[4]	**(0.60)**	(0.60)	(0.60)	(0.60)	(0.60)
Net assets – end of period[5]	**$ 10.00**	$ 10.00	$ 10.00	$ 10.00	$ 10.00

1 *This information is derived from the Trust'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. Net assets per unit for prior periods have been adjusted to reflect the reporting requirements of IFRS.*

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

6 *Net change in unrealized gains (losses) and total (decrease) increase from operations for prior periods have been adjusted to reflect the reporting requirements of IFRS.*

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

	2016[1]	2015[2]	2014[2]	2013[2]	2012[2]
Net investment loss	$ **(351,681)**	$ (1,024,657)	$ (1,275,574)	$ (1,227,463)	$ (889,382)
Transaction costs	**(734)**	(27,862)	(22,348)	(31,164)	(24,443)
Net realized gains (losses) on sale of investments	**450,760**	9,697,610	(2,683,997)	(4,700,773)	(2,823,780)
Net change in unrealized gains (losses)[4]	**2,748,000**	(11,666,948)	1,796,748	8,957,420	(1,072,166)
(Loss) gain on retirement of preferred securities	**–**	–	–	–	–
Income (loss) from operations[3]	**2,846,345**	(3,021,857)	(2,185,171)	2,998,020	(4,809,771)
Income (loss) gain from operations per unit[2]	**1.34**	(1.13)	(0.54)	0.74	(1.19)
Net assets per unit[4]	$ **1.94**	$ 0.60	$ 2.27	$ 2.82	$ 2.07

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 Net change in unrealized gains (losses), income (loss) from operations and income (loss) from operations per unit for prior periods has been adjusted to reflect the reporting requirements of IFRS.
4 Net assets per unit for prior periods have been adjusted to reflect the reporting requirements of IFRS.

Ratios and Supplemental Data – Capital Units

	2016[1]	2015[2]	2013[2]	2013[2]	2012[2]
Total net asset value[4]	$ 4,121,456	$ 1,275,607	$ 11,351,467	$ 11,351,467	$ 8,353,447
Number of units outstanding	2,127,456	2,127,456	4,030,225	4,030,225	4,030,225
Management expense ratio before interest expense	24.33%	13.11%	10.10%	10.10%	8.46%
Management expense ratio[4,8]	90.78%	41.03%	37.91%	37.91%	31.05%
Management expense ratio before waivers or absorptions	90.78%	41.03%	37.91%	37.94%	31.05%
Trading expense ratio[5]	0.08%	0.50%	0.36%	0.36%	0.23%
Portfolio turnover rate[6]	0.40%	1.30%	19.07%	19.07%	11.97%
Monthly distribution per unit	$ –	$ –	$ –	$ –	$ –
Annualized trailing yield[7]	–	–	–	–	–
Closing market price	$ 1.94	$ 0.65	$ 1.53	$ 1.53	$ 1.40

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 The total net asset value for prior periods has been adjusted to reflect the reporting requirements of IFRS.
4 Management expense ratio of a particular series is based on total expenses (excluding commissions and other portfolio transaction costs) attributable to that series for the stated period and is expressed as an annualized percentage of daily average net assets of that series during the period. Total expenses include interest on the Trust's preferred shares. The preferred shares form part of the Trust's dual security capital structure. As long as the net asset per unit of the Trust is above $10 per unit, then the expenses of the Trust are borne by the capital units. If the net assets per unit of the Trust falls to or below $10 per unit, then the expenses of the Trust are borne by the preferred shares until such time as the net assets per unit of the Trust returns to $10 per unit or more.
5 The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period.
6 The Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher a Trust's portfolio turnover rates in a year, the greater the trading costs payable by the Trust 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 Trust.
7 Based on annualized cumulative distributions per unit and the closing market price.
8 The MER before interest expense for the six months ended June 30, 2016 and 2015 on the combined units was 2.0% and 2.3%, respectively.

Ratios and Supplemental Data – Preferred Securities

	2016[1]	2015[2]	2014[2]	2013[2]	2012[2]
Total net asset value	$ 21,274,560	$ 21,274,560	$ 40,302,250	$ 40,302,250	$ 40,302,250
Number of units outstanding	2,127,456	2,127,456	4,030,225	4,030,225	4,030,225
Management expense ratio before interest expense	–	–	–	–	–
Management expense ratio[3]	–	–	–	–	–
Management expense ratio before waivers or absorptions	–	–	–	–	–
Trading expense ratio[4]	–	–	–	–	–
Portfolio turnover rate[5]	–	–	–	–	–
Quarterly distribution per unit	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Annualized trailing yield[6]	6.44%	6.42%	6.10%	6.17%	6.28%
Closing market price	$ 9.32	$ 9.35	$ 9.83	$ 9.72	$ 9.55

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 of a particular series is based on total expenses (excluding commissions and other portfolio transaction costs) attributable to that series for the stated period and is expressed as an annualized percentage of daily average net assets of that series during the period. Total expenses include interest on the Trust's preferred shares. The preferred shares form part of the Trust's dual security capital structure. As long as the net asset per unit of the Trust is above $10 per unit, then the expenses of the Trust are borne by the capital units. If the net assets per unit of the Trust falls to or below $10 per unit, then the expenses of the Trust are borne by the preferred shares until such time as the net assets per unit of the Trust returns to $10 per unit or more.*
4 *The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period.*
5 *The Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher a Trust's portfolio turnover rates in a year, the greater the trading costs payable by the Trust 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 Trust.*
6 *Based on annualized cumulative distributions per unit and the closing market price.*

