

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%	+1.47%	+1.74%	+3.40%		+20.90%	+22.32%
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)	36.98%
Annualized Compound Return	7.46%
1-Year Return	13.54%
Sharpe Ratio	0.58
Avg. Monthly Gain	2.65%
Avg. Monthly Loss	-3.53%
Max. Drawdown	21.68%
Annualized Std. Deviation	12.93%
% of Winning Months	67.92%
Correlation	0.66

MM Fund TSX

Cumulative Return (since inception)	36.98%	32.60%
Annualized Compound Return	7.46%	6.66%
1-Year Return	13.54%	15.71%
Sharpe Ratio	0.58	0.74
Avg. Monthly Gain	2.65%	1.93%
Avg. Monthly Loss	-3.53%	-2.08%
Max. Drawdown	21.68%	11.64%
Annualized Std. Deviation	12.93%	9.00%
% of Winning Months	67.92%	66.04%
Correlation	0.66	

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	132.5548
- Class D	136.9760
- Class F	139.5479

¹ Performance numbers are net of management and performance fees for the period commencing July 15, 2015 for the Class D units, but do not take into account early redemption fees if investments are held less than 1 year. 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.

Monthly Commentary

Markets were hoping that a Phase 1 China-US trade deal would be signed this year, however recent momentum was derailed after President Trump quietly signed the Hong Kong Human Rights and Democracy Act bill over Thanksgiving. Beijing has blasted the Act as 'meddling' and vowed 'consequences'.

Trump has threatened further tariffs on December 15th if a trade deal is not reached. Pushing tariffs up to 25% would be market negative; however a détente with the existing tariffs would likely be market neutral, as the economic effects of tariffs have been far less than feared on the US economy. China exports almost 5 times more than it imports from the US, so China is more vulnerable in a tariff war. Chinese exports have grown rapidly, up 427% since China became a member of the WTO in 2001. Still Chinese imports only account for about 2.8% of US GDP, so the impact of tariffs on the US is negligible. Tariff costs for US consumers have been offset by the 13% depreciation of the Chinese Yuan over the last year and a half. Trump seems very comfortable with existing tariffs which bring in about \$7 billion a month to the US treasury.

Despite the trade war, China's official manufacturing purchasing managers index came in above expectations at 50.2 in November, the first time it topped 50 since April. The more

important non-manufacturing PMI increased to an eight-month high of 54.4 in November, up from 52.8 in October.

In the US, the manufacturing sector continues to contract as the index fell to 48.1 in November, from 48.3 in October. However, the more important services sector (70% of the economy) continues to expand with a solid reading of 53.9.

The portfolio has 13.1% invested in bonds and preferred shares. Overall, we are paid to wait as the portfolio has a 4% yield, which is attractive compared to fixed income Canadian bond yields of 1.53%.

Both the "core" and "more" contributed to the gains in November, as well as US holdings. Tricon and Goeasy showed solid earnings growth in the third quarter. So far, the Fund is up 21% this year, the second best year for MM since 2016. We are most happy the Fund only had two down months in 2019.

We wish everyone a blessed holiday season and health and happiness for the new decade.

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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 documents, 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. 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. 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.

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.