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WELCOME FROM THE CEO



Welcome to Issue 15 of the Investors' Advantage newsletter. As many of you well know, one of the key elements of our investment strategy at BC Advantage Funds is that we not only provide much needed capital to emerging technology companies, we also put our 'shoulders to the wheel' to help entrepreneurs build their companies. This can take many forms but may include providing our experience and advice on key strategic issues, making introductions to our network for board positions, management positions, new investors, potential corporate partners, etc. and assisting with the development of strategic plans, financing plans, partnering strategies and the like.

This month we report on an example of our mentoring where hard decisions had to be made in order to preserve value and future potential for our shareholders. In February of this year, Advantage successfully brought together two companies to form a natural leader in pet and pest control products. The complementary merger between Phero Tech International and Contech Electronics, described in this issue and actively driven by Advantage and its Mentors, marks a significant turning point in the development of both companies.

Growth needs fuel and the primary nutrient for any development stage company is investment capital. This quarter has been particularly active for Advantage in terms of follow-on investments into Protox Therapeutics, Mobidia Technology and Inimex Pharmaceuticals. These companies are strong performers in our portfolio and are consistently meeting their development milestones. Our investments ensure that these companies have the financial means to continue to execute their growth plans.

Lastly, we are pleased to report on a successful turnaround story for one of our portfolio companies. With its reverse merger into Tekmira Pharmaceuticals, Protiva Biotherapeutics has emerged to provide Advantage Life Science Fund I shareholders with a positive gain on the investment.

Ultimately, growth and change are both unavoidable and, at times, unpredictable. More than our commitment to closely monitor our investments, it is our patience, preparedness and willingness to act that sets Advantage and its Mentor Model apart from its peers in the business of active investment management.

Frank Holler
CEO, BC Advantage Funds

2008 TAX CREDITS SALES



We anticipate another strong fundraising year in 2008. As you know, we successfully sold out both of our funds last year. We therefore encourage investors to purchase their tax credits as early as possible to avoid disappointment.

HARD MENTORING

At BC Advantage Funds, we firmly believe that the returns we provide to our investors will be maximized through the application of our Mentor Model. Under the Mentor Model, members of our management team and selected Lions Capital Mentors commit to be actively involved in the building of a specific Advantage portfolio company.

The Lions Mentor pool currently represents over 60 of BC's most successful and experienced technology and life science entrepreneurs. While mentoring is generally a process of providing support and expertise to the CEOs of our portfolio companies, sometimes we need to act quickly and assertively to protect the interests of our shareholders.

We have always believed in the technology of our portfolio company, Phero Tech International. The first spin-out of Simon Fraser University, Phero Tech has proven that pheromone technology can be commercialized for the non-toxic management of insects and agricultural livestock.

After we financed the company, the CEO of Phero Tech presented a plan to significantly increase its sales. At year end, we determined that his plan had resulted in a slight increase in sales, but at the cost of a significant net loss. As soon as we confirmed these results, we took decisive action.

We worked with the other members of the Board to immediately remove the CEO and appoint an interim management team. We then negotiated the merger of Phero Tech with Contech Electronics, a very successful environmental pest and pet management company located in Victoria. Contech has a strong management team, led by Lions Mentor Mark Grambart, and proven expertise in accessing large retail channels.

As part of the merger transaction, we also negotiated the buy out of Contech's founder. We then provided the merged entity with \$1.5 million in operating capital, to ensure it had sufficient funds to accelerate the development of its technologies.

None of these were easy decisions; however they were all critically necessary to preserve our capital and to provide our shareholders with an exciting investment in the growing area of environmentally friendly pest and pet management.



Jim Heppell, President and Fund Manager, has acted as a director or officer of, or advisor to, approximately one third of all life science companies spun out of BC universities. He is a co-founder and Fund Manager of the Advantage Life Science Fund I, the best performing retail fund in Canada over the last five years.

