

**ALTERNATIVE MUTUAL FUNDS**  
**Venator Alternative Income Fund**  
**Venator Founders Alternative Fund**

*Offering Series A, Series F and Series I Units*

**ANNUAL INFORMATION FORM**  
**dated June 30, 2022**

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The Funds and the units of the Funds offered under this document are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registrations.

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## FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Funds (as defined herein) or the Manager (as defined herein). Forward-looking statements are not historical facts but reflect the current expectations of the Company or the Manager regarding future results or events. Such forward-looking statements reflect the Funds’ or the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading “*Risk Factors*” in the simplified prospectus. Although the forward-looking statements contained in this Annual Information Form are based upon assumptions that the Funds and the Manager believe to be reasonable, neither the Funds nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. Unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as at the date hereof and neither the Funds nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

## NAME, FORMATION AND HISTORY OF THE FUNDS

In this Annual Information Form, “we”, “us” or “our” refers to Venator Capital Management Ltd. (“**Venator**”), the manager (“**Manager**”), Portfolio Manager (“**Portfolio Manager**”), trustee (“**Trustee**”) and promoter (“**Promoter**”) of Venator Alternative Income Fund and Venator Founders Alternative Fund (collectively the “**Funds**”, and individually the “**Fund**”). References to “you” or “unitholder” mean the reader as a potential or actual investor in a Fund.

Venator is the Manager, Portfolio Manager, Trustee and Promoter of the Funds.

Venator Alternative Income Fund is an open-ended unit trust governed by the laws of Ontario and established under an amended and restated declaration of trust dated June 30, 2021 (the “**Declaration of Trust**”), as further amended and restated on June 30, 2022. Venator Alternative Income Fund’s name changed from “Venator Income Fund” on January 23, 2020. Prior to January 23, 2020, the Fund was not a reporting issuer and securities were offered by the Fund on a private placement basis since July 30, 2008. Effective June 30, 2022, the Declaration of Trust and the offering documents have been amended so that all references to “classes” of units of the Funds are changed to “series” of units of the Funds.

Venator Founders Alternative Fund is an open-ended unit trust governed by the laws of Ontario and established under the Declaration of Trust. Venator Founders Alternative Fund’s name changed from Venator Investment Trust on June 30, 2021. Prior to June 30, 2021 the Fund was not a reporting issuer and securities were offered by the Fund on a private placement basis since June 28, 2007.

The principal office of the Funds is located at 2 Bloor Street West, Suite 901, Toronto, Ontario, M4W 3E2.

## INVESTMENT RESTRICTIONS AND PRACTICES

The simplified prospectus contains detailed descriptions of the investment objective, investment strategies and the risks for each Fund. In addition, the Funds are subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). These restrictions are designed, in part, to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. We intend to manage the Funds in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations.

NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objective of a Fund.

### ***Exemptions from 81-102***

The Funds have obtained the following exemptions from NI 81-102:

- 1) from the following provisions (the “**Total Borrowing Limit**”) of NI 81-102 in order to permit each Fund to borrow up to 100% of the Fund’s net asset value (“**NAV**”) under the Cash Currency Hedging Strategy (as defined below),
  - a. paragraph 2.6(2)(c) of NI 81-102, that provides that an alternative mutual fund may borrow cash or provide a security interest over any of its portfolio assets if the value of cash borrowed, when aggregated with the value of all outstanding borrowing by the fund, does not exceed 50% of the fund’s NAV; and

- b. section 2.6.2 of NI 81-102, which prohibits an alternative mutual fund from borrowing cash or selling securities short if, immediately after entering into a cash borrowing or short selling transaction, the aggregate value of cash borrowed combined with the aggregate market value of the securities sold short by the fund would exceed 50% of the fund's NAV (collectively, the "**Cash Currency Hedging Strategy Relief**"); and
- 2) from the following provisions of NI 81-102 (the "**Total Borrowing and Short Sales Limit**"), in order to permit each Fund to borrow cash or short sell securities under the Leverage Strategies (as defined below), provided that, immediately after entering into a cash borrowing or short selling transaction, the aggregate value of cash borrowed combined with the aggregate market value of the securities sold short by the Fund does not exceed 100% of the Fund's NAV:
  - a. paragraph 2.6(2)(c) of NI 81-102;
  - b. subparagraph 2.6.1(1)(c)(v) of NI 81-102 that restricts an alternative mutual fund from selling a security short if, at the time, the aggregate market value of the securities sold short by the fund exceeds 50% of the fund's NAV (the "**Short Selling Limit**"); and
  - c. section 2.6.2 of NI 81-102 (collectively, the "**Leverage Strategies Relief**"); and
- 3) with respect to Series A and Series F Units of the Venator Alternative Income Fund, (a) to permit the Venator Alternative Income Fund to include, with respect to such Units, performance data in sales communications notwithstanding that the performance data will relate to a period prior to the Venator Alternative Income Fund offering its securities under a prospectus; and (b) to permit the Venator Alternative Income Fund to include its past performance data in determining its investment risk level in accordance with Appendix F of NI 81-102; and
- 4) from the following provisions of NI 81-102:
  - a. subsection 9.3(1),
    - i. to permit the Venator Alternative Income Fund to process purchase orders for its units, as described in this Simplified Prospectus and Fund Facts, on a weekly basis at their series NAV per unit calculated as at the last day the Toronto Stock Exchange ("**TSX**") is open (a "**Valuation Date**") of the weekly period in which the purchase order for such units is received; and
    - ii. to permit the Venator Founders Alternative Fund to process purchase orders for its units, as described in this Simplified Prospectus and Fund Facts, on a weekly basis at their series NAV per unit calculated as at the last Valuation Date of the weekly period in which the purchase order for such units is received; (the "**Purchase Processing Frequency**"); and
  - b. subsection 10.3(1),

- i. to permit the Venator Alternative Income Fund to process redemption orders for its units, as described in this Simplified Prospectus and Fund Facts on at least 5 business days prior written notice, on a weekly basis, redeeming such units at their series NAV per unit calculated on the last Valuation Date of each weekly period in which the redemption order for such units is processed; and
- ii. to permit the Venator Founders Alternative Fund to process redemption orders for its units, as described in this Simplified Prospectus and Fund Facts on at least 5 business days prior written notice, on a weekly basis, redeeming such units at their series NAV per unit calculated on the last Valuation Date of each weekly period in which the redemption order for such units is processed; (the “**Redemption Processing Frequency**”).

