Mark Sanford
Governor

SOUTH CAROLINA
Venture Capital Investment Authority

Chad Walldorf
Chairman

July 23, 2010

Dear Governor Sanford and members of the General Assembly:

The South Carolina Venture Capital Investment Act (the "Act") requires that the South Carolina Venture Capital Authority (the "Authority") report certain information to you on an annual basis regarding the status of the Venture Capital Program and activities of the Authority.

Enclosed, please find a letter from Harry Huntley, the Executive Director of InvestSC, regarding the Annual Report by InvestSC for 2009. InvestSC is the nonprofit entity created by the Jobs Economic Development Authority in 2007, to be a designated investor group for the purpose of borrowing up to $50 million in capital to make investments pursuant to the Act. Also enclosed is a copy of the 2009 Annual Report by InvestSC to the Authority and the annual audit for that year prepared by Elliott Davis. Collectively, these documents provide the information required by the Act.

As you know, the economic downturn during the last 18 months has without question presented investors with significant challenges that were not contemplated when the Venture Capital Program was launched in 2007. Despite these challenges, the Authority has seen some successes that include its first return of capital from Azalea SC Fund of $1,666,559 with a realized gain of $678,137 and investment by Nexus Medical Partners in eight companies as of the end of last year that are either South Carolina based or will have significant operations in the state. On the other hand, both Frontier Capital and Noro-Moseley Partners have struggled to find sufficient deal flow during these challenging economic times and have not yet made any investments in South Carolina based companies. Further information concerning the status of investments by the four venture capital funds is included in the enclosed materials.

Please note that because of the recent economic challenges there exists the potential that tax credits may be required to fund semi-annual interest payments to Deutsche Bank in the next year. We will continue to monitor this potential need and investigate our best options for moving forward with the Governor and legislative leadership.

Respectfully submitted,

Chad Walldorf

Chad Walldorf
Chairman

CW/km
Enclosures

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May 28, 2009

Chad Waldorf, Chairman
South Carolina Venture Capital Authority
1201 Main St., Suite 1600
Columbia, SC 29201

Dear Chad:

Enclosed is the 2008 Annual Report by InvestSC, Inc. to the South Carolina Venture Capital Authority. Made a part of the report is the annual audit prepared by Elliott Davis. Included in the Annual Report is certain information as required by the Venture Capital Investment Act. The InvestSC Board of Directors met May 12, 2009 and approved forwarding the Report to the Authority. The information below is discussed in more detail in the attached Annual Report.

During 2008 Nexus Medical Partners was very active and made investments in seven companies. As of January 2009 they have called $15 million of their $20 million commitment. They plan one or two more investments and will soon be requesting the remainder of their commitment.

In October 2008, the agreement with Azalea was amended, reducing the Azalea SC Fund commitment from $10 million to $1.5 million. The remaining $8.5 million commitment was made to the Azalea III Fund. That fund recently entered into an agreement to purchase the Auto Fabrics division of Milliken which has several plants in South Carolina. This acquisition will save about 600 jobs in the State.

Noro-Moseley and Frontier have issued term sheets to companies in South Carolina, but as of this date there have been no investments in the State.

As of December 31, 2008, the loan balance with Deutsche Bank was $25 million. The initial draw of $15 million on June 22, 2007, was followed by another required draw of $10 million on June 22, 2008. Additional draws of $6.3 million in January 2009 and $1 million in March 2009 bring the current balance of the loan to $32.3 million.

A significant change in accounting policy was made in 2008. InvestSC is recognized as an investment company by the AICPA. As such, the investments in the venture funds are reported at fair value as determined by SFAS 157, *Fair Value Measurements*. Unrealized gains and losses resulting from changes in fair value are recorded in the financial statements. The values used are the audited fair values provided by each of the venture capital funds. As of December 31, 2008, the Estimated Fair Market Value of the investments is $18,506,684 compared to a Cost of $17,732,663. For a more detailed explanation, please see Notes 1 and 3 in the accompanying Report on Financial Statements as prepared by Elliott Davis, LLC.

To my knowledge there are no material interests or conflicts by the Authority or InvestSC with respect to any investments or assets held by InvestSC.

Please let me know if you need any additional information to assist you in your report to the legislature.

Sincerely,

Harry A. Huntley, CPA
Executive Director

2009 ANNUAL REPORT

INVESTSC, INC.

TO

SOUTH CAROLINA

VENTURE CAPITAL AUTHORITY

2009 ANNUAL REPORT

InvestSC, Inc. to the South Carolina Venture Capital Authority

BACKGROUND

The Venture Capital Investment Act was created by the state legislature in 2005 in order to promote the availability of capital for creating and building business ventures in South Carolina. The Venture Capital Authority was established as an agency within the Department of Commerce to identify and select qualified professional investors who will invest in South Carolina companies. The authority is a seven member board selected by the governor and state lawmakers. In 2007 the authority received financing by a private institutional lender secured by state tax credits. Four venture capital firms were then selected to make investments within the state.

InvestSC, Inc. was formed by the South Carolina Jobs-Economic Development Authority at the specific request of the Venture Capital Authority. The authority selected InvestSC to serve as a "Designated Investor Group" for the purpose of assisting the authority in meeting the goals and objectives of the Venture Capital Investment Act. InvestSC was organized in 2007 as a nonprofit corporation and received 501(c)(3) tax-exempt status approval from the Internal Revenue Service.

INVESTMENT PORTFOLIO

The South Carolina Venture Capital Authority solicited and received proposals from fifteen private equity firms. The VCA Board performed its due diligence by conducting research into the background, financial capacity and business operations of the interested firms. The strategy was to maximize investment return and minimize portfolio risk by creating a balanced investment stage portfolio. The funds selected target specific sectors that currently exist in South Carolina and can take advantage of clusters that represent state strengths. Each of the funds is made up of successful investment professionals who have previously invested in South Carolina and have established a presence here.

