This amended and restated offering memorandum constitutes an offering of these securities in the provinces and territories of Canada, and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. ***No securities commission or similar regulatory authority in Canada has reviewed this amended and restated offering memorandum or has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This amended and restated offering memorandum is not, and under no circumstances is it to be construed as, a prospectus or advertisement or a public offering of these securities.***

No._____ **AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM**

Continuous Offering **May 25, 2015**

VENATOR INVESTMENT TRUST

CLASS A UNITS AND CLASS F UNITS

SUBSCRIPTION PRICE: NET ASSET VALUE PER UNIT

Venator Investment Trust (the "**Trust**") is a trust established under the laws of Ontario. The Trust is offering an unlimited number of retractable, redeemable trust units of two classes: Class A Units and Class F Units (collectively, the "**Units**"), each issuable in series, on a continuous basis pursuant to this amended and restated confidential offering memorandum (the "**Offering Memorandum**"). The distribution of Units is being made on a private placement basis only and is exempt from the requirement that Trust prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Prospective investors must be "accredited investors", as defined under applicable securities laws. Units will be offered at the net asset value (the "**Net Asset Value**") per Unit. Venator Capital Management Ltd. (the "**Manager**") is the manager and trustee of the Trust. The Manager will perform the management functions, including the day-to-day management of the Trust, and will provide investment advisory and portfolio management services to the Trust.

The investment objective of the Trust is to provide long-term capital growth. To achieve its objective, the Trust will invest in underlying funds (the "**Underlying Funds**") that may employ a variety of strategies including (i) taking long and short positions in equities, debt, derivatives, and (ii) investing in special situations including event-driven situations such as corporate restructurings, mergers, hostile takeovers or bankruptcies. The Trust's investments will include, but not be limited to, funds managed by the Manager. The Underlying Funds may invest in a wide range of equity and debt securities and other financial instruments that may be either listed on recognized stock exchanges or unlisted. The Underlying Funds may employ leverage and short selling to enhance returns and use a combination of cash, short positions, options, futures, swaps and other derivative instruments to increase, moderate or eliminate their exposure to market direction.

The Trust currently invests in two Underlying Funds, Venator Founders Fund and Venator Partners Fund, that are managed by the Manager, but the Trust is not limited to holding limited partnership units of Venator Founders Fund and Venator Partners Fund. The Manager reserves the right to change, add additional, or adjust the allocation of, Underlying Funds, from time to time without notice to investors. The Trust has no geographic, industry sector or market capitalization restrictions.

The current portfolios of Venator Founders Fund and Venator Partners Fund consist primarily of securities that generate capital gains, but will also include investments that generate income. The investment strategies of Venator Founders Fund include the allocation of long and short positions, and will vary depending on the opportunities as Venator Founders Fund determines have the best reward per unit of risk.

The Trust is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Although the Trust is a "mutual fund" as defined in the securities legislation applicable in certain provinces, it does not operate in accordance with the requirements of National Instrument 81-102 and other policies and regulations of the securities regulatory authorities that are applicable to mutual funds that have offered securities under a prospectus and are reporting issuers. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

Subscriptions received before 4:00 p.m. (Toronto time) on the last business day of any month (a "**Valuation Date**") will be accepted at the discretion of the Manager. Subscriptions received after that time will be considered on the next Valuation Date. Units may be surrendered for redemption at their Net Asset Value per Unit on any Valuation Date, provided the redemption request is made to the Manager at least 45 days prior to the Valuation Date on which the redemption is to occur, and subject to the Trust's right to suspend redemptions in certain circumstances.

An investment in Units is speculative. Changes in the Net Asset Value may be both volatile and rapid with potentially large variations over a short period of time. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Trust.

There is no market through which the Units may be sold and none is expected to develop. Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. Transfers are also subject to resale restrictions under applicable securities legislation. Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition or disposition of Units under applicable securities legislation. Redemptions will be suspended if there is insufficient liquidity in the Trust. There are certain additional risk factors associated with investing in the Units (see "Risk Factors" and "Resale Restrictions").

No person is authorized to provide any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective investors who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

The Manager, in its capacity as an exempt market dealer, is also offering the Units on a private placement basis. The Trust may be considered to be a connected issuer and related issuer of the Manager under applicable securities laws. See "Conflicts of Interest".

Investors should carefully review the risk factors outlined in this Offering Memorandum. Investors are urged to consult with their independent legal and tax advisors prior to signing the subscription agreement for the Units and to carefully review the amended and restated declaration of trust dated November 27, 2012.

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SUMMARY

Prospective investors are encouraged to consult their own professional advisors as to the tax and legal consequences of investing in the Trust. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum and in the Declaration of Trust. Capitalized terms used but not defined in this summary are defined elsewhere in this Offering Memorandum.

THE TRUST

The Trust:

Venator Investment Trust (the "**Trust**") is a trust established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated November 27, 2012 (the "**Declaration of Trust**").

Investment Objective of the Trust:

The objective of the Trust is to provide long-term capital growth. To achieve its objective, the Trust will invest in underlying funds (the "**Underlying Funds**") that may employ a variety of strategies. The Trust's investments will include, but not be limited to, funds managed by the Manager. Substantially all of the net assets of the Trust will be invested in the Underlying Funds.

The Manager and Trustee:

Venator Capital Management Ltd. (the "**Manager**"), a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee of the Trust. The Manager will perform the management functions, including the day-to-day management of the Trust, and will provide investment advisory and portfolio management services to the Trust pursuant to the Declaration of Trust. The Manager currently serves as the manager, trustee and/or investment advisor of Venator Founders Fund, Venator Offshore Fund Inc., Venator Income Fund, Venator Select Fund, Venator Partners Fund, Venator Partners US Fund LP, and Venator Partners Master Fund LP. See "Management of the Trust and the Underlying Funds".

THE UNDERLYING FUNDS

The Trust currently invests in two Underlying Funds, Venator Founders Fund and Venator Partners Fund, but the Trust is not limited to holding limited partnership units of Venator Founders Fund and Venator Partners Fund. The Manager reserves the right to change, add additional, or adjust the allocation of, Underlying Funds, from time to time without notice to investors. The Trust has no geographic, industry sector or market capitalization restrictions.

The Underlying Funds:

Venator Founders Fund and Venator Partners Fund are Ontario limited partnerships whose objective is to provide long-term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading. The portfolios of the Underlying Funds consists primarily of securities that generate capital gains, but also includes investments that generate income. The allocation of long and short positions varies depending on the opportunities the Manager determines have the best reward per unit of risk. See "Investment Strategies of the Underlying Funds" in Appendix "A".

Management of the Underlying Funds:	Venator Genpar Ltd. is the general partner of the Underlying Funds.

SUMMARY OF INVESTMENT TERMS

The Offering:	The Trust is offering an unlimited number of retractable, redeemable units of two classes: Class A Units and Class F Units (collectively, the "**Units**"), each issuable in series.
The Units:	An investment in the Trust is represented by Units, each of which represents an equal undivided beneficial interest in the net assets of the Trust. Class A Units are available for all investors, including those investors that purchase their Units after being referred by a registered financial advisor that request payment of a service fee from the Trust. Class F Units are only available to investors that have or arrange to have fee-based accounts with a registered dealer. See "Fees and Expenses". The Units of each class have equal rights and privileges. Unitholders are not entitled to vote except for the purposes set out in the Declaration of Trust. In such circumstances, each whole Unit is entitled to one vote at meetings of Unitholders. Each whole Unit is entitled to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, and distributions upon the termination of the Trust. Units are issued only as fully paid and are non-assessable. See "Description of Units".
Subscription Price:	Units will be issued at the Net Asset Value per Unit as of the applicable Valuation Date, payable in full at such time. See "Purchase of Units" and "Valuation of Assets and Computation of Net Asset Value".
Minimum Investment:	The minimum subscription for investors who are "accredited investors" under National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") is $25,000 or such lesser subscription amount as the Manager may accept.. Investors who have invested in Units may subsequently subscribe for additional amounts of at least $1,000. See "Purchase of Units".
Purchases:	Units may be purchased as at the close of business on the last business day of each month, or on any other day as the Manager, in its discretion, determines (each a "**Valuation Date**"), provided a duly completed subscription agreement and the required payment has been delivered to and accepted by the Manager no later than 4:00 p.m. (Toronto time) on such Valuation Date. Units will be deemed to be issued on the next business day based on the closing Net Asset Value per Unit on such Valuation Date. Subscription agreements received or accepted after such time will be considered on the following Valuation Date. See "Purchase of Units ".
Redemptions:	An investment in Units is intended to be a long-term investment. Unitholders may request that such Units be redeemed at their Net Asset Value (determined in accordance with the Declaration of Trust) at any Valuation Date provided that the request for redemption is submitted at least 45 days prior to such Valuation Date. The Manager has the sole

discretion to accept or reject redemption requests and intends to accept redemption requests in circumstances where it would not be prejudicial to the Trust.

The Trust may suspend redemption rights in certain circumstances, including redemptions in excess of 10% of the Net Asset Value. The Manager also reserves the right to hold back up to 20% of the aggregate redemption proceeds if liquidity issues arise. The Manager may require a Unitholder to surrender their Units for redemption in certain circumstances. See "Redemption Of Units".

Transfer or Resale: Units may only be transferred with the consent of the Manager and transfers will generally not be permitted. The transfer or resale of Units (which does not include a redemption of Units) is also subject to restrictions under applicable securities legislation. See "Resale Restrictions".

Distributions: It is the Trust's policy to distribute annually to investors sufficient income and capital gains (net of applicable losses) so that it effectively will not pay any Canadian federal income tax under Part I of the *Income Tax Act* (Canada) (the "**Tax Act**"). The Trust will distribute its annual taxable income and net realized capital gains to Unitholders by December 31 of each year and at such other times as determined by the Manager. All distributions of the Trust will be automatically reinvested, without charge, in additional Units at the Net Asset Value per Unit and on the date of each distribution the Units will be automatically consolidated into that number of Units outstanding immediately prior to the distribution. Accordingly, the effect of distributions will generally be to increase the adjusted cost base of the Units, not the number of Units outstanding.

Year End: December 31.

Financial Reporting: The audited annual and unaudited semi-annual financial statements of the Trust will be prepared and sent to Unitholders who elect to receive the financial statements in conformity with applicable securities law requirements, as these may be amended from time to time. Audited financial statements will be sent within 90 days of each fiscal year end and semi-annual financial statements of the Trust will be sent within 60 days of the end of the most recent interim period. See "Reports to Unitholders".

Tax Considerations: A Unitholder will generally be required to include, in computing the Unitholder's income for the year, the amount of the net income, and the taxable portion of the net realized capital gains of the Trust, that is paid or payable to the Unitholder in the year whether in cash or in Units. Distributions by the Trust to a Unitholder in excess of the Unitholder's share of the Trust's net income and net realized capital gains will not result in an inclusion in the Unitholder's income but will reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit held as capital property would otherwise be less than zero, the Unitholder will be deemed to have realized a capital gain equal to the negative amount. A Unitholder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain (or loss) to the extent that the proceeds of disposition exceed (or are less than) the

adjusted cost base of Units and any reasonable costs of disposition. See "Canadian Federal Income Tax Considerations". **Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.**

Eligibility for Investment: Provided the Trust continues to qualify as a "mutual fund trust" as defined in the Tax Act, Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

Liability of Unitholders: The Unitholders of the Trust do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. However, the Declaration of Trust will limit the liability of Unitholders. See "Risk Factors".

Risk Factors: Investors should consider a number of factors in assessing the risks associated with investing in Units including those generally associated with the investment strategies used by the Manager and certain tax matters. See "Risk Factors".

Termination: The Manager, may, in its discretion, terminate the Trust without the approval of Unitholders if, in the opinion of the Manager, the Net Asset Value is reduced as the result of redemptions or otherwise so that it is no longer economically feasible to continue the Trust and it would be in the best interests of the Unitholders to terminate the Trust. After paying outstanding liabilities, the Trust will distribute its remaining assets *pro rata* to Unitholders. See "Management of the Trust and the Underlying Funds".

FEES

Sales Commission: There is no commission payable to the Manager in respect of Units purchased directly by an investor. An investor may pay a negotiated fee if purchasing through a dealer. Subject to applicable law, the Manager may pay a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Units, provided investors are advised in writing by the selling dealer of any such fee at the time of investment.

Service Fee: The Manager may pay an annual service fee (the "**Service Fee**"), with respect to the Class A Units only, to participating registered dealers of up to 1% of the Net Asset Value per Class A Unit calculated as of the quarterly valuation date multiplied by the number of Class A Units held by the clients of such registered dealer, agent or broker during such quarter. Payments are calculated and paid quarterly.

No service fee is payable in respect of the Class F Units.

Expenses: Each of the Trust and the Underlying Funds is responsible, on a separate basis, for the payment of all fees and expenses relating to its establishment and operation, including registrar and transfer agent fees and expenses,

audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with offering securities of the fund for sale, providing financial and other reports to securityholders and convening and conducting meetings of securityholders, all taxes, assessments or other governmental charges levied against the fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the fund. Each of the Trust and the Underlying Funds is generally required to pay HST on the fees and expenses which it pays.

The Manager may from time to time pay for certain operating expenses of the Trust or an Underlying Fund to maintain such fund's management expense ratios at a competitive level. The management expense ratio is the fees and operating expenses (including HST) paid by a fund expressed as a percentage of its average net assets during the year.

