

# 2008 Management Report of Fund Performance

for the six-month period ended June 30, 2008

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VentureLink Balanced Fund Inc.

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

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

# VENTURELINK BALANCED FUND INC.

## *Management Report of Fund Performance for the six-month period ended June 30, 2008*

### RESULTS OF OPERATIONS (in \$000's except share amounts, numbers of shares and percentages)

The net asset value of the Fund as at June 30, 2008 was \$39,763 . There were 3,561,305 Class A Shares, Series I outstanding.

#### **Revenue**

The Fund had revenue for the period of \$843 compared to \$768 in 2007, an increase of approximately 9.8%. The increase is primarily related to the increase in the size of the strip bond portfolio as a result of a significant venture portfolio realization in the fall of 2007.

#### **Expenses**

Operating expenses for the period increased to \$1,238 from \$1,103 in 2007, an increase of 12.2%. This increase is related to the increase in average monthly net assets over the prior period.

#### **Class A Shares**

Net Class A Shares redeemed during period were \$286.

#### **New investments**

No new investments were made during the period.

#### **Realizations**

There were no realizations during the period

The portfolio holdings continue to reflect the Fund's objective of investing in community small business investment fund corporations ("CSBIFs"), which in turn will make eligible investments in companies that are developing innovative new technologies, products or services in a diverse range of industries.

#### **Fund performance**

Fund performance reflected a 0.2% increase during the period. The increase was related to operating expenses roughly equaling strip bond interest and appreciation for the period.

### RECENT DEVELOPMENTS

#### **Adoption of New Accounting Standards**

The Canadian Institute of Chartered Accountants ("CICA") issued Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" in place of Section 3861 "Financial Instruments – Disclosure and Presentation", Section 3862 and 3863 become effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. These sections establish standards for disclosure of financial instruments and the nature and extend of risks arising from financial instruments to which the Fund is exposed to during the reporting period. Adoption of the new accounting standards has no impact on valuation polices, nor the way the Fund's Net Assets are calculated.

#### **Ontario Tax Benefits**

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

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*Management Report of Fund Performance for the six-month period ended June 30, 2008*

## RELATED PARTY TRANSACTIONS

### **Manager**

The Manager, Sponsor and Advisor are deemed to be related parties and earned \$713 from the Fund. This amount represents fees for management, investment advisor and sponsor services.

### **Management Fees**

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

### **Registrar and Transfer Agent**

United Financial Corporation is the registrar and transfer agent for the Fund.

# VENTURELINK BALANCED FUND INC.

## Management Report of Fund Performance for the six-month period ended June 30, 2008

### FINANCIAL HIGHLIGHTS

The Fund's Net Assets per Share table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2008, and for each of the five one-year periods ended December 31, as applicable. This information is derived from the Fund's unaudited semi-annual financial statements and audited annual financial statements. Please see the front page for information about how you can obtain the Fund's annual or semi-annual financial statements.

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

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

CLASS A, SERIES I SHARES	Jun. 30 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005*	Dec. 31 2004*	Dec. 31 2003*
Net assets, beginning of period <sup>(3)(9)</sup>	11.15	10.06	10.88	9.81	9.97	10.10
<b>Increase (decrease) from operations:</b>						
Total revenue	0.12	0.33	0.33	0.32	0.29	0.27
Total expenses	(0.35)	(0.74)	(0.75)	(1.10)	(0.40)	(0.50)
Realized gains (losses) for the period	–	0.25	–	–	–	0.06
Unrealized gains (losses) for the period	0.25	1.24	0.73	1.85	0.46	0.06
Total increase (decrease) from operations <sup>(3)</sup>	0.02	1.08	0.31	1.07	0.35	(0.11)
<b>Distributions</b>						
From income (excluding dividends)	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Total distributions <sup>(3)(4)</sup>	–	–	–	–	–	–
<b>Net assets at end of period shown<sup>(3)(9)</sup></b>	<b>11.17</b>	<b>11.15</b>	<b>10.06</b>	<b>10.88</b>	<b>9.81</b>	<b>9.97</b>

#### RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's)	40,405	40,769	36,550	18,829	17,074	17,562
Number of shares outstanding (000's)	3,561	3,586	3,632	1,730	1,742	1,761
Management Fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	5.65	6.98	6.72	12.69	5.80	4.33
Portfolio turnover rate (%) <sup>(7)</sup>	–	6.88	–	–	0.03	0.16
Trading expense ratio (%) <sup>(8)</sup>	–	–	–	–	N/A	N/A
Net Asset Value per share <sup>(9)</sup>	11.35	11.37	10.37	11.23	9.81	9.97

\* Figures provided are those of VentureLink Brighter Future (Balanced) Fund Inc.

