

Financial Statements of

**VENATOR FOUNDERS ALTERNATIVE FUND**

June 30, 2024 (Unaudited)

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

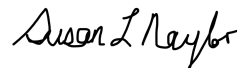
The accompanying unaudited interim financial statements have been prepared by **Venator Capital Management Ltd.**, as manager of the Venator Founders Alternative Fund (the “Fund”) and approved by VCM’s board of directors. The manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgements and estimates consistent with *IFRS Accounting Standards as issued by the International Accounting Standards Board* (“IFRS”); including International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. The manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and the safeguarding of all assets of the Fund.

The board of directors of VCM, is responsible for reviewing and approving the financial statements and overseeing management’s performance of its financial reporting responsibilities.

**On behalf of VCM, manager of the Fund**



August 13, 2024



August 13, 2024

## Notice to Unitholders

**The Auditor of the Fund has not reviewed the Venator Founders Alternative Fund**

VCM, as manager of the Fund, appoints an independent auditor to audit the Fund’s annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund’s interim financial report, this must be disclosed in an accompanying notice.

# VENATOR FOUNDERS ALTERNATIVE FUND

## Statements of Financial Position

As at June 30, 2024, with comparative information for December 31, 2023 (Unaudited)

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Due from broker	\$ 1,118,071	\$ 392,420
Cash and cash equivalents	207,144	73,524
Investments owned, at fair value (Cost:\$13,341,377 - 2023:\$12,350,920) (note 8)	14,824,863	16,211,469
Dividends receivable	8,539	2,419
Receivables for investment sold	211,734	1,753,804
Prepaid expenses	7,826	-
Other assets	1,028	832
Interest receivable	41,741	50,154
	<u>16,420,946</u>	<u>18,484,622</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	69,675	104,186
Redemptions payable (note 12)	271,909	-
Investments sold short, at fair value (Proceeds:\$2,113,628 - 2023:\$4,105,467) (note 8)	2,032,222	4,020,003
Management fees payable (note 5)	22,393	22,253
Payable for investment purchased	857,214	920,223
	<u>3,253,413</u>	<u>5,066,665</u>
<b>Net assets attributable to holders of redeemable units</b>	<u>\$ 13,167,533</u>	<u>\$ 13,417,957</u>
<b>Net assets attributable to holders of redeemable units per Series:</b>		
Series A1	\$ 10,371,172	\$ 10,528,399
Series F	1,504,590	1,614,491
Series F1	1,291,771	1,275,067
	<u>\$ 13,167,533</u>	<u>\$ 13,417,957</u>
<b>Number of redeemable units outstanding (note 6):</b>		
Series A1	1,480,163	1,500,284
Series F	102,945	110,913
Series F1	179,319	177,722
<b>Net assets attributable to holders of redeemable units per unit:</b>		
Series A1	\$ 7.01	\$ 7.02
Series F	14.62	14.56
Series F1	7.20	7.17

Approved on behalf of the Trust:

  
 \_\_\_\_\_ Trustee  
 Venator Capital Management Ltd.

# VENATOR FOUNDERS ALTERNATIVE FUND

## Statements of Comprehensive Income (Loss)

Period ended June 30, 2024, with comparative information for 2023 (Unaudited)

	2024	2023
<b>Income</b>		
Interest income for distribution purposes	\$ 310,741	\$ 290,138
Realized gain (loss) on sale of investments, including foreign exchange adjustments	2,691,308	(838,870)
Net change in unrealized appreciation/depreciation in value of investments	(2,384,097)	3,335,954
Dividends	28,241	21,470
Other income	—	2,578
	<u>646,193</u>	<u>2,811,270</u>
<b>Expenses</b>		
Interest and borrowing fees	360,911	318,519
Management fees (note 5)	136,341	131,776
Operating costs	70,115	74,459
Commissions and other portfolio transaction costs	59,139	61,664
Audit fees	14,959	14,876
Legal fees	9,824	7,513
Withholding taxes	2,226	6,399
	<u>653,515</u>	<u>615,206</u>
<b>(Decrease) increase in net assets attributable to holders of redeemable units</b>	<u>\$ (7,322)</u>	<u>\$ 2,196,064</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per Series (note 11):</b>		
Series A1	\$ (18,900)	\$ 1,723,144
Series F	6,324	280,024
Series F1	5,254	192,896
	<u>\$ (7,322)</u>	<u>\$ 2,196,064</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 11):</b>		
Series A1	\$ (0.01)	\$ 0.95
Series F	0.06	2.11
Series F1	0.03	0.97