### ***Eligibility for Registered Tax Plans***

In order for units to be “qualified investments” for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), tax-free savings accounts (“TFSAs”), registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and deferred profit sharing plans (“DPSPs”) (each a “Registered Plan” and, collectively, “Registered Plans”), each Fund must satisfy certain investment restrictions in the *Income Tax Act* (Canada) (the “Tax Act”) to qualify as a “mutual fund trust” for the purposes of the Tax Act. Each Fund intends to comply with such restrictions to qualify as a “mutual fund trust” for purposes of the Tax Act. Holders of TFSAs or RDSPs, annuitants of RRSPs or RRIFs or subscribers of RESPs, as the case may be, should consult with their own advisors as to whether units would be “prohibited investments” for such plans for the purposes of the Tax Act.

### ***Standard Investment Restrictions and Practices***

The remaining standard investment restrictions and practices set out in NI 81-102 are deemed to be included in this Annual Information Form.

### ***Change of Investment Objective and Strategies***

A change in a Fund’s investment objective can only be made with the consent of the investors in that Fund at a meeting called for that purpose. The investment strategies explain how a Fund intends to achieve its investment objective. As Manager of each Fund, we may change the investment strategies from time to time, but will give you notice, by way of a press release, of our intention to do so if it would be a material change as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure* (“NI 81-106”). Under NI 81-106, a change in the business, operations or affairs of a Fund is considered to be a “material change” if a reasonable investor would consider it important in deciding whether to purchase or continue to hold units of a Fund.

## **DESCRIPTION OF UNITS**

Each Fund is a trust established under the Declaration of Trust. The Funds are permitted to issue an unlimited number of series of units and an unlimited number of units of each series. The Funds have designated Series A units, Series F units and Series I units that have the following attributes:

- (a) each unit shall be without nominal or par value;

- (b) at each meeting of unitholders, each unitholder shall have one vote for each unit owned by such unitholder as determined at the close of business on the record date for voting each such meeting, with no voting rights being attributed to fractions of a unit;
- (c) the holder of each unit will participate in distributions of income, capital gains and returns of capital, and in the division of net assets of the Fund on liquidation based on the relative net asset value (“NAV”) of the holder’s particular series of units and in accordance with the Declaration of Trust;
- (d) there shall be no pre-emptive rights attaching to the units;
- (e) there shall be no cancellation or surrender provisions attaching to the units except as set out in the Declaration of Trust;
- (f) all units shall be issued as fully paid and non-assessable so that there shall be no liability for future calls or assessments with respect to the units;
- (g) all units are fully transferable with the consent of the Trustee as provided in the Declaration of Trust; and
- (h) fractional units may be issued and shall be proportionately entitled to all the same rights as whole units, except as provided in the Declaration of Trust.

*Series A units:* Available to all investors.

*Series F units:* Available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.

*Series I units:* Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Also available to certain of our employees and employees of affiliated entities and, at our discretion, to relatives of current employees.

If you cease to satisfy criteria for holding units of a particular series, the Manager may reclassify your units as such number of units of another series of the applicable Fund that you are eligible to hold having an aggregate equivalent NAV.

### **Matters Requiring Unitholder Approval**

Meetings of unitholders may be convened by the Trustee from time to time as it may deem advisable and in accordance with the notice provisions set out in the Declaration of Trust. Unless otherwise provided in the Declaration of Trust or by securities legislation, every question submitted to a meeting of unitholders will be decided by the majority of votes cast. Meetings of unitholders will be convened to consider and approve:

- (i) a change in the basis of the calculation of a fee or expense that is charged to a Fund or directly to its unitholders by a Fund or the Manager in connection with the holding of securities of such Fund where such change could result in an increase in charges to such Fund or to its unitholders;
- (j) the introduction of a fee or expense, to be charged to a Fund or directly to its unitholders, by a Fund or the Manager in connection with the holding of securities of such Fund that could result in an increase in charges to such Fund or to its unitholders;

- (k) a change in the manager of a Fund, unless the new manager is an affiliate of the current manager;
- (l) a change in the fundamental investment objective of a Fund;
- (m) a decrease in the frequency of the calculation of the NAV per unit of a Fund;
- (n) in certain cases, a reorganization of a Fund with, or transfers its assets to, another issuer; or,
- (o) any other matter or thing stated in the Declaration of Trust that is required to be consented to or approved by unitholders.

Unitholder approval will not be obtained in respect of a change of (a) or (b) listed above if a Fund is at arm's length to the person or company charging the fee or expense, and we provide the unitholders with at least 60 days' written notice of the effective date of the proposed change.

Although the approval of unitholders will not be obtained before changing the auditor of a Fund, we will not change the auditor unless:

- (p) the Fund's Independent Review Committee (see "*Fund Governance – Independent Review Committee*" below) has approved the change in compliance with National Instrument 81-107 ("**NI 81-107**"); and
- (q) we have provided you with written notice at least 60 days prior to the change.

## **VALUATION OF PORTFOLIO SECURITIES**

The NAV of each Fund will be calculated by the Administrator as of the close of regular trading, normally 4:00 p.m. (Toronto Time), on a day the Toronto Stock Exchange ("**TSX**") is open (a "**Valuation Date**") by subtracting the amount of the liabilities of the Fund, except for unitholder equity which is classified as a liability, from the total assets of the Fund. The assets and liabilities of the Fund will be valued as follows:

- (r) the value of any cash on hand, on deposit or on call, prepaid expenses, cash distributions/dividends declared, and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Portfolio Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Portfolio Manager determines to be the reasonable value thereof;
- (s) the value of any bonds, debentures, and other debt obligations shall be valued at mid prices from recognized pricing vendors on a Valuation Date at such times as the Portfolio Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (t) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the NAV of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;

- (u) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- (v) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Portfolio Manager;
- (w) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same series, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (x) purchased or written options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (y) where an option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written option shall be valued at their then current market value;
- (z) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Toronto Time) or such other day deemed appropriate by the Manager, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (aa) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (bb) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Administrator, including, but not limited to, the Portfolio Manager or any of its affiliates;
- (cc) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and
- (dd) the value of any security or property to which, in the opinion of the Portfolio Manager, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Portfolio Manager from time to time provides.

