

## Spartan 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

The MM Fund invests utilizing a "core and more" approach. The core portfolio consists of sustainable high yielding or dividend paying Canadian equity securities and, to a lesser extent, real estate investment trusts, convertibles, debt securities, preferred shares and U.S. equity securities.

The "more" consists of equity and debt, plus potentially warrants, small and micro capitalization stocks, that will likely have more volatility but a higher potential for capital gains. We will focus on inexpensive secular growth securities or beaten down stocks that have turnaround potential, because of new management, or because of an improvement in their macro-economic factors. We may also look to shorter-term event driven trading opportunities around, for instance, earnings, politics, war, famine, scandal, seasonality, apathy, etc.

Investments will mostly be made in Canadian equity securities and, to a lesser extent, debt securities and U.S. equity securities. The holdings in the core portfolio will typically be held for longer periods.

## Monthly Performance<sup>1</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
<b>2018</b>	+0.18%	-2.09%	-1.89%	+1.97%	+1.52%	-0.24%							-0.63%	+1.95%
<b>2017</b>	-0.75%	+1.52%	+0.66%	+5.43%	+4.21%	+0.77%	-1.67%	-0.69%	+1.43%	+2.36%	+2.77%	+0.59%	+17.69%	+9.10%
<b>2016</b>	-7.00%	+5.44%	+4.12%	+0.65%	+3.51%	+0.48%	+0.95%	+5.75%	+3.49%	+3.15%	+1.04%	+1.67%	+25.13%	+21.08%
<b>2015</b>							-2.26%	-7.10%	-4.19%	+7.05%	+4.11%	+1.13%	-1.95%	-9.93%

<sup>1</sup> MM Fund performance numbers are for the period commencing July 15, 2015 for the Class D units.

'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) 43.49%  
 Annualized Compound Return 12.98%  
 1-Year Return 4.15%  
 Sharpe Ratio 1.18  
 Avg. Monthly Gain 2.54%  
 Avg. Monthly Loss -2.79%  
 Max. Drawdown 13.00%  
 Annualized Std. Deviation 11.01%  
 % of Winning Months 72.22%  
 Correlation 0.49

MM Fund	TSX
43.49%	21.29%
12.98%	6.74%
4.15%	10.41%
1.18	0.93
2.54%	1.67%
-2.79%	-1.67%
13.00%	10.99%
11.01%	7.24%
72.22%	66.67%
0.49	

## Fund Information

RSP Eligible? Yes  
 Minimum Investment \$500  
 Invest/Redeem Frequency Weekly  
 Short Term Trading Fee 2% if < 30 days  
 Redemption Notice 1 day  
 'A' Class Fees (SPA520) 2.00% pa  
 'D' Class Fees (SPA522) 1.25% pa  
 'F' Class Fees (SPA521) 1.00% pa  
 Incentive Fee 10%  
 Hurdle  
 TSX Total Return Index

## Service Providers

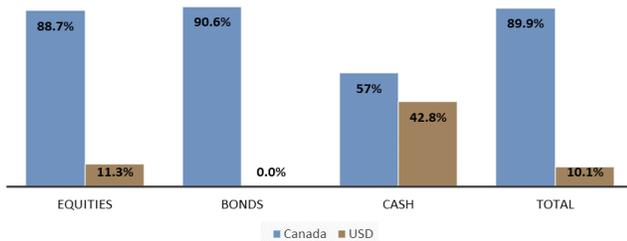
Advisor Spartan Fund Management Inc.  
 Custodian Laurentian Bank Securities  
 Auditor Deloitte LLP  
 Administrator SGGG Fund Services  
 Legal Counsel Borden Ladner Gervais

## NAV/Unit

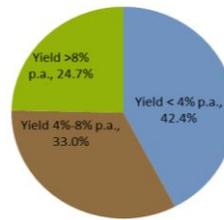
- Class A	140.3761
- Class D	143.4925
- Class F	145.5973

## Portfolio Analytics

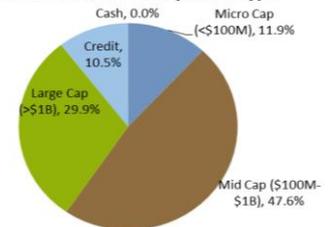
### Geographic/Asset Allocation



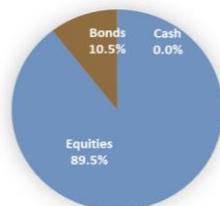
### Portfolio Breakdown By Yield



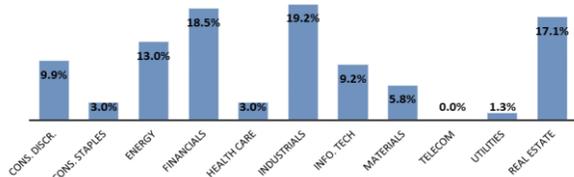
### Portfolio Breakdown By Asset Type



### Asset Allocation



### Sector Allocation



See p. 2 for Monthly Commentary >>>>>

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# MM Fund



## Monthly Commentary

We are entering the U.S. political season now, with the mid-term November elections only months away. Mid-terms are often sleepy affairs but this year promises to be especially heated with the divisive Trump in the White House, and his upcoming Supreme Court nominee awaiting Congressional approval. The party in power usually loses ground in the mid-term November U.S. elections, and this effect is likely to be exasperated with President Trump's unpopularity, and Democrats motivated to take back the House and Senate. The loss of only a couple Senate seats will make the President a lame duck with no legislative support to enact his agenda. Impeachment also becomes a high probability event, in the more unlikely event that the Democrats win 23 seats in the House, they can begin to order investigations that could lead to a Presidential impeachment.

U.S. earnings season starts again next week, and earnings are expected to grow a torrid, Trump tax cut induced 20%. This is down from an even hotter 25% in Q1. This will mark the third highest growth rate since Q3 2010. Valuation remains reasonable as the forward 12-month

P/E ratio for the S&P 500 is 16.1, versus the 5-year average of 16.2 and the 10-year average of 14.4. Earnings estimates for Q2 have actually come up through the quarter, led by the energy sector, which is quite unusual, and speaks to the strength in the global economy, and company profitability.

We think we are well positioned for the coming earnings season, as we have a number of exporters and companies with international exposure that should benefit from the Canadian dollar falling 4.7% so far this year, despite oil prices increasing 28%.

In our marketing and monthlies we have been talking about our bullishness for oil and the energy sector. Oil pushed through US\$75 briefly this week on Iran sanctions, the highest level since 2014. However, we believe US\$75 likely represents the top of the current range for oil, so we haven't been adding to our exposure to the energy sector. We have steadily increased our energy weighting to 13.0% from 5.7% one year ago. The Fund also has five derivative energy

stocks, which have significant economic exposure to either the Alberta economy, or the energy sector and we have been adding to those holdings in recent weeks. These companies also have significant dividend yields, so we get "paid to wait" for the recovery in the stock price.

We have been of the belief that stocks are likely range-bound at best this year as they face the head wind of Federal Reserve tightening and of higher bond yields. Bond yields will only fall if the economic data is weak, or on a flight to safety trade. For stocks, we are in a "no-peoples land", so we are looking to increase the yield component in the MM portfolio, where we are "paid to wait".

Historically, these securities outperform in down markets. We have increased our emphasis on cyclical dividend growers in the MM portfolio, and overall the yield for the portfolio is now 4.3%, with 24.7% of the portfolio yielding over 8%, and 33.0% yielding between 4% and 8%.

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