

## FUND FACTS

### Venator Alternative Income Fund

#### Class F Units

June 30, 2021



This document contains key information you should know about Venator Alternative Income Fund (the "Fund") – Class F Units. You can find more detailed information in the Fund's simplified prospectus. Please contact your representative for a copy, or contact Venator Capital Management Ltd. (the "Manager") by phone (416.934.7994), by email (info@venator.ca), or through www.venator.ca.

**Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.**

**The Fund is an alternative mutual fund. It has the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.**

#### QUICK FACTS

|                                    |                                 |                     |                                     |
|------------------------------------|---------------------------------|---------------------|-------------------------------------|
| Fund Code:                         | VCM 211                         | Fund Manager:       | Venator Capital Management Ltd.     |
| Date Class Started:                | January 24, 2020 <sup>(1)</sup> | Portfolio Manager:  | Venator Capital Management Ltd.     |
| Value of the Fund on May 31, 2021: | \$80,180,073                    | Distributions:      | Monthly                             |
| Management expense ratio (MER):    | 3.08%                           | Minimum Investment: | \$2,000 initial<br>\$500 additional |

The Fund processes orders for purchases and redemptions of the Class F Units on a semi-monthly basis at their class net asset value per Class F Unit calculated as at the last day the Toronto Stock Exchange is open of the semi-monthly period in which the order is received (collectively, the "Purchase and Redemption Processing Frequency").

(1) Since August 1, 2008, the Fund formerly offered Class F units privately.

#### What does the Fund invest in?

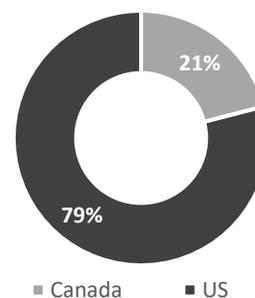
The investment objective of the Fund is to provide unitholders with a positive total return through an actively managed portfolio of primarily North American fixed income securities, by opportunistically utilizing both long and short positions. Through the use of cash borrowing, short selling, or specified derivatives, the Fund's aggregate gross exposure will not exceed 300% of the Fund's net asset value. Notwithstanding the limit, the Fund intends to maintain typical aggregate gross exposure to cash borrowing, short selling and specified derivatives transactions within a range between 80% and 150% of its net asset value.

The charts below give you a snapshot of the Fund's portfolio on May 31, 2021. Please note that the Fund's investments will change over time.

#### Top 10 Investments

|   |              |
|---|--------------|
| Uber Technologies, Inc. (8.00%, Nov 1, 2026)                              | 6.6%         |
| Dye & Durham Limited (3.75%, Mar 1, 2026) – CONV \$73.25                  | 4.4%         |
| Wayfair, Inc. (0.625%, Oct 1, 2025) – CONV \$417.15                       | 4.0%         |
| Warrior Met Coal Inc. (8% Nov 1, 2024)                                    | 3.9%         |
| Core & Main Holdings LP (8.625%, Sep 15, 2024)                            | 3.9%         |
| Chemtrade Logistics Income Fund (8.5%, Sept 30, 2025) – CONV \$7.35       | 3.8%         |
| Splunk Inc (1.125%, Jun 15, 2027) - CONV \$255.00                         | 3.5%         |
| Alteryx Inc (1%, Aug 1, 2026) - CONV \$189.00                             | 3.5%         |
| Draftkings Inc (0.00%, Mar 15, 2028) - CONV \$94.00                       | 3.5%         |
| NorthWest Healthcare Properties REIT (5.50%, Dec 31, 2023) - CONV \$13.35 | 3.5%         |
| <b>Total of Top 10 Investments</b>  | <b>40.4%</b> |
| <b>Total number of Portfolio Holdings</b>                                 | <b>80</b>    |

#### Geographic Exposure



### How risky is it?

The value of the Fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

### Risk rating

**The Manager has rated this Fund's risk as Low to Medium.**

The rating is based on how much the Fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the Fund's returns, see the "What are the risks of investing in the Fund?" section of the Fund's simplified prospectus.

### No guarantees

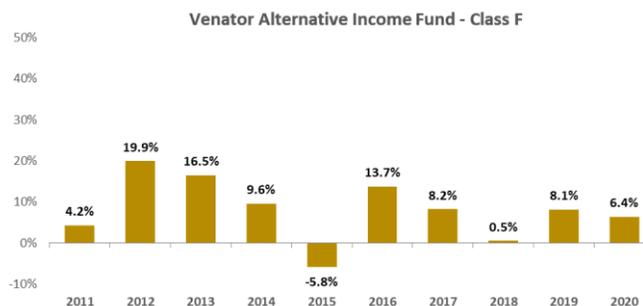
Like most mutual funds, this Fund doesn't have any guarantees. You may not get back the amount of money you invest.

