

2017 Semi-Annual Management Report of Fund Performance

for the period ended June 30, 2017

VentureLink Innovation Fund Inc.



VENTURELINK
FUNDS

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-253-1043, by writing to us at VL Advisors Inc., 3 Church Street, Suite 602, Toronto, ON M5E 1M2 or by visiting our website at www.venturelinkfunds.com or SEDAR at www.sedar.com.

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

VENTURELINK INNOVATION FUND INC.

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

The net asset value of the Fund as at June 30, 2017 was \$41,509. There were 614,765 Class A Shares, Series I, 407,424 Class A Shares, Series II, 3,135,495 Class A Shares, Series III, 1,412,286 Class A Shares, Series IV, and 74,573 Class A Shares, Series VI outstanding.

Revenue

The Fund had income for the period of \$(125) compared to \$5,408 in 2016. This decrease is related to an unrealized loss on the investment portfolio in 2017 versus realized and unrealized gains in 2016.

Expenses

Operating expenses for the period were \$1,634 for the period compared to \$3,225 in 2016, a decrease of 49%. Before performance fees and dividend expense, operating expenses in 2017 were \$1,721 compared to \$2,150 in 2016 a decrease of 20% which is consistent with the decrease in weighted average net asset value.

Class A Shares

Net redemptions of Class A Shares during the period were \$10,940.

New investments

The Fund made no investments in the period.

Realizations

The Fund realized proceeds totaling \$330 from the sale of securities of the following venture investments for a realized gain of \$nil:

- Brandimensions Inc., cost \$2,250
- Investigative Research Group Inc., cost \$1,568

The portfolio holdings continue to reflect the Fund's objective of investing in a diversified portfolio mezzanine debt and equity investments. However, concentration is increasing significantly as the orderly wind up the investment portfolio progresses.

Fund performance

The Fund's net asset value per share decreased by \$.27 to \$.31 or approximately 4%. This decrease is related to an unrealized loss on the investment portfolio and fund expenses for the period.

RECENT DEVELOPMENTS

Fund Liquidity and investment concentration

The Fund has approx. 4% of its assets in cash. In addition, a number of the private companies held by the Fund have engaged financial advisors to assist with the en-bloc sale of the businesses. These engagements are expected to generate cash in the remainder of 2017. As the orderly wind up of the Fund takes place, the concentration of the investment portfolio is increasing. The three largest investments of the Fund have a total value equal to 68% of net asset value.

The current plan for the operation of the Fund is to manage the existing portfolio with a view towards exiting all or at least most of its investment portfolio by December 2018 followed by an orderly wind up of the Fund in 2019.

In order to manage fund liquidity until such time as the Fund realizes upon its venture investments, the Fund's prospectus provides the Fund with the discretion to halt redemptions in a given financial year once redemptions have reached an aggregate value of 20% of the net asset value of the Fund on the last day of the preceding financial year. On March 10, 2017, the Fund capped redemptions at 20% of the net asset value of the fund as of December 31, 2016.

RELATED PARTY TRANSACTIONS

Manager

The Manager and Investment Advisor and Sponsor are deemed to be related parties and earned \$785 from the Fund. This amount represents fees for management and investment advisory and sponsor services. The Fund paid performance fees in the period of \$223 and reduced its performance fee accrual by \$87 in the period resulting in an ending accrual of \$4,210. Accrued performance fees will be payable to the Manager in future periods if certain criteria are achieved.

VENTURELINK INNOVATION FUND INC.

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FINANCIAL HIGHLIGHTS

The Fund's Net Assets per Share tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the past six periods.