The NAV of each Fund and each series are calculated and reported in Canadian dollars. The Administrator is entitled to rely on any values or quotations supplied to it by a third party, including the Portfolio Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Administrator acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

If an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under applicable securities laws, or if any rules we have adopted are not set out under applicable securities laws but at any time are considered by us to be inappropriate under the circumstances, then we shall use a valuation which we consider to be fair and reasonable in the interests of investors in the Fund.

### **Differences from International Financial Reporting Standards**

The Funds' financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and those principles may differ from the valuation principles that are set out in this Annual Information Form.

### **CALCULATION OF NET ASSET VALUE**

#### ***Valuation Days***

Each Fund's NAV is calculated at the close of regular trading, normally 4:00 p.m. (Toronto Time), on a day the TSX is open.

Any purchase or reclassification instruction received after 4:00 p.m. (Toronto Time) on the last Valuation Date of the applicable weekly period will be processed on the last Valuation Date of the following applicable weekly period.

As Manager, we are responsible for determining the NAV of the Funds. However, we may delegate some or all of the responsibility in relation to such determination to the Administrator.

#### ***How We Price a Fund's Units***

Each Fund's NAV is calculated at the close of regular trading, normally 4:00 p.m. (Toronto Time), on a day the TSX is open.

Each Fund's units are divided into the Series A units, Series F units and Series I units. Each series is divided into units of equal value. When you invest in a Fund, you are purchasing units of a specific series of such Fund.

The NAV of each Fund will be calculated in Canadian dollars. The Series A units, Series F units and Series I units are denominated in Canadian dollars.

A separate NAV per unit is calculated for each series of units (the "Unit Price"). The Unit Price is the price used for all purchases, switches, reclassifications and redemptions of units of that series (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

The Unit Price of each series of a Fund is calculated as follows:

- We take the fair value of all the investments and other assets allocated to the series.
- We then subtract the liabilities allocated to that series. This gives us the NAV for the series.
- We divide this amount by the total number of units of the series owned by investors.
- That gives us the Unit Price for the series.

Although the purchases and redemptions of units are recorded on a series basis, the assets attributable to all of the series of a Fund are pooled to create one fund for investment purposes.

Each series pays its proportionate share of fund costs in addition to its management fee and performance fee. The difference in fund costs, management fees and performance fees between each series means that each series has a different Unit Price.

Any purchase or reclassification instruction received after 4:00 p.m. (Toronto Time) on the last Valuation Date of the applicable weekly period will be processed on the last Valuation Date of the following applicable weekly period.

To obtain the NAV of a Fund or the Unit Price of a series of a Fund, at no cost, send an email to [info@venator.ca](mailto:info@venator.ca), visit Venator's website at [www.venator.ca](http://www.venator.ca), call 416-934-7994 or ask your dealer.

## **PURCHASES, SWITCHES, RECLASSIFICATIONS AND REDEMPTIONS OF UNITS**

You may purchase units through an authorized dealer or broker qualified in your province or territory. Your dealer is there to help you with your investment decisions to determine if a Fund is suitable for you to meet your own risk/return objectives and to place orders on your behalf.

### ***Purchases***

You may purchase any series of units of a Fund through an IIROC-registered dealer that has entered into a distribution agreement with us to sell the Fund. See "*Description of Units*" for a description of each series of units offered by the Funds. The issue price of units is based on the Unit Price for that particular series. Units may also be offered on a "private placement" basis in reliance upon exemptions from the prospectus requirements of applicable securities laws.

The minimum initial investment in Series A units, and Series F units of a Fund is \$2,000, while Series I units is \$5,000,000. The minimum subsequent investment of a Fund is \$500. These minimum investment amounts may be adjusted or waived in the discretion of the Manager.

Units of the Funds may be purchased as follows:

<b>Fund</b>	<b>Purchase Processing Frequency</b>
Venator Alternative Income Fund	Weekly
Venator Founders Alternative Fund	Weekly

If we receive your purchase order before 4:00 p.m. (Toronto Time) on the last Valuation Date of the applicable weekly purchase period, we will process your order at the Unit Price calculated as at the last Valuation Date of that period. A purchase order which is received and accepted by the Manager after 4:00 p.m. (Toronto time) on the last Valuation Date of the applicable purchase period will be calculated on the last Valuation Date of the following purchase period.

Please contact your dealer to find out how to place an order. Please note that dealers may establish cut-off times for receiving purchase orders so that they may be properly processed prior to the 4:00 p.m. (Toronto

Time) deadline on the applicable last Valuation Date of a purchase period. Your dealer may make provision in arrangements that it has with you that will require you to compensate your dealer for any losses suffered by your dealer in connection with a failed settlement of a purchase of units of a Fund caused by you. When you submit money with a purchase order, the money will be held in our trust account and any interest the money earns before it is invested in a Fund is credited to the applicable Fund, not to your account.

We must receive the appropriate documentation and payment in full within two business days of receiving your purchase order in order to process a purchase order. If the applicable Fund does not receive payment in full within the required time or if a cheque is returned because of non-sufficient funds, we will sell the securities that you bought. If we sell them for more than you paid, the applicable Fund will keep the difference. If we sell them for less than you paid, we will bill you for the difference plus any costs or interest. We do not issue certificates when you purchase a Fund. We are entitled to reject any purchase order, but we can only do so within one business day of receiving it. If we reject an order, we will return immediately to your dealer any monies we have received from you in connection with that order.

At the Manager's sole discretion, a Fund may suspend new subscriptions of the units. Please see "*Fees and Expenses*" and "*Dealer Compensation*" in the simplified prospectus for more information on the fees and expenses and dealer compensation applicable to each series.

### ***Switches***

Switches between Funds are not permitted.

### ***Reclassifications between Series of a Fund***

You may reclassify all or part of your investment from one series of units to another series of units of the same Fund, as long as you are eligible to hold that series of units. This is called a reclassification.

