COVINGTON
GROUP OF FUNDS

Management Report of Fund Performance

Covington Fund II Inc.

For The Year Ended August 31, 2012

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This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of Covington Fund II Inc. (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-244-4714, by writing to us at Covington Capital Corporation, 87 Front St. East, Suite 400, Toronto, Ontario M5E 1B8, by visiting our website at www.covingtonfunds.com or on SEDAR at www.sedar.com.

Shareholders may also contact us using one of these methods to request a copy of the Fund's proxy voting polices and procedures or proxy voting disclosure records.

FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund actions. The words "anticipate" , "could", "should" , "may", "expect", "believe", "plan", "intends", "estimate", "forecast", "objective", "would"; and similar expressions are intended to identify forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors. It is not possible to guarantee that future performance, predictions, forecasts, projections or other forward-looking statements will be achieved. Factors such as economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings or catastrophic events could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. Please consider these and other pertinent factors before making any investment decisions and do not place undue reliance on forward-looking statements. All opinions contained in forward-looking statements are subject to change without notice.

CLASS A SHARES

[in $000's except for per share amounts, number of shares and percentages]

FUND MERGER

On September 2, 2011, the Fund acquired the assets of the New Generation Biotech (Equity) Fund Inc. ("NGBE) and The VenGrowth Investment Fund Inc., The VenGrowth III Investment Fund Inc., The VenGrowth Advanced Life Sciences Fund Inc., and The VenGrowth Traditional Industries Fund Inc. (collectively the "Merging Funds"). The transaction is considered a merger under regulatory securities law. Pursuant to the transaction, the Fund acquired all of the assets and assumed the liabilities of the Merging Funds in exchange for units of the Fund based on an exchange ratio.

The exchange ratio (representing the number of units issued by the Fund in exchange for each outstanding unit of the Merging Funds), the total number of units issued by the Fund and the Net Asset Value of the incoming funds are summarized as follows:

Merging Fund	Merging Series (Class A Shares)	Exchange Ratio	Share Series Issued	Number of Units Issued	Net Asset Value Acquired ($)
New Generation Biotech Equity Fund Inc.	Series I Series II Series III	0.39336 0.32662 0.35675	Series I Series I Series I	1,291,828 525,446 509,045	18,801
The VenGrowth Investment Fund Inc.	Series A Series B Series C Series E Series F	0.65658 0.65658 0.64178 0.74860 0.74756	Series II Series II Series II Series I Series I	517,418 130,800 279,415 3,947,191 7,638	39,459
The VenGrowth II Investment Fund Inc.		0.25175	Series I	12,305,502	99,451
The VenGrowth III Investment Fund Inc.	Series A Series B Series C Series F	0.74002 0.74002 0.73046 0.81431	Series II Series II Series II Series I	1,229,037 73,246 37,794 2,120	10,847
The VenGrowth Advanced Life Sciences Fund Inc.	Series A Series B Series C Series F	0.39917 0.39917 0.38292 0.43242	Series II Series II Series II Series I	10,017,866 120,902 75,196 414	82,551
The VenGrowth Traditional Industries Fund Inc.	Series A Series B Series C Series F	0.84301 0.84301 0.83413 0.91766	Series II Series II Series II Series I	6,444,123 100,588 113,750 2,247	53,831

INVESTMENT OBJECTIVE AND STRATEGIES

The Fund combines the tax benefits of a Labour Sponsored Investment Fund ("LSIF") while giving investors access to the venture capital market.

The investment objective of the Fund is to realize long-term capital appreciation on part of the investment portfolio, and current yield and early return of capital on the remainder of the investment portfolio. The strategy to accomplish

class a shares

[in $000's except for per share amounts, number of shares and percentages]

INVESTMENT OBJECTIVE AND STRATEGIES *(Continued)*

this is by investing in two different types of situations. The first is in companies which the Fund anticipates will have significant growth potential in early stage or expanding markets. The second is in more established steady growth companies which the Fund anticipates will provide current yield and early return of capital to the Fund.

The Fund is now in its thirteenth year of operations. As such, some of the portfolio investments have matured from start up to expansion and later stages of their growth cycle. The Fund continues to manage these investments by working with the investee companies to grow revenues and profits while moving toward successful exits with a focus on managing liquidity to meet the currently established redemption schedules.

RISKS AND UNCERTAINTIES

The Fund is suitable for investors with a longer-term investment focus and higher risk tolerance as discussed in the Fund's prospectus and/or information form.

