

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

2017 Annual Report

Soundvest Funds

IN PROFILE

Soundvest Split Trust (the “Trust”) is managed by 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\$285 billion of assets under management.

The Trust’s investment advisor and manager is also Soundvest Capital Management Ltd., an established investment advisor with expertise in 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 (December 31, 2017): 1,657,337 capital units and 1,657,337 preferred securities

Targeted 2018 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. We will also explain the investment performance for the twelve-month period ended December 31, 2017 and share our outlook for 2018.

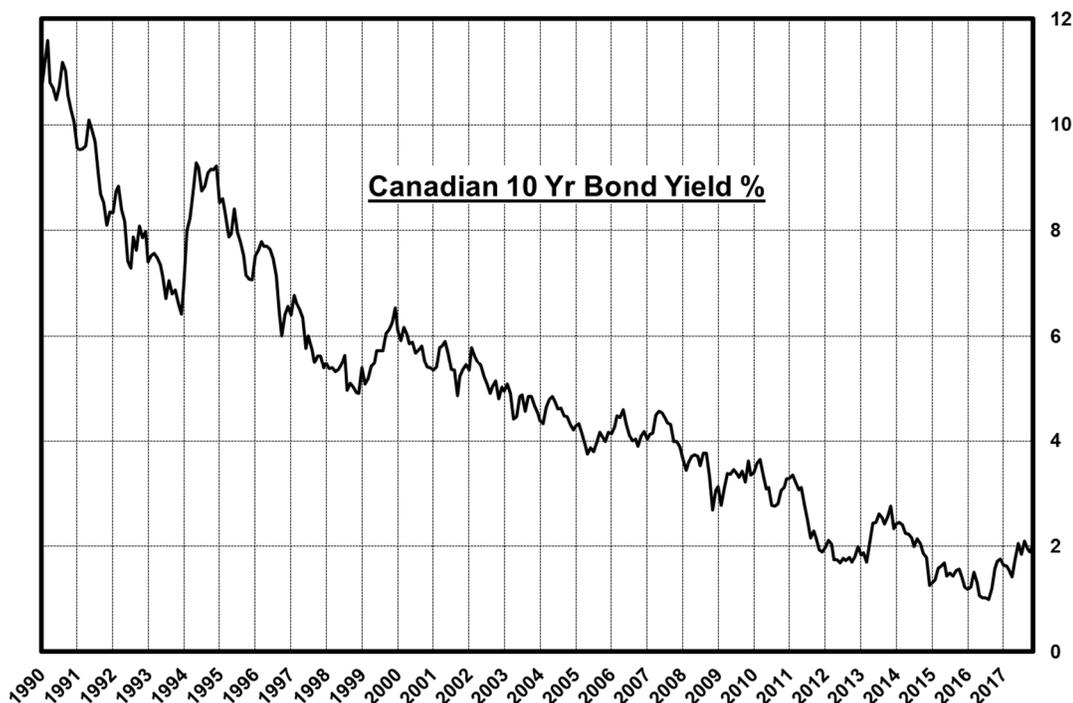
MARKET OVERVIEW

During the twelve months ended December 31, 2017, the Canadian market provided a 9.1% rate of return. While the Canadian market performed well during 2017, it underperformed both the U.S. and world markets. The U.S. and world markets provided rates of return of 21.8% and 23.1%, respectively.

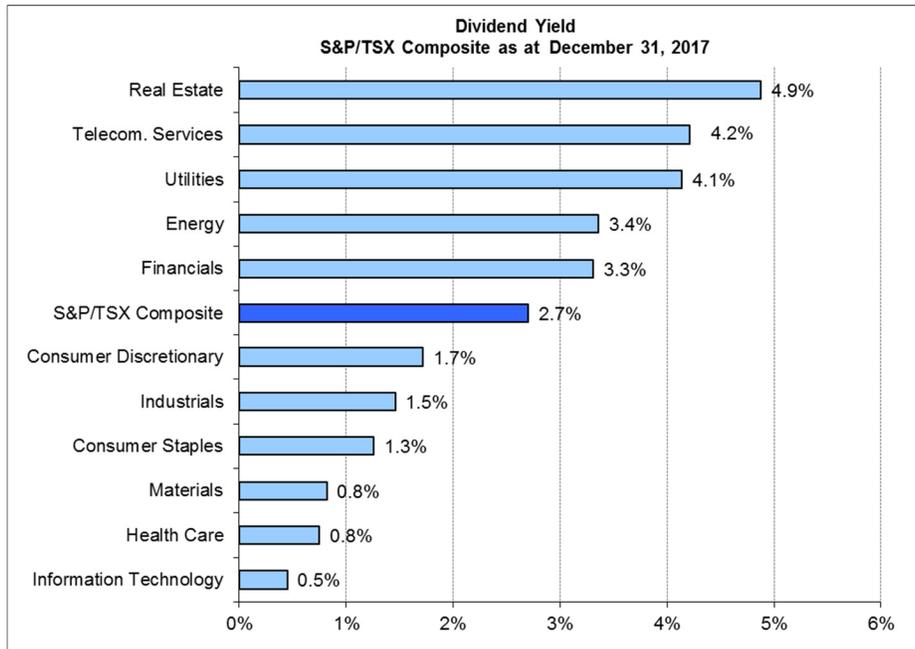
Index	2017 ROR
S&P/TSX Composite	9.1%
S&P 500	21.8%
Dow Jones Industrial Average	24.5%
MSCI EAFE (Europe, Australasia, Far East)	25.6%
MSCI World	23.1%

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 2.70% as at December 31, 2017. This compared favourably against available Government of Canada bond yields. The 10-year Government of Canada bond yield for the period ended December 31, 2017 was 2.05%, up 32 basis points over the twelve-month period. Bond yields increased through the second half of 2017 from historically low levels. Despite recent increases, on an absolute basis, bond yields remain very low.

