VENTURELINK INNOVATION FUND INC.

ANNUAL INFORMATION FORM

Class A Shares, in the Following Series:

Series I

Series II

Series III

Series IV

Series VI

March 7, 2018

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DATE OF ANNUAL INFORMATION FORM

This Annual Information Form is dated as at March 7, 2018. This document is an annual information form in respect of the fiscal year ended December 31, 2017. Unless otherwise stated herein, all information was current as of December 31, 2017. Information relevant to the period from January 1, 2018 to the date hereof is to assist the reader to understand changes to the information provided which have occurred since December 31, 2017. Where such additional information is provided, the date of the information is disclosed herein.

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;

"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 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 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 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 registered under the Ontario Act;

"Custodian" means RBC 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.;

"GST/HST" means taxes exigible under Part IX of the *Excise Tax Act* (Canada);

"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 or a sub-index of the TSX;

"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 stock 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" 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;

"Manager" means VL Advisors Inc., the Manager and Investment Advisor of the Fund;

"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";

"Ontario Act" means the *Community Small Business Investment Funds Act*, 1992 (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) a trust that is governed by 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; or (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;

"RRIFs" means registered retirement income funds, as defined in subsection 146.3(1) of the Federal Tax Act;

"RRSPs" means registered retirement savings plans, 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 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;

"Tax-free savings account" or "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;

"Valuation Date" means the last business day of each week, along with the last business day of June and December;

"VL Advisors" means VL Advisors Inc., in its capacity as the Manager and Investment Advisor of the Fund; and

"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.

FORWARD-LOOKING STATEMENTS

This annual information form contains forward-looking statements about matters that involve risks and uncertainties, such as statements of the Fund's plans, objectives, expectations and intentions, as well as financial trends. The discussion also includes cautionary statements about these matters. You should read the cautionary statements made below as being applicable to all forward-looking statements wherever they appear in this document.

It is important to note that:

- There is no assurance that any forward-looking statement will materialize.
- The results or events predicted herein may differ materially from actual results or events.
- Unless otherwise indicated, forward-looking statements describe expectations as of March 7, 2018.
- The Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause the Fund's actual results to differ materially from the forward-looking statements contained herein include, but are not limited to: numerous external and internal business and operating risks having an adverse effect on the results of operations of the investee companies and adverse tax or other regulatory decisions being made against the Fund, including decisions made relating to the eligible businesses.

Currency

All currency is expressed in Canadian dollars unless otherwise indicated.

NAME, FORMATION AND HISTORY OF THE FUND

VentureLink Innovation Fund Inc. 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. Accordingly, the shareholders of the Fund include primarily shareholders of the following four predecessor funds, each with the investment focus described in the chart below:

Fund name	**Incorporation/ Amalgamation**	**Sector focus/reserves**
VentureLink Financial Services Innovation Fund Inc.	September 24, 2001	Financial services Reserves linked to performance of financial services sub-index of TSX.
VentureLink Diversified Income Fund Inc.	September 26, 2002	Established business operating in traditional industries. Investment of reserves not specified
VentureLink Balanced Fund Inc.	July 31, 2006	Investment in Community Small Business Investment Fund Corporations which in turn would invest in eligible Canadian infrastructure, essential resource and essential services including energy, water and waste management. Investment of reserves not specified

Fund name	Incorporation/ Amalgamation	Sector focus/reserves
VentureLink Brighter Future Fund Inc.	July 31, 2006	Emphasis on technology oriented businesses. Reserves assumed from predecessor funds on amalgamation

The investment objectives of the predecessor funds included making eligible investments in businesses consistent with their sector focus as outlined in the table above in order to realize long-term capital appreciation and to invest in eligible reserves. The investment of reserves was linked to specific share indices in three of the predecessor funds.

The Fund has a broad investment objective to realize long term capital appreciation by making debt and equity investments in a diversified portfolio of eligible businesses. This broader mandate reflects the nature and composition of the existing portfolio at the time of the amalgamation. With respect to reserves, the Fund has the option but not a requirement to invest reserves in notes linked to the TSX and financial services sub index of the TSX.

The current investment strategy of the Fund is to preserve a strong liquidity position while working with portfolio companies to create successful exits of all or substantially all of the investment portfolio in near to medium term. The current expectation is that the Fund will be wound up following the disposition of the investment portfolio.

The Fund has previously disclosed its plans to divest of all of its holdings prior to December 31, 2018 and to wind up thereafter. The Fund continues to implement this plan. In its disclosure over the past few years the Fund has anticipated certain circumstances where the time to complete divestment of the portfolio may be extended by twelve to eighteen months. As of the date hereof, that further extension is looking more likely. However, if the divestures happen more quickly than anticipated, there is a chance the initial planned divestiture and wind up dates may be achieved. The Fund is planning to honour annual redemptions of at least 20% of opening Net Asset Value in each calendar year until such time as the Fund has divested of all of its holdings and it can wind up.