Management and Service Fees

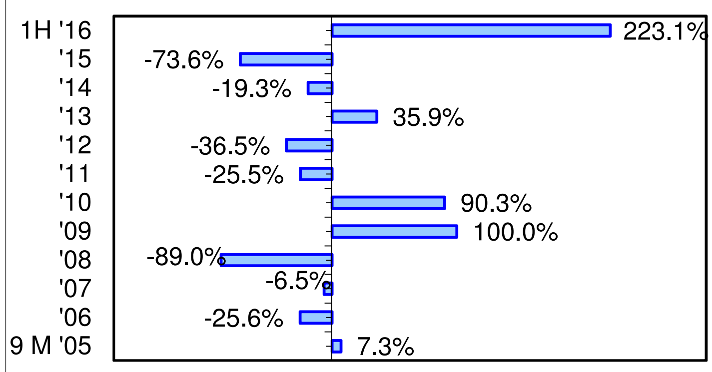
Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility, calculated and paid monthly, plus applicable taxes. The Trust also pays to the Manager a service fee equal to 0.40% per annum of the net asset value, 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 Trust and does not necessarily indicate how the Trust will perform in the future. The information shown is based on the net asset value per unit and assumes that distributions made by the Trust in the periods shown were reinvested (at the net asset value per unit) in additional units of the Trust.

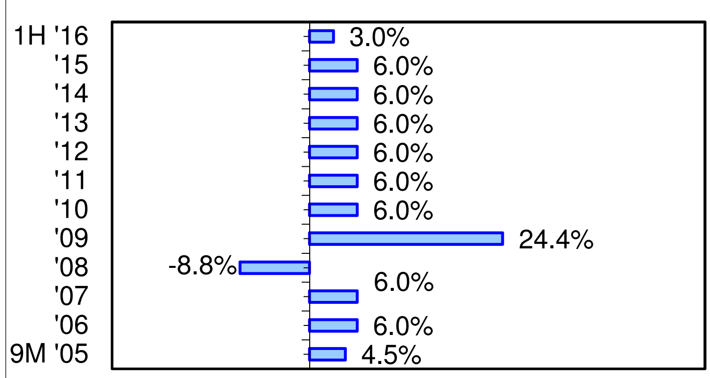
Year-by-Year Returns - Capital Units

The bar chart shows the Trust's total returns (based on net assets per capital unit) and includes distributions made in each period since inception to June 30, 2016. 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.



Year-by-Year Returns - Preferred Securities

The bar chart shows the Trust's total returns (based on net assets per preferred security) and includes distributions made in each period since inception to June 30, 2016. 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 Trust'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, 2016 compared with the Index.

Capital Units

	2016[1]	2015[2]	3-Year[3]	5-Year[4]	Since Inception[5]
Trust - Net asset value	**223.1%**	(73.6%)	2.2%	(13.1%)	(15.9%)
Trust - Total Return, including distributions	**223.1%**	(73.6%)	2.2%	(15.2%)	(6.9%)
S&P/TSX Composite Return Index	**9.8%**	(8.3%)	8.3%	4.2%	5.7%

Preferred Securities

	2016[1]	2015[2]	3-Year[3]	5-Yea4[3]	Since Inception[5]
Trust - Net asset value	**N/A**	N/A	N/A	N/A	N/A
Trust - Total Return, including distributions	**3.0%**	6.0%	5.7%	5.4%	4.6%
S&P/TSX Composite Return Index	**9.8%**	(8.3%)	8.3%	4.2%	5.7%

1 *For the six months ended June 30 (unaudited).*
2 *For the twelve months ended December 31 (audited).*
3 *For the period from July 1, 2013 to June 30, 2016.*
4 *For the period from July 1, 2011 to June 30, 2016.*
5 *For the period from inception (March 16, 2005) to June 30, 2016, net of issuance costs.*

SUMMARY OF INVESTMENT PORTFOLIO

The summary of investment portfolio may change due to ongoing portfolio transactions of investments in the Trust. A quarterly update is available on our website at www.brookfieldsoundvest.com.

Portfolio Composition

As at June 30, 2016, the Trust was invested in the following sectors with the percentages shown below:

	2016[1] Percentage of Net Assets	**2016[1] Percentage of Total Investment Portfolio**	Permitted Percentage of Total Investment Portfolio
Canadian Bonds and Debentures	**0.0%**	**0.0%**	0%-100%
Canadian Preferred Shares	**21.2%**	**3.5%**	0%-100%
Canadian Income Trusts (REITs)	**152.4%**	**25.1%**	0%-100%
Canadian Common Stocks	**405.1%**	**66.8%**	0%-100%
United States Common Stocks	**0.0%**	**0.0%**	0%-100%
Limited Partnerships	**28.0%**	**4.6%**	0%-20%
Total Investment Portfolio	**606.7%**	**100.0%**	100%
Cash and Equivalents	**6.2%**		
Liabilities in excess of other assets	**(512.9%)**		
Net Assets	**100.0%**		

1 *Based on the market value as at June 30, 2016.*

Top 25 Positions

The top 25 positions held by the Trust as at June 30, 2016 were as follows:

Number of Units		Fair Value	Percentage of Net Assets
45,000	Allied Properties REIT	$ 1,740,600	42.2%
52,000	First National Financial Corporation	1,558,440	37.8%
68,000	H&R REIT	1,530,680	37.1%
49,000	Exchange Income Corporation	1,529,780	37.1%
40,000	Smart REIT	1,528,000	37.1%
110,000	Artis REIT	1,485,000	36.0%
150,000	Tricon Capital Group Inc.	1,305,000	31.7%
30,000	Brookfield Renewable Energy Partners L.P.	1,153,800	28.0%
2,560,000	Brightpath Early Learning Inc.	1,126,400	27.3%
50,000	Parkland Fuel Corporation	1,124,500	27.3%
28,000	Keyera Corporation	1,106,560	26.8%
19,000	Cineplex Inc.	980,020	23.8%
24,000	WSP Global Inc.	948,480	23.0%
34,000	Inter Pipeline Limited	931,600	22.6%
72,000	First National Financial 2.79% Preferred	873,000	21.2%
37,100	Arc Resources Limited	820,281	19.9%
82,600	Whitecap Resources Inc.	816,088	19.8%
34,000	Crescent Point Energy Corporation	693,940	16.8%
15,800	Vermilion Energy Inc.	650,012	15.8%
19,700	Davis + Henderson Corporation	632,567	15.3%
14,900	Tourmaline Oil Corporation	506,749	12.3%
8,000	Enbridge Inc.	437,840	10.6%
800,000	Emera Inc. 4% Convertible, Sept 29,2025	392,240	9.5%
500,000	Algonquin Power & Utilities Corp., 5.0%, March 31, 2026	216,250	5.2%
17,900	Paramount Resources Limited	191,888	4.7%

Gabrielle Lenz
Chief Financial Officer of the Manager

August 22, 2016

STATEMENTS OF FINANCIAL POSITION

(Unaudited)

As at	June 30, 2016	December 31, 2015
Assets		
Financial assets at fair value through profit or loss, (cost: June 30, 2016-$17,296,408; December 31, 2015-$17,345,671)	**$ 25,008,300**	$ 22,309,563
Cash and cash equivalents *(Note 8)*	**289,983**	196,030
Distributions and interest receivable	**98,067**	113,585
Prepaid and other	**149,065**	112,982
Total assets	**25,545,415**	22,732,160
Liabilities		
Accounts payable and accrued liabilities *(Note 9)*	**148,903**	181,993
Preferred securities *(Note 11)*	**21,274,560**	21,274,560
Total liabilities (excluding net assets attributable to holders of redeemable units)	**21,423,463**	21,456,553
Net assets attributable to holders of redeemable units	**$ 4,121,952**	$ 1,275,607
Units outstanding *(Note 12)*	**2,127,456**	2,127,456
Net assets attributable to holders of redeemable units per unit	**$ 1.94**	$ 0.60
Redemption value per preferred security	**$ 10.00**	$ 10.00
Combined net assets attributable to holders of capital redeemable units and preferred securities per unit	**$ 11.94**	$ 10.60

The accompanying notes are an integral part of the financial statements

Approved by the Manager, by:

Kevin Charlebois

Kevin W. Charlebois
Director

Jonathan Tyras
Director

STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

For the six months ended June 30		2016		2015
Income				
Distributions	$	**496,362**	$	706,398
Net realized gains on sale of investments *(Notes 7 and 15)*		**450,760**		10,273,830
Net change in unrealized gains (losses) on investments *(Note 7)*		**2,748,000**		(9,036,465)
Total income		**3,695,122**		1,943,763
Expenses				
Preferred securities interest expense		**620,751**		891,953
Management fees *(Note 14)*		**143,811**		242,756
General and administrative		**21,383**		70,760
Accounting and administrative		**18,645**		20,361
Audit fees		**15,538**		19,335
Trustee fees		**11,827**		22,259
Independent review committee fees		**8,521**		8,579
Service fees *(Note 14)*		**3,678**		18,468
Custodial fees		**3,637**		10,838
Transaction costs *(Note 15)*		**734**		27,280
Legal and exchange fees		**195**		90,010
Other interest expense		**57**		6,010
Total expenses		**848,777**		1,428,609
Increase in net assets attributable to holders of redeemable units	**$**	**2,846,345**	$	515,154
Increase in net assets attributable to holders of redeemable units per unit[1] *(Note 16)*	**$**	**1.34**	$	0.15

[1] *Based on the weighted average number of units outstanding for the period (Note 12).*

The accompanying notes are an integral part of the financial statements

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

(Unaudited)

For the six months ended June 30	2016	2015
Net assets attributable to holders of redeemable units - beginning of period	**$ 1,275,607**	$ 9,166,296
Increase in net assets attributable to holders of redeemable units	**2,846,345**	515,154
Redemption of redeemable units	**-**	(4,747,441)
Net assets attributable to holders of redeemable units - end of period	**$ 4,121,952**	$ 4,934,009

The accompanying notes are an integral part of the financial statements

STATEMENTS OF CASH FLOWS

(Unaudited)

For the six months ended June 30	2016	2015
Operating activities		
Increase in net assets attributable to holders of redeemable units	**$ 2,846,345**	$ 515,154
Adjustments for:		
Net realized (gains) on sale of investments	**(450,760)**	(10,273,830)
Net change in unrealized (gains) losses on investments	**(2,748,000)**	9,036,465
Transaction costs *(Note 15)*	**734**	27,280
Purchase of investment securities *(Note 15)*	**(244,259)**	(37,091)
Proceeds from sale of investments *(Note 15)*	**743,548**	21,332,688
Change in non-cash operating working capital	**(53,655)**	(65,222)
Net cash provided by operating activities	**93,953**	20,535,444
Financing activities		
Redemption of preferred securities	**-**	(17,905,070)
Redemption of redeemable units	**-**	(4,747,441)
Net cash used in financing activities	**-**	(22,652,511)
Net increase (decrease) in cash and cash equivalents during the period	**93,953**	(2,117,067)
Cash and cash equivalents, beginning of period	**196,030**	3,222,969
Cash and cash equivalents, end of period	**$ 289,983**	$ 1,105,902

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 (Unaudited)

1. REPORTING ENTITY

Brookfield Soundvest Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the “Trust”) is a closed-ended trust established under the laws of the Province of Ontario and is governed by the Declaration of Trust dated March 16, 2005, as amended from time to time. The address of the Trust’s registered office is 100 Sparks Street, 9th Floor, Ottawa, Ontario, K1P 5B7.