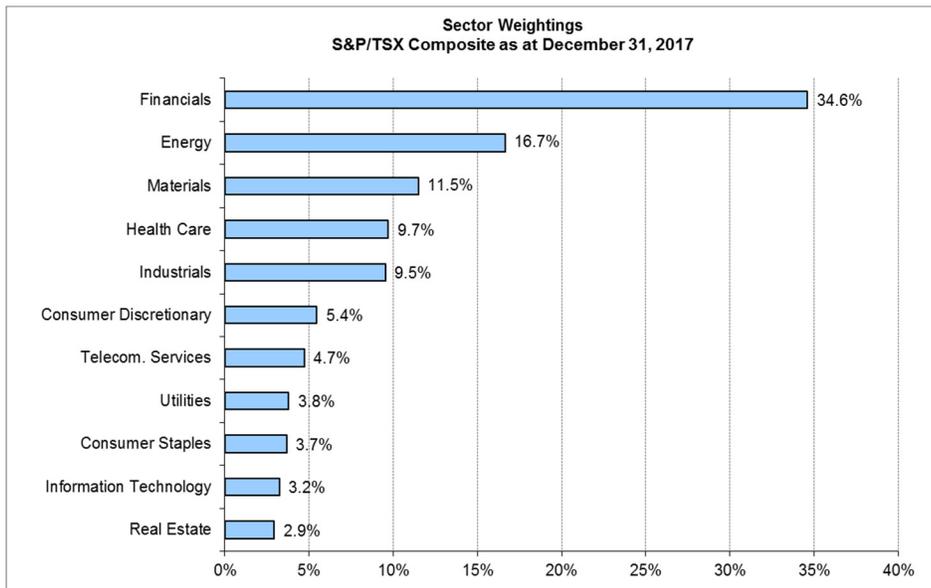


Canada's dividend yield universe is broad and diversified, with five of the eleven sectors within the index providing overall yields in excess of 3.0%. The Real Estate, Telecom Services and Utilities sectors provided the highest dividend yields, with 4.9%, 4.2% and 4.1%, respectively. The Financials sector, which is dominated by the big banks, also provides a healthy yield, ending the year with a 3.3% yield while the Energy sector continues to provide an attractive 3.4% 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 (34.6% weighting), Energy (16.7%) and Materials (11.5%). The three sectors' combined weighting was 62.8% at year 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 twelve-month period ended December 31, 2017, the Trust's published net asset value ("NAV") per unit of the capital units, which is used for purchases and redemptions, decreased to \$1.98. The combined NAV of the Trust was \$11.98 at December 31, 2017, a decrease of \$0.41 from December 31, 2016. The published NAV of the combined units decreased 3.31% for the twelve-month period ended December 31, 2017. If interest on the preferred securities are included, the return based on the NAV of the combined units for the twelve-month period ended December 31, 2017 was positive at 1.55%. During the same timeframe, the S&P/TSX Composite increased 9.10%.

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 twelve-month period ended December 31, 2017, the structural leverage resulted in a negative 17.07% return.

For the twelve-month period ended December 31, 2017, the Trust generated net realized gains of approximately \$731 thousand. The sales were executed to attain desired weightings within the Trust. The Trust realized gains on sales of First National Financial Corp. (\$581 thousand), Artis REIT (\$387 thousand), Allied Properties REIT (\$247 thousand), DH Corp (\$132 thousand), Tricon Capital Group Inc. (\$80 thousand), and WSP Global, Inc (\$65 thousand). There were net losses realized from sales in BrightPath Early Learning Inc. (\$642 thousand), Aveda Transportation and Energy Services Inc. (\$148 thousand) and First National Financial Corporation preferred shares (\$19 thousand) during the twelve-month period ended December 31, 2017.

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

To provide liquidity, capital units of the Trust are listed on the TSX under the symbol BSD.UN. As per the terms of the Trust's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, whereby the Trust's preferred securities and capital units, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit.

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 2017, unitholders tendered 81,978 combined securities (2016 - 139,491 combined securities) (being one capital unit and a \$10.00 principal amount of preferred securities) and 88,614 capital units (2016 - 155,236 capital units) were tendered alone. In accordance with the Declaration of Trust, 88,614 preferred securities (2016 - 155,236 preferred securities) were purchased in the market at a total price of \$914,253 (2016 - \$1,574,295) to match the capital units tendered alone, and total redemption proceeds of \$1,154,257 (2016 - \$1,989,918) were paid to settle the capital units and combined securities surrendered through the redemption process.

OUTLOOK

The U.S. economy has continued to perform well, supported by strong employment, a robust housing market and a recently introduced bill reducing corporate and individual taxes. U.S. consumers should continue to drive economic strength as they realize the “wealth effect” benefits from rising home prices and equity market valuations, lower income taxes and relatively cheap borrowing rates. Overall, the U.S. economy continues to enjoy a number of tailwinds. The key question that many are asking is whether the tailwinds outweigh potential headwinds. With equity markets in the U.S. reaching all-time highs, some are expressing concern given that both economic growth and inflation readings remain moderate. The core headwind on a go-forward basis, while well telegraphed and explained, is the expectation that the FOMC will continue its balance sheet and federal funds rate normalization process, which may potentially slow economic growth if borrowing rates continue to trend upwards.

The Canadian economy was strong throughout 2017 as economic growth surprised to the upside, supported by improving employment and a stable housing market. The housing market remained resilient as new mortgage rules were introduced. Western Canada started to show signs of life as energy prices increased while both business and consumer spending provided a welcomed boost. Much like the U.S., Canada’s economy has enjoyed low borrowing costs and the benefit of the “wealth effect” as both home and equity valuations have increased materially on average. While we do not have a “bearish” outlook, it should be noted that ongoing NAFTA negotiations and the expectation that the BOC will continue to adjust its overnight rate upwards could potentially lead to lower growth as the economy adjusts to these changes.

We do not know what returns the stock market will provide in any given year. What we do know is the following: buying reasonably priced shares 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 that are predictions of or indicate future events, trends or prospects and that 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 on 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.soundvestcapital.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 annual Management Report of Fund Performance (“MRFP”) is intended to provide readers with the financial highlights and an assessment of the performance of Soundvest Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the “Trust”) for the year ended December 31, 2017 (the “Period”). The annual financial statements are audited and have been prepared by and are the responsibility of the manager of the Trust. All figures in the MRFP are in Canadian dollars as at December 31, 2017, unless otherwise indicated.

This annual MRFP contains financial highlights, but does not contain the complete annual financial statements of the Trust. You can obtain a copy of the annual financial statements at your request, and at no cost, by calling 613-236-7361; by writing to us at 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7; or by visiting our website at www.soundvestcapital.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”).

To provide liquidity, capital units of the Trust are listed on the TSX under the symbol BSD.UN. In compliance with the terms of the Trust’s Declaration of Trust, additional liquidity is provided by way of an annual redemption program, whereby the Trust’s preferred securities and capital units, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit.

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 2017, unitholders tendered 81,978 combined securities (2016 - 139,491 combined securities) (being one capital unit and a \$10.00 principal amount of preferred securities), and 88,614 capital units (2016 - 155,236 capital units) were tendered alone. In accordance with the Declaration of Trust, 88,614 preferred securities (2016 - 155,236 preferred securities) were purchased in the market at a total price of \$914,253 (2016 - \$1,574,295) to match the capital units tendered alone, and total redemption proceeds of \$1,154,257 (2016 - \$1,989,918) were paid to settle the capital units and combined securities surrendered through the redemption process.

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 decreased by \$1.1 million or 24.6%, from \$4.4 million as at December 31, 2016 to \$3.3 million as at December 31, 2017. This decrease is attributable to investment performance (net of expenses) where a loss of \$713.9 thousand was reported and to the redemption of capital units in the amount of \$362.1 thousand. The Trust's investment performance and unitholder activity for 2017 are discussed in more detail below.