Noro Moseley: Founded in 1983, Atlanta-based Noro-Moseley Partners ("NMP") is one of the largest and most experienced venture capital firms in the southeast. Since its inception, NMP has invested in about 160 companies through funds totaling $580 million in capital. In 2000, NMP announced the closing of NMP V, their fifth fund totaling $320 million, the largest ever in the Southeast.

NMP invests primarily in Southeastern-based, early and established growth stage companies. This includes companies in various stages of maturity from first round financings to established companies looking for capital. Their focus industries include technology, healthcare and business services. Prior sample investments include SecureWorks, NovaVision, OpenSite, and PGA Golf and Superstore.

Nexus Medical Partners: Nexus Medical Partners is a private equity firm, headquartered in Boston, MA, with an office in Charleston that specializes in various stages of development. Specific companies include those in medical devices, diagnostics, biotechnology, specialty pharmaceutical and drug discovery tools. They prefer to lead their investments and to work in a hands-on manner with portfolio companies, committing multiple partners to each investment.

Each of the Nexus Principals averages twenty years in the business and has had successful careers in the medical device and pharmaceutical industry. They have helped to launch some of the top companies in medical technology and life sciences. Prior sample investments include Genentech, Biogen, Cyberonics, and Regeneron Pharmaceuticals.

Frontier Capital: Frontier Capital is a Charlotte-based private equity investment firm that provides expansion capital to high growth business services companies. These companies typically utilize technology, an innovative business process, or a unique expertise to deliver a differentiated service to their customers and would include specialties such as IT, software, marketing, healthcare services, outsourcing and communications. They have a proven solution in the marketplace and need capital to accelerate growth.

Frontier has a team of professionals with both extensive investment experience and a broad network of established business relationships. This team is complemented by a small group of former CEO's (such as from First Union CEO Ed Crutchfield) and Senior Executives who serve as Operating Partners. Prior sample investments in South Carolina include LURQH in Myrtle Beach and RJM in Easley.

Azalea Fund: Azalea Capital, headquartered in Greenville, SC, is a merchant banking firm providing strategic equity capital to privately owned, middle-market firms in the Southeast. Partnering with management teams in scalable, operating companies with established revenues and cash flows, Azalea provides both financial and human capital to significantly enhance the long-term equity value of the underlying business.

Collectively, Azalea Principals have over 100 years combined experience in business and finance. Their Principals, Advisory Board, and investor base, consisting predominantly of CEOs and former CEOs, bring a wealth of knowledge and experience in a diverse spectrum of industries including manufacturing, distribution, business services, consumer products, and healthcare. Prior sample investments in South Carolina include Horizon CNC Products, Spartan Foods, Power Equipment Maintenance, ISO Poly Films and Tekgraf Corporation.

FINANCING

The Venture Capital Authority Board approved DBAH Capital, LLC (Deutsche Bank) as a lender under the Act and received approval from the State Budget and Control Board. On June 22, 2007, InvestSC and DBAH signed a Securities Purchase Agreement for $50 million in notes. The notes are secured by all of the investments and tax credit certificates issued by the authority. At closing, the first draw of $15 million was made on the notes. This was followed by a required draw of $10 million in June 2008. The outstanding balance of the notes on December 31, 2008 was $25 million.

During 2009 six draws were made on the notes as follows:

DATE	AMOUNT	PURPOSE
January 28	$6,300,000	Nexus $5,000,000 and Frontier $800,000
March 3	$1,000,000	Noro-Moseley $1,000,000
June 22	$2,700,000	Required payment of $1,122,582 and balance of required drawdown. Frontier $280,000
August 19	$1,000,000	Azalea III $1,700,000 and Frontier $280,000
October 16	$6,500,000	Nexus $5,000,000 and Noro-Moseley $1,000,000
December 22	$2,300,000	Required payment of $1,322,455 and Frontier $720,000
TOTAL	$19,800,000	

The outstanding balance of the notes payable to Deutsche Bank on December 31, 2009 was $44,800,000. The next draw will be the final required draw of $5,200,000 on June 22, 2010. Each draw requires a contribution to the premium reserve fund (described below) equal to 7.5% of the amount drawn.

Interest is payable semi-annually at a fixed rate of 7.247%. Required payments of interest and commitment fees were made in June and December of 2009 in the amount of $1,122,583 and $1,322,455 respectively. Annual principal payments of $12,500,000 will begin in 2019 until the notes are paid off on June 22, 2022.

The notes require the establishment of three reserve funds as follows: interest reserve, tax reserve and premium reserve funds. The required interest reserve is equal to the semi-annual interest payment that would be due assuming the maximum aggregate principal amount of notes was outstanding. The tax reserve was released during October 2007, since InvestSC received notification from the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The premium reserve is a computed amount as required by the "Premium Account Control Agreement". On December 31, 2009, the interest reserve and premium reserve totaled $1,875,572 and $3,361,231 respectively. The funds in these reserve accounts are held in trust and are not available to meet future capital calls by the Funds.

