

H&Q LIFE SCIENCES INVESTORS
Form N-Q
August 28, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-06565

H&Q Life Sciences Investors
(Exact name of registrant as specified in charter)

2 Liberty Square, 9th Floor, Boston, MA
(Address of principal executive offices)

02109
(Zip code)

(Name and address of agent for service)

Registrant's telephone number, including area code: 617-772-8500

Date of fiscal year end: September 30

Date of reporting period: 6/30/08

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-% (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b-15 under the Investment Company Act of 1940 (17CFR 270.3b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection

of information under the clearance requirements of 44 U.S.C. ss.3507.

Item 1. Schedule of Investments.

H&Q LIFE SCIENCES INVESTORS**SCHEDULE OF INVESTMENTS**

JUNE 30, 2008

(Unaudited)

| SHARES | | VALUE |
|-----------|---|---------------|
| | CONVERTIBLE SECURITIES AND WARRANTS 9.9% of Net Assets | |
| | Convertible Preferred (Restricted)(c) 9.8% | |
| | Drug Discovery Technologies 1.2% | |
| 1,587,302 | Agilix Corporation Series B (a) (b) | \$ 94,540 |
| 250,000 | Ceres, Inc. Series C (a) | 1,625,000 |
| 21,462 | Ceres, Inc. Series C-1 (a) | 139,503 |
| 175,540 | Ceres, Inc. Series D (a) | 1,141,010 |
| 28,385 | Ceres, Inc. Series F (a) | 184,502 |
| 5,677 | Ceres, Inc. warrants (expiration 9/05/15) (a) | 0 |
| 200,000 | Zyomyx, Inc. Series A New (a) | 20,000 |
| 200 | Zyomyx, Inc. Series B New (a) | 20 |
| | Emerging Biopharmaceuticals 0.7% | |
| 1,212,121 | Raven biotechnologies, Inc. Series B (a) | 0 |
| 1,872,772 | Raven biotechnologies, Inc. Series C (a) | 0 |
| 2,722,014 | Raven biotechnologies, Inc. Series D (a) | 249,881 |
| 1,415,385 | TargeGen, Inc. Series C (a) | 1,226,672 |
| 407,825 | TargeGen, Inc. Series D (a) | 353,450 |
| | Healthcare Services 1.4% | |
| 322,168 | CytoLogix Corporation Series A (a) (b) | 3,222 |
| 151,420 | CytoLogix Corporation Series B (a) (b) | 531,484 |
| 3,589,744 | PHT Corporation Series D (a) (b) | 2,800,000 |
| 802,996 | PHT Corporation Series E (a) (b) | 626,337 |
| | Medical Devices and Diagnostics 6.5% | |
| 2,379,916 | CardioKinetix, Inc. Series C (a) (b) | 1,640,000 |
| 3,235,293 | Concentric Medical, Inc. Series B (a) (b) | 4,529,410 |
| 1,162,790 | Concentric Medical, Inc. Series C (a) (b) | 1,627,906 |
| 455,333 | Concentric Medical, Inc. Series D (a) (b) | 637,466 |
| 177,778 | EPR, Inc. Series A (a) | 1,778 |
| 1,592,852 | FlowCardia, Inc. Series C (a) | 1,708,334 |
| 2,446,016 | Labcyte Inc. Series C (a) | 1,280,000 |
| 2,050,000 | Magellan Biosciences, Inc. Series A (a) | 2,050,000 |
| 1,031,992 | OmniSonics Medical Technologies, Inc. Series A-1 (a) | 586,171 |
| 877,747 | OmniSonics Medical Technologies, Inc. Series B-1 (a) | 498,560 |
| 43,478 | TherOx, Inc. Series H (a) | 277,390 |
| 99,646 | TherOx, Inc. Series I (a) | 635,742 |
| 2,813 | TherOx, Inc. warrants (expiration 1/26/10) (a) | 0 |
| 5,427 | TherOx, Inc. warrants (expiration 6/09/09) (a) | 0 |
| 640,625 | Xoft, Inc. Series D (a) | 2,139,688 |
| 122,754 | Xoft, Inc. Series E (a) | 409,998 |
| | | \$ 27,018,064 |

