

2021 Annual Management Report of Fund Performance

for the year ended December 31, 2021

VentureLink Innovation Fund Inc.



VENTURELINK
FUNDS

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling (416) 681-6372, by writing to us at VL Advisors Inc., 8 King Street East, Suite 300, Toronto, ON M5C 1B5 or by visiting our website at www.venturelinkfunds.com or SEDAR at www.sedar.com.

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

INVESTMENT OBJECTIVE AND STRATEGIES

The Fund's objective is to realize long-term capital appreciation by making debt and equity investments in a diversified portfolio of small and medium sized eligible Ontario businesses.

The Fund's strategy for 2022 will be to invest in and support existing portfolio companies with a view to realization in the current year. The Fund will not pursue investment opportunities outside the existing portfolio.

In addition to supporting its existing portfolio of growing Ontario businesses, the Fund invests a portion of the portfolio in eligible reserves.

RISKS

The Fund is suitable for investors with a longer-term investment focus and higher risk tolerance as discussed in the Fund's annual information form. The market value of the Fund's largest investment represents approximately 45% of the net asset value of the Fund.

The Fund is being managed to preserve liquidity while working with portfolio companies to create successful exits before December 2022. This management process will reduce the number of portfolio holdings from the current level of seven private holdings and result in an increase to overall portfolio concentration.

RESULTS OF OPERATIONS

The net asset value of the Fund at the end of the 2021 fiscal year was \$10,072. There were 348,605 Class A Shares, Series I, 255,646 Class A Shares, Series II, 718,016 Class A Shares, Series III, 300,501 Class A Shares, Series IV, and 14,804 Class A Shares Series VI outstanding.

Income

The Fund had total income in 2021 of \$(1,427) compared to \$1,143 in 2020, a decrease of \$2,570. This decrease is principally related to unrealized losses on investments of \$1,826 in 2021 versus a gain of \$898 in 2020.

Expenses

Operating expenses were \$229 in 2021 compared to \$1,799 in 2020, a decrease of \$1,570 or 87%. Operating expenses excluding performance fees and Class P dividend expense were \$827 in 2021 compared to \$1,290 in 2020. This decrease is related to the reduction in the weighted average net asset value of the Fund during 2021 compared to 2020.

Class A Shares

Net redemptions of Class A Shares during the year were \$4,738.

New investments

The Fund made no new venture investments in the year.

Realizations

The Fund realized cash proceeds totaling \$13 from the sale of securities of DCR Strategies Inc. for nil realized gain.

In addition to the venture investment activity, short term notes of \$19,993 were purchased and \$28,492 were sold in the year.

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

Fund performance

Fund performance, on a per share basis, varied from a loss of \$.88 for Series IV to a loss of \$1.02 for Series I. The losses were primarily related to the unrealized losses of the investment portfolio.

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

RECENT DEVELOPMENTS

Fund Liquidity and investment concentration

The Fund has approx. 41% of its assets in cash and short term notes and 15% of its assets in a publicly traded holding. As the orderly wind up of the Fund takes place, the concentration of the investment portfolio is increasing. The largest investment of the Fund has a total value equal to 45% of net asset value.

The current plan for the operation of the Fund is to exit the remaining portfolio investments followed by an orderly wind up of the Fund, ideally prior the end of 2022.

In order to manage fund liquidity until such time as the Fund realizes upon its venture investments, the Fund's prospectus provides the Fund with the discretion to halt redemptions in a given financial year once redemptions have reached an aggregate value of 20% of the net asset value of the Fund on the last day of the preceding financial year. The Fund did not halt redemptions in 2021 nor has it done so to the date of this report.

RELATED PARTY TRANSACTIONS

Manager

The Manager and Investment Advisor and Sponsor are deemed to be related parties and earned \$410 from the Fund. This amount represents fees for management, investment advisor and sponsor services. The Fund recovered \$623 of performance fees in the year, made payments of \$69 of performance fees and paid Class P dividends of \$25, resulting in an ending accrual of \$462. Accrued performance fees will be payable to the Manager in future periods if certain criteria are achieved.