IMPLEMENTATION OF INVESTMENT PLAN

The InvestSC Board has approved the Funds selected by the South Carolina Venture Capital Authority and verified that each Fund's investment plan provides for the investment in "South Carolina based companies" as provided in the Act. The Venture Capital Authority has authorized investments in the following funds:

Noro-Moseley Partners VI, LP - $10 Million commitment
Nexus Medical Partners II, LP - $20 Million commitment
Frontier Fund II, LP - $8 Million commitment
Azalea SC Fund, LP - $1.5 Million commitment
Azalea III Fund, LP - $8.5 Million commitment

Noro-Moseley Partners VI, LP: The limited partnership subscription agreement was executed by InvestSC on June 8, 2007. The final closing for the Fund was April 2008 in the total amount of approximately $119 million. The initial capital draw of $1,000,000 (ten percent of commitment) was funded by InvestSC on September 28, 2007. A schedule of all capital calls is as follows:

Date	Capital Call	Total Drawn	Remaining Commitment
			10,000,000
9/28/2007	1,000,000	1,000,000	9,000,000
6/4/2008	1,000,000	2,000,000	8,000,000
3/3/2009	997,993	2,997,993	7,002,007
10/22/2009	1,000,000	3,997,993	6,002,007
3/9/2010	1,000,000	4,997,993	5,002,007

Investments have been made in the following twelve companies as of December 31, 2009: FrontStream Payments, Gateway One Lending and Finance, Vocalocity, 2080 Media, Renal CarePartners, Clearleap, Lanx, RemitDATA, PocketGear, Diabetes Care Group, Dormir, and Tower Cloud. Noro-Moseley investments are focused in three sectors: Healthcare (43%), Technology (31%), and Technology (26%). The partnership agrees to make investments in South Carolina based companies as required by the South Carolina Venture Capital Investment Act at least equal to the amount invested in the Fund. There were no investments in South Carolina based companies at the end of 2009.

InvestSC carries the investment in Noro-Moseley at their audited book value of $3,914,658 compared to a cost of $3,997,993. This recognizes the unrealized gain in value of Lanx and RemitData, unrealized loss in value of Gateway One Lending and Finance, and the management fees and expenses paid to the general partner. Noro-Moseley expects to be fully invested by the end of 2012, with 22 to 24 portfolio companies. According to the Noro-Moseley audited financial statements, the internal rate of return (IRR) since inception of the Partnership to the Limited Partners is (1.8%) through December 31, 2009.

Nexus Medical Partners II, LP: The limited partnership agreement was executed by InvestSC on July 5, 2007. The initial capital draw of $5,000,000 (twenty-five percent of commitment) was funded by InvestSC on July 6, 2007. A schedule of all capital calls is as follows:

Date	Capital Call	Total Drawn	Remaining Commitment
			$20,000,000
7/6/2007	5,000,000	5,000,000	15,000,000
6/24/2008	5,000,000	10,000,000	10,000,000
1/28/2009	5,000,000	15,000,000	5,000,000
10/16/2009	5,000,000	20,000,000	0

InvestSC is the only investor in this Fund and all investments will be in South Carolina based companies. Nexus expects to bring in additional partners on all of its South Carolina investments, creating a multiplier of three to four times the InvestSC investment.

Nexus has made investments in eight companies through December 2009 that are either South Carolina based or will have significant operations in the State. They expect to make one additional investment from this fund. Their first investment, Sabal Medical, is located in Charleston. Four companies, Deltex Medical, Lab 21, Myconostica and Vital Sensors are establishing their United States headquarters in South Carolina. Spectra Analysis is a Massachusetts based company looking to relocate to Greenville, SC. The most recent investment is Sultan Scientific, a publicly listed company in the UK that has built a portfolio of healthcare businesses which need to expand to the US. Nexus believes this will create multiple opportunities for launching South Carolina based companies.

In December 2009, Lab 21 acquired Selah Technologies, a South Carolina based company whose technology originated from a Clemson University researcher. The InnoVenture conference in Greenville brought together a local entrepreneur and the Clemson University Research Foundation to form Selah several ago. This acquisition will provide a strong basis from which to launch Lab 21's US business.

Mini-Lap Technologies entered into a licensing agreement which will prevent them from moving to South Carolina. This violated Nexus' investment requirement so they demanded payment of their $500,000 investment plus a 25% premium. InvestSC received $200,000 in February 2010 and is to receive the balance in June 2010.

InvestSC carries the investment in Nexus Medical Partners at their audited book value of $21,524,083 compared to a cost of $20,000,000. This recognizes the write-up in value for unrealized gains for Lab 21 and Sabal Medical, and the management fees and expenses paid to the general partner. All other investments are carried at or near cost. According to the Nexus Medical Partners audited financial statements, the internal rate of return since inception (IRR) of the fund is 6.0% and 16.95% through December 31, 2009 and 2008, respectively.

Frontier Fund II, LP: The limited partnership agreement was executed by InvestSC on September 21, 2007. The Fund was closed that day with total subscriptions of $115 million. The initial capital draw of $1,200,000 (fifteen percent of commitment) was made by InvestSC on September 24, 2007. In addition, InvestSC paid "catch-up interest" of $122,663 at closing. A schedule of all capital calls is as follows:

Date	Capital Call	Total Drawn	Remaining Commitment
			$8,000,000
9/24/2007	1,200,000	1,200,000	6,800,000
12/6/2007	800,000	2,000,000	6,000,000
6/19/2008	800,000	2,800,000	5,200,000
8/5/2008	960,000	3,760,000	4,240,000
1/28/2009	800,000	4,560,000	3,440,000
6/24/2009	280,000	4,840,000	3,160,000
8/27/2009	280,000	5,120,000	2,880,000
1/4/2010	720,000	5,840,000	2,160,000
4/28/2010	360,000	6,200,000	1,800,000

Frontier invested $27.7 million in 2009, the most active year in the firm's history. Investments included initial funding for Lanyon, Viverae and Social Solutions, and follow-on financings for DAXKO and Azaleos. The Fund has invested $70 million in nine companies and has identified a tenth company to add to the portfolio in the second quarter of 2010. At that point, the Fund will be fully allocated (inclusive of reserves).

Frontier is pleased with the overall portfolio performance and continues to see increased valuations for individual portfolio companies. Frontier II completed its first exit in April 2010 with the sale of Ryla, Inc. The transaction generated a 2.9x return on invested capital and a 41% IRR. Over the course of Frontier's three year investment period, Ryla grew annual revenue from $15 million to over $100 million.

