



ELEVENFUND



Spartan
Fund Management

February 2018

Corporate Overview

Spartan, established in 2006, is a Toronto-based investment management company that specializes in niche investment strategies managed by experienced investment managers with proven track records. Spartan's infrastructure adheres to institutional standards with independent risk management and compliance, and well-known third party service providers. This allows our investment management teams to focus on investing and provides investors with the comfort that their money is being managed to the same standard as larger funds.

Fund Overview, Objectives and Strategy

ElevenFund is a short term momentum fund focused on the Canadian equity market. ElevenFund targets superior risk-adjusted returns compared to the TSX, as measured by the Sharpe and MAR ('gain-to-pain') ratios. We expect to outperform the TSX in neutral-to-down markets and to capture a significant portion of the gains in strong up markets, with lower volatility and with smaller drawdowns than the TSX. The Fund places significant emphasis on liquidity, capital preservation and on crystallizing open profit positions. The Fund uses no leverage and does not invest in private securities.

Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
2018	-1.08%	-2.97% ^e											-4.01%	-4.73%
2017	+0.96%	-0.54%	+1.09%	+0.05%	-1.02%	-0.78%	-0.50%	-0.47%	+2.40%	-0.07%	+0.83%	+1.44%	+3.37%	+6.03%
2016	-1.96%	+2.45%	+3.04%	+3.50%	+2.02%	-0.01%	+3.21%	-1.74%	+0.30%	-1.68%	+1.40%	+1.38%	+12.33%	+17.51%
2015	+1.21%	+1.65%	-0.75%	+0.98%	-0.89%	-3.06%	-2.49%	-3.97%	-2.51%	+3.32%	-0.85%	-1.89%	-9.11%	-11.09%
2014	+0.80%	+1.97%	+1.47%	+0.18%	-0.40%	+1.86%	+1.35%	+3.89%	-2.14%	-2.92%	+0.85%	-0.50%	+6.40%	+7.42%
2013	+1.72%	+0.74%	-0.13%	-1.45%	+1.38%	-1.63%	+1.00%	+0.55%	+0.67%	+2.06%	+0.97%	+0.63%	+6.64%	+9.55%
2012	+2.81%	+2.95%	+0.02%	-0.73%	-3.45%	+0.80%	+0.02%	+1.44%	+2.85%	+0.83%	-0.66%	+0.82%	+7.76%	+4.00%
2011											+0.31%	+7.06%	+7.39%	-2.42%

^e refers to estimated returns, as opposed to final returns. The estimated returns for the current month are included in the calculation of all other returns and statistics.

Statistics

Cumulative Return (since inception) 33.02%

Annualized Compound Return 4.61%

Sharpe Ratio 0.69

Avg. Monthly Gain 1.59%

Avg. Monthly Loss -1.44%

Max. Drawdown 15.06%

Annualized Std. Deviation 6.65%

% of Winning Months 60.53%

Correlation 0.72

ElevenFund

33.02%

4.61%

0.69

1.59%

-1.44%

15.06%

6.65%

60.53%

0.72

TSX

26.04%

3.73%

0.47

1.69%

-2.00%

17.94%

7.87%

63.16%

Fund Information

RSP Eligible? Yes

Min. Investment C\$25,000

Invest/Redeem Frequency Monthly

Lock-up Period None

Early Redemption Fee None

Redemption Notice 7 days

'A' Class Fees (SPA400) 2% + 20%

'F' Class Fees (SPA410) 1% + 20%

Highwater Mark Yes, no resets

Service Providers

Advisor Spartan Fund Management Inc.