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 in most, but not all jurisdictions in Canada. 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”.

As of December 31, 2017, there were 613,880 Class A Shares, Series I, 406,939 Class A Shares, Series II, 3,130,885 Class A Shares, Series III, 1,411,214 Class A Shares, Series IV, and 73,096 Class A Shares Series VI outstanding. The Sponsor owns all of the issued and outstanding Class B Shares of the Fund. VL Holdings LP, the majority owner of the Manager and Investment Advisor, owns all of the issued and outstanding Class P Shares of the Fund. As of December 31, 2017, no person or company of record and management knew of no person or company who owned beneficially, directly or indirectly, more than 10% of the issued and outstanding Class A Shares of the Fund. VL Advisors Inc. is and has been the Manager and Investment Advisor of the Fund since its formation. VentureLink LP was the Manager and VL Advisors Inc. was the Investment Advisor to the predecessor funds from December 21, 2005 to the amalgamation. VentureLink LP distributed its ownership of VL Advisors Inc. to its parent, VL Holdings LP on December 31, 2015.

Changes of Control of the Manager

There have been no changes of control of the Manager in the past five years.

INVESTMENT RESTRICTIONS

General

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Mutual Funds* of the Canadian Securities Administrators ("NI 81-102"), which are designed in part to ensure that the investments of the Fund are diversified and to ensure the proper administration of the Fund. The Fund is subject to the restrictions contained in the Ontario Act and Federal Act and exempted from conflicting provisions of NI 81-102.

Statutory Investment Restrictions Applicable to the Fund

The Fund is subject to investment restrictions contained in the Federal Tax Act and the Ontario Act. 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.

Under the Federal Tax Act, the Fund must invest and hold investments in eligible businesses in Canada having an aggregate investment cost equal to 60% of the lesser of the Fund's shareholders' equity for the current year and the shareholders' equity in the immediately preceding year. Shareholders' equity is an accounting term that reflects the current value of assets less liabilities that are attributable to the shareholders. For the purposes of the investment requirements under the Federal Tax Act, unrealized gains and losses in respect of the Fund's eligible investments are excluded from shareholders' equity. Also, shareholders' equity relating to Class A Shares that have been outstanding for more than eight years is excluded from the calculation. This adjustment to shareholders' equity and other adjustments permitted under the Federal Tax Act operate to reduce the Fund's investment requirements. In addition, the Fund would be able to reduce its federal investment requirements if it invests in eligible businesses with less than $10 million in assets. For these investments, the Fund's investment cost is increased to 150% to 200% of the actual cost.

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 after 2012, 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 the Fund's Class A Shares that remain outstanding at the end of the year and were issued before the 61st day of 2012 (excluding Class A Shares that have been outstanding for at least 94 months). The 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 all or substantially all of the fair market value of that entity's property 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 50% or more of the full-time employees of the business are employed in Ontario and 50% or more 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 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.

The Fund is prohibited under the Federal Tax Act from investing more than the lesser of $15 million and 10% of its shareholders' equity in any single entity (and related entities). Subject to the foregoing, the Fund may participate with other investors in larger investments. Under the Federal Tax Act, the 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 and the Federal Tax Act.

Investment Restrictions

(a) 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.

(b) The Fund will not make loans except in the ordinary course of investing its funds.

(c) The Fund will not make short uncovered sales of securities or purchase securities on margin.

(d) The Fund will not act as an underwriter of securities.

(e) The Fund will not invest in the securities of investment companies or the securities of a mutual fund.

(f) Other than shares of the Fund, the Fund will not buy securities from or sell securities to the directors or officers of the Fund or 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.

(g) 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.

(h) The Fund will not invest in any transaction not recommended by VL Advisors.

(i) 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 NI 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:

(a) Invest in securities which may require the 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.

(b) Lend money to eligible businesses by investing in a qualifying debt obligation, as contemplated by the Federal Tax Act and the Ontario Act.

(c) 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.

(d) Borrow up to an amount equal to 25% of the total assets of the Fund.

(e) Invest more than 10% of the net assets of the Fund in illiquid assets, as defined in NI 81-102 of the Canadian Securities Administrators.