The Trust 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 (“REITs”), Canadian mortgage-backed securities, and cash and cash equivalents. The Trust may also invest up to 20% of the value of the portfolio in any other security that is not otherwise prohibited.

The manager and the investment advisor of the Trust is Brookfield Soundvest Capital Management Ltd. (the “Manager” and the “Investment Advisor”). Computershare Trust Company of Canada is the trustee of the capital units (“units”) and BNY Trust Company of Canada is the trustee of the preferred securities. The Trust is authorized to issue an unlimited number of units and preferred securities. The Trust is listed on the Toronto Stock Exchange and effectively commenced operations on March 16, 2005.

The Trust’s investment objectives are to provide holders of preferred securities with fixed quarterly interest payments in the amount of $0.15 per preferred security ($0.60 per annum to yield 6% per annum on the original subscription price of $10.00), and repayment of the original subscription price at maturity. For unitholders, the Trust’s objectives are to provide holders of units with regular cash distributions and to maximize long-term total return of the Trust’s portfolio.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the accounting policies disclosed in the audited financial statements for the fiscal year ended December 31, 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Trust’s presentation currency is the Canadian dollar, which is also the functional currency of the Trust.

These financial statements were authorized for issuance by the Board of Directors of the Trust on August 22, 2016.

3. SIGNIFICANT ACCOUNT POLICIES

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

a) Financial Instruments

The Trust recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities include investments in securities, distribution and interest receivable, accounts payable and accrued liabilities and preferred securities.

(i) Classification

The Trust 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 Trust's documented investment strategy.

(ii) Recognition

The Trust 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 are measured at amortized cost. Under this method, these financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the financial instrument's effective interest rate. Amortized cost approximates fair value for these financial assets and liabilities (other than preferred shares) due to their short-term nature. Other financial assets and liabilities include distribution and interest receivable, accounts payable and accrued liabilities and preferred shares. The preferred securities are designated as other liabilities and are carried at amortized cost. These securities are publicly traded on the TSX exchange and their estimated fair value of $19,827,890 at June 30, 2016 (December 31, 2015 - $19,891,714) is based on the closing market price at the end of the period.

IFRS, IAS 32 *Financial Instruments: Presentation* ("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 Trust is not liable for income taxes be classified as financial liabilities. The Trust'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.

(iii) Fair value measurement

The Trust'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 Trust 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.

Investments held that are not traded in an active market are valued based on the results of valuation techniques. The Trust 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 Trust's fair value measurements.

(iv) Impairment of financial assets

At each reporting date the Trust assesses whether there is evidence that financial assets at amortized cost are impaired. If such evidence exists, the Trust 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) Cash and Cash Equivalents

Cash and cash equivalents include deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Trust in the management of short-term commitments.

c) 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.

d) Income Taxes

The Trust is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Trust makes distributions in each year of its net taxable income and taxable net capital gains, the Trust will not generally be liable for income tax. It is the intention of the Trust 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 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 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) 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 16 for the calculation.

g) 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.

h) Future Changes in Accounting Policies

(i) Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by IASB in July 2014 replacing the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Fund has not yet determined the impact of IFRS 9 on its financial statements.

(ii) Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations. Application of the Standard is mandatory and it applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. The IASB has tentatively deferred mandatory adoption of IFRS 15 until periods beginning on or after January 1, 2018 with early application permitted.

The Fund has not yet determined the impact of IFRS 9 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 Trust 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 Trust 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 Trust 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 Trust's financial statements.

(ii) Classification and application of the fair value option

In classifying and measuring financial instruments held by the Trust, 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 of the classification of the Trust's units as financial liabilities.

5. FINANCIAL INSTRUMENTS RISK

The Trust 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 ("REITs"), 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 Trust for the medium to long term. The Manager also determines when to rotate the Trust's portfolio into other sectors and investment vehicles to enhance the Trust's portfolio performance and/or to limit risk. The Trust's investment portfolio and leverage are monitored on a daily basis by the Manager.

The Trust 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 Trust are subject to normal market fluctuations and the risks inherent in investing in equity markets. The Trust intends to continue to invest taking a long-term perspective while focusing on quality businesses that have the potential to deliver strong returns for unitholders.

The use of any type of credit facilities will expose 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 Trust.

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 Trust	
Change in Prices on the Index	**June 30, 2016**	December 31, 2015
10%	**71.1%**	29.8%
(10%)	**(69.3%)**	(35.7%)

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 Trust are held in the functional currency of the Trust, which is the Canadian dollar; therefore, the Trust 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 Trust's assets at June 30, 2016 and December 31, 2015 are mostly non-interest bearing.

(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 Trust'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 Trust'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 Trust's equity investments are publicly traded and are included in the S&P/TSX Composite Index. The Trust'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 Trust would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Trust. The Trust maintains all of its cash and cash 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 Trust 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 Trust to make a claim to recover its investment. When recovering its investment on a default, the Trust may incur a loss if the value of the portfolio securities loaned may have increased in value relative to the value of the cash collateral held by the Trust.

