

# **THE BUSINESS, ENGINEERING, SCIENCE & TECHNOLOGY DISCOVERIES FUND INC. ANNOUNCES ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TORONTO, February 3, 2014 /CNW/ (CSE Symbol: VC)** - The Business, Engineering, Science & Technology Discoveries Fund Inc. (the “Fund”) announced that it has called an annual and special meeting of the Fund (the “Annual and Special Meeting”) to consider, in addition to annual business, a transaction (the “Transaction”) proposed to address the interests of shareholders of the Fund. The meeting is expected to occur on March 28, 2014. The Transaction must be approved by the holders of the Fund's Class A Shares and Class L Shares at the Annual and Special Meeting and is subject to approval by the Fund's Independent Review Committee and all necessary regulatory and stock exchange approvals.

The Transaction would enable the current shareholders of the Fund to exchange their shares for units (the “Units”) in a newly formed limited partnership (the “Limited Partnership”) with similar investment objectives and strategies as the Fund but that is not subject to the requirements and investment restrictions of a Labour Sponsored Investment Fund (“LSIF”). The shareholders of the Fund would have the opportunity to participate in a new publicly traded Limited Partnership that will provide its investors with exposure to the Fund's current investment portfolio and is expected to provide the following benefits:

- regular distributions of income,
- exposure to additional venture capital investments with fewer investment restrictions,
- lower expenses of the fund,
- the potential for additional capital raising,
- stable capital which will permit the manager to optimize the exit value potential,
- liquidity through trading,
- a new compensation structure for management of the Limited Partnership, including a priority profit share and carried interest, that is intended to better align the interests of management with the interests of the holders of the Units rather than a conventional management fee.

Since the Ontario government phased out the Ontario tax credit program for LSIFs at the end of the 2011 taxation year, and the Federal government's announcement that it will phase out the federal tax credit for LSIFs by 2017, management and the board of directors of the Fund (the “Board”) have been evaluating the Fund's options. The Board reviewed and considered the advantages and disadvantages of a number of potential alternatives to the Transaction, including maintaining the status quo and an early-wind-up, and concluded that the Transaction would be in the best interests of the shareholders of the Fund.

The Board and the manager of the Fund, B.E.S.T. Investment Counsel Limited (the “Manager”), are of the view that winding up is not in the best interests of the Fund's shareholders. The Manager believes that the Fund holds a high quality portfolio of investments in private companies; however, the Fund would be unable to liquidate those investments quickly at a price that reflects their intrinsic values. It is difficult to predict when liquidity will be achieved in the early stage equity investments in the Fund's venture portfolio.

The Ontario Ministry of Finance has granted an advance ruling with respect to the Transaction providing that amounts in respect of the provincial tax credits will not be required to be repaid as a result of the execution of the Transaction (the “Ruling”). On the basis of the Ruling, the Manager further understands that no federal tax credit amount should be required to be repaid in connection with the Transaction. There will be no redemption fees for any of the Fund's shareholders in connection with the Transaction.

Redemptions of the Class A Shares of the Fund are suspended effective immediately pending implementation of the Transaction, if approved, based on careful consideration by the Board of the best interests of all of the Fund's

shareholders, the Fund's liquidity situation, market conditions and the anticipated requests for redemptions by holders of the Fund's Class A Shares.

The Fund is currently preparing an information circular in connection with the Annual and Special Meeting which will disclose further details of the Transaction and the Board's recommendation that shareholders of the Fund vote in favour of the Transaction. The Circular will be distributed to shareholders for their consideration in the ordinary course.

**About The Business, Engineering, Science & Technology Discoveries Fund Inc.**

The Business, Engineering, Science & Technology Discoveries Fund Inc., established in 1996, is registered as a labour sponsored investment fund corporation in Ontario. The Fund's investment focus is primarily on companies capitalizing on the innovative uses of engineering, science and technology.

The Fund invests in eligible companies that are in differing stages of development in a variety of high growth industries which may include telecommunications, information technology, computers and life sciences.

*Certain statements contained in this press release may include forward-looking information with respect to the Fund's operations and future financial results. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. Further information can be found in the disclosure documents filed by the Fund at [www.sedar.com](http://www.sedar.com).*

For more information, please contact:

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