Investment Performance

For the twelve-month period ended December 31, 2017, the Trust's published net asset value per unit ("NAV") of the capital units, which is used for purchases and redemptions, decreased to \$1.98. The combined NAV of the Trust was \$11.98 at December 31, 2017, a decrease of \$0.41 from December 31, 2016. The published NAV of the combined units decreased 3.31% for the twelve-month period ended December 31, 2017. If interest on the preferred securities are included, the return based on NAV of the combined units for the twelve-month period ended December 31, 2017 is positive 1.55%. During the same timeframe the S&P/TSX Composite increased 9.10%.

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 twelve-month period ended December 31, 2017, the structural leverage resulted in a negative 17.07% return.

For the twelve-month period ended December 31, 2017, the Trust generated net realized gains of approximately \$731 thousand. The sales were executed to attain desired weightings within the Trust. The Trust realized gains on sales of First National Financial Corporation (\$581 thousand), Artis REIT (\$387 thousand), Allied Properties REIT (\$247 thousand), DH Corp (\$132 thousand), Tricon Capital Group Inc. (\$80 thousand), and WSP Global Inc., (\$65 thousand). There were net losses realized from sales in BrightPath Early Learning Inc. (\$642 thousand), Aveda Transportation and Energy Services Inc. (\$148 thousand) and First National Financial Corporation preferred shares (\$19 thousand) during the twelve-month period ended December 31, 2017.

The Trust's security selection in the Financials and Real estate sectors contributed positively to performance as the securities held in the Trust outperformed those held by the S&P/TSX Composite Index ("Index") on average. The Trust's security selection in the Energy sector detracted from performance. The Trust's underweight position in the Financial sector and overweight position in the Energy sector also detracted from performance relative to the Index.

Fees and Expenses

Fees and expenses for the twelve months ended December 31, 2017 totalled \$1.5 million compared to \$1.8 million for the same period in 2016, representing an annualized management expense ratio ("MER") of 42.8% as compared to 55.7% for the twelve months ended December 31, 2016. 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 twelve months ended December 31, 2017 and 2016 was 12.8% and 15.7%, respectively. The MER before interest expense for the twelve months ended December 31, 2017 and 2016 on the combined units was 2.1% and 2.0%, 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. As per the terms of the Trust's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, whereby 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 October 20, 2017, 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 had the right under the NCIB to purchase for cancellation up to 137,319 of its capital units and preferred securities (collectively, the "shares") issued and outstanding as at October 9, 2017. The Manager was of the opinion that units 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 capital units and preferred securities purchased by the Trust under this bid were promptly cancelled. Under the NCIB, the Trust may not purchase in any 30-day period more than 36,574 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 20, 2018, 800 capital units and 800 preferred securities were repurchased and cancelled under the NCIB for a total of \$9,192.

On September, 2016, 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 had the right under the NCIB to purchase for cancellation up to 167,192 of its capital units and preferred securities (collectively, the “shares”) issued and outstanding as at September 7, 2016. The Manager was of the opinion that units 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 capital units and preferred securities purchased by the Trust under this bid were promptly cancelled. Under the NCIB, the Trust may not purchase in any 30-day period more than 42,549 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 20, 2018, 4,000 capital units and 4,000 preferred securities were repurchased and cancelled under the NCIB for a total of \$47,720.

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

Redemptions

To provide liquidity, capital units of the Trust are listed on the TSX under the symbol BSD.UN. As per the terms of the Trust’s Declaration of Trust, additional liquidity is provided by way of an annual redemption program, whereby the Trust’s preferred securities and capital units, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit.

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 2017, unitholders tendered 81,978 combined securities (2016 - 139,491 combined securities) (being one capital unit and a \$10.00 principal amount of preferred securities) and 88,614 capital units (2016 - 155,236 capital units) were tendered alone. In accordance with the Declaration of Trust, 88,614 preferred securities (2016 - 155,236 preferred securities) were purchased in the market at a total price of \$914,253 (2016 - \$1,574,295) to match the capital units tendered alone, and total redemption proceeds of \$1,154,257 (2016 - \$1,989,918) were paid to settle the capital units and combined securities surrendered through the redemption process.

Borrowing Facilities

The Trust utilizes borrowings to purchase additional portfolio investments and for general Trust purposes. As at December 31, 2017 and December 31, 2016, there were no balances outstanding on this facility. There were no amounts borrowed under these arrangements during the years ended December 31, 2017 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

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 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 the 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 twelve months ended December 31, 2017, management fees including HST accrued or paid to the Manager totalled \$274 thousand (2016 \$307 thousand). Service fees accrued or paid during the twelve months ended December 31, 2017 totalled \$12 thousand (2016 - \$14 thousand).

RECENT DEVELOPMENTS

Accounting Policy Changes

(i) *Financial Instruments*

IFRS 9, *Financial Instruments* (“IFRS 9”) was issued by the 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 Trust has determined that the application of IFRS 9 on its financial statements will be minimal and will have no significant impact on its financial performance.

(ii) *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) specifies how and when revenue should be recognized and requires that more informative and relevant disclosures be provided. 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 being leases, financial instruments and insurance contracts. The new standard is effective for annual periods beginning January 1, 2018.

The Trust plans to adopt the standard using the modified retrospective approach. This method will result in a cumulative catch-up adjustment to retained earnings as of January 1, 2018, as if the standard had always been in effect and whereby comparative periods will not be restated.

The Trust has determined that the application of IFRS 15 to its financial statements will result mainly in more extensive note disclosure in its financial statements and will have no significant impact on its financial performance.

OUTLOOK

The U.S. economy has continued to perform well, supported by strong employment, a robust housing market and a recently introduced bill reducing corporate and individual taxes. U.S. consumers should continue to drive economic strength as they realize the “wealth effect” benefits from rising home prices and equity market valuations, lower income taxes and relatively cheap borrowing rates. Overall, the U.S. economy continues to enjoy a number of tailwinds. The key question that many are asking is whether the tailwinds outweigh potential headwinds. With equity markets in the U.S. reaching all-time highs, some are expressing concern given that both economic growth and inflation readings remain moderate. The core headwind on a go-forward basis, while well telegraphed and explained, is the expectation that the FOMC will continue its balance sheet and federal funds rate normalization process, which could potentially slow economic growth if borrowing rates continue to trend upwards.

The Canadian economy was strong throughout 2017 as economic growth surprised to the upside, supported by improving employment and a stable housing market. The housing market remained resilient as new mortgage rules were introduced. Western Canada started to show signs of life as energy prices increased while both business and consumer spending provided a welcomed boost. Much like the U.S., Canada’s economy has enjoyed low borrowing costs and the benefit of the “wealth effect” as both home and equity valuations have increased materially on average. While we do not have a “bearish” outlook, it should be noted that ongoing NAFTA negotiations and the expectation that the BOC will continue to adjust its overnight rate upwards, could potentially lead to lower growth as the economy adjusts to these changes.

