



# Venator Alternative Income Fund

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ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2022

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This Annual Management Report of Fund Performance (“MRFP”) contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can obtain a free copy of the annual Financial Statements at your request, at no cost, by calling Venator Capital Management Ltd. directly at 416-934-7994; by writing to us at Venator Capital Management Ltd., 2 Bloor Street West, Suite 901, Toronto, ON, M4W 3E2; by email to [info@venator.ca](mailto:info@venator.ca); or by visiting our website at [www.venator.ca/resources](http://www.venator.ca/resources) or the SEDAR website at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us or visit our website to obtain a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, and Fund-related quarterly disclosure at no cost.

This Annual Management Report of Fund Performance represents management’s view of the significant factors and developments affecting the investment fund’s performance and outlook until December 31, 2022.

Please refer to the Fund’s Simplified Prospectus, Fund Facts and the 2022 audited annual Financial Statements for more information.

### **Caution regarding forward-looking statements**

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and of similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risk, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these differences, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

Please note that the afore-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and urge you to avoid placing undue reliance on forward-looking statements. The forward-looking information contained in this report is current only as of the date of this report. Further, you should be aware that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

## Management Discussion of Fund Performance

The management discussion of fund performance presents the view of the portfolio management team concerning significant factors and developments that have affected the Fund's performance and outlook.

Please read the caution on the preceding page regarding forward-looking statements.

### Investment Objectives and strategies

The investment objective of Venator Alternative Income Fund (the "Fund") is to provide unitholders with long-term returns through an actively managed and diversified portfolio of primarily global fixed income securities by opportunistically utilizing both long and short positions.

The Fund will primarily invest, directly or indirectly through the use of derivatives, in global developed markets fixed income securities including, but not limited to, government bonds, corporate bonds, bank loans, high yield bonds, securitized credit tranches, convertible bonds, preferred shares, common equity and cash and/or cash equivalents. The Fund has a flexible mandate to invest in both investment grade and non-investment grade securities.

The fundamental investment objective of the Fund will not change without consent of a majority of voting unitholders of the Fund.

### Exemptions from National Instrument 81-102

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 ("NI 81-102"), which 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 Fund in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations. The following provides a description of the exemptions that the Fund has obtained from the provisions of NI 81-102, and/or a description of the general investment activity.

The Fund has obtained the following exemptions from NI 81-102:

- 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),
  - 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
  - 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
- Subsection 9.3(1), to permit the 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

- Subsection 10.3(1), to permit the Fund to process redemption orders for its units, as described in the 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").

### Risk

The risks of investing in the Fund remain as outlined in the simplified prospectus. The Fund is suitable for investors looking for a diversified portfolio of short-dated fixed income securities to hold as part of balanced portfolio. The Fund is an alternative to traditional fixed income funds and appropriate for investors with low/medium risk tolerances, who also have a medium-to-long term time horizon.

### Results of operations

The management discussion of Fund performance presents the views of the portfolio management team concerning significant factors and developments that have affected the Fund's performance and outlook. Please read the caution on the preceding page regarding forward-looking statements.

Series F Units of Venator Alternative Income Fund returned -15.3% for the year ended December 31, 2022 ("Reporting Period"), versus -9.5% for the Fund's benchmark. The Fund's benchmark is comprised of a 75% weighting in the Bank of America Merrill Lynch High Yield Index and a 25% weighting in the Bloomberg Canadian High Yield Index. Unlike the benchmark, the Fund's return is quoted after the deduction of fees and expenses. Returns for other series of the Fund may vary, largely due to difference in fees and expenses. Please refer to the Past Performance section for returns of the various unit series offered by the Fund.

### Borrowing

During the reporting period, the Fund's minimum amount of borrowing was \$13,228,284, which represented 24.8% of the Fund's net assets under management. The maximum amount of borrowing was \$40,346,861, which represented 54.8% of the Fund's net assets under management. The Fund utilized borrowing to achieve its investment objectives by borrowing money from its prime broker, which is an entity qualified to act as a custodian and was done as per the borrowing agreement in accordance with standard industry practice.