# VENATOR FOUNDERS ALTERNATIVE FUND

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units Period ended June 30, 2024, with comparative information for 2023 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Increase (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2024</b>					
Series A1	\$ 10,528,399	\$ 411,631	\$ (549,958)	\$ (18,900)	\$ 10,371,172
Series F	1,614,491	–	(116,225)	6,324	1,504,590
Series F1	1,275,067	11,450	–	5,254	1,291,771
	<u>\$ 13,417,957</u>	<u>\$ 423,081</u>	<u>\$ (666,183)</u>	<u>\$ (7,322)</u>	<u>\$ 13,167,533</u>

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2023</b>					
Series A1	\$ 8,980,825	\$ 814,042	\$ (460,457)	\$ 1,723,144	\$ 11,057,554
Series F	1,625,763	–	(280,275)	280,024	1,625,512
Series F1	1,092,297	4,446	(83,881)	192,896	1,205,758
	<u>\$ 11,698,885</u>	<u>\$ 818,488</u>	<u>\$ (824,613)</u>	<u>\$ 2,196,064</u>	<u>\$ 13,888,824</u>

# VENATOR FOUNDERS ALTERNATIVE FUND

## Statements of Cash Flows

Period ended June 30, 2024, with comparative information for 2023 (Unaudited)

	2024	2023
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (7,322)	\$ 2,196,064
Adjustments for non-cash items		
Net realized (gain) loss on sale of investments, including foreign exchange adjustments	(2,691,308)	838,870
Change in unrealized appreciation/depreciation in value of investments	2,384,097	(3,335,954)
Change in non-cash balances		
(Increase) decrease in due from broker	(725,651)	698,276
(Increase) decrease in dividends receivable	(6,120)	8,355
Decrease (increase) in receivable for investment sold	1,542,070	(469,459)
Increase in prepaid expenses	(7,826)	-
Increase in other assets	(196)	(2,577)
Decrease (increase) in interest receivable	8,413	(4,145)
(Decrease) increase in accounts payable and accrued liabilities	(34,511)	4,664
Increase in management fees payable	140	1,760
Decrease in payable for investment purchased	(63,009)	(192,985)
Proceeds from sale of investments	61,672,808	49,025,451
Purchase of investments	(61,599,687)	(49,304,343)
Cash provided by (used in) operating activities	<u>471,898</u>	<u>(536,023)</u>
<b>Financing Activities</b>		
Proceeds from redeemable units issued	423,081	819,154
Amount paid on redemption of redeemable units	(394,274)	(521,636)
Cash provided by financing activities	<u>28,807</u>	<u>297,518</u>
Increase (decrease) in cash and cash equivalents during the period	500,705	(238,505)
Foreign exchange (loss) gain on cash	(367,085)	165,549
Cash and cash equivalents, beginning of period	<u>73,524</u>	<u>79,325</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 207,144</u>	<u>\$ 6,369</u>
<b>Supplemental information*</b>		
Interest paid	\$ 364,840	\$ 293,896
Interest received	324,480	285,993
Dividends paid	42,462	40,138
Dividends received, net of withholding taxes	56,853	65,489