Frontier agrees to make investments in South Carolina based companies as required by the South Carolina Venture Capital Investment Act at least equal to the amount invested in the fund. There were no investments in South Carolina based companies at the end of 2009. They have put out term sheets on at least four SC companies, two of which were accepted. The owners of both companies later reneged on their agreements prior to closing.

InvestSC carries the investment in Frontier Fund at their audited book value of \$5,922,527 compared to a cost of \$5,242,663 (includes \$122,663 interest). This recognizes the unrealized gains in two portfolio companies, unrealized losses in two companies and the management fees and expenses paid to the general partner. According to the Frontier II audited financial statements, the internal rate of return since inception of the partnership is 7.9% and (21.3%) through December 31, 2009 and 2008, respectively.

Azalea SC Fund, LP: The limited partnership agreement was executed by InvestSC on September 28, 2007. An important development relating to the Azalea SC Fund during 2008 was to reduce the commitment from \$10,000,000 to \$1,500,000 and allocate the balance of \$8,500,000 to their new fund, Azalea III. Azalea Capital requested that this change be made in order to ensure that the funds could be deployed in a timely manner. Azalea continues to seek and invest in South Carolina based companies, but many of their investments also occur in other states. The Venture Capital Authority Board approved of this change at its meeting on October 28, 2008. A schedule of all Azalea SC capital calls is as follows:

Date	Capital Call	Total Drawn	Remaining Commitment
			\$1,500,000
9/28/2007	1,000,000	1,000,000	500,000
1/16/2009	50,000	1,050,000	450,000

InvestSC is the sole investor in the Azalea SC Fund, which is a side fund to the Azalea II Fund. Azalea SC Fund is a one third participant in all South Carolina investments made by the Azalea II Fund. Investments were made in Spartan Foods of America (Spartanburg) and Horizon CNC Products (Travelers Rest). Both of these were add-on investments in their Azalea II Fund portfolio in which the Azalea SC Fund participated.

Spartan Foods was sold in December 2009 to another private equity firm. Azalea's original investment in Spartan Foods was made in March 2005 and the Azalea Fund II realized a return of 6.25 times its invested capital on this investment. Azalea SC Fund's return was approximately 3.0 times its invested capital. In January 2010 InvestSC received a cash distribution of \$1,637,819, followed by another distribution of \$28,740 in April 2010. A gain of \$678,137 was realized by InvestSC. The investment in Horizon CNC Products was written off in December 2008 as the General Partner found it necessary to discontinue the business operations.

InvestSC carries the remaining investment in Azalea SC at $154,139 which is the approximate amount that will be distributed upon the dissolution of the fund in 2011. There will be no additional investments made by Azalea SC and there are no plans by the general partner to draw the remaining $450,000 in committed capital. According to the Azalea SC audited financial statements, the internal rate of return since inception of the fund, net of profit allocations (carried interest) to the General Partner, is 32.8% and 11.3% through December 31, 2009 and 2008, respectively.

Azalea III Fund, LP: The limited partnership agreement was executed by InvestSC on October 31, 2008. A schedule of all Azalea III capital calls is as follows:

Date	Capital Call	Total Drawn	Remaining Commitment
			$8,500,000
10/31/2008	850,000	850,000	7,650,000
8/30/2009	1,700,000	2,550,000	5,950,000

Azalea III had its final closing on April 30, 2010 and raised a total of $82.5 million. Grove Street Partners (Boston) and the SC Retirement Fund were among the institutional investors making commitments. The agreement with Azalea III is similar to those with Frontier and Noro-Moseley, in that the Fund agrees to make investments in South Carolina based companies as required by the South Carolina Venture Capital Investment Act at least equal to the amount invested in the Fund.

Azalea III made its first investment in August 2009 with the acquisition of the auto textile division of Milliken. The new company is called Sage Automotive Interiors. It is the largest seat fabric producer in North America with a 40% market share. Three manufacturing locations are in South Carolina (Abbeville, Spartanburg and Greenville) and one in Georgia. This acquisition marks the first time that Milliken has ever sold a division and will save over 600 jobs in South Carolina.

InvestSC carries the investment in Azalea Fund III at their audited book value of $2,419,076 compared to a cost of $2,550,000. This recognizes the management fees and expenses paid to the general partner as well as a portion of the organizational costs. Even though Sage is profitable and is exceeding expectations, the Fund chose not to mark up the value of the investment as of December 31, 2009. According to the Azalea III audited financial statements, the internal rate of return since inception of the fund is a negative return of (8.9%) and (67.1%) through December 31, 2009 and 2008, respectively.

SUMMARY OF INVESTMENTS AND FAIR VALUES

Investment	2009 Cost	2009 Estimated Fair Value	2008 Cost	2008 Estimated Fair Value
Noro-Moseley Partners VI, LP	3,997,993	3,914,658	2,000,000	1,605,592
Nexus Medical Partners II, LP	20,000,000	21,524,083	10,000,000	11,733,059
Frontier Fund II, LP	5,242,663	5,922,527	3,882,663	3,264,597
Azalea Fund SC, LP	90,318	154,139	1,000,000	1,144,104
Azalea Fund III, LP	2,550,000	2,419,076	850,000	759,332
Totals	$ 31,880,974	$ 33,934,483	$ 17,732,663	$ 18,506,684

TAX CREDIT CERTIFICATES

The South Carolina Venture Capital Authority Board has issued its initial tax credit certificates and its blank tax credit certificates, as contemplated by the Venture Capital Investment Act, to serve as a source of security for the payment of principal and interest under the terms of the Securities Purchase Agreement with DBAH Capital, LLC. It is anticipated that these tax credits will be sold to companies with South Carolina tax liabilities. The tax credit certificates can be used to pay state income taxes, bank fees, insurance premium taxes or other tax liabilities. These certificates are held in trust by a custodial bank until such time that they must be exercised. No tax credit certificates have been issued as of December 31, 2009.