The Trust limits its exposure to credit loss by dealing with counterparties of high credit quality. To maximize the credit quality of its investments, the Trust'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 Trust will encounter difficulty in meeting obligations associated with the financial liabilities. The Trust 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 Trust aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Trust is considered minimal.

The Trust may also be exposed to annual cash redemptions of Trust units; however, the Trust has up to approximately 42 days to raise the necessary cash to fund the required redemption payment amount. The Trust 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 Trust's financial liabilities as at June 30, 2016 and December 31, 2015 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, 2016	**On Demand**	**1-3 Months**	**Greater than 3 Months**	**No Stated Maturity**	**Total**
Accounts payable and accrued liabilities	$ -	$ 148,903	$ -	$ -	$ 148,903
Preferred securities	-	-	21,274,560	-	21,274,560
Total liabilities	**$ -**	**$ 148,903**	**$ 21,274,560**	**$ -**	**$ 21,423,463**

As at December 31, 2015	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	$ -	$ 181,993	$ -	$ -	$ 181,993
Preferred securities	-	-	21,274,560	-	21,274,560
Total liabilities	$ -	$ 181,993	$ 21,274,560	$ -	$ 21,456,553

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 Trust's concentration risk:

	June 30, 2016 %	December 31, 2015 %
Financials	36.2	40.4
Utilities	17.5	16.1
Energy	16.3	14.5
Consumer Discretionary	15.3	15.6
Industrial	10.3	12.4
Cash and cash equivalents	4.4	1.0
Health Care	0.0	0.0
Information Technology	0.0	0.0
Materials	0.0	0.0
Telecom Services	0.0	0.0
Consumer Staples	0.0	0.0
	100.0	100.0

Capital Risk Management

The Trust's capital structure is composed of capital units issued, preferred securities, and outstanding loan payable. The Trust's objective is to utilize prudent levels of leverage to lower the Trust'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 Trust's leverage ratios. The Manager also manages the composition of its investment portfolio to ensure that the Trust is within its investment objectives and thus in compliance with the requirements of the margin loan facility.

6. FAIR VALUE MEASUREMENT

The Trust 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 Trust's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015.

As at June 30, 2016	**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	**6,284,280**	**-**	**-**	**6,284,280**
Limited partnerships	**1,153,800**	**-**	**-**	**1,153,800**
Preferred shares	**873,000**	**-**	**-**	**873,000**
Canadian common stocks	**16,697,220**	**-**	**-**	**16,697,220**
Total financial assets measured at fair value	**$ 25,008,300**	**$ -**	**$ -**	**$ 25,008,300**

As at December 31, 2015	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	5,399,650	-	-	5,399,650
Limited partnerships	1,088,100	-	-	1,088,100
Preferred shares	769,680	-	-	769,680
Canadian common stocks	15,052,133	-	-	15,052,133
Total financial assets measured at fair value	$ 22,309,563	$ -	$ -	$ 22,309,563

The carrying values of cash and cash equivalents, distribution and interest receivable, 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 Trust's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Trust'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 Trust's financial instruments by category as at June 30, 2016:

	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 cost**	**Total**
Financial assets at fair value through profit or loss	$ -	$ 25,008,300	$ 25,008,300	$ -	$25,008,300
Cash	-	-	-	289,983	289,983
Distributions and interest receivable	-	-	-	98,067	98,067
Total	$ -	$ 25,008,300	$ 25,008,300	$ 388,050	$25,396,350

	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 cost**	**Total**
Accounts payable and accrued liabilities	**$ -**	**$ -**	**$ -**	**$ 148,903**	**$ 148,903**
Preferred securities	**-**	**-**	**-**	**21,274,560**	**21,274,560**
Total	**$ -**	**$ -**	**$ -**	**$21,423,463**	**$ 21,423,463**

The following table presents the carrying amounts of the Trust's financial instruments by category as at December 31, 2015:

	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 cost	Total
Financial assets at fair value through profit or loss	$ -	$ 22,309,563	$ 22,309,563	$ -	$22,309,563
Cash	-	-	-	196,030	196,030
Distributions and interest receivable	-	-	-	113,585	113,585
Total	$ -	$ 22,309,563	$ 22,309,563	$ 309,615	$22,619,178

Liabilities	Financial liabilities at fair value through profit or loss: Held for trading	Designated as fair value through profit or loss	Total	Financial liabilities at amortized cost	Total
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 181,993	$ 181,993
Preferred securities	-	-	-	21,274,560	21,274,560
Total	$ -	$ -	$ -	$ 21,456,553	$ 21,456,553

The following table presents the net gains (losses) on financial instruments at fair value through profit or loss by category for the six months ended June 30, 2016 and 2015:

	2016	2015
Net realized gains on financial assets at fair value through profit or loss:		
Designated as fair value through profit or loss	**$ 450,760**	$ 9,697,610
Net unrealized gains (losses) on financial assets at fair value through profit or loss:		
Designated as fair value through profit or loss	**$ 2,748,000**	$ (11,666,948)
Total net realized/unrealized gains (losses) on financial assets at fair value through profit or loss	**$ 3,198,760**	$ (1,969,338)

8. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are the following:

	June 30, 2016	December 31, 2015
Cash	**$ 34,281**	$ 103,712
Cash equivalents	**255,702**	92,318
	$ 289,983	$ 196,030

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

		June 30, 2016		December 31, 2015
Interest payable to preferred securityholders	$	**89,382**	$	106,867
Other accounts payable and accrued liabilities		**37,330**		50,328
Management fees payable *(Note 14)*		**18,621**		23,211
Service fees payable *(Note 14)*		**3,570**		1,587
	$	**148,903**	$	181,993

10. MARGIN LOAN FACILITY

On March 4, 2015, the Trust renewed its existing credit facility with a Canadian chartered bank through to March 31, 2015. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $2.5 million or an amount not exceeding 7% of the value of the assets within the portfolio, or the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets.