\*Included as a part of cash flows from operating activities

# VENATOR FOUNDERS ALTERNATIVE FUND

## Schedule of Investment Portfolio

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
<b>Canadian equities</b>				
12,400	ADENTRA Inc.	\$ 479,681	\$ 462,147	3.51
6,700	Bombardier Inc.	425,746	587,791	4.46
54,400	Chemtrade Logistics Income Fund	481,119	502,656	3.82
22,500	D2L Inc.	254,797	254,025	1.93
21,300	Element Fleet Management Corp.	484,083	530,157	4.03
3,100	Hammond Power Solutions Inc.	317,044	345,619	2.62
105,500	kneat.com inc	369,822	447,320	3.40
24,500	NFI Group Inc.	393,498	388,080	2.95
14,600	Propel Holdings Inc.	338,636	357,262	2.71
52,200	Sylogist Ltd.	472,845	528,264	4.01
		<u>4,017,271</u>	<u>4,403,321</u>	<u>33.44</u>
<b>U.S. equities</b>				
1,700	Amazon.com Inc.	461,817	449,685	3.42
7,100	Astrana Health Inc.	403,169	394,182	2.99
1,200	elf Beauty Inc.	349,521	346,120	2.63
14,100	Forestar Group Inc.	605,335	617,410	4.69
8,300	General Motors Co.	363,432	527,834	4.01
15,500	Harrow Health Inc.	261,596	443,211	3.37
4,100	HealthEquity Inc.	471,906	483,761	3.67
1,600	IES Holdings Inc.	245,466	305,144	2.32
22,100	iShares Gold Trust	1,332,617	1,328,904	10.09
13,200	Lakeland Industries Inc.	383,624	414,484	3.15
800	Meta Platforms Inc.	542,867	552,141	4.19
4,900	Miller Industries Inc/TN	363,654	369,026	2.80
14,100	Red Violet Inc.	403,610	490,222	3.72
2,500	Ryder System Inc.	430,192	423,917	3.22
6,600	Skechers U.S.A. Inc.	443,247	624,436	4.74
4,500	Smartsheet Inc.	270,045	271,515	2.06
8,200	The Chefs' Warehouse Inc.	436,004	438,977	3.33
4,500	Uber Technologies Inc.	439,933	447,680	3.40
12,300	Xponential Fitness Inc.	261,315	262,645	1.99
33,500	Zeta Global Holdings Corp.	433,961	809,337	6.15
1,600	Zscaler Inc.	420,795	420,911	3.20
		<u>9,324,106</u>	<u>10,421,542</u>	<u>79.14</u>
	<b>Total investments owned</b>	<b>13,341,377</b>	<b>14,824,863</b>	<b>112.58</b>

# VENATOR FOUNDERS ALTERNATIVE FUND

## Schedule of Investment Portfolio (continued)

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	<b>Canadian equities</b>			
(6,000)	Enghouse Systems Ltd.	\$ (190,786)	\$ (181,020)	(1.37)
(28,400)	iShares S&P/TSX Capped REIT Index ETF	(433,431)	(414,924)	(3.15)
		<u>(624,217)</u>	<u>(595,944)</u>	<u>(4.52)</u>
	<b>U.S. equities</b>			
(300)	Cable One Inc.	(157,631)	(145,367)	(1.10)
(1,900)	Fastenal Co.	(171,145)	(163,429)	(1.24)
(13,600)	Hillman Solutions Corp.	(166,003)	(164,749)	(1.25)
(4,900)	Hormel Foods Corp.	(205,624)	(204,500)	(1.55)
(4,200)	Monro Muffler Brake Inc.	(133,530)	(137,170)	(1.04)
(1,500)	Post Holdings Inc.	(210,545)	(213,861)	(1.62)
(1,100)	The Estee Lauder Cos Inc.	(198,412)	(160,204)	(1.22)
(200)	WW Grainger Inc.	(246,521)	(246,998)	(1.88)
		<u>(1,489,411)</u>	<u>(1,436,278)</u>	<u>(10.90)</u>
	<b>Total investments sold short</b>	(2,113,628)	(2,032,222)	(15.42)
	Commissions and other portfolio transaction costs	<u>(8,303)</u>	<u>—</u>	<u>—</u>
	<b>Net investments owned</b>	<b>\$ 11,219,446</b>	12,792,641	97.16
	<b>Other assets, net</b>		<u>374,892</u>	<u>2.84</u>
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<b>\$ 13,167,533</b>	<b>100.00</b>



# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements

June 30, 2024 (Unaudited)

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## 1. Trust organization and nature of operations:

Venator Founders Alternative Fund (the "Trust") is a trust created under the laws of the Province of Ontario by a Trust Agreement dated June 28, 2007 and amended and restated as at September 25, 2009, February 14, 2012 and June 30, 2021. The Trust commenced active operations on September 1, 2007. Venator Capital Management Ltd., a corporation incorporated under the laws of the Province of Ontario, is the manager and trustee (the "Manager" or "Trustee") of the Trust. The registered office of the Trust is 2 Bloor Street West, Suite 901, Toronto, Ontario M4W 3E2.

