VENTURELINK
FUNDS

VENTURELINK BALANCED FUND INC.
(Class A Shares)

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED
DECEMBER 31, 2006

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SELECTED DEFINITIONS

"arm's length" has the meaning ascribed thereto in section 251(1) of the Federal Act;

"business day" means a day other than a Saturday, a Sunday, a day observed as a holiday under the laws of the Province of Ontario or a day on which either the TSX or the Administrator's principal office in Toronto is closed for business;

"CI" means CI Investments Inc. (formerly CI Mutual Funds Inc.);

"Class A Shareholders" means the holders of Class A Shares of the Fund;

"Class A Shares" means the Class A Shares of the Fund;

"CRA" means the Canada Revenue Agency;

"CSBIF" means a community small based investment fund corporation registered under Part III.l of the Ontario Act;

"Custodian" means RBC Dexia Investor Services Trust (formerly Royal Trust Corporation of Canada), in its capacity as custodian of portfolio securities;

"eligible business" means an eligible business as defined in the Ontario Act, some of the more salient requirements of which are described under "Investment Restrictions";

"eligible investment" means an investment which, at the time of purchase, qualifies as an investment in an eligible business or a permitted investment under the Ontario Act some of the more salient requirements of which are described under "Investment Restrictions";

"eligible investor" means an individual who is a resident in Ontario and the original registered holder of Class A Shares (excluding a broker or dealer) directly or through a qualifying trust where the annuitant under the qualifying trust is the individual or his or her spouse or common-law partner;

"Federal Act" means the *Income Tax Act* (Canada), as amended;

"Federal Credit" means the 15% federal labour-sponsored venture capital corporation tax credit, to a maximum of $750 per year (based on an investment of $5,000);

"Fund" means the VentureLink Balanced Fund Inc.;

"Fund Administrator" means United Financial Corporation;

"GAAP" means Canadian generally accepted accounting principles;

"General Partner" means 2085216 Ontario Inc., the general partner of VentureLink LP;

"Information Return" means a tax information return referred to in paragraph 204.81(6)(c) of the Federal Act issued to an eligible investor who has purchased a Class A Share in the capital of a registered labour-sponsored venture capital corporation;

"Investment Advisor" means VL Advisors, a wholly owned subsidiary of the Manager;

"LSIF Corporation" means a labour sponsored investment fund corporation registered under Part III of the Ontario Act;

"LSIF Credit" means the tax credit available under the *Income Tax Act* (Ontario) and the Ontario Act;

"LSVCC" means a registered labour-sponsored venture capital corporation as defined in the Federal Act;

"Manager" means VentureLink LP;

"net asset value per Class A Share" is determined, for the Fund, for the Class A Shares by subtracting the aggregate amount of liabilities allocated to the Class A Shares of the Fund from the value of the assets attributable to the Class A Shares of the Fund and dividing the resulting amount by the number of Class A Shares of the Fund which are outstanding at the date such value is determined;

"Ontario Act" means the *Community Small Business Investment Funds Act* (Ontario), as amended;

"Ontario Tax Credit Certificate" means the certificate issued, pursuant to subsection 25(3) of the Ontario Act, to an eligible investor who has purchased a Class A Share in the capital of an LSIF Corporation directly or through a qualifying trust;

"Portfolio Company" or "Portfolio Companies" means one or more businesses in which the Fund has made an eligible investment;

"qualifying trust" for an individual (a natural person) means a trust that is governed by a RRSP where: (a) the plan is not a spousal plan and the individual is the annuitant; or (b) the plan is a spousal plan in relation to the individual or the spouse or common-law partner of the individual and the individual or the spouse or common-law partner of the individual is the annuitant and the individual and no other person claims a deduction of the tax credit under the Federal Act;

"RRIFs" means registered retirement income funds, as defined in subsection 146.3(1) of the Federal Act;

"RRSPs" means registered retirement savings plans, as defined in subsection 146(1) of the Federal Act;

"reserves" has the meaning ascribed thereto in the Ontario Act and includes Canadian dollars in cash or on deposit with qualified Canadian financial institutions, debt obligations of or guaranteed by the Canadian Federal government, debt obligations of provincial and municipal governments, Crown corporations and corporations listed on prescribed Canadian stock exchanges, guaranteed investment certificates issued by Canadian trust companies and qualified investment contracts and deposits or guaranteed investment certificates issued by qualified institutions.

"Securities Act" means the *Securities Act* (Ontario), as amended, together with all regulations and rules thereunder;

"Sponsor" means the Canadian Federal Pilots Association;

"spousal plan" means an RRSP that is a spousal plan or common-law partner plan, as defined in subsection 146(1) of the Federal Act;

"Tax Credit Certificate" means the certificate issued by the Fund on behalf of the Minister of Finance (Ontario) pursuant to subsection 25(5) of the Ontario Act to an eligible investor who has purchased Class A Shares in the capital of an LSIF Corporation directly or through a qualifying trust;

"TSX" means the Toronto Stock Exchange;

"UFC" means United Financial Corporation;

"valuation date" means a date on which the net asset value of the Fund is determined, which will occur at least weekly;

"venture portfolio" means at any point in time, the investments of the Fund other than reserves made with capital raised from the sale of Class A Shares;

“VentureLink Funds” means collectively the Fund, VentureLink Financial Services Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Brighter Future Fund Inc.;

“VLink BF Fund” means VentureLink Brighter Future (Balanced) Fund Inc.; and

“VLink DB Fund” means VentureLink Diversified Balanced Fund Inc.

FORWARD LOOKING STATEMENTS

This annual information form contains forward-looking statements about matters that involve risks and uncertainties, such as statements of the Fund's plans, objectives, expectations and intentions, as well as financial trends. The discussion also includes cautionary statements about these matters. You should read the cautionary statements made below as being applicable to all forward-looking statements wherever they appear in this document.

It is important to note that:

- *There is no assurance that any forward-looking statement will materialize.*
- *The results or events predicted herein may differ from actual results or events.*
- *Unless otherwise indicated, forward-looking statements describe expectations as of March 30, 2007.*
- *The Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

Factors that could cause the Fund's actual results to differ materially from the forward-looking statements contained herein include, but are not limited to: numerous external and internal business and operating risks having an adverse effect on the results of operations of the investee companies and adverse tax or other regulatory decisions being made against the Fund, including decisions made relating to the eligible businesses. Additional information concerning risks and uncertainties affecting the Fund's financial results is set forth below in "Risk Factors", as well as elsewhere herein.

NAME, FORMATION AND HISTORY OF THE FUND

This is the annual information form applicable to the Class A Shares of the VentureLink Balanced Fund Inc. (the "Fund").

The Fund is a corporation formed under the *Business Corporations Act* (Ontario) by articles of amalgamation dated July 31, 2006. The Fund was formed by amalgamating VLink DB Fund and VLink BF Fund. The Fund is registered as an LSIF Corporation under the Ontario Act and is a prescribed LSVCC under the Federal Act. VLink DB Fund and VLink BF Fund were also each registered as an LSIF Corporation under the Ontario Act and prescribed as a LSVCC under the Federal Act.

The head and registered office of the Fund is located at 1 Richmond Street West, Suite 701, Toronto, Ontario, M5H 3W4. The manager of the Fund is VentureLink LP (the "Manager"). The sponsor of the Fund is the Canadian Federal Pilots Association (the "Sponsor").

Changes of Control of the Manager

On August 21, 2003, it was announced that the shareholders of Skylon Capital Corp. ("Skylon Capital") had entered into an agreement to sell all of the issued and outstanding shares of Skylon Capital to CI Fund Management Inc. ("CI Fund Management")(the "Transaction"). The Transaction closed in November 2003 after the receipt of regulatory approval and the satisfaction of other conditions.

Skylon Capital was the direct owner of all of the issued and outstanding shares in the capital of Skylon Advisors Inc. ("Skylon") and Skylon Funds Management Inc. ("Skylon Management"), the investment advisor and the manager of the VLink BF Fund and VLink DB Fund, respectively, at that time. Pursuant to the Transaction, CI Fund Management or its affiliates would take control over all of the entities that performed the management and investment advisory services of the predecessor funds to the Fund.

Effective December 21, 2005, control of the Manager of the Fund was transferred from Skylon to VL Capital Inc., indirectly controlled by Geoffrey D. Horton, John S. Varghese and W. James Whitaker (collectively, the "Principals"). The Principals have been the primary managers of the portfolio since April 2003 and have continued

in that capacity since the change of control. United Funds Management, a company controlled by CI Investments Inc., Skylon's parent company, continues to provide administrative and other services to the Fund.

INVESTMENT RESTRICTIONS

General

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Mutual Funds* of the Canadian Securities Administrators ("NI 81-102"), which is designed in part to ensure that the investments of the Fund are diversified and to ensure the proper administration of the Fund.

Statutory Investment Restrictions

Although the Fund is a mutual fund in Ontario, many of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply.

The Fund is subject to investment restrictions contained in the Ontario Act. The purpose of such restrictions is to ensure that monies raised from investors are available to assist in the growth of eligible businesses in Ontario and thereby to create new employment opportunities in Ontario.

On September 30, 2005, the Ontario government announced that the LSIF Credit would be eliminated at the end of the 2010 taxation year. At that time the Ontario Minister of Finance also announced that transition rules would be developed in consultation with the LSIF industry to assist the transition of the program to one that would result in investors receiving only a Federal Credit. On March 23, 2006, a number of measures relating to the transition of the LSIF program and amendments to the *Income Tax Act* (Ontario) and the Ontario Act were announced in the 2006 Ontario Budget. These proposed amendments have since been passed by the Legislature of Ontario and are now law.

