Brookfield Soundvest Split Trust
(formerly **Brascan** SoundVest Rising Distribution Split Trust)

BSD.UN / BSD.PR.A

2012 Semi-Annual Report

Brookfield Soundvest Funds

IN PROFILE

Brookfield Soundvest Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the "Trust") is managed by Brookfield Soundvest Capital Management Ltd., an affiliate of Brookfield Asset Management Inc., a global alternative asset manager focused on property, renewable power, infrastructure, and private equity assets, with over $150 billion of assets under management.

The Trust's investment advisor and portfolio manager is also Brookfield Soundvest Capital Management Ltd., an established investment advisor with expertise investing in a variety of asset classes for high net worth and institutional clients since 1970.

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

Units Outstanding (June 30, 2012): 4,030,225 capital units and 4,030,225 preferred securities

Targeted 2012 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 Canadian equity markets. In addition, we will look at the current status of the "high yield equity sector" and our expectations for this sector in the future. Also, we will explain the investment performance for the first half of 2012 and share our outlook for the second half of the year.

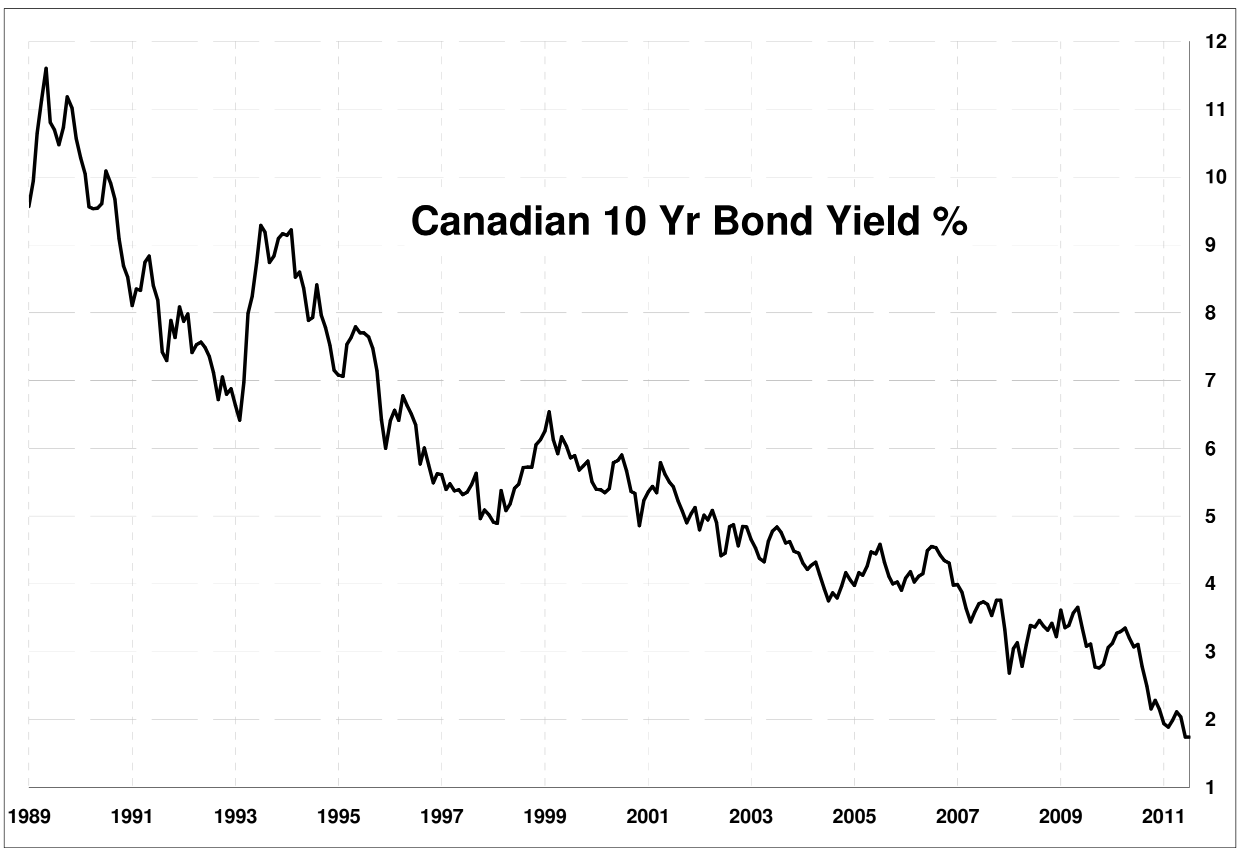
MARKET OVERVIEW

During the first six months of 2012, the Canadian market provided a negative 1.5% rate of return. The U.S. and world markets outperformed Canada providing a positive 9.5% and 4.0%, respectively.

Index	2012 ROR
S&P/TSX Composite	(1.5%)
S&P 500	9.5%
Dow Jones Industrial Average	6.8%
MSCI EAFE ($CDN) (Europe, Australia, Far East)	0.3%
MSCI World ($CDN)	4.0%

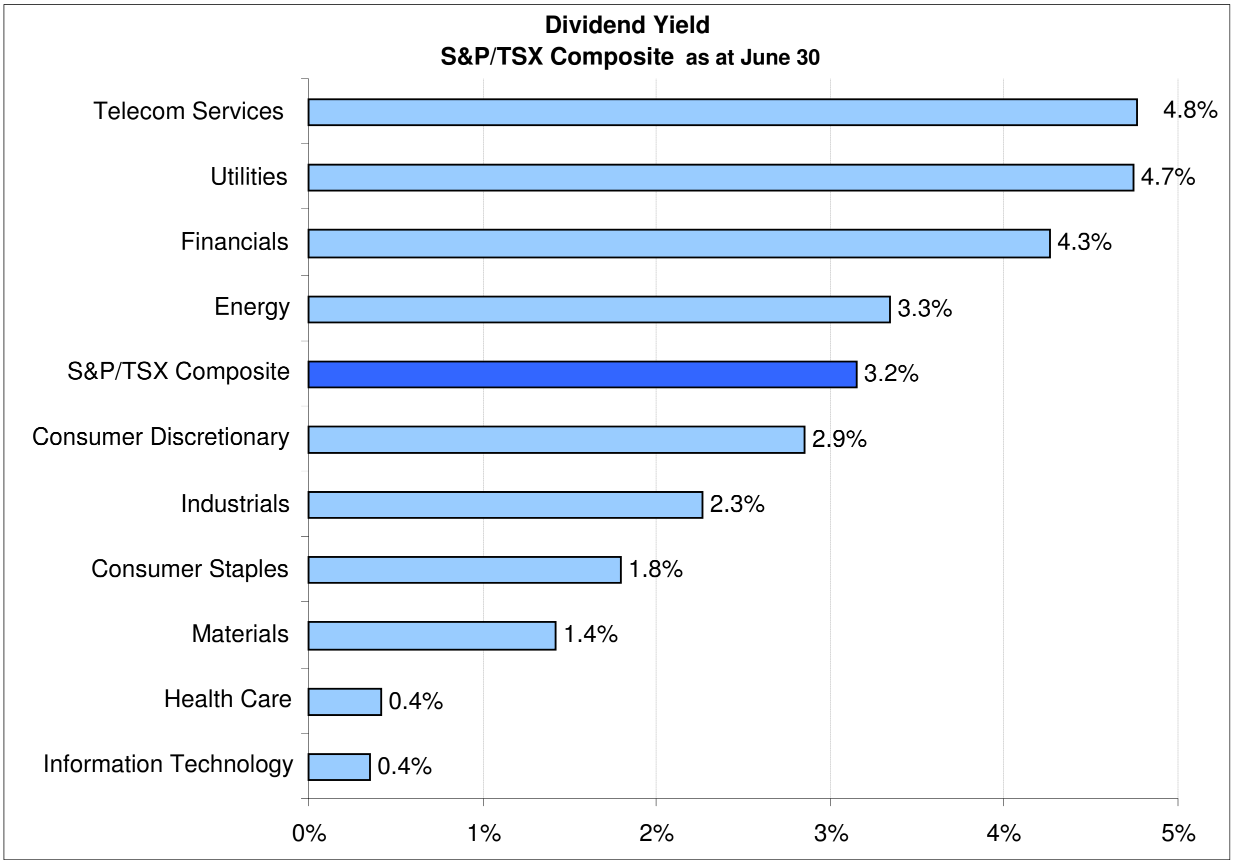
Canadian High Yield Market

The S&P/TSX Composite provides investors with an opportunity to generate income and enhance their total rate of return. The Canadian market, as measured by the S&P/TSX Composite, provided an overall yield on market of 3.2% as at June 30, 2012, an increase from 2.9% at December 31, 2011. This compared favorably against available Government of Canada bond yields. The 10-year Government of Canada bond yield ended the first half of the year at 1.7% as both interest rates and bond yields declined through the first half 2012.