Given that the Funds' investee companies operate in an increasingly global marketplace, a broad range of factors have the ability to impact the venture portfolio; including firm valuations, access to follow on capital, and potential exit events. The European debt crisis and the looming US Presidential election continue to result in a level of uncertainty amongst financial market participants, leading on occasion to day-to-day fluctuations in volume, and volatility in the markets. In order to minimize the effect of these factors on the Fund and its investments, Management continues to work closely with investee companies to guide them through these difficult times with the goal to manage liquidity, maximize exit values and returns to the Funds' shareholders.

Exit opportunities for private companies within the portfolio continue to be uncertain. The exit strategy for venture backed companies is typically through mergers and acquisitions ("M&A") whereby strategic buyers may seek to augment their portfolios by purchasing smaller, private companies or, private companies may seek to grow themselves by accessing the public equity markets through an IPO. Slow M&A and IPO activity may add a liquidity strain on the Fund should the need to generate cash to fund redemptions outweigh the goal of optimizing the returns to the Fund.

As at August 31, 2012, the Fund's investment portfolio consists of 42 companies of which 5 are publicly traded and 36 are privately held. 87% of the Fund's venture portfolio is held within private companies. The private nature and the follow-on funding required to continue to support these companies may lead to liquidity pressures on the Fund. The process of valuing venture investments for which no published market exists is subject to inherent uncertainties and the resulting values may differ from values which would have been ascribed had a ready market existed for those investments. This is valuation risk as described in the Fund's financial statements.

As the portfolio matures and exits occur, the portfolio concentration may change. For example, investments in the biotechnology sector are typically longer-term holds; as such, the weighting of biotech holdings within the portfolio as a whole may increase over time. This is a concentration risk which may impact portfolio performance as different sectors experience market and economic fluctuations differently from one another.

The merger of the Fund with the Merging Funds has boosted the liquidity and cash reserves. The terms of the merger transaction place redemption restrictions on certain incoming Class A Shares allowing for a fixed percentage of redemptions over a four year period. Aimed at providing additional short-term financial flexibility, this redemption schedule will allow the Manager time to manage the portfolio to generate the necessary cash to fund redemptions in an orderly manner allowing the Fund to maximize the potential investment returns. Over the longer term, there is no certainty that this liquidity will hold in the face of a slow economic recovery.

CLASS A SHARES

[in $000's except for per share amounts, number of shares and percentages]

RISKS AND UNCERTAINTIES *(Continued)*

In any financial year, the Fund is not obligated to redeem greater than 20% of the Net Asset Value of the Fund. If all or substantially all shareholders were to redeem their shares at the same time, the Fund may need to liquidate investments at lower values than currently ascribed and shareholders may not receive the posted Net Asset Values ("NAV").

The Ontario LSIF tax credit on purchases was eliminated after 2011. The federal tax credit remains at 15%. The removed Ontario tax credit along with market pressures will curb the ability of all LSIFs to raise significant amounts of capital in the coming years which in turn increases the liquidity risk of the Fund.

RESULTS OF OPERATIONS

Net assets as at August 31, 2012 were $268,753 representing an increase of $228,136 or 6.5 times from the August 31, 2011 net assets of $40,617. On September 2, 2011, the Fund acquired $304,940 in net assets from the Merging Funds. The resulting merger has meant enhanced liquidity to support ongoing investing and operations of the Fund.

The Fund's venture portfolio has grown to over $211 Million invested in 42 companies up from $40 Million invested in 16 companies at August of 2011. Greater portfolio diversification and critical mass has improved the Fund's position in the marketplace translating to enhanced deal flow and capital raising ability for investee companies within the portfolio.

The Fund's income of approximately $9 Million is reflective of a number of events which have impacted the portfolio during the year. The Fund earned early redemption fees of $4,242 during the year; primarily the results of shareholders who chose to exit on the close of the merger. The escrow recovery account represents income earned in on receivables collected in excess of their carrying value at time of purchase. This represents a gain for the Fund to the benefit of all remaining shareholders. Realized gain on the sale of investments includes approximately $24 million from the sale of its investment in BelAir Networks to Ericsson. The Fund originally invested $18,175 in BelAir and received over $42 Million in proceeds which was largely in the form of a dividend on preferred shares. Related to this exit, the Fund recorded a contingent incentive participation amount of $3,368 of which $2,063 was paid during the year. The BelAir transaction demonstrates the importance of venture investor support of a portfolio company and its growth to maximize the return upon exit.

