



Performance Summary

| | Q4/2016 | Q1/2017 | Q2/2017 | Q3/2017 | Q4/2017 | 2017 Year-to-date | Since Inception |
|-------------------|---------|---------|---------|---------|----------------------|-------------------|-----------------|
| US\$ | -29.91% | -11.29% | +3.90% | -24.88% | -26.65% ^e | -49.21% | -72.81% |
| US\$ (C\$ equiv.) | -28.25% | -12.14% | +1.39% | -27.76% | -26.26% ^e | -52.55% | -68.74% |

^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

We wrote in our 2016 year-end letter that we believed the Canadian housing market peaked in Q4/2016, as the dual engines driving the market—a domestic credit bubble and a Chinese credit bubble (coupled with Chinese capital flight)—came to an end. We believe that events over the past year have confirmed our fundamental thesis. Slowing credit growth, the discovery of significant mortgage fraud at three lenders, the implosion of a major subprime lender, early signs of distress in the subprime and securitizations markets, rising interest rates, an unprecedented tightening of mortgage regulations, continued Chinese capital controls, and weakening home prices resulting in negative homeowner's equity denote that we have entered the dénouement for the Canadian housing market and economy. For more information please refer to our 2017 year end letter.

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.