

2009 Management Report of Fund Performance

for the six-month period ended June 30, 2009

VentureLink Financial Services Innovation Fund Inc.



VENTURELINK
FUNDS

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 or SEDAR at 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.

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

The net asset value of the Fund at June 30, 2009 was \$111,894. There were 5,414,245 Class A Shares, Series I, 723,392 Class A Shares, Series II, 4,221,835 Class A Shares, Series III, 1,393,179 Class A Shares, Series IV and 10,607 Class A Shares, Series VI outstanding.

Revenue

The Fund had revenue for the period of \$2,081 compared to \$3,197 in 2008, a decrease of approximately 35%. This decrease can be attributed to a decrease in interest income over the prior period. This decrease was related to a reduction in interest bearing investments and a reduction in average yield.

Expenses

Operating expenses for the period decreased to \$3,125 from \$4,064 in 2008, a decrease of 23%. Expenses excluding performance fees decreased by approximately 11% related to the decrease in average monthly net asset value during the period.

Class A Shares

Net purchases of Class A Shares during the period were \$8,202.

New investments

The Fund made a total of \$4,258 new and follow-on venture investments during the period:

- Global Leasing Group, \$1,000 follow-on, total investment \$2,100
- Futura Loyalty Group Inc., \$50 follow-on, total investment \$1,197
- LivClean Corporation, \$2,858, new investment
- PerformINS Canada Inc., \$350 follow-on, total investment \$6,050

Realizations

The Fund realized proceeds totaling \$6,463 from the sale of securities of the following companies for a net realized loss of \$842.

- Kensington Capital Partners Ltd., cost \$19
- N-Brook Lender Services Inc., cost \$504
- Orion Corp, cost \$5,940
- Perimeter Financial Corporation, cost\$ 842

The portfolio holdings continue to reflect the Fund's objective of investing in a diversified portfolio of financial service companies.

Fund performance

Fund performance reflected an increase in net asset value per share of approximately 8% during the period. This increase is primarily due to the increase in value of the Funds TSX Capped Financial Service Index linked notes.

RECENT DEVELOPMENTS

Future Accounting Standards

"International Financial Reporting Standards"

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

At June 30, 2009, 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.
- Identification of major differences between current accounting policies and IFRS standards.
- Assessment of impact, if any, on net asset value per share.
- Assessment of current reporting systems and their readiness for IFRS implementation.
- Implementation of an IFRS transition plan.

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As at June 30, 2009, the Manager has determined that there is no expected impact to net asset value per share as a result of the transition to IFRS.

Amendments to Section 3862, "Financial Instruments - Disclosures"

Section 3862 was recently amended and requires publicly accountable enterprises to enhance their disclosures about fair value measurements and the liquidity risk of financial instruments. The amendments will be effective for annual financial statements relating to fiscal years ending after September 30, 2009, specifically December 31, 2009 financial statements of the Fund. These amendments have been made to address the need for increased consistency and comparability in fair value measurements, and to expand the disclosure surrounding fair value measurements, and do not have any impact on the net assets of the Fund.

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.

RELATED PARTY TRANSACTIONS

Manager

The Manager, Advisor and Sponsor are deemed to be related parties and earned \$1,780 from the Fund. This amount represents fees for management, investment advisor and sponsor services. In addition, the Fund accrued \$39 of performance fees during the period and paid out performance fees of \$2,007 resulting in an ending accrual of \$2,629. Accrued performance fees will be payable to the Manager in the future if certain criteria are achieved.

Registrar and Transfer Agent

United Financial Corporation, an affiliate of the Manager, is the registrar and transfer agent for the Fund.

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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 the periods indicated.

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

THE FUND'S NET ASSETS PER SHARE (\$) ⁽¹⁾⁽²⁾

CLASS A, SERIES I SHARES	June 30 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
Net assets, beginning of period ⁽³⁾⁽⁹⁾	8.92	11.49	11.91	10.40	9.79	10.49
Increase (decrease) from operations:						
Total revenue	0.19	0.49	0.80	1.10	0.67	0.47
Total expenses	(0.25)	(0.68)	(0.73)	(1.01)	(0.78)	(0.54)
Realized gains (losses) for the period	(0.04)	(0.22)	0.67	0.57	0.02	0.12
Unrealized gains (losses) for the period	0.90	(2.15)	(1.16)	0.85	0.72	0.26
Total increase (decrease) from operations ⁽³⁾	0.80	(2.56)	(0.42)	1.51	0.63	0.31
Dividends:						
From income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	0.15
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total dividends ⁽³⁾⁽⁴⁾	—	—	—	—	—	0.15
Net assets at end of period shown ⁽³⁾⁽⁹⁾	9.73	8.92	11.49	11.92	10.40	9.79
RATIOS AND SUPPLEMENTAL DATA						
Total net asset value (\$000's) ⁽⁹⁾	53,532	49,869	65,447	66,436	58,564	55,658
Number of shares outstanding (000's)	5,414	5,453	5,520	5,574	5,629	5,682
Management fee (%) ⁽⁵⁾	1.25	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) ⁽⁵⁾	2.00	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) ⁽⁶⁾	5.05	6.12	5.90	8.74	7.40	5.13
Portfolio turnover rate (%) ⁽⁷⁾	4.73	5.21	27.83	17.63	4.43	12.37
Trading expense ratio (%) ⁽⁸⁾	—	—	0.01	—	—	N/A
Net asset value per share (\$) ⁽⁹⁾	9.89	9.14	11.85	12.41	11.03	9.79