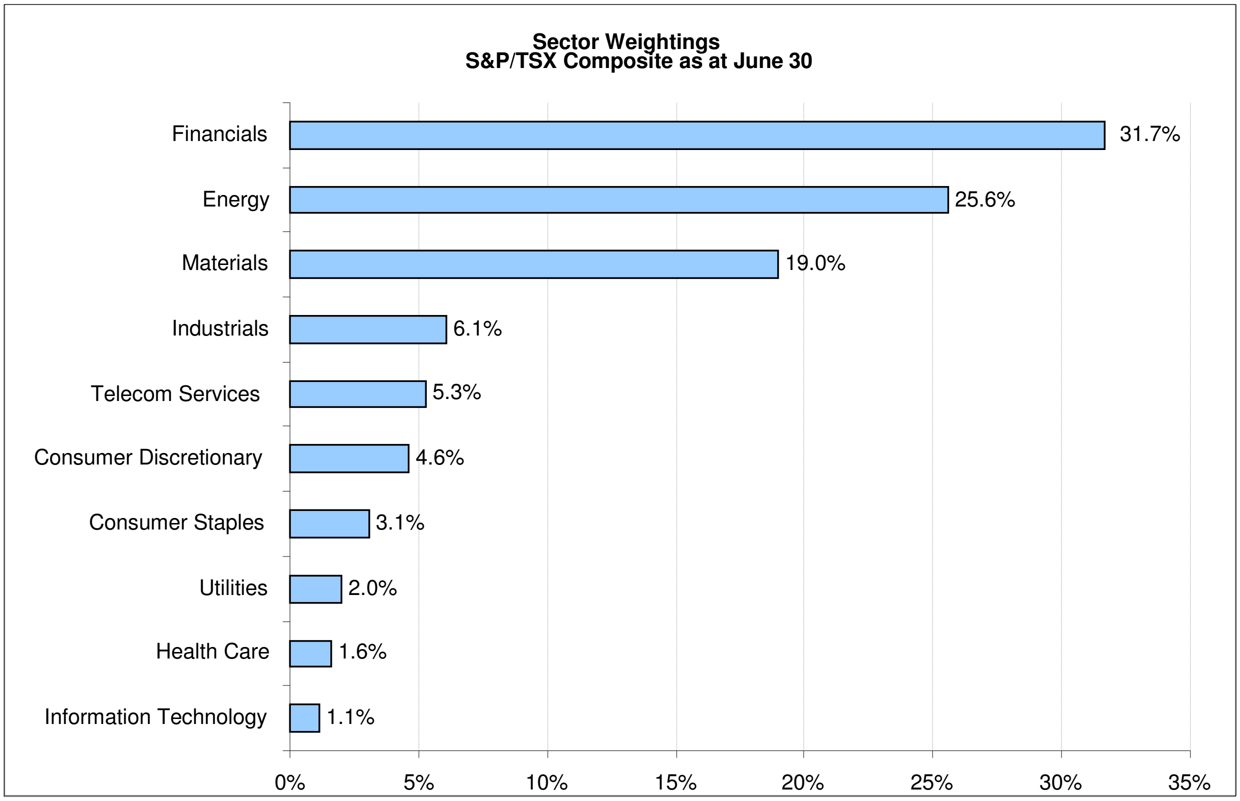
Investors continued to search out yield during the first half of 2012 which lead to a continued flow of funds into the high yielding equity market, providing support and pushing valuations of dividend paying equities to elevated levels. Fund flows coupled with stable cash flows has lead to positive rates of return for the two sectors with the most pronounced yields within the S&P/TSX Composite, the Utilities and Telecom Services sectors.

Canada's dividend yield universe is broad and diversified with six of the ten sectors within the index providing overall yields in excess of 2.0%. The Telecom Services and Utilities sector provided the highest dividend yields of 4.8% and 4.7%, respectively. The Financials sector which is dominated by the big banks also provided a healthy yield of 4.3%.



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 (31.7% weighting) which includes Real Estate, Energy (25.6%) and Materials (19.0%). The three sectors combined weighting was 76.3% at June 30, 2012.



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 and that have the potential to appreciate in value.

For the six months ended June 30, 2012, the Trust's published net asset value ("NAV") per capital unit, which is used for purchases and redemptions, was $2.29. The combined net asset value of the Trust was $12.29 at June 30, 2012, a decrease of $0.98 from December 31, 2011. The published NAV of the combined units decreased 7.4% for the six months ending June 30, 2012. If interest paid on the preferred units and distributions paid on the capital units are included, the return based on NAV of the combined units for the six months ending June 30, 2012 was negative 5.1%. During the same timeframe, the S&P/TSX Composite provided a negative return of 1.5%.

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. The structural leverage compounded the positive return experienced during 2010, resulting in the capital units appreciating from $2.32 as at December 31, 2009 to $4.41 (positive 90.3%) as at December 31, 2010. The structural leverage compounded the negative return for 2011 on the capital units (negative 25.9%) and for the first six months of 2012 (negative 29.9%).

For the six months ended June 30, 2012, the Trust generated net realized losses on the sale of investments of approximately $2.8 million. The net realized loss was due to exiting the entire positions in Enerplus Corporation ($2.1 million loss) and Pengrowth Energy Corporation ($902 thousand loss). These losses were partially offset by the sale of Artis Real Estate Investment Trust ($182 thousand gain).

Distributions

The Trust reinstated its distribution in January 2011 and made two quarterly payments to the end of June 30, 2011. Subsequent to the June 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. 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; however, as of June 30, 2012, the net asset value per capital unit was $2.29. The Trust will continue to monitor its net asset value to determine if and when it will be able to make future distributions on its capital units. Distributions of $0.15 per quarter continue to be paid on the preferred securities.

Redemptions

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times Coverage Ratio cannot be maintained. By January 2011, it was anticipated that redemptions could be processed without violating the 1.4 times Coverage Ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one capital unit and a $10.00 principal amount of preferred securities) and 260,174 capital units were tendered alone. In accordance with the Declaration of Trust, 260,174 preferred securities were purchased in the market at a total price of $2,676,839 to match with the capital units tendered alone and total redemption proceeds of $20,445,419 were paid on March 4, 2011 to settle the capital units and Combined Securities surrendered through the redemption process.

OUTLOOK

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

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

Thank you for your continued support of the Brookfield Soundvest Split Trust.

Kevin Charlebois

Kevin Charlebois
On behalf of the Manager and the Investment Advisor

Caution Regarding Forward-Looking Statements
The Report to Unitholders and Management Report of Fund Performance contain forward-looking information within the meaning of Canadian provincial securities laws. The words “may”, “will”, “continue”, “resume” and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify the above mentioned and other forward-looking statements. These forward-looking statements include, among others, statements with respect to the future performance of the high yield Canadian equity market and particular market sectors, the ability and likelihood of certain companies to increase or decrease their distributable cash, acquisition trends in the equity market, the Trust’s annual distribution targets and portfolio weightings, future positioning of the Trust, equity market yields and distribution levels in the future, and other statements with respect to our beliefs, outlooks, plans, expectations and intentions. Although the Manager believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on them, or any other forward-looking statements or information in these reports. The future performance and prospects of the Trust are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of the Trust to differ materially from those contemplated or implied by the statements in these reports include general economic conditions in Canada and elsewhere, changes in legislation including tax laws and regulations and other risks and factors described in the documents filed by the Manager with the securities regulators in Canada including under “Risk Factors” and other risks and factors described in the Trust’s prospectus and the Trust’s most recently filed Management Report of Fund Performance, Annual Information Form and other continuous disclosure documents available at www.sedar.com or www.brookfieldsoundvest.com. Except as required by law, the Manager undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance (“MRFP”) is intended to provide readers with the financial highlights and an assessment of the performance of Brookfield Soundvest Split Trust (the “Trust”) for the six months ended June 30, 2012. The interim financial statements are unaudited and have been prepared by and are the responsibility of the Manager of the Trust. The Trust’s independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants. All figures in the MRFP are in Canadian dollars as at June 30, 2012, unless otherwise indicated.

