

Covington Fund II Inc. Announces it will Re-Open to Redemptions

TORONTO, ONTARIO--(Marketwire – December 16, 2015) – Covington is pleased to announce that the Board of Directors of Covington Fund II Inc. (the “Fund”) has approved the re-opening of the Fund for redemptions as of **January 18, 2016 at 10:00am.**

The Fund will process redemptions in the order in which they are received beginning on January 18, 2016 at 10:00am. This decision follows careful consideration by the Board of the various alternatives available to the Fund to optimize value of the portfolio and liquidity and will allow the Fund to honour redemptions up to 20% of the NAV of the Fund in the current financial year as laid out in the Fund’s prospectus disclosure.

Covington recommends Advisors submit orders using the FundServ platform to ensure that their sell orders reach the back office with maximum efficiency, thereby improving the chances of the request being received and processed on time. Fund redemptions will be processed on an account by account basis, meaning that bulk redemption submissions (i.e. spreadsheet listing multiple accounts) **will not be processed.**

In the event that \$24 million of additional redemption requests (representing 20% of the NAV of the Fund in the current financial year) are received prior to year end August 31, it is anticipated that the Fund will again close to redemptions while additional liquidity can be generated from portfolio exits. Should the Fund close in the current financial year as a result of meeting the 20% threshold, it is anticipated that the next redemption opportunity for shareholders will occur commencing September 2016.

The fair value of the Fund's portfolio will continue to be determined every week and there are no anticipated changes to the valuation process of its private investments as a result of this decision.

Covington Fund II is a mature Labour Sponsored Investment Fund that has neither sold new subscriptions nor undertaken new investments in the past several years. The Fund’s focus is on optimizing the value of the investment holdings as we seek out opportunities to sell the investments and create liquidity to honour redemptions.

This investment selling and redemption stage represents the final cycle for a venture capital fund and allows the Fund Manager to try to optimize the returns generated for shareholders and return capital in an orderly manner through the redemption process. We are currently managing through this cycle and anticipate that this will continue for the coming 2-3 years.

At the time of the merger with the VenGrowth Funds in 2011, the shareholders were presented with an information circular dated July 12, 2011 (the “Circular”) which included an overview of the benefits of the merger as well as a discussion and analysis of the forecasted liquidity of the combined Fund. The Circular also included a discussion of the risks associated with the LSIF industry, the illiquid nature of the predominantly private Investment Portfolio and the risk that should exits in the Investment Portfolio not occur in a timely fashion that ongoing redemptions may not be maintained. The Fund has honoured approximately \$155 million in redemptions since the VenGrowth transaction was completed on September 2, 2011, and 44% of the outstanding units of the Fund have been redeemed since that time.

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.

About Covington Group of Funds

Founded in 1995, Covington Capital Corporation (www.covingtonfunds.com) is one of Canada’s largest and most experienced venture capital fund providers. Managing approximately \$400 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.

For further information:

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