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS

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

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

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

CLASS A, SERIES I SHARES	Dec. 31	Dec. 31	Dec. 31	Dec. 31	Dec. 31
Commencement of operations September 10, 2010	2021	2020	2019	2018	2017
Net assets at the beginning of year⁽³⁾	7.79	8.09	9.81	10.34	8.37
Increase (decrease) from operations:					
Total revenue	0.25	0.12	0.34	0.51	0.15
Total expenses (excluding distributions)	(0.13)	(0.84)	(0.66)	(0.47)	(1.05)
Realized gains (losses) for the year	0.01	(1.53)	(2.21)	(0.77)	3.23
Unrealized gains (losses) for the year	(1.15)	1.94	0.80	0.21	(0.38)
Total increase (decrease) from operations⁽³⁾	(1.02)	(0.31)	(1.73)	(0.52)	1.95
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions⁽³⁾	-	-	-	-	-
Net assets at the end of the year shown⁽³⁾	6.77	7.79	8.09	9.81	10.34
Ratios and Supplemental Data					
Net asset value (\$000's)	2,359	3,357	3,998	5,395	6,347
Number of shares outstanding (000's)	349	431	494	549	614
Portfolio turnover rate (%) ⁽⁵⁾	-	0.86	1.52	18.77	-
Trading expense ratio (%) ⁽⁶⁾	-	-	-	-	-
Management expense ratio after taxes (%) ⁽⁴⁾	1.94	11.19	6.48	4.79	11.75
Net assets per share (\$)	6.77	7.79	8.09	9.81	10.34

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS (cont'd)

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

CLASS A, SERIES II SHARES Commencement of operations September 10, 2010	Dec. 31 2021	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017
Net assets at the beginning of year ⁽³⁾	7.42	7.71	9.35	9.91	8.07
Increase (decrease) from operations:					
Total revenue	0.24	0.11	0.32	0.48	0.15
Total expenses (excluding distributions)	(0.12)	(0.80)	(0.63)	(0.50)	(1.06)
Realized gains (losses) for the year	(0.01)	(1.43)	(2.11)	(0.74)	3.10
Unrealized gains (losses) for the year	(1.08)	1.83	0.77	0.20	(0.37)
Total increase (decrease) from operations ⁽³⁾	(0.97)	(0.29)	(1.65)	(0.56)	1.82
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-
Net assets at the end of the year shown ⁽³⁾	6.45	7.42	7.71	9.35	9.91
Ratios and Supplemental Data					
Net asset value (\$000's)	1,649	2,200	2,565	3,342	4,033
Number of shares outstanding (000's)	256	297	333	357	407
Portfolio turnover rate (%) ⁽⁵⁾	-	0.86	1.52	18.77	-
Trading expense ratio (%) ⁽⁶⁾	-	-	-	-	-
Management expense ratio after taxes (%) ⁽⁴⁾	1.92	11.21	6.49	5.35	12.32
Net assets per share (\$)	6.45	7.42	7.71	9.35	9.91

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS (cont'd)

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

CLASS A, SERIES III SHARES Commencement of operations September 10, 2010	Dec. 31 2021	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017
Net assets at the beginning of year ⁽³⁾	6.77	7.03	8.53	9.14	7.53
Increase (decrease) from operations:					
Total revenue	0.21	0.10	0.30	0.44	0.13
Total expenses (excluding distributions)	(0.13)	(0.73)	(0.57)	(0.56)	(1.06)
Realized gains (losses) for the year	(0.01)	(1.78)	(1.91)	(0.67)	2.81
Unrealized gains (losses) for the year	(0.96)	2.13	0.69	0.18	(0.33)
Total increase (decrease) from operations ⁽³⁾	(0.89)	(0.28)	(1.49)	(0.61)	1.55
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-
Net assets at the end of the year shown ⁽³⁾	5.88	6.77	7.03	8.53	9.14
Ratios and Supplemental Data					
Net asset value (\$000's)	4,222	7,858	12,927	20,470	28,630
Number of shares outstanding (000's)	718	1,161	1,839	2,396	3,131
Portfolio turnover rate (%) ⁽⁵⁾	-	0.86	1.52	18.77	-
Trading expense ratio (%) ⁽⁶⁾	-	-	-	-	-
Management expense ratio after taxes (%) ⁽⁴⁾	1.96	11.14	6.48	6.44	13.39
Net assets per share (\$)	5.88	6.77	7.03	8.53	9.14

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS (cont'd)