We do not know what returns the stock market will provide in any given year. What we do know is the following: buying reasonably priced shares of companies with well-constructed balance sheets and 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 Unit¹

At December 31	2017 ²	2016 ²	2015 ²	2014 ²	2013 ²
Net assets - beginning of period	\$ 2.39	\$ 0.60	\$ 2.27	\$ 2.82	\$ 2.07
Increase (Decrease) from operations					
Total revenue	0.46	0.45	0.47	0.51	0.52
Total expenses (including interest)	(0.84)	(0.83)	(0.86)	(0.82)	(0.82)
Transaction costs	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Net realized gains (losses) on sale of investments	0.40	1.22	3.61	(0.67)	(1.17)
Net change in unrealized (losses) gains ⁵	(0.41)	0.92	(4.34)	0.45	2.22
Total (decrease) increase from operations⁵	(0.39)	1.76	(1.13)	(0.54)	0.74
Distributions					
From dividend and distribution income	—	—	—	—	—
From investment income	—	—	—	—	—
Return of capital	—	—	—	—	—
Total distributions³	—	—	—	—	—
Net assets - end of period⁴	\$ 1.98	\$ 2.39	\$ 0.60	\$ 2.27	\$ 2.82

The Trust's Net Assets Per Preferred Security¹

At December 31	2017 ²	2016 ²	2015 ²	2014 ²	2013 ²
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) ⁵	—	—	—	—	—
Return of capital	—	—	—	—	—
Gain on retirement of preferred securities	—	—	—	—	—
(Increase) decrease in value of preferred securities	—	—	—	—	—
Total increase (decrease) from operations⁵	—	—	—	—	—
Total distributions³	(0.60)	(0.60)	(0.60)	(0.60)	(0.60)
Net assets - end of period⁴	\$ 10.00				

¹ This information is derived from the Trust's audited 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 twelve months ended December 31 (audited).

³ Distributions were paid in cash.

⁴ 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.

⁵ 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:

At December 31	2017 ¹	2016 ¹	2015 ¹	2014 ¹	2013 ¹
Net investment loss	\$ (707,829)	\$ (805,673)	\$ (1,024,657)	\$ (1,275,574)	\$ (1,227,463)
Transaction costs	(2,679)	(5,257)	(27,862)	(22,348)	(31,164)
Net realized gains (losses) on sale of investments	730,857	2,564,676	9,697,610	(2,683,997)	(4,700,773)
Net change in unrealized (losses) gains ²	(762,384)	1,935,590	(11,666,948)	1,796,748	8,957,420
Gain on retirement of preferred securities	28,113	23,849	—	—	—
Income (loss) from operations ²	(713,922)	3,713,185	(3,021,857)	(2,185,171)	2,998,020
Income (loss) gain from operations per unit ²	(0.39)	1.76	(1.13)	(0.54)	0.74
Net assets per unit ³	\$ 1.98	\$ 2.39	\$ 0.60	\$ 2.27	\$ 2.82

¹ As at and for the twelve months ended December 31 (audited).

² 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.

³ Net assets per unit for prior periods have been adjusted to reflect the reporting requirements of IFRS.

Ratios and Supplemental Data - Capital Units

At December 31	2017 ¹	2016 ¹	2015 ¹	2014 ¹	2013 ¹
Total net asset value	\$ 3,289,419	\$ 4,365,445	\$ 1,275,607	\$ 9,166,296	\$ 11,351,467
Number of units outstanding	1,657,337	1,828,729	2,127,456	4,030,225	4,030,225
Management expense ratio before interest expense	12.80%	15.69%	13.11%	7.05%	10.10%
Management expense ratio ^{2,5}	42.82%	55.68%	41.03%	25.29%	37.91%
Management expense ratio ^{2,5} before waivers or absorptions	42.82%	55.68%	41.03%	25.29%	37.94%
Trading expense ratio ³	0.07%	0.17%	0.50%	0.17%	0.36%
Portfolio turnover rate ⁴	2.55%	3.57%	0.44%	2.08%	19.07%
Monthly distribution per unit	\$ —	\$ —	\$ —	\$ —	\$ —
Annualized trailing yield ⁶	—	—	—	—	—
Closing market price	\$ 1.40	\$ 1.63	\$ 0.65	\$ 1.96	\$ 1.53

¹ As at and for the twelve months ended December 31 (audited).

² The 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.

³ The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period.

⁴ 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 rate is 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.

⁵ Based on annualized cumulative distributions per unit and the closing market price.

⁶ The MER before interest expense for the twelve months ended December 31, 2017 and 2016 on the combined units was 2.1% and 2.0%, respectively.

Ratios and Supplemental Data - Preferred Securities

At December 31	2017 ¹	2016 ¹	2015 ¹	2014 ¹	2013 ¹
Total net asset value	\$ 16,573,370	\$ 18,287,290	\$ 21,274,560	\$ 40,302,250	\$ 40,302,250
Number of units outstanding	1,657,337	1,828,729	2,127,456	4,030,225	4,030,225
Management expense ratio before interest expense	—	—	—	—	—
Management expense ratio ²	—	—	—	—	—
Management expense ratio ² before waivers or absorptions	—	—	—	—	—
Trading expense ratio ³	—	—	—	—	—
Portfolio turnover rate ⁴	—	—	—	—	—
Quarterly distribution per unit	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Annualized trailing yield ⁵	5.96%	6.05%	6.42%	6.10%	6.17%
Closing market price	\$ 10.06	\$ 9.91	\$ 9.35	\$ 9.83	\$ 9.72

¹ As at and for the twelve months ended December 31 (audited).

² The 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 return to \$10 per unit or more.

³ The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period.

⁴ 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 rate is 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.

⁵ Based on annualized cumulative distributions per unit and the closing market price.

Management and Service Fees

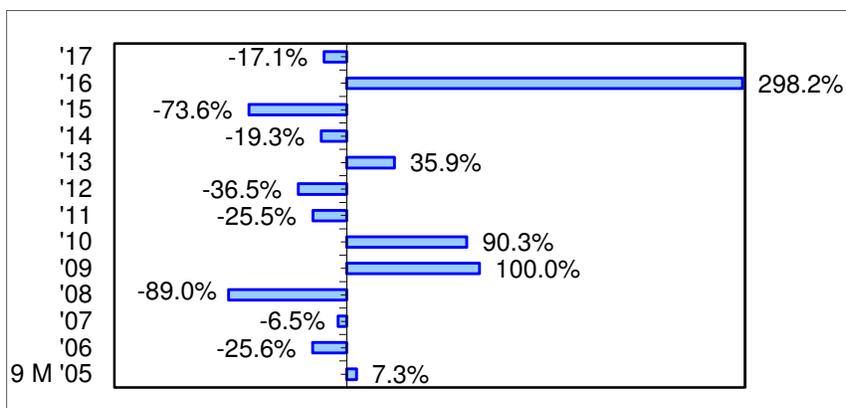
Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility, calculated and paid monthly, plus applicable 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 do 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.