### How has the Fund performed?

This section tells you how the Class F Units of the Fund have performed over the past 10 years. Returns are after expenses have been deducted. These expenses reduce the Fund's returns.

#### Year-by-year returns

This chart shows how the Class F Units of the Fund have performed in each of the past 10 completed calendar years. The Fund dropped in value in 1 of the 10 years. The range of returns and change from year to year can help you assess how risky the Fund has been in the past. It does not tell you how the Fund will perform in the future.



#### Best and worst 3-month returns

This table shows the best and worst returns for Class F Units of the Fund in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

|              | Return        | 3 months ending | If you invested \$1,000 at the beginning of the period |
|--------------|---------------|-----------------|--|
| <b>Best</b>  | <b>14.9%</b>  | June 30, 2020   | Your investment would have increased to \$1,149        |
| <b>Worst</b> | <b>-20.9%</b> | March 31, 2020  | Your investment would have decreased to \$791          |

#### Average Return

As of May 31, 2021, the annual compound return of Class F Units of the Fund was 7.9% over the past 10 years. If you had invested \$1,000 in Class F Units of the Fund 10 years ago, your investment would now be worth \$2,134.

# Venator Alternative Income Fund

## Class F Units



### Who is this Fund for?

This Fund may be right for you if:

- you are looking for a diversified fixed income fund that strives to preserve capital and generate attractive long-term returns;
- you want a medium or longer-term investment;
- you can tolerate a low to medium level of risk; and
- you can tolerate the Purchase and Redemption Processing Frequency.

### A word about tax

In general, you will have to pay tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the Fund in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, regardless of whether you receive them in cash or have them reinvested.

### How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Class F Units of the Fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost. The Fund has other classes of units. The fees and expenses for each class of the Fund are different. Ask about other classes of units of the Fund that may be suitable for you.

#### 1. Sales Charges:

There are no sales charges associated with the purchase of Class F Units of the Fund.

#### 2. Fund Expenses:

You don't pay these expenses directly, however, they affect each investor because they reduce the Fund's returns.

|   | <b>Annual Rate (as a % of the Fund's value)</b> |
|---|---|
| <b>Management expense ratio (MER)</b><br>This is the total of the fund's management fee (including the trailing commission) and operating expenses. | 3.08%   |
| <b>Trading expense ratio (TER)</b><br>These are the fund's trading costs.   | 0.01%   |
| <b>Fund Expenses</b>  | 3.09%   |

As of December 31, 2020, the Fund's expenses were 3.09%. This equals \$30.90 for every \$1,000 invested.

The Fund pays the Manager a performance fee based on the net profits of the Class F Units. If the net asset value of the Class F Units on the last valuation date of the calendar year (the "Performance Valuation Date") plus the aggregate amount of all distributions declared on such units (together, the "Adjusted NAV") exceeds an annualized current year return of 5% (the "Threshold Rate") over the previous highest net asset value of such units on any Performance Valuation Date (the "High Water Mark"), the Manager will be entitled to (i) all of the increase in Adjusted NAV between the Threshold Rate and the Threshold Rate plus 0.5%, and (ii) 10% of any gains in excess of the Threshold Rate plus 0.5%.

#### More about the trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own units of the Fund. It is for services and advice that your representative and their firm provide to you. The Manager pays the trailing commission to your representative's firm. It is paid from the Fund's management fee and is based on the value of your investment.

Please note that for Class F Units of the Fund, there is no trailing commission paid.

### 3. Other Fees:

You may have to pay other fees when you buy, hold, sell or switch Class F Units of the Fund.

| FEE                              | WHAT YOU PAY  |
|----------------------------------|---|
| Inappropriate Short-Term Trading | A fee of 2% of the amount switched or redeemed may be charged by the Fund to you for inappropriate short-term trading. The fee goes to the Fund.  |
| Switch and Reclassification Fee  | Your representative's firm may charge you a switch fee or a reclassification fee, as applicable, of up to 2% based on the net asset value of the applicable class of units of a Fund you switch or reclassify. You may negotiate the amount with your representative. Dealers' fees for switches and reclassifications are paid by redeeming units held by you. |

### What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory. For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

Contact your representative or Venator Capital Management Ltd. for a copy of the Fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts document make up the Fund's legal documents.

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at [www.securities-administrators.ca](http://www.securities-administrators.ca).