

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
2021	+7.38%	+6.55%	+0.57%	+1.92%	-0.47%	-1.29%	-1.97%						+12.95%	+18.23%
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)	116.81%
Annualized Compound Return	13.66%
Last 12 Months Return	45.03%
Sharpe Ratio	0.71
Avg. Monthly Gain	3.72%
Avg. Monthly Loss	-4.21%
Max. Drawdown	31.45%
Annualized Std. Deviation	19.26%
% of Winning Months	68.49%
Correlation	0.80

MM Fund

Cumulative Return (since inception)	116.81%
Annualized Compound Return	13.66%
Last 12 Months Return	45.03%
Sharpe Ratio	0.71
Avg. Monthly Gain	3.72%
Avg. Monthly Loss	-4.21%
Max. Drawdown	31.45%
Annualized Std. Deviation	19.26%
% of Winning Months	68.49%
Correlation	0.80

TSX

Cumulative Return (since inception)	66.30%
Annualized Compound Return	8.78%
Last 12 Months Return	29.14%
Sharpe Ratio	0.68
Avg. Monthly Gain	2.45%
Avg. Monthly Loss	-2.88%
Max. Drawdown	22.25%
Annualized Std. Deviation	12.97%
% of Winning Months	68.49%
Correlation	0.80

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	207.7378
- Class D	216.8089
- Class F	221.8834

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

Stock and bond markets were volatile in July, with the continuing debate around growth and inflation. Bond yields re-tested 1.15% as fears mounted that the spreading Delta variant would shut down the economy again. Oil prices plummeted \$9 as traders thought the feared slowdown would cause oil and other commodities to collapse like lumber. The strong U.S. jobs report and ISM numbers seemed to reinforce the idea that the U.S. recovery will continue, even as other countries with lower vaccination rates are hit harder by Delta. In countries with mass vaccinations, Covid infections are generally and hopefully less severe and deadly, negating the need for shutdowns that most people, especially the vaccinated, want to avoid.

The ISM Non-Manufacturing Index, that represents about 75% of the U.S. economy, bounced back from June, eclipsing the record high hit in May. The Prices Paid Index hit the highest level since 2005.

Inflation continues to hover well above the Fed's 2% target. The Personal Consumption Expenditures Price Index, which excludes food and energy, rose 3.5% over last year, the highest rate of growth since 1991. Including food and energy the Index increased 4% from a year earlier, its largest increase since July 2008.

U.S. growth hit 6.5% in Q2 with the reopening up from 6.3% in Q1, the strongest growth rate since 2003. However, this is likely "as good as it gets" as growth will likely decelerate because most of the

economy is already re-opened and as pent-up demand gets spent.

July was another blockbuster re-opening U.S. jobs report, with 943,000 jobs created, following 938,000 jobs in June. The unemployment rate plunged to 5.4% from 5.9%. As the unemployment rate trends towards 5%, Delta or no, we believe the Fed will start to taper its \$120 billion a month in asset purchases, otherwise known as stimulus, QE or money printing.

A record 92% of companies beat earnings expectations, and margins stayed at record highs. A tad lower 88% beat revenues forecasts, and a record 78% raised profit guidance. The strong recovery and record margins mean earnings estimates for 2021 market earnings continue to rise. The 2021 S&P 500 earnings estimate is now \$200.50 per share, up a strong 10% from the beginning of the year. This implies a P-E ratio of 22 with the S&P 500 at 4,400. Earnings are expected to grow another 10% again in 2022. Stocks are still very attractive versus other asset classes (TINA), as the forward earnings yield of 5% compares favourably to U.S. bond yields of 1.3%, and cash yielding 0% until at least 2023.

Despite the indexes continuing to notch records, many small and mid-cap names are down 20% or more, including some of our holdings. The Russell 2000 Mid-Cap Index was down 10% in July, from the highs in March. Still earnings for many of our holdings have been impressive, and we see stock prices following earnings high, where markets are less efficient in pricing in opportunities.

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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.