



October 20, 2005

Please find enclosed important information relating to a proposed amalgamation of six labour sponsored funds into a new Fund – Covington Venture Fund. Covington Capital believes that this merger is in the best interest of both you and your clients and it is **extremely important that your clients return their proxy (by mail, phone, or internet), approving this merger by November 17, 2005.**

**An information package including an information circular and proxy will be mailed to your clients by October 24, 2005.** Upon approval of the amalgamation, your clients' existing investment will be merged into the new Covington Venture Fund.

### **How the Amalgamation Works**

If shareholders of each Fund approve the amalgamation of Triax Growth Fund Inc., New Millennium Venture Fund Inc. (both Venture series and Balanced series shares), E2 Venture Fund Inc., New Generation Biotech (Balanced) Fund Inc., Venture Partners Balanced Fund Inc. and Capital First Venture Fund Inc., upon amalgamation, their shares will be converted and they will receive shares of the new Covington Venture Fund Inc.

**Equity Funds** - If your clients own shares in any of Triax Growth Fund Inc., New Millennium Venture Fund Inc. (Venture series shares) or E2 Venture Fund Inc., those shares will be merged into one larger fund ('The Equity Fund') for which they will receive a comparable series. Those series will have a broader investment mandate, more portfolio diversification and lower costs associated with them. The Manager expects these factors will improve performance.

**Balanced Funds** - If your clients own shares in any of the Funds which have a capital repayment provision, those being New Millennium Venture Fund Inc. (Balanced series shares), New Generation Biotech (Balanced) Fund Inc., Venture Partners Balanced Fund Inc. or Capital First Venture Fund Inc., they will receive comparable series of shares in Covington Venture Fund Inc. Those series will have the same investment mandate and the same terms and obligations of the capital repayment provision as their current shares.

If the amalgamation is completed, and provided all six funds agree to amalgamate, Covington Venture Fund Inc. will have approximately \$220 million in assets under management. For a graphic description of what shares your clients will receive after the amalgamation, please refer to 'Attachment A'. For specific details on the proposed amalgamation, please review the information posted on-line on the Covington Funds website. The manager and board of directors of each of the Funds have approved this amalgamation and recommend that your clients approve it as well.

### **The Benefits of the Amalgamation**

This amalgamation was initiated as we at Covington feel that it will provide tremendous benefits including:

**Operational Cost Savings:** All of the Funds will benefit from significant cost savings that will result from the amalgamation. Duplicated costs will be reduced as a result of operating Covington Venture Fund Inc. as one large fund rather than as six individual smaller funds. We also anticipate there to be further cost reductions due to the economies of scale resulting from the amalgamation.

**Reduced Management Expense Ratios (MERs):** The MERs of all the Funds are forecasted to be lower and the management fees charged to Covington Venture Fund Inc. will remain the same or be lower.

**Increased Portfolio Diversification:** Some of the Funds will benefit from a broader investment mandate which will allow them access to a wider pool of investments and a greater ability to participate in more follow-on investments. This is expected to improve performance.

**Additional Information**

We ask that you encourage your clients to approve this amalgamation to allow them to gain the benefits of the proposed merger. To review the information circular, proxy, or a copy of the letter sent to shareholders, please visit the advisor side of our website at [www.covingtonfunds.com](http://www.covingtonfunds.com). Should there be anything we can do to support you in this process, or you have any additional questions, please contact your sales representative or Covington Group of Funds at 1-866-244-4714, 416-365-9155 or at [info@covingtonfunds.com](mailto:info@covingtonfunds.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Guthrie". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Chris Guthrie  
Senior Vice President  
Covington Group of Funds

Encl:

- Letter to Shareholders
- Fund Merger Overview