

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
2020	+0.28%	-7.56%	-23.35%	+19.76%	+11.04%	+4.93%	+8.05%	+3.47%	-2.24%	+2.83%			+11.43%	-6.11%
2019	+7.98%	+7.53%	+4.11%	+0.81%	-4.35%	+1.08%	+0.93%	-4.74%	+1.47%	+1.74%	+3.40%	+1.89%	+23.19%	+22.88%
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) 55.51%
 Annualized Compound Return 8.70%
 1-Year Return 17.40%
 Sharpe Ratio 0.45
 Avg. Monthly Gain 3.35%
 Avg. Monthly Loss -4.66%
 Max. Drawdown 31.45%
 Annualized Std. Deviation 19.19%
 % of Winning Months 68.75%
 Correlation 0.83

MM Fund

TSX

55.51%
8.70%
17.40%
0.45
3.35%
-4.66%
31.45%
19.19%
68.75%
0.83

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 149.4745
 - Class D 155.5120
 - Class F 158.8331

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 are happy that:

1. the hotly contested election is finally coming to an end
2. it looks like a Republican Senate, and reduced Democrat Congress will keep the Biden Presidency nearer the middle of the road.

Biden will likely not be able to legislate radically, if his party does not control the Senate, although he can do a lot to bend the curve on energy policy, etc. through executive orders.

Markets generally do not like uncertainty, and divided government and "gridlock" means "more of the same" which has been generally pretty good for both the economy and markets ex-Covid. Biden's promised \$4 trillion tax hikes are likely to be tempered or off the table for now. Biden also cannot likely do large stimulus or a "green new deal" so the focus shifts again to monetary policy. Low rates and massive quantitative easing (money printing) is likely for years, and TINA (there is no alternative) to stocks continues, with bonds and cash at zero or negative rates.

Negative rates and massive money printing is also good for gold which zoomed up \$76 election week. We suspect that more regulation and the replacement of an "America First" trade agenda with a globalist agenda will mean relatively slower US growth, and a weaker US dollar, also helping gold.

The v-shaped recovery from the April lockdowns continued, with a strong 638,000 new jobs in October, versus 668,000 in September. However, the pace of the gains is slowing, as the easy non-social distancing hirings have already happened, and the hospitality and travel sector remains throttled with fear. June had a record 4.8 million new jobs, July 1.8 million, and August 1.4 million. Unemployment has plunged to 6.9% - more than half the 14.7% peak of April.

The US manufacturing index jumped to 59.3 in October, versus 55.4 in September, suggesting accelerating expansion in U.S. manufacturing as this unusual "stay at home" recovery is all about "things" and less about services. This was the strongest reading in two years, and the internals suggest price pressures with the rapid expansion in manufacturing following the lockdown.

Services are more important for the economy, representing about 2/3rds of the economy. The services index fell to 56.6 from 57.8, suggesting strong but slowing growth for the services part of the economy.

In October MM was helped by some "more" investments in Covid stocks, technology and green energy. Our 13.5% gold and silver stock weight hurt us in September, and October, as gold fell \$200 from its high of \$2069 in August, but helped the Fund in the days following the November 3rd election.

The Dow soared 835 points on November 9th, and 263 points the next day with the announcement that the Pfizer vaccine was "at least" 90% effective, and vaccinations will begin to be rolled out to Americans in December with Operation Warp Speed. Vaccines are coming to the vulnerable and health care workers first, with wide-spread rollout in the spring globally.

Even as we are experiencing a seasonal winter virus surge in most of the Northern Hemisphere countries, we can finally see light at the end of the tunnel. We urge everyone to take pre-cautions for a few more months until the vaccine arrives. For investors sequencing will be critical in the 're-opening' portfolio. For instance, MM has exposure to quick-service restaurants, and energy companies that are doing OK with partial lockdowns, and will see business grow as life returns to normal. We initiated a position in a copper company, so the fund has exposure to the "things" everyone is buying now. We can see a return to normal by next summer, with a booming economy and low rates, and are leaning on our "reopening" portfolio with the positive news from Pfizer.

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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.