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

THE FUND'S NET ASSETS PER SHARE (\$)^{(1)(2)(8)*}

CLASS A, SERIES I SHARES Commencement of operations September 10, 2010	Six months Ended					
	Jun. 30 2017	Dec. 31 2016	Dec. 31 2015	Dec. 31 2014	Dec. 31 2013	Dec. 31 2012 [^]
Net assets at the beginning of period⁽³⁾	8.37	8.07	8.63	8.56	8.52	8.93
Increase (decrease) from operations:						
Total revenue	0.07	0.13	0.22	0.14	0.44	0.37
Total expenses (excluding distributions)	(0.24)	(0.74)	(0.56)	(0.58)	(0.39)	(0.44)
Realized gains (losses) for the period	-	0.66	0.56	-	(0.79)	0.03
Unrealized gains (losses) for the period	(0.10)	0.27	(0.78)	0.52	0.84	(0.37)
Total increase (decrease) from operations⁽³⁾	(0.27)	0.32	(0.56)	0.08	0.10	(0.41)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions⁽³⁾	-	-	-	-	-	-
Net assets at the end of the period shown⁽³⁾⁽⁸⁾	8.10	8.37	8.07	8.63	8.56	8.52
Ratios and Supplemental Data						
Net asset value (\$000's)	4,981	5,876	6,431	8,935	11,447	15,592
Number of shares outstanding (000's)	615	702	797	1,035	1,337	1,830
Portfolio turnover rate (%) ⁽⁶⁾	-	2.05	2.98	12.17	22.32	15.67
Trading expense ratio (%) ⁽⁷⁾	-	0.01	0.01	0.04	0.05	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	5.91	8.87	7.46	7.22	6.61	6.37
Net assets per share (\$) ⁽⁸⁾	8.10	8.37	8.07	8.63	8.56	8.52

*Footnotes for the tables are found at the end of the Financial Highlights section.

[^]Historical figures are based on Canadian GAAP, while periods after December 31, 2012 are based on IFRS. For more details refer to footnote 8.

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the period ended June 30, 2017

FINANCIAL HIGHLIGHTS (cont'd)

THE FUND'S NET ASSETS PER SHARE (\$) ^{(1)(2)(8)*}

CLASS A, SERIES II SHARES Commencement of operations September 10, 2010	Six months Ended					
	Jun. 30 2017	Dec. 31 2016	Dec. 31 2015	Dec. 31 2014	Dec. 31 2013	Dec. 31 2012 [^]
Net assets at the beginning of period ⁽³⁾	8.07	7.82	8.42	8.39	8.40	8.86
Increase (decrease) from operations:						
Total revenue	0.07	0.13	0.18	0.14	0.42	0.36
Total expenses (excluding distributions)	(0.26)	(0.76)	(0.59)	(0.62)	(0.43)	(0.49)
Realized gains (losses) for the period	-	0.64	0.56	-	(0.76)	0.03
Unrealized gains (losses) for the period	(0.09)	0.26	(0.75)	0.51	0.81	(0.36)
Total increase (decrease) from operations ⁽³⁾	(0.28)	0.27	(0.60)	0.03	0.04	(0.46)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-	-
Net assets at the end of the period shown ⁽³⁾⁽⁸⁾	7.79	8.07	7.82	8.42	8.39	8.40
Ratios and Supplemental Data						
Net asset value (\$000's)	3,173	3,654	4,034	5,295	6,763	8,843
Number of shares outstanding (000's)	407	453	516	629	806	1,053
Portfolio turnover rate (%) ⁽⁶⁾	-	2.05	2.98	12.17	22.32	15.67
Trading expense ratio (%) ⁽⁷⁾	-	0.01	0.01	0.04	0.05	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	6.48	9.43	8.03	7.78	7.17	6.94
Net assets per share (\$) ⁽⁸⁾	7.79	8.07	7.82	8.42	8.39	8.40

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VENTURELINK INNOVATION FUND INC.