Eligibility For Investment

In general terms, so long as 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, a Class A Share of the Fund will be a qualified investment for a trust governed by an RRSP, a RRIF and a TFSA (each a "**Registered Plan**") at a particular time, provided that the Class A Shares are not a "prohibited investment" for the Registered Plan. A Class A Share will generally be a prohibited investment of a Registered Plan, if the "controlling individual" (the holder of the TFSA or annuitant of the RRSP or RRIF, as the case may be): (i) does not deal at arm's length with the Fund for purposes of the Federal Tax Act; or (ii) has a "significant interest" (as defined in the Federal Tax Act) in the Fund. A controlling individual will generally hold a significant interest in the Fund for purposes of the prohibited investment rules in the Federal Tax Act, if the controlling individual 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 may be deemed to own shares owned by other persons with whom he or she does not deal at arm's length (for purposes of the Federal Tax Act) plus 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. Class A Shares will generally not be a "prohibited investment" for a Registered Plan if they constitute "excluded property", as defined in the Federal Tax Act, for a Registered Plan.

Whether or not the Class A Shares will be a "prohibited investment" depends upon the controlling individual's particular situation. Potential investors who propose holding their Class A Shares in a Registered Plan should consult their own tax advisors regarding their particular situation.

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. However, Class A Shares can be transferred to RRIFs where the transferor is permitted to do so under the Federal Tax Act and the Ontario Act.

The Federal Tax Act contains certain punitive rules to address the use of Registered Plans in certain tax planning arrangements. Investors who hold their Class A Shares in a Registered Plan should consult their own tax advisors regarding their particular situation.

DESCRIPTION OF SECURITIES OF THE FUND

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 Ontario Act.

Class A Shares

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

Issue

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

Transfer

There are no restrictions on the transfer of Class A Shares.

Redemption by Holders

Where the Class A Shares were acquired and:

(a) the shareholder, after acquiring the Class A Shares has become disabled or permanently unfit for work or terminally ill;

(b) the shareholder asks the Fund to redeem Class A Shares within 60 days after the day on which the Class A Shares were issued to the original purchaser and any Information Return and Tax Credit Certificates issued to the holder in respect of such Class A Shares has been returned to that Fund;

(c) the shareholder acquired the Class A Shares from another person as a consequence of the death of the other person or the death of the annuitant under a trust governing an RRSP or a RRIF that previously held such Class A Shares;

(d) the shareholder is an RRSP or a RRIF, and after the shareholder acquired Class A Shares has become disabled and the annuitant under the RRSP or a RRIF has become disabled and permanently unfit for work or terminally ill;

(e) the Fund publicly announced 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 that Fund surrenders its registration; or

(f) the redemption occurs more than eight years after the date on which the Class A Shares were issued,

the Class A Shares may be redeemed without any amount being withheld for the repayment of the Federal and Ontario tax credits. Redemption may occur at any other time if the Fund withholds the amount required to refund the amount of Federal and Ontario 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 make a request to the Fund to redeem such 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 (the "20% Threshold") and at its option may suspend redemptions for substantial periods of time in such circumstances. Where redemption requests for a specific Valuation Date should cause the fiscal years redemptions to exceed the 20% Threshold and the Fund elect to suspend redemptions at that time, all redemption orders placed for that Valuation Date will receive a pro-rata fill of their order equal to the amount being honoured by the Fund divided by the total amount of redemptions requested. Although the Fund will endeavour to maintain at all times sufficient liquid assets to honour the redemption requests up to such 20% Threshold, it cannot guarantee that it will be able to honour all redemption requests for the Valuation Date on which they are made.

Redemptions of a Series of Class A Shares will be made at the net asset value per Class A Share of the respective Series. All redemptions will be made on the next Valuation Date following the 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 Class A Share of the respective Series for that Valuation Date. Redemption requests received after that time will be priced at the net asset value per Class A Share of the respective Series for the next Valuation Date.

In addition to deductions if any from the redemption price paid for Class A Shares, Series I, the Class A Shares, Series II, the Class A Shares, Series III, Class A Shares, Series IV and Class A Shares, Series VI (collectively, the "Class A Share Redemption Amount") in respect of the Ontario tax credits and the federal 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 except for Class A, Series I, Series II and Series VI so redeemed will be charged a redemption fee payable to the Fund. For holders of Class A Shares, Series III 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 IV 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 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 of each Series shall be considered to be redeemed in the order acquired.

After the eighth anniversary of the date of issue there is no redemption fee for any Class A Share.

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.

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 (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 and four nominees of the Manager and Investment Advisor.

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 each Series of Class A Shares of the Fund will be entitled to all of the value of the assets of the Fund applicable to the respective Series of Class A Shares, as the case may be, 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 its 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 the Funds

The Fund may redeem some, but not all, of its 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 of the Fund must continue be held by an employee organization (as defined in the Ontario Act) for the Fund to comply with the provisions of 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 that 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. The holder of the Class B Shares of the Fund is entitled to elect a majority of the directors of the Fund. The Sponsor has agreed to elect one nominee on its own behalf and four nominees of the Manager and Investment Advisor.