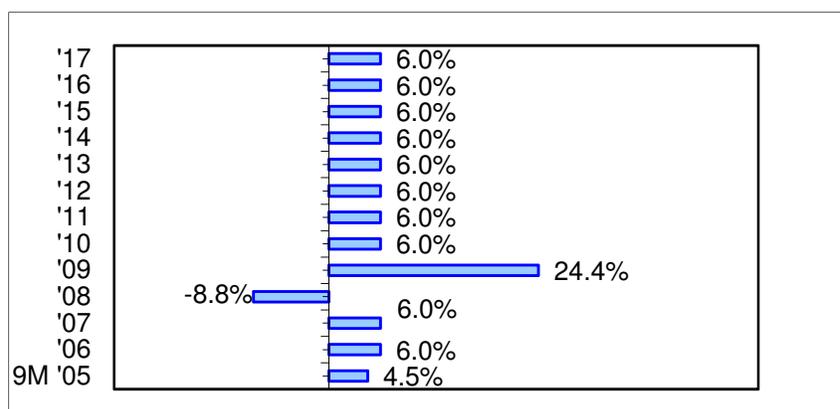
Year-by-Year Returns - Capital Units

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 December 31, 2017. 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 December 31, 2017. 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 December 31, 2017 compared with the Index.

Capital Units

	2017 ¹	2016 ¹	3-Year ²	5-Year ³	Since Inception ⁴
Trust - Net asset value	(17.1%)	298.2%	(4.5%)	(0.9%)	(14.1%)
Trust - Total return, including distributions	(17.1%)	298.2%	(4.5%)	(0.9%)	(6.0%)
S&P/TSX Composite Return Index	9.1%	21.1%	6.6%	8.6%	7.5%

Preferred Securities

	2017 ¹	2016 ¹	3-Year ²	5-Year ³	Since Inception ⁴
Trust - Net asset value	N/A	N/A	N/A	N/A	N/A
Trust - Total Return, including distributions	6.0%	6.0%	5.7%	5.4%	4.5%
S&P/TSX Composite Return Index	9.1%	21.1%	6.6%	8.6%	7.5%

¹ For the twelve months ended December 31 (audited).

² For the period from January 1, 2015 to December 31, 2017.

³ For the period from January 1, 2013 to December 31, 2017.

⁴ For the period from inception (March 16, 2005) to December 31, 2017, 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.soundvestcapital.com.

Portfolio Composition

As at December 31, 2017, the Trust was invested in the following sectors with the percentages shown below:

	2017 ¹ Percentage of Net Assets	2017 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	29.5%	5.1%	0%-100%
Canadian Income Trusts (REITs)	104.3%	18.0%	0%-100%
Canadian Common Stocks	409.9%	70.7%	0%-100%
United States Common Stocks	0.0%	0.0%	0%-100%
Limited Partnerships	36.0%	6.2%	0%-20%
Total Investment Portfolio	579.7%	100.0%	100%
Cash and Equivalents	22.4%		
Liabilities in excess of other assets	(502.1%)		
Net Assets	100.0%		

¹ Based on the market value as at December 31, 2017.

Top 25 Positions

The top 25 positions held by the Trust as at December 31, 2017 were as follows:

Number of Units		Fair Value	Percentage of Net Assets
115,000	Tricon Capital Group Inc.	\$ 1,328,250	40.4%
22,000	WSP Global Inc.	1,318,020	40.1%
27,000	Brookfield Renewable Energy Partners L.P.	1,182,870	36.0%
44,000	Parkland Fuel Corporation	1,181,400	35.9%
28,000	Allied Properties REIT	1,178,240	35.8%
80,000	Artis REIT	1,128,000	34.3%
52,700	H&R REIT	1,125,672	34.2%
31,000	Exchange Income Corporation	1,104,840	33.6%
28,000	Keyera Corp.	991,760	30.1%
67,000	First National Financial 2.79% Preferred	971,500	29.5%
19,115	Emera Inc.	898,023	27.3%
34,000	Inter Pipeline Limited	885,020	26.9%
62,169	Algonquin Power & Utilities Corp.	874,096	26.6%
82,600	Whitecap Resources Inc.	739,270	22.5%
15,800	Vermilion Energy Inc.	721,744	21.9%
15,000	Cineplex Inc.	559,950	17.0%
37,100	Arc Resources Limited	547,225	16.6%
8,000	Enbridge Inc.	393,280	12.0%
17,900	Paramount Resources Limited	347,618	10.6%
34,000	Crescent Point Energy Corporation	325,720	9.9%
11,200	First National Financial Corporation	322,560	9.8%
13,000	Tourmaline Oil Corporation	296,140	9.0%
2,100	Canadian Imperial Bank of Commerce	257,334	7.8%
5,000	Prairiesky Royalty Limited	160,300	4.9%
6,000	Bonterra Energy Corporation	91,800	2.8%



Gabrielle Lenz
Chief Financial Officer of the Manager

March 20, 2018



MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Soundvest Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the "Trust") and other financial information have been prepared by Soundvest Capital Management Ltd., an affiliate of Brookfield Asset Management Inc., which is responsible for their integrity and accuracy. To fulfill these responsibilities, the Trust maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate. These policies and procedures are designed to provide a high degree of assurance that relevant and reliable financial information is produced.

These financial statements have been prepared in conformity with International Financial Reporting Standards, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying financial statements.

The Manager, on behalf of the unitholders, has appointed Deloitte LLP as the independent auditors of the Trust. They have examined the financial statements set out on pages 19 through 36 in accordance with auditing standards generally accepted in Canada to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.

Ottawa, Ontario
March 20, 2018

Gabrielle Lenz
Chief Financial Officer of the Manager

Deloitte LLP
1600 - 100 Queen Street
Ottawa ON K1P 5T8
Canada

Tel.: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Independent Auditor's Report

To the Unitholders of
Soundvest Split Trust

We have audited the accompanying financial statements of Soundvest Split Trust, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive income (loss), statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Soundvest Split Trust as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Public Accountants

March 20, 2018
Ottawa, Ontario

STATEMENTS OF FINANCIAL POSITION

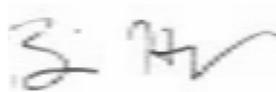
As at	December 31, 2017	December 31, 2016
Assets		
Financial assets at fair value through profit or loss, (cost: December 31, 2017-\$12,918,155; December 31, 2016-\$15,524,500)	\$ 19,069,411	\$ 22,438,140
Cash and cash equivalents (Note 8)	736,935	187,420
Dividends, distributions and interest receivable	97,282	82,608
Prepaid and other	122,405	117,685
Total assets	20,026,033	22,825,853
Liabilities		
Accounts payable and accrued liabilities (Note 9)	163,244	173,118
Preferred securities (Note 11)	16,573,370	18,287,290
Total liabilities (excluding net assets attributable to holders of redeemable units)	16,736,614	18,460,408
Net assets attributable to holders of redeemable units	\$ 3,289,419	\$ 4,365,445
Units outstanding (Note 12)	1,657,337	1,828,729
Net assets attributable to holders of redeemable units per unit	\$ 1.98	\$ 2.39
Redemption value per preferred security	\$ 10.00	\$ 10.00
Combined net assets attributable to holders of capital redeemable units and preferred securities per unit	\$ 11.98	\$ 12.39

