

# 2008 Management Report of Fund Performance

December 31, 2008

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VentureLink Diversified Income Fund Inc.

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

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

# VENTURELINK DIVERSIFIED INCOME FUND INC.

*Management Report of Fund Performance for the year ended December 31, 2008*

## INVESTMENT OBJECTIVE AND STRATEGIES

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

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

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

## RISK

The risks of investing remain as discussed in the prospectus. The market value of the two largest investments represents approximately 21.5% of the net asset value of the Fund. The Fund is suited to investors that have a high tolerance for risk and a long term investment horizon.

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

The net asset value of the Fund at the end of the 2008 fiscal year was \$ 43,155. There were 715,374 Class A Shares, Series I, 104,577 Class A Shares, Series II, 3,046,712 Class A Shares, Series III , 1,504,019 Class A Shares, Series IV and 8,566 Class A Shares, Series VI outstanding.

### Revenue

The Fund had revenue of \$1,794 in 2008 compared to \$2,827 in 2007, a decrease of approximately 36%. There was a decrease in interest income related to a decrease in the size of the venture portfolio and an increase in the amount of non performing loans. In addition there was a decrease in placement and participation fees.

### Expenses

Operating expenses have increased to \$3,473 in 2008 from \$2,547 in 2007, an increase of 36%. This increase has occurred due to the significant reversal of performance fee expense in 2007. Expenses excluding performance fees were \$3,473 in 2008 versus \$3,511 in 2007 or a decrease of 1%.

### Class A Shares

Net purchases of Class A Shares during the period were \$3,295.

### New investments

The Fund made a total of \$1,341 new and follow-on investments during the year in the following businesses:

- Coventree Inc., \$49 follow-on, total current investment \$1,325
- Destinator Technologies Inc., \$250 follow-on, total current investment \$5,152
- iUnits, S&P/TSX 60 Index Fund, \$8 follow-on, total current investment \$1,018
- Showcare Event Management Inc., \$1,009 follow-on, total current investment \$1,009
- GMSP Corp. Finance, \$21 follow-on, exited during the year
- UWG Inc., \$4 follow-on, exited during year

### Realizations

The Fund realized proceeds totaling \$5,921 from the sale of securities of the following companies for a net realized loss of \$5,477.

- ARsystems International Inc., cost \$1,735
- Biox Corp., cost \$2,000
- Destinator Technologies Inc., cost \$250
- GMSP Corp. Finance, cost \$920
- N-Brook Lender Services Inc., cost \$2,587
- UWG Inc., cost \$3,905

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

## **Fund performance**

Fund performance reflected a decrease in net asset value per share of approximately 24-25% during the year. This decrease was primarily related to the depreciation in venture investments (realized and unrealized) and to the 29% depreciation in value of index linked notes during the year.

Class A, Series I returned (24.0)%, Class A, Series II returned (24.1)%, Class A, Series III returned (24.4)%, Class A, Series IV returned (24.4)% and Class A, Series VI returned (24.1)% versus the DEX Mid-Term Bond Index of 7.0% and the Globe Retail Venture Capital Peer Index of (14.7)%. The Fund underperformed the DEX Mid-Term bond index significantly as the index linked note portfolio and the venture portfolio suffered declines in value based on difficult market conditions. The declines in value of the index linked note portfolio and in the venture portfolio were in excess of the decline in value of the Globe Retail Capital Peer Index.

## **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 became 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 including the nature and extent of risks arising from financial instruments to which the Fund is exposed during the reporting period. The adoption of the new accounting standards has no impact on valuation policies, nor the way the Fund's Net Assets are calculated.

Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. The new standard became effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The adoption of the new accounting standard has no impact on the Fund's Net Assets.

### **Future Accounting Standards**

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

At December 31, 2008, the Manager is taking the following steps to transition to IFRS:

- Identification of areas where changes in disclosure will be required under IFRS standards.
- Identification of operational areas impacted by the adoption of IFRS.
- Assessment of current reporting systems and their readiness for IFRS implementation.
- Implementation of an IFRS transition plan.

### **Ontario Tax Benefits**

On September 30, 2005, the Ontario government announced plans 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 provincial credit from \$5,000 to \$7,500. The measures announced in December 2007 received Royal Assent on May 14, 2008 and are now law.

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## RELATED PARTY TRANSACTIONS

### **Manager**

The Manager, Investment Advisor and Sponsor are deemed to be related parties and earned \$1,835 from the Fund. This amount represents fees for management, investment advisor and sponsor services. No performance fees were paid or accrued in the year.

