

NORTHWATER

Northwater Five-Year Market-Neutral Trust Summary of Investment Portfolio as at September 30, 2007 (Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$56,874,678
Number of units outstanding	2,634,600
Net asset value per unit	\$21.59

Summary of Investment Portfolio ⁽¹⁾⁽²⁾

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, 2007. 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 USD)		
Activist Investments	1	\$ 2,801,419	4%	4.89%
Asset-backed securities	4	8,045,998	10%	5.81%
Distressed securities	5	9,583,159	13%	5.64%
Fixed-income arbitrage	3	6,075,721	8%	5.17%
Merger arbitrage	1	1,085,660	1%	1.90%
Mortgage-backed security	4	12,379,530	16%	9.50%
Multi-strategy	6	16,751,241	22%	6.20%
Re-insurance	2	4,270,746	6%	5.72%
Statistical arbitrage	5	6,707,775	9%	3.14%
Structured finance	6	8,028,715	11%	3.16%
	37	\$ 75,729,964	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, 2007. 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 USD)	Fair Value (in USD)	Percentage of Net Assets of the Trust
New Ellington Overseas , Ltd *	Participating shares	\$ 4,500,000	\$ 5,434,950	9.50%
Citadel Kensington Global Strategies Fund, Ltd.*	Participating shares	2,000,000	3,546,078	6.20%
D.E. Shaw Composite International Fund*	Participating shares	2,170,214	3,351,070	5.85%
CRC global Structured Credit Fund, Ltd.*	Participating shares	2,427,550	3,323,564	5.81%
Palmetto Catastrophe Fund Ltd. *	Participating shares	2,861,834	3,275,604	5.72%
Cerberus International, Ltd.*	Participating shares	1,881,397	3,227,231	5.64%
Tempo Fund Ltd *	Participating shares	2,400,000	3,148,208	5.50%
Relative Value Opportunity Fund III, Ltd*	Participating shares	2,400,000	2,961,857	5.17%
Fund 200*	Participating shares	1,610,068	2,834,630	4.95%
Fund 209*	Participating shares	2,000,000	2,801,419	4.89%
Fund 183*	Participating shares	1,900,000	2,627,444	4.59%
Fund 189*	Participating shares	1,800,000	2,601,115	4.54%
Fund 121*	Participating shares	2,000,000	2,515,818	4.40%
Fund 101*	Participating shares	1,631,978	2,392,904	4.18%
Fund 190*	Participating shares	2,000,000	2,346,743	4.10%
Fund 191*	Participating shares	1,700,000	2,146,319	3.75%
Fund 103*	Participating shares	2,400,000	1,996,722	3.49%
Fund 205*	Participating shares	1,500,000	1,806,697	3.16%
Fund 216*	Participating shares	2,000,000	1,794,693	3.14%
Fund 108*	Participating shares	1,400,000	1,772,884	3.10%
Fund 211*	Participating shares	2,000,000	1,641,856	2.87%
Fund 116*	Participating shares	1,037,865	1,562,624	2.73%
Fund 208*	Participating shares	1,400,000	1,555,321	2.72%
Fund 104*	Participating shares	1,500,000	1,493,811	2.61%
Fund 171*	Participating shares	1,415,374	1,457,283	2.55%

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

The Trust also has holdings in the following common shares as at September 30, 2007. 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	1.93%
Axcan Pharma Inc.	Common shares	9.92%
Bombardier Inc. B	Common shares	18.48%
Celestica Inc.	Common shares	2.99%
CGI Group Inc	Common shares	9.45%
Cognos Inc.	Common shares	6.20%
Forzani Group Ltd.	Common shares	12.51%
Kinross Gold Corp.	Common shares	10.13%
Martinrea International Inc	Common shares	17.85%
Nortel Networks Corp.	Common shares	2.42%
Research In Motion Ltd.	Common shares	20.57%
RONA Inc.	Common shares	6.03%
Stantec Inc	Common shares	8.44%
Western Oil Sands Inc.	Common shares	11.17%

- (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.
- (2) At September 30, 2007, the Trust held cash and short-term investments of \$1,760,604.