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

Approved by the Manager by:



Kevin W. Charlebois
Director



Brian Hurley
Director

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the twelve months ended December 31	2017	2016
Income		
Dividends and distributions	\$ 822,881	\$ 869,318
Net realized gains on sale of investments <i>(Notes 7 and 15)</i>	730,857	2,564,676
Net change in unrealized (losses) gains on investments <i>(Note 7)</i>	(762,384)	1,949,748
Interest income	12,286	55,790
Gain on redemption of preferred securities	28,113	23,849
Total income	831,753	5,463,381
Expenses		
Preferred securities interest expense	1,081,707	1,253,258
Management fees <i>(Note 14)</i>	273,655	307,259
General and administrative	60,176	55,274
Accounting and administrative	33,900	35,595
Audit fees	31,245	30,171
Trustee fees	24,270	24,419
Independent review committee fees	17,402	16,996
Service fees <i>(Note 14)</i>	12,367	13,557
Custodial fees	7,388	7,895
Transaction costs <i>(Note 15)</i>	2,679	5,257
Legal and exchange fees	490	195
Other interest expense	396	320
Total expenses	1,545,675	1,750,196
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (713,922)	\$ 3,713,185
(Decrease) increase in net assets attributable to holders of redeemable units per unit¹ <i>(Note 16)</i>	\$ (0.39)	\$ 1.76

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

For the twelve months ended December 31	2017	2016
Net assets attributable to holders of redeemable units - beginning of year	\$ 4,365,445	\$ 1,275,607
(Decrease) increase in net assets attributable to holders of redeemable units	(713,922)	3,713,185
Redemption of redeemable units	(362,104)	(623,347)
Net assets attributable to holders of redeemable units - end of year	\$ 3,289,419	\$ 4,365,445

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

STATEMENTS OF CASH FLOWS

For the twelve months ended December 31	2017	2016
Operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (713,922)	\$ 3,713,185
Adjustments for:		
Net realized gains on sale of investments	(730,857)	(2,564,676)
Net change in unrealized losses (gains) on investments	762,384	(1,949,748)
Transaction costs (Note 15)	2,679	5,257
Stock dividend received (Note 15)	(16,839)	-
Purchase of investment securities (Note 15)	(438,816)	(714,843)
Proceeds from sale of investments (Note 15)	3,790,178	5,095,433
Change in non-cash operating working capital (Note 17)	(29,268)	17,399
Net cash provided by operating activities	2,625,539	3,602,007
Financing activities		
Redemption of preferred securities	(1,713,920)	(2,987,270)
Redemption of redeemable units	(362,104)	(623,347)
Net cash used in financing activities	(2,076,024)	(3,610,617)
Net increase (decrease) in cash and cash equivalents during the year	549,515	(8,610)
Cash and cash equivalents, beginning of year	187,420	196,030
Cash and cash equivalents, end of year	\$ 736,935	\$ 187,420

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

1. REPORTING ENTITY

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. Effective February 21, 2018, the Trust’s name was changed from Brookfield Soundvest Split Trust to Soundvest Split Trust.

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 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 annual 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, 2016.

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 judgment 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 March 20, 2018.

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, dividends, distributions 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 is 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, and 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 dividends, distributions 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 \$16,672,810 at December 31, 2017 (December 31, 2016 - \$18,122,704) was based on the closing market price at the end of the year.

IFRS, IAS 32 *Financial Instruments: Presentation* ("IAS 32") requires that units of a fund that includes 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 under 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 that 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 was 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 (loss) 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 Trust has determined that the application of IFRS 9 on its financial statements will be minimal and will have no significant impact on its financial performance.

(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 new standard is effective for annual periods beginning January 1, 2018.

The Trust plans to adopt the standard using the modified retrospective approach. This method will result in a cumulative catch-up adjustment to retained earnings as of January 1, 2018, as if the standard had always been in effect and whereby comparative periods will not be restated.

The Trust has determined that the application of IFRS 15 on its financial statements will result mainly in more extensive note disclosure in its financial statements and will have no significant impact on its financial performance.

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. The most significant judgment made is the determination of the classification of the Trust’s units as financial liabilities.

5. FINANCIAL INSTRUMENT 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, 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 for monitoring, evaluating and managing 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 facility 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 Prices on the Index	Change in Net Assets of Trust	
	December 31, 2017	December 31, 2016
10%	65.9%	68.4%
(10%)	(67.0%)	(67.8%)

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 December 31, 2017 and December 31, 2016 were 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. As at December 31, 2017, the Trust's equity investments were publicly traded and were 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 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 its financial liabilities. As at December 31, 2017, the Trust invested all of its assets in investments that were traded in an active market and could 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 December 31, 2017 and December 31, 2016 into relevant groupings based on contractual maturity dates. The amounts in the table are contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

As at December 31, 2017	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	\$ -	\$ 163,244	\$ -	\$ -	\$ 163,244
Preferred securities	-	-	16,573,370	-	16,573,370
Total liabilities	\$ -	\$ 163,244	\$ 16,573,370	\$ -	\$ 16,736,614

As at December 31, 2016	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	\$ -	\$ 173,118	\$ -	\$ -	\$ 173,118
Preferred securities	-	-	18,287,290	-	18,287,290
Total liabilities	\$ -	\$ 173,118	\$ 18,287,290	\$ -	\$ 18,460,408

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:

	December 31, 2017 %	December 31, 2016 %
Financials	31.9	31.5
Utilities	26.4	21.7
Energy	16.8	20.5
Industrial	12.5	11.1
Consumer Discretionary	8.8	14.3
Cash and cash equivalents	3.6	0.9
	100.0	100.0

Capital Risk Management

The Trust's capital structure is composed of capital units issued and preferred securities. 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 re-evaluate 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.

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 December 31, 2017 and December 31, 2016.

As at December 31, 2017	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets designated as at fair value through profit or loss:				
Real Estate Investment Trusts	3,431,912	-	-	3,431,912
Limited partnerships	1,182,870	-	-	1,182,870
Preferred shares	971,500	-	-	971,500
Canadian common stocks	13,483,129	-	-	13,483,129
Total financial assets measured at fair value	\$ 19,069,411	\$ -	\$ -	\$ 19,069,411

As at December 31, 2016	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets designated as at fair value through profit or loss:				
Real Estate Investment Trusts	3,921,550	-	-	3,921,550
Limited partnerships	1,075,950	-	-	1,075,950
Preferred shares	934,200	-	-	934,200
Canadian common stocks	16,506,440	-	-	16,506,440
Total financial assets measured at fair value	\$ 22,438,140	\$ -	\$ -	\$ 22,438,140

The carrying values of cash and cash equivalents, dividends, distributions and interest receivable, and 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. There were no transfers between levels during the year (2016 - no transfers).