This interim MRFP contains financial highlights, and the interim financial statements are included at the end of this section. The annual financial statements of the Trust are not included with this report. You can obtain a copy of the annual financial statements at your request, and at no cost, by calling 888-777-4019; by writing to us at Brookfield Soundvest Capital Management Ltd., 100 Sparks Street, Suite 900, Ottawa, Ontario, K1P 5B7; by visiting our website at www.brookfieldsoundvest.com or SEDAR at www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGY

The 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 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 Portfolio in any other security at the discretion of the Investment Advisor. The Fund seeks investments capable of generating high quality cash flows and 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 dated March 27, 2012, 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”). In accordance with its Declaration of Trust, the Trust suspended the distribution on its capital units for the months of October, November and December 2008, each month of 2009 and 2010, and for the month of 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. Quarterly distributions were paid in March and June 2011. Subsequent to the June payment the Trust suspended the distribution to capital units.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times Coverage Ratio cannot be maintained. By January 2011, it was anticipated that redemptions could be processed without violating the 1.4 times Coverage Ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one capital unit and a $10.00 principal amount of preferred securities) and 260,174 capital units were tendered alone. In accordance with the Declaration of Trust, 260,174 preferred securities were purchased in the market at a total price of $2,676,839 to match with the capital units tendered alone and total redemption proceeds of $20,445,419 were paid on March 4, 2011 to settle the capital units and Combined Securities surrendered through the redemption process.

On October 27, 2011, the Trust announced that it was temporarily reinstating the suspension of the annual redemption rights that would have arisen in November 2011 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times coverage ratio cannot be maintained.

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 $3.9 million or 30.5%, from $13.0 million as at December 31, 2011 to $9.1 million as at June 30, 2012. This decrease is entirely attributable to investment performance (net of expenses) where a loss of $3.9 million was reported. The Trust’s investment performance and unitholder activity for 2012 are discussed in more detail below.

Investment Performance

For the six months ended June 30, 2012, the Trust’s published net asset value (“NAV”) per capital unit, which is used for purchases and redemptions, was $2.29. The combined net asset value of the Trust was $12.29 at June 30, 2012, a decrease of $0.98 from December 31, 2011. The published NAV of the combined units decreased 7.4% for the six months ending June 30, 2012. If interest paid on the preferred units and distributions paid on the capital units are included, the return based on NAV of the combined units for the six months ending June 30, 2012 was negative 5.1%. During the same timeframe, the S&P/TSX Composite provided a negative return of 1.5%.

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. The structural leverage compounded the positive return experienced during 2010, resulting in the capital units appreciating from $2.32 as at December 31, 2009 to $4.41 (positive 90.3%) as at December 31, 2010. The structural leverage compounded the negative return for 2011 on the capital units (negative 25.9%) and for the first six months of 2012 (negative 29.9%).

For the six months ended June 30, 2012, the Trust generated net realized losses on the sale of investments of approximately $2.8 million. The net realized loss was due to exiting the entire positions in Enerplus Corporation ($2.1 million loss) and Pengrowth Energy Corporation ($902 thousand loss). These losses were partially offset by the sale of Artis Real Estate Investment Trust ($182 thousand gain).

The decision to maintain a meaningful weighting in the Utilities sector benefited the Trust’s performance during the six months ended June 30, 2012 as the sector outperformed the S&P/TSX Composite Index (“Index”). The Trust benefitted from its overweight position in both the Consumer Discretionary and Financial sectors as both outperformed the overall Index. The Trust also benefited from underweight positions in the Energy, Materials and Information Technology sectors as all underperformed the Index. The Trust benefited from positive security selection contribution during the quarter. The Trust’s investments within the Utility sector outperformed those in the Index. Security selection within the Energy, Financials, Industrials and Consumer Discretionary sectors detracted from performance during the year while the Trust’s underweight position in Telecom detracted from performance.

Fees and Expenses

Fees and expenses for the six months ending June 12, 2012 totalled $1.7 million, down from $1.9 million for the same period in 2011 due primarily to reduced interest expense on the preferred securities and reduced management fees as a result of the redemption in February 2011. This represents an annualized management expense ratio (“MER”) of 28.66% as compared to 18.76% for the period ended June 30, 2011. The MER is based on the total expenses of the Trust, including interest on preferred securities, for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of the daily average net asset value of the capital units for the period. The MER before interest expense for the six months ended June 2012 and 2011 was 8.02% and 5.85%, respectively. The MER before interest expense for the six months ended June 30, 2012 and 2011 on the combined units was 1.80% and 1.81%, respectively.

Unitholder Activity

To provide liquidity, capital units and preferred securities of the Trust are listed on the TSX under the symbols BSD.UN and BSD.PR.A, respectively. Under terms of the Trust's Declaration of Trust, additional liquidity is provided by way of an annual redemption program, under which the Trust's units and preferred securities, under certain conditions, are redeemable on the last business day of November of each year at 100% of the net asset value per unit. On October 23, 2008, the Trust announced that the annual redemption rights that would have arisen in November 2008 had been temporarily suspended. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times Coverage Ratio cannot be maintained. See "Redemptions" below.

A new normal course issuer bid ("NCIB") was established effective October 14, 2010 and the Trust had the right under the NCIB to purchase for cancellation up to 520,675 of its capital units, representing approximately 10% of the public float of the capital units and 520,675 of its preferred securities, representing approximately 9.19% of the public float of the preferred securities issued and outstanding as at October 12, 2010. Purchases under the NCIB expired on October 13, 2011. During 2011, 300 capital units and 500 preferred securities were repurchased and cancelled under the NCIB. During 2010, 61,600 capital units and 61,400 preferred securities were repurchased and cancelled under the NCIB.

In accordance with the Trust's Declaration of Trust and trust indenture, any capital units purchased for cancellation will be accompanied by the Trust repurchasing an equal number of preferred securities, and vice versa. The Trust could not purchase in any given 30-day period, in the aggregate, more than 113,252 capital units and 113,252 preferred securities, being 2% of the issued and outstanding capital units and preferred securities as of October 12, 2010. Purchases made pursuant to the NCIB will be made in the open market through the facilities of the Toronto Stock Exchange. The price that the Trust will pay for any such shares will be the market price of such shares at the time of acquisition. The Manager is of the opinion that capital units and preferred securities 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.

On October 23, 2008, the Trust announced that it was temporarily suspending the distribution on its capital units, in accordance with its Declaration of Trust, as the Trust's net asset value was below the required 1.4 times coverage ratio. The Trust suspended its distribution on capital units for each month of 2009 and 2010, as well as for January, November and December 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 to capital units.

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

Redemptions

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times Coverage Ratio cannot be maintained. By January 2011, it was anticipated that redemptions could be processed without violating the 1.4 times Coverage Ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one capital unit and a $10.00 principal amount of preferred securities) and 260,174 capital units were tendered alone. In accordance with the Declaration of Trust, 260,174 preferred securities were purchased in the market at a total price of $2,676,839 to match with the capital units tendered alone and total redemption proceeds of $20,445,419 were paid on March 4, 2011 to settle the capital units and Combined Securities surrendered through the redemption process.

The annual redemption rights that would have arisen in November 2011 for both its capital units and preferred securities were suspended on October 27, 2011. The Declaration of Trust provides for the suspension of redemption rights of its capital units and preferred securities when the 1.4 times coverage ratio cannot be maintained.

Loan Facility

On March 9, 2011, the Trust renewed its existing credit facility with a Canadian chartered bank through to March 9, 2012. Under the terms of the renewal, the maximum draw under the facility was limited to the lower of $4.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, nor the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility was secured by a first-ranking and exclusive charge on all of the Trust's assets.

On March 15, 2012, the Trust renewed its existing credit facility through to March 9, 2013. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $4.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, nor the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets. As at June 30, 2012, there was no balance outstanding on this facility. There were no amounts borrowed under these arrangements during the six month period ended June 30, 2012 and 2011.

RELATED-PARTY TRANSACTIONS

At the meeting of unitholders held on April 20, 2010, unitholders approved a proposal that included renaming the Trust "Brookfield Soundvest Split Trust" and changing the manager from Brookfield Investment Funds Management Inc. to Brookfield Soundvest Capital Management Ltd. (collectively the "Manager"). Brookfield Investment Funds Management Inc. is a subsidiary of Brookfield Asset Management Inc. and Brookfield Soundvest Capital Management Ltd. is 50% owned by Brookfield Asset Management Inc.