Fees of the Underlying Funds

Due to its investment in the Underlying Funds, the Trust will be impacted by the fees payable by the Underlying Funds. No management fees or incentive fees are payable by the Trust that duplicates a fee payable by any Underlying Fund. See the description in Appendix "B".

PROFESSIONAL ADVISORS

Legal Counsel:	Stikeman Elliott LLP Toronto, Ontario
Auditors:	KPMG LLP Toronto, Ontario
Custodian and Prime Broker of Venator Founders Fund:	CIBC World Markets Inc. Toronto, Ontario
Administrator:	SGGG Fund Services Inc. Toronto, Ontario

VENATOR INVESTMENT TRUST

Venator Investment Trust (the "**Trust**") is a trust established under the laws of Ontario pursuant to an amended and restated declaration of trust dated November 27, 2012 (the "**Declaration of Trust**"). Venator Capital Management Ltd., a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee of the Trust (in its capacity as manager of the Trust, the "**Manager**"). The Manager will perform the management functions, including the day-to-day management of the Trust, and will provide investment advisory and portfolio management services to the Trust. The principal place of business of the Trust and the Manager is located at 2 Bloor Street West, Suite 901, Toronto, ON, M4W 3E2. The fiscal year of the Trust ends on December 31 in each calendar year.

The beneficial interests in the Trust are divided into an unlimited number of retractable, redeemable trust units of two classes: Class A Units and Class F Units (collectively, the "**Units**"), each issuable in series. The only difference between the Class A Units and the Class F Units is the Service Fee (as defined herein) payable in respect of the Units of each class as described under "Fees and Expenses". Accordingly, the Net Asset Value (as defined herein) per Unit of each class will not be the same as a result of the different fee allowable to each class of Units. Class A Units are available for all investors, including those investors that purchase their Class A Units after being referred by a registered financial advisor that requests payment of a service fee from the Trust. Class F Units are only available to investors that have or arrange to have fee-based accounts with a registered dealer. See "Fees and Expenses". Each issued and outstanding Unit is equal to each other Unit of the same class with respect to all matters. If the Manager becomes aware that a holder of Units (each, a "**Unitholder**") no longer qualifies to hold Class F Units, the Manager may convert those Class F Units into Class A Units on at least 10 days prior notice.

Except as set out above, the Units of each class have equal rights and privileges, and each Unit of a series is equal to each other Unit of the same series with respect to all matters. The respective rights of Unitholders of each series class and/or series will be proportionate to the net asset value (the "**Net Asset Value**") of such class and/or series relative to the Net Asset Value of each other class and/or series, as applicable. See "Description of Units" and "Valuation of Assets and Computation of Net Asset Value".

INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS

The Trust

Investment Objective

The investment objective of the Trust is to provide long-term capital growth.

Investment Strategy and Restrictions

To achieve its objective, the Trust will invest in underlying funds (the "**Underlying Funds**") that may employ a variety of strategies including: (i) taking long and short positions in equities, debt, derivatives, and (ii) investing in special situations including event-driven situations such as corporate restructurings, mergers, hostile takeovers or bankruptcies. The Trust's investments will include, but not be limited to, funds managed by the Manager (or any investment advisor that may be appointed by the Manager). The Underlying Funds may invest in a wide range of equity and debt securities and other financial instruments that may be either listed on recognized stock exchanges or unlisted. The

Underlying Funds may employ leverage and short selling to enhance returns and use a combination of cash, short positions, options, futures, swaps and other derivative instruments to increase, moderate or eliminate their exposure to market direction.

Although it is anticipated that the majority of the Trust's investments will be in securities of the Underlying Funds, this will not preclude investments in other securities, and the Manager (or any investment advisor that may be appointed by the Manager) may invest in any other securities as the Manager (or any investment advisor that may be appointed by the Manager) deems to be consistent with the Trust's investment objective and in the best interests of Unitholders. The Trust may employ leverage from time to time and also hold cash and/or money market instruments.

The Trust currently invests in two Underlying Funds, Venator Founders Fund and Venator Partners Fund but the Trust is not limited to holding limited partnership units of Venator Founders Fund and Venator Partners Fund. The Manager (or any investment advisor that may be appointed by the Manager) reserves the right to change, add additional, or adjust the allocation of, Underlying Funds, from time to time without notice to investors. The Trust has no geographic, industry sector or market capitalization restrictions. The investment advisor of Venator Founders Fund and Venator Partners Fund is Venator Capital Management Ltd. (in its capacity as the investment advisor to the Trust,Venator Founders Fund or Venator Partners Fund, the "**Manager**").

The Underlying Funds

Venator Founders Fund and Venator Partners Fund

Investment Objective

The investment objective of the Underlying Funds is to provide long-term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading strategies which include techniques such as technical analysis of securities. The portfolio will consist primarily of securities that generate capital gains, but will also include investments that generate income. The Manager intends to invest primarily in long and short in stocks, bonds and commodities, directly or indirectly, to provide the best appreciation potential. The allocation of long and short positions will vary depending on the opportunities the Manager believes have the best reward per unit of risk.

For the investment strategies and restrictions of the Underlying Funds, see Appendix "A".

MANAGEMENT OF THE TRUST AND THE UNDERLYING FUNDS

The Manager of the Trust

Venator Capital Management Ltd. is the manager and the trustee of the Trust and will perform the management functions, including the day-to-day management of the Trust. Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage and direct the affairs of the Trust, including entering into transactions on behalf of the Trust and appointing the investment advisor of the Trust. The Manager may also delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Trust to do so.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust, the Manager is responsible for execution of the Trust's investment strategy and will also provide and arrange for the provision of required administrative services to the Trust including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Trust; preparing or causing to be prepared financial statements, financial and accounting information as required by the Trust; ensuring that the Unitholders are provided with financial statements (including semi-annual and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the Trust complies with regulatory requirements; preparing or causing to be prepared the reports of the Trust to Unitholders and the Canadian securities regulatory authorities; providing each of the custodian and prime broker with information and reports necessary for it to fulfil its responsibilities; determining the amount of distributions to be made by the Trust; obtaining the services of dealers in exchange for payment by the Trust of the Service Fee; and negotiating contractual agreements with third-party providers of services, including but not limited to, custodians, valuation agents, registrars, distribution agents, auditors and printers.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the care, skill and diligence of a prudent and qualified person in similar circumstances. The Declaration of Trust provides that the Manager will not be liable in any way for any default, failure or defect in any of the securities held by the Trust if it has satisfied the duties and the standard of care, skill and diligence set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Trust. The Manager may resign upon 60 days written notice to the Trustee. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent, or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act (as defined herein). The Manager may be removed if it is in material breach of its obligations under the Declaration of Trust, and such default has not been cured within 20 business days after notice of such breach or default has been given by the Trust to the Unitholders, who may remove the Manager.

In the event that the Manager resigns or is removed as provided above, the resigning or removed Manager shall promptly appoint a successor manager to carry out the activities of the Manager until a meeting of the Unitholders is held to confirm such appointment by a majority of the votes cast. The removal or resignation of the Manager shall only become effective upon the appointment of a replacement manager.

The Manager and each of its directors, officers, and employees will be indemnified by the Trust for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors or employees in the exercise of its duties as Manager, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's standard of care or material breach or default of duty to the Trust in relation to the matter in respect of which indemnification is claimed.

The Trustee

The Manager will also act as trustee of the Trust pursuant to the provisions of the Declaration of Trust (in its capacity as trustee of the Trust, the "**Trustee**"). The Trustee is responsible for certain aspects of the day-to-day management of the Trust as described in the Declaration of Trust.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in any way for the acts, omissions, receipts, neglects or defaults of any person, firm or corporations employed by the Trustee pursuant to the Declaration of Trust if it has satisfied the duties and standard of care, diligence and skill set forth above. The Trustee will also not be liable for any loss, damage or expense caused to the Trust through the insufficiency or deficiency of any security in which the Trust may have invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation who may have held the property of the Trust, or for any other loss of damage to the Trust. The Trustee will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Trustee's standard of care or by any material breach or default by it of its obligations under the Declaration of Trust.

Unless the Trustee resigns or is removed as described below, the Trustee will continue as trustee until the termination of the Trust. The Trustee may resign upon 60 days notice to Unitholders, or if the Trust is in breach or default of the provisions of the Declaration of Trust and, if capable of being cured, any such breach or default has not been cured within 20 business days notice of such breach or default to the Trust. The Trustee is deemed to have resigned if the Trustee becomes bankrupt or insolvent, or if the Trustee ceases to be qualified to act as a trustee, or in the event the Trustee ceases to be resident in Canada for the purposes of the Tax Act. The Trustee may not be removed except where the Trustee is in material breach or default of the provisions of the Declaration of Trust for at least 20 day business days after notice of which is given by Unitholders holding at least 30% of the outstanding Units, approval of the removal of the Trustee by an Extraordinary Resolution (as defined in the Declaration of Trust) at a special meeting of Unitholders, and provision for the appointment of a replacement trustee.

In the event that the Trustee resigns or is removed as provided above, the Manager shall promptly nominate a successor trustee to be elected by the majority of votes of the Unitholders at a special meeting of the Unitholders called by the Manager for this purpose. The removal or resignation of the Trustee shall only become effective upon the appointment of a replacement trustee in accordance with the Declaration of Trust. If within 60 days from the notice of resignation or removal of the Trustee a replacement trustee has not been appointed, any Unitholder may apply to a court for the appointment of a replacement Trustee. If no successor has been appointed by the court within 90 days of such application, the Trust shall be terminated.

The Trustee and each of its directors, officers, and employees will be indemnified by the Trust for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties as Trustee, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's standard of care or material breach or default of duty to the Trust in relation to the matter in respect of which indemnification is claimed.

The Trustee will keep adequate books and records reflecting the activities of the Trust. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Trust during normal business hours at the offices of the Trustee. Notwithstanding the

foregoing, a Unitholder shall not have access to any information which, in the opinion of the Trustee, should be kept confidential in the interests of the Trust.

The Manager of the Trust and Underlying Funds

Venator Capital Management Ltd., in its capacity as investment advisor, also provides investment management services to the Trust,Venator Founders Fund and Venator Partners Fund. The Manager provides its services to the Trust pursuant to the provisions of the Declaration of Trust, to Venator Founders Fund and Venator Partners Fund pursuant to management agreements dated February 14, 2012 and June 25, 2014 respectively (the "**Management Agreements**") between Venator Genpar Ltd. and the Manager. The Manager manages the day-to-day business, operations and affairs of the Underlying Funds, and is solely responsible for all investment decisions of the Trust and the Underlying Funds.

The Management Agreements provide that the Manager will not be liable to the Underlying Funds, the general partner of the Underlying Funds or any limited partner of the Underlying Funds for any loss suffered by the Underlying Fund, the general partner of the Underlying Fund or any limited partner of the Underlying Fund, as the case may be, which arises out of any action or inaction of the Manager if such course of conduct did not constitute negligence or misconduct of the Manager and if the Manager, in good faith, determined that such course of conduct was in the best interests of the Underlying Fund. The Management Agreement also provides that the Manager and its principals, shareholders, officers, directors, agents and employees are entitled to indemnification out of the assets of the Underlying Fund against expenses (including legal fees, judgments and amounts paid in settlement, provided that the general partner of the Underlying Fund has approved such settlement) actually and reasonably incurred by such party in connection with the Underlying Fund, provided such expenses were not the result of any action or inaction of such party that constituted negligence or misconduct of such party and such action or inaction was done in good faith and in a manner which such party reasonably believed to be in the best interests of the Underlying Fund.

The Manager will select brokers to transact trades on behalf of the Underlying Funds. The assets of the Underlying Funds will be held by such brokers including any assets which are required to satisfy the broker's margin requirements.

The Management Agreement provides for a continuing term with no provision for an expiry date, and may be terminated by either party giving to the other not less than 90 days notice in writing. The general partner of the Underlying Fund may, in its sole discretion, terminate and replace the Manager where it deems it to be in the best interests of the Underlying Fund.

Officers and Directors of Venator Capital Management Ltd.

The name, municipality of residence, position with the Manager, and the principal occupation of each of the directors and officers of the Manager is as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
BRANDON OSTEN..... Toronto, Ontario	CEO, Director and Portfolio Manager	CEO, Director, and Portfolio Manager, Venator Capital Management Ltd.

Name and Municipality of Residence	Position with the Manager	Principal Occupation
STEPHEN ANDERSONS..... Toronto, Ontario	President, Director and Portfolio Manager	President, Director and Portfolio Manager, Venator Capital Management Ltd.
SUSAN NAYLOR ..... Burlington, Ontario	Chief Financial Officer	Chief Financial Officer, Venator Capital Management Ltd.

Brandon Osten, CFA

The portfolio manager of the Manager that has primary responsibility for providing investment advice to the Trust is Brandon Osten, CFA. Prior to founding the Manager, Brandon Osten was an equity analyst and Director of Sprott Securities Inc., specializing in High Technology, Health Care and U.S. Special Situations. Brandon got his start in the investment business after graduating from the Ivey School of Business at the University of Western Ontario, continuing his education with the completion of the CFA program in 1999.