(i) Real Estate Investment Trusts, Limited Partnerships, Preferred Shares and Canadian Common Stocks

The Trust's real estate investment trusts, limited partnerships, preferred shares and Canadian common stocks positions are classified as Level 1 when the security is actively traded and a reliable price is observable. As at December 31, 2017, all of the Trust's real estate investment trusts, limited partnerships, preferred shares and Canadian common stocks traded frequently and, therefore, observable prices were available.

7. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Trust's financial instruments by category as at December 31, 2017:

Assets	Financial assets at fair value through profit or loss			Financial assets at amortized cost	
	Held for trading	Designated as at fair value through profit or loss	Total	cost	Total
Financial assets at fair value through profit or loss	\$ -	\$ 19,069,411	\$ 19,069,411	\$ -	\$ 19,069,411
Cash	-	-	-	736,935	736,935
Dividends, distributions and interest receivable	-	-	-	97,282	97,282
Total	\$ -	\$ 19,069,411	\$ 19,069,411	\$ 834,217	\$ 19,903,628

Financial liabilities at fair value through profit or loss					
Liabilities	Held for trading	Designated as at fair value through profit or loss	Total	Financial liabilities at amortized cost	Total
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 163,244	\$ 163,244
Preferred securities	-	-	-	16,573,370	16,573,370
Total	\$ -	\$ -	\$ -	\$ 16,736,614	\$ 16,736,614

The following tables present the carrying amounts of the Trust's financial instruments by category as at December 31, 2016:

Financial assets at fair value through profit or loss					
Assets	Held for trading	Designated as at fair value through profit or loss	Total	Financial assets at amortized cost	Total
Financial assets at fair value through profit or loss	\$ -	\$ 22,438,140	\$ 22,438,140	\$ -	\$ 22,438,140
Cash	-	-	-	187,420	187,420
Dividends, distributions and interest receivable	-	-	-	82,608	82,608
Total	\$ -	\$ 22,438,140	\$ 22,438,140	\$ 270,028	\$ 22,708,168

Financial liabilities at fair value through profit or loss					
Liabilities	Held for trading	Designated as at fair value through profit or loss	Total	Financial liabilities at amortized cost	Total
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 173,118	\$ 173,118
Preferred securities	-	-	-	18,287,290	18,287,290
Total	\$ -	\$ -	\$ -	\$ 18,460,408	\$ 18,460,408

The following table presents the net gains (losses) on financial instruments at fair value through profit or loss by category for the years ended December 31, 2017 and 2016:

	2017	2016
Net realized gains on financial assets at fair value through profit or loss:		
Designated as at fair value through profit or loss	\$ 730,857	\$ 2,564,676
Net unrealized (losses) gains on financial assets at fair value through profit or loss:		
Designated as at fair value through profit or loss	\$ (762,384)	\$ 1,949,748
Total net realized/unrealized (losses) gains on financial assets at fair value through profit or loss	\$ (31,527)	\$ 4,514,424

8. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are the following:

	December 31, 2017	December 31, 2016
Cash	\$ 720,872	\$ 39,760
Cash equivalents	16,063	147,660
	\$ 736,935	\$ 187,420

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	December 31, 2017	December 31, 2016
Interest payable to preferred securityholders	\$ 84,455	\$ 92,935
Other accounts payable and accrued liabilities	54,247	49,731
Management fees payable (Note 14)	21,215	26,050
Service fees payable (Note 14)	3,327	4,402
	\$ 163,244	\$ 173,118

10. LOAN FACILITY

The Trust utilizes borrowings to purchase additional portfolio investments and for general Trust purposes. As at December 31, 2017 and December 31, 2016, there were no balances outstanding on this facility. There were no amounts borrowed under these arrangements during the years ended December 31, 2017 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 have been 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 would 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 2017, unitholders tendered 81,978 combined securities (2016 - 139,491 combined securities) (being one capital unit and a \$10.00 principal amount of preferred securities) and 88,614 capital units (2016 - 155,236 capital units) were tendered alone. In accordance with the Declaration of Trust, 88,614 preferred securities (2016 - 155,236 preferred securities) were purchased in the market at a total price of \$914,253 (2016 - \$1,574,295) to match the capital units tendered alone and total redemption proceeds of \$1,154,257 (2016 - \$1,989,918) were paid to settle the capital units and combined securities surrendered through the redemption process.

On October 20, 2017, 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 137,319 of its capital units and preferred securities (collectively, the "shares") issued and outstanding as at October 9, 2017. The Manager is of the opinion that units 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 capital units and preferred securities 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 36,574 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 20, 2018, 800 capital units and 800 preferred securities were repurchased and cancelled under the NCIB for a total of \$9,192.

On September 8, 2016, 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 167,192 of its capital units and preferred securities (collectively, the "shares") issued and outstanding as at September 7, 2016. The Manager is of the opinion that units 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 capital units and preferred securities purchased by the Trust under this bid will be promptly cancelled. Under the NCIB, the Trust may not purchase in any thirty-day period more than 42,549 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 20, 2018, 4,000 preferred securities were repurchased and cancelled under the NCIB for a total of \$40,000.

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

Issued	Number of Units	Amount
Preferred securities - December 31, 2015	2,127,456	\$ 21,274,560
Redeemed for cash:		
Normal course issuer bids	(4,000)	(40,000)
Share redemption program	(294,727)	(2,947,270)
Preferred securities - December 31, 2016	1,828,729	18,287,290
Normal course issuer bid	(800)	(8,000)
Share redemption program	(170,592)	(1,705,920)
Preferred securities - December 31, 2017	1,657,337	\$ 16,573,370

The weighted average number of preferred securities outstanding for the twelve-months ended December 31, 2017 was 1,825,189 (December 31, 2016 - 2,113,107).

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 fifteen 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 2017, unitholders tendered 81,978 combined securities (2016 - 139,491 combined securities) (being one capital unit and a \$10.00 principal amount of preferred securities) and 88,614 capital units (2016 - 155,236 capital units) were tendered alone. In accordance with the Declaration of Trust, 88,614 preferred securities (2016 - 155,236 preferred securities) were purchased in the market at a total price of \$914,253 (2016 - \$1,574,295) to match the capital units tendered alone and total redemption proceeds of \$1,154,257 (2016 - \$1,989,918) were paid to settle the capital units and combined securities surrendered through the redemption process.