The Manager of the Trust is responsible for managing all of the Trust's activities and management fees are paid to the Manager based on terms set out in the management agreement at a rate of 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility. In addition, the Trust also pays the Manager a service fee equal to 0.40% per annum of the net asset value. The service fee is, in turn, paid to investment dealers based on the proportionate number of units held by clients of such dealers. During the six months ending June 30, 2012, management fees including HST accrued or paid to the Manager totalled $316 thousand (2011 - $404 thousand). Service fees accrued or paid during the six months ending June 30, 2012 totalled $23 thousand ($34 thousand in 2011).

RECENT DEVELOPMENTS

Accounting Policy Changes

Future Accounting Changes - International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to be replaced with International Financial Reporting Standards ("IFRS"). In May 2007, the AcSB published an updated version of its implementation plan which outlined the key decisions that the AcSB would need to make in order to implement the Strategic Plan for publicly accountable enterprises that would replace Canadian GAAP with IFRS by January 1, 2011. The key elements of the plan included the disclosures of the qualitative impact in the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. In February 2008, the AcSB released its final report on progress in preparing for the crossover, noting that the necessary infrastructure and awareness was in place for a successful conversion

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

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the net asset value of the Trust will be significantly impacted by the changeover to IFRS. The Manager expects that the impact of IFRS on the Trust's financial statements will result in additional disclosures and potentially different presentation.

OUTLOOK

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

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

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 since inception.

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

	2012[3]	2011[4]	2010[4]	2009[4]	2008[4]
Net assets – beginning of period	**$ 3.23**	$ 4.39	$ 2.26	$ –	$ 6.76
Increase (decrease) from operations					
Total revenue	**0.38**	0.77	1.07	0.46	1.47
Total expenses	**(0.41)**	(0.83)	(0.82)	(0.07)	(0.72)
Transaction costs	–	(0.02)	(0.01)	(0.01)	(0.01)
Net realized (losses) gains on sale of investments	**(0.70)**	0.52	(0.03)	(0.39)	(1.32)
Net changes in unrealized (losses) gains	**(0.19)**	(1.33)	2.04	2.61	(3.09)
Return of capital	**(0.06)**	(0.10)	(0.14)	(0.06)	(0.37)
Total (decrease) increase from operations[2]	**(0.98)**	(0.99)	2.11	2.54	(4.04)
Distributions					
From dividend income	–	–	–	–	(0.10)
From investment income	–	–	–	–	(0.35)
Return of capital	–	(0.02)	–	–	(0.31)
Total distributions[5]	–	(0.02)	–	–	(0.76)
Net assets - end of period[6]	**$ 2.25**	$ 3.23	$ 4.39	$ 2.26	$ –

1 *This information is derived from the Trust's audited and unaudited financial statements. The net assets per unit presented in the financial statements differ from the net asset value calculated for Trust pricing purposes. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Trust.*

2 *Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase from operations is based on the weighted average number of units outstanding over the financial period.*

3 *As at and for the six months ended June 30 (unaudited).*

4 *As at and for the twelve months ended December 31.*

5 *Distributions were paid in cash.*

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

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

	2012[3]	2011[4]	2010[4]	2009[4]	2008[4]
Net assets - beginning of period	**$ 10.00**	$ 10.00	$ 10.00	$ 8.43	$ 10.00
Increase (decrease) from operations					
Total revenue	–	–	–	0.61	0.26
Total expenses	–	–	–	(0.69)	(0.12)
Transaction costs	–	–	–	(0.02)	–
Net realized losses on sale of investments	–	–	–	(2.60)	(0.96)
Net changes in unrealized gains (losses)	–	–	–	4.06	(2.69)
Return of capital	–	–	–	(0.09)	(0.02)
Gain on retirement of preferred securities	–	–	–	0.02	–
(Increase) decrease in value of preferred securities	–	–	–	(1.57)	1.57
Total decrease from operations[2]	–	–	–	(0.28)	(1.96)
Total distributions[5]	**(0.30)**	(0.60)	(0.60)	(0.60)	(0.60)
Net assets - end of period[6]	**$ 10.00**	$ 10.00	$ 10.00	$ 10.00	$ 8.43

1 *This information is derived from the Trust's audited and unaudited financial statements. The net assets per unit presented in the financial statements differ from the net asset value calculated for Trust pricing purposes. This difference is due to the revaluation of the investment portfolio using bid pricing in determining the net assets of the Trust.*
2 *Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase from operations is based on the weighted average number of units outstanding over the financial period.*
3 *As at and for the six months ended June 30 (unaudited).*
4 *As at and for the twelve months ended December 31.*
5 *Distributions were paid in cash.*
6 *Net assets and distributions are based on the actual number of units outstanding at the relevant time. The decrease/increase from operations is based on the weighted average number of units outstanding over the period. Accordingly, totals may not sum in the above table due to the different basis for computing the per unit amounts.*

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

	2012[1]	2011[2]	2010[2]	2009[2]	2008[2]
Net investment (loss) income	**$ (135,238)**	$ (257,965)	$ 1,400,627	$ 1,723,700	$5,066,242
Transaction costs	**(15,732)**	(88,369)	(53,501)	(108,873)	(51,783)
Net realized (losses) gains on sale of investments	**(2,823,780)**	2,217,613	(166,175)	(16,967,412)	(12,989,629)
Net change in unrealized (losses) gains	**(744,754)**	(5,625,405)	11,560,843	37,817,202	(32,850,560)
Return of capital	**(250,236)**	(436,032)	(766,777)	(853,227)	(2,193,960)
(Losses) gains on retirement of preferred securities	–	(34)	20,488	91,264	–
(Increase)/decrease in value of preferred securities	–	–	–	(8,921,502)	8,921,502
(Loss) income from operations	**(3,969,740)**	(4,190,192)	11,995,505	12,781,152	(34,098,188)
(Loss) income from operations per unit	**(0.98)**	(0.99)	2.11	2.26	(6.00)
Net assets per unit	**$ 2.25**	$ 3.23	$ 4.39	$ 2.26	$ –

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

Ratios and Supplemental Data – Capital Units

	2012[1]	2011[2]	2010[2]	2009[2]	2008[2]
Total net asset value	**$ 9,061,593**	$ 13,031,333	$ 24,562,842	$ 12,771,189	$ –
Number of units outstanding	**4,030,225**	4,030,225	5,601,043	5,662,643	5,682,543
Management expense ratio before interest expense	**8.02%**	6.51%	7.34%	11.30%	3.69%
Management expense ratio[3]	**28.66%**	22.20%	27.79%	11.70%	13.87%
Management expense ratio before waivers or absorptions	**28.66%**	22.20%	27.79%	11.70%	13.87%
Trading expense ratio[4]	**0.27%**	0.56%	0.32%	1.53%	0.18%
Portfolio turnover rate[5]	**4.45%**	12.63%	7.60%	34.26%	12.58%
Monthly distribution per unit	–	–	–	–	$ 0.084
Quarterly distribution per unit[6]	–	–	–	–	$ 0.084
Annualized trailing yield[7,8]	–	–	–	–	17.7%[8]
Closing market price	**$ 1.34**	$ 2.35	$ 3.71	$ 1.70	$ 0.27

Ratios and Supplemental Data – Preferred Securities

	2012[1]	2011[2]	2010[2]	2009[2]	2008[2]
Total net asset value	**$40,302,250**	$40,302,250	$ 56,012,430	$56,626,430	$ 47,903,928
Number of units outstanding	**4,030,225**	4,030,225	5,601,243	5,662,643	5,682,543
Management expense ratio before interest expense	**–**	–	–	0.97%	0.20%
Management expense ratio[3]	**–**	–	–	7.39%	1.29%
Management expense ratio before waivers or absorptions	**–**	–	–	7.39%	1.29%
Trading expense ratio[4]	**–**	–	–	0.10%	0.02%
Portfolio turnover rate[5]	**–**	–	–	34.26%	12.58%
Quarterly distribution per unit	**$ 0.15**	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Annualized trailing yield[7]	**6.5%**	6.4%	6.2%	7.2%	14.2%
Closing market price	**$ 9.22**	$ 9.43	$ 9.75	$ 8.30	$ 4.23

