



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 Equity Fund

We have audited the accompanying financial statements of Soundvest Equity Fund, 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 Equity Fund 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

March 20, 2018
Ottawa, Ontario

*

STATEMENTS OF FINANCIAL POSITION

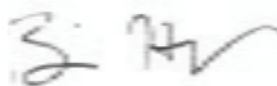
As at	December 31, 2017	December 31, 2016
Assets		
Financial assets at fair value through profit or loss, (cost: December 31, 2017-\$4,449,167; 2016-\$5,173,929)	\$ 5,884,353	\$ 7,723,546
Cash and cash equivalents (Note 8)	221,861	725,549
Dividends, distributions and interest receivable	27,328	26,724
Prepaid and other	61,113	61,560
Total assets	6,194,655	8,537,379
Liabilities		
Accounts payable and accrued liabilities (Note 9)	60,415	61,077
Total liabilities (excluding net assets attributable to holders of redeemable units)	60,415	61,077
Net assets attributable to holders of redeemable units	\$ 6,134,240	\$ 8,476,302
Units outstanding (Note 11)	1,255,236	1,681,854
Net assets attributable to holders of redeemable units per unit	\$ 4.89	\$ 5.04

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 years ended December 31	2017	2016
Income		
Dividends and distributions	\$ 300,727	\$ 348,080
Net realized gains on financial assets at fair value through profit or loss <i>(Notes 7 and 14)</i>	875,713	697,254
Net change in unrealized (losses) gains on financial assets at fair value through profit or loss <i>(Note 7)</i>	(1,114,431)	1,246,862
Interest income	9,080	34,619
Total net income	71,089	2,326,815
Expenses		
Management fees <i>(Note 13)</i>	80,363	101,989
Accounting and administrative	33,900	35,595
Service fees <i>(Note 13)</i>	28,977	36,002
Audit fees	28,589	27,572
General and administrative	26,689	26,076
Trustee fees	22,153	24,348
Independent review committee fees	17,322	16,996
Custodial fees	3,390	3,450
Transaction costs	1,717	5,836
Legal and exchange fees	490	195
Total expenses	243,590	278,059
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (172,501)	\$ 2,048,756
(Decrease) increase in net assets attributable to holders of redeemable units per unit¹ <i>(Note 15)</i>	\$ (0.11)	\$ 0.98

¹ Based on the weighted average number of units outstanding for the period *(Note 11)*.

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 years ended December 31	2017	2016
Net assets attributable to holders of redeemable units - beginning of year	\$ 8,476,302	\$ 9,360,189
(Decrease) increase in net assets attributable to holders of redeemable units	(172,501)	2,048,756
Unitholder transactions		
Distributions to holders of redeemable units		
From net investment income	(141,154)	(159,983)
From return of capital	(16,366)	(50,179)
Redemption of redeemable units (Note 11)	(2,012,041)	(2,722,481)
Total distributions to holders of redeemable units	(2,169,561)	(2,932,643)
Net decrease in net assets attributable to holders of redeemable units	(2,342,062)	(883,887)
Net assets attributable to holders of redeemable units - end of year	\$ 6,134,240	\$ 8,476,302

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

STATEMENTS OF CASH FLOWS

For the years ended December 31	2017	2016
Operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (172,501)	\$ 2,048,756
Adjustments for:		
Net realized gains on sale of investments	(875,713)	(697,254)
Net change in unrealized losses (gains) on investments	1,114,431	(1,246,862)
Transaction costs (Note 14)	1,717	5,836
Change in non-cash operating working capital (Note 16)	(819)	7,154
Purchase of investment securities (Note 14)	(404,386)	(411,639)
Proceeds from sale of investments (Note 14)	2,003,144	3,374,200
Net cash provided by operating activities	1,665,873	3,080,191
Financing activities		
Distributions to holders of redeemable units	(157,520)	(210,162)
Redemption of redeemable units	(2,012,041)	(2,722,481)
Net cash used in financing activities	(2,169,561)	(2,932,643)
Net (decrease) increase in cash during the year	(503,688)	147,548
Cash and cash equivalents, beginning of year	725,549	578,001
Cash and cash equivalents, end of year	\$ 221,861	\$ 725,549

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 Equity Fund (the “Fund”) is a closed-ended fund established under the laws of the Province of Ontario and is governed by the Declaration of Trust dated September 28, 2005, as amended from time to time. The address of the Fund’s registered office is 100 Sparks Street, 9th Floor, Ottawa, Ontario, K1P 5B7. Effective February 21, 2018, the Fund’s name was changed from Brookfield Soundvest Equity Fund to Soundvest Equity Fund.