On October 20, 2017, 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 137,319 of its capital units and preferred securities (collectively, the “shares”) issued and outstanding as at October 9, 2017. The Manager is of the opinion that units 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 capital units and preferred securities 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 36,574 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 20, 2018, 800 capital units and 800 preferred securities were repurchased and cancelled under the NCIB for a total of \$9,192.

On September 8, 2016, 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 167,192 of its capital units and preferred securities (collectively, the “shares”) issued and outstanding as at September 7, 2016. The Manager is of the opinion that units 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 capital units and preferred securities purchased by the Trust under this bid will be promptly cancelled. Under the NCIB, the Trust may not purchase in any thirty-day period more than 42,549 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 20, 2018, 4,000 capital units were repurchased and cancelled under the NCIB for a total of \$7,720.

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

Issued	Number of Units	Amount
Units - December 31, 2015	2,127,456	\$ 74,612,538
Redeemed for cash:		
Normal course issuer bids	(4,000)	(7,720)
Share redemption program	(294,727)	(615,627)
Units - December 31, 2016	1,828,729	73,989,191
Redeemed for cash:		
Normal course issuer bid	(800)	(1,080)
Share redemption program	(170,592)	(361,024)
Units - December 31, 2017	1,657,337	\$ 73,627,087

The weighted average number of units outstanding for the twelve-months ended December 31, 2017 was 1,824,537 (December 31, 2016 - 2,113,107).

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 December 31, 2017 and December 31, 2016 totalled \$nil.

On October 23, 2008, the Trust announced that it was suspending its distributions 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

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 December 31, 2017 and December 31, 2016, Brookfield Asset Management Inc. owns 455,034 capital units, which represents 27.46% of the outstanding capital units (2016 - 24.9%).

(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 December 31, 2017 totalled \$21,215 (December 31, 2016 - \$26,050).

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 December 31, 2017 totalled \$3,327 (December 31, 2016 - \$4,402).

15. INVESTMENT TRANSACTIONS

Investment transactions¹ for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Proceeds from sale of investments	\$ 3,790,178	\$ 5,095,433
Less cost of investments sold		
Investments at cost - beginning of year	15,524,500	17,345,671
Investments purchased during the year	438,816	714,843
Stock dividend received	16,839	-
Transaction costs	(2,679)	(5,257)
Investments at cost - end of year	12,918,155	15,524,500
Cost of investments sold during the year	3,059,321	2,530,757
Net realized gains on sale of investments	\$ 730,857	\$ 2,564,676

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

The (decrease) increase in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2017 and 2016 is calculated as follows:

	December 31, 2017	December 31, 2016
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (713,922)	\$ 3,713,185
Weighted average units outstanding during the year	1,825,189	2,113,107
(Decrease) increase in net assets attributable to holders of redeemable units per unit	\$ (0.39)	\$ 1.76

17. SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash operating working capital items:

	December 31, 2017	December 31, 2016
Dividends, distributions and interest receivable	\$ (14,674)	\$ 30,977
Prepaid and other	(4,720)	(4,703)
Accounts payable and accrued liabilities	(9,874)	(8,875)
	\$ (29,268)	\$ 17,399

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

Number of Units ¹		Average Cost	Fair Value	Percentage of Net Assets
Preferred Shares				
67,000	First National Financial 2.79% Preferred	\$ 1,218,919	\$ 971,500	29.5%
		1,218,919	971,500	29.5%
Canadian Common Stocks				
115,000	Tricon Capital Group Inc.	642,896	1,328,250	40.4%
22,000	WSP Global Inc.	585,755	1,318,020	40.1%
44,000	Parkland Fuel Corporation	340,578	1,181,400	35.9%
31,000	Exchange Income Corporation	390,434	1,104,840	33.6%
28,000	Keyera Corporation	273,218	991,760	30.1%
19,115	Emera Inc.	811,155	898,023	27.3%
34,000	Inter Pipeline Limited	823,820	885,020	26.9%
62,169	Algonquin Power & Utilities Corp.	662,750	874,096	26.6%
82,600	Whitecap Resources Inc.	725,859	739,270	22.5%
15,800	Vermilion Energy Inc.	518,321	721,744	21.9%
15,000	Cineplex Inc.	235,234	559,950	17.0%
37,100	Arc Resources Limited	587,702	547,225	16.6%
8,000	Enbridge Inc.	375,200	393,280	12.0%
17,900	Paramount Resources Limited	475,245	347,618	10.6%
34,000	Crescent Point Energy Corporation	827,269	325,720	9.9%
11,200	First National Financial Corporation	112,000	322,560	9.8%
13,000	Tourmaline Oil Corporation	273,464	296,140	9.0%
2,100	Canadian Imperial Bank of Commerce	221,126	257,334	7.8%
5,000	Prairiesky Royalty Limited	182,500	160,300	4.9%
6,000	Bonterra Energy Corporation	287,994	91,800	2.8%
20,000	Baytex Energy Corporation	778,000	75,400	2.3%
100,000	Aveda Transportation	360,000	52,000	1.6%
640	Seven Generations Energy	16,813	11,379	0.3%
		10,507,333	13,483,129	409.9%
Real Estate Investment Trusts (REITs)				
28,000	Allied Properties REIT	157,951	1,178,240	35.8%
80,000	Artis REIT	-	1,128,000	34.3%
52,700	H&R REIT	661,470	1,125,672	34.2%
		819,421	3,431,912	104.3%
Limited Partnerships				
27,000	Brookfield Renewable Energy Partners L.P.	399,022	1,182,870	36.0%
		399,022	1,182,870	36.0%
	Investment portfolio	12,944,695	19,069,411	579.7%
	Transaction costs	(26,540)	-	-
	Total investment portfolio	12,918,155	19,069,411	579.7%
	Cash and cash equivalents		736,935	22.4%
	Liabilities in excess of other assets		(16,516,927)	(502.1%)
	Net assets attributable to holders of redeemable units	12,918,155	\$ 3,289,419	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.soundvestcapital.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

Soundvest Capital Management Ltd.

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

Gabrielle E. Lenz
Chief Financial Officer

Brian Hurley
Director & Chairman of the Board

Audrey J. Charlebois
Director

Investment Advisor (Soundvest Capital Management Ltd.)

Kevin W. Charlebois
Chief Investment Officer

Ryan Cody
Portfolio Manager and Equity Analyst

CORPORATE INFORMATION

Soundvest Funds welcomes inquiries from unitholders, analysts, media representatives or other interested parties.

Head Office of The Manager & Investment Advisor

Soundvest Capital Management Ltd,
100 Sparks Street, Suite 900
Ottawa, Ontario K1P 5B7

t. 1.888.777.4019
e. inquiries@soundvestcapital.com
w. www.soundvestcapital.com

Trustee, Transfer Agent and Registrar

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

Computershare Investor Services
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:

BNY Trust Company of Canada
320 Bay Street, 11th Floor
Toronto, Ontario M5H 4A6
t. 1.416.933.8500
w. www.bnymellon.com