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

	June 30 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
CLASS A, SERIES II SHARES						
Net assets, beginning of period ⁽³⁾⁽⁹⁾	8.94	11.56	12.03	10.60	10.05	10.44
Increase (decrease) from operations:						
Total revenue	0.19	0.48	0.79	1.09	0.67	0.47
Total expenses	(0.27)	(0.73)	(0.79)	(1.07)	(0.84)	(0.59)
Realized gains (losses) for the period	(0.04)	(0.22)	0.66	0.56	0.02	0.12
Unrealized gains (losses) for the period	0.89	(2.14)	(1.15)	0.85	0.72	0.26
Total increase (decrease) from operations ⁽³⁾	0.77	(2.61)	(0.49)	1.43	0.57	0.26
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	0.15
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends ⁽³⁾⁽⁴⁾	-	-	-	-	-	0.15
Net assets at end of period shown ⁽³⁾⁽⁹⁾	9.72	8.94	11.56	12.05	10.60	10.05
RATIOS AND SUPPLEMENTAL DATA						
Total net asset value (\$000's) ⁽⁹⁾	7,098	6,627	8,731	9,008	7,994	7,679
Number of shares outstanding (000's)	723	730	742	748	754	764
Management fee (%) ⁽⁵⁾	1.25	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) ⁽⁵⁾	2.00	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) ⁽⁶⁾	5.57	6.64	6.43	9.26	7.94	5.67
Portfolio turnover rate (%) ⁽⁷⁾	4.73	5.21	27.83	17.63	4.43	12.37
Trading expense ratio (%) ⁽⁸⁾	-	-	0.01	-	-	-
Net asset value per share (\$) ⁽⁹⁾	9.81	9.07	11.77	12.34	10.97	10.05

	June 30 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
CLASS A, SERIES III SHARES						
Net assets, beginning of period ⁽³⁾⁽⁹⁾	8.60	11.20	11.78	10.54	10.14	10.00
Increase (decrease) from operations:						
Total revenue	0.17	0.45	0.75	1.05	0.64	0.44
Total expenses	(0.30)	(0.81)	(0.89)	(1.15)	(0.93)	(0.68)
Realized gains (losses) for the period	(0.04)	(0.22)	0.63	0.54	0.02	0.11
Unrealized gains (losses) for the period	0.96	(2.05)	(1.09)	0.81	0.69	0.25
Total increase (decrease) from operations ⁽³⁾	0.79	(2.63)	(0.60)	1.25	0.42	0.12
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends ⁽³⁾⁽⁴⁾	-	-	-	-	-	-
Net assets at end of period shown ⁽³⁾⁽⁹⁾	9.28	8.60	11.20	11.80	10.54	10.14
RATIOS AND SUPPLEMENTAL DATA						
Total net asset value (\$000's) ⁽⁹⁾	39,197	30,016	32,495	27,714	19,677	13,412
Number of shares outstanding (000's)	4,222	3,491	2,902	2,350	1,867	1,323
Management fee (%) ⁽⁵⁾	1.25	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) ⁽⁵⁾	2.00	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) ⁽⁶⁾	6.70	7.77	7.55	10.37	9.16	6.87
Portfolio turnover rate (%) ⁽⁷⁾	4.73	5.21	27.83	17.63	4.43	12.37
Trading expense ratio (%) ⁽⁸⁾	-	-	0.01	-	-	-
Net asset value per share (\$) ⁽⁹⁾	9.28	8.60	11.20	11.80	10.54	10.14