1 *As at and for the six months ended June 30 (unaudited).*
2 *As at and for the twelve months ended December 31 (audited).*
3 *Management expense ratio of a particular series is based on total expenses (excluding commissions and other portfolio transaction costs) attributable to that series for the stated period and is expressed as an annualized percentage of daily average net assets of that series during the period. Total expenses include interest on the Trust's preferred shares. The preferred shares form part of the Trust's dual security capital structure. As long as the Net Assets per unit of the Trust is above $10 per unit, then the expenses of the Trust are borne by the capital units. If the Net Assets per unit of the Trust falls to or below $10 per unit, then the expenses of the Trust are borne by the preferred shares until such time as the Net Assets per unit of the Trust returns to $10 per unit or more.*
4 *The trading expense ratio represents commission costs expressed as an annualized percentage of daily average net asset value during the period.*
5 *The Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher a Trust's portfolio turnover rate in a year, the greater the trading costs payable by the Trust in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Trust.*
6 *Quarterly distributions of $0.01 per capital unit commenced in March 2011.*
7 *Based on annualized cumulative distributions per unit and the closing market price.*
8 *Annualized trailing yield for 2008 on the capital units utilizes a closing price for purposes of the calculation of $4.28, or the closing price as of September 30, 2008, which is the last month of distributions in that year.*

Management and Service Fees

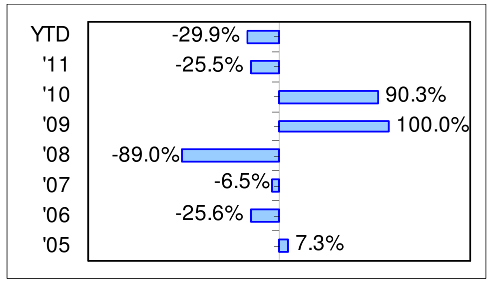
Pursuant to a management agreement, the Manager provides management and administrative services to the Trust, for which it is paid a management fee equal to 1.10% per annum of the total assets of the Trust less the amount outstanding under the loan facility, calculated and paid monthly, plus applicable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

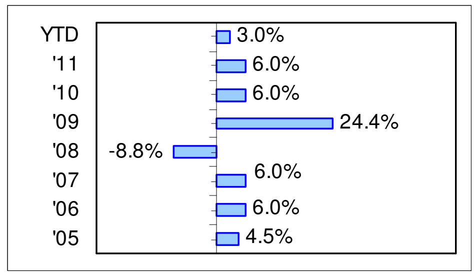
Year-by-Year Returns - Capital Units

The bar chart shows the Trust's total returns (based on net assets per capital unit), including distributions, for June 30, 2012 reporting period along with annual returns since inception. 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), including distributions, for June 30, 2012 reporting period along with annual returns since inception. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have increased or decreased by the last day of the fiscal period.



Annual Compound Returns

The following table shows the Trust's compound return, based on published net asset values, for the periods noted and the annual compound returns, based on net asset values, since inception and for the three-year and five-year periods ended June 30, 2012, compared with the Index.

Capital Units

	2012[1]	2011[2]	3-Year[3]	5-Year[4]	Since Inception[5]
Trust - Net asset value	**(29.9%)**	(25.9%)	—%	(24.3%)	(21.8%)
Trust - Total Return, including distributions	**(29.9%)**	(25.5%)	—%	(16.4%)	(9.8%)
S&P/TSX Composite Index	**(1.5%)**	(8.7%)	0.2%	5.7%	7.0%

Preferred Securities

	2012[1]	2011[2]	3-Year[3]	5-Year[4]	Since Inception[4]
Trust - Net asset value	**—%**	—%	—%	—%	—%
Trust - Total Return, including distributions	**3.0%**	6.0%	6.9%	5.4%	4.9%
S&P/TSX Composite Index	**(1.5%)**	(8.7%)	0.2%	5.7%	7.0%

1 For the six months ended June 30.
2 For the twelve months ended December 31.
3 Period from June 30, 2009 to June 30, 2012.
4 Period from June 30, 2007 to June 30, 2012.
5 For the period from Trust inception (March 16, 2005) to June 30, 2012.

SUMMARY OF INVESTMENT PORTFOLIO

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

Portfolio Composition

As at June 30, 2012, the Trust was invested in the following sectors in the percentages shown below:

	2012[1] Percentage of Net Assets	Permitted Percentage of Total Investment Portfolio
Canadian Bonds and Debentures	**0.0%**	0%-100%
Canadian Preferred Stocks	**17.3%**	0%-100%
Canadian Income Trusts	**114.3%**	0%-100%
Canadian Common Stocks	**339.3%**	0%-100%
Limited Partnership	**28.3%**	0%-100%
Other	**0.0%**	0%-20%
Total Investment Portfolio	**499.2%**	100%
Cash and Equivalents	**45.1%**	
Liabilities in excess of other assets	**(444.3%)**	
Net Assets	**100.0%**	

1 *Based on market value as at June 30, 2012*

Top 25 Positions
The top 25 positions held by the Trust as at June 30, 2012, were as follows:

Number of Units		Fair Value	Percentage of Investment Portfolio
120,000	Exchange Income Corporation	2,859,600	6.3%
95,000	Allied Properties Real Estate Investment Trust	2,754,050	6.1%
110,000	H&R Real Estate Investment Trust	2,684,000	5.9%
164,000	Artis Real Estate Investment Trust	2,683,040	5.9%
80,000	Calloway Real Estate Investment Trust	2,236,000	4.9%
94,000	ARC Resources Limited	2,144,140	4.7%
190,000	Just Energy Group Inc.	2,124,200	4.7%
55,000	Crescent Point Energy Corporation	2,085,600	4.6%
45,000	Vermilion Energy Inc.	2,051,100	4.5%
70,000	Tourmaline Oil Corporation	1,878,100	4.2%
117,300	First National Financial Corporation	1,812,285	4.0%
2,660,000	Edleun Group Inc.	1,808,800	4.0%
56,000	Cineplex Inc.	1,711,920	3.8%
175,000	CML HealthCare Inc.	1,673,000	3.7%
95,000	Bonavista Energy Corporation	1,501,950	3.3%
130,000	IBI Group Inc.	1,450,800	3.2%
50,000	Brookfield Renewable Energy Partners LP	1,415,500	3.1%
57,000	Genivar Inc.	1,271,100	2.8%
296,000	C2C Industrial Properties Inc.	1,258,000	2.8%
60,000	Inter Pipeline Fund LP ‘A’	1,152,000	2.5%
80,000	Atlantic Power Corporation	1,039,200	2.3%
36,000	Sun Life Financial Inc. Preferred Shares Series 12R	904,680	2.0%
20,000	Keyera Corporation	843,200	1.9%
177,800	Coast Wholesale Appliances Inc.	720,090	1.6%
50,000	Parkland Fuel Corporation	712,000	1.6%

Gabrielle Lenz
Chief Financial Officer of the Manager

August 24, 2012

STATEMENTS OF NET ASSETS
(Unaudited)

As at	June 30, 2012	December 31, 2011
Assets		
Investments, at fair value (cost: $39,164,816; 2011 - $41,786,588)	$ **45,237,015**	$ 48,603,540
Cash and equivalents *(note 5)*	**4,083,386**	4,778,682
Distributions and interest receivable	**261,282**	244,750
Prepaid and other	**78,073**	40,502
Total assets	**49,659,756**	53,667,474
Liabilities		
Accounts payable and accrued liabilities *(note 6)*	**295,913**	333,891
Preferred securities *(note 8)*	**40,302,250**	40,302,250
Total liabilities	**40,598,163**	40,636,141
Net assets representing unitholders' equity	$ **9,061,593**	$ 13,031,333
Units outstanding *(note 9)*	**4,030,225**	4,030,225
Net assets per capital unit *(note 4)*	$ **2.25**	$ 3.23
Redemption value per preferred security	$ **10.00**	$ 10.00
Combined Net Asset Value (for a capital unit and a preferred security)	$ **12.25**	$ 13.23

The accompanying notes are integral to these financial statements.