**PRINCIPAL
AMOUNT**

Convertible Notes 0.1%
Drug Discovery Technologies 0.1%

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| | | | |
|----|---------|---------------------------------------|---------|
| \$ | 700,000 | deCODE Genetics, Inc., 3.50% due 2011 | 224,000 |
|----|---------|---------------------------------------|---------|

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| PRINCIPAL AMOUNT | | | VALUE |
|--|--------|--|----------------------|
| | | Emerging Biopharmaceuticals 0.0% | |
| \$ | 29,767 | Raven biotechnologies, Inc. Convertible Note, 5.00% due 2009 (Restricted) (c) | \$ 9,299 |
| | 35,125 | Raven biotechnologies, Inc. Convertible Subordinated Note, 5.00% due 2009 (Restricted) (c) | 35,125 |
| | | | \$ 268,424 |
| TOTAL CONVERTIBLE SECURITIES AND WARRANTS | | | |
| (Cost \$34,573,962) | | | \$ 27,286,488 |

| SHARES | | | |
|--------|-----------|---|------------|
| | | COMMON STOCKS AND WARRANTS 79.3% | |
| | | Biopharmaceuticals 30.0% | |
| | 135,182 | Affymax, Inc. (a) | 2,150,746 |
| | 624,321 | Akorn, Inc. (a) | 2,066,503 |
| | 108,889 | Akorn, Inc. warrants (expiration 3/08/11) (a) (c) | 59,889 |
| | 52,700 | Alnylam Pharmaceuticals, Inc. (a) | 1,408,671 |
| | 99,357 | Amgen Inc. (a) | 4,685,676 |
| | 525,965 | Antisoma Plc (a) (e) | 240,752 |
| | 3,062,746 | Antisoma Plc (Restricted) (a) (c) (e) | 1,121,539 |
| | 340,305 | Antisoma Plc (Restricted) (a) (c) (e) | 109,038 |
| | 69,300 | Biogen Idec Inc. (a) | 3,873,177 |
| | 76,700 | BioMarin Pharmaceutical Inc. (a) | 2,222,766 |
| | 756,272 | Critical Therapeutics, Inc. (a) | 279,821 |
| | 159,672 | Critical Therapeutics, Inc. warrants (expiration 6/06/10) (a) (c) | 0 |
| | 88,550 | Forest Laboratories, Inc. (a) | 3,076,227 |
| | 44,770 | Genentech, Inc. (a) | 3,398,043 |
| | 127,857 | Genzyme Corporation (a) | 9,208,261 |
| | 259,050 | Gilead Sciences, Inc. (a) | 13,716,697 |
| | 140,394 | Hologic, Inc. (a) | 3,060,589 |
| | 8,815 | Intuitive Surgical, Inc. (a) | 2,374,761 |
| | 131,247 | Martek Biosciences Corporation (a) | 4,424,336 |
| | 373,600 | Medarex, Inc. (a) | 2,469,496 |
| | 232,450 | Medicines Company (a) | 4,607,159 |
| | 31,300 | Merck & Co., Inc. | 1,179,697 |
| | 175,880 | MiddleBrook Pharmaceuticals, Inc. warrants (expiration 4/29/10) (a) (c) | 323,619 |
| | 95,895 | Myriad Genetics, Inc. (a) (f) | 4,365,140 |
| | 143,190 | Omrix Biopharmaceuticals, Inc. (a) | 2,253,811 |
| | 100,000 | Regeneron Pharmaceuticals, Inc (a) | 1,444,000 |
| | 367,105 | Synta Pharmaceuticals Corp. (a) | 2,239,341 |
| | 132,900 | Vertex Pharmaceuticals Inc. (a) | 4,448,163 |
| | 52,500 | XenoPort, Inc. (a) | 2,049,075 |
| | | | 82,856,993 |

