

WE CHANGED OUR MIND!!!

We are going to be getting this letter out a little earlier in the future. We know that many of you would like to know how your money is doing on a timely basis, and the fact of the matter is that our estimates of monthly performance tend to be fairly close to our final "official" number. So going forward we are going to put out these estimates earlier, and we will let you know if the final numbers deviate significantly from our estimates. But enough of the suspense. As you can see from the chart below the funds got off to a decent start to the year.

Instrument (Inception)*	January's Return	Year-to-Date	Compound Growth
Venator Founders Fund (March 2006)	3.0%	3.0%	12.3%
Venator Income Fund (August 2008)	3.1%	3.1%	16.6%
TSX Composite (March 2006)	2.3%	2.3%	4.1%
Russell 2000 (March 2006)	6.3%	6.3%	4.5%
S&P Toronto Small Cap (March 2006)	2.6%	2.6%	1.0%
S&P 500 (March 2006)	5.2%	5.2%	4.5%

*Estimated Performance

As many of you may have noticed, our monthly commentaries start with our performance review (hopefully to your satisfaction), move on to our current views of a corner of financial markets, and then when we have finished drawing you into our view of the world we give you our tag-line cop out: "we reserve the right to change our mind". Well, we weren't kidding. Events have transpired that have caused us to change our minds on several occasions recently. So we thought we would outline them here.

We sold our Apple: While we had been scaling back our position since last summer, we recently said farewell to the last of our shares in January. We still think Apple makes the best products in the world, but as product release schedules start to tighten from once a year to twice every eighteen months, it has become likely that gross margins will be structurally impacted, leaving Apple with a one-year stall in their earnings growth rate. Coupled with what we see as a coming surge in small cap investing, we decided to give our Apple enthusiasm a rest and will revisit this great company at a later date.

We covered our Euro short: This particular trade basically took us for a round trip from \$1.30 to \$1.20 and back again. You know what we learned here? We learned is that while you can bet on a winner when the fastest runner wins, it's pretty much impossible to pick the winner of a race where the slowest runner is the winner. In a race to see who can devalue their currency the fastest, it's impossible to pick the loser.

We sold our Natural Gas stocks (for now): We still like the prospects for natural gas over the long term. We still believe that the long term secular increase in natural gas demand globally will eventually overwhelm the increase in natural gas supply. We believe that an average annual price of \$5.00 will be immensely profitable for selected natural gas stocks. But the reality is that you just can't fight the weather, and to stay invested in natural gas stocks for this current second consecutive warm winter and stay invested for the inevitable inventory build through the summer just doesn't seem like a good idea. So we are out for now, but waiting for a good opportunity to get back in.

Looking forward this market is a little too comfortably bullish as everyone speaks to this "great rotation" from bonds into stocks. With regard to our Income Fund, we aren't worried about this happening. With regard to our Founders Fund, a rotation from bonds into stocks can only help. Maybe we will explore this further next month, or maybe we won't...

As always, we reserve the right to ... you know,



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