

Covington Fund II Inc. Temporarily Suspends Redemptions

TORONTO, ONTARIO--(Marketwire – September 8, 2015) – Covington Fund II Inc. (“Cov II” or the “Fund”) announced today that it has halted redemptions of the Fund as a result of significant and increasing requests for redemptions since the Fund recently opened its restricted share series on September 2, 2015. All redemption requests processed prior to the close of business on September 4th, 2015 are being honoured.

The Board has taken this decision as the significant increase in redemption requests experienced over the last week has the potential to eliminate the liquidity required to operate the Fund in an efficient manner. The Board concluded that this temporary suspension is required to maximize returns for all shareholders and is in the best interests of the Fund.

The decision follows careful consideration by the Board of the various alternatives available to the Fund and is expected to allow the Fund to reopen for redemptions before December 31, 2015 at which time the Fund anticipates that it will resume honouring redemptions up to 20% of the NAV of the Fund in the current financial year as laid out in the Fund’s prospectus disclosure. Redemptions will continue to be honoured in the order in which they are received.

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 announcement that it would wind down the province's LSIF program, the Fund as well as all other LSIF market participants, have experienced an elimination of cash subscriptions, forcing liquidity to be derived substantially from the sale of the Fund's portfolio investments.

Since 2011, Cov II has acquired or merged with eight LSIF funds in order to consolidate assets, achieve economies of scale to manage MERs, and manage liquidity in the absence of new subscriptions and in the face of consistent redemptions in order to manage the return of capital to shareholders while undertaking to optimize returns for shareholders.

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.

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