



October 24, 2005

Dear Shareholder:

We are writing to you to describe an important proposal on which you will have the opportunity to vote. One or more of the Funds in which you have invested is proposing to amalgamate with a number of other Funds resulting in the creation of the Covington Venture Fund Inc. We firmly believe that this amalgamation is in your best interests as a shareholder and; therefore, ask that you return your completed proxy as soon as possible having voted in support of the amalgamation.

#### **The Benefits of the Amalgamation to You**

**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:** The management expense ratios (MERs) of all series of the Covington Venture Fund are forecasted to be lower than the existing MERs of the Funds. The management fees charged to Covington Venture Fund Inc. will vary depending upon the series of shares; however, they will remain the same or be lower than the existing management fees.

**Increased Portfolio Diversification:** Some of the shareholders are anticipated to benefit from a broader investment mandate, for the assets managed on their behalf, which will allow them access to a wider pool of investments and a greater ability to participate in more follow-on investments. The Manager hopes that this will improve performance.

#### **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, your shares will be converted and you will receive shares of the new Covington Venture Fund Inc.

If you 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 you will receive a comparable series. Those series will have a broader investment mandate, more portfolio diversification and lower costs associated with them. The Manager hopes that these factors will improve performance.

If you own shares in any of the Funds that 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., you 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 your 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 you will receive after the amalgamation, please refer to 'Attachment A'.

#### **Proxy Return**

The manager and board of directors of each of the Funds have approved the amalgamation proposal and highly recommends that each of you approve it as well. The amalgamation is subject to regulatory approval and to approval by the shareholders of each merging fund. **Therefore, we encourage you to vote in favour of the proposed amalgamation and request that you return the enclosed proxy materials by November 17, 2005 to Computershare Investor Services Inc., or vote by phone, or by using the Internet. In order for you to gain the benefits that this fund amalgamation will provide you, it is imperative you send in your proxy approving this action.**

Further details with respect to terms, conditions and benefits of the amalgamation are set out in the enclosed materials. Should you have any questions, please contact your financial advisor or Covington Group of Funds at 1-866-244-4714, 416-365-9155 or at [info@covingtonfunds.com](mailto:info@covingtonfunds.com).

Sincerely,

*Covington Group of Funds*