After spending time as a research associate in the fields of Energy Services and Market Forecasting, Brandon was promoted to Research Analyst in 1999. Brandon quickly made a name for himself with several prominent negative recommendations while discovering several promising companies, offering both long and short opportunities to institutional clients. As an integral member of the group that bought Sprott Securities Inc. from its founder Eric Sprott in 2000, Brandon became a Director of Sprott Securities Inc.

Brandon was the top-ranked software analyst in Canada among non-tier 1 banks in 2001 (#5 overall) and 2002 (#2 overall) according to Brendan Woods International, as well as a Zacks All-Star (top quintile in North America) in those same years. In 2003, Brandon was recognized as "The Best on the Street" by the Wall Street Journal ranking as #1 in software in North America and #5 among all sectors. In 2004, Brandon intensified his research efforts in the United States with coverage of technology and special situations, with a goal of uncovering the "hidden gems" that had become his calling card in Canada. In 2005, Brandon branched out into the healthcare field before leaving Sprott Securities Inc. in June.

Stephen Andersons, CFA

Stephen joined Venator in January 2008 and has been in the investment industry since 1994 in various capacities including trading, analyst and management roles. Most recently, Stephen was the Co-Head of Research and a Director at Cormark Securities Inc., where he followed Healthcare, Aerospace and Special Situations. Stephen started his career at Sceptre Investment Counsel working in various junior positions. In 1997 he moved to Newcrest Capital Inc. (now part of TD Securities Inc.) as part of the trading desk. After a year and a half on the trading desk Stephen moved became an associate analyst covering chemicals and fertilizer companies at Newcrest Capital Inc. In 2000 Stephen was hired by Orion Securities (now a part of Macquarie Capital Markets) as an analyst covering Canadian technology companies and was ranked as the top Canadian hardware technology analyst by StarMine in 2002. That same year Stephen was offered the opportunity to search for undiscovered, undervalued U.S. companies at Sprott Securities Ltd. (now Cormark Securities Inc.), where Stephen and Brandon worked together building the foundation of the current strategies of the Manager. Stephen obtained his CFA designation in 2001.

Susan Naylor, CA

Susan joined Venator in April, 2012. She has been in the investment industry since 1992 in various financial management roles. Most recently, Susan was Vice President, Finance with Northwater Capital Management Ltd. She is a Chartered Accountant and spent the first 10 years of her career with KPMG.

FEES AND EXPENSES

General

The Manager may pay an annual service fee (the "**Service Fee**"), with respect to the Class A Units only, to participating registered dealers of up to 1% of the Net Asset Value per Class A Unit calculated as of the quarterly valuation date multiplied by the number of Class A Units held by the clients of such registered dealer, agent or broker during such quarter. Payments are calculated and paid quarterly.

No service fee is payable in respect of the Class F Units.

Each of the Trust and the Underlying Funds is responsible, on a separate basis, for the payment of all fees and expenses relating to its establishment and operation, including registrar and transfer agent fees and expenses, audit, accounting, administration, record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with offering securities of the fund for sale, providing financial and other reports to securityholders and convening and conducting meetings of securityholders, all taxes, assessments or other governmental charges levied against the fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the fund. Each of the Trust and the Underlying Funds are generally required to pay HST on the fees and expenses which it pays.

The Manager may from time to time pay for certain operating expenses of the Trust or an Underlying Fund to maintain such fund's management expense ratios at a competitive level. The management expense ratio is the fees and operating expenses (including HST) paid by a fund expressed as a percentage of its average net assets during the year.

There is no commission payable to the Manager in respect of Units purchased directly by an investor. An investor may pay a negotiated fee if purchasing through a dealer. Subject to applicable law, the Manager may pay a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Units, provided investors are advised in writing by the selling dealer of any such fee at the time of investment.

Fees of the Underlying Funds

See Appendix "B" for a description of the fees and expenses payable by the Underlying Funds.

DESCRIPTION OF UNITS

The Trust may issue an unlimited number of Units. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Trust. Fractional Units may be issued. On termination, all Unitholders of record holding outstanding Units are entitled to receive any assets of the Trust remaining after payment of all debts,

liabilities and liquidation expenses of the Trust. A person wishing to become a Unitholder shall subscribe for Units by means of the subscription form which accompanies this Offering Memorandum. Any such subscription in whole or in part shall be subject to acceptance by the Manager in its sole discretion. See "Purchase of Units".

PURCHASE OF UNITS

General

Units of the Trust are being offered on a private placement basis in all provinces and territories of Canada pursuant to exemptions from certain requirements contained in the securities legislation in each such jurisdiction.

Closings may occur at the discretion of the Manager on each Valuation Date, subject to applicable law. Units subscribed for will be issued for a purchase price equal to the Net Asset Value per Unit on such Valuation Date.

Subscription Procedure

Prospective investors who wish to subscribe for Units must complete, execute and deliver the subscription agreement which accompanies this Offering Memorandum to the Manager together with cheque(s) or a wire transfer, each in the name of the Trust (or other form of funds transfer acceptable to the Manager) representing payment of the subscription price. Subscription funds will not be accepted prior to a Valuation Date. Subscriptions for Units are subject to acceptance or rejection in whole or in part by the Manager in its sole discretion. In the event a subscription for Units is rejected, any subscription funds forwarded by the investor will be returned without interest or deduction. In the event that a subscription for Units is accepted, the investor will be recognized as a purchaser (a "**Purchaser**"). The Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Toronto time) on a Valuation Date will be calculated as of that Valuation Date. Otherwise the Net Asset Value per Unit will be calculated on the next Valuation Date. See "Valuation of Assets and Computation of Net Asset Value".

Prospectus Exemptions and Purchaser Representations

The distribution of the Units is being made on a private placement basis only and is exempt from the requirement that the Trust prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Unless a Purchaser can establish to the Manager's satisfaction that another exemption is available, this will generally require that each investor is investing as principal (and not for or on behalf of any other persons) and is an "accredited investor" under applicable securities laws. Purchasers will be required to make certain representations in the subscription agreement and the Manager will rely on such representations to establish the availability of an exemption from prospectus requirements. No subscription will be accepted unless the Manager is satisfied that the subscription is in compliance with applicable securities laws.

Minimum Investment

The minimum subscription amount for investors who are "accredited investors" under National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") is $25,000, or such lesser amount as the Manager may accept. A list of accredited investors is set out in the subscription agreement accompanying to this Offering Memorandum, but generally includes individuals who have net investment assets exceeding $1,000,000, personal income exceeding $200,000 or combined spousal

income exceeding $300,000 (in the previous two calendar years with a reasonable expectation of exceeding the same net income level in the current year).

Investors who have invested in Units may subsequently subscribe for additional amounts of at least $1,000.

Acquisition Charge

There is no commission payable to the Manager in respect of Units purchased directly by a Purchaser from the Manager. A Purchaser may pay a negotiated fee if purchasing through a dealer. Any minimum subscription dollar amounts are net of such fees. Subject to applicable law, the Manager may pay a negotiated referral fee or trailing commission to dealers or other persons in connection with a sale of Units, provided Purchasers are advised in writing by the selling dealer of any such fee at the time of investment.

REDEMPTION OF UNITS

Redemption at the Option of the Unitholder

An investment in Units is intended to be a long-term investment. However, Units may be redeemed by Unitholders at their Net Asset Value on any Valuation Date, provided that the request for redemption is submitted at least 45 days prior to such Valuation Date. Redemption proceeds will be paid to the withdrawing Unitholder not later than the 30th day following the applicable Valuation Date.

Any written request for the redemption of Units shall be deemed to constitute the entire notice to the Trust and, shall, unless the Manager determines otherwise in its sole discretion, supersede all previous requests, communications, representations, understandings and agreements, written or verbal, between the Unitholder and the Trust with respect to the redemption of Units including, but not limited to, any prior notices of redemption.

The Manager reserves the right to hold up to 20% of the aggregate redemption proceeds to provide an orderly disposition of assets. The term of such holdback will not exceed a reasonable time period, having regard to the applicable circumstances.

Any investor whose total combined investment in the Trust represents 10% or greater of the Net Asset Value, when measured at market value, is restricted from filing a redemption notification which exceeds 10% of the Net Asset Value of the Trust when measured at market value.

If on any redemption date the Manager has received requests to redeem Units representing 10% or more of the Net Asset Value of the Trust, the Manager will redeem a pro-rated amount of each such redemption request up to a total of 10% of the Net Asset Value of the Trust (the "**Initial Redemption**"). After the Initial Redemption, the redemption of any Units which have been surrendered but not redeemed, if any, will be deferred to the following Valuation Date in order to permit an orderly liquidation of security positions to meet such redemption. The redemption proceeds for any such deferred redemptions shall be calculated as of the Valuation Date upon which such redemption actually occurs. The Manager has the sole discretion to accept or reject redemption requests and intends to accept redemption requests in circumstances where it would not be prejudicial to the Trust.

The Manager may suspend redemption rights for any period when normal trading is suspended on any stock exchange, options exchange or futures exchange on which securities or derivatives are traded which, in the aggregate, represent more than 50% of the Net Asset Value of the Trust, or the underlying market exposure of the Trust.

Redemption at the Option of the Trust

The Manager shall have the right to require a Unitholder to redeem some or all of the Units owned by such Unitholder on a Valuation Date at the Net Asset Value per Unit thereof, by notice in writing to the Unitholder given at least 30 days before the date of redemption (or such lesser period as the Manager in its discretion may determine from time to time), which right may be exercised by the Manager in its absolute discretion.

At the option of the Manager, payment of all or part of any redemption proceeds may be made in a *pro rata* portion of the Trust's securities portfolio.

Net Asset Value (and Net Asset Value per Unit) determined for the purposes of a redemption which takes place other than at year-end will reflect a reduction to take into account the Manager's share of net profits based on the returns of the Trust in the year to the date of the redemption.

RESALE RESTRICTIONS

The distribution of Units in Canada is being made pursuant to this Offering Memorandum only on a private placement basis and is exempt from the requirement that the Trust prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Units which is permitted pursuant to the Declaration of Trust must be in accordance with applicable securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with, or pursuant to exemptions from, prospectus requirements.

Furthermore, no transfers of Units may be made unless the Manager, in its sole discretion, approves both the transfer and the proposed transferee. There is no market for these Units and no market is expected to develop, therefore it may be difficult or even impossible for the investor to sell the Units.

Purchasers are advised to consult with their advisors concerning restrictions on resale and are further advised against reselling their Units until they have determined that any such resale is in compliance with the requirements of applicable legislation and the Declaration of Trust.

VALUATION OF ASSETS AND COMPUTATION OF NET ASSET VALUE

Valuation of Assets

The Manager will, on the last business day of each calendar month and on such other dates as the Manager may prescribe (each, a "**Valuation Date**"), calculate the value of the Trust's assets as set forth below.

The Net Asset Value of the Trust (the "**Net Asset Value**") consists of the aggregate value of the assets and liabilities of the Trust. The Manager will review and approve the valuation and will, from time to time, consider the appropriateness of the valuation policies adopted by the Trust, as

such policies are modified from time to time in the discretion of the Manager, acting reasonably, and in the best interests of the Unitholders.

Net Asset Value

The Net Asset Value will be calculated by the Manager on each Valuation Date by subtracting the aggregate amount of the liabilities of the Trust from the total assets of the Trust. The total assets of the Trust will be valued as follows:

(a) the value of any security which is listed or publicly traded upon a stock exchange shall be the last trade prior to the end of the Valuation Date on which the Net Asset Value is being valued (or such other value as Canadian generally accepted accounting principles may require or permit), as reported by any means in common use;

(b) the value of any cash on hand or on deposit, prepaid expenses, cash dividends received (or distributions declared payable to Unitholders of record on a date before the Valuation Date as of which the Net Asset Value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the face amount thereof unless the Manager has determined that any such asset is not otherwise worth the face amount thereof, in which case the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;

(c) the value of a forward contract shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract were to be closed out in accordance with its terms, in which case fair value shall be based on the current market value of the underlying interests;

(d) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices on the Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments, including notes and money market instruments, will be valued at cost plus accrued interest;

(e) if a Valuation Date is not a business day, then the securities and other property will be valued as if such Valuation Date was the preceding business day;

(f) the value of all securities that are not freely tradable shall be valued at the most recent arm's length third party transaction value, or the lesser of the acquisition cost or the market price;

(g) the value of all assets quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable in foreign currency and the value of all liabilities and contractual obligations payable in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the date on which the Net Asset Value is computed; and

(h) if an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

The Net Asset Value per Unit is the amount obtained by dividing the Net Asset Value of each class and/or series as of a particular date by the total number of Units of such class and/or series outstanding on that date. The Net Asset Value per Unit will be calculated on each Valuation Date by SGGG Fund Services Inc. and shall be reviewed and, if satisfactory, approved by the Trust's accountants. Such review will not form part of or constitute an audit.

DISTRIBUTIONS TO UNITHOLDERS

It is the Trust's policy to distribute annually to investors sufficient income and capital gains (net of applicable losses) so that it effectively will not pay any Canadian federal income tax under Part I of the Tax Act. The Trust will distribute its annual taxable income and net realized capital gains to Unitholders by December 31 of each year and at such other times as determined by the Manager. All distributions of the Trust will be automatically reinvested, without charge, in additional Units at the Net Asset Value per Unit and on the date of each distribution the Units will be automatically consolidated into that number of Units outstanding immediately prior to the distribution. Accordingly, the effect of distributions will generally be to increase the adjusted cost base of the Units, not the number of Units outstanding. See "Canadian Federal Income Tax Considerations".

