

# 2010

## Semi-Annual Financial Statements

Period ended June 30, 2010



VentureLink Financial Services Innovation Fund Inc.

VentureLink Diversified Income Fund Inc.

VentureLink Brighter Future Fund Inc.

VentureLink Balanced Fund Inc.

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## VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

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## VENTURELINK DIVERSIFIED INCOME FUND INC.

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VentureLink LP, the Manager of the Funds, appoints independent auditors to audit the Funds' Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Funds' independent auditors have not performed a review of the Semi-Annual Financial Statements of VentureLink Diversified Income Fund Inc., VentureLink Brighter Future Fund Inc. or VentureLink Balanced Fund Inc. in accordance with standards established by the Canadian Institute of Chartered Accountants.

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# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Linked Notes (32.2%)</b>				
5,000,000	S&P/TSX Canadian Financial Sector Index Linked Note (TD)	January 31, 2012	5,000	7,456
10,000,000	S&P/TSX Capped Financial Index Note (CIBC)	January 31, 2012	10,000	8,455
7,000,000	S&P/TSX Capped Financial Total Return Index Linked Note	January 31, 2013	7,000	7,273
5,500,000	Toronto-Dominion Bank S&P Depository Index Linked Note	January 28, 2011	5,500	11,043
<b>Total Linked Notes</b>			<b>27,500</b>	<b>34,227</b>
<b>Venture Investments (48.7%)*</b>				
<b>Publicly traded securities (2.3%)</b>				
487,163	Coventree Inc.		1,778	1,729
3,860,000	Futura Loyalty Group Inc.		154	58
812	Macquarie Group Ltd.		-	27
3,246	Macquarie Group Ltd.		-	38
464,216	Xceed Mortgage Corp.		2,171	557
			<b>4,103</b>	<b>2,409</b>
<b>Private and restricted (46.4%)</b>				
40,000	Clubb Finance Corp., common shares		100	
500,000	Clubb Finance Corp., warrant		-	
333,333	Clubb Finance Corp., warrant		-	
4,140,100	Clubb Finance Corp., debenture	November 2, 2012	4,140	
359,900	Clubb Finance Corp., debenture	November 2, 2012	360	
1,500,000	Clubb Finance Corp., debenture	October 15, 2012	1,500	
1,500,000	Clubb Finance Corp., debenture	October 15, 2012	1,500	
3,000,000	Covarity Inc., Class B, preferred shares		1,500	
2,333,336	Coventree Inc., debenture	December 31, 2011	2,334	
4,000,000	DCR Strategies Inc., loan	July 11, 2011	4,000	
126,136,364	DCR Strategies Inc., common shares		-	
1,025,738	Futura Loyalty Group Inc., debenture	June 30, 2011	1,026	
1,250,000	Futura Loyalty Group Inc., warrant		-	
3,750,000	Futura Loyalty Group Inc., warrant		-	
2,000,000	Global Leasing Group Inc., promissory note	March 10, 2015	2,000	
100,000	Global Leasing Group Inc., debenture	September 4, 2013	100	
1,071	Global Leasing Group Inc., common shares		-	
460	Global Leasing Group Inc., option		-	
2,000	Global Leasing Group Inc., warrant		-	
57	GP 4321 Ltd. (Wellington), Class C		-	
2,000,000	Kensington Capital Partners Ltd., debenture	April 17, 2012	2,000	
551	Kensington Capital Partners Ltd., - 2B Units		9	
595,392	Kensington Capital Partners Ltd., debenture	July 31, 2014	595	
1,336,424	Kensington Capital Partners Ltd., debenture	December 15, 2018	1,337	

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 5% to 14%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Venture Investments (48.7%) (cont'd)*</b>				
<b>Private and restricted (46.4%) (cont'd)</b>				
898,320	Lexfund Inc., promissory note	September 15, 2011	898	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
100,000	Lexfund Inc., promissory note	September 15, 2011	100	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
2,694,960	Lexfund Inc., promissory note	September 15, 2011	2,695	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
100,000	Lexfund Inc., promissory note	September 15, 2011	100	
50,000	Lexfund Inc., promissory note	September 15, 2011	50	
1,785,714	LivClean Corp., debenture	January 6, 2014	1,786	
714,286	LivClean Corp., debenture	January 6, 2014	714	
357,143	LivClean Corp., debenture	January 6, 2014	357	
357,143	LivClean Corp., debenture	January 6, 2014	357	
6,000,000	Mavrix Fund Management Inc., debenture	July 2, 2014	6,000	
127,950	N-Brook Lender Services Inc., debenture	August 1, 2012	128	
516,779	N-Brook Lender Services Inc., debenture	August 1, 2012	517	
1,063,150	N-Brook Lender Services Inc., debenture	August 1, 2012	1,063	
1,134,472	N-Brook Lender Services Inc., debenture	August 1, 2012	1,134	
1,310,000	N-Brook Lender Services Inc., debenture	August 1, 2012	1,310	
286,484	N-Brook Lender Services Inc., debenture	August 1, 2012	286	
5,328	Nexgen Financial, common shares		1	
2,000,000	PerformINS Canada Inc., debenture	January 1, 2011	2,000	
300,000	PerformINS Canada Inc., debenture	January 1, 2011	300	
485,000	PerformINS Canada Inc., debenture	January 1, 2011	485	
715,000	PerformINS Canada Inc., debenture	January 1, 2011	715	
1,000,000	PerformINS Canada Inc., debenture	January 1, 2011	1,000	
1,200,000	PerformINS Canada Inc., debenture	January 1, 2011	1,200	
350,000	PerformINS Canada Inc., debenture	January 1, 2011	350	
4,000,000	PerformINS Canada Inc., common shares		-	
57,143	Planet Energy Corp., warrant		-	
7,900	Wellington Financial Fund II		7,900	
57	Wellington General Partnership Corp.		-	
8,900	WF Fund III Limited Partnership		-	
			<b>54,197</b>	<b>49,431</b>
<b>Total Venture Investments*</b>			<b>58,300</b>	<b>51,840</b>
<b>Total Investments (80.9%)</b>			<b>85,800</b>	<b>86,067</b>
<b>Other net assets (19.1%)</b>				<b>20,300</b>
<b>Net assets (100.0%)</b>				<b>106,367</b>

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 5% to 14%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.


## Financial Statements

### Statements of Net Assets (in \$000's except for per share amounts and number of shares outstanding)

	As at June 30, 2010 (unaudited)	As at December 31, 2009
<b>ASSETS</b>		
Investments at fair value*	86,067	104,646
Cash	22,083	15,416
Accrued interest	2,087	1,776
Subscriptions receivable	14	60
<b>Total assets</b>	<b>110,251</b>	<b>121,898</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	287	783
Performance fees payable	3,462	3,293
Redemptions payable	135	59
Class P shares	-	-
<b>Total liabilities</b>	<b>3,884</b>	<b>4,135</b>
<b>Net assets</b>	<b>106,367</b>	<b>117,763</b>
<b>*Investments at cost</b>	<b>85,800</b>	<b>97,864</b>
<b>Net assets by class</b>		
Class A, Series I shares	40,221	54,712
Class A, Series II shares	5,576	7,300
Class A, Series III shares	44,992	41,948
Class A, Series IV shares	15,413	13,695
Class A, Series VI shares	165	108
<b>Net assets per share (Note 3)</b> <b>(see Schedule of Net Assets Reconciliation)</b>		
Net assets per Class A, Series I share	9.87	10.19
Net assets per Class A, Series II share	9.81	10.15
Net assets per Class A, Series III share	9.27	9.63
Net assets per Class A, Series IV share	9.28	9.64
Net assets per Class A, Series VI share	8.57	8.89
<b>Number of shares outstanding</b> <b>(see Schedule of Fund Share Transactions)</b>		
Class A, Series I shares outstanding	4,073,806	5,369,337
Class A, Series II shares outstanding	568,317	719,581
Class A, Series III shares outstanding	4,851,772	4,354,265
Class A, Series IV shares outstanding	1,661,541	1,420,914
Class A, Series VI shares outstanding	19,263	12,183

Approved by the Board of Directors:

  
John Varghese  
Director

  
James Whitaker  
Director

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Statements of Operations (in \$000's except for per share amounts) (unaudited)

	Period Ended June 30	
	2010	2009
<b>INVESTMENT INCOME</b>		
Dividends	–	–
Interest	1,225	1,660
Placement and participation fees	155	413
Miscellaneous	8	8
	<u>1,388</u>	<u>2,081</u>
<b>EXPENSES</b>		
Management fees (Note 5)	707	636
Performance fees (Note 5)	241	39
Shareholder administration	773	684
Sponsor's fees (Note 5)	141	127
Audit fees	96	69
Capital tax	31	22
Legal fees	24	65
Distribution service fees	458	347
Investment advisory fees (Note 5)	1,130	1,017
Goods and services tax	142	119
	<u>3,743</u>	<u>3,125</u>
<b>Net investment income (loss) for the period</b>	<b>(2,355)</b>	<b>(1,044)</b>
<b>Realized and unrealized gain (loss) on investments and commissions and other portfolio transaction costs</b>		
Realized gain (loss) on investments	5,155	(465)
Capital gain distribution from investments	–	–
Commissions and other portfolio transaction costs (Note 7)	(1)	(1)
Change in unrealized appreciation (depreciation) of marketable securities	(6,228)	9,530
Change in unrealized appreciation (depreciation) of venture investments	(289)	1,165
<b>Net gain (loss) on investments</b>	<b>(1,363)</b>	<b>10,229</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(3,718)</b>	<b>9,185</b>
<b>Increase (decrease) in net assets from operations per class:</b>		
Class A, Series I shares	(1,247)	4,368
Class A, Series II shares	(187)	561
Class A, Series III shares	(1,702)	3,157
Class A, Series IV shares	(577)	1,089
Class A, Series VI shares	(5)	10
<b>Increase (decrease) in net assets from operations per share:</b>		
Class A, Series I shares	(0.27)	0.80
Class A, Series II shares	(0.29)	0.77
Class A, Series III shares	(0.36)	0.79
Class A, Series IV shares	(0.36)	0.84
Class A, Series VI shares	(0.33)	1.20

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Statements of Changes in Net Assets (in \$000's) (unaudited)

For the periods ended June 30	Fund		Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Net assets, beginning of period</b>	117,763	94,508	54,712	48,645	7,300	6,530	41,948	30,015
<b>CAPITAL TRANSACTIONS</b>								
Proceeds from shares issued	7,457	8,789	–	2	–	–	5,023	6,132
Amounts paid for shares redeemed	(15,135)	(588)	(13,244)	(357)	(1,537)	(64)	(277)	(123)
Write off of deferred charges	–	–	–	–	–	–	–	–
	(7,678)	8,201	(13,244)	(355)	(1,537)	(64)	4,746	6,009
<b>DIVIDENDS TO INVESTORS</b>								
Dividends from realized gains	–	–	–	–	–	–	–	–
Dividends from net income	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>	(3,718)	9,185	(1,247)	4,368	(187)	561	(1,702)	3,157
<b>Net assets, end of period</b>	106,367	111,894	40,221	52,658	5,576	7,027	44,992	39,181

For the periods ended June 30	Class A, Series IV		Class A, Series VI	
	2010	2009	2010	2009
<b>Net assets, beginning of period</b>	13,695	9,287	108	31
<b>CAPITAL TRANSACTIONS</b>				
Proceeds from shares issued	2,372	2,605	62	50
Amounts paid for shares redeemed	(77)	(44)	–	–
Write off of deferred charges	–	–	–	–
	2,295	2,561	62	50
<b>DIVIDENDS TO INVESTORS</b>				
Dividends from realized gains	–	–	–	–
Dividends from net income	–	–	–	–
Return of capital	–	–	–	–
	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>	(577)	1,089	(5)	10
<b>Net assets, end of period</b>	15,413	12,937	165	91

The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Statements of Cash Flows (in \$000's) (unaudited)

	Period Ended June 30	
	2010	2009
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net investment income (loss)	(2,355)	(1,044)
Proceeds of disposition of investments	19,593	6,840
Purchase of investments	(2,375)	(4,257)
Commissions and other portfolio transaction costs	1	–
Net change in non-cash balances related to operations	(639)	(2,196)
	14,225	(657)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	–	–
Proceeds from shares issued	7,503	8,776
Cost of shares redeemed	(15,061)	(556)
	(7,558)	8,220
<b>Increase (decrease) in cash and cash equivalents during the period</b>	6,667	7,563
<b>Cash, beginning of period</b>	15,416	7,603
<b>Cash, end of period</b>	22,083	15,166

The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Supplementary Schedules (unaudited)

#### Schedule of Fund Share Transactions

For periods ended June 30	Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009
Balance, beginning of period	5,369,337	5,453,030	719,581	730,342	4,354,265	3,491,255
Issued during the period	239,593	363	24,253	–	761,539	744,857
Redeemed during the period	(1,535,124)	(39,148)	(175,517)	(6,950)	(264,032)	(14,277)
Balance, end of period	4,073,806	5,414,245	568,317	723,392	4,851,772	4,221,835

For periods ended June 30	Class A, Series IV		Class A, Series VI	
	2010	2009	2010	2009
Balance, beginning of period	1,420,914	1,079,082	12,183	3,929
Issued during the period	295,725	319,103	7,080	6,678
Redeemed during the period	(55,098)	(5,006)	–	–
Balance, end of period	1,661,541	1,393,179	19,263	10,607

#### Schedule of Net Assets Reconciliation (in \$000's except for per share amounts) (Note 3)

##### As at June 30, 2010

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series VI
Net assets per share	9.87	9.81	9.27	9.28	8.57
Net asset value per share	9.91	9.84	9.28	9.29	8.58

##### As at December 31, 2009

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series VI
Net Assets per share	10.19	10.15	9.63	9.64	8.89
Net Asset Value per share	10.28	10.20	9.63	9.64	8.89

The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited)

The Fund's investments were concentrated in the financial services segment.