Units of the Funds may be reclassified as follows:

<b>Fund</b>	<b>Reclassification Processing Frequency</b>	<b>Required Notice Period</b>
Venator Alternative Income Fund	Weekly	at least 5 business days prior to a Redemption Date
Venator Founders Alternative Fund	Weekly	at least 5 business days prior to a Redemption Date

If we receive your reclassification order by 4:00 p.m. (Toronto Time) on the last business day of the applicable weekly period, we will process your order at the Unit Price calculated as of the Valuation Date that is the last business day of the applicable weekly period. Otherwise, we will process your order at the Unit Price calculated as of the Valuation Date that is the last business day of the following applicable weekly period.

Your dealer may charge you a reclassification fee of up to 2% based on the NAV of the applicable series of units of a Fund you reclassify from one series of units to another series of units of the Fund. You may negotiate the amount with your dealer. Please see "*Fees and Expenses*" and "*Dealer Compensation*" in the

simplified prospectus for more information on the fees and expenses and dealer compensation applicable to reclassifications.

The value of your investment, less any fees, will be the same immediately after the reclassification. You may, however, own a different number of units because each series may have a different Unit Price. A reclassification of one series of units of a Fund to another series of units of the same Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act. See “*Income Tax Considerations – Taxation of Unitholders – Units Not Held in a Registered Plan.*”

### ***Redemptions***

Units of the Funds may be redeemed as follows:

<b>Fund</b>	<b>Redemption Processing Frequency</b>	<b>Required Notice Period</b>
Venator Alternative Income Fund	Weekly	at least 5 business days prior to a Redemption Date
Venator Founders Alternative Fund	Weekly	at least 5 business days prior to a Redemption Date

You are entitled, by making a request to us through an authorized dealer, to redeem all or any part of the units registered in your name on the last business day of the applicable weekly period (such date being a “**Redemption Date**”). We may require that an investor’s signature on any redemption request be guaranteed by a bank, trust company, credit union or otherwise to our satisfaction.

Redemption orders for a Redemption Date must be received by 5:00 p.m. (Toronto time) on a date that is at least five (5) business days prior to a Redemption Date in order for a unit to be redeemed on such Redemption Date (the “**Redemption Notice Period**”). A unitholder who properly surrenders a unit for redemption will receive the Unit Price calculated on the Redemption Date. The Unit Price will be paid on or before the 10th business day following the Redemption Date (the “**Redemption Payment Date**”).

Redemption payments will be made in Canadian dollars.

A redemption order that is not received by us during that Redemption Notice Period or that is otherwise incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. Your dealer may make provision in arrangements that it has with you that will require you to compensate your dealer for any losses suffered by your dealer in connection with any failure by you to satisfy the requirements of the mutual fund or securities legislation for a redemption of units of a Fund.

Under extraordinary circumstances, the rights of investors to redeem units of a Fund may be suspended. This would most likely occur if normal trading is suspended on any stock exchange or quotation service, within or outside Canada, where a material part of a Fund’s investment portfolio is listed or quoted, or underlying market exposure, of the total assets of the Fund (without any allowance for liabilities) and if the assets of the Fund cannot be traded in any other market that represents a reasonably practical alternative for the Fund. The Manager may also suspend the redemption of units of a Fund with the consent of any securities commission or regulatory body having jurisdiction.

The Trustee shall be entitled, at any time and from time to time, at its sole and absolute discretion, to compulsorily redeem or cause to be redeemed all or any part of the units held by any unitholder, on such terms and conditions as the Trustee may, from time to time, determine, at its sole and absolute discretion, at the Unit Price of such series of units less, in the discretion of the Trustee, any redemption charge or other fee as provided for in the Declaration of Trust.

There are no redemption fees for a Fund, except as described under “*Short-Term Trading Fee*” of the simplified prospectus.

### ***Tax Effect of a Redemption***

A redemption is a disposition for purposes of the Tax Act and may give rise to a gain or loss. See “*Income Tax Considerations.*”

## **RESPONSIBILITY FOR FUND OPERATIONS**

### ***The Manager***

Venator Capital Management Ltd. is the Manager of the Funds. Venator is registered as a portfolio manager and exempt market dealer in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan and as an investment fund manager in Newfoundland and Labrador, Ontario and Quebec.

The registered office of the Manager is located at 2 Bloor Street West, Suite 901, Toronto, Ontario, M4W 3E2. The Manager can be contacted by telephone at 416-934-7994, or by email at [info@venator.ca](mailto:info@venator.ca). The Manager’s website is [www.venator.ca](http://www.venator.ca).

Pursuant to the Declaration of Trust, we retain full authority and responsibility to manage the business and affairs of each Fund and are responsible for each Fund’s day-to-day operations. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities.

### ***Directors and Executive Officers of the Manager***

The following are the names, municipalities of residence, offices held and principal occupations of the directors and executive officers of the Manager:

<b>Name</b>	<b>Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Brandon Osten	Toronto, Ontario	Ultimate Designated Person, Chief Executive Officer and Director	Chief Executive Officer and Portfolio Manager
Stephen Andersons	Toronto, Ontario	President and Director	President and Portfolio Manager
Susan Naylor	Burlington, Ontario	Chief Compliance Officer and Chief Financial Officer	Chief Compliance Officer and Chief Financial Officer
Earl Rotman	Toronto, Ontario	Chairman of the Board	Chairman of the Board

### ***Trustee***

Venator acts as the trustee of each Fund pursuant to its Declaration of Trust. The Trustee has those powers and responsibilities in respect of each Fund 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 each Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Trustee or any successor appointed pursuant to the terms of the Declaration of Trust may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed such Fund shall be terminated.

The Declaration of Trust provides that the Trustee and its affiliates have a right of indemnification from such Fund for any claims arising out of the execution of its duties as trustee, except in cases of negligence, willful default or bad faith on the part of the Trustee. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee, as described in the Declaration of Trust.

### ***Portfolio Manager***

Venator acts as the Portfolio Manager of each Fund. The Portfolio Manager is responsible for portfolio management and advisory services for the Funds. Investment decisions are made based on fundamental research and quantitative analysis. The investment decisions by the Portfolio Manager's portfolio management team are not subject to the oversight, approval or ratification of a committee.