### Market Update

Over the reporting period, the Canadian and US economies saw broad based weakness due to inflation and higher interest rates from Central banks. Higher inflation and aggressive Central Bank actions created concerns regarding a broad recession which has impacted financial markets. The equity market weakness negatively impacted our Convertible positions as the embedded options became less valuable, while higher interest rates had a negative effect on yield instruments. The events in Russia and the Ukraine further complicated matters as energy and food experienced inflation beyond the supply chain inflation that had already taken hold. The high yield bond market generally follows the stock market in the short term, which had a negative impact on the strategy. Despite the weakness in yield markets, there has been

no noticeable uptick in corporate defaults which has resulted in much higher expected returns to maturity from this point forward.

*Key Contributors/Detractors*

The Fund mildly underperformed its benchmark over the Reporting Period. The following factors contributed to this result:

- The convertible securities underperformed the benchmark owing to a combination of a decline in value of the embedded options and higher risk-free rates.
- Our high yield bonds performed as expected given the correlation to equities and the higher interest rate environment.
- The benchmark has over 2000 securities, most of which do not fit the risk profile of the Fund. Comparatively, the Fund has held approximately 40-50 securities in its portfolio throughout 2022.

**Recent developments**

Looking forward, we believe the North American central bank tightening cycle is nearing its end. While growth may be tougher to come by, we believe economic prospects are fairly stable. We also believe that corporate balance sheets are generally in better condition than in the past two downcycles.

We do not see the US and Canadian central banks moving interest rates significantly higher and expect them to remain below the 50-year historical average of 5.47% (US) and 30-year average of 5.8% (Canada). We believe portions of inflation that are currently present are the result of supply-side bottlenecks, and these will likely ease in the foreseeable future as global economic activity gets back to more normal levels. The outbreak of war in the Ukraine with Russia has resulted in significant volatility. We hope for a quick resolution for all parties involved and will be looking for opportunities created by the uncertainty war brings. We remain focused on protecting principal through superior security selection and remain invested in relatively short-term securities with an average term to maturity of 4.1 years.

**Related party transactions**

For the year ended December 31, 2022, Venator Capital Management Ltd. was responsible for the day-to-day business operations and affairs of the Fund and, on this basis, was entitled to fees as described under “Management Fees” and “Performance Fees” below.

**Management Fees**

As a result of providing investment and management services, Venator Capital Management Ltd. receives a management fee calculated and accrued daily based on the NAV of the series of units of the Fund, plus applicable taxes, payable on the last day of each calendar month. For the year ended December 31, 2022, the Fund incurred \$710,472 in management fees and applicable taxes. Management fees, if any, in respect of Series I units are direct fees negotiated with the investor.

Venator Capital Management Ltd. uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s units, investment advice, as well as general administrative expenses relating to Venator’s role as Manager.

The annual management fees and a breakdown of the major services rendered for each series, as a percentage of the management fees paid, are as follows:

As a Percentage of Management Fees			
Series of Units	Annual Mgmt. Fees	Dealer Compensation	General Administration & Investment Advice
Series F	1.00%	-	100.00%
Series A	2.00%	50.00%	50.00%

*Please Note: There are no management fees paid by the Fund in respect to Series I Units of the Fund. Series I unitholders pay a negotiated fee directly to Venator Capital Management Ltd.*

**Performance Fees**

If the Fund generates a net profit (after payment of all other fees and expenses), the Manager is eligible to receive a performance fee in respect of each series of unit of the Fund on each performance valuation date, based on the amount by which the NAV of a unit of each series on the valuation date exceeds an annualized current year return of 5% over the series high-water mark (the “threshold rate”).

High-water mark means the highest NAV of a unit of such series on any performance valuation date, as adjusted for any distributions declared on such unit from the date of such NAV to the last valuation date in the previous calendar year (“adjusted NAV per unit”). The calculation of the NAV of a unit of a series will therefore exclude the effect of any distribution on units of such series. The performance valuation date means the last valuation date in each calendar year.

In any period in which the performance fee is payable and the NAV per unit of a series exceeds the high-water mark, unitholders of such series will be entitled to, with respect to each unit held of such series, (i) all of the increase in the adjusted NAV per Unit up to the threshold rate and (ii) 90% of any increase in adjusted NAV per Unit in excess of the threshold rate plus 0.5%. The Manager will be entitled to (i) all of the increase in adjusted NAV per Unit 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%.

For example, for all units on an annualized basis, the return will be allocated such that any return above the High Water Mark from (i) 0.001% to 5% will be accrued to the unitholders’ benefit; (ii) 5.001% to 5.5% will be accrued to the benefit of the Manager in the form of a performance fee; and (iii) above 5.5% will be accrued 90% to the benefit of the unitholders and 10% to the Manager as a performance fee.