The Fund generally maintains a portfolio of venture investments and eligible reserves in the form of index linked notes and cash. At June 30, 2010 and December 31, 2009, the assets of the Fund consisted of the following:

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at June 30, 2010</b>		
Cash	22,083	20.5
Linked notes	34,227	31.6
Publicly traded equity securities	2,409	2.2
Private debt investments	40,563	37.5
Private equity investments	8,868	8.2
<b>Financial assets held for trading</b>	<b>108,150</b>	<b>100.0</b>

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at December 31, 2009</b>		
Cash	15,416	12.9
Linked notes	52,705	43.9
Publicly traded equity securities	2,676	2.2
Private debt investments	40,754	33.9
Private equity investments	8,511	7.1
<b>Financial assets held for trading</b>	<b>120,062</b>	<b>100.0</b>

### Market Price Risk

The exposure of the index linked and publicly traded equity securities and private equity investments to market price risk is high. All equity investments present a risk of loss of capital; the maximum risk for equity investments is equal to their fair value. The value of the Fund's publicly traded investments will be negatively impacted by a decrease in financial service related equity prices on the Toronto Stock Exchange and other major exchanges. The value for each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends.

As at June 30, 2010, had the relevant index to the Fund increased or decreased by 10% (December 31, 2009 - 10%), with all other variables held constant, index linked and publicly traded equity securities would have increased or decreased, respectively, by approximately \$3,664,000 (December 31, 2009 - \$5,538,000). In practice, the actual results may differ materially.

The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the contractual maturity date.

as at June 30, 2010	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	22,083	30,218	9,009	1,336	62,646

as at December 31, 2009	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	15,416	28,219	11,009	1,526	56,170

As at June 30, 2010, had the prevailing interest rates increased or decreased by 1.00% (December 31, 2009 - 1.00%), assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,257,000 (December 31, 2009 - \$1,362,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Liquidity Risk

The liquidity of the Fund's holdings of private equity investments is low as there is no active market for these investments. The expected realization for the debt investments is to hold them to maturity and the expected realization of the equity investments is over a three to five year period. The Fund manages the liquidity risk related to private investments by holding a portion of the portfolio in liquid reserves and in cash. In addition, the Fund looks to match the duration of its investments with the expected redemption horizon of shareholders.

The financial liabilities of the Fund mature in less than three months with the exception of performance fees payable. The maturity of performance fees is uncertain and is dependent upon realizations of venture investments.

#### Currency Risk

As at June 30, 2010 and December 31, 2009, the Fund holds all of its investments in Canadian dollar denominated investments and Canadian dollars, the functional currency of the Fund, and accordingly has no exposure to currency risk.

#### Credit Risk

The Fund holds a portion of its investment portfolio in private debt investments. These are typically high yielding, relatively high risk debt investments that are unrated. As at June 30, 2010 private debt investments represented approximately 37.5% (December 31, 2009 - 34%) of the Fund's financial assets held for trading.

The accompanying notes are an integral part of these financial statements.

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

Long Positions at fair value as at June 30, 2010

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	2,409	-	8,868	11,277
Debt investments	-	-	40,563	40,563
Index linked notes - public index	-	34,227	-	34,227
<b>Total</b>	<b>2,409</b>	<b>34,227</b>	<b>49,431</b>	<b>86,067</b>

Long Positions at fair value as at December 31, 2009

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	2,676	-	8,511	11,187
Debt investments	-	-	40,754	40,754
Index linked notes - public index	-	44,380	-	44,380
Index linked notes - not public index	-	-	8,325	8,325
<b>Total</b>	<b>2,676</b>	<b>44,380</b>	<b>57,590</b>	<b>104,646</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK FINANCIAL SERVICES INNOVATION FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Fair Value Hierarchy

The tables below summarize the movement in Level 3 financial instruments at fair value using unobservable inputs.

For the period ended June 30, 2010

	Fair value measurements using level 3 inputs						Balance at June 30, 2010 (in \$000's)
	Balance at Dec. 31, 2009 (in \$000's)	Net purchases (in \$000's)	Net sales (in \$000's)	Net transfers in (out) (in \$000's)	Realized gain (loss) (in \$000's)	Unrealized gain* (loss) (in \$000's)	
<b>Long Positions/Assets</b>							
Equities	8,511	375	–	1	–	(19)	8,868
Debt investments	40,754	2,000	(2,188)	–	–	(3)	40,563
Index linked notes							
– not public index	8,325	–	(8,772)	–	447	–	–
<b>Total</b>	<b>57,590</b>	<b>2,375</b>	<b>(10,960)</b>	<b>1</b>	<b>447</b>	<b>(22)</b>	<b>49,431</b>

\*Change in unrealized gain (loss) related to investments held at June 30, 2010 was \$(22,000) (December 31, 2009 was \$2,845,000).

The fair value of each level 3 investment is generally related to the underlying value and/or creditworthiness of a small to medium sized privately held business. Management reviews a number of applicable valuation techniques for each investment depending on a number of factors including: stage of business; the period since the last third party financing; the ability to compare the businesses to similar publicly held companies; the reliability of future cash flow projections; and disclosed information related to transactions involving similar businesses. In addition to the range of valuation techniques employed, a significant number of the key assumptions used in the valuation of individual investments are company specific. Due to the nature of this detailed, investment by investment approach to fair value determination and the number of different key assumptions, there are no alternative assumptions that are broadly applicable across the investment portfolio of the Fund, however, changes in key assumptions may cause material changes in the value of the investments held by the Fund. If the value of the Level 3 investments were to increase or decrease by 10% (December 31, 2009 - 10%) the value of the Fund would increase or decrease by approximately \$4,943,000 (December 31, 2009 - \$5,759,000).

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Linked Notes (24.8%)</b>				
51,600	iShares S&P/TSX 60 Index Fund		1,018	858
5,000,000	S&P/TSX 60 Total Return Index Linked Note	January 31, 2014	5,000	5,461
3,170,000	S&P/TSX Capped Income Trust Index Linked Note	January 31, 2011	3,170	5,170
<b>Total Linked Notes</b>			<b>9,188</b>	<b>11,489</b>
<b>Venture Investments (51.8%)*</b>				
<b>Publicly Traded Securities (4.3%)</b>				
62,500	Biox Corp., common shares		500	88
200,000	Biox Corp., common shares		400	282
461,495	Coventree Inc., common shares		1,325	1,638
104	Macquarie Group Ltd., common shares		-	3
414	Macquarie Group Ltd., common shares		-	5
			<b>2,225</b>	<b>2,016</b>
<b>Energy &amp; Environmental (5.3%)</b>				
357,140	Biox Corp., special warrant		-	
22,857	Planet Energy Corp., warrant		-	
2,000,000	Sprott Power Corp., Units		1,960	
			<b>1,960</b>	<b>2,459</b>
<b>Financials (12.5%)</b>				
3	GP 4321 Limited (Wellington) Partnership, Class C		-	
2,000	Intrepid Business Acceleration Fund		2,000	
714,286	Livclean Corp., debenture	January 6, 2014	714	
285,714	Livclean Corp., debenture	January 6, 2014	286	
142,857	Livclean Corp., debenture	January 6, 2014	143	
142,857	Livclean Corp., debenture	January 6, 2014	143	
128,918	N-Brook Lender Services Inc., debenture	August 31, 2012	129	
57,578	N-Brook Lender Services Inc., debenture	August 31, 2012	58	
1,100	Wellington Financial Fund II		1,100	
3	Wellington Financial LP II		-	
1,500	WF Fund III Limited Partnership		1,500	
			<b>6,073</b>	<b>5,793</b>
<b>Information Technology (20.0%)</b>				
451,859	SCI Ltd., common shares		758	
1,944,444	SCI Ltd., debenture	March 24, 2011	1,944	
3,000,000	SCI Ltd., debenture	September 30, 2010	3,000	
251,754	SCI Ltd., purchase warrants		-	
116,908	SCI Ltd., warrants		-	
1,105,465	Showcare Event Management Inc., class D		709	
300,000	Showcare Event Management Inc., debenture	December 31, 2010	300	
400,102	Streamlogics Inc., common shares		123	
1,181,845	Streamlogics Inc., warrants		-	

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 8% to 15%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Venture Investments (51.8%)(cont'd)*</b>				
<b>Information Technology (20.0%) (cont'd)</b>				
179	Telephoto Technologies Inc., common shares		-	
990	Telephoto Technologies Inc., common shares		-	
350,000	Telephoto Technologies Inc., debenture	September 30, 2010	350	
2,000,000	Telephoto Technologies Inc., debenture	September 30, 2010	2,000	
			<b>9,184</b>	<b>9,281</b>
<b>Publishing (0.0%)</b>				
920,140	Groove Media Inc., common shares		-	-
<b>Services ( 9.7%)</b>				
450	Koprash Inc., common shares		-	
5,000,000	Koprash Inc., debenture	July 31, 2012	5,000	
450	Investigative Research Group Inc., common shares			-
2,000,000	Investigative Research Group Inc., debenture	July 31, 2012	2,000	
			<b>7,000</b>	<b>4,500</b>
	<b>Total Venture Investments*</b>		<b>26,442</b>	<b>24,049</b>
	<b>Total Investments (76.6%)</b>		<b>35,630</b>	<b>35,538</b>
	<b>Other net assets (23.4%)</b>			10,869
	<b>Net assets (100.0%)</b>			<b>46,407</b>

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 8% to 15%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.


# VENTURELINK DIVERSIFIED INCOME FUND INC.


## Financial Statements

### Statements of Net Assets (in \$000's except for per share amounts and number of shares outstanding)

	As at June 30, 2010 (unaudited)	As at December 31, 2009
<b>ASSETS</b>		
Investments at fair value*	35,538	35,109
Cash	10,765	12,867
Accrued interest	206	196
Subscriptions receivable	15	8
<b>Total assets</b>	<b>46,524</b>	<b>48,180</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	103	326
Payable for securities purchased	-	-
Redemptions payable	14	7
Class P shares	-	-
<b>Total liabilities</b>	<b>117</b>	<b>333</b>
<b>Net assets</b>	<b>46,407</b>	<b>47,847</b>
<b>*Investments at cost</b>	<b>35,630</b>	<b>33,895</b>
<b>Net assets by class</b>		
Class A, Series I shares	5,946	6,202
Class A, Series II shares	839	890
Class A, Series III shares	26,216	26,911
Class A, Series IV shares	13,327	13,767
Class A, Series VI shares	79	77
<b>Net assets per share (Note 3)</b> (see Schedule of Net Assets Reconciliation)		
Class A, Series I shares	8.46	8.76
Class A, Series II shares	8.44	8.74
Class A, Series III shares	8.34	8.70
Class A, Series IV shares	8.33	8.68
Class A, Series VI shares	8.40	8.75
<b>Number of shares outstanding</b> (see Schedule of Fund Share Transactions)		
Class A, Series I shares	702,594	708,555
Class A, Series II shares	99,383	101,708
Class A, Series III shares	3,142,770	3,095,214
Class A, Series IV shares	1,600,296	1,585,909
Class A, Series VI shares	9,362	8,849

Approved by the Board of Directors:

  
John Varghese  
Director

  
James Whitaker  
Director

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Statements of Operations (in \$000's except for per share amounts) (unaudited)