The following table sets forth the individuals who are principally responsible for the day-to-day management of a material portion of the portfolio of the Funds:

<b>Fund</b>	<b>Portfolio Management and Advisory Team</b>
Venator Alternative Income Fund	Brandon Osten, Stephen Andersons
Venator Founders Alternative Fund	Brandon Osten

### **Brandon Osten, CFA**

The portfolio manager of the Manager that has primary responsibility for providing investment advice to the Funds is Brandon Osten, CFA. Prior to founding the Manager, Brandon Osten was an equity analyst and Director of Spratt 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 Spratt Securities Inc. from its founder Eric Spratt in 2000, Brandon became a Director of Spratt 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 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.

### ***Brokerage Arrangements***

The purchase and sale of portfolio securities will be arranged through registered brokers or dealers selected on the basis of our assessment of the ability of the broker or dealer to execute transactions promptly and on favourable terms, and the quality and value of services provided to each Fund by the broker or dealer, such as research, statistical and other services used in assessing potential investments (collectively, the “**Brokerage Services**”). Brokerage Services include advice, both directly and in writing, as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities, or purchasers or sellers of securities; analyses and reports concerning issues, industries, securities, economic factors and trends. Such services allow us to supplement our own investment research activities and obtain the views and information of others prior to making investment decisions. We make a good faith determination that each Fund receives a reasonable benefit from the use of the Brokerage Services received, if any, relative to the amount of brokerage commissions paid.

Brokerage fees will be paid at the most favourable rates available to each Fund as permitted by all statutory and regulatory requirements.

### ***Custodian***

The Manager, on behalf of each Fund, and The Bank of Nova Scotia (the “**Custodian**”) have entered into a custodian agreement dated January 23, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “**Custodian Agreement**”), whereby the Custodian has agreed to act as custodian for such Fund and to provide safekeeping and custodian services in respect of such Fund’s property.

The Custodian receives and holds all cash, portfolio securities and other assets of each Fund for safekeeping and on direction from a Fund will settle on behalf of the Fund the purchase and sale of the Fund’s assets. The fees for custodial services provided by the Custodian are paid by a Fund. The Custodian Agreement can be terminated by a Fund or by the Custodian on 60 days’ prior written notice.

***Auditor***

KPMG LLP, Chartered Professional Accountants, Toronto, Ontario, is the independent auditor of the Funds.

***Administrator***

The Manager, on behalf of the Funds, has entered into an administration agreement with SGGG Fund Services Inc., Toronto, Ontario, (the “**Administrator**”) dated as of August 27, 2013 (the “**Administration Agreement**”) to obtain certain administrative services for the Funds.

The Administrator is responsible for providing administrative services to the Funds, including maintaining the accounting records of each Fund, fund valuation, NAV calculation and financial reporting services. The fees for administrative services provided by the Administrator are paid by the Funds.

***Registrar***

SGGG Fund Services Inc., Toronto, Ontario, is the registrar for the Funds. In such capacity, it keeps a register of the owners of units of each Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.

Under the Administration Agreement, SGGG Fund Services Inc. is paid a fee for performing its duties as the registrar of each Fund.

***Lenders***

We, on behalf of the Funds, have entered into a prime brokerage agreement with the Scotia Capital Inc. (“**Scotia**”) dated January 23, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the “**Prime Broker Agreement**”). Pursuant to the terms of the Prime Broker Agreement, each Fund may borrow money from Scotia for investment purposes in accordance with its investment objective and strategies. Scotia is not an affiliate or associate of Venator.

**CONFLICTS OF INTEREST*****Principal Holders of Securities***

As at June 15, 2022, the outstanding shares of the Manager were owned, directly or beneficially as follows: Brandon Osten, 76.6%; Stephen Andersons, 19.8%; and Susan Naylor, 3.6%.

As at June 15, 2022, the members of the IRC do not own beneficially, directly or indirectly, in aggregate, any series of voting or equity securities of the Manager; any series of voting securities of any person or company that provides services to the Funds or the Manager; or more than 10% of the units of any Fund.

***Units of the Funds***

As at June 15, 2022, Venator’s directors and its officers own, directly or beneficially, an aggregate percentage of the units of each Funds as follows.

<b>Fund</b>	<b>Percentage of Units</b>
Venator Alternative Income Fund	19.99%
Venator Founders Alternative Fund	34.49%

### *Affiliated Entities*

There are no affiliated entities of the Manager that provide services to the Funds.

### **CORPORATE GOVERNANCE OF THE FUNDS**

Each Fund is governed in accordance with the provisions of the Declaration of Trust. Venator is responsible for fund governance and for the day-to-day administration of the Funds.

### *Independent Review Committee*

NI 81-107 requires all publicly offered investment funds, such as the Funds, to establish an independent review committee to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to the Manager and to unitholders in respect of its functions. The IRC's annual report of its activities for unitholders is available on the Funds' website at [www.venator.ca](http://www.venator.ca), or at the unitholder's request at no cost by contacting the Funds at 416-934-7994, or by email at [info@venator.ca](mailto:info@venator.ca).

The fees and expenses of the IRC are borne by the Funds. The Funds are also responsible for all expenses associated with insuring and indemnifying the IRC members.

The annual fee payable to each member is \$5,000 and \$7,000 for the Chair. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the Funds.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing each Fund. The IRC is empowered to represent the best interest of each Fund in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for such Fund.

The current members of the IRC are:

#### **Andrew Gordon - Chair**

Mr. Gordon spent over 25 years in the Canadian financial services industry. He began his career with Dominion Securities (now RBC Dominion Securities) in 1986 as a floor trader and was eventually transitioned to their Retail/International Desk trading securities for clients until 1992. Andrew joined Lowen, Ondaatje, McCutcheon (LOM) in 1994 as a senior equity trader covering institutional accounts until 1997 when he joined Yorkton Securities (now Macquarie Group) in a similar capacity. In 2003 he joined Sprott Securities (now Cormark Securities) as a Director responsible for both agency and liability trading until 2012.

Mr. Gordon graduated from Queens University with a B.A. Economics in 1984 and is a Fellow of Canadian Securities Institute (FCSI).

