

2009  
Annual Management Report  
of Fund Performance  
for the year ended December 31, 2009

VentureLink Diversified Income Fund Inc.



This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-253-1043, by writing to us at VentureLink LP, 1 Richmond Street West, Suite 801, Toronto, ON M5H 3W4 or by visiting our website at [www.venturelinkfunds.com](http://www.venturelinkfunds.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or semi-annual portfolio disclosure.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

## INVESTMENT OBJECTIVE AND STRATEGIES

The Fund invests in a diversified portfolio of small and medium sized eligible Ontario based businesses with the objective of generating interest and dividend income as well as long term capital gain appreciation.

The investment focus is on income-yielding investments in a broad range of traditional industries such as the manufacturing, industrial, financial services, information technology, retail, health care, transportation and service sectors. The Fund concentrates on making debt and debt-related investments, a strategy that is designed to reduce risk and increase the income potential of the Fund compared to traditional equity based venture capital funds.

For additional diversification and yield potential, a portion of the Fund's proceeds are invested in linked notes tracking the S&P/TSX Capped Income Trust Index and the S&P/TSX 60 Total Return Index or in iUnits S&P/TSX 60 Index Fund.

## RISK

The risks of investing remain as discussed in the prospectus. The market value of the two largest investments represents approximately 20% of the net asset value of the Fund. The Fund is suited to investors that have a high tolerance for risk and a long term investment horizon.

## RESULTS OF OPERATIONS (in \$000's except share numbers)

The net asset value of the Fund at the end of the 2009 fiscal year was \$ 47,847. There were 708,555 Class A Shares, Series I, 101,708 Class A Shares, Series II, 3,095,214 Class A Shares, Series III, 1,585,909 Class A Shares, Series IV and 8,849 Class A Shares Series VI outstanding. During the period 300,000 Class P shares were issued to the Manager, VentureLink LP.

### Revenue

The Fund had revenue of \$1,810 in 2009 compared to \$1,794 in 2008, an increase of approximately 1%. Interest income increased versus 2008 due to the recognition of previously deferred interest on the successful exit of a debenture. The increase in interest income was partially offset by a decrease in placement and participation fees.

### Expenses

Operating expenses have decreased to \$3,043 in 2009 from \$3,473 in 2008, a decrease of 12%. This decrease is related to a lower average monthly net asset value in 2009.

### Class A Shares

Net purchases of Class A Shares during the period were \$969.

### Class P Shares

300,000 Class P Shares were issued to the Manager during the period.

### New investments

The Fund made a total of \$1,910 new and follow-on investments during the year in the following businesses:

- Biox Corp., \$400 follow-on, total current investment \$900
- Intrinsic Software International Inc., \$276 new investment (proceeds from Destinator Technologies Inc. liquidation)
- LivClean Corporation, \$1,286 new investment
- Streamlogics Inc., return of capital (\$52)

### Realizations

The Fund realized proceeds totaling \$4,742 from the sale of securities of the following companies for a net realized loss of \$3,946.

- Destinator Technologies Inc., cost \$5,051
- Intrinsic Software International Inc., \$150
- N-Brook Lender Services Inc., cost \$227

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

- Orion Securities Inc., cost \$760
- Streamlogics Inc., cost \$2,500

The portfolio holdings continue to reflect the Fund's objective of making debt and debt-related investments in a diversified portfolio established small and medium-size companies in traditional sectors of the economy.

## **Fund performance**

Fund performance reflected an increase in net asset value per share of approximately 8-10% during the year. This increase was related to the appreciation of linked notes and ishares during the year of 6%, appreciation in venture investments (realized and unrealized) of 4% less a 2% reduction for net operating expenses.

Class A, Series I returned 8.5%, Class A, Series II returned 8.5%, Class A, Series III returned 8.3%, Class A, Series IV returned 8.2% and Class A, Series VI returned 8.7% versus the DEX Mid-Term Bond Index of 7.5% and the Globe Retail Venture Capital Peer Index of (5.1)%. The Fund's linked notes and venture investments appreciated more than the Bond Index and significantly more than the Peer Index.

