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WELCOME FROM THE CEO



Welcome to Issue 11 of the Investors' Advantage newsletter. With the sun and long days returning, many British Columbians are venturing out to enjoy all that our beautiful province has to offer. It is fitting that we have chosen this issue to review another kind of highly anticipated, enjoyable exit; the successful investment kind!

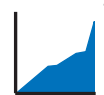
In the past several years Advantage's portfolio has grown, matured and begun to bear fruit. Some successful exits have arisen from public listings while others have resulted from strategic acquisitions. In each case, Advantage has proven its mentorship model by adding value to generate healthy returns for Advantage investors. Our most successful exit to date garnered for Advantage the coveted Canadian Venture Capital Association's "Deal of the Year" award in 2006.

In this issue we take a closer look at each of Advantage's exits, all successful and some quite recent, by revisiting each company's unique story, Advantage's role and the investment performance. Our experience with these companies provides reassurance of our province's potential and Advantage's approach and methodology while also providing significant learning opportunities applicable to the future success of our investment portfolio.

The credit for these successful investments goes firstly to our investors who recognized the innovative potential inherent in our province and assumed the risk to allow these companies to excel in British Columbia. Obvious credit also goes to the talented leaders and operators who skilfully grew these companies to success, often through uncertain and difficult circumstances. Lastly, we need to recognize the hard work of Advantage's team. Our success rests on the ingenuity and excellence of our people. Accordingly, also in this issue we will introduce a key member of our team, Ambrose Hong, and acknowledge the recognition of one of our fund managers by the Institute of Chartered Accountants of BC.

Frank Holler
CEO, BC Advantage Funds

FUND RAISING UPDATE - STRONG START



The Advantage Venture Fund is off to a strong start again this year, having already raised over \$2.25 million already in 2007 and is on pace to again sell out its \$10 million tax credit allocation. This strong demand for Advantage Venture Fund shares represents a record in fundraising efforts for this point in the year, as investors position themselves early to reap the benefits of both the 2007 tax credit and the potential for increased value of our Fund.

THE 'ART OF THE DEAL'

In venture capital, making an intelligent investment is important, but the real value is in structuring and timing a successful exit by sale of shares of the company in the public markets or in the outright sale of the company.

In this issue we provide you with background on Advantage's first four exits, all successful. Each of these stories presents an example of Advantage's investment model of investing early and utilizing its Mentor model to help build successful technology companies in British Columbia.

	Total Investment	Exit Proceeds	Internal Rate of Return	Return Multiple
Killix	\$150,794	\$449,071	342.5%	3.0x
Aspreva	\$225,000	\$5,269,705	272.7%	23.4x
Parasun	\$500,000	\$2,335,947	72.3%	4.7x
Brightside	\$325,000	\$912,738	52.3%	2.8x

ASPREVA PHARMACEUTICALS



In January 2003, the Advantage Life Science Fund (ALSF) invested \$125,000 to lead Aspreva's seed financing of \$1.7 million at a pre-money valuation of \$4.9 million. Advantage applied its Mentor model by appointing an Advantage Mentor with strong pharmaceutical experience to the Board of Aspreva and by investing in Richard Glickman - the CEO of Aspreva and a very close associate of the fund.

We often tell our portfolio companies that the road to success is seldom straight. Aspreva turned out to be the exception that proves the rule. In October 2003, Aspreva landed a major agreement with Roche to license the rights to CellCept for auto-immune diseases. In March of 2004, the ALSF invested \$100,000 into Aspreva's \$76 million Series A financing, one of the largest Series A financings ever reported in North America. One year later, Aspreva carried out its initial public offering on the NASDAQ and the TSX stock exchanges to raise \$112 million.

In just three and a half years Aspreva had gone from start-up to a life sciences company with over 100 employees, quarterly royalty revenues of \$50 million and a market capitalization of approximately \$1 billion. ALSF liquidated its \$225,000 investment in Aspreva for just over \$5.2 million, providing an internal rate of return of 272% and a 23.4x multiple on its invested capital. Last year Advantage won the CVCA Venture Capital Deal of the Year Award for its investment in Aspreva, as it provided Advantage with the highest realized return on an investment of all Canadian institutional and retail venture funds.

PORTFOLIO UPDATES*

XILLIX TECHNOLOGIES



Xillix is a medical device company focused on medical imaging technologies which aid in the early detection and localization of cancer tumors. Xillix's lead device, Onco-LIFE, incorporates fluorescence and white-light endoscopy in a single device for the detection and localization of lung and gastrointestinal cancers.