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

The manager and the investment advisor of the Fund is Soundvest Capital Management Ltd. (the “Manager” and the “Investment Advisor”). Computershare Trust Company of Canada is the trustee of the Fund. The Fund is authorized to issue an unlimited number of units. The Fund is listed on the Toronto Stock Exchange and effectively commenced operations on October 17, 2005.

The Fund’s investment objectives are to provide unitholders with a stable stream of quarterly distributions and maximize long-term total return to unitholders.

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

These financial statements were authorized for issuance by the Board of Directors of the Fund on March 20, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial Instruments

The Fund 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.

(i) Classification

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

*

- Financial assets held for trading

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

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

A financial asset classified as designated at fair value through profit or loss at inception 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 Fund's documented investment strategy.

(ii) Recognition

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

All other financial assets and liabilities 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 due to their short-term nature. Other financial assets and liabilities include dividends, distributions and interest receivable, and accounts payable and accrued liabilities.

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 Fund is not liable for income taxes be classified as financial liabilities. The Fund's units do not meet the criteria in IAS 32 for classification as equity and, therefore, have been reclassified as financial liabilities under IFRS.

(iii) Fair value measurement

The Fund's investments are presented at fair value. Investments held that are traded in an active market through recognized public stock exchanges are valued at quoted market prices at the close of trading on the reporting date. The Fund uses the closing market price for investments where the closing price falls within that day's bid-ask spread. In circumstances where the closing market price does not fall within the bid-ask spread, the Manager determines the point within the bid-ask spread that is the most representative of fair value based on the specific facts and circumstances.

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

(iv) Impairment of financial assets

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

b) 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 Fund 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 Fund is taxed as a unit trust under the Income Tax Act (Canada). Provided that the Fund makes distributions in each year of its net taxable income and taxable net capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net taxable income and net realized capital gains on an annual basis. Accordingly, no income tax provision 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 rate of exchange prevailing at the reporting date. Foreign currency transactions are translated at the rate of exchange prevailing on the respective dates of such transactions.

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 15 for the calculation.

g) *Transaction Costs*

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

h) *Future Changes in Accounting Policies*

(i) *Financial Instruments*

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

The Fund has 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 Fund 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 Fund 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 Fund may hold financial instruments that are not quoted in active markets, including investments. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Broker quotes as obtained from the pricing sources may be indicative and not executable. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager.

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

(ii) Classification and application of the fair value option

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

5. FINANCIAL INSTRUMENT RISK

The Fund aims to maximize quarterly 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 Fund for the medium to long term. The Manager also determines when to rotate the Fund's portfolio into other sectors and investment vehicles to enhance the Fund's portfolio performance and/or to limit risk. The Fund's investment portfolio and leverage are monitored on a daily basis by the Manager.

The Fund has a risk management framework 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 Fund are subject to normal market fluctuations and the risks inherent in investing in equity markets. The Fund intends to continue to invest, taking a long-term perspective while focusing on quality businesses that 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 Fund.

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

Change in Prices on the Index	Change in Net Assets of Fund	
	December 31, 2017	December 31, 2016
10%	7.0%	7.2%
(10%)	(7.5%)	(7.6%)

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

(i) Currency risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Fund's assets at December 31, 2017 and December 31, 2016 were 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 Fund's investment objectives and strategy. A majority of the net assets attributable to holders of redeemable units is expected to be invested in equity securities. The Fund's policy also limits individual equity securities to no more than 10% of net assets attributable to holders of redeemable units. As at December 31, 2017, the Fund's equity investments were publicly traded and were included in the S&P/TSX Composite Index. The Fund's policy requires that the overall market position is monitored on a daily basis by the Manager.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund. The Fund maintains all of its cash and 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 Fund limits its exposure to credit loss by dealing with counterparties of high credit quality. To maximize the credit quality of its investments, the Fund's Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information.

*

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with its financial liabilities. As at December 31, 2017, the Fund 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 Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

The Fund is also exposed to annual cash redemptions of Fund units; however, the Fund has up to approximately 42 days to raise the necessary cash to fund the required redemption payment amount. The Fund maintains liquid investments that are traded in an active market and can be readily disposed of, subject to the limitations noted above, to maintain adequate liquidity.

