

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Continuous Offering

October 17, 2011

VENTURELINK INNOVATION FUND INC. CLASS A SHARES, SERIES III, CLASS A SHARES, SERIES IV AND CLASS A SHARES, SERIES VI

VentureLink Innovation Fund Inc. (the “Fund”) was created by articles of amalgamation pursuant to the *Canada Business Corporations Act* (the “CBCA”) on September 10, 2010 from the amalgamation of VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Financial Services Innovation Fund Inc. This investment fund is a labour-sponsored venture capital fund. The Fund is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), as amended (the “Federal Tax Act”) and is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), as amended (the “Ontario Act”).

Three series of Class A Shares of the Fund are offered separately hereunder. Each Class A Share, Series III, Class A Share, Series IV and Class A Share, Series VI of the Fund is offered for sale continuously at the net asset value per Class A Share for the applicable series of the Fund. During the period of distribution, prices may vary from purchaser to purchaser. There need not be any correlation between the number of any of the series of Class A Shares sold. The difference between the various series of Class A Shares is the different sales commission structure and corresponding redemption structure associated with the sale of each series. See “Plan of Distribution”.

CLASS A SHARES

Offering Price per Class A Share,
Series III, Class A Share, Series IV or Class A Share, Series VI of the Fund at the
net asset value of applicable series of Class A Shares of the Fund

Minimum Subscription - \$500 initially and \$50 subsequently

Investment Objective: The Fund’s objective is to realize long-term capital appreciation by making debt and equity investments in a diversified portfolio of securities in eligible Canadian businesses and by investing in reserves, including debt instruments whose returns are linked to the performance of the TSX or sub-indices of the TSX, instruments whose returns are linked to the performance of other investment vehicles approved by the board of directors and investment grade rated bonds. See “Investment Objective”.

Federal Tax Benefits: Pursuant to the Federal Tax Act, individuals resident in Canada who are first purchasers of Class A Shares of the Fund are eligible for a federal tax credit equal to 15% of the purchase price to a maximum credit of \$750 per year based on an investment of \$5,000 per year. See “Canadian Federal Income Tax Considerations – Federal Tax Credit Available to First Purchasers”.

Ontario Tax Benefits Applicable to the Fund: Pursuant to the Ontario Act individuals resident in Ontario who purchase Class A Shares issued under this Prospectus on or before February 29, 2012 will be eligible for a provincial tax credit equal to 5% of the purchase price of Class A Shares to a maximum credit of \$375 for the year based on an investment of \$7,500 per tax year. No provincial tax credit will be issued to purchasers for Class A Shares purchased after February 29, 2012. See “Ontario Income Tax Considerations – Ontario Tax Credits Available to First Purchasers”.

An individual may generally claim the federal and provincial tax credits for investments in Class A Shares made by his or her registered retirement savings plan (“RRSP”) and an individual or his or her spouse or common-law partner

may generally claim the tax credits for investments in Class A Shares made by a spousal RRSP. Class A Shares may also be issued to a tax-free savings account (“TFSA”) and an individual may claim tax credits for the year in respect of the purchase of Class A shares by his or her TFSA.

The Manager and Investment Advisor: VL Advisors Inc. is the manager of and investment advisor to the Fund. VL Advisors is responsible for developing and implementing all aspects of the Fund’s sales, marketing, distribution and communications strategies and developing, refining and implementing the investment strategy for the Fund. The principals of VL Advisors who have primary responsibility for the investment advisory affairs of the Fund are W. James Whitaker and Geoffrey D. Horton. These individuals are responsible for the day to day affairs of the Fund. VL Advisors is also responsible for organizing the retention and supervision of various service providers of the Fund. VL Advisors is a wholly owned subsidiary of VentureLink LP. See “Organization and Management Details of the Fund – Manager and Investment Advisor of the Fund”.

The Administrator: CI Investments Inc. (the “Administrator”) acts as registrar, transfer agent and administrator for the Fund. See “Organization and Management Details of the Fund – The Administrator”.

The Sponsor: The Fund is sponsored by the Canadian Federal Pilots Association (the “Sponsor”). The Sponsor holds all of the Class B shares of the Fund. See “Organization and Management Details of the Fund – The Sponsor of the Fund”.

The Class A Shares are highly speculative in nature. An investment in Class A Shares is appropriate only for investors who are prepared to hold their investment in the Fund for a long period of time. An investment in the Class A Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is no guarantee that an investment in Class A Shares will earn a specified rate of return or any return in the short or long term. There is no assurance that sufficient suitable eligible investments will be found to fulfill the investment objective of the Fund. There is no assurance that changes will not be introduced to federal or provincial legislation which, if unfavourable, could impair the Fund’s investment performance. It is probable that the Fund will suffer net redemptions and will be required to liquidate the portfolio and wind up the Fund in the medium term to manage these redemption requests. There is a risk that the Fund will not be able to honour all redemption requests in a timely manner and will suffer losses if required to divest of portfolio investments more quickly than it would if the Fund was not being wound up. A significant portion of the Venture Portfolio will be comprised of investments in private companies. These investments are more speculative and are likely to mature and generate returns at different times, which could create an irregular pattern in the net asset value of the Fund. In addition, losses on unsuccessful private company investments are often realized before gains on successful private company investments are realized. In addition to the tax benefits of investing in Class A Shares, prospective investors should fully assess the investment merits of the Class A Shares. Although the Fund is a mutual fund, some of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, compliance with rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply to the Fund. The Fund will require a greater commitment to initial analysis and to monitoring and support of on-going developmental activities, relative to the amount of capital invested, than is required by most mutual funds. Consequently, the operating expenses of the Fund will be higher than those of many mutual funds and other pooled investment vehicles. See “Risk Factors”. Investors may be required to pay redemption fees or share certificate fees in certain circumstances. See “Fees and Expenses”.

Mutual funds generally value their investments at the closing market price at which they can be bought and sold. A published market will not exist for many of the investments made by the Fund. The Fund will employ a method of valuing both those investments for which a published market exists and those for which a published market does not exist. The Administrator will, on each business day, calculate the net asset value of the Fund using values determined in accordance with the Fund’s valuation methodology. The Fund is legislatively required, to obtain, on an annual basis, a valuation by an independent qualified person of the net asset value of the Fund and the net asset value per Share. The Fund will satisfy this requirement by engaging PricewaterhouseCoopers LLP, the Fund’s independent auditors, to perform certain procedures on the value of the Fund’s investments for which no public markets exist as at December 31 of each year as part of PricewaterhouseCoopers LLP’s audit of the Fund’s annual financial statements. The daily and annual valuations of the Fund’s investments may not reflect the prices at which

the investments can actually be sold as of that date, particularly after taking into account associated selling costs such as sales commissions and legal fees. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on the value from time to time. In addition, the value attributed to these securities from time to time may not necessarily be the value received when the securities are ultimately divested. The existence of a daily valuation is designed to establish the issue price for this continuous offering of the Class A Shares of the Fund and to allow investors to follow the performance of the Fund but in no way modifies the restrictions on the transfer or redemption of the Class A Shares. See “Calculation of Net Asset Value - Valuation Policies and Procedures of the Fund”, “Attributes of the Securities Distributed” and “Risk Factors”.

The Fund may have liability for any amount it fails to withhold from redemption proceeds in respect of the repayment of tax credits by an investor. In most cases investors must repay any tax credit received as a result of their investment if their Class A Shares are redeemed within eight years of purchase. Under the Ontario Act, any Class A Share issued in February or March that is redeemed in February or on March 1, is deemed to be redeemed on March 31. Under the Federal Tax Act, a Class A Share redeemed in February or on March 1, is deemed to be redeemed on a date that is thirty days later. Once Class A Shares have been held for eight years, investors will normally be able to request that the Fund redeem their Class A Shares at any time at the net asset value per Class A Share for each Series, as applicable, as at the close of business on the business day on which the redemption request is received. Investors must pay redemption fees to the Fund if Class A Shares Series I, Class A Shares Series II, Class A Shares Series III or Class A Shares Series IV are redeemed within eight years of purchase.

There are certain circumstances in which the Fund may be prohibited by law from redeeming Class A Shares and in certain circumstances the Fund may, at its option, suspend redemptions for substantial periods of time. Furthermore, in any given year the Fund will not be required to redeem any of the Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of Class A Shares of the Fund calculated as of the last day of the preceding financial year. Investors may not be able to dispose of their Class A Shares other than by way of redemption as there is no formal market, such as a stock exchange, through which such shares may be sold. In addition, there are restrictions on the voting of Class A Shares. See “Canadian Federal Income Tax Considerations”, “Ontario Income Tax Considerations” and “Attributes of the Securities Distributed”.

The Fund is not offering Class A Shares, Series I, Class A Shares, Series II and Class A Shares, Series V for sale, however shareholders of Predecessor Funds who purchased Class A Shares on or before December 31, 2003 may have been issued Class A Shares of those series upon the amalgamation of the Predecessor Funds to form the Fund. Subscriptions for each of the Series of Class A Shares offered hereunder will be received subject to rejection or allotment in whole or in part. See “Purchases of Securities”.

The Fund was created from the amalgamation of VentureLink Financial Services Innovation Fund Inc, VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Balanced Fund Inc. For accounting purposes, VentureLink Financial Services Innovation Fund Inc. is considered the predecessor fund and all references to audited annual financial statements, semi-annual financial statements and management reports of fund performance prior to September 10, 2010 are references to those reports for VentureLink Financial Services Innovation Fund Inc. Additional information about the Fund is available in the following documents:

- The annual financial statements of VentureLink Innovation Fund Inc. dated December 31, 2010;
- The interim financial statements of VentureLink Innovation Fund Inc. dated June 30, 2011;
- The management reports of fund performance of VentureLink Innovation Fund Inc. dated December 31, 2010 and June 30, 2011.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the “Documents Incorporated by Reference” section for further details.

Investors should read this prospectus and review the financial statements and management reports of fund performance carefully before making an investment decision. Careful consideration should be given to the risk factors associated with making an investment in the Fund. See “Risk Factors”. Investors should also consult with their professional advisors prior to making an investment in the Fund.

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling Lafleur Henderson LLP, so long as the Fund is registered as a labour-sponsored venture capital corporation under the Federal Tax Act or as a labour sponsored investment fund corporation under the Ontario Act, Class A Shares of the Fund will be qualified investments for trusts governed by a “registered retirement savings plan “ (an “RRSP”) or a registered retirement income fund (a “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 that provides services 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 or series 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, if the Fund is registered as a labour-sponsored venture capital corporation under the Federal Tax Act or as a labour sponsored investment fund corporation under the Ontario Act at the time that Class A Shares are acquired by a trust governed by a registered plan, 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 directly or indirectly not less than 10% of the issued shares of any class or series 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.

Although, as described above, Class A Shares will generally be qualified investments for RRIFs, a RRIF is not permitted to subscribe directly for Class A Shares.

A Class A Share will generally be a qualified investment for a trust governed by a tax-free savings account (a “TFSA”) and a TFSA may subscribe directly for a Class A Share, provided that (i) at the time the Class A Share is acquired by the TFSA, the Fund is registered as a labour sponsored investment fund corporation under the Ontario Act (or is registered as a labour-sponsored venture capital corporation under the Federal Tax Act) and (ii) at the time the Class A Share was acquired by the TFSA, the holder (being the individual that contributed to the TFSA) dealt at arm’s length with the Fund and was not a “specified shareholder” of the Fund. A holder will generally be a specified shareholder of the Fund if the holder owns, directly or indirectly, 10% or more of the issued shares of any class or series of the Fund or of any corporation related to the Fund. For these purposes, a person is deemed to own shares owned by any other persons with whom he or she does not deal at arm’s length (for purposes of the Federal Tax Act); his or her proportionate share of shares owned by a partnership of which he or she is a member; and all or part of the shares owned by a trust of which he or she is a beneficiary. Notwithstanding that a Class A Share is a qualified investment for a TFSA the holder of the TFSA is subject to a penalty tax if a Class A Share is a “prohibited investment” for the TFSA. A Class A Share will generally be a “prohibited investment” if the holder of the TFSA does not deal at arm’s length with the Fund for purposes of the Federal Tax Act or the holder has a “significant interest” (within the meaning of the Federal Tax Act) in the Fund or a corporation partnership or trust with which the Fund does not deal at arm’s length for purposes of the Federal Tax Act.

Under proposed amendments to the Federal Tax Act released on August 16, 2011, the “prohibited investment” rules applicable to TFSAs have been expanded to apply to RRSPs and RRIFs. A penalty tax applies to an annuitant of an RRSP or RRIF that holds property at any time after March 22, 2011 that constitutes a “prohibited investment” within the meaning of the Federal Tax Act.

Potential investors who propose to hold their Class A Shares through a TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular circumstances.

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SELECTED DEFINITIONS

“**Administrator**” means CI Investments Inc., or any successor thereto, in its capacity as registrar, transfer agent and administrator of the Fund;

“**arm’s length**” has the meaning ascribed thereto in Section 251(1) of the Federal Tax Act;

“**Articles**” means the articles of amalgamation of the Fund certified effective by Industry Canada on September 10, 2010 as amended;

“**board of directors**” means the board of directors of the Fund;

“**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 Toronto Stock Exchange or the Administrator’s principal office in Toronto is closed for business;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

“**Class A Share, Series I**” means one of the Class A Shares, Series I of the Fund;

“**Class A Share, Series II**” means one of the Class A Shares, Series II of the Fund;

“**Class A Share, Series III**” means one of the Class A Shares, Series III of the Fund;

“**Class A Share, Series IV**” means one of the Class A Shares, Series IV of the Fund;

“**Class A Share, Series V**” means one of the Class A Shares, Series V of the Fund;

“**Class A Share, Series VI**” means one of the Class A Shares, Series VI of the Fund;

“**Class A Shareholders**” means the holders of Class A Shares of the Fund;

“**Class A Shares**” means, collectively, the Class A Shares, Series I, Class A Shares, Series II, Class A Shares, Series III, Class A Shares, Series IV, Class A Shares, Series V and Class A Shares, Series VI in the capital of the Fund, and “**Class A Share**” means individually a Class A Share, Series I, a Class A Share, Series II, a Class A Share, Series III, a Class A Share, Series IV, a Class A Share, Series V or a Class A Share, Series VI in the capital of the Fund;

“**CRA**” means Canada Revenue Agency;

“**CSBIF**” means community small business investment fund;

“**Custodian**” means RBC Dexia Investor Services Trust, in its capacity as custodian of portfolio securities of the Fund;

“**Director**” means the Director appointed under section 260 of the CBCA;

“**Distribution Services Fee**” means, an annual fee of up to 1.65% of the net asset value of Class A Shares, Series III or 1.15% of the net asset value of Class A Shares, Series IV, as the case may be, which fee shall be calculated and paid monthly in arrears;

“**eligible business**” means an “eligible business” for purposes of Part III of the Ontario Act (including a deemed eligible business) which is also an “eligible business entity” as defined in the Federal Tax Act;

“**eligible investment**” means an eligible investment as defined in the Federal Tax Act that is also an “eligible investment” under Part III of the Ontario Act;

“**eligible investor**” means an individual who is an “eligible investor” as defined in Part III of the Ontario Act;

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

“**Fund**” means VentureLink Innovation Fund Inc.;

“**Independent Review Committee**” or “**IRC**” means the independent review committee of the Fund;

“**Index Linked Notes**” means notes linked to the return of the TSX, a sub-index of the TSX or an index of Canadian income trusts.

“**Information Return**” means a tax information return referred to in paragraph 204.81(6)(c) of the Federal Tax 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 Portfolio**” means at any point in time, the investments of the Fund made with the capital raised from the sale of Class A Shares;

“**labour sponsored investment fund corporation**” means a labour sponsored investment fund corporation registered under the Ontario Act;

“**labour-sponsored venture capital corporation**” means a labour-sponsored venture capital corporation registered under the Federal Tax Act;

“**listed company**” or “**listed companies**” in relation to a labour sponsored investment fund corporation’s investment in eligible businesses, means a business the shares of which are listed on a designated stock exchange prescribed by regulations under the Federal Tax Act at the time of the initial investment;

“**net asset value per Class A Share**” is determined for each Series of Class A Shares, by subtracting the aggregate amount of liabilities allocated to the applicable Series of Class A Shares of the Fund from the value of the assets attributable to the relevant Series of Class A Shares of the Fund and dividing the resulting amount by the number of Class A Shares of the applicable Series of Class A Shares of the Fund outstanding at the date such value is determined. Unless otherwise disclosed herein, where this definition “net asset value per Class A Share” is used, it shall refer to the net asset value per Class A Share for trading purposes. See “Calculation of Net Asset Value”;

“**net proceeds**” means the gross proceeds of the continuous offering of Class A Shares less the sales commissions and the expenses of the Fund;

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

“**Ontario Tax Act**” means the *Taxation Act, 2007* (Ontario), as amended;

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

“**Predecessor Funds**” means VentureLink Financial Services Innovation Fund Inc, VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Balanced Fund Inc. and “**Predecessor Fund**” means any one of them;

“**Published Valuation**” means the valuing of a Fund investment based on the quoted price in any market on which such securities are traded if the prices are regularly published in a newspaper or business or financial publication of a general and regular paid circulation or are regularly published electronically;

“**qualifying trust**” for an individual (a natural person) means a trust that is governed by (a) an RRSP where (i) the plan is not a spousal plan and the individual is the annuitant or (ii) 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 Tax Act; and (b) a TFSA in respect of which the individual is the holder.

“**reporting issuer**” has the meaning given to that term in the Securities Act;

“**reserves**” has the meaning ascribed thereto in the Federal Tax 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 or municipal governments or Crown corporations; debt obligations issued by corporations, mutual fund trusts or limited partnerships, the shares or units of which are listed on designated Canadian stock exchanges; debt obligations of corporations, the shares of which are listed on designated foreign stock exchanges; guaranteed investment certificates issued by Canadian trust companies; and qualified investment contracts;

“**Reserve Portfolio**” means investments by the Fund in the form of assets which qualify as reserves under the Federal Tax Act;

“**RRIF**” means a registered retirement income fund, as defined in subsection 146.3(1) of the Federal Tax Act;

“**RRSP**” means a registered retirement savings plan, as defined in subsection 146(1) of the Federal Tax Act;

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

“**Series**” means any or all of the Class A Shares, Series I, Class A Shares, Series II, Class A Shares, Series III, Class A Shares, Series IV, Class A Shares, Series V and Class A Shares, Series VI in the capital of the Fund;

“**Sponsor**” means the Canadian Federal Pilots Association;

“**spousal plan**” means spousal or common-law partner plans as defined in subsection 146(1) of the Federal Tax Act that is an RRSP;

“**Tax Credit**” means the federal labour-sponsored venture capital corporation tax credit in respect of an original acquisition of a Class A Share;

“**Tax Credit Certificate**” means the certificate issued by the Fund pursuant to subsection 25(5) of the Ontario Act to an eligible investor who has purchased Class A Shares in the capital of a labour sponsored investment fund corporation;

“**TFSA**” means a tax-free savings account, as defined in subsection 248(1) of the Federal Tax Act;

“**Trustee**” means The Canada Trust Company, in its capacity as trustee for an RRSP established to hold Class A Shares of the Fund;

“**TSX**” means the Toronto Stock Exchange; and

“**VL Advisors**” means VL Advisors Inc., in its capacity as the manager and investment advisor of the Fund;

“**Venture Portfolio**” means at any point in time, investments of the Fund other than reserves, made with the capital raised from the sale of Class A Shares of the Fund.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto under “Selected Definitions”.

The Fund

The Fund was created by articles of amalgamation pursuant to the CBCA on September 10, 2010 from the amalgamation of VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Financial Services Innovation Fund Inc. The Fund was amalgamated under the laws of Canada and is registered as a labour-sponsored venture capital corporation under the Federal Tax Act and as a labour sponsored investment fund corporation under the Ontario Act. See “Overview of the Legal Structure of VentureLink Innovation Fund Inc.”.

Investment Highlights

An investment in the Fund is designed to provide investors with the following benefits:

Investment in Small Private Businesses. Provides retail investors with exposure to a diversified portfolio of investments in small, principally private Canadian firms active in various sectors including financial services, traditional industries, alternative energy and environment, software and information technology .

Participation in the Index Linked Notes. The Fund’s reserves will be invested primarily in cash, strip bonds and Index Linked Notes. The Index Linked Notes will provide investors with broader diversification and exposure to the public equity market while providing liquidity intended to enable the Fund to fund redemptions.

Experienced Investment Advisor. An experienced investment team with over 30 years of combined experience in the investment management business including corporate finance and structuring and identifying strong managers and attractive market opportunities. Key members of the investment team include W. James Whitaker and Geoffrey D. Horton.