Dissolution

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

Class P Shares

Issue

The directors of the Fund may issue Class P Shares of the Fund 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 of the Fund 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 that Fund's IRC.

Class P Shares, Series 1

Voting Rights

The holders of the Class P Shares, Series 1 of the Fund 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 of the Fund, and after any amounts payable to the holder of Class B Shares of the Fund have been paid, the holders of the Class P Shares, Series 1 of the Fund 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 holders of Class A Shares of the Fund, 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 of the Fund shall be entitled to receive dividends if as and when declared by the board of directors of the Fund out of the assets of that Fund 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 of the Fund 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 the Manager and Investment Advisor or upon the written request to the Manager and Investment Advisor of shareholders of the Fund holding not less than 5% of the then outstanding Class A Shares of that 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 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 Securityholder 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 that Fund may propose to change in the future:

(a) 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;

(b) a change of the manager of the Fund (other than to an affiliate of the Manager);

(c) any change in the investment objectives of the Fund;

(d) any decrease in the frequency of calculating the net asset value of the Class A Shares of the Fund;

(e) subject to certain exemptions available under rules applicable to mutual funds, the commencement of the use by the Fund of permitted derivatives; or

(f) 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 the Manager and the Investment Advisor 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

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 net asset value 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 International Financial Reporting Standards ("IFRS") and the net assets of the Fund will be reflected in accordance with IFRS. 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 IFRS 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 their Fund.

The net asset value per Class A Share will be determined on each Valuation Date and will usually be published at such time in the financial press.

VALUATION OF INVESTMENTS

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 IFRS. See "Securityholder Matters".

Valuation Policies and Procedures of the Fund

The board of directors has established an audit and valuation committee (the "Audit and Valuation Committee") comprised of three directors, a majority of whom are outside directors, independent of the Manager and the Sponsor. The board of directors delegates to the Audit and Valuation Committee responsibility for reviewing the recommendations of the Manager 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 Manager, shall be reviewed by the Audit and Valuation Committee quarterly.

Valuation of Assets for which a Published Market Exists

The Administrator will, on each Valuation Date, 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". The Manager will notify the Administrator of any adjustments in the holdings of the 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 Valuation Date, calculate the value of those assets pursuant to the general valuation policies ("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 Manager. VL Advisors will notify the Administrator as soon as possible of any adjustments in the fair value of holdings of the 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 Manager. Securities of private companies are valued at fair value as determined by the Manager.

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 less any appropriate discount for closing risk. 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 IFRS occur that would give the Fund cause to consider adjusting its Valuation Policies in order to comply with IFRS, VL Advisors in consultation with the board of directors of the Fund may adjust these policies to meet the amended IFRS terms.

Calculation of Net Asset Value

The net asset value of a Class A Share or applicable Series are calculated by the Administrator on each Valuation Date at the close of business 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 Class A Shares or applicable Series, as the case may be, 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 Valuation Date.

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 above.

IFRS replaced Canadian generally accepted accounting principles for publicly accountable enterprises effective January, 1, 2011. The adoption of IFRS for investment companies was extended to fiscal years beginning on or after January 1, 2014. The Fund did not experience a material change to net asset value as a result of the transition to IFRS.

The Fund transacts all subscriptions and all redemptions of Class A Shares, Series I, Class A Shares, Series II, 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 NAV of the Fund and the NAV 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 per Class A Share or applicable Series, as the case may be, on each Valuation Date. This information will be available at no cost to the public.

PURCHASES OF SECURITIES

The Board of the Fund elected to not renew the prospectus of the Fund in 2012 and as such the Fund's most recent prospectus lapsed on October 17, 2012. **The Fund has not renewed its prospectus in any jurisdiction and Class A Shares are not for sale in any jurisdiction.**

Investors may arrange to 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.

Distribution Services Fee

The Fund will, at the direction of VL Advisors, pay to the 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 and 1.15% of the original Class A Share, Series IV issue price sold by the Fund respectively for the first eight years after each individual's purchase of those two specific Class A Shares Series.

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 on the previous sale of Class A Shares.

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, they are not reflected in the financial statements of the Fund as a part of VL Advisors' compensation. Rather, a Distribution Services Fee is payable to the third party and recorded by the Fund.

Additional Dealer Compensation

Class A Shares, Series I 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 0.75% annually out of the net asset value of the Class A Shares, Series I of the Fund held by clients of the sales representatives of the dealers.