Under the Ontario Act, an investment of the Fund is an eligible investment if it is an investment in shares or is a qualifying debt obligation of an "eligible business". Generally, an "eligible business" for the purposes of the Ontario Act is a taxable Canadian corporation or a Canadian partnership which, together with related corporations or partnerships, does not have more than $50 million in assets, or more than 500 employees. In addition, the business must, at the time the investment is made, pay 50% or more of its wages and salaries to employees whose ordinary place of employment is a permanent establishment of the eligible business located in Ontario, must have 50% or more of its full-time employees employed in respect of its eligible business activities carried on by it in Ontario and must have been primarily engaged in "eligible business activities" for at least two years or for such shorter period of time as it has been in business. However, an investee company may grow beyond these limits without affecting its status as an eligible business and investments may be maintained and additional investments may be made by the Fund in that investee company, provided that at the time the Fund previously invested in the investee company, it was an eligible investment and the aggregate of all investments in a business and any related business does not exceed $20 million or, if prescribed, the prescribed amount. An investment may not be used by the investee corporation or partnership to, among other things, carry on business or re-invest outside Canada.

The Ontario Act permits the Fund to hold qualifying debt obligations only where the debt obligation, if secured, is secured, (i) by a security interest in one or more assets of the entity and the terms of the debt obligation or any agreement relating to the debt obligation do not prevent the entity from dealing with the assets in the ordinary course of business before any default on the debt obligation, (ii) by a guarantee, or (iii) by both a security interest described in (i) and a guarantee, and except in few instances, does not entitle the holder of the debt obligation to rank ahead of any other secured creditor of the issuer in realizing on the same security.

The Ontario Act permits the Fund to hold only the following investments: (i) specified securities of eligible businesses; (ii) assets that were specified securities of eligible businesses when acquired by the Fund; and (iii) specified reserves. Under the Ontario Act, on December 31 of each year before 2012, the Fund is required to hold eligible investments that have an aggregate cost of not less than 60% of the capital raised on the issue of that Fund's

Class A Shares that remain outstanding at the end of the year and were issued before the 61st day of that year (excluding Class A Shares that have been outstanding for at least 94 months) less 20% of the capital raised on Class A Shares of the Fund issued during the period beginning on the 61st day of the year preceding the applicable year and ending on the 60th day of the applicable year that are outstanding at the end of that year. This amount is further adjusted to reflect the amount of net realized losses, if any, and certain taxes and penalty amounts incurred for the year.

In addition to the investment restrictions contained in the Ontario Act, the Fund is prohibited by its articles of incorporation from lending money, guaranteeing a loan or providing other financial assistance to a shareholder of the Fund, to a person related to a shareholder of the Fund or to a trade union, an association or federation of trade unions, or an association or federation of worker cooperatives.

Compliance with Statutory Investment Restrictions

The Fund will be subject to penalties and may have its registration revoked if the Fund does not comply with the investment requirements set out in the Ontario Act. To date, the Fund has materially complied with all of the foregoing investment requirements and expects to remain in compliance with these requirements. See "Income Tax Considerations".

Investments in Community Small Business Investment Fund Corporation Restrictions

VLink DB Fund and VLink BF Fund, the predecessor funds to the Fund, invested in Class A shares of CSBIFs and the Fund is deemed to have made the investments in CSBIFs made by VLink DB Fund and VLink BF Fund. If a CSBIF makes one or more eligible investments under Part III.l of the Ontario Act in a particular year, the Fund may be allowed a credit at the end of that year against its 60% investment requirement. The credit would be equal to the percentage of the Class A Shares at the CSBIF held by the Fund, multiplied by the amount invested by the CSBIF. The Ontario Act requires that CSBIFs invest in eligible investments (a) by the end of the 30th month following the end of its investment period, an amount equal to at least 35% of the amount of equity capital it received on the issue of the class A shares of the CSBIF; and (b) by the end of the 72nd month following the end of its investment period, an amount equal to at least 70% of the amount of equity capital it received on the issue of the class A shares of the CSBIF. The investment period for a CSBIF ends on the first anniversary of the date of its registration.

Under Part III.1 of the Ontario Act, an eligible investment for a CSBIF is generally a business that pays substantially all of its employees' wages or salaries to employees whose ordinary place of employment is a permanent establishment within the community of such CSBIF. Under the Ontario Act, the total assets of that business (and all related businesses) must not exceed $1 million at the time the initial investment is made.

Voluntary Investment Restrictions and Policies

In addition to the investment restrictions described above, the board of directors of the Fund will from time to time establish certain other investment policies which apply to Class A Shares. The board of directors of the Fund has approved the following investment restrictions and policies, which may be varied from time to time by the board of directors as opportunities and market conditions dictate if permitted by the Ontario Act.

Investment Restrictions

- The Fund will not make loans except in the ordinary course of investing its funds.
- The Fund will not make uncovered short sales of securities or purchase securities on margin.
- The Fund will not act as an underwriter of securities.
- The Fund will not buy securities from or sell securities to the directors or officers of the Fund or Manager unless a third party invests in such securities at the same time and on the same financial terms, other than Class A Shares of the Fund.

- The Fund will not purchase uncovered puts, calls or combinations thereof except that it may purchase securities including options, rights and warrants to acquire additional securities or rights to sell securities of the eligible businesses in which it invests.
- The portfolio assets of the Fund will be held in the custody of a federally or provincially licensed trust company or a Canadian chartered bank.
- The Fund will not borrow money except in accordance with NI 81-102 when such borrowings are a temporary measure to accommodate redemption requests where the outstanding amount of all borrowings does not exceed 5% of the net assets of the Fund at the time of the borrowing.

Investment Policies

Unlike ordinary mutual funds, the Fund may:

- Invest in more than 10% of the securities of any one issuer.
- Invest more than 10% of the net assets of the Fund in illiquid assets, as defined in NI 81-102.
- Lend money to eligible businesses by investing in a qualifying debt obligation, as contemplated by the Ontario Act.
- Invest in securities which may require the Fund to make additional contributions, provided such investments will be made only if the amount and the timing of the investment and the specific performance targets triggering the investment are established and fixed at the date of the original investment.
- Provide a guarantee in respect of any person unless such guarantee is provided in the ordinary course of investing their assets and making eligible investments.

DESCRIPTION OF SECURITIES OF THE FUND

The authorized capital of the Fund consists of an unlimited number of Class A Shares and an unlimited number of Class B Shares.

Class A Shares

The following attributes apply equally to all of the Class A Shares of the Fund:

Issue

Class A Shares may be issued to individuals ordinarily resident in Ontario and to qualifying trusts governed by RRSPs and to such other eligible investors as may be permitted by the Ontario Act.

Voting Rights

Holders of Class A Shares are entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of shares of the Fund of a different class are entitled to vote separately as a class, the holders of the Class A Shares are entitled to vote at any such meeting. Each Class A Share entitles the holder thereof to one vote per share.

Fractional Shares

A holder of a fractional Class A Share is entitled to exercise voting rights and to receive dividends in respect of such fractional Class A Share to the extent of such fraction.

Dissolution

On the liquidation, dissolution or winding-up of the Fund or other distribution of the assets of that Fund for the purpose of winding up its affairs ("dissolution"), the holders of Class A Shares will be entitled to all of the Class A Share assets of the Fund remaining after payment of all liabilities of the Fund and after payment of all amounts payable to the holder of the Class B Shares.

Dividends

Holders of Class A Shares are entitled to receive dividends at the discretion of the board of directors.

Transfer

There is no restriction on the right to a transfer of Class A Shares.

Redemption by Holders

A holder of Class A Shares in respect of which an Information Return has been issued under the Federal Act or a Tax Credit Certificate has been issued under the Ontario Act may request the Fund to redeem any or all of the Class A Shares if the holder of the Class A Shares requests the Fund, in writing, to redeem them and the holder has satisfied all other conditions, if any, of the Ontario Act.

Where the Class A Shares were acquired and:

(a) after acquiring the Class A Shares, the shareholder has become disabled or permanently unfit for work or terminally ill; or

(b) within 60 days after the day on which the Class A Shares were issued and any Information Return and Tax Credit Certificate issued to the original purchaser in respect of such Class A Shares has been returned to the Fund; or

(c) the shareholder acquired the Class A Shares from another person as a consequence of the death of the other person or the death of an annuitant under a trust governing a RRSP or RRIF that previously held such Class A Shares; or

(d) the shareholder is a RRSP or RRIF and, after the shareholder acquired the Class A Share, the annuitant under the RRSP or RRIF became disabled and permanently unfit for work or became terminally ill; or

(e) the redemption occurs more than eight years after the date on which the Class A Shares were issued; or

(f) in any other circumstances where the redemption is permitted for the purposes of the Federal Act, the Ontario Act and any other similar provincial legislation having application to the holder of the Fund and is not prohibited by any federal or provincial legislation having application to the holder of the Fund and is approved by the directors,

the Class A Shares may be redeemed without any amount being withheld for the repayment of the federal and provincial tax credits. A redemption may occur at any other time if the Fund withholds the amount required to refund the amount of federal and provincial tax credits which must be repaid.

A holder of Class A Shares in respect of which an Information Return and a Tax Credit Certificate have not been issued may request the Fund to redeem the Class A Shares at any time.

In any financial year, the Fund is not required to, but may at its option, redeem Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of the Class A Shares as at the last day of the preceding financial year. Requests for redemption will be accepted in the order in which they are received.

If, in any financial year, as a result of the foregoing limitation, if the Fund does not redeem Class A Shares that it has been requested to redeem, then, subject to the foregoing limitation, the Fund will redeem such shares in the following financial year before it redeems any other Class A Shares that it has been requested to redeem and, for such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following financial year.

Redemptions of Class A Shares will be made at the net asset value per Class A Share. All redemptions will be made as at the close of business on the business day on which the Fund receives (or is deemed to have received) the request for redemption. Redemption requests must normally be received by the Fund by 4 p.m. (Eastern time) in order to be priced at the net asset value per Class A Share for that day. Redemption requests received after that time will be priced at the net asset value per Class A Share for the following business day.