On March 31, 2015, the Trust renewed its existing credit facility with a Canadian chartered bank through to June 30, 2015. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $2.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, or the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets. The Trust has the option to utilize a demand facility with a Canadian chartered bank which would bear a variable interest at prime or banker acceptance rate and be secured by a first-ranking and exclusive charge on all of the Trust's assets.

Effective November 30, 2015, the Trust entered into an agreement with the National Bank Correspondent Network Inc. ("NBCN"), an indirect, wholly owned subsidiary of the National Bank of Canada. Under this agreement, the Trust has the ability to borrow money under a margin account at an interest rate of prime plus 1%.

The Trust utilizes borrowings to purchase additional portfolio investments and for general Trust purposes. As at June 30, 2016 and June 30, 2015, there were no balances outstanding on this facility. There were no amounts borrowed under these arrangements during the six months ended June 30, 2016 and 2016. A reduction or termination in the margin loan facility may limit the Trust's ability to employ leverage to magnify returns. In the current environment, the Trust will seek to cautiously use leverage as deemed appropriate.

11. PREFERRED SECURITIES

Holders of the preferred securities are entitled to receive fixed quarterly interest payments of $0.15 per preferred security, or 6% per annum, beginning on June 15, 2005, on the original subscription price of $10.00. The interest payments are paid in arrears on March 15, June 15, September 15 and December 15 of each year. Preferred securities may be surrendered for redemption together with an equal number of capital units beginning in November 2005 and annually each November thereafter. During 2005, 527,659 preferred securities were redeemed for $5.3 million, 250,626 preferred securities were redeemed for $2.5 million in 2006 and 909,172 preferred securities were redeemed for $9.1 million in 2007.

On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. Under the annual redemption program, preferred securities and capital units are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In 2015, unitholders tendered 75,104 combined securities (being one capital unit and a $10.00 principal amount of preferred securities) and 37,158 capital units were tendered alone. In accordance with the Declaration of Trust, 37,158 preferred securities were purchased in the market at a total price of $368,115 to match the capital units tendered alone and total redemption proceeds of $885,158 were paid on December 18, 2015 to settle the capital units and combined securities surrendered through the redemption process.

On March 9, 2015, Brookfield Soundvest Capital Management Ltd., as Manager of the Trust, announced that the Toronto Stock Exchange ("TSX") had accepted its Notice of Intention to make a normal course issuer bid ("NCIB"). The Trust has the right under the NCIB to purchase for cancellation up to 355,319 of its capital units and preferred securities (collectively, the "shares") issued and outstanding as at February 26, 2015.

The NCIB commenced on March 11, 2015 and ended on March 10, 2016. Purchases made pursuant to the NCIB would be made in the open market through the facilities of the TSX. The price that the Trust 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 shares of the Trust may have become available during the proposed purchase period at prices that would make such purchases in the best interests of the Trust and its securityholders. All shares purchased by the Trust under this bid will be promptly cancelled. Under the NCIB, the Trust may not purchase in any 30-day period more than 80,404 shares, representing 2% of the issued and outstanding shares as at the date of acceptance of the notice of the NCIB by the TSX. As at March 10, 2016, 700 capital units and 700 preferred securities were repurchased and cancelled under the NCIB for a total of $8,465. Under the previous NCIB, which commenced on March 11, 2014 and ended on March 10, 2015, 10,000 capital units and 10,000 preferred securities were repurchased and cancelled under the NCIB for a total of $123,435.

A continuity of the preferred securities of the Trust is as follows:

Issued	Number of Units	Amount
Preferred securities – December 31, 2014	4,030,225	$ 40,302,250
Redeemed for cash:		
Normal course issuer bids	(10,700)	(107,000)
Share redemption program	(112,262)	(1,122,620)
Preferred Special Repayment Right	(1,779,807)	(17,798,070)
Normal course issuer bid	—	—
Share redemption program	—	—
Preferred securities – December 31, 2015	2,127,456	21,274,560
Normal course issuer bid	—	—
Share redemption program	—	—
Preferred securities – June 30, 2016	**2,127,456**	**$ 21,274,560**

The weighted average number of preferred securities outstanding for the six months ended June 30, 2016 was 2,127,456 (December 31, 2015 – 2,685,952).

Special Meeting of Holders of Preferred Securities and Holders of Trust's Capital Units

At a special meeting of the holders of capital units and preferred securities of the Trust held on March 27, 2015, preferred securityholders approved the extraordinary resolution relating to the preferred securities as follows:

- extend the term of the preferred securities for additional five-year renewal terms following the maturity date of March 31, 2015;
- determine the interest rate on the preferred securities for each subsequent extended five-year renewal term of the preferred securities, and set the interest rate for the first renewal term at 6.0% per annum; and
- provide the preferred securityholders with the right to retract and receive repayment of their preferred securities on March 31, 2015, and at the end of each subsequent renewal term of the preferred securities, if they so choose (the "Preferred Special Repayment Right").

On March 31, 2015, a total of 1,779,807 preferred securities were redeemed and cancelled for proceeds of $17.8 million.

12. REDEEMABLE UNITS

The Trust 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 Trust. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust. Units may be surrendered for redemption at any time during November of any year, but at least 15 business days prior to the last business day in

November (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.