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FINANCIAL HIGHLIGHTS (cont'd)

THE FUND'S NET ASSETS PER SHARE (\$) ^{(1)(2)(8)*}

CLASS A, SERIES III SHARES Commencement of operations September 10, 2010	Six months Ended	Dec. 31	Dec. 31	Dec. 31	Dec. 31	Dec. 31
	Jun. 30 2017	Dec. 31 2016	Dec. 31 2015	Dec. 31 2014	Dec. 31 2013	Dec. 31 2012 [^]
Net assets at the beginning of period⁽³⁾	7.53	7.38	8.02	8.09	8.18	8.73
Increase (decrease) from operations:						
Total revenue	0.06	0.12	0.19	0.12	0.38	0.31
Total expenses (excluding distributions)	(0.28)	(0.80)	(0.65)	(0.68)	(0.51)	(0.57)
Realized gains (losses) for the period	-	0.62	0.53	0.01	(0.69)	0.05
Unrealized gains (losses) for the period	(0.08)	0.25	(0.72)	0.49	0.74	(0.32)
Total increase (decrease) from operations⁽³⁾	(0.30)	0.19	(0.65)	(0.06)	(0.08)	(0.53)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions⁽³⁾	-	-	-	-	-	-
Net assets at the end of the period shown⁽³⁾⁽⁸⁾	7.22	7.53	7.38	8.02	8.09	8.18
Ratios and Supplemental Data						
Net asset value (\$000's)	22,652	30,111	36,874	49,854	57,474	66,060
Number of shares outstanding (000's)	3,135	4,000	4,997	6,213	7,105	8,073
Portfolio turnover rate (%) ⁽⁶⁾	-	2.05	2.98	12.17	22.32	15.67
Trading expense ratio (%) ⁽⁷⁾	-	0.01	0.01	0.04	0.05	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	7.57	10.49	9.12	8.86	8.25	8.00
Net assets per share (\$) ⁽⁸⁾	7.22	7.53	7.38	8.02	8.09	8.18

*Footnotes for the tables are found at the end of the Financial Highlights section.

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VENTURELINK INNOVATION FUND INC.

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FINANCIAL HIGHLIGHTS (cont'd)

THE FUND'S NET ASSETS PER SHARE (\$) ^{(1)(2)(8)*}

CLASS A, SERIES IV SHARES Commencement of operations September 10, 2010	Six months Ended					
	Jun. 30 2017	Dec. 31 2016	Dec. 31 2015	Dec. 31 2014	Dec. 31 2013	Dec. 31 2012 [^]
Net assets at the beginning of period ⁽³⁾	7.50	7.35	8.00	8.07	8.17	8.72
Increase (decrease) from operations:						
Total revenue	0.06	0.12	0.20	0.11	0.37	0.30
Total expenses (excluding distributions)	(0.28)	(0.80)	(0.65)	(0.68)	(0.52)	(0.58)
Realized gains (losses) for the period	-	0.63	0.52	0.02	(0.68)	0.05
Unrealized gains (losses) for the period	(0.08)	0.25	(0.72)	0.49	0.73	(0.31)
Total increase (decrease) from operations ⁽³⁾	(0.30)	0.20	(0.65)	(0.06)	(0.10)	(0.54)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-	-
Net assets at the end of the period shown ⁽³⁾⁽⁸⁾	7.19	7.50	7.35	8.00	8.07	8.17
Ratios and Supplemental Data						
Net asset value (\$000's)	10,156	13,858	17,462	23,948	27,066	29,776
Number of shares outstanding (000's)	1,412	1,849	2,375	2,993	3,354	3,645
Portfolio turnover rate (%) ⁽⁶⁾	-	2.05	2.98	12.17	22.32	15.67
Trading expense ratio (%) ⁽⁷⁾	-	0.01	0.01	0.04	0.05	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	7.64	10.54	9.19	8.92	8.31	8.06
Net assets per share (\$) ⁽⁸⁾	7.19	7.50	7.35	8.00	8.07	8.17

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VENTURELINK INNOVATION FUND INC.