In addition to deductions from the redemption price paid for Class A Shares (the "Class A Share Redemption Amount") in respect of federal and provincial tax credits, in certain circumstances, a redemption fee may be deducted from the Class A Share Redemption Amount as described below.

If the Fund is requested to redeem Class A Shares before the eighth anniversary of their issue, holders of Class A Shares so redeemed will be charged a redemption fee payable to the Fund. The redemption fee will be up to 6% of the original issue price of the Class A Shares calculated as 0.75% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. For the purpose of calculating the redemption fee, Class A Shares shall be considered to be redeemed in the order acquired. After the eighth anniversary of the date of issue there is no redemption fee for the Class A Shares.

Reduction of Paid-Up Capital

The Fund may reduce its paid up capital in respect of Class A Shares within one year of October 17, 2014 by paying to the holder of each Class A Share an amount equal to the least of: (a) the paid up capital of the Class A Share; (b) the Net Asset Value of the Class A Share; and (c) the original acquisition cost to the holder of such Class A Share as a return of capital.

Election of Directors

Holders of the Class A Shares of the Fund are entitled to elect two of the directors of the Fund (currently two of seven directors).

Class B Shares

The following attributes apply to the Class B Shares of the Fund:

Issue

Class B Shares may be issued only to the Sponsor.

Redemption

The Fund may redeem some, but not all, of the Class B Shares at any time for the amount equal to the paid up capital for each Class B Share. At least one Class B Share must continue be held by an employee organization (as defined in the Ontario Act) for the Fund to comply with the provisions of the Ontario Act.

Dividends

The holder of the Class B Shares is not entitled to receive dividends.

Voting Rights

The holder of the Class B Shares is entitled to receive notice of and attend all meetings of shareholders of the Fund and, except for meetings at which only holders of Class A shares are entitled to vote separately as a class, is entitled to one vote per Class B Share held at any such meeting.

Dissolution

On dissolution, the holder of the Class B Shares is entitled to receive the then stated capital of those shares before any assets are distributed to holders of Class A Shares but after payment of all liabilities of the Fund.

Transfer

The Fund is prohibited from registering or otherwise recognizing a transfer of Class B Shares by any holder thereof, unless the entity to whom such Class B Shares are to be transferred is an "eligible labour body" as defined in the Federal Act and an "employee organization" as defined in the Ontario Act, and such transfer is approved by the board of directors of the Fund.

Election of Directors

The holder of the Class B Shares is entitled to nominate and elect the number of directors representing the total number of directors less the number of directors that the holders of the Class A Shares are entitled to elect (currently five of seven) which number shall be at least a majority of the directors of the Fund. The Sponsor has, pursuant to a Sponsor Agreement, agreed to elect one person to represent the Sponsor and three persons which are to be nominated by the Manager.

Approval of Shareholders for Certain Changes

Certain changes affecting the Fund may only be implemented with the approval of the shareholders of the Fund. A meeting of the shareholders or where required by law a meeting of each class of shareholders of the Fund shall be convened to consider and approve any of the following matters which the Fund may propose to change in the future:

(a) subject to certain exemptions available under rules applicable to mutual funds, a change in any contract or the entering into of any new contract as a result of which the basis of the calculation of the fees or of other expenses that are charged to the Fund could result in an increase in charges to the Fund;

(b) a change of the manager of the Fund (other than to an affiliate of the Manager);

(c) any change in the investment objective of the Fund;

(d) any decrease in the frequency of calculating the net asset value of the Class A Shares;

(e) subject to certain exemptions available under rules applicable to mutual funds, the commencement of the use by the Fund of permitted derivatives; or

(f) any other matter which is required by the constating documents of the Fund or by the laws applicable to the Fund or by any agreement to be submitted to a vote of the shareholders of the Fund.

Unless a greater majority is required by the laws applicable to the Fund, the approval of the shareholders of the Fund shall be deemed to be given if expressed by a resolution passed by at least a majority of the votes cast at the meeting of shareholders of each class of shareholders at which a quorum is present, called to consider such resolution.

Shareholder approval will not be obtained before making changes of the type contemplated in paragraph (a) above where the Fund contracts at arm's length with parties other than the Manager for all or part of the services it requires to carry on its operations. However, shareholders will be given at least 60 days notice before the effective date of any such change.

VALUATION OF INVESTMENTS

Audit and Valuation Committee

The board of directors of the Fund has established an audit and valuation committee (the "Audit and Valuation Committee") comprised of 3 directors, a majority of whom are outside directors, not employees of the Manager, the Investment Advisor, the Administrator and the Sponsor or any of their affiliates. The current members of the Audit and Valuation Committee are Christopher M. Hopper, Robert Falconer and Iain A. Robb. The board of directors have delegated responsibility for determining the value of the Fund's assets and for considering the appropriateness of the valuation policies adopted by the Fund to the Audit and Valuation Committee as set out below. The net asset value per Class A Share as calculated by the Administrator on instruction from the Manager, shall be reviewed by the Audit and Valuation Committee as of the last day of each financial quarter of the Fund.

Valuation of Assets for which a Published Market Exists

The Administrator calculates on each business day the value ("Published Valuation") of the Fund's assets for which there exists a published market on the basis of quoted prices in such market. For this purpose, a published market means any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of general and regular paid circulation. The Investment Advisor notifies the Administrator of any adjustments in the holdings of the Fund. The Audit and Valuation Committee reviews and approves the valuation at the end of each fiscal year and from time to time, considers the appropriateness of the valuation policies adopted by the Fund.

Valuation of Assets for which No Published Market Exists

For investments in eligible businesses and eligible investments for which no published market exists, the Administrator calculates, on each business day, the value of those assets pursuant to the general valuation policies described below. In determining the value of assets for which no published market exists, the Audit and Valuation Committee has determined that the Administrator be guided by the principle that such investments are valued at cost unless a different fair market value is independently determined by the Manager. The Manager notifies the Administrator of any adjustments in the holdings of the Fund and of any circumstances which necessitates an adjustment from a valuation equal to the cost of the investment. The Audit and Valuation Committee reviews the valuation at the end of each fiscal year and will from time to time consider the appropriateness of the valuation policies adopted by the Fund.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

General Valuation Policies

Short term debt instruments are valued at cost with accrued interest or discount earned included in interest receivable. Listed securities are valued at the closing sale price reported on that day by the principal securities exchange on which the issue is traded or, if no sale is reported, generally, the average of the bid and ask prices is used. Listed securities where the volume of trade is such that the Manager deems the Fund's position could not be sold in a timely, orderly manner are valued at discount to the closing price. Securities traded over-the-counter are priced at the average of the latest bid and ask prices quoted by a major dealer in such securities. Private placements

of listed securities subject to a hold period are valued as described above with an appropriate discount as determined by the Manager.

Securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available are valued at their fair value, as determined by the Manager.

Investments in private companies are valued in accordance with the following criteria:

(i) investments are normally carried at cost unless (a) there is a substantial arm's-length transaction which establishes a different value, or (b) where a Portfolio Company experiences a material change in value, the valuation is increased or decreased, as appropriate, to the estimated fair market value; and

(ii) if there is a substantial arm's length, bona fide, enforceable offer with respect to a Portfolio Company, the investment is valued at the proposed transaction price. Similarly, if there is a valuation prepared by a qualified independent person, such valuation is given due consideration in assessing the value of an investment.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment.

National Instrument 81-106 Investment Fund Continuous Disclosure ("NI 81-106") requires an investment fund, such as the Fund, to calculate its net asset value in accordance with Canadian generally accepted accounting principles. Canadian GAAP was recently modified by the introduction of section 3855 Financial Instruments - Recognition and Measurement of the handbook of the Canadian Institute of Chartered Accountants. Section 3855 redefines fair value as being the closing bid price for long positions and the closing ask price for short positions, in lieu of the closing or last trade price for all positions. Section 3855 applies to interim and annual financial statements for fiscal years beginning on or after October 1, 2006. Therefore, the combined effect of NI 81-106 and section 3855 would require the Fund to determine the value of securities listed on a recognized public securities exchange or on NASDAQ using the fair value as defined by section 3855, instead of the valuation principles described above. However, the Canadian securities regulatory authorities have issued a related decision (the "CSRA Decision") which permits investment funds, such as the Fund, to calculate its net asset value in accordance with Canadian GAAP without giving effect to section 3855 ("Modified GAAP") for purposes other than issuing annual or interim financial statements, such as the issue and redemption of Shares.

Financial statements of the Fund will contain a reconciliation of the net asset value that is reported in such financial statements in accordance with Canadian GAAP to the net asset value used by the Fund for all other purposes as determined in accordance with Modified GAAP. Unless the CSRA Decision is extended, the exemptive relief granted by it will terminate on the earlier of September 30, 2007 and the date on which amendments to NI 81-106 come into effect with respect to the calculation of net asset value.

CALCULATION OF NET ASSET VALUE

The net asset value per Class A Share is calculated by the Administrator on each business day by subtracting the redemption value of the Class B Shares and the aggregate amount of the Fund's liabilities applicable to the Class A Shares of the Fund being valued from the aggregate of:

(i) the value of the assets of the Fund attributable to the Class A Shares being valued for which a published market exists on the basis of the Published Valuation as of the relevant date;

(ii) the value of the assets of the Fund attributable to the Class A Shares being valued for which no published market exists as determined in accordance with the general valuation policies described above;

(iii) the unamortized value of sales commissions attributable to the Class A Shares, as the case may be; and

(iv) the value of any other assets of the Fund attributable to the Class A Shares being valued, as determined by the Audit and Valuation Committee,

and dividing such amount by the total number of Class A Shares outstanding on that date. The Fund makes available to the financial press for publication the net asset value per Class A Shares daily.

