

NORTHWATER

Northwater Five-Year Market-Neutral Trust
Summary of Investment Portfolio as at September 30, 2008
(Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$ 40,262,554
Number of units outstanding	2,381,000
Net asset value per unit	\$ 16.91

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, 2008. 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	\$ 2,278,391	5%	6.02%
Asset-backed securities arbitrage	3	5,136,370	11%	7.73%
Distressed securities	4	7,594,276	16%	7.11%
Fixed-income arbitrage	3	4,244,339	9%	5.59%
Mortgage-backed security	4	4,856,816	11%	6.15%
Multi-strategy	6	11,070,137	24%	7.70%
Re-insurance	2	1,256,217	3%	2.79%
Statistical arbitrage	6	7,880,305	17%	6.90%
Structured finance	3	1,959,452	4%	3.76%
	32	\$ 46,276,303	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, 2008. 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
Mariner-Tricadia Credit Strategies, Ltd*	Participating shares	\$ 1,377,626	\$ 2,925,409	7.73%
DE Shaw Composite International Fund*	Participating shares	1,690,043	2,916,320	7.70%
Cerberus International, Ltd.*	Participating shares	1,589,887	2,691,279	7.11%
Oxam Quant Fund Limited*	Participating shares	2,712,485	2,611,630	6.90%
Plainfield Special Situations Institutional Offshore Feeder Fund *	Participating shares	2,428,761	2,448,134	6.46%
Sorin Offshore Fund, Ltd*	Participating shares	1,800,000	2,329,797	6.15%
Icahn Fund Ltd*	Participating shares	2,000,000	2,278,391	6.02%
Platinum Grove Contingent Capital Offshore Fund, Ltd*	Participating shares	2,400,000	2,117,481	5.59%
Two Sigma Spectrum Cayman Fund, Ltd*	Participating shares	2,000,000	1,983,946	5.24%
Tempo Fund Ltd*	Participating shares	1,637,299	1,924,883	5.08%
Fund 183*	Participating shares	1,425,000	1,670,911	4.41%
Fund 169*	Participating shares	1,200,000	1,620,362	4.28%
Fund 121*	Participating shares	1,497,529	1,616,170	4.27%
Fund 211*	Participating shares	2,000,000	1,591,992	4.20%
Fund 103*	Participating shares	1,920,054	1,584,272	4.18%
Fund 116*	Participating shares	1,037,865	1,581,161	4.18%
Fund 108*	Participating shares	1,400,000	1,425,221	3.76%
Fund 130*	Participating shares	931,520	1,360,692	3.59%
Fund 140*	Participating shares	1,588,983	1,342,186	3.54%
Fund 101*	Participating shares	1,526,762	1,303,876	3.44%
Fund 212*	Participating shares	1,000,000	1,150,987	3.04%
Fund 195*	Participating shares	800,000	1,056,230	2.79%
Fund 226*	Participating shares	1,000,000	1,003,445	2.65%
Fund 191*	Participating shares	830,198	784,672	2.07%
Fund 190*	Participating shares	700,000	783,176	2.07%

* 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, 2008. 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
Atrium Innovations Inc	Common shares	7.56%
Celestica Inc	Common shares	4.64%
CGI Group Inc	Common shares	8.45%
FNX Mining Inc	Common shares	2.98%
Galleon Energy Inc	Common shares	4.46%
Gildan Activewear Inc	Common shares	6.40%
Great Canadian Gaming Corp	Common Shares	3.99%
Hudbay Minerals	Common shares	2.30%
MacDonald Dettwiler & Associates	Common shares	4.34%
Major Drilling Group Intl	Common shares	5.05%
Martinrea International Inc	Common shares	6.39%
Nortel Networks Corp	Common shares	0.47%
Proex Energy Ltd	Common shares	5.10%
Quadra Mining Ltd	Common shares	5.11%
RONA Inc	Common shares	4.81%
Stantec Inc	Common Shares	5.94%
Tristar Oil & Gas Ltd	Common Shares	7.47%
Westjet	Common Shares	5.43%

- (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, 2008 the Trust held cash and short-term investments of \$4,438,436.