## **RECENT DEVELOPMENTS**

### ***International Financial Reporting Standards***

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for all publicly accountable profit-oriented enterprises. IFRS will replace Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). IFRS becomes effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Based on the Manager's current evaluation of the differences between IFRS and Canadian GAAP, the Manager does not expect any impact to net asset value or net asset value per share as a result of the transition to IFRS. Currently, the Manager expects that the main impact will be on the Fund's financial statements, where additional disclosures or changes in presentation will be required. The Manager believes that the adoption of IFRS will have minimal impact on its operational areas and reporting systems. Further updates on the progress in the implementation of the IFRS transition plan and any changes to reporting will be provided during the implementation period leading up to January 1, 2011.

### **Ontario Tax Benefits**

On September 30, 2005, the Ontario government announced that it is planning to remove the provincial tax credit for investors by the end of the 2011 RSP season. On March 23, 2006 a number of measures relating to the transition of the labour sponsored fund program were announced in the 2006 Ontario budget. These measures received Royal Assent on May 18, 2006 and are now law. In December of 2007, the Ontario Government announced that it is intended to extend the tax credit by one year to the end of the 2012 RSP season and that it would increase the annual contribution eligible for provincial credit from \$5,000 to \$7,500. The measures announced in December 2007 received Royal Assent on May 14, 2008 and are now law.

## **RELATED PARTY TRANSACTIONS**

### **Manager**

The Manager, Investment Advisor and Sponsor are deemed to be related parties and earned \$1,593 from the Fund. This amount represents fees for management, investment advisor and sponsor services. No performance fees were paid or accrued in the year.

### **Management Fees**

In consideration of the management fees for the period, 100% of the fees were used to pay for administration.

### **Registrar and Transfer Agent**

CI Investments Inc., is the registrar and transfer agent for the Fund.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

## FINANCIAL HIGHLIGHTS

The Fund's Net Assets per Share table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for each of the five one-year periods ended December 31, as applicable.

The Ratios & Supplemental Data shown below are based on net asset value.

THE FUND'S NET ASSETS PER SHARE (\$) <sup>(1)(2)</sup>

<b>CLASS A, SERIES I SHARES</b>	<b>Dec. 31 2009</b>	<b>Dec. 31 2008</b>	<b>Dec. 31 2007</b>	<b>Dec. 31 2006</b>	<b>Dec. 31 2005</b>
Net assets, beginning of year <sup>(3)(9)</sup>	7.94	10.40	11.47	10.44	9.58
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.35	0.62	0.92	0.58
Total expenses	(0.45)	(0.52)	(0.39)	(0.94)	(0.80)
Realized gains (losses) for the period	(0.73)	(1.05)	0.23	(0.03)	0.03
Unrealized gains (losses) for the period	1.65	(1.23)	(1.53)	1.13	1.06
<b>Total increase (decrease) from operations <sup>(3)</sup></b>	<b>0.81</b>	<b>(2.45)</b>	<b>(1.07)</b>	<b>1.08</b>	<b>0.87</b>
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total annual distributions <sup>(3)(4)</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.76</b>	<b>7.94</b>	<b>10.40</b>	<b>11.48</b>	<b>10.44</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	6,304	5,865	7,770	8,354	7,660
Number of shares outstanding (000's)	709	715	720	727	734
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	5.27	5.22	3.29	8.22	7.61
Portfolio turnover rate (%) <sup>(7)</sup>	5.71	2.97	13.25	23.74	5.28
Trading expense ratio (%) <sup>(8)</sup>	0.01	—	0.01	—	—
<b>Net asset value per share (\$) <sup>(9)</sup></b>	<b>8.90</b>	<b>8.21</b>	<b>10.79</b>	<b>11.99</b>	<b>11.06</b>