	Period Ended June 30	
	2010	2009
<b>INVESTMENT INCOME</b>		
Dividends	286	11
Interest	705	655
Placement and participation fees	55	76
Miscellaneous	1	2
	1,047	744
<b>EXPENSES</b>		
Management fees (Note 5)	294	274
Performance fees (Note 5)	–	–
Shareholder administration	319	309
Sponsor's fees (Note 5)	59	55
Audit fees	39	31
Capital tax	18	23
Legal fees	9	30
Distribution service fees	296	275
Investment advisory fees (Note 5)	471	439
Goods and services tax	55	51
	1,560	1,487
<b>Net investment income (loss) for the period</b>	(513)	(743)
<b>Realized and unrealized gain (loss) on investments and commissions and other portfolio transaction costs</b>		
Realized gain (loss) on investments	(93)	31
Foreign exchange gain (loss)	–	7
Capital gain distribution from investments	–	–
Commissions and other portfolio transaction costs (Note 7)	(3)	–
Change in unrealized appreciation (depreciation) of marketable securities	(40)	1,405
Change in unrealized appreciation (depreciation) of venture investments	(1,267)	561
<b>Net gain (loss) on investments</b>	(1,403)	2,004
<b>Increase (decrease) in net assets from operations</b>	(1,916)	1,261
<b>Increase (decrease) in net assets from operations per class:</b>		
Class A, Series I shares	(204)	209
Class A, Series II shares	(31)	27
Class A, Series III shares	(1,112)	679
Class A, Series IV shares	(567)	345
Class A, Series VI shares	(2)	1
<b>Increase (decrease) in net assets from operations per share:</b>		
Class A, Series I shares	(0.30)	0.30
Class A, Series II shares	(0.32)	0.27
Class A, Series III shares	(0.35)	0.23
Class A, Series IV shares	(0.35)	0.23
Class A, Series VI shares	(0.35)	0.25

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Statements of Changes in Net Assets (in \$000's) (unaudited)

For the periods ended June 30	Fund		Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Net assets, beginning of period</b>	47,847	43,155	6,202	5,682	890	835	26,911	24,492
<b>CAPITAL TRANSACTIONS</b>								
Proceeds from shares issued	836	1,034	–	–	–	–	555	442
Amounts paid for shares redeemed	(360)	(273)	(52)	(42)	(20)	(21)	(138)	(142)
Write off of deferred charges	–	–	–	–	–	–	–	–
	476	761	(52)	(42)	(20)	(21)	417	300
<b>DIVIDENDS TO INVESTORS</b>								
Dividends from realized gains	–	–	–	–	–	–	–	–
Dividends from net income	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>	(1,916)	1,261	(204)	209	(31)	27	(1,112)	679
<b>Net assets, end of period</b>	46,407	45,177	5,946	5,849	839	841	26,216	25,471

For the periods ended June 30	Class A, Series IV		Class A, Series VI	
	2010	2009	2010	2009
<b>Net assets, beginning of period</b>	13,767	12,077	77	69
<b>CAPITAL TRANSACTIONS</b>				
Proceeds from shares issued	273	587	8	5
Amounts paid for shares redeemed	(146)	(66)	(4)	(2)
Write off of deferred charges	–	–	–	–
	127	521	4	3
<b>DIVIDENDS TO INVESTORS</b>				
Dividends from realized gains	–	–	–	–
Dividends from net income	–	–	–	–
Return of capital	–	–	–	–
	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>	(567)	345	(2)	1
<b>Net assets, end of period</b>	13,327	12,943	79	73

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Statements of Cash Flows (in \$000's) (unaudited)

	Period Ended June 30	
	2010	2009
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net investment income (loss)	(513)	(743)
Proceeds of disposition of investments	128	1,820
Purchase of investments	(1,960)	(1,419)
Commissions and other portfolio transaction costs	—	—
Net change in non-cash balances related to operations	(233)	(42)
	(2,578)	(384)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	—	—
Proceeds from shares issued	829	1,047
Cost of shares redeemed	(353)	(269)
	476	778
<b>Increase (decrease) in cash and cash equivalents during the period</b>	(2,102)	394
<b>Cash, beginning of period</b>	12,867	10,219
<b>Cash, end of period</b>	10,765	10,613

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Supplementary Schedules (unaudited)

#### Schedule of Fund Share Transactions

For periods ended June 30	Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009
Balance, beginning of period	708,555	715,374	101,708	104,577	3,095,214	3,046,712
Issued during the period	–	–	–	–	63,710	55,747
Redeemed during the period	(5,961)	(4,962)	(2,325)	(2,629)	(16,154)	(17,605)
Balance, end of period	702,594	710,412	99,383	101,948	3,142,770	3,084,854

For periods ended June 30	Class A, Series IV		Class A, Series VI	
	2010	2009	2010	2009
Balance, beginning of period	1,585,909	1,504,019	8,849	8,566
Issued during the period	31,582	73,957	918	568
Redeemed during the period	(17,195)	(8,208)	(405)	(285)
Balance, end of period	1,600,296	1,569,768	9,362	8,849

#### Schedule of Net Assets Reconciliation (in \$000's except for per share amounts) (Note 3)

##### As at June 30, 2010

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series VI
Net assets per share	8.46	8.44	8.34	8.33	8.40
Net asset value per share	8.49	8.43	8.28	8.27	8.34

##### As at December 31, 2009

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series VI
Net Assets per share	8.76	8.74	8.70	8.68	8.75
Net Asset Value per share	8.90	8.83	8.70	8.68	8.75

The accompanying notes are an integral part of these financial statements.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited)

The Fund's investments were concentrated in the following segments.

#### Portfolio Breakdown as at June 30, 2010

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Publishing	1	–	–	–	–
Energy and environmental	2	2,860	2,829	10.8	11.8
Financials	7	7,398	7,439	28.0	30.9
Information technology	4	9,184	9,281	34.7	38.6
Services	2	7,000	4,500	26.5	18.7
	16	26,442	24,049	100.0	100.0

#### Portfolio Breakdown 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	–	–	–	–
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

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

The Fund generally maintains a portfolio of venture investments and eligible reserves in the form of index linked notes and cash. At June 30, 2010 and December 31, 2009, the assets of the Fund consisted of the following:

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at June 30, 2010</b>		
Cash	10,765	23.2
Linked notes	11,489	24.8
Publicly traded equity securities	2,016	4.4
Private debt investments	13,567	29.3
Private equity investments	8,466	18.3
<b>Financial assets held for trading</b>	<b>46,303</b>	<b>100.0</b>

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at December 31, 2009</b>		
Cash	12,867	26.8
Linked notes	11,529	24.0
Publicly traded equity securities	1,789	3.7
Private debt investments	14,818	30.9
Private equity investments	6,973	14.6
<b>Financial assets held for trading</b>	<b>47,976</b>	<b>100.0</b>

### Market Price Risk

The exposure of the index linked and publicly traded equity securities and private equity investments to market price risk is high. All equity investments present a risk of loss of capital; the maximum risk for equity investments is equal to their fair value. The value of the Fund's publicly traded investments will be negatively impacted by a decrease in equity prices on the Toronto Stock Exchange and other major exchanges. The value for each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends.

As at June 30, 2010, had the relevant index to the Fund increased or decreased by 10% (December 31, 2009 - 10%), with all other variables held constant, index linked and publicly traded equity securities would have increased or decreased, respectively, by approximately \$1,350,000 (December 31, 2009 - \$1,332,000). In practice, the actual results may differ materially.

The accompanying notes are an integral part of these financial statements.

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the contractual maturity date.

	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
<b>as at June 30, 2010</b>					
<b>Interest Rate Exposure</b>	18,359	4,686	1,287	-	24,332

	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
<b>as at December 31, 2009</b>					
<b>Interest Rate Exposure</b>	18,517	7,882	1,286	-	27,685

As at June 30, 2010, had the prevailing interest rates increased or decreased by 1.00% (December 31, 2009 - 1.00%), assuming a parallel shift in the yield curve, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$263,000 (December 31, 2009 - \$269,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Liquidity Risk

The liquidity of the Fund's holdings of private debt and equity investments is low as there is no active market for these investments. The expected realization for the debt investments is to hold them to maturity and the expected realization of the equity investments is over a three to five year period. The Fund manages the liquidity risk related to private investments by holding a portion of the portfolio in liquid reserves and in cash. In addition, the Fund looks to match the duration of its investments with the expected redemption horizon of shareholders.

The financial liabilities of the Fund mature in less than three months.

#### Currency Risk

As at June 30, 2010 and December 31, 2009, the Fund holds the majority of its investments in Canadian dollar denominated investments and accordingly has minimal currency risk.

As at June 30, 2010, had the Canadian dollar strengthened or weakened by 10% (December 31, 2009 - 10%) in relation to all other foreign currencies held in the Fund, with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$1,000 (December 31, 2009 - \$1,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Credit Risk

The Fund holds a portion of its investment portfolio in private debt instruments. These are typically high yielding relatively high risk debt investments that are unrated. As at June 30, 2010 private debt investments represented approximately 29% (December 31, 2009 - 31%) of the Fund's financial assets held for trading.

*The accompanying notes are an integral part of these financial statements.*

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

##### Long Positions at fair value as at June 30, 2010

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	2,016	-	7,928	9,944
Debt investments	-	-	13,567	13,567
Index linked notes	-	11,489	-	11,489
Warrants	-	500	38	538
<b>Total</b>	<b>2,016</b>	<b>11,989</b>	<b>21,533</b>	<b>35,538</b>

##### Long Positions at fair value as at December 31, 2009

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	1,789	-	6,935	8,724
Debt investments	-	-	14,818	14,818
Index linked notes	-	11,529	-	11,529
Warrants	-	-	38	38
<b>Total</b>	<b>1,789</b>	<b>11,529</b>	<b>21,791</b>	<b>35,109</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK DIVERSIFIED INCOME FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Fair Value Hierarchy (cont'd)

The tables below summarize the movement in financial instruments classified as Level 3.

For the year ended June 30, 2010

	Fair value measurements using level 3 inputs						Balance at June 30, 2010 (in \$000's)
	Balance at Dec. 31, 2009 (in \$000's)	Net purchases (in \$000's)	Net sales (in \$000's)	Net transfers in (out) (in \$000's)	Realized gain (loss) (in \$000's)	Unrealized gain* (loss) (in \$000's)	
<b>Long Positions/Assests</b>							
Equities	6,935	1,960	-	(739)	-	(228)	7,928
Debt investments	14,818	-	-	-	-	(1,251)	13,567
Warrants	38	-	-	-	-	-	38
<b>Total</b>	<b>21,791</b>	<b>1,960</b>	<b>-</b>	<b>(739)</b>	<b>-</b>	<b>(1,479)</b>	<b>21,533</b>

\*Change in unrealized gain (loss) related to investments held at June 30, 2010 was \$(1,479,000) (December 31, 2009 was \$5,670,000).

The fair value of each level 3 investment is generally related to the underlying value and/or creditworthiness of a small to medium sized privately held business. Management reviews a number of applicable valuation techniques for each investment depending on a number of factors including: stage of business; the period since the last third party financing; the ability to compare the businesses to similar publicly held companies; the reliability of future cash flow projections; and disclosed information related to transactions involving similar businesses. In addition to the range of valuation techniques employed, a significant number of the key assumptions used in the valuation of individual investments are company specific. Due to the nature of this detailed, investment by investment approach to fair value determination and the number of different key assumptions, there are no alternative assumptions that are broadly applicable across the investment portfolio of the Fund, however, changes in key assumptions may cause material changes in the value of the investments held by the Fund. If the value of the Level 3 investments were to increase or decrease by 10% (December 31, 2009 - 10%), the value of the Fund would increase or decrease by approximately \$2,153,000 (December 31, 2009 - \$2,179,000).