The Ontario Act requires the Fund to undertake that the value of their shares will be determined on an annual basis by means of a valuation carried out by an independent qualified person. The Fund satisfies this requirement by obtaining, on an annual basis, an independent valuation of the net asset value of the Fund, and of the net asset value of Class A Shares. This valuation is conducted by an independent qualified person, currently a chartered business valuator on staff with the Fund's external auditors.

REDEMPTION OF CLASS A SHARES

The following description applies to the Class A Shares of the Fund:

Redemption by Holders

A holder of Class A Shares in respect of which an Information Return has been issued under the Federal Act or a Tax Credit Certificate has been issued under the Ontario Act may request the Fund to redeem the Class A Shares if the holder of the Class A Shares requests the Fund, in writing, to redeem them and the holder has satisfied all other conditions, if any, of the Federal Act, if the Fund is registered under the Federal Act, and the Ontario Act.

Where the Class A Shares were acquired and:

(a) after acquiring the Class A Shares, the shareholder has become disabled or permanently unfit for work or terminally ill; or

(b) within 60 days after the day on which the Class A Shares were issued and any Information Return and Tax Credit Certificate issued to the original purchaser in respect of such Class A Shares has been returned to the Fund; or

(c) the shareholder acquired the Class A Shares from another person as a consequence of the death of the other person or the death of an annuitant under a trust governing a RRSP or RRIF that previously held such Class A Shares; or

(d) the shareholder is a RRSP or RRIF and, after the shareholder acquired the Class A Share, the annuitant under the RRSP or RRIF became disabled and permanently unfit for work or became terminally ill; or

(e) the redemption occurs more than eight years after the date on which the Class A Shares were issued; or

(f) in any other circumstances where the redemption is permitted for the purposes of the Federal Act, the Ontario Act and any other similar provincial legislation having application to the holder of the Fund and is not prohibited by any federal or provincial legislation having application to the holder of the Fund and is approved by the directors,

the Class A Shares may be redeemed without any amount being withheld for the repayment of the federal and provincial tax credits. A redemption may occur at any other time if the Fund withholds the amount required to refund the amount of federal and provincial tax credits which must be repaid.

A holder of Class A Shares in respect of which an Information Return and a Tax Credit Certificate have not been issued may request the Fund to redeem the Class A Shares at any time, without any amount being withheld for the repayment of the federal and Ontario tax credits.

In any financial year, the Fund is not required to, but may at its option, redeem Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of the Class A Share assets as at the last day of the preceding financial year. Requests for redemption will be accepted in the order in which they are received.

If, in any financial year, as a result of the foregoing limitation, the Fund does not redeem Class A Shares that it has been requested to redeem, then, subject to the foregoing limitation, the Fund will redeem such shares in the following financial year before it redeems any other Class A Shares of that series that it has been requested to redeem and, for such purposes, the requests to redeem such shares will be deemed to have been received by the Fund on the first day of the following financial year.

Redemptions of Class A Shares will be made at the net asset value per Class A Share. All redemptions will be made as at the close of business on the business day on which the Fund receives (or is deemed to have received) the request for redemption. Redemption requests must normally be received by the Fund by 4 p.m. (Eastern time) in order to be priced at the net asset value per Class A Share for that day. Redemption requests received after that time will be priced at the net asset value per Class A Share for the following business day.

In addition to deductions from the redemption price paid for the Class A Shares (collectively, the "Class A Share Redemption Amount") above in respect of federal and provincial tax credits, in certain circumstances, a redemption fee may be deducted from the Class A Share Redemption Amount as described below.

If the Fund is requested to redeem Class A Shares before the eighth anniversary of their issue, holders of Class A Shares so redeemed will be charged a redemption fee payable to the Fund. The redemption fee will be up to 6% of the original issue price of the Class A Shares calculated as 0.75% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. For the purpose of calculating the redemption fee, Class A Shares shall be considered to be redeemed in the order acquired. After the eighth anniversary of the date of issue there is no redemption fee for the Class A Shares.

RESPONSIBILITY FOR MUTUAL FUND OPERATIONS

The Fund

The board of directors of the Fund has overall responsibility for all investments made by the Fund, including the establishment of investment policies and the implementation of appropriate procedures with respect to the investment process, subject to any responsibilities delegated to the investment committee of the board of directors or to the Investment Advisor.

For the Fund, the board of directors or the Investment Advisor is responsible for approving all investment decisions and no investment shall be made by the Fund other than on the recommendation of its Manager or the Investment Advisor.

Directors and Officers

The name, municipality of residence, position with the Fund and principal occupation of each of the directors and officers of the Fund are set out below:

Name and Municipality of Residence	Position with the Fund	Principal Occupation
Robert B. Falconer[(1)] Toronto, Ontario	Director	Retired
Gregory Holbrook	Director	Chairman of the Sponsor

Name and Municipality of Residence	Position with the Fund	Principal Occupation
Ottawa, Ontario		
Christopher M. Hopper[1] Toronto, Ontario	Director	President and Chief Executive Officer, Northern Home Services
John S. Varghese Toronto, Ontario	Director and Chief Executive Officer	President and Director, General Partner
W. James Whitaker Toronto, Ontario	Director and Chief Financial Officer	Secretary and Director, General Partner
Geoffrey D. Horton Toronto, Ontario	Secretary	Director, General Partner
Iain A. Robb[1] Toronto, Ontario	Director	Partner, Gowling Lafleur Henderson LLP (law firm)

(1) Member of the Audit and Valuation Committee of the Fund

The following is a brief biographical description, including principal occupation for the last five years, of each of the directors and officers of the Fund:

Robert B. Falconer until the middle of 2006 was the Director of Community Loans Policy and Risk Control with the Ontario Strategic Infrastructure Financing Authority. He has more than 24 years of experience in senior finance positions in the public and private sectors in Canada. His corporate finance experience began as a senior financial analyst with Shell Canada in 1980. He has since held senior management positions with Xerox Canada, Central Guaranty Trust, Ontario Clean Water Agency, and Altamira Financial Services. Mr. Falconer holds a B.Sc. in physics from the University of Manchester Institute of Science and Technology, and an MBA specializing in finance from the University of Saskatchewan.

Gregory Holbrook is the National Chairman of the Sponsor. He has been representing his fellow pilots in this role since July 2000. Between 1998 and 2000, Mr. Holbrook was an Aviation Enforcement Inspector with Transport Canada based in Winnipeg, Manitoba. Prior to that, Mr. Holbrook worked as an Operational Investigator (Air) with the Transportation Safety Board of Canada in Winnipeg, Manitoba. Mr. Holbrook also served as a pilot with the Canadian Forces.

Christopher M. Hopper is President and Chief Executive Officer of Northern Home Services, a Toronto-based residential heating and air conditioning contracting firm. He has more than 13 years of experience in management positions in several industries. He began his career as an analyst in the mergers and acquisitions department of RBC Dominion Securities, before spending five years as a strategic consultant and manager with Bain & Co. in Toronto and San Francisco. His experience also includes senior positions in the pharmaceutical and technology industries. Mr. Hopper holds a BA in philosophy from Dalhousie University, a diploma in French studies from the Universite de Franch-Comte and an MBA from the University of Western Ontario.

John S. Varghese joined the manager in 2003 and is currently President and Director of the General Partner. Mr. Varghese is an observer or board member on numerous companies. As an active director, he has chaired compensation and search committees and participated on strategy and audit committees. Mr. Varghese is currently Chairman of Ventus Energy Inc., and past Chairman of Orion Securities Inc. and MCCI Communications Inc. He is a founder and board member of Bay Street Fore a Cau$e, a charitable organization that supports various charities in Canada. Mr. Varghese's professional experience ranges from venture capital and investment banking to senior management and board of director roles in various industries. He has held senior management and board of director roles within multi-national corporations and early stage entities including Royal Bank Capital Corporation, eLab Technology Ventures Ltd., Midland Walywn Capital Inc. (Merrill Lynch Canada), Dell Computer Corporation, Jim Pattison Industries and KPMG Peat Marwick. Mr. Varghese obtained his Chartered Accountant designation in 1991. He graduated from the University of Western Ontario with an Economics degree in 1988.

Geoffrey D. Horton is a Director of the General Partner. Mr. Horton joined Skylon, the former manager of the VentureLink Funds, in October 2001, following a two-year sabbatical. From 1995 to 1999, Mr. Horton was an Investment Manager, Senior Investment Analyst and Investment Analyst at Working Ventures Canadian Fund Inc. ("Working Ventures"), a labour sponsored investment fund focusing on early and later stage venture capital investing. While at Working Ventures, Mr. Horton led an array of investment transactions, sat on the boards of several private companies, and was involved in Working Ventures' internal Valuation Review Group. Mr. Horton holds a Bachelor of Commerce (Honours) from Queen's University and is a Chartered Financial Analyst.

W. James Whitaker is Secretary and Director of the General Partner. Mr. Whitaker joined Skylon, the former manager of the VentureLink Funds, in March 2003. Mr. Whitaker was at Working Ventures from 1994 to February 2003, most recently as Senior Vice-President, Investments. While at Working Ventures, Mr. Whitaker led the information technology team, led investments and served as Board Member on the board of directors of approximately twenty venture companies and was a member of the management investment committee. Prior to such time, Mr. Whitaker worked at Ernst & Young LLP providing financial advisory services to mid-market companies in a wide range of industries. Mr. Whitaker is a Chartered Accountant and a Chartered Business Valuator. Mr. Whitaker holds a Bachelor of Commerce degree from McGill University.