Approved by the Manager, by:

Kevin W. Charlebois
Director

George E. Myhal
Director

STATEMENTS OF OPERATIONS
(Unaudited)

For the six months ended June 30		2012		2011
Income and distributions				
Distributions	$	**1,263,377**	$	1,468,038
Return of capital		**250,236**		217,422
Interest income		**20,787**		40,719
		1,534,400		1,726,179
Expenses				
Preferred securities interest expense		**1,202,496**		1,278,247
Management fees *(note 11)*		**315,626**		403,674
General and administrative		**34,009**		40,202
Service fees *(note 11)*		**23,238**		34,493
Directors' fees		**21,283**		21,239
Accounting and administrative		**20,120**		20,551
Audit fees		**19,651**		20,117
Trustee fees		**14,293**		14,181
Custodial fees		**9,708**		10,976
Other interest expense		**7,714**		6,830
Legal and exchange fees		**1,500**		6,388
		1,669,638		1,856,898
Net investment loss		**(135,238)**		(130,719)
Transaction costs *(note 12)*		**(15,732)**		(71,812)
Net realized (losses) gains on sale of investments *(note 12)*		**(2,823,780)**		2,902,688
Net change in unrealized losses on investments		**(744,754)**		(4,098,641)
Return of capital		**(250,236)**		(217,422)
Loss on retirement of preferred securities		–		(34)
Results of operations	$	**(3,969,740)**	$	(1,615,940)
Results of operations per unit[1]				
Net investment loss	$	**(0.03)**	$	(0.03)
Transaction costs		–		(0.02)
Net realized (losses) gains on sale of investments		**(0.70)**		0.66
Net change in unrealized losses on investments		**(0.19)**		(0.93)
Return of capital		**(0.06)**		(0.05)
Loss on retirement of preferred securities		–		–
Change in net assets from operations	$	**(0.98)**	$	(0.37)

1 Based on the weighted average number of units outstanding for the period (note 9)

The accompanying notes are integral to these financial statements

STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

For the six months ended June 30	2012	2011
Net assets - beginning of period	**$ 13,031,333**	$ 24,562,842
Operations		
Net investment loss	**(135,238)**	(130,719)
Transaction costs *(note 12)*	**(15,732)**	(71,812)
Net realized (losses) gains on sale of investments *(note 12)*	**(2,823,780)**	2,902,688
Net change in unrealized losses on investments	**(744,754)**	(4,098,641)
Return of capital	**(250,236)**	(217,422)
Loss on retirement of preferred securities	–	(34)
	(3,969,740)	(1,615,940)
Unitholder transactions		
Distribution to unitholders		
From return of capital	–	(80,605)
Redemption of units	–	(7,260,712)
	–	(7,341,317)
Net decrease in net assets during the period	**(3,969,740)**	(8,957,257)
Net assets - end of period	**$ 9,061,593**	$ 15,605,585

The accompanying notes are integral to these financial statements.

STATEMENTS OF CASH FLOWS
(Unaudited)

For the six months ended June 30	2012	2011
Operating activities		
Net investment loss	**$ (135,238)**	$ (130,719)
Transaction costs *(note 12)*	**(15,732)**	(71,812)
Return of capital	**(250,236)**	(217,422)
Change in other assets and liabilities	**(92,082)**	(349,678)
	(493,288)	(769,631)
Financing activities		
Distribution to unitholders	**–**	(80,605)
Redemption of preferred securities *(note 8)*	**–**	(15,710,214)
Redemption of units *(note 9)*	**–**	(7,260,712)
	–	(23,051,531)
Investing activities		
Purchase of investment securities *(note 12)*	**(2,776,247)**	(6,148,938)
Proceeds from sale of investments *(note 12)*	**2,574,239**	23,055,637
	(202,008)	16,906,699
Net decrease in cash and equivalents during the period	**(695,296)**	(6,914,463)
Cash and equivalents, beginning of period	**4,778,682**	7,009,461
Cash and equivalents, end of period	**$ 4,083,386**	$ 94,998

The accompanying notes are integral to these financial statements.

STATEMENT OF INVESTMENTS

(Unaudited)

As at June 30, 2012

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
	Preferred Shares			
36,000	Sun Life Financial Inc. Preferred Shares Series 12R	$ 900,000	$ 904,680	10.0%
36,800	First National Financial Corporation Preferred Shares Series 1	701,495	662,400	7.3%
		1,601,495	1,567,080	17.3%
	Canadian Common Stocks			
120,000	Exchange Income Corporation	1,500,000	2,859,600	31.5%
94,000	ARC Resources Limited	1,488,181	2,144,140	23.6%
190,000	Just Energy Group Inc.	2,854,312	2,124,200	23.4%
55,000	Crescent Point Energy Corporation	1,004,114	2,085,600	23.0%
45,000	Vermilion Energy Inc.	1,476,232	2,051,100	22.6%
70,000	Tourmaline Oil Corporation	1,472,497	1,878,100	20.8%
117,300	First National Financial Corporation	1,093,581	1,812,285	20.0%
2,660,000	Edleun Group Inc.	3,054,145	1,808,800	20.0%
56,000	Cineplex Inc.	878,208	1,711,920	18.9%
175,000	CML Healthcare Inc.	2,331,570	1,673,000	18.5%
95,000	Bonavista Energy Corporation	2,799,352	1,501,950	16.6%
130,000	IBI Group Inc.	2,861,194	1,450,800	16.0%
57,000	Genivar Inc.	1,517,638	1,271,100	14.0%
296,000	C2C Industrial Properties Inc.	1,258,000	1,258,000	13.9%
80,000	Atlantic Power Corporation	827,944	1,039,200	11.5%
20,000	Keyera Corporation	390,311	843,200	9.3%
177,800	Coast Wholesale Appliances Inc.	1,615,787	720,090	7.9%
50,000	Parkland Fuel Corporation	387,020	712,000	7.9%
140,000	Capstone Infrastructure Corporation	1,111,320	560,000	6.2%
125,000	Tricon Capital Group Inc.	540,000	520,000	5.7%
40,000	Poseidon Concepts Corporation	532,560	496,400	5.5%
13,000	Davis + Henderson	200,720	223,860	2.5%
199,000	Big Eagle Services Trust – Private Placement	995,000	–	0.0%
		32,189,686	30,745,345	339.3%
	Real Estate Investment Trusts (REITs)			
95,000	Allied Properties REIT	915,365	2,754,050	30.4%
110,000	H&R REIT	1,547,989	2,684,000	29.6%
164,000	Artis REIT	761,097	2,683,040	29.6%
80,000	Calloway REIT	1,046,733	2,236,000	24.7%
		4,271,184	10,357,090	114.3%
	Power Generation and Pipeline Trusts			
50,000	Brookfield Renewable Power Fund LP	701,349	1,415,500	15.6%
60,000	Inter Pipeline Fund LP 'A'	482,140	1,152,000	12.7%
		1,183,489	2,567,500	28.3%

STATEMENT OF INVESTMENTS
(Unaudited)

As at June 30, 2012

Number of Units[1]		Average Cost	Fair Value	Percentage of Net Assets
Investment portfolio[2]		39,245,854	45,237,015	499.2%
Transaction costs		(81,038)	–	0%
Total investment portfolio	$	39,164,816	$ 45,237,015	499.2%
Cash and equivalents			4,083,386	45.1%
Liabilities in excess of other assets			(40,258,808)	(444.3%)
Net assets			$ 9,061,593	100.0%

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

The accompanying notes are integral to these financial statements

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012 (unaudited)

1. OPERATIONS

Brookfield Soundvest Split Trust (formerly Brascan SoundVest Rising Distribution Split Trust) (the “Trust”) was established under the laws of the Province of Ontario by a declaration of trust dated March 16, 2005. On March 11, 2010, a proposal was announced to amend the declaration of trust of Brascan SoundVest Rising Distribution Split Trust, as well as to change the manager from Brookfield Investment Funds Management Inc., a subsidiary of Brookfield Asset Management Inc., to Brookfield Soundvest Capital Management Ltd. which is 50% owned by Brookfield Asset Management Inc., and to rename the Trust “Brookfield Soundvest Split Trust”. At the meeting of unitholders held on April 20, 2010, unitholders of Brascan SoundVest Rising Distribution Split Trust voted more than 95% of votes cast in favour of the proposed changes. The changes became effective on April 30, 2010. Capital units trade on the TSX under ticker BSD.UN and preferred securities under ticker BSD.PR.A.

The manager and the investment advisor of the Trust is Brookfield Soundvest Capital Management Ltd. (the “Manager” and “Investment Advisor”). Computershare Trust Company of Canada is the trustee of the Trust. The Trust is authorized to issue an unlimited number of capital units (“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.