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

CLASS A, SERIES IV SHARES	Dec. 31	Dec. 31	Dec. 31	Dec. 31	Dec. 31
Commencement of operations September 10, 2010	2021	2020	2019	2018	2017
Net assets at the beginning of year ⁽³⁾	6.73	6.99	8.48	9.10	7.50
Increase (decrease) from operations:					
Total revenue	0.21	0.10	0.29	0.44	0.13
Total expenses (excluding distributions)	(0.12)	(0.72)	(0.57)	(0.56)	(1.06)
Realized gains (losses) for the year	0.02	(1.95)	(1.89)	(0.67)	2.78
Unrealized gains (losses) for the year	(0.99)	2.30	0.68	0.18	(0.33)
Total increase (decrease) from operations ⁽³⁾	(0.88)	(0.27)	(1.49)	(0.61)	1.52
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions ⁽³⁾	-	-	-	-	-
Net assets at the end of the year shown ⁽³⁾	5.84	6.73	6.99	8.48	9.10
Ratios and Supplemental Data					
Net asset value (\$000's)	1,756	2,853	5,223	8,855	12,838
Number of shares outstanding (000's)	301	424	747	1,043	1,411
Portfolio turnover rate (%) ⁽⁵⁾	-	0.86	1.52	18.77	-
Trading expense ratio (%) ⁽⁶⁾	-	-	-	-	-
Management expense ratio after taxes (%) ⁽⁴⁾	1.95	11.11	6.48	6.50	13.45
Net assets per share (\$)	5.84	6.73	6.99	8.48	9.10

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS (cont'd)

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

CLASS A, SERIES VI SHARES Commencement of operations September 10, 2010	Dec. 31 2021	Dec. 31 2020	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017
Net assets at the beginning of year⁽³⁾	6.78	7.11	8.70	9.30	7.64
Increase (decrease) from operations:					
Total revenue	0.22	0.10	0.30	0.45	0.14
Total expenses (excluding distributions)	(0.19)	(0.79)	(0.66)	(0.54)	(1.06)
Realized gains (losses) for the year	0.02	(1.86)	(1.94)	(0.69)	2.83
Unrealized gains (losses) for the year	(1.05)	2.22	0.70	0.19	(0.30)
Total increase (decrease) from operations⁽³⁾	(1.00)	(0.33)	(1.60)	(0.59)	1.61
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions⁽³⁾	-	-	-	-	-
Net assets at the end of the year shown⁽³⁾	5.84	6.78	7.11	8.70	9.30
Ratios and Supplemental Data					
Net asset value (\$000's)	86	198	340	560	680
Number of shares outstanding (000's)	15	29	48	64	73
Portfolio turnover rate (%) ⁽⁵⁾	-	0.86	1.52	18.77	-
Trading expense ratio (%) ⁽⁶⁾	-	-	-	-	-
Management expense ratio after taxes (%) ⁽⁴⁾	2.80	11.97	7.33	6.20	13.16
Net assets per share (\$)	5.84	6.78	7.11	8.70	9.30

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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

FINANCIAL HIGHLIGHTS (cont'd)

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

Class A, Series I shares	September 10, 2010
Class A, Series II shares	September 10, 2010
Class A, Series III shares	September 10, 2010
Class A, Series IV shares	September 10, 2010
Class A, Series VI shares	September 10, 2010
- (3) Net assets per share and distributions per share are based on the actual number of shares outstanding for the relevant class on the relevant date. The increase (decrease) in net assets from operations per share is based on the weighted average number of shares outstanding for the relevant class over the financial year.
- (4) Management expense ratio is calculated based on expenses charged directly to the Fund plus, if applicable, expenses of the underlying funds, calculated on a weighted average basis based on the percentage weighting of each underlying fund and is expressed as an annualized percentage of average daily net asset value for the year.
- (5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, excluding cash and short-term investments maturing in less than one year and the value of any securities acquired as a result of merger, by the average of the monthly fair value of investments during the year.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value of the Fund during the year.

VENTURELINK INNOVATION FUND INC.