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Marketable Securities (1.0%)</b>				
500,000	Toronto-Dominion Bank S&P/TSE Index Linked Note	January 28, 2011	603	502
<b>Total Marketable Securities</b>			<b>603</b>	<b>502</b>
<b>Venture Investments (68.6%)*</b>				
<b>Publicly traded securities (9.3%)</b>				
543,850	Biox Corp., common shares		4,017	767
300,000	Biox Corp., common shares		600	423
508,565	Dragonwave Inc., common shares		2,022	3,204
2,269,000	Clearford Industries Inc., common shares		647	374
389,070	MP Western Properties Inc.		–	18
389,070	MP Western Properties Inc., Class A		–	–
			<b>7,286</b>	<b>4,786</b>
<b>Biotechnology (11.1%)</b>				
800,000	Cytochroma Inc., Class B, preferred shares		2,000	
2,344,060	Cytochroma Inc., Class B, common Shares		1,435	
516,075	Cytochroma Inc., Class C, common Shares		707	
500,000	Performance Plants Inc., loan	July 31, 2010	500	
3,803,306	Performance Plants Inc., common Shares		6,658	
			<b>11,300</b>	<b>5,705</b>
<b>Energy &amp; Environmental (20.1%)</b>				
75,000	Adventus Intellectual Property Inc., loan	September 30, 2010	75	
210,907	Adventus Intellectual Property Inc., common shares		–	
1,984,477	Adventus Intellectual Property Inc., preferred shares		1,984	
89,285	Biox Corp., warrants		–	
5,006	EcoSynthetix Inc., Series A3, preferred shares		95	
277,060	EcoSynthetix Adhesives Inc., exchangeable shares		1,054	
277,060	EcoSynthetix Adhesives Inc., special voting shares		–	
55,633	EcoSynthetix Adhesives Inc., exchangeable shares		1,066	
55,633	EcoSynthetix Adhesives Inc., special voting shares		–	
44,550	EcoSynthetix Inc., preferred shares		811	
7,980	EcoSynthetix Adhesives Inc., exchangeable shares USD		52	
55,376	Enerworks Inc., promissory note	January 31, 2014	–	
69,144	Enerworks Inc., promissory note	January 31, 2014	69	
897,027	Enerworks Inc., promissory note	January 31, 2014	897	
608,143	Enerworks Inc., common shares		576	
			<b>6,679</b>	<b>10,307</b>

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 10% to 25%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Information Technology (28.1%)</b>				
1,666,667	Aimetis Corp., common shares		2,500	
1,500,000	Covarity Inc., Series B, preferred shares		750	
1,200,000	Ebuild.ca Inc., Series A, preferred shares		600	
265,000	NexJ Systems Inc., common shares		1,524	
265,000	NexJ Systems Inc., rights	March 31, 2011	–	
99,946	Panorama Software Inc., common shares		1,563	
8,125	Panorama Software Inc., common shares		–	
4,875	Panorama Software Inc., common shares		–	
666,668	Peraso Technologies Inc., common shares		667	
1,333,334	Peraso Technologies Inc., warrants	October 1, 2012	–	
1,333,334	Peraso Technologies Inc., warrants	October 1, 2014	–	
300,000	Showcare Event Management, debenture	December 31, 2010	300	
1,083,575	Showcare Event Management, Class D shares		695	
69,052	SCI Ltd., common shares		111	
779,390	SCI Ltd., preferred shares		5,000	
50,351	SCI Ltd., warrants	March 24, 2011	–	
388,889	SCI Ltd., debenture	March 24, 2011	389	
4,292,024	Sidense Corp., Class B, preferred shares		2,500	
			<b>16,599</b>	<b>14,463</b>
<b>Publishing (0.0%)</b>				
531,170	Groove Media Inc., common shares		–	–
<b>Total Venture Investments*</b>			<b>41,864</b>	<b>35,261</b>
<b>Total Investments (69.6%)</b>			<b>42,467</b>	<b>35,763</b>
<b>Other net assets (30.4%)</b>				15,633
<b>Net assets (100.0%)</b>				<b>51,396</b>

\*A portion of the Fund's venture investment portfolio is in the form of debt investments with interest rates ranging from 10% to 25%. Percentages shown in brackets relate investments at fair value to net assets of the Fund. The accompanying notes are an integral part of these financial statements.

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statements of Net Assets (in \$000's except for per share amounts and number of shares outstanding)

	As at June 30, 2010 (unaudited)	As at December 31, 2009
<b>ASSETS</b>		
Investments at fair value*	35,763	38,434
Cash	16,670	28,242
Accrued interest	16	25
Subscriptions receivable	19	55
<b>Total assets</b>	<b>52,468</b>	<b>66,756</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	310	637
Performance fees payable	636	1,968
Redemptions payable	126	47
Class P shares	—	—
<b>Total liabilities</b>	<b>1,072</b>	<b>2,652</b>
<b>Net assets</b>	<b>51,396</b>	<b>64,104</b>
<b>*Investments at cost</b>	<b>42,467</b>	<b>36,053</b>
<b>Net assets by class</b>		
Class A, Series I shares	17,645	29,873
Class A, Series II shares	1,658	2,597
Class A, Series III shares	18,894	18,538
Class A, Series IV shares	11,422	11,034
Class A, Series V shares	592	863
Class A, Series VI shares	1,185	1,199
<b>Net assets per share (Note 3)</b> (see Schedule of Net Assets Reconciliation)		
Class A, Series I shares	10.83	12.65
Class A, Series II shares	10.81	12.67
Class A, Series III shares	10.87	12.80
Class A, Series IV shares	10.86	12.78
Class A, Series V shares	10.89	12.79
Class A, Series VI shares	11.28	13.25
<b>Number of shares outstanding</b> (see Schedule of Fund Share Transactions)		
Class A, Series I shares	1,628,762	2,361,136
Class A, Series II shares	153,452	204,953
Class A, Series III shares	1,737,799	1,448,487
Class A, Series IV shares	1,051,995	863,124
Class A, Series V shares	54,334	67,468
Class A, Series VI shares	105,109	90,483

Approved by the Board of Directors:

  
John Varghese  
Director

  
James Whitaker  
Director

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statements of Operations (in \$000's except for per share amounts) (unaudited)

	Period Ended June 30	
	2010	2009
<b>INVESTMENT INCOME</b>		
Dividends	–	–
Interest	47	114
Placement and participation fees	–	1,659
Miscellaneous	5	8
	52	1,781
<b>EXPENSES</b>		
Management fees (Note 5)	356	395
Performance fees (Note 5)	(1,333)	–
Shareholder administration	340	385
Sponsor's fees (Note 5)	71	79
Audit fees	52	47
Capital tax	23	72
Legal fees	18	45
Distribution service fees	224	178
Investment advisory fees (Note 5)	570	631
Dividend expense (Note 1)	69	–
Goods and services tax	–	73
	390	1,905
<b>Net investment income (loss) for the period</b>	<b>(338)</b>	<b>(124)</b>
<b>Realized and unrealized gain (loss) on investments and commissions and other portfolio transaction costs</b>		
Realized gain (loss) on investments	103	(1,662)
Foreign exchange gain (loss)	(1)	–
Commissions and other portfolio transaction costs (Note 7)	–	–
Change in unrealized appreciation (depreciation) of marketable securities	(34)	(15)
Change in unrealized appreciation (depreciation) of venture investments	(9,050)	74
<b>Net gain (loss) on investments</b>	<b>(8,982)</b>	<b>(1,603)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(9,320)</b>	<b>(1,727)</b>
<b>Increase (decrease) in net assets from operations per class:</b>		
Class A, Series I shares	(3,578)	(749)
Class A, Series II shares	(333)	(67)
Class A, Series III shares	(3,177)	(537)
Class A, Series IV shares	(1,920)	(312)
Class A, Series V shares	(114)	(28)
Class A, Series VI shares	(198)	(34)
<b>Increase (decrease) in net assets from operations per share:</b>		
Class A, Series I shares	(1.86)	(0.26)
Class A, Series II shares	(1.90)	(0.32)
Class A, Series III shares	(1.92)	(0.41)
Class A, Series IV shares	(1.92)	(0.41)
Class A, Series V shares	(1.94)	(0.31)
Class A, Series VI shares	(1.97)	(0.39)

The accompanying notes are an integral part of these financial statements.

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statements of Changes in Net Assets (in \$000's) (unaudited)

For the periods ended June 30	Fund		Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Net assets, beginning of period</b>	64,104	65,021	29,873	40,076	2,597	2,461	18,538	12,949
<b>CAPITAL TRANSACTIONS</b>								
Proceeds from shares issued	6,225	7,421	–	–	–	–	3,664	3,938
Amounts paid for shares redeemed	(9,613)	(11,202)	(8,650)	(9,859)	(606)	(25)	(131)	(107)
Write off of deferred charges	–	–	–	–	–	–	–	–
	(3,388)	(3,781)	(8,650)	(9,859)	(606)	(25)	3,533	3,831
<b>DIVIDENDS TO INVESTORS</b>								
Dividends from realized gains	–	–	–	–	–	–	–	–
Dividends from net income	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>	(9,320)	(1,727)	(3,578)	(749)	(333)	(67)	(3,177)	(537)
<b>Net assets, end of period</b>	51,396	59,513	17,645	29,468	1,658	2,369	18,894	16,243

For the periods ended June 30	Class A, Series IV		Class A, Series V		Class A, Series VI			
	2010	2009	2010	2009	2010	2009		
<b>Net assets, beginning of period</b>			11,034	7,029	863	1,459	1,199	1,047
<b>CAPITAL TRANSACTIONS</b>								
Proceeds from shares issued			2,357	3,234	–	–	204	249
Amounts paid for shares redeemed			(49)	(457)	(157)	(551)	(20)	(203)
Write off of deferred charges			–	–	–	–	–	–
			2,308	2,777	(157)	(551)	184	46
<b>DIVIDENDS TO INVESTORS</b>								
Dividends from realized gains			–	–	–	–	–	–
Dividends from net income			–	–	–	–	–	–
Return of capital			–	–	–	–	–	–
			–	–	–	–	–	–
<b>Increase (decrease) in net assets from operations</b>			(1,920)	(312)	(114)	(28)	(198)	(34)
<b>Net assets, end of period</b>			11,422	9,494	592	880	1,185	1,059

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Statements of Cash Flows (in \$000's) (unaudited)

	Period Ended June 30	
	2010	2009
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net investment income (loss)	(338)	(124)
Proceeds of disposition of investments	476	210
Purchase of investments	(6,789)	(949)
Net change in non-cash balances related to operations	(1,650)	22
	<b>(8,301)</b>	<b>(841)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from shares issued	6,261	7,325
Cost of shares redeemed	(9,532)	(10,705)
	<b>(3,271)</b>	<b>(3,380)</b>
<b>Increase (decrease) in cash and short term investments during the period</b>	<b>(11,572)</b>	<b>(4,221)</b>
<b>Cash, beginning of period</b>	<b>28,242</b>	<b>38,254</b>
<b>Cash, end of period</b>	<b>16,670</b>	<b>34,033</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Supplementary Schedules (unaudited)

#### Schedule of Fund Share Transactions

For periods ended June 30	Class A, Series I		Class A, Series II		Class A, Series III	
	2010	2009	2010	2009	2010	2009
Balance, beginning of period	2,361,136	3,431,544	204,953	209,927	1,448,487	1,080,721
Issued during the period	–	–	–	–	300,594	329,404
Redeemed during the period	(732,374)	(838,056)	(51,501)	(2,110)	(11,282)	(8,976)
Balance, end of period	1,628,762	2,593,488	153,452	207,817	1,737,799	1,401,149

For periods ended June 30	Class A, Series IV		Class A, Series V		Class A, Series VI	
	2010	2009	2010	2009	2010	2009
Balance, beginning of period	863,124	587,184	67,468	122,441	90,483	84,652
Issued during the period	193,071	235,133	–	–	16,195	20,199
Redeemed during the period	(4,200)	(2,532)	(13,134)	(46,316)	(1,569)	(16,478)
Balance, end of period	1,051,995	819,785	54,334	76,125	105,109	88,373

#### Schedule of Net Assets Reconciliation (in \$000's except for per share amounts) (Note 3)

##### As at June 30, 2010

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series V	Class A Series VI
Net assets per share	10.83	10.81	10.87	10.86	10.89	11.28
Net asset value per share	10.85	10.85	10.92	10.91	10.96	11.33

##### As at December 31, 2009

	Class A Series I	Class A Series II	Class A Series III	Class A Series IV	Class A Series V	Class A Series VI
Net Assets per share	12.65	12.67	12.80	12.78	12.79	13.25
Net Asset Value per share	12.70	12.75	12.81	12.80	12.83	13.27

The accompanying notes are an integral part of these financial statements.

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited)

The Fund's investments were concentrated in the following segments.