Class A Shares, Series II 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 0.75% annually out of the net asset value of the Class A Shares, Series II of the Fund held by clients of the sales representatives of the dealers.

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.

REDEMPTION OF SECURITIES

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 the 20% Threshold, and in any given week where redemptions cause the Fund to exceed the 20% Threshold shareholders may only receive a pro-rata portion of the amount being honoured by the Fund shared equally based on size of each order amongst all the other shareholders who place orders that week. The Fund implemented a halt of redemptions on August 11th, 2016, having honoured redemptions for the year in excess of the 20% Threshold. The Fund reopened to honour redemptions on January 9, 2017. The Fund implemented a second halt of redemptions on March 10, 2017, having reached the 20% Threshold for another year. The Fund reopened to honour redemptions on January 8, 2018. The Fund implemented a third halt of redemptions on January 19, 2018, having reached and exceeded the 20% Threshold for the current calendar and fiscal year.

Redemption/Redemption Price

Subject to redemption restrictions (as described in the previous paragraph) 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 next Valuation Date after which the Fund receives the request or on the following Valuation Date if received after 4 p.m. (Eastern time) on a Valuation Date.

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 only be redeemed prior to eight years from the date of issue if amounts generally equal to the federal and Ontario tax credits received on the purchase of such Class A Shares are withheld and remitted to the appropriate governmental authorities. Circumstances under which Class A Shares may be redeemed during the eight year period after their issue without withholding of amounts or a penalty, except as referred to under "Redemption Fee", 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 any Tax Credit Certificate issued to the 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. See "Federal Income Tax Considerations – Taxation of Security Holders – Redemption of Class A Shares" and "Ontario Income Tax Considerations – Ontario Tax on Redemption of Class A Shares".

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, there is generally no withholding recovery of the federal tax credit.

Redemption Fee

Class A Shares, Series I and Class A Shares, Series II: Holders of Class A Shares, Series I and Class A Shares Series II as of the date of this Annual Information Form have held their holding for longer than the eighth anniversary of the issue date, and so for Holders of these two Series there is no redemption fee. See "Description of Securities of the Fund"**.**

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 "Description of Securities of the Fund".

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 "Description of Securities of the Fund".

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 "Description of Securities of the Fund".

RESPONSIBILITY FOR MUTUAL FUND OPERATIONS

The Fund's board of directors has the ultimate responsibility for overseeing the management of the Fund and exercises this responsibility directly as well as through the committees of the board and the Manager as described below.

Officers and Directors of the Funds

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 Funds	Principal Occupation	Director Since[3]	Class A Shares Owned or Controlled
Robert B. Falconer[1][2] Toronto, Ontario	Director	Retired	December 18, 2003	Nil
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	Director of the General Partner	July 25, 2006	1,235 Class A Shares
Michael Kelly[2] Toronto, Ontario	Director	Independent Consultant	July 25, 2007	Nil
Greg McConnell	Director	National Chairman of the Sponsor	July 1, 2015	Nil
Iain A. Robb[1] Toronto, Ontario	Director	Lawyer in Private Practice	December 18, 2003	Nil
W. James Whitaker Toronto, Ontario	Chief Financial Officer and Director	Secretary and Director of the General Partner	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 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 Toronto 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 30 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.

Greg McConnell is the National Chairman of the Sponsor. He began representing his fellow pilots as Chairman of the Canadian Federal Pilots Association on July 1, 2015. Between 1992 and 2015, Mr. McConnell was a Regional and Headquarters Civil Aviation Inspector responsible for Aircrew Licensing, Air Taxi and Commuter Airlines, and National Air Operator Certification with Transport Canada in Ottawa, Ontario. Prior to that Mr. McConnell was a Captain with Domestic and International Airlines.

Iain A. Robb is a lawyer in private practice. He was a partner of the law firm Gowling Lafleur Henderson LLP, where he was a member of the corporate finance group from 1996 to 2015 and was an associate at the same firm prior thereto. 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 one other labour sponsored investment fund.

W. James Whitaker is Chief Executive Officer and a Director of VL Advisors and 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 Canadian Fund Inc. 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 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.

Meetings of the Board and Committees

Scheduled meetings of the board of the Fund and of the Audit and Valuation Committee are held at least quarterly.

Conflicts of Interest

From time to time, a director of the Fund may face a conflict in connection with certain decisions. For example, a director or a director's employer may have an interest in eligible businesses in which the Fund is considering investing. Where such conflicts arise, the director with such conflict is required to disclose the conflict and abstain from participating in the decision.