The performance fee will be accrued for each series of units on a daily basis with any such accrued performance fee payable to the Manager on the Performance Valuation Date.

The Manager shall also be entitled to receive a performance fee in respect of units redeemed as if the redemption date were a performance valuation date, with such performance fee to be paid on or before the 10th business day following the performance valuation date or redemption date, as the case may be. Performance fees are subject to applicable taxes including HST.

Investors in Series I units may negotiate a different performance fee than the one described above, which not exceed the performance fee payable on Series A units, Series D units or Series F units of the Fund.

For the period ended December 31, 2022, the Fund accrued \$nil in performance fees and applicable taxes.

**Other Related Party Transactions**

The Manager, its officers and directors invest in units of the Fund from time to time in the normal course of business. All related party transactions with the Manager are based on the applicable NAV per series of unit for each transaction date. As of December 31, 2022, 1,296,669 Units were held by the Manager and unitholders related to the Manager, totaling approximately 14.00% of the Fund’s NAV.

**Independent Review Committee**

Venator appointed an Independent Review Committee (“IRC”) consisting of three independent members, which was established under the Canadian Securities Administrators’ National Instrument 81-107 (the “Instrument”). The IRC’s mandate is to review and provide input on the Manager’s written policies and procedures that pertain to conflict of interest matters with respect to the funds managed by Venator.

The Fund receives standing instructions (the “SI”) from the IRC. The SI constitutes a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the SI on an ongoing basis. The SI is designed to ensure that the Manager’s actions are carried out in accordance with the law, the instrument and the Manager’s policies and procedures in order to achieve a fair and reasonable result for the Fund. The SI outlines actions related to (a) Fees and Expenses, (b) Trade Allocations, (c) Broker Selection, (d) Portfolio Pricing Issues, amongst other things. The Manager must provide the IRC with a written report summarizing each instance where the Manager has relied on the SI. For the year ended December 31, 2022, the IRC did not provide any recommendations to the Manager.

Additional information about the IRC is available in the Simplified Prospectus and Annual Information Form for the Fund. IRC members receive fees and reimbursement of expenses for services provided to the Fund.

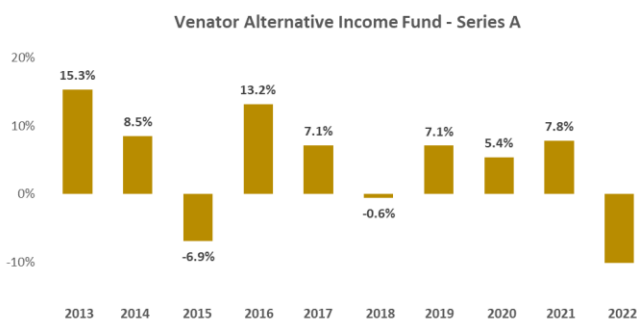
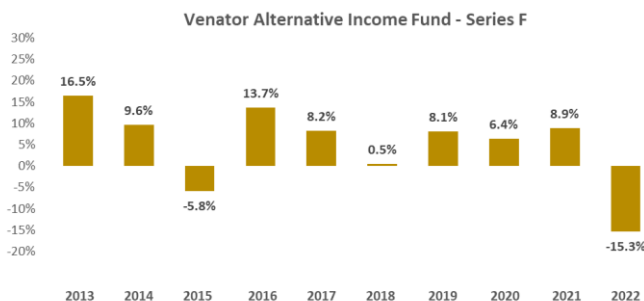
**Past Performance**

The following charts show how the Fund has performed in the past and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be different if an investor did not reinvest distributions. They do not include deduction of sales, switch, redemption, or other optional charges (which dealers may charge) or income taxes payable, and these returns would be lower if they did. The Fund’s past performance does not necessarily indicate how it will perform in the future.

**Year-by-year returns**

The bar charts below illustrate the Fund’s performance for each of the fiscal periods shown. They show, in percentage terms, how an

investment made on the first day of the period would have increased or decreased by the last day of the period.



\*The returns are for the year ended December 31 of the year shown

**Annual compound returns**

The tables below summarize the Fund’s annualized performance for its Series A & F units, as well as the Fund benchmark, as of December 31, 2022.