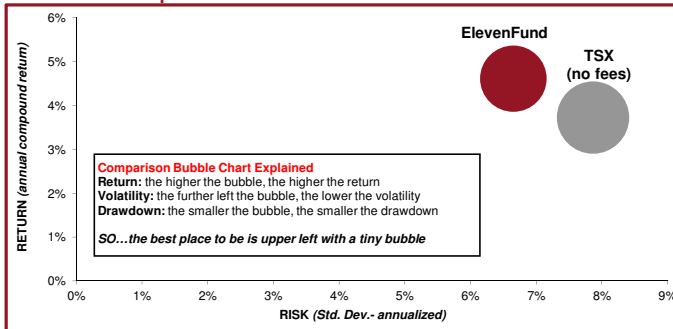
Prime Broker CIBC

Auditor Deloitte LLP

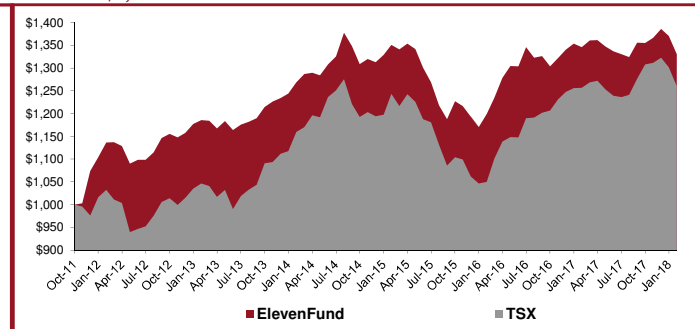
Administrator SGGG Fund Services

Legal Counsel McMillan LLP

Risk-Return Comparison



Growth of \$1,000



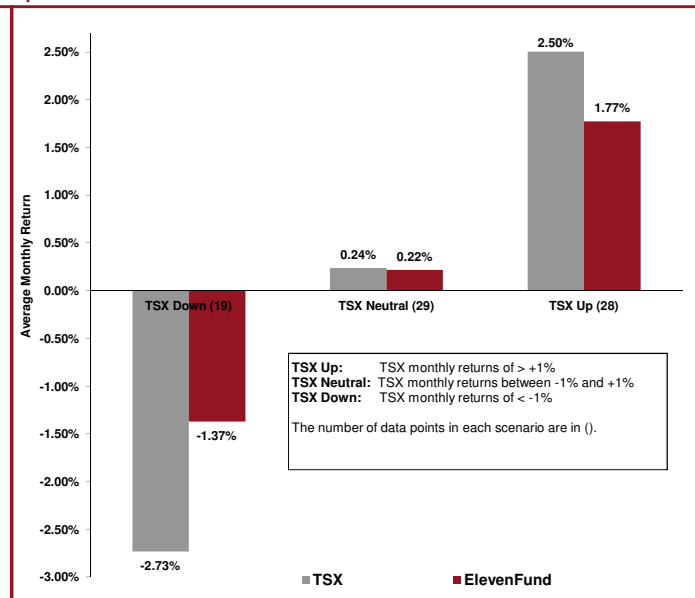
Commentary

For the month of February, the markets took a hit, with the TSX -3.19% and, for a change, the S&P 500 was worse at -3.89%. Eleven came out of the month -2.97%, slightly better than the market as a whole. Since inception in November 2011, ElevenFund is now +33.02% vs. +26.04% for the TSX – continued outperformance with less risk in terms of both volatility and drawdown.

February is summed up by something called pairs trading and the pairs trade for the past year has been to go long the S&P 500 vs. short a triple leveraged volatility ETF. You have to be kidding me! This is what 'investing' has come to? This trade worked for 15 consecutive months without a hitch to the surprise of most market pros, us included. Then on Friday Feb. 2nd, the market didn't like the wage inflation number as this signals higher interest rates, which causes a spike in volatility which causes the pairs trade to go way offside, which triggers a forced unwind by certain banks, which causes the market to correct almost 11% percent over the next few days. We say to our investors that this is not investing – it is gambling which is something that we don't do, but unfortunately true investors got caught in the wake of this nonsense.

So, are higher interest rates bad for stocks? No. History shows that stocks have actually performed better during periods of higher interest rates. The fact is that some of the best periods for stocks have come when interest rates have risen from low levels. Having said that, we are monitoring the situation closely and believe this will pass, although geo-political concerns remain. We like Canada as it remains the most undervalued market in the world over the last 10 years according to Bloomberg data (excluding Venezuela). Investors are waking up to this dreadful fact. There is strong economic data and global markets are doing well which bodes well for our energy sector. With oil trading in the sixties, not twenties, commodity prices higher, gold prices will be higher (as an inflation hedge) and the US\$ weaker, we expect financials to do better in the increasing interest rate environment. Our day will come, and soon...let's stay the course!

Up-Neutral-Down Chart



Investor Contacts:

Gary Ostoich
416-601-3171
gostoich@spartanfunds.ca

Paul Patterson
416-601-3175
ppatterson@spartanfunds.ca

Advisor Contact:

Brent Channell
416-601-3172
bchannell@spartanfunds.ca

Spartan Fund Management Inc.

100 Wellington St. W., Suite 2101
Toronto, ON M5K 1J3
www.spartanfunds.ca