The Trust seeks to achieve these objectives by actively managing an investment portfolio of securities consisting primarily of common and preferred shares of Canadian issuers, income securities, including bonds, and debentures, income trusts, real estate investment trusts (“REIT’s”), Canadian mortgage-backed securities and cash and cash equivalents. The Trust may also invest up to 20% of the value of the portfolio in any other security that is not otherwise prohibited.

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.

2. ACCOUNTING POLICY CHANGES

Future Accounting Changes - International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (“AcSB”) announced that accounting standards in Canada are to be replaced with International Financial Reporting Standards ("IFRS"). In May 2007, the AcSB published an updated version of its implementation plan which outlined the key decisions that the AcSB would need to make in order to implement the Strategic Plan for publicly accountable enterprises that would replace Canadian GAAP with IFRS by January 1, 2011. The key elements of the plan included the disclosures of the qualitative impact in the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. In February 2008, the AcSB released its final report on progress in preparing for the crossover, noting that the necessary infrastructure and awareness was in place for a successful conversion

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

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that the net asset value of the Trust will be significantly impacted by the changeover to IFRS. The Manager expects that the impact of IFRS on the Trust’s financial statements will result in additional disclosures and potentially different presentation.

3. SIGNIFICANT ACCOUNT POLICIES

These unaudited interim financial statements have been prepared using the following policies determined under Part V of the Canadian Institute of Chartered Accountants Handbook – Canadian generally accepted accounting principles ("GAAP"), and they include estimates and assumptions made by the Manager that affect the reported amounts of assets and liabilities at the date of these interim financial statements and the reported amounts of income and expenses during the six-month period ending June 30, 2012. Actual results could differ from these estimates.

a) Fair Value of Financial Assets and Financial Liabilities

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

b) Cash and Equivalents

Cash and equivalents are cash balances and short-term, highly liquid investments with original maturities of 90 days or less, and are carried at cost plus accrued interest.

c) Valuation of Investments

The Trust's investments are presented at fair value. Investments that are publicly traded are valued at their last bid price. Short-term investments are valued at their fair value. Investments for which reliable quotations are not readily available, or for which there is no closing bid price, are valued at fair value as determined using the Manager's best estimates thereof pursuant to procedures established by the Manager and taking into account the last closing price, where appropriate.

The process of valuing investments for which no published market exists is based on inherent uncertainties, and the resulting values may differ from values that would have been used had a ready market existed for the investments, and may differ from the prices at which the investments may be sold. These differences could be material to the fair value of the investments as a portfolio.

d) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis, with dividends recorded on the ex-dividend date. Distributions from income trusts, including trusts and limited partnerships, are recognized on the ex-distribution date. Net realized gains (losses) on sale of investments include net realized gains or losses from foreign currency changes.

e) Income Taxes

The Trust is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Trust makes distributions in each year of its net taxable income and taxable net capital gains, the Trust will not generally be liable for income tax. It is the intention of the Trust to distribute all of its net taxable income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

f) Foreign Exchange

The fair value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the closing rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

g) Return of Capital

Distributions that are treated as a return of capital for income tax purposes are included in investment income and are adjusted for in the Statements of Operations. These distributions are used to reduce the average cost of the underlying investments on the Statement of Investments.

h) Other Assets and Liabilities

Distributions and interest receivable are designated as loans and receivables and are carried at amortized cost. Accounts payable and accrued liabilities, and loan payable are designated as other liabilities and are carried at amortized cost. The carrying value of the financial assets and liabilities approximates fair value.

4. NET ASSET VALUE PER UNIT

For financial statement reporting purposes, the fair value of the Trust's investments is measured in accordance with Section 3855 of the Canadian Institute of Chartered Accountants Handbook, which for publicly listed securities is based on closing bid prices on the recognized stock exchange on which the investments are listed or principally traded. However, pursuant to an exemption provided by the Canadian securities regulatory authorities, the Trust continues to calculate the published net asset value using the last trading price.

The difference between the published net asset value per unit and the financial statement net asset value per unit reflected in the financial statements as at June 30, 2012 and December 31, 2011 is as follows:

As at June 30, 2012				Per Unit
Published net asset value used for purchases and redemptions	**$**	**9,223,169**	**$**	**2.29**
Section 3855 adjustment		**(161,576)**		**(0.04)**
Net assets per financial statements	**$**	**9,061,593**	**$**	**2.25**

As at December 31, 2011				Per Unit
Published net asset value used for purchases and redemptions	$	13,163,218	$	3.27
Section 3855 adjustment		(131,885)		(0.04)
Net assets per financial statements	$	13,031,333	$	3.23

5. CASH AND EQUIVALENTS

Included in cash and equivalents are the following:

		June 30, 2012		December 31, 2011
Cash	**$**	**52,243**	$	59,079
Short term note receivable		**4,031,143**		4,719,603
	$	**4,083,386**	$	4,778,682

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

		June 30, 2012		December 31, 2011
Interest payable to Security holders	**$**	**198,208**	$	197,131
Management fees payable		**42,839**		50,406
Other accounts payable and accrued liabilities		**37,072**		66,768
Service fees payable		**17,794**		19,586
	$	**295,913**	$	333,891

7. LOAN FACILITY

On March 9, 2011, the Trust renewed its existing credit facility with a Canadian chartered bank through to March 9, 2012. Under the terms of the renewal, the maximum draw under the facility was limited to the lower of $4.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, nor the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility was secured by a first-ranking and exclusive charge on all of the Trust's assets.

On March 15, 2012, the Trust renewed its existing credit facility through to March 9, 2013. Under the terms of the renewal, the maximum draw under the facility is limited to the lower of $4.0 million or an amount not exceeding 7% of the value of the assets within the portfolio, nor the sum of collateral asset value, cash and cash equivalents and overnight investments of the Trust. The facility is secured by a first-ranking and exclusive charge on all of the Trust's assets. As at June 30, 2012, there was no balance outstanding on this facility. There were no amounts borrowed under these arrangements during the six month period ended June 30, 2012 and 2011.

8. PREFERRED SECURITIES

On March 16, 2005, as part of the initial public offering of the Trust, 7,370,000 preferred securities were issued at a price of $10.00 per security for cash proceeds of $73,700,000.

Holders of the preferred securities are entitled to receive fixed quarterly interest payments of $0.15 per preferred security, or 6% per annum, beginning on June 15, 2005, on the original subscription price of $10.00. The interest payments are paid in arrears on March 15, June 15, September 15, and December 15 of each year. Preferred securities may be surrendered for redemption together with an equal number of units beginning in November of 2005 and annually each November thereafter. During 2006, 250,626 preferred securities were redeemed for $2.5 million and 909,172 preferred securities were redeemed for $9.1 million in 2007. In addition, the Trust had a normal course issuer bid that expired on October 13, 2011. There were 500 preferred securities repurchased under the normal course issuer bid during the first six months of 2011 for $5 thousand.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times coverage ratio cannot be maintained. By January 2011, it was anticipated that redemptions could be processed without violating the 1.4 times coverage ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one capital Unit and a $10.00 principal amount of preferred securities) and 260,174 capital units were tendered alone. In accordance with the Declaration of Trust, 260,174 preferred securities were purchased in the market at a total price of $2,676,839 to match with the capital units tendered alone and total redemption proceeds of $20,445,419 were paid on March 4, 2011 to settle the capital units and combined securities surrendered through the redemption process.

The annual redemption rights that would have arisen in November 2011 for both its capital units and preferred securities were suspended on October 27, 2011. The Declaration of Trust provides for the suspension of redemption rights of its capital units and preferred securities when the 1.4 times coverage ratio cannot be maintained.

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

Issued	Number of Units	Amount
Preferred securities – December 31, 2010	5,601,243	$ 56,012,430
Redeemed for cash		
Normal course issuer bid	(500)	(5,000)
Share redemption Program	(1,570,518)	(15,705,180)
Preferred securities – June 30, 2012 and December 31, 2011	4,030,225	$ 40,302,250

The preferred securities will mature on March 31, 2015. Upon maturity, the preferred securities will receive the lesser of the original subscription price $10.00 or combined value (being the subscription price plus accrued and unpaid interest plus net asset value per trust unit on the date of such calculation). The securities may be called and purchased prior to the maturity date if the aggregate amount of preferred securities outstanding would exceed the aggregate number of units outstanding. In such case, preferred securities will be redeemed at a price per security, which until March 31, 2006 was equal to $11.00 and declining by $0.10 each year thereafter to $10.10 after March 31, 2014 to March 30, 2015, plus any accrued and unpaid interest.