#### Portfolio Breakdown as at June 30, 2010

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Publishing	1	–	–	–	–
Energy and environmental	5	11,943	11,871	28.5	33.7
Biotechnology	2	11,299	5,705	27.0	16.2
Information Technology	9	16,599	14,463	39.7	41.0
Financials	1	–	18	–	–
Telecommunications	1	2,022	3,204	4.8	9.2
	19	41,863	35,261	100.0	100.0

#### Portfolio Breakdown as at December 31, 2009

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Other	2	0	10	–	–
Energy and environmental	5	11,779	13,149	33.2	34.7
Biotechnology	2	11,299	10,298	31.9	27.2
Information Technology	6	10,450	8,326	29.5	22.0
Telecommunications	1	1,921	6,115	5.4	16.1
	16	35,449	37,898	100.0	100.0

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

The Fund generally maintains a portfolio of venture investments and eligible reserves in the form of index linked notes and cash. At June 30, 2010 and December 31, 2009, the assets of the Fund consisted of the following:

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at June 30, 2010</b>		
Cash	16,670	31.7
Index linked note	502	1.0
Publicly traded equity securities	4,786	9.1
Private debt investments	1,265	2.4
Private equity investments	29,210	55.8
<b>Financial assets held for trading</b>	<b>52,433</b>	<b>100.0</b>

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at December 31, 2009</b>		
Cash	28,242	42.4
Index linked note	536	0.8
Publicly traded equity securities	6,198	9.3
Private debt investments	2,161	3.2
Private equity investments	29,539	44.3
<b>Financial assets held for trading</b>	<b>66,676</b>	<b>100.0</b>

### Market Price Risk

The exposure of the index linked and publicly traded equity securities and private equity investments to market price risk is high. All equity investments present a risk of loss of capital; the maximum risk for equity investments is equal to their fair value. The value of the Fund's publicly traded investments will be negatively impacted by a decrease in equity prices on the Toronto Stock Exchange and other technology oriented exchanges including the NASDAQ. The value for each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends.

As at June 30, 2010, had the relevant index to the Fund increased or decreased by 10% (December 31, 2009 - 10%), with all other variables held constant, index linked and publicly traded equity securities would have increased or decreased, respectively, by approximately \$529,000 (December 31, 2009 - \$673,000). In practice, the actual results may differ materially.

The accompanying notes are an integral part of these financial statements.

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk. It includes the Fund's assets and liabilities at fair values, categorized by the contractual maturity date.

as at June 30, 2010	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	17,059	875	1	-	17,935

as at December 31, 2009	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	29,117	389	897	-	30,403

As at June 30, 2010, had the prevailing interest rates increased or decreased by 1.00%, (December 31, 2009 - 1.00%), assuming a parallel shift in the yield curve with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$5,000 (December 31, 2009 - \$41,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Liquidity Risk

The liquidity of the Fund's holdings of private debt and equity investments is low as there is no active market for these investments. The expected realization for the debt investments is to hold them to maturity and the expected realization of the equity investments is over a three to five year period. The Fund manages the liquidity risk related to private investments by holding a portion of the portfolio in liquid reserves and in cash. In addition, the Fund looks to match the duration of its investments with the expected redemption horizon of shareholders.

The financial liabilities of the Fund mature in less than three months with the exception of performance fees payable. The maturity of performance fees is uncertain and is dependent upon realizations of venture investments.

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Currency Risk

As at June 30, 2010 and December 31, 2009, the Fund holds the majority of its investments in Canadian dollar denominated investments and accordingly has low currency risk.

The tables below summarize the Fund's exposure to currency risk.

#### as at June 30, 2010

CURRENCY	Total (in \$000's)	Net Assets (%)
US Dollar	8,618	16.8
<b>Total</b>	<b>8,618</b>	<b>16.8</b>

#### as at December 31, 2009

CURRENCY	Total (in \$000's)	Net Assets (%)
US Dollar	8,415	13.1
<b>Total</b>	<b>8,415</b>	<b>13.1</b>

As at June 30, 2010, had the Canadian dollar strengthened or weakened by 10% (December 31, 2009 - 10%) in relation to the U.S. Dollar, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$862,000 (December 31, 2009 - \$842,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Credit Risk

The Fund holds a portion of its investment portfolio in private debt instruments. These are typically high yielding, relatively high risk debt investments that are unrated. As at June 30, 2010 private debt investments represented approximately 2.4% (December 31, 2009 - 3.2%) of the Fund's financial assets held for trading.

*The accompanying notes are an integral part of these financial statements.*

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

Long Positions at fair value as at June 30, 2010

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	4,786	-	29,077	33,863
Debt investments	-	-	1,265	1,265
Index linked note	-	502	-	502
Warrants	-	125	8	133
<b>Total</b>	<b>4,786</b>	<b>627</b>	<b>30,350</b>	<b>35,763</b>

Long Positions at fair value as at December 31, 2009

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	6,198	-	29,400	35,598
Debt investments	-	-	2,161	2,161
Index linked notes	-	536	-	536
Warrants	-	131	8	139
<b>Total</b>	<b>6,198</b>	<b>667</b>	<b>31,569</b>	<b>38,434</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BRIGHTER FUTURE FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (cont'd) (unaudited)

#### Fair Value Hierarchy (cont'd)

The tables below summarize the movement in financial instruments classified as Level 3.

For the period ended June 30, 2010

	Fair value measurements using level 3 inputs						Balance at June 30, 2010 (in \$000's)
	Balance at Dec. 31, 2009 (in \$000's)	Net purchases (in \$000's)	Net sales (in \$000's)	Net transfers in (out) (in \$000's)	Realized gain (loss) (in \$000's)	Unrealized gain* (loss) (in \$000's)	
<b>Long Positions/Assests</b>							
Equities	29,400	6,719	(375)	(1,741)	-	(4,926)	29,077
Debt investments	2,161	69	-	-	-	(965)	1,265
Warrants	8	-	-	-	-	-	8
<b>Total</b>	<b>31,569</b>	<b>6,788</b>	<b>(375)</b>	<b>(1,741)</b>	<b>-</b>	<b>(5,891)</b>	<b>30,350</b>

\*Change in unrealized gain (loss) related to investments held at June 30, 2010 was \$(5,891,000) (December 31, 2009 was \$1,043,000).

The fair value of each level 3 investment is generally related to the underlying value and/or creditworthiness of a small to medium sized privately held business. Management reviews a number of applicable valuation techniques for each investment depending on a number of factors including: stage of business; the period since the last third party financing; the ability to compare the businesses to similar publicly held companies; the reliability of future cash flow projections; and disclosed information related to transactions involving similar businesses. In addition to the range of valuation techniques employed, a significant number of the key assumptions used in the valuation of individual investments are company specific. Due to the nature of this detailed, investment by investment approach to fair value determination and the number of different key assumptions, there are no alternative assumptions that are broadly applicable across the investment portfolio of the Fund, however, changes in key assumptions may cause material changes in the value of the investments held by the Fund. If the value of the Level 3 investments were to increase or decrease by 10% (December 31, 2009 - 10%), the value of the Fund would increase or decrease by approximately \$3,035,000 (December 31, 2009 - \$3,157,000).

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Strip Bonds (18.3%)</b>				
263,450	Canadian Imperial Bank of Commerce, Strip Bond	December 13, 2013	235	237
5,090,043	Ontario Hydro Residual Strip, Debenture	October 17, 2014	4,278	4,506
<b>Total Marketable Securities</b>			<b>4,513</b>	<b>4,743</b>
<b>Venture Investments (83.9%)</b>				
<b>Information Technology (0.8%)</b>				
225,579	Covarity Inc., Class B, Preferred Shares		113	
795	Covarity Inc., Common Shares		-	
53,400	SCI Ltd., Common Shares		101	
			<b>214</b>	<b>224</b>
<b>Energy &amp; Environmental (0.1%)</b>				
116,295	Enerworks Inc., Common shares		151	-
<b>Underlying Funds (83.0%)</b>				
365,000	Brighter Future CSBIF(I) Funds Inc. (see Schedule A)		3,650	
365,000	Brighter Future CSBIF(II) Funds Inc. (see Schedule B)		3,650	
430,000	Diversified Balanced CSBIF(I) Fund Inc. (see Schedule C)		2,365	
430,000	Diversified Balanced CSBIF(II) Fund Inc. (see Schedule D)		2,365	
			<b>12,030</b>	<b>21,506</b>
<b>Total Venture Investments</b>			<b>12,395</b>	<b>21,730</b>
<b>Total Investments (102.2%)</b>			<b>16,908</b>	<b>26,473</b>
<b>Other net assets (-2.2%)</b>				(550)
<b>Net assets (100.0%)</b>				<b>25,923</b>

Percentages shown in brackets relate investments at fair value to net assets of the Fund.  
The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Schedule A</b>				
<b>Brighter Future Balanced CSBIF ( I ) Fund Inc.</b>				
<b>Marketable Securities (92.6%)</b>				
8,545,896	Canadian Imperial Bank of Commerce, Strip Bond	December 13, 2013	7,597	7,565
<b>Total Marketable Securities</b>			<b>7,597</b>	<b>7,565</b>
<b>Venture Investments (7.4%)</b>				
<b>Energy &amp; Environmental (7.4%)</b>				
37,198	Adventus Intellectual Property Inc., common shares			
350,000	Adventus Intellectual Property Inc., preferred shares		350	
109,663	Biox Corp., common shares		763	
184,372	Enerworks Inc., common shares		720	
<b>Total Venture Investments</b>			<b>1,833</b>	<b>433</b>
<b>Total Investments (100.0%)</b>			<b>9,430</b>	<b>7,998</b>
<b>Other net assets (0.0%)</b>				-
<b>Net assets (100.0%)</b>				<b>7,998</b>

#### Schedule B

##### Brighter Future Balanced CSBIF ( II ) Fund Inc.

<b>Marketable Securities (92.6%)</b>				
4,236,550	Canadian Imperial Bank of Commerce, Strip Bond	December 13, 2013	3,708	3,810
4,078,602	Ontario Hydro Residual Strip, debenture	October 17, 2014	3,566	3,611
<b>Total Marketable Securities</b>			<b>7,274</b>	<b>7,421</b>
<b>Venture Investments (7.4%)</b>				
<b>Energy &amp; Environmental (7.4%)</b>				
37,198	Adventus Intellectual Property Inc., common shares			
350,000	Adventus Intellectual Property Inc., preferred shares		350	
109,663	Biox Corp., common shares		763	
184,372	Enerworks Inc., common shares		720	
<b>Total Venture Investments</b>			<b>1,833</b>	<b>432</b>
<b>Total Investments (100.0%)</b>			<b>9,107</b>	<b>7,853</b>
<b>Other net assets (0.0%)</b>				-
<b>Net assets (100.0%)</b>				<b>7,853</b>

Percentages shown in brackets relate investments at fair value to net assets of the Fund.  
The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Schedule C</b>				
<b>Diversified Balanced CSBIF ( 1 ) Fund Inc.</b>				
<b>Marketable Securities (37.7%)</b>				
1,226,675	Ontario Hydro Residual Strip, debenture	October 17, 2014	989	1,086
<b>Total Marketable Securities</b>			<b>989</b>	<b>1,086</b>
<b>Venture Investments (61.5%)</b>				
<b>Publicly traded securities (0.0%)</b>				
90,000	The Futura Loyalty Group Inc.		75	1
<b>Information Technology (61.5%)</b>				
618,612	Covarity Inc., common shares		850	
1,500,000	Ember Inc., Class B, preferred shares		750	
7,651	SCI Ltd., warrants		-	
792,393	SCI Ltd., preferred shares		850	
59,095	SCI Ltd., debenture	March 24, 2011	59	
			<b>2,509</b>	<b>1,711</b>
<b>Total Venture Investments</b>			<b>2,584</b>	<b>1,712</b>
<b>Total Investments (99.2%)</b>			<b>3,573</b>	<b>2,798</b>
<b>Other net assets (0.8%)</b>				28
<b>Net assets (100.0%)</b>				<b>2,826</b>

Percentages shown in brackets relate investments at fair value to net assets of the Fund.  
The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statement of Investment Portfolio (as at June 30, 2010) (unaudited) (cont'd)

Par value/ number of shares	Description	Maturity date/ Expiration Date	Average Cost (in \$000's)	Fair Value (in \$000's)
<b>Schedule D</b>				
<b>Diversified Balanced CSBIF ( II ) Fund Inc.</b>				
<b>Marketable Securities (38.5%)</b>				
1,228,784	Ontario Hydro Residual Strip, debenture	October 17, 2014	991	1,088
<b>Total Marketable Securities</b>			<b>991</b>	<b>1,088</b>
<b>Venture Investments (60.6%)</b>				
<b>Publicly traded securities (0.1%)</b>				
90,000	The Futura Loyalty Group Inc.		75	1
<b>Information Technology (60.5%)</b>				
618,612	Covarity Inc., common shares		850	
1,500,000	Ember Inc., Class B, preferred shares		750	
7,651	SCI Ltd., warrants		-	
792,393	SCI Ltd., preferred shares		850	
59,095	SCI Ltd., debenture	March 24, 2011	59	
			<b>2,509</b>	<b>1,711</b>
<b>Total Venture Investments</b>			<b>2,584</b>	<b>1,712</b>
<b>Total Investments (99.1%)</b>			<b>3,575</b>	<b>2,800</b>
<b>Other net assets (0.9%)</b>				29
<b>Net assets (100.0%)</b>				<b>2,829</b>

