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BLUEPEAK VENTURE CAPITAL TECHNOLOGY FUND

SEPTEMBER 2009

Performance Summary

During the quarter the outlook for the Fund's investment portfolio, managed by Allen & Buckeridge Asset Management Limited (A&B), remained positive, despite the global recession. The main focus of the Investment Manager is to develop exit strategies for the 6 remaining investments, and to exit individual investments as soon as possible at fair value – recognising that the global recession has reduced trade sale activity and pricing.

A&B will continue to monitor four sold investments: - (Halftec (formerly Fultec), eChoice, Sententia and RBN, to ensure collection of earn out and extended payment schedules.

Key Fund developments during the quarter include the receipt of a trail commission distribution from the sale of eChoice.

Context

In reviewing the performance of the Fund it is important to keep its results to date in context:

- A total of \$23m was raised in the BluePeak Fund that was applied to a \$132m co-investing pool including \$105m from the wholesale Allen & Buckeridge III Trust and \$4m from the Allen & Buckeridge Venture Partners Fund;
- It is now 9 1/2 years since the first closing in March 2000. The Fund runs until October 2010.
- Of the original investments 7 have been sold and 2 small seed investments written off. 6 investments are currently being actively managed by A&B.
- July 2005: Vintela Inc was sold for a 5x return and the proceeds from the sale have been distributed
- June 2006: AGN International was sold for a loss, returning 25% of capital.
- June 2007: Hitwise was sold for US\$260m cash, an escrow of \$857k was released to the Fund in December 2008. These funds have been distributed to investors.
- September 2007: The Australian unit of Communicator Interactive was sold to BlueFreeway Limited in September 2007. The Fund has received \$209k cash and 142,672 BlueFreeway shares as its share of the total consideration. Most of these shares were sold before the recent market collapse. The proceeds from the sales to date have been returned to the Fund. The remaining business unit in New York, t/a Safari Sundays, is growing.
- May 2008: RBN sold its asset to Sorrento for US\$2.5m on an earn-out basis. A small return to the Fund is expected if the estimated earn out is achieved.
- August 2008: Sententia was sold to its management for an initial payment of \$1.5m and an additional two payments on an earn-out basis are due in March 2009 and March 2010.
- September 2008: The circuit protection assets of Fultec were sold to Bourns Inc of California. Initial consideration paid will grow with an earn-out over the next two years. The power FET R&D assets were sold to Fairchild Semiconductor for \$500k.
- October 2008: eChoice was sold to First Folio Ltd for an estimated consideration of \$5.5m to be paid over 4 years from the proceeds of the commission trail in the loan book.
- All of the remaining capital is called and cash is reserved for follow-on financing requirements and to meet operational costs.

Quarter Highlights and Investment Exit Plans

- ✓ **NextGen Gaming:** CY09 revenue and profit growth targets will not be achieved, reflecting below expectation deployments of delivered NGG games by key customers and below plan performances by many of those firms this year. Consequently, the directors of NGG have been persuaded that consolidation of NextGen into a larger gaming related business would deliver a better result for shareholders than remaining independent. A cash exit is now the focus with negotiations underway with a number of interested trade buyers.
- ✓ **eKit.com:** International travel is down in CY09 despite unprecedented price discounting by airlines and hotels. Consequently eKit are forecasting lower revenues and profits than for CY08. The global recession will retard organic growth in sales of SIMs to less than the 100k unit target for CY09 – a level at which large cellular carriers are interested in eKit's niche – so consolidation is important this year. The Travel Journal application will also need both CY09 and CY10 northern summer traffic to demonstrate both scale and ARPU enhancement. Management and the directors think that a trade sale process after the 2010 northern summer trading results would be appropriate.
- ✓ **Netstar:** The objective of both VC shareholders of Netstar is to sell in a trade sale as soon as a buyer can be found. NetStar is profitable in all geographies and has delivered above budget revenues and profitability during the first quarter of FY10. For FY 10 the plan expects flat real revenue YoY but significantly higher US\$ revenue and profit driven by the A\$/US\$ appreciation of the Australian operation.
- ✓ **Safari Sundays (remaining business of Communicator):** A&B expect that this business will be acquired by a major marketing and advertising group by September 2010, provided that it can diversify its client base sufficiently. This would complete the sale and exit from Communicator Interactive Group.
- ✓ **Millennium IP Pty Ltd (previously AGN):** Prospects for capital recovery of the funds invested in MIP are improving with a contest underway between established Filipino carriers to acquire two of the operating licences owned by MIP. Once this is completed it is expected that sale of SIM cards in malls throughout the Philippines will provide a cashflow stream that will redeem capital in 3-4 years. A trade sale of the shares held in MIP is not expected.
- ✓ **Wishlist Holdings:** The Wishlist directors consider that the business can be built to be larger and more profitable as the Australian recession abates. The plan is that the technology platform will be proven in the US through a licencing program and the objective is that the results of the focus on the core Australian business will have realised annual profits greater than \$3m by FY11. This would provide the metrics for a sale process during FY11.

Unit Valuation: Based on the current valuation of the remaining investments, currency fluctuations and overheads over the last quarter a Stapled Security is valued at \$0.0796 as at 30 September 2009.

The Fund has now returned to investors in cash by way of dividend, trust distributions and return of capital a total of \$0.74 for each \$1 invested under the Prospectus made up of \$0.3845 as capital returns and \$0.3555 paid as dividends.

A copy of this report is available on our website www.huntleygroup.com.au

Past performance is not a guide to future performance. Any view of the Investment Manager, Allen & Buckridge, regarding the future performance of the Trust is based on its current market assumptions and is not a guarantee of future performance. The BluePeak Venture Capital Technology Trust is closed to new investments.

Any information contained in this publication has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. We also recommend that you seek independent legal and financial advice before making any decision about your investment in the Trust. The disclosure document, provided to you prior to investing in the Trust will contain information about the Trust and will usually include the costs associated with the Trust and details of their fees and charges, which may apply, including any commissions to third parties.

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