

THE SONG REMAINS THE SAME

HEDGE FUNDS (Inception)	MAY 2024	YEAR-TO-DATE	ANNUALIZED
Venator Founders Fund** (March 2006)	5.0%	3.4%	8.9%
Venator Select Fund (September 2013)	6.2%	6.0%	7.7%
S&P/TSX Total Return (March 2006)	2.8%	7.6%	6.7%
Russell 2000 (March 2006)	5.0%	2.7%	7.3%
S&P Toronto Small Cap (March 2006)	2.7%	11.0%	3.4%
S&P 500 (March 2006)	5.0%	11.3%	10.2%

ALTERNATIVE MUTUAL FUNDS (Inception)	MAY 2024	YTD	1-YR	3-YR	5-YR	10-YR
Venator Founders Alternative Fund** (July 2021)	4.6%	2.4%	31.6%	-	-	-
Venator Alternative Income Fund*** (January 2020)	0.4%	2.3%	10.2%	-0.5%	3.2%	3.8%
B of A Merrill Lynch High Yield Index (August 2008)	0.8%	1.4%	10.9%	1.7%	4.0%	4.2%

* As of May 31, 2024

** Venator Founders Alternative Fund, which holds the same securities as Venator Founders Fund, is available as a Liquid Alternative Mutual Fund; it is eligible to be held in both registered & non-registered accounts.

*** Performance data prior to January 24, 2020, relates to Class F Units of Venator Income Fund, which was distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106

**** Venator Offshore Fund is available as the US dollar version of Founders Fund strategy

May was not a particularly eventful month in the capital markets, so this commentary will be short. The market appears to remain focused on the “will they/won’t they” nature of the Federal Reserve vs inflation narrative, which has left medium term interest rates trading in a consistently narrow band around 4.5%. It also appears the market is discounting very few, if any, cuts this year, but has also discounted the odds of a recession as minimal. This creates a stable investing environment for single security investors which should prove helpful going forward.

In a quiet environment, we did observe several emerging themes in the month. The first was an interesting divergence of fortunes in the dominant AI trade. While Nvidia kept humming along, we are witnessing market concerns in its customer base as monetization of AI has been slow. This has led to overall weakness in software companies, as many are failing to incorporate AI features that customers are willing to pay for. Nvidia remains a “if you build, it they will come” beneficiary of an expected \$300 billion datacenter buildout, but that revenue will dry up quickly if the hyperscalers struggle to fill this (over)capacity. The market also seems to be looking for new AI-adjacencies, including power plays, which has briefly spurred interest in utilities and natural gas, although it’s doubtful that AI alone will be materially beneficial to these industries. We prefer to limit our investments to companies involved in the buildout of power capacity rather than the suppliers of energy.

The other theme we observed is a renewed interest in retail stocks. Shoes and apparel stocks, in particular, were strong, which is peculiar given that the current period is a seasonally weak part of the year and not particularly telling of how the year is going. Nonetheless, the stocks have had

outsized reactions to rather small tweaks in their outlooks. We do own several stocks in consumer products, but we are still skeptical of a sustained resurgence in North American consumerism and will continue to treat the sector on a case-by-case basis. Long-time holding Skechers, which we have mentioned in previous letters, remains a core holding in the portfolio.

Finally, we remain confident that the next move in interest rates is down. While the timing may be uncertain, we believe this direction is likely. This should prove beneficial to our Income Fund as well as our continued homebuilding exposure.

We reserve the right to change our mind!



Brandon Osten, CFA
CEO, Venator Capital Management Ltd.

This commentary is intended for informational purposes only and should not be construed as a solicitation for investment in any of the Venator Funds. The Venator Hedge Funds may only be purchased by accredited investors with a medium-to-high risk tolerance seeking long-term capital gains. Please read the Offering Memorandum for each Hedge Fund in full before making any investment decisions. Prospective investors should inform themselves as to the legal requirements for the purchase of securities. All stated Venator Hedge Fund returns are net of fees. It is important to note that past performance should not be taken as an indicator of future performance. Commissions, trailing commissions, management fees and other expenses all may be associated with investing in any of the Venator Alternative Mutual Funds. Please read the prospectus and Fund Facts relating to each Alternative Mutual Fund before investing. The indicated rates of return of the Venator Alternative Mutual Funds are the historical annual compounded total returns, including changes in share or unit value and the reinvestment of all dividends or distributions, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.