Tax Benefits. Investors resident in Ontario who, on or before February 29, 2012, acquire Class A Shares offered under this Prospectus will be eligible for a current tax credit (combined federal and provincial) to a maximum credit of \$1,125 based on an investment of \$7,500, composed of a \$750 federal tax credit on the first \$5,000 investment per year and \$375 provincial tax credit on the \$7,500 investment. Class A shares purchased after February 29, 2012 will not be eligible for any Ontario tax credit. See “Canadian Federal Income Tax Considerations – Federal Tax Credit Available to First Purchasers” and “Ontario Income Tax Considerations – Ontario Tax Credit Available to First Purchasers”.

Investment Objective:

The Fund’s objective is to realize long-term capital appreciation by making debt and equity investments in a diversified portfolio of securities in eligible Canadian businesses and by investing in reserves, including debt instruments whose returns are linked to the performance of the TSX or sub-indices of the TSX, instruments whose returns are linked to the performance of other investment vehicles approved by the board of directors and investment grade rated bonds. See “Investment Objective”.

Investment Strategy: To achieve its investment objective, the Fund invests in both eligible businesses and reserves as defined in the Ontario Act. In general terms, eligible Canadian businesses are public or private companies carrying on business in Ontario with less than 500 employees and less than \$50 million of total assets. The Fund is subject to certain investment restrictions under the Federal Tax Act and the Ontario Act. A certain percentage of the Fund’s assets must be invested in eligible businesses to meet statutory investment requirements. (see “Investment Restrictions”). The balance of assets is invested in reserves. The Fund will endeavour to maintain a diversified

portfolio of debt and equity investments across different sectors of the economy. A portion of the Fund's eligible investments will be structured to provide the Fund with regular cash distributions from portfolio companies, in addition to retaining upside potential. The balance of the Fund's eligible investments will be equity investments with the opportunity for long term capital appreciation. See "Investment Strategy".

Offered Securities

Purchase: Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI of the Fund will be issued on a continuous basis to eligible investors (including individuals and qualifying trusts) resident in Ontario. The differences between the Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI of the Fund are the different sales commission structure and corresponding redemption structure associated with the sale of each series and the difference in the time over which, and corresponding net asset value upon which, the service fees are calculated. Class A Shares, Series I, Class A Shares, Series II and Class A Shares, Series V of the Fund are not offered for sale. See "Purchases of Securities" and "Attributes of the Securities Distributed".

Transfer: The transfer of Class A Shares is restricted. Except for transfers to or from a TFSA, an RRSP or a RRIF under which the holder or the holder's spouse or common-law partner is the annuitant, the original holder of Class A Shares may generally only transfer such shares to a spouse or common-law partner or upon the occurrence of certain events such as disability (permanently unfit for work) death or terminal illness as set out in the Federal Tax Act. See "Attributes of Securities Distributed".

Subscription/Issue Price: Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI of the Fund will be issued at the net asset value per Class A Share for the applicable Series. The net asset value per applicable Series of Class A Shares is determined on each business day except that subscriptions received after 4 p.m. (Eastern time) will be priced at the net asset value per applicable Series on the following business day. See "Purchases of Securities".

Redemption/Redemption Price: Subject to redemption restrictions and the withholding of any amount required to be withheld and the deduction of the redemption fees (each as described below), Class A Shares of the Fund will be redeemed at the net asset value per applicable series of Class A Shares as at the close of business on the day on which the Fund receives the request or on the following business day if received after 4 p.m. (Eastern time).

A holder of Class A Shares may, subject to limited exceptions, require the Fund to redeem Class A Shares at the net asset value per applicable series of Class A Shares.

Except for redemptions specifically permitted under the Federal Tax Act and the Ontario Act, Class A Shares may generally only be redeemed prior to eight years from the date of issue if a percentage (determined by reference to the tax credit percentage applicable to the Class A Shares under the Ontario Act at the time the Class A Shares were issued) of the original issue price or the redemption price, whichever is less, is withheld and paid to the Minister of Revenue (Ontario). In addition, an amount equal to the lesser of (a) the federal tax credit on such shares; and (b) the redemption price less the repayment of the Ontario tax credit must be withheld from the redemption proceeds and paid to the Receiver General for Canada. Circumstances under which Class A Shares may be redeemed during the eight year period after their issue without penalty include, in general, if: (i) the holder has requested the Fund to redeem the Class A Shares within 60 days after the day on which the Class A Shares were issued to the original purchaser and the Information Return and Tax Credit Certificate issued to the original holder in respect of such Class A Shares, or Class A Shares have been returned to the Fund; (ii) the original purchaser has died and the shares have devolved

on the individual requesting redemption as a consequence or the original purchaser has become disabled and permanently unfit for work or is terminally ill; or (iii) if the Fund publicly announces that it proposes to dissolve or wind up, and if the redemption acquisition or cancellation of the Class A Shares is part of the dissolution or wind up of the Fund and occurs within a reasonable period of time before the Fund surrenders its registration.

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 Share issued in February or March that is redeemed in February or on March 1, is deemed to be redeemed on March 31. Under the Federal Tax Act if a Class A Share is redeemed in February or on March 1, of a calendar year and that day is no more than 31 days before the day that is eight years after the day on which the Class A Share was issued, the redemption is without penalty. See “Redemption of Securities”.

Redemption Fee:

Class A Shares, Series III: Holders of Class A Shares, Series III of the Fund who request that the Fund redeem such shares before the eighth anniversary of their date of issue will be charged a redemption fee payable to a third party that financed the Sales Commissions of up to 10% of the original issue price calculated as 1.25% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. After the eighth anniversary of the date of issue there is no redemption fee. See “Attributes of the Securities Distributed”.

Class A Shares, Series IV: Holders of Class A Shares, Series IV of the Fund who request that the Fund redeem such shares before the eighth anniversary of their date of issue will be charged a redemption fee payable to a third party that financed the Sales Commissions of up to 6% of the original issue price 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. After the eighth anniversary of the date of issue there is no redemption fee. See “Attributes of the Securities Distributed”.

Class A Shares, Series VI: Holders of Class A Shares, Series VI of the Fund who request that the Fund redeem such shares before or after the eighth anniversary of their date of issue will not be charged a redemption fee. See “Attributes of the Securities Distributed”.

Dividend and Voting Rights:

Holders of Class A Shares of the Fund are entitled to receive dividends at the discretion of the board of directors. The Fund, to the extent necessary to minimize tax liabilities, intends to periodically capitalize certain amounts of its interest income, other investment income and capital gains. See “Distribution Policy – Dividends”.

Each Class A Share of the Fund entitles the holder to one vote at meetings of the shareholders of the Fund. Holders of Class A Shares, voting separately as a class, are collectively entitled to elect two of the directors of the Fund. The Sponsor, as holder of the Class B shares of the Fund, is entitled to elect all but two of the directors of the Fund. The Sponsor has agreed to elect four nominees of VL Advisors and one joint nominee of the Sponsor and VL Advisors. See “Attributes of the Securities Distributed” and “Organization and Management Details of the Fund - The Sponsor of the Fund”.

Valuation:

Valuations of the assets of the Fund will be carried out and the net asset value per applicable series of Class A Shares of the Fund will be updated daily by the Administrator. Where circumstances dictate that investments for which no published market exists should be valued other than at market or cost, VL Advisors will convey valuation adjustments to the Administrator. The audit and valuation committee of the board of directors of the Fund will review and approve the valuation at the end of each

quarter.

The Fund is required, by applicable securities legislation, to obtain on an annual basis, a valuation by an independent qualified person of the net asset value of the Fund and the net asset value per Share. The Fund will satisfy this requirement by engaging PricewaterhouseCoopers LLP, the Fund's independent auditors, to perform certain procedures on the value of the Fund's investments for which no public markets exist as at December 31 of each year in conjunction with PricewaterhouseCoopers LLP's audit of the Fund's annual financial statements. See "Calculation of Net Asset Value – Valuation Policies and Procedures of the Fund".

Use of Proceeds:

The proceeds of this continuous offering of the Fund will be invested by the Fund in eligible businesses and reserves in accordance with the Fund's investment objective, the Ontario Act and the Federal Tax Act. Operating expenses of the Fund are paid out of the Fund's working capital which includes income earned on investments. See "Investment Objective", "Investment Strategy", "Use of Proceeds" and "Fees and Expenses – Operating Expenses".

Risk Factors

The Class A Shares are highly speculative in nature. An investment in Class A Shares is appropriate only for investors who are prepared to hold their investment in the Fund for a long period of time. An investment in Class A Shares of a Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There is no guarantee that an investment in Class A Shares will earn a specified rate of return or any return in the short or long term. Investors may not be able to dispose of their Class A Shares other than by way of redemption as there is no formal market, such as a stock exchange, through which such Class A Shares may be sold. In addition, there are restrictions on the voting and transfer of Class A Shares. There is no assurance that sufficient suitable eligible investments will be found to fulfill the investment objective of the Fund. There is no assurance that changes will not be introduced to federal or provincial legislation which, if unfavourable, could impair the Fund's investment performance. It is probable that the Fund will suffer net redemptions and will be required to liquidate the portfolio and wind up the Fund in the medium term to manage these redemption requests. There is a risk that the Fund will not be able to honour all redemption requests in a timely manner and will suffer losses if required to divest of portfolio investments more quickly than it would if the Fund was not being wound up. In addition to the tax benefits of investing in Class A Shares, prospective investors should fully assess the investment merits of the Class A Shares. A significant portion of the Venture Portfolio will be comprised of investments in private companies. These investments are more speculative and are likely to mature and generate returns at different times, which could create an irregular pattern in the net asset value of the Fund. In addition, losses on unsuccessful private company investments are often realized before gains on successful private company investments are realized. Although the Fund is a mutual fund, some of the rules designed to protect investors who purchase securities of mutual funds do not apply to the Fund. In particular, compliance with rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds do not apply to the Fund. The Fund will require a greater commitment to initial analysis and to monitoring and support of on-going developmental activities, relative to the amount of capital invested, than is required by most mutual funds. Consequently, the operating expenses of the Fund will be higher than those of many mutual funds and other pooled investment vehicles. Investors will be relying upon the business judgment, expertise and integrity of the board of directors, VL Advisors and the Audit and Valuation Committee. The Fund may enter into foreign exchange transactions for the purpose of settling transactions done in currencies other than Canadian dollars, primarily United States dollars and therefore is exposed to fluctuations in foreign exchange rates from time to time. Foreign exchange gains or losses will be taken into account in computing the Fund's income for tax purposes. See "Risk Factors", "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

Tax Credits, Deductions and Benefits

Federal Tax Benefits Applicable to Investors: The Federal Tax Act provides that individuals resident in Canada who are first purchasers of Class A Shares are eligible for a federal tax credit equal to 15% of the purchase price to a maximum credit of \$750 per year based on an investment of \$5,000 per year.

Ontario Tax Benefits Applicable to Investors: Individuals resident in Ontario who purchase Class A Shares issued under this Prospectus in 2011 are eligible for a provincial tax credit equal to 5% of the purchase price of Class A Shares issued by a labour sponsored investment fund corporation to a maximum credit of \$375 for the year based on an investment of \$7,500 per year.

Investors who purchase Class A Shares after December 31, 2011, but before February 29, 2012 (the last day on which Class A Shares may be acquired by an eligible investor to claim federal and provincial tax credits in respect of Class A Shares for 2011) may elect to have their Ontario tax credit and their federal tax credit apply in respect of the 2011 taxation year instead of the 2012 taxation year and benefit from the 5% Ontario tax credit for the 2011 taxation year. The maximum Ontario and federal tax credits apply in respect of an eligible investor's aggregate purchases of shares issued by labour sponsored investment fund corporations, in the case of the Ontario tax credit, or labour-sponsored venture capital corporations, in the case of the federal tax credit.

The Ontario tax credit will be eliminated for the 2012 and subsequent taxation years. See "Ontario Income Tax Considerations – Ontario Tax Credits Available to First Purchasers".

Subject to the qualifications in the prospectus, an individual may generally claim the federal tax credit and Ontario tax credit for investments in Class A Shares made by his or her RRSP or TFSA and an individual or his or her spouse, or common-law partner, may generally claim the Federal and Ontario tax credits for investments in Class A Shares made under a spousal plan.

Income Tax Considerations

The Fund is subject to tax on its taxable income, including net realized taxable capital gains and net investment income (excluding dividends received from taxable Canadian corporations). The interest income generated by the Fund which constitutes part of the aggregate investment income of the Fund is taxable at the normal corporate tax rates applicable to mutual fund corporations and will also be subject to the special 6 2/3% refundable tax. A portion of the refundable tax in the amount that represents 26 2/3% of the aggregate investment income of the Fund is refundable to the Fund on the basis of \$1 for each \$3 of taxable dividends paid by the Fund. See "Canadian Federal Income Tax Considerations – Status of the Investment Fund".

Tax paid or payable by the Fund on net realized taxable capital gains will be refundable on a formula basis if the Fund pays, or is deemed to pay, dividends on the Class A Shares which it elects to be capital gains dividends ("Capital Gains Dividends") or if it redeems Class A Shares. See "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

The Fund may be liable to pay special taxes or penalties in certain circumstances if it fails to meet the investment pacing requirements of the Federal Tax Act or the Ontario Act. See "Canadian Federal Income Tax Considerations – Federal Penalty Taxes Potentially Applicable to the Fund", and "Ontario Income Tax Considerations – Ontario Penalty Taxes Potentially Applicable to the Fund".

Holders of Class A Shares who are individuals must include in income the amount of taxable dividends, other than Capital Gains Dividends, received, or deemed to have been received, from the Fund subject to the gross-up and dividend tax credit rules. See "Canadian Federal Income Tax Considerations - Taxation of Securityholders - Tax Implications of the Investment Fund's Distribution Policy". Capital Gains Dividends received, or deemed to be received, by a holder of Class A Shares will be treated as realized capital gains in the hands of the holder.

The holder will realize a capital gain (capital loss) on the disposition of a Class A Share, including on a redemption of a Class A Share and on a transfer or sale of a Class A Share, equal to the amount by which the proceeds of

disposition of the Class A Share exceed (or are less than) the adjusted cost base of the Class A Share and any reasonable costs of disposition (including any redemption fee payable to the Fund). Tax credits received by a holder of Class A Shares do not reduce the adjusted cost base of the Class A Shares but any capital loss realized on a disposition of Class A Shares will be reduced by the amount of the tax credits. Any capital loss realized by a holder of Class A Shares on the sale or transfer of Class A Shares to a TFSA of the holder or to an RRSP or a RRIF under which the holder or the holder's spouse or common-law partner is the annuitant, is deemed to be nil.

Subject to the qualifications discussed under the heading "Eligibility for Investment", Class A Shares are qualified investments for trusts governed by RRSPs, RRIFs and TFSAs. Subject to the limits on contributions to RRSPs, a shareholder may transfer his or her Class A Shares as a contribution in kind to a trust governed by an RRSP under which he or she or his or her spouse is the annuitant and deduct the fair market value of the Class A Shares so transferred in computing income for tax purposes, subject to the contribution rules in the Federal Tax Act. The determination of the fair market value of Class A Shares is a factual matter. See "Eligibility for Investment", "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

Compliance with Statutory Investment Restrictions

The Fund will be subject to penalties and may have its registration revoked if it does not comply with the investment requirements of the Federal Tax Act and the Ontario Act. The Fund is and expects to continue to be in compliance with these requirements. See "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

Organization and Management of VentureLink Innovation Fund Inc.

The Manager and Investment Advisor:

VL Advisors Inc. is the manager of and investment advisor to the Fund. VL Advisors is responsible for developing and implementing all aspects of the Fund's sales, marketing, distribution and communications strategies and developing, refining and implementing the investment strategy for the Fund. The principals of VL Advisors who have primary responsibility for the investment advisory affairs of the Fund are W. James Whitaker and Geoffrey D. Horton. These individuals are responsible for the day to day affairs of the Fund. VL Advisors is also responsible for organizing the retention and supervision of various service providers of the Fund. VL Advisors is a wholly owned subsidiary of VentureLink LP. See "Organization and Management Details of the Fund – Manager and Investment Advisor of the Fund".

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 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. The board of directors of the Fund is currently fixed at seven directors. The Sponsor is entitled to elect five of the seven directors of the Fund. The Sponsor has, pursuant to a sponsor agreement, agreed to elect one person to represent the Sponsor, three people to be nominated by VL Advisors from time to time and one joint nominee of the Sponsor and VL Advisors. 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. See "Organization and Management Details of the Fund – The Sponsor of the Fund" and "Attributes of the Securities Distributed - Class B Shares".

While members of the Sponsor may subscribe for Class A Shares, neither the Sponsor nor its members are required to make any investment in the Fund other than the initial investment of the Sponsor in Class B Shares of the Fund.

Individuals investing in the Fund need not be members of or have any connection with the Sponsor.

The Administrator:

CI Investments Inc. 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 Fund, the Administrator performs similar services for outside clients including other labour sponsored investment funds. The Administrator also performs certain daily share price valuation services for the Fund. The Administrator provides the services outlined above in Toronto, Ontario. See “Calculation of Net Asset Value - Valuation Policies and Procedures of the Fund” and “Securityholder Matters – Reporting to Shareholders”. The Administrator is a limited partner of the sole shareholder of VL Advisors.

The Custodian:

The Fund has retained RBC Dexia Investor Services Trust to act as custodian of the assets of the Fund. The Custodian provides the services in Toronto, Ontario.

The Auditor:

The Fund has retained PricewaterhouseCoopers LLP to act as the auditor of the Fund. The Auditor provides the services in Toronto, Ontario.

Summary of Fees and Expenses

This table lists the fees and expenses that you have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will reduce the value of your investments in the Fund.

Fees and Expenses Payable by the Fund

Manager and Investment Advisor

Annual management and investment advisory fee of 3.25% of net asset value, in aggregate, plus two-thirds of the service fee payable to dealers for Class A Shares, Series I and Series II and all of the service fee payable to dealers for Class A Shares, Series III, IV and VI*

VL Advisors is paid an annual management fee by the Fund of 1.25% of the net asset value of the Fund as manager plus 2.00% of the net asset value of the Fund as investment advisor plus an amount equal to two-thirds of the service fee payable to dealers in respect of the Class A Shares, Series I and Class A Shares, Series II and an amount equal to all of the service fee payable to dealers in respect of the Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI, which fee shall be calculated and paid monthly in arrears. See “Fees and Expenses”.

Performance Bonus

The lesser of a percentage of income and an amount that does not reduce returns below 6% on the eligible investment portfolio of each of the Fund and VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc. and VentureLink Diversified Income Fund Inc.*

The performance bonus plan (“**Performance Bonus Plan**”) attempts to structure a plan that contains the appropriate incentives, retains historical performance from predecessor funds and provides VL Advisors with a realistic prospect of receiving a bonus for strong performance in the future. The plan consists of four parts:

Part I-Historical VentureLink Financial Services Innovation Fund Inc. investments and new investments (“Continuing Plan”)

The performance fee for the Continuing Plan is based on performance from VentureLink Financial Services Innovation Fund Inc.’s eligible investment portfolio since inception and performance of any eligible investments made (new or follow-on) following the Effective Date. Investments of VentureLink Financial Services

Innovation Fund Inc. since inception and investments following the Effective Date to be described as the Continuing Plan Investments and the sum of the Continuing Plan investments to be described as the Continuing Plan Portfolio.

VL Advisors will be entitled to a Performance Bonus based on realized gains and cumulative performance of the Continuing Plan Investments. Before any Performance Bonus is paid by the Fund on realization of a Continuing Plan Investment, the Continuing Plan Portfolio must have:

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

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the Continuing Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns to shareholders on the Continuing Plan Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part II-Existing investments of VentureLink Diversified Income Fund Inc. (the “DI Fund”)

The performance fee for the DI Fund plan (the “DI Fund Plan”) is based on the performance of the eligible investment portfolio of the DI Fund held as at the Effective Date. Eligible investments of the DI Fund as of the Effective Date to be described as the DI Fund Investments and the sum of DI Fund Investments to be described as the DI Fund Portfolio.

VL Advisors will be entitled to a Performance Bonus based on realized gains and cumulative performance of the DI Fund Investments. Before any Performance Bonus is paid by the Fund on realization of a DI Fund Investment, the DI Fund Portfolio must have:

- (a) earned sufficient income to generate a return on eligible investments in excess of a cumulative annualized threshold return of 6%. The income on eligible investments includes realized and unrealized investment gains and realized and unrealized losses earned and incurred since inception.
- (b) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since the date of the investment; and

- (c) fully recouped an amount equal to all principal invested in the eligible investment.

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the DI Fund Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns on the DI Fund Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part III-Existing investments of the CSBIFs within VentureLink Balanced Fund Inc. (the “CSIBFs”)

The performance fee for the CSBIFs plan (the “CSBIFs Plan”) is based on the performance of the eligible investment portfolio of the CSBIFs held as at the Effective Date. Eligible investments of the CSBIFs as of the Effective Date to be described as the CSBIFs Investments and the sum of each CSBIF Investment to be described as a CSBIF Portfolio.

