

NORTHWATER

Northwater Top 75 Income Trusts^{Plus}
Summary of Investment Portfolio as at September 30, 2008
(Unaudited)

Financial Highlights (in CDN\$)	
Net asset value	\$ 10,143,103
Number of units outstanding	1,657,386
Net asset value per unit	\$ 6.12

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, 2008.

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	\$ 4,171,049	37%	1.99%
Energy trusts	24	3,407,638	31%	1.64%
Power & pipeline trusts	7	1,081,862	10%	1.67%
Real estate investment trusts	15	2,484,501	22%	1.82%
	75	\$ 11,145,050	100%	

The following table lists the largest 25 income trusts by fair value held by the Trust as at September 30, 2008.

Top 25 Income Trust Investments	Type of Investment	Cost	Fair Value	Percentage of Net Assets of the Trust
Teranet Income Fund	Trust units	\$ 181,653	\$ 201,835	1.99%
Dundee Real Estate Investment Trust	Trust units	222,177	184,110	1.82%
Yellow Pages Income Fund	Trust units	251,992	179,647	1.77%
Northern Property Real Estate Investment Trust	Trust units	160,950	179,409	1.77%
Canadian Real Estate Investment Trust	Trust units	119,951	178,542	1.76%
Cominar Real Estate Investment Trust	Trust units	154,230	175,296	1.73%
CML Healthcare Income Fund	Trust units	172,103	172,998	1.71%
Inter Pipeline Fund	Trust units	167,707	169,871	1.67%
Davis + Henderson Income Fund	Trust units	228,387	168,623	1.66%
Northwest Company Fund	Trust units	174,066	168,010	1.66%
Calloway Real Estate Investment Trust	Trust units	174,055	167,940	1.66%
Boardwalk Real Estate Investment Trust	Trust units	98,260	167,790	1.65%
Energy Savings Income Fund	Trust units	202,671	167,645	1.65%
Keyera Facilities Income Fund	Trust units	127,797	166,952	1.65%
Pengrowth Energy Trust – Class B Trust Unit	Trust units	275,820	166,850	1.64%
Canadian Apartment Properties REIT	Trust units	157,376	165,821	1.63%
Artis Real Estate Investment Trust	Trust units	173,714	164,610	1.62%
Morguard Real Estate Investment Trust	Trust units	215,290	164,298	1.62%
AltaGas Income Trust	Trust units	171,949	164,220	1.62%
Allied Properties Real Estate Investment Trust	Trust units	183,026	163,152	1.61%
InnVest Real Estate Investment Trust	Trust units	221,241	162,750	1.60%
Pembina Pipeline Income Fund	Trust units	142,510	162,711	1.60%
Primaris Retail Real Estate Investment Trust	Trust units	136,333	160,034	1.58%
Riocan Real Estate Investment Trust	Trust units	148,823	159,659	1.57%
TimberWest Forest Corp.	Trust units	200,836	158,600	1.56%

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, 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	\$ 683,517	7%	7.17%
Asset-backed securities arbitrage	2	527,001	5%	3.22%
Distressed securities	3	1,156,206	12%	5.65%
Fixed-income arbitrage	3	886,121	9%	3.69%
Mortgage-backed security arbitrage	4	1,930,948	20%	6.53%
Multi-strategy	6	2,876,218	29%	6.54%
Re-insurance	2	394,019	4%	3.31%
Statistical arbitrage	4	1,353,243	14%	5.69%
	25	\$ 9,807,273	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, 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 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
Icahn Fund Ltd*	Participating shares	\$ 600,000	\$ 683,517	7.17%
D.E.Shaw Composite International Fund*	Participating shares	555,802	623,667	6.54%
Sorin Offshore Fund*	Participating shares	500,000	622,911	6.53%
Tempo Fund Ltd*	Participating shares	482,170	547,890	5.75%
Oxam quant Fund Limited*	Participating shares	544,642	542,735	5.69%
Plainfield Special Situations Institutional Offshore Feeder Fund *	Participating shares	500,000	538,384	5.65%
Satellite Overseas Fund, Ltd*	Participating shares	609,983	520,933	5.46%
H/2 Credit Partners Ltd*	Participating shares	500,000	507,690	5.33%
New Ellington Overseas Ltd*	Participating shares	515,254	503,275	5.28%
North Pole Capital Investments Limited*	Participating shares	354,159	502,863	5.27%
Citadel Kensington Global Strategies Fund Ltd*	Participating shares	600,000	480,489	5.04%
Fund 216*	Participating shares	400,000	421,225	4.42%
Fund 121*	Participating shares	414,536	381,114	4.00%
Fund 211*	Participating shares	400,000	355,486	3.73%
Fund 222*	Participating shares	400,000	351,873	3.69%
Fund 183*	Participating shares	302,064	340,194	3.57%
Fund 195*	Participating shares	243,043	315,641	3.31%
Fund 140*	Participating shares	373,192	309,068	3.24%
Fund 200*	Participating shares	142,119	306,797	3.22%
Fund 103*	Participating shares	369,048	297,072	3.12%
Fund 191*	Participating shares	246,755	225,180	2.36%
Fund 171*	Participating shares	291,355	220,204	2.31%
Fund 212*	Participating shares	-	96,888	1.02%
Fund 131*	Participating shares	-	78,378	0.82%
Fund 104*	Participating shares	34,724	33,799	0.35%

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

Common Stock

The Trust also holds 26,604 shares in Nortel Networks Corp. and 33,316 shares in Research in Motion Ltd. as at September 30, 2008. 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 0.61% and 23.55% as at September 30, 2008, 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, 2008, the Trust held cash of \$139,611 and an investment in 3rd party asset-backed commercial paper with a face value of \$300,000.