### **Registrar and Transfer Agent**

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

# VENTURELINK DIVERSIFIED INCOME FUND INC.

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## FINANCIAL HIGHLIGHTS

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

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

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

CLASS A, SERIES I SHARES	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
Net assets, beginning of year <sup>(3)(9)</sup>	10.40	11.47	10.44	9.58	9.96
<b>Increase (decrease) from operations:</b>					
Total revenue	0.35	0.62	0.92	0.58	0.74
Total expenses	(0.52)	(0.39)	(0.94)	(0.80)	(0.57)
Realized gains (losses) for the period	(1.05)	0.23	(0.03)	0.03	0.12
Unrealized gains (losses) for the period	(1.23)	(1.53)	1.13	1.06	0.33
Total increase (decrease) from operations <sup>(3)</sup>	(2.45)	(1.07)	1.08	0.87	0.62
<b>Distributions:</b>					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	0.15
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total annual distributions <sup>(3)(4)</sup>	—	—	—	—	0.15
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>7.94</b>	<b>10.40</b>	<b>11.48</b>	<b>10.44</b>	<b>9.58</b>

### RATIOS AND SUPPLEMENTAL DATA

Total net asset value (\$000's)	\$5,865	7,770	8,354	7,660	7,090
Number of shares outstanding (000's)	715	720	727	734	741
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	5.22	3.29	8.22	7.61	5.14
Portfolio turnover rate (%) <sup>(7)</sup>	2.97	13.25	23.74	5.28	48.00
Trading expense ratio (%) <sup>(8)</sup>	—	0.01	—	—	—
Net asset value per share (\$) <sup>(9)</sup>	8.21	10.79	11.99	11.06	9.58

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

	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
<b>CLASS A, SERIES II SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	10.49	11.61	10.64	9.84	9.95
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.61	0.92	0.58	0.75
Total expenses	(0.57)	(0.45)	(1.00)	(0.86)	(0.58)
Realized gains (losses) for the period	(1.04)	0.23	(0.03)	0.03	0.12
Unrealized gains (losses) for the period	(1.22)	(1.52)	1.12	1.06	0.32
Total increase (decrease) from operations <sup>(3)</sup>	(2.49)	(1.13)	1.01	0.81	0.61
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	0.15
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions <sup>(3)(4)</sup>	–	–	–	–	0.15
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>7.98</b>	<b>10.49</b>	<b>11.62</b>	<b>10.64</b>	<b>9.84</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	852	1,146	1,256	1,153	1,084
Number of shares outstanding (000's)	105	107	108	108	110
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	5.74	3.82	8.75	8.15	5.68
Portfolio turnover rate (%) <sup>(7)</sup>	2.97	13.25	23.74	5.28	48.00
Trading expense ratio (%) <sup>(8)</sup>	–	0.01	–	–	–
Net asset value per share (\$) <sup>(9)</sup>	8.15	10.73	11.94	11.03	9.84

	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
<b>CLASS A, SERIES III SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	10.62	11.86	11.01	10.34	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.60	0.90	0.56	0.71
Total expenses	(0.68)	(0.58)	(1.11)	(0.97)	(0.73)
Realized gains (losses) for the period	(1.03)	0.22	(0.03)	0.03	0.12
Unrealized gains (losses) for the period	(1.22)	(1.48)	1.10	1.01	0.30
Total increase (decrease) from operations <sup>(3)</sup>	(2.59)	(1.24)	0.86	0.63	0.40
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	0.15
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions <sup>(3)(4)</sup>	–	–	–	–	0.15
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.04</b>	<b>10.62</b>	<b>11.87</b>	<b>11.01</b>	<b>10.34</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	24,468	30,521	19,963	10,188	2,953
Number of shares outstanding (000's)	3,047	2,875	1,681	925	286
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	6.87	4.96	9.79	9.27	6.89
Portfolio turnover rate (%) <sup>(7)</sup>	2.97	13.25	23.74	5.28	48.00
Trading expense ratio (%) <sup>(8)</sup>	–	0.01	–	–	–
Net asset value per share (\$) <sup>(9)</sup>	8.04	10.62	11.87	11.01	10.34

# VENTURELINK DIVERSIFIED INCOME FUND INC.

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

	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
<b>CLASS A, SERIES IV SHARES</b>					
Net assets, beginning of year <sup>(3)(9)</sup>	10.61	11.86	11.01	10.33	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.33	0.59	0.90	0.56	0.71
Total expenses	(0.68)	(0.58)	(1.11)	(0.97)	(0.73)
Realized gains (losses) for the period	(1.02)	0.22	(0.03)	0.03	0.12
Unrealized gains (losses) for the period	(1.24)	(1.48)	1.09	1.01	0.30
Total increase (decrease) from operations <sup>(3)</sup>	(2.61)	(1.25)	0.85	0.63	0.40
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	0.15
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions <sup>(3)(4)</sup>	–	–	–	–	0.15
<b>Net assets at end of year shown <sup>(3)(9)</sup></b>	<b>8.03</b>	<b>10.61</b>	<b>11.87</b>	<b>11.01</b>	<b>10.33</b>
<b>RATIOS AND SUPPLEMENTAL DATA</b>					
Total net asset value (\$000's)	12,066	14,346	8,035	3,456	1,053
Number of shares outstanding (000's)	1,504	1,352	677	314	102
Management fee (%) <sup>(5)</sup>	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) <sup>(5)</sup>	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) <sup>(6)</sup>	6.89	5.00	9.81	9.27	6.89
Portfolio turnover rate (%) <sup>(7)</sup>	2.97	13.25	23.74	5.28	48.00
Trading expense ratio (%) <sup>(8)</sup>	–	0.01	–	–	–
Net asset value per share (\$) <sup>(9)</sup>	8.03	10.61	11.87	11.01	10.33