There is an increased likelihood that tax credits will be required to fund the semi-annual interest payments to Deutsche Bank beginning in December 2010. It is doubtful that anyone foresaw the severe economic downturn when this program was being organized in 2006. It is unlikely that investment returns will be sufficient in the near future to prevent the use of tax credits to fund the required bank payments. The next semiannual interest payment due June 2010 will be approximately $1.64 million, increasing to $1.84 million semiannually in December 2010. Tax credits can only be used to fund required payments to the bank and cannot be used to fund capital calls. The AUDIT REPORT COMMENTS section below further discusses this.

EXPENSES

InvestSC, Inc. was organized on March 1, 2007 and began operations on June 22, 2007 upon execution of the Securities Purchase Agreement as mentioned above in the Financing section. There were significant costs associated with the note issuance, structuring of the transaction, and legal fees. InvestSC paid all the fees for itself, the Venture Capital Authority and the lender from the initial proceeds of the loan. These fees totaled $1,103,500 and are to be amortized over the 15 year term of the notes.

For the period ending December 31, 2009, interest expense on the notes was $2,450,230, note commitment fees were $29,195 and interest earned on all deposits was $1,388 for a net investment expense of $2,478,037. General administrative expenses for the period were $125,940. In addition, the amortized portion of the note issuance costs was $73,567. A schedule of the expenses expressed as a percentage of the fair value of assets on December 31, 2009, 2008 and 2007 is shown below:

	Year Ended December 31, 2009	Year Ended December 31, 2008	June 22 to December 31, 2007
Total Assets	43,941,532	23,501,557	14,427,372
Less, Note Issuance Cost (net)	(919,583)	(993,150)	(1,066,717)
Fair Value of Assets	43,021,949	22,508,407	13,360,655
Notes Payable to DBAH	44,800,000	25,000,000	15,000,000
Investment Expense for period	2,478,037	1,494,813	460,651
As a percentage of fair value of assets	5.76%	6.64%	3.45%
General Administrative Expense for period	125,940	143,376	112,104
As a percentage of fair value of assets	0.29%	0.64%	0.84%

AUDIT REPORT COMMENTS

Elliott Davis, LLC audited the financial statements of InvestSC as of December 31, 2009 and 2008 and issued their opinion that they are in conformance with accounting principles generally accepted in the United States. They did, however, include a note to the statements that reads as follows:

NOTE 9 – INVESTMENT COMMITMENTS

The Organization has committed to invest an additional $14,832,007, with four venture capital funds. The timing and amount of the capital calls by the venture capital funds for these additional investments is uncertain. The Organization will use the remaining proceeds from the notes payable of $5,200,000 and distributions from existing investments with the venture capital funds to fund these future capital calls. However, the timing and amount of distributions from the venture capital funds is also uncertain. If the Organization is unable to make the required capital contributions upon receiving a capital call, the Organization would be in default in accordance with its agreements with the individual venture capital funds. Upon default, the Organization may be subject to a default fee and possible liquidation of portfolio investments if capital contributions are not paid within certain time frames as noted within its agreements with the individual venture capital funds.

As of May 1, 2010, the unfunded commitments to the individual funds are as follows:

Noro-Moseley Partners VI	$5,002,007
Frontier Fund II	1,800,000
Azalea Fund III	5,950,000
Total Unfunded Commitments	$12,752,007

It will be necessary to develop a strategy to meeting the required semiannual interest payments and sale of tax credits with the required capital contributions so as to not cause InvestSC to be in default with the individual venture capital funds.

RATES OF RETURN

InvestSC received its first return from Azalea SC Fund as described above. All of the funds expect to draw down their capital during the first few years before selling investments and returning capital. Nexus has drawn its entire commitment of $20 million. Azalea SC does not plan to draw its remaining $450,000 and the partnership will be unwound during 2011.

Internal Rate of Return (IRR)
by Venture Capital Fund

	2009	2008
Noro-Moseley Partners VI	-1.8%	n/a
Nexus Medical Partners II	6.0%	17.0%
Frontier Fund II	7.9%	-21.3%
Azalea SC Fund	32.8%	11.3%
Azalea III Fund	-8.9%	-67.1%

(IRR's as reported by Funds)

Reviewing the performance of a venture capital fund on a year to year basis provides no meaningful insight into total fund performance, because venture funds typically show a negative return for the first few years of their life. This is entirely natural and will be true even of the very best venture funds, since the pattern of cash flows (negative in the early years, positive in the later years) produces a "J"curve.