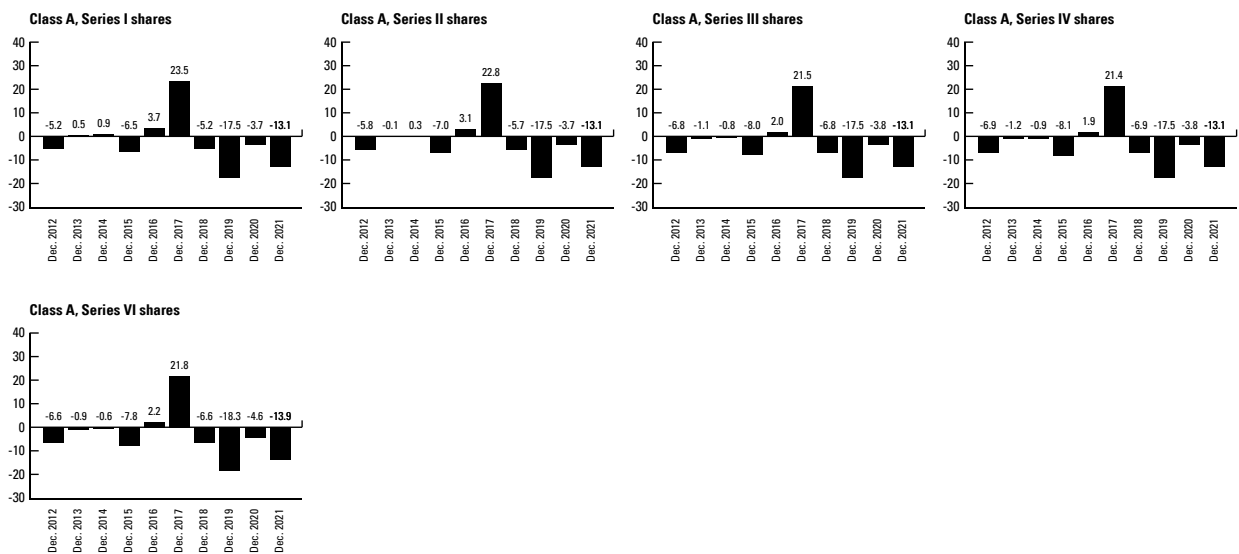
Management Report of Fund Performance for the year ended December 31, 2021

PAST PERFORMANCE

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

Year-by-Year Returns

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



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

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the TSX Venture Composite Index.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)
Class A, Series I shares	(13.1)	(11.6)	(4.2)	(2.8)
TSX Venture Composite Index	7.3	19.0	4.3	(4.5)
Class A, Series II shares	(13.1)	(11.6)	(4.4)	(3.2)
TSX Venture Composite Index	7.3	19.0	4.3	(4.5)
Class A, Series III shares	(13.1)	(11.7)	(4.8)	(3.9)
TSX Venture Composite Index	7.3	19.0	4.3	(4.5)
Class A, Series IV shares	(13.1)	(11.7)	(4.9)	(4.0)
TSX Venture Composite Index	7.3	19.0	4.3	(4.5)
Class A, Series VI shares	(13.9)	(12.4)	(5.2)	(4.0)
TSX Venture Composite Index	7.3	19.0	4.3	(4.5)

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2021

Industry Sector	Number of Companies	Cost (in \$000's)	Fair Value (in \$000's)	% of Cost	% of Fair Value
Sector					
Financial Services	2	3,563	82	22.5	1.2
Biotechnology	1	-	-	-	-
Information Technology and Communications	4	12,286	6,513	77.5	98.8
	7	15,849	6,595	100.0	100.0

Stage of Development	Number of Companies	Cost (in \$000's)	Fair Value (in \$000's)	% of Cost	% of Fair Value
Investment Stage					
Early	1	-	-	-	-
Later	6	15,849	6,595	100.0	100.0
	7	15,849	6,595	100.0	100.0

Investments	Cost (in \$000's)	Fair Value (in \$000's)
Investments	15,849	6,595
	15,849	6,595

VENTURELINK INNOVATION FUND INC.

Management Report of Fund Performance for the year ended December 31, 2021

SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2021 (cont'd)

Top Venture Investment Holdings (as at December 31, 2021)*

DCR Strategies Inc.

MMB Research Inc.

Peraso Technologies Inc.

Performance Plants Inc.

Pitchpoint Solutions Inc.

Upsight Inc.

WF Fund IV Limited Partnership

*This list includes the 7 venture investments that continue to be carried at greater than nominal cost or market value.

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

A NOTE ON FORWARD-LOOKING STATEMENTS

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

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

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

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