	1-YR	3-YR	5-YR	10-YR	**Since Inception
Series F	-15.3%	-0.6%	1.3%	4.7%	8.0%
Series A	-16.3%	-1.7%	0.2%	3.6%	6.8%
Fund Benchmark	-9.5%	0.5%	2.6%	4.2%	6.6%

\*Fund benchmark is 75% Bank of America Merrill Lynch High Yield Index and 25% Bloomberg Canadian High Yield Corporate Bond Index

\*\*Series F inception is Aug. 1, 2008; Series A inception is Aug. 1, 2009.

**Financial highlights**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the year ended December 31, 2022, and the past 5 fiscal years. This information is derived from the Fund's .

Series A	2022	2021	2020	2019	2018	2017
<b>Fund's net assets per unit (Note 1)</b>						
<b>Net assets per unit, beginning of period</b>	\$ 5.96	\$ 5.73	\$ 5.70	\$ 5.52	\$ 5.78	\$ 5.69
Increase (Decrease) from Operations:						
Total revenue	\$ 0.42	\$ 0.31	\$ 0.37	\$ 0.42	\$ 0.50	\$ 0.45
Total expenses	\$ (0.26)	\$ (0.25)	\$ (0.20)	\$ (0.31)	\$ (0.28)	\$ (0.28)
Realized Gains (Losses) for the period	\$ (0.74)	\$ 0.18	\$ 0.19	\$ 0.36	\$ (0.33)	\$ 0.58
Unrealized Gains (Losses) for the period	\$ (0.42)	\$ 0.22	\$ (0.14)	\$ (0.08)	\$ 0.09	\$ (0.35)
<b>Total Increase (Decrease) from Operations</b>	\$ (1.00)	\$ 0.46	\$ 0.21	\$ 0.39	\$ (0.02)	\$ 0.40
<b>Distributions to unitholders:</b>						
From Net Investment Income	\$ (0.10)	\$ (0.07)	\$ (0.14)	\$ (0.15)	\$ (0.12)	\$ (0.13)
From Capital Gains	\$ -	\$ (0.10)	\$ (0.00)	\$ (0.05)	\$ (0.06)	\$ (0.08)
From Dividends	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.09)
From Return of Capital	\$ (0.11)	\$ (0.04)	\$ (0.08)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Total Annual Distributions to Unitholders</b>	\$ (0.22)	\$ (0.22)	\$ (0.24)	\$ (0.21)	\$ (0.23)	\$ (0.30)
<b>Net assets per unit, end of period (Note 2)</b>	\$ 4.78	\$ 5.96	\$ 5.73	\$ 5.70	\$ 5.52	\$ 5.78
<b>Ratios and supplemental data (Note 3)</b>						
Total net asset value ('000s)	\$ 1,625	\$ 3,044	\$ 3,158	\$ 3,684	\$ 3,741	\$ 5,001
Number of units outstanding ('000s)	340	511	551	647	678	864
Management expense ratio (Note 4)	2.57%	3.57%	3.23%	3.15%	2.40%	3.23%
<b>Net asset value per unit</b>	\$ 4.78	\$ 5.96	\$ 5.73	\$ 5.70	\$ 5.52	\$ 5.78