Iain A. Robb is a partner of the law firm Gowling Lafleur Henderson LLP, where he is a member of the corporate finance group. Mr. Robb's practice is restricted to corporate and securities matters with a particular emphasis on investment funds and structured investment products. Mr. Robb holds a Bachelor of Laws degree from the University of Toronto and a Bachelor of Arts (Industrial Relations) degree from McGill University. In addition to being a director of the Fund, Mr. Robb is a director of various other labour sponsored investment funds.

The Manager

VentureLink LP was created under the laws of the Province of Ontario on November 2, 2005 with 1 Class B limited partnership unit being issued to 2085216 Ontario Inc., the general partner (the "General Partner") of VentureLink LP and 1 Class A limited partnership unit being issued to Skylon. Skylon transferred to VentureLink LP its interest in the management agreements related to the VentureLink Funds. As a result of the transfer, VentureLink LP became the manager of the VentureLink Funds. On December 21, 2005, control of the Manager of the Fund was transferred from Skylon to VL Capital Inc. a company controlled by the Principals.

The Fund entered into a management agreement with the Manager which agreement was effective as of July 31, 2006. The Manager is responsible for developing and implementing all aspects of the Fund's sales, marketing, distribution and communications strategies, developing and refining the investment strategy for the Fund. The Manager is also responsible for organizing the retention and supervision of various service providers of the Fund.

The Manager's sole business is managing all of the VentureLink Funds. The Principals of the General Partner of the Manager have primary responsibility for the affairs of the Fund, biographies for whom are set out above under the heading "The Fund – Directors and Officers".

The Manager has approximately $250 million in assets under management, all of which are from the VentureLink Funds. The VentureLink Funds currently include: VentureLink Diversified Income Fund Inc., with a focus on mezzanine lending to establish businesses; the Fund, with a diverse focus of investments including investments in community small business investment fund corporations; VentureLink Financial Services Innovation Fund Inc., with a focus on growing companies in the financial services industry; VentureLink Brighter Future Fund Inc., with a varied focus on a number of industries including telecommunications, information technology, biotechnology and infrastructure and "essential services" industries such as energy, water and waste management.

Under the Securities Act, the Manager is regarded as a promoter of the VentureLink Funds. The Manager and the General Partner carry on business at 1 Richmond Street West, Suite 701, Toronto, Ontario, M5H 3W4. They can be contacted through their website www.venturelinkfunds.com or by email at info@venturelinkfunds.com.

Officers and Directors

As a limited partnership, the Manager does not have any officers or directors, and it is controlled by its General Partner. The officers and directors of the General Partner are as follows:

Name and Municipality of Residence	**Position with the General Partner**	**Principal Occupation**
Geoffrey D. Horton Toronto, Ontario	Director	Director, General Partner
John S. Varghese Toronto, Ontario	President and Director	President and Director, General Partner
W. James Whitaker Toronto, Ontario	Secretary and Director	Secretary and Director, General Partner

For brief biographical description of the directors and officers of the General Partner see "Responsibility for Mutual Fund Operations – The Fund - Directors and Officers".

Management Agreement

The Management Agreement will expire, unless terminated earlier by either party thereto in accordance with the terms thereof, upon the dissolution, winding-up or termination of the Fund. VentureLink LP as the Manager may terminate the Management Agreement in the event that: (i) the Fund is in breach or default of any material provision thereof and such breach or default has not been cured within twenty business days of written notice of such breach or default to the Fund; (ii) there is a fundamental change in the investment objectives, strategy or restrictions applicable to the Fund; (iii) the Fund ceases to carry on business; or (iv) the Fund becomes bankrupt or insolvent. The Fund may terminate the Management Agreement in the event that: (i) the Manager is in breach or default of any material provision thereof and such breach or default has not been cured within twenty business days of written notice of such breach or default to the Manager; (ii) the Manager ceases to carry on business; or (iii) the Manager becomes bankrupt or insolvent. In the event that the Management Agreement is terminated, the Fund shall promptly appoint a successor manager to carry out the activities of the Manager for the Fund until a meeting of shareholders of the Fund is held to confirm such appointment.

Conflict of Interest

The services of the directors and officers of the General Partner of the Manager and its affiliates and associates, including the Investment Advisor, are currently exclusive to the Fund and the VentureLink Funds, and the investments companies within portfolios of the VentureLink Fund. The Manager is subject to applicable conflict of interest policies relating to investments and investment opportunities of the Fund, as described in the respective Investment Advisory Agreement, below.

After an investment is made in a Portfolio Company, the Manager or an affiliate of the Manager may provide services for, or seek to undertake various initiatives with, certain Portfolio Companies. The Principals of the Manager and its affiliates have significant experience and expertise in developing innovative investment management products; raising capital; and investment management and administration. The Manager and/or its affiliates may use this experience and expertise to assist Portfolio Companies to realize their business objectives, thereby creating value for the Fund's shareholders. Any new product initiatives undertaken by the Manager and/or an affiliate with one or more Portfolio Companies will not involve any payment to the Manager, other than on industry standard terms.

The Manager is paid by the Fund. Certain of the directors of the Fund are the same as the senior officers and directors of the General Partner of the Manager.

Investment Advisor

VL Advisors, a wholly owned subsidiary of the Manager, has agreed to act as the Investment Advisor to the Fund pursuant to an Investment Advisory Agreement effective as of July 31, 2006 between the Fund, VentureLink LP and VL Advisors (the "Investment Advisory Agreement"). The Principals of the Investment Advisor, biographies for whom are set out above under the heading "The Fund – Directors and Officers", have over 30 years combined experience working with and successfully investing in a wide range of private Canadian companies. These Principals are responsible for the day to day affairs of the Fund.

The Investment Advisor is registered under the Securities Act in the categories of Investment Counsel and Portfolio Manager.

The head office and principal place of business of the Investment Advisor is located at 1 Richmond Street West, Suite 701, Toronto, Ontario, M5H 3W4.

Investment Advisory Agreement

The Investment Advisory Agreement will expire, unless terminated earlier by any of the parties thereto in accordance with its terms, upon the dissolution, winding-up or termination of the Fund. The Investment Advisor may terminate the Investment Advisory Agreement in the event that: (i) the Fund is in breach or default of any provision thereof and such breach or default has not been cured within twenty business days of notice of such breach or default to the Fund; (ii) there is a fundamental change in the investment objectives, strategy, restrictions or policies applicable to the Fund; (iii) the Fund ceases to carry on business; or (iv) the Fund becomes bankrupt or insolvent.

The Manager may terminate the Investment Advisory Agreement and the appointment of the Investment Advisor in the event that (i) the Investment Advisor is in breach or default of any provision of thereof and the breach or default has not been cured within twenty business days of notice of such breach or default given by the Fund to the Investment Advisor; (ii) the Investment Advisor ceases to carry on business; or (iii) the Investment Advisor becomes bankrupt or insolvent. Notwithstanding the above, the Manager may terminate the Investment Advisory Agreement at the Manager's sole discretion, upon ninety days' notice given by the Manager to the Investment Advisor. In the event the Investment Advisory Agreement is terminated, the investment decisions for a Fund will be made by the board of directors until a successor investment advisor is appointed.

Conflict of Interest

The services of the directors and officers of the Investment Advisor and its affiliates and associates, including the Manager, are currently exclusive to the Fund and the VentureLink Funds, and the investments companies within portfolios of the VentureLink Funds. The directors and officers of the Investment Advisor and the Manager may provide similar services and devote a portion of their time to other investments, directorships and offices. The other activities of the Investment Advisor, the Manager, their affiliates, associates and their respective officers, directors, shareholders, employees and consultants and persons retained by the Investment Advisor (collectively, the "Conflict Parties") may result in certain conflicts of interest. The Investment Advisor will present to the Fund all investment opportunities which are available to the Investment Advisor provided that the Fund is able to make the proposed investment and the investment meets the investment objectives, strategy, restrictions and policies applicable to the Fund (the "Investment Guidelines"). When the Fund co-invests with other clients of the Investment Advisor, such investments will be allocated fairly based upon the size of the venture portfolios, the suitability of the investment for each portfolio, the investment objectives of each investor and the cash available in each venture portfolio. Notwithstanding the foregoing, the Fund has acknowledged that there may be situations in which the Investment Advisor may not present an investment opportunity to the Fund or may require the Fund to co-invest with others in an investment opportunity which otherwise meets the Investment Guidelines and for which the Fund has the necessary resources, if the Investment Advisor, in good faith, considers that it is in the best interests of the Fund not to participate or to participate only to a limited extent in such investment opportunity.

The Ontario Act expressly prohibits the Fund from making or maintaining an investment in an eligible business if the eligible business does not deal at arm's length with the Fund or any of the directors of the Fund, unless:

(a) such eligible business would deal at arm's length with the Fund but for the Fund's interest as a holder of investments in the eligible business; or

(b) such investment was approved by special resolution of the holders of the outstanding Class A Shares of the Fund voting as a class before the investment was made.

In addition to the foregoing investment restriction, the Securities Act prohibits the Fund from knowingly investing in an eligible business if:

(a) more than ten percent of the outstanding shares or units of such eligible business are owned by one of the Conflict Parties or by a person or company which owns more than twenty percent of the voting securities of the Fund, the Manager or the Investment Advisor; or

(b) more than fifty percent of the outstanding shares or units of such eligible business are owned collectively by more than one of the Conflict Parties or by a group of persons or companies which own more than twenty percent of the voting securities of the Fund, the Manager or the Investment Advisor.

The Manager will report to the board of directors of the Fund if the Investment Advisor wishes the assistance of the board of directors in resolving any conflict of a nature described in the preceding paragraphs.

The Fund Administrator

UFC acts as registrar, transfer agent and administrator for the Fund pursuant to an agreement dated December 19, 2005 between CI, the predecessor funds to the Fund, VentureLink Financial Services Innovations Fund Inc., VentureLink Diversified Income Fund Inc. and the predecessor funds to VentureLink Brighter Future Fund Inc. which agreement was assigned to UFC by CI on May 31, 2006.

