

ARSONISTS, OFF-RAMPS, AND DOOMSCROLLERS

HEDGE FUNDS (Inception)	APRIL 2026	YEAR-TO-DATE	ANNUALIZED
Venator Founders Fund (March 2006) *	17.5%	2.1%	8.9%
Venator Select Fund (September 2013)	19.7%	6.3%	9.4%
S&P/TSX Total Return (March 2006)	3.8%	7.9%	8.6%
Russell 2000 Total Return (March 2006)	12.2%	13.2%	8.4%
S&P Toronto Small Cap Total Return (March 2006)	6.7%	18.8%	6.4%
S&P 500 Total Return (March 2006)	10.5%	5.7%	11.1%

ALTERNATIVE MUTUAL FUNDS (Inception)	APR 2026	YTD	1-YR	3-YR	5-YR	10-YR
Venator Alternative Income Fund (January 2020) **	2.2%	2.9%	7.8%	8.3%	2.6%	5.0%
B of A Merrill Lynch High Yield Index (August 2008)	1.7%	1.1%	8.7%	8.8%	4.3%	5.8%

	LAUNCH VALUE	CURRENT VALUE
Venator Ascendant Alternative Fund Series UF (USD) (June 2025) ***	10.0000	11.5187
Venator Ascendant Alternative Fund Series A1 (CAD) (June 2025) ***	6.9223	7.8467
S&P 500 Total Return (June 2025)	13,461.10	16,088.56

As of April 30, 2026

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

** 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 Ascendant Alternative Fund, previously named Venator Founders Alternative Fund, launched on June 24, 2025

April was the mirror image of March, and a welcome one. Our equity Funds recovered the entirety of last month's drawdown and then some, with Founders up 17.7% and Select up 20.1%; both Funds are back in the black year-to-date. The Income Fund was up roughly 2%, fully reversing March's mark-to-market leakage, and the Ascendant Fund (VAAF) added another ~7%. Markets did the same — the S&P 500 had its best month in years, and the Russell 2000 posted its strongest month since December 2023. As we noted in last month's letter, missing the initial move near the end of hostilities can mean missing an entire year's return. April was that move.

The off-ramps we wrote about last month materialized faster than expected. The Iran “ceasefire” was announced on April 7, and while the path since has been bumpy — a U.S. naval blockade, a re-closure of the Strait, then a re-extension of the truce — the broad direction has been one of de-escalation rather than escalation. Oil volatility has settled down, the U.S. dollar reset, and the underlying narrative shifted from "rates up forever on imported inflation" back to "the Fed will probably need to ease eventually." Tariffs followed the same script — replacement tariffs at 10-15% under a 150-day clock, the U.S.-China relationship pivoting back into negotiation mode (a Trump visit to Beijing is now on the calendar), and the legal/political off-ramps that doomsayers swore did not exist turned out to exist after all. Readers will note we wrote about this exact pattern almost exactly a year ago in our April 2025 letter, "When Arsonists Get Credit For Putting Out Fires...". The arsonist

set two fires this time around (one geopolitical, one tariff-related) and is now taking credit for putting both of them out, at least partially. The pattern is by now well-established: a maximum-stress posture, a brief market panic, and a negotiated climbdown. The market, having been burned by this two-step several times now, is finally starting to price the climb down rather than the panic. We think that is rational.

This de-emphasis on geopolitics put the media attention back into AI — which is rational on its face, given that by our estimate that more than half of the S&P 500 is, directly or indirectly, levered to the AI capex cycle (MAG7 at 34% plus other big cap software (think Oracle, Salesforce), semiconductors (think Intel, AMD, Micron, Broadcom), power utilities, financial firms funding the buildout, infrastructure contractors, distributors and suppliers). On April 28, the Wall Street Journal reported that OpenAI missed multiple internal monthly revenue targets and missed its own end-of-2025 weekly active user goal. AI-adjacent stocks sold off sharply on the headline; OpenAI pushed back on the framing but did not deny the underlying numbers — you can still be doing very well but miss your targets (this happens all the time when high growth companies miss lofty expectations and see their stocks drop by 20% despite envious reported financial results). This risk was highlighted in our October 2025 letter, where we laid out in detail the mechanics of an interconnected funding circle in which an updated \$25B of OpenAI revenue is being asked to underwrite roughly \$1.3 trillion of committed spend over several years across Nvidia, AMD, Oracle, Microsoft/Azure, Datacenters, the unlicensed nuclear reactor crowd, and the broader electrical infrastructure complex. We are nearly certain that OpenAI will continue to spend along the lines of their commitments as the money they are raising from the “investor vendors” likely has contractual obligations to spend it (we haven’t seen the contracts, but the announcements are usually in the form of Company XYZ to invest \$1B in OpenAI and OpenAI to spend \$3B on products/services from Company XYZ). Getting OpenAI public, and consequently self-funding, is key. \$1 trillion is a good IPO valuation because they are going to need that level of underwriting from public markets to raise the additional \$1 trillion to fund their spending commitments.