VL Advisors will be entitled to half of the Performance Bonus, with the other half payable to the sponsoring universities involved in sponsoring the CSBIF, based on realized gains and cumulative performance of the CSBIFs Investments. Before any Performance Bonus is paid by the Fund on realization of a CSBIF Investment, a CSBIF Portfolio must have:

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

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the CSBIFs Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns on a CSBIF Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part IV -Existing investments of VentureLink Brighter Future Fund Inc. (the “BF Fund”)

The performance fee for the BF Fund plan (the “BF Fund Plan”) is based on the

performance of the eligible investment portfolio of the BF Fund held as at the Effective Date. Eligible investments of the BF Fund as of the Effective Date to be described as the BF Fund Investments and the sum of the BF Fund Investments to be described as the BF Fund Portfolio.

VL Advisors will be entitled to a Performance Bonus based on the realized gains and cumulative performance of the BF Fund Investments. The Performance Bonus will consist of two parts as follows:

The first part pays VL Advisors a 5% bonus on proceeds in excess of the fair value of an eligible investment as at July 31, 2006 plus the threshold rate of return. Before the 5% performance bonus is paid by the Fund on the realization of an eligible investment, the BF Fund Portfolio must have:

- (a) earned sufficient income to generate a rate of return on eligible investments in excess of a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since July 31, 2006;
- (b) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since July 31, 2006; and
- (c) fully recouped an amount equal to all principal invested in the eligible investment.

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

The second part pays VL Advisors a 10% performance bonus on proceeds over the original cost of the investment. Before the 10% performance bonus can be paid, the BF Fund Portfolio must have:

- (a) earned sufficient income to generate a rate of return on eligible investments in excess of original cost of the portfolio plus a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since July 31, 2006; and
- (b) fully recouped an amount equal to all principal invested in the eligible investment.

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

The Effective Date for the Performance Bonus Plan is July 22, 2010.

The Fund may allocate income equal to the Performance Bonus to the Class P Shares and declare dividends on the Class P Shares held by VL Advisors. The amount of the dividends would be equal to the Performance Bonus that otherwise would have been paid to VL Advisors as a fee. See "Fees and Expenses".

Sponsor

Annual fee of 0.25% of net asset value*

The Sponsor is paid an annual fee by the Fund equal to 0.25% of the net asset value of the Fund, calculated and paid monthly in arrears. See "Organization and Management Details of the Fund - The Sponsor of the Fund".

Sales Commissions

See "Purchases of Securities – Sales Commissions".

Administration and Operating Expenses

As incurred*

The Fund will pay all of its administrative expenses including expenses relating to the provision of registrar, transfer agency, shareholder reporting and other shareholder administration services being provided to the Fund and all of its operating expenses including expenses relating to portfolio transactions, taxes, legal, audit, custodial and fund accounting fees, costs of qualifying the Fund's securities for distribution (other than start-up costs), marketing, security realization, directors' fees and borrowing costs. The Manager has arranged for fund accounting, custody, trust accounting, transfer agent, shareholder communications and many other administration services to be provided by the Administrator, CI Investments Inc., on a 90 basis points, fixed basis. See "Organization and Management Details of the Fund – The Administrator." The Fund will also pay all fees and expenses associated with the independent review committee. See "Fees and Expenses - Operating Expenses".

Distribution Costs

Annual fee of 1.65% of net asset value for Class A Shares, Series III and 1.15% of net asset value for Class A Shares, Series IV*

VL Advisors will be responsible for managing the relationships with registered dealers selling Class A Shares of the Fund and paying or arranging for the payment of a 10% or a 6% sales commission to dealers originating the sales of Class A Shares, Series III and Class A Shares, Series IV, respectively of the Fund. Such sales commission costs will not be charged to nor amortized by the Fund. VL Advisors has arranged for a third party to provide the financing for sales contributions for which the third party will be paid an annual Distribution Services Fee of up to 1.65% and 1.15% of the net asset value of the Class A Shares, Series III and Class A Shares, Series IV, respectively. The Distribution Services Fee is intended to reimburse the third party for financing and administrative costs incurred to fund the payment of the sales commissions. See "Purchases of Securities".

Fees and Expenses Payable Directly by You

Sales Charge

See "Purchases of Securities".

Transfer Fee

Nil.

RRSP Fee

Nil.

Redemption Fee

Up to 10% of original issue price*

Class A Shares, Series III: A redemption fee will be charged to investors of the Fund of up to 10% of the original issue price calculated as 1.25% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. After the eighth anniversary of the date of issue there is no redemption fee. See "Redemption of Securities".

Up to 6% of original issue price*

Class A Shares, Series IV: A redemption fee will be charged to investors of the Fund of up to 6% of the original issue price 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. After the eighth anniversary of the date of issue there is no redemption fee. See "Redemption of Securities".

0% of original price*

Class A Shares, Series VI: Holders of Class A Shares, Series VI who request that the Fund redeem their shares before or after the eighth anniversary of their date of issue will not be charged a redemption fee. See "Redemption of Securities".

Share Certificate Fee

\$10*

A share certificate will not be issued except on an investor's request and on payment by the investor of a fee of \$10 (plus HST).

Summary of Dealer Compensation

Sales Commissions

10% of original issue price*

Class A Shares, Series III: A total commission of 10% of the original issue price will be paid by a third party arranged for by VL Advisors to registered dealers selling the Class A Shares, Series III of the Fund. The commission will consist of a 6% sales commission plus an additional 4% commission of the original issue price of the Class A Shares, Series III of the Fund. The 4% commission is in lieu of any service fees payable before the eighth anniversary of the date of issue of the shares. See "Purchases of Securities – Sales Commissions".

6% of original issue price*

Class A Shares, Series IV: A commission of 6% of the original issue price will be paid by a third party arranged for by VL Advisors to registered dealers selling the Class A Shares, Series IV of the Fund. See "Purchases of Securities – Sales Commissions".

The commissions payable for the Class A Shares, Series III and for the Class A Shares, Series IV of the Fund will be paid by a third party. The Fund will pay to the third party an annual Distribution Services Fee. See "Purchases of Securities – Sales Commissions".

0% of original issue price*

Class A Shares, Series VI: No commission will be paid to registered dealers selling the Class A Shares, Series VI of the Fund. See "Purchases of Securities – Sales Commissions".

Service Fees

Annual fee of 0.50% of net asset value after 8 years*

Class A Shares, Series III: No service fees will be paid to dealers for a period of eight years from the date of issue of the Class A Shares, Series III of the Fund. Thereafter, VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 0.50% annually of the net asset value of the Class A Shares, Series III of the Fund held by the clients of the sales representatives of the dealers. See "Purchases of Securities - Additional Dealer Compensation".

Annual fee of 0.50% of net asset value*

Class A Shares, Series IV: VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 0.50% annually of the net asset value of the Class A Shares, Series IV of the Fund held by the clients of the sales representatives of the dealers. See "Purchases of Securities - Additional Dealer Compensation".

Annual fee of 1.25% of net asset value*

Class A Shares, Series VI: VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 1.25% annually of the net asset value of the Class A Shares, Series VI of the Fund held by the clients of the sales representatives of the dealers. See "Purchases of Securities - Additional Dealer Compensation".

Marketing Expenses

The Fund may enter into co-operative marketing programs with certain dealers providing for the reimbursement by the Fund of certain expenses incurred by those dealers in promoting sales of Class A Shares.

* denotes a summary only and should be read together with detailed information appearing elsewhere in this prospectus.

Annual Returns and Management Expense Ratio

Performance and expense data for the Predecessor Funds forms part of the public record and can be accessed at www.sedar.com. The Fund was created by articles of amalgamation on September 10, 2010 under the CBCA as a result of the amalgamation of the Predecessor Funds. The amalgamation was a material change for the Fund and the Fund does not have performance data for one full financial year and, as a result, is not permitted to disclose performance data for the partial year ended December 31, 2010 or the six month period ended June 30, 2011. Expense data for VentureLink Financial Services Innovation Fund Inc., the Predecessor Fund deemed to be the acquiring fund, and for the Fund is set out below.

Management Expense Ratio: For a more detailed explanation of the management expense ratio, see “Operating Expenses”. Reference is made to the audited financial statements and Management Report of Fund Performance of VentureLink Innovation Fund Inc. as at December 31, 2010 and of VentureLink Financial Services Innovation Fund Inc. as at December 31, 2009, 2008, 2007 and 2006 for the particulars of the management fees and all other fees, charges and expenses charged to VentureLink Innovation fund Inc. since its formation on September 10, 2010, and for prior periods charged to VentureLink Financial Services Innovation Fund Inc. The annualized management expense ratios (“MER”) for the fiscal periods ended December 31, 2010, 2009, 2008, 2007 and 2006 are as set out below.

	2010	2009	2008	2007	2006
Class A Shares, Series III	7.2%	7.6%	7.8%	7.6%	10.4%
Class A Shares, Series IV	7.4%	7.6%	7.8%	7.6%	10.4%
Class A Shares, Series VI	6.9%	7.2%	1.4% (1)		

(1) No subscriptions for Class A Shares, Series VI were received until January 24, 2008

OVERVIEW OF THE LEGAL STRUCTURE OF VENTURELINK INNOVATION FUND INC.

VentureLink Innovation Fund Inc. was created by articles of amalgamation pursuant to the CBCA on September 10, 2010 (the “**Articles**”) from the amalgamation of VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Financial Services Innovation Fund Inc.

The Fund is sponsored by the Canadian Federal Pilots Association. The Fund is registered as a labour sponsored investment fund corporation under the Ontario Act and as a labour-sponsored venture capital corporation under the Federal Tax Act. The head office and principal place of business of the Fund is located at 3 Church Street, Suite 602, Toronto, Ontario M5E 1M2.

The Fund is considered a mutual fund under securities legislation. However, many of the rules normally applicable to mutual funds under relevant securities legislation and policies are not applicable to the Fund as a labour sponsored investment fund. See “Risk Factors – *Mutual Fund Rules*”.

INVESTMENT OBJECTIVE

The Fund’s objective is to realize long-term capital appreciation by making debt and equity investments in a diversified portfolio of securities in eligible Canadian businesses and by investing in reserves, including debt instruments whose returns are linked to the performance of the TSX or sub-indices of the TSX, instruments whose returns are linked to the performance of other investment vehicles approved by the board of directors and investment grade rated bonds.

INVESTMENT STRATEGY

To achieve its investment objective, the Fund invests in both eligible businesses and reserves as defined in the Ontario Act. In general terms, eligible Canadian businesses are public or private companies carrying on business in Ontario with less than 500 employees and less than \$50 million of total assets. The Fund is subject to certain investment restrictions under the Federal Tax Act and the Ontario Act. A certain percentage of the Fund’s assets must be invested in eligible businesses to meet statutory investment requirements. (see “Statutory Investment Restrictions – Statutory Investment Restrictions Applicable to the Fund”). The balance of assets is invested in reserves. The Fund will endeavour to maintain a diversified portfolio of debt and equity investments across different sectors of the economy. A portion of the Fund’s eligible investments will be structured to provide the Fund with regular cash distributions from portfolio companies, in addition to retaining upside potential. The balance of the Fund’s eligible investments will be equity investments with the opportunity for long term capital appreciation.

Venture Portfolio

(a) Sectors in which the Fund Invests

The Financial Services Industry: VL Advisors expects that there will continue to be a large number of attractive investment opportunities in the financial services industry in Canada. There are several examples of entrepreneurial financial services companies in Canada that have achieved significant levels of success. VL Advisors believes: (i) that demographic trends support continued growth in the financial services industry; and (ii) the trend towards consolidation in the financial services industry will create opportunities to develop new businesses and new business opportunities in niche and evolving markets. VL Advisors’ view is that the financial services sector provides investors the opportunity to achieve an attractive return at acceptable levels of risk. Some financial services firms can, after securing an initial capital investment, generate positive cash flow and be sustainable businesses without substantial follow-on capital requirements, compared to manufacturing and technology companies which typically require several years, and several rounds of financing, before becoming profitable. Despite this, securing access to initial capital can be extremely challenging, as the bulk of financial services firms’ initial assets are intangible, consisting primarily of the intellectual capital of their management teams. Because of this reliance on human capital, it is important that the interests of the Fund’s shareholders be aligned with the interests of the management teams of the firms in which the Fund invests. VL Advisors believes that providing the required growth capital to small expanding financial services firms aligns the interests of the Fund’s investors with the management teams of the

businesses in which the Fund invests. This can be contrasted with asset management consolidation strategies where often large stakes in the business are acquired with the effect of disenfranchising management which is so vital to the success of the firm.

Specific sectors of the financial services industry in Canada in which the Fund will seek to invest include the investment management sector, the financial advisory sector and the insurance sector. The Fund will also consider investments in a broad range of financial services firms in Canada, including firms engaged in the following activities: private banking; securities brokerage; leasing; merchant banking; structured finance; consumer and commercial lending; and trust services. The Fund will also consider investments in firms engaged in providing services to financial services companies, including technology solutions, administration and information services; and electronic commerce solutions.

Mezzanine Debt Lending to Traditional Industries: When the economy emerged from a recession in the early 1990s, it was speculated that economic progress was slower than it could have been as a result of a bank-driven credit crunch which resulted from the significant losses incurred by chartered banks from default on real estate loan transactions. VL Advisors believes that in the current environment, the combination of a slowing global economy resulting from the global economic slowdown, the higher Canadian dollar, the widening of corporate interest rate spreads, the retrenchment of foreign lenders out of the Canadian market and the tightening of credit policies from the Canadian banks has resulted in a renewed credit crunch that is impacting both access to capital and the cost of capital for companies. This credit crunch impacts all borrowers; however, it is particularly acute for small and mid-sized firms that rely on traditional sources of debt capital in order to finance their ongoing business requirements. As traditional lending sources increase the cost of capital and reduce its availability, an opportunity exists for a flexible capital partner to fill the void.

The venture capital market for Ontario companies operating in traditional or “old economy” industries has been weak over the past several years. At the height of success of the venture capital industry in the late 1990s and early 2000s, a great deal of capital was raised and invested in private companies; however the vast majority of this capital was invested in companies operating in the technology, telecommunications and biotechnology industries. As a result, companies operating in traditional industries were forced to rely on other sources of capital, including banks and other lenders. These traditional sources of debt capital have become increasingly difficult to secure, as banks and other lenders face credit issues on outstanding corporate and commercial loans. VL Advisors believes that this combination has led to a funding shortfall for businesses which do not demonstrate the growth potential of companies operating in high growth industries, yet which have a stable operating history and have a solid financial track record.

Technology Sectors: Due to their ability to create unique, innovative, value added and often patented or trade secreted products and services, technology companies have often seen higher sustainable margins than conventional industries and services and faster growth rates. Because of their higher margins and faster growth rates, technology businesses have also provided unique investment opportunities to make above average returns on investment, albeit with commensurate risk.

Over the past few years there has been a steady decline in the availability of capital for these types of companies, with a particularly sharp drop in available capital in Canada and Ontario in particular. VL Advisors feels that the combination of the attractiveness of these sectors due to their growth rates and high margins, in conjunction with depressed valuations resulting from lower competition to invest in these businesses from a lack of available capital, makes technology sectors attractive areas for investment for the fund.

VL Advisors in particular feels there are and will be ongoing attractive investment opportunities in the alternative energy industry, the water industry, the waste management and contaminant cleanup industry, the healthcare and biotechnology industries, the telecommunications industry and the information technology industry.

(b) Investment Criteria

In making investment decisions with respect to follow-on investments for existing portfolio companies and for new opportunities, the Fund will focus on, among other factors, the following investment criteria:

Management: Senior management should be well qualified, motivated and committed to the business relative to other industry participants operating in comparable fields;

Market Opportunity: The business should have the potential to serve a defined marketplace and the opportunity must be significant enough to allow the business to experience rapid and sustainable growth;

Competition: The business plans and operations should demonstrate a sustainable advantage over other industry participants operating in comparable fields;

Availability of co-investors: VL Advisors believes that capable co-investors can add significant value to an investment opportunity by increasing the amount of capital available to the business and through access to the networks and expertise of their principals.

Diversification: The Fund will endeavour to diversify its portfolio by investing in debt and equity securities in a variety of businesses of different sizes and at different stages of their development and by investing in businesses serving different markets.

(c) Exit Strategy

Before each investment is made, VL Advisors will consider possible methods of realizing on the investment. Typically, the Fund will realize on investments in one of four ways: (i) through a public offering; (ii) through a sale to or merger with another company for cash or shares for which a public market exists; (iii) through a sale to the principals of the business; or (iv) through automatic repayment terms contained within the investment structure. From the outset, VL Advisors will contemplate which alternative will be appropriate for the Portfolio Company and will seek to assist the business to perform towards achieving the requisite objectives. VL Advisors anticipates that it will seek representation on the board of directors of many Portfolio Companies in order to monitor the performance of the business and, where appropriate, to use the experience and industry expertise of principals of VL Advisors to identify strategic partners or purchasers for the Portfolio Company.

It is anticipated that in order to benefit from the long-term growth potential of Portfolio Companies, the Fund will be required to hold investments for a significant period of time. The Fund will seek to remain fully invested, however it will generally seek to divest of investments in Portfolio Companies when the business no longer meets its investment criteria or when more attractive investment opportunities are available to the Fund. Since the Fund will generally invest in private businesses, there can be no assurance that it will be able to divest of investments on favourable terms, or at all. These factors may limit the Fund's ability to dispose of its investments profitably.

(d) Form of Investments

The particular form of investments in Portfolio Companies will be negotiated after taking into account the legislative restrictions contained in the Ontario Act governing labour sponsored investment fund corporations and the investment restrictions under the Federal Tax Act, the Fund's investment guidelines, the long-term requirements of the Portfolio Company and tax considerations. A portion of the portfolio investments take and will take the form of convertible debt, debt with warrants, participating debt pursuant to which interest fluctuates within limits with cash flow or earnings or preferred shares (with or without conversion features) and a portion will be common equity investments. VL Advisors will generally endeavour to structure debt investments on behalf of the Fund such that it earns a significant stream of regular cash distributions from Portfolio Companies, in addition to retaining upside potential through conversion features embedded in the investment structure, warrants issued at the time of the investment, direct equity ownership or participation in an ongoing royalty stream. Equity investments will generally be in earlier stage investments and will be structured to take advantage of long-term capital appreciation.

The Federal Tax Act and the Ontario Act provide, among other things, that an investment is an eligible investment if the Fund purchases shares or qualifying debt obligations (or rights or options granted in conjunction therewith) from an eligible business. Accordingly, the Fund will be limited to investing in treasury shares or debt (or rights or options granted in connection therewith) issued by Portfolio Companies and will not be permitted to purchase

securities in the secondary markets, although the Fund may continue to hold securities purchased from treasury of companies which have gone public. See “Investment Restrictions”.

The Fund may, where it is deemed by VL Advisors to be appropriate, seek to protect invested capital by taking back security in connection with qualifying debt obligations (as permitted by applicable legislation), financial covenants and/or a shareholders’ agreement. See “Investment Restrictions”.

Liquid Portfolio

The Fund holds a portion of its reserves in cash, a portion in strip bonds and a portion in Index Linked Notes. The Fund holds a number of Index Linked Notes with returns tied to the performance of the financial services sub-index of the TSX and the overall TSX index. The Index Linked Notes offer a potentially higher return over the long term than an investment in traditional money market instruments; however, there are increased investment risks associated with such a strategy due to the volatility of the trading prices of the underlying financial services sub-index or general equity index as applicable. VL Advisors may recommend investments in other reserves including debt instruments linked to other indices or investment funds, such alternative investment strategies being subject to board of directors’ consent before being implemented.