In 2002, the Advantage Life Sciences Fund invested \$100,000 into Xillix at \$0.21 a unit as part of a \$10 million private placement. At that time, Xillix was already generating revenue and was preparing clinical trials with Onco-LIFE in lung cancer. In July of 2003, Xillix initiated an international lung cancer trial with Onco-Life and was in preparations for marketing the product in Europe. The stock market responded aggressively to Xillix's progress and the ALSF made a decision to liquidate its investment for \$445,000, which provided a return of 3.0 times its invested capital and an annualized internal rate of return of 345%.

BRIGHTSIDE TECHNOLOGIES



Brightside develops High Dynamic Range (HDR) image technology that is applied over the consumer and professional imaging pipeline for the display of more vibrant pictures and video, primarily on mass-market LCD, front-projection and rear-projection television sets. Brightside's technology enables the capture, storage, and display of images with 10 times the brightness and 100 times the contrast of existing television and computer monitors. Advantage made its first investment in Brightside in a seed round of financing in June 2004 and was the only institutional investor in Brightside throughout the company's growth. Advantage invested a total of \$325,000 in the Company over three rounds of financing. In May 2007, Brightside was acquired by Dolby Laboratories (NYSE:DLB) for cash consideration of approximately USD \$28 million. As a result of this sale, Advantage realized a return of 2.8 times its original investment with a corresponding internal rate of return of 52%. Advantage's successful investment in Brightside illustrates our model of investing early in companies with significant growth potential and large market opportunities.

PARASUN TECHNOLOGIES



Parasun Technologies Inc. provides software solutions to broadband network operators, allowing them to deliver high quality, full-service broadband services to their clients. The Company's technology allows broadband services to be more accessible, reliable, robust and affordable.

Recognizing the market potential for such a technology, in June of 2004, Advantage invested \$500,000 in Parasun Technologies. Following the Advantage Mentor model, Dr. Basil Peters joined David Raffa on the Board of Directors (*more on next column*).

ABOUT ADVANTAGE

Advantage is a life sciences and technology fund that offers everyone in BC the opportunity to participate in returns from some of our Province's most promising emerging technology and life science companies. Investors receive a 30% refundable tax credit from the BC Government on investments of up to \$200,000 per year.

** Information on our portfolio companies is provided to us by the companies. This information should not be considered as a representation by Advantage of the particulars or prospects of those companies.*

David Raffa had been on the Board of Parasun since 2001 and had worked with management to clean up the company's balance sheet and turn it around prior to Advantage investing. From that point, Parasun successfully grew its business by providing its support solutions to Independent Network Operators and Multi System Operators (MSO) throughout the United States and Canada. Parasun has customers in hundreds of communities across North America.

On May 29, 2007, Parasun Technologies was acquired by Uniserve Communications (TSX.V: USS). Under the terms of the acquisition, the shareholders of Parasun received an initial payment of \$10 million dollars on closing. The shareholders of Parasun will receive a further payment of up to \$2.5 million in July of this year, plus an additional working capital distribution as well. All in, Advantage is expected to receive \$2.3 million or approximately 4.7 times its invested capital.

The successful exit from Parasun Technologies is an excellent example of how the Advantage mentor program maximizes returns to shareholders.

ADVANTAGE TEAM PROFILE - AMBROSE HONG

As Controller for Lions Capital Corp., the fund manager of BC Advantage Funds (VCC) Ltd., Ambrose Hong is an important member of our management team. Ambrose joined us in June 2006 and brings to Lions Capital and Advantage over 10 years experience in the accounting field. During that period, he has held accounting positions in a number of companies in different industries. Apart from performing his fund accounting duties, he also acts as an interface between investors of BC Advantage Funds and our back office operations. Ambrose is currently in the final stages of obtaining his CGA designation. In his spare time, he enjoys modifying his cars and participates in road racing events held by Mission Raceway Park, Pacific Raceways and Portland International Raceway. He can be reached by telephone at 604.688.6877, ext. 16 or by email at ahong@lionscapital.com.

FUND MANAGER RECEIVES CA AWARD

Advantage is pleased to announce that Tanner Philp, its CFO and fund manager, has been honored with the Institute of Chartered Accountants of British Columbia's Early Achievement award. The Early Achievement award is granted to chartered accountants within ten years of qualification that have displayed outstanding professional achievement and a commitment to community service. "I'm very happy to receive this award and would like to particularly thank my partners at Advantage for providing me with the opportunity to succeed at doing something I really enjoy", said Tanner.

FOR MORE INFORMATION

For more information about BC Advantage Funds, contact your Investment Advisor or:

Ray Matthews

Vice President of Sales and Marketing
rmatthews@bcadvantagefunds.com | (604) 818-7778

Please read our Prospectus and consult your investment and other advisors before investing.