UFC has been retained to provide registrar, transfer agency, fund accounting, shareholder reporting, customer support and various other administration services. In addition to providing the registrar, transfer agency and other shareholder administration services to the VentureLink Funds, the Fund Administrator performs similar services for outside clients including other labour sponsored investment funds. The Fund Administrator will also perform certain valuation services for the VentureLink Funds.

The Sponsor

The Sponsor of the Fund is the Canadian Federal Pilots Association, which represents approximately 470 professional pilots across Canada. The responsibilities of the Sponsor include various activities relating to federal government aviation inspection, regulation, certification, aircraft aviation accident investigation, the air navigation system, and Coast Guard helicopter operation. The Sponsor owns all of the Class B Shares in the capital of the Fund and is required under the Ontario Act to elect a majority of the board of directors. The board of directors of the Fund is currently fixed at seven directors.

The Sponsor believes that it is important to encourage investment in Ontario's economy and has undertaken the sponsorship of the Fund because it believes that the Fund can, through their investments in eligible businesses, strengthen the provincial economy and create or preserve jobs in Ontario. The Sponsor believes that its objectives in sponsoring the Fund are compatible with the interests of the business community, namely expanding opportunities for economic growth, which should, in turn, assist in employment creation and preservation.

The Sponsor is entitled to elect five of the seven directors of the Fund. The Sponsor has entered into an agreement effective as of July 31, 2006 between the Fund, the Sponsor and CFPA Sponsor Inc. (the "Sponsor Agreement"), and agreed to elect one member or designate of Sponsor and four members or designates of the Manager from time

to time. In addition to the right to elect directors specified above, the Sponsor, as holder of the Class B Shares, is entitled to one vote per share at meetings of the shareholders of the Fund, but does not have any right to receive dividends.

The Sponsor holds the only issued and outstanding Class B Shares in the capital of the Fund. While members of the Sponsor may subscribe for Class A Shares, neither the Sponsor nor its members will be required to make any investment in the Fund. Individuals investing in Class A Shares need not be members of or have any connection with the Sponsor.

CFPA Sponsor Inc.

CFPA Sponsor Inc., a wholly-owned subsidiary of the Sponsor, was incorporated under the laws of Ontario by articles of incorporation dated September 27, 2002. The registered address of CFPA Sponsor Inc. is Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1G5. Under the Securities Act, CFPA Sponsor Inc. is regarded as a promoter of the Fund. Mr. Gregory Holbrook is the sole director and officer of CFPA Sponsor Inc.

Auditors, Registrar, Transfer Agent, Trustee and Custodian

The auditors of the Fund are PricewaterhouseCoopers LLP, Royal Trust Tower, Toronto-Dominion Centre, Suite 3000, Toronto, Ontario M5K 1G8. PricewaterhouseCoopers LLP were the auditors of the Fund since its inception on July 31, 2006.

UFC acts as the registrar and transfer agent for the Class A Shares of the Fund and shall keep share records relating to the Fund in Toronto, Ontario and shall perform various administrative functions.

RBC Dexia Investor Services Trust (formerly Royal Trust Corporation of Canada) has been retained by the Fund as custodian to hold portfolio securities of the Fund pursuant to a custodian agreement dated December 19, 2005 between RBC Dexia Investor Services Trust and all VentureLink Funds plus each of the four CSBIFs created by certain VentureLink Funds and VentureLink LP. The custodian agreement was amended on July 31, 2006.

The Canada Trust Company acts as trustee for RRSPs established by investors in the Fund.

Legal Matters and Legal Proceedings

Certain legal matters in connection with the Fund will be passed upon on behalf of the Fund by Gowling Lafleur Henderson LLP.

There are no legal proceedings material to the Fund to which the Fund is a party or to which any of its property is subject and no such proceedings are known to be contemplated.

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling Lafleur Henderson LLP, so long as the Fund is registered as a labour sponsored investment fund corporation under the Ontario Act and a prescribed LSVCC, Class A Shares of the Fund will be qualified investments for trusts governed by a registered retirement savings plan ("RRSP") and a registered retirement income fund ("RRIF") (each a "Registered Plan") at a particular time if: (i) the annuitant is not at that time a designated shareholder of the Fund; and (ii) it cannot reasonably be considered that any amount received in respect of the Class A Shares is on account of payment for services provided by the annuitant of the Registered Plan to the Fund or a person related to the Fund. In general, a designated shareholder is a person who is, or is related to, a person who, alone or together with non-arm's length persons, owns directly or indirectly not less than 10% of the issued shares of any class of the capital stock of the Fund, or any other corporation related to the Fund. However, an annuitant will not be considered to be a designated shareholder if the cost to the annuitant, and persons not dealing at arm's length with the annuitant, of shares in the Fund, or any other corporation related to the Fund, is less than $25,000, and the annuitant deals at arm's length with the Fund.

Alternatively, the Class A Shares will be qualified investments for such trust at any time if, (i) immediately after the time the Class A Shares were acquired by the Registered Plan, the annuitant was not a connected shareholder of the Fund; and (ii) the Registered Plan does not receive an amount in respect of the Class A Shares which may reasonably be considered to be on account of payment for services to or for the Fund or a person related to the Fund or in respect of the acquisition of goods or services from the Fund or person related to the Fund. In general, a connected shareholder is a person who, alone or together with non-arm's length persons, owns not less than 10% of the issued shares of any class of the capital stock of the Fund, or any other corporation related to the Fund. However, an annuitant will not be considered to be a connected shareholder if the annuitant deals at arm's length with the Fund and the cost to the annuitant, and persons not dealing at arm's length with the annuitant, of shares in the Fund, or any other corporation related to the Fund, is less than $25,000. See "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

The following is a summary of the principal Canadian federal income tax considerations generally applicable to holders of Class A Shares of a Fund, who, at all relevant times (i) for the purposes of the Federal Act are individuals (other than trusts which are not "qualifying trusts") resident in Canada (ii) hold their Class A Shares as capital property, and (iii) deal at arm's length with the Funds. Generally, Class A Shares of a Fund will be capital property to the holder thereof unless the holder is a trader or dealer in securities or has acquired the Class A Shares as part of an adventure in the nature of trade. This summary is based upon the assumption that the Fund is at all relevant times an LSIF Corporation under the Ontario Act, and is a prescribed LSVCC for purposes of the Federal Act. This summary is based on the current provisions of the Federal Act, the Regulations made under the Federal Act (the "Tax Regulations"), counsel's understanding of the current published administrative policies of the Canada Revenue Agency ("CRA"), and specific proposals (the "Federal Proposals") to amend the Federal Act and the Tax Regulations publicly announced prior to the date hereof. Except for the foregoing, this summary does not take into account or anticipate any changes to the law or to any administrative or assessing practices whether by legislative, governmental or judicial action. No assurances can be given that the Federal Proposals or if any, will be enacted in their present form or at all.

This summary is of a general nature only and is not exhaustive of all possible federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Therefore, shareholders should consult their own tax advisors with respect to their individual circumstances.

Direct Purchase or Transfers to RRSPs and RRIFs

Subject to the qualifications discussed above under the heading "Eligibility for Investment" Class A Shares will be qualified investments for RRSPs and RRIFs. The discussion herein applies only to shareholders in respect of whom Class A Shares are qualified investments.

An individual who is the first person to be the registered holder of Class A Shares may transfer the Class A Shares, for no consideration, to an RRSP under which the individual or his or her spouse or common-law partner is the annuitant. On such transfer, the holder of the Class A Shares will be deemed to have disposed of the Class A Shares and to have received proceeds of disposition equal to the fair market value of the Class A Shares at the date of the transfer. If the fair market value of the Class A Shares is greater than the individual's adjusted cost base of the Class A Shares, the excess will be the holder's capital gain. A capital loss arising on the transfer of Class A Shares to an RRSP will generally be denied. For a further discussion of the calculation of capital gains and capital losses, see "Canadian Federal Income Tax Considerations - Taxation of Class A Shareholders - Disposition of Class A Shares". The determination of the fair market value of the Class A Shares is a factual matter.

Where an individual transfers Class A Shares to an RRSP, the individual will be entitled to treat an amount equal to the fair market value of the Class A Shares at the time of the transfer as a deductible contribution in kind to the RRSP, subject to the deductible contribution limits in the Federal Act.

An RRSP is permitted to directly subscribe for Class A Shares.

Transfer of Class A Shares to a RRIF

Subject to the qualifications discussed above under the heading “Eligibility for Investment”, a Class A Share will also be a qualified investment for a RRIF. Class A Shares can be transferred by an individual to a RRIF which purchases the shares for valuable consideration if the individual or his or her spouse or common-law partner is the annuitant of the RRIF. On such a sale of a Class A Share to a RRIF, the holder of the Class A Share may realize a capital gain but any capital loss is denied. See “Taxation of Class A Shareholders - Disposition of Class A Shares”. No tax deduction is available in respect of the sale or other transfer of a Class A Share by an individual to a RRIF.

A RRIF is not permitted to directly subscribe for Class A Shares.

Taxation of the Fund

As a prescribed LSVCC, the Fund will be a “mutual fund corporation” for the purposes of the Federal Tax Act.

The Fund will elect, in accordance with the Federal Tax Act, to have each of its “Canadian securities” (as defined in subsection 39(6) of the Federal Tax Act) treated as capital property. Such an election is intended to ensure that gains or losses realized by the Fund on the disposition of Canadian securities are treated as capital gains or capital losses. When the Fund sells, or otherwise disposes of a capital property, the Fund will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the Fund of the property and any reasonable costs for disposition. One-half of any capital gain or capital loss will be the Fund’s taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the Fund’s income. Allowable capital losses may normally be deducted against taxable capital gains of the Fund for the year. Allowable capital losses in excess of taxable capital gains for the years may generally be carried back three years and carried forward indefinitely for deduction to the extent of taxable capital gains realized in those years.