In June 2025, we said "Doomscrolling Is Bad For Your Financial Health" — and apparently it bears repeating. The volume of "lost decade" calls, "this is the bubble" calls, and "the regime has changed forever" calls have not been this loud since the spring of 2009/COVID — which, with the benefit of hindsight, we can now identify as roughly the worst moments to have stopped reading the financial section and started reading apocalyptic threads. Doomscrolling is not analysis. It is a feedback loop designed to keep you clicking, and like most feedback loops in markets, it tends to feed hardest right at the inflection. Pessimistic experts get the click; optimistic ones get the eyeroll. We made the same observation about Russia-Ukraine, and we will make it again here: the people most confident the world was ending in 2022 were the ones least likely to update their prior calls when Europe didn't freeze and gas didn't go to €150. They simply moved on to the next emergency, and the one after that. Our job is not to outrun every emergency. It is to identify the longer-term opportunities and rotate into them when the opportunities arise. Stop reading about bubbles and lost decades and start reading conference call transcripts and financial statements. Economics, as we said last month, finds a way.

VENATOR ASCENDANT ALTERNATIVE FUND (VAAF)

As a reminder, the VAAF is our index strategy constructed as a quantitatively managed cap-weighted index of approximately the bottom half of the S&P 500. The Fund was up roughly 7% in April and continues to materially outperform the S&P 500 year-to-date. While the Fund doesn't carry MAG7 (or MAG10) exposure by design, it is still very much exposed to the AI cycle as several once bottom half companies have broken out to the top half. Specifically, the top three positions are in the red-hot memory/storage sector and now add up to 6% of the fund. The strategy is doing what it was designed to do: letting new winners emerge at 10x their weight in the S&P 500.

EQUITY STRATEGIES

April delivered the kind of earnings season we had positioned for in March, with double digit gains off the backs of several reports. Porch Group (PRCH), which we discussed last month, “beat and raised” with a 2026 guide that looks conservative. All internal metrics point to an acceleration in their business over the next two years and we still see substantial gains ahead. Wesco International (WCC) reported as well, and the print confirmed our thesis: electrification, data center build-out, and grid hardening continue to drive structural backlog growth, and management's tone on margins was the most constructive we have heard in several years. Mueller Industries (MLI) likewise put up a strong quarter — strong copper prices and demand for manufactured products surprised to the upside, and the balance sheet is among the cleanest in its peer group. Axsome Therapeutics (AXSM) received a positive FDA decision at the last hour of the last day in April, which we view as a meaningful de-risking event for the franchise and one that should pull the revenue ramp forward materially. The framework has not changed: own well researched growing companies with earnings, visibility, backlogs and reasonable valuations.

INCOME FUND

The Income Fund recovered roughly 2% on the month, in line with our March expectation that the leakage was mark-to-market rather than credit-driven. The homebuilder credits we own — backed by developed and undeveloped land at multiples of par — recovered on quotes; the energy bonds benefited from a more constructive commodity tape and continued deleveraging; the EchoStar debt position continues to be backed by spectrum being sold to SpaceX. The Fund yield is still pushing 8%, every position is liquid, and every position is marked-to-market.

We will not be the loudest voice on the bullish side of any given month, and we will not be the loudest voice on the bearish side either. We will keep doing the work, and we will keep reminding our investors, as gently as we can, that doomscrolling is a hobby, not a strategy.

We reserve the right to change our mind!



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