### **James Merkur**

Mr. Merkur serves as the President at Intercap Inc. He serves as Chief Executive Officer of Logan Peak Capital Inc. Mr. James Merkur serves as Lead Director of Canaccord Genuity Growth II Corp. since March 2019 and Docebo since July 2019. Prior to starting Intercap, Mr. Merkur was Managing Director and Head of Consumer and Industrial Group, Investment Banking at Canaccord Genuity Corp. Mr. James Merkur serves as Lead Director of Canaccord Genuity Growth II Corp. since March 13, 2019. In this role, Mr. Merkur provided senior coverage to public and private companies across Canada with a focus on merger and acquisition advisory and equity financings. He serves as the Vice Chairman of Brass Enterprises. He has been Independent Director at NYX Gaming Group Limited since January 1, 2016. Mr. Merkur serves as a Director of GuestLogix Inc.

Mr. Merkur has a wealth of experience in the public capital markets including senior roles at Canaccord Genuity, CIBC World Markets and Goldman Sachs. He has been Director of Canaccord Genuity Acquisition Corp. since June 28, 2017. Mr. Merkur serves as a Director at CryptoStar Corp. since September 26, 2018. He serves on the Board of Brass Enterprises and Logan Peak Capital.

Mr. Merkur holds a Bachelor of Commerce Degree from McGill University and a combined JD/MBA from the University of Toronto.

### **William J. Logie**

Mr. Logie has over 25 years of institutional and retail capital markets experience. During his career he oversaw the retail equity desk at CT Securities, founded an equity proprietary trading operation at Friedberg Mercantile, for 22 years successfully traded Canadian and US equity markets for clients and capital markets at TD Securities and Royal Bank Capital Markets.

Mr. Logie has a BA Mathematics, CSC, CPH, and PDO.

### ***Policies Regarding Business Practices***

The Manager maintains policies, procedures and guidelines concerning governance of the Funds. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Funds, and to ensure compliance with regulatory and corporate requirements. Each Fund is also managed in accordance with its investment guidelines and those guidelines are monitored regularly by appropriate personnel and senior management of the Manager to ensure compliance therewith.

The Manager is committed to the fair treatment of investors in the products managed by the Manager through the application of high standards of integrity and ethical business conduct by the employees of Venator. As a result of this, the Manager has established a Compliance Policies and Procedures Manual to guide the firm and its employees. This manual governs policies relating to the following subject matter: code of ethics and conduct, trading procedures and proxy voting, in addition to other procedures.

The Manager manages each Fund in the best interest of such Fund, in compliance with the requirements of NI 81-107 by setting out its policies and procedures for dealing with conflict of interest matters and providing guidance on managing these conflicts.

In addition to the policies, practices or guidelines applicable to the Funds relating to the business practices, sales practices, risk management and internal conflicts already disclosed in this Annual Information Form, all employees of the Manager are bound by the code of ethics and conduct which, among other things, addresses proper business practices and conflicts of interest and a trading and disclosure policy which sets out the policies and procedures of the Manager with respect to trading and disclosure.

### *Use of Derivatives and Short Sales*

The Portfolio Manager may use derivative instruments to reduce or hedge against various risks, including currency exchange risk associated with foreign investments, and as a substitute for purchasing or selling securities directly to obtain investment exposures consistent with its investment objective, strategies and risk management. The derivatives that the Portfolio Manager may use include, but are not limited to, options and forwards. The Portfolio Manager may also employ various option strategies to increase income return of a Fund's portfolio including, but not limited to, covered call and put option writing. No assurance can be given that a Fund's portfolio will be hedged from any particular risk at any time. Neither a Fund nor the Portfolio Manager has adopted written policies or procedures setting out the objectives and goals for derivatives trading by such Fund or the risk management procedures applicable to such transactions. The authorization of derivatives transactions and placing limits or other controls on derivatives trading is the responsibility of the Portfolio Manager. There are no individuals or groups that monitor the risks of derivatives trading by a Fund and who are independent of the Portfolio Manager.

A Fund may engage in short selling, where such short selling will be done in accordance with securities regulations or any exemptions received. Written policies and procedures regarding objectives and risk management procedures have been adopted by the Portfolio Manager in connection with its short selling activities. The authorization of short selling transactions and placing limits or other controls on short selling is the responsibility of the Portfolio Manager.

The Funds do not use risk measurement procedures or simulations to test the portfolio of a Fund under stress conditions.

### *Proxy Voting Policy*

With respect to a Fund's investments in voting securities, the policies and procedures that a Fund and the Manager (hereinafter referred to as the "**Proxy Holder**") follow when voting proxies relating to portfolio securities are as follows. The Proxy Holder votes proxies for a Fund in accordance with the proxy voting policies and procedures adopted by the Manager from time to time. In the case of both routine and non-routine matters, the Proxy Holder will take reasonable steps to ensure that proxies are received and voted in accordance with the best interests of a Fund, which generally means voting proxies with a view to enhancing the value of the shares held in such Fund. The financial interest of a Fund is the primary consideration in determining how proxies should be voted.

While serving as a framework, the proxy voting policy and procedures cannot contemplate all possible proposals with which a Fund may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Manager will evaluate the issue and cast a Fund's vote in a manner that, in the Manager's view, will maximize the value of such Fund's investment.

The current proxy voting policy and procedures of the Manager are available to unitholders at no cost by calling 416-934-7994, on the Manager's website at [www.venator.ca](http://www.venator.ca) or by writing to Venator Capital Management Ltd. At 2 Bloor Street West, Suite 901, Toronto, Ontario, M4W 3E2.

### *Short-Term Trades*

The Manager has not adopted policies and procedures relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities by investors.

### **INCOME TAX CONSIDERATIONS**

The following is a general summary, at the time of filing, of certain of the principal Canadian federal income tax considerations generally applicable to you as an investor in units of a Fund. This summary assumes you are an individual (other than a trust) who, for purposes of the Tax Act, (i) is a resident of Canada, (ii) deals at arm's length and is not affiliated with the applicable Fund, and (iii) holds units as capital property.