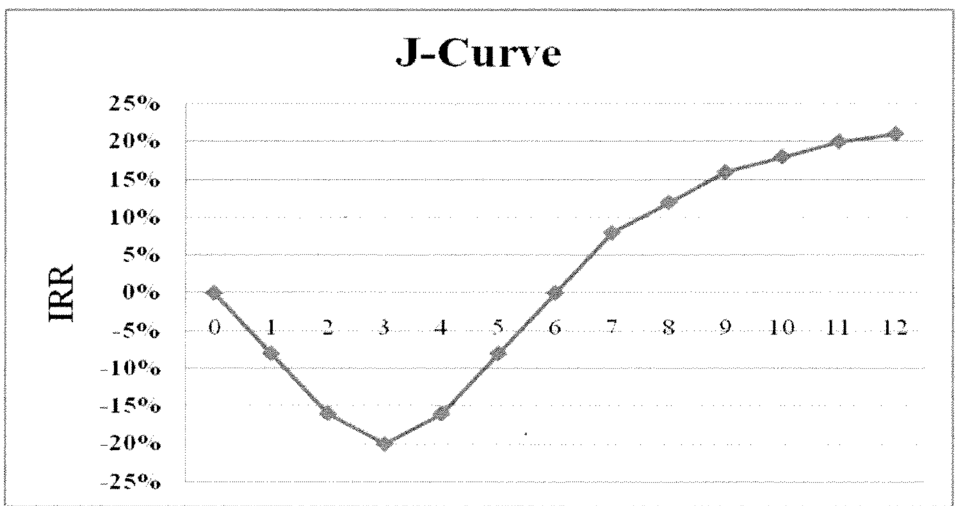
The "J"curve shows a fund's internal rate of return (IRR, or simply the compound annual return to date) charted against the financial years of a venture fund. Venture capitalists typically commit their funds over the first few years and draw down monies to the underlying companies against these commitments over several more years. It may take several years for VCs to realize their investment in a typical start-up company, based largely on the time needed for these companies to prove their products in the market, and on the availability of suitable exit opportunities (trade sale, IPO, etc.). The above two factors inevitably result in a negative IRR for the first several years of a fund as cash goes out as investments, but has yet to come back by way of realizations. See the "J" curve illustration below.

By the second half of a fund's life, investments are being realized and annual returns are generally high, compensating for the negative early years and hopefully resulting in a good overall performance compounded annually over the life of the fund. When looking at venture returns, it is therefore important to note the following:

• The first few years or so give little, if any, indication of final returns

• The annual return over any single year is relatively meaningless

• The IRR over the life of the fund is the real measure of a fund's success



Source: Mowbray Capital

INVESTSC, INC.

REPORT ON FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

INVESTSC, INC.

CONTENTS

elliott davis

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
InvestSC, Inc.
Columbia, South Carolina

We have audited the accompanying statements of financial position of InvestSC, Inc. (the Organization) as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009 and 2008, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, portfolio investments amounting to $33,934,483 and $18,506,684, approximately 77% and 79% of 2009 and 2008 total assets, respectively, have been valued at their estimated fair value as determined by management in the absence of readily ascertainable market values using valuation criteria believed to be applicable to the Organization. However, in the case of those portfolio investments with no readily ascertainable market values, because of the inherent uncertainty of valuation, management's estimate of fair values may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

Elliott Davis, LLC

Columbia, South Carolina
May 4, 2010

INVESTSC, INC.
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31, 2009	DECEMBER 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,850,614	$ 137,231
Interest receivable	49	371
Total current assets	3,850,663	137,602
INVESTMENTS		
Azalea SC Fund, LP	154,139	1,144,104
Azalea Fund III, LP	2,419,076	759,332
Frontier Fund II, LP	5,922,527	3,264,597
Nexus Medical Partners II, LP	21,524,083	11,733,059
Noro-Moseley Partners VI, LP	3,914,658	1,605,592
Total investments	33,934,483	18,506,684
OTHER ASSETS		
Restricted cash and cash equivalents - interest reserve	1,875,572	1,944,273
Restricted cash and cash equivalents - premium reserve	3,361,231	1,919,848
Note issuance costs, net	919,583	993,150
Total other assets	6,156,386	4,857,271
	$ 43,941,532	**$ 23,501,557**
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 15,426	$ 5,929
Accrued interest	1,395,691	45,294
Total current liabilities	1,411,117	51,223
NOTES PAYABLE	44,800,000	25,000,000
NET DEFICIT		
Unrestricted	(2,269,585)	(1,549,666)
	$ 43,941,532	**$ 23,501,557**

The accompanying notes are an integral part of these financial statements.

INVESTSC, INC.
STATEMENTS OF ACTIVITIES

	For the years ended December 31, 2009	2008
INVESTMENT INCOME		
Interest on escrow deposits and operating accounts	$ 1,388	$ 69,544
INVESTMENT EXPENSES		
Amortization of note issuance costs	73,567	73,567
Note commitment fees	29,195	75,500
Interest expense	2,450,230	1,488,856
Salaries and benefits	66,616	91,961
Payroll taxes	4,351	6,068
Legal and professional fees	37,497	21,494
Rent	7,500	7,500
Trustee expense	4,750	4,750
Other	5,226	13,997
	2,678,932	1,783,693
NET INVESTMENT LOSS	(2,677,544)	(1,714,149)
NET REALIZED GAIN ON INVESTMENTS	678,137	-
NET UNREALIZED GAIN ON INVESTMENTS	1,279,488	774,021
CHANGE IN NET DEFICIT	(719,919)	(940,128)
NET DEFICIT, BEGINNING OF YEAR	(1,549,666)	(609,538)
NET DEFICIT, END OF YEAR	**$ (2,269,585)**	**$ (1,549,666)**

The accompanying notes are an integral part of these financial statements.

INVESTSC, INC.
STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2009	2008
OPERATING ACTIVITIES		
Change in net deficit	$ (719,919)	$ (940,128)
Adjustments to reconcile change in net deficit to net cash used for operating activities		
Amortization of note issuance costs	73,567	73,567
Accrued interest reinvested	322	13,556
Unrealized gain on investments	(1,279,488)	(774,021)
Realized gain on sale of investment	(678,137)	-
Changes in deferred and accrued amounts		
Refund receivable	-	3,000
Accounts payable	9,497	(3,805)
Accrued interest	1,350,397	18,118
Net cash used for operating activities	(1,243,761)	(1,609,713)
INVESTING ACTIVITIES		
Investments in portfolio companies	(15,107,993)	(8,610,000)
Proceeds from sale of investment	1,637,819	-
Net cash used for investing activities	(13,470,174)	(8,610,000)
FINANCING ACTIVITIES		
Borrowings on notes payable	19,800,000	10,000,000
Net cash provided by financing activities	19,800,000	10,000,000
Net increase (decrease) in cash and cash equivalents	5,086,065	(219,713)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,001,352	4,221,065
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 9,087,417**	**$ 4,001,352**
CASH AND CASH EQUIVALENTS, END OF YEAR		
Unrestricted	$ 3,850,614	$ 137,231
Restricted - interest reserve	1,875,572	1,944,273
Restricted - premium reserve	3,361,231	1,919,848
	$ 9,087,417	**$ 4,001,352**
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	**$ 1,099,833**	**$ 1,470,738**

The accompanying notes are an integral part of these financial statements.

