



RELATIONSHIP AND CONFLICT OF INTEREST DISCLOSURE

A. INFORMATION ABOUT VENATOR CAPITAL MANAGEMENT LTD. AS AN EXEMPT MARKET DEALER

1. REFERRAL ARRANGEMENTS

None.

2. RELATED ISSUERS

Under applicable securities laws, the Venator funds separately may be considered to be a “connected issuer” and a “related issuer” of Venator Capital Management Ltd. (the “**Manager**”), in its capacity as an exempt market dealer. For more information please see below.

3. RELATIONSHIP DISCLOSURE

- (a) **Nature or type of account:** The Subscriber’s account with the Manager, in its capacity as an exempt market dealer, is governed by the terms of this Agreement and permits the Subscriber to invest in the Fund.
- (b) **Products or services offered:** The Manager, in its capacity as an exempt market dealer, trades in securities of investment funds that it manages, pursuant to prospectus exemptions. The products and services offered to the Subscriber are governed by the terms of this Agreement.
- (c) **Risks that a client should consider when making an investment decision:** The risks inherent in an investment in the Fund are disclosed in the Offering Memorandum, which the Subscriber has received prior to executing the Subscription Agreement.
- (d) **Risks to a client of using borrowed money to finance a purchase of a security:** Borrowing money to finance the purchase of securities, including making an investment in the Fund, involves greater risks than a purchase using cash resources only. If you borrow money to purchase an interest in the Fund, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.
- (e) **Conflicts of Interest:** As a registered exempt market dealer, the Manager may occasionally face conflicts between its own interests and those of its clients, or between the interests of one client and the interests of another. The Manager has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Manager put its own interests ahead of those of its clients. The Manager may engage in activities as an exempt market dealer in respect of securities of related issuers but will do so only in compliance with applicable securities laws. The securities laws of the Province of Ontario require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. The definition of the terms “related issuer” and “connected issuer” can be found in National Instrument 33-105 Underwriting Conflicts of the Canadian Securities Administrators. Currently, there are no related or connected issuers of the Manager other than the Fund and other investment funds that are managed by the Manager. Ontario securities legislation also requires securities dealers and advisers to inform their clients if the dealer or adviser has a principal

shareholder, director or officer that is a principal shareholder, director or officer of another dealer or adviser and of the policies and procedures adopted by the dealer or adviser.

- (f) **Costs to a client for the operation of an account:** The costs associated with the Subscriber's account with the Manager, in its capacity as an exempt market dealer, are disclosed in the Offering Memorandum.
- (g) **Costs a client will pay in making, holding and selling investments:** The costs associated with the Subscriber's account with the Manager, in its capacity as an exempt market dealer, and in connection with its investment in the Fund are described in the Offering Memorandum.
- (h) **Compensation paid to the Manager:** The compensation paid to the Manager, in its capacity as an exempt market dealer, in connection with the Subscriber's investment in the Fund is disclosed in the Offering Memorandum. The Subscriber may only acquire an interest in the Fund through its relationship with the Manager.
- (i) **Content and frequency of reporting for each account or portfolio of a client:** The Manager will report to the Subscriber on its holdings in the Fund on a quarterly basis in accordance with applicable law and will describe, for each transaction made for the Subscriber during the period covered by the statement:
 - (i) The date of the transaction
 - (ii) Whether the transaction was a purchase, sale or transfer
 - (iii) The name of the security purchased or sold
 - (iv) The number of securities purchased or sold
 - (v) The price per security paid or received by the Subscriber
 - (vi) The total value of the transaction.

The quarterly account statement will also include the following information about the Subscriber's account:

- (i) The name and quantity of each security in the account
 - (ii) The market value of each security in the account
 - (iii) The total market value of each security position in the account
 - (iv) Any cash balance in the account
 - (v) The total market value of all cash and securities in the account.
- (j) **Independent dispute resolution:** Independent dispute resolution will be available to the Subscriber, at the Manager's expense, to mediate any dispute that may arise between the Subscriber and the Manager, in its capacity as an exempt market dealer, about the Manager's actions in recommending that the Subscriber invest in the Fund.

A complaint can be made by telephone, written letter or e-mail by contacting the Manager as follows:

2 Bloor Street East, Suite 310
Toronto, Ontario
M4W 1A8
Phone: 416.934.7994
Fax: 647.477.2529
Email: info@venator.ca

The Manager must, as soon as possible, provide you with a written acknowledgement of the complaint and the prescribed information. Generally, complaints must be resolved within 90 days. If you remain unsatisfied

with our response, you can forward your complaint to the Ombudsman for Banking Services and Investments (OBSI), except in Quebec. OBSI is an independent dispute-resolution service that investigates unresolved disputes at no charge to you. An alternative to the legal system, it may recommend compensation up to \$350,000. OBSI must be contacted within 180 days of receiving a final response to your complaint.

- (k) **Assessment of suitability of an investment:** The Manager, in its capacity as an exempt market dealer, has an obligation to assess whether or not the investment by the Subscriber in the Fund is suitable for the Subscriber before the Subscriber enters into this Agreement. The Manager has fulfilled this obligation.
- (l) **Information a registered firm must collect about the client under section 13.2 of NI 31-103 (KYC):** The Manager, in its capacity as an exempt market dealer, must collect the information about the Subscriber as set out in this Subscription Agreement under applicable securities regulation.
- (m) **Use of investment performance benchmarks:** You may choose to assess the performance of your investment in a Fund by comparing it to an investment performance benchmark. Benchmarks show the performance over time of a particular group of securities. An appropriate benchmark for comparison with your investment in a Fund should reflect the same type of securities owned by the Fund.

Benchmarks should be used as a general guide only. Keep in mind that your rate of return will differ from the benchmark return based on when you purchased Units of a Fund, the securities held by the Fund, the income that those securities have earned, the timing of any deposits or withdrawals that you have made, and tax considerations. **The Manager will not provide benchmarks on your account statement.**

4. PRE-TRADE DISCLOSURE OF CHARGES

The Manager, in its capacity as an exempt market dealer, receives no fees in respect of Purchased Units purchased or redeemed by a Subscriber. There are no deferred sales charges applicable to the Purchased Units and the Manager will not receive a trailing commission in respect of any Purchased Units.

B. DISCLOSURE CONCERNING POTENTIAL CONFLICTS OF INTEREST APPLICABLE TO CERTAIN INVESTMENTS OF THE FUNDS

National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* requires that registered dealers or advisers, when they trade in or advise with respect to an issuer in which a Responsible Person or an associate of a Responsible Person is a partner, officer or director disclose this fact to the client and obtain the written consent of the client to the trade before the purchase (the “**Consent Requirement**”). “**Responsible Person**” means, in respect of the Manager, the Manager, a partner, director or officer of the Manager, and each of the following who has access to, or participates in formulating, an investment decision made on behalf of a client of the Manager or advice to be given to a client of the Manager: (i) an employee or agent of the Manager; (ii) an affiliate of the Manager; (iii) a partner, director, officer, employee or agent of an affiliate of the Manager.

The following is a list of each investment (each, an “**Associated Issuer**”) for which the Manager has determined it should obtain a written consent from each Fund’s unitholders:

None