Investments of the VentureLink Innovation Fund

As at September 30, 2011 the total cost of securities held by the Investment Portfolio was \$179,296,018 of which \$45,339,693 qualifies as reserves, \$116,264,825 represents eligible investments of the Venture Portfolio, and \$17,691,500 represents investments in Community Small Business Investment Funds. Within those Community Small Business Investment Funds, the cost of securities held was \$22,087,566 of which \$15,850,514 qualifies as reserves and \$6,237,052 represents eligible investments of the Venture Portfolio. The particulars of the Class A eligible investments of the Venture Portfolio are as follows:

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund’s Net Assets
Adventus Intellectual Property Inc. 1345 Fewster Dr. Mississauga, ON L4W 2A5	Develops, manufactures, markets and sells a family of unique proprietary soil and water bioremediation (use of micro-organisms to decontaminate) technologies.	2,684,477	Preferred Shares	24.5%	0.9%
		285,303	Common Shares	17.2%	0.0%
		75,000	Promissory Note	25.0%	0.0%
Aimetis Corp. 500 Weber Street North Waterloo, ON N2L 4E9	Develops and markets integrated video management solutions for security and business intelligence applications.	1,666,667	Class A Preferred Shares	7.0%	1.4%
Biox Corp. 125 Lakeshore Rd. E., Suite 200 Oakville, ON L6J 1H3	Manufactures, delivers and services “turnkey” biodiesel facilities.	1,725,676	Common Shares	3.8%	1.1%
		446,425	Special Warrant	18.0%	0.0%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Clearford Industries. 515 Legget Dr., Suite 100 Ottawa, ON K2K 3G4	Manufactures concrete forms for various markets and provides proprietary long-term solutions to facilitate central waste-water collection for communities.	2,053,000	Common Shares	3.5%	0.3%
Covarity Inc. 2300- 30 Duke St. W. (3 rd Floor, Ontario Tower) Kitchener, ON N2H 3W5	Provider of commercial loan monitoring software.	4,725,579	Preferred B	27.7%	1.3%
		1,237,224	Common	20.3%	0.9%
		500,000	Promissory Note	21.7%	0.3%
Coventree Inc. 161 Bay St., 27th Floor Toronto, ON M5J 2S1	A niche investment bank specializing in structured finance using securitization-based funding technology providing structuring and funding to issuing clients in the commercial paper and debt markets.	2,333,336	Debenture	100.0%	1.3%
		948,658	Common Shares	5.8%	1.9%
Clubb Finance Corp. 39 Polson Street Toronto, ON M5A 1A4	Provides short-term, inventory secured loans to used automobile dealers.	7,500,000	Debenture	100.0%	4.2%
		1,110,000	Senior Debenture	35.4%	0.6%
		1,000,000	Bridge Loan	33.3%	0.6%
		40,000	Common Shares	0.7%	0.0%
		948,833	Warrants	57.7%	0.0%
Cytochroma Inc. 330 Cochrane Drive. Markham, ON L3R 8E4	A development stage specialty pharmaceutical company focused on the treatment and prevention on disorders related to vitamin D insufficiency.	3,144,060	Series B Preferred	4.6%	1.9%
		516,075	Series C Preferred	3.3%	0.4%
DCR Strategies Inc. 2680 Skymark Ave., Suite 420 Mississauga, ON L4W 5L6	A coalition loyalty program and payroll system provider.	4,000,000	Debenture	100.0%	2.2%
		126,136,364	Common Shares	11.8%	0.0%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Dragonwave Inc. 441 Legget Drive, Suite 600 Kanata, ON K2K 3C9	Developer and supplier of high performance, intelligent millimetre wave radios designed to replace fibre optics for the "last mile" problem for small and medium sized businesses.	508,565	Common Shares	1.3%	2.1%
eBuild.ca Inc. 69 Connie Crescent Concord, ON L4K 1L3	On-line project management and information management solutions targeted to the construction industry.	1,200,000	Series A Preferred	60.0%	0.0%
Ecosynthetix Inc. 3365 Mainway Burlington, ON L7M 1A6	Ecosynthetix Inc. is commercializing two innovative adhesive technologies.	2,709,961	Common Shares	6.0%	4.6%
eSentire Inc. 260 Holiday Inn Drive Building A, Suite 29 Cambridge, ON N3C 4E8	Delivers comprehensive security consulting and monitoring services for enterprise IT infrastructure.	2,225,265	Class A Preferred Shares	65.0%	0.4%
The Futura Loyalty Group Inc. 56 The Esplanade, Suite 220 Toronto, ON M5E 1A7	A national consumer loyalty program that enables individuals to earn rewards that can then be applied toward various financial goals.	1,025,738	Debenture	82.1%	0.6%
		4,040,000	Common Shares	2.4%	0.2%
Global Leasing Group 5250 Satellite Drive, Unit 24 Mississauga, ON L4W 5G5	A specialty financing company offering commercial loans for truck and heavy equipment repairs and factoring of client receivables.	2,000,000	Debenture	64.5%	1.1%
		100,000	Promissory Note	100.0%	0.1%
		2,460	Warrants	64.5%	0.0%
		1,071	Common Shares	7.5%	0.0%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Groove Media Inc. 55 Mill Street, Building 5, 3 rd floor Toronto, ON M5A 3C4	Groove has been a publisher of video games. It has recently begun to develop Skillground, a skill based video gaming platform.	1,451,310	Common Shares	51.8%	0.0%
Intrepid Business Acceleration Fund 46 Spadina Ave., Suite 200, Toronto, ON M5V 2H8	Provides bridge and equity financing to early stage expansion-phase companies.	2,000	LP Units	85.1%	0.8%
Investigative Research Group Inc. 49 Truman Rd., Suite 102 Barrie, ON L4N 8Y7	IRG provides investigation services including insurance and insurance claim related services to corporate clients across Ontario.	2,000,000	Debenture	100.0%	1.1%
		450	Common Shares	45.0%	0.0%
Kensington Capital Partners Ltd. 95 St. Clair Ave. W., Suite 1401 Toronto, ON M4V 1N6	A leading independent private equity fund of funds manager.	551,392	Debenture	22.0%	0.3%
		2,000,000	Debenture	100.0%	1.1%
		1,336,424	Debenture	100.0%	0.7%
		550	LP Units	22.0%	0.0%
Koprash Inc. 4129 Harvester Rd., Unit M Burlington, ON L7L 5M3	Provides building cleaning and maintenance services to commercial, industrial and institutional customers.	5,000,000	Debenture	100.0%	0.6%
		450	Common Shares	45.0%	0.0%
		550,000	Promissory Note	64.7%	0.3%
Lexfund Inc. 17-286 King St. North Waterloo, ON N2J 4G8	Provides loans to plaintiffs for necessary expenses while a lawsuit is ongoing.	1,148,320	Promissory Note	73.8%	0.6%
		509,660	Promissory Note	32.8%	0.3%
LivClean Corp. 10 Kingsbridge Garden Circle, Suite 800 Mississauga, ON L5R 3K6	Rents new water heaters and sells carbon offsets to residential customers in Ontario.	2,500,000	Subordinated Debenture	100.0%	1.4%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Macquarie Capital Acquisitions (Canada) Ltd. Canadian Pacific Tower, TD Centre 100 Wellington St. W. P.O. Box 234, Suite 2200 Toronto, ON M5K 1J3	Created to acquire Orion Financial Inc. and hold exchangeable shares of Macquarie Group Ltd.	4,576	Exchangeable Shares	0.3%	0.0%
Mavrix Fund Management Inc. Exchange Tower 130 King St. W., Suite 2200 Toronto, ON M5X 1E3	Mutual fund management and administrative company. A wholly owned subsidiary of Matrix Asset Management.	6,000,000	Debenture	100.0%	3.3%
N-Brook Lender Services Inc. 10 Kingsbridge Garden Circle #300 Mississauga, ON L5R 3K6	An institutional mortgage funder that helps borrowers who are seeking alternatives to conventional bank mortgages, finance their owner-occupied residential properties.	415,402	Debenture	100.0%	0.2%
		185,528	Debenture	14.1%	0.1%
		1,310,000	Debenture	100.0%	0.7%
		516,779	Debenture	100.0%	0.3%
		1,063,150	Debenture	100.0%	0.6%
		1,134,472	Debenture	85.9%	0.6%
NexGen Financial LP 36 Toronto St. Suite 1070 Toronto, ON M5C 2C5	The sponsor, manager and principal distributor of the NexGen Funds, a group of open-end retail mutual funds designed for tax efficiency.	5,328	Subordinate Units	0.4%	0.0%
ONTrack Media and Entertainment Inc. 1630 Trinity Dr., Unit 1 Mississauga, ON L5T 1L6	Provides video recording and production services for the horse racing industry.	2,859,539	Debenture	100.0%	1.3%
		100,000	Common Shares	100.0%	0.0%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Panorama Software Ltd. 164 Eglinton Ave. E., Suite 100 Toronto, ON M4P 1G4	This holding is the result of an investment in Company DNA which is now an investment in Panorama Software, which is a provider of business intelligence software.	99,946	Common Shares	2.5%	0.0%
		8,125	Preferred Shares	0.4%	0.0%
		4,875	Warrants	1.0%	0.0%
Peraso Technologies Inc. 144 Front St. W., Suite 685 Toronto, ON M5J 2L7	Fabless semiconductor company focused on developing single chip mmwave transceivers	916,668	Preferred A Shares	33.3%	0.5%
		891,679	Preferred B Shares	25.0%	0.5%
		1,097,000	Warrants	25.0%	0.0%
Performance Plants Inc. 700 Gardiners Road Kingston, ON K7M 3Y1	Focuses on increasing agricultural yields by modifying the metabolism and morphology of plants to produce the new and improved varieties of drought tolerant crops.	3,803,306	Common Shares	15.6%	0.0%
		500,000	Promissory Note	58.8%	0.3%
PerformINS Canada Inc. 400 Bradwick Drive Vaughan, ON L4K 5V9	A consolidator of insurance Managing General Agencies that uses technology to lower the ongoing operating costs of the acquired business.	6,050,000	Debenture	100.0%	3.4%
		4,000,000	Common Shares	40.0%	0.0%
Planet Energy Corporation 10 Kingsbridge Garden Circle, Suite 800 Mississauga, ON L5R 3K6	Sells natural gas and electricity to small and medium sized commercial, small industrial and residential customers under long-term fixed price contracts.	80,000	Warrants	8.0%	0.2%
Sidense Corp. 84 Hines Rd., Suite 260 Ottawa, ON K2K 3G3	Developer of non-volatile memory for semiconductor market.	4,292,024	Preferred Shares	50.0%	1.0%
		1,300,000	Debenture	33.3%	0.7%
		1,500,000	Bridge Notes	100.0%	0.8%

Name and Address of Issuer	Nature of Its Principal Business	Number of shares or Par Value	Type and Percentage of and Class of Securities Owned by the Fund		Cost of Investment as Percentage of Fund's Net Assets
Showcare Event Management Inc. 201-2710 14 th Ave. Markham, ON L3R 0J1	Developer of trade show registration and lead management systems	1,000,000	Debenture	58.8%	0.6%
		2,189,040	Common Shares	29.6%	0.8%
Sprott Power Corp. 200 Bay St., Suite 2750 Toronto, ON M5J 2J2	Developer of renewable energy projects.	2,000,000	Common Shares	7.2%	1.1%
SCI Ltd. 7030 Woodbine Ave., 6th Floor Markham, ON L3R 6G2	Develops and markets CRM solutions with a focus on the automotive market.	2,451,523	Debenture	83.2%	1.4%
		7,908,097	Common Shares	52.7%	3.7%
		779,390	Preferred Shares	100.0%	2.3%
		317,407	Warrants	83.2%	0.0%
		116,908	Preferred Warrants	100.0%	0.0%
Wellington Financial LP Fund II (Fund 321 Ltd.). Bay Adelaide Centre 333 Bay St., Suite 1620 Toronto, ON M5H 2R2	Bridge fund targeting public and private companies in the technology, industrial products and biotechnology sectors.	9,000	Limited Partnership Units	10.6%	5.0%
Wellington Financial LP Fund III Bay Adelaide Centre 333 Bay St., Suite 1620 Toronto, ON M5H 2R2	Bridge fund targeting public and private companies in the technology, industrial products and biotechnology sectors.	10,400	Limited Partnership Units	6.9%	0.8%
		57	Class C General Partnership Units	100.0%	0.0%
Xceed Mortgage Corp. 18 King St. E., Suite 1700 Toronto, ON M5C 1C4	An innovative alternative finance company that provides mortgage solutions for people whose mortgage needs cannot be met by traditional lenders.	464,216	Common Shares	1.6%	1.2%

INVESTMENT RESTRICTIONS

Statutory Investment Restrictions Applicable to the Fund

The Fund is subject to investment restrictions contained in the Federal Tax Act and the Ontario Act. All of these restrictions apply to the investment of the proceeds raised from the sale of Class A Shares of the Fund in eligible businesses and reserves.

In general terms, an investment of the Fund is an eligible investment for both the Federal Tax Act and the Ontario Act if the investment is shares or a qualifying debt obligation of an eligible business. Eligible businesses generally are taxable Canadian public or private corporations or partnerships which are primarily engaged in eligible business activities and which (together with all related entities) have fewer than 500 employees and have less than \$50 million of total gross assets and which employ 50% or more of their full-time employees, earning at least 50% of the salaries and wages payable by them, in Ontario at the time of investment. Generally, the Federal Tax Act requires the Fund to have invested 60% of the Fund's shareholders' equity (subject to certain adjustments) in eligible business entities within certain time frames.

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, 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.

The Ontario Act permits the Fund to hold qualifying debt obligations of eligible businesses. If a debt obligation issued by an entity is secured, it can only be 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.

Other Statutory Investment Restrictions Applicable to the Fund

Under the Federal Tax Act, an eligible investment is, generally speaking, an investment in a Canadian partnership or taxable Canadian corporation where substantially all of the fair market value of that entity's assets is directly or indirectly attributable to assets used in an active business carried on in Canada where at least 50% of the full-time employees of the business are employed in Canada and at least 50% of the wages and salaries paid to employees of the business are reasonably attributable to services rendered in Canada. Under the Ontario Act, an eligible investment is generally an investment in a taxable Canadian corporation or partnership engaged in eligible business activities in Ontario and at least 50% of the full-time employees of the business are employed in Ontario and 50% of the wages paid by the business in Ontario at the time of the investment. Under the Federal Tax Act and the Ontario Act, the total number of employees of the eligible business (and all related businesses) must not exceed 500 and the total assets of that business (and all related businesses) must not exceed \$50 million at the time the investment is made. Under the Ontario Act, where there is a material change in a Portfolio Company following the investment by the Fund, such that it ceases to be an eligible investment, the investment in the Portfolio Company remains eligible for twenty four months thereafter, following which time the Portfolio Company will cease to be an eligible investment. Generally, under the Ontario Act, investments made by the Fund may not be used by a Portfolio Company to (among other things) carry on business or re-invest outside Canada or re-lend to another business. The purpose of such restrictions is to ensure that monies raised from investors are available to assist the growth of eligible businesses and thereby create employment in Canada and specifically in the provinces offering tax credits to investors resident in those provinces. However, the Minister of Revenue (Ontario) may upon application issue an order to allow some investment outside Canada that would ensure the viability of the Ontario business.

The Fund is prohibited under the Federal Tax Act and the Ontario Act from investing more than \$20 million of its shareholders' equity in any single entity (and related entities). Subject to the foregoing, a Fund may participate with other investors in larger investments. Under the Federal Tax Act, a Fund may not invest or maintain an investment in an eligible business if the eligible business does not deal at arm's length (within the meaning of the Federal Tax Act) with the Fund or any of the directors of the Fund unless (i) the non-arm's length relationship arises solely as a result of the Fund's investments in the eligible business, or (ii) the investment is approved by a special resolution of the shareholders of the Fund before the investment is made.

Compliance with Statutory Investment Restrictions

The Fund has been compliant in all material respects with the investment requirements as set out in the Federal Tax Act and the Ontario Act. See "Canadian Federal Income Tax Considerations" and "Ontario Income Tax Considerations".

Voluntary Investment Restrictions and Policies

In addition to the investment restrictions described above, the board of directors of the Fund, in consultation with VL Advisors will from time to time establish certain other investment policies which apply to the Fund. 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 invest in real estate development or income producing properties, unless it would be incidental to an investment in an eligible business.
- The Fund will not make loans except in the ordinary course of investing its funds.
- The Fund will not make short uncovered sales of securities or purchase securities on margin.
- The Fund will not act as an underwriter of securities.
- The Fund will not invest in the securities of investment companies or the securities of a mutual fund other than Community Small Business Investment Funds.
- Other than shares of the Fund, the Fund will not buy securities from or sell securities to the directors or officers of the Fund, VL Advisors unless it complies with applicable statutory investment restrictions and a third party invests in such securities at the same time and on the same financial terms.
- The Fund will not purchase 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 businesses in which it invests.
- The Fund will not invest in any transaction not recommended by VL Advisors.
- 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 or otherwise in accordance with the National Instrument 81-102.

Investment Policies

The Fund is not subject to certain securities law requirements applicable to ordinary mutual funds, and may, subject to the restrictions in the Ontario Act and the Federal Tax Act:

- Invest in securities which may require a Fund to make an additional contribution provided such investments are 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.
- Lend money to eligible businesses by investing in a qualifying debt obligation, as contemplated by the Federal Tax Act and the Ontario Act.
- Invest in more than 10% of the securities of any one issuer; however, the Fund is prohibited under the Ontario Act from making or maintaining an investment in an eligible business if the aggregate of all investments made by the Fund in the business and any related business exceeds \$20 million.
- Borrow up to an amount equal to 25% of the total assets of the Fund.
- Invest more than 10% of the net assets of a Fund in illiquid assets, as defined in National Instrument 81-102 of the Canadian Securities Administrators.

FEES AND EXPENSES

Remuneration of Executive Officers

The executive officers of the Fund will receive no direct compensation or benefits, in cash or otherwise, from the Fund. The services of the Chief Executive Officer and the Chief Financial Officer of the Fund are to be provided by VL Advisors under the Management Agreement at the expense of VL Advisors.

Remuneration of Directors

Directors of the Fund, other than directors who are members of the Sponsor or directors, officers or shareholders of VL Advisors, are entitled to receive a fee set by the board of directors from time to time, which fee is currently an annual fee of \$36,000. There are no additional fees payable to directors for attending meetings of the board of directors or of committees. Directors of the Fund who are members of the Sponsor or are directors, officers or shareholders of VL Advisors will receive no compensation for attendance at meetings. The directors of the Fund are entitled to be reimbursed for reasonable expenses incurred in attending meetings of the board of directors or any committee of the Fund.

Management and Investment Advisory Fees

VL Advisors is responsible for developing and implementing all aspects of the sales, marketing, distribution and communications strategies for the Fund and to manage the investment portfolio of the Fund. Duties include investigating investment opportunities, negotiating terms of purchase and sale of the investments in the Venture Portfolio and ongoing monitoring of the investment portfolio. VL Advisors retaining and supervising of service providers and to develop and refine the Fund's investment strategy.

As compensation for the services to be provided for and on behalf of the Fund by VL Advisors, the Fund has agreed to pay to VL Advisors, an annual fee of 3.25% of the net asset value of the Fund, which fee is notionally allocated as to 1.25% of net asset value for managerial services and 2.0% of net asset value for investment advisory services, plus an amount equal to two-thirds of the service fee payable to dealers in respect of the Class A Shares, Series I and Class A Shares, Series II and an amount equal to all of the service fees payable to the dealers in respect of the Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI, which fees shall be calculated and paid monthly in arrears.

For this fee VL Advisors shall perform the functions described in above and contained in the Management Agreement.

VL Advisors will be responsible for managing the relationships with registered dealers selling Class A Shares of the Fund and paying or arranging for the payment of a 10% or a 6% sales commission to dealers originating the sales of

the Class A Shares, Series III and Class A Shares, Series IV, respectively of the Fund. Such sales commission costs will not be charged to nor amortized by the Fund. See “Purchases of Securities”. VL Advisors has arranged for a third party to provide the financing for sales commissions for which the third party will be paid an annual Distribution Services Fee of up to 1.65% and 1.15% of the net asset value of the Class A Shares, Series III and Class A Shares, Series IV, respectively. The Distribution Services Fee is intended to reimburse the third party for financing and administrative costs incurred to fund the payment of the sales commissions. See “Purchases of Securities”.

Investment Advisory Fees

VL Advisors has been retained to manage the investment portfolio of the Fund.

Performance Bonus

The performance bonus plan (“**Performance Bonus Plan**”) attempts to structure a plan that contains the appropriate incentives, retains historical performance from predecessor funds and provides VL Advisors with a realistic prospect of receiving a bonus for strong performance in the future. The plan consists of four parts:

Part I-Historical VentureLink Financial Services Innovation Fund Inc. investments and new investments (“Continuing Plan”)

The performance fee for the Continuing Plan is based on performance from VentureLink Financial Services Innovation Fund Inc.’s eligible investment portfolio since inception and performance of any eligible investments made (new or follow-on) following the Effective Date. Investments of VentureLink Financial Services Innovation Fund Inc. since inception and investments following the Effective Date to be described as Continuing Plan Investments and the sum of Continuing Plan investments to be described as the Continuing Plan Portfolio.

VL Advisors will be entitled to a Performance Bonus based on realized gains and cumulative performance of the Continuing Plan Investments. Before any Performance Bonus is paid by the Fund on realization of a Continuing Plan Investment, the Continuing Plan Portfolio must have:

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

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the Continuing Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns to shareholders on the Continuing Plan Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part II-Existing investments of VentureLink Diversified Income Fund Inc. (the “DI Fund”)

The performance fee for the DI Fund plan (the “DI Fund Plan”) is based on the performance of the eligible investment portfolio of the DI Fund held as at the Effective Date. Eligible investments of the DI Fund as of the Effective Date to be described as the DI Fund Investments and the sum of DI Fund Investments to be described as the DI Fund Portfolio.