The increase in year over year expenses is reflective of the increase in assets under management as a result of the merger. Overall, fees based on percentage of net assets have declined in the year namely, the fees paid to the manager for investment and fund advisory services, fund administration and sponsor fees. No net new fee arrangements, other than those approved at the time of the Merger, have been entered into which will impact the Fund on an ongoing basis. Two new expenses not previously paid by the Fund relate to contract termination provisions and were approved at the time of the merger. One of these, the contract termination arrangement, has not resulted in a new expense burden to the Fund due to the reduction in management fees paid to the Manager. The other new expense, the capital maintenance fee, was and continues to be, a cost that is associated primarily with the Merging Funds. The remaining fixed expenses of the Fund have increased as a result of the larger asset base.

While the stated annualized MER for the Fund is approximately 7.2% (see Ratios and Supplemental Data for a specific breakdown by Series), there are a series of one-time expenses that relate to the integration of several new funds and portfolios into one entity. In May of 2012, cost savings have been realized with the consolidation of shareholder recordkeeping and administration systems into the CI Investments platform.

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[in $000's except for per share amounts, number of shares and percentages]

RESULTS OF OPERATIONS *(Continued)*

The Fund was launched in 1999 and, therefore, any shareholders who purchased units of the Fund before the 2003 RSP season have met or exceeded the eight-year hold requirement to keep the LSIF tax credit. As such, the Fund incurred $10,643 in redemptions during the period related to original Fund shares. As part of the merger, the Fund issued an additional 37,731,566 in Class A Shares Series I and II to investors who did not exercise the option to redeem out of the Merging Funds on closing. Since the merger, $52,653 or 6,560,264of these shares have been redeemed. While the terms of the merger transaction placed redemption restrictions on certain incoming Class A Shares allowing for a fixed percentage of redemptions over a four year period, the Fund saw a draw of $26,350 in immediate merge date redemptions followed by an additional $26,303 redemptions since the closing. The restrictions are in place to allow the Manager time to adequately manage the portfolio and bring existing investments to stronger exit values and maximize shareholder returns.

Investment Performance

During the year, the Fund has completed over $40 million in new and follow financings. A benefit of bringing together several funds is that it has resulted in an enhanced cash position for the Fund which in turn has provided the opportunity to bolster the existing portfolio and work towards negotiating optimal exit values.

The Fund posted a one-year return of approximately -6.48% for Series I and -9.16% for Series II. While this return outperformed the Globe Retail Venture Capital Peer Index of -8.04%; the general underperformance of the sector is a reflective of the general market with lower multiples in the private portfolio driving unrealized depreciation. Particularly, underperformance in the biotechnology sector of the portfolio has largely driven the portfolio devaluation and highlights the high risk nature of the sector with early-stage biotechs struggling to raise additional financing to fund their development initiatives.

RECENT DEVELOPMENTS

In the face of escalating concern over the severity of the European debt crisis and continued global economic uncertainty, there remains little change in capital markets both globally and within North America. While historically low interest rates, coupled with record cash holdings by large corporations, point to a potential increase in future merger and acquisition ("M&A") activity, Canada's markets remain tempered by ongoing struggles in the US economy and abroad. The uncertainty surrounding the upcoming US Presidential election and growing concerns of the economic slowdown in China continue to drive volatility in the North American financial markets; adversely affecting overall M&A and IPO activity. As the Fund`s portfolio companies continue to face the challenges and opportunities of operating in an increasingly global environment, the Fund`s Management remains focused on working closely with our portfolio companies to guide them through these difficult times. As a result of instability in the M&A and IPO markets, management expects the exit environment for the Fund's portfolio holdings to remain challenging over the near term. Nevertheless, we believe our focus on supporting growth of the Fund`s existing investments and cultivating exit opportunities will provide our investors with a balance of short-term liquidity and future return potential.

Future Accounting Standards - Conversion To International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace GAAP for publicly accountable enterprises. IFRS will apply to fiscal years beginning on or after January 1, 2011.

In December 2011, the AcSB issued amendments to the CICA Handbook extending the timeline for adoption of iFRS by

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RECENT DEVELOPMENTS *(Continued)*

investment companies to fiscal years beginning on or after January 1, 2014. This amendment is the latest in a series of extensions effectively moving the Fund's first interim IFRS statements to be issued by February 28, 2015.