The tax paid by the Fund on net realized capital gains will be refundable on a formula basis when Class A Shares are redeemed or when the Fund pays, or is deemed to pay, dividends to holders of the Class A Shares of the Fund which it elects to be treated as capital gains dividends ("Capital Gains Dividends).

The Fund is subject to Canadian Federal (including federal surtax) at full corporate rates, without the benefit of any rate reduction, plus an additional 6 2/3% refundable tax on its interest and other investment income (other than taxable dividends from taxable Canadian corporations) net of reasonable expenses. The Fund will be eligible for a refund of a portion of the federal tax paid on its net investment income if the Fund pays or is deemed to pay taxable dividends (other than Capital Gains Dividends), to its shareholders.

Taxable dividends received by the Fund from taxable Canadian corporations will generally be included in the Fund’s income and deducted in computing its taxable income.

If the Fund were to make an “excessive eligible dividend designation” (as defined under proposed amendments to the Federal Income Tax Act) in respect of taxable dividends paid by the Fund, the Fund could be liable to a special tax equal to 20% of the "excessive eligible dividend designation"

Taxation of Class A Shareholders

Taxation of Dividends

Holders of Class A Shares will be liable to tax on taxable dividends other than Capital Gains Dividends, received, or deemed to be received, from the Fund, subject to the gross-up and dividend tax credit rules applicable to dividends from taxable Canadian corporations. Under proposed amendments to the Federal Tax Act, taxable dividends (other than Capital Gains Dividends) may be designated by the Fund to be “eligible dividends” which benefit from an

enhanced gross-up and dividend tax credit, if the Fund is able to satisfy certain conditions. There is no assurance that the Fund will be entitled to designate dividends as eligible dividends.

As described above, the Fund may pay, or may be deemed to have paid, Capital Gains Dividends to holders of Class A Shares. Capital Gains Dividends received, or deemed to have been received, by a holder of a Class A Share will be treated as realized capital gains in the hands of such holder, and will be subject to the general rules relating to the taxation of capital gains.

If the Fund increases the stated capital of the outstanding Class A Shares, issued by the Fund, in order to maximize the refunds of tax available to it in respect of taxes payable on net realized capital gains and, if available to it, the refunds of tax in respect of taxes payable on net investment income and files an election such that it will be deemed to have paid a dividend on its then issued and outstanding Class A Shares equal to the amount added to the stated capital of the respective Series of Class A Shares, each holder of a Class A Share will be deemed to have received a dividend, or if the Fund so elects, a Capital Gains Dividend, equal to the holder's proportionate share thereof even though the holder will not receive a cash distribution from the Fund.

Disposition of Class A Shares

A holder will generally realize a capital gain (or capital loss) on the disposition of a Class A Share, including on a redemption of a Class A Share, to the extent that the proceeds of disposition of the Class A Share exceed (or are exceeded by) the adjusted cost base to the holder of the Class A Share and any reasonable costs of disposition (including any redemption fee payable to the Fund).

The cost of a Class A Share acquired by the holder will generally be equal to the subscription price paid therefor. The cost of each Class A Share acquired will be averaged with the adjusted cost base of all other Class A Shares of the same series of the holder for the purpose of determining the adjusted cost base of each Class A Share at any subsequent time. The adjusted cost base of a Class A Share of the holder will be increased by the amount of any dividend or Capital Gains Dividend deemed to have been received by the holder as a result of the increase in the stated capital of the respective Series of Class A Shares as described above under "Taxation of the Fund". The adjusted cost base of a Class A Share will not be reduced by the LSIF Credit received by the holder.

A capital loss that would otherwise arise on the disposition of a Class A Share will be reduced by the amount of the LSIF Credit received in respect of the Class A Share by the holder of the Class A Share (or by a person with whom the holder does not deal at arm's length) to the extent that the amount of such LSIF Credits has not previously reduced a capital loss in respect of the Class A Share.

Any capital loss realized by a holder of Class A Shares on the sale or transfer of Class A Shares to an RRSP under which the holder or the holder's spouse or common-law partner is the annuitant, or to a RRIF under which the holder is the annuitant, will be deemed to be nil.

One-half of any capital gain or capital loss will be the holder's taxable capital gain or allowable capital loss, as the case may be. Taxable capital gains must be included in computing the holder's income. Allowable capital losses may normally be deducted against taxable capital gains for the year. Allowable capital losses in excess of taxable capital gains for the year may generally be carried back three years and carried forward indefinitely for deduction to the extent of taxable capital gains realized in those years.

Redemption of Class A Shares

There are restrictions on the redemption of Class A Shares. Except for redemptions specifically permitted under the Federal Act and the Ontario Act, a holder who wishes to redeem Class A Shares within eight years after the date on which such shares are issued will be subject to certain withholding taxes generally equal to the LSIF Credit received on the purchase of such Class A Shares. See "Description of Securities of the Fund – Redemption by Holders".

On a redemption of a Class A Share, the redemption proceeds will be treated as proceeds of disposition of the Class A Share, and the holder thereof will realize a capital gain (or capital loss) equal to the amount by which the

redemption proceeds (including any amounts withheld from the redemption proceeds and paid to the Receiver General for Canada and the Minister of Finance (Ontario), exceeds the adjusted cost base of the Class A Share to the holder

Class A Shares Owned by Trusts Governed by RRSPs or RRIFs

Subject to the qualifications discussed above under the heading "Eligibility for Investment", Class A Shares are qualified investments for trusts governed by RRSPs or RRIFs (individually, "Plan" collectively, "Plans").

A Plan will not be liable for tax under the Federal Tax Act in respect of taxable dividends received or deemed to have been received by the Plan or Capital Gains Dividends received, or deemed to be received, by the Plan in respect of Class A Shares held by the Plan or in respect of capital gains realized on the disposition of Class A Shares.

Distributions from a Plan to a holder are included in the income of the holder in the year of the distribution. Where the Plan is a spousal plan under certain circumstances the distributions to the annuitant may be included in the income of the spouse who was the contributor to the spousal plan.

Federal Penalty Taxes Potentially Applicable to the Fund

The Federal Tax Act requires the Fund, as a prescribed LSVCC, to file tax returns and pay a tax in an amount equal to any tax payable by the Fund as a consequence of its failure to acquire sufficient properties of a character described in the Ontario Act.

If the Fund is required as a consequence of the Ontario Act on merger, winding-up or dissolution to pay an amount to the Minister of Finance (Ontario), notwithstanding that the Fund is not a registered LSVCC or a revoked corporation under the Federal Tax Act, the Fund would be required under the Federal Tax Act to pay a tax, for the taxation year, in an amount equal to the amount that was payable under the Ontario Act as an additional federal tax.

ONTARIO INCOME TAX CONSIDERATIONS

Introduction

The following summary presents fairly the principal Ontario income tax considerations generally applicable to holders of Class A Shares of the Fund at all relevant time are individuals (other than trusts that are not qualifying trusts) resident in Ontario, hold their Class A Shares as capital property and deal at arm's length with the Fund. Generally, Class A Shares of the Fund will be capital property to the holder thereof unless the holder is a trader or a dealer in securities or has acquired the Class A Shares as part of an adventure in the nature of trade. The summary is based on the assumption that the Fund is registered at all relevant times as a labour sponsored investment fund corporation under the Ontario Act.

This summary is based on the current provisions of the Ontario Act and the Ontario Tax Act and the regulations under such statutes and counsel's understanding of the current administrative and assessing practices published by such provincial taxation authorities. This summary does not take into account or anticipate any other changes in law, whether by judicial, governmental or legislative act.

This summary is of a general nature only and is not exhaustive of all possible Ontario provincial income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Therefore, prospective purchasers should consult their own tax advisors with respect to their individual circumstances.

Ontario Taxation of the Fund

Counsel has been advised by management of the Fund that the Fund does not intend to carry on business through a permanent establishment in any province other than Ontario. Subject to this assumption, all of the aggregate income of the Fund will be attributable to, and taxable in, the Province of Ontario.

The taxation of the Fund under the *Corporations Tax Act* (Ontario) will generally parallel the taxation of the Fund under the Federal Tax Act, except with respect to refundable taxes on investment income.

Ontario Taxable Income

Under the Ontario Tax Act, an individual who is resident in Ontario on the last day of a taxation year is generally liable for Ontario Tax Act at rates that are specified percentages of the individual's taxable income. Taxable income for an individual for the purpose of the Ontario Tax Act is calculated based on the provisions of the Federal Tax Act. For example, one-half of any capital gains or capital losses will be the holder's taxable capital gains or allowable capital losses, as the case may be, for the purposes of the Ontario Tax Act.

Ontario Tax on Redemption of Class A Shares

Under the Ontario Act, the holder of a Class A Share is liable to pay a tax calculated at the rate of 15% of the lesser of the amount received by the Fund on the issue of the Class A Share or the amount paid on redemption acquisition or cancellation of the Class A Share by the Fund unless (i) the redemption acquisition or cancellation occurs or is deemed to occur more than eight years after the day on which the Class A Share is issued or (ii) the redemption acquisition or cancellation is permitted pursuant to the Ontario Act and/or under the circumstances described above. See "Description of Securities of the Fund – Redemption by Holders".

Under the Ontario Act, the Fund is required to withhold and remit to the Minister of Finance (Ontario) the tax payable by a holder of Class A Shares upon the redemption, acquisition or cancellation of Class A Shares noted above. If the Fund fails to withhold and remit the amount as required, the Fund is required to pay the amount of the tax on behalf of the shareholder and is entitled to recover from the shareholder the amount remitted and not withheld.