Series F	2022	2021	2020	2019	2018	2017
<b>Fund's net assets per unit (Note 1)</b>						
<b>Net assets per unit, beginning of period</b>	\$ 6.52	\$ 6.49	\$ 6.36	\$ 6.17	\$ 6.41	\$ 6.29
Increase (Decrease) from Operations:						
Total revenue	\$ 0.47	\$ 0.35	\$ 0.41	\$ 0.48	\$ 0.55	\$ 0.51
Total expenses	\$ (0.23)	\$ (0.21)	\$ (0.18)	\$ (0.29)	\$ (0.24)	\$ (0.24)
Realized Gains (Losses) for the period	\$ (0.91)	\$ 0.23	\$ 0.27	\$ 0.40	\$ (0.38)	\$ 0.66
Unrealized Gains (Losses) for the period	\$ (0.38)	\$ 0.17	\$ (0.11)	\$ (0.10)	\$ 0.12	\$ (0.42)
<b>Total Increase (Decrease) from Operations</b>	\$ (1.04)	\$ 0.54	\$ 0.40	\$ 0.49	\$ 0.05	\$ 0.51
<b>Distributions to unitholders:</b>						
From Net Investment Income	\$ (0.19)	\$ (0.16)	\$ (0.21)	\$ (0.24)	\$ (0.20)	\$ (0.18)
From Capital Gains	\$ -	\$ (0.38)	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ (0.10)
From Dividends	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.10)
From Return of Capital	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.10)
<b>Total Annual Distributions to Unitholders</b>	\$ (0.22)	\$ (0.55)	\$ (0.24)	\$ (0.31)	\$ (0.26)	\$ (0.38)
<b>Net assets per unit, end of period (Note 2)</b>	\$ 5.31	\$ 6.52	\$ 6.49	\$ 6.36	\$ 6.17	\$ 6.41
<b>Ratios and supplemental data (Note 3)</b>						
Total net asset value ('000s)	\$47,393	\$73,600	\$ 62,907	\$ 55,474	\$ 49,384	\$ 66,199
Number of units outstanding ('000s)	8,922	11,289.00	9,691	8,724	8,007	10,332
Management expense ratio (Note 4)	1.47%	2.47%	2.39%	2.21%	2.21%	2.24%
<b>Net asset value per unit</b>	\$ 5.31	\$ 6.52	\$ 6.49	\$ 6.36	\$ 6.17	\$ 6.41

Series D	2022	2021	2020	2019	2018	2017
<b>Fund's net assets per unit (Note 1)</b>						
<b>Net assets per unit, beginning of period</b>	\$ 5.29	\$ 5.09	\$ 5.00			
Increase (Decrease) from Operations:						
Total revenue	\$ 0.07	\$ 0.27	\$ 0.27			
Total expenses	\$ (0.04)	\$ (0.19)	\$ (0.14)			
Realized Gains (Losses) for the period	\$ 0.07	\$ 0.19	\$ 0.24			
Unrealized Gains (Losses) for the period	\$ (0.33)	\$ 0.12	\$ (0.05)			
<b>Total Increase (Decrease) from Operations</b>	\$ (0.22)	\$ 0.39	\$ 0.31			
<b>Distributions to unitholders:</b>						
From Net Investment Income	\$ -	\$ (0.10)	\$ (0.16)			
From Dividends	\$ -	\$ (0.01)	\$ (0.01)			
Return of Capital	\$ (0.06)	\$ (0.11)	\$ (0.03)			
<b>Total Annual Distributions to Unitholders</b>	\$ (0.06)	\$ (0.22)	\$ (0.20)			
<b>Net assets per unit, end of period (Note 2)</b>	\$ -	\$ 5.29	\$ 5.09			
<b>Ratios and supplemental data (Note 3)</b>						
Total net asset value ('000s)	\$ -	\$ 25	\$ 21			
Number of units outstanding ('000s)	\$ -	5	4			
Management expense ratio (Note 4)	0.47%	3.00%	2.63%			
Net asset value per unit	\$ -	\$ 5.29	\$ 5.09			

**Notes**

- Net assets per unit is calculated as follows:
  - This information is derived from the Fund's audited annual financial statements and its annual audited financial statements.
  - Net assets per unit of a series are based on the number of units outstanding for that series at the relevant time. The increase (decrease) from operations per unit of a series is based on the weighted-average number of units outstanding for that series during the period.
  - Distributions per unit of a series are based on the number of units outstanding for the series on the record dates for distributions. Distributions were reinvested in additional units of the Fund.
  - The financial highlights are not intended to act as a continuity of the opening and closing net assets per unit.
- The net assets are calculated in accordance with IFRS.  
The Series D units were fully redeemed at March 31, 2022.
- This information is presented as of December 31 of the year shown.
- The management expense ratio ("MER") is calculated as the total expenses paid by each series of the Fund, including applicable taxes and excluding margin interest, commissions and other portfolio transaction costs, as an annualized percentage of the daily average NAV of each series of the Fund during the period. In the period a series is established or fully redeemed, the MER is annualized.

Fund level ratios (Series A, D F)	2022	2021	2020	2019	2018	2017
Trading expense ratio (Note 5)	2.44%	0.71%	0.63%	2.43%	2.67%	1.64%
Portfolio Turnover rate (Note 6)	90.08%	92.60%	131.63%	106.69%	118.85%	121.96%

- The trading expense ratio represents margin interest, borrow fees on investments sold short, total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV. The trading expense ratio is calculated at the fund level and applies to all series of the Fund.
- Portfolio turnover rate is calculated at the fund level based on the lesser of purchases or proceeds of sales of securities for the year, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the year. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and fund performance.