The extensions have been introduced to accommodate potential changes in IFRS. Under International Accounting Standard ("IAS") 27 – Consolidated and Separate Financial Statements, investment companies are required to consolidate controlled investees. As part of a project on consolidated financial statements, the International Accounting Standards Board ("IASB") published an Exposure Draft ("ED") for Investment Entities on August 25, 2011, that proposes an exception to the principle in IFRS that an entity consolidates all controlled entities. Instead, the ED would require an entity that meets the criteria to be an investment entity to measure all controlled investments at fair value, with changes recognized in profit or loss. A final standard is expected before the end of 2013.

Other than timing, the key elements of the Fund's implementation plan include:

Accounting policies – the Manager is currently reviewing differences between the current accounting policies of the Fund and IFRS. An additional notable difference between current Canadian GAAP and IFRS is IAS 32, Financial Instruments: Presentation. Under this standard, shareholder's equity would be classified as a liability unless certain conditions are met. The Manager is current assessing the Fund's share structure to determine proper accounting and related disclosure requirements.

Disclosure – the Manager is reviewing disclosure requirements under IFRS and expects the implementation of IFRS to result in additional disclosures in the notes to the financial statements and potentially different presentation of certain financial statement items.

Operations – Management is assessing which operations of the Fund will be affected by the adoption of IFRS including current reporting and back office systems.

Impact on Net Asset Value – the Manager has determined that there is no expected impact on Net Asset Value for pricing of purchases and redemptions anticipated as a result of transition to IFRS.

Progress on the changeover plan will be reported in subsequent interim and annual financial statements until the adoption of IFRS is complete.

Consolidation of back-office providers

As part of the transition of the Merging Funds into a single operating platform, the Fund consolidated the fund shareholder administration function into its current provider, CI Investments Inc. in May 2012. Prior to the conversion, the Fund was contracted to CI for the pre-merger assets of the Fund and NGBE while the remaining Merging Funds were contracted to another provider. Under the amended contract with CI, became the sole fund administrator and receives and annual fee of 0.45% of the net asset value of the fund representing future savings to shareholders.

RELATED PARTY TRANSACTIONS

The Investment Advisor, Fund Advisor, and Sponsor are deemed to be related parties. Please refer to the section titled "Management Fees" which outlines the fees paid to these related parties or Note 7 in the audited annual report of the Fund ended August 31, 2012.

During the year, the Fund acquired a position at fair value from Covington Venture Fund, Series I, II, III, IV, V, another Fund managed by Covington, for a cost base of $3,707.

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[in $000's except for per share amounts, number of shares and percentages]

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements.

All references to "net assets" or "net assets per share" are determined in accordance with Canadian GAAP as presented in the audited financial statements of the Fund. All references to "net asset value" or " net asset value per shares" are determined in accordance with the net asset value calculated for pricing purposes.

NET ASSETS PER SHARE

	Year ended August 31, 2012		Year ended August 31, 2011	Year ended August 31, 2010	Year ended August 31, 2009	Year ended August 31, 2008
	Series I	**Series II**	I	I	I	I
Net assets, beginning of year (1) (2)	**$ 7.95**	**$ -**	$ 9.02	$ 9.29	$ 7.17	$ 8.10
Increase (decrease) from operations:						
Total revenue	**0.28**	**0.20**	0.12	0.04	0.35	0.14
Total expenses	**(0.52)**	**(0.63)**	(0.55)	(2.10)	(0.37)	(0.36)
Realized gain (loss) on investments	**0.33**	**0.32**	0.53	5.75	0.35	(0.27)
Unrealized gain (loss) on investments	**(0.73)**	**(0.52)**	(-1.07)	(-3.85)	1.52	(-0.07)
Total increase (decrease) from operations (2)	**(0.64)**	**(0.63)**	(0.97)	(0.16)	1.85	(0.56)
Net assets, end of year (1) (2)	**$ 7.48**	**$ 7.32**	$ 7.95	$ 9.02	$ 9.29	$ 7.17

(1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. On September 1, 2007, the Fund adopted CICA section 3855 on a retrospective basis without restatement of prior periods. As such, the beginning balance of net assets per share for the year ended Augut 31, 2008 may not equal the closing balance on August 31, 2007.

(2) Net assets are based on the actual number of shares outstanding as at the stated year-end. The increase/(decrease) from operations is based on the weighted average number of shares outstanding over the fiscal year.