VL Advisors will be entitled to a Performance Bonus based on realized gains and cumulative performance of the DI Fund Investments. Before any Performance Bonus is paid by the Fund on realization of a DI Fund Investment, the DI Fund Portfolio must have:

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

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the DI Fund Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns on the DI Fund Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part III-Existing investments of the CSBIFs within VentureLink Balanced Fund Inc. (the “CSBIFs”)

The performance fee for the CSBIFs plan (the “CSBIFs Plan”) is based on the performance of the eligible investment portfolio of the CSBIFs held as at the Effective Date. Eligible investments of the CSBIFs as of the Effective Date to be described as the CSBIFs Investments and the sum of each CSBIF Investments to be described as a CSBIF Portfolio.

VL Advisors will be entitled to half of the Performance Bonus, with the other half payable to the sponsoring universities involved in sponsoring the CSBIF, based on realized gains and cumulative performance of the CSBIFs Investments. Before any Performance Bonus is paid by the Fund on realization of a CSBIF Investment, a CSBIF Portfolio must have:

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

The Fund will not pay the Performance Bonus on any partial disposition of an eligible investment of the CSBIFs Plan unless and until the Fund receives, from all dispositions of that investment on a cumulative basis, an amount equal to at least the full amount of the principal invested in the eligible investment.

Subject to all of the above, the Performance Bonus will be an amount equal to the lesser of (i) 20% of all income earned from the eligible investment, and (ii) the portion of that amount that does not reduce returns on a CSBIF Portfolio below a Cumulative Annualized Threshold Return of 6%.

Part IV -Existing investments of VentureLink Brighter Future Fund Inc. (the “BF Fund”)

The performance fee for the BF Fund plan (the “BF Fund Plan”) to be based on the performance of the eligible investment portfolio of the BF Fund held as at the Effective Date. Eligible investments of the BF Fund as of the Effective Date to be described as the BF Fund Investments and the sum of the BF Fund Investments to be described as the BF Fund Portfolio.

VL Advisors will be entitled to a Performance Bonus based on the realized gains and cumulative performance of the BF Fund Investments. The Performance Bonus will consist of two parts as follows:

The first part pays VL Advisors a 5% bonus on proceeds in excess of the fair value of an eligible investment as at July 31, 2006 plus the threshold rate of return. Before the 5% performance bonus is paid by the Fund on the realization of an eligible investment, the BF Fund Portfolio must have:

- (a) earned sufficient income to generate a rate of return on eligible investments in excess of a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since July 31, 2006;
- (b) earned income from the eligible investment which provides a cumulative investment return at an average annual rate in excess of 6% since July 31, 2006; and
- (c) fully recouped an amount equal to all principal invested in the eligible investment.

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

The second part pays VL Advisors a 10% performance bonus on proceeds over the original cost of the investment. Before the 10% performance bonus can be paid, the BF Fund Portfolio must have:

- (a) earned sufficient income to generate a rate of return on eligible investments in excess of original cost of the portfolio plus a cumulative annualized threshold return of 6% since July 31, 2006. The income on eligible investments includes realized and unrealized investment gains and losses earned and incurred since July 31, 2006; and
- (b) fully recouped an amount equal to all principal invested in the eligible investment.

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

The Effective Date for the Performance Bonus Plan is July 22, 2010.

Instead of paying a Performance Bonus as a fee, the Fund may allocate income equal to the Performance Bonus to the Class P Shares and declare dividends on the Class P Shares held by VL Advisors. The amount of the dividends would be equal to the Performance Bonus that otherwise would have been paid to VL Advisors as a fee. See “Fees and Expenses”.

Sponsorship Fee

The Sponsor has been retained to act as sponsor to the Fund for an annual fee of 0.25% of the net asset value of the Fund. The Sponsor holds all of the Class B Shares of the Fund. Pursuant to the Sponsor Agreement, the Sponsor has

agreed to elect one person to represent the Sponsor, three people nominated by VL Advisors and one joint nominee of the Sponsor and VL Advisors to the board of directors of the Fund. The fee to the Sponsor will be paid by the Fund monthly in arrears based on the net asset value of the Fund calculated as at the end of the preceding month. See the audited annual financial statements of the Fund for details of the fees paid to the Sponsor of the Fund for the two most recently completed financial years.

Administration and Operating Expenses

The Fund will pay all of its administrative expenses, including expenses relating to the provision of registrar, transfer agency, trustee, shareholder reporting and other shareholder administration services being provided to the Fund under the applicable Management Agreement, and all of its operating expenses including expenses relating to portfolio transactions, taxes, legal, audit, custodial and fund accounting fees, costs of qualifying the Class A Shares of the Fund for distribution, marketing, security realization, directors' fees, and borrowing costs. The Manager has arranged for fund accounting, custodial, trust accounting, transfer agent, shareholder communications and many other services to be provided by the Administrator on a 90 basis point, fixed basis. Certain of these services are outsourced by the Administrator and provided by RBC Dexia at no incremental cost to the Fund. The Fund will also pay all of the fees and expenses associated with the Independent Review Committee. See "Organizational and Management Details of the Fund - Independent Review Committee".

Businesses in which the Fund invests will generally be of a relatively small size in comparison with the investments made by most conventional mutual funds. The Fund will thus require a greater commitment to both initial analysis and to monitoring and support of on-going developmental activities, relative to the amount of capital invested, than is required by most mutual funds. Consequently, the operating expenses of the Fund are higher than those of many mutual funds and other pooled investment vehicles.

ANNUAL RETURNS AND MANAGEMENT EXPENSE RATIO

Management Expense Ratio

Performance and expense data for the Predecessor Funds forms part of the public record and can be accessed at www.sedar.com. The Fund was created by articles of amalgamation on September 10, 2010 under the CBCA as a result of the amalgamation of the Predecessor Funds. The amalgamation was a material change for the Fund and the Fund does not have performance data for one full financial year and, as a result, is not permitted to disclose performance data for the partial year ended December 31, 2010 or the six month period ended June 30, 2011. Expense data for VentureLink Financial Services Innovation Fund Inc., the Predecessor Fund deemed to be the acquiring fund, and for the Fund is set out below.

Management Expense Ratio: For a more detailed explanation of the management expense ratio, see "Operating Expenses". Reference is made to the audited financial statements and Management Report of Fund Performance of VentureLink Innovation Fund Inc. as at December 31, 2010 and of VentureLink Financial Services Innovation Fund Inc. as at December 31, 2009, 2008, 2007 and 2006 for the particulars of the management fees and all other fees, charges and expenses charged to VentureLink Innovation fund Inc. since its formation on September 10, 2010, and for prior periods charged to VentureLink Financial Services Innovation Fund Inc. The annualized management expense ratios ("MER") for the fiscal periods ended December 31, 2010, 2009, 2008, 2007 and 2006 are as set out below.

	2010	2009	2008	2007	2006
Class A Shares, Series III	7.2%	7.6%	7.8%	7.6%	10.4%
Class A Shares, Series IV	7.4%	7.6%	7.8%	7.6%	10.4%
Class A Shares, Series VI	6.9%	7.2%	1.4% (1)		

(1) No subscriptions for Class A Shares, Series VI were received until January 24, 2008

RISK FACTORS

The following may be considered as risk factors specifically pertaining to an investment in Class A Shares of the Fund.

Speculative Nature of Investment and No Guaranteed Rate of Return

The Class A Shares of the Fund are highly speculative in nature. There is no guarantee that an investment in Class A Shares will earn a specified rate of return or any return in the short or the long term. An investment in Class A Shares in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Availability of Suitable Investments

There is no assurance that sufficient suitable eligible investments with a connection to industries focused on by the Fund will be found to fulfill the investment objective of the Fund. The Fund may be required to invest in eligible businesses with limited or no connection to the industries on which it is focused in order to meeting the investment pacing requirements of the Federal Tax Act and the Ontario Act.

Nature of Portfolio Companies

The business of the Fund is to invest in small and medium-sized eligible businesses and reserves. Some of these businesses may fail. These investments may require a number of years in order to mature and generate the returns expected by the Fund and investors. A significant portion of the Fund's Venture Portfolio will be comprised of investments in private companies. These investments are more speculative and are likely to mature and generate returns at different times, which could create an irregular pattern in the net asset value of the Fund. In addition, losses on unsuccessful private company investments are often realized earlier than gains on successful private company investments are realized. An investment in Class A Shares of the Fund is appropriate only for investors who are prepared to hold their investment in the Fund for a long period of time. Investors should not expect to receive a cash dividend on the Class A Shares of the Fund in the foreseeable future.

Eligible investments will be of a relatively small size and in companies in an early stage of development in comparison with the investments made by most publicly offered mutual funds. The Fund will thus require a greater commitment to both initial analysis and to monitoring and support of on-going developmental activities, relative to the amount of capital invested, than is required by most mutual funds. Consequently, the operating expenses of the Fund will be higher than those of many mutual funds and other pooled investment vehicles.

Dependence on Managers of Portfolio Companies

Many of the companies in which the Fund invests are heavily dependent upon key managers of the business. There can be no assurance that the management teams of Portfolio Companies will remain intact during the period of time that the Fund has invested in the Portfolio Company. The departure of a member of any of the management teams may, in certain circumstances, have a material adverse effect on the value of the investment.

Mutual Fund Rules

Although the Fund is a mutual fund, many of the rules normally applicable to mutual funds under relevant securities legislation and policies are not applicable to the Fund as a labour sponsored investment fund. In particular, rules directed at ensuring liquidity and diversification of investments and certain other investment restrictions and practices normally applicable to mutual funds operating in Canada do not apply. The Fund may take positions in businesses which represent a larger percentage of the equity than a mutual fund would be permitted to take, and this may increase the risk per investment.

Management

Investors will be relying upon the business judgment, expertise and integrity of VL Advisors, the board of directors and the Audit and Valuation Committee of the Fund. The ability of VL Advisors to continue to successfully manage the Fund is dependent upon the availability of employees with suitable skills. There is no guarantee that the principals of VL Advisors and parties and persons retained by VL Advisors will be available throughout the life of the Fund.

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

Conflicts of Interest

The services of VL Advisors are currently principally committed to the Fund and the Portfolio Companies of the Fund however the directors and officers of VL Advisors may provide similar services and devote a portion of their time to other investments, directorships and offices. The other activities of the directors and officers of VL Advisors and parties and persons retained by VL Advisors and its affiliates may result in certain conflicts of interest. The arrangements between the Fund and VL Advisors to address conflicts of interest outlined under the sections outlining same may not preclude the existence of a conflict of interest in certain circumstances. See “Organization and Management Details of the Fund – Conflicts of Interest in Respect of VL Advisors” and “Organization and Management Details of the Fund – Conflicts of Interest in Respect of VL Advisors”.

External Factors

The net asset value of the Class A Shares of the Fund is based on the value of the reserves and the investments in the Fund’s Venture Portfolio. As a result, the value of the Class A Shares will increase or decrease with the value of such investments and the performance of the FinServ Linked Notes and other reserves.

The value of the investments will fluctuate with general economic conditions including the level of interest rates, corporate earnings, economic activity, the value of the Canadian dollar and other factors. The risks associated with such fluctuations may be amplified for investors as emerging businesses are often affected by external events to a greater degree than larger, more established businesses.

The return realized by the Fund on the disposition of its securities in Portfolio Companies will be affected by the investment climate generally and the market for securities owned by the Fund at the time the Fund divests of its holdings.

Valuations

The Fund will sell and redeem Class A Shares at the net asset value per applicable series of Class A Shares of the Fund being sold or redeemed. These values are determined daily and are based on the historic carrying cost or estimates of the fair value of the assets of the Fund and may not reflect either the true fair value or the amounts for which they can actually be sold. The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments. This valuation process is subjective to a degree and, to the extent that these valuations are inaccurate, investors may gain a benefit or suffer a loss, depending on the time an investor bought and redeemed his/her Class A Shares and the time during which such inaccuracy existed.

Redemptions

In any financial year, the Fund will not be required to redeem Class A Shares having an aggregate redemption value exceeding 20% of the net asset value of the Fund as of the last day of the preceding financial year and may suspend redemptions for substantial periods of time in certain circumstances. Where a redemption request is not honoured in one year, it will be made as of the first day of the next financial year of the Fund subject to the 20% limit referred to above. Although the Fund will endeavour to maintain at all times sufficient liquid assets to honour redemption requests up to such 20% limit, it cannot guarantee that it will be able to honour all redemptions requests on the day they are made.

Lack of Liquidity

No market exists at present through which the Class A Shares may be sold and none is expected to develop. Shareholders of the Fund will likely be unable to dispose of Class A Shares other than through the redemption of their shares by the Fund.

There are restrictions on redemption of each of the different Class A Shares of the Fund. Except in very limited circumstances, no Class A Shares of the Fund may be redeemed before the expiration of at least eight years from the date on which such shares were issued without the shareholder having to repay tax credits received on subscription and incurring redemption fees. The Fund may limit aggregate redemptions of Class A Shares to 20% of the net asset value of such Class A Shares. Accordingly, investors may not be able to redeem their Class A Shares on demand. Consequently, holders of Class A Shares may not be able to sell or redeem their shares and such shares may not be accepted as collateral for loans.

Non Cash Distributions

Individuals holding Class A Shares of the Fund directly (not in a trust governed by an RRSP, RRIF or a TFSA) may be liable for the payment of tax upon the deemed receipt by the holder of a dividend resulting from an increase in the stated capital of the Class A Shares even though the holder does not receive an actual distribution from the Fund with which to pay such tax.

Penalty Taxes and Revocation of Registration

If the Fund does not comply with the investment requirements of the Federal Tax Act or the Ontario Act it will be subject to penalty taxes, other penalties and possible revocation of registration under such acts. See “Canadian Federal Income Tax Considerations – Federal Penalty Taxes Potentially Applicable to the Fund” and “Ontario Income Tax Considerations – Ontario Penalty Taxes Potentially Applicable to the Fund”. The investment performance of the Fund may be adversely affected if the Fund becomes subject to such special taxes and penalties.

Legislative Changes

The tax attributes of an investment in Class A Shares of the Fund and various investment restrictions placed on the Fund have been altered frequently. Changes to federal or provincial legislation, rules or practices, if unfavourable, could impair the investment performance of the Fund.

The reduction of Ontario provincial tax credits for the 2011 taxation year and the elimination of the Ontario tax credit for the 2012 and subsequent taxation years is likely to materially reduce future sales of Class A Shares of the Fund. The availability of funds for investment by the Fund in the future would be reduced and the liquidity of the Fund may be adversely impacted.

Possible Fund Termination

Labour sponsored investment funds operating in Ontario have suffered a reduction in proceeds raised for the last few years as a result of the legislative changes causing a reduction in the Ontario tax credits available on new subscriptions. In the absence of further legislative changes, it is probable that the Fund will suffer net redemptions and will be required to liquidate the portfolio and wind up the Fund in the medium term to manage these redemption requests. There is a risk that the Fund will not be able to honour all redemption requests in a timely manner. There is also a risk that the Fund will suffer losses upon the disposition of investments if the Fund is required to divest of portfolio investments more quickly than it would if the Fund was not being wound up in order to manage redemption requests.

Follow-on Financings

Portfolio Companies may require additional financing following the investments made by the Fund in order to fully implement their business strategies. If the Fund is unable to raise additional capital after it has met the investment

pricing requirements applicable to the Fund, it may be reliant upon third parties to provide such financing in order to realize the full potential of investments in Portfolio Companies. The terms of that third party financing might not be favourable to the Fund's investments. The ability of the Fund to raise additional capital is dependent upon a number of factors including the state of the capital markets and legislative changes to the labour sponsored investment fund program.

Foreign Exchange Risk

The Fund may enter into foreign exchange transactions for the purpose of settling transactions done in currencies other than Canadian dollars, primarily United States dollars and therefore may be exposed to fluctuations in foreign exchange rates from time to time. Foreign exchange gains or losses will be taken into account in computing the Fund's income for tax purposes.

DISTRIBUTION POLICY

Dividends

The board of directors of the Fund may declare dividends from time to time out of monies legally available for the payment of dividends as it deems advisable. If a cash dividend is paid to a shareholder who owns Class A Shares in a registered plan, the dividend will be used to purchase units of CI Money Market Fund on the shareholder's behalf. The prospectus of CI Money Market Fund can be obtained from the shareholder's financial advisor or from www.ci.com.

To the extent necessary to minimize its tax liabilities, the Fund may increase the stated capital of its outstanding Class A Shares periodically to maximize refunds available to it in respect of taxes payable on net realized capital gains and on net investment income. In circumstances where the Fund elects to do this, the Fund will be deemed to have paid, for tax purposes, a dividend on its then issued and outstanding Class A Shares of the Fund equal to the amount added to the stated capital of the respective Series of Class A Shares of the Fund. Each holder of a Class A Share will be deemed to have received a dividend equal to the holder's proportionate share thereof even though the holder may not receive a cash distribution from the Fund. See "Canadian Federal Income Tax Considerations – Status of the Investment Fund" and "Canadian Federal Income Tax Considerations - Taxation of Securityholders – Tax Implications of the Investment Fund's Distribution Policy".

PURCHASES OF SECURITIES

The Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI of the Fund may be issued to individuals ordinarily resident in Ontario and to qualifying trusts governed by RRSPs. In order to subscribe for Class A Shares of the Fund, prospective investors must cause the total amount of the subscription price to be delivered to a properly registered dealer. The minimum initial subscription for the Class A Shares of the Fund is \$500. All subsequent subscriptions for Class A Shares of the Fund must be in increments of \$50.

Subscriptions must be received by the Fund prior to 4 p.m. (Eastern time) in order to be priced at the net asset value per applicable series of Class A Shares for that day. Subscriptions received after that time will be priced at the net asset value per applicable series of Class A Shares for the following business day. Pending the issuance of Class A Shares, the amount of the subscription price accompanying subscriptions will be held in a manner permitted by securities legislation. Interest earned on those funds will accrue for the account of the Fund. See "Calculation of Net Asset Value".

There is no direct sales charge to investors on the purchase of Class A Shares. The full amount of the purchase price paid by investors (excluding any interest earned) will be used to purchase Class A Shares of the Fund. Share certificates will not be provided unless requested by investors. Requests for share certificates must be accompanied by payment of the share certificate fee of \$10 plus HST.

All subscriptions for Class A Shares are subject to acceptance or rejection in whole or in part by the Fund and the right is reserved to reject any subscription. The Fund will not accept a purchase order placed directly by an investor.

The decision to accept or reject any subscription for each Class A Share will be made promptly and in any event prior to the end of the business day following receipt of the subscription by the Fund. In the event that a subscription for a Class A Share of the Fund is rejected, all money received with the subscription will be returned immediately to the applicant.

Investors may arrange to purchase or transfer Class A Shares of the Fund through their own or their spouse's or common-law partner's self-directed RRSP. In addition, the Fund has made arrangements with the Trustee pursuant to which investors may establish an RRSP with the Trustee and have the investor's Class A Shares automatically transferred to the investor's plan. See "Canadian Federal Income: Tax Considerations – Transfer of Class A Shares to an RRSP". Investors may take advantage of these arrangements by completing a declaration of trust supplied by the Trustee in addition to the subscription form. VL Advisors has arranged with the Trustee to not charge investors an annual RRSP administration fee payable to the Trustee for RRSPs established with it. However, VL Advisors reserves the right to charge an annual fee to the investors for the Trustee services at the sole discretion of VL Advisors.

Sales Commissions

VL Advisors has arranged for a third party to pay to the dealer originating the sales of the Fund's Class A Shares, Series III, a total commission of 10%. The commission will consist of a 6% sales commission plus an additional 4% commission of the original selling price of Class A Shares, Series III subscribed for pursuant to subscriptions procured by them and accepted by the Fund. The 4% commission is in lieu of any service fees payable before the eighth anniversary of the date of issue of the shares. The Fund will, at the direction of VL Advisors, pay to that third party an annual Distribution Services Fee in respect of distribution related services of up to 1.65% of the original Class A Share, Series III issue price sold by the Fund. After a period of eight years, VL Advisors will pay a service fee to registered dealers equal to 0.50% annually of the net asset value of the Class A Shares, Series III held by clients of the sales representatives of the dealers.

The third party will pay to the dealer originating the sales of the Fund's Class A Shares, Series IV, a sales commission of 6% of the selling price for each Class A Shares, Series IV subscribed for pursuant to subscriptions procured by them and accepted by the Fund. The Fund will, at the direction of VL Advisors, pay to that third party an annual Distribution Services Fee in respect of distribution related services of up to 1.15% of the original Class A Share, Series IV issue price sold by the Fund.

No sales commissions will be paid to registered dealers selling Class A Shares Series VI of the Fund.

The Distribution Services Fee is intended to reimburse the third party for financing and administrative costs incurred to fund the payment of the sales commissions.

Since the commissions payable for the Class A Shares, Series III and for the Class A Shares, Series IV of the Fund are paid by the third party financier, they are not reflected in the financial statements of the Fund as a part of VL Advisors' compensation. Rather, an annual Distribution Services Fee is payable to the third party and recorded by the Fund.