The investment objective of the Trust is to provide long-term capital growth through fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading.

## 2. Basis of presentation:

These interim financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), which are presented at fair value. The policies applied in these interim financial statements are based on IFRS Accounting Standards and International Accounting Standard 34, *Interim Financial Reporting* (together "IFRS"), as published by the International Accounting Standards Board ("IASB"). They were authorized for issue by the Manager on August 13, 2024. These interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023 which have been prepared in accordance with IFRS. The financial statements are presented in Canadian dollar, which is the Partnership's functional currency.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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### 3. Material accounting policy information:

The following summarizes the accounting policies of the Trust:

#### (a) Valuation of investments:

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Trust's Simplified Prospectus, investment positions are valued based on the last traded market price for the purpose of determining the net asset per unit for subscriptions and redemptions. For financial reporting purposes, the Trust uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

#### (b) Classification:

The Trust classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at FVTPL, in accordance with IFRS 9, *Financial instruments* ("IFRS 9").

The Trust classifies its investments at FVTPL based on the Trust's business model for managing those financial assets in accordance with the Trust's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Trust is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 3. Material accounting policy information (continued):

### (b) Classification (continued):

Other financial assets including due from broker, dividends receivable, receivables for investment sold, other assets and interest receivable are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

- (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Redemptions payable, management fees payable, payable for investment purchased, accounts payable and accrued liabilities are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other financial assets and liabilities are short-term in nature, and are carried at amortized cost, which approximates fair value.

### (c) Recognition/derecognition:

The Trust recognizes financial assets or financial liabilities at FVTPL on the trade date - the date it commits to purchase or sell short the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the statements of comprehensive income (loss).

Financial assets are derecognized when, and only when, the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Trust derecognizes financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or expired.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 3. Material accounting policy information (continued):

### (d) Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Trust enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

### (e) Investment transactions and revenue recognition:

Investment transactions are accounted for on a trade date basis and gains and losses from investment transactions are accounted for on the trade date.

Realized gain (loss) on sale of investments, including foreign exchange adjustments, and change in unrealized appreciation/depreciation in value of investments are determined on an average cost basis.

### (f) Withholding tax expense:

The Trust generally incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income (loss).

### (g) Use of estimates:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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### 3. Material accounting policy information (continued):

(h) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular series of redeemable units by the total number of redeemable units of that particular series outstanding at the end of the period.

(i) Increase (decrease) in net assets attributable to holders of redeemable units per series:

Increase (decrease) in net assets attributable to holders of redeemable units per series is based on the increase (decrease) in net assets attributable to holders of redeemable units attributed to each series of redeemable units, divided by the weighted average number of redeemable units outstanding of that series during the period. Refer to note 11 for the calculation.

(j) Fair value hierarchy:

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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### 3. Material accounting policy information (continued):

(k) Due to broker:

The Trust has a prime brokerage agreement with its broker to carry its accounts as a customer. The broker has custody of the Trust's securities.

Due to broker is a margin account representing cash loans with brokers that are secured by the underlying investments owned by the Trust.

(l) Commissions and other portfolio transaction costs:

Transaction costs, such as brokerage commissions incurred in the purchase and sale of portfolio securities and other trade execution costs paid to external third parties, such as stamp duties and exchange fees, are recognized as expenses in the statements of comprehensive income (loss) based on the trade date.

(m) Translation of foreign currency:

The functional and presentation currency of the Trust is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 12:00 p.m. Eastern Standard Time, the closing rate, on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions. Changes in unrealized appreciation (depreciation) in foreign currencies are recognized in the statements of comprehensive income (loss) through net change in unrealized appreciation (depreciation) in value of investments. All other gains and losses related to foreign exchange translations are recognized in the statements of comprehensive income (loss) through realized gain (loss) on sale of investments, including foreign exchange adjustments.