Percentages shown in brackets relate investments at fair value to net assets of the Fund.  
The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statements of Net Assets (in \$000's except for per share amounts and number of shares outstanding)

	As at June 30, 2010 (unaudited)	As at December 31, 2009
<b>ASSETS</b>		
Investments at fair value*	26,473	37,710
Cash	2,841	5
Subscriptions receivable	11	13
Income taxes recoverable	11	11
<b>Total assets</b>	<b>29,336</b>	<b>37,739</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,311	2,824
Redemptions payable	102	15
<b>Total liabilities</b>	<b>3,413</b>	<b>2,838</b>
<b>Net assets</b>	<b>25,923</b>	<b>34,900</b>
<b>*Investments at cost</b>	<b>16,908</b>	<b>27,806</b>
<b>Net assets per share (Note 3)</b> <b>(see Schedule of Net Asset Value Reconciliation)</b>	<b>9.76</b>	<b>9.96</b>
<b>Number of shares outstanding</b> <b>(see Schedule of Fund Share Transactions)</b>	<b>2,655,543</b>	<b>3,505,457</b>

Approved by the Board of Directors:

  
John Varghese  
Director

  
James Whitaker  
Director

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statements of Operations (in \$000's except for per share amounts) (unaudited)

	Period Ended June 30	
	2010	2009
<b>INVESTMENT INCOME</b>		
Dividends	–	–
Interest	189	394
Miscellaneous	3	2
	<u>192</u>	<u>396</u>
<b>EXPENSES</b>		
Management fees (Note 5)	184	221
Performance fees (Note 5)	–	–
Shareholder administration	227	280
Sponsor's fees (Note 5)	37	44
Audit fees	28	26
Capital tax	–	(179)
Legal fees	4	22
Investment advisory fees (Note 5)	294	354
Goods and services tax	37	44
	<u>811</u>	<u>812</u>
<b>Net investment income (loss) for the period</b>	<b>(619)</b>	<b>(416)</b>
<b>Realized and unrealized gain (loss) on investments and commissions and other portfolio transaction costs</b>		
Realized gain (loss) on investments	401	–
Commissions and other portfolio transaction costs (Note 7)	–	–
Change in unrealized appreciation (depreciation) of marketable securities	(409)	(541)
Change in unrealized appreciation (depreciation) of venture investments	71	(1,311)
	<u>63</u>	<u>(1,852)</u>
<b>Net gain (loss) on investments</b>	<b>63</b>	<b>(1,852)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(556)</b>	<b>(2,268)</b>
<b>Increase (decrease) in net assets from operations per share</b>	<b>(0.19)</b>	<b>(0.64)</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statements of Changes in Net Assets (in \$000's) (unaudited)

For the periods ended June 30	Class A, Series I	
	2010	2009
<b>Net assets, beginning of period</b>	34,900	36,074
<b>CAPITAL TRANSACTIONS</b>		
Proceeds from shares issued	–	–
Amounts paid for shares redeemed	(8,421)	(250)
Write off of deferred charges	–	–
	(8,421)	(250)
<b>DIVIDENDS TO INVESTORS</b>		
Dividends from realized gains	–	–
Dividends from net income	–	–
Return of capital	–	–
	–	–
<b>Increase (decrease) in net assets from operations</b>	(556)	(2,268)
<b>Net assets, end of period</b>	25,923	33,556

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Statements of Cash Flows (in \$000's) (unaudited)

	Period Ended June 30	
	2010	2009
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net investment income (loss)	(619)	(416)
Proceeds of disposition of investments	22,424	-
Purchase of investments	(11,125)	(393)
Net change in non-cash balances related to operations	487	850
	<b>11,167</b>	<b>41</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from shares issued	2	12
Cost of shares redeemed	(8,333)	(252)
	<b>(8,331)</b>	<b>(240)</b>
<b>Increase (decrease) in cash and short term investments during the period</b>	<b>2,836</b>	<b>(199)</b>
<b>Cash, beginning of period</b>	<b>5</b>	<b>307</b>
<b>Cash, end of period</b>	<b>2,841</b>	<b>108</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Supplementary Schedules (unaudited)

#### Schedule of Fund Share Transactions

For periods ended June 30	Class A, Series I	
	2010	2009
Balance, beginning of period	3,505,457	3,548,586
Issued during the period	—	—
Redeemed during the period	(849,914)	(24,718)
Balance, end of period	2,655,543	3,523,868

#### Schedule of Net Assets Reconciliation (in \$000's except for per share amounts) (Note 3)

##### As at June 30, 2010

	Class A Series I
Net Assets per share	9.76
Net Asset Value per share	9.78

##### As at December 31, 2009

	Class A Series I
Net Assets per share	9.96
Net Asset Value per share	10.01

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited)

The Fund's investments were concentrated in the following segments.

#### Portfolio Breakdown as at June 30, 2010

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Energy and environmental	3	3,817	864	41.5	19.1
Information technology	3	5,232	3,646	56.9	80.8
Financial	1	150	3	1.6	0.1
	7	9,199	4,513	100.0	100.0

#### Portfolio Breakdown as at December 31, 2009

Industry Sector	Number of companies	Cost (in \$000's)	Fair Value (in \$000's)	% of cost	% of FV
Energy and environmental	3	3,817	1,227	41.5	25.1
Information technology	3	5,232	3,646	56.9	74.8
Financial	1	150	2	1.6	0.1
	7	9,199	4,875	100.0	100.0

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

The Fund generally maintains a portfolio of venture investments and eligible reserves in the form of strip bonds and cash. At June 30, 2010 and December 31, 2009, the assets of the Fund consisted of the following:

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at June 30, 2010</b>		
Cash	2,841	9.6
Strip bonds	4,743	16.2
Private equity investments	224	0.8
Underlying funds	21,506	73.4
<b>Financial assets held for trading</b>	<b>29,314</b>	<b>100.0</b>

	Total assets held for trading (in \$000's)	Total assets held for trading (%)
<b>as at December 31, 2009</b>		
Cash	5	0.0
Strip bonds	16,049	42.6
Private equity investments	287	0.8
Underlying funds	21,374	56.6
<b>Financial assets held for trading</b>	<b>37,715</b>	<b>100.0</b>

### Market Price Risk

The exposure of the private equity investments in the Fund and contained in the underlying funds to market price risk is high. All equity investments present a risk of loss of capital; the maximum risk for equity investments is equal to their fair value. The value of the Fund's publicly traded investments will be negatively impacted by a decrease in equity prices on the Toronto Stock Exchange and other major exchanges. The value for each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends.

If the private equity investment portfolio in the Fund and in the underlying funds dropped or rose in value by 10% (December 31, 2009 - 10%), the impact on the Fund would be an increase or decrease in value of approximately \$451,000 (December 31, 2009 - \$487,000).

The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk. It includes the assets and liabilities of the Fund and underlying funds at fair values, categorized by the contractual maturity date.

as at June 30, 2010	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	2,841	–	21,903	–	24,744

as at December 31, 2009	Less than 1 Year (in \$000's)	1 - 3 Years (in \$000's)	3 - 5 Years (in \$000's)	Greater than 5 Years (in \$000's)	Total (in \$000's)
Interest Rate Exposure	49	–	32,791	–	32,840

As at June 30, 2010, had the prevailing interest rates increased or decreased by 1.00%, (December 31, 2009 - 1.00%), assuming a parallel shift in the yield curve with all other variables held constant, net assets of the Fund would have decreased or increased, respectively, by approximately \$563,000 (December 31, 2009 - \$1,419,000). In practice, the actual results may differ from this analysis and the difference may be material.

#### Liquidity Risk

The liquidity of the Fund's holdings of private debt and equity investments is low as there is no active market for these investments. The expected realization for the debt investments is to hold them to maturity and the expected realization of the equity investments is over a three to five year period. The Fund manages the liquidity risk related to private investments by holding a portion of the portfolio in liquid reserves and in cash. In addition, the Fund looks to match the duration of its investments with the expected redemption horizon of shareholders.

The financial liabilities of the Fund mature in less than three months. During the year, the Manager, the Investment Advisor, the Sponsor and the Administrator have deferred receipt of certain fees totaling approximately \$3,289,000 (December 31, 2009 - \$2,400,000). The Manager, the Investment Advisor, the Sponsor and the Administrator may at their discretion continue to defer receipt of these fees through fiscal 2010.

#### Currency Risk

As at June 30, 2010 and December 31, 2009, the Fund holds the majority of its investments in Canadian dollar denominated investments and cash in Canadian dollars, the functional currency of the Fund, and accordingly has low currency risk.

The accompanying notes are an integral part of these financial statements.

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (unaudited) (cont'd)

#### Credit Risk

The Fund holds a portion of its investment portfolio in strip bonds and in private debt instruments. Private debt investments are typically high yielding, relatively high risk debt investments. As at June 30, 2010 strip bonds represented approximately 16.2% (December 31, 2009 - 42.6%) and private debt investments represented approximately 0% (December 31, 2009 - 0.8%) of the Fund's financial assets held for trading.

The Fund was invested in fixed income securities with the following credit ratings, as per tables below.

#### as at June 30, 2010\*

CREDIT RATING	Net Assets (%)
AA/Aa/A+	17.4
Not Rated	1.3
<b>Total</b>	<b>18.7</b>

#### as at December 31, 2009\*

CREDIT RATING	Net Assets (%)
AA/Aa/A+	46.0
<b>Total</b>	<b>46.0</b>

\*Credit ratings are obtained from Standard & Poor's, where available, otherwise ratings are obtained from: Moody's Investors Service, Dominion Bond Rating Services and Canadian Bond Rating Services, respectively.

#### Fair Value Hierarchy

The tables below summarize the inputs used by the Fund in valuing the Fund's investments and derivatives carried at fair value.

#### Long Positions at fair value as at June 30, 2010

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	-	-	224	224
Strip bonds	-	4,506	237	4,743
Underlying funds	-	-	21,506	21,506
<b>Total</b>	<b>-</b>	<b>4,506</b>	<b>21,967</b>	<b>26,473</b>

#### Long Positions at fair value as at December 31, 2009

	Level 1 (in \$000's)	Level 2 (in \$000's)	Level 3 (in \$000's)	Total (in \$000's)
Equity investments	-	-	287	287
Debt investments	-	15,136	913	16,049
Underlying funds	-	-	21,374	21,374
<b>Total</b>	<b>-</b>	<b>15,136</b>	<b>22,574</b>	<b>37,710</b>

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

# VENTURELINK BALANCED FUND INC.

## Financial Statements

### Fund Specific Financial Instruments Risks (Note 12) (cont'd) (unaudited)

#### Fair Value Hierarchy (cont'd)

The tables below summarize the movement in Level 3 financial instruments at fair value using unobservable inputs.

For the period ended June 30, 2010

	Fair value measurements using level 3 inputs						Balance at June 30, 2010 (in \$000's)
	Balance at Dec. 31, 2009 (in \$000's)	Net purchases (in \$000's)	Net sales (in \$000's)	Net transfers in (out) (in \$000's)	Realized gain (loss) (in \$000's)	Unrealized gain* (loss) (in \$000's)	
<b>Long Positions/Assests</b>							
Equity investments	287	-	-	-	-	(63)	224
Strip bonds	913	10,951	(11,486)	-	(91)	(50)	237
Underlying funds	21,374	-	-	-	-	132	21,506
<b>Total</b>	<b>22,574</b>	<b>10,951</b>	<b>(11,486)</b>	<b>-</b>	<b>(91)</b>	<b>19</b>	<b>21,967</b>

\*Change in unrealized gain (loss) related to investments held at June 30, 2010, was \$19,000 (December 31, 2009 was \$643,000).

The fair value of each level 3 investment is generally related to the underlying value and/or creditworthiness of a small to medium sized privately held business. Management reviews a number of applicable valuation techniques for each investment depending on a number of factors including: stage of business; the period since the last third party financing; the ability to compare the businesses to similar publicly held companies; the reliability of future cash flow projections; and disclosed information related to transactions involving similar businesses. In addition to the range of valuation techniques employed, a significant number of the key assumptions used in the valuation of individual investments are company specific. Due to the nature of this detailed, investment by investment approach to fair value determination and the number of different key assumptions, there are no alternative assumptions that are broadly applicable across the investment portfolio of the Fund, however, changes in key assumptions may cause material changes in the value of the investments held by the Fund. If the value of the Level 3 investments were to increase or decrease by 10% (December 31, 2009 - 10%), the value of the Fund would increase or decrease by approximately \$2,197,000 (December 31, 2009 - \$2,257,000).