Additional Dealer Compensation

Class A Shares, Series III of the Fund: No service fees will be paid to sales representatives for a period of eight years from the date of issue of Class A Shares, Series III of the Fund since an additional commission will be paid in lieu of service fees. After eight years VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 0.50% annually of the net asset value of the Class A Shares, Series III of the Fund held by the clients of the sales representatives of the dealers.

Class A Shares, Series IV of the Fund: VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 0.50% annually of the net asset value of the Class A Shares, Series IV of the Fund held by the clients of the sales representatives of the dealers.

Class A Shares, Series VI of the Fund: VL Advisors will pay to dealers, out of its fee, a service fee (calculated and paid at the end of each calendar quarter) equal to 1.25% annually of the net asset value of the Class A Shares, Series VI of the Fund held by the clients of the sales representatives of the dealers.

The service fees are intended to compensate dealers for the expenses incurred by them in communicating on an ongoing basis with their clients who are also shareholders of the Fund as to investments made by the Fund, the investment strategies and investment performance of the Fund. In addition, the service fees are paid to support the effective distribution of Class A Shares of the Fund by such dealers. As and when deemed appropriate, the Fund may reimburse dealers for a portion of the dealer's cost of producing and distributing sales communications and hosting seminars designed to provide investors with investment information, subject to compliance with applicable law.

The Fund may enter into co-operative marketing programs with certain dealers providing for the reimbursement by the Fund of certain expenses incurred by those dealers in promoting sales of Class A Shares.

REDEMPTION OF SECURITIES

Redemption/Redemption Price

Subject to redemption restrictions and the withholding of any amount required to be withheld and the deduction of the redemption fees (each as described below), Class A Shares of the Fund will be redeemed at the net asset value per applicable series of Class A Shares as at the close of business on the day on which the Fund receives the request or on the following business day if received after 4 p.m. (Eastern time).

A holder of Class A Shares may, subject to limited exceptions, require the Fund to redeem Class A Shares at the net asset value per Class A Share, as applicable.

Except for redemptions specifically permitted under the Federal Tax Act and the Ontario Act, Class A Shares may generally only be redeemed prior to eight years from the date of issue if a percentage (based generally on the applicable Ontario tax credit percentage at the time of the original purchase) of (i) the original issue price or the redemption price, whichever is less, is withheld and paid to the Minister of Revenue (Ontario); and if an amount equal to the lesser of the federal tax credit on such shares and the redemption price (less the repayment of the Ontario tax credit) is withheld from the redemption proceeds and paid to the Receiver General for Canada. Circumstances under which Class A Shares may be redeemed during the eight year period after their issue without penalty, except as referred to under "Redemption Fee", include, in general, if: (i) the holder is the "specified individual" as defined in the Federal Tax Act in respect of the Class A shares and has requested the Fund to redeem the Class A Shares and the Information Return and Tax Credit Certificate issued to the holder in respect of such Class A Shares, (ii) the Shares have been returned to the Fund; (iii) the shares have devolved on the individual requesting redemption as a consequence of the death of a holder of the shares, or an annuitant under a RRSP, RRIF or TFSA; (or (iv) the Fund is informed in writing that "specified individual" in respect of the Class A Shares has become disabled and permanently unfit for work or is terminally ill; or (v) there is no "specified individual" in respect of the shares; or (vi) if the Fund publicly announces that it proposes to dissolve or wind up, and if the redemption, acquisition or cancellation of the Class A Shares is part of the dissolution or wind-up of the Fund and occurs within a reasonable period of time before the Fund surrenders its registration.

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 Share issued in February or March, that is redeemed in February or on March 1, is deemed to be redeemed on March 31. Under the Federal Tax Act if a Class A Share is redeemed in February or on March 1 of a calendar year and that day is no more than 31 days before the day that is eight years after the day on which the Class A Share was issued, the redemption is without penalty. See "Calculation of Net Asset Value".

Redemption Fee

Class A Shares, Series III: Holders of Class A Shares, Series III who request that the Fund redeem shares before the eighth anniversary of their date of issue will be charged a redemption fee payable to the third party that financed the Sales Commission of up to 10% of the original issue price calculated as 1.25% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. After the eighth anniversary of the date of issue there is no redemption fee. See “Attributes of the Securities Distributed”.

Class A Shares, Series IV: Holders of Class A Shares, Series IV who request that the Fund redeem shares before the eighth anniversary of their date of issue will be charged a redemption fee payable to the third party that financed the Sales Commission of up to 6% of the original issue price 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. After the eighth anniversary of the date of issue there is no redemption fee. See “Attributes of the Securities Distributed”.

Class A Shares, Series VI: Holders of Class A Shares, Series VI who request that the Fund redeem their shares before or after the eighth anniversary of their date of issue will not be charged a redemption fee. See “Attributes of the Securities Distributed”.

Short-term Trading

The Fund is invested in private companies whose valuations move unpredictably. Short-term investors expose themselves to unpredictable price volatility. Short-term investors’ investment in the Fund would otherwise reduce the impact on price changes on other, long-term investors in the Fund of those valuation moves. Eligible purchases of the Fund receive tax credits from the Federal and Ontario government, which are clawed back by the respective provider of the credit for those parties that buy the Fund for short-term trading purposes. The Fund does charge redemption fees on Class A Shares, Series III and Class A Shares, Series IV that would equal 10% and 6% of the purchase price of the two series respectively, if a person were to conduct short-term trading of the Fund. The combination of the unpredictable price volatility risk, the redemption fees and the government clawbacks are deemed ample incentive to not conduct short-term trades in the Fund, and therefore the Fund does not impose any other restrictions or efforts at restrictions on short-term trading. The Fund has not arranged for any person or company to conduct or permit short-term trades in the Fund.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

In the opinion of Gowling Lafleur Henderson LLP, counsel to the Fund, the following summary presents fairly the principal Canadian federal income tax considerations generally applicable to prospective purchasers of Class A Shares pursuant to this prospectus who, for the purposes of the Federal Tax Act, are individuals (other than trusts that are not qualifying trusts) resident in Canada, hold their Class A Shares as capital property and deal at arm’s length with the Fund. Generally, Class A Shares 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 assumes that at the time the Class A Shares are purchased, and at all relevant times thereafter, the Fund is registered as a labour sponsored investment fund corporation under the Ontario Act and is registered as a labour-sponsored venture capital corporation under the Federal Tax Act.

This summary is based on the current provisions of the Federal Tax Act and the regulations under the Federal Tax Act, proposals for amendments to such legislation and regulations that have been publicly announced, and counsel’s understanding of the current administrative policies and practices of the CRA publicly available as of the date hereof. This summary does not otherwise take into account or anticipate any changes in law whether by judicial, governmental or legislative action.

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 purchaser. Therefore, prospective purchasers should consult their own tax advisors with respect to their individual circumstances.

Federal Tax Credit Available to First Purchasers

An individual who is the original purchaser of a Class A Share issued under this prospectus is entitled to a Tax Credit in respect of that original acquisition of the Class A Share. An individual is also eligible for the Tax Credit if the original purchaser of the Class A Shares is a qualifying trust for the individual.

Pursuant to the Federal Tax Act, the Tax Credit will be 15% of the net cost of the Class A Shares to the individual (or to the qualifying trust for the individual) up to a maximum net cost of \$5,000. Generally, the net cost of a Class A Share is the consideration paid on the subscription for the Class A Share less the amount of any assistance provided by a government, municipality or public authority in respect of the acquisition of the Class A Share, other than a tax credit (including the Tax Credit or any provincial tax credit). The annual aggregate maximum Tax Credit for an individual in respect of purchases of Class A Shares and shares of other registered labour-sponsored venture capital corporations is \$750.

The Tax Credit may be deducted only from the individual's tax payable under the Federal Tax Act and only in respect of the calendar year in which the Class A Share is acquired, or subscribed and paid for, unless the Class A Share is acquired, or subscribed and paid for, in the first 60 days of the following calendar year in which case the Tax Credit may, at the individual's option, be deducted from the tax payable under the Federal Tax Act in respect of the preceding calendar year.

The Tax Credit is not transferable by the individual and is not refundable to the extent it exceeds the individual's tax otherwise payable.

In order to claim a Tax Credit, the individual must file with his or her tax return the Information Return issued to him or her by the Fund in respect of the acquisition of the Class A Shares.

Transfer of Class A Shares to an RRSP

Subject to the qualifications discussed above under the heading "Eligibility for Investment", a Class A Share will be a qualified investment for an RRSP. An individual who is the original purchaser of a Class A Share may transfer, for no consideration, the Class A Share to an RRSP under which the individual, or his or her spouse or common-law partner is the annuitant. The individual who makes such transfer will be entitled to treat an amount equal to the fair market value of the Class A Share at the time of the transfer as a contribution in kind to the RRSP and will be deemed to have disposed of the Class A Shares for proceeds of disposition equal to such fair market value. The contribution will be deductible in computing the individual's income in accordance with the provisions of the Federal Tax Act which place limits on the annual amount of deductible RRSP contributions. This deduction is in addition to the Tax Credit available against tax otherwise payable. The determination of the fair market value of a Class A Share at any particular time is a factual matter.

On the transfer of a Class A Share to an RRSP, the holder of the Class A Share may realize a capital gain if the fair market value of the Class A Share exceeds the holder's adjusted cost base of the Class A Share capital loss arising on the transfer of a Class A Share to an RRSP will generally be denied. See "Taxation of Securityholders - Disposition of Class A Shares". 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. Certain transfers of Class A Shares to RRIFs are permitted without having to comply with the general restrictions on the transfer of Class A Shares. 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 original holder of the Class A Share may realize a capital gain but any capital loss is denied. See "Taxation of Securityholders -

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.

Transfer of Class A Shares to a TFSA

Subject to the qualifications discussed above under the heading “Eligibility for Investment” a Class A Share will be a qualified investment for a TFSA. A TFSA is permitted to directly subscribe for Class A Shares. A transfer of Class A Shares by the holder to a TFSA of the holder that purchases the shares for valuable consideration is generally permitted up to the contribution limit of the TFSA. The contribution limit for 2011 is \$5,000. Unused contribution room for prior years may be carried forward. On such a sale of Class A Shares to a TFSA, the holder may realize a capital gain but any capital loss is denied. See “Taxation of Security holders – Disposition of Class A Shares”. No deduction is available in respect of that sale or other transfer of a Class A Shares by a holder to a TFSA.

The Federal Tax Act contains certain punitive rules to address the use of TFSAs in certain tax planning arrangements. There are proposed amendments that expand these rules to apply to RRSPs and RRIFs. Potential investors who propose to hold their Class A Shares through a TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular situation.

Status of the Investment Fund

The taxation year of the Fund ends on December 31 of each year. As a registered labour-sponsored venture capital corporation, the Fund will be a “mutual fund corporation” for the purposes of the Federal Tax Act. The Fund is required to compute its net income and net realized gains and losses in Canadian dollars for purposes of the Federal Tax Act and may, as a consequence realize foreign exchange gains or losses that will be taken into account in computing its income for tax purposes.

The Fund has elected, 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 of 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 year may generally be carried back three years and carried forward indefinitely for deduction against 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 which it elects to be treated as Capital Gains Dividends.

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.

Interest and other investment income (other than taxable capital gains and dividends in respect of shares of taxable Canadian corporations) will be included, net of reasonable expenses, in calculating the Fund’s income subject to normal corporate tax rates applicable to mutual fund corporations. The Fund will be subject to an additional refundable tax equal to 6 2/3% of such investment income. The Fund will be eligible for a refund of a portion of the

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.

If a Performance Bonus is paid by the Fund as a fee to VL Advisors, the Fund would generally be entitled to deduct the fee in computing its net income for tax purposes. If instead of paying a Performance Bonus as a fee the Fund declares and pays dividends on the Class P Shares held by VL Advisors, the Fund will not be able to deduct the amount of such dividends in computing its income. Accordingly, the Fund may have income on which it is liable for taxes, which might not have been the case if the Fund had paid and deducted the Performance Bonus as a fee. The Fund will not be liable for such taxes if: (i) the Fund has other deductible expenditures or non-capital loss carry forwards that are sufficient to offset the taxable income of the Fund; or (ii) the Fund is able to obtain a refund of such taxes by deeming taxable dividends or capital gains dividends to be paid to holders of the Class A Shares.

Taxation of Securityholders

Tax Implications of the Investment Fund's Distribution Policy

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. Taxable dividends (other than Capital Gains Dividends) may be designated by the Fund as "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 able to designate any 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 does not have sufficient non-capital loss carry forwards to offset any taxable income of the Fund, the Fund may increase the stated capital of the Class A Shares resulting in a deemed dividend on its then issued and outstanding Class A Shares, in order to maximize the refunds of tax available to it in respect of taxes payable on net capital gains and, if available to it, refunds of taxes payable on net investment income.

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) the Fund 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 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 any cash distribution from the Fund.

If Class A Shares of a Series are purchased just before a dividend is paid, or is deemed to have been paid, on that Series of Class A Shares, the holder will be taxed on the holder's share of the dividend. Therefore, the holder may be paying tax on income and capital gains realized by the Fund before the Class A Shares were purchased.

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 for that share. 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 held by 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 Class A Shares of the holder will be increased by the amount of any dividend or Capital Gains Dividend received or deemed to have been received by the holder as a result of an increase in the stated capital of the respective Series of Class A Shares as described above under “Tax Implications of the Investment Fund’s Distribution Policy”. The adjusted cost base of a Class A Share will not be reduced by the Tax Credit or by any applicable Ontario tax 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 Tax Credit and the applicable Ontario tax 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 tax 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 a TFSA of the holder or 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 against 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 Tax 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 Tax Credit and the Ontario tax credit (discussed below) received on the purchase of such Class A Shares.

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 Revenue (Ontario) as a return of the Tax Credit or the Ontario tax credit, as the case may be, exceed the adjusted cost base of the Class A Share to the holder.

Alternative Minimum Tax

Taxable dividends (without application of the dividend gross-up) and Capital Gains Dividends received, or deemed to be received, from the Fund and capital gains realized on the disposition of Class A Shares may increase a holder’s liability for alternative minimum tax. The Tax Credit may not be applied to reduce a holder’s liability for alternative minimum tax.

Taxation of Registered Plans and TFSAs

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

A Plan or TFSA will not be liable to tax under the Federal Tax Act in respect of taxable dividends or Capital Gains Dividends received, or deemed to be received, by the Plan or TFSA, or capital gains realized on the disposition of Class A Shares. The alternative minimum tax does not apply to Plans or TFSAs

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. Withdrawals from a TFSA are not subject to tax.

Federal Penalty Taxes Potentially Applicable to the Fund

The Fund will be subject to a federal penalty tax if it fails to comply with the investment requirements of the Federal Tax Act applicable to registered labour-sponsored venture capital corporations. The Fund may be entitled to a rebate of such tax if it is able to demonstrate subsequent compliance with the investment requirements in the Federal Tax Act.

If the Fund were to issue an Information Return in respect of a Class A Share: (i) when it was a revoked corporation under the Federal Tax Act; or (ii) the Class A Share is not issued within 180 days of the issuance of the Information Return, the Fund would be liable to pay a penalty equal to the subscription price of the Class A Share.

Revocation of Registration under the Federal Tax Act

The Minister of National Revenue may revoke the Fund's registration as a labour-sponsored venture capital corporation if:

- its Articles do not comply with the requirements of the Federal Tax Act relating to, among other things, business, authorized share capital, reductions in paid-up capital and redemptions and transfers of Class A Shares;
- it does not comply with the restrictions in its Articles;
- it does not file the proper forms and returns and pay any special taxes or penalties required of it under the Federal Tax Act;
- it does not issue the proper Information Returns to purchasers of Class A Shares or issues more than one Information return in respect of the same acquisition of, or subscription for, a Class A Share;
- its financial statements are not prepared in accordance with generally accepted accounting principles;
- it does not prepare in a timely way proper valuations of its Class A Shares;
- it has provided a guarantee of a debt and has failed to maintain the reserve in respect of the guarantee required of it under the Federal Tax Act;
- it has paid a fee or commission in excess of a reasonable amount in respect of the offering for sale of its shares; or
- it has a monthly deficiency in 18 or more months in any 36-month period.

The Minister of National Revenue must give 30 days' notice to a Fund of any proposal to revoke its registration. The Fund will have an opportunity to correct any default and to appeal any revocation of its registration.

Revocation of a Fund's registration under the Federal Tax Act could, in certain circumstances, result in the Fund being liable to pay a penalty tax based on the number of years (up to eight) that the Class A Shares of the Fund were outstanding.

ONTARIO INCOME TAX CONSIDERATIONS

Introduction

In the opinion of Gowling Lafleur Henderson LLP, counsel to the Fund, the following summary presents fairly the principal Ontario income tax considerations generally applicable to prospective purchasers of Class A Shares pursuant to this prospectus who, for the purposes of the relevant provincial income tax legislation, 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 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. This summary assumes that, at the time the Class A Shares are purchased and at all relevant times thereafter, the Fund is registered as a labour sponsored investment fund under the Ontario Act and is registered as a labour-sponsored venture capital corporation under the Federal Tax Act.

This summary is based on the current provisions of the Ontario Tax Act and counsel's understanding of the current administrative and assessing practices published by the Ontario Ministry of Finance. This summary does not take into account or anticipate any other changes in law, whether by judicial, governmental or legislative act other than as set out herein.

This summary is of a general nature only and is not exhaustive of all possible 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

For the purposes of provincial corporate income tax, the Fund's aggregate income will be attributed to, and taxable in, those provinces in which it is earned. Notwithstanding the foregoing, none of the income of the Fund will be subject to tax in a particular province unless the Fund carries on business in such province through a permanent establishment as defined in the provincial corporate tax statute applicable to the particular province. 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 will generally parallel the taxation of the Fund under the Federal Tax Act.

Ontario Taxation of Class A Shareholders

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 at rates that are specified percentages of the individual's taxable income. Taxable income of an individual for the purposes 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. An enhanced dividend tax credit is applicable under the Ontario Tax Act for dividends eligible for the federal enhanced gross-up and tax credit. The ordinary dividend tax credit applies to other taxable dividends.

The Ontario alternative minimum tax is calculated as a percentage of the federal alternative minimum tax.

Ontario Tax Credits Available to First Purchasers

An individual who is resident in Ontario and (i) has subscribed and paid for Class A Shares issued under this prospectus or (ii) is the annuitant of a qualifying trust that has subscribed and paid for Class A Shares as the original purchaser in 2011 (or in the first 60 days of 2012), will be eligible for an Ontario tax credit against Ontario tax payable under the Ontario Act. The annual aggregate maximum credit against such Ontario tax in respect of purchases of shares of labour sponsored investment fund corporations, for the 2011 taxation year is 5% of the equity capital received by the Fund from the individual (or a qualifying trust for the individual) on the issuance of the Class A Shares, up to \$375. The maximum of \$375 (based on a \$7,500 investment) is in respect of the individual's aggregate purchases of Class A Shares of the Fund and any other shares issued by labour sponsored investment fund corporations.

An individual who subscribes and pays for Class A Shares after December 31, 2011 but before February 29, 2012 (the last day on which Class A Shares may be acquired by an eligible investor to claim federal and provincial tax

credits in respect of Class A Shares for 2011) may elect to have the Ontario tax credit (and federal tax credit) apply in respect of the 2011 taxation year instead of the 2012 taxation year and benefit from the 5% Ontario tax credit for the 2011 taxation year. The Ontario tax credit will be eliminated for the 2012 and subsequent taxation years. The Ontario Tax Credit may not be applied to reduce the individual's minimum tax liability under the *Ontario Tax Act*, if any.

The Ontario tax credit is not transferable by the original holder of the Class A Shares and is not refundable to the extent that it exceeds the original holder's tax otherwise payable. In order to claim the Ontario tax credit, the individual must file the Tax Credit Certificate issued under the Ontario Tax Act with his or her tax return. The Ontario tax credit may be deducted from the individual's tax payable only in respect of the calendar year in which the Class A Shares are paid for, unless the Class A Shares are paid for in the first 60 days of the calendar year, in which case the Ontario tax credit may, at the individual's option, be deducted from the tax payable in the preceding calendar year.

Ontario Tax on Redemption of Class A Shares

Under the Ontario Act on a redemption of Class A Shares purchased under this prospectus prior to February 29, 2012, the holder of the Class A Shares is liable to pay a tax calculated at the rate of 5% of the lesser of (i) the amount received by the Fund on the issue of the Class A Share; or (ii) 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 in the limited circumstances described above. See "Redemption of Securities".

Under the Ontario Act, the Fund is required to withhold and remit to the Minister of Finance (Ontario) any 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 businesses (minimum and maximum eligible investment requirements). For a summary of those investment requirements see "Investment Restrictions - Statutory Investment Restrictions Applicable to the Fund". If the Fund is not in compliance with the minimum eligible investment requirements, the Minister of Revenue (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 Revenue (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:

- 15% of the amount of the Fund's equity capital 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
- 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 Revenue (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 Revenue (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 Revenue (Ontario) may revoke the registration of the Fund under the Ontario Act for certain reasons including if the Fund:

- does not comply with the restrictions imposed by its Articles;
- fails to maintain the required level of eligible investments; or
- 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.