Provided that the applicable Fund qualifies as a "mutual fund trust" for the purposes of the Tax Act at all material times, certain unitholders who might not otherwise be considered to hold units as capital property may, in certain circumstances, be entitled to have such units and all other "Canadian securities" as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election available pursuant to subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current published administrative and assessing practices of 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 (such proposals referred to hereafter as the "**Tax Proposals**"). 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 other federal or any provincial, territorial or foreign income tax legislation or considerations. However, there can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary assumes that none of the issuers of securities held by a Fund will be a foreign affiliate of the Fund or any unitholder of the Fund, or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act, and that none of the securities held by a Fund will be a "tax shelter investment" within the meaning of the Tax Act. This summary also assumes that a Fund will not be (i) a "SIFT trust" for the purposes of the Tax Act, (ii) a "financial institution" for purposes of the Tax Act, or (iii) required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to you in respect of an investment in units of a Fund and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire units. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are urged to consult with your own tax advisors for advice with respect to the income tax consequences of an investment in units, based on your particular circumstances.**

### *Tax Status of the Funds*

This summary is based on the assumptions that (i) each Fund will qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act, and (ii) the Funds will not be maintained primarily for the benefit of non-residents.

In order to continue to qualify as a “mutual fund trust”, a Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of units. If the Fund does not qualify as a “mutual fund trust” at all times, the income tax considerations described below could be materially and adversely different.

Provided that a Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, units of the Fund will be “qualified investments” under the Tax Act for Registered Plans.

### *Taxation of the Funds*

In each taxation year, a Fund will be subject to tax under Part I of the Tax Act on its net income, including the taxable portion of any net capital gains, if any, that is not paid or made payable to unitholders in that year. Provided the Fund distributes all of its net taxable income and its net capital gains to its unitholders on an annual basis, it should not be liable for any income tax under Part I of the Tax Act.

A Fund is required to include, in computing its income for each taxation year, the taxable portion of any net capital gains, any dividends received (or deemed to be received) by it in that taxation year and all interest that accrues to it during the year, or which 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. Distributions and allocations of certain income and capital gains from “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act) received by a Fund will be treated as dividends paid from taxable Canadian corporations. In computing its income, a Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

A Fund 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 redemption of its Units during the year (“**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale or other dispositions of investments in the Fund in connection with the redemption of Units.

Gains and losses realized by a Fund on the disposition of securities will generally be reported as capital gains and capital losses. Each Fund will elect under subsection 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and subject to the detailed rules in the Tax Act. Whether gains or losses realized by a Fund in respect of a particular security (other than a Canadian security) are on income or capital account will depend largely on factual considerations.

A Fund is subject to the suspended loss rules contained in the Tax Act. A loss realized by the Fund on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Fund, or a person affiliated with the Fund, acquires a property (a “**substituted property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund, or a person affiliated with the Fund, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund’s capital gains until the substituted property is sold and is not reacquired by the Fund, or a person affiliated to the Fund, within 30 days before and after the sale.

In computing its income for tax purposes, a Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on any loan entered into by the Fund generally to the extent borrowed funds are used to purchase portfolio securities. Losses incurred by a Fund in a taxation year cannot be allocated to unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

A Fund's portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

A Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act, subject to the detailed provisions of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund's income, the Fund may generally designate a portion of its foreign source income in respect of its unitholders so that such income, and a portion of the foreign tax paid by the Fund, may be regarded as foreign source income of, and foreign tax paid by, the unitholders for the purposes of the foreign tax credit provisions of the Tax Act.

## **Taxation of Unitholders**

### *Units Held in a Registered Plan*

The units of the Funds are expected to be qualified investments for, and may be held in, a TFSA, RRSP, RRIF, RESP, RDSP or DPSP (each, a “**Registered Plan**” and collectively, “**Registered Plans**”). If you hold units of a Fund in a Registered Plan, distributions from the Fund and capital gains from a redemption (or other disposition) of units in respect of the Registered Plan are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan (however, withdrawals from a TFSA are generally not subject to tax).

Notwithstanding the foregoing, if the units of a Fund are “prohibited investments” (as defined in the Tax Act) for your Registered Plan (other than a DPSP), you—as the holder of the TFSA or the RDSP, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be—may be subject to a penalty tax as set out in the Tax Act. The units of a Fund will be a “prohibited investment” for your Registered Plan (other than a DPSP), if you (i) do not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) have a “significant interest”, as defined in the Tax Act, in the Fund. Generally, you will not have a significant interest in the Fund unless you own interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which you do not deal at arm's length. In addition, your units will not be a “prohibited investment” if such units are “excluded property” as defined in the Tax Act for the Registered Plan.

You should consult with your own tax advisors to determine whether units of a Fund would be a “prohibited investment” for your Registered Plan, based on your particular circumstances. Further, if you hold units of a Fund in a Registered Plan, you should consult your own tax advisor before deciding to exercise the

redemption rights attached to the units of the Fund, as non-cash assets that may be received in payment for any such redemption may not be qualified investments for Registered Plans.

#### *Units Not Held in a Registered Plan*

If you hold units of a Fund outside a Registered Plan, you will generally be required to include in computing your income for a taxation year the portion of the net income of the Fund, including the taxable portion of any capital gains, if any, paid (or payable) to you by the Fund in that taxation year, whether such amounts are paid in cash or automatically reinvested in additional units.

Generally, any distributions to you in excess of your share of the net income and net capital gains of the Fund in a taxation year are a return of capital and will not be taxable to you, but will reduce the adjusted cost base of your units. To the extent that the adjusted cost base of your units would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by you and your adjusted cost base will be nil immediately thereafter. The non-taxable portion of any net capital gains of the Fund that is distributed to you will not be taxable and will not reduce the adjusted cost base of your units provided the appropriate designations are made by the Fund.

The higher the portfolio turnover rate of the Fund in a year, the greater the chance that an amount will be declared payable or paid in respect of your units of the Fund prior to the end of the year. However, there is not necessarily a relationship between a high turnover rate of the Fund's portfolio and the performance of the Fund.

Provided that appropriate designations are made by the Fund, such portion of (i) the taxable portion of any net capital gains of the Fund, and (ii) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to you will effectively retain their character and be treated as such in your hands. The gross-up and dividend tax credit rules contained in the Tax Act will apply to such amounts that are designated as taxable dividends from taxable Canadian corporations. If the Fund makes the appropriate designation, you may be entitled to claim a foreign tax credit in accordance with the provisions of, and subject to the general limitations under, the Tax Act for a portion of the foreign tax paid by the Fund in respect of income from foreign sources.