MEETINGS OF UNITHOLDERS

The Manager may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request in writing of Unitholders holding 10% or more of Units outstanding (whether Class A Units and/or Class F Units). The Manager may convene a meeting of holders of Class A Units or Class F Units, as applicable, if the nature of the business to be transacted at that meeting is only relevant to Unitholders of the applicable class. A meeting of holders of Class A Units will be convened if requisitioned by Unitholders holding not less than 10% of the Class A Units then outstanding by a written requisition specifying the purpose of the meeting. A meeting of Class F Units will be convened if requisitioned by Unitholders holding not less than 10% of the Class F Units then outstanding by a written requisition specifying the purpose of the meeting. Each Unitholder is entitled to one vote for each Unit held.

A quorum for ordinary meetings of Unitholders will consist of two or more Unitholders present in person or by proxy and representing not less than 10% of Units outstanding (whether Class A Units or Class F Units). The quorum for a meeting of Class A holders is two or more holders of Class A Units present in person or represented by proxy holding not less than 10% of the Class A Units then outstanding. The quorum for a meeting of Class F Units is two or more holders of Class F Units present in person or represented by proxy holding not less than 10% of the Class F Units then outstanding.

If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days or more than 21 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum.

Certain matters will require the approval of Unitholders by extraordinary resolution (an "**Extraordinary Resolution**"). An Extraordinary Resolution will be a resolution passed by Unitholders holding not less than 66⅔% of Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider a matter requiring the approval of Unitholders by Extraordinary Resolution will consist of two or more Unitholders present in person or by proxy and representing not less than 10% of Units then outstanding.

The matters which require Unitholder approval by Extraordinary Resolution include the removal of the Trustee or the Manager, the termination of the Trust and certain matters described below under "Amendments to the Declaration of Trust".

AMENDMENTS TO THE DECLARATION OF TRUST

The Declaration of Trust may only be amended with the consent of Unitholders. Changes, in any manner, to the investment objective of the Trust or the liability of any Unitholder require approval by Extraordinary Resolution. A separate class vote may be required if one class of Units would be affected differently than the other class.

Notwithstanding the foregoing, the Manager is entitled, without the consent of Unitholders, to make certain amendments to the Declaration of Trust to make any change or correction which is of a typographical nature or is required to cure or correct a clerical omission, for the purpose of curing an ambiguity in the Declaration of Trust, for the purpose of supplementing any provision which may be defective or inconsistent with another provision, for the purpose of compliance with applicable law, for the purpose of conforming the Declaration of Trust with current administrative practice or to provide additional protection to Unitholders. Such amendments may be made only if they will not materially affect the interest of any Unitholder. The Manager may also amend the Declaration of Trust to change the investment objective and/or restrictions of the Trust without Unitholder approval. Additionally, the Manager may amend the Declaration of Trust without the consent of the Unitholders for the purpose of removing any conflicts or other inconsistencies which may exist between the Declaration of Trust and applicable law, and changing the Trust's taxation year-end as permitted under the Tax Act. Any amendments made by the Manager without the consent of the Unitholders will be disclosed in the next regularly scheduled report to Unitholders. In addition to any other provision in the Declaration of Trust, Unitholders shall be given not less than 45 days written notice before any of the following changes may be implemented:

(a) a material change to the Declaration of Trust or to any management agreement executed by the Manager on behalf of the Trust;

(b) a change of Venator Capital Management Ltd. as the investment advisor of the Trust, or the delegation by the Manager of day-to-day management responsibilities for the business and affairs of the Trust to another entity, other than to an affiliate of the Manager; or

(c) a decrease in the frequency of calculating the Net Asset Value.

AUDITORS

The auditors of the Trust are KPMG LLP, Chartered Accountants, Toronto, Ontario.

TRANSFER AGENT AND REGISTRAR

Trust accounting and record keeping will be the responsibility of the Manager, who may engage third party service providers in this regard. The fees of such service provided will be paid by the Trust.

PRIME BROKERS AND CUSTODIANS

CIBC World Markets Inc., Toronto, Ontario is the prime broker and custodian of the assets of Venator Founders Fund.

REPORTS TO UNITHOLDERS

The audited annual and unaudited semi-annual financial statements of the Trust will be prepared and sent to Unitholders who elect to receive the financial statements in conformity with applicable securities law requirements, as these may be amended from time to time. Audited financial statements will be sent within 90 days of each fiscal year end and semi-annual financial statements of the Trust will be sent within 60 days of the end of the most recent interim period.

Within 90 days after the end of each fiscal year, the Manager will forward to each Unitholder a report on taxable income or loss and distributions of cash to the Manager and the Unitholders for such fiscal period and tax information to enable each Unitholder to properly complete and file his or her tax returns in Canada in relation to an investment in Units. The annual financial statements of the Trust shall be audited by the Trust's auditors in accordance with generally accepted auditing standards. The Manager will forward to each Unitholder quarterly unaudited financial information respecting the Net Asset Value per Unit within 30 days after the end of each calendar quarter.

Unitholders may also request copies of the audited financial statements of the Underlying Funds and their portfolio valuation and quarterly progress reports.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this offering. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), is resident in Canada, deals at arm's length and is not affiliated with the Trust and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (for the purposes of the Tax Act) owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"). This summary assumes that the Tax Proposals will be enacted as proposed, although there is no assurance in this regard. This summary does not otherwise

take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign income tax legislation or considerations.

This summary is also based on the assumption that the Trust will at no time be a "SIFT trust" as defined in the rules in the Tax Act relating to "specified investment flow-through" or "SIFT" trusts (the "**SIFT Rules**"). Provided that Units of, or other investments in, the Trust are not listed or traded on a stock exchange or other public market, the Trust will not be a SIFT trust under the SIFT Rules.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor's particular circumstances including the province or provinces in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Trust

This summary is based on the assumption that the Trust will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act. In order to so qualify, the Trust must comply on a continuous basis with certain investment criteria and certain minimum distribution requirements relating to the Units. In addition, the Trust may not reasonably be considered to be established or maintained primarily for the benefit of non-resident persons unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. **In the event the Trust were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.**

Taxation of the Trust

The Trust will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, computed as if it were an individual resident in Canada. The Trust will be entitled to deduct, in computing its income in each taxation year reasonable administrative expenses incurred to earn income. The Trust will be entitled to deduct the costs incurred by it in connection with the issuance of Units on a five-year, straight-line basis, subject to proration for short taxation years. The Trust is also entitled to deduct in computing its income for the taxation year the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. Provided the Trust makes distributions in each year of its net income and net realized capital gains as described under "Distributions", it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Trust will generally be required to include in computing its income for a particular taxation year of the Trust the portion of the net income of the Underlying Funds, including taxable dividends and net realized taxable capital gains, that is allocated to the Trust by the Underlying Funds in that particular taxation year. The Trust will also be required to include in its income for a taxation year all dividends received in the year on shares of corporations. The Trust will be required to include in its income for each taxation year, all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

The Trust's adjusted cost base of a unit of an Underlying Fund for income tax purposes will generally consist of the subscription price of the unit. For Underlying Funds that are partnerships, the

adjusted cost base of a unit of such Underlying Fund is increased by any share of income allocated to the Trust (including the full amount of any capital gains realized by such Underlying Funds) for fiscal periods ending before that time and reduced by any share of losses (including the full amount of any capital losses realized by such Underlying Funds) allocated to the Trust for fiscal periods ending before that time and the amount of any distributions made to the Trust by the Underlying Funds before that time. Where, at the end of a fiscal period of the Underlying Funds, the adjusted cost base to the Trust of a unit of the Underlying Funds becomes a negative amount, the negative amount is deemed to be a gain from the disposition of the unit at the end of the fiscal period and the adjusted cost base of the unit will be increased by the amount of such gain.

On a disposition of an investment held by the Trust that is capital property, the Trust will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such investment and any reasonable costs of disposition.

The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year ("capital gains refund"). The capital gains refund in a particular taxation year may not completely offset the tax liability of the Trust for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

Taxation of the Underlying Funds that are Limited Partnerships

The Underlying Funds that are partnerships are not subject to tax under the Tax Act. Each partner of such Underlying Funds, including the Trust, is required to include in computing the partner's income the partner's share of the income or loss of the Underlying Funds for its fiscal year ending in the partner's taxation year (subject to the application of the "at-risk" rules referred to below) whether or not any such income is distributed to the partner in the taxation year. The fiscal year of such Underlying Funds will end on December 31st of each year. For this purpose, the income or loss of such Underlying Funds will be computed for each fiscal year as if the Underlying Funds were a separate person resident in Canada. The income or loss of such Underlying Funds for a fiscal year will be allocated to the partners of such Underlying Funds, including the Trust, on the basis of their respective share of such income or loss.

If the Underlying Funds do incur losses for tax purposes, the Trust will be entitled to deduct in the computation of its income for tax purposes its *pro rata* share of any net losses for tax purposes of the Underlying Funds for its fiscal year to the extent that the Trust's investment is "at-risk" within the meaning of the Tax Act. In general, the amount "at-risk" for an investor in a limited partnership at a particular time will be the adjusted cost base of the investor's partnership interest at that time, plus where the particular time is at the end of the fiscal period of the partnership, the income allocated to the limited partner for the year, less any amount owing by the limited partner (or a person with whom the limited partner does not deal at arm's length) to the partnership (or a person with whom it does not deal at arm's length) and less the amount of any guarantee or indemnity provided to a limited partner against the loss of the limited partner's investment.

Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Trust's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year. The non-taxable portion of the Trust's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the

Unitholder's income for the year. Any other amount in excess of the Trust's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units, except to the extent such amount is the non-taxable portion of a capital gain of the Trust the taxable portion of which was designated to the Unitholder.

Provided that appropriate designations are made by the Trust, such portion of (a) the net realized taxable capital gains of the Trust, and (b) the taxable dividends received by the Trust on shares of taxable Canadian corporations or allocated to the Trust by the Underlying Funds, as is paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply, including the enhanced dividend tax credit in respect of "eligible dividends" paid by Canadian corporations.

Under the Tax Act, the Trust is permitted to deduct in computing its income for a taxation year an amount which is less than the amount of its distributions for the year. This will enable the Trust to utilize, in a taxation year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Trust will not be included in the Unitholder's income but will be a return of capital. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount.

The Net Asset Value per Unit will reflect any income and gains of the Trust that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Trust that accrued before the Units were acquired.

Based on counsel's understanding of the current published administrative policies and practices of the CRA, the conversion of the Class F Units into Class A Units will not constitute a disposition of Units for purposes of the Tax Act.

On the disposition or deemed disposition of a Unit, a Unitholder will generally realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of Units and any reasonable costs of disposition. If the Trust distributes property *in specie* on the termination of the Trust, a Unitholder's proceeds of disposition would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Trust on the disposition. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly-acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property before that time. For this purpose the cost of Units that have been issued as a distribution or on the automatic reinvestment of income or distributions (as contemplated under "Distributions to Unitholders") will generally be equal to the amount of the net income or capital gain distributed to the Unitholder that has been reinvested in Units.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss ("allowable capital loss") realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Trust paid or payable to a Unitholder that is designated as net realized taxable capital gains or dividends from taxable Canadian corporations, as well as taxable capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

Foreign Account Tax Compliance ("FATCA")

Pursuant to the recent *Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention* entered into between Canada and the U.S. (the "**IGA**"), and related Canadian legislation, the Fund and the Manager are required to report certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding registered plans), to the CRA. The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty. If the Fund is unable to comply with any of its obligations under the IGA, the imposition of a 30% U.S. withholding tax on certain specified payments (i.e. "withholdable payments" as defined under the *Foreign Account Tax Compliance Act* ("FATCA") made to the Fund, as well as penalties under the Tax Act, may affect the net asset value of the Fund and may result in reduced investment returns to Unitholders. The administrative costs of compliance with FATCA may also cause an increase in the operating expenses of the Fund further reducing the returns to Unitholders. Unitholders should consult their own tax advisers regarding the possible implications of this legislation on them and their investments.

To avoid this withholding tax, the Fund must collect certain information from Unitholders to determine whether the Unitholder is a U.S. person or in certain cases whether a non-U.S. entity Limited Partner has any U.S. owners, and certain information is provided to the IRS with respect to these investors. Unitholders will be required to furnish appropriate documentation certifying as to their U.S. or non-U.S. tax status, together with such additional tax information as the Fund may from time to time request. Failure to provide such information may subject a Unitholder to withholding taxes or mandatory redemption of its entire interest in the Fund.

Unitholders who fail to provide the required information or who become a non-resident or a U.S. person are subject to compulsory redemption of their Units. Additionally, the Fund may (i) require the Unitholder(s) whose failure to provide information results in the FATCA withholding tax to indemnify the Fund for the tax and associated costs, (ii) treat the FATCA withholding as an amount deemed distributed to such Unitholder(s) and/or (iii) seek other available remedies (including through the compulsory redemption of Units held by such Unitholder(s)). Unitholders are encouraged to consult with their own tax advisors regarding the possible applicability of the FATCA legislation on their investment in the Fund.