(n) Interest and borrowing fees:

As a result of taking both long and short positions, the Trust incurs both interest expense and borrowing fees. While the use of borrowed funds can substantially improve the return on invested capital, its use may also increase the adverse impact to which the investment portfolio of the Trust may be subjected by increasing the Trust's exposure to capital risk and incurring higher expenses.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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### 3. Material accounting policy information (continued):

(o) Taxation of the Trust:

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Income Tax Act") and, accordingly, is not subject to tax on its net taxable income, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Trust's net income and net realized capital gains that is not paid or payable is subject to income taxes. It is the intention of the Trust to distribute all of its income and sufficient net realized capital gains so that the Trust will not be subject to income tax.

Non-capital losses are available to be carried forward for 20 years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

(p) Cash and cash equivalents:

Cash and cash equivalents include cash in hand and deposits held with banks with original maturities of three months or less.

(q) Classification of redeemable units issued by the Trust:

The Trust's redeemable units do not meet the criteria in IAS 32, Financial Instruments - Presentation, for classification as equity due to multiple series with different rights and, therefore, have been classified as financial liabilities.

(r) Unit valuation:

The net assets of a particular series of units are computed by calculating the value of that series' proportionate share of the assets and liabilities of the Trust common to all series less the liabilities of the Trust attributable only to that series.

Expenses directly attributable to a series are charged directly to that series. Income, realized and unrealized gains and losses from investment transactions and other expenses are allocated proportionately to each series based upon the relative net asset value of each series.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 4. Critical accounting estimates and assumptions:

The preparation of financial statements requires management to use judgments in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Trust has made in preparing the financial statements:

Classification and measurement of investments:

In classifying and measuring financial instruments held by the Trust, the Manager is required to make significant judgments about whether or not the business of the Trust is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Trust's investments are classified as FVTPL.

## 5. Related party transactions:

(a) Management fees:

The management fee paid by the Trust to the Manager is calculated daily and payable monthly based on the net asset value of each series. The annual management fee for each series is as follow: (i) 2% of the net asset value of the Series A units; and (ii) 1% of the net asset value of the Series F units, plus applicable taxes. Management fees on Series I units are negotiated and paid directly by the investor.

The Manager will pay, with respect to the Series A unit, and out of its management fee, an annual service fee to participating registered dealers whose clients hold Series A units. The service fee is payable quarterly to a maximum of 1% per annum of the net asset value of the Series A units held by clients of the applicable dealer.

Management fees for the period ended June 30, 2024 were \$136,341 (2023 - \$131,776), with \$22,393 payable as at June 30, 2024 (December 31, 2023 - \$22,253).



# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 5. Related party transactions (continued):

### (b) Performance fee:

The Trust pays a performance fee to the Manager on each Series A and Series F unit outstanding on the last business day of the period based on the amount by which the net asset value per unit on such date plus the aggregate amount of all distributions declared on such unit ("Adjusted NAV per Unit") exceeds the previous High Water Mark for such unit, plus applicable taxes. The performance fee is calculated daily. The High Water Mark is defined as the greater of the purchase price of such unit or the Adjusted NAV per Unit after the last date on which a performance fee was paid. In any period in which a performance fee is payable, the Manager will be paid 20% of any gains in excess of the High Water Mark. Investors in Series I Units may negotiate a different performance fee.

Performance fees for the period ended June 30, 2024 were \$nil (2023 - \$nil) with \$nil payable as at June 30, 2024 (December 31, 2023 – \$nil).

### (c) Related party unitholders:

Directors and employees of the Manager own units of the Trust representing 42.42% (December 31, 2023 – 41.16%) of units outstanding.

## 6. Redeemable units of the Trust:

The Trust is authorized to issue an unlimited number of redeemable units of an unlimited number of series, each of which represents an equal, undivided, beneficial interest in the net asset value of the Trust.

Each redeemable unit of each series entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust. Redeemable units of a series may be consolidated and/or redesignated by the Manager.

