

NORTHWATER

Northwater Five-Year Market-Neutral Trust Summary of Investment Portfolio as at September 30, 2006 (Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$66,000,726
Number of units outstanding	2,916,200
Net asset value per unit	\$22.63

Summary of Investment Portfolio ⁽¹⁾

The following table presents information regarding the Hedge Fund Portfolio to which the Trust has exposure through a forward purchase and sale agreement ("the Forward") as at September 30, 2006. The multi-strategy funds have not been allocated to any of the underlying hedge fund strategies set out in this table.

Strategy	Asset allocation by hedge fund strategy			Largest individual hedge fund holding as a percentage of Net Assets of the Trust
	No. of Hedge Funds	Fair Value (in U.S. \$)		
Activist	1	\$2,357,458	3%	3.98%
Asset-backed securities arbitrage	5	8,974,113	11%	4.99%
Capital structure arbitrage	2	3,528,944	4%	3.99%
Convertible bond arbitrage	1	1,401,942	2%	2.37%
Distressed securities	5	8,112,893	10%	4.33%
Energy relative value	2	1,589,323	2%	1.88%
Fixed-income arbitrage	2	4,735,592	6%	4.62%
Merger arbitrage	1	2,021,542	2%	3.42%
Mortgage-backed security arbitrage	4	12,565,338	15%	9.22%
Multi-strategy	8	20,843,002	25%	8.38%
Re-insurance	2	2,992,025	4%	3.65%
Statistical arbitrage	2	2,263,082	3%	1.99%
Structured finance	9	10,898,363	13%	3.28%
	44	82,283,617	100%	

The following table lists the largest 25 hedge funds by fair value to which the Trust has exposure through a forward purchase and sale agreement ("the Forward") as at September 30, 2006. The Trust will disclose the names of those hedge funds to which it has exposure that represent more than 5% of the net assets of the Trust at period-end. For hedge funds that represent less than 5% of the Trust's net assets, the Trust has adopted unique fund numbers as identifiers. These numbers are used consistently in the Trust's reporting.

Top 25 Investments	Type of Investment	Cost (in U.S. \$)	Fair Value (in U.S. \$)	Percentage of Net Assets of the Trust
New Ellington Overseas Fund Ltd.*	Participating shares	\$4,500,000	\$5,453,617	9.22%
D.E. Shaw Composite*	Participating shares	3,597,161	4,956,454	8.38%
DPFMG Multi*	Participating shares	2,800,000	3,006,526	5.08%
Fund 169*	Participating shares	2,430,682	2,952,296	4.99%
Fund 146*	Participating shares	2,400,000	2,845,188	4.81%
Fund 103*	Participating shares	2,400,000	2,789,424	4.72%
Fund 140*	Participating shares	2,400,000	2,735,739	4.62%
Fund 130*	Participating shares	2,000,000	2,611,268	4.41%
Fund 109*	Participating shares	1,881,397	2,560,510	4.33%
Fund 170*	Participating shares	2,157,615	2,360,608	3.99%
Fund 209*	Participating shares	2,000,000	2,357,458	3.98%
Fund 200*	Participating shares	2,100,000	2,357,409	3.98%
Fund 121*	Participating shares	2,000,000	2,331,921	3.94%
Fund 183*	Participating shares	1,900,000	2,250,688	3.80%
Fund 190*	Participating shares	2,000,000	2,199,126	3.72%
Fund 131*	Participating shares	2,502,917	2,158,500	3.65%
Fund 189*	Participating shares	1,800,000	2,123,200	3.59%
Fund 101*	Participating shares	1,631,285	2,042,996	3.45%
Fund 181*	Participating shares	1,700,000	2,021,542	3.42%
Fund 191*	Participating shares	1,700,000	1,999,852	3.38%
Fund 108*	Participating shares	1,400,000	1,939,844	3.28%
Fund 171*	Participating shares	1,414,528	1,720,589	2.91%
Fund 205*	Participating shares	1,500,000	1,626,093	2.75%
Fund 184*	Participating shares	1,369,024	1,494,107	2.53%
Fund 199*	Participating shares	1,300,000	1,449,267	2.45%

* held by other investment funds managed by Northwater Fund Management Inc.

The Trust also has holdings in the following common shares as at September 30, 2006. The Trust does not have economic exposure to these holdings as these common shares have been sold forward by the Trust for a price based on the return of a portfolio of hedge funds.

Share Investments	Type of Investment	Percentage of Net Assets of the Trust
Angiotech Pharmaceuticals Inc.	Common shares	3.16%
ATI Technologies Inc.	Common shares	8.13%
Bombardier Inc.	Common shares	9.40%
Celestica Inc.	Common shares	5.09%
Cognos Inc.	Common shares	6.34%
Forzani Group Ltd.	Common shares	8.42%
Glamis Gold Ltd.	Common shares	12.11%
Kinross Gold Corp.	Common shares	13.04%
Lionore Mining Intl Ltd.	Common shares	7.43%
Martinrea International Inc.	Common shares	6.95%
Nortel Networks Corp.	Common shares	3.16%
Research In Motion Ltd.	Common shares	6.93%
RONA Inc.	Common shares	5.05%
Western Oil Sands Inc.	Common shares	11.07%

⁽¹⁾ The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Trust. There are no non-arm's length relationships between the Trust or Northwater Fund Management Inc. and any of the hedge funds for which the Trust has exposure. On a quarterly basis, an updated listing of holdings will be available.