ELIGIBILITY FOR INVESTMENT

Provided the Trust continues to qualify as a "mutual fund trust" as defined in the Tax Act, Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

Provided that the holder of a tax-free savings account or the annuitant under a registered retirement savings plan or registered retirement income fund does not hold a significant interest in the Trust and deals at arm's length with the Trust for purposes of the Tax Act, the Units will not be a prohibited investment for a trust governed by such tax-free savings account, registered retirement savings plan or registered retirement income fund. Generally, a holder or annuitant will not have a significant interest in the Trust unless the holder or annuitant owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with which the holder or annuitant does not deal at arm's length. In addition, Units will not be a prohibited

investment if they are "excluded property" within the meaning of section 207.01 of the Tax Act. Unitholders should consult their own tax advisors in this regard.

RISK FACTORS

Investment in Units involves certain risk factors, including risks associated with the Trust's and the Underlying Funds' investment strategies. The following risks of both the Trust and the Underlying Funds should be carefully evaluated by prospective investors.

For additional risk factors associated with the Underlying Funds, see "Risks Associated with Investment in the Underlying Funds" in Appendix "C".

Risks Associated with an Investment in the Trust and/or the Underlying Funds

Limited Operating History

Although the persons involved in the management of the Trust and the Underlying Funds, and the service providers to the Trust and the Underlying Funds, as the case may be, have had long experience in their respective fields of specialization, it has to be considered that the Trust and the Underlying Funds have a limited operating and performing history upon which prospective investors can evaluate the Trust's performance.

Limited Ability to Liquidate Investment

There is no formal market for the Units and one is not expected to develop. Accordingly, it is possible that Unitholders may not be able to resell their Units other than by way of redemption of their Units at any Valuation Date. The Trust may suspend redemption rights in certain circumstances, including redemptions in excess of 10% of the Net Asset Value. Unitholders may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation.

Reliance on the Manager

The Trust relies on the ability of the Manager and its principals, especially Brandon Osten, to manage the assets of the Trust. The Manager will make investment decisions upon which the success of the Trust will depend significantly. No assurance can be given that the investment approaches utilized by the Manager will prove successful. There can be no assurance that satisfactory replacements for the Manager will be available, if needed. Removal of the Manager will not terminate the Trust, but will expose investors to the risks involved in whatever new investment management arrangements the replacement advisor is able to negotiate. In addition, the liquidation of positions held for the Trust as a result of the resignation or removal of the Manager may cause substantial losses to the Trust.

Potential Liability

The Trust is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal action in connection with the Trust. However, the Declaration of Trust will provide that no Unitholder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to

any person in connection with the Trust's property or the obligations or the affairs of the Trust and all such persons shall look solely to the Trust's property for satisfaction of claims of any nature arising out of or in connection therewith and the Trust's property only shall be subject to levy or execution. Pursuant to the Declaration of Trust, the Trust will indemnify and hold harmless out of the Trust's assets each Holder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

The Declaration of Trust provides that the Manager shall use reasonable means to cause the Trust's operations to be conducted in such a way as to minimize any such risk and, in particular, where feasible, to cause every written contract or commitment of the Trust to contain an express disavowal of liability of Unitholders.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal in view of the anticipated equity of the Trust, and the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available assets of the Trust.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the investment obligations, affairs or assets of the Trust other than the obligation to pay fees as described above. There is a risk that is considered by the Manager to be remote in the circumstances, that a Unitholder could be held personally liable, notwithstanding the foregoing statement in the Declaration of Trust, for obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust. It is intended that the operations of the Trust will be conducted so as to minimize such risk.

Mutual Fund Trust Status

There can be no assurance that federal income tax laws or the judicial interpretation thereof or the administrative policies and assessing practices of the CRA will not be changed in a manner which adversely affects the Unitholders. If the Trust ceases to qualify as a "mutual fund trust" for the purposes of the Tax Act, the income tax considerations described above under the headings "Canadian Federal Income Tax Considerations" and "Eligibility for Investment" would be materially and adversely different in certain respects.

Not a Public Mutual Fund

Although the Trust is a "mutual fund" as defined in the securities law applicable in certain provinces, it does not operate in accordance with the requirements of National Instrument 81-102 and other policies and regulations of the securities regulatory authorities that are applicable to mutual funds that have offered securities under a prospectus and are reporting issuers. As a result, the Trust is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Trust's portfolio.

Tax Related Risks

In determining its income for tax purposes, the Underlying Funds will treat gains or losses on the disposition of securities as capital gains and losses. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained.

Under the SIFT Rules, trusts (called "**SIFT trusts**") investments in which are listed or traded on a stock exchange or other public market and that hold one or more "non-portfolio properties" (as defined in the Tax Act) would effectively be taxed on income and capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts would be treated as dividends from a taxable Canadian corporation. Provided that units of, or other investments in, the Trust are not listed or traded on a stock exchange or other public market, the Trust will not be a SIFT trust under the SIFT Rules.

Possible Effect of Redemption

Substantial redemptions of Units could require the Trust to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Charges to the Trust

The Trust is obligated to pay all fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Trust realizes profits.

Potential Indemnification Obligations

Under certain circumstances, the Trust may be subject to significant indemnification obligations in respect of the Manager, any investment advisor or other related parties. The Trust will not carry any insurance to cover such potential obligations and none of the foregoing parties will be insured for losses for which the Trust has agreed to indemnify them. Any indemnification paid by the Trust would reduce the Net Asset Value and, by extension, the value of the Units.

Lack of Independent Experts Representing Unitholders

Each of the Trust and the Manager has consulted with a single legal counsel regarding the formation and terms of the Trust and the offering of Units. The Unitholders have not, however, been independently represented. Therefore, to the extent that the Trust, the Unitholders or this offering could benefit by further independent reviews, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Trust.

Reliance on the Performance of the Underlying Funds

The Trust's initial investment will be in securities of the Underlying Funds and the performance of the Trust will, to the extent that it does not engage in other investment strategies, depend wholly on the performance of the Underlying Funds and will be subject to all of the risks involved with an investment in the Underlying Funds.

Changes in Investment Strategy

The Manager may alter the investment strategy of the Trust without prior approval by the Unitholders if the Manager determines that such change in strategy is consistent with the Trust's investment objective and in the best interest of Unitholders. There is no guarantee that such a change in investment strategy will be profitable or will not cause losses for Unitholders.

Valuation of the Trust's Investments

While the Trust is independently audited by its auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Trust's securities and other investments may involve uncertainties and subjective determinations and, if such valuations should prove to be incorrect, the Net Asset Value could be adversely affected. Independent pricing information may not at times be available regarding certain of the Trust's securities and other investments. Valuation determinations will be made in good faith in accordance with the Declaration of Trust.

The Trust may have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Trust to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Unitholder who redeems all or part of its Units while the Trust holds such investments will be paid an amount less than such Unitholder would otherwise be paid if the actual value of such investments is higher than the value designated by the Trust. Similarly, there is a risk that such Unitholder might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the auditors of the Trust. In addition, there is risk that an investment in the Trust by a new Unitholder (or an additional investment by an existing Unitholder) could dilute the value of such investments for the other Unitholders if the designated value of such investments is higher than the value designated by the auditors of Trust. Further, there is risk that a new Unitholder (or an existing Unitholder that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the auditors of the Trust. The Trust does not intend to adjust the Net Asset Value retroactively.

No Involvement of Unaffiliated Selling Agent

No outside selling agent unaffiliated with such parties has made any review or investigation of the terms of this offering, the structure of the Trust or the background of the Manager.

Expenses Ultimately Borne by the Unitholders

Fees and expenses borne by the Trust will directly or indirectly impact the Net Asset Value.

Use of a Prime Broker to Hold Assets

Some or all of the Trust's assets may be held in one or more margin accounts. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Trust's assets in such accounts, which may result in a potential loss of such assets. As a result, the Trust's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Trust may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded.

Securities Lending

The Underlying Funds may engage in securities lending and, although the Underlying Fund will receive collateral for the loans and such collateral is marked to market, the Underlying Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Speculative Investment

AN INVESTMENT IN THE TRUST MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. A SUBSCRIPTION FOR UNITS SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE TRUST. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT OBJECTIVE AND INVESTMENT STRATEGIES TO BE UTILIZED BY THE TRUST AS OUTLINED HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE TRUST.

CONFLICTS OF INTEREST

Various potential conflicts of interest exist or may exist between the Trust, the Underlying Funds and the Manager. The potential conflicts of interests may arise as a result of common ownership and certain common directors, officers and personnel and, accordingly, will not be resolved through arm's length negotiations but through the exercise of judgment consistent with fiduciary responsibilities to Unitholders generally.

The Manager currently serves as investment fund manager, trustee and/or portfolio advisor of Venator Founders Fund, Venator Offshore Fund Inc., Venator Income Fund, Venator Select Fund, Venator Partners Fund, Venator Partners US Fund LP and Venator Partners Master Fund LP and may in the future manage, the trading for other trusts, limited partnerships or other investment funds or accounts in addition to the Trust. In the event that the Manager elects to undertake such activities and other business activities in the future, the Manager and its principals may be subject to conflicting demands in respect of allocating management time, services and other functions. The Manager and its principals and affiliates will endeavour to treat each investment pool and managed account fairly and not to favour one account or pool over another.

In executing its duties on behalf of the Trust, the Manager will be subject to the provisions of the Declaration of Trust, which provides that the Manager will execute its duties in good faith and with a view to the best interests of the Trust and the Unitholders.

Officers and directors of the Manager may have an equity ownership in the Underlying Funds that are also managed or advised by the Manager. Where that ownership interest exceeds certain thresholds, officers or directors of the Manager are considered to have a "significant interest" in such Underlying Fund for purposes of the *Securities Act* (Ontario). While such investments are generally prohibited under the *Securities Act* (Ontario), the Manager has obtained exemptive relief (the "**Decision**") from the Ontario Securities Commission to permit the Trust to investment in a Underlying Fund where officers or directors of the Manager have a "significant interest". The Trust may, subject to compliance with the Decision, also purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director. A ''responsible person'' means, for a registered adviser, (a) the adviser, (b) a partner, director or officer of the adviser, and (c) each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the adviser or advice to be given to a client of the adviser: (i) an employee or agent of the adviser; (ii) an affiliate of the adviser; and (iii) a partner, director, officer, employee or agent of an affiliate of the adviser.

Conflicts of interest may arise in timing investment decisions and exercising rights in respect of and otherwise dealing with such Underlying Fund securities. Officers and directors of the Manager may make investment decisions, exercise rights in respect of and otherwise deal with such Underlying Fund securities independently of the Trust. Where conflicts of interest arise, each of

officer and director will act in accordance with the duty of care owed by them. Pursuant to the Decision, the Manager will not vote the securities of the Underlying Funds held by the Trust at any meeting of holders of such securities, except that the Trust may arrange for the securities it holds of an Underlying Fund to be voted by the beneficial holders of the securities of the Trust.

The securities laws of the Province of Ontario require securities dealers and advisors, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisors, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal advisor.

The Manager, in its capacity as an exempt market dealer, is also offering the Units on a private placement basis. The Trust may be considered to be a connected issuer and related issuer of the Manager under applicable securities laws.

MATERIAL CONTRACTS

The only material contract of the Trust is the Declaration of Trust referred to under the "Venator Investment Trust". Copies of the Declaration of Trust, as well as material contracts of the Underlying Funds, may be inspected by Unitholders at the principal office of the Manager during normal business hours.

EXEMPTIONS AND APPROVALS

The Manager and the Trust have obtained relief from the mutual fund self-dealing restrictions in the Securities Act (Ontario) and the conflicts of interest provisions in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**"), to allow the Trust to invest in the Underlying Funds that are under common management. The Trust is also relying on the exemption in section 2.11 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, not to file its financial statements with the Ontario Securities Commission.

CURRENCY

Unless otherwise specified, all references herein to "$" or dollars are references to Canadian dollars.

PRIVACY POLICY

In connection with the offering and sale of Units, personal information (such as address, telephone number, social insurance number, birth date, assets and/or income information, employment history and credit history, if applicable) about Unitholders is collected and maintained. Such personal information is collected to enable the Manager and any third-party service providers to provide Unitholders with services in connection with their investment in the Trust, to meet legal and regulatory requirements and for any other purpose to which Unitholders may consent in the future. Purchasers are encouraged to review the privacy policy of the Trust at the principal office of the Manager during normal business hours.

PROCEEDS OF CRIME (MONEY LAUNDERING) LEGISLATION

In order to comply with Canadian legislation aimed at the prevention of money laundering, the Trustee may require additional information concerning Unitholders and prospective investors.

If, as a result of any information or other matter which comes to the attention of the Manager, or any director, officer or employee of the Manager, or its professional advisors, knows or suspects that a Unitholder or an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

INVESTORS' RIGHTS OF ACTION

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian provinces provides purchasers of securities pursuant to and offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment to it contains a "Misrepresentation". Where used herein, "**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

The information set forth below is not intended to be a comprehensive summary of the rights of each Purchaser, and may be subject to change and is qualified in its entirety by the provisions of the applicable provincial securities legislation. Each Purchaser should refer to their legal advisor for more details.

Rescission of Purchase

Pursuant to Ontario securities legislation, where the amount of a purchase does not exceed the sum of $50,000, purchasers of mutual funds may rescind their purchase within 48 hours after receipt of the sale confirmation. Purchasers of mutual funds under a regular investment plan may have longer to cancel an order. Purchasers must exercise these rights within the prescribed time limits. Purchasers should refer to applicable provisions of the securities legislation or consult with their legal advisor for more details.

