

INTRODUCING THE VENATOR SELECT FUND

July was a huge month for the market in general, and while both of our Funds gained ground, we were not able to keep up with the markets at large. Without getting into too much detail, our final analysis for July is that the long-side of our portfolio under-performed the market as we were not invested in July's strongest moving sectors including financials, oil, and biotechnology. Nonetheless, we are pretty proud of our year-to-date accomplishments and hope to add to this performance over the balance of the year.

Instrument (Inception)*	July 2013 Return	Year-to-Date	Compound Growth
Venator Founders Fund (March 2006)	1.9%	20.5%	13.8%
Venator Income Fund (August 2008)	0.6%	9.5%	16.2%
S&P/TSX Total Return (March 2006)	3.2%	2.3%	3.8%
Russell 2000 (March 2006)	7.0%	24.0%	6.4%
S&P Toronto Small Cap (March 2006)	4.0%	-3.1%	0.2%
S&P 500 (March 2006)	5.1%	19.6%	6.0%

*Estimated Performance

At Venator, we have always taken the responsibility of running “other people’s money” very seriously. While we have had concentrated positions from time-to-time (Apple got up to 18% of the Founders Fund at one point), our Funds have generally been well diversified (20-50 positions) for the vast majority of the time. That being said, sometimes you just want to put all your money in your best few ideas; sometimes you have several investments that you have a high enough degree of conviction in that you want to make an outsized investment in them; sometimes you have bought a stock that has been doing so well that you don’t want to trim your holdings in order to maintain a proper weight for a diversified portfolio (you can never enjoy a 10-bagger if you have to trim the holding after a double). This is why we are launching the **Venator Select Fund**.

At the outset, the Venator Select Fund will be a highly concentrated fund of our very best investment ideas. This means that 10%+ individual weightings will be the norm, as will monthly volatility anticipated to average over +/-5%. This also means that the fund will be *un-hedged* as the goal is to take advantage of winners and not to mitigate risk (although the fund does have the ability to short). The Offering Memorandum contains very few restrictions related to concentration (we can have the whole fund in one security), types of investible instruments (stocks, bonds, options, private equity, real estate, etc.) and leverage (up to 500%). While we don’t anticipate initially utilizing all of the flexibility that the Offering Memorandum affords us, we will have the ability to go to these extremes in the future should we choose to do so. In short, we consider this to be the highest risk and highest volatility fund we will ever have to offer.

Because of the highly specialized and highly risky nature of this vehicle, it will only be offered to direct investors, as we feel strongly that we need to assess risk tolerance directly. Venator principals will be seeding the fund with \$1MM in order to get the fund launched.

We anticipate launching this fund on September 1st, 2013. If you have any interest, please give us a call. Otherwise, we won't be offended as Venator Select Fund is most definitely not for everyone.

QUICK SUMMARY OF THE VENATOR SELECT FUND:

Risk Tolerance:	High
Time Horizon:	Long-term
Fee Structure:	2% management fee; 20% performance bonus <i>(with a perpetual high water mark)</i>
Liquidity:	Quarterly <i>(September 1st & October 1st; followed by January 1st, April 1st, etc.)</i>
Year End:	December 31
Leverage:	Can go up to 500% long
Concentration:	No restrictions
Legal Structure:	Limited Partnership (Venator Genpar GP)
RRSP Eligible	No
Minimum Investment:	\$250,000; rising to \$500,000 on January 1, 2014
Availability:	September 1 st , 2013 – DIRECT INVESTORS ONLY

Thanks for your continued support,



Brandon Osten, CFA
 CEO, Venator Capital Management Ltd.

This is intended for informational purposes and should not be construed as a solicitation for investment in any of Venator's Funds. The Funds may only be purchased by accredited investors with a medium-to-high risk tolerance seeking long-term capital gains. Read the Offering Memoranda in full before making any investment decisions. Prospective investors should inform themselves as to the legal requirements for the purchase of shares. All stated Venator returns are net of fees. It is important to note that past performance should not be taken as an indicator of future performance.