# VENTURELINK DIVERSIFIED INCOME FUND INC.

Management Report of Fund Performance for the year ended December 31, 2009

THE FUND'S NET ASSETS PER SHARE (\$) <sup>(1)(2)</sup> cont'd

	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005
<b>CLASS A, SERIES II SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	7.98	10.49	11.61	10.64	9.84
<b>Increase (decrease) from operations:</b>					
Total revenue	0.33	0.34	0.61	0.92	0.58
Total expenses	(0.49)	(0.57)	(0.45)	(1.00)	(0.86)
Realized gains (losses) for the period	(0.72)	(1.04)	0.23	(0.03)	0.03
Unrealized gains (losses) for the period	1.64	(1.22)	(1.52)	1.12	1.06
Total increase (decrease) from operations <sup>(3)</sup>	0.76	(2.49)	(1.13)	1.01	0.81
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions <sup>(3)(4)</sup>	-	-	-	-	-
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.74</b>	<b>7.98</b>	<b>10.49</b>	<b>11.62</b>	<b>10.64</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	899	852	1,146	1,256	1,153
Number of shares outstanding (000's)	102	105	107	108	108
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	5.80	5.74	3.82	8.75	8.15
Portfolio turnover rate (%) <sup>(7)</sup>	5.71	2.97	13.25	23.74	5.28
Trading expense ratio (%) <sup>(8)</sup>	0.01	-	0.01	-	-
Net asset value per share (\$) <sup>(9)</sup>	8.83	8.15	10.73	11.94	11.03

	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005
<b>CLASS A, SERIES III SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	8.04	10.62	11.86	11.01	10.34
<b>Increase (decrease) from operations:</b>					
Total revenue	0.33	0.34	0.60	0.90	0.56
Total expenses	(0.57)	(0.68)	(0.58)	(1.11)	(0.97)
Realized gains (losses) for the period	(0.72)	(1.03)	0.22	(0.03)	0.03
Unrealized gains (losses) for the period	1.62	(1.22)	(1.48)	1.10	1.01
Total increase (decrease) from operations <sup>(3)</sup>	0.66	(2.59)	(1.24)	0.86	0.63
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions <sup>(3)(4)</sup>	-	-	-	-	-
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.70</b>	<b>8.04</b>	<b>10.62</b>	<b>11.87</b>	<b>11.01</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	26,915	24,468	30,521	19,963	10,188
Number of shares outstanding (000's)	3,095	3,047	2,875	1,681	925
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	6.93	6.87	4.96	9.79	9.27
Portfolio turnover rate (%) <sup>(7)</sup>	5.71	2.97	13.25	23.74	5.28
Trading expense ratio (%) <sup>(8)</sup>	0.01	-	0.01	-	-
Net asset value per share (\$) <sup>(9)</sup>	8.70	8.04	10.62	11.87	11.01

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Management Report of Fund Performance for the year ended December 31, 2009

THE FUND'S NET ASSETS PER SHARE (\$) <sup>(1)(2)</sup> cont'd

	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005
<b>CLASS A, SERIES IV SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	8.03	10.61	11.86	11.01	10.33
<b>Increase (decrease) from operations:</b>					
Total revenue	0.33	0.33	0.59	0.90	0.56
Total expenses	(0.58)	(0.68)	(0.58)	(1.11)	(0.97)
Realized gains (losses) for the period	(0.72)	(1.02)	0.22	(0.03)	0.03
Unrealized gains (losses) for the period	1.63	(1.24)	(1.48)	1.09	1.01
Total increase (decrease) from operations <sup>(3)</sup>	0.66	(2.61)	(1.25)	0.85	0.63
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions <sup>(3)(4)</sup>	-	-	-	-	-
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.68</b>	<b>8.03</b>	<b>10.61</b>	<b>11.87</b>	<b>11.01</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	13,769	12,066	14,346	8,035	3,456
Number of shares outstanding (000's)	1,586	1,504	1,352	677	314
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	6.95	6.89	5.00	9.81	9.27
Portfolio turnover rate (%) <sup>(7)</sup>	5.71	2.97	13.25	23.74	5.28
Trading expense ratio (%) <sup>(8)</sup>	0.01	-	0.01	-	-
Net asset value per share (\$) <sup>(9)</sup>	8.68	8.03	10.61	11.87	11.01

	Dec. 31 2009	Dec. 31 2008	Dec. 31 2007
<b>CLASS A, SERIES VI SHARES</b>			
Net assets, beginning of year <sup>(3)(9)</sup>	8.06	10.61	11.80
<b>Increase (decrease) from operations:</b>			
Total revenue	0.33	0.33	0.57
Total expenses	(0.55)	(0.64)	(0.55)
Realized gains (losses) for the period	(0.72)	(1.08)	0.22
Unrealized gains (losses) for the period	1.63	(1.22)	(1.43)
Total increase (decrease) from operations <sup>(3)</sup>	0.69	(2.61)	(1.19)
<b>Distributions:</b>			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions <sup>(3)(4)</sup>	-	-	-
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.75</b>	<b>8.06</b>	<b>10.61</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>			
Total net asset value (\$000's)	77	69	61
Number of shares outstanding (000's)	9	9	6
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	6.59	6.53	4.62
Portfolio turnover rate (%) <sup>(7)</sup>	5.71	2.97	13.25
Trading expense ratio (%) <sup>(8)</sup>	0.01	-	0.01
Net asset value per share (\$) <sup>(9)</sup>	8.75	8.06	10.61

