

NORTHWATER

Northwater Top 75 Income Trusts ^{Plus} Summary of Investment Portfolio as at March 31, 2007 (Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$23,019,206
Number of units outstanding	2,523,190
Net asset value per unit	\$9.12

Summary of Investment Portfolio ⁽¹⁾

Income Trusts (in CDN\$)

The following table presents information regarding the income trust portfolio held by the Trust as at March 31, 2007.

Trust Sector	Asset allocation by trust sector			Largest individual income trust holding as a percentage of Net Assets of the Trust
	No. of Income Trusts	Fair Value		
Business trusts	28	\$8,192,959	38%	1.42%
Energy trusts	26	7,437,194	35%	1.38%
Power & pipeline trusts	7	2,000,594	9%	1.33%
Real estate investment trusts	14	3,893,194	18%	1.45%
	75	\$21,523,941	100%	

The following table lists the largest 25 income trusts by fair value held by the Trust as at March 31, 2007.

Top 25 Income Trust Investments	Type of Investment	Cost	Fair Value	Percentage of Net Assets of the Trust
Legacy Hotels Real Estate Investment Trust	Trust units	\$ 174,080	\$ 334,685	1.45%
Trinidad Energy Services Income Trust	Trust units	234,629	327,634	1.42%
TimberWest Forest Corp.	Trust units	271,778	319,986	1.39%
Progress Energy Trust	Trust units	337,592	317,601	1.38%
Harvest Energy Trust	Trust units	336,451	317,041	1.38%
UE Waterheater Income Fund	Trust units	272,454	313,100	1.36%
Westshore Terminals Income Fund	Trust units	344,353	310,800	1.35%
North West Company Fund	Trust units	295,583	310,140	1.35%
Morguard Real Estate Investment Trust	Trust units	305,123	309,881	1.35%
Canetic Resources Trust	Trust units	425,245	307,943	1.34%
Inter Pipeline Fund	Trust units	310,118	307,168	1.33%
Keyera Facilities Income Fund	Trust units	272,738	305,550	1.33%
Aeroplan Income Fund	Trust units	287,508	304,200	1.32%
Bell Aliant Regional Communications Income Fund	Trust units	288,297	304,159	1.32%
Precision Drilling Trust	Trust units	389,748	303,255	1.32%
Provident Energy Trust	Trust units	299,853	302,500	1.31%
Connors Bros. Income Fund	Trust units	300,957	301,344	1.31%
Energy Savings Income Fund	Trust units	376,378	300,570	1.31%
Superior Plus Income Fund	Trust units	535,834	299,040	1.30%
Focus Energy Trust	Trust units	351,007	298,596	1.30%
Peyto Energy Trust	Trust units	413,689	295,830	1.29%
Consumers' Waterheater Income Fund (The)	Trust units	312,245	295,614	1.28%
Labrador Iron Ore Royalty Income Fund	Trust units	295,464	294,845	1.28%
Great Lakes Hydro Income Fund	Trust units	300,295	294,450	1.28%
Crescent Point Energy Trust	Trust units	316,220	293,832	1.28%

Hedge Funds (in U.S.\$)

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 March 31, 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 U.S. \$)		
Activist	1	826,254	5%	4.15%
Asset-backed securities arbitrage	3	2,196,795	12%	4.28%
Capital structure arbitrage	1	167,234	1%	0.84%
Distressed securities	5	2,725,376	15%	3.25%
Fixed-income arbitrage	2	1,501,711	8%	4.58%
Merger arbitrage	1	603,710	3%	3.03%
Mortgage-backed security arbitrage	4	3,286,390	18%	5.62%
Multi-strategy	4	2,379,976	13%	5.00%
Re-insurance	2	1,443,094	8%	4.40%
Structured finance	5	2,121,364	12%	4.11%
Statistical arbitrage	2	939,929	5%	2.57%
	30	18,191,833	100%	

The following table lists the largest 25 hedge funds by fair value to which the Trust has exposure through the Forward as at March 31, 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 its reporting by the Trust.

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 Ltd.*	Participating shares	1,000,000	1,119,602	5.62%
Tempo Fund, Limited	Participating shares	800,000	996,359	5.00%
Fund 160*	Participating shares	800,000	952,374	4.78%
Fund 140*	Participating shares	800,000	913,216	4.58%
Fund 183*	Participating shares	700,000	907,926	4.56%
Fund 131*	Participating shares	963,876	876,608	4.40%
Fund 200*	Participating shares	600,000	852,830	4.28%
Fund 209*	Participating shares	600,000	826,254	4.15%
Fund 205*	Participating shares	700,000	818,261	4.11%
Fund 199*	Participating shares	600,000	712,986	3.58%
Fund 169*	Participating shares	542,401	708,307	3.56%
Fund 101*	Participating shares	479,552	646,984	3.25%
Fund 189*	Participating shares	500,000	637,711	3.20%
Fund 171*	Participating shares	557,607	635,657	3.19%
Fund 181*	Participating shares	500,000	603,710	3.03%
Fund 217*	Participating shares	500,000	600,175	3.01%
Fund 196*	Participating shares	500,000	590,119	2.96%
Fund 191*	Participating shares	500,000	588,495	2.95%
Fund 190*	Participating shares	500,000	576,703	2.89%
Fund 195*	Participating shares	499,928	566,486	2.84%
Fund 208*	Participating shares	500,000	540,920	2.72%
Fund 213*	Participating shares	400,000	512,598	2.57%
Fund 214*	Participating shares	400,000	488,252	2.45%
Fund 116*	Participating shares	351,177	475,691	2.39%
Fund 204*	Participating shares	400,000	449,046	2.25%

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

- (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.

Common Stock

The Trust also holds 36,818 shares in Nortel Networks Corp. and 15,375 shares in Research in Motion Ltd. as at March 31, 2007. The market values of the Nortel Networks Corp. shares and Research in Motion Ltd. shares as a percentage of the net assets of the Trust are 4.43% and 10.52% as at March 31, 2007, respectively. The Trust does not have economic exposure to these holdings in Nortel Networks Corp. and Research in Motion Ltd. as these shares have been sold forward by the Trust for a price based on the return of a portfolio of hedge funds.