RATIOS AND SUPPLEMENTAL DATA

	Year ended August 31, 2012		Year ended August 31, 2011	Year ended August 31, 2010	Year ended August 31, 2009	Year ended August 31, 2008
	Series I	**Series II**	I	I	I	I
Net asset value(1)	**$ 145,915**	**$ 123,583**	$ 41,008	$ 65,916	$ 98,683	$ 103,199
Number of shares outstanding (1)	**19,463,229**	**16,845,039**	5,110,790	7,262,864	10,488,401	14,341,035
Management expense ratio (2)	**6.45%**	**8.00%**	6.25%	22.22%	4.95%	4.86%
Management expense ratio before IPA (2)	**5.24%**	**6.79%**	5.88%	5.95%	-	-
Portfolio turnover rate (3)	**28.48%**	**28.48%**	8.84%	4.10%	10.00%	12.01%
Trading expense ratio (4)	**-**	**-**	0.03%	0.05%	0.03%	-
Closing net asset value per share (1)	**$ 7.50**	**$ 7.34**	$ 8.02	$ 9.08	$ 9.41	$ 7.20

(1) This information is provided as at August 31 of the years shown

(2) Management expense ratio includes all fees, expenses, capital taxes, and HST and is expressed as an annualized percentage of the average net assets administered during the year. Contingent IPA is the determination of the bonus that would be payable to the Manager if the Fund were to dispose of its venture investment portfolio at its carrying value as at the dates shown. The Manager is entitled to this bonus only upon realization of certain conditions as outlined in the Fund's Prospectus.

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[in $000's except for per share amounts, number of shares and percentages]

FINANCIAL HIGHLIGHTS *(Continued)*

(3) The Fund's portfolio turnover rate indicates how active the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investors receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

MANAGEMENT FEES

Covington, as the Investment Advisor, is responsible for directing the business, operations and affairs of the Fund and for implementing the investment strategy, monitoring the Fund's investments and providing management assistance to portfolio companies. Because the portfolio companies of the Fund are generally small in size and in an earlier stage of development relative to conventional mutual funds, the Fund requires a greater level of management involvement in the analysis, monitoring support and development activities.

Covington uses its management fees to finance its operations as follows: 85% for general administration over the affairs of the Fund including implementation of the Fund's investment strategy, portfolio management and Financial monitoring, retaining and supervising service providers and managing its overall business affairs and 15% for the implementation of communications, sales, marketing, and distribution strategies.

The Fund pays annual fees of 1.35% of the net asset value of the Fund for investment and management services. The Fund's management expense ratio ("MER") consists of all of its operating expenses, including sales commissions, certain ongoing marketing costs of the Fund, audit and legal expenses, fees paid to any independent valuator, IPA (if any), and certain consultancy costs. The largest component of the MER are fees that are calculated as a percentage of the NAV of the Fund and these fees are the management fees, contract termination fees, the capital maintenance fees, the Co-Sponsor's fees and the Transfer Agent's fees. For a summary of these fees, please see Note 7 to the Fund's annual financial statements.

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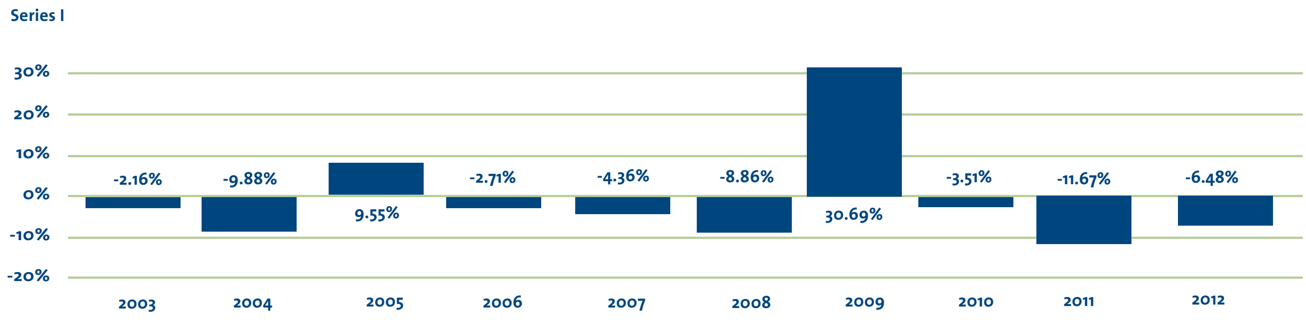
[in $000's except for per share amounts, number of shares and percentages]

PAST PERFORMANCE

Year by Year Non-Cumulative Returns

The graph below indicates the Fund's annual performance for each of the years shown and how the Fund's performance has changed from year to year. It also shows, in percentage terms, how an investment made on the first day of each financial year should have increased or decreased by the last day of each financial year. The Fund's past performance is no guarantee of how it will perform in the future.