The tables below analyze the Fund's financial liabilities as at December 31, 2017 and December 31, 2016 into relevant groupings based on contractual maturity dates. The amounts in the tables are contractual undiscounted cash flows. Balances due within 12 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	\$ -	\$ 60,415	\$ -	\$ -	\$ 60,415
Total liabilities	\$ -	\$ 60,415	\$ -	\$ -	\$ 60,415

As at December 31, 2016	On Demand	1-3 Months	Greater than 3 Months	No Stated Maturity	Total
Accounts payable and accrued liabilities	\$ -	\$ 61,077	\$ -	\$ -	\$ 61,077
Total liabilities	\$ -	\$ 61,077	\$ -	\$ -	\$ 61,077

Concentration Risk

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

	December 31, 2017 %	December 31, 2016 %
Utilities	24.7	18.4
Financials	23.5	23.1
Energy	21.5	23.4
Consumer discretionary	15.1	16.8
Industrial	11.7	9.7
Cash and cash equivalents	3.5	8.6
	100.0	100.0

Capital Risk Management

The Fund's capital structure is composed of units issued. The Fund's objective is to utilize prudent levels of leverage to lower the Fund's cost of capital to increase the total return to unitholders. In managing its capital structure, the Manager may adjust the amount of distributions paid to unitholders or re-evaluate the Fund's leverage ratios. The Manager also manages the composition of its investment portfolio to ensure that the Fund is within its investment objectives.

6. FAIR VALUE MEASUREMENT

The Fund classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three-level hierarchy is as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy tables present information about the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at 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	\$ 948,766	-	-	\$ 948,766
Limited partnerships	306,670	-	-	306,670
Canadian common stocks	4,628,917	-	-	4,628,917
Total financial assets measured at fair value	\$ 5,884,353	\$ -	\$ -	\$ 5,884,353

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	\$ 1,168,560	-	-	\$ 1,168,560
Limited partnerships	478,200	-	-	478,200
Canadian common stocks	6,076,786	-	-	6,076,786
Total financial assets measured at fair value	\$ 7,723,546	\$ -	\$ -	\$ 7,723,546

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 and Canadian Common Stocks

The Trust's real estate investment trusts, limited partnerships 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 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 Fund's financial instruments by category as at December 31, 2017:

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	\$ -	\$ 5,884,353	\$ 5,884,353	\$ -	\$ 5,884,353
Cash and cash equivalents	-	-	-	221,861	221,861
Dividends, distributions and interest receivable	-	-	-	27,328	27,328
Total	\$ -	\$ 5,884,353	\$ 5,884,353	\$ 249,189	\$ 6,133,542
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	\$ -	\$ -	\$ -	\$ 60,415	\$ 60,415
Total	\$ -	\$ -	\$ -	\$ 60,415	\$ 60,415

The following tables present the carrying amounts of the Fund's financial assets 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	\$ -	\$ 7,723,546	\$ 7,723,546	\$ -	\$ 7,723,546
Cash	-	-	-	725,549	725,549
Dividends, distributions and interest receivable	-	-	-	26,724	26,724
Total	\$ -	\$ 7,723,546	\$ 7,723,546	\$ 752,273	\$ 8,475,819

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	\$ -	\$ -	\$ -	\$ 61,077	\$ 61,077
Total	\$ -	\$ -	\$ -	\$ 61,077	\$ 61,077

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	\$ 875,713	\$ 697,254
Net unrealized (losses) gains on financial assets at fair value through profit or loss:		
Designated as at fair value through profit or loss	(1,114,431)	1,246,862
Total net realized/unrealized (losses) gains on financial assets at fair value through profit or loss	\$ (238,718)	\$ 1,944,116

8. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are the following:

	December 31, 2017	December 31, 2016
Cash	\$ 210,619	\$ 10,744
Cash equivalents	11,242	714,805
Total	\$ 221,861	\$ 725,549

*

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following:

	December 31, 2017	December 31, 2016
Other accounts payable and accrued liabilities	\$ 47,575	\$ 45,296
Management fees payable (Note 13)	6,527	7,256
Service fees payable (Note 13)	6,313	8,525
	\$ 60,415	\$ 61,077

10. LOAN FACILITY

The Fund utilizes borrowings to purchase additional portfolio investments and for general Fund purposes. The margin loan facility was not used in 2017 or 2016 and, as at December 31, 2017 and December 31, 2016, there were no balances outstanding on this facility. A reduction or termination in the margin loan facility may limit the Fund's ability to employ leverage to magnify returns. In the current environment, the Fund will seek to cautiously use leverage as deemed appropriate.

11. REDEEMABLE UNITS

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption at any time during August of any year, but at least fifteen business days prior to the last business day in August (the "Redemption Date"). Redemption of surrendered units will be affected at the net asset value on the Redemption Date each year and will be settled on or before the 15th business day following such effective date. The last day for requesting redemptions based on the August 31, 2017 net asset value per unit was August 10, 2017. In 2017, 426,618 units (2016 - 599,694 units) were redeemed and cancelled for cash proceeds of \$2.0 million (2016 - \$2.7 million) under the annual redemption program.