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FINANCIAL HIGHLIGHTS (cont'd)

THE FUND'S NET ASSETS PER SHARE (\$) ^{(1)(2)(8)*}

CLASS A, SERIES VI SHARES Commencement of operations September 10, 2010	Six months Ended	Dec. 31	Dec. 31	Dec. 31	Dec. 31	Dec. 31
	Jun. 30 2017	2016	2015	2014	2013	2012 [^]
Net assets at the beginning of period ⁽³⁾	7.64	7.47	8.11	8.15	8.23	8.75
Increase (decrease) from operations:						
Total revenue	0.06	0.13	0.14	0.10	0.36	0.29
Total expenses (excluding distributions)	(0.28)	(0.79)	(0.64)	(0.67)	(0.50)	(0.56)
Realized gains (losses) for the period	-	0.64	0.55	0.03	(0.66)	0.05
Unrealized gains (losses) for the period	(0.08)	0.25	(0.69)	0.50	0.72	(0.31)
Total increase (decrease) from operations ⁽³⁾	(0.30)	0.23	(0.64)	(0.04)	(0.08)	(0.53)
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-	-
Net assets at the end of the period shown ⁽³⁾⁽⁸⁾	7.34	7.64	7.47	8.11	8.15	8.23
Ratios and Supplemental Data						
Net asset value (\$000's)	547	709	900	1,083	1,116	1,147
Number of shares outstanding (000's)	75	93	120	134	137	139
Portfolio turnover rate (%) ⁽⁶⁾	-	2.05	2.98	12.17	22.32	15.67
Trading expense ratio (%) ⁽⁷⁾	-	0.01	0.01	0.04	0.05	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	7.33	10.24	8.89	8.62	8.01	7.76
Net assets per share (\$) ⁽⁸⁾	7.34	7.64	7.47	8.11	8.15	8.23

*Footnotes for the tables are found at the end of the Financial Highlights section.

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FINANCIAL HIGHLIGHTS (cont'd)

- (1) This information is derived from the Fund's semi-annual and annual financial statements.
- (2) The following classes of shares of the Fund commenced operations:

Class A, Series I shares	September 10, 2010
Class A, Series II shares	September 10, 2010
Class A, Series III shares	September 10, 2010
Class A, Series IV shares	September 10, 2010
Class A, Series VI shares	September 10, 2010
- (3) Net assets per share and distributions per share are based on the actual number of shares outstanding for the relevant class on the relevant date. The increase (decrease) in net assets from operations per share is based on the weighted average number of shares outstanding for the relevant class over the financial period.
- (4) The Fund has entered into various agreements including management, investment advisory and administration agreements. The annualized fees are as shown.
- (5) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying funds, calculated on a weighted average basis based on the percentage weighting of each underlying fund and is expressed as an annualized percentage of average daily net asset value for the period.
- (6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year and the value of any securities acquired as a result of merger, by the average of the monthly fair value of investments during the period.
- (7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund during the period.
- (8) For financial years beginning on or after January 1, 2013 the financial highlights are derived from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS allows net assets to be calculated based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. There are no differences between the net assets calculated for purpose of processing shareholders transactions and the net assets attributable to holders of redeemable shares used for financial statement reporting purposes. For financial years before January 1, 2013, the financial highlights are derived from the financial statements prepared in accordance with Canadian GAAP. Under Canadian GAAP net assets for financial statement purposes were calculated based on bid/ask price while for purpose of processing shareholder transactions net assets were calculated based on the closing market price.

VENTURELINK INNOVATION FUND INC.