The Minister of Revenue (Ontario) must give notice to the Fund of any proposal, together with written reasons to revoke the Fund's registration. The Fund will have the opportunity, within 60 days of the notice of proposal, to correct any default and to appeal any revocation of its registration. Investments in Class A Shares made after the revocation of the Fund's Ontario registration will not entitle purchasers to receive Ontario tax credits.

If the Ontario registration of the Fund is revoked, the Fund must pay to the Minister of Revenue (Ontario) an amount equal to 15% of the equity value received by the Fund in respect of all Class A Shares that were then outstanding less than eight years and were issued on or before March 1, 2010; 10% of the equity value received by the Fund in respect of all Class A Shares then outstanding less than eight years and issued after March 1, 2010 and on or before March 1, 2011; and 5% of the equity value received by the Fund in respect of Class A Shares that were then outstanding less than eight years and after March 1, 2011 and on or before February 29, 2012. 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.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FUND

Officers and Directors of the Fund

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	Director Since⁽³⁾	Class A Shares Owned or Controlled
Robert B. Falconer ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	Retired	December 18, 2003	Nil

Name and Municipality of Residence	Position with the Fund	Principal Occupation	Director Since ⁽³⁾	Class A Shares Owned or Controlled
Christopher M. Hopper ⁽¹⁾⁽²⁾ Toronto, Ontario	Director	President and Chief Executive Officer, KLQ Mechanical Limited	December 18, 2003	Nil
Geoffrey D. Horton Toronto, Ontario	Chief Executive Officer, Secretary and Director	Chief Financial Officer of VL Advisors	July 25, 2006	1,235 Class A Shares
Michael Kelly ⁽²⁾ Toronto, Ontario	Director	Independent Consultant	July 25, 2007	Nil
Iain A. Robb ⁽¹⁾ Toronto, Ontario	Director	Partner, Gowling Lafleur Henderson LLP (law firm)	December 18, 2003	Nil
Daniel R. Slunder Ottawa, Ontario	Director	Chairman of the Sponsor	July 1, 2009	Nil
W. James Whitaker Toronto, Ontario	Chief Financial Officer and Director	Chief Executive Officer of VL Advisors	December 23, 2005	1,393 Class A Shares

(1) Member of the Audit and Valuation Committee

(2) Member of the Independent Review Committee

(3) Each Director's term of office expires at the next meeting of the shareholders.

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

Robert B. Falconer was most recently the Director of Community Loans Policy and Risk Control with the Ontario Infrastructure Projects Corporation. He has more than 25 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.

Christopher M. Hopper is President and Chief Executive Officer of KLQ Mechanical Limited, a Mississauga based commercial heating, ventilation, air conditioning and refrigeration contracting firm. Prior to this, Mr. Hopper was the President and Chief Executive Officer of Northern Home Services, a Toronto-based residential heating and air conditioning contracting firm. He has more than 12 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 Université de Franch-Comte and an MBA from the University of Western Ontario.

Geoffrey D. Horton is Chief Financial Officer and a Director of VL Advisors and Chief Executive Officer and a Director of the Fund. Mr. Horton joined the former manager of the Fund in October 2001, and has been involved in management of the portfolio investments since that time. Previously, Mr. Horton held various investment management roles at a competing labour sponsored investment fund focused on early and later stage venture capital investing, and worked as an agent to trade in the institutional fixed income market prior to that. Mr. Horton holds a Bachelor of Commerce (Honours) from Queen's University and is a Chartered Financial Analyst.

Michael Kelly has over 25 years experience in the financial services industry. He began his career as an investment advisor with Pitfield Mackay Ross, and has held senior sales and management positions with three major Canadian financial services companies. He was most recently a Senior Vice-President with CI Investments. He currently consults to the financial services industry.

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 mutual 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 investment funds, including other labour sponsored investment funds.

Daniel R. Slunder is the National Chairman of the Sponsor. He began representing his fellow pilots in this role on July 1, 2009. Between 1997 and 2009, Mr. Slunder was a Civil Aviation Inspector responsible for the Approved Check Pilot Program with Transport Canada in Ottawa, Ontario. Prior to that Mr. Slunder served as a pilot with the Canadian Forces for 23 years, retiring at the rank of Major.

W. James Whitaker is Chief Executive Officer and a Director of VL Advisors and the Chief Financial Officer and a Director of the Fund. Mr. Whitaker joined Skylon, the former manager of the Fund, 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 a member of the board of directors of approximately twenty venture investments 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.

Audit and Valuation Committee

The board of directors of the Fund has established an audit and valuation committee (the "Audit and Valuation Committee") which is composed of three members of the board of directors, a majority of whom are independent of VL Advisors and the Sponsor. The members of the Audit and Valuation Committee are Mr. Robert B. Falconer, Mr. Christopher M. Hopper and Mr. Iain A. Robb. A quorum for meetings of the Audit and Valuation Committee will be a majority of its members. The Audit and Valuation Committee is responsible for reviewing financial statements prepared by VL Advisors on behalf of the Fund, liaising with the auditors of the Fund, reviewing the procedures respecting the approval of investments and the compliance of VL Advisors and the board of directors of the Fund with those procedures and with applicable legislation and suggesting amendments to such procedures to the board of directors. The board of directors of the Fund will also delegate 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. See "Calculation of Net Asset Value".

The board of directors of the Fund may establish other committees of the board and may assign to them specific duties as the board of directors determines from time to time.

Manager and Portfolio Advisor of the Fund

VL Advisors Inc. was incorporated under the laws of the Province of Ontario on August 23, 2005 and is a wholly-owned subsidiary of VentureLink LP. VentureLink LP acted as the manager and VL Advisors acted as investment advisor to each of VentureLink Balanced Fund Inc., VentureLink Brighter Future Fund Inc., VentureLink Diversified Income Fund Inc. and VentureLink Financial Services Innovation Fund Inc. VentureLink LP assigned to VL Advisors the management agreements with each of those funds as of September 10, 2010 and the Fund and VL Advisors entered into a new Management and Investment Advisory Agreement (a "Management Agreement") dated October 26, 2010. The Management Agreement replaced in its entirety the respective management agreements between VentureLink LP and the predecessor funds and the investment advisory agreements between VL Advisors Inc, VentureLink LP and the predecessor funds.

Under the *Securities Act* (Ontario), VL Advisors is regarded as a promoter of the Fund. VL Advisors carries on business at 3 Church Street, Suite 602, Toronto, Ontario M5E 1M2.

Duties and Services Provided by VL Advisors

VL Advisors is responsible for developing and implementing all aspects of the Fund's sales, marketing, distribution and communications strategies, developing, refining and implementing the investment strategy for the Fund, including managing all investments on behalf of the Fund. VL Advisors is also responsible for organizing the retention and supervision of various service providers of the Fund. VL Advisors will be responsible for managing the relationships with registered dealers selling Class A Shares of the Fund and paying or arranging for the payment of a 10% or a 6% sales commission to dealers originating the sales of the Class A Shares, Series III and Class A Shares, Series IV, respectively of the Fund. Such sales commission costs will not be charged to nor amortized by the Fund. VL Advisors has arranged for a third party to provide the financing for sales contributions for which that third party will be paid an annual Distribution Services Fee of up to 1.65% and 1.15% of the net asset value of the Class A Shares, Series III and Class A Shares, Series IV, respectively. The Distribution Services Fee is intended to reimburse the third party for financing and administrative costs incurred to fund the payment of the sales commissions. See "Purchases of Securities".

VL Advisors' sole business is managing the Fund. The principals of VL Advisors who have primary responsibility for the affairs of the Fund are W. James Whitaker and Geoffrey D. Horton, biographies for whom are set out above.

As of September 30, 2011, VL Advisors has approximately \$166 million in assets under management, all of which are from the Fund.

Summary of the Management Agreement

The Management Agreement outlines the services VL Advisors has to provide to the Fund, along with the terms of consideration the Fund pays VL Advisors for those services. The Management Agreement will expire, unless terminated earlier by either party thereto in accordance with the terms of such agreement, upon the dissolution, winding-up or termination of the Fund. VL Advisors as the manager and investment advisor 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 objective, 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 its Management Agreement in the event that: (i) VL Advisors 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 VL Advisors; (ii) VL Advisors ceases to carry on business; or (iii) VL Advisors becomes bankrupt or insolvent. In the event that the Management Agreement is terminated, the board of directors shall promptly appoint a successor manager to carry out the activities of VL Advisors for the Fund until a meeting of shareholders of the Fund is held to confirm such appointment.

Officers and Directors of VL Advisors

The officers and directors of VL Advisors are as follows:

Name and Municipality of Residence	Principal Occupation and Position with VL Advisors Inc.
Geoffrey D. Horton Toronto, Ontario	Chief Financial Officer and Director
W. James Whitaker Toronto, Ontario	Chief Executive Officer, Secretary and Director
David Forsyth Toronto, Ontario	Director and Vice President

David Forsyth joined the predecessor manager of the Fund in October 2004. Prior to this he spent over 3 years as Analyst then Senior Analyst for OMERS Private Placements group which invested in various industries including infrastructure, financial services, energy, oil & gas, distribution and manufacturing. His previous experience also includes Arthur Andersen's Real Estate Advisory Group, EPCOR and Intrawest. Mr. Forsyth has an M.B.A. from the University of Alberta.

For biographical descriptions of the other directors and officers of VL Advisors, please see "Organization and Management Details of the Fund - Officers and Directors of the Fund".

Conflicts of Interest

The services of VL Advisors and its affiliates and associates, are currently principally committed to the Fund and the Portfolio Companies of the Fund. VL Advisors is subject to applicable conflict of interest policies relating to investments and investment opportunities of the Fund, as described in the Management Agreement.

The directors and officers of VL Advisors may provide similar services and devote a portion of their time to other investments, directorships and offices. The other activities of VL Advisors and its affiliates, associates and officers, directors, shareholders, employees and consultants and persons retained by VL Advisors (collectively, the "Conflict Parties") may result in certain conflicts of interest. VL Advisors will present to the Fund all investment opportunities which are available to VL Advisors provided that the Fund is able to make the proposed investment and the investment meets the investment objective, strategy, restrictions and policies applicable to the Fund (the "Investment Guidelines"). When the Fund co-invests with other clients of VL Advisors, 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 VL Advisors 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:

- 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
- such investment was approved by special resolution of the holders of the outstanding Class A Shares of the relevant 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:

- 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
- 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.

VL Advisors will report to the board of directors of the Fund if it wishes the assistance of the board of directors or the independent review committee in resolving any conflict of a nature described in the preceding paragraphs. See "Organizational and Management Details of the Fund - Independent Review Committee".

After an investment is made in a Portfolio Company, VL Advisors or an affiliate of VL Advisors may provide services for, or seek to undertake various initiatives with, certain Portfolio Companies. The principals of VL Advisors and its affiliates have significant experience and expertise in developing innovative investment management products; raising capital; and investment management and administration. VL Advisors 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 VL Advisors and/or an affiliate with one or more Portfolio Companies will not involve any payment to VL Advisors, other than on industry standard terms.

VL Advisors is paid by the Fund. Certain of the directors of the Fund are the same as the senior officers and directors of VL Advisors. See "Organizational and Management Details of the Fund - Independent Review Committee".

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" or the "Independent Review Committee"). VL Advisors must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 also imposes obligations upon VL Advisors 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 is 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 is available on the Fund's website www.venturelinkfunds.com, or at a shareholder's request at no cost, by contacting the Fund at 3 Church Street, Suite 602, Toronto, Ontario M5E 1M2 or at info@venturelinkfunds.com. The report is also available at www.sedar.com.

The Fund has appointed Messrs. Robert Falconer, Christopher Hopper and Michael Kelly as members of its IRC. The costs and expenses associated with the IRC are shared among the investment funds. The Fund has agreed to indemnify each IRC member as permitted under NI 81-107, and has entered into an indemnity agreement to that effect with each IRC member.

For their services as members of the IRC, the IRC members are paid an annual fee (as set out in the table below) and are reimbursed for their expenses. For the most recently completed financial year, the IRC members received the following amounts in fees and in reimbursement of expenses, in aggregate for all of the investment funds managed or administered by VL Advisors or its affiliates:

<u>IRC Member</u>	<u>Annual Fee</u>	<u>Fees Paid in 2010</u>	<u>Expenses Reimbursed</u>
Robert Falconer	\$12,000	\$12,000	\$0
Christopher Hopper	\$12,000	\$12,000	\$0
Michael Kelly	\$12,000	\$12,000	\$0

The Sponsor of the Fund

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 has entered into agreements among the Fund, VL Advisors, the Sponsor and CFPA Sponsor Inc. dated October 1, 2010 (the "Sponsor Agreement"). The Sponsor has agreed to

elect one representative of the Sponsor, three persons nominated by VL Advisors from time to time and one joint nominee of the Sponsor and VL Advisors. In addition to the right to elect directors specified above, the Sponsor, as holder of the Class B Shares of the Fund, is entitled to one vote per share at meetings of the shareholders of the Fund, but does not have any right to receive dividends from the Fund. See “Attributes of the Securities Distributed - Class B Shares”.

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 its 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 holds all of the issued and outstanding Class B Shares in the capital of the Fund. The Sponsor acquired the Class B Shares of the Fund upon the amalgamation which had a paid up capital of \$60. See “Attributes of the Securities Distributed - Class B Shares”. While members of the Sponsor may subscribe for Class A Shares of the Fund, neither the Sponsor nor its members is required to make any investment in the Fund. Individuals investing in Class A Shares of a Fund need not be members of or have any connection with the Sponsor.

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. Daniel R. Slunder is the sole director and officer of CFPA Sponsor Inc. See “Organization and Management Details of the Fund - Officers and Directors of the Fund”.

The Administrator

CI Investments Inc. 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 Fund, the Administrator performs similar services for outside clients including other labour sponsored investment funds. The Administrator also performs certain daily share price valuation services for the Fund. The Administrator provides the services outlined above in Toronto, Ontario. See “Calculation of Net Asset Value - Valuation Policies and Procedures of the Fund” and “Securityholder Matters”. The Administrator is a limited partner of the sole shareholder of VL Advisors.

The Custodian

RBC Dexia Investor Services Trust (“RBC Dexia”) was retained by the Fund as Custodian to hold portfolio securities of the Fund pursuant to a custodian agreement effective as of July 31, 2006 between RBC Dexia, the predecessors of the Fund and VL Advisors which was acquired by the Fund upon the amalgamation of four predecessor funds to form the Fund and as amended January 31, 2011 between RBC Dexia, the Fund and VL Advisors (the “Custodian Agreement”). The Canada Trust Company will act as trustee for RRSPs established by investors in the Fund. See “Purchases of Securities”.

Duly appointed sub custodians which are part of the Custodian’s global network will be appointed by the Custodian in accordance with National Instrument 81-102, to act as sub custodians for the Fund’s U.S. and foreign portfolio securities if and when necessary.

The Auditor

The auditors of the Fund are PricewaterhouseCoopers LLP, Royal Trust Tower, Toronto-Dominion Centre, Suite 3000, Toronto, Ontario M5K 1G8.

CALCULATION OF NET ASSET VALUE

The net asset value of an applicable Series of Class A Shares is calculated by the Administrator on each business day by subtracting the redemption value of the Class B Shares and the Class P Shares of the Fund and the aggregate amount of the liabilities allocated to each Series of the Class A Shares being valued from the aggregate of:

- (a) the value of the assets of the Fund being valued for which a published market exists on the basis of the Published Valuation as of the relevant date;
- (b) the value of the assets of the Fund being valued for which no published market exists as determined in accordance with the general valuation policies described below; and
- (c) the value of any other assets of the Fund being valued, as determined by the Audit and Valuation Committee,

and dividing such amount by the total number of applicable Series of Class A Shares outstanding on that date. The Fund will make available to the financial press for publication the net asset value per Class A Share of applicable Series, on each business day.

Expenses of the Fund not specifically attributable to a particular Series will, for the purpose of calculating the net asset value per Class A Share of each Series, be apportioned based on the net asset value per Class A Share of each Series, as at the most recent valuation date.

National Instrument 81-106 requires the Fund to calculate its net asset value by determining the fair value of its assets and liabilities. In doing so, the Fund calculates the fair value of its assets and liabilities using the valuation policies described below. This differs from Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) which require the fair value of long positions to be determined using bid prices and the fair value of short positions to be determined using ask prices. The financial statements of the Fund will contain a reconciliation of the net assets reported in the financial statements in accordance with Canadian GAAP to the net asset value used by the Fund for all other purposes., including the purchases and sales of shares of the Fund.

The Fund transacts all subscriptions and all redemptions of Class A Shares, Series III, Class A Shares, Series IV, and Class A Shares, Series VI at NAV for trading purposes, which is NAV calculated in accordance and compliance with the provisions mentioned above. See the Fund’s annual financial statements for further details.

The Fund is required, by applicable securities legislation, to obtain on an annual basis, a valuation by an independent qualified person of the net asset value of the Fund and the net asset value per Share. The Fund satisfies this requirement by engaging PricewaterhouseCoopers LLP, the Fund’s independent auditors, to perform certain procedures on the value of the Fund’s investments for which no public markets exist as at December 31 of each year as part of PricewaterhouseCoopers LLP’s audit of the Fund’s annual financial statements.

Reporting of Net Asset Value

The Fund will make available to the financial press for publication the net asset value of each Series of Class A Shares on each business day.

Audit of Financial Statements

The annual financial statements of the Fund shall be audited by the Fund’s auditors in accordance with Canadian generally accepted auditing standards. The auditors are engaged by the Fund to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles. See “Securityholder Matters – Reporting to Shareholders”.

Valuation Policies and Procedures of the Fund

The board of directors has established an Audit and Valuation Committee comprised of three directors, a majority of whom are outside directors, independent of VL Advisors and the Sponsor. The board of directors delegates to the Audit and Valuation Committee responsibility for reviewing the recommendations of VL Advisors for the value of the Fund's assets and for considering the appropriateness of the valuation policies adopted by the Fund, as set out below. The net asset value per series of Class A Shares of the Fund, as calculated by the Administrator on instruction from the Investment Advisor, shall be reviewed by the Audit and Valuation Committee quarterly.

Valuation of Assets for which a Published Market Exists

The Administrator will, on each business day, calculate the Published Valuation of the Fund's assets for which there exists a published market on the basis of quoted prices in such market as outlined under "Valuation of Investments - General Valuation Policies". VL Advisors will notify the Administrator of any adjustments in the holdings of a Fund. The Audit and Valuation Committee will review and approve the valuation each financial quarter and will, from time to time, consider the appropriateness of the valuation policies adopted by the Fund.

Publicly listed companies held by the Fund that are subject to trading restrictions from either the exchange the security is listed on or due to an agreement entered into between the securityholders and the underwriter will be valued at a discount to market that will amortize over the life of the trading restriction.

Valuation of Assets for which No Published Market Exists

For investments in eligible businesses and eligible investments for which the market is so sporadic as not to be indicative or where no published market exists, the Administrator will, on each business day, calculate 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 will be guided by the principle that such investments are valued at cost unless a different fair value is independently determined by the Investment Advisor. VL Advisors will notify the Administrator as soon as possible of any adjustments in the fair value of holdings of a Fund and of any circumstances which would necessitate an adjustment from the current valuation of the investment and the Administrator shall reflect the adjustment in the next valuation it performs after such notice.

The process of valuing investments for which no published market exists is based on inherent uncertainties and will be influenced by the time required to assess the impact of any particular event on value from time to time. The resulting values may differ from values that would have been used had a ready market existed for the investments.

General Valuation Policies

The Audit and Valuation Committee implements, interprets and amends as necessary the General Valuation Policies to ensure the most appropriate implementation. Short-term debt instruments are valued at fair value. Listed securities that are not subject to trading restrictions 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 simple average of the bid and ask price is used. Securities traded over-the-counter are priced at the average of the latest bid and ask prices quoted by a primary 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 Investment Advisor. Securities of private companies are valued at fair value as determined by the Investment Advisor.

Investments in private companies are valued in accordance with the following criteria: (a) investments will normally be carried at cost unless (i) there is a substantial arm's length transaction which establishes a different value, (ii) where a Portfolio Company experiences a material change in value, the valuation will be increased or decreased, as appropriate, at the time the Administrator next performs a valuation after being notified by VL Advisors of the closing of such transaction or change to the estimated fair value; or (b) if there is a substantial arm's length, bona fide, enforceable offer with respect to a Portfolio Company, the investment will be valued at the proposed transaction price. Similarly, if there is a valuation prepared by a qualified independent person, such valuation will be

given due consideration in assessing the value of an investment. The process of valuing investments for which no published market exists will inevitably be 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.