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

Issued	Number of Units	Amount
Units - December 31, 2015	2,241,548	22,544,360
Redeemed for cash:		
Share redemption program	(559,694)	(2,722,481)
Units - December 31, 2016	1,681,854	19,821,879
Redeemed for cash:		
Share redemption program	(426,618)	(2,012,041)
Units - December 31, 2017	1,255,236	\$ 17,809,838

The weighted average number of units outstanding for the years ended December 31, 2017 was 1,564,107 (December 31, 2016 - 2,085,458).

12. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a quarterly basis to unitholders of record on the last business day of February, May, August and November. The distributions are payable no later than the 15th day of March, June, September and December. Distributions payable as at December 31, 2017 totalled \$nil (December 31, 2016 - \$nil).

13. RELATED-PARTY TRANSACTIONS

Soundvest Capital Management Ltd., the Manager and Investment Advisor to the Fund, is 50% owned by Brookfield Asset Management Inc. (“Brookfield”). Brookfield and its affiliates are related parties of the Fund 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.

(i) Management and service fees

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% per annum of the net asset value of the Fund, calculated and paid monthly, plus applicable taxes. Management fees payable as at December 31, 2017 totalled \$6,527 (December 31, 2016 - \$7,256).

The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund, calculated and paid quarterly. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter. Service fees payable as at December 31, 2017 totalled \$6,313 (December 31, 2016 - \$8,525).

14. INVESTMENT TRANSACTIONS

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

	2017	2016
Proceeds from sale of investments	\$ 2,003,144	\$ 3,374,200
Less cost of investments sold		
Investments at cost - beginning of year	5,173,929	7,445,072
Investments purchased during the year	404,386	411,639
Transaction costs	(1,717)	(5,836)
Investments at cost - end of year	4,449,167	5,173,929
Cost of investments sold during the year	1,127,431	2,676,946
Net realized gains on sale of investments	\$ 875,713	\$ 697,254

15. (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	\$ (172,501)	\$ 2,048,756
Weighted average units outstanding during the year	1,564,107	2,085,458
(Decrease) increase in net assets attributable to holders of redeemable units per unit	\$ (0.11)	\$ 0.98

*

16. 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	\$ (604)	\$ 11,142
Prepaid and other	447	(2,181)
Accounts payable and accrued liabilities	(662)	(1,807)
	\$ (819)	\$ 7,154

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2017

Number of Units ¹		Average Cost	Fair Value	Percentage of Net Assets
Canadian Common Stocks				
14,900	Inter Pipeline Limited	361,027	387,847	6.3%
13,400	Parkland Fuel Corporation	129,001	359,790	5.9%
6,000	WSP Global Inc.	158,737	359,460	5.9%
10,000	Exchange Income Corporation	132,000	356,400	5.8%
36,600	Whitecap Resources Inc.	315,268	327,570	5.3%
28,000	Tricon Capital Group Inc.	151,645	323,400	5.3%
7,000	Vermilion Energy Inc.	226,940	319,760	5.2%
22,600	Algonquin Power & Utilities Corp.	241,721	317,756	5.2%
6,690	Emera Inc.	283,892	314,296	5.1%
18,000	Brookfield Real Estate Services Inc.	209,491	297,360	4.8%
7,000	Cineplex Inc.	119,019	261,310	4.3%
16,400	Arc Resources Limited	326,426	241,900	3.9%
5,100	Keyera Corp.	190,226	180,642	2.9%
10,900	Bonterra Energy Corporation	377,794	166,770	2.7%
14,400	Crescent Point Energy Corporation	545,537	137,952	2.2%
5,000	Tourmaline Oil Corporation	105,172	113,900	1.9%
3,100	First National Financial Corporation	51,674	89,280	1.5%
600	Canadian Imperial Bank of Commerce	63,179	73,524	1.2%
		3,988,749	4,628,917	75.4%
Real Estate Investment Trusts (REITs)				
23,100	Artis REIT	105,189	325,710	5.3%
7,700	Allied Properties REIT	75,033	324,016	5.3%
14,000	H&R REIT	168,637	299,040	4.9%
		348,859	948,766	15.5%
Limited Partnerships				
7,000	Brookfield Renewable Energy Partners L.P.	120,153	306,670	5.0%
		120,153	306,670	5.0%
	Investment portfolio	4,457,761	5,884,353	95.9%
	Transaction costs	(8,594)	-	-
	Total investment portfolio	4,449,167	5,884,353	95.9%
	Cash and cash equivalents		221,861	3.6%
	Other assets in excess of liabilities		28,026	0.5%
	Net assets attributable to holders of redeemable units		6,134,240	100.000%

¹ The summary of investment portfolio may change due to ongoing portfolio transactions in the Fund. 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 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

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

Fund's Transfer Agent:

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