Alberta

Section 204 of the *Securities Act* (Alberta) provides that if an offering memorandum contains a Misrepresentation, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation, if it was a Misrepresentation at the time of the purchase, and has a right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum, and (b) for rescission against the issuer, provided that:

(a) if the purchaser elects to exercise its right of rescission, it shall cease to have a right of action for damages against the person or company referred to above;

(b) no person or company referred to above will be liable if it proves that the purchaser had knowledge of the Misrepresentation;

(c) no person or company (other than the issuer) referred to above will be liable if it proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

(d) no person or company (other than the issuer) referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(e) no person or company (other than the issuer) referred to above will be liable if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

(i) there had been a Misrepresentation; or

(ii) the relevant part of the offering memorandum

(A) did not fairly represent the report, opinion or statement of the expert, or

(B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(f) the person or company (other than the issuer) will not be liable if with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or

(ii) believed there had been a Misrepresentation;

(g) in no case shall the amount recoverable exceed the price at which the securities were offered under the offering memorandum;

(h) the defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation;

Section 211 of the *Securities Act* (Alberta) provides that no action may be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any action, other than an action for rescission, the earlier of

(i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) 3 years from the day of the transaction that gave rise to the cause of action.

New Brunswick

Section 150 of the *Securities Act* (New Brunswick) provides that where an offering memorandum contains a Misrepresentation, a purchaser who purchases securities shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase and

(a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made, or

(b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchaser relied on the Misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a Misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the Misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the Misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

(a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia). Section 138 of the *Securities Act* (Nova Scotia) provides, in relevant part, that in the event that an offering memorandum, together with any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains a Misrepresentation, the purchaser will be deemed to have relied upon such Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject to certain limitations and defences, a

statutory right of action for damages against the issuer and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, directors of the issuer or persons who have signed the offering memorandum, provided that, among other limitations:

(a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the initial payment was made for the securities;

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the Misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

(a) the offering memorandum or amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the offering memorandum or amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any Misrepresentation in the offering memorandum or amendment to the offering memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a Misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation

to provide reasonable grounds for a belief that there had been no Misrepresentation or (ii) believed that there had been a Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or amendment to the offering memorandum, the Misrepresentation is deemed to be contained in the offering memorandum or an amendment to the offering memorandum.

Ontario

Section 130.1 of the *Securities Act* (Ontario) provides that every purchaser of securities pursuant to an offering memorandum shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the Misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;

(b) the issuer and the selling security holders, if any, will not be liable if they prove that the purchaser purchased the securities with knowledge of the Misrepresentation;

(c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

(d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

  (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years after the date of the transaction that gave rise to the cause of action.

This Canadian Offering Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the "**accredited investor exemption**"). The rights referred to in section 130.1 of the *Securities Act* (Ontario) do not apply in respect of an offering memorandum (such as this Canadian Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

(a) a Canadian financial institution or a Schedule III bank (each as defined in NI 45-106);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum or any amendment to it is sent or delivered to a purchaser and it contains a Misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it is deemed to have relied upon that Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the Misrepresentation relied on;

(c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable

grounds for a belief that there had been no Misrepresentation or believed that there had been a Misrepresentation;

(d) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the Misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which we or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

(i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

(ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba, Newfoundland and Labrador, PEI, Yukon Territory, Nunavut and Northwest Territories

In Manitoba, *The Securities Act* (Manitoba), in Newfoundland and Labrador the *Securities Act* (Newfoundland and Labrador), in Prince Edward Island the *Securities Act* (PEI), in Yukon, the *Securities Act* (Yukon), in Nunavut, the *Securities Act* (Nunavut) and in the Northwest Territories, the *Securities Act* (Northwest Territories) provides a statutory right of action for damages or rescission to purchasers resident in Manitoba, Newfoundland, PEI, Yukon, Nunavut and Northwest Territories respectively, in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

British Columbia and Québec

Notwithstanding that the *Securities Act* (British Columbia and the *Securities Act* (Québec) do not provide, or require the Trust to provide, to purchasers resident in these jurisdictions any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a Misrepresentation, the Trust hereby grants to such purchasers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to purchasers resident in Ontario.

A PERSON CONSIDERING AN INVESTMENT IN THE TRUST SHOULD CONSULT THEIR OWN ADVISORS IN ORDER TO FULLY UNDERSTAND THE CONSEQUENCES OF AN INVESTMENT IN THE TRUST WITH RESPECT TO SUCH PERSON'S PARTICULAR SITUATION.

General

The foregoing summary is subject to the express provisions of the securities legislation referred to above and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Fund and the selling unitholders, if any, may rely. The rights of action for

damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law.

CANADIAN LEGAL COUNSEL

Stikeman Elliott LLP (Toronto) ("**Stikeman**") has been retained as Canadian legal counsel to the Trust and the Manager in connection with the offering of Units. In connection with the Trust's offering of Units and subsequent advice to the Trust and the Manager, Stikeman will not be representing the Unitholders. No independent legal counsel has been retained by the Manager or the Trust to represent the Unitholders. Stikeman's representation of the Trust and the Manager is limited to specific matters as to which it has been consulted by the Trust and/or the Manager. There may exist other matters that could have a bearing on the Trust and/or the Manager as to which Stikeman has not been consulted. In addition, Stikeman does not undertake to monitor compliance by the Manager and its affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Stikeman monitor ongoing compliance with applicable laws. In connection with the preparation of this Offering Memorandum, Stikeman's responsibility is limited to matters of Ontario law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Offering Memorandum. In the course of advising the Trust and the Manager, there are times when the interests of the Unitholders may differ from those of the Trust and the Manager. Stikeman does not represent the Unitholders' interests in resolving these issues. In reviewing this Offering Memorandum, Stikeman has relied upon information furnished to it by the Trust and the Manager and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Trust or the Manager.

LANGUAGE OF DOCUMENTS

(Québec Only)

By accepting this Offering Memorandum, the investor acknowledges that it is its express wish that all documents evidencing or relating in any way to the sale of Units be drawn up in the English language only. Par son acceptation de ce document, l'acheteur reconnaît par les présentes qu'il est de sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à la vente des parts soient rédigés en anglais seulement.

APPENDIX "A"

Investment Strategies of the Underlying Funds

Venator Founders Fund

Investment Strategy and Restrictions

To achieve its investment objective Venator Founders Fund will primarily invest long in undervalued securities including stocks, derivatives, bonds and commodities that the Manager believes are undervalued, and will short sell those that are overvalued and which suffer from deteriorating fundamentals or other risks. The relative weightings of long and short positions in Venator Founders Fund will be optimized to provide the best absolute return in changing market conditions. The focus of Venator Founders investments will be on established (more than $10 million in annual revenues) North American-listed "industrial" companies, including but not limited to information technology, telecommunications, healthcare, professional services, energy/mining services, construction, consumer discretionary, retail, steel, housing and media/entertainment. Although it is anticipated that the majority of Venator Founders Fund investments will be in North American listed equities, this will not preclude investments in foreign markets if suitable opportunities arise. Venator Founders Fund's investments may include convertible bonds.

As Venator Founders Fund will likely see a large percentage of its holdings focused on emerging growth companies with a lesser focus on "turnarounds" at the beginning of their "revival" period, there will be no market capitalization restrictions on investments. It is not the intention of the Manager that Venator Founders Fund be significantly weighted to start-ups (companies with less than $10 million in annualized revenues), junior biotechnology (where the current valuation is largely based on yet-to-be-approved drug development) or exploratory resource opportunities (where resource pools are either yet-to-be discovered or are in the earlier stages of feasibility assessment).

Venator Founders Fund may engage in special opportunities trading from time to time to earn its return, including investing in event-driven situations such as private placements, initial public offerings, convertible debt & equity offerings, corporate restructurings, mergers, hostile takeovers or bankruptcies or other material events.

Short selling and hedging strategies will be focused on companies with market capitalizations in excess of $200 million. It is currently anticipated that a significant percentage of short selling will involve a combination of companies with poor to average fundamentals trading at high valuations, and companies in respect of which the Manager believes that current estimates exceed likely future results. Furthermore, it is intended that Venator Founders Fund will buy put options on securities where the Manager believes that the volatility of the underlying security could expose Venator Founders Fund to excessive risk. It is also anticipated that Venator Founders Fund will engage in the short-selling of index-tracking securities (including exchange traded funds) to reduce market exposure. Finally, it is anticipated that Venator Founders Fund will borrow foreign funds to hedge its "net long" exposure to foreign investments, thereby ensuring successful fundamental gains result in positive performance to Venator Founders Fund and are not negatively impacted by foreign currency fluctuations.

In order to generate additional returns, Venator Founders Fund may lend its securities to borrowers acceptable to the Manager pursuant to the terms of a securities lending agreement between Venator Founders Fund and any such borrower (each, a "**Securities Lending Agreement**"). Under a Securities Lending Agreement: (i) the borrower will pay to Venator Founders Fund a negotiated securities lending fee and will make compensation payments to Venator Founders Fund

equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) Venator Founders Fund will receive collateral security prescribed by the Securities Lending Agreement.

The Manager may make use of options and other derivatives in order to mitigate risk (e.g. the Manager may choose to buy put options rather than short sell a highly volatile security as to limit Venator Founders Funds' exposure), enhance returns (e.g. Venator Founders Fund may find itself owning warrants as part of a public financing of special warrants; in addition Venator Founders Fund may participate in "covered" option selling strategies), or synthesize returns where direct investments are unavailable or are not tax-efficient.

As Venator Founders Fund's goal is to maximize returns in Canadian dollar terms, Venator Founders Fund will also engage in the borrowing of foreign currencies to purchase foreign investments, rather than buying them with Canadian dollars which could result in currency fluctuation risk.

The investment restrictions of Venator Founders Fund include:

Leverage Restrictions - The proportion of long positions versus short positions will be a function of the Manager's ability to find attractive situations and the strategy being employed. In any event, the aggregate market exposure of Venator Founders Fund's short positions will not, at any time, exceed 150% of the Net Asset Value, and Venator Founders Fund's long positions will not exceed 150% of the Net Asset Value, provided that the net exposure of Venator Founders Fund (to both long and short positions) will not exceed 110% of the Net Asset Value. Venator Founders Fund will be prohibited from writing uncovered options.

Illiquid Securities – The Fund will generally not engage in "private equity" activities such as the purchase of non-publicly traded equity of private companies. The Fund may own selected non-public securities including but not limited to special warrants, debt obligations, and private investments in public equity (PIPEs), as well as selected securities of private companies including but not limited to publicly traded debt of private companies.

Cash - The amount of cash and cash equivalents held by Venator Founders Fund will fluctuate and may at times be significant.

Purchasing Securities - Venator Founders Fund will not purchase securities other than through normal market facilities unless the purchase price thereof approximates or is less than the prevailing market price or is negotiated or established on an arm's length basis by the Manager.

Concentration – Long Positions - Venator Founders Fund may not purchase more than 25% of the Net Asset Value in any single long position (as measured at market) with the exception of cash and equivalent instruments, as well as exchange traded funds.

Concentration – Short Positions - Venator Founders Fund may not sell more than 15% of its Net Asset Value in any single short position (as measured at market) with the exception of cash and equivalent instruments, as well as index-tracking securities.

Concentration – Individual Issuers - Position sizes in any one issuer will be limited to a maximum of 20% of that issuer's equity. In the case of convertible hedges, the net debt

balance in any one issuer will be limited to a maximum of 20% of Venator Founders Fund's fully diluted equity.

Securities Lending – In order to generate additional returns, Venator Founders Fund may lend securities to borrowers acceptable to Venator Founders Fund pursuant to the terms of a securities lending agreement between Venator Founders Fund and any such borrower. Under any securities lending arrangement: (i) the borrower will pay a negotiated securities lending fee and will make compensation payments equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) Venator Founders Fund will receive prescribed collateral security.

Sole Undertaking - Venator Founders Fund will not engage in any undertaking other than the investment of Venator Founders Fund's assets in accordance with its investment strategies, and will not violate any investment restrictions.

The investment restrictions may be amended from time to time, at the discretion of the general partner of Venator Founders Fund and without notice to the limited partners provided such amendment is in accordance with the investment objective of Venator Founders Fund.

Venator Partners Fund

To achieve its investment objective the Fund will primarily invest long in undervalued securities including stocks, derivatives, bonds and commodities that the Manager believes are undervalued, and will short sell those that are overvalued and which suffer from deteriorating fundamentals or other risks. The relative weightings of long and short positions in the Fund will be optimized to provide the best absolute return in changing market conditions.

The Manager intends to focus on, but not be limited to, long positions in the following general areas: (i) issuers that are not well followed by the investment community and are trading at price to earnings ratios, price to sales ratios and/or price to cash flow ratios that do not reflect their earnings and/or cash flow growth rates; (ii) issuers that are showing profitability ratios well below their potential and where a plan to increase efficiencies exist or is expected to be implemented in the near future; (iii) issuers with track records of profitable operations and strong balance sheets, and which are trading below their intrinsic or fair values; (iv) securities of companies involved in corporate mergers, acquisitions and spin-offs; (v) securities of distressed and bankrupt companies; (vi) high yield instruments; and (vii) option derivatives.

The Manager may engage in special situations trading from time to time, including investing in event-driven situations such as private placements, initial public offerings, convertible debt and equity offerings, corporate restructurings, mergers, hostile takeovers or bankruptcies.