The accompanying notes are an integral part of these financial statements.

Semi-Annual Financial Statements as at June 30, 2010

## 1. CORPORATE STATUS AND ACTIVITIES

VentureLink Brighter Future Fund Inc., VentureLink Balanced Fund Inc., VentureLink Financial Services Innovation Fund Inc. and VentureLink Diversified Income Fund Inc. (referred to herein individually as "Fund" and collectively as "Funds") are registered as labour sponsored investment fund corporations under the Community Small Business Investment Funds Act (Ontario) (the "Ontario Act") and as prescribed labour-sponsored venture capital corporations under the Income Tax Act (Canada) (the "Act").

<b>Fund Names</b>	<b>Inception date of Series I</b>	<b>Inception date of Series II</b>	<b>Inception date of Series III</b>	<b>Inception date of Series IV</b>	<b>Inception date of Series V</b>	<b>Inception date of Series VI</b>
VentureLink Brighter Future Fund Inc.	Mar 1, 2001	Mar 1, 2001	Jan 1, 2004	Jan 1, 2004	July 31, 2006	Nov 22, 2006
VentureLink Balanced Fund Inc.	Jan 1, 2002	N/A	N/A	N/A	N/A	N/A
VentureLink Financial Services Innovation Fund Inc.	Jan 1, 2002	Jan 1, 2002	Jan 1, 2004	Jan 1, 2004	Oct 5, 2007	Oct 5, 2007
VentureLink Diversified Income Fund Inc.	Jan 1, 2003	Jan 1, 2003	Jan 1, 2004	Jan 1, 2004	Dec 15, 2006	Dec 15, 2006

As at June 30, 2010, Series III, Series IV and Series VI of the Funds were available for purchase.

Effective October 15, 2002, the Canadian Federal Pilots Association [the "Sponsor"] replaced TCU National Local 1976 as the sponsor of the Funds, and continues to be the sponsor for VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc. VentureLink Financial Services Innovation Fund Inc. and VentureLink Diversified Income Fund Inc.

On December 22, 2005 VentureLink LP, a limited partnership controlled by Messrs. Geoff Horton, John Varghese and Jim Whitaker, the portfolio advisors of the Funds, purchased the management contracts for the Funds from Skylon Advisors Inc., CI Investments Inc. provides administrative and other services to the Funds.

The amendments of the articles of the Funds to create Class P shares were approved by shareholders of the Funds on July 24, 2008. Following receipt of necessary federal and provincial approvals, 300,000 Class P shares of each Fund were issued to the Manager in August 2009. The purpose of the Class P shares is to enable the payment of capital gains dividends to the Manager rather than Performance fees. In accordance with Canadian generally accepted accounting standards, the Class P shares have been recorded as a liability of the Funds and the payment of dividends is recorded as a dividend expense.

The information provided in these unaudited financial statements is for the six month periods ended June 30, 2010 and 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principle ("GAAP").

In applying GAAP, management makes estimates and assumptions that affect the reported amounts of assets, liabilities, investment income and expenses reported during the periods. Actual results could differ from those estimates.

The following is a summary of significant accounting policies of the Funds:

### (a) Adoption of Accounting Amendments

The Canadian Institute of Chartered Accountants ("CICA") amended Section 3862 "Financial Instruments – Disclosures" to require disclosures about the inputs to fair value measurements. Amended Section 3862 became effective for annual financial statements relating to fiscal years ending after September 30, 2009. Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Funds' investments.

The hierarchy of inputs is summarized as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The adoption of the new accounting amendment has no impact on the valuation policies of the Funds. The Funds adopted the amendments to Section 3862 in the December 31, 2009 annual financial statements. The adoption of amendments are described in Note 12.

#### **(b) Valuation of Investments**

At the financial reporting date, listed securities are valued based on the bid price for securities held long and the ask price for securities held short. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value as determined by the Manager on the basis of the latest reported information available. Fixed income securities, debentures, money market investments and other debt instruments are valued at the bid quotation from recognized investment dealers. Underlying funds are valued on each business day at their net asset value as reported by the underlying funds' manager.

Venture investments for which no quoted market value exists, or venture investments in restricted securities, are recorded at estimated fair value. The fair values of investments are determined using the appropriate valuation methodology after considering: the history and nature of the business; operating results and financial conditions; the general economic, industry and market conditions; capital market and transaction market conditions; independent valuations of the business; contractual rights relating to the investment; public market comparable transactions and results multiples, where applicable and other pertinent considerations.

The process of valuing venture investments for which no published market or market observable factors exist is subject to inherent uncertainties and the resulting values may differ from values which would have been used had a ready market existed for those investments. These differences could be material to the fair value of venture investments.

Canadian GAAP requires the fair value of financial instruments traded in an active market to be measured based on an investment's bid/ask price depending on the investment position (long/short).

For the purpose of processing unitholder transactions, net asset value is calculated based on the closing market price of investments (referred to as "Net Asset Value"), while for financial statement purposes net assets are calculated based on investment's bid/ask price (referred to as "Net Assets").

In accordance with National Instrument 81-106, a reconciliation between the Net Asset Value per share and the Net Assets per share is disclosed in the Schedule of Net Assets Reconciliation as at June 30, 2010 and December 31, 2009.

#### **(c) Commissions and other portfolio transaction costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in "Commissions and other portfolio transaction costs" in the Statements of Operations. Investment transactions relating to venture investments are accounted for on the closing date of the transaction, or in the case of a series of funding tranches, the dates funds are advanced. Realized gains and losses from venture investment transactions are calculated on an average cost basis. Dividend income is recognized on the ex-dividend date and interest income on the accrual basis.

Fees and commission income are recognized as income over the period in which the related service is rendered.

#### **(d) Cost of Investments**

Cost of investments represents the amount paid for each security, and is determined on an average cost basis excluding commissions and transactions costs.

#### **(e) Investment Transactions and Income Recognition**

Investment transactions are accounted for on the trade date for financial reporting purposes and any unrealized and realized gains and losses on such transactions are calculated on an average cost basis.

Dividend income and distributions from investments are recognized on the ex-dividend/ex-distribution date and interest income is accounted for on the accrual basis.

**(f) Placement and participation fees**

Placement and participation fees include all fees received by the Funds from venture investments that are not interest, dividends, or capital in nature. Examples of these fees include royalty income, profit participation and commitment fees. Income is realized on an accrual basis.

**(g) Income and expense allocation**

Expenses directly attributable to a Class are charged to that Class. Other income and expenses, and gains and losses, are allocated to each Class proportionately based upon the relative total net asset value of each Class

**(h) Increase (Decrease) in Net Assets from Operations per Share**

Increase (decrease) in net assets from operations per series of Class A share in the Statements of Operations is calculated by dividing the increase (decrease) in net assets from operations per class by the weighted average number of shares outstanding for each relevant series of Class A shares during the period.

**(i) Underlying funds**

VentureLink Balanced Fund Inc. has 100% ownership in the following underlying funds as at June 30, 2010:

Brighter Future Balanced CSBIF (I) Fund Inc.  
Brighter Future Balanced CSBIF (II) Fund Inc.  
Diversified Balanced CSBIF (I) Fund Inc.  
Diversified Balanced CSBIF (II) Fund Inc.

The investments held by these funds are reflected in the Statement of Investment Portfolio.

In accordance with their investment policy, certain funds may invest in units of other investment funds.

### 3. NET ASSETS RECONCILIATION

Historically, sales commissions and fees related to the sale of Class A, Series I, II and V shares were capitalized as deferred charges. Redemptions prior to eight years from the date of issue were charged an early redemption fee. The early redemption fee was applied against the unamortized deferred charges related to such share subscriptions.

As a result of changes in GAAP, financial statements of a labour-sponsored investment fund for any financial period beginning on or after October 1, 2003 may not use the deferral and amortization method in respect of the recording of sales commissions. Rather, sales commissions paid by labour-sponsored investment funds to registered dealers are recorded as an immediate charge against the Net Assets Value of the labour-sponsored investment fund. The securities regulatory authorities in Ontario require that labour-sponsored investment funds follow GAAP requirements for purposes of their financial statements. For transitional purposes, those securities regulatory authorities have issued a notice stating that, in determining the price at which shares of labour-sponsored funds are purchased and redeemed, a labour-sponsored investment fund may, on certain conditions, calculate the NAV of its shares (the "net assets value") by continuing to defer and amortize the sales commissions paid prior to January 1, 2004, and treating sales commissions paid on or after January 1, 2004 as an immediate reduction in the NAV.

The adoption of the transition rules afforded by the securities regulatory authorities results in differences between the NAV of the Class A, Series I, II and V Shares and the NAV of the Class A, Series I, II and V Shares for the purpose of the Fund's financial statements (the "Net Assets").

Sales commissions and fees related to the sale of Class A, Series III and IV shares are paid by a third party in consideration for distribution service fees.

The reconciliation of the Net Asset Value per share and Net Assets per share at June 30, 2010 and 2009 is disclosed in the Net Assets Reconciliation schedule.

#### 4. SHARE CAPITAL

The following is a description of the authorized and issued share capital for the Funds:

##### Authorized

Unlimited Class A shares, issuable in series, discretionary dividend entitlement, voting, restrictions on transfer and redemption, entitled to elect one or two of the directors.

Unlimited Class B shares issuable only to the Sponsor, no dividend entitlement, voting, entitled to elect the remaining directors.

##### Redemption of Class A shares

A shareholder may redeem all or part of the Class A shares held at the NAV per Class A share, subject to certain restrictions. In any fiscal period, the Funds are not required to redeem Class A shares of any series having an aggregate redemption price exceeding 20% of the NAV of the Class A Shares of that series calculated as at the last day of the preceding fiscal period. If a Fund does not redeem Class A shares in the fiscal period requested, it will redeem those shares in the following fiscal period before it redeems any other Class A shares that it has been requested to redeem.

For VentureLink Brighter Future Fund Inc., VentureLink Financial Services Innovation Fund Inc. and VentureLink Diversified Income Fund Inc., a redemption fee is charged for the Class A shares, Series I and Class A shares, Series III in the amount of up to 10% of the original issue price calculated as 1.25% of the original issue price times the number of periods or part periods remaining until the eighth anniversary date of issue.

For VentureLink Financial Services Innovation Fund Inc., VentureLink Brighter Future Fund Inc. and VentureLink Diversified Income Fund Inc., a redemption fee is charged for the Class A shares, Series II and Class A shares, Series IV in the amount of up to 6% of the original issue price calculated as 0.75% of the original issue price times the number of periods or part periods remaining until the eighth anniversary date of issue. For VentureLink Brighter Future Fund Inc. a redemption fee is charged for the Class A shares, Series V in the amount of up to 3% of the original issue price calculated as 0.375% of the original issue price times the number of periods or part periods remaining until the eighth anniversary date of issue.

For VentureLink Balanced Fund Inc., a redemption fee is charged for the Class A shares in the amount of up to 6% of the original issue price calculated as 0.75% of the original issue price times the number of periods or part periods remaining until the eighth anniversary date of issue.

#### 5. FEES AND EXPENSES

The Funds have contracted with the following parties for services as follows:

**Sponsor** - The Canadian Federal Pilots Association (the "Sponsor") is the sponsor of the Funds. Under the terms of the Sponsor Agreement, the Sponsor is entitled to receive from the Fund an annual fee of 0.25% of the NAV of the Funds.

**Manager** - Under the terms of the Management Agreement, VentureLink LP, the Manager of the Funds is entitled to receive from the Funds an annual fee of 1.25% of the NAV of the Funds plus two-thirds of any service fee payments related to Class A shares, Series I and II and all of any service fee payments related to Class A shares, Series III, IV, V and VI.

**Investment Advisor** - Under the terms of the Investment Advisory Agreements, VL Advisors Inc., the Investment Advisor is entitled to receive from the Funds an annual fee of 2.00% of the NAV of the Funds. The Investment Advisor is controlled by the Manager.

**Administrator** - CI Investments Inc. acts as registrar, transfer agent and administrator of the Funds. Under the terms of the Fund Administrator Agreement, the Administrator is entitled to receive from the Funds an annual fee of 1.00% of the NAV of the Funds.

In addition to the services provided under the Fund Administrator Agreement, the Funds are responsible for their own administrative expenses including audit and legal fees, and all other costs and fees imposed by statute or regulation, such as fees related to the establishment and operation of the Independent Review Committee and expenses incurred by providing services in relation to reporting and making distributions to shareholders.