NEW INVESTMENTS UPDATE

INIMEX



Advantage showed its continuing commitment to Vancouver based Inimex Pharmaceuticals ("Inimex") this May with a follow on investment in a \$22 million Series B financing. Also investing investments were fellow Canadian firms BDC Capital, British Columbia Discovery Fund, the Canadian Medical Discovery Fund, and the Working Opportunity Fund. The Series B syndicate was led by new investor Morningside Venture Investments Ltd. and joined by new investors Roche Venture Fund, Astellas Venture Management and Advantage's new fund, Advantage Life Science Fund II.

Inimex develops Innate Defense Regulators (IDRs) that mimic naturally occurring compounds in the body that upregulate the immune system, control inflammation, and fight off infections even in cases where typical antibiotics show limited effectiveness. According to Inimex CEO, Dr. John North "IDRs have broad application towards a number of conditions including cystic fibrosis, pneumonia, inflammation and in cancer patients undergoing chemotherapy." North continued, "It is hoped that IDRs will offer relief to medical systems worldwide that continue to struggle with an increasing prevalence of antibiotic resistant bacteria."

MOBIDIA



In May, Advantage increased its investment in Mobidia Technology Inc. with both the Advantage Venture Fund and Advantage Technology Fund participating in Mobidia's oversubscribed \$7.5 million Series A financing. Mobidia is a wireless infrastructure company whose product, ".wave," enables carriers to manage, control, prioritize and monetize on specific mobile applications, as well as generally improve the performance of its wireless data services.

Mobidia CEO and Advantage Mentor Derek Spratt remarked that "this financing will allow us to continue with our aggressive growth strategy, and continue to build on our relationships with our partners including Vodafone, T-Mobile, Sprint, Cisco and Microsoft, among others." Proving the value of Advantage's mentor model, Derek joined Mobidia in February of 2008 and has brought a wealth of experience and new energy to the company. Mobidia is gaining market traction with industry leaders for both its .wave and CUBuddy products. We believe Mobidia's products uniquely address the widening disconnect between mobile subscribers' appetite for applications and the wireless operator's ability to provide quality of service.

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.

PROTOX



Also in May, Advantage invested an additional \$1 million in Prottox Therapeutics through equal investments from the Advantage Venture Fund and Advantage Life Science Fund II. A leader in the development of targeted protein toxin therapeutics for the treatment of cancer and other proliferative diseases, Prottox is advancing two unique drug candidates through human clinical trials for the treatment of prostate diseases, including enlarged prostate (BPH) and prostate cancer, and for the treatment of brain cancers.

In April of 2008, Prottox announced positive long term data from its Phase I clinical trial investigating treatment of BPH with its lead clinical candidate - PRX302. Those results indicate therapeutic activity continues to be seen at 6-months and 9-months following a single treatment with PRX302. This new investment is primarily intended to allow Prottox to expand and continue its Phase II program for PRX302 and initiate Phase IIb trials for its brain cancer candidate - PRX321.

PORTFOLIO COMPANY GOES PUBLIC

PROTIVA



Protiva Biotherapeutics went public on June 2, 2008 by way of a reverse merger with Tekmira Pharmaceuticals (TSX:TKM). The reverse merger was carried out concurrently with a \$10 million financing of the merged entity by Alnylam Pharmaceuticals (Nasdaq: ALNY) and the Roche Venture Fund - the investing arm of F.Hoffman-La Roche (SWX:ROG).

As a result, the net asset value of ALSFI - already the top performing retail venture capital fund in Canada over the last five years - increased by \$3.90 to \$16.36 per share. This increases the overall gain on investment to ALSFI shareholders to 163%, which includes the \$10 special dividend per share that they received at the end of 2006. Including the 30% tax credit, the overall gain on investment to ALSFI shareholders increases to 277%.

** 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.*

FOR MORE INFORMATION

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

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

PLEASE VISIT OUR NEWLY REDESIGNED WEBSITE AT WWW.BCADVANTAGEFUNDS.COM

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There is no market for our securities and liquidity may depend upon our ability to redeem our shares after the required hold period which is five years following the date we have invested our investors' funds. There is no guarantee that we will be able to redeem our shares if, as and when requested to by an investor. Investors should consider this investment a long-term investment.

An investment in our securities includes a tax credit in prescribed circumstances. Investors should review our prospectus for a full discussion on the tax aspects of an investment in our securities.