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

# VENTURELINK DIVERSIFIED INCOME FUND INC.

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## FINANCIAL HIGHLIGHTS cont'd

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

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

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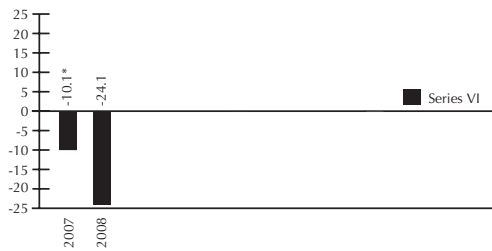
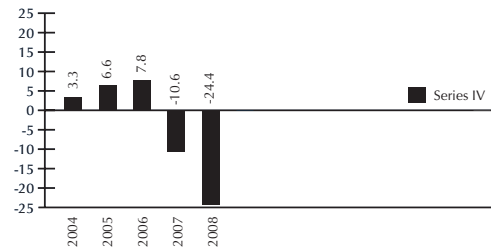
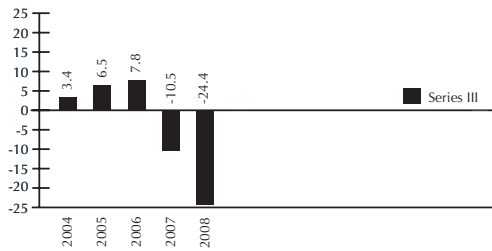
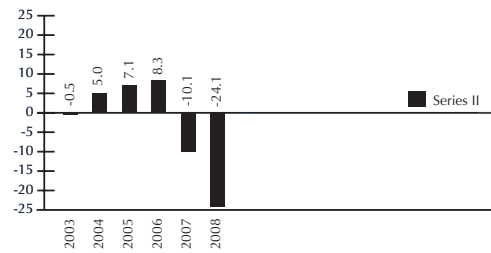
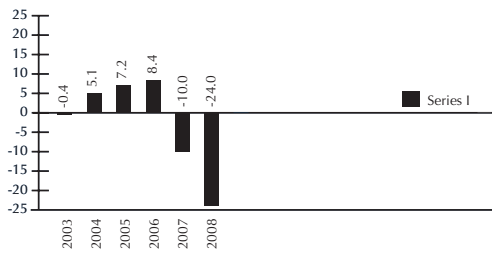
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## PAST PERFORMANCE

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

### Year-by-Year Returns

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



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

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## Annual Compound Returns

The following table shows the Fund's annual compound returns, compared to the DEX Mid Term Bond Index and Globe Retail Venture Capital Peer Index.

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

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

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

	One Year	Three Years	Five Years	Since Inception
Class A, Series I (%)	-24.0	-9.5	-3.5	-3.0
DEX Mid Term Bond 100%	7.0	4.8	5.6	6.0
Globe Retail Venture Capital Peer Index 100%	-14.7	-5.7	-4.4	-4.2
Class A, Series II (%)	-24.1	-9.6	-3.7	-3.1
DEX Mid Term Bond 100%	7.0	4.8	5.6	6.0
Globe Retail Venture Capital Peer Index 100%	-14.7	-5.7	-4.4	-4.2
Class A, Series III (%)	-24.4	-10.0	-4.0	-4.0
DEX Mid Term Bond 100%	7.0	4.8	5.6	5.3
Globe Retail Venture Capital Peer Index 100%	-14.7	-5.7	-4.4	-4.7
Class A, Series IV (%)	-24.4	-10.0	-4.0	-4.0
DEX Mid Term Bond 100%	7.0	4.8	5.6	5.3
Globe Retail Venture Capital Peer Index 100%	-14.7	-5.7	-4.4	-4.7
Class A, Series VI (%)	-24.1	N/A	N/A	-17.0
DEX Mid Term Bond 100%	7.0	N/A	N/A	5.1
Globe Retail Venture Capital Peer Index 100%	-14.7	N/A	N/A	-8.2

# VENTURELINK DIVERSIFIED INCOME FUND INC.

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## SUMMARY OF INVESTMENT PORTFOLIO (as at December 31, 2008)

Industry Sector	Number of companies	Cost (in \$000's)	Fair Market Value (in \$000's)	% of cost	% of FMV
Publishing	1	0	184	0.0	0.8
Energy and Environmental	1	500	125	1.6	0.5
Financials	7	7,099	6,580	22.6	26.9
Information technology	5	16,888	11,858	53.6	48.4
Services	2	7,000	5,750	22.2	23.4
	16	31,487	24,497	100.0	100.0

Stage of Development	Number of companies	Cost (in \$000's)	Fair Market Value (in \$000's)	% of cost	% of FMV
<b>Investment Stage</b>					
Early	3	2,500	1,809	7.9	7.4
Later	13	28,987	22,688	92.1	92.6
	16	31,487	24,497	100.0	100.0

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

### A NOTE ON FORWARD-LOOKING STATEMENTS

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

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

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

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