

## **Covington Announces Wind Up of Covington Venture Fund: Series I-V Fund Establishes Plan for Return of Capital to Shareholders**

**February 14, 2014 - Toronto** – Covington Capital Corp. (“Covington”) announced today that Covington Venture Fund Inc. (“Covington Venture Fund”) has entered into an agreement with Covington Fund II Inc. (“Covington Fund II”) for the en bloc sale of the venture portfolio attributable to the Class A shares Series I, II, III, IV, and V (the “Series”) and that Covington Venture Fund will propose the subsequent wind up of the Series. The proposed sale and wind up remains subject to shareholder approval.

Covington Venture Fund was established in 2006 as a result of the amalgamation of the former Triax Group of Funds (Triax Growth Fund: Series I-III, E2 Venture Fund: Series I-III, New Millennium Venture Fund, New Millennium Balanced Fund, New Generation Biotech Balanced Fund, Venture Partners Balanced Fund, Capital First Venture Fund).

“The Series were closed to new subscriptions in 2009 and since that time Covington has focused on managing the portfolio for liquidity in order to facilitate ongoing redemptions while at the same time seeking to maximise the exit value of individual investments. The Series totalled approximately \$165 million in assets at the time of the amalgamation and has now reached a stage where redemptions have reduced the net assets of the Series to approximately \$16 million. Given the existing liquidity constraints of Covington Venture Fund, this is the right time to institute an orderly wind up and provide a return of capital to its shareholders,” noted Phil Reddon, Managing Partner, of Covington.

The Board of Covington Venture Fund reviewed a number of options available to shareholders of the Series and determined that an orderly wind up via an en bloc sale of the venture portfolio would provide the highest return in the most timely fashion when compared to alternative options considered. The wind up plan, which is subject to shareholder approval, contemplates the en bloc sale of all of the venture portfolio holdings to Fund II in order to complete the wind up of the Series. The proposed transaction has received requisite board approval from both funds as well as the approval of the Independent Review Committee which is a regulatory requirement. Covington previously completed a similar transaction with the successful wind up of Covington Fund I in 2006.

Effective immediately, the Series will be halted to redemptions during this process to facilitate an orderly wind up of its holdings. During this time Covington will continue to price the Series weekly.

The proposed sale of the Series’ venture portfolio as well as the wind up and return of capital to shareholders of the Series, will be voted on by shareholders of the Series at a special meeting to be held on April 4, 2014. If shareholders approve the proposal, Covington expects to complete the wind up by the end of June 2014.

A management information circular will be mailed to all shareholders of the Series over the coming weeks that will include, among other things, the full terms of the proposal and a copy of the asset purchase agreement being proposed by the board of Covington Venture Fund. The proposal is subject to customary conditions, including shareholder approvals by holders of the Series and finalizing definitive documentation.

Post transaction, Covington Venture Fund Series VI-IX will remain unchanged as a stand-alone series within Covington Venture Fund.

### **About Covington Capital Corporation**

Founded in 1995, Covington Capital Corporation ([www.covingtonfunds.com](http://www.covingtonfunds.com)) is one of Canada's largest and most experienced venture capital fund providers. Managing approximately \$300 million in venture capital assets on behalf of institutional and retail investors, Covington invests in small-and-medium businesses throughout many industry sectors. Covington Capital Corporation is headquartered in Toronto, Ontario.

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