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| SHARES | | VALUE |
|---|---|------------|
| Biotechnology 1.8% | | |
| 328,000 | Athersys, Inc. (a) (c) | \$ 642,880 |
| 82,000 | Athersys, Inc. warrants (expiration 6/08/12) (a) (c) | 31,980 |
| 339,950 | Momenta Pharmaceuticals, Inc. (a) | 4,181,385 |
| | | 4,856,245 |
| Drug Delivery 1.0% | | |
| 227,550 | Alkermes, Inc. (a) | 2,812,518 |
| Drug Discovery Technologies 7.7% | | |
| 162,288 | Avalon Pharmaceuticals, Inc. (a) | 193,123 |
| 125,480 | Celgene Corporation (a) | 8,014,408 |
| 91,368 | Cougar Biotechnology, Inc. (a) | 2,177,299 |
| 1,601,039 | MZT Holdings, Inc. (a) (b) | 208,135 |
| 1,846,154 | MZT Holdings, Inc. warrants (expiration 1/17/11) (a) (b) (c) | 0 |
| 952,381 | MZT Holdings, Inc. warrants (expiration 1/22/12) (a) (b) (c) | 0 |
| 78,600 | OSI Pharmaceuticals, Inc. (a) | 3,247,752 |
| 399,028 | Penwest Pharmaceuticals Co. (a) | 1,077,376 |
| 199,514 | Penwest Pharmaceuticals Co. warrants (expiration 3/11/13) (a) (c) | 299,271 |
| 61,900 | United Therapeutics Corporation (a) | 6,050,725 |
| 200,000 | Zyomyx, Inc. (Restricted) (a) (c) | 2,000 |
| | | 21,270,089 |
| Emerging Biopharmaceuticals 3.5% | | |
| 487,345 | ACADIA Pharmaceuticals Inc. (a) | 1,798,303 |
| 90,552 | DOV Pharmaceutical, Inc. warrants (expiration 12/31/09) (a) (c) | 905 |
| 747,980 | Exelixis, Inc. (a) | 3,739,900 |
| 794,191 | Lexicon Pharmaceuticals, Inc. (a) | 1,270,706 |
| 242,522 | NitroMed, Inc. (a) | 242,522 |
| 256,000 | Sangamo BioSciences, Inc. (a) | 2,547,200 |
| | | 9,599,536 |
| Generic Pharmaceuticals 4.0% | | |
| 186,550 | Mylan Inc. (a) | 2,251,659 |
| 194,008 | Teva Pharmaceutical Industries, Ltd. (d) | 8,885,566 |
| | | 11,137,225 |
| Healthcare Services 13.2% | | |
| 47,300 | Aetna Inc. | 1,917,069 |
| 25,000 | Allergan, Inc. | 1,301,250 |
| 148,148 | Aveta, Inc. (Restricted) (a) (c) | 1,481,480 |
| 579,379 | CardioNet, Inc. (Restricted) (a) (c) | 13,885,977 |
| 119,740 | HealthExtras, Inc. (a) | 3,608,964 |
| 66,524 | ICON Plc (a) (d) | 5,023,892 |
| 77,815 | Medco Health Solutions, Inc. (a) | 3,672,868 |
| 204,139 | Syntiro Healthcare Services (Restricted) (a) (c) | 204 |
| 40,350 | WellPoint, Inc. (a) | 1,923,081 |

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| SHARES | | VALUE |
|--|--|-----------------------|
| Healthcare Services continued | | |
| 1,285,000 | Zix Corporation (a) | \$ 3,572,300 |
| | | 36,387,085 |
| Medical Devices and Diagnostics 18.1% | | |
| 325,270 | Align Technology, Inc. (a) | 3,412,082 |
| 41,000 | Applera Corporation- Applied Biosystems Group | 1,372,680 |
| 118,450 | Baxter International Inc. | 7,573,693 |
| 77,640 | Becton, Dickinson and Company | 6,312,132 |
| 93,992 | IDEXX Laboratories, Inc. (a) | 4,581,170 |
| 99,593 | Inverness Medical Innovations, Inc. (a) | 3,303,500 |
| 43,250 | Laboratory Corporation of America Holdings (a) | 3,011,497 |
| 205,200 | Masimo Corporation (a) | 7,048,620 |
| 130,000 | Masimo Laboratories, Inc. (Restricted) (a) (c) | 51,883 |
| 447,080 | Medwave, Inc. (a) (c) | 0 |
| 111,770 | Medwave, Inc. warrants (expiration 8/21/11) (a) (c) | 0 |
| 62,005 | OmniSonics Medical Technologies, Inc. (Restricted) (a) (c) | 620 |
| 87,200 | PerkinElmer, Inc. | 2,428,520 |
| 139 | Songbird Hearing, Inc. (Restricted) (a) (c) | 93 |
| 73,925 | Stryker Corporation | 4,648,404 |
| 110,840 | Thermo Fisher Scientific Inc. (a) | 6,177,113 |
| | | 49,922,007 |
| | TOTAL COMMON STOCKS AND WARRANTS (Cost \$213,311,152) | \$ 218,841,698 |

