

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%	+11.00%	+11.20%	+37.54%	+5.60%
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)	91.96%	40.66%
Annualized Compound Return	12.68%	6.45%
1-Year Return	37.54%	5.60%
Sharpe Ratio	0.64	0.48
Avg. Monthly Gain	3.69%	2.39%
Avg. Monthly Loss	-4.66%	-2.99%
Max. Drawdown	31.45%	22.25%
Annualized Std. Deviation	19.87%	13.39%
% of Winning Months	69.70%	66.67%
Correlation	0.83	

MM Fund

TSX

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	184.7950
- Class D	191.9589
- Class F	196.1145

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

We take no joy in having our best year in the midst of a global pandemic, but we're happy our unitholders could benefit from the aggressive repositioning that we undertook in the Fund in March.

2020 was a tough year psychologically, with seemingly endless surprise events and market volatility. The VIX volatility index has remained above 20 since February of 2020, the longest stretch since the financial crisis in 2008.

In the midst of the peak of the volatility, we sold all the companies that we thought could not survive the pandemic, and repositioned in March for the new pandemic world that we thought would be with us for an extended period with 4 categories of investments:

1. bonds and preferred stocks (7.4% portfolio weight) where we are "paid to wait". MM had a large bond position redeemed at a premium in December.
2. healthcare and technology companies that we believe can benefit from the worldwide effort to mitigate the COVID virus (27% of portfolio weight). We sold out of two small capitalization health care companies in the last few weeks.
3. companies that we believe can thrive in the "new normal" (54%) with continued social distancing in the re-opening. This includes quick service restaurants, technology, engineering companies and asset managers. We have been emphasizing this sector recently, buying copper company, a mid-stream energy company and an insurance company.
4. gold and silver (11.6%) that continue to benefit from endless deficits and money printing worldwide.

Europe and North America are now experiencing the worst of the second wave, even as the vaccine rollout accelerates. The U.S. wants to inoculate 100 million people over the next three months. We are hopeful that will cause new cases and deaths to plummet over the next few months. Life should get back to the "old normal" and allow the travel, hospitality, education, and restaurant sectors to fully open up.

The U.S. lost jobs in December for the first time, as new virus restrictions began to bite, after 6 months

of strong post-first wave lockdown gains.

The December Manufacturing PMI[®] registered at 60.7 percent, up 3.2 percentage points from the November reading of 57.5 percent. Services are more important for the economy, representing about 2/3rds of the economy. The services index also gained in December, rising 1.3 percentage points to 57.2.

Even with large sectors of the economy throttled, U.S. unemployment has been halved to 6.7% in six months, with a partial reopening. So, we expect with a full reopening, unemployment will trend toward 5% which represents full employment and is the Federal Reserve's target.

We expect bond yields that have already doubled to over 1% from the lows in April, to double again this year to the 2% level that they were at a year ago, before the pandemic. The Fed will have to pull back on its extraordinary stimulus (money printing) as the U.S. economy approaches full employment, where inflation risks become more pronounced. We are also seeing rising inflation worldwide, as consumers spend massively on "things" and housing instead of services, which are restricted. Pandemic measures are also making it more expensive to produce goods and services, increasing inflation.

We are positioning the portfolio for rising inflation and rising bond yields by reducing growth positions, and increasing cyclical and financial positions in the "reopening" portfolio. Over the last month we sold out of and took profits in two small capitalization COVID healthcare stocks, and a technology stock, reinvesting the profits in more prosaic copper, energy, and an insurance stock.

For now we continue to emphasize the reopening trade with the vaccine rollout, but we will continue to reposition the portfolio as needed.

We look forward to the "old normal" in 2021. Vaccines are on the way, so stay safe until your turn comes. We wish everyone a prosperous and healthy new year.

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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.