

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 Performance¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	TSX
2019	+7.98%	+7.53%	+4.11%	+0.81%	-4.35%	+1.08%	+0.93%	-4.74%					+13.26%	+17.13%
2018	+0.18%	-2.09%	-1.89%	+1.97%	+1.52%	-0.24%	+0.27%	-1.27%	-1.31%	-9.60%	-4.81%	-6.09%	-21.54%	-8.89%
2017	-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%
2016	-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%
2015							-2.26%	-7.10%	-4.19%	+7.05%	+4.11%	+1.13%	-1.95%	-9.93%

Statistics¹

Cumulative Return (since inception)	28.32%
Annualized Compound Return	6.23%
1-Year Return	-9.67%
Sharpe Ratio	0.47
Avg. Monthly Gain	2.69%
Avg. Monthly Loss	-3.53%
Max. Drawdown	21.68%
Annualized Std. Deviation	13.23%
% of Winning Months	66.00%
Correlation	0.66

MM Fund TSX

Cumulative Return (since inception)	28.32%	26.97%
Annualized Compound Return	6.23%	5.95%
1-Year Return	-9.67%	4.35%
Sharpe Ratio	0.47	0.65
Avg. Monthly Gain	2.69%	1.88%
Avg. Monthly Loss	-3.53%	-2.15%
Max. Drawdown	21.68%	11.64%
Annualized Std. Deviation	13.23%	9.10%
% of Winning Months	66.00%	66.00%

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	124.4106
- Class D	128.3202
- Class F	130.6359

¹ Performance numbers are for the period commencing July 15, 2015 for the Class D units. Returns and statistics for other classes are available on request. 'Monthly' returns are simple returns and are not annualized. 'Annualized Std. Deviation' is the standard deviation, which measures the amount of variability of returns that has historically occurred relative to the average return. 'Max. Drawdown' is the maximum percentage decline, from the highest point to the lowest point. 'Sharpe Ratio' is the Annualized Compound Return divided by the Annualized Std. Deviation, both measured since inception. 'Correlation' measures the degree to which two securities move in relation to each other.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise indicated, rates of return for periods greater than one year are historical annual compound total returns including changes in unit or share value and reinvestment of all distributions, and do not take into account any sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Monthly Commentary

US bond yields continued to fall through the summer, and by September 3rd yields were down to 1.46%, down 55% from their highs one year ago, on increasing recession worries. An inverted yield curve (long rates lower than short rates like t-bills), has historically been a reliable recession forecaster, causing a downward spiral of further buying of defensive bonds and selling stocks on recession worries.

However we believe US yields dropped not because on an impending recession but because QE (central bank bond buying) in Europe and Japan pushed yields negative for \$16 trillion in bonds negative worldwide. Thus US yields of 1.5% are very attractive to global investors.

Trade tensions and worries about the inverted yield curve pushed stock market volatility up through the summer. Chinese exports plummeted 1% in August from a year ago, and imports fell 5.6%. Exports to the US tanked 16% to \$44bn, and more tariffs were imposed September 1. Imports to the US fell 22% to \$10bn, but the disparity in trade makes it difficult for the Chinese to retaliate further at least with respect to trade. Overall the Chinese trade surplus fell to US\$35bn, down from US\$45bn in July.

Mexico and Canada have supplanted China as the top US trade partner this year, as their products can enter the US duty free versus 25% tariffs on many Chinese goods.

The US ISM manufacturing survey fell below 50 in August, suggesting contraction and confirming recessionary concerns. However, a better than expected ISM Services index (70% of

the US economy) trumped those concerns, as the survey jumped 2.7% to 56.4%, and new orders were a very strong 60.3.

Markets were encouraged over the last week that China finally seems willing to make concessions, both on Hong Kong and trade as it is coming back to the table with the U.S. in October.

US bond yields have risen 25 bps from what looks like a multi-year low of 1.46% on September 3rd. Stocks and bond yields and especially financials have generally been positively correlated since 2007, so rising yields portend a positive outlook for stocks into early 2020. Higher yields mean higher net interest margins for banks and insurance companies. The 55% fall in bond yields over the past year have given the US Federal Reserve the latitude to cut rates next week, as expected. A rate cut would help to steepen the yield curve, allaying recession concerns.

Although stocks started to turn in the last week of August, the month was a tough one for the fund, as mid and small capitalization stocks were particularly hard hit with recession talk, after the yield curve briefly inverted. Declining interest rates also hurt many financials, as net interest margins are pressured. However, we remain confident and even excited about our holdings, taking advantage of the downturn to increase our exposure to names we believe have the most upside. For instance, we now have a full position in Baylin Technologies, a wireless solutions company that should benefit greatly from the move to 5G over the next few years.

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The above returns are net of management and performance fees for the 'D' series of units, but do not take into account early redemption fees if investments are held less than 1 year. 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 assurance 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. The index above was chosen as it is a widely used benchmark of the Canadian equity market. While the Fund uses this index for long-term performance comparisons, it is not managed relative to the composition of the index. There are differences which include security holdings, geographic and sector allocation which impact comparability. As a result, the Fund may experience periods when its performance differs materially from the index.

The Fund is a related and connected issuer of Spartan Fund Management Inc. Spartan may act as dealer in connection with the distribution of securities of the Fund and will also receive management and performance fees from the Fund.