**NUMBER OF
CONTRACTS
(100 SHARES
EACH)**

| | | |
|-----------------------------------|--|------------------|
| PUT OPTIONS PURCHASED 0.0% | | |
| 478 | Myriad Genetics, Inc., strike @ 35, expires Aug-2008 (a) | 7,170 |
| 478 | Myriad Genetics, Inc., strike @ 40, expires Aug-2008 (a) | 19,120 |
| | TOTAL PUT OPTIONS PURCHASED (Cost \$346,689) | \$ 26,290 |

**PRINCIPAL
AMOUNT**

| | | |
|-------------------------------------|---|-----------------------|
| SHORT-TERM INVESTMENTS 10.6% | | |
| \$ 14,000,000 | General Electric Capital Corp., 1.90% due 07/09/08 | 13,994,089 |
| 15,164,000 | Repurchase Agreement, State Street Bank and Trust Co., repurchase value \$15,164,421 (collateralized by U.S. Treasury Bond 1.20%, 9/18/08, market value \$15,467,585); 1.00% due 07/01/08 | 15,164,000 |
| | TOTAL SHORT-TERM INVESTMENTS (Cost \$29,158,089) | \$ 29,158,089 |
| | TOTAL INVESTMENTS - 99.8% (Cost \$277,389,892) | \$ 275,312,565 |
| | OTHER ASSETS IN EXCESS OF LIABILITIES - 0.2% | \$ 491,784 |
| | NET ASSETS - 100% | \$ 275,804,349 |

-
- (a) Non-income producing security.
 - (b) Affiliated issuers in which the Fund holds 5% or more of the voting securities (Total Market Value of \$12,698,500).
 - (c) Security fair valued by the Valuation Committee of the Board of Trustees.
 - (d) American Depositary Receipt.
 - (e) Foreign Security.
 - (f) A portion of security is pledged as collateral for call options written.

SCHEDULE OF WRITTEN OPTIONS

| NUMBER OF CONTRACTS (100 SHARES EACH) | | EXPIRATION DATE | CURRENT VALUE |
|--|---|--------------------|------------------|
| CALL OPTIONS WRITTEN | | | |
| 123 | Myriad Genetics, Inc., strike @ 85 | Jul - 2008 | \$ (9,225) |
| 82 | Myriad Genetics, Inc., strike @ 80 | Aug - 2008 | (1,230) |
| | TOTAL CALL OPTIONS WRITTEN (Premiums received \$25,374) | | \$ (10,455) |

Investment Valuation - Investments traded on national securities exchanges or in the over-the-counter market that are National Market System securities are valued at the last sale price or, lacking any sales, at the mean between the last bid and asked prices. Other over-the-counter securities are valued at the most recent bid prices as obtained from one or more dealers that make markets in the securities. Publicly traded investments for which market quotations are not readily available or whose quoted price may otherwise not reflect fair value and the fair value of venture capital and other restricted securities are valued in good faith by the Adviser pursuant to valuation policies and procedures approved by the Trustees. Such values are subject to oversight and ratification by the Trustees. However, because of the uncertainty of fair valuations, these estimated values may differ significantly from the values that would have been used had a ready market for these securities existed, and the differences could be material. Each such fair value determination is based on a consideration of relevant factors. Factors the Adviser considers may include (i) the existence of any contractual restrictions on the disposition of securities; (ii) information obtained from the issuer which may include an analysis of the company's financial statements, the company's products or intended markets or the company's technologies; and (iii) the price of a security negotiated at arm's length in an issuer's completed subsequent round of financing. Short-term investments with maturity of 60 days or less are valued at amortized cost.

Venture Capital and Other Restricted Securities - The Fund may invest in venture capital and other restricted securities if these securities would currently comprise 40% or less of net assets. The value of the securities represents 16% of the Fund's net assets at June 30, 2008. The following table details the acquisition date, cost, carrying value per unit, and value of the Fund's venture capital and other restricted securities at June 30, 2008. The Fund on its own does not have the right to demand that such securities be registered.