Unitholders may request that such units be redeemed on the last business day of each weekly period (the "Redemption Date") at their net asset value per unit on such date provided that the request for redemption is submitted at least 5 business days prior to such Redemption Date.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

## 6. Redeemable units of the Trust (continued):

	Redeemable units, beginning of period	Redeemable units issued	Redemptions of redeemable units	Redeemable units, end of period
<b>June 30, 2024</b>				
Series A1	1,500,284	57,618	(77,739)	1,480,163
Series F	110,913	–	(7,968)	102,945
Series F1	177,722	1,597	–	179,319
<b>June 30, 2023</b>				
Series A1	1,682,967	151,099	(75,750)	1,758,316
Series F	148,533	–	(23,213)	125,320
Series F1	202,475	763	(14,634)	188,604

### Capital disclosure:

The capital of the Trust is represented by issued and redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the Trust's net asset value per unit upon redemption. The Trust has no restrictions or specific capital requirements on the subscriptions and redemptions of redeemable units. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. In accordance with its investment objectives and strategies, and the risk management practices outlined in note 7, the Trust endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments, where necessary.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 7. Financial instruments and risk management:

Management of financial instrument risks:

In the normal course of business, the Trust is exposed to liquidity risk, other price risk, credit risk, currency risk and interest rate risk. The value of investments within the Trust's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Trust. The level of risk depends on the Trusts investment objective and the type of securities it invests in.

### (a) Liquidity risk:

Liquidity risk is defined as the risk that the Trust may not be able to settle or meet its obligation on time or at a reasonable price.

The Trust's exposure to liquidity risk is concentrated in the periodic cash redemptions of redeemable units. The Underlying Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Trust generally retains sufficient cash and cash equivalent positions to maintain liquidity.

The Trust may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

The financial liabilities of the Trust mature within three months.

### (b) Other price risk:

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Trust's investment objectives and strategy. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Trust's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Trust are susceptible to market price risk arising from uncertainties about future prices of the instruments.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

## 7. Financial instruments and risk management (continued):

### (b) Other price risk (continued):

The following table sets out the concentration of the investment assets and liabilities of the Trust at June 30, 2024 and December 31, 2023 as a percentage of the net assets attributable to holders of redeemable units of the Trust:

	June 30, 2024	December 31, 2023
Canadian equities	33.44%	31.87%
U.S. equities	79.14%	88.91%
U.S. options	–	0.05%
Canadian equities sold short	(4.52)%	(4.42)%
U.S. equities sold short	(10.90)%	(25.54)%

As at June 30, 2024 and December 31, 2023 the equity investments held by the Trust are concentrated in the following industries:

	June 30, 2024	December 31, 2023
Communications	3.10%	-
Consumer discretionary	18.10%	38.43%
Consumer staples	1.60%	(7.78)%
Financials	2.70%	10.56%
Health care	13.40%	4.86%
Indicies	6.90%	(14.47)%
Industrials	24.90%	40.10%
Information technology	17.80%	11.97%
Materials	3.80%	(1.46)%
Real estate	4.70%	8.64%

As at June 30, 2024, the majority of the Trust's net assets were invested in equity securities traded on North American stock exchanges. Accordingly, if the security prices on North American exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, net assets attributable to holders of redeemable units of the Trust could possibly have increased or decreased by approximately \$1,279,264 (December 31, 2023 - \$1,219,147). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## 7. Financial instruments and risk management (continued):

### (c) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust. It arises principally from debt securities held, and also from cash and cash equivalents (through custodian's credit rating) and balances due from brokers. The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

The cash and cash equivalents are held with a major Canadian bank counterparty which is rated AA as at June 30, 2024 (AA - December 31, 2023).

Balances due from brokers represent margin accounts, cash collateral for borrowed securities and sales transactions awaiting settlement. Credit risk relating to unsettled transactions is considered minimal due to the short settlement period involved and the high credit quality of the broker used. The Trust's prime broker was rated AA at June 30, 2024 (AA - December 31, 2023).

The Trust's investments in debt instruments, including the related interest receivable, represents the main exposure to credit risk. The market value of debt instruments and derivatives includes consideration of the creditworthiness of the issuer.

As at June 30, 2024, the Trust held investments in debt instruments with a fair value of \$nil (December 31, 2023 - \$nil).