On March 16, 2015, the Trust announced that the annual redemption right available to preferred securities (together with an equal number of capital units) in November of each year will no longer be suspended in circumstances where the asset coverage on the preferred securities is less than 1.4 times. Recent changes in applicable securities laws have resulted in the Trust terminating the suspension of the annual redemption right in these circumstances. Under the annual redemption program, preferred securities and capital units are redeemable on the last business day of November of each year at 100% of the net asset value per unit. In 2015, unitholders tendered 75,104 combined securities (being one capital unit and a $10.00 principal amount of preferred securities) and 37,158 capital units were tendered alone. In accordance with the Declaration of Trust, 37,158 preferred securities were purchased in the market at a total price of $368,115 to match the capital units tendered alone and total redemption proceeds of $885,158 were paid on December 18, 2015 to settle the capital units and combined securities surrendered through the redemption process.

On March 9, 2015, Brookfield Soundvest Capital Management Ltd., as Manager of the Trust, announced that the Toronto Stock Exchange ("TSX") had accepted its Notice of Intention to make a NCIB. The Trust has the right under the NCIB to purchase for cancellation up to 355,319 of its shares issued and outstanding as at February 26, 2015.

The NCIB commenced on March 11, 2015 and ended on March 10, 2016. Purchases made pursuant to the NCIB would be made in the open market through the facilities of the TSX. The price that the Trust 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 shares of the Trust may have become available during the proposed purchase period at prices that would make such purchases in the best interests of the Trust and its securityholders. All shares purchased by the Trust under this bid will be promptly cancelled. Under the NCIB, the Trust may not purchase in any 30-day period more than 80,404 shares, representing 2% of the issued and outstanding shares as at the date of acceptance of the notice of the NCIB by the TSX. As at March 10, 2016, 700 capital units and 700 preferred securities were repurchased and cancelled under the NCIB for a total of $8,465. Under the previous NCIB, which commenced on March 11, 2014 and ended on March 10, 2015, 10,000 capital units and 10,000 preferred securities were repurchased and cancelled under the NCIB for a total of $123,435.

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

Issued	Number of Units	Amount
Units – December 31, 2014	4,030,225	$ 79,480,246
Redeemed for cash:		
Normal course issuer bids	(10,700)	(23,897)
Unit Special Retraction Right	(1,779,807)	(4,722,540)
Share redemption program	(112,262)	(121,271)
Normal course issuer bid	—	—
Share redemption program	—	—
Units – December 31, 2014	2,127,456	74,612,538
Redeemed for cash:		
Normal course issuer bid	—	—
Share redemption program	—	—
Units – December 31, 2015	**2,127,456**	**$ 74,612,538**

The weighted average number of units outstanding for the six months ended June 30, 2016 was 2,127,456 (December 31, 2015 – 2,685,952).

Special Meeting of Holders of Preferred Securities and Holders of Trust's Capital Units

At a special meeting of the holders of capital units and preferred securities of the Trust held on March 27, 2015, unitholders approved the extraordinary resolution relating to the units, as follows:

- provide the capital unitholders with the right to retract, in the aggregate, a number of capital units not exceeding the number of preferred securities tendered under the Preferred Special Repayment Right on March 31, 2015 and at the end of each subsequent renewal term of the preferred securities, if they so choose (the "**Unit Special Retraction Right**"), and receive redemption proceeds equal to the net asset value per unit as of such dates, and accordingly, to the extent that more capital units are tendered for retraction under the Unit Special Retraction Right than preferred securities tendered for repayment under the Preferred Special Repayment Right, capital units so tendered will be redeemed on a *pro rata* basis; and

- in order to maintain the same number of the capital units and the preferred securities outstanding, in the event that more preferred securities are tendered for repayment under the Preferred Special Repayment Right than capital units tendered for retraction under the Unit Special Retraction Right, provide the Trust with the ability to consolidate the capital units on or about March 31, 2015 and at the end of each subsequent renewal term of the preferred securities.

On March 31, 2015, a total of 1,779,807 capital units were redeemed and cancelled for proceeds of $4.7 million.

13. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions on units are declared by the Manager. The distributions declared are payable no later than the 15th day or the first business day after the 15th day of the month following the record date. Interest on preferred securities, as declared by the Manager, are made on a quarterly basis to securityholders of record on the last business day of February, May, August and November and payable on the 15th day of the subsequent month. Distributions payable as at June 30, 2016 and December 31, 2015 totaled $0.

On October 23, 2008, the Trust announced that it was suspending its distribution on its capital units, in accordance with its Declaration of Trust, as the Trust's net asset value was below the required 1.4 times coverage ratio. The distribution was suspended for the remainder of 2008 and was suspended for each month from January 2009 to January 2011. On February 17, 2011, when it was anticipated that a distribution could be paid without violating the 1.4 times coverage ratio, a quarterly distribution of $0.01 per capital unit was declared, reflecting a current annualized rate of $0.04 per unit. Subsequent to the June 2011 payment, the Trust suspended the distribution. In accordance with the Declaration of Trust, the Trust is not permitted to make or cause to be made any cash distributions on the capital units if, immediately after giving effect to the proposed distribution, the combined value determined as of the date such distribution is declared would be less than 1.4 times the Repayment Price determined as of the same date.

14. RELATED-PARTY TRANSACTIONS

Brookfield Soundvest Capital Management Ltd., the Manager and Investment Advisor to the Trust, is 50% owned by Brookfield Asset Management Inc. ("Brookfield"). Brookfield and its affiliates are related parties of the Trust by virtue of its 50% ownership of the Manager. 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. As at June 30, 2016 and December 31, 2015, Brookfield Asset Management Inc. owns 455,034 capital units, which represents 21.4% of the outstanding capital units (2015 – 21.4%).