The Unit Price at the time you acquire units may reflect income and gains of the Fund that have accrued prior to that time. Accordingly, if you acquire units, particularly late in a calendar year, you may become taxable on the income or gains of the Fund that accrued before those units were acquired by you.

We will provide you with prescribed information in the form required by the Tax Act to assist you in preparing your tax return.

Upon the redemption (or other disposition) of a unit of a particular series of units of a Fund, including on a redemption of units to pay any applicable reclassification fees, you will realize a capital gain (or capital loss) to the extent that your proceeds of disposition (i.e., the amount you receive for that unit) exceed (or are less than) your adjusted cost base of the unit and any reasonable costs of disposition. Your adjusted cost base of a single unit of a particular series of units of the Fund at any particular time will generally be the average cost of all such units held by you at that time. For the purpose of determining the adjusted cost base of your units of a particular series of units of the Fund, when units are acquired, including on the reinvestment of distributions, the cost of the newly acquired units will generally be averaged with the adjusted cost base of all such units owned by you as capital property immediately before that time.

One-half of any capital gain realized by you in a taxation year on the disposition of units will be included in your income for that taxation year and one-half of any capital loss realized by you must be deducted from the taxable portion of any capital gains realized in that taxation year. One-half of any unused capital losses may be deducted by you against the taxable portion of any capital gains arising in the three immediately preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act.

In general terms, net income of a Fund paid or payable to you that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of units may increase your potential liability for alternative minimum tax.

A switch of units of a Fund to units of the same series of another Fund will constitute a redemption for the purposes of the Tax Act. A reclassification of one series of units of a Fund to another series of units of the same Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act.

If you hold Series I units, you should consult your own tax advisors with respect to the deductibility of any management fees and performance fees you pay directly to the Manager.

#### *Calculating the Adjusted Cost Base of a Unit of a Fund*

You must separately compute the adjusted cost base in respect of each series of units of a Fund that you own. The adjusted cost base in respect of any series of units of a Fund that you own must be calculated in Canadian dollars.

The total adjusted cost of your units of a particular series of units of a Fund (the “subject series”) is generally equal to:

- the total of all amounts you paid to purchase those units, including any sales charges paid by you at the time of purchase; plus
- the adjusted cost base of any units of another series of units of the Fund that you hold that were reclassified as units of the subject series; plus
- the amount of any reinvested distributions in respect of units of the subject series; less
- the return of capital component of distributions paid to you in respect of your units of the subject series; and less
- the adjusted cost base of any of your units of the subject series that have been redeemed.

The adjusted cost base of a single unit of a subject series is the total adjusted cost base of units of the subject series held by you divided by the number of units of the subject series that you hold at the relevant time.

#### **Tax Reporting**

Generally, you will be required to provide your financial advisor with information related to your citizenship, tax residence and, if applicable, your foreign tax identification number. If you are identified as a U.S. citizen (including a U.S. citizen living in Canada), U.S. resident, or a foreign tax resident, details of your investment in a Fund will generally be reported to the CRA unless units are held inside a registered plan. The CRA may provide the information to the relevant foreign tax authorities under exchange of information treaties or other agreements.

## **U.S. Foreign Account Tax Compliance Act**

In March 2010, the U.S. enacted FATCA, which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an IGA, which establishes a framework for cooperation and information sharing between the two countries and may provide relief from the FATCA Tax for Canadian entities, such as the Funds, provided that (i) the Funds comply with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Funds will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, holders of units of a Fund are required to provide identity and residency for tax purposes and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by “Specified U.S. Persons”, will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the IRS. The Funds may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Funds are otherwise unable to comply with any relevant and applicable U.S. legislation.

## **International Tax Reporting**

On December 15, 2016, Part XIX of the Tax Act was enacted, which came into force on July 1, 2017, and which implemented the Organization for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are tax resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident for tax purposes, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, unitholders are required to provide certain information regarding their investment in a Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

## **REMUNERATION OF DIRECTORS AND OFFICERS**

The Funds do not directly employ any directors, officers or trustees to carry out Fund operations. The Manager, as manager of the Funds, provides or retains all personnel necessary to conduct the Funds’ operations.

## **MATERIAL CONTRACTS**

The material contracts entered into by each Fund as of the date of this Annual Information Form are:

- (ee) the Declaration of Trust; and
- (ff) the Custodian Agreement.

Copies of these agreements are available for inspection at the principal office of the Manager during regular business hours and are also available on [www.sedar.com](http://www.sedar.com).

**LEGAL AND ADMINISTRATIVE PROCEEDINGS**

As of the date of this Annual Information Form, there are no ongoing material legal or administrative proceedings pending to which the Funds or the Manager is a party or which are known to be contemplated.

**CERTIFICATE OF THE FUNDS, THE MANAGER, THE TRUSTEE AND THE PROMOTER**

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentations.

DATED: June 30, 2022.

*(signed) "Brandon Osten"*

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Brandon Osten  
Chief Executive Officer  
Venator Capital Management Ltd.  
as Manager and Trustee

*(signed) "Susan Naylor"*

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Susan Naylor  
Chief Financial Officer and Chief Compliance  
Officer  
Venator Capital Management Ltd.  
as Manager and Trustee

**ON BEHALF OF THE DIRECTORS OF VENATOR CAPITAL MANAGEMENT LTD.,**  
as Manager, Trustee and Promoter of the Funds

*(signed) "Earl Rotman"*

\_\_\_\_\_  
Earl Rotman  
Director

*(signed) "Stephen Andersons"*

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Stephen Andersons  
Director

## Venator Funds

Additional information about the Funds is available in the Funds' simplified prospectus, and each Fund's fund facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost, by calling 416-934-7994, online at [www.venator.ca](http://www.venator.ca), by email to [info@venator.ca](mailto:info@venator.ca), or from your dealer.

These documents and other information about the Funds, such as material contracts and information circulars, are also available at [www.sedar.com](http://www.sedar.com).

Venator Capital Management Ltd.  
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Toronto, Ontario M4W 3E2

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