



Performance Summary

	Q1/2017	Q2/2017	Q3/2017	Q4/2017	Q1/2018	2018 Year-to-date	Since Inception
US\$	-11.29%	+3.90%	-24.88%	-26.30%	+35.27% ^e	+35.27%	-63.05%
US\$ (C\$ equiv.)	-12.14%	+1.39%	-27.76%	-25.91%	+39.04% ^e	+39.04%	-56.33%

^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.

Commentary

As we discussed in our year-end letter, we believe that events over the past year have confirmed our fundamental thesis; the coming quarters should reveal the true state of the Canadian housing markets and economy. Stocks and volatility (and risk assets, generally) had been a one-way bet post the central bank "Shanghai accord" in February 2016. February 2018 ushered in what we believe to be a new regime for volatility (including the implosion of two "short volatility" funds), which should provide a tailwind for our strategy.

All of the major bubble areas are experiencing plunging sales and rising supply; exactly what we would expect to see prior to a significant price correction. Vancouver home sales tumbled 24% y/y; detached sales hit a 27-year low. Listings were up 10% y/y versus historically low levels. Sales plunged 49% y/y

(down 80% from 2016 levels) in the foreign buyer proxy neighborhoods. Toronto home sales ended March down 34.5% (versus last year's record comparable) as listings surged 103% y/y versus record lows. Sales were down 61% y/y in the foreign buyer proxy neighborhoods. Median resale prices were down 12.4% y/y; same-unit prices in some areas are down 30% y/y. Alberta sales plunged 20% y/y—below 2009 levels. Active listings surged 24%.

The combination of negative equity, higher interest rates, tighter B-20 mortgage regulations, and IFRS-9 accounting changes will further negatively impact the housing market in coming months. Thank you again for entrusting us with your capital.

Fund Information

RSP Eligible?	Yes
Minimum Investment	C\$25,000
Subscription Frequency	Monthly
Redemption Frequency	Quarterly
Redemption Notice	1 month
Early Redemption Fee	7% < 1 year
'A' Class Management Fees (SPA750)	2.25% pa
'F' Class Management Fees (SPA760)	1.25% pa
Performance Fee	20%

Service Providers

Advisor	Spartan Fund Management Inc.
Sub-Advisor	JKD Capital, LLC
Prime Broker	BMO Nesbitt Burns
Auditor	Deloitte LLP
Administrator	SGGG Fund Services
Legal Counsel	McMillan LLP

Discounted management fees are available for a limited number of investor or investment advisors investing at least \$5m.

[See website for full details.](#)

Investment Thesis

Canada has one of the most overvalued housing markets in the world and the Canadian economy is over-reliant on debt growth and the housing market. Both supply and demand will begin working against the housing market in 2016.

Investment Objective

To provide Canadians with an avenue to mitigate their exposure to housing and its potentially negative impact on their livelihoods and savings.

Investment Strategy

To find investments that will benefit from a decline in Canadian house prices. We aim to find investments that earn an asymmetric payoff, suffering small losses when we are mistaken and large gains when we are correct.

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.

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The above returns are net of management and performance fees for the USXF series of units. Please review the most recent offering memorandum for a detailed description of the Fund's strategy, objectives and risk factors. The above is provided for informational purposes only and is qualified in its entirety by way of the most recent offering memorandum, which is only available to qualified investors. Prospective investors should consult with a professional financial advisor before investing. Past performance cannot predict future results. Share value and yields will fluctuate. There can be no assurances that any of the Fund's objectives will be met. See Terms and Conditions of our website (www.spartanfunds.ca) for important information and qualifications regarding the use of benchmarking and indices.