Short selling and hedging strategies will be focused on companies with market capitalizations in excess of $200 million. It is currently anticipated that a significant percentage of short selling will involve a combination of companies with poor to average fundamentals trading at high valuations, and companies in respect of which the Manager believes that current estimates exceed likely future results. In selecting short sale candidates, the Manager expects to focus on, but not be limited to, companies that are experiencing deteriorating business and industry conditions, have leveraged and/or cash poor balance sheets and/or are facing capital expenditure requirements in excess of their internal cash generation abilities and/or companies that are trading above their intrinsic or fair value.

Certain short sales may be initiated solely to hedge market exposure or currency exposure. This may include securities in issuers such as borrowers of foreign currencies, index-tracking securities or large capitalization stocks that serve as a barometer to sectors where the Manager is looking to decrease the Fund's overall and/or net market exposure.

Furthermore, the Fund may buy put options on securities where the Manager believes that the volatility of the underlying security could expose the Fund to excessive risk. It is also anticipated that the Fund will engage in the short-selling of index-tracking securities (including exchange traded funds) to reduce market exposure.

In order to generate additional returns, the Fund may lend its securities to borrowers acceptable to the Manager pursuant to the terms of a securities lending agreement between the Fund and any such borrower (each, a "**Securities Lending Agreement**"). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the

purposes of the Tax Act (as defined herein); and (iii) the Fund will receive collateral security prescribed by the Securities Lending Agreement.

The Manager may make use of options and other derivatives in order to mitigate risk. For example, the Manager may purchase put options rather than short sell a highly volatile security as to limit the Fund's exposure and enhance returns (e.g. the Fund may acquire warrants as part of a public financing of special warrants). In addition, the Fund may participate in "covered" option selling strategies, or synthesize returns where direct investments are unavailable or are not tax-efficient.

As the Fund's goal is to maximize returns in Canadian dollar terms, it is anticipated that the Fund will borrow foreign funds to hedge its "net long" exposure to foreign investments, rather than buying them with Canadian dollars which could result in currency fluctuation risk.

Investment Restrictions

Investments made by the Fund shall be subject to the investment restrictions ("**Investment Restrictions**") set out in the Limited Partnership Agreement and as subject to certain restrictions including those described in paragraphs 1 to 10 below. The Investment Restrictions may be changed by the agreement of the General Partner and the Manager without notice to Limited Partners provided that such change is in accordance with the investment objective of the Fund. All amounts and percentage limitations apply only immediately after a transaction, and any subsequent change in any applicable percentage resulting from changing values will not require the disposition of any security from the Fund's portfolio. The Investment Restrictions of the Fund include:

2. *Leverage Restrictions* - The proportion of long positions versus short positions will be a function of the Manager's ability to find attractive situations and the strategy being employed. In any event, the aggregate market exposure of the Fund's short positions will not, at any time, exceed 150% of the Net Asset Value, and the Fund's long positions will not exceed 150% of the Net Asset Value, provided that the net exposure of the Fund (to both long and short positions) will not exceed 110% of the Net Asset Value.

3. *Illiquid Securities* – The Fund will generally not engage in "private equity" activities such as the purchase of non-publicly traded equity of private companies. The Fund may own selected non-public securities including but not limited to special warrants, debt obligations, and private investments in public equity (PIPEs), as well as selected securities of private companies including but not limited to publicly traded debt of private companies.

4. *Market capitalization* – The Fund does not intend to make initial investments in securities of corporations whose market capitalization is less than $100 million. This would not preclude the fund from holding securities of companies whose market capitalization, subsequent to purchase, falls below $100 million. Further, the fund may purchase additional securities of current holdings where the market capitalization of the company has fallen below $100 million.

5. *Cash* - The amount of cash and cash equivalents held by the Fund will fluctuate and may at times be significant.

6. *Purchasing Securities* - The Fund will not purchase securities other than through normal market facilities unless the purchase price thereof approximates or is less than the prevailing market price or is negotiated or established on an arm's length basis by the Manager.

7. *Concentration – Long Positions* - The Fund may not purchase more than 25% of the Net Asset Value in any single long position (as measured at market) with the exception of cash and equivalent instruments, as well as exchange traded funds.

8. *Concentration – Short Positions* - The Fund may not sell more than 15% of the Net Asset Value in any single short position (as measured at market) with the exception of cash and equivalent instruments, exchange-traded funds and index-tracking securities.

9. *Concentration – Individual Issuers* - Position sizes in any one issuer will be limited to a maximum of 20% of that issuer's equity. In the case of convertible hedges, the net debt balance in any one issuer will be limited to a maximum of 20% of the Fund's fully diluted equity.

10. *Securities Lending* – In order to generate additional returns, the Fund may lend securities to borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and any such borrower. Under any securities lending arrangement: (i) the borrower will pay a negotiated securities lending fee and will make compensation payments equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Fund will receive prescribed collateral security.

11. *Sole Undertaking* - The Fund will not engage in any undertaking other than the investment of the Fund's assets in accordance with the investment objective and investment strategies of the Fund.

APPENDIX "B"

Fees of the Underlying Funds

Due to its investment in the Underlying Funds, the Trust will be impacted by the following fees payable by the Underlying Funds.

Venator Founders Fund

Management Fees

Venator Founders Fund will pay the Manager a monthly fee equal to: (i) 1/12 of 2% of the Net Asset Value (determined in accordance with the Limited Partnership Agreement) with respect to the Class A Units and (ii) 1/12 of 1% of the Net Asset Value with respect to the Class F Units, plus any applicable HST in each case, calculated and payable at the beginning of each month based on the Net Asset Value as at the end of the preceding month. The Manager has the discretion to enter into arrangements with one or more Limited Partners which will have the effect of reducing for such Limited Partners the Management Fee. In addition, the General Partner will be entitled to share in the profits of Venator Founders Fund.

Venator Founders Fund is responsible for its own operating expenses, including, among others, legal, audit, custodial and safekeeping fees, taxes, brokerage commissions, interest, operating and administrative costs, investor servicing costs and the costs of reports to the general partner of Venator Founders Fund.

Profit Account

A portion of the net profits of Venator Founders Fund for a fiscal year are allocated to the Manager to the extent of a positive balance in a running account (the "**Profit Account**"), and the Limited Partners are entitled to the remainder. The Profit Account is computed on a Valuation Date as: (i) the positive or negative balance in the account carried forward from the immediately preceding Valuation Date; plus (ii) 20% of net profits of Venator Founders Fund for the period following the previous Valuation Date; minus (iii) 20% of net losses of Venator Founders Fund during such period; and (iv) any distribution of income made by the Manager after the previous Valuation Date. Thus, assuming there is no balance in the Profit Account to carry forward from a previous fiscal year, the net profits of Venator Founders Fund for a fiscal year will be allocated as to 20% to the Manager and as to 80% to the Limited Partners.

Through the mechanism of the Profit Account, to the extent that Venator Founders Fund incurs net losses in any fiscal year, such losses will be carried forward to effectively offset profits on which the Manager's share of income would otherwise be calculated in any subsequent year.

Venator Partners Fund

The Fund will pay the Manager a monthly fee equal to: (i) 1/12 of 2% of the Net Asset Value (determined in accordance with the Limited Partnership Agreement) attributable to the Class A Units and (ii) 1/12 of 1% of the Net Asset Value attributable to the Class F Units, plus any applicable HST in each case, calculated and payable at the beginning of each month based on the Net Asset Value as at the end of the preceding month. The Manager has the discretion to enter into arrangements with one or more Limited Partners that will have the effect of reducing the Management Fee for such Limited Partners. In addition, the General Partner will be entitled to share in the profits of the Fund. See "Contributions, Allocations and Distributions".

The Fund is responsible for its own operating expenses. Operating expenses include, among others, legal, audit, custodial and safekeeping fees, all distribution expenses, taxes, brokerage commissions, interest, operating and administrative costs, investor servicing costs and the costs of reports to the Limited Partners.

Service Fee

The Manager may pay a quarterly service fee (the "**Service Fee**") to participating dealers equal to 0.5% per annum and in its sole discretion may pay up to 1% per annum of the Net Asset Value of the Units held by clients of such dealers during the relevant period. Participating dealers may, at their discretion, charge a commission of up to 2% of the Net Asset Value of the Units purchased. Any such fee will be negotiated between the dealer and the investor and will be payable by the investor.

The Service Fee will be paid each calendar quarter on the total Net Asset Value of the Class A Units held by clients of such registered dealer, agent or broker. Payments are calculated and paid quarterly. The Fund shall not reimburse the Manager for any service fees.

APPENDIX "C"

Risks Associated with Investment in the Underlying Funds

Venator Founders Fund

General Economic and Market Conditions

The success of Venator Founders Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of Venator Founders Fund's investments. Unexpected volatility or illiquidity could impair Venator Founders Fund's profitability or result in losses.

Liquidity of Underlying Investments

Some of the securities in which Venator Founders Fund intends to invest may be thinly traded. There are no restrictions on the investment of Venator Founders Fund's assets in illiquid securities. It is possible that Venator Founders Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If Venator Founders Fund is required to transact in such securities before its intended investment horizon, the performance of Venator Founders Fund could suffer.

Fixed Income Securities

Venator Founders Fund, to the extent that it holds fixed income portfolio investments, will be influenced by financial market conditions and the general level of interest rates in Canada. In particular, if fixed income investments are not held to maturity, Venator Founders Fund may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that Venator Founders Fund holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by Venator Founders Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by Venator Founders Fund. Additionally, to the extent that Venator Founders Fund holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by Venator Founders Fund.

Currency Risk

Investment in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of Canadian dollar in relations to the value of the currency in which the security is denominated. Thus the value of securities within Venator Founders Fund may be worth more or less depending on their sensitivity to foreign exchange rates.

Foreign Investment Risk

To the extent that Venator Founders Fund invests in securities of foreign issuers, it will be affected by world economic factors and in many cases by the value of the Canadian dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements. Political climates may differ, affecting stability and volatility in foreign markets. As a result, Venator Founders Fund's value may fluctuate to a greater degree by investing in foreign equities, than if Venator Founders Fund limited its investments to Canadian securities.

Options

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option, however investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Trading Costs

Venator Founders Fund may engage in a high rate of trading activity resulting in correspondingly high costs being borne by Venator Founders Fund.

Use of a Prime Broker to Hold Assets

Some or all of Venator Founders Fund's assets may be held in one or more margin accounts due to the fact that Venator Founders Fund will use leverage and engage in short selling. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate Venator Founders Fund's assets in such accounts, which may result in a potential loss of such assets. As a result, Venator Founders Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, Venator Founders Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded.

Risks of Venator Founders Fund's Special Investment Techniques

The special investment techniques that the Manager may use are subject to risks including those summarized below.

Short Sales

The possible losses to Venator Founders Fund from a short sale of security differ from losses that could be incurred from a long position in the security. Losses from a short sale may be unlimited. A loss from a long position is limited to the total amount of the investment. Short positions require the borrowing of stock from another party. A recall of borrowed stock could cause Venator Founders Fund to close out a short position at a disadvantageous price.

Leverage

Venator Founders Fund may use financial leverage by borrowing funds against the assets of Venator Founders Fund. The use of leverage increases the risk to Venator Founders Fund and subjects Venator Founders Fund to higher current expenses. Also, if Venator Founders Fund's portfolio value drops to the loan value or less, a total loss of investment may be sustained.

Concentration

The Manager may take more concentrated positions than a typical fund or concentrate investment holdings in specialized industries, market sectors or in a limited number of issuers. Investment in Venator Founders Fund involves greater risk and volatility since the performance of one particular sector, market, or issuer could significantly and adversely affect the overall performance of the entire fund.

Liquidity

Some of the securities in which Venator Founders Fund intends to invest are traded only in negotiated transactions with investment dealers or brokers. It is possible that Venator Founders Fund may not be able to sell significant portions of its positions without facing substantially adverse prices. If Venator Founders Fund is required to sell securities before its intended investment horizon, for example as a result of redemptions, the performance of Venator Founders Fund could suffer. Venator Founders Fund will be affected by those securities that are difficult to sell because they may be issued by small companies with limited outstanding shares or they may be unknown to investors and are not traded regularly. Difficulty in selling securities may result in a loss or a costly delay.

Hedging

Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective and a hedge can result in a loss in the case of an extraordinary event. There are several such possible cases including, but not limited to: (i) a cease trade order being issued in respect of the underlying security; (ii) the inability to maintain a short position, due to the repurchase or redemption of shares by the issuing company; (iii) disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in an issuer's dividend policy; (iv) credit quality considerations, such as bond defaults; and (v) lack of liquidity during market panics. To protect Venator Founders Fund's capital against the occurrence of such events, the Manager will attempt to maintain a diversified portfolio.

Suspension of Trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could thereby expose Venator Founders Fund to losses.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Units of the Trust or of the risk factors affecting Venator Founders Fund. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.

Risks Associated with an Investment in the Partners Fund

Limited Operating History for the Fund

Although all persons involved in the management of the Fund and the service providers to the Fund have had long experience in their respective fields of specialization, it has to be considered that the Fund has a limited operating and performing history upon which prospective investors can evaluate the Fund's performance.

Dependence of Manager on Key Personnel

The Manager depends, to a great extent, on the services of its investment management team in the administration of the Fund's trading activities. The loss of the services of one or more members of the team for any reason could impair the ability of the Manager to perform its investment management activities on behalf of the Fund.

