



NEWS RELEASE

## Covington Fund II Inc. Expects To Re-open to Redemptions in the First Quarter of Calendar 2018

12/8/2017

TORONTO, Dec. 8, 2017 /CNW/ - Covington Fund II Inc. (the "Fund") announced today that it expects to re-open the Fund to Redemptions in the first calendar quarter of 2018. This announcement reflects a delay of up to 90 days in the planned re-opening of the Fund.

The Manager of the Fund, Covington Capital Corporation, remains engaged in sale processes with several private portfolio companies which the Manager expected to have completed prior to calendar year-end 2017. The completion of sale of these companies has been extended and they are now expected to close in early 2018.

Once the Fund re-opens, it anticipates redeeming up to 20% of the net asset value of the Fund as of September 1, 2017, the beginning of the current financial year. This is the required annual redemption amount as contemplated in both the governing legislation and in the Fund's prospectus disclosure. When the Fund re-opens, redemptions will continue to be honoured in the order in which they are received.

The timing of this redemption is in line with previous redemption windows completed in 2015 and 2016 whereby the Fund opened and redeemed up to 20% of the Fund's net asset value within the first half of the subsequent fiscal year. The fair value of the Fund's portfolio will continue to be determined every week and there are no anticipated changes to the value of its private investments as a result of this decision.

Following the Ontario government's 2005 wind down the province's LSIF program, the Fund as well as other LSIF market participants, experienced an elimination of cash subscriptions, forcing liquidity to be derived solely from the

sale of the Fund's portfolio investments. Since 2011, the Fund has acquired or merged with eight LSIF funds, most notably the 2011 merger with the VenGrowth Funds, in order to consolidate assets, achieve economies of scale to maintain MERs, and provide liquidity in the absence of new subscriptions in order to manage the return of capital to shareholders.

Since the completion of the VenGrowth transaction on September 2, 2011, the Fund has honoured approximately \$208 million in redemptions and redeemed for cash over 60% of the outstanding shares of the Fund.

The Board and the Manager will continue to explore options for the Fund to optimize returns to shareholders in an orderly manner and will provide its shareholders with regular updates.

Further updates on the exact timing of the re-opening of the Fund will be announced via press release as well as dealer bulletin. This information is also highlighted on the home page to the Covington Fund II website which is located at [www.covingtonfunds.com](http://www.covingtonfunds.com).

### About Covington Group of Funds

Founded in 1995, Covington Capital Corporation ([www.covingtonfunds.com](http://www.covingtonfunds.com)) is one of Canada's most experienced venture capital fund providers. Managing approximately \$200 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.

SOURCE Covington Capital Corp.