For purposes of determining whether the redemption acquisition or cancellation of a Class A Share is prior to eight years from the date of issue under the Ontario Act, any Class A Shares that are redeemed in February or on March 1, the redemption is deemed to occur on March 31 of that year.

Ontario Penalty Taxes Potentially Applicable to the Fund

The Fund will be subject to a penalty tax under the Ontario Act if it fails to maintain, above a minimum level for some and below a maximum level for others of, its investments in eligible Ontario businesses (minimum and maximum eligible investment requirements). For a summary of those investment requirements see "Investment Restrictions - Statutory Investment Restrictions". If the Fund is not in compliance with the minimum eligible investment requirements, the Minister of Finance (Ontario) may stop issuing or order the Fund to stop issuing Tax Credit Certificates, until the Fund provides proof to the satisfaction of the Minister of Finance (Ontario), that the Fund is in compliance with the minimum and maximum eligible investment requirements.

If, at the end of a particular calendar year, the Fund does not satisfy the minimum eligible investment requirements, it is required to pay tax in respect of that calendar year equal to the amount by which the greater of:

(a) 15% of the amount of the equity capital of the Fund received on the issue of its Class A Shares that is required to be maintained in eligible Ontario businesses as of the end of the calendar year exceeds the cost to the Fund of its investments in eligible Ontario businesses at the end of such calendar year; and

(b) the aggregate of: (i) 15% of the amount by which the cost of the investments by the Fund during the calendar year in eligible businesses that are listed companies exceeds the limit on investments in listed companies imposed by the Ontario Act and (ii) 15% of the amount by which the equity capital received on the issue of Class A Shares that is required to be invested at the end of the calendar year in eligible businesses that are small businesses exceeds the total of all amounts each of which is a cost to the Fund of its investment in such eligible small businesses at the end of the calendar year,

exceeds the amount of any such tax, other than an amount described in paragraph b(i) above, paid by the Fund in any prior year that has not been rebated to the Fund.

If application is made to the Minister of Finance (Ontario) within three years after the end of the calendar year in respect of which the Ontario penalty tax was imposed and the Minister of Finance (Ontario) is satisfied that the Fund is maintaining the minimum and maximum eligible investment requirements, the Fund may be eligible to receive a rebate of the penalty tax without interest.

Revocation of Registration Under the Ontario Act

The Minister of Finance (Ontario) may revoke the registration of the Fund under the Ontario Act for certain reasons including if the Fund:

(a) does not comply with the restrictions imposed by its articles;

(b) fails to maintain the required level of eligible investments; or

(c) does not comply with any of the requirements of the Ontario Act or the regulations thereunder, or in the opinion of the Minister of Finance (Ontario), is conducting its business or affairs in a manner contrary to the spirit and intent of the Ontario Act.

If the Ontario registration of the Fund is revoked, the Fund must pay to the Minister of Finance (Ontario) an amount equal to 15% of the equity value received by the Fund in respect of all outstanding Class A Shares that were issued in the eight years immediately preceding the date of revocation of the registration. If the fair market value of such shares on the date of revocation is less than the actual issue price of the shares, the amount to be paid by the Fund is reduced to the amount that is determined if the amount of tax credit was calculated on the amount that is equal to such fair market value.

CONFLICTS OF INTEREST

Principal Holders of Securities

The Fund

As of March 15, 2007, approximately 3,613,564 Class A Shares were issued and outstanding. No person or company owns of record, and management knows of no person or company who owns beneficially, directly or indirectly, more than 10% of the issued and outstanding Class A Shares as of March 15, 2007.

As of March 15, 2007, the directors and senior officers of the Fund, as a group, and the directors and officers of the Manager, as a group, beneficially own, directly or indirectly, less than 2% of the issued and outstanding Class A Shares of the Fund.

To the knowledge of the Fund and the Manager, the following persons own of record or beneficially, directly or indirectly, more than 10% of the Class B Shares of the Fund:

Name and Address of Fund	Name of Person or Company that owns Securities	Relationship to the Fund	Designation of Class of Securities Owned	Type of Ownership	Number of Securities Owned	Percentage of Class Owned
VentureLink Balanced Fund Inc. 1 Richmond Street West, Suite 701 Toronto, Ontario M5H 3W4	Canadian Federal Pilots Association	Sponsor(1)	Class B Shares	Direct	100	100%

(1) Controlled by individual members of the Canadian Federal Pilots Association.

The Manager

As of March 15, 2007, to the knowledge of the Fund and the Manager, the following persons own of record or beneficially, directly or indirectly, more than 10% of the limited partnership units of the Manager:

Name and Address of the Manager	Name and Address of Company that owns Securities	Relationship to the Manager	Designation of Class of Securities Owned	Type of Ownership	Number of Securities Owned	Percentage of Class Owned
VentureLink LP 1 Richmond Street West, Suite 701 Toronto, Ontario M5H 3W4	VL Holdings LP[(1)] 1 Richmond Street West, Suite 701 Toronto, Ontario M5H 3W4	Limited Partner	Class B LP Units	Direct	9,999	99.99%

[(1)] The holders of VL Holdings LP are John Varghese, Geoffrey Horton and James Whitaker and each hold a one third limited partner interest in VL Holdings LP.

FUND GOVERNANCE

The board of directors of the Fund is generally responsible for governance of the Fund. The Fund has an audit and valuation and investment committee. The committees are constituted with members of the Board who are not officers or employees of the Manager, the Investment Advisor or the Sponsor.

The Fund has adopted a valuation policy. Names and municipalities of residence of each member are set forth under the section entitled "Responsibility for Mutual Fund Operations – The Fund – Directors and Officers".

Proxy Voting Policies and Guidelines

Policies and Procedures

The Manager delegates proxy voting to the Fund's Investment Advisor as part of the Investment Advisor's general management of the Fund assets, subject to oversight by the Manager. The Investment Advisor must vote all proxies in the best interest of the securityholders of the Fund, as determined solely by the guidelines established by the Manager and subject to the Manager's Proxy Voting Policy and Guidelines and applicable legislation.

The Manager has established Proxy Voting Policy and Guidelines (the "Guidelines") that have been designed to provide general guidance, in compliance with the applicable legislation, for the voting of proxies and for the creation of the portfolio advisor's own proxy voting guidelines. The Guidelines set out the voting procedures to be followed in voting routine and non-routine matters, together with general guidelines suggesting a process to be followed in determining how and whether to vote proxies. Although the Guidelines allow for the creation of a standing policy for voting on certain routine matters, each routine and non-routine matter must be assessed on a case-by-case basis to determine whether the applicable standing policy or general Guidelines should be followed. The Guidelines also address situations in which the portfolio advisor may not be able to vote, or where the costs of voting outweigh the benefits. If funds managed by the Manager are invested in an underlying fund that is also managed by the Manager, the proxy of the underlying funds will not be voted. Each portfolio advisor is required to develop their own respective voting guidelines and keep adequate records of all matters voted or not voted upon.

Conflicts of Interest

Situations may exist in which, in relation to proxy voting matters, the Manager or the portfolio advisor may be aware of an actual, potential, or perceived conflict between the interests of the portfolio advisor and the interests of securityholders. Where the portfolio advisor is aware of such a conflict, the portfolio advisor must bring the matter to the attention of the board of directors. The board of directors of the Fund will, prior to vote deadline date, review any such matter, and will take the necessary steps to ensure that the proxy is voted in accordance with what the board of directors believes to be the best interests of securityholders, and in a manner consistent with the Proxy Voting Policy and Guidelines. Where it is deemed advisable to maintain impartiality, the board of directors may choose to seek out and follow the voting recommendation of an independent proxy research and voting service.

Disclosure of Proxy Voting Record

Commencing on August 31, 2006, the Investment Advisor will disclose its annual proxy voting record for reporting issuers for all of the VentureLink Funds as of June 30, covering the period from July 1 to June 30 of the previous year. These documents are available on the Manager's website www.venturelinkfunds.com.

Independent Review Committee

National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107"), came into force on November 1, 2006. NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee (the "IRC"). The Manager must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 will also impose obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties.

According to NI 81-107, the IRC must be comprised of a minimum of three independent members, and will be subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the Fund and to its shareholders in respect of those functions. The report prepared by the Fund will be available on the Fund's website www.venturelinkfunds.com, or at a shareholder's request at no cost, by contacting the Fund at 1 Richmond Street West, Suite 701, Toronto, Ontario M5H 3W4.

While the initial members of the IRC will be required to be appointed by May 1, 2007, complete compliance with NI 81-107 will not be required until November 1, 2007. The Manager intends to implement the requirements of and to comply with NI 81-107, including appointing the members of the IRC.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Excluding their involvement in the material contracts disclosed herein, none of the Manager, the directors or senior officers of the Fund or the insiders of the Manager or the Fund and no person or company associated or affiliated with any of the foregoing persons has had any material interest, direct or indirect, in any transaction which occurred during the last three years prior to the date hereof or is anticipated to occur which materially affected or is expected to materially affect the Fund.

MATERIAL CONTRACTS

The Fund has entered into the following contracts which are material to investors:

(a) the Sponsor Agreement referred to under "The Sponsor";

(b) the Management Agreement referred to under "The Manager";

(c) the Investment Advisory Agreement referred to under "The Investment Advisor";

(d) the Fund Administrator agreement referred to under "The Fund Administrator"; and

(e) the custodian agreement referred to under "Auditors, Registrar, Transfer Agent, Trustee and Custodian".

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Fund in Toronto.

You can get additional information about the Fund in the Fund's management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free at 1-800-253-1043 by e-mailing info@venturelinkfunds.com or from your dealer.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the VentureLink LP internet site at www.venturelinkfunds.com or at the SEDAR website at www.sedar.com.

VENTURELINK BALANCED FUND INC.

Managed by:

VentureLink LP
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Suite 701
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