# Venator Alternative Income Fund

Annual Management Report of Fund Performance  
For the period ended December 31, 2022

## Summary of Investment Portfolio (as of December 31, 2022)

The Summary of Investment Portfolio will change due to ongoing portfolio transactions of the Fund. A quarterly update is available - to obtain a copy please consult our website at [www.venator.ca/resources](http://www.venator.ca/resources); call us at 416.934.7998; or email us at [info@venator.ca](mailto:info@venator.ca).

	% of Net Asset Value
<b>GEOGRAPHIC ALLOCATION</b>	
Canada	24.3
United States	96.8

	% of Net Asset Value
<b>PORTFOLIO ALLOCATION</b>	
High Yield Bonds	81.9
Convertible Bonds	25.1
Preferred Shares	7.8
Equities	6.3
Cash and cash equivalents	0.0

	% of Net Asset Value
<b>FIXED INCOME CREDIT RATINGS</b>	
Aaa	0.0
Aa	0.0
A	0.0
Baa	0.0
Ba	21.8
B	41.4
Caa	6.5
Non-rated	37.3

\*Credit ratings have been obtained from Moody's or DBRS Ltd

**TOTAL NET ASSET VALUE (CAD) \$49,017,448**

## SECTOR ALLOCATION

	% of NAV		
	Long	Short	Net
Consumer Discretionary	31.4	0.0	31.4
Consumer Staples	0.0	0.0	0.0
Energy	5.4	0.0	5.4
Financials	6.4	0.0	6.4
Healthcare	9.0	0.0	9.0
Industrials	24.0	0.0	24.0
Technology	4.1	0.0	4.1
Basic Materials	10.7	0.0	10.7
Real Estate	16.9	0.0	16.9
Communication Services	7.0	0.0	7.0
Utilities	0.0	0.0	0.0
SPACs	6.2	0.0	6.2
<b>TOTAL</b>	<b>121.1</b>	<b>0.0</b>	<b>121.1</b>

## TOP 25 INVESTMENTS

	% of Net Asset Value
Uber Technologies Inc. (8.00%, Nov 1, 2026)	7.0
Par Petroleum LLC (7.75%, Dec 15, 2025)	5.4
Brookfield Ppty Reit Inc (5.75% May 15, 2026)	5.1
Chemours Co (5.75% Nov 15, 2028)	5.0
M/I Homes Inc. (4.95% Feb 1, 2028)	4.9
Forestar Group Inc. (5% Mar 1, 2028)	4.8
ZipRecruiter Inc. (5% Jan 15, 2030)	4.6
Porch Group Inc. (0.75%, Sep 15, 2026) - CONV \$25.0028	4.5
NorthWest Health Prop REIT (5.50%, Dec 31, 2023) - CONV \$13.35	4.1
Caesars Entertainment Inc. (8.125% Jul 1, 2027)	4.1
Dye & Durham Limited (3.75%, Mar 1, 2026) – CONV \$73.25	4.1
TransDigm Inc. (6.375% Jun 15, 2026)	4.1
Canaccord Genuity Group Inc. Preferred Shares 5.75%	3.8
Tri Pointe Homes Inc. (5.25% Jun 1, 2027)	3.7
WESCO International Inc. Preferred Shares 10.625%	3.6
Trulieve Cannabis Corp. (8%, Oct 6, 2026)	3.6
BlueLinx Holdings Inc. (6% Nov 15, 2029)	3.5
Chemtrade Logistics Inc Fund (6.25% Aug 31, 2027) - CONV \$10	3.2
The Gap Inc. (3.625% Oct 1, 2029)	3.0
StorageVault Canada Inc (5.75% Jan 31, 2026)	2.9
Extencare Inc. (5%, Apr 30, 2025) - CONV \$12.25	2.8
Bath & Body Works Inc. (6.694% Jan 15, 2027)	2.8
goeasy Ltd (5.375%, Dec 1, 2024)	2.7
First Quantum Minerals Ltd (6.875% Oct 15, 2027)	2.6
Griffon Corp. (5.75% Mar 1, 2028)	2.5

**TOP 25 HOLDINGS (% OF NET ASSET VALUE) 98.1**