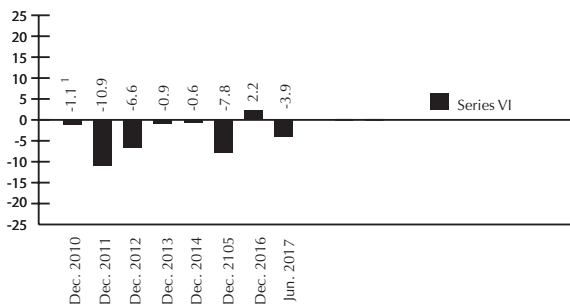
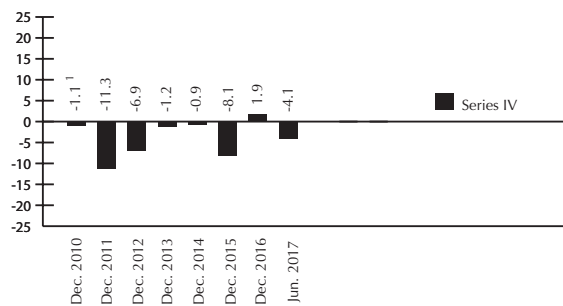
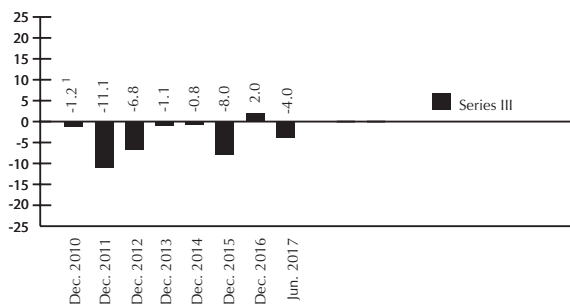
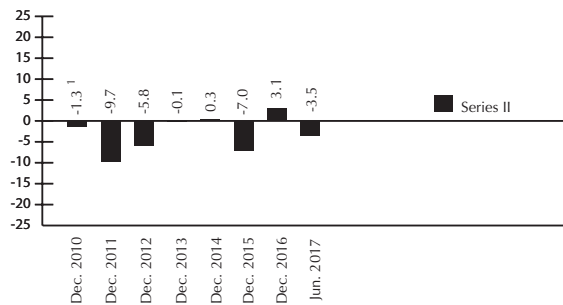
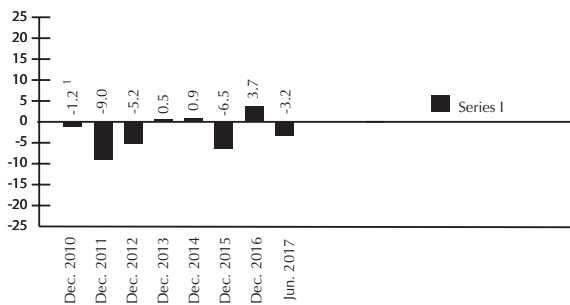
Management Report of Fund Performance for the period ended June 30, 2017

PAST PERFORMANCE

This section describes how the Fund has performed in the past. Past returns do not indicate how the Fund will perform in the future. The information shown assumes that dividends paid by the Fund in the periods shown were reinvested in additional shares of the relevant classes of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

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



¹This figure is for the period from September 10, 2010 to December 31, 2010.

Returns for periods up to December 31, 2012 are calculated using Canadian GAAP while returns for years thereafter are calculated using IFRS.

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SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2017 (unaudited)

Industry Sector	Number of Companies	Cost (in \$000's)	Fair Value (in \$000's)	% of Cost	% of FV
Sector					
Financial Services	4	9,427	2,956	17.5	6.7
Biotechnology	1	500	375	0.9	0.9
Information Technology and Communications	12	42,317	40,671	78.7	92.3
Services and Others	1	1,567	65	2.9	0.1
	18	53,811	44,067	100.0	100.0

Stage of Development	Number of Companies	Cost (in \$000's)	Fair Value (in \$000's)	% of Cost	% of FV
Investment Stage					
Early	7	19,675	11,277	36.6	25.6
Later	11	34,136	32,790	63.4	74.4
	18	53,811	44,067	100.0	100.0

Investments	Cost (in \$000's)	Fair Value (in \$000's)
Venture Investments	53,811	44,067
Underlying Funds	17,692	13,141
	71,503	57,208

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SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2017 (unaudited) (cont'd)

Top Venture Investment Holdings (as at June 30, 2017)*

Brandimensions Inc.
Coventree Inc.
DCR Strategies Inc.
Embotics Corp.
eSentire Inc.
FutureStateIT Inc.
Investigative Research Group Inc.
Marquest Asset Management Inc.
MMB Research Inc.
Peraso Technologies Inc.
Performance Plants Inc.
Pitchpoint Solutions Inc.
Sidense Corp.
Smart Energy Instruments Inc.
SCI Ltd.
Upsight Inc.
WF Fund III Limited Partnership
WireIE Holdings International Inc.

*This list includes the eighteen venture investments that continue to be carried at greater than nominal cost or market value.

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

A NOTE ON FORWARD-LOOKING STATEMENTS

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

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

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

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