WHEN ARSONISTS GET CREDIT FOR PUTTING OUT FIRES…

HEDGE FUNDS (Inception)	APRIL 2025	YEAR-TO-DATE	ANNUALIZED
Venator Founders Fund (March 2006)**	**-5.7%**	**-15.7%**	**7.9%**
Venator Select Fund (September 2013)	**-5.3%**	**-14.0%**	**6.9%**
S&P/TSX Total Return (March 2006)	-0.1%	1.4%	7.1%
Russell 2000 (March 2006)	-2.3%	-11.6%	6.7%
S&P Toronto Small Cap (March 2006)	-1.8%	-1.0%	3.6%
S&P 500 (March 2006)	-0.7%	-4.9%	10.1%

ALTERNATIVE MUTUAL FUNDS (Inception)	APR 2025	YTD	1-YR	3-YR	5-YR	10-YR
Venator Founders Alternative Fund (July 2021)**	**-5.7%**	**-16.1%**	**-7.5%**	**-4.2%**	**-**	**-**
Venator Alternative Income Fund* (January 2020)**	**-1.9%**	**-2.2%**	**6.7%**	**4.1%**	**7.2%**	**3.8%**
B of A Merrill Lynch High Yield Index (August 2008)	0.0%	0.9%	8.5%	6.1%	6.4%	4.8%

** As of April 30, 2025*
*** Venator Founders Alternative Fund, which holds the same securities as Venator Founders Fund, is available as a Liquid Alternative Mutual Fund; it is eligible to be held in both registered & non-registered accounts.*
**** 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 Offshore Fund is available as the US dollar version of Founders Fund strategy*

Hopefully we can press pause on politics materially interfering with investing for a while. But Trump loves being the center of attention and his tariff-tweet-storm made him the center of attention globally in April (vs just domestically). His shock-and-awe “Liberation Day” was met with ridicule (tariffs on uninhabited islands and outposts with no trade with the US) but, to the extent it may go through, meant it had to be taken seriously. The math wasn’t hard to figure out at a high level; the more business you did in the US and the lower your gross margins, the more trouble you faced. So, if you are a domestic distributor of imported products, such as a retailer, you were looking at material pressure on your operating margins, sometimes by as much as half. But, if you were a higher margin business with more international exposure, like a software business, the tariffs were unlikely to impact your bottom line. Some companies that are more “in the middle”, such as 50% gross margins and 50% international sales, had some more complex decisions to make, such as, “do we impose a 4% global price hike or a 10% US-only price hike”, with most companies we have heard from seemingly opting for the latter.

That math is pretty simple. We had simply avoided any positions that were exposed to targeted countries going into April. Unfortunately, defending ourselves against tariff exposed companies didn’t really help us very much. The more qualitative/speculative specter of “recession risk factor” came into effect and when tariffs started getting walked-back, certain of our companies lagged the

rebound. By way of example, last month we mentioned Porch Group as a core position and one that carries zero tariff risk as a software/service technology provider to an insurance company they control, but tariffs took the stock down over 40% before recouping just over half of those losses in the ensuing rebound, as the administrations "walking back" of tariffs threats provided no benefit to their model. Our better case scenarios were more likely to resemble Badger Infrastructure, which only got back what it had lost when it reported better than expected earnings citing immaterial tariff exposure.

We maintained consistent exposure to the market over the month at 65%-80% exposure plus an allocation to gold. We avoided tariff exposure even as they got "walked back" in the weeks following the initial announcement. As noted above, even 10% could be material enough to keep us away from many companies while we could find high return opportunities in less exposed businesses. A domestic importing business with 70% cost of sales and 14% operating margins would face a 50% drop in earnings from a 10% tariff. Complicating matters is that these impacts may not show up until the third quarter in many cases, as companies work through inventories that are already "landed". We would rather try to handicap the earnings of a potential recession (noting that the last time forecasters broadly called for a recession in 2023, it did not materialize) than fight the hard math on tariffs or guess the psychology of Trump/Lutnick/Navaro on a day-to-day basis (even the formerly enthusiastic assistant captain Elon Musk seems to have backed off from this crew).

So, while Trump was taking credit for the market bouncing back from a correction he caused by walking back his initial tariff plan, the Liberal government of Canada was basking in the glow of a successful campaign where they took credit for reversing unpopular policies that they put in place (We lowered the carbon tax! We lowered the capital gains tax! We lowered the immigration quotas!). We see this in the stock market all the time whereby a company guides a miss in forward expectation and then proceeds to "beat" its own forecasts and trumpets the "exceeding expectations" they themselves set. We call this "beating the miss", but the market treats these announcements as "clean beats" more often than you would think.

Unfortunately, unlike the 2008-2009 financial crisis and COVID, which we did very well through, the current on again/off again tariff tweeting isn't a natural financial disaster. In those cases, we thought we had a clear understanding of what stocks were near bottoms based on our forecasts. In this case, stocks aren't reflecting worst case scenarios because it is unclear whether the causes of these scenarios will even happen; and that's just based on the direct margin math. Beyond that, we need to figure out how much companies will be able to push cost or price, domestically or globally, to compensate, and we can get comfortable with demand assumptions around these factors. Finally, you need to form an opinion of whether there will be a recession or not, which is perhaps the most difficult part of the equation to get a comfort level on.

With all that said, we have strong conviction on one particular part of the economy and that is onshoring and supporting infrastructure. Whether the tariffs have the full intended effect or only partial, it is clear that building domestic productive capacity in some form is going to continue to be thematic over the next several years, hence our mention of Badger Infrastructure above. We have a

few more investments in this theme in the portfolio, although we have to exercise some caution as many industrial distributors and service integrators import a lot of products, and it is unclear how successful they might be at passing these costs on. We continue to keep an eye on the homebuilders as the 10-year interest rates have declined and the spread with the 30-year mortgage rate remains very high suggesting that 2026 could be a bounce back year for a sector that has moved below book value despite historically strong balance sheets. We have also recently purchased several healthcare stocks that provide both defense and, in some cases, outsized growth.

The Income Fund experienced some weakness in only a few positions, two of which are energy infrastructure companies that don't behave well when oil prices decline as they did last month. A bigger issue was Canadian steel maker Algoma Steel, which is under fire from Trump's blanket 25% steel tariff. Algoma is at the tail end of its transition Electric Arc Furnace production and the company has tangible book value of 3x the debt. But if the tariffs are permanent, they will have to operate at reduced profitability for the foreseeable future to the extent Canada cannot curtail any foreign steel supply that gets redirected from the US to here. Hopefully, newly minted Prime Minister Carney can negotiate a steel carve out for Canada and save the business community of Sault Ste. Marie.

We reserve the right to change our mind!

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