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

## FINANCIAL HIGHLIGHTS cont'd

- (1) This information is derived from the Fund's audited annual financial statements. The net assets per share presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.
- (2) The following classes of shares of the Fund commenced operations:

Class A, Series I shares	January 1, 2002
Class A, Series II shares	January 1, 2002
Class A, Series III shares	January 1, 2004
Class A, Series IV shares	January 1, 2004
Class A, Series VI shares	December 15, 2006
- (3) Net assets per share and dividends per share are based on the actual number of shares outstanding for the relevant class on the relevant date. The increase (decrease) in net assets from operations per share is based on the weighted average number of shares outstanding for the relevant class over the financial period.
- (4) Distributions are automatically reinvested in additional shares of the Fund, unless the shareholder withdraws from the automatic reinvestment plan by providing written notice to the Manager, or unless the Fund elects to pay them.
- (5) The Fund has entered into various agreements including management, investment advisory and administration agreements. The annualized fees are as shown.
- (6) Management expense ratio is calculated based on expenses charged directly to the Fund (excluding commissions and other portfolio transaction costs) plus, if applicable, expenses of the underlying funds, calculated on a weighted average basis based on the percentage weighting of each underlying fund and is expressed as an annualized percentage of average daily net asset value for the period.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year and the value of any securities acquired as a result of merger, by the average of the monthly fair value of investments during the period.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund during the period. The trading expense ratio is provided from 2005 onwards.
- (9) Section 14.2 of National Instrument 81-106 requires the net assets of an investment fund to be calculated using the fair value of the fund's assets and liabilities. Canadian GAAP requires a different valuation method for calculating net assets for financial reporting purposes. For the purpose of processing shareholder transactions, net assets are calculated based on the closing market price (referred to as "Net Asset Value"), while for financial statement purposes net assets are calculated based on bid/ask price (referred to as "Net Assets").

# VENTURELINK DIVERSIFIED INCOME FUND INC.

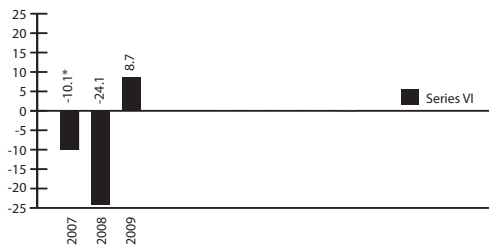
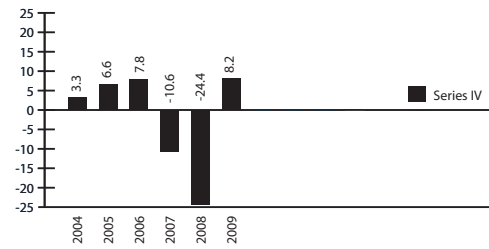
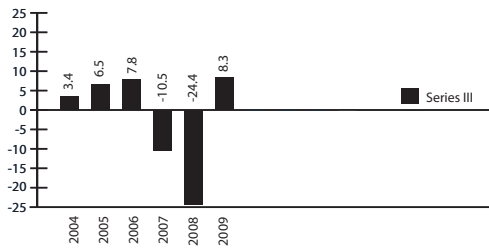
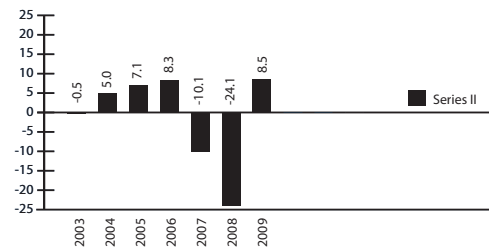
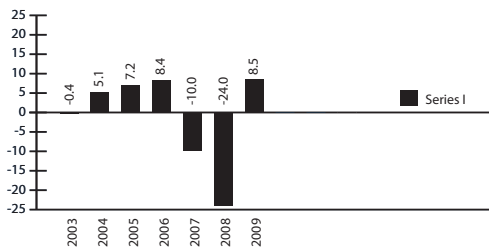
*Management Report of Fund Performance for the year ended December 31, 2009*

