

VenGrowth I & VenGrowth II Funds cease weekly redemptions; adopt annual distribution policy

What has happened?

The VenGrowth I Investment Fund Inc. ("VenGrowth I Fund") and The VenGrowth II Investment Fund Inc. ("VenGrowth II Fund") have ceased redemptions and moved to an annual distribution policy for all shareholders.

When does it take effect?

The decision to cease redemptions is effective immediately. All redemption requests received on or before Monday December 8, 2008 will be processed. No further redemptions will be accepted for these two Funds after that date. The first annual distribution policy to all shareholders will be effective August 31, 2009.

Why is this action being taken?

In light of extended adverse market conditions, the decision is in the best interest of investors and seeks to preserve shareholder value with the following measures:

- Prevent any mid-term liquidity challenges
- Help achieve optimal exit values for maturing portfolio companies once market conditions improve
- Ensure that proceeds generated from future exits are returned to all shareholders

It is also consistent with VenGrowth's stated institutional-style approach to venture investing. Since 1982 VenGrowth has run venture funds as finite pools; investments are managed to maturity then exit proceeds are distributed to shareholders as the fund is eventually wound down.

How does the new annual distribution work?

The board of each Fund will make a determination of the surplus cash available to be distributed to shareholders at the completion of each fiscal year, starting August 31, 2009. The distribution will be paid shortly thereafter.

Does this mean there are problems with the Funds' investments?

No. The Funds have portfolios of high quality private companies, but without an environment conducive to exit events which generate cash. The IPO market has essentially been shut down to private companies since the beginning of 2008, while strategic purchasers of private companies have delayed acquisitions as they conserve cash. The exit market is cyclical and has historically improved once stock market and economic stability is in place and has shown sustainability.

**For more information, contact your advisor
or VenGrowth client services at 1.800.461.4814**

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus of the Fund before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.