INVESTSC, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

InvestSC, Inc. (the Organization), a South Carolina Not-for-Profit Corporation was formed on March 1, 2007 by the Jobs and Economic Development Authority (JEDA) at the request of the South Carolina Venture Capital Authority (VCA), an agency formed within the South Carolina Department of Commerce. The VCA selected the Organization to serve as a "designated investor group" under the provisions of the Venture Capital Act of South Carolina.

Financial statement presentation

The Organization prepares its financial statements in accordance with accounting standards for not-for-profit organizations. Accounting standards require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no temporarily or permanently restricted net assets.

Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

The Organization, in accordance with generally accepted accounting principles, is an investment company under the AICPA Audit and Accounting Guide *Investment Companies*. As such, the Organization's investments are reported at fair value. Unrealized gains and losses resulting from changes in fair value are recognized in the corresponding statements of activities. Realized gains are the amount by which the sale price of an investment exceeds its cost basis. The values estimated for portfolio investments are based on available information and do not necessarily represent amounts that will ultimately be realized. Such values depend on future circumstances and cannot reasonably be determined until the investments are actually liquidated. Because of the inherent uncertainty of valuations, the estimates of fair values may differ significantly from the values that would have been used had a ready market existed for the investments, and differences could be material. See Note 3 for fair value portfolio disclosures related to the portfolio investments.

Accounting standards define fair value, establish a framework for measuring fair value, and require certain disclosures about fair value measurements. The definition of fair value is based on the exchange price and clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market in which the reporting entity would transact for the asset or liability. This definition focuses on the price that would be paid to acquire the asset or received to assume the liability (an entry price). Accounting standards emphasize that fair value is a market-based measurement, not an entity-specific measurement.

Accounting standards describe three levels of inputs that may be used to measure fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Note issuance costs

Note issuance costs are amortized over the life of the related note agreement.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The valuation of investments in venture capital funds is a significant estimate included in these financial statements.

Income taxes

The Organization is exempt from income tax under IRC Section 501(c)(3).

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on the Organization's reported financial position or statement of operations.

Subsequent events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 4, 2010, the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization places its cash deposits with high credit quality financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation insured limits.

NOTE 3 - INVESTMENTS

The Organization executed agreements with five venture capital funds. The agreements specify how much can be invested in each company within the fund, annual limits on capital contributions and a repayment plan based on expected liquidity events for its portfolio investments. All payments must occur within 10 years, subject to additional time as may be required for the orderly liquidation of the investment portfolio. The following represents a description of the selected funds, the commitment level to the funds and the investment status.

Azalea SC Fund, LP

Azalea SC Fund, LP (Azalea) has a focus on second and later stage investments in operating firms with a primary emphasis on South Carolina based entities. The focus is on the key industries of manufacturing, distribution, consumer products, business revenues and health care industries that mirror the economic base of South Carolina.

Azalea was originally selected for a $10,000,000 investment, however during 2008 the investment commitment amount for this fund was decreased to $1,500,000 and a total of only $1,050,000 was invested. During December 2009, $1,637,819 was distributed to the Organization as the fund sold its primary investment resulting in a realized gain of $678,137. The remaining investment is expected to be distributed in 2010 upon dissolution of the fund.

Azalea Fund III, LP

The Azalea Fund III, LP (Azalea III) was organized on October 29, 2008 and had its initial capital closing on November 3, 2008. Azalea III has a focus of lower middle market companies throughout the southeastern United States. The focus is on the key industries of manufacturing, distribution, consumer products, business revenues and health care industries.

During 2008, the Azalea Fund III, LP was selected for an investment of $8,500,000. At December 31, 2009 and 2008, a total of $2,550,000 and $850,000 had been invested in the fund, respectively.

Frontier Fund II, LP

Frontier Fund II, LP (Frontier) is a growth equity fund that provides capital to established financial services growth stage companies with annual revenues of $3 million to $25 million. Its prior fund investments have been in the Southeast, including several companies in South Carolina.

Frontier was selected for an investment of $8 million. At December 31, 2009 and 2008, a total of $5,242,663 and $3,882,663, including interest of $122,663, had been invested in the fund, respectively.

Nexus Medical Partners II, LP

Nexus Medical Partners II, LP (Nexus) invests in the medical technologies and life sciences sectors.

Nexus was selected for an investment of $20 million. At December 31, 2009 and 2008, a total of $20 million and $10 million had been invested in the fund, respectively.

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NOTE 3 - INVESTMENTS, Continued

Noro-Mosley Partners VI, LP

Noro-Moseley Partners VI, LP (Noro-Mosely) focuses on three broad industries: technology, healthcare and technology-enabled business services. It invests in companies that are early stage ($0 to $5 million in revenue) and early growth ($5 million to $20 million in revenue)

Noro-Moseley was selected for an investment of $10 million. At December 31, 2009 and 2008, a total of $3,997,993 and $2 million had been invested in the fund, respectively.