## PAST PERFORMANCE

This section describes how the Fund has performed in the past. Past returns do not indicate how the Fund will perform in the future. Returns shown are based on Net Asset Value per share, which differs from the GAAP Net Assets per share (Note 3 of the Financial Statements). The information shown assumes that dividends paid by the Fund in the years shown were reinvested in additional shares of the relevant classes of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following charts show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



\*This figure is for the period from December 15, 2006 to December 31, 2007.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

## Annual Compound Returns

The following table shows the Fund's annual compound returns for each period indicated, compared to the Globe Retail Venture Capital Peer Index, DEX Mid Term Bond Index and the Blended Index composed of: 50% - Globe Retail Venture Capital Peer Index and 50% - DEX Mid Term Bond Index.

The Globe Retail Venture Capital Peer Index is a mutual fund sector specific index that combines data from similar funds, in this case labour-sponsored venture capital funds, to provide sector average return information.

The DEX Mid Term Bond Index is a market capitalization weighted index that measures the performance of the Canadian investment-grade fixed income market. The DEX Mid Term Bond Index consists of fixed rate bonds denominated in Canadian dollars, with remaining effective terms to maturity greater than 5 years, and less than or equal to 10 years, rated BBB or higher. The Index is a sub-sector of the DEX Universe Bond Index.

A discussion of the performance of the Fund as compared to the Globe Retail Venture Capital Peer Index, DEX Mid Term Bond Index and the Blended Index composed of: 50% - Globe Retail Venture Capital Peer Index and 50% - DEX Mid Term Bond Index is found in the Results of Operations section of this report.

	One Year	Three Years	Five Years	Since Inception
Class A, Series I (%)	8.5	-9.5	-2.9	-1.4
Blended Index (%)	2.4	-0.4	0.6	1.0
Globe Retail Venture Capital Peer Index (%)	-5.1	-7.2	-4.7	-4.3
DEX Mid Term Bond Index (%)	7.5	5.9	5.5	6.3
Class A, Series II (%)	8.5	-9.6	-3.0	-1.6
Blended Index (%)	2.4	-0.4	0.6	1.0
Globe Retail Venture Capital Peer Index (%)	-5.1	-7.2	-4.7	-4.3
DEX Mid Term Bond Index (%)	7.5	5.9	5.5	6.3
Class A, Series III (%)	8.3	-9.8	-3.4	-2.1
Blended Index (%)	2.4	-0.4	0.6	0.6
Globe Retail Venture Capital Peer Index (%)	-5.1	-7.2	-4.7	-4.7
DEX Mid Term Bond Index (%)	7.5	5.9	5.5	5.7
Class A, Series IV (%)	8.2	-9.9	-3.4	-2.1
Blended Index (%)	2.4	-0.4	0.6	0.6
Globe Retail Venture Capital Peer Index (%)	-5.1	-7.2	-4.7	-4.7
DEX Mid Term Bond Index (%)	7.5	5.9	5.5	5.7
Class A, Series VI (%)	8.7	-9.5	N/A	-9.3
Blended Index (%)	2.4	-0.4	N/A	-0.4
Globe Retail Venture Capital Peer Index (%)	-5.1	-7.2	N/A	-7.2
DEX Mid Term Bond Index (%)	7.5	5.9	N/A	5.9

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2009*

## SUMMARY OF INVESTMENT PORTFOLIO (as at December 31, 2009)

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Consumer and retail	1	-	-	0.0	0.0
Energy and environmental	2	900	739	3.6	3.1
Financials	7	7,397	7,434	30.0	31.5
Information technology	6	9,410	9,657	38.1	41.0
Services	2	7,000	5,750	28.3	24.4
	18	24,707	23,580	100.0	100.0

Stage of Development	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
<b>Investment Stage</b>					
Early	5	4,186	3,925	16.9	16.6
Later	13	20,521	19,655	83.1	83.4
	18	24,707	23,580	100.0	100.0

*The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a semi-annual basis.*

### A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual

events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.