(i) Management and service fees

Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility, calculated and paid monthly, plus applicable taxes. Management fees payable as at June 30, 2016 totaled $18,621 (December 31, 2015 - $23,211).

The Trust also pays to the Manager a service fee equal to 0.40% per annum of the net asset value, 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, 2016 totaled $3,570 (December 31, 2015 - $1,587).

15. INVESTMENT TRANSACTIONS

Investment transactions[1] for the six months ending June 30, 2016 and 2015 were as follows:

	2016	2015
Proceeds from sale of investments	$ 743,548	$ 21,332,688
Less cost of investments sold		
Investments at cost - beginning of period	17,345,671	29,630,781
Investments purchased during the period	244,259	37,091
Transaction costs	(734)	(27,280)
Investments at cost - end of period	17,296,408	18,581,734
Cost of investments sold during the period	292,788	11,058,858
Net realized gains (losses) on sale of investments	$ 450,760	$ 10,273,830

16. INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The decrease in net assets attributable to holders of redeemable units per unit for the six months ended June 30, 2016 and 2015 is calculated as follows:

	June 30, 2016	December 31, 2015
Increase in net assets attributable to holders of redeemable units	$ 2,846,345	$ 515,154
Weighted average units outstanding during the period	2,127,456	3,462,643
Decrease in net assets attributable to holders of redeemable units per unit	$ 1.34	$ 0.15

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2016

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Preferred Shares			
72,000	First National Financial 2.79% Preferred	$ 1,309,883	$ 873,000	21.2%
		1,309,883	873,000	21.2%
	Canadian Common Stocks			
52,000	First National Financial Corporation	484,793	1,558,440	37.8%
49,000	Exchange Income Corporation	617,139	1,529,780	37.1%
150,000	Tricon Capital Group Inc.	838,560	1,305,000	31.7%
2,560,000	Brightpath Early Learning Inc.	2,939,328	1,126,400	27.3%
50,000	Parkland Fuel Corporation	387,020	1,124,500	27.3%
28,000	Keyera Corporation	273,218	1,106,560	26.8%
19,000	Cineplex Inc.	297,963	980,020	23.8%
24,000	WSP Global Inc.	639,006	948,480	23.0%
34,000	Inter Pipeline Limited	823,820	931,600	22.6%
37,100	Arc Resources Limited	587,702	820,281	19.9%
82,600	Whitecap Resources Inc.	725,859	816,088	19.8%
34,000	Crescent Point Energy Corporation	827,269	693,940	16.8%
15,800	Vermilion Energy Inc.	518,321	650,012	15.8%
19,700	Davis + Henderson Corporation	370,188	632,567	15.3%
14,900	Tourmaline Oil Corporation	313,432	506,749	12.3%
8,000	Enbridge Inc.	375,200	437,840	10.6%
800,000	Emera Inc. 4% Convertible, Sept 29,2025	277,600	392,240	9.5%
500,000	Algonquin Power & Utilities Corp., 5.0%, March 31, 2026	166,500	216,250	5.3%
17,900	Paramount Resources Limited	475,245	191,888	4.7%
15,000	Algonquin Power & Utilities Corp.	162,750	178,350	4.3%
6,000	Bonterra Energy Corporation	287,994	159,660	3.9%
20,000	Baytex Energy Corporation	778,000	150,000	3.6%
5,000	Prairiesky Royalty Limited	182,500	122,600	3.0%
157,300	Aveda Transportation	566,280	117,975	2.9%
		13,915,687	16,697,220	405.1%
	Real Estate Investment Trusts (REITs)			
45,000	Allied Properties REIT	306,870	1,740,600	42.2%
68,000	H&R REIT	878,724	1,530,680	37.1%
40,000	Smart REIT	417,454	1,528,000	37.1%
110,000	Artis REIT	77,597	1,485,000	36.0%
		1,680,645	6,284,280	152.4%
	Limited Partnerships			
30,000	Brookfield Renewable Energy Partners L.P.	442,484	1,153,800	28.0%
		442,484	1,153,800	28.0%
Investment portfolio		17,348,699	25,008,300	606.7%
Transaction costs		(52,291)	-	-
Total investment portfolio		17,296,408	25,008,300	606.7%
Cash and equivalents			289,983	6.2%
Liabilities in excess of other assets			(21,176,331)	(512.9%)
Net assets attributable to holders of redeemable units			$ 4,121,952	100.0%

1 *The summary of investment portfolio may change due to ongoing portfolio transactions in the Trust. A quarterly update is available at www.brookfieldsoundvest.com.*

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 Tractors and Equipment Inc.

MANAGER

Brookfield Soundvest Capital Management Ltd.

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

Gabrielle E. Lenz
Chief Financial Officer

Jon Tyras
Director & Chairman of the Board

Brian Hurley
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*

CORPORATE INFORMATION

Brookfield Funds welcome inquiries from unitholders, analysts, media representatives or other interested parties.

Head Office of The Manager & Investment Advisor

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w. www.brookfieldsoundvest.com

Trustee, Transfer Agent and Registrar

Capital Unitholder inquiries relating to distributions, address changes and unitholder account information should be directed to:

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100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
t. 1.800.564.6253 (toll-free North America)
International 514.982.7555
f. 1.888.453.0330 (toll-free North America)
International 416.263.9394
e. service@computershare.com
w. www.computershare.com

Preferred securityholder inquiries relating to distributions, address changes and unitholder account information should be directed to:

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