### (d) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than the Canadian dollar, which represents the functional currency of the Trust. The Trust may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

## 7. Financial instruments and risk management (continued):

(d) Currency risk:

As at June 30, 2024 and December 31, 2023 the Trust has the following foreign currency exposures (as a percentage of total NAV):

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>June 30, 2024</b>						
U.S. Dollar	\$ (9,622,521)	\$ 8,985,264	\$ (637,257)	\$ (481,126)	\$ 449,263	\$ (31,863)
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(73.08)	68.24	(4.84)	(3.65)	3.41	(0.24)

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
<b>December 31, 2023</b>						
U.S. Dollar	\$ (8,556,141)	\$ 8,509,463	\$ (46,678)	\$ (427,807)	\$ 425,473	\$ (2,334)
% of Net Assets						
Attributable to Holders						
of Redeemable Units	(63.77)	63.42	(0.35)	(3.19)	3.17	(0.02)

As at June 30, 2024, if the Canadian dollar had strengthened or weakened by 5% in relation to the U.S. dollar, with all other variables held constant, net assets of the Trust would have increased or decreased by \$31,863 (December 31, 2023 - \$2,334).

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

## 7. Financial instruments and risk management (continued):

(e) Interest rate risk:

Interest rate risk arises when the Trust invests in interest-bearing financial instruments. The Trust is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates and fixed-rate instruments held.

As at June 30, 2024 and December 31, 2023, the Trust is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

## 8. Fair value measurement:

The following is the summary of the inputs used as at June 30, 2024 in valuing the Trust's investments carried at fair values:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 14,824,863	\$ –	\$ –	\$ 14,824,863
	\$ 14,824,863	\$ –	\$ –	\$ 14,824,863
<b>Liabilities</b>				
Equities	\$ 2,032,222	\$ –	\$ –	\$ 2,032,222
	\$ 2,032,222	\$ –	\$ –	\$ 2,032,222

There were no transfers between the levels during the period.

The following is the summary of the inputs used as at December 31, 2023 in valuing the Trust's investments carried at fair values:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Equities	\$ 16,205,210	\$ –	\$ –	\$ 16,205,210
Options	–	6,259	–	6,259
	\$ 16,205,210	\$ 6,259	\$ –	\$ 16,211,469
<b>Liabilities</b>				
Equities	\$ 4,020,003	\$ –	\$ –	\$ 4,020,003
	\$ 4,020,003	\$ –	\$ –	\$ 4,020,003

There were no transfers between the levels during the year.

# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

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## **9. Expenses:**

The Manager has the power to incur and make payment out of the Trust provided any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Trust Agreement, including without limitation all fees and expenses relating to the management and administration of the Trust. The Trust is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

## **10. Income taxes:**

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which are paid or payable to its unitholders as at the end of the tax year. However, such part of the Trust's net income and net realized capital gains that are not so paid or payable, are subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions. It is the intention of the Trust to distribute all of its income and sufficient net realized capital gains so that the Trust will not be subject to income tax.

Non-capital losses are available to be carried forward for 20 years and applied against future taxable income. Net capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

As at the tax year ended December 31, 2023, the Trust has \$10,839,525 (2022 – \$10,839,525) capital losses carried forward and has non-capital losses carried forward in the amount of \$1,847,312 (2022 - \$1,124,359) available for income tax purposes.



# VENATOR FOUNDERS ALTERNATIVE FUND

Notes to Financial Statements (continued)

June 30, 2024 (Unaudited)

## 11. Increase (decrease) in net assets attributable to holders of redeemable units per series:

The increase (decrease) in net assets attributable to holders of redeemable units per series for period ended June 30, 2024 and 2023 is calculated as follows:

	Increase (decrease) in net assets attributable to holders of redeemable units per Series:	Weighted average of redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit:
<b>June 30, 2024</b>			
Series A1	\$ (18,900)	1,501,594	\$ (0.01)
Series F	6,324	110,381	0.06
Series F1	5,254	177,863	0.03
<b>June 30, 2023</b>			
Series A1	\$ 1,723,144	1,816,209	\$ 0.95
Series F	280,024	132,689	2.11
Series F1	192,896	199,516	0.97

## 12. Redemptions payable:

Redemptions payable consist of units redeemed during the period but not yet paid at period end.

## 13. Involvement with unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Manager of the Trust has determined that its investments made into other investment funds, including ETFs, are considered to be unconsolidated structured entities. Please refer to the Schedule of Investment Portfolio for investments in structured entities.

During the applicable periods ended June 30, 2024 and December 31, 2023, the Trust did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.