

NORTHWATER

Northwater Top 75 Income Trusts ^{Plus}
Summary of Investment Portfolio as at September 30, 2007
(Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$18,530,442
Number of units outstanding	2,089,236
Net asset value per unit	\$8.87

Summary of Investment Portfolio ^{(1) (2)}

Income Trusts (in CDN\$)

The following table presents information regarding the income trust portfolio held by the Trust as at September 30, 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	29	\$ 6,844,421	38%	1.54%
Energy trusts	25	\$ 5,799,897	33%	1.55%
Power & pipeline trusts	8	\$ 1,919,618	11%	1.40%
Real estate investment trusts	13	\$ 3,140,455	18%	1.44%
	75	\$ 17,704,391	100%	

The following table lists the largest 25 income trusts by fair value held by the Trust as at September 30, 2007.

Top 25 Income Trust Investments	Type of Investment	Cost	Fair Value	Percentage of Net Assets of the Trust
PrimeWest Energy Trust	Trust units	\$ 328,699	\$ 287,731	1.55%
Fording Canadian Coal Trust	Trust units	\$ 248,950	\$ 284,530	1.54%
Labrador Iron Ore Royalty income Fund	Trust units	\$ 187,037	\$ 271,101	1.46%
CCS Income Trust	Trust units	\$ 133,555	\$ 270,240	1.46%
Freehold Royalty Trust	Trust units	\$ 307,452	\$ 267,050	1.44%
Crescent Point Energy Trust	Trust units	\$ 254,567	\$ 266,752	1.44%
H&R Real Estate Investment Trust	Trust units	\$ 217,500	\$ 266,560	1.44%
Aeroplan Income Fund	Trust units	\$ 219,317	\$ 264,775	1.43%
CML Healthcare Income Fund	Trust units	\$ 222,642	\$ 260,963	1.41%
Riocan Real Estate Investment Trust	Trust units	\$ 197,802	\$ 260,925	1.41%
Canadian Oil Sands Trust	Trust units	\$ 128,433	\$ 259,050	1.40%
Pembina Pipeline Income Fund	Trust units	\$ 206,005	\$ 258,858	1.40%
Vermillion Energy Trust	Trust units	\$ 161,013	\$ 258,440	1.39%
Cineplex Galaxy Income Fund	Trust units	\$ 249,017	\$ 255,032	1.38%
Westshore Terminals Income Fund	Trust units	\$ 236,659	\$ 254,184	1.37%
Algonquin Power Income Fund	Trust units	\$ 298,614	\$ 254,016	1.37%
Canadian Hotel Income Property REIT	Trust units	\$ 231,623	\$ 253,897	1.37%
Inter Pipeline Fund	Trust units	\$ 250,156	\$ 253,650	1.37%
Fort Chicago Energy Partners LP	Trust units	\$ 288,091	\$ 253,440	1.37%
Davis + Henderson Income Fund	Trust units	\$ 268,198	\$ 253,440	1.37%
Energy Savings Income Fund	Trust units	\$ 264,919	\$ 253,380	1.37%
Bell Aliant Regional communications Income Fund	Trust units	\$ 221,121	\$ 253,116	1.37%
Keyera Facilities Income Fund	Trust units	\$ 216,632	\$ 252,563	1.36%
Calloway Real Estate Investment Trust	Trust units	\$ 195,328	\$ 250,379	1.35%
Focus Energy Trust	Trust units	\$ 300,563	\$ 249,678	1.35%

Hedge Funds (in USD)

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	1	\$ 840,426	5%	4.51%
Asset-backed securities arbitrage	3	\$ 2,369,720	15%	5.76%
Distressed securities	5	\$ 3,086,897	20%	4.79%
Fixed-income arbitrage	2	\$ 752,882	5%	2.42%
Merger arbitrage	1	\$ 233,282	2%	1.25%
Mortgage-backed security arbitrage	4	\$ 2,731,848	18%	5.80%
Multi-strategy	3	\$ 1,805,674	12%	3.74%
Re-insurance	2	\$ 1,161,319	8%	4.63%
Structured finance	2	\$ 1,453,405	10%	4.57%
Statistical arbitrage	2	\$ 777,461	5%	2.20%
	25	\$ 15,212,914	100%	

The following table lists the largest 25 hedge funds by fair value to which the Trust has exposure through 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 its reporting by the Trust.

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	\$ 1,000,000	\$ 1,081,615	5.80%
Mariner Tricadia Credit Strategies Fund, Ltd *	Participating shares	\$ 600,000	\$ 1,073,858	5.76%
Fund 217*	Participating shares	\$ 500,000	\$ 892,927	4.79%
Fund 131*	Participating shares	\$ 782,365	\$ 863,933	4.63%
Fund 205*	Participating shares	\$ 700,000	\$ 852,277	4.57%
Fund 209*	Participating shares	\$ 600,000	\$ 840,426	4.51%
Fund 169*	Participating shares	\$ 549,164	\$ 752,506	4.03%
Fund 183*	Participating shares	\$ 525,054	\$ 697,385	3.74%
Fund 189*	Participating shares	\$ 500,000	\$ 696,500	3.73%
Fund 101*	Participating shares	\$ 481,078	\$ 675,418	3.62%
Fund 146*	Participating shares	\$ 482,170	\$ 611,321	3.28%
Fund 196*	Participating shares	\$ 500,000	\$ 601,128	3.22%
Fund 190*	Participating shares	\$ 500,000	\$ 579,322	3.11%
Fund 208*	Participating shares	\$ 500,000	\$ 555,472	2.98%
Fund 171*	Participating shares	\$ 557,929	\$ 543,356	2.91%
Fund 214*	Participating shares	\$ 400,000	\$ 499,921	2.68%
Fund 116*	Participating shares	\$ 354,159	\$ 496,968	2.66%
Fund 204*	Participating shares	\$ 400,000	\$ 463,158	2.48%
Fund 140*	Participating shares	\$ 373,192	\$ 452,088	2.42%
Fund 104*	Participating shares	\$ 400,000	\$ 410,860	2.20%
Fund 160*	Participating shares	\$ 461,310	\$ 374,412	2.01%
Fund 213*	Participating shares	\$ 400,000	\$ 366,601	1.97%
Fund 191*	Participating shares	\$ 246,755	\$ 300,794	1.61%
Fund 195*	Participating shares	\$ 243,043	\$ 297,385	1.59%
Fund 181*	Participating shares	\$ 233,874	\$ 233,282	1.25%

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

Common Stock

The Trust also holds 31,298 shares in Nortel Networks Corp. and 39,195 shares in Research in Motion Ltd. as at September 30, 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 2.85% and 20.68% as at September 30, 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.

- (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 of \$334,575 and an investment in 3rd party asset-backed commercial paper with a face value of \$300,000.