Manager and Investment Advisor of the Fund

VL Advisors Inc. was incorporated under the laws of the Province of Ontario on August 23, 2005 and is controlled by and a majority-owned subsidiary of VL Holdings LP. A predecessor of VL Holdings 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 have entered into a new Management and Investment Advisory Agreement (a "**Management Agreement**") dated October 26, 2010 effective as of September 10, 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. Its phone number is (416) 681-6676 and its website can be accessed at http://www.venturelinkfunds.com/.

Duties and Services Provided by VL Advisors

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. Its duties include: investigating investment opportunities; negotiating terms of purchase and sale of the investments in the Venture Portfolio; ongoing monitoring of the investment portfolio; retaining and supervising service providers; and developing and refining the Fund's investment strategy. VL Advisors is 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 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 for the first eight years after each individual's purchase of those two specific Class A Shares Series. 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".

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

VL Advisors had approximately $61 million in assets under management as of December 31, 2017, principally from the Fund.

Summary of the Management and Investment Advisory Agreement

The Management and Investment Advisory Agreement (the "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 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 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 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 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

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

Conflict of Interest in Respect of VL Advisors

VL Advisors developed conflict of interest policies at the time when there were multiple labour funds to which it was providing investment management services. VL Advisors may provide investment management services to third party managed clients and therefore remains 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:

(a) 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

(b) 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:

(a) 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

(b) 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 "Fund Governance - Independent Review Committee".

Independent Review Committee

The Fund has established an Independent Review Committee to whom certain conflict of interest matters are referred. See "Fund Governance".

The Sponsor of the Fund

The Sponsor of the Fund is the Canadian Federal Pilots Association, which represents approximately 430 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 an agreement dated October 1, 2010 (the "Sponsor Agreement") with the Fund. The Sponsor Agreement replaced previous agreements with each of the Predecessor Funds. The Sponsor has agreed to elect one representative of the Sponsor and four persons nominated by VL Advisors from time to time. 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 the 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. Greg McConnell 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 weekly 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" and "Securityholder Matters".

The Custodian

RBC Investor Services Trust ("RBC") 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, the predecessors of the Fund and VL Advisors (the "Custodian Agreement") which was acquired by the Fund upon the amalgamation of four predecessor funds to form the Fund. RBC's head office is located at 155 Wellington Street W., 2nd Floor, Toronto, Ontario M5V 3L3. 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 NI 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, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

CONFLICTS OF INTEREST

Principal Holders Of Securities

The Fund

As of March 1, 2018, there were 549,718 Class A Shares, Series I, 357,064 Class A Shares, Series II, 2,400,525 Class A Shares, Series III, 1,043,959 Class A Shares, Series IV, and 64,269 Class A Shares Series VI outstanding. 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 of the Fund as of March 1, 2018. The Sponsor owns all of the issued and outstanding Class B Shares. VL Holdings LP 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 share capital 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	VL Holdings LP 3 Church Street, Suite 602, Toronto, Ontario M5E 1M2	Shareholder	Common shares Preferred shares	Direct	51 100,000	51% 100%

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
	Espresso Capital Ltd. 8 King St. E., Suite 300, Toronto, Ontario M5C 1B5	Shareholder	Common shares	Direct	49	49%

Independent Review Committee

As of the date hereof, to the knowledge of the Fund and VL Advisors, the members of the IRC beneficially owned, directly or indirectly, in aggregate the following securities:

IRC Member	Holdings of the Fund Exceeding 10%	Holdings of the Manager	Holdings in a person or company that provides services to the Fund or the Manager
Robert Falconer	-	-	-
Christopher Hopper	-	-	-
Michael Kelly	-	-	CI Financial – less than 1%

FUND GOVERNANCE

Both the VL Advisors and board of directors of the Fund have responsibility for governance of the Fund. The Manager maintains policies, procedures and guidelines concerning governance of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. See also "Responsibility for Mutual Fund Operations" – "Conflict of Interest in respect of VL Advisors".

In addition to the policies, practices or guidelines applicable to the Fund relating to the business practices, sales practices, risk management contracts or internal conflicts already disclosed in this annual information form, the Manager also has a Code of Ethics and Conduct (the "Code") which applies to all of its employees. The Code is in place to ensure that all employees of the Manager are working with the sole purpose of doing what is best for the clients with no real or perceived conflicts of interest. The Code provides mandatory policies in respect of the conduct of business including conflicts of interest, privacy and confidentiality.

The only use of derivatives made by the Fund previously was through the optional investment of reserves in notes, the total returns of which are linked to the TSX and financial services sub index of the TSX. Counterparty risk is managed by investing in such notes only with Canadian chartered banks.