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

Should changes in Generally Accepted Accounting Principles (“GAAP”) occur that would give the Fund cause to consider adjusting its Valuation Policies in order to comply with GAAP, VL Advisors in consultation with the board of directors of the Fund may adjust these policies to meet the amended GAAP terms.

ATTRIBUTES OF THE SECURITIES DISTRIBUTED

Description of the Securities Distributed

The authorized capital of the Fund consists of an unlimited number of Class A Shares, an unlimited number of Class B Shares and an unlimited number of Class P Shares. The Class A Shares are issuable in series, of which Series I, Series II, Series III, Series IV, Series V and Series VI have been created. The Class P Shares are issuable in Series, of which Series I have been created. The following is a summary of the material provisions attaching to each class of shares of the Fund. These provisions derive principally from the requirements of the Federal Tax Act, and the Ontario Act.

Class A Shares

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

Issue

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

Transfer

The Fund is prohibited from registering or otherwise recognizing a transfer of Class A Shares by the original purchaser, or by a trust governed by an RRSP or a RRIF under which the original purchaser or his or her spouse or common-law partner is the annuitant, once the required Information Return has been issued by the Fund under the Federal Tax Act or a Tax Credit Certificate has been issued by the Fund under the Ontario Act in connection with the purchase of such Class A Shares except where holder has satisfied all conditions of the Federal Tax Act, the Ontario Act and similar provincial legislation having application, if any, and the Fund is notified in writing that the Class A Shares are being transferred:

- as a consequence of the death of the original purchaser;
- by an original purchaser who, after acquiring the Class A Shares became disabled and permanently unfit for work or terminally ill;
- to an RRSP or a RRIF under which the original purchaser or his or her spouse or common-law partner is the annuitant;
- to the original purchaser or the spouse or common-law partner of the original purchaser; or
- in accordance with such other conditions as may be prescribed for the purposes of the Federal Tax Act, the Ontario Act and approved by the board of directors.

A holder of Class A Shares in respect of which no Information Return and Tax Credit Certificate has been issued may request to the Fund to transfer the Class A Shares at any time.

Redemption by Holders

A holder of Class A Shares of a Fund in respect of which an Information Return has been issued under the Federal Tax Act or a Tax Credit Certificate has been issued under the Ontario Act or a similar document has been issued under similar provincial legislation having application, 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 of such shares has satisfied all other conditions, if any, of the Federal Tax Act, the Ontario Act and any other similar provincial legislation having application to the holder or the Fund.

For the purposes of the Ontario Act and the Federal Tax Act, where the Class A Shares were acquired and:

- the Fund is notified in writing that the “specified individual” (as defined in the Federal Tax Act, being the individual who received the Federal tax credit in respect of the Class A Shares, has become disabled or permanently unfit for work or terminally ill; or
- the holder has requested the Fund to redeem the Class A Shares and any Information Return and Tax Credit Certificate issued in respect of such Class A Shares has been returned to the Fund;
- the Class A Shares are held by an individual who notifies the Fund in writing that the Class A Shares have devolved on the individual as a consequence of the death of the holder of the Class A Shares or the death of the annuitant under a trust governing an RRSP, TFSA or a RRIF that was a holder of such Class A Shares;
- there is no “specified individual” in respect of the Class A Shares;
- the redemption occurs more than eight years after the date on which the Class A Shares were issued; or
- in any other circumstances where the redemption is permitted for the purposes of the Federal Tax Act, the Ontario Act and any other similar provincial legislation having application to the holder or the Fund and is not prohibited by any federal or provincial legislation having application to the holder or the Fund and is approved by the board of 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 to 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 will not be required to redeem Class A Shares having an aggregate redemption value exceeding 20% of the net asset value of the Fund as of the last day of the preceding financial year and at its option may suspend redemptions for substantial periods of time in such circumstances. Where a redemption request is not honoured in one year, it will be honoured by order of receipt as of the first day of the next financial year of the Fund subject to the 20% limit referred to above. Although the Fund will endeavour to maintain at all times sufficient liquid assets to honour the redemption requests up to such 20% limit, it cannot guarantee that it will be able to honour all redemption requests on the day they are made.

If, in any financial year, as a result of the foregoing limitation, a Fund does not redeem Class A Shares of a Series 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 Class A Shares will be deemed to have been received by the Fund on the first day of the following financial year.

Redemptions of a Series of Class A Shares will be made at the net asset value per Class A Shares of the respective Series. 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 be received by the Fund by 4 p.m. (Eastern time) in order to be priced at the net asset value per applicable series of Class A Share, as applicable, for that day. Redemption requests received after that time will be priced at the net asset value per applicable series of Class A Shares 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 except for holders of Class A Shares, Series VI. For holders of Class A Shares, Series I and Class A Shares, Series III of the Fund the redemption fee will be up to 10% of the original issue price of such shares calculated as 1.25% of the original issue price times the number of years or part years remaining until the eighth anniversary of the date of issue. For holders of Class A Shares, Series II and Class A Shares, Series IV of the Fund the redemption fee will be up to 6% of the original issue price of such 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 holders of Class A Shares, Series VI, there is no redemption fee payable for any holders who request that the Fund redeem their shares before or after the eighth anniversary of their 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.

Dividends

Holders of Class A Shares of the Fund are entitled to receive dividends at the discretion of the board of directors of the Fund in such amounts and exclusively to the holders of each of the series of Class A Shares of the Fund out of the monies properly available for dividends of the Fund applicable to the applicable series of Class A Shares of the Fund, as the case may be.

Voting Rights

Holders of Class A Shares of the Fund 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 or series are entitled to vote separately as a class or series, the holders of Class A Shares of the Fund are entitled to vote at any such meeting. Each Class A Share entitles the holder thereof to one vote per share held.

Fractional Shares

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

Election of Directors

Holders of the Class A Shares of all Series of the Fund, voting collectively as a class, are entitled to elect two of the directors of the Fund (currently two of seven directors).

The Sponsor, as holder of the Class B shares of the Fund, is entitled to elect the remaining directors of the Fund. The Sponsor has agreed to elect one nominee on its own behalf, three nominees of VL Advisors and one joint

nominee of the Sponsor and VL Advisors. See “Organization and Management Details of the Fund – The Sponsor of the Fund”.

Dissolution

On the liquidation, dissolution or winding-up of the Fund, whether voluntary or involuntary, or other distribution of the assets of the Fund for the purpose of winding up its affairs (“dissolution”), the holders of Class A Shares of the Fund will be entitled to all of the value of the assets of the Fund applicable to their respective Series of Class A Shares, as the case may be, of the Fund remaining after payment of all liabilities of the Fund and after payment of all amounts payable to the holders of the Class B Shares and the Class P Shares of the Fund.

Class B Shares

Issue

The Class B shares of the Fund may be issued only to the Sponsor.

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 Tax Act and an “employee organization” as defined in the Ontario Act, and such transfer is approved by the board of directors of the Fund.

Redemption by Fund

A 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 eligible labour body (as defined in the Federal Tax Act) that is also an employee organization (as defined in the Ontario Act) for the Fund to comply with the provisions of the Federal Tax Act and the Ontario Act.

Dividends

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

Voting Rights

The holder of the Class B Shares of the Fund 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 of shareholders.

Election of Directors

The board of directors of the Fund presently consists of seven individuals. As the holder of the Class B Shares of the Fund, the Sponsor will be entitled to nominate and vote its Class B Shares in favour of the election of at least a majority of directors of the Fund. The Sponsor has agreed to elect one nominee on its own behalf, three nominees of VL Advisors and one joint nominee of the Sponsor and VL Advisors.

Dissolution

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

Class P Shares

Issue

The directors may issue Class P Shares at any time and from time to time in one or more series. Before any Class P Shares of a particular series are issued, the directors shall fix the number of shares that will form such series and shall determine, subject to the limitations set out in the Act, the designation, rights, privileges, restrictions and conditions attaching to the Class P Shares of such series and shall send to the Director articles of amendment setting out such designation, rights, privileges, restrictions and conditions.

Approvals

The directors shall not issue Class P Shares of a particular series unless the rights, privileges, restrictions and conditions attaching to such series shall have been approved by the Minister of Finance (Canada), and the Fund's IRC.

Class P Shares, Series 1

Voting Rights

The holders of the Class P Shares, Series 1 shall be entitled to receive notice of and attend all meetings of shareholders of the Fund, but except as provided by law, shall not be entitled as such to vote at any such meeting.

Dissolution

On any Dissolution Event, and after any amounts payable to the holder of Class B Shares have been paid, the holders of the Class P Shares, Series 1 shall be entitled to receive an amount equal to the amount received by the Fund as consideration for the issuance of the Class P Shares, Series 1, before any assets are distributed to the holder of Class A Shares but after the holders of shares of any other class having priority have received all amounts to which they are entitled in accordance with the provisions attaching thereto.

Payment of Dividends

The holders of the Class P Shares, Series 1 shall be entitled to receive dividends if as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, in such amounts and payable in such manner as the board of directors may from time to time determine. The directors may, in their sole discretion, declare dividends on the Class P Shares, Series 1 to the exclusion of any other class of shares.

SECURITYHOLDER MATTERS

Meetings of Securityholders

Meetings of securityholders of the Fund will be held if called by VL Advisors or upon the written request to VL Advisors of shareholders of the Fund holding not less than 5% of the then outstanding Class A Shares of the Fund.

Two or more holders of Class A Shares of the Fund present in person or by proxy will constitute a quorum at a meeting of the shareholders. If a quorum is not present for a meeting of shareholders within 30 minutes after the time fixed for holding the meeting, a meeting requiring a quorum will be adjourned for a period of not less than 10 days and not more than 21 days at which point the shareholders present in person or represented by proxy shall constitute a quorum.

Matters Requiring Shareholder Approval

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:

- 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;
- a change of the manager of the Fund (other than to an affiliate of VL Advisors);
- any change in the investment objective of the Fund;
- any decrease in the frequency of calculating the net asset value per applicable series of the Class A Shares of the Fund;
- subject to certain exemptions available under rules applicable to mutual funds, the commencement of the use by the Fund of permitted derivatives; or
- 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 shares 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 VL Advisors 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.

The auditor of the Fund may be changed without prior approval of shareholders of the Fund, provided the IRC approves the change and the shareholders are sent written notice at least 60 days before the effective date of the change.

Reporting to Shareholders

Purchasers of Class A Shares, Series III, Class A Shares, Series IV, or Class A Shares, Series VI of the Fund will receive a trade confirmation and a Tax Credit Certificate in prescribed form for each purchase. Holders of Class A Shares will receive semi-annually a comprehensive statement showing the number and current value of their Class A Shares. The Fund currently enjoys an ongoing relationship with the Administrator pursuant to which the Administrator has agreed to provide to the Fund certain registrar, transfer agency, shareholder reporting and shareholder administration services from its principal place of business in Toronto. In addition to providing the registrar, transfer agency and other shareholder administration services similar to those being provided to the Fund for its own funds, the Administrator performs similar services for outside clients including labour sponsored investment funds. The Administrator is entitled to an annual fee for its services which is calculated and charged monthly based on the services provided and the number of holders of Class A Shares of the Fund.

Audited annual financial statements and an annual report of the Fund will be sent to all of its shareholders who choose to receive them. The auditors of the Fund will report on the fair presentation of the annual financial statements in accordance with Canadian GAAP and the net assets of the Fund will be reflected in accordance with Canadian GAAP. The unaudited semi-annual interim financial statements will be sent to those shareholders who

choose to receive them. Those statements will be prepared in accordance with Canadian GAAP and will reflect the net asset value of the Fund at the date of the statements. Shareholders who choose to receive them will also be sent annual and semi-annual management reports of fund performance of the Fund.

The net asset value per Class A Share will be determined on each Valuation Day and will usually be published daily in the financial press.

TERMINATION OF THE FUND

The Fund is reliant on new subscriptions in order to continue to be economically viable over the long term. Should new subscriptions be less than redemptions, the Fund will contract. Should this contraction continue to a stage where the Fund is not economically viable, the Fund will seek to wind itself up. At this time, the Manager has not formally set a date for that to occur, though given changes in the Ontario Act, the Manager estimates that it will likely occur in the next 7-10 years. At the date of termination, the value of the investments will be based on their fair value as per the valuation procedures outlined under this prospectus. See "Calculation of Net Asset Value". The Manager plans to sell all of the investments prior to winding up the Fund, however its ability to do so and the timing of such divestitures is subject to market uncertainties relating to investments of this type. See "Risk Factors".

USE OF PROCEEDS

The proceeds of the continuous offering on Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI after payment of any related expenses will be invested by the Fund in eligible businesses and reserves in accordance with the investment objective of the Fund. The proceeds of this continuous offering to be invested in eligible businesses will, until so invested, be invested in reserves, primarily money market instruments and short-term bonds of the provincial or federal governments or agencies which qualify as reserves or the FinServ Linked Notes or other reserves as recommended by VL Advisors and approved by the Board of Directors of the Fund. Operating expenses of the Fund are paid out of the Fund's working capital which includes income earned on investments.

PLAN OF DISTRIBUTION

The Fund has made arrangements with brokers and dealers which are authorized and registered to trade in the securities of labour sponsored investment fund corporations to offer the Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI for sale to the public.

Due to the changes in accounting rules applicable to the accounting treatment for sales commissions paid by labour sponsored investment funds introduced by the Canadian Institute of Chartered Accountants, predecessors of the Fund ceased offering Class A Shares, Series I and Class A Shares, Series II on December 31, 2003. Holders of those series of shares of predecessors of the Fund received Class A Shares of the same series in the Fund upon the amalgamation on September 10, 2010. No Class A Shares, Series V of the Fund have been offered for sale. Although the Fund is offering Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI hereunder at prices equal to the net asset value per Class A Share for the applicable Series, from time to time, the Fund may suspend offering Class A Shares and recommence offering such shares at any time it deems appropriate in its sole discretion. For example, the Fund may suspend the offering of Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI at any time when the Fund has more funds on hand than it can invest in suitable investments within a reasonable period of time and will recommence the offering at such time as sufficient suitable investment opportunities are available.

Class A Shares, Series V have never been offered for sale to the public by the Fund and will not be offered for sale at this time by the Fund.

PRINCIPAL HOLDERS OF SECURITIES

The Fund

As of September 30, 2011 approximately 3,072,657 Class A Shares, Series I, 1,640,787 Class A Shares, Series II, 9,000,161 Class A Shares, Series III 3,913,026 Class A Shares, Series IV and 141,363 Class A Shares, Series VI of the Fund were issued and outstanding.

Class A Shares are held in relatively small numbers by a large number of shareholders. For the year ending March 1, 2012, 4,372,701 Class A Shares will be eligible for redemption without requiring the repayment of the tax credits received at the time the Class A Shares were originally issued. For the year ending March 1, 2013 an additional 1,978,523 Class A Shares will be eligible for redemption without requiring the repayment of the tax credits received at the time the Class A Shares were originally issued.

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 September 13, 2010. The Sponsor owns all of the issued and outstanding Class B Shares. VL Advisors owns all of the issued and outstanding Class P Shares, Series 1.

The Manager

As of the date hereof, to the knowledge of the Fund and VL Advisors, the following persons own of record or beneficially, directly or indirectly, more than 10% of the limited partnership units of VL Advisors:

Name and Address of the Manager	Name and Address of Company that owns Securities	Relationship to VL Advisors	Designation of Class of Securities Owned	Type of Ownership	Number of Securities Owned	Percentage of Class Owned
VL Advisors Inc. 3 Church Street Suite 602 Toronto, Ontario M5E 1M2	VentureLink LP 3 Church Street Suite 602 Toronto, Ontario M5E 1M2	Shareholder	Common shares	Direct	1	100.0%

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Excluding their involvement in the material contracts disclosed herein, none of VL Advisors, the directors or senior officers of the Fund or the insiders of VL Advisors 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. See “Material Contracts” and “Organization and Management Details of the Fund - Conflict of Interest in Respect of VL Advisors.”

No person or company currently acts as the Fund’s principal distributor or broker.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

Policies and Procedures

VL Advisors must vote all proxies in the best interest of the securityholders of the Fund, as determined solely by the Investment Advisor’s Proxy Voting Policy and Guidelines (the “Guidelines”) and applicable legislation.

VL Advisors has established 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 Investment 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 VL Advisors may not be able to vote, or where the costs of voting outweigh the benefits. VL Advisors is required to develop its own 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, VL Advisors may be aware of an actual, potential, or perceived conflict between their interests or the interests of their officers or directors and the interests of securityholders. Where VL Advisors is aware of such a conflict, VL Advisors must bring the matter to the attention of the IRC. The IRC will review the matter and if it deems the conflict resolution proposed by VL Advisors does not properly address the conflict, recommend review by 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 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

VL Advisors discloses its annual proxy voting record for reporting issuers for all of its funds as of June 30, covering the period from July 1 to June 30 of the previous year. These documents will be made available on VL Advisors' website www.venturelinkfunds.com.

MATERIAL CONTRACTS

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

- (a) The Articles dated September 10, 2010 referred to under "Overview of the Legal Structure of VentureLink Innovation Fund Inc.";
- (b) the Sponsor Agreement referred to under "Organization and Management Details of the Fund - The Sponsor of the Fund";
- (c) the Management Agreement referred to under "Organization and Management Details of the Fund – Manager and Investment Advisor of the Fund";
- (d) the Custodian Agreement referred to under "Auditors, Registrar, Transfer Agent, Trustee and Custodian"; and
- (e) the Fund Administrator Agreement dated December 19, 2005, and amended October 1, 2010.

Copies of the foregoing contracts including all material agreements and principal distributorship agreements may be inspected during regular business hours at the principal place of business of the Fund in Toronto during the course of this continuous offering of Class A Shares.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

Certain legal matters in connection with this offering 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.

EXPERTS

Gowling Lafleur Henderson LLP, counsel to the Fund, provides an opinion on the eligibility of investment and on Canadian federal and Ontario provincial tax matters, as set out in this prospectus. The partners and employees of Gowling Lafleur Henderson LLP may individually own Class A Shares of the Fund, however collectively they own less than one percent (1%) of the issued and outstanding Class A Shares of the Fund. Mr. Iain A. Robb, a partner at Gowling Lafleur Henderson LLP, is also a director of the Fund.

The Fund's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditor's report dated March 9, 2011 in respect of the Fund's financial statements as at December 31, 2010 and 2009 and for each of the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

Pursuant to National Instrument 81-102 – *Mutual Funds*, the Fund has obtained exemptive relief permitting the payment of the Performance Bonus as it is outlined. See "Fees and Expenses – Performance Bonus".

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the Province of Ontario provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made longer. The securities legislation further provides a purchaser with remedies for rescission if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser; provided that the remedies for rescission are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to the applicable provisions of the securities legislation of the Province of Ontario for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the Fund is available in the following documents:

- The annual financial statements of VentureLink Innovation Fund Inc. dated December 31, 2010;
- The interim financial statements of VentureLink Innovation Fund Inc. dated June 30, 2011;
- The management report of fund performance of VentureLink Innovation Fund Inc. dated December 31, 2010 and June 30, 2011.

These documents are incorporated by reference into this prospectus which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost to you by calling toll-free 1-800-253-1043 or by contacting your dealer.

These documents are available on the VentureLink Fund's internet site www.venturelinkfunds.com or by contacting the Fund at info@venturelinkfunds.com.

These documents and other information about the Fund are available on the internet at www.sedar.com.

AUDITORS' CONSENT

We have read the prospectus of VentureLink Innovation Fund Inc. (the "Fund") dated October 17, 2011 relating to the offering of Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned prospectus of our report to the Shareholders of VentureLink Innovation Fund Inc. on the Statement of Investment Portfolio as at December 31, 2010, the Statements of Net Assets as at December 31, 2010 and 2009 and the Statements of Operations, Changes in Net Assets and Cash Flows for the years ended December 31, 2010 and 2009. Our report is dated March 9, 2011.

Toronto, Canada

"PricewaterhouseCoopers LLP"

October 17, 2011

Chartered Accountants, Licensed Public Accountants

CERTIFICATE

Dated: October 17, 2011

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Ontario.

**VentureLink Innovation Fund Inc.
(the "Fund")**

"Geoffrey D. Horton"

Geoffrey D. Horton
Chief Executive Officer

"W. James Whitaker"

W. James Whitaker
Chief Financial Officer

On behalf of the Board of Directors of the Fund

"Iain A. Robb"

Iain A. Robb
Director

"Christopher M. Hopper"

Christopher M. Hopper
Director

CFPA Sponsor Inc., as Promoter of the Fund

"Daniel R. Slunder"

Daniel R. Slunder
Director

VL Advisors Inc., as Manager and Promoter of the Fund

"W. James Whitaker"

W. James Whitaker
Chief Executive Officer

"Geoffrey D. Horton"

Geoffrey D. Horton
Chief Financial Officer

On behalf of the Board of Directors of VL Advisors Inc.

"David Forsyth"

David Forsyth
Director

"W. James Whitaker"

W. James Whitaker
Director

"Geoffrey D. Horton"

Geoffrey D. Horton
Director