Reliance on Manager

The Fund relies on the ability of the Manager and its principals to actively manage the assets of the Fund. The Manager will make the actual trading decisions upon which the success of the Fund will depend significantly. No assurance can be given that the trading approaches utilized by the Manager will prove successful. There can be no assurance that satisfactory replacements for the Manager will be available, if needed. Termination of the Management Agreement will not terminate the Fund, but will expose investors to the risks involved in whatever new investment management arrangements the General Partner is able to negotiate. In addition, the liquidation of positions held for the Fund as a result of the termination of the Management Agreement may cause substantial losses to the Fund.

Class Risk

The Units are available in more than one class. If the General Partner cannot pay the expenses or satisfy the obligations of the Fund entered into by the General Partner for the sole benefit of one of those classes using that class' proportionate share of the assets of the Fund, the General Partner may have to pay those expenses or satisfy those obligations out of the other class' proportionate share of the assets, which would lower the investment return of such other class. In addition, a creditor of the Fund may seek to satisfy its claim from the assets of the Fund as a whole, even though its claim or claims relate only to a particular class.

Distribution and Allocations

The Fund is not required to distribute its profits. If the Fund has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be allocated to the Limited Partners in accordance with the provisions of the Limited Partnership Agreement as described under "Distributions and Computation and Allocation of Net Profits or Losses" and will be required to be included in computing their income for tax purposes, irrespective of the fact that cash may not have been distributed to Limited Partners. Since Units may be acquired or redeemed on a monthly basis and allocations of income and losses of the Fund to Limited Partners will only be made on an annual basis, such allocations to a particular Limited Partner may not correspond to the economic gains and losses which such Limited Partner may experience.

Possible Loss of Limited Liability

The Fund may, by virtue of this offering, or otherwise, be carrying on business in jurisdictions other than that under which it was formed. The Fund is registered as an extra-jurisdictional limited partnership in those jurisdictions where the Fund has been advised that it will be carrying on business by virtue of this offering or otherwise and where there is provision for registration as an extra jurisdictional limited partnership. However, there is a risk that Limited Partners may not be afforded limited liability in such jurisdictions to the extent that principles of conflicts of law recognizing the limitation of liability of Limited Partners have not been authoritatively established with respect to limited partnerships formed under laws of one jurisdiction but carrying on business in another jurisdiction. See "Liability of Limited Partners and Registration of Partnership".

Repayment of Certain Distributions

Other than with respect to the possible loss of the limited liability as outlined above, no Limited Partner shall be obligated to pay any additional assessment on the Units held or subscribed. However, if the available assets of the Fund are insufficient to discharge obligations to creditors incurred by the Fund, the Fund may have a claim against a Limited Partner for the repayment of any distributions or returns of contributions received by such Limited Partner (including upon redemption of Units), to the extent that such obligations arose before the distributions or returns of contributions sought to be recovered by the Fund. In the Limited Partnership Agreement, each Limited Partner agrees to repay to the Fund any such amount for which such Limited Partner could be liable pursuant to applicable limited partnership legislation upon the request of the General Partner. A Limited Partner who transfers his or her Units remains liable to make such repayments, irrespective of whether his or her transferee becomes a substituted Limited Partner. See "Liability of Limited Partners and Registration of Partnership"

Limited Partners not Entitled to Participate in Management

Limited Partners are not entitled to participate in the management or control of the Fund or its operations. Limited Partners do not have any input into the Fund's trading. The success or failure of the Fund will ultimately depend on the investment of the assets of the Fund by the Manager, with which the Limited Partners will not have any direct dealings.

Financial Resources of the General Partner

While the General Partner has unlimited liability for the obligations of the Fund and has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has nominal assets and it is unlikely that the General Partner will have sufficient assets to satisfy any claims pursuant to such indemnity.

Limited Ability to Liquidate Investment

There is no formal market for the Units and one is not expected to develop. Accordingly, it is possible that Limited Partners may not be able to resell their Units other than by way of redemption of their Units at any Valuation Date, subject to the limitations described under "Redemption of Units". The Fund may suspend redemption rights in certain circumstances, including redemptions in excess of 10% of the Net Asset Value. Limited Partners may not be able to liquidate their investment in a timely manner and the Units may not be readily accepted as collateral for a loan. This offering of Units is not qualified by way of prospectus, and consequently the resale of Units is subject to restrictions under applicable securities legislation.

Possible Effect of Redemptions

Substantial redemptions of Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund redemptions and achieve a market position appropriately reflecting a smaller asset base. Such factors could adversely affect the value of the Units redeemed and of the Units remaining outstanding.

Tax Liability

Each Limited Partner is taxable in respect of the income of the Fund allocated to it. Income will be allocated to Limited Partners according to the terms of the Limited Partnership Agreement and without regard to the acquisition price of such Units. Limited Partners may have an income tax liability in respect of profits not distributed.

The income or loss of the Fund will be computed as if the Fund were a separate person resident in Canada. The CRA has stated that it will permit certain taxpayers to report their gains and losses from commodities-related transactions as capital gains and losses (rather than as ordinary income or losses from a business), but has also stated that it will not extend such treatment to a partnership whose prime activity is trading in commodities or commodities futures where the facts support the proposition that the partnership is carrying on a business of trading such items. The CRA may extend its administrative practices with respect to commodity trading activities to the activities undertaken by the Fund. Accordingly, although the Fund may decide to treat certain of its gains and losses from trading in equities and equity derivative securities as being on capital account, it is possible that the CRA may take a different view, in which case gains and losses from trading in such positions would give rise to ordinary income and losses from a business.

Charges to the Fund

The Fund is obligated to pay Management Fees, brokerage commissions and legal, accounting, filing and other expenses regardless of whether the Fund realizes profits. In addition, the Fund will allocate profits to the General Partner in respect of a fiscal year, as described in "Distributions and Computation and Allocation of Net Profits or Losses" and "Fees and Expenses".

Potential Indemnification Obligations

Under certain circumstances, the Fund might be subject to significant indemnification obligations in respect of the General Partner, the Manager or certain parties related to them. The Fund will not carry any insurance to cover such potential obligations and none of the foregoing parties will be insured for losses for which the Fund has agreed to indemnify them. Any indemnification paid by the Fund would reduce the Net Asset Value and, by extension, the value of the Units.

Not a Public Mutual Fund

The Fund is not subject to the restrictions placed on public mutual funds to ensure diversification and liquidity of the Fund's portfolio.

Changes in Investment Strategy

The Manager may alter its strategy without prior approval by the Limited Partners if the General Partner and the Manager determine that such change is in the best interest of the Fund. There

is no guarantee that such a change in investment strategy will be profitable or will not cause losses for a Limited Partner.

Valuation of the Fund's Investments

While the Fund is independently audited by its auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the Fund's securities and other investments may involve uncertainties and subjective determinations and, if such valuations should prove to be incorrect, the Net Asset Value could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the Limited Partnership Agreement.

The Fund may have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value per Unit may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Limited Partner who redeems all or part of its Units while the Fund holds such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the auditors of the Fund. In addition, there is risk that an investment in the Fund by a new Limited Partner (or an additional investment by an existing Limited Partner) could dilute the value of such investments for the other Limited Partners if the designated value of such investments is higher than the value designated by the auditors of Fund. Further, there is risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the auditors of the Fund. The Fund does not intend to adjust the Net Asset Value retroactively.

Lack of Independent Experts Representing Limited Partners

Each of the Fund, the General Partner and the Manager has consulted with a single legal counsel regarding the formation and terms of the Fund and the offering of Units. The Limited Partners have not, however, been independently represented. Therefore, to the extent that the Fund, the Limited Partners or this offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Units and the suitability of investing in the Fund.

No Involvement of Unaffiliated Selling Agent

The General Partner and Manager are under common control and ownership. Consequently, no outside selling agent unaffiliated with such parties has made any review or investigation of the terms of this offering, the structure of the Fund or the background of the General Partner and Manager.

Speculative Investment

AN INVESTMENT IN THE FUND MAY BE DEEMED SPECULATIVE AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM. A SUBSCRIPTION FOR UNITS SHOULD BE CONSIDERED ONLY BY PERSONS FINANCIALLY ABLE TO MAINTAIN THEIR INVESTMENT AND WHO CAN BEAR THE RISK OF LOSS ASSOCIATED WITH AN INVESTMENT IN THE FUND. INVESTORS SHOULD REVIEW CLOSELY THE INVESTMENT

OBJECTIVE AND INVESTMENT STRATEGIES TO BE UTILIZED BY THE FUND AS OUTLINED HEREIN TO FAMILIARIZE THEMSELVES WITH THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND.

Risks Associated with the Fund's Underlying Investments

General Economic and Market Conditions

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could impair the Fund's profitability or result in losses.

Liquidity of Underlying Investments

Some of the securities in which the Fund intends to invest may be thinly traded. There are no restrictions on the investment of Fund assets in illiquid securities. It is possible that the Fund may not be able to sell or repurchase significant portions of such positions without facing substantially adverse prices. If the Fund is required to transact in such securities before its intended investment horizon, the performance of the Fund could suffer.

Fixed Income Securities

The Fund, to the extent that it holds fixed income portfolio investments, will be influenced by financial market conditions and the general level of interest rates in Canada. In particular, if fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

Equity Securities

To the extent that the Fund holds equity portfolio investments, it will be influenced by stock market conditions in those jurisdictions where the securities held by the Fund are listed for trading and by changes in the circumstances of the issuers whose securities are held by the Fund. Additionally, to the extent that the Fund holds any foreign investments, it will be influenced by world political and economic factors and by the value of the Canadian dollar as measured against foreign currencies which will be used in valuing the foreign investment positions held by the Fund.

Currency Risk

Investment in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of Canadian dollar in relations to the value of the currency in which the security is denominated. Thus the value of securities within the Fund may be worth more or less depending on their sensitivity to foreign exchange rates.

Foreign Investment Risk

To the extent that the Fund invests in securities of foreign issuers, it will be affected by world economic factors and in many cases by the value of the Canadian dollar as measured against foreign currencies. Obtaining complete information about potential investments from foreign markets may also be of greater difficulty. Foreign issuers may not follow certain standards that are applicable in North America, such as accounting, auditing, financial reporting and other disclosure requirements.

Political climate may differ, affecting stability and volatility in foreign markets. As a result, the Fund's value may fluctuate to a greater degree by investing in foreign equities, than if the Fund limited its investments to Canadian securities.

Options

Selling call and put options is a highly specialized activity and entails greater than ordinary investment risk. The risk of loss when purchasing an option is limited to the amount of the purchase price of the option, however investment in an option may be subject to greater fluctuation than an investment in the underlying security. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

Trading Costs

The Fund may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Fund.

Use of a Prime Broker to Hold Assets

Some or all of the Fund's assets may be held in one or more margin accounts due to the fact that Fund will use leverage and engage in short selling. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Fund's assets in such accounts, which may result in a potential loss of such assets. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded.

Risks of Special Techniques

The special investment techniques that the Manager may use are subject to risks including those summarized below.

Short Sales

The possible losses to the Fund from a short sale of security differ from losses that could be incurred from a long position in the security. Losses from a short sale may be unlimited. A loss from a long position is limited to the total amount of the investment. Short positions require the borrowing of stock from another party. A recall of borrowed stock could cause the Fund to close out a short position at a disadvantageous price.

Leverage

The Fund may use financial leverage by borrowing funds against the assets of the Fund. The use of leverage increases the risk to the Fund and subjects the Fund to higher current expenses. Also, if the Fund's portfolio value drops to the loan value or less, Limited Partners could sustain a total loss of their investment.

Concentration

The Manager may take more concentrated positions than a typical fund or concentrate investment holdings in specialized industries, market sectors or in a limited number of issuers. Investment in this Fund involves greater risk and volatility since the performance of one particular sector, market, or issuer could significantly and adversely affect the overall performance of the entire fund.

Liquidity

Some of the securities in which the Fund intends to invest are traded only in negotiated transactions with investment dealers or brokers. It is possible that the Fund may not be able to sell significant portions of its positions without facing substantially adverse prices. If the Fund is required to sell securities before its intended investment horizon, for example as a result of redemptions, the performance of the Fund could suffer. The Fund will be affected by those securities that are difficult to sell because they may be issued by small companies with limited outstanding shares or they may be unknown to investors and are not traded regularly. Difficulty in selling securities may result in a loss or a costly delay.

Hedging

Although a hedge is intended to reduce risk, it does not eliminate risk entirely. A hedging strategy may not be effective. A hedge can result in a loss in the case of an extraordinary event. There are several such possible cases including, but not limited to: (i) a cease trade order being issued in respect of the underlying security; (ii) the inability to maintain a short position, due to the repurchase or redemption of shares by the issuing company; (iii) disappearance of any conversion premium due to premature redemptions, changes in conversion terms or changes in an issuer's dividend policy; (iv) credit quality considerations, such as bond defaults; and (v) lack of liquidity during market panics. To protect the Fund's capital against the occurrence of such events, the Manager will attempt to maintain a diversified portfolio.

Illiquidity

There can be no assurance that the Fund will be able to dispose of its investments in order to honour requests to redeem Units.

Suspension of Trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could thereby expose the Fund to losses.

The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Units. Potential investors should read this entire Offering Memorandum and consult with their legal and other professional advisors before determining to invest in Units.