Annual Compound Returns

The table below summarizes the Fund's past performance for the five, three and one-year periods ended August 31 of the periods indicated. As a basis of comparison, we have provided the Retail Venture Capital Index as posted on www.globefund.com as of August 31, 2012 and the BMO Nesbitt Burns Cdn Small Cap Index as at August 31, 2012.

The Retail Venture Capital Index is the most representative broad-based securities market index as it accumulates all the Ontario based LSIFs. The inclusion of the BMO Nesbitt Burns Small Cdn Cap Index is only intended to give perspective to general market activity.

Compound Returns	Series I	Series II	Retail Venture Capital Index*	BMO Nesbitt Burns Cdn Small Cap Index
1 Year	-6.48%	-9.16%	-8.04%	-7.64%
3 Years	-7.28%	N/A	-3.51%	13.80%
5 Years	-1.03%	N/A	-5.99%	1.76%
Since Inception	-2.84%	-9.16%	**	**

** Source: globefund.com*
*** No comparable index available for the same period.*

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[in $000's except for number of companies and percentages]

SUMMARY OF INVESTMENT PORTFOLIO

Below is a summary of the Fund's portfolio as at August 31, 2012. This is a summary only and may change due to ongoing portfolio activity in the Fund. See the Statement of Investment Portfolio in the financial statements for a complete listing. Please note that as a result of the transaction described in the Fund Merger section of this report, the size and number of portfolio companies has incrased and an update is available on Covington's website at www.covingtonfunds.com.

TOP HOLDINGS (1)	Debt at cost $	Equity at cost $	Total at cost $
Cytochroma Canada Inc.	4,554	20,704	25,258
Trillium Therapeutics Inc.	6,385	13,675	20,060
Azelon Pharmaceuticals Inc.	-	17,305	17,305
Greenfield Ethanol Inc.	-	17,087	17,087
Axela Inc.	16,728	-	16,728
Interface Biologics Inc.	-	15,241	15,241
Aegera Oncology Inc. Rights	-	12,605	12,605
BTI Systems Inc.	-	12,282	12,282
EGI Financial Holdings Inc.+	-	11,997	11,997
Mist Mobility Integrated Systems Technology Inc.	8,200	2,250	10,450
Nakina Systems Inc.*	4,458	5,088	9,546
Epocal Inc.	-	6,492	6,492
Sandvine Corporation+	-	6,230	6,230
PowerBand Global Inc.	3,500	2,092	5,592
Counterpath Corporation+	-	5,207	5,207
Wireie Holdings International Inc.	5,088	-	5,088
BPS Resolver Inc.	3,350	1,263	4,613
Embotics Corporation	-	4,290	4,290
2210961 Ontario Limited	4,095	-	4,095
Insception Biosciences Inc.	3,500	-	3,500
VG Mezzanine I Limited Partnership	-	3,230	3,230
Adventus Remediation Technologies Inc.	-	2,824	2,824
Tenxc Wireless Inc.*	2,766	-	2,766
Ivey CSBIF I Inc.	-	2,500	2,500
Ivey CSBIF II Inc.	-	2,500	2,500

* Indicates a foreign property.

+ Indicates a publicly traded security.

(1) Excluding cash and short-term investments.

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SUMMARY OF INVESTMENT PORTFOLIO *(CONTINUED)*

Stage of Development	Number of companies	Cost of investments	% Total venture investments at cost	Fair value of investments	% Total venture investments at fair value
		$	%	$	%
Start-Up / Early	7	50,601	20.2	45,801	21.6
Expansion	28	172,143	68.7	147,455	69.6
Later	7	27,845	11.1	18,607	8.8
	42	250,589	100.0	211,863	100.0

Industry Class					
Biotechnology	9	59,012	23.5	37,931	17.9
Entertainment/Retail	2	4,506	1.8	3,991	1.9
Health Sciences	5	77,292	30.8	76,407	36.1
Financial Services	5	12,843	5.1	9,938	4.7
Technology	16	66,289	26.6	58,350	27.5
Manufacturing	5	30,647	12.2	25,246	11.9
	42	250,589	100.0	211,863	100.0

Composition of net assets	Fair Value of Investments $	% of Net Assets %
Cash and marketable securities	38,073	14.2
Venture investments	211,863	78.8
Assets, net of other liabilities	18,817	7.0
Net assets	**268,753**	**100.0**

NOTES

NOTES

CORPORATE INFORMATION

Fund Symbols

CIG912
CIG 961 - Closed

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