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| Security (g) | Acquisition Date | Cost | Carrying Value per Unit | Value |
|---------------------------------------|------------------|--------------|-------------------------|------------|
| Agilix Corporation | | | | |
| Series B Cvt. Pfd. | 11/8/01 | \$ 1,663,667 | \$ 0.06 | \$ 94,540 |
| Antisoma, Inc. (h) | | | | |
| Restricted Common | 6/11/08 | 3,197,057 | 0.37 | 1,121,539 |
| Restricted Common | 6/11/08 | 355,229 | 0.32 | 109,038 |
| Aveta, Inc. | | | | |
| Restricted Common | 12/21/05 | 2,003,143 | 10.00 | 1,481,480 |
| CardioKinetix, Inc. | | | | |
| Series C Cvt. Pfd. | 5/22/08 | 1,640,000 | 0.69 | 1,640,000 |
| CardioNet, Inc. | | | | |
| Restricted Common | 5/3/01 - 3/7/07 | 4,345,501 | 23.97 | 13,885,977 |
| Ceres, Inc. | | | | |
| Series C Cvt. Pfd. | 12/23/98 | 1,000,950 | 6.50 | 1,625,000 |
| Series C-1 Cvt. Pfd. | 3/31/01 | 74,339 | 6.50 | 139,503 |
| Series D Cvt. Pfd. | 3/14/01 | 1,046,887 | 6.50 | 1,141,010 |
| Series F Cvt. Pfd. | 9/5/07 | 186,335 | 6.50 | 184,502 |
| Warrants (expiration 9/05/15) | 9/5/07 | 0 | 0.00 | 0 |
| Concentric Medical, Inc. | | | | |
| Series B Cvt. Pfd. | 5/7/02, 1/24/03 | 2,220,447 | 1.40 | 4,529,410 |
| Series C Cvt. Pfd. | 12/19/03 | 1,000,469 | 1.40 | 1,627,906 |
| Series D Cvt. Pfd. | 9/30/05 | 638,641 | 1.40 | 637,466 |
| CytoLogix Corporation | | | | |
| Series A Cvt. Pfd. | 1/13/98-7/21/99 | 1,078,567 | 0.01 | 3,222 |
| Series B Cvt. Pfd. | 1/11/01 | 509,146 | 3.51 | 531,484 |
| EPR, Inc. | | | | |
| Series A Cvt. Pfd. | 3/9/94 | 800,331 | 0.01 | 1,778 |
| FlowCardia, Inc. | | | | |
| Series C Cvt. Pfd. | 8/29/07 | 1,719,754 | 1.07 | 1,708,334 |
| Labcyte Inc. | | | | |
| Series C Cvt. Pfd. | 7/18/05 | 1,283,262 | 0.52 | 1,280,000 |
| Magellan Biosciences, Inc. | | | | |
| Series A Cvt. Pfd. | 11/28/06 | 2,052,904 | 1.00 | 2,050,000 |
| Masimo Laboratories, Inc. | | | | |
| Restricted Common | 3/31/98 | 0 | 0.40 | 51,883 |
| OmniSonics Medical Technologies, Inc. | | | | |
| Series A-1 Cvt. Pfd. | 10/1/03 | 1,200,343 | 0.57 | 586,171 |
| Series B-1 Cvt. Pfd. | 6/4/07, 11/15/07 | 667,477 | 0.57 | 498,560 |
| Restricted Common | 5/24/01, 7/2/07 | 1,606,319 | 0.01 | 620 |
| PHT Corporation | | | | |
| Series D Cvt. Pfd. | 7/23/01 | 2,803,841 | 0.78 | 2,800,000 |
| Series E Cvt. Pfd. | 9/12/03-12/17/03 | 627,472 | 0.78 | 626,337 |
| Raven biotechnologies, Inc. | | | | |
| Series B Cvt. Pfd. | 12/12/00 | 2,001,150 | 0.00 | 0 |
| Series C Cvt. Pfd. | 11/26/02 | 1,554,400 | 0.00 | 0 |
| Series D Cvt. Pfd. | 6/23/05 | 803,792 | 0.09 | 249,881 |
| Cvt. Note | 11/13/07 | 33,753 | 31.24 | 9,299 |
| Cvt. Subordinated Note | 5/27/08, 6/25/08 | 35,125 | 100.00 | 35,125 |
| Songbird Hearing, Inc. | | | | |
| Restricted Common | 12/14/00 | 2,003,239 | 0.67 | 93 |
| Syntiro Healthcare Services | | | | |
| Restricted Common | 2/5/97 | 800,325 | 0.001 | 204 |
| TargeGen, Inc. | | | | |
| Series C Cvt. Pfd. | 8/30/05 | 1,842,331 | 0.87 | 1,226,672 |
| Series D Cvt. Pfd. | 5/8/07 | 531,198 | 0.87 | 353,450 |