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

	June 30 2009	Dec. 31 2008	Dec. 31 2007	Dec. 31 2006	Dec. 31 2005	Dec. 31 2004
CLASS A, SERIES IV SHARES						
Net assets, beginning of period ⁽³⁾⁽⁹⁾	8.61	11.21	11.80	10.56	10.16	10.00
Increase (decrease) from operations:						
Total revenue	0.17	0.45	0.75	1.05	0.64	0.43
Total expenses	(0.30)	(0.81)	(0.89)	(1.15)	(0.93)	(0.68)
Realized gains (losses) for the period	(0.04)	(0.22)	0.63	0.54	0.02	0.11
Unrealized gains (losses) for the period	1.01	(2.05)	(1.10)	0.81	0.69	0.25
Total increase (decrease) from operations ⁽³⁾	0.84	(2.63)	(0.61)	1.25	0.42	0.11
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends ⁽³⁾⁽⁴⁾	-	-	-	-	-	-
Net assets at end of period shown ⁽³⁾⁽⁹⁾	9.29	8.61	11.21	11.81	10.56	10.16
RATIOS AND SUPPLEMENTAL DATA						
Total net asset value (\$000's) ⁽⁹⁾	12,942	9,288	9,890	7,995	5,465	3,408
Number of shares outstanding (000's)	1,393	1,079	882	677	518	335
Management fee (%) ⁽⁵⁾	1.25	1.25	1.25	1.25	1.25	1.25
Investment advisor fee (%) ⁽⁵⁾	2.00	2.00	2.00	2.00	2.00	2.00
Management expense ratio (%) ⁽⁶⁾	6.72	7.79	7.58	10.40	9.16	6.88
Portfolio turnover rate (%) ⁽⁷⁾	4.73	5.21	27.83	17.63	4.43	12.37
Trading expense ratio (%) ⁽⁸⁾	-	-	0.01	-	-	-
Net asset value per share (\$) ⁽⁹⁾	9.29	8.61	11.21	11.81	10.56	10.16

	June 30 2009	Dec. 31 2008
CLASS A, SERIES VI SHARES		
Net assets, beginning of period ⁽³⁾⁽⁹⁾	7.91	10.00
Increase (decrease) from operations:		
Total revenue	0.15	0.36
Total expenses	(0.26)	(0.66)
Realized gains (losses) for the period	(0.04)	(0.21)
Unrealized gains (losses) for the period	1.35	(1.89)
Total increase (decrease) from operations ⁽³⁾	1.20	(2.40)
Dividends:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total dividends ⁽³⁾⁽⁴⁾	-	-
Net assets at end of period shown ⁽³⁾⁽⁹⁾	8.56	7.91
RATIOS AND SUPPLEMENTAL DATA		
Total net asset value (\$000's) ⁽⁹⁾	91	31
Number of shares outstanding (000's)	11	4
Management fee (%) ⁽⁵⁾	1.25	1.25
Investment advisor fee (%) ⁽⁵⁾	2.00	2.00
Management expense ratio (%) ⁽⁶⁾	6.35	1.40
Portfolio turnover rate (%) ⁽⁷⁾	4.73	5.21
Trading expense ratio (%) ⁽⁸⁾	-	-
Net asset value per share (\$) ⁽⁹⁾	8.56	7.91

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FINANCIAL HIGHLIGHTS cont'd

- (1) This information is derived from the Fund's unaudited semi-annual and 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	January 24, 2008
- (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) 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.
- (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 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 period. 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 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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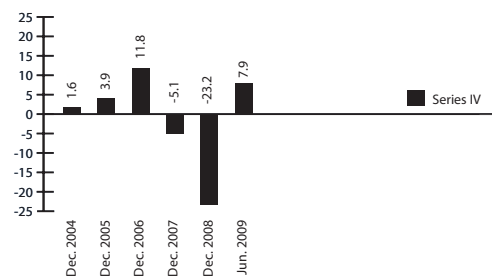
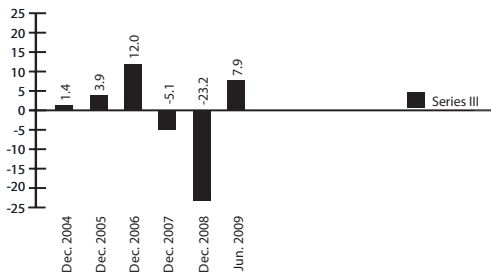
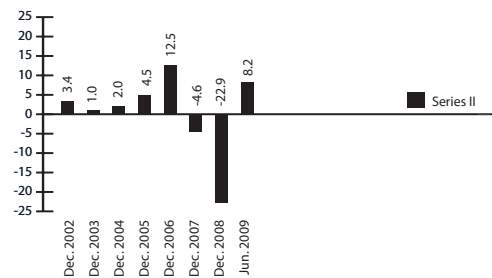
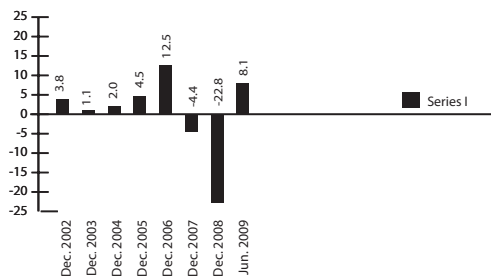
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PAST PERFORMANCE

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 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 semi-annual performance for the period ended June 30, 2009 and annual performance for each of the periods shown, and illustrates how the Fund's performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period



* This figure is for the period from January 24, 2008 to December 31, 2008.

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SUMMARY OF INVESTMENT PORTFOLIO (as at June 30, 2009)

Industry Sector	Number of companies	Cost (in \$000's)	Fair Market Value (in \$000's)	% of cost	% of FMV
Sector					
Financials	17	59,668	52,189	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					
Public	4	5,146	2,703	8.6%	5.2%
Private	13	54,522	49,486	91.4%	94.8%
	17	59,668	52,189	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.