Portfolio investments consisted of the following at December 31:

	2009		2008	
Investment	Cost	Estimated fair value	Cost	Estimated fair value
Azalea Fund SC, LP	$ 90,318	$ 154,139	$ 1,000,000	$ 1,144,104
Azalea Fund III, LP	2,550,000	2,419,076	850,000	759,332
Frontier Fund II, LP	5,242,663	5,922,527	3,882,663	3,264,597
Nexus Medical Partners II, LP	20,000,000	21,524,083	10,000,000	11,733,059
Noro-Mosley Partners VI, LP	3,997,993	3,914,658	2,000,000	1,605,592
	$ 31,880,974	$ 33,934,483	$ 17,732,663	$ 18,506,684

Those assets which will continue to be measured at fair value on a recurring basis as of December 31, 2009 are as follows:

	Measurement			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments	$ -	$ -	$ 33,934,483	$ 33,934,483
Total	$ -	$ -	$ 33,934,483	$ 33,934,483

Investments valued at Level 3 inputs were based on the Organization's proportional share of the underlying funds. In determining values of investments held by each fund, management of each fund reviewed the financial performance of each investment, comparable investments and comparable transactions. The assumptions involved in determining the value of the investments held by each fund involved significant judgment of management of each of the funds.

NOTE 4 - NOTES PAYABLE

On June 22, 2007, the Organization signed a Securities Purchase Agreement with a bank for $50 million in notes (the notes). At closing, the first draw of $15 million was made on the notes. During the years ending December 31, 2009 and 2008, the Organization received additional advances of $19,800,000 and $10,000,000, respectively; therefore the balance of the notes at December 31, 2009 and 2008 was $44,800,000 and $25,000,000, respectively. The remainder must be drawn by June 2010. Interest is payable semi-annually at a fixed rate of 7.247%. No principal payments are due until 2019. At that time, $12,500,000 in principal will be due each year until the notes are paid off on June 22, 2022.

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NOTE 4 - NOTES PAYABLE, Continued

The notes originally required the establishment of three reserve funds as follows: interest reserve, tax reserve and premium reserve funds. The required interest reserve amount is equal to the interest payment that would be due on the next interest payment date assuming the maximum aggregate principal amount of the notes was outstanding. The tax reserve was released during October 2007, since the Organization received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The premium reserve is a computed amount as required by the "Premium Account Control Agreement". At December 31, 2009 and 2008, the interest reserve totaled $1,875,572 and $1,944,273, respectively, and the premium reserve totaled $3,361,231 and $1,919,848, respectively.

The notes are secured by all of the Organization's assets and by the tax credit certificates to be issued by the VCA as needed by the Organization. These tax credits may be used by the purchaser to offset South Carolina tax liabilities. Other than security for borrowings under the notes, the Organization may use the proceeds from the sale of these tax credits to pay required principal and interest payments of the Organization's notes payable. Through December 31, 2009, the Organization has not sold any tax credits. However, the Organization expects to sell tax credits as early as 2010 in order to meet its debt service needs.

NOTE 5 - PENSION PLAN AND OTHER EMPLOYEE BENEFITS

All employees of the Organization are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board, a public employee retirement system. Generally all state employees are required to participate in and contribute to the System as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides annuity benefits as well as disability, cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees.

The Retirement Division (the Division) maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the five pension plans are included in the CAFR of the State of South Carolina.

Employees participating in the SCRS are required to contribute 6.5% of all compensation. The employer contribution rate is 9.06% which includes a 3.42% surcharge to fund retiree health and dental insurance coverage. The Organization's actual contributions to the SCRS were approximately $7,100 and $9,800 for the years ending December 31, 2009 and 2008, respectively.

Article X, Section 16 of the South Carolina Constitution requires that all state operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest twelve consecutive quarters of compensation).

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NOTE 5 - PENSION PLAN AND OTHER EMPLOYEE BENEFITS, Continued

The Systems do not make separate measurement of assets and pension benefit obligations for individual employers. Under Title 9 of the South Carolina Code of Laws, the Organization's liability under the retirement plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Organization's liability under the pension plan is limited to the contribution requirements for the applicable year from amounts appropriated therefore in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Organization recognizes no contingent liability for unfunded costs associated with participation in this plan.

At retirement, employees participating in the SCRS may receive additional service credit for up to 90 days for accumulated unused sick leave.

NOTE 6 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the Annual Appropriations Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time employees and certain permanent part-time employees of the Organization are eligible to receive these benefits. The State provides post employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for State funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

As discussed in Note 5, a 3.42% surcharge was included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Division of Insurance and Grants for retiree health and dental insurance benefits

Information regarding the cost of insurance benefits applicable to the Organization retirees is not available. By State law, the Organization has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from the System's earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS benefits.

NOTE 7 - DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to state employees and employees of political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b) are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination, if they meet requirements specified by the applicable plan.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Chairman of JEDA is the Chairman of InvestSC, Inc. and the current Executive Director of JEDA is also the Executive Director of InvestSC, Inc.

During the years ending December 31, 2009 and 2008, the Organization paid JEDA $7,500 for rent and other administrative services.

NOTE 9 - INVESTMENT COMMITMENTS

The Organization has committed to invest an additional $14,832,007, with four venture capital funds (see Note 3). The timing and amount of the capital calls by the venture capital funds for these additional investments is uncertain. The Organization will use the remaining proceeds from the notes payable of $5,200,000 (see note 4) and distributions from existing investments with the venture capital funds to fund these future capital calls. However, the timing and amount of distributions from the venture capital funds is also uncertain. If the Organization is unable to make the required capital contributions upon receiving a capital call, the Organization would be in default in accordance with its agreements with the individual venture capital funds. Upon default, the Organization may be subject to a default fee and possible liquidation of portfolio investments if capital contributions are not paid within certain time frames as noted within its agreements with the individual venture capital funds.