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. No change has occurred in the composition of the IRC since the date of the most recently filed annual information form. The costs and expenses associated with the IRC are borne by the Fund. 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:

IRC Member	Annual Fee	Fees Paid in 2017	Expenses Reimbursed
Robert Falconer	$12,000	$12,000	$0
Christopher Hopper	$12,000	$12,000	$0
Michael Kelly	$12,000	$12,000	$0

Conflicts of Interest – Proxy Voting

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 voting 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.

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.

The Guidelines are available on request, at no cost, by calling 1-800-253-1043 or by writing to the VL Advisors at 3 Church Street, Suite 602, Toronto, Ontario M5E 1M2.

Disclosure of Proxy Voting Record

VL Advisors discloses its annual proxy voting record for reporting issuers for all of the Fund 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.

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 the Manager".

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

FEES AND EXPENSES AND REMUNERATION OF DIRECTORS AND OFFICERS

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 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. The directors entitled to this fee attended all directors meetings held in 2017. 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.

Independent Review Committee Fees and Expenses

The Fund will pay all of the fees and expenses associated with the Independent Review Committee. See "Fund Governance – Independent Review Committee".

Management and Investment Advisory Fees

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 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 for the first eight years after each individual's purchase of those two specific Class A Shares Series. 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".

Performance Bonus

The performance bonus plan ("Performance Bonus Plan") attempts to structure a plan that contains the appropriate incentives for the Manager, retains historical performance bonus plans 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. eligible investment portfolio since inception and performance of any 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 investments of the DI Fund held as at the Effective Date. 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 investments of the CSBIFs held as at the Effective Date. 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") is based on the performance of investments of the BF Fund held as at the Effective Date. 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:

(d) 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

(e) 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, with the Fund's consent, and at the direction of the board of directors if requested by VL Advisors, the Fund may consent to 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 and four people nominated by 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.

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 and directors' fees. 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.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Introduction

In general terms, the following summary presents fairly the principal Canadian federal income tax considerations generally applicable to holders of Class A Shares 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 were 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, specific proposals for amendments to such legislation and regulations that have been publicly announced, and the current administrative policies and practices published in writing by the CRA 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.

T**his 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, holders of Class A Shares should consult their own tax advisors with respect to their individual circumstances**.

Federal Tax Credit Available to First Purchasers

An individual who was the original purchaser of a Class A Share of the Fund on or before March 1, 2015, would generally have been entitled to a Tax Credit in respect of the original acquisition of the Class A Share by that individual (a qualifying trust for the individual) equal to 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 and subject to the annual aggregate maximum Tax Credit for the year. The annual aggregate maximum Tax Credit for an individual for a year in respect of purchases of Class A Shares and shares of other registered labour-sponsored venture capital corporations was $750.

The Tax Credit was to be phased out and was reduced to 10% in 2015 and 5% in 2016 before being eliminated in 2017. However, the government reversed this decision in 2016 and reinstituted the credit for shares of provincially registered labour sponsored venture capital corporations where a provincial tax credit is also available (See "Ontario Tax Credits Available to First Purchasers" below). The maximum tax credit limit is based on a 15% hybrid formula for 2016 and $750 after 2016.

The Fund is no longer offering Class A Shares for sale. As a result, unless the Fund reverses that decision, which is not currently anticipated, no Tax Credits will be offered by the Fund in the future.

Transfer of Class A Shares to an RRSP

Subject to the qualifications discussed above under the heading "Eligibility for Investment", a Class A Share is 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. 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 any 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 is also 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 is a qualified investment for a TFSA. A TFSA is permitted to directly subscribe for Class A Shares. Class A Shares can be transferred to a TFSA, under which the original holder, or his or her spouse or common law partner is the annuitant, up to the contribution limit of the TFSA. Unused contribution room may be carried forward. The original holder may realize a capital gain on the transfer but any capital loss is denied. No tax deduction is available in respect of the sale or other transfer of a Class A Share by a holder to a TFSA.

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 ("**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 rates of tax. 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 that results 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 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, an RRSP, or to a RRIF 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 any Ontario tax credit (discussed below) received on the purchase of such Class A Shares. For a registered labour-sponsored venture capital corporation, the amount recoverable under the Federal Tax Act is generally equal to the Tax Credit received in respect of the Class A Share.

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. A Tax Credit cannot 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 generally not subject to tax.

The Federal Tax Act contains certain punitive rules to address the use of RRSPs, RRIFs and TFSAs in certain tax planning arrangements. Investors who hold their Class A Shares through a TFSA, RRSP or RRIF should consult their own tax advisors regarding their particular situation.