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| Security (g) | Acquisition Date | Cost | Carrying Value per Unit | Value |
|-------------------------------|-------------------|---------------|-------------------------|---------------|
| TherOx, Inc. | | | | |
| Series H Cvt. Pfd. | 9/11/00 | \$ 2,001,786 | \$ 6.38 | \$ 277,390 |
| Series I Cvt. Pfd. | 7/8/05 | 386,639 | 6.38 | 635,742 |
| Warrants (expiration 1/26/10) | 1/26/05 | 0 | 0.00 | 0 |
| Warrants (expiration 6/09/09) | 6/9/04 | 0 | 0.00 | 0 |
| Xoft, Inc. | | | | |
| Series D Cvt. Pfd. | 3/23/07 | 2,055,919 | 3.34 | 2,139,688 |
| Series E Cvt. Pfd. | 6/20/08 | 409,998 | 3.34 | 409,998 |
| Zyomyx, Inc. | | | | |
| Series A New Cvt. Pfd. | 2/19/99, 1/12/04 | 199,800 | 0.10 | 20,000 |
| Series B New Cvt. Pfd. | 3/31/04 | 112 | 0.10 | 20 |
| Restricted Common | 2/19/99 - 7/22/02 | 2,401,101 | 0.01 | 2,000 |
| | | \$ 50,782,749 | | \$ 43,715,322 |

(g) See Schedule of Investments and corresponding footnotes for more information on each issuer.

(h) The carrying value per unit of unrestricted common units of Antisoma Plc was \$0.46 on June 11, 2008, the date of the purchase agreement and date an enforceable right to acquire the restricted units was obtained.

Federal Income Tax Cost - At June 30, 2008, the total cost of securities for Federal income tax purposes was \$277,389,892. The net unrealized loss on securities held by the Fund was \$2,077,327, including gross unrealized gain of \$48,870,707 and gross unrealized loss of \$50,948,034.

Affiliate Transactions An affiliate issuer is a company in which the Fund holds 5% or more of the voting securities. Transactions with such companies during the nine months ended June 30, 2008 were as follows:

| Issuer | Value on October 1, 2007 | Purchases | Sales (a) | Income | Value on June 30, 2008 |
|--------------------------|--------------------------|--------------|--------------|------------|------------------------|
| Agilix Corporation | \$ 94,540 | \$ | \$ | \$ | \$ 94,540 |
| CardioKinetix, Inc. | | 1,640,000 | | | 1,640,000 |
| Concentric Medical, Inc. | 6,794,782 | | | | 6,794,782 |
| CytoLogix Corporation | 351,488 | 352,908 | 352,713 | 4,934 | 534,706 |
| MZT Holdings, Inc. (b) | 2,816,072 | | 3,128,620 | 124,357 | 208,135 |
| PHT Corporation | 3,426,337 | | | | 3,426,337 |
| | \$ 13,483,219 | \$ 1,992,908 | \$ 3,481,333 | \$ 129,291 | \$ 12,698,500 |

(a) Sales of affiliates represent convertible notes paid off.

(b) Formerly Matritech, Inc.

Item 2. Controls and Procedures.

(a.) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures are adequately designed and are operating effectively to ensure that information required to be disclosed by the registrant on Form N-Q is (i) accumulated and communicated to the investment company's management, including its certifying officers, to allow timely decisions regarding required disclosure; and (ii) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b.) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)). Filed herewith.