**Performance Bonus - VentureLink Balanced Fund Inc., VentureLink Financial Services Innovation Fund Inc. and VentureLink Diversified Income Fund Inc.**

The Investment Advisor will be entitled to a performance bonus (the "Performance Bonus" or "Performance Fee") based on realized gains and cumulative performance of the Class A Share Investment Portfolios of VentureLink Financial Services Innovation Fund Inc., VentureLink Diversified Income Fund Inc., VentureLink Balanced Fund Inc. and the underlying funds of VentureLink Balanced Fund Inc. Before any Performance Bonus is paid by the Fund on the realization of an eligible investment, the Class A Share Venture Portfolio must have:

- (i) earned sufficient income to generate a rate of return on eligible investments in excess of a cumulative annualized threshold return of 6%. The income on eligible investments includes investment gains and losses (realized and unrealized) earned and incurred since the inception of the Fund;
- (ii) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since the date of the investment; and
- (iii) fully recouped an amount equal to all principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to 20% of all income earned from the eligible investment, or such lesser amount such that the Performance Bonus does not reduce returns to shareholders on the Class A Share Venture Portfolio below the threshold outlined in (i) above.

**Performance Bonus - VentureLink Brighter Future Fund Inc.**

The Manager will be entitled to a Performance Bonus based on the realized gains and cumulative performance of the Venture Portfolio of VentureLink Brighter Future Fund Inc. The Performance Bonus will consist of two parts as follows:

- (i) The first part pays the Manager a 5% performance bonus on proceeds in excess of the market value of an eligible investment as at July 31, 2006 plus the threshold rate of return. Before the 5% performance is paid by the Fund on the realization of an eligible investment, the venture portfolio must have:
  - 1) earned sufficient income to generate a rate of return on eligible investments in excess of a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since the amalgamation date;
  - 2) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since July 31, 2006; and
  - 3) fully recouped an amount equal to all principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of : (i) 5% of proceeds (realized gains and income) less the greater of carrying value on July 31, 2006 plus 6% per annum and original cost and (ii) the portion of that amount in section (i) immediately above that does not reduce returns to shareholders on the venture portfolio since July 31, 2006 below a cumulative annualized threshold return of 6%.

- (ii) The second part pays the Manager a 10% performance bonus on proceeds over original cost of an eligible investment. Before the 10% performance bonus can be paid the venture portfolio must have:
  - 1) earned sufficient income to generate a rate of return on eligible investments in excess of original cost of the portfolio plus a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since July 31, 2006; and
  - 2) fully recouped an amount equal to all principal invested in the eligible investment.

## Notes to the Financial Statements (unaudited) (cont'd)

Subject to all of the above, the Performance Bonus will be equal to the lesser of (i) 10% of all income earned from the eligible investment, and (ii) the portion of the amount in section (i) immediately above that does not reduce returns to shareholders on the venture portfolio since July 31, 2006 below original cost plus a cumulative annualized threshold return of 6%.

At June 30, performance fees for the following funds are included in the Statements of Operations and Net Assets.

Fund (in \$000's)	Expenses (Recovery)		Accrued performance fees		Performance fees paid	
	2010	2009	2010	2009	2010	2009
VentureLink Brighter Future Fund Inc.	(1,333)	–	636	3,120	–	–
VentureLink Balanced Fund Inc.	–	–	–	–	–	–
VentureLink Financial Services Innovation Fund Inc.	241	39	3,462	2,629	72	2,007
VentureLink Diversified Income Fund Inc.	–	–	–	–	–	–

The performance fees are calculated and accrued on a daily basis for eligible investments based on cash invested, proceeds realized and the current fair value of each investment. The performance fees are not paid to the Manager until an eligible investment, which meets the criteria specified above, is sold.

### 6. INCOME TAXES AND OTHER TAXES PAYABLE

Under the Act, no income taxes are payable by the Funds on dividends received from Canadian corporations, and income taxes payable on capital gains will be fully refundable on a formula basis when shares of the Funds are redeemed or capital gains dividends are paid or deemed to be paid by the Funds to their shareholders. Taxes payable on investment income earned by the Funds will be partially refundable upon the payment or deemed payment of dividends by the Funds.

The Funds record the refundable portion of their income taxes as an asset, as they intend to recover all of their refundable income taxes through the deemed payment of a dividend by capitalizing the appropriate amount of its income and/or realized capital gains pro rata to the stated capital account for its Class A shares. If and to the extent the Funds increase the stated capital of the Class A shares, the holder of the shares will be deemed to have received a dividend and/or realized capital gain and the adjusted cost base of the shareholder's shares will be increased by the amount of any deemed dividend.

The Act and the Ontario Act set minimum levels of qualifying venture investments for the Funds. If the minimum level of qualifying venture investments is not met under each statute, the Funds will be subject to defined taxes and penalties.

Temporary differences between the carrying value of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. When the market value of a security in the Corporation exceeds its cost base, a future income tax liability arises. As capital gains taxes payable by the Corporation are refundable under the provisions of the Income Tax Act (Canada), the future tax liability is offset by these future refundable taxes. If the cost base exceeds the market value of the security, a future tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such future assets will ultimately be realized. Unused capital and non-capital losses represent future tax assets to the Corporation for which a full valuation allowance has been established for the reasons noted above. Deferred sales commissions are amortized for tax purposes, but are charged directly to the NAV of the fund in the period incurred for accounting purposes.

Non-capital losses incurred up to December 31, 2003 will expire within 7 years from the period they are incurred, Non-capital losses incurred related to the 2004 and 2005 taxation periods of the Fund will expire 10 years from the period they are incurred and losses incurred after December 31, 2005 will expire 20 years from the period they are incurred. Net realized capital losses may be carried forward indefinitely to reduce future net realized capital gains.

The tax amounts reflected in these financial statements are based on management's best estimate of the amounts that will ultimately be assessed. This determination is based on numerous factors such as the pace at which the Funds make qualifying venture investments, the amount of share capital raised and redeemed, and the net income and the undistributed net realized gains (losses) on sales of investments by the Funds. Should actual events not agree with the estimates made by management of the Funds, material adjustments to the tax amounts may be required.

## 7. BROKERAGE AND OTHER COMMISSIONS

Brokerage Commissions paid for security transactions during the periods ended June 30 were as follows:

(in 000's)	2010	2009
VentureLink Brighter Future Fund Inc.	–	–
VentureLink Balanced Fund Inc.	–	–
VentureLink Financial Services Innovation Fund Inc.	(1)	–
VentureLink Diversified Income Fund Inc.	3	–

The manager may have received research services for commissions paid to certain dealers, otherwise known as soft dollars. For the periods ended June 30, 2010 and 2009, there were no soft dollar commissions paid by any of the Funds.

## 8. FINANCIAL INSTRUMENTS

The Funds' financial instruments consist primarily of cash, marketable securities and venture investments. Venture investments in private companies consist of debt, limited partnership interests, equity or equity equivalents. These investments in private companies are typically illiquid. The Funds seek to reduce the risks typically associated with such investments by diversifying the Funds' investment portfolio by using a disciplined investment decision process and by working with investee companies through, among other things, providing business advice and other services, and helping in the process of raising additional capital.

The categorization of financial instruments is as follows: investments and cash are classified as held for trading and are stated at fair value; accrued interest and subscriptions receivable are reported at amortized cost; accounts payable and accrued liabilities, performance fees payable and redemptions payable are reported at amortized cost.

All income, dividends, net realized and unrealized gains (losses) are attributable to investments and derivatives which are deemed held for trading.

## 9. LABOUR SPONSORED INVESTMENT FUND LEGISLATIVE CHANGES

On September 30, 2005, the Ontario Ministry of Finance ("MOF") confirmed its plans to end its involvement with the LSIF tax credit program and harmonize certain requirements to help LSIFs move to the federal government's Labour Sponsored Venture Capital corporation ("LSVCC") program. 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. On December 17, 2007 the Province proposed to extend the phase out of the tax credit by one period and to increase the maximum annual contribution eligible for the provincial tax credit from \$5,000 to \$7,500. These measures received Royal Assent and in May of 2008. The Ontario tax credit will be eliminated for 2012 and subsequent years.

## 10. RELATED PARTY TRANSACTIONS

The Manager provided non-interest bearing advances to the VentureLink Balanced Fund Inc. during the prior period in order to fund certain operating expenses. The balance outstanding as at June 30, 2010 was nil (2009 - \$160,000).

CI Investments Inc., the Administrator of the Funds, is related to the Manager of the Funds. Pursuant to the terms of the Fund Administrator Agreement, the Administrator earned fees of approximately \$1.2 million from the Funds during the year

## 11. 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 ("GAAP"). IFRS becomes effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. On June 30, 2010, the AcSB proposed deferral of the IFRS changeover date by one year. Based on the proposed change the IFRS would become effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2012 instead of January 1, 2011. The proposed change is expected to be finalized in September 2010.

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, at this time, as a result of the transition to IFRS. Currently, the Manager expects that the main impact will be on the Funds' 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 transition date.

## 12. FINANCIAL INSTRUMENTS RISKS

### **Risk Management**

The Funds are exposed to a variety of financial instruments risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and market price risk). The level of risk to which each Fund is exposed depends on the investment objective and the type of investments the Fund holds. The value of the investments within the portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news related to investments held by Fund. The Manager of the Funds may minimize potential adverse effects of these risks on the Funds' performance by, but not limited to, regular monitoring of the Funds' positions and market events, diversification of the investment portfolio by asset type, sector, term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

Funds that invest in units of underlying funds are indirectly exposed to the financial instruments risks mentioned above. To minimize the potential adverse effects of those risks the Manager on regular basis, but not limited to, reviews the underlying funds' investment mandate, returns, assets, investment management process, risk levels and overall fit of the underlying funds within Funds' stated objectives. Based on the results of the review the Manager may mitigate some of the risks by adjusting the weightings of the underlying funds, or by removal or addition of other underlying funds.

### **Market Price Risk**

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to market price risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Funds that contain cash balances and invest in debt securities will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt securities may increase due to the increase in yield. On the other hand, if interest rates rise, the yield of existing debt securities decrease which may then lead to a decrease in their fair value. The magnitude of the change will generally be greater for long-term debt securities than for short-term debt securities.

Interest rate risk also applies to Funds that invest in convertible securities. The fair value of these securities varies inversely with interest rates, similar to other debt securities. However, since they may be converted into common shares, convertible securities are generally less affected by interest rate fluctuations than other debt securities.

### **Currency Risk**

Currency risk arises from financial instruments that are denominated in a currency other than Canadian dollars, the functional currency of the Funds. As a result the Funds may be exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Equities traded in foreign markets are also exposed to currency risk as the prices denominated in foreign currencies are converted to the Funds' functional currency to determine their fair value.

### **Credit Risk**

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instruments includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt instruments as presented on the Statement of Investment Portfolio represents the maximum credit risk exposure of each Fund.

Significant cash balances may be maintained by the custodian. The Manager monitors the credit worthiness of the custodian on a regular basis. Please refer to the Statements of Net Assets for each Fund's cash balance.

#### Liquidity Risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations, on time or at a reasonable price. The Funds are exposed to daily cash redemptions subject to an annual maximum of 20% of the net asset value of the Fund. The Funds manage liquidity risk by holding a portion of each portfolio in liquid reserves and cash. In addition, the Funds match the expected duration of their investments with the expected redemption horizon of shareholders.

#### Fair Value Hierarchy

Amended Section 3862 requires the Funds to classify financial instruments measured at fair value using a fair value hierarchy. Investments whose values are based on quoted market prices in active markets are classified as Level 1. This level includes publicly traded equities, exchange traded and retail mutual funds, exchange traded warrants, futures contracts, traded options, American depositary receipts ("ADRs") and Global depositary receipts ("GDRs").

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified as Level 2. These include fixed income securities, mortgage backed securities ("MBS"), short-term instruments, non-traded warrants, over-the-counter options, structured notes of indexed securities, foreign currency forward contracts and swap instruments.

Investments classified as Level 3 have significant unobservable inputs. Level 3 instruments include private equities, private term loans and private equity funds. As observable prices are not available for these securities, the Funds may use a variety of valuation techniques to derive the fair value.

Details of individual Funds' exposure to financial instruments risks including fair value hierarchy classifications are provided in the schedules to the financial statements of each Fund.

### 13. CAPITAL MANAGEMENT

The Funds consider their capital to be their net assets. The Funds do not pay monthly dividends and are managed for total return objectives only.

### 14. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's financial statement presentation.

### 15. SUBSEQUENT EVENT

On July 22, 2010, the shareholders of the Funds approved the proposed amalgamation of the Funds to form VentureLink Innovation Fund Inc. The proposed amalgamation remains subject to regulatory approval and final approval of the Board of Directors of the Funds. For further information regarding the proposed amalgamation please refer to the Management Information Circular dated June 10, 2010.

### Manager

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