Federal Penalty Taxes Potentially Applicable to the Fund

The Fund will be liable for a special tax in the event of an "investment shortfall" in any given month under the federal investment requirements. Generally an investment shortfall will occur if the total adjusted cost of the Fund's eligible investments is less than 60% of the Fund's shareholders' equity. 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:

(a) 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;

(b) it does not comply with the restrictions in its Articles;

(c) it does not file the proper forms and returns and pay any special taxes or penalties required of it under the Federal Tax Act;

(d) 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;

(e) its financial statements are not prepared in accordance with generally accepted accounting principles;

(f) it does not prepare in a timely way proper valuations of its Class A Shares;

(g) 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;

(h) it has paid a fee or commission in excess of a reasonable amount in respect of the offering for sale of its shares; or

(i) 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 the 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 the Fund's registration under the Federal Tax Act could, in certain circumstances, result in the Fund being considered to have discontinued its venture capital business and 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.

A labour-sponsored venture capital corporation may voluntarily de-register and be treated in the same manner as a revoked corporation.

ONTARIO INCOME TAX CONSIDERATIONS

Introduction

In general terms, the following summary presents fairly the principal Ontario income tax considerations generally applicable to holders of Class A Shares 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 were acquired 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 the current administrative and assessing practices published in writing 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.

T**his 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, holders of Class A Shares 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. The Fund does not intend to carry on business through a permanent establishment in any province other than Ontario. Subject to this intention, 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, except with respect to refundable taxes on investment income.

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 was resident in Ontario and on or before February 29, 2012, subscribed and paid for Class A Shares, or was the annuitant of a qualifying trust that subscribed and paid for Class A Shares as the original purchaser was generally eligible for an Ontario tax credit against Ontario tax payable under the Ontario Act. The Ontario tax credit has been eliminated for the 2012 and subsequent taxation years.

Ontario Tax on Redemption of Class A Shares

Where the Fund is required to withhold and remit to the Minister of Revenue (Ontario) the tax payable by a holder of Class A Shares of the Fund upon the redemption, acquisition or cancellation of Class A Shares for which an Ontario tax credit was received and have been outstanding for less than eight years, the amount that must be withhold and remitted on the redemption depends upon the year the Class A Shares were purchased. For Class A Shares purchased on or before March 1, 2010, the withheld amount is 15% of the lesser of (i) the original purchase price and (ii) the aggregate redemption proceeds. For shares purchased after March 1, 2010, and on or before March 1, 2011, the applicable percentage is 10% of the lesser of (i) and (ii). For Class A Shares purchased after March 1, 2011 and on or before February 29, 2012, the percentage is 5% of the lesser of (i) and (ii). There is no Ontario tax credit available for purchases of Class A Shares after February 29, 2012 and, consequently, no tax is required to be withheld and remitted to the Minister of Revenue (Ontario) on the redemption of Class A Shares purchased by the holder after February 29, 2012.

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".

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 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 exceeds the amount of any such tax, other than an amount 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 Finance (Ontario) may revoke the registration of the Fund under the Ontario Act for certain reasons including if the Fund:

(a) does not comply with the restrictions imposed by its Articles;

(b) fails to maintain the required level of eligible investments; or

(c) 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.

If the Ontario registration of the Fund is revoked, the Fund must pay to the Minister of Finance (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 were issued 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.

MATERIAL CONTRACTS

The Fund is governed by the Articles referred to under "Name, Formation and History of the Fund". The Fund has entered into the following contracts which are material to investors:

(a) the Sponsor Agreement referred to under "Responsibility for Mutual Fund Operations - The Sponsor of the Fund";

(b) the Management and Investment Advisor Agreement referred to under "Responsibility for Mutual Fund Operations – Manager and Investment Advisor of the Fund";

(c) the Custodian Agreement referred to under "Responsibility for Mutual Fund Operations-the Custodian of the Fund";

(d) the Fund Administrator Agreement dated December 19, 2005 with Assignment Agreement dated May 31, 2006 and Amending Agreement October 1, 2010;

(e) The Distribution Service Fees Agreement dated December 19, 2005 referred to under "Distribution Services Fee" between the Fund and CI Investments Inc. (the successor company to Skylon Advisors Inc.).

Copies of the foregoing may be inspected during regular business hours at the principal place of business of the Fund in Toronto.

LEGAL MATTERS AND ADMINISTRATIVE PROCEEDINGS

There are no legal or administrative matters material to the Fund to which the Fund or the Manager is a party and no such proceedings are known to be contemplated.

EXEMPTIONS AND APPROVALS

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

You can get additional information about the Fund in the Fund's management report of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free at 1-800-253-1043 by e-mailing info@venturelinkfunds.com or from your dealer.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the VL Advisors Inc. internet site at www.venturelinkfunds.com or at the SEDAR website at www.sedar.com.

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