- The amounts in the Fund's Net Assets per Share (\$) table have been adjusted to conform to the requirements of National Instrument 81-106, which came into effect in 2005. It is not intended that this table act as a continuity of beginning and ending Net Assets per share. Any prior year audited information has not been restated and is stated as previously published.
- The following classes of shares of the Fund commenced operations:  
Class A, Series I shares                      January 1, 2002
- Net assets per share and dividends per share are based on the actual number of shares outstanding for the relevant class on the relevant date. The increase (decrease) in net assets from operations per share is based on the weighted average number of shares outstanding for the relevant class over the fiscal period.
- Dividends are automatically reinvested in additional shares of the Fund, unless the shareholder withdraws from the automatic reinvestment plan by providing written notice to the Manager, or unless the Fund elects to pay them.
- The Fund has entered into various agreements including management, investment advisory and administration agreements. The annualized fees are as shown.
- Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying funds, calculated on a weighted average basis based on the percentage weighting of each underlying fund and is expressed as an annualized percentage of average daily net asset value for the period.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year and the value of any securities acquired as a result of merger, by the average of the monthly market value of investments during the period.

# VENTURELINK BALANCED FUND INC.

*Management Report of Fund Performance for the six-month period ended June 30, 2008*

## FINANCIAL HIGHLIGHTS cont'd

- (8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund during the period. The trading expense ratio is provided from 2005 onwards.
- (9) The Canadian Securities Administrators issued a notice and request for comments to the proposed amendments to NI 81-106, form 81-106F1 and 81-106CP on June 1, 2007. The proposed amendments permit investment funds to have two different net asset values: one for financial statements prepared in accordance with Canadian GAAP (referred to as "Net Assets" in the proposal) and one for the purchase and redemption price of an investment fund (referred to as "Net Asset Value" in the proposal). Net Assets requires bid price (for long securities) or ask price (for securities held short) to be used in the fair valuation of investments whereas Net Asset Value uses closing sale prices. The provisions of Section 3855 have been applied retroactively without restatement of prior periods. Accordingly, the December 31, 2007 beginning net assets per unit has been adjusted as follows:

	Class A, Series I shares
Net Assets per unit, beginning of period - Adjustment	—

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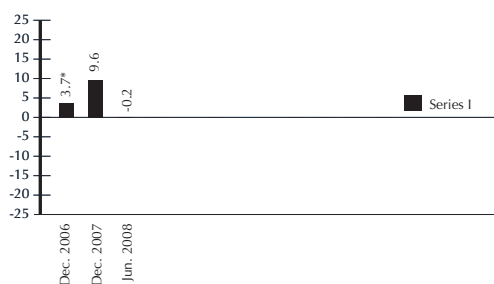
Management Report of Fund Performance for the six-month period ended June 30, 2008

## PAST PERFORMANCE

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

### Year-by-Year Returns

The following charts show the Fund's six-month performance for the period ended June 30, 2008 and the annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made



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

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Management Report of Fund Performance for the six-month period ended June 30, 2008

## SUMMARY OF VENTURE INVESTMENTS (as at June 30, 2008)

Industry Sector	Number of companies	Cost (in \$000's)	Fair Market Value (in \$000's)	% of cost	% of FMV
Energy and environmental	3	3,817	3,086	35.5	32.8
Information technology	3	5,232	6,295	48.7	66.8
Financial	1	1,700	38	15.8	0.4
	7	10,749	9,419	100.0	100.0

Stage of Development	Number of companies	Cost (in \$000's)	Fair Market Value (in \$000's)	% of cost	% of FMV
Investment Stage					
Early	7	10,749	9,419	100.0	100.0
	7	10,749	9,419	100.0	100.0

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

### A NOTE ON FORWARD-LOOKING STATEMENTS

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

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

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

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