9. UNITS OF THE TRUST

On March 16, 2005, the Trust completed its initial public offering of 7,370,000 units at a price of $15.00 per unit. Proceeds raised, net of agents' fees and issuance costs of $8,899,125 totalled $101,650,875.

The Trust is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Trust. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust. Units may be surrendered for redemption at any time during November of any year, but at least 15 business days prior to the last business day in November (the "Redemption Date"). Redemption of surrendered units will be affected at the net asset value on the Redemption Date each year and will be settled on or before the 15th business day following such effective date.

On October 23, 2008, the Trust announced that it was temporarily suspending the annual redemption rights that would have arisen in November 2008 for both its capital units and preferred securities. The Declaration of Trust provides for the suspension of redemptions when the 1.4 times coverage ratio cannot be maintained. By January 2011, it was anticipated that redemptions could be processed without violating the 1.4 times coverage ratio and the suspension was lifted on January 5, 2011 with a Redemption Date of February 14, 2011. Unitholders tendered 1,310,344 Combined Securities (being one capital unit and a $10.00 principal amount of preferred securities) and 260,174 capital units were tendered alone. In accordance with the Declaration of Trust, 260,174 preferred securities were purchased in the market at a total price of $2,676,839 to match with the capital units tendered alone. Total redemption proceeds of $20,445,419 were paid on March 4, 2011 to settle the capital units and Combined Securities surrendered through the redemption process. The Trust also had a normal course issuer bid that expired on October 13, 2011. During 2011, the Trust repurchased 300 capital units under the normal course issuer bid for $1 thousand.

During the six-month period ended June 30, 2011, the Trust received 1,570,518 units for redemption at a value of $7.3 million. The Trust may use commercially reasonable efforts to find purchasers for any units properly surrendered for redemption, in accordance with the Recirculation Agreement.

The annual redemption rights that would have arisen in November 2011 for both its capital units and preferred securities were suspended on October 27, 2011. The Declaration of Trust provides for the suspension of redemption rights of its capital units and preferred securities when the 1.4 times coverage ratio cannot be maintained.

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

Issued	Number of Units		Amount
Units - December 31, 2010	5,601,043	$	86,740,958
Redeemed for cash under normal course issuer bid	(300)		(1,116)
Redeemed for cash under share redemption program	(1,570,518)		(7,259,596)
Units - June 30, 2012 and December 31, 2011	4,030,225	$	79,480,246

The weighted average number of units outstanding for the period ended June 30, 2012 was 4,030,225 (2011 – 4,420,692).

10. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions on units, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the 15th day or the first business day after the 15th day of the month following the record date. Distributions on preferred securities, as declared by the Manager, are made on a quarterly basis to security holders of record on the last business day of February, May, August and November and payable on the 15th day of the subsequent month. Distributions payable as at June 30, 2012 totalled $0 (December 31, 2011 – $0).

On October 23, 2008, the Trust announced that it was suspending its distribution on its capital units, in accordance with its Declaration of Trust, as the Trust's net asset value was below the required 1.4 times coverage ratio. The distribution was suspended for the remainder of 2008, and was suspended for each month from January 2009 to January 2011. On February 17, 2011, when it was anticipated that a distribution could be paid without violating the 1.4 times coverage ratio, a quarterly distribution of $0.01 per capital unit was declared, reflecting a current annualized rate of $0.04 per unit. Subsequent to the June 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.

11. 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.

12. INVESTMENT TRANSACTIONS

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

	2012	2011
Proceeds from sale of investments	$ **2,574,239**	$ 23,055,637
Less cost of investments sold		
Investments at cost – beginning of period	**41,786,588**	61,119,030
Investments purchased during the period	**2,776,247**	6,148,938
Investments at cost – end of period	**39,164,816**	47,115,019
Cost of investments sold during the period	**5,398,019**	20,152,949
Net realized (losses) gains on sale of investments	$ **(2,823,780)**	$ 2,902,688

1 *All balances have been adjusted for Return of Capital amounts*

Brokerage commissions on securities purchased and sold during the six months ended June 30, 2012, totalled $15,732 (June 30, 2011 - $71,812) and are included as an expense in the Statements of Operations.

13. CAPITAL DISCLOSURES

The Trust's capital structure is comprised of unitholders' equity and the loan payable. The Trust's objective is to utilize prudent levels of leverage to lower the Trust's cost of capital to increase the total return to unitholders. In managing its capital structure, the Manager may adjust the amount of distributions paid to unitholders or 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, and thus in compliance with the requirements of the loan facility.

14. RISK MANAGEMENT

The Trust aims to maximize monthly distributions primarily through investments in common and preferred shares of Canadian issuers, income securities, including bonds, and debentures, income trusts, real estate investment trusts ("REIT's"), Canadian mortgage-backed securities and cash and cash equivalents. The Manager uses a disciplined, 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 the timing to rotate the Trust's portfolio into other sectors and investment vehicles to enhance the Trust's portfolio performance and/or limit risk. The Trust's investment portfolio and leverage are monitored on a daily basis by the Manager.

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instruments. The investments of the Trust are subject to normal market fluctuations and the risks inherent in investing in the equity markets. The Trust intends to continue to invest taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for unitholders.

The Trust's preferred securities and the use of the loan facility exposes unitholders to leverage such that any increase or decrease in the published net asset value of the investment portfolio will result in a greater proportionate increase or decrease in the net asset value per unit of the Trust.

The Manager's best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Composite Index, with other variables held constant, for the periods ended June 30, 2012 and December 31, 2011, is as follows:

	Change in Net Assets of Trust	
Change in prices on the Index	**June 30, 2012**	December 31, 2011
10%	**25.3%**	30.6%
(10%)	**(28.1%)**	(29.7%)

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

Interest Rate Risk

The Trust currently holds no interest bearing assets; however, the bank loan facility bears variable interest at the prime or bankers' acceptance rates. The Trust is also exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Credit Risk

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

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

Currency Risk

The assets and liabilities of the Trust are held in the functional currency of the Trust, which is the Canadian dollar. The Trust is not exposed to significant foreign currency risks.

Liquidity Risk

The Trust invests the majority of its assets in investments that are traded in an active market and can be readily disposed of since it invests only a limited proportion of its assets in investments not actively traded on a stock exchange. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly.

The Trust is also exposed to annual cash redemptions of Trust units, however, the Trust has up to approximately 30 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.

15. FAIR VALUE DISCLOSURE

The Trust's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to Section 3862 of the Canadian Institute of Chartered Accountants Handbook. See Note 3 for a discussion of the Trust's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Trust's assets measured at fair value as of June 30, 2012 and December 31, 2011. There have been no transfers between levels during the period.

As at June 30, 2012	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash and cash equivalents	**$ 4,083,386**	$ -	$ -	**$ 4,083,386**
Preferred shares	**1,567,080**			**1,567,080**
Income trusts	**10,357,090**	-	-	**10,357,090**
Limited partnerships	**2,567,500**	-	-	**2,567,500**
Canadian common stocks	**30,745,345**	-	-	**30,745,345**
Total financial assets	**$ 49,320,401**	$ -	$ -	**$ 49,320,401**

As at December 31, 2011	Level 1	Level 2	Level 3	Total Financial Assets at Fair Value
Financial assets				
Cash and cash equivalents	$ 4,778,682	$ -	$ -	$ 4,778,682
Preferred shares	864,000	-	-	864,000
Income trusts	9,601,200	-	-	9,601,200
Limited partnerships	2,470,500	-	-	2,470,500
Canadian common stocks	35,667,840	-	-	35,667,840
Total financial assets	$ 53,382,222	$ -	$ -	$ 53,382,222

BOARD AND MANAGEMENT

INDEPENDENT REVIEW COMMITTEE

John P. Barratt *(Chair)*
Corporate Director

Frank N. C. Lochan
Corporate Director

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

MANAGER

Brookfield Soundvest Capital Management Ltd.

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

Gabrielle Lenz
Chief Financial Officer

George E. Myhal
Director & Chairman of the Board

Gail Cecil
Director

Audrey J. Charlebois
Director

Investment Advisor (Brookfield Soundvest Capital Management Ltd.)

Kevin W. Charlebois
Chief Investment Officer

Ryan Cody
Portfolio Manager and Equity Analyst

CORPORATE INFORMATION

Brookfield Soundvest Capital Management Ltd. welcomes inquiries from unitholders, analysts, media representatives or other interested parties.

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Trustee, Transfer Agent and Registrar

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